Democracy is by now the form of government that prevails around the world. During the last 20 years the number of democratic countries has doubled and today democratic states outnumber nondemocratic ones. According to Freedom House (2011), 115 of the 192 existing countries are electoral democracies with more than half of the world’s population living in them. If these facts are seen as democracy’s triumph against authoritarian regimes, the question then becomes, are there moral grounds for justifying democracy? In The Real World of Democratic Theory, Ian Shapiro building on his previous work on Democratic Theory, offers a rich and systematic answer to the above question.

The book, which has been written for the educated public, but can be read with profit by economists and the general readers, is a collection of independent essays which present theoretical arguments and applications of Democratic Theory. The book’s analysis is based on John Locke’s and Democratic analyses which portray democracy as the best path to structuring policy that reflects the interest of the governed and serve the goal of non-domination.

In the first two chapters the author presents the reasoning behind the justification for majority rule as a decision rule of choice. This concept then is the building block of his analysis and applications that follow in the later chapters. The analysis in its entirety stands in complete contrast to the Liberal view: whereas Liberals view rights to be more important than politics, the Democratic view is that “rights are an artifact of collective arrangements” (p. 253). Institutions that create obstacles to collective action are a source of political tyranny by favoring the status quo, whereas the majority

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1 Shapiro (1996, 1999).

A. Adam (✉)  
University of Ioannina, Ioannina, Greece  
e-mail: aadam@cc.uoi.gr
rule leads to decisions that are indifferent by construction to the status quo.\footnote{One can argue that there are cases that the majority rule also gives rise to status quo bias Fernandez and Rodrik (1991) but this bias of course is lower than when unanimity is the choice rule.} In such cases, political competition together with the majority rule has two effects. Firstly, by creating uncertainty over future majority coalitions it produces a stable regime and secondly it limits the power of the majority to tyrannize the minority. This view then comes into sharp contrast to the Social Choice literature which considers democratic institutions as the source of instability and cycles in policy outcomes. The theoretical argument according to the author is supported by the absence of empirical evidence of such cycles and instability. However, it is not discussed whether this empirical lack of cycles in policy is due to inherent institutions that are created through time to preclude instability.

The Democratic Theory laid out the first two chapters is brought into the actual world of politics in the chapters as follows: issues of democratization through negotiation of democratic settlements (chapters 3 and 4), international relations (chapter 5), income redistribution (chapter 6) and management of conflict in democracies (chapter 7) are studied. However, despite the rigorous accounts of past developments, with use of interesting case studies, the book fails in presenting a comprehensive theory that can be applied across all democracies. In chapters 3 and 4 (co-authored with C. Jung, E. Lust-Okar and E. Lust, respectively) the issue of democratization through negotiations for democratic settlements is examined. The argument builds on the case studies of the negotiations in South Africa, Northern Ireland and the Middle East. The general view taken in these two chapters is that creating national democracy requires successful leadership paired with support from the constituency through legitimacy and participation of all relevant powerful groups in the process of negotiations.

Beyond domestic issues Democratic Theory can be additionally applied to international relations. Chapter 5, after dismissing the idea of a world government, argues the doctrine of containment is the only idea in international relations consistent with the ideal of non-dominance, i.e. “... to stop the bully without yourself becoming the bully” (p. 167). Furthermore, direct intervention in other countries in order to achieve regime change is only warranted for humanitarian reasons, and after achieving international legitimacy through participation of neighboring states and international institutions.

Chapter 6, which is the most interesting from an economist’s point of view, shows the conditions under which redistribution in a democracy may not take place. It demonstrates that a highly progressive tax, the US estate tax, was repealed with the support of both the general public and both parties in Congress. This general support came about by intense lobbying activity of those special interest groups that stand to gain from the repeal, using poll “framing” and creating coalitions in order to give politicians the necessary “running room” to promote the repeal. This exercise shows that in low salience issues (like the estate tax that was imposed only on the wealthiest 2% of the population), interest group influence is more significant than in high salience issues, like the social security reform, where interest group activity was unsuccessful in manipulating policy.
Although useful, the prior analysis has an important limitation. On the issue of democratization through negotiations for democratic settlements, the author acknowledges that in addition to the precondition, for a successful agreement, laid out by his theory, luck is vital to the final outcome. In fact luck is so important, that it may compromise the entire process. The same criticism applies to the analysis of the 2001 US estate tax repeal (chapter 6), where many conditions were satisfied in order to reach the final result. Again for all these conditions to be met, luck was required. This of course raises doubts about the usefulness of the analysis these chapters propose on future negotiations of democratic settlements or policy reform: the theory can only be applied on a case by case basis rather than in a universal setting.

The two final chapters lay out the relationship between democracy and justice. Firstly, it is argued, after examining the changing views of the US supreme’s court decisions over abortion rights, that despite being flawed as all decision making mechanisms, the majority rule is consistent with democracy’s principle of non-domination. The final chapter’s target audience is the specialized political science reader. The author addresses a series of comments raised about his previous work on democracy and justice.

Overall the book accomplishes its goal of being a sequel and complement to Shapiro (1996). The theoretical underpinnings of the entire analysis lies in the ideal of non-domination and adherence to the superiority of majority rule. The Real World of Democratic Theory is written as a collection of papers by the author, which are loosely related with one another and are a follow up to Democracy’s Place. However, it provides an in depth analysis of real world politics supported by the normative background of Democratic Theory.

References