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**BUREAU FOR ASIA AND NEAR
EAST (ANE)**

**DEMOCRATIC
PLURALISM INITIATIVE**

INITIAL PLANNING DOCUMENT

November 1989

Preface

The purpose of this document is to provide the Asia Near East Bureau of the U.S. Agency for International Development with a framework for developing a Democratic Pluralism Initiative. The report is designed to provide ANE with the rationale, operating principles based on past experience, and potential projects for the Democratic Pluralism Initiative.

The analysis was undertaken by the International Policy Center of SRI International, a private non-profit research and consulting organization. The study was sponsored by the Bureau for Private Enterprise (PRE), under the Private Enterprise Development Support Project (#940-2028.03) held by prime contractor Ernst & Young.

This study synthesizes information collected from literature surveys and interviews with experts at official, private, and academic institutions. However, the findings and recommendations presented in this report are solely those of the author.

The project team consisted of Kathleen D. Vickland, Senior International Economist at SRI International, and Flora M. Painter, Manager, International Management Consulting Group at Ernst & Young.

The team wishes to thank the many individuals who provided valuable time and assistance to the project, especially Mr. Richard Blue, Mr. Thomas Nicastro, and Mr. Richard Whitaker.

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I. Executive Summary

This paper outlines a new initiative for the Asia Near East Bureau, the Democratic Pluralism Initiative. The Initiative comes in response to needs articulated from countries in the ANE region, the ANE Missions, Washington policy makers, researchers, and scholars.

The Initiative is a critical component of ANE's "Open Markets - Open Societies" development strategy. In the past, the Bureau has devoted considerable attention to economic liberalization and other open market issues. In order to further assist developing countries, ANE must broaden its mandate to promote openness in society. The broader mandate is depicted in Figure 1.

It is the goal of this paper to provide USAID Missions with information on the need for the Democratic Pluralism Initiative, strategic guidance on promoting democratic pluralism based on the past experience of AID and other organizations, illustrative ideas of projects, and a framework to guide the design and implementation of Mission Democratic Pluralism Initiative programs and projects.

A democratic, pluralistic society is one which protects individual civil, political, economic, and property rights; elects leaders in free, fair elections held at regular intervals; contains a wide variety of voluntary intermediary groups which articulate and aggregate interests and counterbalance the authority of the state; and effectively, efficiently and in a decentralized manner, governs the populace, without placing an undue burden on the society or economy. Democratic pluralism is important in many ways to the developmental process. Government "for and by the people" is a valuable "end" as well as useful developmental "means." Economic growth tends to create pressures for democratic pluralism. Development patterns around the world -- the United States, Western

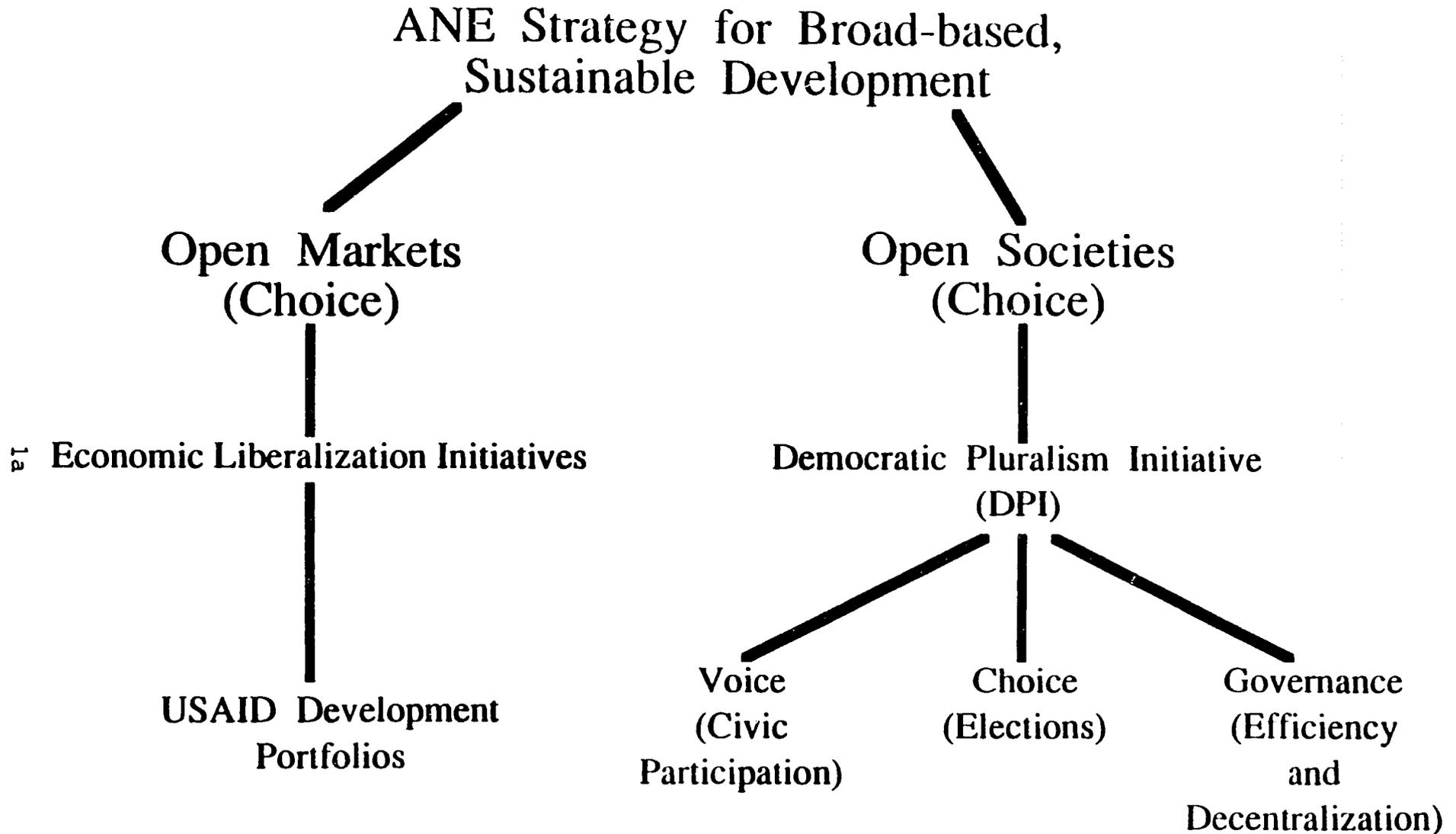


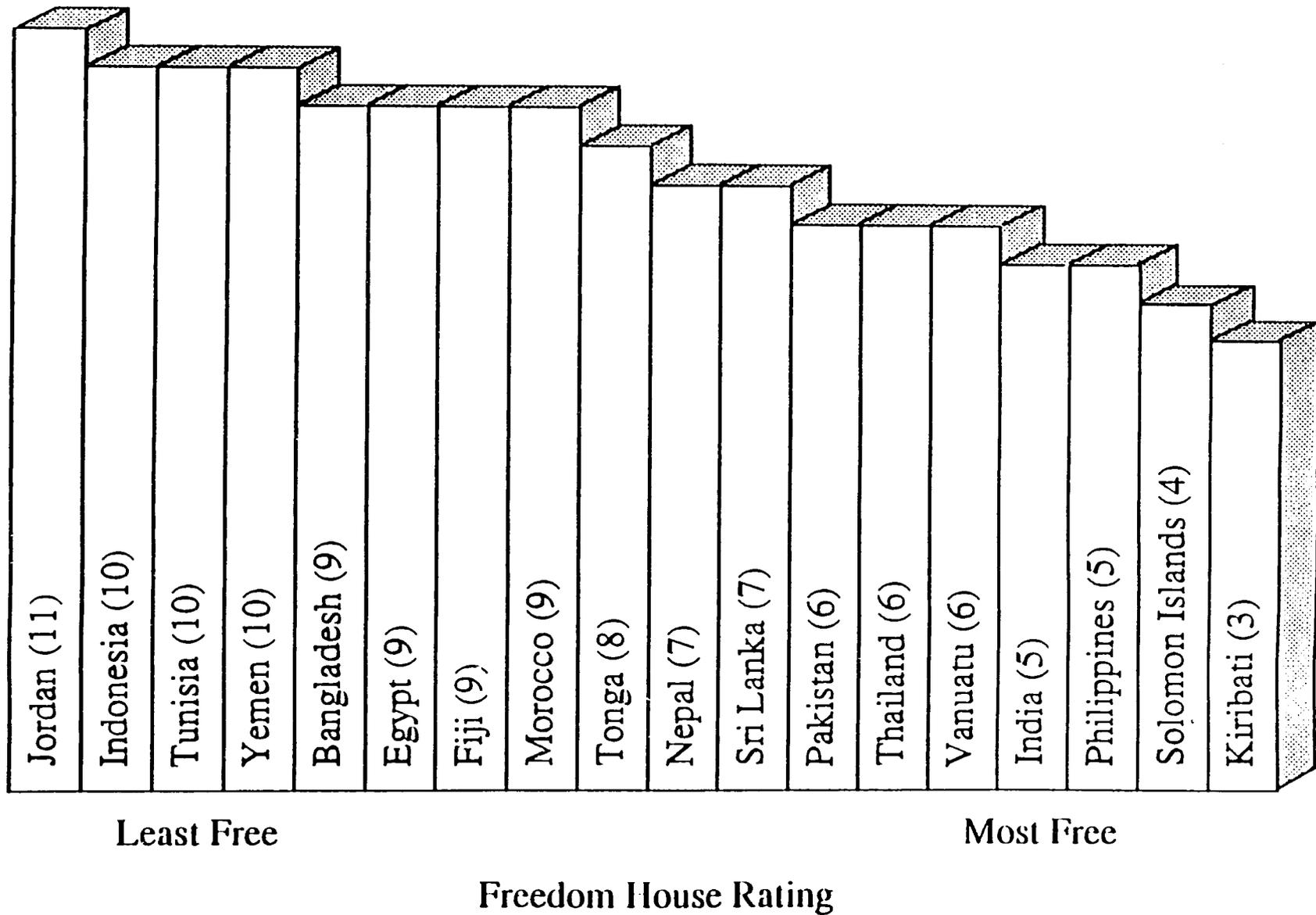
Figure 1:
ANE's Democratic Pluralism Initiative

Europe, and Japan -- indicate that the reverse is also true, i.e., democracy is important to economic growth. Academic researchers point to a number of important economic development effects of democracy, although no causation is proven. Most countries are manifesting rising levels of interest in democratic pluralism. On balance, democratic pluralism is an important contributor to development, although it cannot on its own produce economic growth. The most effective AID portfolio will be one which addresses both economic obstacles to growth and also institutional and sociopolitical constraints.

In order to estimate the relative degree of development of democratic pluralism in ANE nations, we use the Freedom House rating, generally regarded to be the best available proxy for democratic pluralism. Figure 9 indicates the Freedom House rating assigned to each country. Among the ANE countries, Kiribati is rated to have achieved the greatest degree of democratic pluralism of all ANE nations, while Jordan is judged to have the lowest degree of democratic pluralism.

AID and other organizations have already built up a considerable degree of knowledge about promoting democratic pluralism. After reviewing the collective experience, we propose seven operating principles to guide ANE democratic pluralism programs and projects. The operating principles are:

1. Democracy must be developed from "the bottom up." The ANE initiative must necessarily build on local initiatives. However, given the high level interest in the region about increasing political participation, there will be plenty of opportunities for ANE and Mission assistance.
2. Utilize indigenous models of democracy. Avoid imposing "Western" models. Local democracies will take many forms. All projects must be sensitive to local variation, and not attempt



Source: Freedom House

Figure 9:
Freedom House Ratings In ANE Countries, 1988 - 1989

to implant a particular model of democratic pluralism.

3. Work with existing organizations where possible. Past experience indicates it is faster and easier to work with existing organizations than to create new ones.
4. New program analysis skills will be needed to design and implement democratic pluralism projects. ANE will make funding and qualified democratic pluralism expertise available while Missions build the required skills in political science, the press, elections, voter education, legislation, and judicial systems.
5. Concentrate project activity for greater impact. Avoid excessive dispersion of project activity. Any development project will have democratic pluralism ramifications of one type or another. It is important, however, to concentrate resources on a few specially-designed democratic pluralism projects in order to avoid spreading funding too thinly over too many disparate projects.
6. Use discrimination when deciding when and how to pursue the goal of democratic pluralism. Democratic pluralism is not an appropriate goal for all societies at all phases of their development. USAID Missions should use discernment in selecting projects.
7. Evaluating democratic pluralism projects will be problematic. Democracy is a long-term goal, and AID assistance should maintain a low profile in order to minimize political sensitivities.

These operating principles are drawn from the experience of AID and a host of other international organizations around the world. The AID Latin American and Caribbean Bureau, with its Democratic Initiatives Project, has been a leader in designing and implementing activities to promote democratic pluralism. Much less has been done to promote democracy in Africa. In Asia and the Near East, a variety of ANE and Mission democratic pluralism activities are already being funded.

A review of democratic pluralism promotion efforts to date indicates that three main processes are critical in encouraging and supporting democratic pluralism. These key processes are: Voice, Choice, and Governance. The twelve key institutions and sub-processes which promote democratic pluralism are illustrated in Figure 7.

Voice is the dynamic involvement of a large portion of the population in interest groups and voluntary associations such as business and professional organizations, in an atmosphere characterized by free press and free dissemination of information, and respect for human rights. Voice serves democratic pluralism in a number of ways, by articulating and aggregating citizen interests, training leaders, assuring rapid and accurate reporting of information, and monitoring government performance. Policy research institutes and universities play a significant role in analyzing and voicing public issues and proposing alternative policy solutions.

Choice is the second important process in promoting long-lasting democratic pluralism. Choice allows citizens to elect leaders, and select desired policy alternatives. To legitimate a democratic government, elections must be free and fair, and voters should be educated on the issues and the polling process.

Governance is the last important process. Governance refers to the efficient, effective fulfillment of the functions of the executive, legislative, and judicial branches, at both national and local levels. Inefficiency and lack of transparency are corrosive to long-lasting democracies by reducing trust in governments and blocking economic growth. Excessive centralization also threatens democratic pluralism, by taking decisions too far away from those affected by them. Decentralization, training,

Voice

- Interest articulation and aggregation
- Labor, business, and professional groups
- Free press and information dissemination
- Human rights oversight
- Policy analysis and design

Choice

- Voter education
- Political parties
- Election oversight

Governance

- Law-making
- Administration of justice
- Public administration at national level
- Public administration at local and regional levels

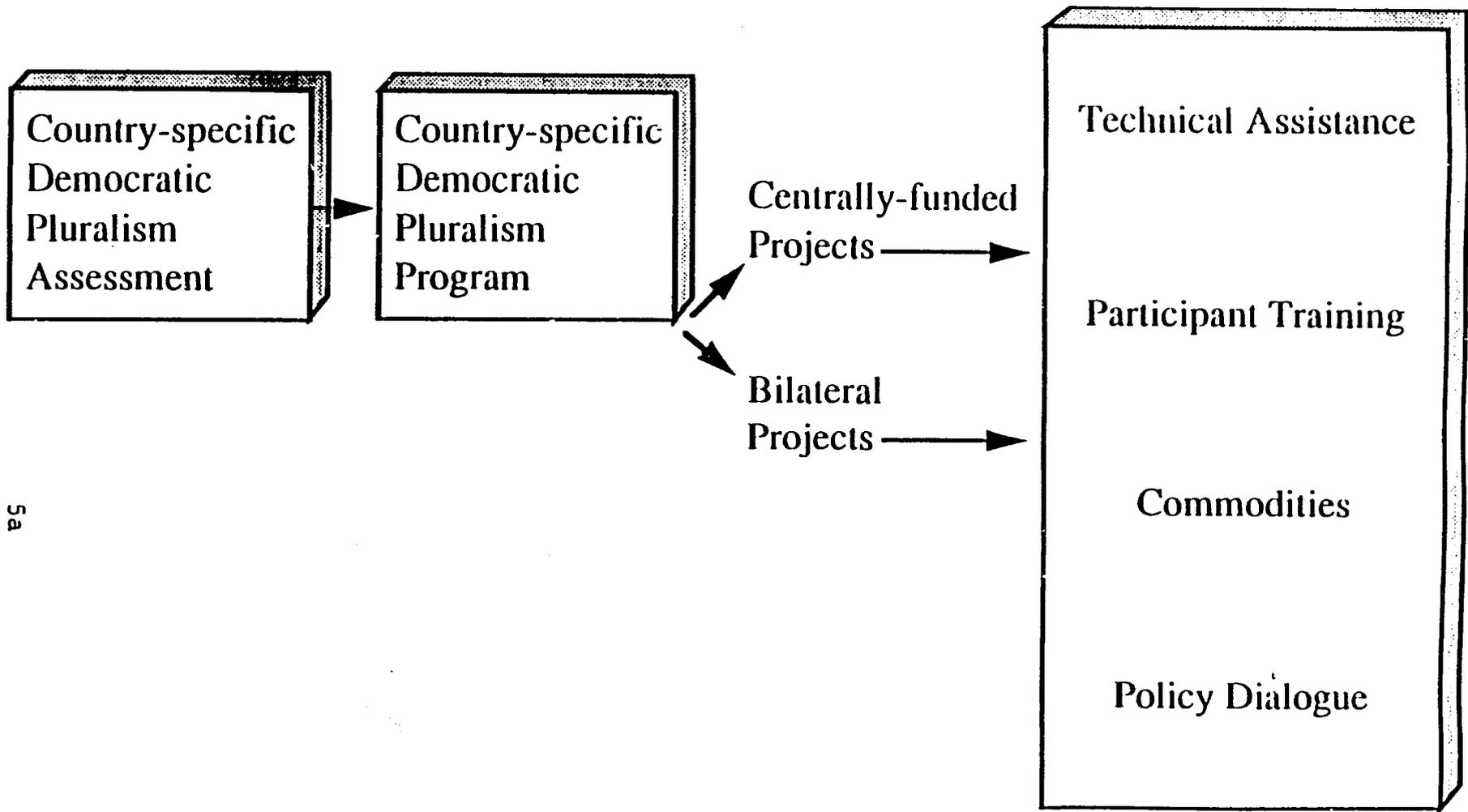
Figure 7:
Components of ANE's Democratic Pluralism Initiative

institution-building, and technical assistance have proven very useful in improving governance.

Figure 15 depicts the ANE Democratic Pluralism Initiative. As a first step toward defining Mission Democratic Pluralism programs, Missions are encouraged to undertake democratic pluralism needs assessments. During the assessment, Missions, assisted as needed by outside experts, will evaluate the context for a democratic pluralism program, and identify high-priority projects.

Based on the assessment results, it is hoped that each Mission will set democratic pluralism goals, and implement one or more projects. Although a limited amount of central funding will be available, the majority of the democratic pluralism activities -- particularly comprehensive efforts that require multi-year projects and funding -- will be supported by mission bilateral programs. Figure 16 illustrates project areas and potential recipients of funding, training, and technical assistance.

The Democratic Pluralism Initiative presents a new set of challenges for ANE and the Missions. To meet the challenges, ANE has developed a roster of sources of democratic pluralism technical assistance (Annex B), a bibliography of books and articles on democratic pluralism in Asia and the Near East (Annex D), and a short list of suggested reading (Annex A). The Democratic Pluralism Initiative, as promoted strongly by Congress, represents a broadening of the AID mandate to support not only economic reforms but also institutional and sociopolitical reforms that contribute to open societies.



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Figure 15:
ANE Democratic Pluralism Initiative

Pluralistic Process to Promote

VOICE:

Interest articulation and aggregation
Labor, business and professional group development
Information dissemination
Human rights oversight
Policy analysis and design

CHOICE:

Voter education
Political parties
Election oversight

GOVERNANCE:

Law-making
Administration of justice
Public administration at national level
Public administration at local and regional levels

Potential Recipients of Technical Assistance and Training

Private voluntary organizations; Non-governmental organizations
Labor, business and professional groups
Press, Journalism students, Publishers
Human rights commissions
Research Foundations, Government officials, Academics

Citizenry
Political parties
Election boards, Voter rights organizations

Legislators and their staffs
Judges, Prosecutors, Lawyers
Executive branch leaders and staff
Government officials

Figure 16:
ANE Democratic Pluralism Initiative Strategy

II. Introduction

ANE is embarking on an important new development initiative, "Open Markets and Open Societies." In the past, the Bureau has devoted considerable attention to economic liberalization and other open-market issues. In order to assist these countries with corresponding societal and political developments, ANE will broaden its mandate to promote openness in society as well. The broader mandate is depicted in Figure 1.

The Democratic Pluralism Initiative, which is outlined in this presentation, is a critical component of ANE's "Open Society" objective. This presentation explains the rationale for the new initiative, and outlines program options for new Mission democratic pluralism activities.

We define a democratic, pluralistic society as one which protects individual civil, political, economic, and property rights; elects leaders in free, fair elections held at regular intervals; contains a wide variety of voluntary intermediary groups which articulate and aggregate interests and counterbalance the authority of the state; and effectively, efficiently and in a decentralized manner, governs the populace, without placing an undue burden on the society or economy (Figure 2). The Democratic Pluralism Initiative strategy is to promote democratic pluralism at the local, regional, and national levels.

Promoting democratic pluralism has been a national goal as long as there has been a U.S. nation. Our commitment to democratic processes and institutions is reconfirmed in the Foreign Assistance Authorization bill now being discussed in Congress, which specifies the support of democratic pluralism as one of the four major goals of foreign assistance.

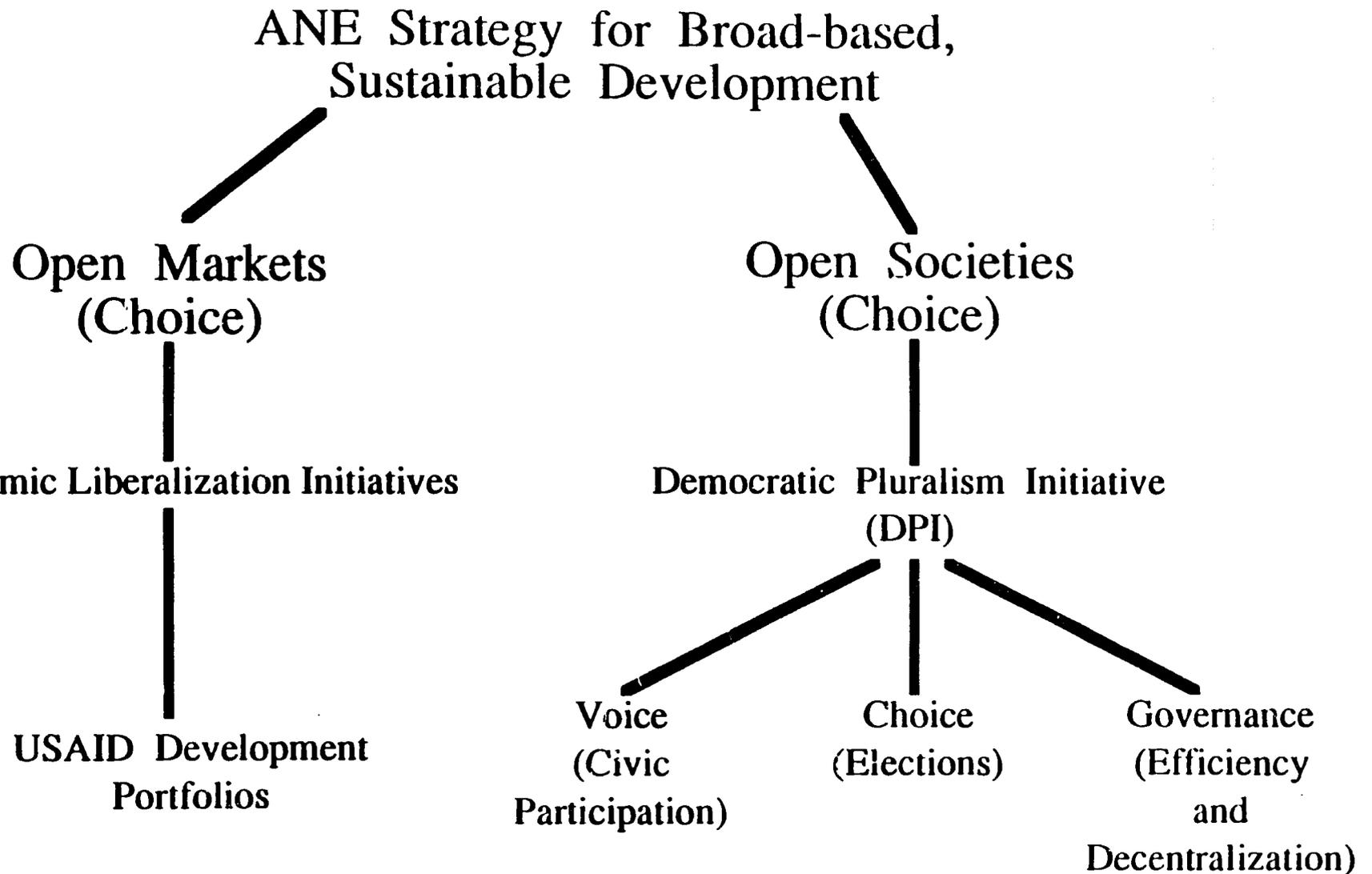


Figure 1:
ANE's Democratic Pluralism Initiative

A democratic, pluralistic society is one which:

- ✓ Protects individual civil, political, economic, and property rights;
- ✓ Elects leaders in free, fair elections held at regular intervals;
- ✓ Contains a wide variety of intermediary groups which articulate and aggregate interests, and counterbalance the authority of the state;
- ✓ Effectively, efficiently, and in a decentralized manner, governs the populace, without placing an undue burden on the society or economy.

Figure 2:
Definition of Democratic Pluralism

As with all initiatives, the Democratic Pluralism Initiative will be more fruitful in some nations than in others. This is especially true in a region as diverse as Asia and the Near East. Those countries with indigenous democratic traditions and institutions will be more open to the new initiative than other nations. In all cases, however, the Democratic Pluralism will build on local initiatives, and utilize indigenous models, expertise, and institutions.

III. Open Markets - Open Societies: The Links

DEMOCRACY AS A VALUABLE "END" AND A VALUABLE "MEANS"

Figure 3 summarizes the many reasons behind the ANE Democratic Pluralism initiative. One source of the initiative is the United States' historical commitment to supporting democratic societies worldwide. Support for democracies has been a consistent theme in U.S. policy. Democratic government of, by, and for the people assures a government that is accountable and responsible.

ECONOMIC GROWTH CAN GENERATE PRESSURES FOR DEMOCRATIC PLURALISM

Recent developments suggest that economic liberalization and growth create pressures for democratic pluralism. China, Poland, and the Soviet Union, for example, have embarked on economic restructuring and liberalization plans to allow greater economic freedom and a larger role for the private sector, and each country has experienced rising demands for concomitant societal and political openness. In Poland and the U.S.S.R., the enlarged role of the individual in the economy has been accompanied, at least partly, by an enlarged tolerance for diversity and pluralism in politics. No such political diversity was allowed in China. Pressures to democratize were not vented through participation in the political process. The resulting turmoil has stymied foreign investment, dampened trade, and lowered the prospects, at least in the short-term, for economic development.

DEMOCRATIC PLURALISM IS IMPORTANT FOR SUSTAINED DEVELOPMENT

In addition to being an intrinsically valuable "end," democracy is also an important "means" toward broad-based, sustainable economic growth. History provides a number of examples of democracy supporting economic development. The history of the

Why Democratic Pluralism?

- ✓ Democracy is a valuable "end" as well as a valuable "means."
- ✓ Economic growth can generate pressures for democratic pluralism.
- ✓ Democratic pluralism is important for sustained economic development.
- ✓ Growing demand in ANE region for greater individual participation and voice in policy and governance.
- ✓ Development can further democratization.
- ✓ Bilateral ties strengthened through shared democratic pluralism ideals.

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Figure 3:
Rationale for the Emphasis on Democratic Pluralism

greatest economic powers -- the United States, Western Europe, and Japan -- illustrates that economies flourish in democratic, pluralistic societies.

Observations that democracy supports economic development have been corroborated in the academic literature. Max Weber argued that democracy is a necessary condition for economic advance. In a quantitative study of the determinants of development, Milton Friedman¹ concluded that increases in civil liberties are associated with reduced infant mortality and higher per capita Gross National Product. Holding political rights (as measured by the Freedom House) constant, Friedman detected that a one-point improvement in civil rights (on a seven point scale) implies a 34 percent decrease in infant mortality and a 49 percent increase in GNP per person. Friedman emphasized that "correlation is not causation," and postulated that high income both leads to greater civil rights and is the result of greater civil rights.

In a study of 104 countries², Yiannis Venieris noted that the sociopolitical environment is a crucial determinant of development. Venieris concluded that "development requires sustained economic growth, changes in the sociopolitical environment, as well as flexibility in the institutional structure." As a development donor, we cannot focus all of our efforts on promoting economic growth without also providing assistance to assure the necessary institutional and political environment for growth.

According to some researchers, democracy reduces income inequality and provides a foundation for more equitable growth. In his review of the literature, Kenneth Bollen³ reported that a number of researchers found that democratic performance reduced income inequality.

Given the importance of democratic pluralism to development, several authors are pessimistic about any country's potential for development in the absence of democracy. Scholar Abu Laban concluded that "Unless conditions are created for citizen involvement in the development process in the Arab world, there is little or no hope for societal transformation."⁴

While a number of prominent theorists argue that democracy is an important precondition for development, the links and causalities have not been definitively resolved by the academic community. Some scholars theorize that democracy may not be suitable to meet the challenges faced by developing countries. For example, Vaman Rao⁵ argues that democracies do not respond quickly enough to the immediate demands placed on the political system by a populace impatient to raise its standard of living. In general, contemporary political science sees economic development and political systems as interacting variables, but neither clearly determines the other. This conclusion is illustrated in Figure 4.

HOST-COUNTRY INTEREST IN DEMOCRACY

An additional reason for the Democratic Pluralism Initiative is the indigenous demand within the ANE region for democratic processes and institutions. Rarely does a day pass without reports of increasing demands for political expression in the ANE region. Annex E contains reprints of several recent articles.

In nearly all the countries in the region, significant changes are taking place. In South Korea, 20 years of military government have been replaced by a democratically elected executive, while labor unions have developed into significant political forces. In Jordan, the first nationwide elections in 41 years will take place in November, and women will vote for the first time.

Researcher

Conclusion

Max Weber

Democracy is a necessary condition for economic advance.

Milton Friedman

Increase in civil liberties is associated with development.

Yiannis Venieris

Sociopolitical environment is a crucial determinant of development.

Kenneth Bollen

Democracy reduced income inequality.

Abu Laban

Greater citizen involvement critical for development of the Arab world.

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Jaman Rao

Democracy responds slowly to political demands.

General Conclusion: Economic development and political systems' are interactive variables. Neither clearly determines the other.

Figure 4:
Research Results of Democracy/Development Links

As economic progress expands the economic options and power of large numbers of people, pressure builds within the societies for greater options and powers in the sociopolitical sphere. ANE seeks to assist ANE countries and their institutions to ease the way for greater civic participation, prepare the necessary institutions to effectively channel the new demands placed on the political system, and maintain and improve governance.

Some researchers are concerned that in some instances, excessive politicization of differences, especially cultural differences, can endanger democracy.⁶ They point to cases such as Sri Lanka, where ethnic cleavages have resulted in violence which led to increasing authoritarianism, and Pakistan and Indonesia, where pluralism led to instability. These concerns are valid, and should be considered in any democratic pluralism program. In some cases, articulation of demands along cultural lines should probably not be encouraged and groups should be encouraged to form around common goals which cut across cultural differences. However, where naturally occurring diversity exists, it is better to implement a program which uses political pluralism to build a self-sustaining national consensus than to crush potential dissent and opposition. In India, for example, strategies of inclusion and incorporation have maintained peace and political stability in the face of diversity.⁷ In general, history indicates that violence festers when the other path, that of exclusion and repression, is taken. Democratic support projects can be an important element in a strategy of inclusion and incorporation.

AID AND DEMOCRACY

A last source of the impetus for the Democratic Pluralism Initiative is that with or without a thoughtful, coordinated democratic pluralism program, our aid can have profound implications on the development of democracy in recipient

countries. Who receives aid, and when and how they receive it, can promote democratic pluralism, or restrict it. If our aid is channeled through decentralized, democratic institutions which respond to needs as articulated by the citizens, that aid indirectly supports democratic pluralism. Conversely, if aid is distributed in a different manner, it could hamper democratic development. Therefore, since our assistance will have important implications for the incipient democracies, we should be conscious of those implications. We should structure the Democratic Pluralism Initiative, and indeed our entire project portfolio, to maximize the positive impact on democratic pluralism. In addition, we should strengthen our bilateral ties with those nations which share our democratic pluralism ideals.

OPEN MARKETS AND OPEN SOCIETIES: A BALANCED APPROACH

While we should support the development of democratic pluralism in ANE countries, it is clear that democracy alone does not automatically ensure economic development. A democracy needs the support of a vibrant, growing economy in order to legitimate its leadership among the citizenry, as well as to assure an acceptable standard of living and possibilities for economic advance. An episode from British-Ghanian relations makes the point that development supports democracy.⁸

When Edward Heath was Prime Minister, the prime minister of then-democratic Ghana came to him in the early 1970s with a request for funds to provide fresh water to Ghana's villages, saying that such a measure might help him win Ghana's upcoming election and stave off the anti-democratic forces stalking the nation. The British ultimately decided not to supply the funds. A coup followed and, said Mr. Heath sadly, "that was the end of democracy in Ghana." Africa is a complex continent and there were presumably other reasons for the loss of democracy in Ghana; but it is still disturbing to wonder whether modest assistance might have made a crucial difference.

It appears that economic growth does not automatically lead to democracy, nor does democracy always lead to economic growth. Figure 5 illustrates that some countries, such as Paraguay, may generate high economic growth in the absence of democracy. Some democracies may have economies which perform very poorly, such as Jamaica. Other examples, such as Benin on the one hand and Japan and Costa Rica on the other, hint that democracy and development can be highly correlated.

Only by working in a balanced way on both economic and sociopolitical issues can a development organization such as AID maximize its developmental impact. Just as AID was a leader in identifying and promoting the links between private sector growth and development, AID should also play an active, leading role in research on the links between democracy and development.

Economic
Growth

Low

High

		Democratic Pluralism	
		Low	High
Economic Growth	Low	<p>Benin FH = 14 2.4% Growth</p>	<p>Jamaica FH = 4 1.0% Growth</p>
	High	<p>Paraguay FH = 12 5.0% Growth</p>	<p>Japan FH = 2 5.5% Growth</p> <p>Costa Rica FH = 2 4.8% Growth</p>

Source: Freedom House Ratings, 1989, and World Bank Growth Figures, 1965 - 1987.

Figure 5:
Democratic Freedom does not Automatically Ensure Economic Development

IV. ANE's Democratic Pluralism Initiative

Democratic pluralism cannot on its own produce development, but it can make an important contribution. Figure 6 summarizes the potential cyclical relationship between democratic pluralism and development. In an ideal world, demands are articulated and aggregated through free participation in private voluntary associations in an atmosphere of full protection for human rights and a free press. Well-designed policy options are put forth and debated. Free and fair elections bring to power the leaders selected by the citizens. Government institutions implement policies in a cost-effective, efficient manner. The resulting policies lead to broad-based, sustained development, which in turn places additional demands on the system. The Democratic Pluralism Initiative seeks to promote these processes in the ANE countries.

Democratic pluralism has three major components: Voice, Choice, and Governance. Figure 7 depicts these three areas, and the twelve types of activities which comprise the Initiative.

Voice refers to the articulation of interests in private voluntary associations such as neighborhood councils, parent-teacher organizations, business and professional organizations, and other interest groups. Free civic participation requires unrestricted flow of information through an uncensored press. Unrestricted civic participation is only feasible in the absence of human rights abuses. Voice is aided by institutions such as think-tanks and research foundations which analyze and articulate policy options.

Choice refers to the right to freely elect leaders. Free and fair elections are only possible if citizens are free to form political parties, and if elections are conducted justly.

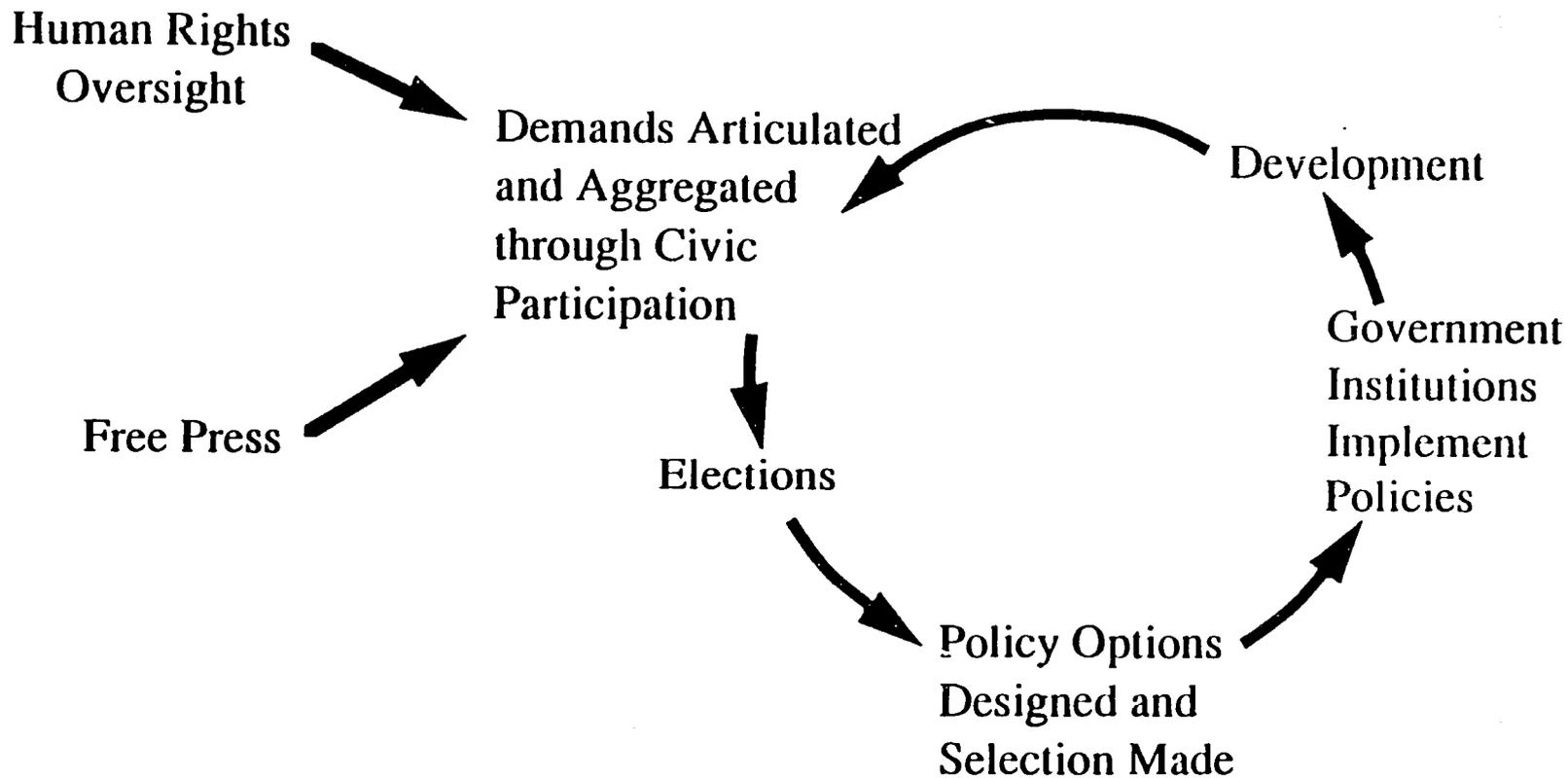


Figure 6:
From Demands to Development:
The Policy Process in a Democratic, Pluralistic Society

Voice

- Interest articulation and aggregation
- Labor, business, and professional groups
- Free press and information dissemination
- Human rights oversight
- Policy analysis and design

Choice

- Voter education
- Political parties
- Election oversight

Governance

- Law-making
- Administration of justice
- Public administration at national level
- Public administration at local and regional levels

Figure 7:
Components of ANE's Democratic Pluralism Initiative

Governance, the last of the three democratic pluralism components, is the able implementation of government regulations and policies in all three branches: Executive, legislative, and judicial. Good governance, meaning the efficient implementation of transparent laws and regulations which do not place an undue burden on citizens, the economy, and commerce, is critical to a well-functioning private sector and to development, as Hernando de Soto's path-breaking research has indicated. Governance is important at both the national as well as local and regional levels. Decentralization is an important dimension of pluralism because it places decisions as close as possible to those who will be affected by them. Together, the three components of democratic pluralism contribute to development.

MEASURING DEMOCRATIC PLURALISM

In order to promote democratic pluralism in an orderly way, we must be able to measure it. Unfortunately, the degree of democratic pluralism in a given society cannot be readily categorized or quantified. Literally dozens of researchers have estimated the "degree of democratic development" for different groups of countries for various periods of time. In general, scholars of democracy regard the Freedom House Rating, calculated for 163 countries each year by the Freedom House, to be the best existing measure of democratic pluralism. The rating has been calculated every year since 1962, and is based on a clear set of criteria.

The Freedom House rating is not perfect, and has two main weaknesses for our purpose. First, the rating does not measure sociopolitical changes and pressures building beneath the surface; it records only the external manifestations of social change. Ideally, we would use a measurement tool which detects an increase

in citizen demands on the political system, regardless of whether or not they are answered. Second, the Freedom House Rating is relative to other countries, and therefore may not capture important absolute changes in a single country.

The Freedom House Rating varies from (1) to (14), with a (1) indicating the most free society, and a (14) indicating the least free. For 1989, several nations received a (2), including the United States, Iceland, Austria, Australia, Barbados, Costa Rica, Denmark, Canada, Italy, Norway, and New Zealand. At the other end of the spectrum, a number of nations received a (14), such as Romania, Somalia, South Yemen, Iraq, Mongolia, Equatorial Guinea, Albania, Benin, and Cambodia.

As Figure 8 illustrates, the Freedom House Rating is actually the sum of two 7-point ratings, one based on political rights and the other based on civil rights. Each nation is judged according to the existence or absence of a number of aspects of the society. In order to receive a favorable political rights rating, a country must have an elected chief authority and legislature, fair election laws, a decentralized government, multiple political parties, a significant opposition vote, and be free from military control. To receive a good civil rights grade, citizens must have a free press, freedom to assemble, freedom from unjustified imprisonment, free trade unions, freedom of religion, freedom to own property, and freedom to travel within and outside of the country's boundaries.

Figure 9 depicts the Freedom House Rating assigned to each of the ANE countries. The ratings vary from the relatively free Kiribati, which scored a (3), to the more restrictive North Yemen, (10) and Jordan, (11).

Freedom House Ratings Vary from 1 - 14
(1) -- Most Free Society (14) -- Least Free Society

The Rating is the Sum of Two 7-point Ratings:

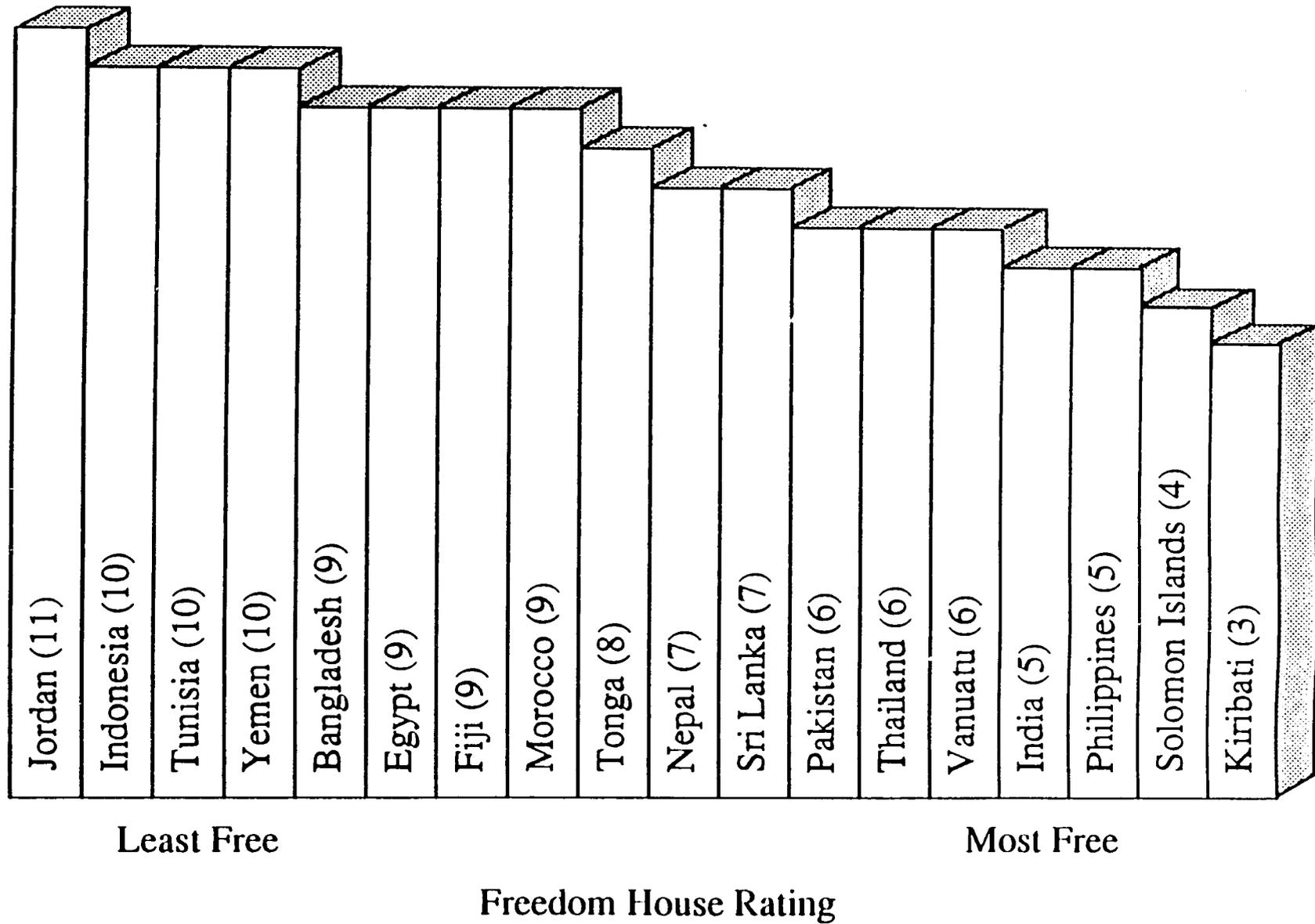
Political Rights Checklist

- ✓ Elected chief authority
- ✓ Elected legislature
- ✓ Fair election laws
- ✓ Decentralized government
- ✓ Multiple political parties
- ✓ Significant opposition vote
- ✓ Freedom from military control

Civil Rights Checklist

- ✓ Free press
- ✓ Freedom of assembly
- ✓ Freedom from unjustified imprisonment
- ✓ Free trade unions
- ✓ Freedom of religion
- ✓ Freedom to own property
- ✓ Freedom to travel internally and externally

Figure 8:
Construction of the Freedom House Rating



Source: Freedom House

Figure 9:
Freedom House Ratings In ANE Countries, 1988 - 1989

OPERATING PRINCIPLES BASED ON PAST EXPERIENCE

While the Democratic Pluralism Initiative will be a relatively new undertaking for the ANE region, it is not new in the rest of the world, and a substantial cadre of experienced professionals and technical assistance already exists. Annex B lists a number of institutions and individuals with expertise in promoting different aspects of democratic pluralism. Many of these institutions and individuals, such as the National Endowment for Democracy and The Asia Foundation, will be available to guide ANE democratic pluralism planning, and provide technical assistance. In addition, other U.S. government agencies, such as the U.S. Information Agency, could provide valuable additional assistance to ANE and USAID democratic pluralism efforts.

Before discussing democratic pluralism support projects around the world, it is important to stress several operating principles which have been developed as a result of past democratic pluralism promotion efforts. These operating principles are listed in Figure 10.

1. Democracy should be developed from "the bottom up."

By its inherent nature, legitimate democracy must represent the will of the people. In the words of a well-known student of democracy, Larry Diamond, "Democratic stability requires a widespread belief among (people) that democracy is the best form of government for their society, and hence that the democratic regime is morally entitled to rule."⁹

However, societies without historical democratic tradition, such as Japan, can and do make the transition to democracy. The ANE region, and especially Asia, is showing clear signs of

Figure 10:
Operating Principles Based on Past Experience

1. **Democracy should be developed from the bottom up.**
2. **Utilize indigenous models of democracy.**
3. **Work with existing institutions where possible.**
4. **New program analysis skills will be needed to design and implement democratic pluralism projects.**
5. **Concentrate project activity for greater impact.**
6. **Use discernment when deciding when and how to pursue the goal of democratic pluralism.**
7. **Evaluating democratic pluralism projects will be sensitive and problematic.**

readiness for the Democratic Pluralism Initiative. In their research, Diamond and his colleagues found that "rapid socioeconomic development under authoritarian rule generates pressures and creates social structural conditions more conducive to democracy."¹⁰ Thus, even if a society is historically autocratic, economic development will in many cases begin to create the foundations for democracy.

2. Utilize indigenous models of democracy.

There is no single recipe for promoting democratic pluralism in developing countries. We must not attempt to implant U.S. models of democracy or of individual democratic institutions. To the extent they exist, local and regional experts should be utilized, because they are much more likely to understand the political context and institutions. In the words of the LAC Democracy Initiative,

Understanding that democracy is more a set of basic principles and institutions than a single, immutable model and that institutions must evolve from a society's cultural traditions and circumstances, USAID is dedicated to helping developing countries devise democratic systems based on their histories and societies.¹¹

3. To the extent possible, work with existing organizations.

It is easier and faster to support an institution which is already formed, staffed, and organized, than to create a new institution, a process which can take years. In addition, because of the sensitive nature of democratic pluralism promotion, and the need to be responsive to local initiatives and not impose "Western" ideals, it is usually more appropriate to build on an established local undertaking than to build a new institution. In some

societies, however, promoters of democratic pluralism will have no choice but to assist and support new or nascent organizations.

4. New program analysis skills will be needed to design and implement democratic pluralism projects.

Effective democratic pluralism project design and implementation will require new skills perhaps not currently found in Missions. Expertise is needed in political science, the press, elections, voter education, legislation, and judicial systems. New skills will also be required for projects with a sectoral (i.e., health, education, etc.) focus which indirectly affect political pluralism. For example, in a given agricultural project, rather than asking only how many wells are dug and pumps installed, an important question becomes how many wells are being maintained through regular collection of fees paid to elected officials. In essence, it will be necessary to add "process" and "sociopolitical consequences" dimensions to existing project planning and implementation. ANE will make funding and qualified democratic pluralism expertise available while Missions build the required skills.

5. Concentrate project activity for greater impact.

Democratic pluralism is a broad goal with potential application to and implications for all aspects of an economy and society. It will be important to avoid falling into the trap of spreading democratic pluralism funding "too thin" over a wide variety of projects. This criticism has been made of past 166(e) human rights efforts.¹² While consideration should be given to how to use the entire USAID portfolio to promote pluralism, funding

should, in most cases, be concentrated in just a single or a few projects, in order to maximize effectiveness.

6. Use discrimination when deciding when and how to pursue the goal of democratic pluralism.

Democratic pluralism is not an appropriate immediate goal for all societies at all phases in their development. USAID Missions should use care in undertaking democratic pluralism initiatives. Projects should "piggyback" on local initiatives to avoid charges of "ethnocentrism" and "moral crusading." At the same time, all country economic development strategies should have as a goal the creation of conditions and institutions which will lead to a democratic, pluralistic society.

7. Evaluating democratic pluralism projects will be sensitive and problematic.

Democracy is a long-term goal. Results from democratic pluralism projects are likely to be visible, if at all, only in the long-term, as attitudes and institutional structures change. Results will seldom be demonstrable, exciting, or dramatic.

In addition, it is imperative that AID assistance to democratic pluralism maintain a low profile. Taking credit for any movement toward democratic pluralism would immediately discredit the progress in the eyes of host country citizens, and especially host country opposition.

For these reasons, evaluations will be extremely problematic. If an evaluation suggests that no progress has been made, it is possible that true progress is beneath the surface, in attitudes, and simply cannot be measured. If, on the other hand, an evaluation suggests that progress has been made, mere publication

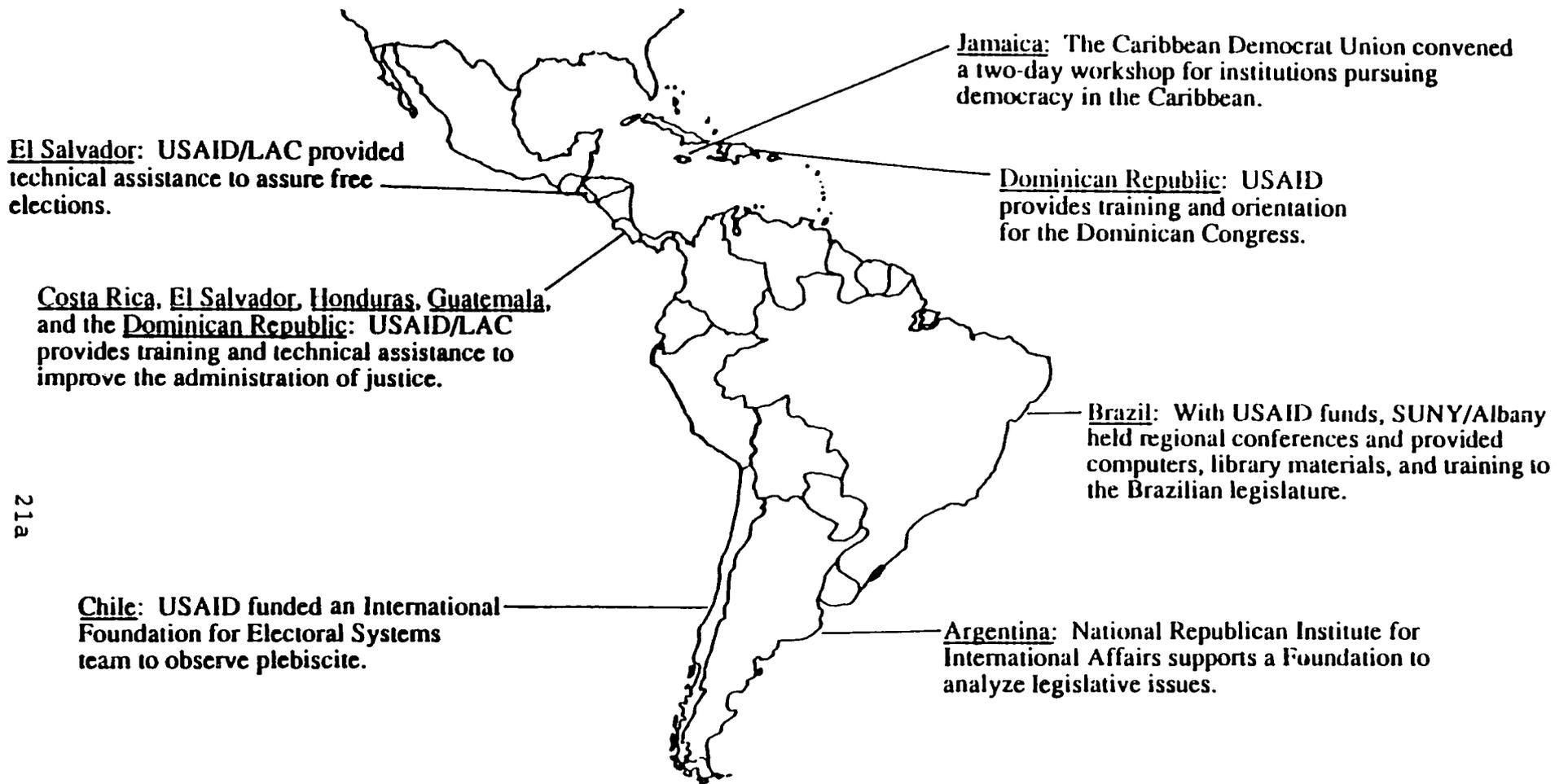
of the evaluation or assignation of credit to the USAID Mission could jeopardize the entire project.

DEMOCRATIC PLURALISM INITIATIVES AROUND THE WORLD

In this section, we present illustrative examples of democratic pluralism support projects being undertaken by AID and other organizations around the world. The AID Democratic Initiative in Latin American and the Caribbean has understandably spawned a large number of projects in that region. Much less democratic pluralism activity is occurring in Africa. A surprisingly large number of activities is already being supported in the Asia and the Near East, even in the absence of a coordinated initiative. Illustrative examples of democratic pluralism projects in the three regions are depicted in Figures 11, 12, and 13.

Central and South America and the Caribbean are the site of a wide variety of projects promoting democracy. In recent elections in El Salvador, Guatemala and Honduras, USAID assistance for the electoral process included providing special ballot paper and ink, aiding in computerizing voter registration rolls, and supporting teams of international electoral observers. The Administration of Justice program strengthens the technical and administrative capacity of national and regional institutions in order to promote a more just, efficient, and accessible independent judicial system. This program operates in Costa Rica, El Salvador, Honduras, Guatemala, and the Dominican Republic. Through the International Foundation for Electoral Systems, USAID funded a team of observers at the Chilean plebiscite.

In Jamaica, the Caribbean Democrat Union, affiliated with the National Republic Institute for International Affairs, convened a two-day workshop for institutions pursuing democracy in the Caribbean. The conference provided participants an opportunity to



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Figure 11:
 Illustrative AID Democratic Pluralism Initiatives in Latin America and the Caribbean

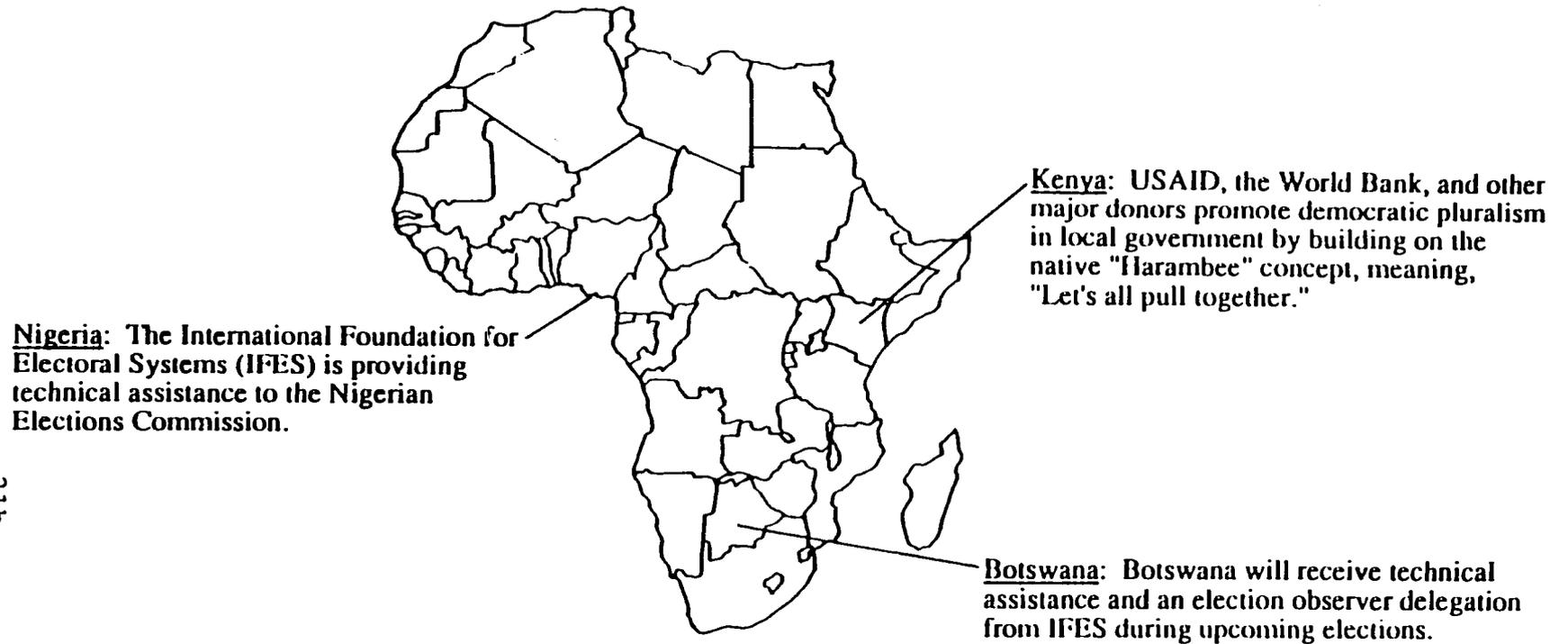


Figure 12:
Illustrative AID Democratic Pluralism Initiatives in Africa

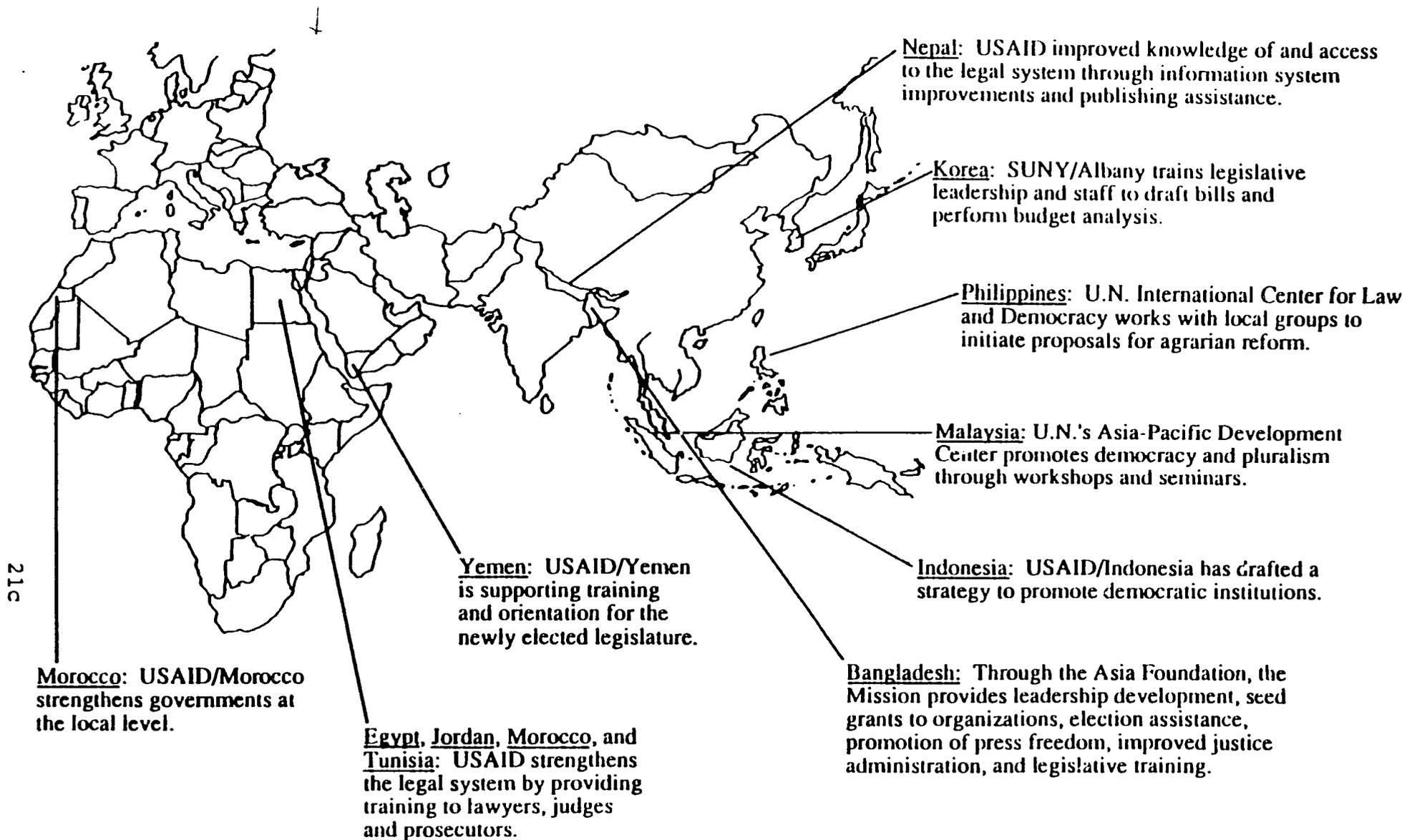


Figure 13:
 Illustrative ANE and USAID Democratic Pluralism Initiatives
 in Asia and the Near East

network with others pursuing similar goals in the Caribbean, and to exchange opinions on those strategies and projects which were most successful. A USAID project in the Dominican Republic funds orientation and training for the Dominican Congress.

The Brazilian legislature was the recipient of computers, library materials, and training from USAID. An Argentinean non-profit research foundation, the Institute for Market Economics, is supported by the National Republican Institute for International Affairs. The Institute conducts research on legislative issues, publishes a monthly magazine, and holds national seminars to educate the public on economic policy issues and articulate policy options.

Much less has been done to promote democratic pluralism in Africa. The International Foundation for Electoral Systems, IFES, funded by USAID, provided technical assistance to the Nigerian Elections Commission. USAID, the World Bank, and other donors have built on the indigenous Kenyan democratic tradition of Harambee, meaning "Let's All Work Together" by utilizing grassroots development techniques in that nation and many others. Botswana will be the recipient of an election observer delegation and technical assistance from IFES.

Asia and the Near East have been the site of numerous democratic pluralism promotion efforts funded by various organizations over the years. USAID is currently working to strengthen local governments in Morocco by offering training and institutional development. The legal systems in Egypt, Jordan, Morocco and Tunisia are being further developed as USAID provides training to lawyers, judges, and prosecutors. The newly elected legislature in Yemen is receiving training and orientation from USAID/Yemen.

In Nepal, the USAID Mission has improved knowledge of and access to the legal system through information systems improvements and publishing assistance. South Korean legislative leadership and staff received short- and long-term training in bill drafting and budget analysis from the State University of New York at Albany. The United Nations Center for Law and Democracy assists local groups in the Philippines to design policies and projects regarding land tenure and other issues, thus reinforcing local democratic initiatives.

Democracy and pluralism are promoted through workshops and seminars in Malaysia by the United Nation's Asia-Pacific Development Center. USAID/Indonesia has drafted a strategy to promote democratic institutions. The Asia Foundation has mounted a multi-faceted, USAID-funded project to promote democracy in Bangladesh which includes leadership development, seed grants to organizations, election assistance, promotion of press freedom, improved administration of justice, and legislative training. In Pakistan, the Asia Foundation, with funding from USAID, has strengthened the legislative research capability by computerizing the congressional research service.

Figure 14 lists the results of a preliminary survey of ANE Central and Mission democratic pluralism support projects. The figure illustrates that democratic pluralism is being promoted by the ANE Bureau, but more importantly, by each of the ANE countries. In most cases, the promotion is not on a large scale, but rather is a component in a larger project. Nonetheless, each of the countries is pursuing pluralism, in most instances through working to strengthen the institutional capacity of non-governmental organizations and local governments. To apply our new democratic pluralism terminology to the existing project portfolio, we would conclude that current projects promote civic participation by

Figure 14:
USAID Mission and ANE Involvement in Democratic Pluralism to Date

<u>Source of Initiative</u>	<u>Democratic Pluralism Initiative</u>
ANE Regional	116 (e) Private Voluntary Organization Project Asian-American Free Labor Institute Project
USAID Missions	
Bangladesh	Institutional strengthening of civic participation
Indonesia	Promotion of democratic initiatives
India	Local institution capacity-building in the health sector
Nepal	Capacity-building of NGOs and local governments
Pakistan	Institution-building of NGOs and local civic participation
Philippines	Capacity-building of NGOs and local civic participation
South Pacific Islands	Local government and NGOs capacity-building
Sri Lanka	Institution-building of NGOs and local governments
Thailand	Capacity-building of local NGOs and governments
Egypt	Decentralization
Jordan	Legal system strengthening
Morocco	Institution-building of NGOs and municipal gov'ts
Tunisia	Improve legal system efficiency
Yemen Arab Republic	Training for newly elected legislature

building up NGOs, and promote governance by working with local governments.

Both Bangladesh and Indonesia have implemented or are in the process of designing projects (as opposed to components of projects) which have as their goal the promotion of democratic pluralism. The Asia Foundation is strengthening civic participation in Bangladesh by providing technical assistance to the Parliament, the elections, the press, the judiciary, and local governments. The Mission in Indonesia has drafted a democratic initiatives strategy for the nation.

Pluralism initiatives are also widespread in the Near Eastern ANE countries. Each of the USAID Missions has embarked on one or more projects or project components which have democratic pluralism as their goal. USAID/Egypt is implementing a program to decentralize a number of governmental functions in order to increase the accessibility of the citizens to the decision-makers, as well as to increase the accountability of decision-makers to citizens. USAID/Jordan is strengthening the legal system through training and technical assistance. USAID/Morocco has devoted resources to the institution-building of non-governmental organizations and local governments. USAID/Tunisia has a project dedicated to improving the efficiency of the legal system. USAID/Yemen is implementing a project which provides training for the newly elected legislature.

COMPONENTS OF THE DEMOCRATIC PLURALISM INITIATIVE

We now turn to a discussion of twelve types of democratic pluralism activities, each of which can be categorized under one of three political functions: Voice, Choice, and Governance. For each activity area, we discuss the rationale of including the activity in a democratic pluralism initiative, provide examples of

projects which focussed on the activity, and, where possible, provide guidance tailored to the ANE region.

VOICE

Interest Articulation and Aggregation

RATIONALE: Interest groups play a vital role in democratic pluralism. A dynamic network of voluntary associations perform a number of significant functions, including:

- Informing their members on relevant topics;
- Supplementing the role of political parties by articulating members' views to the press and the government;
- Balancing and limiting the power of the state;
- Stimulating civic participation;
- Increasing citizen efficacy and effectiveness; and
- Enhancing commitment to the democratic system.¹³

Associations also reinforce democracy because they often operate as "democracies in miniature." They give members opportunities to vote, run for office, and reach decisions consensually. The very act of organizing groups establishes the precedent for group problem-solving.

A democratic pluralism approach to private voluntary organization (PVO) development differs from a traditional approach in two respects. First, a broader set of PVOs become eligible for assistance, including autonomous intermediate groups with an openly political mandate, such as the Association for the Defense of

Liberty and Democracy in Costa Rica. Second, a democratic pluralism project would stress the process by which the PVOs intermediate demands on the political system, rather than focussing on the demands themselves.

EXAMPLES: Private voluntary associations are a traditional recipient of AID assistance. In concert with AID's increasing commitment to work through the private sector in host countries, Missions have increasingly turned to private voluntary organizations as intermediaries for projects instead of the government itself. Typical AID recipients have included agricultural cooperatives, regional development associations, and women's groups. Now that the linkages between interest groups, democratic pluralism, and economic development are becoming better understood and are of greater interest to AID, a broader group of associations will become eligible for assistance.

.GUIDANCE FOR ANE COUNTRIES: A project that would be consistent with the democratic pluralism focus would provide technical assistance and training to a large number of voluntary associations. Training and technical assistance could focus on a number of needed areas, including: How to implement a membership drive to attract new members; How to run meetings; How to keep treasurer's account books; How to implement a fundraising campaign; How to maintain effective relations with the press; and other topics.

Clear guidelines should be set to determine eligibility of individual associations for the training and technical assistance program. The guidelines would vary by country, and would be responsive to host government and AID Mission objectives. In general, associations would be eligible for training if they are judged to be viable over time, and are likely to represent legitimate interests of citizens desiring to articulate and

aggregate interests which will be funneled into the local, regional, or national democratic decision-making process.

Labor Unions and Business Organizations

RATIONALE: Labor unions and business organizations are a subset of the voluntary associations just discussed. We consider them separately, however, because of their importance as intermediaries between the populace and the government, and their often considerable political power and their importance in promoting private sector-led development. Because of their access to large memberships, large treasuries, and highly organized nature, labor unions are often important players in societies. Labor unions can be useful and effective advocates for their members in pluralistic democracies.

Business and professional organizations representing the organized interest of entrepreneurs and business owners are, like labor unions, significant players in democratic, pluralistic societies. Business associations articulate their members' concerns and opinions to the public at large and to the government. They are often invaluable sources of long-term, sustained support for private sector development strategies. Groups such as these deserve support, technical assistance, and training because of their significant contribution to promoting pluralism and at the same time promoting economic development.

EXAMPLES: Traditionally, U.S. assistance to labor unions abroad was confined to two types of activities: Labor education and social projects. The AFL-CIO's three regional institutes (one each for Latin America, Asia, and Africa) offered training courses on basic trade union concerns such as collective bargaining techniques, dues systems, accounting procedures, labor legislation, public speaking, and organizing techniques. They also supported

social projects such as credit unions, medical clinics, worker housing projects, consumer cooperatives, and other projects allowing workers to solve their problems collectively.

With the increase in bipartisan congressional support for democracy beginning in 1982, the AFL-CIO, using funding from the National Endowment for Democracy, has broadened its activities to include training in electoral processes and get-out-the-vote efforts, and research and publications supporting democratic pluralism, as well as the more traditional institution-building and training of trade union centers and groups.

AFL-CIO-supported institutions have been instrumental in pushing for democratic reforms in many countries around the world. In the Philippines, AFL-CIO funding for poll-watching teams and voter education was reportedly crucial in dramatizing the fraud in the 1986 elections and sparking the demonstrations that led to the fall of the Marcos regime.¹⁴ Another funding recipient, Chile's Democratic Workers Center, is part of a broad coalition of democratic groups which is working to facilitate a transition to democracy.¹⁵

GUIDANCE FOR ANE COUNTRIES: Technical assistance to new and nascent voluntary business and labor associations is likely to offer significant benefits to emerging democratic, pluralistic societies in the ANE region.

Information Dissemination

RATIONALE: A vigilant and free press is important for all three aspects of democratic pluralism: Voice, choice, and governance. A free press is a valuable vehicle for the articulation of minority views, and at times can literally give voice to the voiceless. Press freedom is also necessary to insure

fair elections. Lastly, an unfettered press acts as a constant monitor of government actions, and can be a strong advocate for good governance.

A recent World Bank report concluded that a free press is important for good governance. In particular, the study reported that the press could be a powerful champion of good-government, anti-corruption drives. The report concluded that "the two countries with the best economic performance in Africa -- Mauritius and Botswana -- both have effective parliamentary democracies and a vigorous free press."¹⁶ Recent technological advances such as facsimile machines have made restricting the flow of information harder, and have facilitated free press.

EXAMPLES: Strengthening the free media has been an important component of Latin America and the Caribbean's Democratic Initiatives Regional Strategy. Elements of LAC support for a free press include:

- A systematic needs assessment of journalism in five Central American countries;
- Funding of regional associations and centers undertaking research and mass media training;
- Improved journalism education by adapting U.S. textbooks to the Latin environment, and financing long-term training in the U.S.; and
- Training for rural radio journalists to focus news broadcasts on local issues.

GUIDANCE FOR ANE COUNTRIES: Program elements similar to those just described, adapted to the unique characteristics of the region and nation, could be very useful in Asian countries.

Human Rights Oversight

RATIONALE: Freedom to voice opinions and articulate dissenting viewpoints is only complete if human rights are protected. If they are not, diversity and dissension will disappear, at least on the surface. Thus, protection of human rights forms the foundation of any democratic pluralism initiative.

EXAMPLES: Section 116(e) funding has supported a variety of human rights oversight activities. For example, AID has established and partially funded institutions such as the Inter-American Institute of Human Rights, which educates and conducts research on human rights issues. The Institute offers a variety of training programs, some targeted at school students, and others which focus on human rights lawyers and activists. In the ANE region, 116(e) funds are dedicated to research on civil and political rights; the development of human rights organizations; and activities to increase the access of women and ethnic groups to judicial systems and political processes.

GUIDANCE FOR ANE COUNTRIES: Institutions and individuals which could benefit from support, training, and technical assistance in human rights in ANE countries include human rights oversight groups, human rights lawyers and activists, research and training institutes, and other groups.

Policy Analysis and Design

RATIONALE: Policy analysis and design is a fifth element of voice. Without articulated policy stances and viable policy proposals, elections and governance can become excessively personality oriented, and useful policy options may not surface. AID can play a valuable role in training host country government officials and academics in policy analysis and design techniques.

EXAMPLES: Long- and short-term participant training is not a new role for AID, which has a lengthy and successful track record in supporting participants in educational programs in their countries and abroad. To support democratic pluralism through improved policy analysis and design, participants will need training in policy analysis techniques, political science, quantitative analysis methods, management, budgeting, and similar fields.

In addition to training individuals, AID can support nonpartisan research foundations to design and promote feasible, cost-effective policy options. For example, USAID/Dominican Republic supports a Center for the Administration of Rural Development (CADER), which trains government officials and private sector leaders in the analysis and design of policies which affect the rural sector. Participants study and discuss agriculture pricing policies, land reform, integrated rural development, environmental protection, and other issues of key importance to this Caribbean democracy.

GUIDANCE FOR ANE COUNTRIES: Some research foundations focus directly on democracy, such as the Bolivian Foundation for the Promotion of Democracy and the Association for the Defense of Liberty and Democracy in Costa Rica. Others, like the Center for the Administration of Rural Development (CADER) in the Dominican Republic, are oriented toward political and economic research but do not focus on democracy per se. Both types of foundations are important to a dynamic democracy. Both contribute to an informed, involved, pluralistic society in which the people rule. Both types of foundations are deserving of increased assistance and support from ANE and the USAID Missions in the drive to promote democratic pluralism.

CHOICE

Voter Education

RATIONALE: Free and fair elections are fundamental to a legitimate, sustained democracy, and will only take place if voters are well-informed about their right to vote. Voters must know how and where to register and to vote. ANE can play a valuable developmental role by providing voter education training and technical assistance.

EXAMPLES: In order to better assist the electoral process around the world, AID has provided funds to the International Foundation for Electoral Systems (IFES) to create and maintain a database and resource center. IFES is collecting information on all countries around the world, including ANE countries. The data base will include basic information such as the dates of future elections, previous election results, electoral laws, sample ballots, sample copies of the voter register, names of key election officials, voter identification cards, and a brief synopsis of the process of registration and voting.

AID has a great deal of experience in voter education in Latin America. Substantial support has been directed to the regional Center for Electoral Assistance and Promotion (CAPEL), a private non-profit institution based in Costa Rica. The Center provides training, technical assistance, research, and networking opportunities to area groups concerned with elections. For example, a Chilean organization trained 60 coordinators, who in turn trained 10,800 volunteer civic leaders, who then conducted programs for some 216,000 potential voters.

Voter education programs and drives would be a valuable contribution to democratic pluralism in the ANE region. Both on

a regional and national basis, institutions with a mandate to support free, fair, democratic elections could be identified or created, and supported. Of course, no assistance could be given that would influence the outcome of any election either directly or indirectly.

Political Parties

RATIONALE: Political parties play an important role in democratic pluralism, articulating alternate policy views, proposing candidates, campaigning, and filling elected and appointed positions with party members.

EXAMPLES: With funding from the National Endowment for Democracy, two groups, one Republican and one Democratic, support research foundations which are affiliated with political parties in various countries around the world. The research foundations promote policy options which are consistent with their affiliated party, publish educational materials, and hold conferences. Both organizations also provide pollsters, election observers, and leadership training. However, support is not provided directly to any campaigns or candidates. The Republican and Democratic groups are each supported by \$1.7 million in annual funding from the National Endowment for Democracy.

GUIDANCE FOR ANE COUNTRIES: ANE and USAID/Missions should use caution in providing technical assistance to political parties. Providing funds directly to political parties, even for technically non-partisan activities, may endanger USAID's valued impartiality and diminish USAID's reputation as an objective source of policy advice as well as its ability to engage in policy dialogue.

Election Oversight

RATIONALE: Free and fair elections are fundamental to any democracy. A democratic government's mandate to govern stems from the results of free and fair elections. Without such elections, the ruling party loses legitimacy.

EXAMPLES: AID has extensive experience in Latin America assisting governments to assure free elections, and much of that expertise could be appropriately modified and applied to the ANE region. Bilateral funds in LAC are made available for commodities for fraud-preventing measures, (such as special paper for ballots and indelible ink) and for improved national registries (such as computer equipment, microfiche equipment, and identification card systems). AID has funded international election observer teams in Honduras, El Salvador, the Philippines, Chile, Haiti, and Guatemala.

GUIDANCE FOR ANE COUNTRIES: Similar programs could make important contributions to democratic pluralism in the ANE region. Under a democratic pluralism initiative, USAID Missions could consider training, technical assistance, and commodities for election boards and other election oversight and assistance groups.

GOVERNANCE

Law-Making

RATIONALE: Legislatures are an essential institutional component in the development process. They often are one of the few channels for local and regional initiatives to reach senior decision-makers. Democracies are strengthened when legislators elected by the people are able to exert sufficient countervailing

powers, in the face of strong executive or judicial branches, to be important players in the creation of policy.

Legislatures are the primary intermediaries between the demands of the people and the actions of the government. As people's demands on the political system increase, it is crucial that the legislature be able to respond effectively and efficiently to these demands.

EXAMPLES: In order to be effective, legislators must be well-trained to fulfill their responsibilities, and they must have at their disposal the means to draft effective legislation. AID has experience with both training and institutional development of legislative leaders and staffs.

- Legislative Orientation. Through its regional "Strengthening Democracy" project, AID conducted a Legislative Orientation Program for incoming members of the Honduran Legislature. During the 3-day seminar held in Honduras, members of the legislature addressed the theoretical and practical problems affecting the Legislature. Well-known constitutional and legislative experts from Honduras and abroad delivered briefings on critical problems faced by the members, and explained modern governmental practices. In order to encourage an open, collegial atmosphere, sessions were closed to the public, and press was afforded only limited access. AID also funded orientation sessions for legislatures in the Dominican Republic, Guatemala, and El Salvador.
- Legislative Training. Originally funded by AID, but now paid for by the Korean government, the State University of New York at Albany has trained dozens of South Korean legislative leaders and staff in long-term and short-term courses in Korea and in the United States in the techniques of budget analysis and legislative research. To facilitate in-country training and research, the Asian Center for Legislative Development was formed.

- Institutional Development and Automation. AID supported the creation of a computerized Congressional Research Service for Brazil. AID funding was used for computer procurement, purchase of library materials, training, and technical assistance. The Center's information services were of sufficiently high quality to create private sector demand to use the Center.
- Workshops to Promote Democracy. The United Nation's "Asia-Pacific Development Center," located in Kuala Lumpur, Malaysia, offers a series of programs to promote democracy and pluralism through workshops and seminars with government leaders.

GUIDANCE FOR ANE COUNTRIES: As the ANE countries consider assistance to legislatures, it will be important to conduct a country-by-country needs assessment of the legislature to identify high-priority areas for assistance. Both majority and minority groups within the legislature should be consulted. U.S.-based and on-site, tailored programs should be considered. It may be worthwhile to form a legislative support organization in conjunction with a leading host-country university to assist the legislature on a continuing basis.

In general, legislatures are less well-developed in the Near East than in Asia, and therefore perhaps less ready to receive assistance. Of the Near Eastern countries, the Egyptian parliament is probably the most able to make use of training and technical assistance.

Administration of Justice

RATIONALE: Democracies around the world attempt to protect basic human rights and assure the equality of all citizens before the law. A strong, fair judiciary is necessary to implement these guiding principles and provide for peaceful, orderly resolution of

disputes. A judicial branch respected for its independence and impartiality is one of the cornerstones of democracy.¹⁷

EXAMPLES: The United Nations Latin American Institute for the Prevention of Crime and Treatment of the Offender, with AID support, offers both training and technical assistance with the goal of strengthening the justice systems in Latin America, as described below:

Training:

- Programs for officials from different levels in the administration of justice: Judges, Defense Attorneys, Prosecutors, etc.
- Workshops and seminars to discuss specific administration of justice problems
- Short study tours within and outside of the region
- Support for postgraduate study

Technical Assistance:

- Support for national judicial reform commissions
- Diagnostic studies and evaluations, judicial statistics, jurisprudence, updated legislation and legal theory, legal libraries, data banks
- Preparation of national plans for improvement of the administration of justice

The Near Eastern regional Legal Education and Training Project being carried out in Egypt, Jordan, Morocco, and Tunisia strengthens legal systems by providing educational opportunities to lawyers, magistrates, judges, prosecutors, administrators, and law professors.

GUIDANCE FOR ANE COUNTRIES: Because of their apolitical nature, judicial systems are considered "safe" recipients of aid. Because legal systems in the Near East have been growing in power in recent years, now is a particularly opportune time to investigate the possibility of offering additional assistance to them.

Public Administration at the National Level

RATIONALE: For any democracy to maintain popular support, it must efficiently and effectively implement the policies preferred by the majority of its citizens. Competent, well-trained public officials, armed with the necessary information, staff, and resources to implement the chosen policies, will be an important source of support for democracies. One of the strongest conclusions from Diamond, Linz, and Lipset's recent review of democracy in 26 countries worldwide is that "bureaucratic competence and professionalism can buttress a democratic system."¹⁸

Hernando de Soto's path-breaking research into the rise of the informal sector emphasizes the importance of a framework of laws and regulations that allows sufficient government control yet does not stymie private initiative.

EXAMPLES: Public administration at the national level is a traditional area of AID activity, and AID can point to many successful projects around the world. Thousands of host-country participants have received training in management and administration. Many millions of dollars have been channeled toward projects with the goal of institution building. For example:

- In Nepal, a USAID project focuses on strengthening the Ministry of Agriculture's capability to undertake planning, research, and evaluation. The project's goal is to

increase the number of competent rural analysis, administrators and researchers in order to improve the design and delivery of public services to rural communities.

- The ANE Regional Private Voluntary Organization project is funding efforts in Indonesia to improve the delivery of health, nutrition, and family planning services, and support community development initiatives.

Public Administration at Local and Regional Levels

RATIONALE: By their very nature, national governments are remote from most constituents. Direct (as opposed to indirect) democracy is more feasible at local and regional levels, where citizens have better access to government officials. The town meeting, where issues are discussed and decisions made, is one of the purest examples of a functioning democracy.

Local and regional democratic initiatives encourage active citizen participation in government. In addition, by pushing decision-making to the lowest appropriate level, regional diversity can flourish. Local decision-making "empowers ordinary people, often on the edges of society, to make an effective contribution to national development."¹⁹ For these reasons, local and regional democratic initiatives, and decentralization, deserve AID support.

EXAMPLES: AID Missions in the ANE region are already committed to decentralization. A large project is being implemented in Egypt to decentralize government functions in order to simplify procedures, and allow greater discretion in local decision-making. Nearly all of the ANE countries have several projects to strengthen local governmental and non-governmental institutions in a variety of sectors, including health, education, agriculture, and business. These initiatives will not only benefit

the sectors in which they operate, but they will also promote dynamic, local decision-making and democratic pluralism.

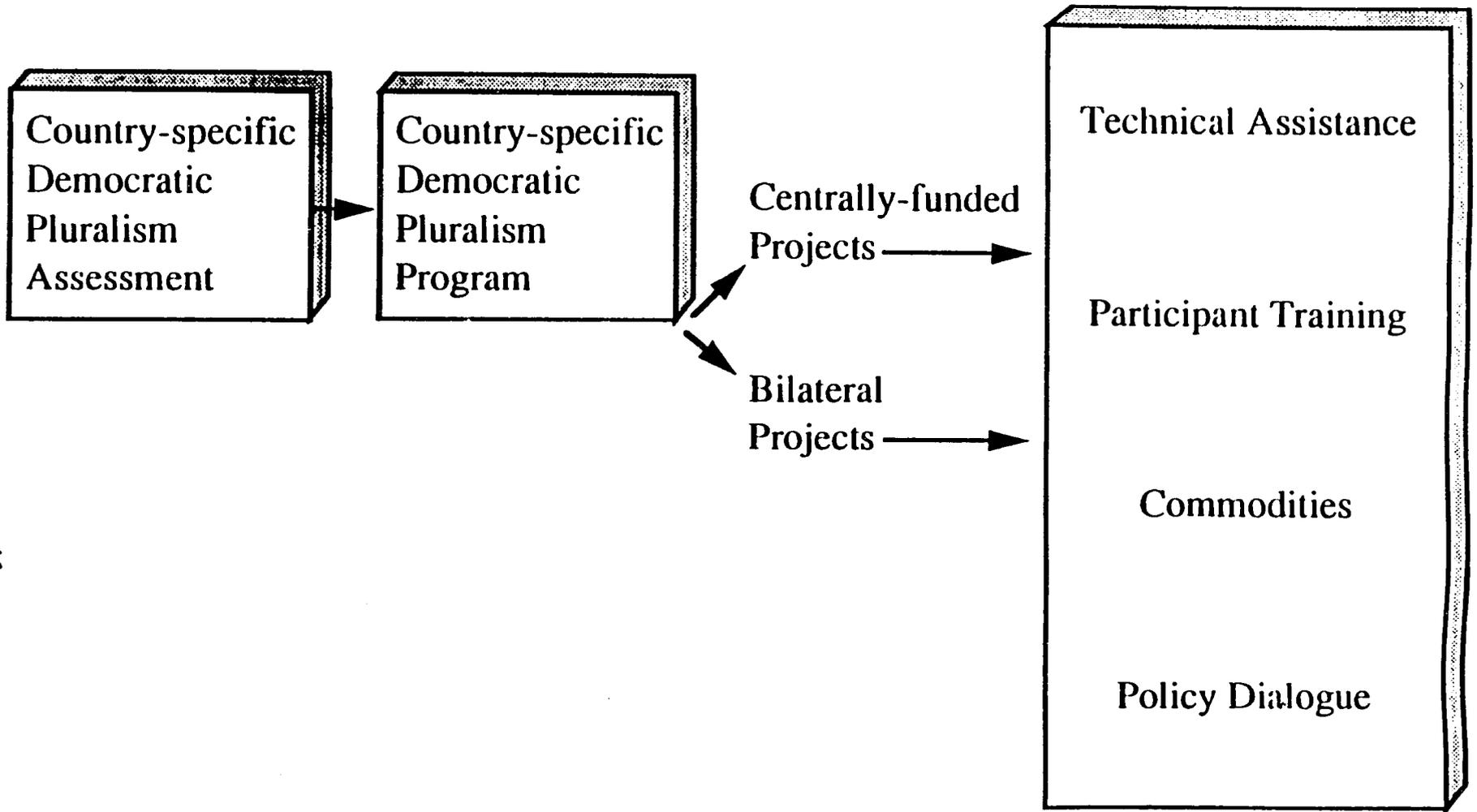
V. Next Steps: Implementation of the Democratic Pluralism Initiative

The ANE Bureau has already taken several important steps toward designing the ANE "Democratic Pluralism Initiative." The first step is this paper, which provides the background and rationale for the effort, and includes examples of democratic pluralism activities around the world, suggested further readings (Annex A), and a list of democratic pluralism expertise for USAID Missions to enlist as desired (Annex B). The second step is the presentation and discussion of the democratic pluralism initiative at the Mission Director's Conference.

It is ANE's desire to keep the program and project planning and implementation as close as possible to the intended recipients, that is, the individual host countries. Mission input is desired at all stages in the Democratic Pluralism Initiative planning and execution.

ANE proposes to assist Missions as needed to plan and implement country-specific democratic pluralism programs, and within the program, specific projects, as depicted in Figure 15. The first step is a country-specific democratic pluralism assessment to evaluate the context for a democratic pluralism program and suggest high-priority projects. Central funding will be available for the assessments. Funding for the Democratic Pluralism Initiative is authorized under 116(e). Additional legislation has been drafted and is under consideration by the Congress, to provide an increased level of foreign assistance resources to support democracies.

The second step is the design within each Mission of a democratic pluralism program. This program, based on the conclusions of the assessment, will outline goals and projects to



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Figure 15:
ANE Democratic Pluralism Initiative

accomplish the goals. It is expected that some of the projects will require central funding, while others will be undertaken with Mission funds. The projects can be any mix of technical assistance, participant training, commodities, and policy dialogue which is judged to be the most appropriate.

In addition to describing democratic pluralism goals and projects, the country-specific program will also indicate how the goal of democratic pluralism will be woven into the design and implementation of the entire USAID project portfolio, not just those projects specifically oriented toward democratic pluralism. As this paper has illustrated, democratic pluralism can be promoted through projects which focus on a variety of sectors such as health, education, agriculture, and business. How the totality of the USAID project portfolio affects the potential for democratic pluralism may exceed the impacts of two or three projects specifically designed to promote democratic pluralism.

Figure 16 illustrates the twelve important pluralistic processes, discussed above, to be promoted through a sustained, targeted USAID effort. The right-hand column lists typical recipients of training and technical assistance in a democratic pluralism initiative. Both lists are preliminary and should be expanded as appropriate depending on country circumstances to include additional activities, processes, and assistance recipients.

In sum, new opportunities in the ANE region, and new pressures and interests within the United States, strongly encourage that a new focus be added to the development portfolios in the ANE region. It is the goal of this paper, and this session of the Director's Conference, to provide USAID Missions with information on the need for the Democratic Pluralism Initiative, illustrative ideas of projects that could be funded within a democratic initiative

Pluralistic Process to Promote

***Potential Recipients of
Technical Assistance and Training***

VOICE:

Interest articulation and aggregation

Labor, business and professional group
development
Information dissemination
Human rights oversight
Policy analysis and design

Private voluntary organizations; Non-
governmental organizations
Labor, business and professional groups

Press, Journalism students, Publishers
Human rights commissions
Research Foundations, Government
officials, Academics

CHOICE:

Voter education
Political parties
Election oversight

Citizenry
Political parties
Election boards, Voter rights organizations

GOVERNANCE:

Law-making
Administration of justice
Public administration at national level
Public administration at local and
regional levels

Legislators and their staffs
Judges, Prosecutors, Lawyers
Executive branch leaders and staff
Government officials

**Figure 16:
ANE Democratic Pluralism Initiative Strategy**

program, strategic guidance on promoting democratic pluralism based on the past experience of AID and other organizations, and a framework to guide the design and implementation of Mission Democratic Pluralism Initiative programs and projects.

Endnotes

1. Milton Friedman, "A Statistical Note on the Gastil Survey of Freedom," in Raymond Gastil's Freedom in the World, (New York: Freedom House, 1988), pp. 183 - 187.
2. Yiannis P. Venieris and Dipak K. Gupta, "Sociopolitical and Economic Dimensions of Development: A Cross-Section Model," Economic Development and Cultural Change, pp. 727 - 748.
3. Kenneth A. Bollen, "Issues in the Comparative Measurement of Political Democracy," American Sociological Review, Vol. 45, June, 1980, pp. 370 - 390.
4. Baha Abu-Laban and Sharon McIrvin Abu-Laban, "Development and the Arab World," Journal of Asian and African Studies, No. XXI, Vol. 1-2, 1986, pp. 1 - 16.
5. Vaman Rao, "Democracy and Economic Development," Studies in Comparative International Development, Winter 1984-85, p. 67.
6. Larry Diamond, Juan J. Linz, and Seymour Martin Lipset, Volume 3: Democracy in Developing Countries, Asia, (Colorado: Lynne Rienner Publishers, Inc., 1989), p. 18.
7. Ibid., p. 22.
8. This anecdote comes from Benjamin Barber and Patrick Watson's book entitled The Struggle for Democracy, (1988: Little Brown and Company, Boston), p. 195.
9. Larry Diamond, Juan J. Linz, and Seymour Martin Lipset, "Democracy in Developing Countries, Facilitating and Obstructing Factors," in Freedom in the World, 1987-88, by Raymond D. Gastil, (New York: Freedom House, 1988), p. 231.
10. Ibid., p. 237.
11. USAID Highlights, Fall 1988.
12. Goldman, op. cit., p. 162.
13. Ibid., p. 239.
14. Ibid., p. 133.
15. Ibid., p. 132.
16. World Bank Report No. 8014, Sustainable Growth with Equity: A Long-Term Perspective for Sub-Saharan Africa, August 15, 1989.

Endnotes Continued

17. Annual Report of the Interamerican Commission on Human Rights to the General Assembly of the Organization of American States, 1984-1985.
18. Larry Diamond, Luan J. Linz, and Seymour Martin Lipset, Volume 1: Democracy in Developing Countries, (Colorado: Lynne Rienner Publishers, 1989), p. 26.
19. Sithembiso Nyoni, "Indigenous NGOs: Liberation, Self-Reliance, and Development," World Development, Vol. 15, 1987, pp. 51-56.

Annex A:
Suggested Further Reading

While a complete bibliography is presented in Annex D, the following list contains selected readings for those individuals interested in reading more about democratic pluralism promotion.

A very helpful introduction to techniques for encouraging democratic development can be found in Ralph M. Goldman and William A. Douglas' Promoting Democracy, Opportunities and Issues, (New York: Praeger Publishers, 1988).

Those interested in the experience of specific Asian countries with democracy should consult Volume III of Democracy in Developing Countries: Asia, by Larry Diamond, Larry, Juan J. Linz, and Seymour Martin Lipset, (Boulder CO: Lynne Rienner Publishers, 1989). The book contains individual case studies on India, Pakistan, Sri Lanka, Turkey, the Philippines, South Korea, Thailand, Malaysia, Papua New Guinea, and Indonesia.

A thoughtful discussion of the role of democratic pluralism in economic development in the Near East can be found in Baha and Sharon McIrvin Abu-Laban's "Development and the Arab World," Journal of Asian and African Studies, Vol. XXI, Nos. 1-2, 1986, pp. 2-16.

Annex B:
Selected Sources of
Democratic Pluralism Technical Assistance

GENERAL

Center for Strategic and International Studies
Contact Person: Tom Carruthers
1800 K Street N.W.
Washington, DC
Phone: (202) 887-0200

Princeton University
Department of Political Science
Contact Person: Dr. Atul Kohli
Phone: (609) 258-6408

National Endowment for Democracy
1101 15th St., N.W., Suite 203
Washington, D.C. 20005-5003

The Asia Foundation
2301 E Street, N.W.
Washington, D.C.
Phone: (202) 223-5268

Ernst Young, Inc.
Contact Person: Bob Rourke
3000 K Street, N.W.
Washington, D.C. 20007
Phone: (202) 956-6388
Telex: 197877 ARYG UT

SRI International
Contact Person: John Mathieson
1611 North Kent Street
Arlington, Virginia 22209
Phone: (703) 247-8481
Fax: (703) 247-8410
Telex: 6714879 (SRI DR)

Checchi and Company Consulting, Inc.
1730 Rhode Island Ave., N.W.
Washington, D.C.
Phone: (202) 452-9700

VOICE

Interest Articulation and Aggregation

Delphi International
1019 19th Street N.W.
Washington, D.C.
Phone: (202) 466-7951

National Cooperative Business Association
(formerly Cooperative League of the U.S.A.)
1401 New York Avenue, N.W.
Washington, D.C. 20005
Phone: (202) 638-6222

Labor, Business, and Professional Associations

American Institute for Free Labor Development (AIFLD)
Contact Person: Richard Hough
1015 20th Street, N.W.
Washington, D.C. 20036
Phone: (202) 659-6300

Free Trade Union Institute
1730 K Street N.W.
Washington, D.C.
Phone: (202) 223-5352

Asian-American Free Labor Institute Inc.
1125 15th Street, N.W.
Washington, D.C.
Phone: (202) 737-3000

Center for International Private Enterprise
1511 K Street, N.W.
Washington, D.C.
Phone: (202) 463-5901

Free Press and Information Dissemination

Freedom House
312 Pennsylvania Ave. S.E.
Washington, D.C.
Phone: (202) 546-0733

Center for Democracy
1101 15th Street N.W.
Washington, D.C.
Phone: (202) 429-9141

Human Rights Oversight

International Human Rights Law Group
1601 Connecticut Ave., N.W.
Washington, D.C.
Phone: (202) 232-8500

Amnesty International USA
608 Massachusetts Ave., N.E.
Washington, D.C.
Phone: (202) 544-0200

Asia Watch Committee
1522 K Street, N.W.
Washington, D.C.
Phone: (202) 371-6592

Policy Analysis and Design

Center for International Private Enterprise
1511 K. Street N.W.
Washington, D.C.
Phone: (202) 463-5901

Brookings Institution
1776 Massachusetts Avenue, N.W.
Washington, DC 20036
Phone: (202) 797-6000

Heritage Foundation
214 Massachusetts Ave., N.E
Washington, DC
Phone: (202) 546-4400

CHOICE

Voter Education

League of Women Voters
Contact: Karen Bedford
1730 M Street N.W.
Washington, D.C.
Phone: (202) 429-1965

Political Parties

National Republican Institute for International Affairs Contact
Person: Keith E. Schuette, President
601 Indiana Avenue, N.W., Suite 615
Washington, D.C. 20004
Phone: (202) 783-2280
Telex: 5106000151(NRIIA)
Fax: (202) 783-9480

National Democratic Institute for International Affairs
1717 Massachusetts Avenue N.W., Suite 605
Washington, D.C.
Phone: (202) 328-3136

Election Oversight

International Foundation for Electoral Systems
Contact Person: Nancy Riley, Public Information
1620 I Street, NW, Suite 611
Washington, D.C. 20006
Telephone: (202) 828-8507
Fax: (202) 452-0804

Deloitte, Haskins, and Sells
Contact Person: Doug Stevens
1001 Pennsylvania Avenue, N.W., Suite 350
Washington, D.C.
Phone: (202) 879-5655

Eddie Mahe, Jr. and Associates, Inc
300 I Street N.E.
Washington, D.C.
Phone: (202) 546-9715

GOVERNANCE

Legislative Strengthening

Comparative Development Study Center
State University of New York at Albany
Contact Person: Dr. James Heaphey, Director
Phone: (518) 442-5264

International Center for Law in Development
Contact Person: Dr. Clarence Dias
777 United Nations Plaza
New York, New York 10017
Phone: (212) 687-0036

Administration of Justice

Amid-East

Contact Person: Michael Miclavcic, Director of Training
1100 17th Street N.W.
Washington, D.C.
Phone: (202) 785-0022

Public Administration at National, Local, and Regional Levels

John F. Kennedy School of Government
Harvard University
79 John F. Kennedy Street
Cambridge, MA 02138
Phone: (617) 495-1100

Woodrow Wilson School of Public and International Affairs
Princeton University
Princeton, New Jersey 08544
Phone: (609) 258-4831

Annex C:
Individuals Interviewed

Carruthers, Tom, Center for Strategic and International Studies,
(202) 887-0200

Dias, Clarence, United Nations International Center For Law in
Development, (212) 687-0036

Griminger, Andy, AID/ANE/MENA, (202) 647-9000

Hager, Michael, International Development Law Institute in Rome,
Italy, Can be reached through Michael Miklaucic at Amid-East, (202)
785-0022

Hanson, Gary, AID/CDIE, (703) 875-4853

Heaphey, James, State University of New York at Albany, Comparative
Development Study Center, (518) 442-5264

Horel, Travis, AID/PPC/PDPR/SP, (202) 627-8149

Hough, Richard, American Institute For Free Labor Development,
(202) 659-6300

Kohli, Atul, Princeton University, (609) 258-6408

Miklaucic, Michael, Director, Legal Education and Training, Amid-
East, (202) 785-0022

Nicastro, Tom, AID/ANE/TR/HR, (202) 647-9124

Parker, Norma, AID/LAC/DI, (202) 647-4380

Salacuse, Jesswald, Dean, Fletcher School, Tufts University, (617)
628-7010

Schuetz, Keith, National Republican Institute for International
Affairs, (202) 783-2280

Silverstone, Jonathon, AID/GC/ANE, (202) 647-6504

Whitaker, Richard, AID/ANE/TR/HR, (202) 647-9124

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Recent Articles on Rising Pluralism in ANE Countries

Philip Geyelin

'Glasnost' in Jordan

AMMAN—When three Cabinet ministers, the head of the Royal Court and the mayor of Amman all resign at about the same time, you would ordinarily figure that Jordan's Hashemite monarchy is in the throes of yet another de-throning upheaval.

A ruffie or doomsgay drumbeats an influential posed pages in recent weeks points in the same dire direction—to a crumbling of King Hussein's Bedouin power base, to the supposed collapse of Jordan's economy, to a growing threat to the throne from Islamic fundamentalists, to seething discontent among the displaced Palestinians that make up maybe half of Jordan's populace.

If true, that's disturbing stuff, when you're talking about a monarch whose 37-year reign has only narrowly survived civil war and countless abortive coups and assassination attempts. Anything that unsettles this keystone kingdom, wedged into the center of the Mideast power structure, is unsettling for the Middle East. So King Hussein's abrupt announcement, in July 1988, that he was cutting Jordan's last connections with the West Bank did indeed create a crisis of sorts.

Jordanians of Palestinian origin were badly shaken. The shock waves took a heavy toll on Jordan's fragile economy. Last spring, austerity measures sparked riots in southern Jordan, a supposed stronghold, forcing Hussein to fall back on a familiar formula: a shakeup of his government and an emergency appeal for a financial bailout from his well-heeled fellow monarchs in the Persian Gulf.

It worked—but only up to a point. Jordan's economy is actually rebounding; confidence in its currency has been somewhat restored. But those April riots also turned out to be a warning sign of something more profound. This time around,

Hussein finds himself forced to come to terms not with some physical challenge to his security but with socioeconomic issues having to do with official corruption, government ineptitude, suppression of political rights.

What's happening here, then, is new and different—a fundamental, perhaps generational transition that is both less threatening and more promising than the crisis-mongers would have you believe. Hussein is not so much losing his grip as he is loosening it in a calculated effort to tighten the hold of his Hashemite dynasty.

And nothing better illustrates the point than that spate of resignations a month ago. Those holders of high executive offices did not jump ship in a huff. They left to run for parliament next month in the first general elections this country has held in 22 years.

They, and hundreds more, will compete for 80 seats in a legislative body whose constitutional authority lies largely in its veto power to reject the king's proposed government (including individual ministers) as well as the government's budget, and whose makeup has, to some extent, been pre-arranged. Jordanian gerrymandering has ensured seats for certain loyalist minorities, for example, while restricting Jordanian Palestinians to a disproportionate one-fourth of the parliament's membership.

Before crying foul, however, it is instructive to check in with Taher Masri, a well-respected Palestinian politician from a prominent family in Nablus on the West Bank. A former Jordanian diplomat and foreign minister who resigned that job in 1988 in protest of the way the West Bank "disengagement" was handled, Masri was brought back into the government in the

April shakeup as deputy prime minister and minister of state for economic affairs. He is also one of the three Cabinet members who stepped down to run for parliament.

"Being an MP," he says, "is more important than being a minister"—and never mind that Jordanian Palestinians will be substantially underrepresented; he thinks it's safer that way, for now. Why? Because a lot of transplanted West Bankers have done pretty well for themselves under Hussein's rule, enough so to have a large stake in Jordanian stability. "We need the king," he says. Even 15 or 20 seats, he reckons, will give Jordan's Palestinian constituency considerably more clout than it has now.

On the other hand, anything too close to a Palestinian majority, he fears, would make it that much easier for right-wing Israeli hard-liners to press their claim that Palestinians under Israeli occupation on the West Bank and in Gaza do not need an independent Palestinian state—that they already have one in Hussein's Hashemite Kingdom of Jordan.

Masri has no illusions about instant democracy. He speaks, instead, of Jordanian "glasnost"—"We will take it in small doses from the king." Interestingly, Hussein also sees the election not only as a prudent and necessary response to the demands of a new, better-educated generation of Jordanians but also as an expression of Jordanian nationhood.

For all the careful management, it's somewhat of a leap in the dark, and not just because nobody 41 years old or younger has ever voted nationwide, and women will be voting for the first time. It's also the beginning of the process that could be hard to slow and even harder to reverse.

Washington Post October 3, 1989. Editorial Page.

Karun Singh

Pay Attention To India

Having been at my post as India's ambassador to the United States for barely a month, I must record some preliminary observations on relations between the world's two largest democracies so that I can still use the alibi of being a "newcomer" in case my analysis turns out to be inaccurate. I have phrased them in the manner of four notable truths, not in any spirit of irreverence but because of my conviction that on the state of relations between these two countries could well depend the future of democracy itself, especially in the developing world.

The first notable truth is that India is, to put it gently, peripheral to the consciousness of the United States. This is galling to Indians, because we have been brought up in the knowledge that we are one of the two most ancient continuing civilizations in the world; that we have produced some of the greatest philosophers, poets, dramatists and thinkers in human history; that our monuments are among the most magnificent in the world, and our freedom movement led by Mahatma Gandhi and Jawaharlal Nehru was unique; and that because of the vibrant democracy we have sustained since we became independent in 1947, one-seventh of the human race in the developing world enjoys democratic rights and freedoms. All these statements are true, but even taken together they are not sufficient to bring India even into soft focus of American awareness.

The second notable truth is the reason for this curious situation. Put bluntly, it is because India has neither been an ally nor an adversary of the United States, thus fitting neither into the nagiography nor the demonology of a society possessed until very recently by cold wars and power blocs and dominated by a firmly dichotomous world view. To get America's attention a country needed either to be an "enemy," or a "trusted friend." Because India has been neither, she doesn't really figure in any major way in the American consciousness except on the far peripheries. Also, with the memory of our unique freedom movement steadily fading despite the great Gandhi film, the younger generation of Americans has not been exposed to major political events in India. Most of the media coverage tends to be rather negative and reinforces well established, but outdated, stereotypes about India.

The third notable truth is that the reverse of this is not true: America is by no means peripheral as far as India is concerned. Apart from her superpower status, America is the largest foreign investor in India, our largest trading partner and our largest single source of tourists. We also recall with gratitude Franklin Roosevelt's role in getting the formidable Winston Churchill to take a more reasonable view of India's demand for independence, and, after freedom, the invaluable American food aid during our early drought-ravaged years and, even more effective in the long term, the American scientific and technological contributions to our "green revolution," which now enables India to feed its 800 million people without having to import food grains. The Kennedy years were of particular importance to my generation, and even the sharply divergent political perceptions later have not diminished the importance of America in the Indian mind.

The fourth notable truth is that this lopsided perception between our two countries is no longer acceptable to India. Apart from the factors already mentioned, we are on the threshold of an economic breakthrough and need much closer links with the United States in order finally to overcome the poverty barrier.

We seek not aid but trade, not charity but technology. India today represents one of the great potential markets of the 21st century. Our burgeoning middle class is steadily developing the capacity to absorb American products. We are, under a youthful, technology-oriented prime minister, in the process of liberalizing our foreign investment policies, and we need an adequate response from American entrepreneurs, including the 750,000 American citizens of Indian origin who are making a handsome contribution to their adopted country and can also help in India's economic growth.

The present situation in fact represents an unprecedented opportunity for breaking the indifference factor and bringing India into prominent focus in the United States. With its shared ideals and commitment to democratic values and institutions, India can become a major partner with the United States in the quest for peace, stability and economic growth on this planet.

This need no longer be simply a forlorn hope or a pious platitude. It can be actualized over the next few years by building on the excellent personal relationship between President Bush and Prime Minister Rajiv Gandhi and the tremendous fund of goodwill that exists among the peoples of our two countries. Jawaharlal Nehru, whose birth centenary falls on Nov. 14, always hoped that India could play a positive and constructive role in the development of a new world order. Perhaps the time has now come when, in a modest way, this role could begin to emerge. But for that to happen, America has to become more clearly aware of India's tremendous potential, as the most populous democracy on Earth.

*The writer is ambassador of India.
The views expressed here are
personal.*

Washington Post September 19, 1989.
Editorial Page.

Sri Lanka's 'Model' Economy In Ruins

By Steve Coll
Washington Post Foreign Service

JA-ELA, Sri Lanka—On many mornings, soon after the sun rises, steady traffic begins to flow both across and below the Ja-Ela Bridge. Vans and buses haul thousands of workers across the span to their jobs in a bustling free trade zone two miles north of here. But as they pass, the commuters often stop to look at the gruesome traffic in the Dunagama River below—the bodies of people killed in the night and dumped to float to the sea.

The two-way traffic here is emblematic of this island nation's tragedy. Just six years ago, sleepy and socialist Sri Lanka seemed on the verge of an economic miracle. Aggressive free market liberalization and a huge dose of foreign investment had pushed the country, previously ranked among the poorest in the world, into overdrive. "We were the model economy. People thought we would be the next Singapore or Hong Kong," said Ronnie De Mel, the country's finance minister from 1977 to 1988, now living in exile.

Today Sri Lanka more closely resembles Lebanon. Civil war has claimed more than 5,000 lives this year. An insurgency by radical youths in the south nearly overthrew the island's elected administration earlier this summer, until a killing spree by government death squads at least temporarily squashed the rebellion. And the



Commuters in Ja-Ela watch as authorities pull a body from the Dunagama River. Free trade zone is two miles north.

"model economy," crippled by strikes and inflation, is a wreck.

How did so much go wrong so quickly?

At a time when aggressive free market liberalization programs are underway in countries as diverse as Poland and Pakistan, the Sri Lankan experience appears to offer some important cautionary lessons to nations seeking a quick economic turnaround.

Democratic Sri Lanka's problems are complex and its history of ethnic tension is in some aspects unique. And there is no uniform agreement about what went wrong with the country's experiment with capitalism. Some conservatives believe Sri Lanka didn't move fast enough to encourage a free market

economy. Others, mainly committed leftists, think it went too fast.

But in several key areas—education, worker training, technology and the distribution of resources—Sri Lankan analysts holding divergent ideological views agree that serious and avoidable mistakes were made during the country's dramatic liberalization, which began in the late 1970s. These mistakes, they said, have contributed directly to the island's present state of virtual political anarchy.

"We didn't realize that once you start off deregulating with an open economy, so many other changes have to take place," said Ranil Wickremasinghe, the minister of industry and a leading member of the governing United National Party.

Before its liberalization began Sri Lanka represented a paradox among developing countries. Its literacy rate, more than 90 percent, was the highest in the Third World. Life expectancy on the island was 70 years, far greater than any other low-income developing country.

But despite its social health, Sri Lanka was poor. Per capita income lagged at less than \$400 per year, only slightly above that of India and the poorer nations of sub-Saharan Africa. Socialistic, inward-looking, bureaucratic and moribund, the island's economy had stagnated by the mid-1970s. Unemployment ran at 26 percent in 1977, inflation more than 35 percent and the annual rate of economic growth was less than percent.

That's when the experiment with free market capitalism began.

Elected with a comfortable majority in 1977, the UNP tried to tear down the protectionist and bureaucratic wall that held the economy in check. The government abolished exchange and many price controls. It set up free trade zones to create jobs and attract foreign capital. Billions of dollars poured in—from the International Monetary Fund, the World Bank and international banks such as Citicorp and Bank of America—to build dams and power stations and new businesses.

The island boomed. By 1983, unemployment had fallen to 12 percent. The annual economic growth rate more than tripled and the rates of savings and investments skyrocketed. Five hundred new businesses began with foreign capital, many in the garment industry, which quickly became the country's biggest exporter. Attracted by glistening beaches and new five-star hotels, tourists flocked to the island—half a million by 1983.

Then the island blew up. Riots erupted in the north and then the south, fueled by ancient enmity between Sri Lanka's ethnic Sinhalese majority and its Tamil minority. A numbing cycle of violent reprisals, carried out mainly by educated, unemployed and well-armed youths, began to escalate. Radical groups seeking independence for the Tamils in the north proliferated and gained strength. By last summer, killing sprees and strikes had undone most of the economic gains from liberalization.

"Another few years of this and we'll be back to square one," said former finance minister De Mel.

The government is widely accused of failing to address the expectations of a generation of young people at the same time it fanned their hopes with the promises of economic opportunity.

"With liberalization, you gave these rural Sinhalese and Tamil students the impression that they could gain not only an education, but could achieve upward mobility. This turned out to be not true," said Neelam Tiruchelvan, a Harvard-trained attorney and Tamil activist. "The close 1978 phase did not radicalize Sri Lankan society—it created middle-class aspirations that could not be fulfilled."

Tiruchelvan's assessment is widely shared in Sri Lanka today, although it is a thesis that is difficult to test scientifically. Still, it is supported in dozens of conversations with young Sri Lankans around the capital and in the south.

Typical was the bitter comment of an unemployed cook, N.M. De Silva, literate in English and with a high school education: "I know that I can do what they can do," he said, pointing from his perch on a rock above the ocean to the office towers of Colombo's new skyline. "I have done it

"Another few years of this and we'll be back to square one."

—Ronnie De Mel,
former finance minister

already [in school]. But there are no jobs. It is very difficult."

Economists, sociologists, minority activists and a growing number of UNP politicians cite important failings in several areas as reasons for stagnant job growth:

■ **Education:** The economy changed during the 1980s but the school system didn't. Sri Lanka's highly regarded British-style schools were designed to churn out qualified civil servants for the colonial administration and, after independence, for the island's sprawling socialist bureaucracy. Classrooms emphasized literacy and the liberal arts, not science or vocational training, meaning that few graduates were prepared for the kinds of jobs available in a dynamic economy.

Less than a quarter of Sri Lanka's college students have concentrated on science courses during the 1980s, compared with 60 percent in Singapore and nearly 50 percent in South Korea and Hong Kong.

Said Nizam Goonatilleke, assistant director of the Marga Institute, Sri Lanka's leading private think tank: "The problem is people coming out of the universities, saying, 'I'm ready,' and the country says, 'For what?'"

■ **Planning:** Tearing down protectionist barriers created more than 35,000 jobs in the garment industry on the island after 1977, but it also wiped out 40,000 cottage industry weavers in rural villages whose inefficient looms were protected by the old tariff—in effect, Sri Lanka's governments didn't even notice until 1984, when the riots led by rural unemployed were underway.

Nor did the government try to match new jobs with the unemployed. The biggest area of new job creation in the last decade has been in agriculture—where few university graduates with degrees in Sinhalese history are willing to work.

■ **Technological growth:** After throwing open its doors to foreign investment, Sri Lanka made little effort to attract technology—such as electronics, computers or even basic manufacturing—for future growth.

In the free trade zones where foreign companies receive big breaks on taxes, tariffs and work rules, most investors have concentrated on low technology, labor-intensive businesses such as textiles and basic assembly. That means few workers have acquired technological skills with which to start new businesses in competition with the foreign investors.

"We have not been able to attract companies with the high-tech inputs," said Niffanka Wijewardane, chairman of the government department that runs the zone. "That has been our biggest problem up until now."

UNP officials say these imbalances were inadvertent rather than deliberate, a product of administrative bungling, not the perpetuation of a ruling elite. "Beyond the macroeconomic policies, we hadn't planned where all this [foreign] money was going," said Industry Minister Wickremasinghe. "Sometimes you just dug up a project because the money was just sitting there."

Plans are being made to develop trade zones and harbors in the south and north. And the government job bank effectively has been closed. President Ranasinghe Premadasa, elected amid widespread violence late last year, has even encouraged new companies investing on the island to "link up" with rural villages, providing employment directly to areas where the radical insurgents have flourished.

The question for Sri Lanka now is whether the reforms have come too late. Although the pace of killing on the island has eased at least temporarily in recent weeks, political and economic stability seem a long way off.

Acknowledging that mistakes were made but arguing that smarter political management could have prevented Sri Lanka's anarchy, De Mel said that all things considered, he'd do it over again.

"With education and liberalization, rising expectations come," said De Mel, the principal architect of the liberalization. "It is very difficult for Third World countries to meet all of those expectations, particularly among the youth. But is that a reason to keep our people backward? I don't think so. You have to take that risk."