Globalization, Regionalization, and Local Democracy: The Democracy and Local Governance Research Program

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This presentation provides data intended to refine the continuing discourse about the relationships among globalization, regionalization, indeed localization, democracy, and markets. It is evidence from the 1990s about the relationship between globalization and political support for both democracy and markets as filtered by a variety of cultures.

The Democracy and Local Governance Research Program started about six months after the regime changes in Central and Eastern Europe. It is still going on, but is slowing down as it moves to its 30th country. Only a few more countries are planned. It has gathered data on over 16,000 local political leaders in over 620 localities (cities and communes), in about 120 traditionally defined regions. For most of the former communist countries, the study was done at two and in some cases three points in time (1991-92, 1994-95; and 1999-2000; latest data are reported here). Individual leaders with identifiable political positions are the data entry points. The primary sources were approximately two-hour interviews of people with formal positions in national samples of local political units. The data have the following structure of aggregation.

Democracy and Local Governance: The Research Design

T1---------------------------------T2-----------------T3

World

Trans-national Regions

Countries

Regions

Localities

Individuals
The main point of departure is that democracy must be rooted at the local level and embedded in institutions and laws. The tragedy of the forced democratic experiment in Europe after the conclusion of the First World War was that there were few efforts to establish local self-government or assure an independent judiciary. The fundamental difference between the first and second democratic decades of the twentieth century, the 1920s and 1990s, is that the first took place in a period in which the nation-state came into preeminence and the second when globalization was taking hold. One was a world system of national competition, conflict, and civil rights; the other, a global system of coordination, cooperation, and human rights. The global context of democratization of the 1990s brought the installation of local self-government, often for the first time in the history of these “new democracies”. Another difference was that democracy was tied to the values of inclusion and openness in the 1990s rather than those of the nation-state.

What will be highlighted are the macro structures of values and behavior that support and sustain a market economy locally, regionally, nationally, and globally. When doing macro or micro economic analysis, the parameters of a market economy are assumed, even if “imperfect” so that choices can be consummated in buying and selling—hallmarks of exchange systems—within defined rules. For most parts of the world during the past century the disregard of such rules is defined by corruption both of the market and the political system. Most of the world’s population today lives under corrupted markets and democratic governance. Nonetheless, the norms of both have taken hold nearly everywhere, including penetration of local political systems and that is clearly one achievement of the “Second Democratic” revolution.

Democracy and Markets

The relationship between markets and politics continues as a question about responsibilities and benefits of producing and allocating resources. Politics can abort and distort markets even in productive, modern economies. How that works has been one of the great lessons of twentieth century from experiences with the secular communalisms of socialism, fascism, and communism. More ambiguous is the relationship between market economies and authoritarian governments. It seems that authoritarian governments can be effective in jump starting poor countries, but perhaps not in sustaining long term growth.

One academic issue is whether economics drives politics or politics drives economics. The Marxists had one answer; political theorists another. Apart from the disciplinary imperatives of academic politics to never let your discipline’s phenomena become the dependent variables, the answer to this question is that the relationships change, even in direction, over time. A likely future theoretical point is that both markets and democracy derive from the same general foundations of freedom, individual cognitive endowments, inclusivity, openness, tolerance of conflict, rule of law with, of course, the institutions and values that sustain and nurture all of them.
This research has produced data that are consistent with the proposition that at a global level the values of market economy go hand in hand with those of democracy. It assessed the values and activities of local political leaders, those elected to local councils and as mayors and deputy mayors, political party leaders, and some key administrators. It was able to show a cross-national, cross-cultural pattern of democratic values of acceptance of conflict (pluralism); political equality, and minority (versus majority) rights. Three value scale items for each of these were selected to create a summary Demscore (a total of nine items), the most general, and unrefined of the scales designed to measure democratic values. In addition five items were used to assess the value of “market economy” and, separately, the value of economic equality, requiring governmental action to reduce differences in income and wealth. (See Appendix I)

Values must be embedded in some activities and beliefs to assure the stability of a democratic and market order. Two general variables considered of relevance to democracy were found to be cross-nationally robust: the number of support groups within the locality that political leaders report they seek out when making political decisions (from a list of 16, adjusted for specific country conditions) and the ways they believe citizens do participate politically (from a list of five).

The Globalization of Democratic Values and Democracy

One of the striking findings is the dramatic difference in the democratic values of local political leaders cross nationally. Using a crude “accept/reject” cut-off, Sweden has about 90% of its local leaders that can be called democratic; in the U.S., about three fourths. The percentage drops to less than 10% in Central Asia (three countries), mostly in the cities, and just over that in Russia. Central Europe is a mixture of two patterns of democratic values with around 50% of the local leaders who can be put into the democratic group.

(Chart I)

But these national differences mask the global relationships of leaders with democratic values also embracing the values of a market economy. This can be seen in Table 1. They hold in the pooled analysis of all individuals, all localities, all regions, and all countries. It is possible to speak of a global relationship between globalization and democracy.
Table 1: Demscore Correlations with Market Economy, Support Groups and Ways of Influencing Decisions Across Levels  
(Significant at 0.00 level)

<table>
<thead>
<tr>
<th></th>
<th>Leaders</th>
<th>Communities</th>
<th>Regions</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Market Economy</td>
<td>.15</td>
<td>.44</td>
<td>.49</td>
<td>.53</td>
</tr>
<tr>
<td>Support Groups Sought</td>
<td>.21</td>
<td>.40</td>
<td>.42</td>
<td>.49</td>
</tr>
<tr>
<td>Ways of Influencing Decisions</td>
<td>.24</td>
<td>.36</td>
<td>.40</td>
<td>.43*</td>
</tr>
<tr>
<td>N=</td>
<td>11,202</td>
<td>628</td>
<td>120</td>
<td>24</td>
</tr>
</tbody>
</table>

*Significant at .04 level (Note: The “two Germanys” are not in this analysis.)

The global pattern is clear: democratically oriented leaders also hold to the virtues of a market economy, engage groups within their communities, and see more ways that people can participate politically. These generalizations hold across traditionally defined regions within countries as well as across countries, despite great differences in the level of commitment of local leaders to the values of democracy and a market economy.

There is another dimension to these democratic local political leaders that holds across the communities and regions to which they are attached. They see that they do not have sufficient local autonomy (the number of issue areas out of a list of 10, such as education, housing, safety, the leaders say they do not have sufficient powers to address). They perceive that there are political differences within their localities. They also identify globally, that is, report that they identify with a region (Europe, Central Europe, Asia) or the world, outside of their country (in response to a question about which of the following do you identify, locality, region, country, outside of country). These relationships are given in Table 2. They do not hold across countries but rather at the individual, community, and regional levels within them.

Democratic local leaders within countries are more globally oriented, but also more locally focused. They acknowledge a political deficit in their competence to take action to solve problems but are aware that their localities are politicized, something long suppressed in several of the countries in this research.
Table 2: Demscore Correlations with Local Autonomy, Political Conflict, and Interna’l Identity Across Levels  
(Significant at 0.00 level)

<table>
<thead>
<tr>
<th></th>
<th>Leaders</th>
<th>Communities</th>
<th>Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient Local Autonomy</td>
<td>-.09</td>
<td>-.20</td>
<td>-.27</td>
</tr>
<tr>
<td>Political Differences in Locality</td>
<td>.10</td>
<td>.27</td>
<td>.40</td>
</tr>
<tr>
<td>International Identity</td>
<td>.20</td>
<td>.32</td>
<td>.37</td>
</tr>
<tr>
<td>N=</td>
<td>11,202</td>
<td>628</td>
<td>120</td>
</tr>
</tbody>
</table>

The Impact of the Global Economy

The relationships between measures of impact of the global economy on the localities and the value local political leaders have for the market economy is more pervasive than on their democratic values. More important than involvement in the global economy for the commitment of local political leaders to democratic values is how they relate to groups within their locality—a rough indication of what is now labeled civic society. The measures of the impact of the global economy were the leaders’ perception of how important exports are to their locality and a summation of the total impact of things “foreign”, covering tourists, imports, exports, media, pollution, workers. (Imports are seen as both positive and negative in a scattered pattern.)

Despite the correlation between Demscore and the value of a market economy, there are clear differences between those localities and regions with leaders that see a stronger foreign impact on their areas from those with leaders that are more oriented to local political and social groups. The former has more leaders more strongly endorsing the value of a market economy than those of democracy do. They share a more pronounced identity with places outside of their locality and country. What these relationships in Table 3 may indicate is two global paths to the democratic values of local political leadership: a market economy or a democratic ideology that may merge over the next few years. Some additional data would be required to make this assertion worthy of careful consideration.
Table 3: Demscore Correlating and Market Economy Correlations with Global Impact, Internat’l Identity and Support Groups
(Significant at 0.00 level)

<table>
<thead>
<tr>
<th>Country</th>
<th>Demscore</th>
<th>Market Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>.09</td>
<td>.15</td>
</tr>
<tr>
<td>Impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Total</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Identification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>.20</td>
<td>.32</td>
</tr>
<tr>
<td>Support Groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sought</td>
<td>.21</td>
<td>.40</td>
</tr>
<tr>
<td>N=</td>
<td>11,202</td>
<td>628</td>
</tr>
</tbody>
</table>

* Significant at the .02 level

Cultural Filters

Culture does impact these global-local relationships. This is obvious in the national differences on the value scales. Within a broadly conceived Europe, there are clear demarcations among Western, Central, and Eastern Europe readily identifiable by the split among Christendom in the eleventh century. The world regions are divided into accepted, general categories and the relationships are presented in Table 4.

These results require interpretation that goes beyond the variables presented here. First the value of market economy is clearly associated with the value of democracy in those regions where a market economy is somewhat new. In the West, there is a negative relationship, reflecting at the time of the research the strong social democratic political party preference of local leaders in Austria and Sweden. In East Asia, the data put to question whether "capitalism" as practiced in Western Europe and North America ever really took hold, an issue relevant to the prospects of reforming the economies of Korea and Japan. They have a local leadership strata that is about as committed to democratic values as those in Central Europe, but not also to a market economy.
Table 4: Meso Regional Correlations with Demscore: Individual Leaders
(Significant at the .000 level)

<table>
<thead>
<tr>
<th></th>
<th>West</th>
<th>Cent. Europe</th>
<th>East Europe</th>
<th>Cent. Asia</th>
<th>East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of Market Economy</strong></td>
<td>-.12</td>
<td>.23</td>
<td>.10</td>
<td>.05*</td>
<td>--</td>
</tr>
<tr>
<td><strong>Support Groups Sought</strong></td>
<td>.05</td>
<td>.05</td>
<td>--</td>
<td>-.09</td>
<td>--</td>
</tr>
<tr>
<td><strong>Ways of Influencing Decisions</strong></td>
<td>--</td>
<td>.15</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Impact Foreign Total</strong></td>
<td>.10</td>
<td>--</td>
<td>-.06**</td>
<td>-.08</td>
<td>--</td>
</tr>
<tr>
<td><strong>International Identification</strong></td>
<td>--</td>
<td>.13</td>
<td>--</td>
<td>--</td>
<td>.13</td>
</tr>
</tbody>
</table>

N= 3,593 2,695 1,345 1,324 1,349

* Significant at .05 level
** Significant at .01 level

Second, support groups are part of what is associated with local political leadership in the West and Central Europe but is negative in Central Asia, where leaders are supposed to do leaders what leaders believe is “right”, even in the face of a lack of popular support or in opposition to it. Opening up channels for public input into political decisions is significant in countries in Central Europe, not elsewhere. In West this is perhaps because these groups are institutionalized in political parties. Efforts to develop a civic society are fitting for political leaders in Central Europe in developing local democracy, perhaps less so elsewhere. It is unlikely that anything like civic groups are present in Central Asia except in the major urban areas, and there, because of international initiatives.

Third, local leaders who identify with regions outside of their countries, "Europe", "Asia" or the world in general are more democratically inclined in their values in Central Europe and East Asia but not elsewhere. This is the main peg of democratic leaders in East Asia: that they are international and democratic, something that might be part of an emerging political leadership wedded to political reform in this region. But democratic values do not appear to be embedded in any other values and beliefs.
The Influence of Economic Development

The influence of culture has to be scrutinized by changes emanating from economic development. There are “three political cultures” in Europe. Those cultures have persisted despite onslaughts of fascism and communism in the twentieth century. They can be expected to endure and be reflected in political resistance to privatization, as well as in reluctance to put land on the open world and European market. The question is what will be the impact of long term economic development on the development of democracy and markets?

From a global perspective it is difficult to untangle the economic and cultural factors associated with democratic values and practices of local political leaders. That has been attempted, but required refinements of the democracy measures. Looking only at the local level, the cities and communes, severe the economic problems that local leaders report clearly dampen their commitment to democracy. A variable called democratic engagement was constructed from the values of political participation and trust in the people with support groups sought out and ways people influence local political decisions. In poor countries, below $10,000 per capita in 1998, that variable is negatively associated with economic local economic problems. That relationship between perception of severe economic problems and lower democratic engagement of local leaders, however, is reversed in the three Central Asian Islamic countries in the study. Economic problems are positively associated with the democratic engagement of local political leaders. One interpretation of this relationship is the sparse population of most of the localities in those countries. One commentator referred to democracy in Central as “nomadic democracy”.

Change in Democratic Values and Practices in the Former Communist Countries: The 1990s

Local leaders in only two countries had a noticeable drop in their support for democratic values between 199-92 and 1994-95—Belarus and Ukraine. These are “known” cases of general decline. There is little evidence that the change has been reversed. In 1999, the democratic values of the local leaders in Belarus were almost at the same low level as they were in 1994-95.

We have to look at changes taking place outside of the framework of these data. There is democratization, which took place in almost all the former communist countries after the de-legitimization of their political systems. This was followed by a second phase in several countries by something called democratic consolidation. That was reflected in a weakening of regular challenges to democracy in elections and on the agenda of elected assemblies. In most of these countries those assaults were from reconstituted elements of the former communist parties or of nationalist parties. Some did well in the first rounds of elections; most did not maintain their position of threat to the new system as elections continued throughout the 1990s. The third phase is one of democratic stability with the rise of a political middle. This happened in Central European countries over many elections and was ensured in some of them by the time of the first contested local election.
The role of local self-government in assuring a dominant political position for the political middle outside of national politics and, indeed, of national elections is perhaps one of the contributing forces of local self-government to democratic stability. There can be national electoral shifts to the left and right, but in many regions and localities democratic politics, linked globally, and tied to successful experiences with markets can act as counter forces to wobbly national coalitions. Local governments also are places for incubating democratically oriented leaders that can enter national politics. Indeed, the data show that with the exception of Sweden and the countries of the Far East the median age of local political leaders studied is the early 40s. Many of those are democratic and global was well as supportive of markets. That is encouraging development in so few years.

Appendix 1: The Value Scale Items

The Demscore scale used here is made up of nine items. The nine items are taken as the "best" from the value scale items of acceptance of conflict (pluralism); minority rights (versus majorities); and political equality.

--Pluralism
1. Public decisions should be made with unanimous consent. (-)
2. Preserving harmony in the community should be considered more important than the achievement of community programs. (-)
3. A good leader should refrain from making proposals that divide the people even if these are important for the community. (-)

--Minority rights
4. The rights of minorities are so important that the majority should be limited in what it can do. (+)
5. Any individual or organization has the right to organize opposition or resistance to any government initiative. (+)
6. The government has the responsibility to see to it that rights of all minorities are protected. (+)

--Political equality
7. Few people really know what is in their best interest in the long run. (-)
8. It will always be necessary to have a few strong, able people actually running everything. (-)
9. Certain people are better qualified to run this country due to their traditions and family background. (-)

The value of market economy was simply a summation of five agree/disagree items.

1. Government regulation of business usually does more harm than good. (+)
2. The government has the responsibility to see to it that everyone has a job. (-)
3. When people accumulate wealth, it is only at the expense of others. (-)
4. Competition is often wasteful and destructive. (-)
5. The private enterprise system in general is a fair and efficient system. (+)
5 K. Ostrowski and H. Teune, “Three Political Cultures of Europe: Evidence and Interpretations”, Presented to the Theory Confrontation Seminar, Moscow, June 1996. (Also published in Russian.)