

The Cultural-Economic Syndrome: Impediments to Democracy in the Middle East

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ABSTRACT

Compared to other world regions, the Middle East is exceptional in its resistance to democratization. Whereas a cultural explanation for this democracy gap refers to historical legacies, especially to the dominant role of Islam, an economic explanation emphasizes oil wealth as the main barrier to democracy. According to various quantitative studies, both claims seem to be valid. Nevertheless, none of the explanations is uncontested, as there are always examples that demonstrate the opposite. This paper argues that it is exactly the combination of culture and economic structure that makes democracy in the Middle East unlikely. Both factors mutually reinforce each other on the macro, meso and micro level and thus constitute a cultural-economic syndrome with a strong negative impact on democratic performance. Regression analyses demonstrate the significance of this interaction effect: If the cultural-economic syndrome of Islam and oil wealth is present in a country, its negative impact on democratic performance becomes even stronger than the sum of the additive effects of Islam and oil wealth. In order to escape the effects of this syndrome, different combinations of political and economic reform are possible. The different strategies the government can resort to and the reactions of Islamist opposition movements are explored and compared.

I. Introduction

Among all the regions of the world, the Middle East is exceptional in its resistance to democratization. Since 1974, the year that Huntington (1991) identified as the starting point of the Third Wave of democratization, democratic transitions have occurred in nearly all the major world regions: Starting in Southern Europe, the Third Wave swept over a significant number of Latin American countries between 1979 and 1985, with the economically more successful military dictatorship in Chile following suit in 1989. During the second half of the 1980s, the wave of democratization spread to Asia, and it reached its peak after the fall of the Berlin Wall in 1989, tearing down the former Communist block. Freed from being torn between the two superpowers fighting for geopolitical dominance, African countries also began to democratize, and although few of them can be termed full democracies today, they have at least moved away from strict authoritarianism to some kind of semi-democratic or hybrid regime. This development is reflected in the most popular measures of freedom and democracy, like the Freedom House and the Polity Project ratings¹, where every region of the world has seen a rather significant improvement in its average level of democracy – except for one: The Middle East has remained more or less on the same level or has even seen a decline in level of democracy.

This is even more striking when we consider the fact that economic well-being is regarded as the most important requisite for democracy (Lipset 1959; Diamond 1992). In a number of quantitative studies, per capita GDP (or GNP) has emerged as the most stable predictor of democracy (Lipset, Seong and Torres 1993; Burkhart and Lewis-Beck 1994; Barro 1999). That prosperous nations are more likely to be governed democratically than poor ones has therefore been established as “one of the most powerful and robust relationships in the study of comparative national development” (Diamond 1992: 110). In terms of their per capita income, the majority of the states in the Middle East are rather wealthy, so that, according to the simple version of modernization theory sketched above, they should already have turned towards more democratic forms of government. But although there have recently been small steps of political opening in small countries like Bahrain, Qatar and Oman, the absolute monarchy remains the dominant form of government in the region.

However, there is no direct causality between increasing wealth and democratic development. Some intervening effects that link the two developments have to be taken into account: More wealth usually leads to the growth of a middle class independent of the state, as well as to

¹ For more information on the democracy measures, see section III.1.

rising levels of education, a growing number of mass media and means of communication and therefore a larger spread of information. As a result of these changes, a pro-democratic political culture emerges, including a pluralistic and active civil society and the general quest for political participation (Welzel, Inglehart and Klingemann 2003). In the Middle East, some powerful obstacles stop the dynamics between increasing individual resources, the evolvement of emancipative values and the extension of freedom rights.

The explanations for the democracy gap between the Middle East and the other world regions are either cultural or economic. The cultural explanation refers to historical legacies, especially to the dominant role of Islam in Middle Eastern societies, whereas the economic explanation for the democracy gap emphasizes oil wealth as the main barrier to democracy. This paper explores both the cultural and the economic explanation and proposes that their interaction in the Middle East is especially detrimental to democracy.

II. Exploring cultural and economic obstacles

1. The cultural explanation

Since Samuel Huntington's thesis of the "clash of civilizations" (Huntington 1993), the question whether countries under Islamic influence are more crisis-prone and less receptive to modernization has been widely disputed. With regard to the undeniable democracy gap in the Muslim world (Karatnycky 2002), the related thesis of incompatibility of Islam and democracy is contested.

Among Western scholars, the main argument for incompatibility is the lack of separation between secular and religious issues or the fusion of religion and politics inherent in Islamic doctrine (Huntington 1984: 208; Lewis 2001: 28-29; Haynes 2001). In fact, Islam is often portrayed as an all-embracing system, not restricted to the spiritual sphere but with the claim to guide the whole life of the believers. But in Western perspective, secularization is regarded an indispensable element of the modernization process, and if it does not materialize, the other elements of modernization are blocked as well. Additionally, Western researchers point to the lacking respect for individual rights in the Muslim world, especially the preclusion and discrimination of women, as a major obstacle to democracy (Fish 2002).

On the other hand, other scholars assert that in principle Islamic religion and democracy are compatible. They claim that the blame for the democracy gap found in the Muslim world must not be put on religion, but has to be laid on the historical and political development of

the respective countries. In large parts of what constitutes the Muslim world, despotic and patrimonial forms of rule have prevailed during centuries. What Max Weber called “sultanism” was characteristic of the Muslim civilization (Weede 1998): Arbitrary rulers governed with the support of slaves who completely depended on their mercy, without ever having to concede power to feudal lords or an emerging bourgeoisie.² It is in this context where a fusion of patrimonial political tradition and Islamic religious doctrine took place: The despots claimed to rule “by grace of God”, leading to a religious legitimation of subordination to repressive rule. This, of course, is a perversion of Islamic doctrine: Originally, Islam solely demanded submission to Allah, and did not require obedience to despotic leaders (Weede 2000: 179). It is thus only a certain interpretation of religious doctrine that sustains autocratic rule. This selfish abuse of doctrine is employed by conservative monarchic rulers to found their claim for dominance as well as by some movements of political Islam that arrogate for themselves to be the only ones following the true path (Zartman 1992: 189). Western advocates of compatibility therefore claim that it is not Islam itself, but a biased interpretation of Islam – pursued by Islamic conservatism or Islamic fundamentalism - that is incompatible with democracy.

With regard to their position toward democracy, Islamic political thinkers can be grouped along two dimensions: On the one hand, there is a dichotomy between the ones who reject and the ones who endorse democracy, and on the other hand, there is a continuum between secular and purely religious orientation. A rough classification of existing positions along these two dimensions is displayed in Figure 1.

According to Muslim scholars who reject democracy, this type of political regime is “antithetical to the Islamic way of life” (Moten 1996: 106). In this view, basic prerequisites of democracy, namely individualism and the separation of politics from religion, are not compatible with core religious dogmas and rules set up by Islam. The idea of the national state, fundamental for political development in the West, is irreconcilable to the Islamic concept of the *umma*, the community of all believers.³ Additionally, the concept of sovereignty of the people conflicts with the sovereignty of God. It is not the process of electing leaders, though, which is regarded as illegitimate, but its result, the idea of an assembly of human beings making their own laws. In Islam, the *Sharia* is regarded as

² Compared to other types of autocratic rule, the importance of slavery in Muslim empires is indeed striking: “Slaves, ideally torn from their kin context, can be more rationally deployed than free men, burdened with all their social bonds.” (Gellner 1981: 57)

³ Tibi (1996: 322; 329-336) cites various Muslim scholars maintaining these views. Some even equate democracy to “disbelief”.

unchangeable body of law given by God, and no one, not even the entire Muslim community, has the right to change explicit commands of God. (Mawdudi 1976: 159-161)

On the other hand, moderate Muslim thinkers endorse democratic ideas. Some support the idea of adapting Islamic doctrine to modern times, restricting its influence on politics. They accept pluralism, free elections and constitutionalism and in substance advocate the Western model of democracy. Others proclaim a specific Islamic path towards democracy. They argue that Islamic doctrine contains passages that can be interpreted as predecessors of democratic concepts or sources for a specific Islamic version of democracy. Esposito and Voll (1996) cite a broad range of attempts to make the Islamic heritage and democracy compatible. The dogma of God being the only legitimate sovereign, for example, might as well be interpreted as a prohibition of a hierarchical order among human beings, underlining the idea that even the ruler has to subordinate to God and his laws. A number of Islamic guidelines for social and political behavior, like the concept of consultation (*shurah*) and consensus (*ijma*) can lay the foundation for Islamic democracy. (Esposito and Voll 1996: 23-28)

Figure 1
Democracy and Islam – positions of Muslim political thought

	<i>Endorsing democracy</i>	<i>Rejecting democracy</i>
<i>Secular orientation</i>	democrats	nationalist or socialist authoritarians
<i>Religious orientation</i>	Islamic constitutionalists	conservative/traditional Islamic groups
<i>Fundamentalist religious orientation</i>	<p><u>Islamic democrats</u></p> <p>Islamic populists</p>	revolutionary Islamists

Combining the views on Islam and democracy, the scholars rejecting democracy on religious ground are either to be found among conservative Islamic groups, advocating classical Sunnite or Wahhabite Islam and supporting traditional rulers, or among revolutionary Islamists in favor of political Islam and opposing traditional rulers as well as all kinds of secular and “westernized” political systems. The representatives of the views reported by Esposito and Voll can be classified as Islamic democrats, although the amount of religious elements in their conceptions of political systems varies widely. Islamic constitutionalists are those who want to establish constitutional rule, but believe that Western European or

American institutions are not suitable in a Muslim environment. They criticize secularism and argue that for Muslims, religion has to play a significant role in politics. That's why they are searching for an Islamic version of democracy by reinterpreting the various Islamic principles as foundations for democracy. The priority of Islamic populists, on the contrary, is to bring down traditional or secular authoritarian rulers by requesting democratic elections. They appeal to the masses and pretend to fight for their interests. But often, the demand for democracy is mere lip service. They make use of democratic practice, while in reality pursuing undemocratic goals: the installation of their idea of an original Islamic state, relying on acclamation rather than on real participation. This places them rather close to their openly authoritarian counterparts, the revolutionary Islamists.

Democrats have a secular orientation, looking to the experiences of the West as models in an effort to promote their countries' development. Nationalist or socialist authoritarians of various persuasions represent the autocratic variant of secularism, considering the government a guiding force of the national economy and ideology (which may incorporate religious elements).⁴ While some of the positions reflect existing styles of government, others are only ideal-typical representations of theoretical positions in political thought.

Empirically, the countries that belong to the Islamic civilization are a heterogeneous group: A lot of Muslims live in states where Islam does not play any role in politics. In fact, we only find a few examples of religious elites controlling political power, among them Iran and Afghanistan under the Taliban regime. But even under formally secular types of government, Islamic elements play an important role, when for example the legal system is based on the *Sharia*. Although religious doctrine itself is malleable and might after some readjustments and corrections of interpretations become fully compatible with democratic rule, so far the way the religious sources have been interpreted and the traditions prevalent in Islamic societies since the Middle Ages promote autocratic rule. This is illustrated by various quantitative studies showing that in general, Muslim countries are less likely to be governed democratically than others (Midlarski 1998; Barro 1999; Graeff 2000; Fish 2002).

2. The economic explanation

The economic explanation for the democracy gap emphasizes oil wealth as the main obstacle to democracy. Resource-rich states like the oil countries in the Middle East are often termed "rentier states", since they derive most of their revenues from external rents. Rents are paid by

⁴ Some, though not all, of the groups displayed in Figure 1 are described by Leca (1994: 50-57), while I am responsible for completion and the grouping along the two dimensions.

foreign actors, accrue directly to the state, and only a small fraction of the population is engaged in the generation of this rent, while the rest nevertheless might benefit from the distribution and utilization of it (Beblawi 1987). The characteristics of a rentier state make democracy less probable. Due to the income derived from the sale of oil, the governments do not need to collect high taxes; in fact they often don't collect taxes at all. As a consequence of that, the governments in those countries are confronted with fewer demands for accountability and representation by the public or can afford to ignore them (Gause 1995: 291-293; Ross 2001: 332). Whereas in history the rulers' attempt to raise taxes has often led to demands for political participation, the inverted motto "No representation without taxation" seems to reflect political reality in the resource-rich states of the Middle East (Huntington 1991: 65). Additionally, the state engages in spending on patronage, subventions and subsidies. Free education and health care, for example, are provided to the population. People indulged like this are satisfied with their lives and feel no need for political participation. There is no incentive to form associations or interest groups, and some of the governments even take deliberate action to depoliticize the population. If political groups aversive to the government still happen to form, the government is able to prevent them from becoming too strong. Oil wealth, after all, also enables them to spend more on internal security and sustain a large coercive apparatus. (Ross 2001: 333-336; Bellin 2004)

Resource wealth also does not lead to the changes emphasized as essential for democratization by modernization theory. In order to promote democracy, material wealth has to unleash social changes, such as a higher level of education and rising occupational differentiation with shifts of the labor force into the industrial and, subsequently, the service sector. This economic diversification would also lead to a middle class independent of the state and equipped with bargaining power against the elites – whereas in oil-exporting countries the middle class is directly dependent upon the resources granted by the state. (Ross 2001: 336; Waterbury 1994: 27-29) These processes of economic and social modernization usually do not occur in oil-wealthy states, as there seems to be no need to promote other economic sectors besides oil extraction (Ross 2001; Karl 1997).

Oil wealth, in sum, makes possible a fairly high standard of living for the people, but enables the government to keep the public politically demobilized, either by fiscal generosity or by repression, and does not bring about the social changes that usually lead to political mobilization in favor of democracy. As quantitative studies demonstrate, oil wealth has indeed a strong negative impact on the level of democracy (Barro 1999; Ross 2001; 2004).

III. The Cultural-Economic Syndrome

The theories discussed above are not completely satisfying, as there are always examples that demonstrate the opposite: There are quite a number of countries with a large amount of Muslim population that have established or experienced democratic rule for some time, like Bangladesh, Pakistan and, recently, Indonesia. We also find – albeit fewer – oil-wealthy countries with democratic experience, like Venezuela and the Republic of Congo.

If we look at individual countries, the ones where a combination of Islamic cultural influence and economic structure characterized by resource wealth is at work seem to be most resistant to democratization. There obviously exists a cultural-economic syndrome exerting a particular deleterious impact on the chance to be governed democratically. In the countries affected by the cultural-economic syndrome, autocratic regimes benefit from a double legitimacy: Their religious orientation (ranging, of course, from mere public support of Muslim religious practice to an explicitly theocratic state) combined with their ability to provide their citizens with the amenities of a rentier state gives these polities a sound ideological and economic base.

1. What? Empirical evidence of the cultural-economic syndrome

To get an illustrative overview, we first look at mean democracy scores of different groups of countries. In order to compare predominantly Muslim countries with non-Muslim countries and oil countries with countries without oil wealth, dummy variables are created.⁵ Of course, this procedure generates an arbitrary cut-point. But it enables one to define the subset of countries where the cultural or the economic obstacles to democracy are in fact predominant.

To measure the dependent variable, democracy scores are taken from two different sources. The Polity IV Project database of Marshall and Jaggers (Marshall and Jaggers 2000) offers annual country ratings of regime characteristics for 161 states, its most recent version running until 2001.⁶ The Polity database focuses mainly on the institutional attributes of regimes, like selection and accountability of the executive and regulation of participation, and depicts a country's democratic and autocratic qualities on separate autocracy and democracy scales. By subtracting the 10-point autocracy scale from the 10-point democracy scale, a 21-point regime

⁵ A country is coded as predominantly Islamic when at least 70% of its population are Muslim (figures from the 1990s taken from Britannica Book of the Year 1998). A country is coded as oil country when fuel exports (mainly oil) account for more than 50 per cent of total exports of goods and services (percentages taken from World Development Indicators CD-Rom 2003, averaged over the years 1990-1999; due to missing data in the WDI, I add a code '1' for United Arab Emirates and Iraq, referring to data on these countries in the CIA World Factbook 2003).

⁶ The dataset can be retrieved at www.cidcm.umd.edu/inscr/polity/index.htm

scale ranging from -10 (full autocracy) to 10 (full democracy) is created. An alternative measure of democracy is published by Freedom House annually. It focuses more on the political and civil rights of citizens. Countries are rated on a 7-point scale for both political rights and civil liberties, 1 representing the most free and 7 the least free.⁷ I add the political rights and civil liberties ratings and recode them, so that higher scores represent higher levels of freedom.

These analyses use as dependent variable the mean regime score covering ten years, from 1992 to 2001, excluding the heyday of transitions to democracy around 1990 but nevertheless covering most of the 1990s. As a robustness check, the subsequent analyses were conducted with both measures of democracy.

As we can see from Table 1 and 2, there is a remarkable difference between mean democracy scores of Muslim and non-Muslim countries and oil-wealthy and non-oil-wealthy countries, respectively.⁸

Table 1
The cultural explanation: Comparing mean democracy scores 1992-2001

		Polity	Freedom House
Muslim countries	mean	-3.405	2.949
	N	37	37
Non-Muslim countries	mean	4.379	7.230
	N	123	124

The Polity scale ranges from -10 to 10, the recoded Freedom House scale ranges from 0 to 12.

Table 2
The economic explanation: Comparing mean democracy scores 1992-2001

		Polity	Freedom House
Oil-wealthy countries	mean	-4.570	2.795
	N	20	20
Non-oil-wealthy countries	mean	3.600	6.736
	N	140	140

The Polity scale ranges from -10 to 10, the recoded Freedom House scale ranges from 0 to 12.

With the help of the binary variables, we form a group containing the countries that are affected by the cultural-economic syndrome. This group is the intersection of Muslim countries and oil-wealthy countries. Table 3 compares mean democracy scores again, showing that the cultural-economic syndrome group attains even lower average levels of democracy

⁷ For a description of the dataset, see, for example, Karatnycky 2004, Gastil 1991, or the organization's web page: www.freedomhouse.org (where the full dataset is available).

⁸ T-Tests reveal that the differences between the means are highly significant.

than the residual groups of countries that are predominantly Muslim without having oil wealth and countries that are oil-wealthy, but not predominantly Muslim.

Table 3
The cultural-economic syndrome: Comparing mean democracy scores 1992-2001

		Polity	Freedom House
neither Muslim nor oil-wealthy countries	mean	4.534	7.315
	N	117	118
predominantly Muslim countries without oil wealth	mean	-1.152	3.765
	N	23	23
oil-wealthy countries without Muslim predominance	mean	1.350	5.567
	N	6	6
predominantly Muslim and oil-wealthy countries	mean	-7.107	1.607
	N	14	14

The Polity scale ranges from -10 to 10, the recoded Freedom House scale ranges from 0 to 12.

Subsequently, it is demonstrated that the joint effect of oil wealth and Islamic cultural influence is stronger than the two single variables and has an own predictive power beyond the sum of the two effects. Hypotheses like that can be tested by regression analysis. The advantage of regression analysis is that control variables can be included. In our case, it is useful to control for the determinant established as most stable predictor for level of democracy, which is economic wealth. In bivariate analyses regressing democracy on economic wealth, the oil countries with their relatively high level of per capita income but low degree of democracy tend to be outliers.

First, we test each hypothesis – the cultural and the economic explanation as well as the cultural-economic syndrome – separately, entering the dummy variables constructed above in OLS regression models. Table 4 shows that the cultural-economic syndrome dummy is a very strong negative predictor of democracy. For both operationalizations of democracy, it is stronger than the Muslim country dummy and the oil country dummy alone. Using the Polity IV data, the negative impact of the cultural-economic syndrome is even stronger than the influence of economic wealth (see equation 3).

Table 4

Impact of the cultural-economic syndrome on democracy: Dummy regressions

Equation	Polity IV Data			Freedom House Data		
	(1)	(2)	(3)	(4)	(5)	(6)
N	125	125	125	126	126	126
Constant	-10.558	-14.339	-16.224	-5.410	-7.278	-8.242
In GDP per capita PPP	1.906*** (5.062)	2.311*** (6.243)	2.521*** (7.235)	1.581*** (7.895)	1.783*** (9.122)	1.891*** (10.272)
Muslim country dummy	-7.037*** (-6.784)	-	-	-3.511*** (-6.369)	-	-
Oil country dummy	-	-8.453*** (-6.821)	-	-	-4.317*** (-6.601)	-
Cultural-economic syndrome dummy	-	-	-11.917*** (-8.296)	-	-	-6.137*** (-8.091)
Adj. R²	0.405	0.406	0.476	0.494	0.503	0.561

First cell entries are unstandardized regression coefficients, t-ratios are displayed in parentheses.

*** Statistical significance at the 0.01 level with a two-tailed test

Technically, the joint influence of Islam and oil wealth is a symmetric interaction effect: In our case, one variable is supposed to exert especially strong influence when the other one is strong as well. Therefore, the independent influence of the cultural-economic syndrome can also be demonstrated employing an interaction term between Muslim predominance and oil wealth.⁹ An inconvenience in the employment of interaction effects is the high correlation between at least one of the independent variables x and z and their interaction term $x*z$, leading to multicollinearity which makes it more difficult to identify the explanative power of each variable. A remedy to this problem is centering the predictor variables by putting them in deviation score form so that their means are zero (Aiken and West 1991).¹⁰

⁹ We now use the raw data that we employed for the construction of the country groups: percentage of Muslim population and fuel exports (mainly oil) as per cent of total exports of goods and services. To reduce skewness, the variables are transformed to their natural logarithms.

¹⁰ The only thing that changes when applying this rescaling procedure is the intercept (this is shown by the comparison of the first and the second equation in Table 5 and 6); the relationships between the component variables of the interaction and the dependent variable are not affected. But the centering procedure reduces correlations between component variables and the interaction term, preventing the interaction from causing larger standard errors of the slope coefficients of its component variables - which usually reduces their significance levels (Aiken and West 1991: 32-36).

Table 5
Impact of the cultural-economic syndrome on democracy (Polity Data):
Regression with interaction effect

Equation	(1)		(2)	(3)
N	125	N	125	125
Constant	-4.166	Constant	-9.231	-10.274
In GDP per capita PPP	1.547*** (4.270)	In GDP per capita PPP	1.547*** (4.270)	1.691*** (4.682)
In Muslim population	-1.407*** (-6.580)	In Muslim population centered	-1.407*** (-6.580)	-1.339*** (-6.313)
In fuel exports	-1.454*** (-5.386)	In fuel exports centered	-1.454*** (-5.386)	-1.306*** (-4.790)
In Muslim pop. *	-	In Muslim pop. centered * In fuel exports centered	-	-0.303** (-2.335)
In fuel exports	-		-	
Adj. R²	0.535		0.535	0.551

First cell entries are unstandardized regression coefficients, t-ratios are displayed in parentheses.

*** Statistical significance at the 0.01 level with a two-tailed test

** Statistical significance at the 0.05 level with a two-tailed test

Regression analyses demonstrate the assumed positive influence of wealth on democracy: the wealthier a country, the higher its level of democracy. In Table 6, wealth measured in GDP per capita exerts the strongest influence on the Freedom House democracy scores. It is also shown that wealth based on oil exports constitutes an exception to the rule: High oil exports are a negative predictor of democracy. The same can be stated for the influence of Muslim population, which seems to be the strongest predictor of democracy in the equations working with the Polity data (Table 5). But additionally, the interaction between oil wealth and Muslim predominance is a significant explanatory variable for lower levels of democracy, although its t-ratio is weaker than the ones of the other predictor variables.

Table 6
Impact of the cultural-economic syndrome on democracy (Freedom House Data):
Regression with interaction effect

Equation	(1)		(2)	(3)
N	126	N	126	126
Constant	-2.339	Constant	-4.905	-5.499
In GDP per capita PPP	1.422*** (7.295)	In GDP per capita PPP	1.422*** (7.295)	1.504*** (7.789)
In Muslim population	-0.679*** (-5.950)	In Muslim population centered	-0.679*** (-5.950)	-0.643*** (-5.728)
In fuel exports	-0.772*** (-5.352)	In fuel exports centered	-0.772*** (-5.352)	-0.678*** (-4.659)
In Muslim pop. *	-	In Muslim pop. centered * In fuel exports centered	-	-0.180*** (-2.604)
Adj. R²	0.594		0.594	0.613

First cell entries are unstandardized regression coefficients, t-ratios are displayed in parentheses.

*** Statistical significance at the 0.01 level with a two-tailed test

** Statistical significance at the 0.05 level with a two-tailed test

Anyway, a typical strategy to evaluate the importance of the interaction term recommended by Jaccard and Dodge (2004: 240) is testing the statistical significance of the change in R^2 between the two equations. F statistics comparing the increase of R^2 from equation 2 to 3 in both Tables 5 and 6 are significant at least on the 0.05 level, indicating that the inclusion of the interaction term adds a significant portion of explained variance. Beyond the influence of its component variables, the joint effect exerts an additional negative influence.¹¹ This proves that the deleterious impacts of oil wealth and Muslim predominance in fact reinforce each other and that in countries where the cultural-economic syndrome is present, its negative impact on democratic performance attains strength beyond the obstruction to democracy found in countries where only one of the barriers exists.

¹¹ In order to scrutinize the explanatory power of the interaction term, the difference of residuals created by the inclusion of the interaction can be examined. Comparing the unstandardized residuals of equations 2 and 3 from Table 6, a decrease of more than 0.7 points (on the Freedom House scale) is found for the following countries: Kuwait, Mali, Syria, Haiti, Ecuador, Turkmenistan, Burundi, Saudi Arabia, Iran, Venezuela, Algeria, Republic of Congo and Norway. The fact that nearly half of these countries belong to the cultural-economic syndrome group demonstrates that the interaction effect improves the model fit for the countries where the hypothesized joint effect of oil wealth and Muslim predominance exists.

2. How? The mechanism of the cultural-economic syndrome

Subsequently we will search for an interpretation of how the influences of economic and cultural obstacles complement or mutually reinforce each other. Even if one of the deleterious influences weakens, the other one still remains in place and blocks movements towards democracy. This dynamic takes place on the level of the government's policymaking (macro level), involves intermediate – mainly social and religious – organizations (meso level), and finally, there are mechanisms involving the actions of the individual citizens (micro level).

2.1 The macro level: The government's options

As long as resources are abundant, autocratic regimes that derive their revenue from oil rents are in a comfortable position: They can postpone democratization indefinitely. However, the economic performance of the Middle Eastern rentier states was at its peak from the 1950s to the 1970, whereas from the 1980s onwards, declining oil prices and a more competitive international environment led to a decline in growth rates and public revenues (Yousef 2004). Even the small oil emirates which are still able to maintain a comparably high standard of living are suffering from problems of an economy based on natural resource abundance: underperformance in long-run GDP growth, rising unemployment, and the lack of foreign investment.

Especially states whose resources are limited soon face the need to compensate for lower rents. There are basically two possibilities to act: Governments may choose to adapt to lower income by cutting expenditure, raising taxes or practice deficit spending and thus try to maintain the status quo as long as possible. The alternative is to restructure and diversify the economy. (Luciani 1994; 1995)

Economic diversification is executed by building up new industries, trading companies or a banking sector. But economic modernization will bring about social changes, too. Education levels, occupational specialization and interaction with foreign economies will rise. As the regime is no longer able to buy consensus by distributing goods, services and incomes in exchange for little or nothing, it will need some kind of legitimation, and the citizens, in turn, will demand accountability and will want to influence political decisions which affect their lives and the business sector they work in. In order to increase its legitimacy, the regime might ponder complementing economic liberalization with political reforms in democratic direction. But either way, in countries where the cultural-economic syndrome is present, Islamic groups claiming a higher legitimacy are already waiting for their chance to gain ground. By promoting democracy, regimes may become more accountable, but at the same

time are left more vulnerable. They may thus prefer to block the process of political opening, avoiding the danger to lose control over it. (Leca 1994: 74).

Dismantling of the rentier state is costly for governments: Giving up widespread control over the economy and initiating privatization is an indicator of weakness. Additionally, rulers know that diversification leads to a multiplication of decision-making centers and claims for accountability. That is why countries are often reluctant to execute economic restructuring. In such a situation, the public will perceive more or less manifestly the financial crisis of the state, being affected by the reduction of subsidies or the rise of taxes. As the state is forced to abandon some of the ground it has occupied in society, competing forces like Islamic organizations have the opportunity to step into the breach and provide the population with key social services (Luciani 1994: 146-147). This way they can win support, especially among the lower strata of the population, while at the same time they continue to taunt the regime with its illegitimacy and mismanagement of resources. Weakened states in such a situation are likely to act on the defensive and resort to repression. The harshening of autocratic rule and constant threat of political instability discourage investment and further prolong economic stagnation.

2.2 The meso level: The strength of Islamic organizations

During the last years, we have seen a wave of Islamic resurgence. Muslims rejecting the Western way of life resort to radical Islamic conceptions in order to define their culture and reaffirm their identity. Activists of that vein regard traditional monarchs as decadent and reproach them for their collaboration with the West. Their ideal is a truly Islamic regime.

As already explained in the previous section, radical groups win support if they manage to replace the government in performing social tasks. As soon as they feel strong enough, and depending on the degree of political opening in their country, they either carry out insurrectional acts or initiate demands for democratization. Attacks on the government will demonstrate its vulnerability, but will also extinguish all tendencies of political liberalization.

On the other hand, in case the government permits some political opening, political Islam tries to take part in the political game by hiding its real intentions and pretending to pursue democratic goals, in order to avoid being banned from the very beginning. But this camouflage probably cannot last for long, since religious political groups are “non-democrats of a peculiar kind” (Waterbury 1994: 39): Whereas other types of non-democratic groups may change their preferences over time, for religious parties their views are dogmas, making them practically unable to negotiate or settle compromises. For a legal participation in political

negotiations, religious parties would have to accept basic democratic – and mostly explicitly secular – rules. (Waterbury 1994: 41)

The strength of Islamic organizations is further enhanced by the existence of transnational Muslim networks. Linked by the rejection of the legitimacy of the existing state entities, the Arab brothers from neighboring countries, guided by the idea of Pan-Arabism or endorsing the Islamic concept of the *umma*, interfere in the national political systems and foster Islamist movements. (Leca 1994: 62; Gause 1995: 287-290)

Ironically, Islamism is also nourished indirectly by Western powers interfering to protect authoritarian regimes. As the case of Algeria vividly demonstrates, the West often prefers persistent authoritarianism to democratic elections that hand power to Islamist forces, and this preference becomes even stronger if their access to resources is at stake. However, being barred from political competition, Islamist groups are likely to be strengthened further: Their grievances are now not only directed against an illegitimate national government, but they can additionally claim to be a nationalist movement against foreign domination and exploitation (Ayubi 1997: 364).

2.3 The micro level: Citizens between apathy and alienation

The behavior of individual citizens is the area where the mutual reinforcement of the properties of the rentier state and Islamic influence is most obvious. Both the political system and the predominant religion demand subordination, to authoritarian rulers or to God and religious leaders. Both political and religious systems use to portray themselves as unquestionable, and both at the same time take responsibility for the well-being of their members, hereby fostering passivity.

Political passivity is a feature primarily caused by autocratic traditions and paternalistic, provident guidance by the rentier state. It is striking that even military defeats which in a number of other countries have led to the demise of authoritarian regimes did not stimulate people to call into question the regime. As long as sufficient rents accrue and material needs of the public are fulfilled by the benefits the state distributes, people remain indifferent towards politics. They do not respond with rebellion, but with apathy to despotic acts of repression. (Waterbury 1994: 26)

When the state suffers from fiscal crisis and is not able to act as main source of well-being any more, people look for other sources of well-being and fulfillment. Religion has always played an important part in many Muslims' lives, as its influence is not confined to a weekly visit to the mosque, but extends to daily life with its all-embracing proscriptions, obligations

and recommendations.¹² Resorting to religion in times of crisis is therefore a self-evident option. For people in material need, Islamic social organizations provide concrete help. For wealthier people who nevertheless might suffer from the loss of prestige of the formerly rich and successful state, Islam offers a way to redefine their identity and attain spiritual fulfillment and well-being. In short, once the impact of resource wealth on democratic prospects vanishes, the second obstacle, Islamic influence, is reinforced.

The way how citizens' behavior further develops depends on the magnitude of the fiscal crisis and the political measures that are taken to cope with it. If the rulers initiate economic restructuring and/or political opening, modernization and related social change will surely increase political mobilization and arouse demands for political participation in the long run. At the very beginning of the reform process, people may first remain apathetic¹³, as habits change slowly and they may still hope for the benefits or fear the repressive punishments of a revived rentier state.

In case no economic restructuring is accomplished, either because the regime could overcome the budget deficit thanks to abundant resources and rising oil prices or because it does not want to be endangered by the consequences of modernization, the majority of the people is even more likely to remain apathetic and passive, awaiting what the government subsequently has to offer them. But a crisis of the rentier state not remedied by economic diversification may also cause the people to become alienated. While apathetic people usually remain indifferent towards politics and try to find happiness in private life or religious practice instead, alienation is characterized by intense negative feelings towards the political regime and its policy. It is likely to lead the alienated fraction of the population to political action in order to denounce or attempt to change the situation.¹⁴ In the countries affected by the cultural-economic syndrome, this protest will in all probability be carried out in the name of Islam.

¹² The *Sharia* is a comprehensive guide to conduct which is not confined to law properly so called, but also classifies acts on a moral scale, for example as recommended or reprehensible (Coulson 1964: 83-84).

¹³ The onset of democratization from above in Qatar, for example, is regarded with scepticism by the conservative society.

¹⁴ I use the concepts of apathy and alienation with reference to Almond and Verba (1989/1963) who employ them to define different degrees of incongruence between political culture and structure. When the political structure of rentierism breaks down, a gap between political culture and structure opens. If modernization is actively pursued and structure is redefined, adaptation of political culture will happen some day, although it is likely to lag behind. If, on the other hand, no modernization is enacted, structure is suddenly indefinite and political culture loses its foundation – opening the scene for new forces to advance their ideas.

3. Whither? Different strategies of reform

Governments forced to reduce or overcome rentierism may either choose to restructure the economy to set in motion a true modernization or try to carry on without restructuring. In both variants, moreover, they can choose to permit some degree of democratic opening. This creates a scheme of four different possible combinations of reform strategies.

In case restructuring and political opening are initiated simultaneously, economic and political modernization are most likely to occur but the regime runs the highest risk of losing power soon. Supposing that the policies of economic restructuring are carried out without permitting democracy, the challenge will be suspended until social changes have firmly taken root.

On the other hand, a state that chooses to strengthen its fiscal basis not by restructuring the economy, but by cutting expenditure or increasing taxation may in turn consider fortifying its position by introducing or at least announcing democratic reforms. By not restructuring but permitting democratic elements, actual movement towards democratic institutions will take some time, as democratization is controlled and economic modernization (with its consequences for social changes) is not actively promoted. In the fourth possible combination of strategies where the government neither restructures nor democratizes, but tries to sustain its rule by repression, it has apparently the best chance to survive.

This would be the situation if the so-called “curse of natural resources” was the only challenge the governments had to face. But differences between the various options are neutralized by the Islamist challenge which either by insurgent or democratic means tries to take power. So even if reasonable rulers want to lead their countries towards modernization and allow small steps of democratization, fundamentalist Islam still is a force that might block that process. Figure 2 displays the different combinations of reform strategies and the likely reaction of Islamist opposition movements.

Figure 2
Reform strategies and the reactions of Islamist opposition

		Economic restructuring	
		<i>no</i>	<i>yes</i>
Political opening	<i>no</i>	Illegal Islamist opposition Economic inactivity legitimizes Islamist movements Containment of Islamists only by repression	Illegal Islamist opposition Economic activity legitimizes government Containment of opposition by (successful) economic restructuring
	<i>yes</i>	Legal Islamist opposition Opposition may use democratic means to pursue undemocratic goals Containment of opposition by reversal of reform measures	

In the 1980s and early 1990s, many actual attempts of simultaneous economic and political opening produced consequences that undermined their sustainability. After having been forced into clandestine modes of operation for decades, many opposition movements had radicalized. When paces towards opening were then undertaken, Islamist movements seeking far-reaching transformation seized the opportunity, and since they were attracting significant popular support, they challenged the governments. This pattern was evident, for example, in Algeria, Tunisia, Egypt and Yemen. Governments who experience a reaction like this are likely to draw back and increase repression again, as they conclude that pursuing economic and political transformation at the same time threatens the existing political order. The governments of neighboring countries, learning from the example of previous reform attempts, anticipate such reactions, and since they are afraid of losing their capability to manage the scope and direction of political change, they are unlikely to start political transformation from the very beginning. That is why top-down management of economic reform without significant political opening now appears to be the dominant strategy in the resource-rich countries of the Middle East. Whether the Islamist threat can be contained by successful economic restructuring and whether the controlled process of modernization will lead to an evolvement of moderate social change remains to be seen.

IV. Conclusion

As theoretical reflections suggest and empirical analysis demonstrates, there actually exists a cultural-economic syndrome. In Muslim states without oil wealth, economic modernization usually takes place sooner or later, and its effects, complemented by globalization and the diffusion of liberal and democratic ideas associated with it place democratic reforms on the political agenda. In oil-wealthy states without Islamic influence, on the other hand, no mechanism able to replace governmental resource distribution with religious welfare organizations and material well-being with spiritual fulfillment and self-affirmation is at work, so that in times of crisis there is no alternative to finding a genuinely political solution. In countries where oil wealth and Islamic cultural tradition are at work, religious doctrine, political authoritarianism and wealth generated by external rents mutually reinforce each other in blocking the democratic option: People are neither free nor in need to pursue political representation.

Nevertheless, in some of the smaller oil emirates, monarchs already bear in mind that oil reserves will end some day. First attempts to diversify the economy are made. Some even have carefully begun political opening (Herb 2003). Although in some of these cases elections have brought Islamist forces to the parliament, they have so far not seriously threatened the stability of the political regimes in their countries. Moreover, radical Islamist forces might be tamed by bringing forward their demands through regularized procedures of a legislative chamber instead of articulating them in heated religious circles or in the streets. If the strategies of economic restructuring and/or careful political opening are successful in these small oil-wealthy states, they may serve as prototypes for development beyond rentierism in other countries of the region.

The question is how Islam will react to the changes under way. If the present fundamentalist tendencies continue to be mass phenomena or even manage to topple one of the monarchies and install an Islamic state, chances of democracy in the region will diminish further. On the other hand, fundamentalism is just one current of political thought in Islam. In the age of globalization, the necessity to cooperate and trade with the rest of the world is no longer deniable. If economic prosperity is at stake, moderate positions might prevail against radical, isolationist interpretations of Islam. They might be able to reinforce democratic concepts contained in Islamic doctrine and thereby reconcile traditional elements with modernity or they might even lead their countries to a real secularization, turning faith into a private issue. Under such circumstances a democratic future of Muslim societies is possible. Although the mechanisms of oil wealth and rentierism usually retard modernization, at least until oil

springs are exhausted, it does not prevent political leaders from thoroughly reflecting on the depletion of resources and implementing economic diversification. Similarly, Islam does not inherently make democracy impossible. It hinders democracy mainly as long as Islamic doctrine is interpreted by autocratically-minded leaders or would-be autocrats. Like in the Catholic Church, where political restraint finally won over the complicity of Catholic dignitaries with conservative autocrats in Southern Europe and Latin America, a victory of moderate over radical positions in Islam is at least a hope that promoters of democracy can cling to.

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