Why Did the West Extend the Franchise? Democracy, Inequality, and Growth

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Why should the elite extend the franchise?
Reforms in the XIX century

Voting rights → Political representation

• Increased Taxation
  • 8.2% in 1867 to 18.8% in 1927

• Education
Product

- Reduction in inequality

1) Proportion of skilled workers increased

2) Redistribution of income toward poorer parts of society
Why should the elite extend the franchise?

• Extending the franchise acted as a commitment to future redistribution and prevented social unrest.

  – while maintaining political power!
Kuznets curve

Environmental Degradation

Environment worsens

Environment improves

Per Capita Income
Kuznets curve and Democratization

• Rising inequality often associated with industrialization increases social unrest and induces democratization.

• Democratization in turn opens the way for redistribution and mass education, and reduces inequality.
Competing Theories

• Enlightenment view:
  – the elite extended the franchise because their social values changed.
  – hard for the elite to view a society as fair and just in which a large fraction of the population had no representation.
Competing Theories

• Political competition:

  – Political competition within the elite led to the extension of the franchise when one of the factions, in an attempt to increase its support, brought new groups into the political system.

  – Newly enfranchised will return the favour by voting for their party.
Competing Theories

• Modernization theory:
  
  – the middle class was the driving force behind the extension of the franchise, in part hoping to shift the future balance of power.
Acemoglu and Robinson
Model

1 = people

\( \lambda = \text{poor}\ (p) \)

1 - \( \lambda = \text{elite}\ (r) \)

p \succ r
Model

- $\lambda$ - initially excluded from the political process, can overthrow the existing government and take over the capital stock in any period.

- if a revolution is attempted, it always succeeds.
Model

• Revolution provides a window of opportunity:
  – a large-scale redistribution of assets away from the rich to the poor,
  – so the poor take over control of the capital stock of the economy,
  – but a fraction of the capital stock gets destroyed in the process.
Model

• The elite decide whether or not to extend the franchise.

• The poor decide whether or not to initiate a revolution.

• $\mu$ - Yet revolution can be very costly!!!
Model

• Since the revolution is the worst outcome for the elite, they will attempt to prevent it.
They can do this in two different ways:

- The elite can choose to maintain political power, but redistribute through taxation.
  - With either action by the elite, the poor may still prefer a revolution.
  - Elite cannot tax themselves at any high rate.
They can do this in two different ways:

• To prevent revolution is to extend the franchise.

  – in a democracy the median voter is a poor agent and wants as much redistribution as possible.
Two main conclusions

• The elite face a lower future tax burden with redistribution than under democracy.

• Yet they may prefer to extend the franchise.
• *Redistribution* is not sufficient to prevent a revolution
  – the revolution is transitory,
  – so the poor realize that they will only receive transfers for a short while.
  – a noncredible promise of future redistribution by the elite.

**Product: Revolution!**
• More revolutionary threats lead to less likelihood of democratization!
  
  – The redistribution is relatively frequent
  – Seems that promises are kept
Conclusion

• A very equal society may never democratize, or democratize with considerable delay because there is relatively little social unrest.

• In a more unequal society, it is also more difficult to avoid a revolution without democratization.
Britain

- In Britain the franchise was extended in 1832, and then again in 1867 and 1884 (and later in 1919 and 1928 when all women were allowed to vote)
“There is no-one more decided against annual parliaments, universal suffrage and the ballot, than am I . . . The Principal of my reform is to prevent the necessity of revolution. . . . I am reforming to preserve, not to overthrow”
Britain

“as with the first Reform Act, the threat of violence has been seen as a significant factor in forcing the pace (of the 1867 Reform Act); history was repeating itself.”
Britain

- the total electorate was expanded from 1.4 million to 2.52 million,

- working-class voters became the majority in all urban constituencies.
Britain

• The electorate was doubled again by the Reform Act of 1884,

• The Redistribution Act of 1885 removed many remaining inequalities in the distribution of seats.
France

- the 1830 revolution led to a highly restricted democratic regime where property restriction limited the electorate to about 0.75 percent of the population

- 1848 revolution led to the Second Republic with the introduction of universal male suffrage in 1849
Germany

• 1848 revolution when nearly all German states significantly increased popular participation in government

• 1870 all adult males over the age of 25 had the right to vote, voting was controlled in rural areas by the landlords
The final emergence of German democracy, the Weimar Republic, in 1919, was in response to the very severe threat of social disorder and revolution triggered by the collapse of the German armies on the Western Front in August 1918.
Sweden

- starting in 1866 with the creation of a bicameral parliament with First and Second Chambers.
- Universal male suffrage was introduced in 1909 in the First Chamber,
- but true parliamentary government arrived only in 1918
“neither [of the first two reform acts] passed without strong popular pressure; in 1866 crowds thronged around the chamber while the final vote was taken, and the 1909 reform was stimulated by a broad suffrage movement [and] a demonstration strike.”
What’s next?

• After franchise extension, there should be increased redistribution.

• Civil service, open to public examination, makes it meritocratic.
What’s next?

• The education system:

  – which was either primarily for the elite or run by religious denominations during most of the nineteenth century, was opened up to the masses
What’s next?

• The education system:
  – enrolment rate increased
  – compulsory education
  – expenditure for education increased
What’s next?

“a major commitment to mass education is frequently symptomatic of a major shift in political power and associated ideology in a direction conducive to greater upward mobility for a wider segment of the population.”