

# Poor Democracies

*Instead of condescension,  
they deserve our support*

By Leon Aron

*The progress of the poor democracies in the coming years is our best hope for diminishing poverty and violence in the world. If the West is serious about assisting them, Western leaders, public opinion, and international financial institutions must be prepared to travel a long and tortuous road.*

The post-Cold War era has produced something new in world history: an abundance of poor democracies. There are now some 70 nations with a gross domestic product below \$10,000 per head and with the basic attributes of democratic government. These regimes have been greeted in the West mostly with scorn and condescension. In reading about them, we learn of their economic struggles, their democratic deficiencies and uncertain prospects. But their existence can also be seen as a hopeful sign, even a remarkable success story, and as a tribute to the universal appeal of freedom and self-government.

Until 1989, democracy was rare in “less developed nations”. Stable democracy seemed to be a luxury only rich nations could afford, the icing on the cake of a five-digit per head GDP. To be sure, the correlation was never perfect. An assortment of poor countries – India, the island nations of the English-speaking Caribbean, Venezuela – had been democracies for decades. Almost all the states of Central and South America had had democratic interludes sandwiched between periods of military dictatorship. And in the course in the 1980s, a few poor countries held breakthrough elections that launched durable democracies – notably El Salvador in 1982. But proto-democratic regimes that sprang up in the Third World tended to be torn apart by the magnetic tensions of the bipolar Cold War circuit. Within a few years, most devolved into leftist or rightist dictatorships, often beset by guerrilla insurgencies.

Now all that has changed. While the end of the Cold War did not in itself introduce democracy in poor nations, it greatly improved the odds for democratic stabilisation. No longer assets in a global struggle, poor countries were left to their own devices – and many succeeded in establishing tenuous and flawed but real democracies, in Central and South America, Southeast Asia, and Africa, as well as in the former Soviet bloc.

These poor democracies are bare-bones democracies. They face real economic challenges, and their civic cultures are underdeveloped by the standards of the West. Yet, for all their conspicuous faults, they feature basic individual rights and political liberties. Their people enjoy freedom of speech, the right to petition gov-

ernment, freedom of assembly, and the freedom to travel abroad. The opposition can organize and participate in politics, criticize the government, distribute canvassing materials, and compete for local and national office in free and more or less fair elections, whose results, in the end, reflect the will of the majority. Finally, poor democracies have newspapers free of government censorship. These characteristics distinguish poor democracies both from non-democracies (such as Burma, China, Cuba, North Korea, Saudi Arabia, Turkmenistan, and Vietnam) and from pseudo-democracies, regimes decked out in the institutional trappings of democracy, yet falling short on one or more of the criteria suggested above (for instance, Azerbaijan, Egypt, Kazakhstan, or Malaysia).

In economic terms, the poor democracies cover an enormous range: from Nigeria, Bangladesh, and India (with GDPs per head of \$440 or below, according to World Bank figures for 1999), to Peru, Russia, Jamaica, and Panama (between \$2,000 and \$3,000), to Poland, Chile, Hungary, and the Czech Republic (between \$4,000 and \$5,000), and, in the upper crust, Argentina (\$7,555), South Korea (\$8,500), Barbados (\$8,600), Malta (\$9,200), and Slovenia (\$10,000). (For comparison, the rich democracies enjoy GDPs per head of over \$20,000: Canada, Italy, and France are between \$20,000 and \$24,000; the United States is at \$32,000; and Switzerland and Luxembourg are at \$38,000 and \$43,000. The intermediate category – democracies with GDPs per head between \$10,000 and \$20,000 – includes Portugal, Spain, Greece, and Israel.) Even excluding mini-states and protectorates, poor democracies are now more numerous than regimes of any other type.

For most of the past century, history was shaped by the global struggle between democracy and totalitarianism, acted out by some of the world's largest industrial and military powers: the United States, Germany, Japan, Russia, and China. The history of the 21st Century, by contrast, could be greatly influenced by the evolution of the poor democracies.

The poor democracies and their wealthy cousins arrived at democratic institutions by very different paths. Beginning in the Middle Ages, the Western European road to democracy was paved with slow gains in rights and immunities, as nobles secured independence from the king, and towns, the church, universities, and corporations grew progressively freer from local lords. Over centuries, a system of mutual rights and obligations took shape in the feudal relations of vassalage. Gradually, customary arrangements acquired the force of law: the sanctity of contracts freely entered into; the impartiality of courts; the self-policing of corporations, guilds, and professional associations. Local self-government preceded national democracy by centuries.

In many respects, the poor democracies' experience has been the opposite. Here, the institutions, ethical norms, and practices of modernity failed to develop under the *ancien régime*. And if most poor democracies lack a democratic culture, the formerly Communist nations are at a special disadvantage. Except in a few Central European nations such as Estonia and the Czech Republic, the "software" of liberal capitalist democracy either never existed or was badly eroded or even extirpated by decades of communism. It has been said that the post-Communist societies have had to start out as "democracies without democrats", for the totalitarian state

systematically destroyed, corrupted, or subverted even nonpolitical voluntary associations, the very groupings that promote and help internalize self-restraint and compliance with rules – church, neighborhood, profession, and, at the height of Stalinism, family itself.

The revolt against the totalitarian or authoritarian state that gave birth to the poor democracies was, in most instances, a national rather than a local affair. A powerful national consensus formed in favor of personal and political liberty. This led to the embrace of the principles of democratic governance and the swift adoption of institutions through which they could be effected. Far from being an outgrowth of local self-government, democratisation in these countries was an exercise in superimposing borrowed political structures – enthusiastically borrowed, to be sure – upon societies whose everyday social arrangements and values had been inherited largely intact from anti-democratic regimes.

Another crucial distinction between the poor democracies and their richer, more mature cousins lies in the relationship between property and political power. In Western Europe, the medieval unity of economic and political power eroded over centuries, until the economic and political spheres became largely (although never entirely) separate. In most poor democracies, this critical divergence is only beginning, haltingly, to take place. Political power translates into ownership or economic control, and vice versa, to the benefit of the elder, the tribal chief, the mayor, the governor, the kolkhoz chairman, or the factory manager.

Long experience of self-rule at the level of the town, the congregation, the guild, the local charity, together with the separation of the economic and political realms, forms the tallest hedge a culture can place against lawlessness and graft. One hesitates before stealing from a till one has freely voted to fill, or breaking rules one has freely agreed to uphold. The most immediate and conspicuous effect of the poor democracies' shortcut to political modernity has been corruption, which to a varying but very high degree plagues all of them.

Of course, even in the West, these formidable safeguards were no guarantee against the fraud and corruption of early capitalism.

“An impatience to be rich, a contempt for those slow but sure gains which are the proper reward of industry, patience, and thrift, spread through society... [and] took possession of the grave Senators of the City... Deputies, Aldermen. It was [easy] and... lucrative to put forth a lying prospectus announcing a new stock, to persuade ignorant people that the dividends could not fall short of 20%... Every day some new bubble was puffed into existence, rose buoyant, shone bright, burst and was forgotten”.

This could have been written about any number of poor democracies. It is an excerpt from Macaulay's description of London at the end of the 17th Century, in the aftermath of the Glorious Revolution. For that matter, there remain well-publicized pockets of corruption in modern rich democracies: New York and Chicago through most of the last century, Marseilles or Palermo today.

But in the poor democracies, corruption is pervasive and systemic. It is a central issue in the national politics of Peru and Mexico, Colombia and Venezuela, Brazil and the Czech Republic, Bulgaria and Romania, all the countries of the former Soviet Union, the Philippines, Turkey, India, South Korea, Nigeria, and South Africa.

Most of these countries were corrupt for centuries before they became democratic (or capitalist). There is, furthermore, a matter of perception: Government bureaucrats under dictators, and party elites under communism, tended to steal and consume inconspicuously, certainly without media attention, while the new class that has succeeded them is far less secretive and is relentlessly pursued by the media. (Hence, perhaps, the American businessman's enthusiasm for non-democratic China, where graft is centralized and strictly rank-rationed, workers are docile, secrets are protected by the police, and the lines of authority are etched by fear in the hearts of underlings, ensuring a bribe's effectiveness – by contrast with, say, Russia, a poor democracy where fear of government has been mostly forgotten, the media are brazen and hungry for scandal, prerogatives are hopelessly confused, and secrets have a half-life of two days.)

Where democracy arrived suddenly, state wealth, formerly appropriated by the dictator or the party and guarded with guns by the army and secret police, was delivered into the custody of a much less cohesive group of first-generation democratic politicians. The abolition of state ownership or control of the economy almost overnight turned state assets into a beached whale for vultures to feast on – with bureaucrats controlling access to the beach via quotas, licenses, and rigged auctions. Occurring in an institutional vacuum, privatization – whether in Mexico, Brazil, India, the Czech Republic, or Russia – necessarily brought together a newly empowered (often, newly legalized) and very hungry entrepreneur and an impoverished bureaucrat – with a predictable result.

Another defining attribute of poor democracies is their historically unprecedented combination of elections by universal suffrage with early, crude, and brutal capitalism, what Marx called the capitalism of “primary accumulation”.

In the West, capitalism preceded universal suffrage by at least a century. In most poor democracies, certainly those of the post-Communist variety, democracy was the paramount societal goal, with capitalism a distant second item on the agenda. (In some countries, we have been treated to the sight, never before beheld, of modern democracy essentially without capitalism – for example, in the Ukraine between 1991 and 1995.) This has produced a novel socioeconomic organism: capitalism whose key elements require approval by the voters, elements as basic as private ownership of large industrial enterprises, the right to buy and sell land, to hire and fire workers, and market prices for rent and utilities.

Where the foundations of modern capitalism are being laid for the first time in countries governed by majority rule, the consequences for both capitalism and democracy are profound. The experience of the poor democracies is a reminder of the fundamental heterogeneity of capitalism and democracy. The former institutionalises inequality, while the latter institutionalises equality. Amalgamated in the

West by the weight of time and custom, capitalism and democracy have an especially tense, often tenuous, co-existence in poor democracies. One result is a remarkable opportunity in the early 21st Century to revisit the rough and ready days of early capitalism, whose “bloodstained story of economic individualism and unrestrained capitalist competition”, in the words of Isaiah Berlin, has faded from the memory of the West.

That story involves, among other things, the brutality with which the rich democracies rid themselves of surplus classes, most conspicuously the subsistence farmer and the independent artisan made obsolete by the Industrial Revolution. The pioneer of large-scale industrial capitalism, merry England, where eight out of ten subsistence farmers were forced off the land in the 30 years between about 1780 and 1810, traveled the road to industrialisation over the bodies of farmers and urban poor – pauperised, arrested as vagabonds, branded, hanged, or shipped to the colonies. The author of the classic account of the various paths to modern democracy, Barrington Moore, wrote that “as part of the industrial revolution, [England] eliminated the peasant question from English politics. The admitted brutality of the enclosures confronts us with the limitations on the possibility of a peaceful transition to democracy and reminds us of the open and violent conflicts that have preceded its establishment”.

In their leap to modernity and global capitalism, the poor democracies have had to start out with backward, autarkic, often militarised state-owned economies. Their surplus labor is concentrated in the civil service and obsolete industries: shipyards, steel mills, mines, or defense. In the 1980s, an estimated 30% of the Soviet economy was assumed to be value-subtracting or, to use the fashionable term, “virtual”, meaning that the finished product was worth less than the raw materials and labor that went into making it. The 2000 survey by McKinsey Global Institute (the best study of the Russian economy to date) confirmed that estimate, finding 30% of Russian enterprises, employing 50% of the industrial work force, to be “not worth upgrading because they were either sub-scale or relied on obsolete technology”.

Admittedly, Russia, with its extraordinary isolation and the militarisation of its economy, is an extreme example; but every poor democracy that has implemented market reforms has experienced an initial large drop in GDP. The result has been surplus workers in obsolete bureaucracies and industries – be they Brazilian civil servants, Romanian miners, or the dock workers of Gdansk – creating an enormous political problem. For unlike the pre-democratic capitalist West, the poor democracies have not brutally “eliminated” these millions of people from politics, but instead have given them the right to shape the institutions and practices of emerging capitalism. They vote.

The dynamics of capitalism-by-majority are by now well known. Parliaments, often dominated by leftist populists, adopt budgets with ever greater “social spending” and subsidies for loss-making public or nominally private enterprises with politically sensitive constituencies, such as farmers or coal miners. In the absence of tax revenues even remotely commensurate with skyrocketing expenditures, budget deficits burgeon (Poland, leader of the post-Communist transition, runs a

budget deficit of 8% of GDP), national currencies weaken, interest rates rise, and governments become heavily indebted to the international financial institutions.

In the worst-case scenario, the vicious circle closes, as governments seek to make ends meet by cutting their budgets, selling debt at astronomically high rates of return, and increasing already unrealistically high taxes. There follow depressed equity prices, stifled direct investment in the economy, capital flight, the shift of ever more economic activity into “grey” or “black” markets – and the further shrinking of the tax base. The government is confronted with a Hobson’s choice, re-igniting inflation by printing money or reducing already meager welfare benefits and cutting government services, with the attendant risk of losing elections to the Left (in the post-Soviet regimes, the ex-, reformed, or neo-Communists).

The principal agent seeking to reconcile democracy and capitalism in poor democracies is the state. This is an enormous task. Almost always impoverished (and often near-bankrupt), the state is saddled with the task of simultaneously promoting modern capitalism open to the global economy and coping with the huge political problems such a strategy engenders in a democracy. Thus, in 1999, Brazil sought to reduce the budget deficit (much of it due to the salaries, benefits, and pensions of a bloated civil service) by taxing pensions and imposing painful across-the-board public sector cuts. To overcome the same problem, in the spring of 2000, Argentina cut the wages of public sector workers by 10 to 15%.

Much to the annoyance of Western journalists and experts, the capitalism-by-majority practiced by poor democracies has turned out to be a very tricky business, characterised by slow and zigzagging market reforms, incomplete privatisation, a less than wholehearted embrace of globalism and at best extreme difficulty in reducing huge budget deficits, resulting from social spending and the subsidisation of failed industries.

Given these heavy handicaps, it would be easy to conclude that the poor democracies, however numerous, are a flash in the pan, destined to go down in history as a hopeful but short-lived post-Cold War phenomenon, too exotic to be stable, lacking the “software” of democracy, corroded by corruption, and torn apart by the tensions between democracy and capitalism.

Yet the evidence is otherwise. Democracy has endowed these countries with remarkable strength and flexibility. This was made plain in the 1997-98 “emerging markets” financial crisis. Poor democracies like Russia, Brazil, and South Korea survived rather easily, while the non-democratic Indonesia saw state authority collapse amid riots and anti-Chinese pogroms, and the pseudo-democratic Malaysia reached for scapegoats and kangaroo trials to save the regime.

Even where poor democracies have been systematically subverted, their democratic elements have proved difficult to extinguish. Cases in point are countries whose political systems combine anti-democratic and democratic practices and institutions, with neither side scoring a permanent victory: for instance, Belarus, Zimbabwe, Haiti, and Pakistan. They also include “soft” one-party states or military dictatorships, like Mexico until Vicente Fox’s victory in 2000 or Turkey today,

where the opposition is permitted to exist but never to win the majority in the national parliament or to hold the highest executive office for long.

In 2000, three such nations passed the ultimate test: a democratic transfer of power. In Mexico, Ghana, and Yugoslavia, the opposition was able to dislodge a government by majority vote, ending, respectively, the 71-year, 19-year, and 13-year rule of one party or an elected autocrat.

Belarus may be another instance of deadlock between democracy and authoritarianism. Although its most recent parliamentary elections were boycotted by the opposition, there is a distinct possibility that in the next presidential election the opposition to president Alexander Lukashenko will unite behind a single candidate. “*Segodn’ya – Miloshevich, zavtra – Luka*” (today Milosevic, tomorrow Lukashenko), read a poster carried by a Minsk protester last October.

Countries like Yugoslavia and Ghana, have tested and confirmed the correctness of Joseph Schumpeter’s classic minimalist definition of democracy: “free competition for a free vote”. In his *Capitalist Revolution*, Peter Berger elaborated: in democracies, “governments are constituted by majority votes in regular and uncoerced elections, in which there is ‘genuine competition’ for the votes of the electorate; and those who are engaged in such competition are guaranteed freedom of speech and freedom of association”. The end result is the “institutionalised limitation of the power of government”.

Freedom to vote for opposition candidates has turned out to be not only a necessary but often the sufficient condition for an initial democratic breakthrough. More or less fair elections, a press free of government censorship, real choices before the voters, and mostly honest tallying of the results may be key to the exercise of popular sovereignty, even in the absence of (or with glaring deficiencies in) such components of mature liberal democracy as independent and impartial courts, the separation of powers, and checks and balances.

Among the most spectacular confirmations of this theory are Solidarity’s parliamentary victory in Poland in 1989 and the upset of the Sandinista government by the United National Opposition in Nicaragua in 1990. Even when competitive elections and an honest count are confined to a few pockets within a dictatorial regime, they can portend earth-shattering change – as in the mighty strides made by pro-independence and anti-Communist candidates in elections in the Soviet republics between 1988 and 1991, or the election of Boris Yeltsin to the Congress of People’s Deputies in March 1989 with 92% of the Moscow vote after Yeltsin had been expelled from the Politburo by Gorbachev. Variations on this scenario were played out in the February 2000 legislative elections in Iran, when reformers and moderates won a number of districts and carried Tehran decisively, and again in the June 2001 presidential election, when the allegedly pro-reform President Mohammad Khatami was re-elected with 76% of the national vote. Similarly, in March 2001 municipal elections in the Ivory Coast, opposition candidates for mayor won in most cities after an almost 40-year monopoly by the ruling party. (On the other hand, in the 2001 elections in Uganda and Benin, the lack of a clean vote count precluded what might have been two more democratic breakthroughs).

What are the policy implications? First, the strength of the democratic impulse alive in poor democracies should never be underestimated. Again and again, liberty's appeal has proved powerful enough to overcome great obstacles. Elites, professing to know how the masses really feel, have time and again predicted disillusionment with democracy and its abandonment by the citizens of poor nations. Yet, in the past decade, with just a few exceptions (several African nations where democracy has been brutally and cynically subverted by warlords fanning tribal strife, and possibly Venezuela), poor democracies have resisted slipping back into authoritarianism.

Second, after almost a century of modern democracy, many Western experts and journalists have forgotten that democracy is not an all-or-nothing affair, but a system toward which a political culture may advance in fits and starts, amid contradictory impulses, by minute but cumulatively momentous steps. Experience has shown again and again that progress can defy enormous odds. This reality suggests how misleading is the term "illiberal democracy", popularised by Fareed Zakaria; a more accurate classification would be "pre-liberal democracy".

Third, we can revise the criteria by which the progress of poor democracies is measured. So pervasive has the Marxist interpretation of history become that economic growth is often considered the sole measure of progress. With rare exceptions, Western media coverage of poor democracies is shaped by GDP fetishism.

As always in matters of liberty, ordinary people have proved far wiser, and infinitely more patient, than intellectuals. The poor democracies have shown remarkable resilience under the harsh conditions of primitive capitalism. The voters in the poor democracies seem to have grasped – as have few journalists or experts – the essence of Isaiah Berlin's adage, "Liberty is liberty, not equality, or justice, or culture, or human happiness or a quiet conscience". Democracy itself, conceptually uncoupled from economic hardship, is cherished by consistent and solid majorities.

Corruption is a huge problem, and political cultures formed over centuries and misshapen in recent decades by particularly dehumanising and irrational political and economic systems cannot be remade overnight. But the proper response to the inadequacies of poor democracies is neither to give up on their democratic prospects nor to refrain from pointing out their shortcomings. Rather, it is to encourage their democratic development while refusing to reduce their complex reality to a single issue or measure their progress by a single criterion. In addition, analysts must learn to recognise gradations of corruption – to differentiate between levels potentially fatal to democracy and liberal capitalism (the Nigerian or, until a few years ago, Sicilian level) and pernicious but non-lethal degrees (the Indian, Mexican, or Turkish).

Finally, in assessing the viability and prospects of this or that poor democracy, we tend to focus on the state, which is readily analysable, rather than on other more elusive yet crucial parts of the picture: civil society and those aspects of economic and social development that lie beyond the state's reach. The case of one rich democracy, Italy, suggests the limitations of this approach. A leading member of

Silvio Berlusconi's parliamentary coalition (triumphant in the 13 May 2001 elections) recently described the contrast between "public" Italy – which he called "bad" and "embarrassing", its legal system a "joke", its armed forces "just collecting their pay", its police "pitiful" – and "private" Italy, which he called "very good", "admired all over the world", and which in the last half-century has boasted the most vibrant, least recession-prone economy in Europe. It may be that some poor democracies will follow the "Italian path" to modernity, enduring a dysfunctional state – corrupt, wasteful, medlesome, universally despised, and cheated by the taxpayers – while enjoying a vigorous private economy.

The progress of the poor democracies in the coming years is our best hope for diminishing poverty and violence in the world. If the West is serious about assisting them, Western leaders, public opinion, and international financial institutions must be prepared to travel a long and tortuous road. It may help to remember that, unlike the West at a comparable stage of economic development, these poor countries are practicing an early capitalism that is strengthened and made more equitable by democracy, step by painful step. Surely the poor democracies – inspired, after all, by the example of the older and wealthier democracies – deserve aid and encouragement, not neglect and disdain.

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