

DEMOCRACY AND OTHER GOODS

PARTHA DASGUPTA

SUMMARY

In this essay I report recent findings that offer three new defences of democracy, in particular, democracy by majority voting.

1. The Democratic Process

In his masterly affirmation of the democratic ideal, Dahl (1989) observes that “effective participation by citizens” and “voting equality among citizens” have often been taken to be the two features that embody the idea of the democratic process. But he argues that any association which governs itself by them alone should be regarded as conforming to the ideal in a narrow sense only (pp. 108-11). Dahl then shows that there is a third requirement – “enlightened understanding” – which, when added to the two, defines a full procedural democracy with respect to its agenda and in relation to its demos (people). And he writes (pp. 111-2):

“... democracy has usually been conceived as a system in which ‘rule by the people’ makes it more likely that the ‘people’ will get what it wants, or what it believes is best, than alternative systems like guardianship in which an elite determines what is best. But to know what it wants, or what is best, the people must be enlightened, at least to some degree... (Thus) each citizen ought to have adequate and equal opportunities for discovering and validating ... the choice on the matter to be decided that would best serve the citizen’s interests.”

Dahl then shows that even this is not enough. He adds a fourth requirement (pp. 112-4), that citizens must have the exclusive opportunity to decide how matters are to be placed on the agenda of those

matters that are to be decided by means of the democratic process. Moreover, final control of the agenda by citizens, Dahl argues, presupposes that citizens are qualified to decide (i) which matters do or do not require binding decisions; (ii) of those that do, which matters they are qualified to decide for themselves as a collective; and (iii) the terms on which they delegate authority.

Taken together, the four criteria define *representative democracy*, with clearly established limits on the agenda over which collective decisions are to be made. This means that the possible centrality in the political lexicon of individual rights (such as non-interference by others on matters in the private domain) is consonant with the democratic ideal.

Dahl then proves that even this would not suffice. He adds a fifth requirement, concerning inclusion (pp. 119-31), that “the demos must include all adult members of the association except transients and persons proved to be mentally defective”. And he concludes that, if democracy is the ideal, the five criteria, taken together, are the standard by which political processes ought to be judged.

In this Note I assume that the five requirements of an ideal democratic process are uncontroversial. I build on Dahl’s ideas by presenting several findings that have emerged, since his book was published, on both the theory and practice of democracy. I present them here in the belief that they add to our understanding of the strengths and limitations of the democratic ideal.

The findings I report here are three in number. The *first* (Section 2) concerns the logical structure of the democratic process. I argue that there is a good reason for adopting the simple majority rule for aggregating individual values when it comes to voting for candidates in a political election. The *second* (Section 3) relates democracy to incomplete and asymmetric information. Dahl’s argument (“enlightened understanding”), that people should be enabled to obtain information if democracy is to flourish, has a converse: the very fact that people have private information of worth is itself an argument for democratic decision-making. In short, democracy has an instrumental value: it enables people to make use of private information. The *third* finding I report

(Section 4) also concerns a possible instrumental virtue of democracy. I discuss recent experiences in poor countries to show that democracy and civil liberties have been associated with growth in economic well-being.

The three findings are discussed in the following three sections, sequentially.

2. Robustness of Simple Majority Rule

Since Arrow's famous work (Arrow, 1951) we have become familiar with the fact that democratic voting rules can be intransitive. The classic illustration of this is Condorcet's paradox of the simple majority rule. Nevertheless, in the political science literature (e.g. Dahl, 1989) the simple majority rule would appear to be the touchstone of the democratic process. For although Dahl's five requirements do not specify the voting rule that best reflects the democratic ideal, he suggests that the rule that has historically been regarded as appropriate to the democratic process is the majority rule; and he observes (Dahl, 1989: 135):

“... virtually everyone assumes that democracy requires majority rule in the weak sense that support by a majority ought to be *necessary* to passing a law. But ordinarily supporters of majority rule mean it in a much stronger sense. In this stronger sense, majority rule means that majority support ought to be not only necessary but also *sufficient* for enacting laws.” (Emphasis in the original.)

Among democratic voting rules, the simple majority rule (we will call *this* the majority rule) has a particularly strong intuitive appeal. In Dasgupta and Maskin (2000) a new defence of majority rule is offered. It is shown that, among all voting rules satisfying a set of intuitively appealing conditions that have been much studied in the literature, majority rule is immune to cycles (i.e. the rule is transitive) on the largest domain of configurations of individual preferences, and is the unique such rule. To put it briefly, majority rule is robust.

To illustrate, consider first the Condorcet-cycle. Consider three voters, who rank three alternatives (labelled x, y, z) as, respectively, “ x over y over z ”, “ y over z over x ”, and “ z over x over y ”. Simple majority rule

is intransitive under this configuration of preferences. To confirm this, note that, since two of the voters prefer x to y , simple majority rule requires that x be ranked over y ; likewise, since two of the voters prefer y to z , the rule requires that y be ranked over z . By transitivity, x should be ranked over z . But since two of the voters prefer z to x , the rule requires that z be ranked over x , which is a contradiction!

Why is majority rule, nevertheless, intuitively appealing? It is because the rule, especially when applied to choices over political candidates, possesses several compelling properties. First, it satisfies the *Pareto principle*: if all voters prefer alternative x to alternative y , the rule ranks x over y . Secondly, it is *anonymous*: the rule treats all voters *symmetrically* in the sense that the ranking is independent of voters' labels. Anonymity, therefore, captures the second of Dahl's five criteria: voting equality among citizens. And thirdly, majority rule satisfies *neutrality*: its ranking over any pair of alternatives depends only on the pattern of voters' preferences over the pair, not on the alternatives' labels.

Neutrality is symmetry with respect to alternatives. In the context of representative democracy, neutrality is a natural requirement of a voting rule: it prohibits procedural discrimination against candidates. Rules that violate neutrality have built into them preconceived rankings, for example, favouring the status-quo. If preconceived social rankings are to be avoided, neutrality is the condition that can ensure its avoidance.

But majority rule is not the only voting rule satisfying anonymity, neutrality, and the Pareto principle; there is a vast array of others (e.g. the 2/3-majority rule; and the Pareto-extension rule, wherein two alternatives are considered to be socially indifferent unless *all* voters prefer one to the other). However, all are subject to Arrow's stricture, that is, each will generate cycles for some configurations of preferences.

In this context, Dasgupta and Maskin (2000) have constructed a new defence of majority rule when the number of voters is large. They have shown that, among all voting rules that satisfy anonymity, neutrality and the Pareto principle, majority rule is immune to cycles (i.e. it is transitive) on the largest domain of individual preferences; moreover, it

is the unique such rule. To be precise, they have shown that if, for some domain of individual preferences, a voting rule satisfying anonymity, neutrality, and the Pareto principle is transitive, then so is majority rule transitive on this domain. Moreover, unless a voting rule is itself the majority rule, there exists some domain of individual preferences on which majority rule is transitive, but the voting rule in question is not. The result captures the sense in which majority rule is robust.

3. Democracy and Private Information

In the previous section I identified the attraction of majority rule as an expression of the democratic decision-making process. In this section I develop the third of Dahl's five criteria, namely "enlightened understanding", quoted above. It can be argued that limited knowledge and asymmetric information among members of a demos do not merely call out for the creation of opportunities among people to acquire more information, they also provide an instrumental *justification* for democracy. It has been said that democracy is the worst system of government, except for the other systems of government. Incomplete and asymmetric information among members of a demos provide an explanation for why the epithet is true. Elsewhere (Dasgupta, 1993) I have argued this by appealing to recent findings on the management of local common-property resources among rural communities in poor countries. These empirical findings reveal, in particular, the instrumental value of local participatory democracy in enabling privately-held information to be put to work in social decision-making processes. Related to this, political scientists have drawn attention to the positive influence civic engagement can have on government performance in democratic societies (Putnam, 1993; Cohen and Rogers, 1995). Their argument is that government accountability requires collective action. But collective action requires co-ordination; more fundamentally, it requires that people trust one another *to* co-ordinate. Civic engagement creates trust by reducing the uncertainties each party harbours about others' predilections and dispositions. Contrariwise, an absence of such

engagement makes trust that much harder to build. Recent empirical work on common-property resource management supports this reasoning by showing that trust can indeed be “habit forming”.

4. Democracy and Human Development: Some Evidence

Is democracy associated with human development? For example, is growth in national income per head, or increases in life expectancy at birth and the infant survival rate, or improvements in literacy, greater in countries where citizens enjoy less curtailed civil and political liberties?

The case-by-case approach to such questions has enjoyed a long tradition, but it is often so case-specific that it is difficult to draw a general picture from the studies. An alternative is to conduct statistical analyses of cross-country data.

In an early statistical inquiry, Dasgupta (1990) explored possible links between political and civil liberties and changes in the standard of living. The study was restricted to poor countries. Only ordinal information was used and no attempt was made to search for causality in the relationships that emerged. Here I summarise the findings.

The sample consisted of countries where, in 1970, real national income per head was less than \$1,500 at 1980 international dollars. There were 51 such countries with populations in excess of 1 million (Summers and Heston, 1988). The period under observation was the decade of the 1970s. The findings are reported in detail in the paper submitted to the Symposium. Here I summarise the findings:

1. Political and civil rights are positively and significantly correlated with real national income per head and its growth, with improvements in infant survival rates, and with increases in life expectancy at birth.

2. Real national income per head and its growth are positively and significantly correlated, and they in turn are positively and significantly correlated with improvements in life expectancy at birth and infant survival rates.

3. Improvements in life expectancy at birth and infant survival rates are, not surprisingly, highly correlated.

4. Political and civil rights are not the same. But they are strongly correlated.

5. Increases in the adult literacy rate are not related systematically to incomes per head, or to their growth, or to infant survival rates. They are positively and significantly correlated with improvements in life expectancy at birth. But they are negatively and significantly correlated with political and civil liberties.

These observations suggest that literacy stands somewhat apart from other “goods”. It does not appear to be driven with the three other measures of the living standard being studied here. Furthermore, regimes that had bad records in political and civil rights were associated with good performances in this field. I have no explanation for this, but it is difficult to resist speculating on the matter. One possibility is that literacy was used by a number of States in the sample to promote the acceptance of established order. This would seem plausible in rural communities, where the classroom provides a relatively cheap means of assembling the young and propagating the wisdom and courage of the political leadership. Education in this case would be a vehicle for ensuring conformity, not critical thinking.

Of course, the correlation observed in the data does not imply causation. Each of the indices would in any case be “endogenous” in any general political theory. For example, it is most probable that democracy is correlated with some omitted feature (e.g. the extent to which the rule of law is exercised and rights to property are secure) that enhances growth in national income per head, or life expectancy at birth. We should also bear in mind that indices of political and civil liberties can change dramatically in a nation, following a *coup d’etat*, a rebellion, an election, or whatever; and as I used a six-year average index (the period 1973-79) for them, we must be careful in interpreting the statistical results. Subject to these obvious cautions, what the evidence seems to be telling us is that, statistically speaking, of the 51 poor countries on observation, those whose citizens enjoyed greater political and civil liberties also experienced larger improvements in life expectancy at birth, real income per head, and infant survival rates. The argument that de-

mocracy is a luxury poor countries cannot afford is belied by our data. This seems to us to be eminently worth knowing.

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