

Relationship between democracy and economic development in latin america

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Relationship between democracy and economic development in Latin America Most common conception is that democracy makes a positive impact on economic development of a nation. This is proven to be false in the real sense by some studies focusing on Latin America (Doucouliagos & Ulubasoglu;). Studies have found that there is no evidence of democracy being detrimental to a country's economic growth. This means that democracy is not necessary for a country to be economically developed. But these studies have also found evidence of democracy having significant indirect effects on economic growth. Doucouliagos & Ulubasoglu concluded that democracy has had an impact on the economic growth in Latin America but it is not of primary importance. There seems to be both a negative and positive impact of democracy on economic development in Latin America. Therefore, it can be said that there exists a relationship between democracy and economic development in Latin America. It is difficult to generalise the effect of democracy on economic development on whole of Latin America. Different countries in the region have had different experiences with respect to democracy. Democracy has numerous indirect and favourable effects/impacts on political stability, inflation, levels of economic freedom, human capital, civil liberties, rule of law, etc. It is difficult to draw conclusions about the direct effects of these impacts on economic growth on the whole of Latin America but regional trends of positive and negative impact have been observed.

Therefore, with respect to Latin America as a whole, it can be said that democracy does not have a strong and detrimental relationship with economic growth. Non-democratic countries have shown economic growth

with democratic have failed to progress economically in the region. The reason for this, as cited by some experts, is that democracies succumb to popular demands of immediate consumption and fail to realise the profits associated with long-term investments. Also democracies fail to swiftly mobilise resources and are prone to class, ethnic and social struggles. On the other hand, authoritarian governments are more capable to suppressing conflicts and implementing measures that are necessary for achieving rapid as well as long-term growth. These reasons can explain the current economic conditions (crisis) in Latin America. The support for democracy from majority of the population also plays a role in the effect that democracy can have on economic growth.

This gives raise to another question of whether there must be a choice between pro-growth policies and governments who serve the majority of the population. I believe that there need be a choice between pro-growth policies and governments who serve the majority of the population. These goals can be and must be reconciled. It is in the best interest of all the stakeholders for governments to not only serve the majority of the population but also to have pro-growth policies.

Works Cited

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