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The Effects of Economic and Political Globalization on Level of Democracy

Abstract

Since the birth of the nation state, we have been undergoing a process called globalization. Simply put, globalization is the process of interaction and integration among the people, companies and governments of different nations. It is a process driven by trade and investment and supported by economic partnerships and institutions. As time goes on, the effects of globalization have become more intense, and are felt disproportionately across nations and socio-economic levels, resulting in a backlash that has been largely characterized by the rise of right-wing populism. It is thus important to study the effects that globalization has on level of democracy within a country, as countries begin to grapple with this political movement that often clashes with democracy. This paper studies the effects of both economic and political globalization, and finds that, however marginal, both political and economic globalization have a positive effect on Electoral Democracy Index within a country. This means that as political and economic globalization increase within a state, so does that state's level of democracy. This has important implications for the future because it helps to undermine the anti-globalization discourse that is so often advanced by conservatives and right-wing populists.

Keywords

political globalization, economic globalization, democracy, level of democracy

Disciplines

Comparative Politics | Political Economy | Political Science | Political Theory

Comments

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The Effects of Economic and Political Globalization on Level of Democracy

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Submitted in partial fulfillment of the requirements for completion of the Political Science
Capstone

Fall 2020

Introduction

Since the birth of the nation state, we have been undergoing a process called globalization. Simply put, globalization is the process of interaction and integration among the people, companies and governments of different nations. It is a process driven by trade and investment and supported by economic partnerships and institutions. Packed into this neat definition, globalization seems fairly straightforward. However, this is anything but the case. Because globalization involves interactions and flows of people, goods, ideas, and services at all levels transnationally, it is inherently a very complicated and at times poorly understood process. Although globalization has been occurring for hundreds of years, it is still quite difficult for scholars to concretely explain and anticipate the effects globalization has had and will have on states and individuals. This is largely because, as time goes on, the extent to which the world is experiencing globalization continues to grow. Some argue that we have entered a period of hyper-globalization with states becoming interconnected at unprecedented levels. It is for this reason that it is often difficult to identify concrete trends within globalization.

Despite the mystery surrounding it, globalization has come to be a dominant feature in our modern world, with international-level policies having very real ramifications for the everyday individual. Recently, Donald Trump's trade war with China has had unfortunate implications for many American farmers who have been hit hard by China's imposition of tariffs on some U.S. products like soybeans in retaliation to Trump's policies. The cost of the food and goods we consume, the history we are taught in schools, and even the jobs that are available to us are all subject to the force we know as globalization. Because globalization has implications on both the transnational and individual levels, it is important that we attempt to understand it in order to anticipate its consequences and provide more security for the individual. As we are more

able to anticipate consequences, we will likely see less of a backlash against globalization as states are more equipped to compensate the losers of globalization. This is an important pursuit as the losers of globalization often mobilize in ways that can significantly alter the international order. I will go into this in further detail later in this paper.

This paper will attempt to explore the implications that globalization has for the level of democracy present within a state. As mentioned before, with globalization comes not only the movement and flow of people, goods, and services, but also the movement of ideas. As globalization occurs, individuals from different states come into contact with one another and begin to facilitate the spread of ideas transnationally. What this implies is that globalization can help to promote the spread of different ideals and international norms, all which impact the everyday life of the individual. I am most interested in the spread of democracy and the extent to which it is facilitated or hindered by the processes of globalization. It is important to explore this relationship because it has implications for the quality of life of everyday individuals. Looking at how level of democracy is affected by globalization can provide us with insights into how organizations like the United Nations can work to harness different aspects of globalization to promote the spread of democracy. This would perhaps advance efforts to afford individuals living in non-democratic states the right to vote and more freedoms that come alongside democracy. The study of the relationship between globalization and democracy thus has very important implications for the spread of human rights and the improvement of the quality of life of the global citizen, and therefore must be pursued.

This paper will begin with a brief overview of some of the scholarly work that has been previously completed on this topic, and on topics related to it. Following this overview, I will discuss my hypotheses and the theory behind these hypotheses. I will then move into a

discussion of my variables and their operationalization. The crux of my research will be presented in the analysis section, where I will present the results of my quantitative study. Finally, I will discuss these results and their implications in the discussion and conclusion sections of my paper.

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The literature surrounding the study of the effects of globalization on level of democracy seems to be rather robust, however, oftentimes it lacks specificity and focuses on different mechanisms of democracy promotion than those I am interested in studying. My research aims to focus on the spread of democracy through globalization and, more specifically, through norm creation by way of participation in international organizations and through the development of post-materialist ideas by way of increased material wealth as a benefit of globalization. These two mechanisms have not been very widely studied, but the previous literature regarding this relationship does offer interesting insights into whether or not globalization as a whole does affect level of democracy. There is significant debate surrounding this relationship and the nature of it: particularly whether the relationship is positive or negative. I will attempt to consolidate the findings of these other researchers and show how this research project differs.

Economic Globalization and the Backlash Against It

Eichengreen and Leblang, who have completed extensive research on the relationship between trade openness (as an aspect of globalization) and democracy, note that their “...findings support the existence of positive relationships running in both directions between democracy and globalization,” (Eichengreen and Leblang 2006, 319). They accomplished this using data from 1870-2000. My study will be similar to this one in that it aims to show the effect

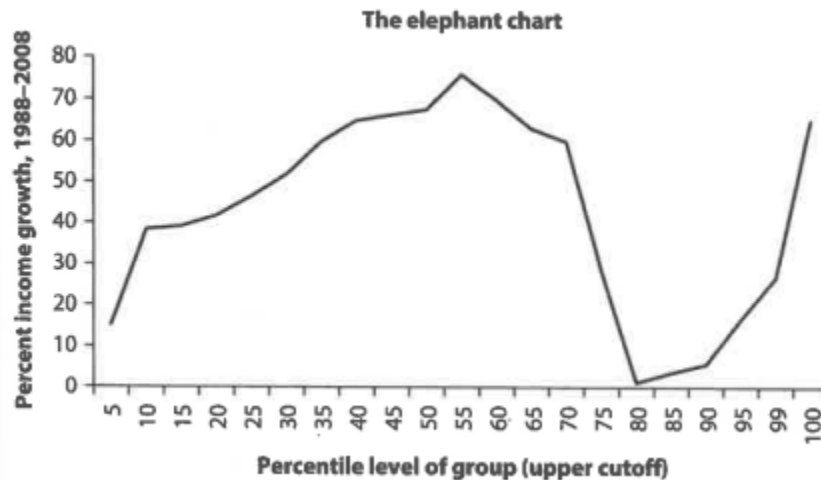
of globalization on democracy, but I will be doing so using a wider scope in terms of globalization and more recent data. Rather than just focusing on economic globalization as expressed by trade openness, I will also be examining both economic and political globalization as presented in the KOF Index of Globalization. My analysis will also be an important contribution to existing work because it will serve as an update to what Eichengreen and Leblang found 20 years ago.

One thematic focus in the study of the relationship between globalization and level of democracy has been the rise of populism as a result of the backlash against globalization. What is meant by backlash is largely organized discontent towards ruling institutions, parties, and leaders that are seen as having played a role in the establishment of globalization as a world order. This discontent has, as previously mentioned, manifested in the form of support for populism and its leaders. Of this, Jeffry Frieden says, “Political discontent has been central to the globalization backlash. Dissatisfaction has taken the form of large increases in voting for extremist political parties...often in favor of “populists” of the Right or Left whose common themes include skepticism about economic integration and resentment of ruling elites,” (Frieden 2017, 3). He goes on to use the examples of Donald Trump and Bernie Sanders in the United States, both of whom were able to garner substantial support by running on anti-establishment platforms. This trend is not, however, limited to the United States. Across the world, we have seen increased support for such parties including in countries such as France with the Front National’s Marine Le Pen, and the current president of Tunisia, Kais Saied.

If this backlash is so widespread, what has caused such a phenomenon to occur to such an extent? The causal factor can oftentimes be traced back to economics. Martin Sandbu characterizes the drivers of this backlash as the “left behind”- that is, those “losers” of

globalization who witness the increasing wealth of the elites and who do not feel a similar level- or any level, at that- of prosperity. He points to a prior economic claim that is to blame for the rise in illiberalism and nationalism. “This claim is that the economic opportunities have dried up, and those that still exist have been closed off and reserved for an elite to which “normal people” don’t belong,” (Sandbu 2020, 8). This can be contrasted with the period after WWII, when populations of countries bore witness to an economic boom in which they were able to hold positive views of the future, and largely held the belief that their children would grow up to be better off than them.

Following the oil crisis in 1973 and with the onset of the era of hyperglobalization, many people no longer hold this belief and instead perceive themselves as the “left behind”- those that did not reap the benefits of globalization. Sandbu points to the “elephant chart” (pictured below) to characterize the left behind.



This chart graphs how each percentile of global income distribution fared over the last two decades by looking at the percentage income growth. Looking at the low base of the elephant’s trunk, we can see that those individuals in the eightieth to ninetieth percentile of the world

income distribution did not see the vast income growth that both lower percentiles and the wealthiest saw in these two decades. The eightieth to ninetieth percentile is where we can locate “the bottom half of the old Industrialized West- [who] saw the fruits of globalization pass them by,” (Sandbu 2020, 20). This graph is incredibly important in understanding who globalization’s discontents are.

Milner adds to this body of research in her article titled *Globalization and its Political Consequences: The Effects of Party Politics in the West*. What she finds in this article is that “...a direct relationship appears to exist between globalization and changes in party platforms. More trade and FDI are associated with a turn to anti-internationalism and anti-globalization, but less so for broader populist sentiments,” (Milner 2018, 40). What is interesting about Milner’s work is that she focuses on 23 OECD between 1970 and 2016. This sample represents the experiences of developed countries in the West, which is helpful for examining the long-term effects of globalization on countries in which there is generally less economic insecurity. In my paper, I will be investigating the relationship between globalization and level of democracy throughout 182 countries over a similar time period. With this model, I will be able to get a clearer picture of the relationship as it exists across the international system, looking at both developed and developing countries.

This body of research studying the effects of the globalization backlash is important in developing our understanding of the mechanisms by which globalization affects level of democracy within a country. However, I argue that this trend is only really relevant in those developed countries which have already seen the initial effects of globalization and have experienced globalization to an extent at which the effects of globalization, mainly an increase in material wealth, have been disproportionately felt at differing socio-economic levels. What

should also be of interest is looking at the *initial* effects that globalization has on a society- when the effects of increasing economic opportunity are first felt, and before they become visibly disproportionate.

Social Globalization and Democracy

Another thematic focus centers around the social aspect of globalization and, more specifically, the effect that increased access to the Internet has on level of democracy. Roman Gerodimos, in his article titled “Democracy and the Internet: Access, Engagement and Deliberation,” argues that increased access to the internet (a sign of increased globalization of a country) leads to increased social interactions, which then have a positive effect on civic engagement. Of this, he says, “...social capital in the early stages of life leads to political socialization, which in turn leads to civic engagement. Politically relevant social capital itself is created through personal networks and social exchanges...In short, social interactions with other individuals eventually lead to greater civic participation,” (Gerodimos 2006, 27). Greater civic participation provides for a more robust democracy, as a successful democracy is one that is founded upon the active participation of the people and rule by the people. This thematic focus provides evidence for a positive relationship between globalization and democracy; however, Gerodimos’s paper is largely based on qualitative studies, rather than quantitative ones. My paper will attempt to quantitatively explore the relationship between globalization and level of democracy.

A quantitative approach to this thematic focus is accomplished by Celin Carlo-Gonzalez, Christopher McKallagat, and Jenifer Whitten-Woodring in their paper *The Rainbow Effect: Media Freedom, Internet Access, and Gay Rights*. In this paper, they find that “All else being

equal, we observe greater respect for gay rights in those countries featuring a combination of both free media and higher rates of Internet access,” (Carlo-Gonzalez, McKallagat, and Whitten-Woodring, 2017). This aligns with the theory that as level of globalization increases (evidenced by increase in media freedom and internet access), and as economic opportunity increases with it, a post-materialist society will develop. In a post-materialist society, tolerance of out-groups is higher, which would lead to an increase in Gay rights. Because my measure of democracy is based on variables like freedom of expression, I will be exploring economic and political aspects of globalization and how they affect level of democracy, rather than focusing on aspects of social globalization (such as internet access and press freedom). This is because freedom of expression and internet access are both part of how the KOF globalization index measures social globalization; as a result, I cannot explore the effects of one on the other, as they come from the same measure.

A lot of the existing literature on this topic is important to examine when conceptualizing the mechanism by which globalization has the capacity to affect the level of democracy within a country. However, there does not appear to be sufficient literature on the economic and political mechanisms through which globalization affects democracy. Those studies that do examine this relationship tend to either be outdated, as is the case with Eichengreen and Leblang, focus on other individual aspects of globalization like press freedom or internet access, as is the case with Gerodimo and Carlo-Gonzalez, McKallagat, and Whitten-Woodring, or are concentrated on just the effects of the backlash against globalization, as is the case with numerous authors including Sandbu and Milner. Through my paper, I hope to provide a more up-to-date and comprehensive look at the mechanisms through which globalization affects level of democracy. In the following

section, I will discuss my theory and the mechanisms by which I believe globalization will affect level of democracy within a country.

Theory

The guiding research question for this paper is “Does a country’s level of economic or political globalization exercise an influence on its level of democracy?” I argue that through various mechanisms that I analyze in the following paragraphs, economic and political globalization work to increase the level of democracy present within a country- and particularly the level of democracy present within developing countries. Through a quantitative exploration of these variables, I expect to find that a positive relationship will exist between economic globalization and level of democracy and that a positive relationship will also exist between political globalization and democracy. As I discuss below, these positive relationships should be facilitated through norm sharing that occurs with political globalization and through an increase in material wealth that should occur with economic globalization. This is not to say that this trend will be equally realized across all countries. In fact, I expect to find that the positive relationship between economic globalization and level of democracy will perhaps be smaller in magnitude due to the variety of ways in which this relationship is manifested in different states.

What is of particular importance in the undertaking of this research is to first define democracy and globalization, two concepts that can be relatively ambiguous. For the purpose of this paper, I define democracy as a government in which power is held by the people and is manifested through free and fair elections. Some ideals traditionally associated with democracy include freedom, separation of church and state, justice, equality, and tolerance. These are the foundations of democracy to which I will be referring throughout this paper. This definition of

democracy is best represented by the Electoral democracy index, provided by the Varieties of Democracy Project. I will explain this variable further in my research design.

Globalization encompasses a wide variety of processes involving interactions among states. As previously stated, and for the purpose of this paper, I define globalization as the process of interaction and integration among the people, companies and governments of different nations. It is a process driven by trade and investment and supported by economic partnerships and institutions. What is also important to note about the concept of globalization is that it produces discontented individuals who have contributed to the significant backlash against globalization in recent years. These individuals are often concentrated in the developed West where the effects of globalization are felt disproportionately at different socio-economic levels largely due to a failure of compensation. These “losers” of globalization are quick to blame globalization itself for their hardships, which has often resulted in an increase in support for right-wing populists who espouse nationalistic sentiments in efforts to appeal to opponents of globalization. Other critics of globalization point to the rising inequality between countries as a reason to fight against it. The goal of this paper is to hopefully show that globalization itself is not the reason there is increasing inequality within countries and across countries. Rather, the reason for this is likely because of other factors- a lack of effort to compensate the losers of globalization and to provide the tools with which individuals and developing countries can become competitive in a global market.

Through this paper, I will be exploring the effect that globalization has on level of democracy. I believe that globalization will have a positive effect on level of globalization primarily through two mechanisms- one economic, and one political.

The first mechanism that I propose is an economic one. Previous studies have found that globalization seems to have a positive effect on economic development, in most cases. Dominick Salvatore finds that globalization, when taken advantage of, generally has positive effects on the economic growth of a state. He quantitatively looks at the relationship between globalization and growth. Through this study, he finds that, "...the growth of real per capita (PPP) GDP increased sharply in each decade from 1960 to 2010 for the developing countries that globalized (i.e., those for which the ratio of international trade and international financial flows to GDP increased) and far exceeded the average growth of rich countries and that of the non-globalizers,"(Salvatore, 2012, 7). This is promising evidence that globalization is able to have a positive effect on developing countries, a relationship that has often been called in to question as the poorest countries still find themselves unable to develop.

"For those firms and nations that do take advantage of this trend [towards globalization], the results are increased efficiency, greater international competitiveness, and more rapid growth," (Salvatore 2012, 3). The problem, he argues, lies in those countries where a large portion of the population is too poor to be able to capitalize on globalization and open the economy up. If these countries were able to mobilize and open up their economies to the rest of the world, their average citizen, if the trend holds, would increase their income, and eventually be lifted out of poverty. Once lifted out of poverty, these individuals will be better able to benefit from globalization through participation in the global economy by perhaps creating businesses or pursuing an education that would lead them to a more lucrative job.

This positive relationship between globalization and economic development is important to underscore, particularly with the growing anti-globalization sentiment across the world. What we learn from Salvatore's research is that globalization has the potential to encourage economic

development within a country- as long as that country has the minimum capability to capitalize on what globalization has to offer. This, of course may be contingent on a number of different factors, including state capacity. It is important to note here that neoliberal policies- which are all too often encouraged by the West- often have the effect of eroding state capacity. This suggests it may be in the international system's best interests to move away from neoliberal policies.

This relationship is important in a second way that more closely relates to this paper, as well. As Salvatore demonstrates, when a country is able to partake in globalization, its economy is able to further develop, and thus there is an increase in material wealth of its citizens. This increase in material wealth has important implications for the level of democracy present within a country. As Inglehart and Norris argue in their article titled, *Trump and the Populist Authoritarian Parties: The Silent Revolution in Reverse*, as societies move past their materialist stage and enter into the post-materialist stage in which basic needs are met, the society begins to emphasize the post-materialist values of freedom of expression, gender equality, tolerance of gays, handicapped people, and foreigners. They argue that "When (security) can be taken for granted, it opens the way for new norms concerning everything from economic behavior to sexual orientation and the spread of democratic institutions," (Inglehart and Norris 2017, 443). This is another reason I would expect higher levels of globalization to lead to an increased level of democracy; the increase in material wealth that comes with globalization encourages an emphasis on democratic values like freedom of expression, tolerance, and representation.

With this theory in mind, I have developed the following hypothesis.

Hypothesis 1. Countries with higher levels of economic globalization will have higher levels of democracy.

The second mechanism through which I propose globalization affects the level of democracy within a country is political. When a country opens up to globalization, they also open themselves up to foreign influence which is manifested through the presence of non-governmental organizations within the country, participation in international organizations, and establishment of foreign embassies within the country. These factors are all included in the KOF political globalization measure which I use to conduct my empirical tests of my hypotheses.

The opening up to foreign influence through globalization can help to facilitate the spread of international norms. As democracy becomes a more important international norm, at least as espoused by the West, I expect to see that higher levels of political globalization will be associated with higher levels of democracy. One example of this can be seen in the process by which a country accedes to the European Union. According to the Copenhagen Criteria, in order to become a member, the state in question must be a democracy and have a demonstrated commitment to uphold human rights. Currently, Turkey is engaging in a bid for accession to the EU. Due to their storied history of human rights abuses against the Kurds, suppression of free speech and press, and various other aspects, Turkey has yet to accede to the EU. However, because of the economic prowess of the EU and the establishment of the Copenhagen Criteria, Turkey has an incentive to improve its human rights record in order to accede. This is just one example of how international organizations can influence the domestic policies of a state.

The United Nations, through its many resolutions and conferences, facilitates norm creation by establishing international expectations that states are then held to. Failure to abide by these expectations can result in sanctions or condemnations by other member states, which can have detrimental effects to the development of the country in question. The United Nations lists democracy as one of their core principals and has many initiatives to support democracy

promotion around the world- one of these being the supervision of elections. Membership and participation in IOs like the United Nations should therefore expose these states to international norms like democracy and encourage them to develop these norms domestically through the use of soft power on the part of other member states.

The existence of NGOs within a country should also help to facilitate a move towards higher levels of democracy. The United States State Department has historically been quite active in supporting NGOs in developing countries because of their ability to promote democracy within these states. In his 2006 remarks to the Senate Foreign Relations Committee, Barry F. Lowenkron, Assistant Secretary for Democracy, Human Rights, and Labor, spoke on the crucial role that NGOs play in the development of democracy. He observed,

“Today, all across the globe, NGOs are helping to establish and strengthen democracy in three key ways:

- First, NGOs are working to establish awareness of and respect for the right of individuals to exercise freedoms of expression, assembly and association, which is crucial to participatory democracy.
- Second, NGOs are working to ensure that there is a level playing field upon which candidates for elective office can compete and that the entire elections process is free and fair.
- Third, NGOs are working to build and strengthen the rule of just laws and responsive and accountable institutions of government so that the rights of individuals are protected regardless of which persons or parties may be in office at any given time.” (Lowenkron, 2006).

Political globalization can also lead to an increased level of democracy in a much less formal way through the work done by non-governmental organizations.

With this theory in mind, I have developed this second, and final hypothesis to guide my quantitative research:

Hypothesis 2: Countries with higher levels of political globalization should have higher levels of democracy.

Through my quantitative analysis of the relationships between political globalization and level of democracy and between economic globalization and level of democracy, I expect to find that both exhibit a positive relationship. I now turn to my research design.

Research Design

I employ a time-series-cross-section data set. The data set covers the time period 1970-2014. Through this project, I hope to identify trends between globalization and democracy across the globe, and therefore have included every country for which there is data concerning the variables in which I am interested. With these variables, I will be looking at data from 182 countries. As I will be looking at each country in my sample per year, the unit of analysis for this paper is the country-year. The variables and data that I am looking at come from the Quality of Government (QOG) dataset.

Dependent Variable:

My dependent variable for this paper is level of democracy. Although there are quite a few measures representing level of democracy within a country, I chose the Electoral democracy index, coded as `vdem_polyarchy`, and collected by the Varieties of Democracy Project. This will allow me to look at the extent to which the ideal of electoral democracy has been achieved in the 182 countries present in my sample. The characteristics of a democracy present within this variable most closely resemble the concept of democracy I am interested in exploring, which, as previously mentioned, includes some ideals traditionally associated with democracy like freedom, free and fair elections, justice, equality, and tolerance. This variable in particular, according to the QOG dataset, "...is formed by taking the average of, on the one hand, the sum of the indices measuring freedom of association (thick), suffrage, clean elections, elected executive (de jure) and freedom of expression; and, on the other, the five-way interaction

between those indices,” (Dahlberg, 2019, 143). The freedom of expression measure included within this variable is of particular interest to me, as I believe that this is an important feature of democracy, especially when investigating the effects of both political and economic globalization on level of democracy. This variable is operationalized at the interval level with values ranging from 0 to 1.

Central Explanatory Variables:

The first of my central explanatory variables is Economic Globalization, which is coded as `dr_eg`. This variable comes from the KOF Index of Globalization and is reported at the interval level with possible score ranging from 1 to 100. A score of one would indicate the lowest level of economic globalization possible, and a score of 100 would indicate the highest level of economic globalization possible. Economic Globalization is operationalized through an aggregation of trade globalization de facto, trade globalization de jure, financial globalization de facto, and financial globalization de jure. These measures include things like trade in goods and services, trade regulations, taxes, and agreements, foreign direct investment, international debt, investment restrictions, capital account openness, etc. By combining all of these statistics about a state, the KOF Globalization index is able to produce a rather well-rounded measure of economic globalization, which will allow me to examine the effect economic globalization has on level of democracy within a country.

My second central explanatory variable is political globalization. This variable also comes from the KOF Index of Globalization and is reported in the same way: at the interval level with possible scores ranging from 1 to 100. It is operationalized through an aggregation of political globalization de facto (measured through number of embassies, UN peace keeping missions and international NGOs) and political globalization de jure (measured through number

of international organizations of which the state is a member, international treaties signed, and treaty partner diversity). I believe this measure presents an effective way of operationalizing political globalization, which I expect to affect levels of democracy through norm sharing.

Control Variables

In my statistical model, I use several control variables in order to account for possible other explanations for the effect that globalization has on level of democracy. The first of these is ethnic fractionalization, which is coded as `al_ethnic`. I suspect that in states that have lower levels of ethnic fractionalization, there will be higher levels of democracy, as homogeneity and lack of civil unrest promote democracy. As Benjamin Reilly summarizes, “Scholars have traditionally believed that internal ethnic divisions are detrimental to democratic stability,” (Reilly 2000, 164).

The next control variable is 2010 GDP per capita, which is coded as `wdi_gdpcapcon2010`. This variable reports GDP per capita at the interval level, with possible values ranging from 0 to infinity. This control will help account for the effect that material wealth has on the level of democracy within a society. If there are high levels of material wealth, it is likely that the society will exhibit more post-material values like tolerance and freedom of expression (Inglehart and Norris 2017, 443) which could then affect the level of democracy within the state.

My third control variable is population size, which is coded as `wdi_pop`. This variable reports population size at the interval level with possible values ranging from zero to infinity. What I expect to find is that with a higher population size, there will be a lower level of democracy because the costs of running a democracy (and free and fair elections) increase. I suspect this to be the case because this is what we see in India. “Indian law says no one should

have to travel more than 2 kilometers (about 1.25 miles) to vote. So poll workers... trek through the jungle to bring voting machines to a man who lives alone in a lion-infested forest in the western state of Gujarat... (Frayer and Khan, 2019). This anecdote serves to remind us of the costs of running a democracy, which theoretically should only increase with a larger population.

My final control variable is Oil Production Value in 2014 dollars, which is coded as (ross_oil_value_2014). I expect to find that with higher levels of oil production, we will find lower levels of democracy. Kevin Tsui found that, "...on average, discovering 100 billion barrels pushes a country's democracy level almost 20 percentage points below the existing trend," (Tsui 2010, 111). He suspects that this is due to the natural resource curse which dictates that countries with high levels of natural resources will exhibit low levels of democracy.

Methodology

Because my dependent variable is a continuous variable with values ranging from 0 to 1, I will be using an OLS regression statistical test for my analysis. This statistical test allows me to measure the effect of my central explanatory variables on my dependent variable. It also allows me to test the null hypothesis that the observed relationship occurred by chance, and produces a PRE measure of association between the central explanatory variable and the dependent variable. By running a multiple regression, I will be able to employ my control variables to look at the effect of each explanatory variable on level of democracy while taking in to account the effect of my control variables upon my dependent variable.

Analysis

Completion of my OLS regression model in stata to test my two hypotheses provided me with the following output tables.

Table 1. Effects of Economic Globalization on Electoral Democracy Index, 1970-2014

Variable	Coefficient	Std. Deviation
Economic Globalization	0.005***	(0.000)
GDP per capita	0.000***	(0.000)
Ethnic Fractionalization	-0.211***	(0.012)
Population Size	0.000***	(0.000)
Oil Production Value	-0.000***	(0.000)
N	5,820	
R ²	0.3582	

Standard errors appear in parentheses. Statistical significance levels: * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Table 2. Effects of Political Globalization on Electoral Democracy Index, 1970-2014

Variable	Coefficient	Std. Deviation
Political Globalization	0.006***	(0.000)
GDP per capita	0.000***	(0.000)
Ethnic Fractionalization	-0.189***	(0.012)
Population Size	-0.000***	(0.000)
Oil Production Value	-0.000***	(0.000)
N	5,930	
R ²	0.4643	

Standard errors appear in parentheses. Statistical significance levels: * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

Let us first examine Table 1, which shows us the effects of economic globalization on electoral democracy index from 1970 to 2014. In my theory section, I hypothesized that economic globalization would have a positive effect on electoral democracy index. This hypothesis proved to be supported by my empirical test. The regression model for economic globalization produced a coefficient of 0.005, which tells us that for each 1-point increase in economic globalization, we find a 0.005-point increase in the electoral democracy index. This relationship is statistically significant, with a p-value of 0.000.

In this multiple regression, I also tested the relationship between Electoral Democracy Index and my control variables. What is first interesting to note is that the R^2 for this multiple regression was reported at .3582. This means that my independent variable and controls account for 35.82% of the variation in Electoral Democracy Index, which is admittedly a rather large portion of the variation.

GDP per capita and population size both had a positive coefficient, but the coefficients reported for these controls was less than 0.000. These tests were also statistically significant, with a p-value of less than 0.000. The positive relationship seen between GDP per capita and Electoral Democracy Index confirms my hypothesis; however, the positive relationship seen between population size and Electoral Democracy Index is the opposite of what I hypothesized.

Oil production value reported a negative coefficient, meaning that with higher levels of oil production value, there are lower levels of democracy. This relationship is statistically significant with a p-value of less than 0.000. This is in keeping with the resource curse theory, and my previously stated hypothesis, however, the coefficient had a value of less than 0.000, meaning that its effect on Electoral Democracy index is rather small.

The control variable with the largest coefficient was Ethnic Fractionalization, which reported a coefficient of -0.211. This means that for each 1-point increase in Ethnic Fractionalization, we see a 0.211-point decrease in Electoral Democracy. This relationship was statistically significant, with a p-value of less than 0.000.

The summary statistics for this regression can be found in Table 3, which is located in the appendix.

Let us now turn to Table 2, which demonstrates the effects of political globalization on electoral democracy index. In this table, we see that the regression model for political globalization produced a positive coefficient of 0.006. This means that for every 1-point increase in political globalization, we see a .0006-point increase in electoral democracy index. This coefficient is positive, which confirms my hypothesis, and has slightly more magnitude than that of economic globalization. However, the coefficients for both economic and political globalization are still rather small. This relationship is statistically significant with a p-value of less than 0.000.

I ran this multiple regression with the same controls as the regression for economic globalization. The R^2 for this regression was reported as 0.4643. This means that this combination of independent variable and controls accounts for 46.43% of the variation found in Electoral Democracy Index, which is quite a significant amount. It is interesting to note as well that this R^2 is .1061 larger than the R^2 value reported with economic globalization as the independent variable. Another difference one should note between these two tables is the sample size. In Table 1, there is a sample size of 5,820, and in Table 2, there is a sample size of 5,930. This increase of 110 units of analysis seems to have caused some variation in the results, which I will discuss in the coming paragraphs.

GDP per capita and oil production value exhibited the same results as they did when run with economic globalization. As such, their coefficients align with my hypotheses, and they remain statistically significant with p-values of less than 0.000.

With the larger sample size of this regression, the coefficient of population size changed from positive to negative. This negative coefficient confirms my hypothesis; however, the coefficient remains 0.000, which means that population size still has an extremely small effect on electoral democracy index. This relationship has a p-value of less than 0.000, meaning it is statistically significant.

Finally, ethnic fractionalization exhibited the largest coefficient, and thus the largest effect on electoral democracy index with a coefficient of -0.189. This is still in keeping with my previously states hypothesis. I suspect that this difference in value is due to the increase in sample size for this regression. Since this sample size was larger than the that of economic globalization, I suspect that perhaps with more units, the coefficient will decrease in magnitude further. This relationship remains statistically significant with a p-value of less than 0.000.

In efforts to judge the robustness of this relationship, I also ran a regression with a different measure of democracy, the Participatory democracy index, which is coded as `vdem_partipdem`. This measure emphasizes active participation by citizens in all political processes, electoral and non-electoral. This variable comes from the same data set as my dependent variable, Electoral democracy index, and is thus operationalized in the same way. It is operationalized at the interval level with possible scores ranging from 0 to 1.

Running this robustness measure produced the following results:

Table 5. Effects of Economic Globalization on Participatory Democracy Index, 1970-2014

Variable	Coefficient	Std. Deviation
Economic Globalization	0.004***	(0.000)
GDP per capita	0.000***	(0.000)
Ethnic Fractionalization	-0.164***	(0.009)
Population Size	0.000***	(0.000)
Oil Production Value	-0.000***	(0.000)
N	5,820	
R ²	0.4027	

Standard errors appear in parentheses. Statistical significance levels: * p ≤ 0.05, **p ≤ 0.01, ***p ≤ 0.001

Table 5. Effects of Political Globalization on Participatory Democracy Index, 1970-2014

Variable	Coefficient	Std. Deviation
Political Globalization	0.005***	(0.000)
GDP per capita	0.000***	(0.000)
Ethnic Fractionalization	-0.143***	(0.008)
Population Size	0.000***	(0.000)
Oil Production Value	-0.000***	(0.000)
N	5,930	
R ²	0.5226	

Standard errors appear in parentheses. Statistical significance levels: * p ≤ 0.05, **p ≤ 0.01, ***p ≤ 0.001

By looking at the p-values, we can determine that the relationship between both economic and political globalization and level of democracy remains statistically significant, even when using a different measure of democracy. The same holds for the controls under both political and economic globalization, as every p-value reported had a value of less than .000. I have included the above tables because the results of the regressions are interesting to note, but as this paper does not aim to discuss the effects of globalization on participatory democracy, and for purposes of brevity, I will not be discussing the results further.

Discussion

The analysis completed through this paper produced a quantitative study of the relationship between political globalization and Electoral democracy index, as well as into the relationship between economic globalization and Electoral democracy index. In the theory section of this paper, I predicted that both economic and political globalization would have a positive relationship with level of democracy. These hypotheses were confirmed through my regression analyses, which produced a positive coefficient of 0.005 for economic globalization and a positive coefficient of 0.006 for political globalization. To reiterate, this means that for each point a country moves up on economic globalization, the electoral democracy index for that country will move up 0.005 points. For each one-point movement up on political globalization, the country will move up .006 points.

Although my hypotheses were supported, I was hoping that both coefficients would have a higher magnitude in order to provide more evidence in defense of globalization. What is encouraging, however, is that both coefficients were positive. As previously mentioned, many are often quick to decry globalization as the harbinger of economic inequality and destroyer of democracy. What this study tells us is that, however marginally, both political and economic

globalization do have a positive effect on the level of democracy within a country. This is not to say that globalization offers zero consequences to those states that welcome it— in fact, I would suspect that some of these “consequences” of globalization are to blame for the smaller magnitude of these coefficients- that is, in an indirect way. Allow me to elaborate in the coming paragraphs.

As previously mentioned, Martin Sandbu points to the “elephant chart” (pictured above on page 5) to characterize the “left behind”- those who have been passed up by the fruits of globalization. To reiterate: this chart graphs how each percentile of global income distribution fared over the last two decades by looking at the percentage income growth. Looking at the low base of the elephant’s trunk, we can see that those individuals in the eightieth to ninetieth percentile of the world income distribution did not see the vast income growth that both lower percentiles and the wealthiest saw in these two decades. The eightieth to ninetieth percentile is where we can locate “the bottom half of the old Industrialized West- [who] saw the fruits of globalization pass them by,” (Sandbu 2020, 20).

What Sandbu emphasizes in the following pages and chapters of his book is what the elephant chart does not show us: a causal relationship between globalization and the lack of income growth amongst the Western lower middle class. What is all too common to do amongst populists is to falsely claim that the reason for this lack of income growth is globalization. Too often, globalization is used as a scapegoat for the woes of this demographic and it is this scapegoating that has led to a rise in support for populists- who promise to quell these woes by “draining the swamp” and closing borders to keep out those in the lower percentiles of global income distribution who are said to have stolen the economic opportunities owed to the lower middle class.

If globalization is not the cause of these woes, we must look to alternative explanations. Jeffrey Frieden offers two: failures of compensation and failures of representation. He argues that "... a globalization backlash is likely to be mitigated by compensation mechanisms; and the absence of adequate compensation is likely to feed a globalization backlash," (Freiden 2017, 14). The basic principle behind this is that with every economic policy that is implemented, there are bound to be individuals who are harmed by the policy. Those harmed by the policy can be compensated through reallocation of income from those who benefit from the policy. What has produced such a forceful globalization backlash, according to Frieden, is the lack of a compensatory scheme in place to mitigate the losses of the losers. The second reason for which we have seen a backlash to globalization, according to Frieden, is that there has been a disconnect between what voters want and the policies put forth by the parties and candidates running for office. "Traditional, mainstream political parties and politicians have not brought many of the concerns of these voters prominently enough onto the political agenda," (Frieden 2017, 19).

I suspect that these failures of compensation and representation- which are often perceived as consequences of globalization- are partially responsible for the small magnitudes of the coefficients of political and economic globalization produced in my regression models- at least amongst the developed countries of the West in which these failures are particularly prominent. These failures have produced significant economic inequalities, which have contributed in part to the rise of populism.

The backlash against globalization has several implications for the future. For one, we have seen the rise of right-wing populists throughout many Western democracies. Because their policies favor nationalism, what we could see in the near future is a push towards

deglobalization. The coronavirus pandemic further complicates this. What we have learned thus far from the pandemic is that in a hyperglobalized world, states are often unprepared for a crisis that forces them to confront issues on their own. In a crisis like the pandemic, states tend to close themselves off from the rest of the world in hopes of preserving themselves and what few resources they have readily available. This is not a sustainable trend. Many scholars are now calling for the rethinking of globalization. Farrell and Newman call for us to “build something better... a system that mitigates the risks of economic and political dependency and supports a new vision of global society,” (Farrell and Newman, 2020). Rebuilding globalization in this way would certainly help to mitigate some of the losses of the left behind, perhaps through compensation mechanisms. However, we must keep in mind that the backlash against globalization has resulted in the rise of right-wing populist parties that favor nationalism and, in the case of the United States, a small welfare state. These two desires of right-wing populists fall in direct opposition to what Farrell and Newman argue for. In the future, it is easy to foresee a clash between what disillusioned, left-behind voters want, and what would actually work to quell their woes. This will likely prove to have dangerous implications for level of democracy, particularly within the developed states where this tends to be a problem.

Although both political and economic globalization both had rather small coefficients, one control variable, ethnic fractionalization, seemed to have a rather significant effect on Electoral democracy index. This suggests that what matters most in determining level of democracy within a country is perhaps domestic factors, rather than foreign influence through globalization. This would make sense given that domestic factors tend to have the most immediate effect on the political atmosphere of a society, while the mechanisms through which globalization might affect level of democracy tend to utilize soft power, particularly with

political globalization. This would also make sense in the context of Frieden's failures of compensation being to blame for the discontent surrounding globalization. That which is experienced on the ground in a given state affects political leanings, and in the case of the rise of right-wing populism, level of democracy within the state.

Conclusion

What this research tells us is that, however marginal, both political and economic globalization have a positive effect on Electoral democracy index within a country. This means that as political and economic globalization increase within a state, so does that state's level of democracy. This has important implications for the future because it helps to undermine the anti-globalization discourse that is so often advanced by conservatives and right-wing populists.

This research shows us a trend that emerges when we look at 182 countries across the globe. It would be particularly interesting and perhaps enlightening to run two similar regression models but broken down by region or level of development. I suspect that different trends would emerge when examining the relationship between globalization and level of democracy from this perspective. For example, I would suspect that in extremely underdeveloped nations that do not yet have the infrastructure to properly benefit from globalization (countries like Chad), we would see both economic and political globalization having an even smaller effect on level of democracy within a country. In developed Western nations like the United States and the United Kingdom, I would not be surprised to see negative relationship reported between globalization and level of democracy as anti-immigrant rhetoric, anti-globalization rhetoric, and right-wing populism abound. In those developing nations that are well on their way to development, I would suspect that the positive relationship seen in my regressions might grow in magnitude. If a study like this were to be run, it would provide an interesting framework for how states at varying

levels of development could best capitalize on the fruits of globalization while working to limit the failures of compensation that might arise.

Because globalization is shown in this study to have a positive effect overall on level of democracy, I believe it is important that this research be taken further in order to find ways in which democracy promotion can be more properly tailored to each nation. This would allow a greater number of individuals around the world enjoy a greater number of freedoms which is, of course, an important aspiration towards which we must strive.

Appendix:

Table 3. Summary Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
Electoral Democracy Index	9,788	.4275245	.2887244	.0081353	.9399808
Economic Globalization	7,340	49.65648	16.89475	10.21933	93.72647
GDP per capita	8,173	10308.74	15716.11	115.7941	144,246.4
Ethnic Fractionalization	13,348	.4393782	.2558751	0	.930175
Population Size	9,441	3.03e+07	1.15e+08	6237	1.39e+09
Oil Production Value	8,821	6.84e+09	2.84e+10	0	4.68e+11

Table 4. Summary Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
Electoral Democracy Index	5,930	.4725768	.2904656	.0127043	.9399808
Political Globalization	5,930	58.81039	21.35085	6.231401	99.54428
GDP per capita	5,930	10510.88	16126.46	115.7941	113,682
Ethnic Fractionalization	5,930	.4584421	.2589187	0	.930175
Population Size	5,930	3.77e+07	1.32e+08	244539	1.36e+09
Oil Production Value	5,930	8.47e+09	3.08e+10	0	4.18e+11

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