

Democracy Through Economic Integration: What is the European Union's Secret?*

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Abstract

In this paper, I draw on the experience of the European Union (EU) to ask under what conditions economic integration furthers democratization. Scholars agree that incentives at the European level have helped democratic transitions in Southern and Eastern Europe. However, there is no agreement on (i) the exact causal mechanisms involved, (ii) the relative size of the effects, (iii) whether this success can be replicated outside or Europe. I address these issues by offering a theory of how integration furthers democratization. I argue economic integration can help citizens resolve the coordination dilemmas they face in holding their rulers accountable. Integration works in two ways: (a) through diffusion of civic culture, it enables citizens to second-guess each other's likely actions in the event of government abuse, (b) through credible conditionality, integration removes the ability of the ruler to lean on some support coalitions while abusing others. An empirical test of the theory strongly confirms that economic integration leads to democracy when its culture-spreading aspect is strongly backed by conditionality. An important aspects of the theory is that it generalizes. The theory and evidence suggest that there are substantial unexploited opportunities for encouraging democracy in Latin America, the Middle East, Africa and Asia.

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