

Does Globalization Promote Democratization? Is Ethnic Diversity A Menace to Democracy? : Investigating the Causal Effects of the Negative Combined Hypothesis in the Post-Communist Countries (1993-2002)¹

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Abstract

It has been argued that economic globalization has positive effects on democracy (the “Washington hypothesis”). Meanwhile, in the literature on ethnic politics, some researchers have claimed that ethnic diversity prevents nation states from democratizing (the “Alesina=Barro hypothesis”). I challenge these two arguments theoretically and empirically. I argue that *globalization and ethnic diversity per se have neither positive nor negative impact on democracy, however, when combined, they will hinder democratization and consolidate authoritarianism*. In multi-ethnic developing countries, one dominant ethnic group (ODEG) that gains from economic globalization has an incentive to continue repressing other dominated ethnic groups (DDEGs), because the ODEG in plural societies is so small that it cannot win the election, and it may become deprived of their assets by the newly established government’s distributive policies, or even by naked state repression. Facing such transgression, the DDEGs will be unable to counter the ODEG, because ethnic diversity will generate various collective action problems among the dominated groups; (1) high ethnic diversity raises the possibilities that one’s neighbor belongs to different ethnic groups, which will make it considerably more difficult to achieve popular upsurge “from below”. (2) Because a great number of ethnic entrepreneurs who rule the DDEGs exist in multi-ethnic countries, it will be difficult for each of them to cooperate beyond their own ethnic group and bring their group into “horizontal alignment” with the other ethnic entrepreneurs. (3) In ethnically diverse societies, the above inhibitions toward collective action are magnified by the ODEG’s ability to effectively engage in “divide and conquer” tactics. The causal effect of my argument is demonstrated through statistical analysis of the post-communist countries (1993-2002). The statistical investigation confirms that although globalization and ethnic diversity per se have neither positive nor negative impacts on democracy, market integration, especially free trade, will adversely affect democratization if it is carried on in multi-ethnic countries.

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