

American Democracy That Fails Us

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INTRODUCTION

America isn't the democracy it promises to be. As Americans, our whole lives have been rooted around the idea that this country is the epitome of a true liberal democratic state that ensures the civil and personal rights of all. Whether America fulfills this fundamental promise is a whole other topic to be debated. Some say that democracy is fulfilled and there should not be any change to the government system of now, and others state that democracy is not fulfilled. However, the very evident income inequalities we see in the nation reflect the poor quality of what America has labelled a democracy, with liberty for all. As the economy has grown more capitalistic, it has allowed the rich to get richer while stagnating economic growth for the middle and lower classes. The system now is unfair, as the bigger companies are granted more sponsorships and it is hard to start a company afresh. Even if a company starts out, it will not foster and thrive as much as the bigger companies because there is not much sponsorship. The positive ways in which democracy affects the economy will be discussed. Democracy allows companies, big and small, to flourish and prosper. Stockholders sponsor companies of their choice with the capital, or money companies need to develop further, and the companies pay back these sponsors overtime. This process repeats itself for up to several generations leading to wealth on both sides. Democracy has longer-lasting effects, than even dictatorships, on the economy by aiding its growth.

DEMOCRACY VS. DICTATORSHIP AND AUTHORITARIAN GOVERNMENT

Democracy, at first glance, can be seen as having the same effects as dictatorship. For example, there are various effects that democracy can cause depending on the nation. In seventeen studies, there were five different results that were seen from implementing democracy to a dictatorship nation: no effect, negative impact, positive impact, somewhat

negative impact, and somewhat positive impact.¹ Since there was such a variation of results seen, concluding that there is always a positive effect is wrong. In addition, the tool to measure the effects of democracy may change the effects that can be seen. David Leblang, who is affiliated with University of Virginia and now researches mostly in political sciences, used to say that he found data on negative effects of democracy, but when using the cross-section-time-series approach, he found that there are slightly beneficial effects when implementing democracy.² This means that the effects seen of democracy can be dependent to some extent on what perspective and tool the effects are measured in. Furthermore, in some nations, democracy is not said to have such beneficial effects. Although the four East Asian Tigers can see a massive beneficial effect of democracy from being in dictatorship, the other parts of the world may not see as much profit.³ The East Asian Tigers saw the benefits and some other parts of the world saw the benefits, so implementing democracy is not a negative thing. Democracy can be implemented and tested out later to see whether or not democracy is right for the nation.

On the other hand, some of the statements in the above paragraph are misguided. For example, although the effects of democracy can be neutral, the effects of democracy on GDP per capita is massively advantageous. There is a polity index of greater than or equal to six for GDP per capita, in five years.⁴ This is a much higher GDP per capita compared to dictatorship. There is no data to prove this finding wrong, so this is very reliable. Even if democracy is overall neutral, if there is an advantage in GDP per capita, then democracy is beneficial to the economy. Second, the seventeen studies with various results were conducted earlier in history. Thus, modern technology was not used at the time. Using modern technology, scientists are sure that there is rarely a negative effect by implementing democracy.⁵ Thus, democracy should be taken in place for trial and error

¹ Knutsen, Carl H. *Democracy and Economic Growth: A Survey of Arguments and Results*. citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1029.9433&rep=rep1&type=pdf.

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⁴ Knutsen, Carl H. *Democracy and Economic Growth: A Survey of Arguments and Results*. citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1029.9433&rep=rep1&type=pdf.

⁵ Knutsen, Carl H. *Democracy and Economic Growth: A Survey of Arguments and Results*. citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1029.9433&rep=rep1&type=pdf.

purposes at the very least because democracy has the chance of aiding the economy. Even if democracy fails to aid the American economy, the economy will stay as is. There will be very little, if not no, drawbacks. There is another reason why democracy has a greater net benefit than dictatorship. That is human capital accumulation.⁶ Democracy allows for freedom and stability in politics. Thus, democracy is beneficial compared to dictatorship. Democracy has a much higher growth rate than dictatorship, allowing for democracy to help massively in economics.

DEMOCRACY AIDS THE ECONOMY WITH LONG-LASTING EFFECTS

If we want to see our economy grow to its highest potential, democracy is necessary. This can be traced back to the fact that democracy is closely tied with various economic sources of growth such as healthcare and education, and they ultimately invest in people. According to a study conducted by economists at MIT, countries switching to democratic rule experience a 20 percent increase in GDP over a 25-year period. The root of this is at the core of democracy- reforms. There are many channels that allow for democracy to yield economic growth, but it is commonly agreed that the size and capacity of government and a reduction of social conflict truly allow for it to happen. Time and time again, history has seen that prioritizing civil liberties allows for prosperity, and it is no different in this case. Restricted civil liberties and a lack of freedom of speech in authoritarian governments aimed to reduce threats is detrimental to the economy. This is because a diffusion of thoughts and productive ideas will also be stopped, even if the regime wants to see economic growth, because it is nearly impossible to sort out policy to stop politically dangerous information and allow economically productive information.

The evidence can also be seen in the numbers. In a study conducted by the Political Science Department at the University of Oslo, Norway, it is shown that Under democracy, an economic growth of -7% (decrease of 7%) was increased to 20%.⁷ In addition, it has been shown that the economy can grow up to 30% in around 50 years.⁸

⁶ Knutsen, Carl H. *Democracy and Economic Growth: A Survey of Arguments and Results*. citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1029.9433&rep=rep1&type=pdf.

⁷ Knutsen, Carl H. *Democracy and Economic Growth: A Survey of Arguments and Results*. citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1029.9433&rep=rep1&type=pdf.

⁸ Dizikes, Peter. *Study: Democracy Fosters Economic Growth*. MIT News Office, news.mit.edu/2019/study-democracy-fosters-economic-growth-acemoglu-0307.

There is a small growth in 10 to 15 years, and the growth will again happen in 25 years, and later around the 50th year. This increased growth, when compared to the economic growth under authoritarian governments, reveals a stark difference. Simply put, numbers do not lie. Of course, the growth does not happen all of the sudden. At first, society would have to adapt to this style of government, beginning with the people's education of the system under which they live. The economy during the times of adaptation, which will last from ten to fifteen years, may be stable, but is often worse than before. However, that is not to worry because economic growth will soon happen. Economic growth is not made to fit authoritarian regimes. In these regimes, there is an absence of independent unions, wages are lower, and rich capital owners take a larger share of total income. Democracies allow for greater dispersions of authority, and promote ideas allowing for change, because democracies get things done.

CONCLUSION

In the final analysis, there is no doubt that increasing democracy in our increasingly capitalistic economy is something that will ultimately benefit not only the underrepresented and lower wage earners but also the economy as a whole. Studies have pointed to economic growth, and economic growth gives way to a multitude of other socioeconomic issues that our country now faces. By improving public participation in the economy, we also increase political stability and economic freedom. We decrease inflation and move towards bridging the income gap between the rich and the poor. To assess the matter from the macro perspective, economic stability increases access to education with each successive generation, giving people the opportunity to climb up the social ladder. While democracy obviously has a lot of support, and many have deemed the quality of democracy in our nation to not be beneficial for all people, it is important to consider the logistics and time frame of any future changes to the economy. A lot of political power is concentrated in the hands of the wealthy and large corporates. Going forward, understanding patterns in democratic development will allow the government to make educated decisions about how to better incorporate it into our economy.

SOURCES

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