

The Democratic Revolution

Luiz Carlos Bresser-Pereira

Chapter 4 of *The Rise and Fall of Neoliberal Rentier Capitalism* to be published in 2024.

Already in the framework of capitalism, in the turn of the nineteenth to the twentieth century, two revolutions changed capitalism: the Organisational Revolution – the moment when the basic unit of production ceased to be the family and became the private bureaucratic organisations or corporations, and the Democratic Revolution – the transition in bloc of advanced countries to democracy. In the beginning of the twentieth century, many have viewed liberal capitalism as a definitive change, but the First World War and a major economic crisis in the 1930s, the Great Depression, showed that this was an illusion and confirmed Karl Polanyi's 1944 claim that economic liberalism was just a moment in the history of mankind – and not a bright moment. While the Organisational Revolution introduced a new social class – the managerial class – while in the political realm, after a long fight for the universal suffrage led by the socialist political parties and workers' movements, the Democratic Revolution assured a new and relevant power to common people.

The Organisational Revolution happened originally in the US with the rise of the new giant and vertically integrated corporations; it changed the basic unit of production from the family or the family enterprise to the bureaucratic organisations, the private corporations. The Democratic Revolution happened when, after a long political fight, the working class and the socialist intellectuals in advanced countries conquered the universal suffrage. As the eighteenth century's liberal revolutions had already assured the civil rights, with the universal suffrage democracy finally turned reality. The Organisational Revolution opened room for the rise of the managerial class, while the Democratic Revolution, opened room for the rise of the social democratic compromise and the Golden Years of capitalism.

Thus, in the first part of the twentieth century, the capitalism originated from these two revolutions was a relatively progressive capitalism, which successfully faced two major challenges – Nazi-fascism and the Soviet and Chinese communism. Besides these challenges, capitalism faced a major economic crisis – the Great Depression of the 1930s. The two revolutions and the two challenges led capitalism to turn social-democratic and developmental in the post-war Golden Years of Capitalism. Yet, 30 years later, confronting a substantially milder crisis in the 1970s, capitalism has made the Neoliberal Turn and has experienced a major social and political regression, as conservative and narrow rentier-financier class coalition turned dominant and adopt neoliberalism as ideology.

The democratic revolution

The Greeks may have “invented” democracy, and in the US, it is an “old” form of government, but it is a mistake to believe that it was born in the time of the Founding Fathers. Even if we adopt a minimal concept of democracy, if we just require that a country is governed according to the rule of law and all adults have the right to vote, democracy is much younger – it was born in the turn to the twentieth century, when all the advanced countries finally adopted the universal suffrage. I call this fact, the Democratic Revolution. With exceptions. In the US, the negro population remained deprived of the right to vote during the first half of the twentieth century. Switzerland only assured the feminine vote in 1973.

The Democratic Revolution changed capitalism definitively on the political side as it represented a relative empowerment of the people. Capitalism remained the social organisation of capitalists, but now politicians would have to hear the voice of the people. While, also at the turn to the twentieth century the Organisational Revolution capitalism became, on the economic side, the domain of the giant private corporations which open room for the rise of the managers, the Democratic Revolution opened a modest room for the popular classes and the workers.

The assurance of voting rights for all was the outcome of a long and hard battle waged by the working class and the socialist parties in the second half of the nineteenth century – a fight against the liberals who feared that the universal suffrage would impose the tyranny of majority. Adam Przeworski made a definitive analysis of it.ⁱ The first democracies were minimal and liberal democracies. They were “minimal” because the political regime attended minimally the two prerequisites of democracy: the rule of law and the universal suffrage; they were “liberal”, because liberals that for long opposed finally accepted the universal suffrage. For Schumpeter (1942), liberal and representative democracy should be minimal – a form of democracy where the voters were supposed to be called just in the moment of the elections. Nevertheless, as Pierre Rosanvallon (2011) remarked forcefully, the guarantee of the universal suffrage was a major and subversive historical change because it empowered the people.

The quality of democracy would improve substantially after Second World War with the consolidation of the social democracies in Europe. While liberal democracy was the democracy of the bourgeoisie, the post-war social democracy was the outcome of a deeper compromise – the compromise between the ruling classes and the popular classes where the later was assured to share the economic surplus on the form of wages increasing with productivity, protected labour contracts, the construction of universal public services (health care, education, social security) and cash transfers to the poor – the defining characteristics of the twentieth century’ social or welfare state.ⁱⁱ

Democracy was far from being the robust democracy; capitalism, which was now a managerial capitalism, remained a social organisation founded on economic and educational inequality, but its social character, its progressive tax system, the relatively high growth rates, the surprising financial stability, the large and free universal social services provided by the state, and the improvement of the standards of living were enough to make this time to be

called Golden Years of Capitalism. With a second wave of transitions to democracy, it became widespread, and in countries which had completed its capitalist revolution, consolidated it. In this chapter, I will discuss why this only happened in the twentieth century; and why before that democracy was rejected by philosophers and politicians.ⁱⁱⁱ

The philosophers' view

In the ancient world, the normative view about the good political regime was clear: it should be monarchical or aristocratic, not democratic. The most that philosophers could accept was Aristotle's "mixed regime", in which some aspects of democracy were combined with authoritarian rule. Since the philosophers' main political objective was social order or security, they were either outright authoritarian, like Plato, or moderate authoritarians like Aristotle and Polybius, who were concerned to balance the interests of the rich and poor for the sake of stability and justice.

According to the Hellenic tradition, the polis or the common good came first. Democracy alone was dangerous, subject to factions, instability, and corruption. Today, ancient Greek democracy cannot be viewed as true democracy, given the exclusion of women and foreigners and the existence of slaves.

Only many centuries later, did democracy once again come into the minds of people in the French Revolution, but the liberals defeated the "democrats", and the revolution was, eventually, a proprietors', not a people's revolution. Liberals gave priority to the protection of civil rights and the rule of law over the affirmation of political rights, specifically the universal suffrage. With the Industrial Revolution, in the second half of the eighteenth century, England was the first nation to "complete" its capitalist revolution. Shortly thereafter, France, Belgium, the Netherlands, and the US followed suite. The new market economy required a non-arbitrary political regime, a liberal state, respectful of property rights and contracts, not of a democratic political regime. At that time, philosophers were still a long way from democracy; they lived in absolute monarchies, and, realistically, saw the constitutional, not the democratic state as the alternative to absolutism.

The rise of the absolute monarchies and the formation of the nation-states were manifestation of the capitalist revolution which was then beginning. With Thomas Hobbes and the affirmation of the social contract theory of state, the legitimacy of political power was transferred from tradition and religion to the consent of the people. This was a significant progress. The legitimation of the monarch ceased to be originated from divine will; it was supposed in the free contract between him and the people in which the later accepted absolute rule in exchange from the protection to be assured by the state. From this authoritarian approach to the liberal one, which limited the power of the monarch, was just one step. After Locke, the first great liberal thinkers were constitutional monarchists. Liberalism was not an alternative to monarchy, but a form of constitutionally limiting the powers of the monarch.

With the American and the French revolutions, the liberal ideology turned dominant, while the word and the demand for democracy, long forgotten, returned to public debate. The American Revolution rejected democracy and, as

John Dunn (2005: 72-73) remarked, only after the new constitution was put to work (1787), and after Alexis de Tocqueville, in the 1830s, identified democracy to America, the new nation defined itself as a democracy.

In the French Revolution, there was a radical democratic project, which proved self-defeating in the hands of the Jacobins. Jürgen Habermas (1988: 465), writing on the French Revolution and on the dialectic between liberalism and democracy, emphasises that “democracy and human rights form the universalistic core of the constitutional state that emerged from the American and French Revolutions in different variants”. However, such a universalistic core would take a century to become reality.

After the two revolutions, liberals identified democracy with the worst excesses of the French Revolution, or with the tyranny of the majority. Considering their historical experience, liberal political philosophers – such as Benjamin Constant – remained hostile to democracy, which would entail instability and disorder. Even Rousseau, who is usually associated with democracy, was not really in favour of the minimal concept of democracy. Being a citizen of the city-state of Geneva, he believed only in direct democracy, while the role that he gave to the “general will” conflicted with the concept of civil rights. For large empires, or even nation-states, he had the same view as Montesquieu: government was much more complex and difficult, and there was no alternative to despotism.

The liberals, who had been the dominant political philosophers since the eighteenth century, only favoured democracy in the twentieth century. Before, they worried that, adopted the universal suffrage, the poor would expropriate the rich and cause disorder. They eventually accepted granting voting rights to the people, but gradually, slowly. The basic reason for this fear was the “tyranny of the majority”. To which they added the prediction that passion, not reason, would dominate in democratic regimes. As Norberto Bobbio (1991: 26) observed

In the great tradition of Western political thought, which began in Greece, the assessment of democracy, viewed as one of the three ideal forms of government, has been preponderantly negative: an assessment that is based on the assumption that democratic government, more than the others, is dominated by passions. As can be seen, exactly the opposite to reason.

In the second part of the nineteenth century, however, things began to change. For the market economy, a liberal political regime was not enough for protecting property rights and contracts. Democracy, which used to be a pejorative word, gradually underwent a transformation. In mid-nineteenth century, John Stuart Mill, following indications already existing in the work of Jeremy Bentham and of his own father, James Mill, was one of the first major liberal philosophers to endorse democracy. Before that, we can also see a democratic tendency in Thomas Paine and in Tocqueville. According to Macpherson (1965: 1-2, 9), pressure from those who had no vote but were part of the market process became irresistible: writing in the mid-1960s, he noted, “democracy used to be a bad word... Then, within fifty years, democracy became a good thing. Its full acceptance into the rank of respectability was apparent by the time of the First World War”.

The socialist parties and the workers’ movements and union displaced their demand from direct socialism to participation in elections. In the turn of the

nineteenth to the twentieth century, the more advanced nation-states adopted almost together the universal suffrage. Since liberal state had reasonably achieved the other requisite to democracy – the rule of law – this was a new historical fact that changed capitalism. It was the Democratic Revolution. As Pierre Rosanvallon (1992: 16) underlined in his history of the universal suffrage in France, “the universal suffrage is a kind of sacrament of the equality among men... it represents a fulfilment, the entry in a new age of the politic”. As I will argue in this chapter, when the more developed countries – countries that at that time had already made their capitalist revolutions – moved to democracy, they become consolidated democracies. Before that, since the Greeks, democracy was an intrinsically unstable form of government, and that was the main reason why philosophers rejected it. The countries that made their transition to democracy at that time are now for around 120 years democratic. Economic development, which only became a historical reality with the capitalist revolution has proved to have a positive relation with democracy.

Democratic transitions

There is a long tradition of research on democratic transitions and consolidations. It begins with the Seymour Lipset (1959) and Philip Cutright (1963) studies and uses an historical approach following loosely either Weber’s inspired modernization theory, or Marx’s structural theory. Lipset’s classic paper on economic development and democracy shows that the more advanced an economy is, the more democratic it will tend to be. Lipset was associated to the modernization theory and has stressed the importance of education for democracy – which is indeed important, but not enough to explain why democracy became the preferred form of government only in the twentieth century. In fact, his seminal paper establishes a correlation, not a causal connection. A series of other studies confirmed Lipset’s original finding but remained inconclusive in relation to causes.

The transitions to democracy happened in two waves. The first wave was the Democratic Revolution in the turn to the twentieth century; the second wave began in the 1970s in Southwestern Europe, with the transitions to democracy of Portugal and Spain, ten years later, in Latin America with the transition of Argentina in 1983 and Brazil in 1985, and another ten years later in the more advanced East Asian countries beginning with South Korea and Taiwan.^{iv}

For Latin America, in which the US had supported authoritarian regimes in the contest of the Cold War, the change of policy in these countries contributed to the democratic transitions in the region. Table 5.1 presents the years that the countries of the first wave adopted the universal suffrage. The first was New Zealand, in 1893. The adoption of the universal right to vote does not mean that a country has completed its transition to democracy, but in most advanced countries this was the case. Such countries had long had constitutional or rule-of-law regimes. Freedom of thought and association and regular elections had also existed for some time. When the propertyless and women were finally entitled to vote, the minimum conditions for democracy materialised. As Wanderley G. Santos (1998) observes, the number of voters doubled, or more than doubled, in most countries in the year that universal suffrage is adopted. The fact that democracy is a twentieth century phenomenon is quite clear from

Table 5.1. The question is why only at that moment democracy became a viable form of government.

Table 5.1 The First Countries to Adopt Universal Suffrage (up to the 1940s)

Year	Country
1893	New Zealand
1902	Australia
1906	Finland
1913	Norway
1915	Denmark and Iceland
1918	Austria and Luxembourg
1919	Germany and the Netherlands
1920	US
1921	Canada and Sweden
1923	Ireland and Uruguay
1928	United Kingdom

Sources: Santos (1998) and the Laboratory of Experimental Studies, based on Nohlen (1993), Gorvin (1989), and Lane, McKay and Newton (1997).

The search for the causes

The *minimal* concept of democracy that I am using has just two conditions: the rule of law, which includes the civil rights, and the universal suffrage. It is the regime in which citizens have the freedom of movement, speech, assembly, and information, the right to the protection of their physical and mental integrity and of the minorities, equality of rights independently of race, gender, sexual orientation, or religion, and the full political right of voting and being voted. In other words, in this book democracy is the political regime that satisfies Robert Dahl’s criteria defining a polyarchy – a political regime whose requirements are more modest than what Dahl requires of a real democracy: the full responsiveness of the government to the demands of the citizens. (Dahl, 1971; 1989: 233).^v

This is also a historical concept of democracy because it corresponds to the first form of democracy in history – liberal democracy – which turns reality in early twentieth century and is a minimal democracy. I am not considering the Greek democracy and the Roman republic because they didn’t attend to these two conditions. I am not using a normative concept of democracy as it does not include the quality of democracy. The assumption (and the hope) is that as economic development continues to happen the quality of democracy will improve – something that is not assured as we see in the case of the US where the quality of democracy deteriorated.

The rise of social democracy in the post-Second World War was a step ahead in the process of “democratization” – of the gradual improvement of democracy that we should expect. But we can have periods of democratic regression as the one that begins in the 1980s with the Neoliberal Turn. The discussion of the quality of democracy is relevant but, first, we need a minimal concept of democracy to distinguish the democratic from the authoritarian state.

Marx made the classical analysis of the capitalist revolution, but, since he was concerned with the transition to socialism, he was unable to derive from capitalism its two major political consequences: the formation of the nation-states,^{vi} and the emergence of the democratic regimes. Barrington Moore (1996: 426) advanced in this: he made the classical analysis of the bourgeois-democratic revolution – he showed “the English Civil War, the French Revolution and the American Civil War as the stages of *the* bourgeois-democratic revolution”. Writing one hundred years later, when democracy in England, France and US was consolidated, but the experience of authoritarian or totalitarian regimes in other countries was present, Moore asked which *historical conditions* in capitalist development had led countries – specifically, England – to democracy.

It was clear to him that the capitalist or bourgeois revolution was the central condition, but he wanted to know which more precisely defined conditions were required. His innovative response was that, in the sixteen and the seventeenth centuries, the advance of commerce and the increased demand of absolutist rulers for cash to finance wars led the English landed aristocracy to become a form of commercial farming and to a political alliance with the bourgeoisie. His theory relating liberalism and democracy to the emergence of the “gentry” – a numerous proprietary stratum below the aristocracy and above the rich peasants and the new bourgeoisie – is well known. But he underlines that, above the gentry, the overlords also got involved in commercial agriculture and in political coalition with the bourgeoisie. For him, to reduce the bourgeois-democratic revolution to a mere conflict between these two classes won by the bourgeoisie is “a caricature” (p.428). While in a country like Germany, the aristocracy conserved throughout the nineteenth century a firm position against democracy, Moore underlines that the radical opposition to democracy was a marginal current in the British aristocratic class. Yet, he underestimates the liberal resistance to democracy in Britain, or in the US, or in France – a resistance that in name of the risk of the tyranny of the majority delayed democracy for almost a century– the nineteenth century.

In studying democratic transitions and consolidation, there are two alternative approaches to the historical one. The major study by O’Donnell, Schmitter and Whitehead (1986) on democratic transitions emphasised the particularities of each country in the transition and consolidation and attributed a major role to individuals and to the processes through which authoritarian elites split between “soft liners” and “hardliners”. According to this approach, democracy is the result of changes in political institutions, processes, and leadership.

An alternative is the rational choice approach, but, in so far as it is hypothetical-deductive and ignores history, it is by definition unable to explain historical facts.^{vii} The first approach is specific to each country and involves a leadership aspect that is not relevant in the long-term; the latter is too general; both fail to consider the new historical facts and the structural and cultural conditions behind institutional change. Both approaches derive from Dankwart Rustow’s 1970 paper on transitions, which rejected the assumption that the causes of democratization are also the causes of consolidation. Rustow thereby created space for choice or agency; but this kind of approach either leads to abstract rational models like those used in neoclassical economics where choice

becomes mere maximization or ends up in case-by-case studies that lack predictive capacity.

Charles Boix (2003), Boix and Stokes (2003) and Daron Acemoglu and James Robinson (2006) made contributions to the democratic transitions issue that are related to the argument in this book, but they just have shown that democracy is less threatening to the rich classes once economic development takes place, while my argument is fundamentally historical. I argue that the capitalist class is the first social class not to veto democracy because, in opposition to what happened in the pre-capitalist societies, its appropriation of the economic surplus does not depend on the direct control of the state. It is a historic-structural approach, partly in the tradition of thought that explains historical change with new historical facts, thus being akin to the approaches of Barrington Moore (1966), Dietrich Rueschemeyer, Evelyne Huber Stephens and John Stephens (1992) who looked for structural forces behind democratic transitions and consolidations. Yet, these three distinguished political scientists observed with a certain dismay “the causal forces that stand behind the relationship between development and democracy remain, in effect, in a black box” (1992: 29).^{viii} I argue that with my historical argument I was able to open this black box.^{ix}

The basic argument

The transition to democracy in the first democratic countries was the outcome of four historical new facts, among which the capitalist revolution is the central one. Before, the aristocratic elites exercised an absolute veto over democracy; after the capitalist revolution, the new bourgeois elites did not adhere immediately to democracy but ceased to veto it – and eventually turned interested in it. Barrington Moore had already remarked this fact. Discussing the political coalition of the English bourgeoisie with the landed aristocracy, is clear:

A vigorous and independent class of town dwellers has become an indispensable element in the growth of parliamentary democracy; no bourgeois, no democracy... the English bourgeoisie from the seventeenth through much of the nineteenth century had a maximum material interest in human freedom.^x

It is central to my argument the fact that the bourgeoisie was the first ruling class not to veto democracy. For the previous ruling classes or oligarchies, the alternance of power that is essential to democracy was out of question, because the form they appropriated the economic surplus depended directly on the control of the state. This is not the case of capitalism.

The capitalist class and liberal organic intellectuals rejected democracy in the nineteenth century, but with the Democratic Revolution and the approval of the universal suffrage they stopped vetoing democracy, and, eventually, sponsored it, although in a limited way.

Before the capitalist revolution, in a first historical moment, the ruling class appropriated the economic surplus (the production that exceeds the socially defined subsistence level of people), through wars, booty, the reduction of people to slavery or servitude, and through rents derived from the ownership of land. The distribution of income was essentially a political question. Land property had also a political origin.

In a second phase, in the time of mercantilist and patrimonial state, the sovereign taxed the merchants to finance war and remunerate the members of his court. Religious legitimacy was always an essential part of the process, but the very existence of empires and dominant oligarchies depended on their capacity to retain political power, wage war and exert domestic repression. There was no separation between the public and the private patrimony: to be economically rich depended on being politically dominant. The poor, which Aristotle already defined as the sponsors of democracy, would often press for freedom, for some sort of democracy, but the dominant group resisted, resorting to repression to keep the state under their political control. Markets already existed but had a marginal existence. There was no other way to distribute wealth and income than through the control of the state and the support of tradition and religion. As John Dunn (1979: 8) observed, the “dismissal of the viability of democracy was a fair summary of an European intellectual consensus which reached back at least to the Principate of Augustus; it was a consensus which disappeared with surprising speed between 1776 and 1850 in Europe itself”.

After the industrial and capitalist revolution this situation changed dramatically. Now, constitutional and a market system coordinate society. Now, profits and, after the rise of the managerial class, high salaries gain relevance in making people rich. The state continued to play a role in the acquisition and distribution of income and was a condition for the social order and the existence of the economic elite. It is not always easy to determine whether a country has undergone its capitalist revolution or not, but some of the criteria to evaluate that the income per capita (except in oil countries, like Saudi Arabia), the degree of industrialization and productive sophistication, the existence of a large middle-class, and the separation between the private and the public patrimony were the main indicators.

The capitalist revolution did not create democracy but made it possible. The new capitalist class was able to suspend the *veto* on democracy. As now the market economy prevailed, the new dominant group no longer needed the direct control of the means of violence to appropriate the economic surplus. Celso Furtado (1976: 33) already was aware of this change:

Two forms of appropriating surplus seem to have existed since the beginning of historical times. On one side is what we call the authoritarian form, which consists in extracting the surplus through coercion. On the other side we have the mercantile form, that is, the appropriation of surplus through exchange... The surplus utilised to appropriate another surplus is a capital, which entitles us to say that all socio-economic formations in which the surplus is predominantly captured through exchange belong to the genus capitalism.

In the historical moment that each national society changes from pre-capitalist to capitalist appropriation of the surplus, state power ceased to be a necessary condition for acquiring wealth. With the capitalist revolution, states continue to play a major economic role, which, however, is no longer to support oligarchic appropriation, but to create the institutional conditions for investment and profit realization in the market. The bourgeoisie continues to have a *basic* control of the state, but now businessmen could leave to their representatives – the politicians and bureaucrats – the responsibility of governing.

Politics – the art of governing through persuasion and compromise – began to be a reality when the rule of law was assured in the countries that were realizing its capitalist revolution, but it was only with the universal suffrage and the advent of democracy that politics turned essential to govern nation-states. The eighteenth century had already experienced a hint of it when some thinkers contrasted the harshness of aristocracy with the softness of capitalism. Montesquieu, above all, underlined commerce’s “douceur”.^{xi} Albert Hirschman, commenting on this view, observed that while the warrior aristocrats were subject to great and sometimes heroic passions, the bourgeoisie was limited to more modest and moderate traits. Analysing the contributions of Shaftsbury, Hutcheson, and Hume, he showed how these philosophers viewed economic activity as a “calm passion”, consistent to politics.^{xii}

Additional conditions

The new capitalist ruling class that rose in the mercantilist period was originally nationalist and liberal. Its members strove not only for the guarantee of their hard-won civil rights but also for the realization of profits. And they expected from the state the creation of the general conditions of accumulation. With the adoption of civil rights and the rule of law, the members of the bourgeoisie had ceased to be subjects to become citizens endowed with rights.

Yet, just as it took time for the aristocracy to grant full citizenship to the bourgeoisie, it also would take time for this new business class accepted the universal suffrage that would turn the workers and the popular classes also full citizens. The new capitalist class was liberal but not democratic. Although the seeds of democracy were in the liberal state, classical liberals fought democracy in the name of freedom, with the argument the universal suffrage was inconsistent with civil liberties. As Charles Lindblom (1977: 163) underlines, the first modern political philosophers “are all liberals first, and democrats, second, if at all”.

England was the first country to form a strong nation-state and complete its industrial revolution; it is not by accident that it was also the first nation-state to be formed and the first liberal political regime in history. Nevertheless, in the early nineteenth century, England was not ready to democracy. The first cause of the suspension of the veto on democracy – the capitalist revolution – had been eliminated, but a second condition continued to exist: the fear of expropriation by socialist political parties with a majoritarian popular class winning elections. It would take around one hundred years for this fear to disappear and the universal suffrage to be accepted. In the nineteenth century the workers began to participate in elections but did not prove to be committed to a socialist revolution. They demanded higher wages, increased labour protection, and democracy rather than socialism. Progressively capitalists realised that the workers did not vote as a bloc, and they would not vote for their expropriation, and suspended it veto to the universal suffrage.

While the first and the second new historical facts opening the way for democracy were on the supply side, involving increase in democratic participation, the third and the fourth were on the demand side: the demand of the middle-classes and of the working class. The rise of the middle-classes between the rich and the poor worked as a main stabilizing factor thus

circumventing the classical problem of early democracies: political instability. After the completion of the capitalist revolution in each country, the bourgeoisie was a large middle-class – much larger than the ancient oligarchies. This was also a historical new fact behind democracy because now the large number of members of the bourgeoisie aiming to become politicians and achieving political power required formal rules to compete for it. Democracy was the institution defining such rules. As industrialization advanced, besides the capitalist class, a professional middle-class also emerged, and their members equally demanded democracy. The fact that the two middle classes were situated between the rich and the poor was also a reason for the rich to be less fearful of the popular classes.

The fourth and final historical fact that led modern societies to democracy was the pressure of the poor or the popular classes for democracy. Despite all their internal contradictions, democracy has been always a demand of the poor when they were able to express themselves politically. Integrated in large factories under the capitalist system, part of the poor turned into the working class, became better organised and more demanding. They demanded higher wages, increased labour protection, and democracy. Goran Therborn's essay on this subject as well as Adam Przeworski's book remain the basic references;^{xiii} Ruth Collier's 1999 book on the popular classes and elites in Western Europe and South America also offer a contribution to the theme.^{xiv}

For Rueschemeyer, Huber Stephens and Stephens “the working class was the most consistently pro-democracy force... The landed upper classes which were dependent on a large supply of cheap labour were the most consistently anti-democratic force. The bourgeoisie we found to be generally supportive of the installation of constitutional and representative regime but opposed extending political inclusion to the lower classes”.^{xv} When democracy won, it was a victory of the poor.

By the end of the nineteenth century, the arguments against universal suffrage or on the risk of the dictatorship of majority had lost their force, while the demand for democracy increased, and the first countries that granted the universal suffrage became the first real democracies.^{xvi} As Dahl asserts, “although some of the institutions of polyarchy appeared in a number of English-speaking and European countries in the nineteenth century, in no country did the demos become inclusive until the twentieth century”.^{xvii}

Although democracy was originally a demand from the popular and the middle-classes, it became gradually also a rational option for the rich provided that the liberal principles associated to the rule of law continued to prevail in the new democratic system. Unlike the old aristocracy of landowners, the business class depended less on the state. Therefore, businessmen gradually changed their views on democracy either because they were under pressure, or because they ceased to fear it, or still because they understood that they could continue to rule in the new system.

First, the capitalist class realised that the poor did not really represent a threat because they did not have a real alternative to the capitalist system. Second, they realised that democracy did not really endanger property and profits. Third, it became conscious that a democratic regime could be more stable, more effective in assuring social order, than just a liberal state in which ultimate power was in the hands of a sovereign or a ruler. In other words, unlike the old aristocracy, the

new rich were not intrinsically opposed to democracy; they were intrinsically liberal, but since capitalism was not a zero-sum game, they realised that liberalism combined with democracy – liberal democracy – would adequately protect their interests besides also protecting the poor and the middle-classes.

This model of democratic transition and consolidation that I am presenting makes sense on two conditions: first, the understanding, on the part of the workers and the labour organizations, that a socialist revolution was not necessarily rational; second, that a satisfactory long-term rate of profit was assured to capitalists. Adam Przeworski argues persuasively for the workers' rationality in refusing to support a socialist revolution.^{xviii} The second condition to this model is that, on one hand, there is not an efficient alternative to capitalism, and, on the other hand, that capitalism is not a win-loss game, but, under certain conditions, it may be a win-win game, for both capitalists and workers. Thus, capitalist societies develop technologies, institutions, and ideologies that assure a satisfactory long-term rate of profit, and, for that reason, workers usually do not support the socialist revolution.

Summing up, the model of democratic consolidation presented here shows that in a nation where profits and salaries earned in the market become the dominant forms of surplus appropriation – which are also a good sign that the capitalist revolution has been completed in such country – elites cease to veto democracy. Subsequently, as voting rights start to be extended to the poor, capitalist elites realise gradually this change does not really threaten property rights. Workers, in their turn, increase their demands for political participation, but in a moderately way. Eventually, elites realise, based on their own and other countries' experience, that democracy promotes their interests better than authoritarian regimes: it is more stable and provides its many members of institutionalised means to achieve political power. The middle-classes, which have grown extraordinarily, feel the same. In other words, after an industrial revolution makes the appropriation of the economic surplus dependent not on state control but on the market, authoritarian regimes cease to be attractive to capitalists.

ⁱ Przeworski (1985: Chap. 1).

ⁱⁱ Thus, the “welfare state”, defined by the social services it provides, may be distinguished from the entitlements in labour contracts. Their sum would be the “social state”. But the two expressions may also be considered as synonymic.

ⁱⁱⁱ This chapter is based on my 2012 paper, “Democracy and capitalist revolution”.

^{iv} Samuel Huntington speaks of three waves, but he does not define clearly the countries of the second wave, demonstrating that it is irrelevant. India was one of the countries that could be classified in this intermediary wave.

^v Note that, although I believe that Dahl’s distinction between modern democracy and polyarchy is useful in certain circumstances to distinguish an ideal form of government from reality, and also from Greek democracy, in this paper I use “modern democracy” or just “democracy” and “polyarchy” as synonyms.

^{vi} The first task – to derive from the capitalist revolution the nation-state – was principally done by Charles Tilly (1975, 1992).

^{vii} For a survey on transitions to democracy from a rational choice standpoint, see Barbara Geddes (2007).

^{viii} Rueschemeyer, Stephens and Stephens (1992).

^{ix} Bresser-Pereira (2012).

^x Moore (p. 424).

^{xi} According to Montesquieu (1748: 609) “où il y a du commerce, il y a de mœurs doux” (“wherever there is commerce, manners are soft”).

^{xii} Hirschman (1977).

^{xiii} Therborn (1977); Przeworski (1985: chap 1).

^{xiv} Collier (1999).

^{xv} Rueschemeyer, Stephens and Stephens (1992: 8).

^{xvi} In the US, universal manhood suffrage had existed since the first part of the nineteenth century, probably because the Americans were the first to shake off the fear of expropriation.

^{xvii} Dahl (1989: 234).

^{xviii} Przeworski (1985: 139, 177, 180).