

# International Law, Economic Development, and Democracy

by James Kraska

## INTRODUCTION

The relationship between democracy and development is extremely important. This essay rejects the widely accepted orthodoxy of the international law of economic development: democracy creates instability that tends to hold back development. This school of thought holds that only after an economy has reached a critical threshold of development is it prudent to introduce the destabilizing influence of democracy. Instead, this essay suggests that even for the very poorest nations, promotion of democracy is the best way to achieve rapid economic development. This issue drives various approaches to global development, shaping everything from the structure of world trade, to strategies of development assistance, and to the construction of global norms at the United Nations Development Programme (UNDP). Even the poorest nations improve through early democratization; failure to promote democracy is the single greatest cause of underdevelopment in the Third World. As a result, decades of forfeited progress in economic growth, environmental protection, and human rights have impoverished and shortened the lives of millions of people.

The first section of this essay reviews the origins of the prevailing orthodoxy of economic development, which is derived from traditional thinking within political economy. From there, the essay critiques the application of this orthodoxy and introduces fresh narratives and empirical perspectives on economic development grounded in human freedom and democracy. The essay concludes with a call for practitioners of international law to embrace the emerging norm of democratic economic development.

Since World War II, world development has been captive to an orthodox approach shaped by modernization theory, which celebrates the virtues of authoritarian government. However, the international laws, global norms, and international programs that have sprung from this orthodoxy have failed in application. Despite the avalanche of empirical research supporting the connection between democracy and

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development, transforming this erroneous consensus will not be easy.

An alternative model of development focusing on democracy requires a radical reassessment of conventional thinking. Democracy can generate prosperity and stability that creates the foundation for economic development. Moreover, democracy in one country tends to facilitate trade and economic growth regionally. Political freedom in one state spins off positive externalities of peace and stability that have a favorable impact on neighboring states. Perhaps most importantly, democracy as a modality for international economic law departs from the prevailing approach by promoting a genuinely liberal agenda that celebrates the centrality of individual human freedom, personal dignity, and the achievement of self-actualization as the central goal of development.

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This essay advocates unapologetically for embracing economic, political, and legal models of human freedom in pursuit of development. It is imperative that we seek universal acceptance of the norm of democratic development. It will be especially challenging to dismantle the current orthodoxy, since many of those who practice international economic development law have a common mindset. Challenges to the conventional wisdom are excluded or rationalized as mistaken. This essay joins the voices beginning to emerge from outside the paradigm. Comparing the research about world poverty and international economic growth begins to shape an inductive model for realizing global development. That model leads to the realization that regime type is the best indicator of a country's ability to progress toward economic development. Democratic regimes and their institutions constitute the most effective systems for achieving economic development. Practitioners of international law cannot be indifferent to this finding. They have a special place in the global policy process; with a heightened concern for human rights and the rule of law, international law is uniquely positioned to promote democratic economic development.

### **THE ECONOMIC DEVELOPMENT ORTHODOXY**

A short detour into international relations is useful to set the stage. One of the chief influences of realist political theory is found in Kenneth N. Waltz's profound exegesis on the causes of interstate conflict, *Man, the State and War*. Waltz approached his study of locating the cause of war through three "images" or lenses—the individual, the state, and the international system.<sup>1</sup> Although the second image is the most fruitful level of analysis for international economic law, most conventional second image analysis has gone astray. Second image analysis attempts to discern whether the causes of peace and war are products of good and bad states and their governing regimes.<sup>2</sup> This level of analysis acknowledges the controlling function states and

regimes have in the development process. Government institutions and the decisions of governing elites are strongly correlated with development. From the vantage of Waltz's second image, the focus of progressive international economic policy should be on changing the nature or character of state authority and governing regimes. The error in the conventional second image approach, however, is in the belief that authoritarian regimes are preferential to—and certainly no worse than—democracies in achieving international development. The entire policy structure of the international economic order, from development assistance to the World Trade Organization regime, is rooted in this fundamental error. The results have been devastating, with billions wasted and entire populations arrested in poverty.

### ECONOMIC PRECONDITIONS FOR DEMOCRACY

Second-image theories of modernization originated in the European fascist dictatorships of the 1930s, and were given modern currency by academics and officials in developed countries and post-colonial Africa, Asia, and Latin America.<sup>3</sup> One of the earliest thinkers in this regard is the eminent political sociologist Seymour Martin Lipset. In 1959, Lipset argued that economic development increased the general level of education, which then enabled democracy by advancing changes in political attitudes and promoting evolutionary advancement in political culture.<sup>4</sup> Lipset's research on the relationship between democracy and international economic development has had a colossal effect, generating the largest body of academic research of any topic in comparative politics.<sup>5</sup> More importantly, his work has influenced the course of modernization and economic development policy in the decades since, affecting the lives of hundreds of millions of people in developing countries.

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Lipset compared data on proxies for economic development, including per capita income, education, and industrialization, with regime types in Europe and Latin America.<sup>6</sup> In each country, indices of wealth—including income, the number of physicians, and the use of motor vehicles, radios, telephones, and newspapers per capita—were higher in democratic states.<sup>7</sup> There were sharp distinctions on all indicators of development between democratic and authoritarian governments, and these results were valid throughout the range, with the most democratic states being the wealthiest and the least democratic states being the least wealthy.

The strong correlation between democracy and high levels of educational achievement convinced Lipset that education was a necessary precondition for

democracy to flourish.<sup>8</sup> In poorer democracies, he argued, populism and corrupt leaders will manipulate the masses and divert national energies into unproductive endeavors. Lipset concluded that democracy could thrive only in states that successfully create a rising middle class because economic growth immunizes the population against the appeal of anti-democratic radicalism, especially ethnically and class-based ideologies.<sup>9</sup> These findings suggested that states must first develop economically before they can think about democratizing. Lipset launched the “development first” thesis, which remains the dominant doctrine of state-centered international economic development analysis to this day.<sup>10</sup>

### POLITICAL ORDER AND ECONOMIC DEVELOPMENT

Lipset’s theory was extended by the distinguished political scientist Samuel P. Huntington. In his classic 1968 study, *Political Order in Changing Societies*, Huntington asserted that autocratic regimes were better than democracies at governing low-income countries because they had a proven track record of establishing order.<sup>11</sup> He believed that in less developed states, dominant political parties and the military served as unifying institutions.<sup>12</sup> Huntington was a regime agnostic, declaring “the most important political distinction among countries was not their form of government, but their degree of government” and the regime’s ability to establish order.<sup>13</sup> He downplayed the differences between democracies and dictatorships, arguing that both embodied “consensus, community, legitimacy, organization, effectiveness, [and] stability.”<sup>14</sup> The real divide among regimes, he contended, was between effective governments like the United States and the Soviet Union, and ineffective governments in Asia, Africa, and Latin America, where the political community is fragmented.<sup>15</sup>

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In a study on political participation for the Agency for International Development, Huntington outlined a “technocratic model” of development. For Huntington, “political participation must be held down, at least temporarily, in order to promote economic development.”<sup>16</sup> Increases in socioeconomic level were believed to encourage higher levels of political participation, and more diverse and complex forms of political participation.<sup>17</sup> Political participation became merely a by-product of development, rather than an independent goal.<sup>18</sup> These findings helped to develop the basic assumption of modernization theory, which is that there is a trade-off between democracy and development. Societies advance along a single linear plane, with the attainment of democracy as the final facet. Dictatorships generate development, and development eventually leads to democracy.

Modernization theory convinced many thinkers that the countries of Western Europe became democratic only after they passed some opaque threshold of economic development, generally measured in per capita income.<sup>19</sup> The search was on—and continues to this day—to define the precise level at which democracy

would take root. By the early 1980s, two-thirds of the middle-income states had reached or surpassed the generally accepted threshold of development—a per capita income of \$300–\$500 in 1960 dollars. Despite this, most of them had not become democratic. The facts did not fit the theory, so the threshold was raised.<sup>20</sup> Looking at the South American experience of having undergone economic development only to turn toward autocracy, Guillermo A. O’Donnell argued that the strains of economic liberalization and development, particularly dislocation caused by import substitution, actually produced longer-lasting authoritarian rule.<sup>21</sup>

This approach has been supported by the conviction that democracy in poor countries breeds economic stagnation and civil unrest.<sup>22</sup> In this rather unforgiving view, democracy itself is the problem. Huntington argued that

*the apparent relationship between poverty and underdevelopment on the one hand, and political instability and violence on the other, is a spurious one. It is not the absence of modernity but the efforts to achieve it which produce political disorder.*<sup>23</sup>

In the end, modernization theory contends neither democracy, nor development generates stability, and political development can only be successful after decades of ponderous social and economic progress.<sup>24</sup>

Modernization theory still has wide appeal. In his influential book, *The Future of Freedom: Illiberal Democracy at Home and Abroad*, Fareed Zakaria argues, “[t]he simplest explanation for a new democracy’s political success is its economic success—or, to be more specific, high per capita income.”<sup>25</sup> He contends that with few exceptions, when poor countries become democracies they usually collapse. Zakaria also argues that democracy was not necessarily appropriate, or even desirable, for many of the emerging democratic states, such as Russia, Belarus, or the Philippines. This thinking keeps alive the view, expressed more than a decade ago in a report released by the UNDP, that “growth-oriented strategies can sometimes afford to be blind to democracy.”<sup>26</sup>

The argument that democracy only flourishes at middle income levels is difficult to test since few authoritarian states have achieved middle-income status.

*Since 1960, only 16 autocratic countries have had per capita incomes above \$2,000. Of these, only six—Taiwan, South Korea, Spain, Portugal, Greece and, debatably, Mexico—adopted democracy in the aftermath of economic expansion.*<sup>27</sup>

Moreover, if we accept a \$6,000 per capita income as the point at which countries are suitable for democracy, it raises a troubling normative suggestion that “all but 4 of the 87 countries currently undergoing a democratic transition, including Brazil, Kenya, the Philippines, Poland, and South Africa, are unfit for democracy.”<sup>28</sup>

## POLITICAL FREEDOM AND ECONOMIC DEVELOPMENT

Contrary to modernization theory, there is strong empirical evidence that shows that democracy actually *causes* international economic development. Since the emergence of the Washington Consensus in the early 1990s, the relationship between

*markets* and economic growth has become widely—although by no means universally—accepted. Unfortunately, *democracy* has not achieved the same respectability, although it may be even more important in generating stability and growth. As early as 1970, Dankwart Rustow published an incisive article on transitions to democracy in which he warned against the futility of trying to discern “preconditions” for a country’s transformation to democracy. He criticized studies that made broad conclusions from correlations between democracy and often external, but also internal, economic, social, cultural, and psychological factors, while ignoring decisive political factors.<sup>29</sup> Nonetheless, an ambivalent view toward democracy persists, even among many democracies. The US Department of State, for example, implicitly adopted the Lipset-Huntington view that “economic development makes democracy possible” on its Internet website promoting democracy.<sup>30</sup>

Although democracies need not be confined to a single formula, the more successful model for democracy is liberal democracy, falling squarely within the English liberal tradition. This is because the English found the essence of freedom in spontaneity, organic growth in society, and the absence of coercion; by contrast, the foundation of the French approach to liberalism lies in the pursuit and enforcement of an absolute and collective purpose defined by doctrinaire deliberateness.<sup>31</sup> While the English conception formed a profound and valid theory about the indispensable foundation of liberty, the French rationalist approach has been a disaster, leading many who accepted it to the opposite of a free society.<sup>32</sup>

The philosophical dichotomy was born out in actual practice. By 1983, no former French, Dutch or Belgian colony was rated “free” by Freedom House, yet several former British colonies were.<sup>33</sup> Myron Weiner, writing at the time at the American Enterprise Institute, emphasized,

*every single country in the third world that emerged from colonial rule since the second world war with a population of at least one million (and almost all the smaller countries as well) with a continuous democratic experience is a former British colony.*<sup>34</sup>

Liberal democracy goes beyond mere elections and consists of a basket of structures, relationships, and ideas that celebrate and promote individual liberty designed to protect the individual from predatory groups in society or from voracious state power. As a form of government, modern democracies may be defined in terms of three elements: (1) the source of governing authority (the “will of the people”); (2) the purpose served by government (the pursuit of the common good); and (3) procedures for constituting the government (popular elections).<sup>35</sup> These broader concepts of democracy include a citizenry instilled with civic virtue, effective popular control of the organs of government, transparency in government, equal opportunity to participate in government, and promotion of the rule of law.<sup>36</sup>

Open societies possess a multitude of advantages over autocratic societies. An open society promotes discourse on shaping the public’s value preferences regarding government policy by maintaining a healthy tension among contending political forces.<sup>37</sup> Because these groups appeal to a wide range of conflicting views and interests,

they encompass and represent most people in society. Dialogue and dissent create the opportunity for public debate about deeply held values, and this discourse and experimentation is more likely to produce not only rapid economic progress, but also the stability that comes with a moral consensus in society.<sup>38</sup> The success of this phenomenon relates to the complex world in which we live. To be effective, complex planning has to be able to exploit vigorous national debate that only comes from democracy.<sup>39</sup>

Even after democracy entered the modern political lexicon, the UN has been more optimistic than realistic about exactly what the term means. Rather than focusing on democracy and the representation of aggregate choices through state representatives, the UN has set into the habit of promoting “participation” through “interests.” Consequently, the biggest winners have been NGOs, which have proliferated as they have become increasingly influential in shaping global legislation. By the end of the Cold War, however, glimmers of democracy began to surface in orthodox development theory.

### REGIME TYPE MATTERS

The ambivalence and hostility toward democracy in development circles raises the question of whether regime type really matters. Relatively recent statistical modeling by a team led by Adam Przeworski at the University of Chicago has resolved the question—it does. In one of the most comprehensive analyses on democracy and development, Przeworski isolated statistical evidence of the impact of dictatorship and democracy.<sup>40</sup> Working inductively, Przeworski looked at 111 variables against political regime types for 135 countries for each year from 1950–1990. Although Przeworski tends to give credence to the theory that minimum per capita income is essential for democracy to take root, ultimately he rejects the dictator-to-development model. Przeworski’s research lies in a no-man’s land beyond modernization theory, but not entirely committed to democracy promotion.

In an update of Lipset and Huntington, Przeworski argues that it is demonstrable that democracies are more likely to be found in more highly developed countries, but this is because democratic regimes never fall once per capita incomes reach about \$6,000.<sup>41</sup> Per capita incomes rise in both democratic and autocratic regimes, but once income reaches the \$6,000 threshold, democratic governance persists and democracy survives.<sup>42</sup> In 2003, Przeworski concluded “[n]o democracy ever fell in a country with a per capita income higher than that of Argentina in 1975, \$6,055.”<sup>43</sup> Above \$6,055, “democracy lasts forever.”<sup>44</sup>

But Przeworski goes beyond modernization theory to challenge its central feature, that democratic regimes are no better or worse than authoritarian regimes. Writing in *Democracy and Development*, Przeworski et al. argued that political regimes were not dispositive to economic growth, but then concluded that because dictatorships “depend on the will, and sometimes the whim, of a dictator, they exhibit a high variance of economic performance...In the end, per capita incomes grow slower and people live

shorter lives in dictatorships.”<sup>45</sup> Przeworski’s research is valuable in showing that political regimes affect economic growth as well as political liberty. Development is a process of government policy and not an outcome of simple conditions.

*The emergence of democracy is not a by-product of economic development. Democracy is or is not established by political actors pursuing their goals, and it can be initiated at any level of development. Only once it is established do economic constraints play a role: the chances for the survival of democracy are greater when the country is richer...If they succeed in generating development, democracies can survive even in the poorest nations.*<sup>46</sup>

Przeworski also showed that political stability is not transportable across regime types. The very phenomena that constitute instability in dictatorships—changes of rulers, strikes, demonstrations—are just part of everyday life in a democracy.<sup>47</sup> In a dictatorship, any actual or anticipated change of leadership or political opposition carries such uncertainty that it imposes special social and economic costs on society, impeding development. By permitting continual change at slow-moving gradations and within accepted political and legal parameters, democracies make change less unsettling.

#### DEMOCRACY CAUSES DEVELOPMENT

Many in the contemporary period are uncertain whether Lipset and Huntington were correct or whether Rustow was on to something. For example, the UN’s *Human Development Report of 1992: Global Dimension of Human Development* dedicated an entire chapter to political freedom.<sup>48</sup> The report celebrated political freedom as an essential element of human development, but argued the link between democracy and development could not be isolated. “The link between freedom and development is seldom in dispute. What is often disputed is the causality—the *direction of the arrow*, whether more freedom leads to more development or more development leads to more freedom.”<sup>49</sup> Although Przeworski determined that regimes matter, his research is equivocal on whether democracy produces economic growth. Richard Roll and John R. Talbott, two scholars at UCLA, provide a clearer picture of what is going on as a country transitions to democracy, and they disprove conventional modernization theory.

Does political and democratic reform produce economic conditions that lead to more rapid economic development, or conversely, do exogenous improvements in income and economic development precipitate citizen action to push for democracy? Roll and Talbott reach some dramatic conclusions on these questions using an events-study method, a statistical technique that financial economists have used for decades to isolate the impact of a particular event, such as a stock split, in the life of a corporation.<sup>50</sup>

Roll and Talbott examined the impact of events that represent a material change in a country’s level of political freedom to determine how a country’s political shift affects economic growth. There are two distinct event categories derived from the *2001 CIA World Factbook*. The first category includes “democratic” events that may



be seen as proxies for increasing political freedom, such as a country's first free elections, the removal of a dictator, or the addition to the ballot of a party other than the ruling party. The second event category includes anti-democratic events, such as the establishment of military or one-party rule or suspension of the constitution.<sup>51</sup> Roll and Talbott's findings indicate a rather vivid difference in gross national income per capita (GNIPc) following democratic versus anti-democratic events. The average sample country experiencing a democratic event had essentially flat economic growth—0.67 percent per year—in the five years preceding the event. After a democratic event, the economies of these same average countries grew quite rapidly, accelerating to 2.2 percent per year in the first five years after the event.<sup>52</sup>

The growth rate for post-democratic event states fell to an annual rate of 1.7 percent in the second five-year period after the event, before increasing to 2.7 percent in the subsequent decade.<sup>53</sup> The average sample country experiencing an anti-democratic event had a 1.6 percent average economic growth rate in the decade before the event, which fell to 0.85 percent for the decade after the event.<sup>54</sup> It is not too much for the authors to claim that their research “constitutes compelling evidence that democracy-related changes by a country's government *cause* changes in per capita income.”<sup>55</sup>

*When countries undertake a democratic change such as deposing a dictator, they enjoy a rather dramatic spurt in economic growth, which persists for at least two decades. In contrast, an anti-democratic event is followed by a reduction in economic growth. This verifies that democratic conditions are causes of cross-country differences in wealth and not the endogenous effects of wealth.*<sup>56</sup>

## ECONOMIC FREEDOM CAUSES DEVELOPMENT

Many people accept the correlation between wealth and freedom, but finding the causes of this correlation has not been easy. Analogous to the question of political development is a parallel question of economic development. Do market reforms bring about economic growth, or are there exogenous improvements in the economy, such as higher incomes, that then generate development?<sup>57</sup> In other words, does economic liberty make people prosper, or do prosperous people seek and create a system of economic freedom? As part of their work on the relationship between democratic and authoritarian political events and GNIPc, Roll and Talbott also searched for causative economic variables by comparing GNIPc, as a broad and stable measure of economic well-being, against fourteen societal determinants. Among the fourteen variables tested, property rights (positive), informal market activity such as the existence of a black market (negative), and regulation (negative) had the highest levels of statistical significance to GNIPc.<sup>58</sup> Roll and Talbott's regression analysis indicated the critical ingredient of successful development was an economic and political system that invites profitable economic exchanges among individual market participants without risk of expropriation or repudiation.<sup>59</sup> The variables had high levels of

statistical significance and directional impact.

The next three most significant variables correlated to economic prosperity were political rights, civil liberties, and freedom of the press, providing additional support for the proposition that economic and political freedoms operate in tandem to make countries wealthy. A complementary study from the World Bank found that there is a strong and consistent link between the measure of civil liberties in a society and the extent of successful economic performance derived from World Bank-sponsored projects.<sup>60</sup> The weak property rights regimes in many third world countries discourage investment, divert energy resources away from markets into smuggling, and render external assistance ineffective.<sup>61</sup> The powerful relationship between the rule of law, democracy, and economic freedom is illustrated by Peruvian economist and brilliant maverick Hernando de Soto:

*The poor inhabitants of these nations—five sixths of humanity—do have things, but they lack the process to represent their property and create capital. They have houses but not titles; crops but not deeds; businesses but not statutes of incorporation. It is the unavailability of these essential representations that explains why people who have adapted every other Western invention, from the paper clip to the nuclear reactor, have not been able to produce sufficient capital to make their domestic capitalism work.<sup>62</sup>*

## REALIZING DEMOCRATIC DEVELOPMENT

Free political and economic institutions work in a concerted and reinforcing manner to help states achieve economic development. Liberal democracies and free market economies produce greater wealth, a more sustainable environment, and greater human and national security. A development approach centered on freedom and democracy holds the promise of enriching countless lives throughout the globe. Free societies, even those that are very poor, have proved to be remarkably dynamic engines of economic growth. It is disconcerting that development aspirations in many nations remain unfulfilled, captive to the development orthodoxy.

The panache of globalism and the penchant for global solutions ignores the dominating influence of the state and second image solutions to issues of development and the environment. From the ancient world to the present, societies have debated whether to choose freedom, or to be governed by insular elites.<sup>63</sup> We are on the cusp of resolving this debate; doing so in favor of freedom and democracy could unlock economic development for many of the world's poorest nations. For many of these states, realizing development will only come if they embrace the new democratic development norm.

### *Developing the Democratic Development Norm*

By the end of the Cold War, pursuing democracy, not just among friends and allies, but also among opponents, had become a bipartisan goal in American foreign policy.<sup>64</sup> The United States and other countries have been remarkably effective over the last twenty years in shaping the terms of debate within the UN, bringing the rest

of the world toward realizing the noble principles of freedom contained in the Charter. Rather than capitalizing and leveraging these efforts, the UN often has eschewed bold and productive steps toward democracy. The failure of the UN to abandon the orthodoxy threatens real progress in economic development, and unnecessarily alienates decision makers in the US and elsewhere who question the efficacy of the orthodox approach.

Several countries and international organizations have begun to emphasize democracy in their development assistance strategies. The United States, for example, has been especially active in gradually increasing the role of democracy promotion in international development. Building on President Carter's concern for human rights, President Reagan launched "Project Democracy," "The Democracy Program," and the "National Endowment for Democracy"<sup>65</sup> to promote democratic institutions in other countries. President Clinton expanded these efforts, making democracy "enlargement" a cornerstone of American foreign policy.

The Millennium Challenge Account (MCA) is the current leading example of US efforts to promote democracy along with development. Millennium Challenge, which was announced by President Bush in Monterey, Mexico, at a meeting of the Inter-American Development Bank in March 2002, calls for a new compact in global development, defined by new accountability for both rich and poor nations alike.<sup>66</sup> With Millennium Challenge, President Bush increased US development aid by \$5 billion over three years, with more money expected in the future, tied to MCA criteria. By making development assistance contingent on progress in encouraging economic and political freedom, the MCA furthers development while promoting democracy.<sup>67</sup>

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Millennium Challenge makes development assistance available to national, regional, and local governments and NGOs in lower and lower-middle income countries that demonstrate a commitment to democratic governance and market policies.<sup>68</sup> The MCA identifies democratic criteria for eligibility, such as the promotion of political pluralism, equality, and the rule of law, respect for human and civil rights, including the rights of people with disabilities, protection of private property rights, the encouragement of transparent and accountable government, and efforts to combat corruption.<sup>69</sup> Promotion of market economic solutions including encouraging citizens to participate in global trade and capital markets, the promotion of private sector growth and sustainable management of natural resources, respect for employee rights, including collective bargaining and unions, and investment in people through

education and quality healthcare.<sup>70</sup>

Policy-oriented studies, which the Lasswell-McDougal team pioneered at Yale University, have been instrumental in helping practitioners of international law to understand that law is not a prescription, but a process.<sup>71</sup> In perhaps no place is this clearer today than the realm of economic development, where practitioners of international law have an opportunity to engage in transforming the orthodoxy. A global vision of economic development must be able to come to terms with the reality of the power of democracy and markets, or it risks being marginalized and disregarded, particularly in the United States. Such an occurrence would be a misfortune, seriously damaging the prospects for real global progress and diminishing the benefit of immense American resources and influence in solving global economic development problems.

Forty years ago, esteemed international lawyer Louis Henkin described the liberal internationalist who strongly supports the vital work of the UN as

*Being far-seeing, he tends to be romantic and sometimes spills over into sentimentalism. Seeing the other fellow's point of view, and having to defend it to the chauvinist, he sometimes identifies with it. Concerned with assuring that others do not reduce moral questions to differences of taste or judgment, he sometimes elevates his own opinion or preference to principle. Pressing for decency, fairness, and rationality in international affairs, he is reluctant to recognize the lack of these in others. Concerned with recognizing the interests and views of others, he may give them more than their due...<sup>72</sup>*

Compounding naiveté, internationalists are prone to make the mistake of thinking that nation-states serve the interest of the UN, rather than the UN serving the interests of its member states.<sup>73</sup> This conundrum misleads many in the US to question the value of the UN, to doubt its efficacy and to advocate against the world body.<sup>74</sup> In thinking about the UN and its proper role in world affairs, Henkin encouraged the internationalists to understand both faces of the world body. Although the UN is an international legal organization governed by the UN Charter—a treaty—it is also a political organization.<sup>75</sup> The General Assembly and the Security Council are political as well as legal bodies.<sup>76</sup> For practitioners of international law, the struggle for democracy and development is as much a political struggle as it is a legal effort. Henkin warns that we cannot turn over issues to the UN and expect that something good will happen. Taking an issue to the UN is not a policy; it is part of a process. What will emerge from the UN depends not only on what goes into it, but also on how it is influenced and managed once it gets there.<sup>77</sup> This sober advice is especially important in engaging the UN on matters of economic development. Mindful of those critics who would decry the essential effort, those involved in this dialogue should not be afraid to conduct sobering self-examination. As Henkin said to be persuasive, “we will have to be accurate.”<sup>78</sup>

The United States, for example, has placed democracy at the cornerstone of American security.<sup>79</sup> This conception of security has survived both Republican and Democratic presidents. This view is not always a popular one, however, particularly

overseas. The power of US and international bureaucrats, academics, autocrats, and NGOs to continue to detract from democracy-building as the key to development is substantial. Many democratic nations and international organizations fail to regard the promotion of democracy as a vital national interest.<sup>80</sup> In looking at the decade from 1992 to 2002, the Democracy Coalition Project completed the first systemic attempt to document democratic governments' willingness to defend and promote democracy abroad. The findings of that study suggest that too often, parochial security and local economic interests trump the promotion of democracy globally.<sup>81</sup> Ironically enough, it is the newest democracies that are especially eager to enter into mutually binding commitments to defend and peacefully advance democracy. They correctly view those efforts as enhancing systemic stability and deterrence.<sup>82</sup> Democratic states need the strong intervention and support of practitioners of international law if they are to be successful in promoting democracy. Democracies become bolder and more assured in promoting democracy when they act in conjunction with other democracies through multilateral institutions.<sup>83</sup>

The compelling link between democracy and development opens up what one World Bank economist describes as a "sensitive and difficult area of discourse" between donors and the developing states.<sup>84</sup> Too many decision-makers have bought into deductive theories that lack application in the real world. It is vitally important for the advancement of international economic development to peacefully confront the recalcitrant orthodoxy with the powerful economic model of democracy and rule of law.

### Notes

<sup>1</sup> Kenneth N. Waltz, *Man, the State and War* (New York: Columbia University Press 1954).

<sup>2</sup> Waltz, *Man, the State and War*, 114.

<sup>3</sup> Thomas M. Franck, "The Emerging Right to Democratic Governance," *The American Journal of International Law*, Vol. 86, January 1992, 49.

<sup>4</sup> Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, Vol. 53, No. 1, March 1959, 69-105.

<sup>5</sup> Adam Przeworski and Fernando Limongi, "Modernization: Theories and Facts," *World Politics*, Vol. 49, No. 2, January 1997, 156. Over the years, Lipset's work has been "supported and contested, revised and extended, buried and resuscitated." Adam Przeworski, Michael E. Alvarez, Jose Antonio Cheibub and Fernando Limongi, *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990* (Cambridge, UK: Cambridge University, 2000), 79.

<sup>6</sup> Lipset, "Some Social Requisites," 74-76.

<sup>7</sup> Lipset, "Some Social Requisites," Table II, 76.

<sup>8</sup> For example, the only Middle Eastern country that was a democracy, Lebanon, also had the highest levels of education, with literacy at about 80%. "Given the existence of poverty-stricken masses, low levels of education, an elongated pyramid class structure, and the 'premature' triumph of the democratic left, the prognosis for the perpetuation of political democracy in Asia and Africa are bleak." Lipset, "Some Social Requisites," 80, 101.

<sup>9</sup> Lipset, "Some Social Requisites," 83-84. See also, G. John Ikenberry, "Why Export Democracy?: The 'Hidden Grand Strategy' of American Foreign Policy," *The Wilson Quarterly*, Vol. 23, No. 2, Spring 1999, 56-65.

<sup>10</sup> Joseph T. Siegle, Michael M. Weinstein and Morton H. Halperin, "Why Democracies Excel," *Foreign Affairs*, Vol. 83, No. 5, September/October 2004, 57-58.

<sup>11</sup> "History shows conclusively that communist governments are no better than free governments in

alleviating famine, improving health, expanding national product, creating industry, and maximizing welfare. But the one thing communist governments can do is to govern; they do provide effective authority... They may not provide liberty, but they do provide authority." Samuel P. Huntington, *Political Order in Changing Societies*, (New Haven, CT: Yale University Press, 1968), 8.

<sup>12</sup> Huntington, *Political Order*, 198-208.

<sup>13</sup> Huntington, *Political Order*, 1.

<sup>14</sup> Huntington, *Political Order*, 1-2.

<sup>15</sup> Huntington, *Political Order*, 1-2.

<sup>16</sup> Samuel P. Huntington and Joan M. Nelson, *No Easy Choice: Political Participation in Developing Countries* (Cambridge, MA: Harvard University Press, 1976), 23.

<sup>17</sup> Huntington and Nelson, *No Easy Choice*, 166-7.

<sup>18</sup> Huntington and Nelson, *No Easy Choice*, 167.

<sup>19</sup> Jonathan Sunshine, "Economic Causes and Consequences of Democracy: A Study in Historical Statistics" (Ph.D. Dissertation, Columbia University, 1972), as cited in Samuel P. Huntington, "Will Countries Become More Democratic?" *Political Science Quarterly*, Vol. 99, No. 193, Summer 1984, 200.

<sup>20</sup> Huntington, "Will Countries Become More Democratic?" 200.

<sup>21</sup> Guillermo A. O'Donnell, *Modernization and Bureaucratic-Authoritarianism* (Berkeley, CA: Institute of International Studies, University of California, Berkeley, 1973), 3-15.

<sup>22</sup> Morton H. Halperin, Joseph T. Siegle, and Michael M. Weinstein, *The Democracy Advantage: How Democracies Promote Prosperity and Peace* (New York, NY: Routledge, 2005), 3.

<sup>23</sup> Huntington, *Political Order*, 41.

<sup>24</sup> Huntington, *Political Order*, 11.

<sup>25</sup> Fareed Zakaria, *The Future of Freedom: Illiberal Democracy at Home and Abroad* (W.W. Norton & Co.: New York, 2003), 69.

<sup>26</sup> United Nations Development Programme, *Human Development Report 1992: Global Dimensions of Human Development* (Oxford University Press: New York, 1992), 27.

<sup>27</sup> Halperin, Siegle and Weinstein, "Why Democracies Excel," 63.

<sup>28</sup> Halperin, Siegle and Weinstein, "Why Democracies Excel," 63.

<sup>29</sup> Dankwart A. Rustow, "Transitions to Democracy: Toward a Dynamic Model," *Comparative Politics*, Vol. 2, No. 3, April 1970, 356-362.

<sup>30</sup> See Howard Cincotta, ed., "What is Democracy?" *US Department of State*, September 1998, available at <http://usinfo.state.gov/products/pubs/whatsdem/whatdm13.htm>, accessed July 9, 2005.

<sup>31</sup> Cincotta, "What is Democracy?" 230.

<sup>32</sup> Cincotta, "What is Democracy?" 231.

<sup>33</sup> Samuel P. Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly*, Vol. 99, No. 2, Summer 1984, 206.

<sup>34</sup> Myron Weiner as cited in Huntington, "Will Countries Become More Democratic?" 206; emphasis in original.

<sup>35</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991), 6.

<sup>36</sup> Huntington, *The Third Wave*, 9-12.

<sup>37</sup> Lipset, "Social Requisites of Democracy," 97.

<sup>38</sup> Lipset, "Social Requisites of Democracy," 346.

<sup>39</sup> James Meadowcroft, "Democratic Planning and the Challenge of Sustainable Development," *Program for Research and Documentation for a Sustainable Society*, 1997, available at <http://www.prosus.uio.no/publikasjoner/Rapporter/1997-01/97-01-txt.html>, accessed July 9, 2005.

<sup>40</sup> The team was comprised of Adam Przeworski, now at New York University, Michael E. Alvarez, DePaul University, José Antonio Cheibub, Yale University and Fernando Limongi, University of São Paulo.

<sup>41</sup> Przeworski et al., *Democracy and Development*, 128-132.

<sup>42</sup> Przeworski et al., *Democracy and Development*, 128-132.

<sup>43</sup> Adam Przeworski, "Why Do Political Parties Obey Election Results?" in *Democracy and the Rule of*

Law, eds. José María Maravall and Adam Przeworski (Cambridge: Cambridge University Press, 2003), 115.

<sup>44</sup> Przeworski et al., *Democracy and Development*, 106.

<sup>45</sup> Przeworski et al., *Democracy and Development*, 272.

<sup>46</sup> Przeworski and Limongi, “Modernization,” 177.

<sup>47</sup> Przeworski et al., *Democracy and Development*, 27.

<sup>48</sup> See chapter two of the report entitled “Political freedom and human development,” 26-33.

<sup>49</sup> *Global Dimensions of Human Development*, 27; emphasis added.

<sup>50</sup> Richard Roll and John R. Talbott, “Political Freedom, Economic Liberty, and Prosperity,” *Journal of Democracy*, Vol. 14, No. 3, July 2003, 81.

<sup>51</sup> For democratic and anti-democratic events, see the Appendix: Political Events in Roll & Talbott, “Political Freedom,” 85-87.

<sup>52</sup> Appendix: Political Events in Roll & Talbott, “Political Freedom,” 82.

<sup>53</sup> Appendix: Political Events in Roll & Talbott, “Political Freedom,” 83.

<sup>54</sup> Appendix: Political Events in Roll & Talbott, “Political Freedom,” 83.

<sup>55</sup> Appendix: Political Events in Roll & Talbott, “Political Freedom,” 83, (emphasis added).

<sup>56</sup> Appendix: Political Events in Roll & Talbott, “Political Freedom,” 84.

<sup>57</sup> Roll and Talbott, “Political Freedom,” 81.

<sup>58</sup> Roll and Talbott, “Political Freedom,” 76.

<sup>59</sup> Roll and Talbott, “Political Freedom,” 76-77.

<sup>60</sup> Lant Pritchett and Daniel Kaufmann, “Civil Liberties, Democracy and the Performance of Government Projects,” *Finance & Development*, March 1998, 26-29. This article draws from the study by Jonathan Isham, Daniel Kaufmann, and Lant Pritchett, “Civil Liberties, Democracy, and the Performance of Government Projects,” *World Bank Economic Review*, Vol. 11, No. 2, May 1997, 219-42.

<sup>61</sup> Roll and Talbott, “Political Freedom,” 78.

<sup>62</sup> Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000), 6-7.

<sup>63</sup> Two thousand years ago, Plato wrote in *The Republic*, “There is no end to suffering ... for our cities, and not, I suspect, for the human race, unless either philosophers become kings in our cities, or the people who are now called kings and rulers become, in the truest and most complete sense of the word, philosophers—unless there is this amalgamation of political power and philosophy, with all those people whose inclination is to pursue one or other exclusively being forcibly prevented from doing so.” Plato, *The Republic*, G.R.F. Ferrari, ed., and Tom Griffith, trans., *Cambridge Texts in the History of Political Thought* (New York: Cambridge University Press, 2000), 175.

<sup>64</sup> Since the end of the Cold War, the United States has pursued a consistent and bipartisan goal of promoting and nurturing democracy throughout the globe. In 1991, United States interests and objectives were to expand democracy in the former Soviet Union and to “strengthen and enlarge the commonwealth of free nations that share a commitment to democracy and individual rights.” *The National Security Strategy of the United States* (August 1991), available at <http://www.fas.org/man/docs/918015-nss.htm>, accessed June 15, 2005. During the Clinton presidency, promotion of democracy abroad was a central goal of U.S. national security. See, the White House, *National Security Strategy of Engagement and Enlargement* (February 1996), available at <http://www.fas.org/spp/military/docops/national/1996stra.htm>, accessed June 15, 2005. More than a decade after the end of the Cold War, American goals and beliefs had become even more explicit and unapologetic, calling “freedom, democracy and free enterprise” the “single sustainable model for national success.” George W. Bush, preface, *National Security Strategy of the United States of America*, (September 2002), available at <http://www.whitehouse.gov/nsc/nss.html>, accessed June 15, 2005, iv.

<sup>65</sup> See the National Endowment for Democracy Internet website, <http://www.ned.org>.

<sup>66</sup> George W. Bush, *President Proposes \$5 Billion Plan to Help Developing Nations*, Remarks by the President on Global Development, Inter-American Development Bank, available at <http://www.whitehouse.gov/news/releases/2002/03/20020314-7.html>, accessed June 15, 2005.

<sup>67</sup> For fiscal year 2005, sixteen countries were eligible and invited to submit proposals: Armenia, Benin, Bolivia, Cape Verde, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Mozambique, Nicaragua, Senegal, Sri Lanka and Vanuatu. Millennium Challenge Corporation, FY 2005

Congressional Budget Justification, available at [http://www.mca.gov/about\\_us/key\\_documents/index.shtml](http://www.mca.gov/about_us/key_documents/index.shtml), accessed June 15, 2005, 2. Of these countries, 63 percent are in Africa. Millennium Challenge Corporation, 3. The Millennium Challenge Corporation which manages the program requested full funding of \$2.5 billion, up from \$1 billion in FY 2004. Millennium Challenge Corporation, 6.

<sup>68</sup> Millennium Challenge Act of 2003, Title VI § 601, et seq.

<sup>69</sup> Millennium Challenge Act of 2003, Title VI § 607(b)(1).

<sup>70</sup> Millennium Challenge Act of 2003, Title VI § 607(b)(2).

<sup>71</sup> Myres S. McDougal & Florentino P. Feliciano, *Law and Minimum Public World Order: The Legal Regulation of International Coercion* (London: New Haven Press, 1961).

<sup>72</sup> Louis Henkin, "The United Nations and Its Supporters: A Self-Examination," *Political Science Quarterly*, Vol. 78, No. 4, December 1963, 507.

<sup>73</sup> Henkin, "The United Nations," 513-14.

<sup>74</sup> Henkin, "The United Nations," 506, 536.

<sup>75</sup> Henkin, "The United Nations," 516-19.

<sup>76</sup> Henkin, "The United Nations," 516-19.

<sup>77</sup> Henkin, "The United Nations," 516.

<sup>78</sup> Henkin, "The United Nations," 536.

<sup>79</sup> "The great struggles of the twentieth Century [ended with]... a single sustainable model for national success: freedom, democracy and free enterprise." Bush, *National Security Strategy*.

<sup>80</sup> Robert G. Herman and Theodore J. Piccone, eds., *Defending Democracy: A Global Survey of Foreign Policy Trends 1992-2002* (Democracy Coalition Project, 2002), available online at [http://www.demcoalition.org/pdf/defending\\_democracy.pdf](http://www.demcoalition.org/pdf/defending_democracy.pdf), accessed July 15, 2005, 11.

<sup>81</sup> Herman and Piccone, *Defending Democracy*.

<sup>82</sup> Herman and Piccone, *Defending Democracy*.

<sup>83</sup> Herman and Piccone, *Defending Democracy*.

<sup>84</sup> Pritchett and Kaufmann, "Civil Liberties," 29.