

RANKINGS IN EDUCATION, ECONOMIC FREEDOM, DEMOCRATIZATION AND HUMAN DEVELOPMENT INDEX FOR SELECTED COUNTRY GROUPS



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Abstract | The purpose of this study is to investigate the short-run relationship among education, economic freedom, democratization and human development rankings in four different country groups using graphical method. The data of the Human Development Report, Heritage Foundation and Economist Intelligence Unit have been used for the period of 2006-2011. Country groups were classified as: (i) Eastern European members of the EU; Czech Republic, Hungary and Poland; (ii) some high human development index ranked members of the EU; Austria, Denmark and Germany; (iii) countries that became members to the EU in the 1980s; Spain, Portugal and Greece; and (iv) some non-members to the EU; Switzerland, Norway and Turkey. The study concludes that there is a close relationship among education, democratization and human development.

Keywords: *Democracy, Education, Economic Freedom, Human Development*

Jel Code: *H11, I25, O52, R11*



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SEÇİLMİŞ ÜLKE GRUPLARI İÇİN EĞİTİM, EKONOMİK ÖZGÜRLÜK, DEMOKRATİKLEŞME VE İNSANİ GELİŞME ENDEKSİ SIRALAMALARI



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ÖZ Bu çalışmanın amacı seçilen dört farklı ülke grubu için eğitim, ekonomik özgürlükler, demokratikleşme ve insani kalkınma sıralamaları arasında ilişkiyi grafik metodu kullanılarak araştırmaktır. Çalışmada kullanılan veriler Human Development Report, Heritage Foundation and Economist Intelligence Unit 2006-2011 yıllarını kapsamaktadır. Ülke grupları; (i) Avrupa Birliğine üye olan Doğu Avrupa ülkeleri; Çek Cumhuriyeti, Macaristan ve Polonya, (ii) Avrupa Birliğinin en yüksek insani kalkınma indeksine sahip bazı üye ülkeleri; Avusturya, Danimarka ve Almanya, (iii) 1980'li yıllarda Avrupa Birliğine üye olan ülkeler, İspanya, Portekiz ve Yunanistan, (iv) Avrupa Birliğine üye olmayan bazı ülkeler; İsviçre, Norveç ve Türkiye. Çalışmanın ulaştığı temel sonuç, araştırma konusu ülke grupları için eğitim, demokratikleşme ve insani kalkınma arasında yakın bir ilişkinin olduğudur.

Anahtar Kelimeler: Demokrasi, Eğitim, Ekonomik Özgürlük, İnsani Kalkınma

Jel Kodu: H11, I25, O52, R11



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1. INTRODUCTION

Human development index (commonly abbreviated HDI) has been calculated since 1975 by the United Nations. The first Human Development Report (HDR) was launched in 1990 and it aims to evaluate the level of development of the countries (UNDP, 1990). Recent decades have experienced rapid changes in the levels of human development (HD) and rankings in HDI¹ in some countries. It is also clear that the last decade, in the period of financial crisis, has experienced rapid changes in the levels of human development (HD) and rankings in HDI. That is why; we explored the short run relationships among the democracy, education and HDI. There have been particular interests in recent theoretical and empirical literatures in order to test whether there is a relationship between HD and democracy² (Gerring et al. 2012; Boix, 2002; Przeworski et al. 2000; Richardson, 2002; Sen, 1999a and 1999b, Drèze and Sen, 1995). Early majority of the results suggest that democratization is more important for HD than economic growth (EG)³ (Lipset, 1960; Huntington 1991; Cardoso and Faletto, 1979; Rueschemeyer et al. 1979; and Young, 1976).

Additionally, some results indicate that democratization⁴ has positive impacts on improvement of HD, while they may still have negative effects on EG rates in some developing countries. Acemoglu et al. (2005) argue that there is no evidence for any increase in a country's education level to be more likely to become democratic. One of the most remarkable studies was introduced by Liu and Yin (Liu and Yin, 2010). They argue that appropriate institutions and public policies are needed to improve human development in a country or globally. They also emphasized that education and democracy cannot directly improve HD, but can contribute to HD through public policies⁵.

As listed below, most findings argue that any changes in components of HD cannot impact human development immediately. It is generally accepted that human development is the result of a broader process of structural changes of education and socio-economic fields,

1 It is widely accepted that development contains more meanings than prosperity. Indicators of life expectancy, educational attainment and income are used to measure HDI. Although it was introduced as an alternative measurement criteria to the rate of economic growth and level of income, it has been criticized for several reasons; (i) HDI does not include ecological quality (ii) HDI evaluates country rankings at national level not at global level (iii) HDI may include human freedom, social and cultural components. (See more in www.hdr.undp.org)

2 In the study democracy was used in the meaning of; democracy protects the followings: the rights and the independence of all individuals, equality before the law, and state transparency. (See more in *International Political Science Review* 27-2)

3 It is measured as annual percentage growth rate of GDP at market prices based on constant local currency. (See more details in www.data.worldbank.org)

4 Democratization is the process of institutionalization of people power through civic freedoms in order to make their political preferences count in governing public life. Institutionalization of people power is vital process in democracy otherwise elites want to give away little power (see more details in www.worldvaluessurvey.org)

5 Education affects all types of human development outcomes. Education promotes and services to enhance learning abilities (see more details in www.hdr.undp.org)

which support human development, as follows:

Changes in democratization were due to structural changes in the countries (Lambert et al., 2007).

Rapid socioeconomic structural change through industrialization and urbanization in East and Southeast Asian growth since 1990, were due to success of the institutions and public policies (Liu and Yin, 2010).

If the institutions and public policies are weak and not inclusive, it might lead to a poor progress in democracy and HD (Ranis and Stewart, 2010).

This study analyzes the impacts of education, economic freedom and democratization level on the HD at four different country groups; each country groups have some similarities and differences in most aspects. In this study, indexes are used in rankings in order to compare the last decade improvements in education, democratization and human development. The study also investigates correlation between economic freedoms and economic growth as the case of Turkey in order to compare the importance of human development for the sustainable economic growth.

2. METHODS AND MATERIALS

This study attempts to divide sample countries into four groups due to the following arguments;

Countries in each group have different democracy culture and democracy level. According to the Economist Intelligence Unit (2012) democracy classifications of countries, among the Eastern European members of the EU (in 2004) of the EU (Czech Republic, Hungary and Poland), only Czech Republic is in the full democracy section, but Hungary and Poland are in the flawed democracy one⁶. Countries which became members to EU⁷ in the 1980s; Greece, Spain and Portugal⁸ have established so-called stable democracies in the last quarter of the 20th century⁹. Especially Switzerland and Norway, non-member to the EU, have had a very long democracy culture and constitutional experiences in the world (Kraan and Ruffner, 2005). Turkey also has a different democratization process¹⁰.

Due to some critics on the methods of measurement by Freedom House since 1970s, and also EIU has been measuring the democracy index since 2006 with the additional components

6 See details in Economist Intelligence Unit.

7 Greece in 1981, Spain and Portugal in 1986

8 All three countries have representative parliamentary democracies. Spain is a constitutional monarchy and Portugal and Greece are a presidential parliamentary democracy. They have faced severe political and economic turbulences recently (see more details in www.civitas.org.uk)

9 Greece was ruled by military governments until 1974, Portugal was ruled by authoritarian regime "Salazar" until 1974, Spain was controlled by Fascist Franco until 1975 (see more details in www.civitas.org.uk)

10 Turkey has hybrid democratic regime (see details in www.eiu.com/index.asp).

for measurement¹¹.

Additionally, Economic Freedom Index is also included into this study in order to see whether there is a relationship between economic freedom and human development in selected country groups. Besides the economic freedom, financial freedom and freedom from corruption¹² indexes are also included into this study in order to look through the impact of the mentioned freedoms on the human development or economic growth.

This study aims to investigate the short-run relationship among education, economic freedom, democratization and human development rankings in four different country groups using graphical method. All data have been taken from the official sites of Economist Intelligence Unit, Human Development Report, and Heritage Foundation. Education, GNI per capita and human development index are by HDR, democracy index and classification are by EIU, economic freedom, financial freedom and freedom from corruption indexes are by heritage foundation. The graphs have been produced by the mentioned data base for the years between 2006 and 2011 since the EIU has been an established data since 2006. In order to see a snapshot of all final outcomes of rankings for all countries, two tables have been produced for the year 2011.

3. DISCUSSION

There are numerous studies about the impacts of education on democracy, impacts of democracy on the HD and impacts of education on the HD. There are also many studies regarding impacts of freedoms on economic development. In order to focus on the main argument, fundamental findings which support our results are indicated in the following sections and findings are discussed in the following sections.

This section figure outs the rankings of the countries in terms of HD through education, democratization process, and economic freedom level by the three data groups.

Rankings of the selected countries have been arranged according to the impacts of education, democracy, and economic freedom, freedom from corruption on HDI. First, country rankings in education will be compared with HDI. Then, country rankings in democracy will be compared with the country rankings in HDI for selected countries. Next, country rankings in economic freedom will be compared with the country rankings in HDI, and also a snapshot of all rankings for all selected countries for the year 2011 will be depicted in two tables.

3.1. Education and democracy

Some previous studies explored the relationship between education and democratization process. Lipset's (1959) hypothesis is generally accepted as the first analysis that educational

¹¹ Heritage Foundation has been measuring the country democracy index based on the two main components: political freedom and civil liberties. In contrast EIU has been measuring the democracy index based on the following components: Electoral process and pluralism, functioning of government, political participation, political culture and civil liberties (see more details: [in Heritage Foundation](http://www.heritage.org/index/explore) and in Economist Intelligence Unit)

¹² See details in <http://www.heritage.org/index/explore>

standard determines sustainable democracy in the long run. But in contrast, Acemoglu et al. (2005) have reviewed the Lipset's hypothesis by declaring previous studies' problems in omitting some variables. They find no evidence on the relationship between an increase in education and an increase in the level of democracy. Castelló-Climent (2008) argue that education contains not only formal education and average enrolment, but it contains distributional effects of the quality of education, general and specific education and training, it also includes an increase in the education attained by the majority of the population.

Figure 1 indicates the relationship between education¹³ and democracy¹⁴ that changes in education index in short period of time have not been a main determiner of democracy in Norway. Trend of democracy's ranking and trend of education's ranking have not moved in the same direction in a short period of time in Norway; democracy's ranking has increased while education's ranking in Norway has fallen behind the first country. Despite a country having a high ranking in education, at the same time the country might have lower ranking in democracy.

Figure 1 Norway's Ranking in Democracy and Education

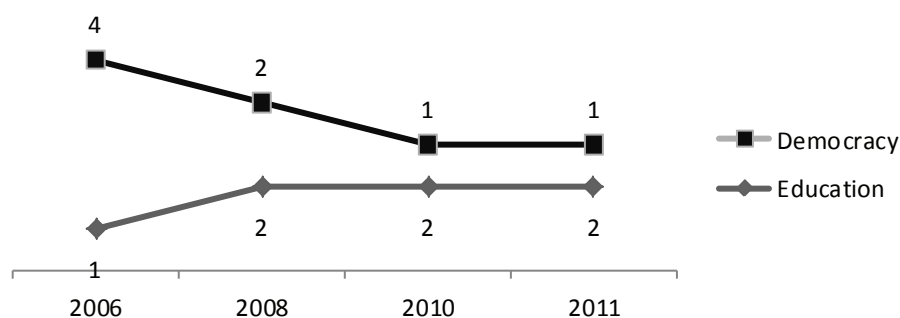
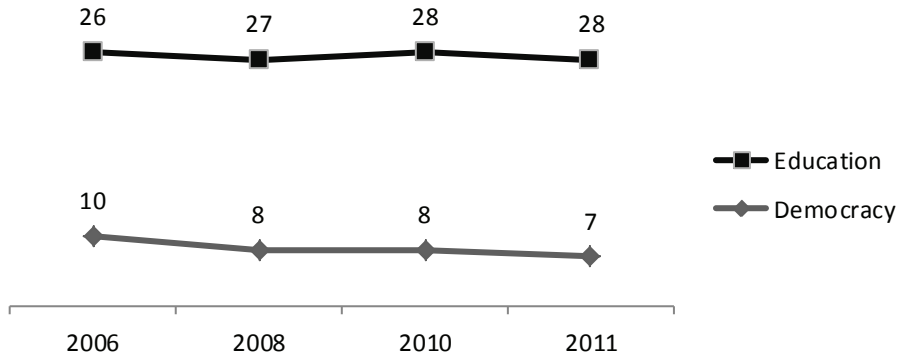


Figure 2 indicates that Switzerland's ranking in education and democracy has not moved in the same direction as observed in Norway. Democracy's ranking has increased while education's ranking has decreased in Switzerland for the years between 2006 and 2011. According to Lipset's (1959) argument, all high education indexed countries might have high democracy scores, but according to our findings, the same inverse trends in democracy and education rankings have been observed in Germany for the years between 2006 and 2011.

13 The education component of the HDI is measured by [Mean Years of Schooling Index and Expected Years of Schooling Index](#), See details in http://hdr.undp.org/sites/default/files/hdr_2013_en_technotes.pdf.

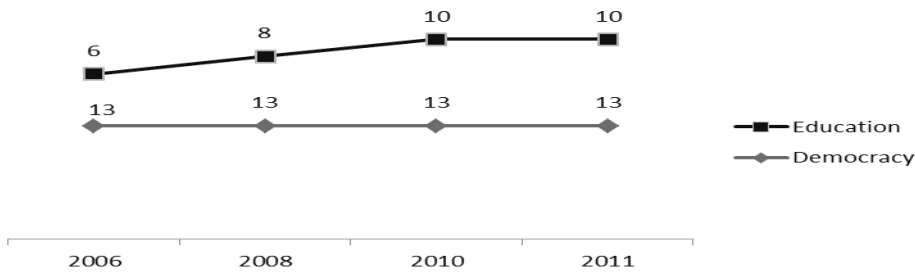
14 Democracy index contains several components: Electoral process and Pluralism, Functioning of Government, Political Participation, Political Culture and Civil Rights. See details in http://www.economist.com/media/pdf/DEMOCRACY_INDEX_2007_v3.pdf

Figure 2 Switzerland's Ranking in Democracy and Education



Germany's rank in democracy and education has not moved in the same direction either. Germany's ranking in education has decreased while the country ranking in democracy has moved at constant level (Figure 3).

Figure 3 Germany's Ranking in Democracy and Education

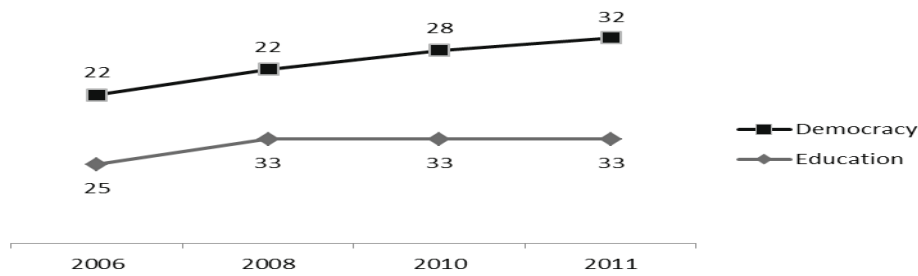


Findings for Norway, Switzerland and Germany might be elaborated that not only education but also a long historical experience in democratization process has promoted a high democracy index. Welzel et al. (2003) explain that democratization is the result of a broader process of human development. Briefly, it can be elaborated that the success in high democracy rankings mentioned in these countries might be caused by a broader process of HDI, not only a process of education.

In contrast, the trends in democracy and education have moved in inverse direction for the third group countries. The trends in democracy and education are seen in Figure 4, Figure 5 and Figure 6, due to the weak performance of the other components of democratization; weak functioning of government and less political participation, might be caused to low rankings in democracy in Spain, Portugal and Greece.

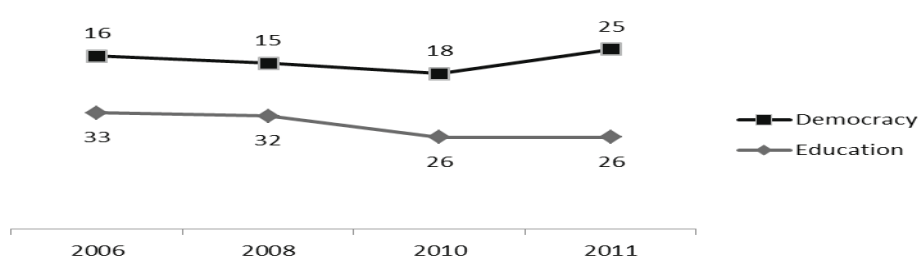
In Greece, rankings in both education and democracy have decreased during 2006 and 2011 (Figure 4). The decrease in almost all political and economic outcomes in Greece might be elaborated that education, democracy and functioning of government are important factors in promoting sustainable stability.

Figure 4 Greece's Ranking in Democracy and Education



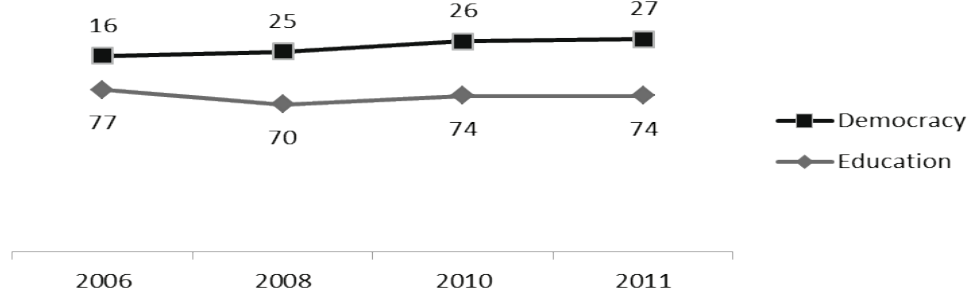
In contrast, Figure 5 indicates that Spain's rank in education relatively is high, increasing performance experienced, but in democracy the rank has experienced a sharp decrease for the years between 2006 and 2011.

Figure 5 Spain's Ranking in Democracy and Education



The same trend has been observed between education and democracy for a short period of time in Portugal as experienced in Greece and Spain. Deterioration has been observed in democracy whilst outcomes in education have relatively improved in Portugal (Figure 6).

Figure 6 Portugal's Ranking in Democracy and Education

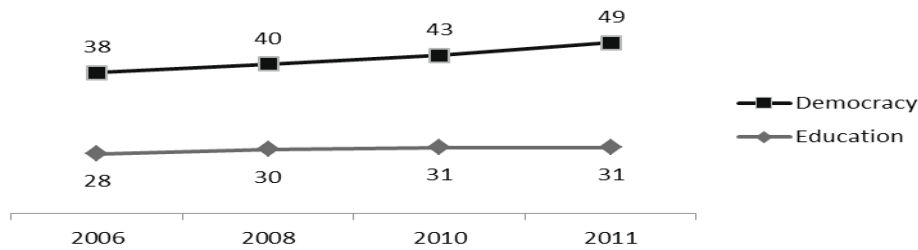


The decrease in democracy rankings might also be related to the recent severe economic and political turbulence in Greece, Spain and Portugal. We can conclude that education alone cannot explain the decrease or increase in democracy, due to the variety of different movements between education and democracy in almost each country groups for the short period of time. It can also be concluded that education is very important in the component of HDI, a high performance in HDI in long term, and can foster the democratization process. However, in the short term in order to improve democracy a better performance by functioning of government

is much more effective than education. Our findings also prove the arguments of Liu and Yin (2010) and Ranis and Stewart (2010).

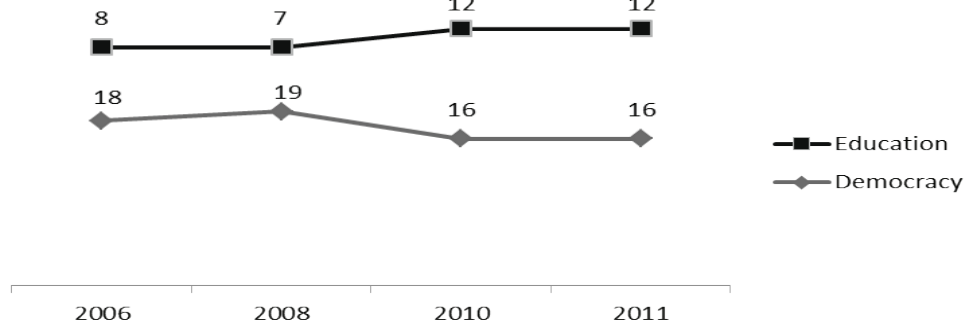
It has also been explored that education itself cannot promote democracy without any improvements in the functions of government for the first country group. Figure 7 indicates that the education index is comparatively high in Hungary and has not been observed for any sharp deterioration, but democracy has deteriorated due to the lack of functioning of government, political participation and political culture. It has been observed that education has not played a vital role to change democracy level in Hungary during the short term, so democracy level is the result of the long term performance which is improved by education, democracy culture and functions of government. Welzel et al. (2003) also argued that democratization is the result of a broader process of HDI.

Figure 7 Hungary's Ranking in Democracy and Education



However, Figure 8 indicates that democracy and education rankings have moved in an inverse direction in the Czech Republic, the country's ranking in education has decreased while ranking in democracy has increased.

Figure 8 Czech's Ranking in Democracy and Education



3.2. Democracy and Development

According to the literature, development refers to both “human development and economic growth” (HDR, 1990 and Ranis, 2004). If the development refers to an EG, there is 0.60 percent simple correlation between democracy index and development by EUI's test (2006). But still the direction of causality between democracy and income is the core issue in recent studies. Instead it has been accepted that the direction of causation runs from democracy to GNI per

capita (Rigobon and Rodrik, 2005; Acemoglu et al, 2005). The countries with high rankings in democracy have the same trends in GNI per capita since the first publication in 1990 of HDR. But this study articulates the long run correlation between democracy and GNI per capita for the years between 1995 and 2011 due to lack of data of economic freedom index by EUI. The findings of this study support Rodrik and Acemoglu's findings that there is long run relationship between democracy level and HD and EG in each country group.

Furthermore, Ranis and Stewart (2010) argue that if countries have moderate educational enrolment ratios they have moderate improvement at HDI or good educational enrolment ratios have good improvement at HDI and also success is reflected in GDP per capita with the same pattern. Harding and Wantchekon (2010) find an outstanding outcome that democracy leads to HD, but not EG in their huge country studies. Vollmer and Ziegler (2009) also find similar results that democracy is better for HD than for EG with the outcomes of a static analysis over the period of 1970 to 2003.

As explained in section 3.1 and 3.2 both education and democracy play vital role in determining long term stability rather than short term one. The impact of education and democracy on the HD is much more effective rather than the EG. Also it has been observed that both education and democracy have much more effect on both HD and EG for the long term process.

Norway has one of the best country rankings in democracy and HDI in the long run. Country rankings have been created from the data of the HDR and EUI. Particular remarkable changes in HDI and country rankings cannot be seen for the short period of time. The outstanding changes can be seen for the long term process of education, democracy and development. As it is the main argument of this study, the impacts of education and democracy on development cannot be taken as main factor of sustainable development for the short term. The impact of education and democracy on the development can be seen during the long term process. Figure 9 indicates that Norway has passed 3 countries ranking in democracy while the HDI has decreased from 0,993 in 2006 to 0,985 in 2011¹⁵. The results show that there is a long run relationship between democracy and HD for the selected country groups, other factors being constant.

Figure 9 Norway's Ranking in Democracy and HDI

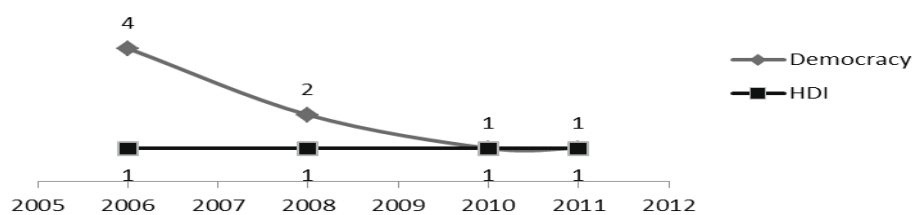
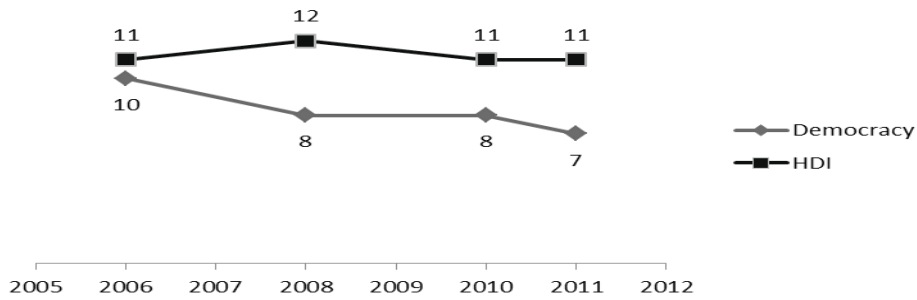


Figure 10 indicates that the relationship between democracy and HDI has been observed in the same direction in Switzerland as been in Norway. Switzerland has experienced the constant country rankings in HDI while the country has passed three countries in democracy ranking within 6 years.

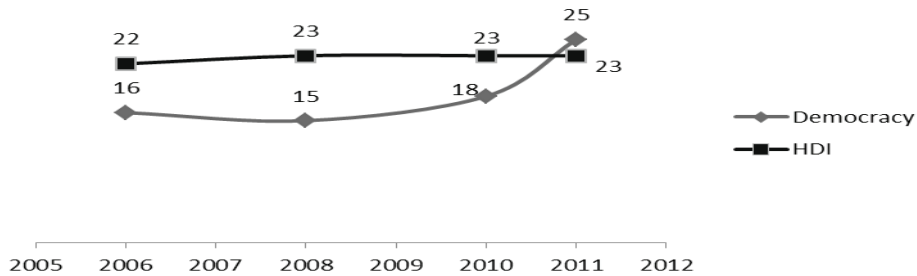
Figure 10 Switzerland's Ranking in Democracy and HDI



Country rankings have decreased in democracy in Portugal, Spain and Greece while Norway and Switzerland have experienced better rankings during the years from 2006 to 2011. Country ranking has dropped from 16 to 25, 19 to 27, and 22 to 32 in democracy in Spain, Portugal, and Greece, respectively.

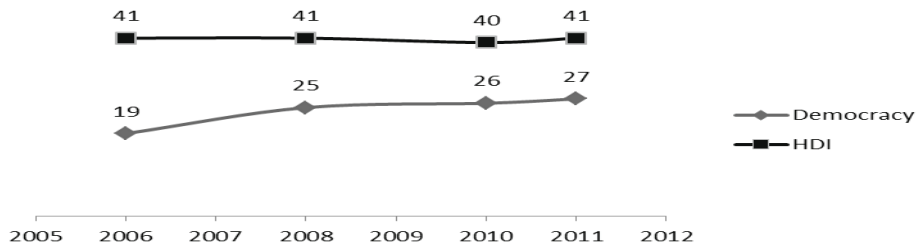
Spain has experienced a sharp drop in democracy rankings from 16 to 25 within 6 years, but country ranking in human development has almost stayed at the same level (Figure 11).

Figure 11 Spain's Ranking in Democracy and HDI



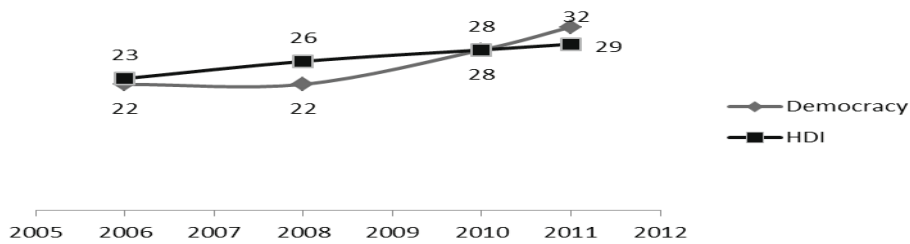
The same trend has been experienced in Portugal between democracy and HDI in the same period. Ranking in democracy has dropped from 19 to 27 while human development index ranking has stayed at the same level (Figure 12).

Figure 12 Portugal's Ranking in Democracy and HDI



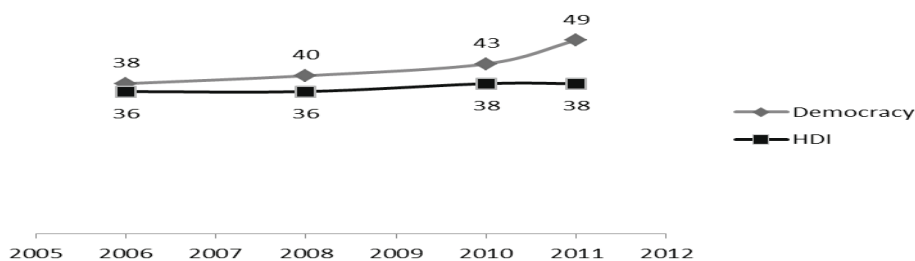
But only Greece has experienced a different trend between democracy and HDI ranking from the third country group. Whilst the gap between democracy and HDI has narrowed in Portugal and Spain, the gap has widened in Greece. It is seen in Figure 13 that the country has relatively experienced a good democracy and HDI in 2006, but during six years, both democracy and HDI ranking has deteriorated in Greece. Democracy ranking has dropped from 22 to 32; it means that Greece has fallen behind ten countries in democracy. Unlike Spain and Portugal, Greece has faced a severe drop in both democracy and HDI.

Figure 13 Greece's Ranking in Democracy and HDI



From the first country groups, Hungary and Czech Republic's democracy and human development trends have been taken into account for the country ranking creation figures.

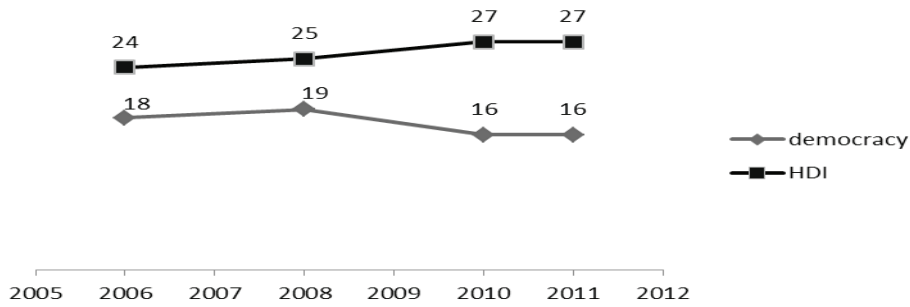
Figure 14 Hungary's Ranking in Democracy and HDI



Hungary's democracy ranking has dropped from 38 to 49 (Figure 14). It means that Hungary has fallen behind 11 countries during the six years. At the same time, unlike the Czech Republic, both HDI and democracy have deteriorated in Hungary as well as Greece who has faced the same trend. A particular weak performance in democratization process in Hungary, over-politicized behavior of public authorities has led to some unexpected ties between some business elites and government bodies (Szalavetz, 2010).

However in the Czech Republic, the ranking in democracy has increased while HDI has slightly decreased (Figure 15).

Figure 15 Czech's Rankings in Democracy and HDI



The findings strongly support the arguments of (Ranis and Stewart, 2010), (Harding and Wantchekon, 2010) and (Vollmer and Ziegler, 2009) who argue that the impacts of education and democracy precisely transit on the HD, consequently on sustainable development in the long run.

3.3. Economic Freedom and Economic Development

In this section, the impact of economic freedoms will be depicted for the short term changes in EG. Economic freedom index has been produced by heritage foundation with ten components¹⁶, but in this study three of them will be used due to the remarkable changes for the period 2000 and 2011.

Table 1 Economic Freedom Rankings (2000-2011)

Year	Dimensions*	Switzerland	Denmark	Austria	Germany	Czech R.	Spain	Norway	Hungary	Portugal	Turkey	Poland	Greece
2000	1	5	22	21	27	20	26	14	31	29	36	47	45
	2	4	10	8	30	2	18	42	12	45	20	44	62
	3	11	10	16	15	34	24	7	30	23	45	38	33
2005	1	5	10	18	19	29	21	31	32	38	68	42	44
	2	11	3	15	32	2	24	38	19	40	68	23	33
	3	10	3	12	13	39	21	9	33	22	50	43	36
2006	1	7	10	17	19	27	22	23	29	35	51	48	45
	2	24	3	13	31	2	22	40	17	42	52	21	32
	3	7	3	12	13	37	19	8	31	22	50	43	36
2007	1	8	10	16	18	27	22	25	30	32	50	48	46
	2	20	2	15	30	7	12	38	24	40	50	39	54
	3	7	4	10	13	36	20	8	30	21	43	45	37

¹⁶ Business freedom, trade freedom, fiscal freedom, government spending, monetary freedom, investment freedom, financial freedom, property rights, freedom from corruption and labor freedom (see details in heritage.org)

Year	Dimensions*	Switzerland	Denmark	Austria	Germany	Czech R.	Spain	Norway	Hungary	Portugal	Turkey	Poland	Greece
2008	1	6	8	16	19	26	22	23	29	34	49	45	44
	2	15	2	17	24	7	13	39	20	40	50	30	33
	3	7	4	11	13	33	20	8	29	22	40	41	39
2009	1	7	6	16	17	23	20	19	28	33	43	47	46
	2	14	2	16	23	7	12	28	19	31	52	30	37
	3	7	1	12	13	30	20	9	29	24	41	39	37
2010	1	5	7	16	17	22	25	26	33	36	41	42	43
	2	5	2	16	25	12	13	26	21	28	46	29	30
	3	5	2	10	11	30	23	12	31	25	38	39	36
2011	1	4	6	14	16	20	23	21	31	42	40	41	47
	2	10	2	13	24	3	8	30	17	33	53	32	25
	3	5	2	13	11	32	26	10	30	27	37	31	42

(*) 1: Overall Score Rank 2: Financial Freedom Rank 3: Freedom from Corruption

Source: Economist Intelligence Unit (2000-2011)

Economic freedoms rankings are interestingly vary for the country groups. For example, it is seen in Table 1, for Hungary, if we omit some slight changes, overall ranking in economic freedom began with 31 in the year 2000 and became 31 in the year 2011 as well. It can be elaborated that Hungary has generally made weak performance in promoting economic freedom during the 12 years. The weak performance is meaningful in the year 2005 and 2010. Both financial freedom and freedom from corruption performance was decreased in both years. Financial freedom and freedom of corruption ranks fell behind three countries in 2005 and two countries in 2010. Hungary has experienced two socioeconomic changes, 2005 was the year just after the entrance to the EU and in the year 2010 introduced a new constitution. Remarkably, the changes have been experienced as a unique example during the transition period, before and after membership into the EU. With the data of economic freedom, financial freedom and weak functioning of government has proved our argument. Having a high score in education cannot secure a short term economic and political stability unless setting up a functioning of government on the economy. Some actors, under the pressure of foreign investors, supposed the stable economic development lie behind the mass privatization. After the mass privatization, a foreign monopoly power, with efficiency-seeking occurred in the country. During this time, domestic companies lost their capabilities in the international competitive market. Combining with the lack of financial support of government, domestic companies faced severe financial problems. Hungary has a relatively high ranking in education (Figure 7), but due to the lack of functioning of government in the service sector, the quality of the service sector has decreased.

On account of the poor compensation and poor functioning of government in enhancing working conditions, experienced and qualified labor workers chose to work abroad, so the country faced a shortage of qualified labor workers (Szalavetz, 2010). It can be elaborated that education cannot solve the serious problems in the country without effective government functioning in regulating local dynamics.

More interesting trends have been experienced in third group countries, for example; economic freedom decreased severely in Portugal (i.e. ranking was 29 in the year 2000 and 42 in the year 2011). Greece experienced the same trends in economic freedom, but in Spain an inverse direction has been experienced. When we compare the freedom from corruption performance for the first and third country groups, Hungary has the best performance in freedom from corruption in the first country group, Czech Republic is better than Poland, but in 2011 Czech Republic has the worst performance. In the third country group, Greece has the worst performance in freedom from corruption. Two country groups' performance in freedom from corruption is clearly seen the trends in Table 1 that relatively the first country group has experienced better performance in freedom of corruption than the second country group. These results might easily recall the recent severe economic and political turbulences in Greece, Portugal and Spain.

As a whole, it can be elaborated that high education and democracy level have promoted high level HDI in the long term for the selected countries. As seen in Table 2, in Norway, Germany and Czech Republic, high level of education and democracy have resulted in high level HDI, but the results are slightly lower in the Czech Republic. Despite the Czech Republic being a newly democratic country, success in democracy and HDI ranking is resulted by the high level of education index. In contrast, high level of real GDP growth rate in Turkey and Poland, have not been the result of high level of democracy and education. Recent high level of EG has been caused by the economic freedom performances. Briefly it can be concluded that high level of HDI is the result of long term success in education and democratization process, as experienced by Norway, Germany and Switzerland. They have high country ranks in HDI; rankings are 1, 9 and 11 respectively. Their success in human development has been caused by the long run education and democracy culture. Also it is interesting that the most successful countries, such as Norway and Switzerland are not EU members.

Table 2 Countries in all Ranks (2011)

Education Overall Index a		Democracy Index Rank		Heritage Foundation Economic Freedom Index Rank c		HDI Rank d		Real GDP Growth Rate Ranke		GNI per Capita Income (US \$)and Rank f	
		EIU b									
Norway	2	Norway	1	Switz.	4	Norway	1	Turkey	9	Norway	3
Germany	9	Denmark	3	Denmark	6	Germany	9	Poland	100	Switz.	6
Czech R.	11	Switz.	7	Austria	14	Switz.	11	Austria	109	Denmark	8
Denmark	12	Germany	13	Germany	16	Denmark	16	Germany	120	Austria	16
Spain	24	Austria	14	Czech R.	20	Austria	19	Switz.	134	Germany	22
Switz.	26	Czech R.	16	Norway	21	Spain	23	Czech R.	144	Spain	33
Hungary	28	Spain	25	Spain	23	Czech R.	27	Hungary	145	Greece	38
Greece	29	Portugal	27	Hungary	31	Greece	29	Norway	148	Portugal	41
Austria	30	Greece	32	Turkey	40	Hungary	38	Denmark	152	Czech R.	45
Poland	37	Poland	45	Poland	41	Poland	39	Spain	171	Hungary	55
Portugal	66	Hungary	49	Portugal	42	Portugal	41	Portugal	182	Poland	56
Turkey	121	Turkey	88	Greece	47	Turkey	92	Greece	185	Turkey	67

Source: a: By HDR b: By Economist Intelligence Unit c: By Heritage Foundation d: By HDR e: By CIA World Fact Book f: By HDR

Walton (2010) argues that only capitalist dynamics and government functioning together can provide long-term HD, strongly support the findings of this study. In contrast to Walton's findings, Welzel and Inglehart (2001) argue that economic modernization cannot create transitions to democracy. Glaeser et al. (2004) strongly argues that schooling differences are the major casual factor to explain differences in democracy and in political institutions in countries. Their findings are evident that there is a casual effect of education on institutions and democracy. It is generally accepted that high level of schooling is both essential for democracy and democratization. Welzel and Inglehart (2005) argue that democratization can foster the institutionalization process of civil and political liberties by promoting HD through increased freedom of choice. Olson (2003) argues that the autocratic regimes are the main obstacles for long run development of the individual rights, which are not secured in autocratic regimes.

Findings of this study corroborate the previous studies that education, democracy and functioning of government are vital for the sustainable HD and EG. In contrast, with low level of democracy and human development, how Turkey has relatively experienced a high level of economic growth during the last few years? High economic growth for Turkey has been related to changes of economic freedom. However, some European countries, such as Greece, Portugal and Spain, have recently made the worst economic and political experiences in Europe despite the relative high level of human development and democracy scores.

Especially for Portugal, Greece and Spain, the poor functioning of government has played a degraded role in increased corrupted country ranks and uncontrollable financial crisis by the high budget deficit. The poor performance of functioning of government has resulted in different economic and political turmoil in Czech Republic, Hungary and Poland.

Finally, a close relationship has not been observed between democracy and education and also between democracy and HD for the short term and for countries which have weak democracy culture, like first and third country groups. However, for the third country group, particularly Norway and Switzerland, the success in education, democracy and human development has been caused by the historical democracy experiences and culture in them.

The direction of the causality cannot be clarified easily due to many factors effective in causation of the direction, because historical experiences have been in a variety of patterns in each country groups. For the first country group the modern democratization process began in 1991 followed by the EU experience in 2004, for the third group countries, democracy experiences began in 1970s and the EU experiences in 1980s; Norway and Switzerland have the most experience in democracy without any EU experience.

4. CONCLUDING REMARKS

This study has investigated the short run relationship between education and democracy, democracy and development, and short run relationship between economic freedom and development. Recent decades in the period of financial crisis have experienced rapid changes in the levels of human development (HD) and rankings in HDI. That is why; we explored the short run relationships among the democracy, education and HDI. Future research should explore the causal process in the long run for the selected country groups.

The results of this study;

(i) A short run close relationship has not been observed between education and democracy, and also has not been observed between democracy and human development.

(ii) The importance of functioning of government has been observed for the long term political and economic stability. Additionally, the role of functioning of government has been related to the recovery of recent political and economic crisis for the third country group (Spain, Portugal and Greece). Furthermore, high indexed countries in education and democracy have experienced high indexes in HD and EG. Due to the unseen close relationship between education-democracy and HD and EG, the successes has been related with long term successes in education and democracy.

Although in the short term, the performance of government on providing some economic freedom has played a vital role in resulting high economic growth rather than the changes in education in the short term. Turkey and Poland are good examples on the short term performance

of government in leading short term high EG. Turkey, a non-member of the EU, has the lowest country score in education, democracy and HD, but Turkey has recently experienced the highest GDP growth rate among the selected countries in the study. The high growth in GDP cannot secure long run sustainability in democracy and human development. Also this growth performance has been observed in our study as the results of the recent prevision of some economic freedoms. Turkey has provided some advantages to private investors such as financial facilities, a successive functioning of government on regulating the business environment, promoting domestic exporters and relative and progressive success in controlling corruption. Insistently we argue that the success in high GDP growth rate in Turkey is not sustainable. Unless the improvement in education, democratization and functionalization of government, short run high GDP growth cannot be a factor of long run sustainability.

Education, democratization and fair functionalization of government are essential factors for the long run sustainable economic development. Particularly, the first country group (Hungary, Czech Republic and Poland) has experienced democratization and functionalization of government process on different levels. Despite the relatively high indexes in education, they have experienced low democracy and human development ranks among all countries. It can be concluded that education solely cannot be a factor for the long run political and economic sustainability. For the long run sustainability, first group countries urgently need a well-functioning government in economy and policy. Well-functioning of government is urgent due to the possibility of facing the same severe problems as the third country group (Spain, Portugal and Greece) have recently faced.

(iii) It is recommended that education, democratization and functionalization of government are essential factors for the long run sustainable human and economic development. Especially, recent economic and political problems have proved the importance of democratization and functionalization of government in the first country group. Second country group (Germany, Austria and Denmark) and non-member country group to the EU (Switzerland and Norway) have achieved the present success with the long run plans and reforms. Success of mentioned country groups cannot be explained with several numerical results without considering their historical democracy culture and the process of reforms in education. Briefly, it can be recommended for the first and third country groups to set an effective functioning government as the shortest way of recovering from recent turmoil. It is also recommended that countries should be pooled according to their different democracy and education history in order to obtain more expository results.

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