

Worldwide Prosperity Through Democracy: A Cross-country Examination of the Impact of Democratization on Human Development from 1990

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Abstract : Developmental and democratization research has a long tradition of focusing on the relationship between democratization and economic development. However, recent studies have shown that economic development is not adequate to measure the actual living conditions of civilian people. In consequence, it is unclear if a democratization process helps to improve people's quality of life. This work addresses this issue by investigating the influence of democratization on the Human Development Index (HDI) created by the United Nations. The main objective is to study the relationship between democracy and human development and whether democratization positively impacts the living conditions of the population over time. The main mechanism which supports a positive impact is that democratic structures promote participation and political involvement of people from all social classes resulting in a better articulation of interests and thus accountability to the government. To study this issue, a panel regression with Fixed-Effects is conducted. By that, it is examined if democracy has a positive impact on the HDI (Hypothesis 1) and secondly if the same effect weakens in more developed democracies compared to less developed democracies (Hypothesis 2). The results do not reveal a direct positive relationship between the democratization of a country and its development of the HDI, not supporting H1 which denies the first hypothesis. In contrast to the assumption of H2, the effect of democratization on human development seems to be negatively correlated in countries in which democracy is barely developed. Therefore, both hypotheses must be discarded. The results indicate rather a positive correlation between economic development on human development. Therefore, the impact of democracy on the well-being of countries' citizens needs to be reinvestigated in order to create a better understanding of how improved human development can be achieved.

Keywords : democracy, human development, modernization theory, HDI, TSCS

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