Development

Underdevelopment, Dependency, Modernization, World-Systems Theory, and Development & Democracy

Introduction

Development is not just a matter of rising incomes or industrial production. It is a deeply **multidimensional process**, involving economic capacity, social transformation, political institutions, and the expansion of human freedoms. Conversely, **underdevelopment** is not simply poverty or backwardness: it is often a product of historical structures, unequal global relationships, and local institutional weaknesses.

Over the decades, political scientists and development scholars—from Latin America to Europe, from India to China—have constructed different theoretical frameworks to explain how some countries transform, while others stagnate. These frameworks include **modernization theory**, **dependency theory**, and **world-systems theory**. Simultaneously, the relationship between **development and democracy** remains contested: does wealth bring political freedoms, or do political freedoms foster genuine, human-centered development?

1. What Is Underdevelopment?

Most standard definitions point to **low productivity**, **weak institutions**, **poor human development indicators**, **high social inequality**, and **limited structural**

transformation. But critical scholars argue that this is only the surface. Underdevelopment emerged from global political and economic structures that locked certain regions—Africa, South Asia, Latin America—into subordinate roles within world capitalism.

Economist **Paul Baran** described underdevelopment as "the reflection of the development of capitalism elsewhere," meaning that the prosperity of one part of the world was historically linked to the impoverishment of another. Similarly, **Samir Amin** and **Andre Gunder Frank** framed underdevelopment as the *product* of global exploitation rather than local failure.

Structural Features of Underdevelopment

Structural Dualism:

Many underdeveloped economies contain two worlds inside one country—a small, high-productivity industrial sector and a vast, low-productivity subsistence sector. W. Arthur Lewis' dual-sector model highlighted how this dualism traps labor in underpaid agrarian work and slows structural transformation.
Example: Even in the 2020s, over **40% of India's workforce** remains in agriculture while contributing less than **15% of GDP**.

Low Human Development:

Countries with underdevelopment typically suffer from low literacy, weak health systems, and high mortality rates. The **UNDP HDI** continues to show countries like Niger, Chad, and CAR at the bottom with HDI values under **0.40**, compared to above **0.95** in Norway or Switzerland.
Example: Sierra Leone's **life expectancy of ~55 years** contrasts sharply with Japan's **84 years**.

Institutional Weakness:

Underdeveloped states often struggle with weak bureaucracies, limited regulatory

capacity, corruption, and small tax bases. With nearly **80–90% of employment informal** in parts of South Asia and Africa, governments face chronic revenue shortages that curtail social investment.
Example: Nigeria's tax-to-GDP ratio hovers around **6%**, compared to the OECD average of **34%**.

Deep Social Inequality:

Underdevelopment is marked by sharp inequalities in land, caste, race, gender, and class. Concentrated land ownership in Latin America, caste hierarchies in India, and racialized inequality in South Africa represent structural barriers that economic growth alone cannot fix.

2. Historical Roots

Underdevelopment cannot be understood without its colonial history. Colonial powers shaped local economies into systems of **raw material extraction**, **forced labor**, and **drain of wealth**, leaving behind fragile states, distorted class structures, and dependent economies.

Colonial Extraction and Distorted Economies

- In India, British policies dismantled indigenous textile industries while turning India into a supplier of raw cotton and a consumer of British goods.
- In Congo, Belgium extracted rubber through violence, reducing the population by millions.
- In Latin America, Spain and Portugal created extractive institutions that concentrated land and political power in the hands of small elites.

Infrastructure—railways, ports, plantations—was designed to move raw produce outward, not integrate national markets or support industrialization. As a result,

decolonized states inherited **export-based, primary-commodity economies** with little industrial capacity.

3. Post-1945 Development Discourse

The modern language of “development” and “underdevelopment” is closely tied to the post–World War II global order.

Gustavo Esteva and the Truman Moment

Mexican scholar-activist **Gustavo Esteva** famously argued that underdevelopment was *invented* on **January 20, 1949**, when U.S. President **Harry Truman**, in his inaugural address, announced a global program to help “underdeveloped areas.”

According to Esteva: **“On that day, two billion people became underdeveloped.”**

The Euro-centric development discourse and its aura of expertise often conflated development with economic growth. When the world began to categorize nations based on their economic status, it narrowed the issue of underdevelopment to an economic problem.

The Problem of Eurocentric Development Thinking

Postcolonial scholars argue that development discourse:

- Confused development with **economic growth**.
- Reduced complex societies to **technical problems** solvable by Western experts.
- Ignored **colonial legacies**, cultural differences, and geopolitical conflicts.
- Treated Western industrialization as the universal model for all.

4. The Western Green Revolution

The **Green Revolution** (1950s–1970s) is one of the most powerful examples of how development interventions reshaped underdeveloped societies—sometimes with success, but often at a serious cost.

Food Aid, Cold War Politics, and Dependency

Initially, countries like the U.S., Canada, and European states exported surplus crops as *food aid* to countries facing famine or shortages—India, Pakistan, Mexico, the Philippines. But many of these crops (for example, American wheat) were not suited to local climates or diets.

To continue receiving aid, countries were required to adopt the **industrial agricultural model**: high-yield seeds + fertilizers + pesticides + irrigation systems + machinery.

This created a **new form of dependency**, not on food, but on:

- Western agricultural technology
- transnational seed companies
- fertilizer corporations
- imported machinery

The revolution was titled "Green" not just because of its connections to agriculture but also was used as a tool **to fight the "Red", or communist revolutio**n. The West believed that hunger had the power to drive people to peasant revolutions, so food aid was used explicitly to fight the spread of communism.

While efforts were made to increase food security in poor nations by helping them move to being self-sufficient, **the industrial model of agriculture** that was exported to recipient countries had a complex system of necessary inputs. In order for yields to actually increase, farmers needed fertilizers, pesticides, and new

irrigation systems, a **costly chain of requirements** that cut profits for the farmers even when their yields rose.

The countries that were dependent on food aid now **became dependent on the transnational corporations** that provided agricultural inputs that the industrial model required.

5. Structural Dependencies

Underdevelopment today is sustained by global economic structures that keep peripheral economies tied to exporting raw materials and importing manufactured goods.

Terms of Trade and Commodity Dependence

Most underdeveloped countries export: oil, copper, cobalt, cotton, coffee, tea, cocoa

But the prices of primary commodities are volatile and have fallen relative to manufactured goods over decades.
Example: According to UNCTAD, **over 60% of Sub-Saharan African countries** depend on primary commodities for **more than 70%** of their export earnings.

Financial Dependence and Conditionalities

Loans from the IMF and World Bank often come with conditions—privatization, austerity, deregulation—that shrink public investment in health, education, and welfare.

Example: In the 1980s, structural adjustment programs (SAPs) in Africa and Latin America led to:

- cuts in public spending
- reduction of food subsidies
- weakened public health systems

- slowing of school enrollment rates

These policies addressed balance-of-payments crises but deepened long-term underdevelopment.

2. Modernization Theory

Modernization theory emerged after the Second World War, at a moment when the U.S. and Western Europe were reshaping the global order and newly decolonized nations were searching for pathways to prosperity.

This theory saw development as a **linear movement from "traditional" to "modern" society**, mirroring the historical experience of the West. It offered newly independent countries a sense of direction: industrialize, educate your population, build strong institutions, and modernization will naturally follow.

Core Assumptions

At its heart, modernization theory was based on the belief that societies evolve through identifiable stages. Early theorists such as **Talcott Parsons** and **Edward Shils** argued that traditional societies were held back by **kin-based authority, religious worldviews, and collective identities** while modern societies thrived on rationality, merit, and individualism. These assumptions shaped the way development planners understood the world.

1. Linear Progression

Modernization thinkers believed that every society, regardless of historical or cultural context, could travel along a **single developmental path**. This linear trajectory assumed that the experiences of Western Europe and North America—**from agrarian economies to industrial giants**—represented a universal model.

The sociologist **Alex Inkeles**, in his empirical work ***Becoming Modern***, argued that individuals exposed to school, media, and urban environments naturally adopt "modern" attitudes such as punctuality, ambition, and civic engagement.

2. The Role of the State

The postcolonial state was seen as the engineer of transformation. Development economists like **Arthur Lewis**, whose **two-sector model** emphasized shifting labor from low-productivity agriculture to high-productivity industry, influenced planning commissions across Asia and Africa.

States were encouraged to invest in infrastructure, expand schooling, modernize agriculture, and open up to trade. It is no coincidence that India's Second Five-Year Plan (1956–61) reflected this thinking: steel mills, dams, universities, scientific institutes, and an expanding civil service were treated as pillars of modernity.

3. Cultural Transformation

A central premise was that economic change required cultural change. **Daniel Lerner**, in ***The Passing of Traditional Society*****,** studied Middle Eastern villages and argued that media exposure, literacy, and urbanization shifted people from "traditional fatalism" to "empathy" and active citizenship.

Modernization theorists saw radio, newspapers, and later television as catalysts of social mobility. Traditional social structures—extended families, caste hierarchies, communal authority—were described as incompatible with the demands of an industrial economy.

Rostow's Stages of Economic Growth

Perhaps the most famous articulation of modernization theory came from **Walt Whitman Rostow**, whose book ***The Stages of Economic Growth: A Non-Communist Manifesto*** **(1960)** offered a neat, five-stage ladder:

1. Traditional Society

This is the **starting point** of economic development. A traditional society is characterized by:

1. **Agricultural dominance** – Most people work on farms; productivity is low because tools are simple and land use is inefficient.
2. **Limited technological knowledge** – Innovations are minimal; production is based on custom, superstition, and inherited skills.
3. **Rigid social structures** – Power is concentrated among landlords, chiefs, and hereditary elites.
4. **Low economic surplus** – Because farming is inefficient, very little surplus is produced; so reinvestment into the economy is minimal.

Examples:

- Medieval Europe before the Agricultural Revolution.
- Many parts of India and China before colonialism.
- Sub-Saharan African societies before exposure to industrial technologies.

In this stage, societies **cannot grow rapidly** because productivity is stagnant and knowledge is limited.

2. Preconditions for Take-Off

This is the stage where **change begins**. Rostow saw this as a period when a traditional society began laying the foundations for modern economic growth.

Key features:

1. **New values and ideas emerge** – People begin accepting science, innovation, and rational planning.
2. **Investment starts rising** – Infrastructure such as roads, railways, ports, and irrigation systems begins to expand.

3. **Entrepreneurs emerge** – New leaders—industrialists, reformers, traders—push economic modernization.
4. **External influences** – Foreign capital, technology, or ideas enter the country (for example, through colonialism, trade, or missionary education).
5. **State plays a catalytic role** – Governments plan reforms, introduce modern education, rationalize taxation, and expand communication networks.

Examples:

• Britain after 1600, when agricultural reforms and commercial expansion began.

• Japan during the Meiji Restoration (1868), when rapid modernization began with Western technologies.

• India in the 1950s–60s, with Five-Year Plans, steel plants, dams, IITs, and scientific institutions.

This stage **prepares** a society for rapid growth.

3. Take-Off

This is Rostow's most important concept. Take-off is the **decisive turning point** when modern economic growth becomes self-sustaining.

Indicators of take-off:

1. **Investment rate jumps sharply** – Typically from **below 5%** of national income to **10–20%**.
2. **Rapid industrialization begins** – One or two leading sectors drive growth (steel, railways, textiles, automobiles, electronics, etc.).
3. **Technological breakthroughs become common** – Innovations begin spreading across sectors.
4. **Urbanization accelerates** – People move from villages to towns and cities.

5. **Political & institutional changes support growth** – Banking systems, legal frameworks, industrial policies, and trade reforms strengthen.

Examples:

- Britain's Industrial Revolution (1780s–1840s).
- The United States after the Civil War (1870s).
- South Korea in the 1960s–70s under the developmental state.
- China after 1978, when manufacturing and exports exploded.

In this stage, growth becomes **self-reinforcing** — productivity gains produce more income, which generates more investment.

4. Drive to Maturity

After take-off, economies enter a long period—often **30 to 40 years**—of sustained expansion, technological diffusion, and diversification.

Characteristics:

1. **Economy diversifies beyond initial industries** – From heavy industries to chemicals, electronics, automobiles, services.
2. **Technological innovation spreads** across the entire economy.
3. **Skilled workforce grows** – More engineers, managers, scientists, and technical workers.
4. **Exports become competitive** – The country sells complex manufactured goods globally.
5. **Standard of living rises** – Health, education, agriculture, and services improve.

Examples:

- The U.S. from late 19th to early 20th century.
- Japan from 1950s–1980s.

• China today (moving from “world factory” to high-tech innovation: AI, electric vehicles, 5G, semiconductors).

The society becomes economically **mature**, meaning it can absorb and deploy modern technology across all sectors.

5. Age of High Mass Consumption

This is Rostow’s final stage — when societies achieve **high living standards**, near-universal access to goods, and “post-industrial” lifestyles.

Key features:

1. **Shift from industry to services** – Finance, healthcare, education, tourism, IT dominate GDP.
2. **The welfare state expands** – Pensions, social security, unemployment benefits, public healthcare.
3. **Mass consumption culture** – People buy cars, appliances, electronics, luxury goods.
4. **Working classes enjoy high wages** – Disposable income allows broad consumer markets.
5. **Focus on leisure, entertainment, and lifestyle** rather than just survival.

Examples:

• The United States after World War II (suburbanization, automobile boom).
• Western Europe in the 1960s–80s.
• Japan after 1980.

Rostow considered this the **final goal** toward which all societies evolve—though later scholars criticize this Eurocentric and consumption-heavy idea.

Critiques and Limitations

1. Eurocentrism

Modernization assumed Western historical experience was the universal standard. Scholars such as **Samir Amin** and **Andre Gunder Frank** argued that Western prosperity depended on **colonial extraction and unequal exchange**—conditions not replicable by late-developing countries. They emphasized that the West's "path" was not a universal road but a historically unique one enabled by empire.

2. Determinism and Oversimplification

The idea of fixed stages ignored the messy reality of development. Countries could regress (as seen in post-Soviet economies), stagnate, or follow hybrid paths. Modernization theory also could not explain why some resource-poor countries (like Singapore) thrived while resource-rich countries (like Nigeria or Venezuela) struggled.

3. Neglect of External Constraints

Modernization downplayed how global trade, debt structures, and postcolonial military alliances shaped domestic possibilities. Many African nations, despite building bureaucracies and universities, were locked into exporting primary commodities whose terms of trade declined over time.

3. Dependency Theory

Dependency theory emerged in the 1950s–1970s as a powerful intellectual response to the optimism of modernization theory. Unlike modernization, which viewed underdevelopment as a stage before development, dependency theorists argued that **underdevelopment is actively produced by the global capitalist system**.

Countries in Latin America, Africa, and Asia were not simply "lagging behind"—they were structurally **locked into patterns of extraction, subordination, and**

dependence created through centuries of colonial rule and maintained through neocolonial economic relations.

Key Thinkers and Their Core Ideas

Raúl Prebisch — Declining Terms of Trade

Argentine economist **Raúl Prebisch**, working at ECLAC, observed that **countries in the "periphery" primarily exported raw materials**—copper, coffee, cotton, sugar—whose prices fluctuated wildly and tended to decline over time. Meanwhile, the industrial "center" (the U.S., Western Europe, Japan) exported manufactured goods whose prices remained stable or rose.

Prebisch's analysis showed that even when peripheral countries increased export volumes, **their purchasing power declined**, producing what became known as the **Prebisch–Singer hypothesis**.

This structural imbalance explained why countries remained trapped in a cycle of dependency, regardless of how hard they tried to "modernize."

Andre Gunder Frank — "The Development of Underdevelopment"

Frank's famous phrase—***"the development of underdevelopment"***—captured the paradox of global capitalism: **the core develops *because* the periphery remains underdeveloped**. In his view, colonialism built a global chain of extraction that continued in the postcolonial world through foreign investment, multinational corporations, and unequal trade.

His research on Brazil and Chile showed how local elites, or **"lumpenbourgeoisie,"** collaborated with foreign capital to maintain unequal structures, enriching themselves while blocking autonomous development.

Samir Amin — Dependency, Delinking, and Global Hierarchies

Egyptian-French economist **Samir Amin** expanded dependency theory to Africa, arguing that global capitalism operates through **"accumulation on a world scale,"** where the core extracts surplus value through trade, investment, and technology monopolies. His concept of **"delinking"** did not mean isolation but reorganizing national economies so internal priorities took precedence over external pressures.

Core Arguments

1. Unequal Exchange Between Center and Periphery

Dependency theorists argued that the global market is not neutral—it structurally transfers wealth from poor to rich nations. **Peripheral countries export primary commodities with low profit margins and import expensive machinery, electronics, and manufactured goods**.

This **price imbalance** ensures that surplus value continually flows outward, sustaining core prosperity and peripheral stagnation.

Examples demonstrate this starkly:

- Latin America's reliance on copper (Chile), coffee (Colombia), and soybeans (Brazil) continues to expose it to extreme price swings.
- Africa's dependence on gold, oil, and cocoa keeps economies vulnerable to global commodity shocks.
- Even today, countries like Zambia earn more from exporting raw copper than finished copper goods; yet finished products are imported at far higher costs.

2. A Historical Structure

Dependency theory insists that colonialism did not simply "end"; it **evolved into new forms**. Colonial railways, ports, and mines were designed for extraction, not domestic integration. Political independence in the mid-20th century did not dismantle these structures—**foreign companies, banks, and investors continued to dominate strategic sectors** such as mining, energy, and telecommunications.

In Latin America, U.S.-based corporations like United Fruit, Ford, and ITT held vast power well into the postwar period, shaping trade policies and even influencing political transitions. In Africa, French companies retained monopoly control over uranium in Niger and oil in Gabon long after decolonization.

3. External Dependency

Dependency theorists emphasize "triple dependency":

- **Technological dependence** (importing machinery and expertise)
- **Financial dependence** (borrowing from core nations and IMF/World Bank)
- **Market dependence** (selling to markets controlled by core economies)

This creates a cycle:

peripheral countries borrow money to industrialize → must export more raw materials to repay → global prices fall → debt deepens → austerity policies follow →domestic development stalls.

This pattern continues into the 21st century through **global value chains** dominated by corporations headquartered in the core. While developing countries export labor-intensive goods, the high-value-added stages (design, marketing, technology) remain concentrated in the U.S., EU, and East Asia.

Policy Prescriptions

Dependency theorists did not merely criticize—they proposed concrete strategies to escape the global hierarchy.

1. Import Substitution Industrialization (ISI)

Inspired by Prebisch, many Latin American countries implemented ISI between the 1940s and 1970s. They aimed to replace imported manufactured goods with domestic production by:

- erecting tariffs,

- subsidizing state-owned industries, and
- encouraging domestic markets.

Countries like Brazil, Argentina, and Mexico saw significant early industrial growth—automobiles, electronics, steel—but also developed **inefficient monopolies** and **technological dependence** on foreign firms.

2. South–South Cooperation

Dependency theorists encouraged regional integration to reduce reliance on the core. Examples include:

- **LAFTA (Latin American Free Trade Association)**
- **G77**
- **Non-Aligned Movement (NAM)**, which tried to create a political bloc independent of Cold War superpowers.

3. Delinking and Structural Transformation

Samir Amin advocated selective delinking: **restructuring national economies so domestic welfare** and regional needs shaped policy, not external markets. While few countries implemented full delinking, many tried partial strategies—India's state-led industrialization, Tanzania's Ujamaa socialism, and even South Korea's early protectionist period.

4. World-Systems Theory

Where modernization theorists imagined linear progression and dependency theorists emphasized external exploitation, world-systems analysis argues that the world must be understood as **one historical system**. This system is structured by capitalism since the **16th century**, and sustained through an enduring hierarchy of **core, semi-periphery, and periphery**.

This approach rejects the idea that countries are autonomous units developing in isolation; instead, they are **structurally located within a global order that shapes their economic possibilities, political choices, and developmental trajectories.**

Immanuel Wallerstein's multi-volume masterpiece, ***The Modern World-System* (1974–2011)**, built on the work of **Fernand Braudel**, whose expansive ***longue durée*** histories demonstrated how capitalism, long-distance trade, financial innovations, and the control of production zones gradually knitted different regions into a single economic field.

From Braudel, Wallerstein inherited the idea that capitalism was not merely a market but a **historical structure**, expanding outward from Europe through commerce, colonization, plantation slavery, and maritime trade networks.

The resulting system was not accidental—it was organized around **unequal exchange** and **structural hierarchies** that persist today.

Core, Periphery, and Semi-Periphery

Wallerstein's categories are not moral judgments but **systemic positions**.

Core

Core states concentrate **high-value production**, advanced technology, strong bureaucracies, diversified economies, and global financial power. Historically, these included **Britain** during the industrial age and the **United States** in the twentieth century. Today, Western Europe, Japan, and increasingly segments of East Asia occupy similar roles.

The core extracts value through:

- technologically sophisticated exports
- global finance and banking
- intellectual property controls
- high-profit multinational headquarters

Giovanni Arrighi's influential work ***The Long Twentieth Century*** traced how successive hegemonic cores—Genoa, the Dutch Republic, Britain, and the United States—consolidated dominance not merely through production, but through **financial expansion** and control of global credit.

Periphery

Peripheries supply:

- raw materials
- agricultural goods
- mining outputs
- cheap or coerced labor

From **cobalt in Congo**, to **cotton in Burkina Faso**, to **sugar in the Caribbean**, these regions historically produced what the core demanded but lacked the capital, technology, and bargaining power to industrialize autonomously.

As **Andre Gunder Frank** famously put it, peripheral societies suffer not from the "absence of development" but from the **"development of underdevelopment."** Their poverty is not a natural starting point; it is the result of centuries of extraction that redirected surplus toward the metropolitan centers of the world system.

Semi-Periphery

One of Wallerstein's crucial contributions is the category of **semi-periphery**. These states play a **buffer** and **absorptive** role between the wealthy core and the impoverished periphery. They exhibit mixed features: some industrial capacity, some reliance on low-wage labor, and moderate technological development.

They tend to be countries moving towards industrialization and more diversified economies. These regions often have relatively developed and diversified economies but are not dominant in international trade.They tend to export more to peripheral states and import more from core states in trade.

Countries like **India, Brazil, Turkey, Mexico, South Africa**, and earlier **China** embody this position. Semi-peripheries absorb industries relocated from the core—textiles, consumer electronics assembly, auto-components—and help stabilize the global system by reducing direct core-periphery conflict.

Their position also makes them potential **candidates for upward mobility**, as the East Asian developmental states (South Korea, Taiwan, Singapore) demonstrated in the late twentieth century.

Cycles & Crises

World-systems analysis incorporates long-term cyclic patterns, drawing on the works of **Nikolai Kondratieff** (long waves) and the historical analyses of economists like Arrighi.

Kondratieff Cycles

Capitalist expansion moves in 50–60 year waves:

1. **A-phase:** Industrial expansion, rising profits
2. **B-phase:** Stagnation, falling profits, relocation of industries to peripheral zones

For example:
• The late 19th century saw Britain entering a B-phase, leading to competition from the U.S. and Germany.
• The U.S. in the 1970s experienced a B-phase, leading to deindustrialization and financialization.

Hegemonic Cycles

Arrighi mapped long cycles of hegemonic power:
• Dutch 17th century

- British 19th century
- American 20th century

Each power rises through production dominance, stabilizes through financial control, and declines when over-financialization hollows its industrial base—echoing the U.S. shift from manufacturing to finance after the 1980s.

Extraction & Unequal Exchange

A central insight of world-systems theory is that global capitalism **systematically transfers surplus** from periphery to core.

Mechanisms of Extraction

- Global value chains: design and branding in the core; labor-intensive assembly in the periphery.
- Unequal terms of trade: low-value commodity exports vs. high-value manufactured imports.
- Control of intellectual property and patents.
- Institutional asymmetry via WTO rules, agricultural subsidies, and financial institutions.

Case in Point: The iPhone

Studies show the U.S. captures more than **40%** of an iPhone's total value through design, patents, and branding, while China earns only **3–5%** through assembly—despite being the "workshop of the world."

Congo's Paradox

Congo produces more than **70%** of the world's cobalt—essential for electric vehicle batteries—yet remains one of the poorest nations. This illustrates not local failure but **peripherality rooted in the structure of the world economy**, as Wallerstein and Samir Amin argued in multiple works.

5. Development and Democracy

The classical question — *Does development lead to democracy, or does democracy promote development?* — has generated an intellectual tradition that spans from **Seymour Martin Lipset** in the 1950s to **Amartya Sen**.

Rather than a linear formula, what emerges is a **two-way, context-dependent, historically-rooted relationship**, shaped by **state capacity, social structures, inequality, and global political economy**.

Modernization & Democracy

The debate begins with **Seymour Martin Lipset's** landmark 1959 essay, *"Some Social Requisites of Democracy."* Lipset famously argued that **"the more well-to-do a nation, the greater the chances that it will sustain democracy."**

According to him, **economic development** — measured in **income growth**, **industrialization**, **education**, and **urbanization** — cultivates values such as **tolerance, rationality, and participation**, which ultimately generate **pressures for democratic accountability**.

His empirical work compared Western Europe, Latin America, and North America, showing that **democratic stability** was strongly correlated with **higher per-capita incomes**, **literacy**, and **industrial diversification**.

Modernization theory gained renewed life when **Adam Przeworski and Fernando Limongi** (1997) revisited Lipset with a massive dataset (1950–1990). Their key finding sharpened the earlier thesis:

- **Development does not necessarily cause transitions to democracy**, but
- **Once democracy emerges, high levels of development make it far more likely to survive.**

This statistical relationship — that democracies rarely collapse above a certain income threshold (often cited around **$6,000–$8,000** per capita) — remains one of the most influential empirical results in comparative politics.

Amartya Sen

The modern debate was dramatically reshaped by **Amartya Sen**, especially through his landmark work **"Development as Freedom" (1999)**. Sen moved the field beyond the crude idea of development as economic growth. Instead, he argued:

"Development is the expansion of human capabilities."

As a *means*, democracy fosters:

- **accountability** through electoral competition
- **public reasoning** through free speech
- **responsiveness** to crises because of open information flows

Sen famously demonstrated that **no functioning democracy with a free press has ever had a major famine**, a pattern visible from British India's catastrophic Bengal Famine (1943) to contemporary Sub-Saharan Africa under authoritarian rule. Democratic India, by contrast, despite poverty, avoided famines due to electoral pressures, public debate, and media scrutiny.

The China Question

The most powerful challenge to both Lipset and Sen comes from the rise of **authoritarian developmental states**, most notably **China**.

China's growth since 1978 has lifted **over 800 million people** from extreme poverty (World Bank data), expanded global infrastructure through the **Belt and Road Initiative**, and built world-leading industrial and technological capacities — all under authoritarian one-party rule.

Scholars such as **Yuen Yuen Ang** (***How China Escaped the Poverty Trap*, 2016**) argue that China developed through a **hybrid model** that combines market incentives with authoritarian political control.

Thus, China complicates modernization theory but does not disprove it:

- Authoritarian growth is possible,
- but its **sustainability**, **equity**, and **resilience** remain in question.

The India Model

India presents the inverse story: **democratic deepening alongside uneven development**. An iconic example is the **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**, which guarantees **100 days of work** to rural households — a product of grassroots mobilization, civil society pressure, and democratic responsiveness.

Similarly, India's:

- **Right to Information Act (2005)**
- **National Food Security Act (2013)**
- **Digital welfare delivery systems (Aadhaar-linked DBT)**

These examples reflect how democracies convert political contestation into **social rights and development entitlements**.

Yet India also highlights democracy's constraints:

- **elite capture**,
- **voter manipulation**,
- **inequality**,
- **bureaucratic inertia**.

The Conditionality Problem

Research by **Daron Acemoglu & James Robinson** (***Why Nations Fail*, 2012)** shows that **institutions matter more than regime type**. Democracies with:

- weak bureaucracies
- patronage-based politics
- ethnic fragmentation
- high inequality

may still deliver poor development outcomes.

Similarly, **Carles Boix** argues that high inequality makes elites fear redistribution, leading them to resist or undermine democratic deepening.

Thus, democracy alone is insufficient; it must be backed by:

- **state capacity**,
- **rule of law**,
- **inclusive institutions**,
- **civil society participation**.

6. Empirical Examples

East Asia: South Korea and Taiwan

South Korea and Taiwan remain classic examples supporting aspects of **modernization theory** and the **developmental state thesis**.

In the 1960s, both were relatively poor agrarian economies:

- South Korea's per capita income in 1960 was roughly **$158** (World Bank).
- Taiwan, recovering from colonial rule and civil war, had heavy dependence on agriculture.

Drawing on **Amsden's** seminal work *Asia's Next Giant* (1989) and **Chalmers Johnson's** foundational analysis of MITI in Japan (1982), these states used:

- **coherent bureaucracies**,

- **industrial policy**,
- **export-led manufacturing**,
- **land reforms**, and
- **state-business coordination**

to build diversified manufacturing powerhouses.

By the 1980s and 1990s, both countries had reached upper-middle-income status, created large educated middle classes, and expanded urban labor movements. Scholars such as **Samuel Huntington** and **Dankwart Rustow** argued that these socioeconomic shifts generated pressures for democratic transition — seen in Korea's 1987 democratization following mass mobilizations, and Taiwan's 1987 lifting of martial law.

Their trajectories vindicate Lipset's proposition that **economic development creates the social conditions for democratic demand**, but they also reflect the importance of **state capacity**, highlighted by **Atul Kohli's** research on cohesive-capitalist states

Singapore

Singapore complicates modernization expectations. With a per capita income exceeding **$90,000 (PPP)** today, it ranks among the world's richest states. Yet its political system remains a **"soft authoritarian" or "illiberal democracy"**, dominated by the People's Action Party (PAP) since 1959.

Singapore's model emphasizes:

- **meritocratic civil service**,
- **anti-corruption enforcement**,
- **public housing (HDB) covering 80% of residents**,
- **strategic foreign investment policies**, and
- a **social contract** prioritizing stability and efficiency over liberal pluralism.

Political scientists like **Larry Diamond** call it a "hybrid regime," and **Lee Kuan Yew's** developmental philosophy argued that economic progress must precede and condition political liberalization. Despite limited political competition, Singapore excels in governance indicators (e.g., World Bank's Worldwide Governance Indicators), illustrating that **institutional quality**, not regime type alone, shapes development.

China

No case has generated as much political-theoretical debate as **China**. Since 1978, the country has engineered the fastest sustained economic expansion in human history. According to the World Bank:

- **800+ million people** have been lifted out of extreme poverty.
- China became the **world's largest exporter** and **second-largest economy**.
- Literacy rates climbed from **66% (1980)** to **over 97%** today.

Scholars diverge sharply on how to interpret this.

Yuen Yuen Ang argues that China embraced a *"directed improvisation"* model — a flexible bureaucracy that allowed local experimentation under centralized political control. **Minxin Pei** contends the system is fragile, describing it as "crony capitalism" vulnerable to corruption, inequality (Gini coefficient ~ **0.47**), and demographic slowdown (fertility ~ **1.2**).

China challenges modernization theory's sequencing — proving that rapid development *can* occur under authoritarian rule — yet it also fuels the question: **Is such growth politically sustainable?** Studies in comparative politics show that rising urbanization, education, and a professional middle class eventually create pressures for transparency, rule of law, and political accountability. Whether China will follow this arc remains a pivotal question for 21st-century political science.

Latin America

Latin America provides examples of democratic volatility shaped by global economic cycles, inequality, and state capacity — themes explored extensively by **Fernando Henrique Cardoso**, **Guillermo O'Donnell**, and **Raúl Prebisch**.

The ISI Era and Its Challenges

Through the mid-20th century, countries such as Brazil, Argentina, and Mexico pursued **Import Substitution Industrialization (ISI)**. This strategy created domestic industries, but also:

- high fiscal deficits,
- uncompetitive manufacturing,
- overdependence on commodity exports.

The **Latin American debt crisis (1982)** marked the collapse of ISI and ushered in the "lost decade" of stagnation.

Democratic Welfare Innovations

With democratization in the 1980s–1990s, Latin American governments turned toward **social protection** to mitigate inequality. Brazil's landmark **Bolsa Família**, under Lula da Silva, lifted nearly **20 million** people above the poverty line and reduced inequality dramatically (Gini fell from **0.59 to 0.53** between 2000–2010).

But structural issues persist:

- Latin America remains the **world's most unequal region**,
- commodity dependency fuels **boom–bust cycles**,
- weak state capacity limits long-term development.

This demonstrates **Acemoglu & Robinson's** thesis that inclusive institutions matter as much as electoral democracy for sustained development.

India

India stands as the world's largest and most diverse democracy. Unlike East Asia, it democratized **before** development. Its political evolution thus represents a critical test for scholars of sequencing.

India's democracy has enabled innovative social policies uncommon among countries at its income level. Examples include:

- **MGNREGA**, providing 100 days of guaranteed rural work to nearly **80 million households** annually.
- **Right to Information Act (2005)**, expanding transparency and citizen oversight.
- **National Food Security Act (2013)**, ensuring subsidized food for **800 million** people.

Studies by **Jean Drèze**, **Amartya Sen**, and **James Manor** show how public participation, civil society mobilization, and political competition have repeatedly pushed the Indian state toward welfare expansion even amid fiscal and administrative constraints.

India's development record, however, remains uneven:

- It has one of the world's highest levels of **income inequality** (top 1% controls ~40% of wealth).
- Urban–rural disparities are stark.
- Bureaucratic inefficiencies often slow policy implementation.

Yet the **resilience and inclusiveness** of Indian democracy continue to generate what **Przeworski** calls "incremental but durable" progress — a slow but steady path distinct from East Asian authoritarian efficiency.