



**International IDEA Seminar
The Politics of Development and Democracy
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“Democratic Politics and Development”

International IDEA Secretary-General Vidar Helgesen’s speaking points

Earlier this year I met outgoing Peruvian President Alejandro Toledo. His tenure as president had been one of impressive economic growth, but nevertheless he was a troubled man. He was experiencing in a cruel way the complex issue of democratic politics and development: His approval rating as president was lower than the economic growth numbers of his country.

He also verbalized the democracy-development dilemma better than anyone: “They applaud for me at Wall Street. But there is noise in the main street.”

The view is widely held that democracy is good for economic development, because it gives people freedom to participate, create and innovate.

There is equally a widely held view that economic development is good for democracy, because economic growth produces an educated and entrepreneurial middle class that sooner or later will demand political freedom too.

There is strong evidence that these two theories are correct. But the relationships are not linear and straightforward.

Indeed, if the last 16 years of democracy building has taught us anything, it is that the exercise is less linear, more complex and more difficult than many believe.

We have to a large extent fooled ourselves into believing that the democracy building experiences of Europe can easily be replicated elsewhere. That belief did overlook the fact that elsewhere in the world, there is no organization with the economic, political and moral strength and attraction of the European Union.

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So what do we see, elsewhere?

I will point to two examples that the democracy-development relationship is complex, first Latin America, then Africa.

In Latin America, a democratization wave in the 80ies was followed by a wave of economic reforms in the 90ies. Few will dispute that Latin American economies were largely sclerotic and in need of market orientation. Results have not been bad at the macro-economic level; the entire region now experiences its third consecutive year of economic growth.

On the other hand, democratic institutions in Latin America suffer a serious setback in popular confidence. This is particularly the case for political parties and parliaments. The popularity of presidents is a roller-coaster. Much of this crisis of confidence is related to the fact that the wider segments of the population have not benefited from this economic modernization. Many Latin American countries are marked by social exclusion and political marginalization of large parts of society. Alongside the economic success 44% of the population lives in poverty. We are talking of a continent which fundamentally is not in high need of development assistance, but where resources are allocated and shared in a way which does not effectively counter poverty.

This is not only a development challenge, it is a challenge for democracy. People's trust in democracy is in decline throughout a continent which has this year had the most remarkable exercise in free and fair elections. The confidence gap is easily filled by populist politicians. When people fail to trust that they can achieve results through democratic institutions, politics take to the street in protest. Street democracy can topple a government, but cannot run a country. Hence the fallout will easily be a vicious cycle of populist promises, lack of implementation and results, frustration with leaders, popular mobilization in the streets, new populists with new pledges.



In the process the actual institutions of governance get weaker because the democratic political processes take place outside those institutions.

Here is a message to development actors: the emphasis on governance in development cooperation policies over the last decade has been well motivated but not always well implemented. Too much of the good governance agenda has been focusing on technical capacity strengthening of the executive branches of government. Helping to improve the delivery capacity of the Executive is important – but when forceful democratic political processes increasingly take place outside these institutions, it is not enough.

In Latin America, and in particular in the Andean region, a formidable democracy building challenge is to reconnect the representative democracy of institutions with the participatory democracy outside of them. There is a need for more attention to the functioning of political parties, social movements, the role of the opposition, the capacity of parliaments, to mention some. This is why in our new strategic direction, International IDEA is moving beyond the strengthening of the institutional structure, focusing more on the democratic processes that actually determine the effectiveness of institutions. We would like to see governance speak increasingly replaced with democratic dialogue.

My second example of the complex relationship between development and democracy related to the increasingly important role played by China in Africa.

First, let me make clear that much of the anxiety expressed in Western governments about the economic role of China in Africa has an air of hypocrisy. Who is trading more with China than Western countries?



With the starting point that increasing economic cooperation between Africa and China is something fundamentally positive, we should also be frank about dilemmas relating to democracy and development. One such dilemma is the much talked about conditionality issue: will development cooperation be able to sustain conditionality practice relating to democratic governance when China and some other actors enter the scene without such conditionality practices?

There might be another democracy and development dilemma emerging, however, as local business in African countries is outflanked by competition from Asia. Concerns are already being expressed, and we have seen politicians playing the anti-China card in election campaigns. It might be that the initial excitement about the inflow of investment and grants will be complemented by popular discontent. In terms of the complexities of development and democracy, this is one to watch.

Whether in Latin America, Africa or elsewhere, it holds true that international actors in the field of development and democracy must take better note of, and engage more with, political processes. This is particularly critical for democracy building, as following global events in recent years, the concept and legitimacy of democracy building assistance is being challenged today. But to some extent the legitimacy of development assistance is challenged too.

Too often, assistance is accompanied by complex administrative procedures. It is not surprising that it seeks local interlocutors among the westernized elites who are able to manage the technical language of PRSPs and other donor tools. At the same time, development assistance benefits are often counter-weighted by an international environment that hamper's the receiving country's capacity to compete on international markets.

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Two approaches seem important to enhance the effectiveness and the legitimacy of international development assistance:

- First, a genuine trust in the beneficiaries and a non-intrusive investment in their capacity-building. The success of Mohammad Yunus's ideas owes most to their perfect fit with the local reality and the trust which they place in the beneficiaries of loans and in their creativity. The application of the same spirit to broader development assistance strategies could indeed contribute to genuine national ownership. This would require engaging in more open and less formal dialogues with political parties, civil society and the business community of receiving countries.

- Second, it is also important to support the delivery capacity of emerging democracies by contributing to a more stable and supportive international environment that rewards long-term investments in education, health and human capacities. This, of course, is easier said than done, but it is a real challenge that should not be overlooked.