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IS THE THIRD WAVE OF DEMOCRATIZATION OVER?

The Imperative of Consolidation

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Introduction

In a previous paper[1] I charted the progress of what Huntington (1991) has called the third wave of global democratic expansion, from 1974 to the present, distinguishing among the various types of democracy that have resulted and examining the prospects for the future. If I am right in my analysis, democracy, and especially liberal democracy, will not expand in the coming years. It could recede into a reverse wave. It could just keep persisting, becoming less liberal and more artificial in the process. Or it could stabilize and sink firm roots in countries where it is now present, and even liberal, but not secure.

If the historical pattern is to be defied and a third reverse wave avoided, the overriding imperative in the coming years is to consolidate those democracies that have come into being during the third wave. As with the term 'democracy,' there are many conceptual approaches to democratic 'consolidation' in the literature. If we are to avoid tautology, consolidation must rest on conceptual foundations other than what we hypothesize to be its principal consequence: the stability and persistence of democracy (Diamond 1994, 15). At bottom, I believe consolidation is most usefully construed as the process of achieving broad and deep legitimation, such that all significant political actors, at both the elite and mass levels, believe that the democratic regime is the most right and appropriate for their society, better than any other realistic alternative they can imagine.[2] As Juan Linz and Alfred Stepan, along with others, have stressed, this legitimacy must be more than a commitment to democracy in the abstract; it must also involve a shared normative

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[1]   See part I of this two-part series, "Is the Third Wave of Democratization Over? An Empirical Assessment" (Diamond 1997).

[2]   Three widely influential definitions of legitimacy along these lines are found in Lipset (1981, 64); Linz (1978, 16–18); and Dahl (1971, 129–31). One value to this conceptual approach is that it enables us to apply the notion of consolidation, and its relationship to regime persistence and stability, to nondemocratic (or semidemocratic) as well as democratic regimes. Although the contribution of legitimacy to regime persistence becomes murkier in nondemocratic regimes, precisely because they rely much more extensively than democracies on coercion and intimidation rather than voluntary compliance, we are at risk of sloppy and normatively biased thinking if we assume that nondemocratic regimes cannot develop substantial legitimacy and bases of persistence that rely more heavily on consent than coercion. Thus, we can speak of the consolidation of nondemocratic, pseudodemocratic, and partially democratic regimes, as in Singapore, Malaysia, Indonesia, and Mexico, and we can also speak of their deconsolidation, when their legitimacy becomes contested and strained, hopefully paving the way (as in Mexico) to a democratic transition. For elaboration of this broader conception of legitimacy and application to the (mainly less-than-democratic) regimes of Southeast Asia, see Alagappa (1995). Because democratic institutions have greater capacity for adaptation and self-correction and are less dependent for their legitimation on personalities and immediate economic performance, I believe that democracies are capable of more enduring legitimation than nondemocracies and hence of managing political strains and institutional crises without experiencing deconsolidation. But this by no means guarantees that any particular democracy will achieve such lasting legitimation/consolidation, and the hypothesis raises a host of issues beyond the scope of this analysis.

and behavioral commitment to the specific rules and practices of the country's constitutional system—what Linz earlier called 'loyalty' to the democratic regime (Linz 1978,16, 29–31, 36–37). At the elite level all significant political competitors or potential competitors (not only parties but interest groups and movements) must come to regard democracy—and the laws, procedures, and institutions it specifies—as 'the only game in town,' the only viable framework for governing the society and advancing their own interests. At the mass level there must be a broad normative and behavioral consensus—cutting across class, ethnic, nationality, and other cleavages—on the legitimacy of the constitutional system, however poor or unsatisfying its performance may be at any point in time.[3] It is the deep, unquestioned, routinized commitment to democracy and its procedures at the elite and mass levels that produces a crucial element of consolidation, a reduction in the uncertainty of democracy, regarding not so much the outcomes as the rules and methods of political competition. As consolidation advances, "there is a widening of the range of political actors who come to assume democratic conduct [and democratic loyalty] on the part of their adversaries," a transition from "instrumental" to "principled" commitments to the democratic framework, a growth in trust and cooperation among political competitors, and a socialization of the

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[3] See Linz and Stepan (1996b, chapter 2, and 1996a). For other conceptualizations of consolidation that are similar to or at least not inconsistent with this emphasis, see Przeworski (1991, 26–34); O'Donnell (1992, 48–49); Valenzuela (1992, 69); Schmitter (1992 158–59); Gunther, Puhle, and Diamandouros (1995, 7–10); and Diamond, (1996, 54).

     Although the above conceptions overlap in important respects, there are interesting differences in perspective. One involves the extent to which consolidation rests on normative and attitudinal foundations. Przeworski in particular (and also Schmitter) avoids the invocation of norms and values, instead construing democratic consolidation as a self-enforcing "equilibrium of the decentralized strategies of all relevant political forces," shaped by institutions that are sufficiently 'fair' to "make even losing under democracy more attractive than a future under nondemocratic alternatives" (26 and 33). Another divergence involves the extent to which consolidation is either produced by a normative and/or behavioral commitment to democratic procedures among elites or must encompass mass actors as well. The seminal statements of the elite-centered view of democratic consolidation, emphasizing 'elite consensual unity,' are Burton and Higley (1987); Higley and Burton (1989, 17–32); and Burton, Gunther, and Higley (1992, 1–37). I am much more inclined to believe that democratic consolidation must ultimately rest on a normative consensus or broad legitimacy at the mass level as well, otherwise there will eventually emerge from the mass 'politically significant' counterelites and challenging movements that reject the rules of the democratic game.

     This raises a third important theoretical issue: what is meant by 'politically significant' groups and actors? Since normative and behavioral consensus is never total in any complex society, how do we determine when rejections of democratic consensus are 'significant enough' to disqualify a regime as 'consolidated?' Here I think the standard of Gunther, Puhle, and Diamandouros (1995, 8) is as reasonable as can be specified:

> [A] regime may be regarded as sufficiently consolidated even if some of its citizens do not share in the democratic consensus or regard its key institutions as legitimate, as long as those individuals or groups are numerically insignificant, basically isolated from regime-supporting forces, and therefore incapable of disrupting the stability of the regime. The broader the scope of that democratic consensus, however, the closer the regime will be to full conformity with our ideal-type definition of democratic consolidation.

general population (through both deliberate efforts and the practice of democracy in politics and civil society).[4] Although many contemporary theorists are strangely determined to avoid the term, I believe that these elements of the consolidation process can only be fully understood as encompassing a shift in *political culture*.[5]

Consolidation involves not just agreement on the rules for competing for power but fundamental and self-enforcing restraints on the exercise of power. This, in turn, requires a mutual commitment among elites, through the 'coordinating' mechanism of a constitution, related political institutions, and often an elite pact or settlement as well, to enforce limits on state authority, no matter which party or faction may control the state at any given time. Only when this commitment to 'policing' state behavior is powerfully credible, because it is broadly shared among key alternative power groups, does a ruling party, president, or 'sovereign' develop a clear *self-interest* in adhering to the rules of the game, which then makes those constitutional rules 'self-enforcing.' Crucial to this democratic equilibrium is that each party perceives its long-term interest to lie first and foremost in enforcing the rules governing the exercise of (and competition for power), so that it can be relied on to rally against a transgression even if it is committed by one of its own leaders and offers the party immediate rewards. This in turn involves not just tactical calculations of long-term benefit in a repeated game but, again, a normative shift as well. As Weingast has put it, "limits become self-enforcing when citizens hold them in sufficiently high esteem that they are willing to defend the limits by withdrawing support from" political officials who violate them. "To survive, a constitution must have more than philosophical or logical appeal; it must be viewed by most citizens as worth defending" (Weingast 1996, 12).[6]

An important issue in the conceptual debate on consolidation is: How do we recognize it, what are its empirical indications? Certainly, no single indicator will do. And it is easier to recognize the phenomenon in its inverse: the signs of fragility, instability, and nonconsolidation (or *de*consolidation). These include all the manifestations of 'disloyalty' that Linz has noted: explicit rejection of the legitimacy of the democratic system—or of the nation-state and its

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[4]   See Whitehead (1989, 79); on the contributions of civil society in this process, see Diamond (1994). In a seminal formulation Rustow (1970, 357) has given the name 'habituation' to this process in which contingent and instrumental elite commitments to democracy become rooted in values and beliefs at both the elite and mass levels, through the continuous, successful practice of democracy.

[5]   See the essays in Diamond, ed. (1993), in particular, Diamond (1993, 425–28).

[6]   The framework in this paragraph is Weingast's. He, too, emphasizes that while elites construct the institutional frameworks to limit the exercise of state power, credible commitment to the rules, sufficient to make them self-enforcing, must exist at the mass level as well.   Thus stable democracy requires a very broad societal consensus defining "the boundaries of government action" (1996, 14). While this approach is distinctive in conceiving of the restraint of state power as involving a coordination problem among citizens, it has important affinities with Rustow's transition model and Dahl's discussion of 'mutual security.'

boundaries—by (significant) parties, movements, or organizations; willingness by political competitors to use force, fraud, or other illegal means to acquire power or influence policies; 'knocking at the barracks door' for military support in a political struggle; refusal to honor the right to govern of duly elected leaders and parties; abuse of constitutional liberties and opposition rights by ruling elites; and blatantly false depiction of democratically loyal opponents as disloyal ('instruments of outside secret and conspiratorial groups'). Fragility may be further indicated by 'semiloyalty': intermittent or attenuated disloyal behaviors; a willingness to form governments and alliances with disloyal groups; or a readiness to encourage, tolerate, or cover up their antidemocratic actions (Linz 1978, 28–38).

At the elite level consolidation may be discerned from the behavioral patterns (and mutual interactions), symbolic gestures, public rhetoric, official documents, and ideological declarations of leaders, parties, and organizations (Gunther, Puhle, and Diamandouros 1995, 13). At the mass level, public opinion survey data is needed, not only to assess the degree of support for the legitimacy of democracy (in principle and in the regime's specific form) but also to determine its depth and its resilience over time. In Spain support for democracy remained high and even increased during the late 1970s and early 1980s, even as unemployment rose dramatically. This durability of public support, fostered by effective 'political crafting' on the part of political elites, was surely evidence of democratic consolidation (Linz and Stepan 1989, 41–61), and within a decade of its transition most observers regarded Spain as a consolidated democracy. Yet in South America democratic regimes have persisted for a decade and longer, through much more crushing economic depressions that have dramatically slashed living standards and increased rates of urban poverty. These developments have (in most cases) generated no new antisystemic parties or movements and, still, regional and country specialists regard most of these regimes (with the possible exceptions of Uruguay and Chile) as unconsolidated. Why?

One could point to pervasively weak political institutions (parties, legislatures, judiciaries, and so on); a general lack of horizontal accountability; the prevalence of delegative democracy. But this may be to confuse the phenomenon (nonconsolidation) with some of its causes (or facilitating factors). In fact, it is precisely because these third wave democracies—particularly Brazil, Argentina, Bolivia, and Ecuador—have persisted for some time now in the face of weak institutionalization of formal democratic structures that O'Donnell now vigorously questions the utility of 'democratic consolidation' as a concept. "All we can say at present is that, as long as [competitive] elections are institutionalized [as they are in the above countries], polyarchies are likely to endure" (O'Donnell 1996, 8).

O'Donnell is correct to question the equation of consolidation with political institutionalization in general. In principle, countries can have weak, volatile party systems but highly stable and legitimate democracies, although, as I suggest below, some degree of political

institutionalization appears to be important for democratic consolidation. Or established party systems can dissolve into considerable turbulence (as in Italy today) with no visible sign that democracy itself is losing legitimacy and becoming less viable. The strength of formal democratic institutions and rules—as opposed to the informal practices of clientelism, vote-buying, rule-bending, and executive domination—no doubt facilitates the endurance (and consolidation of democracy) but, as O'Donnell notes, the two are not the same, and other factors "have strong independent effects on the survival chances of polyarchies" (ibid.).

I will come to these factors momentarily.   But first, to answer O'Donnell's important challenge, it is necessary to step back and ask the question: If these South American (and other third wave) democracies have persisted through serious adversity for a decade and more and they are not consolidated, why not and how can we tell—and what does it matter, if they continue to persist? Without a persuasive answer to these questions, the concept does indeed lose its utility.

The answer is signaled, I think, by the pattern of behavior (and beliefs, if we could find some way to measure them candidly) of *significant* power players in these systems. There are no explicit antisystem players. But there are military and police establishments who remain, or have again become, unaccountable to civilian authority and contemptuous of legal and constitutional norms.   There are presidents—a rather extraordinary succession of them across the South American continent in recent years—who are not just 'delegative' but who have so openly abused the laws and constitution that they have been driven from office or who have done so with such political cunning and economic success that (as with Fujimori in Peru and Menem in Argentina) they have thrived politically. There are corrupt and oligarchical local bosses, deeply corrupted legislatures and judiciaries. There is, in short, precisely what O'Donnell observes—'another,' very different, institutionalization, of informal, indeed illegal and even unconstitutional, practices (especially in between elections). Of course, the degree and distribution of these 'informalities' vary across countries. Where such departures from the democratic framework are not just one feature of the system (as they are to *some* degree in virtually every complex democracy) but a recurring and defining feature, they signal a lack of commitment to the basic procedural framework of democracy: democratic disloyalty, semiloyalty, frailty...*nonconsolidation*—or (to repeat) in the cases of countries like Colombia, Venezuela, India, and Sri Lanka, *deconsolidation*.

The implications of these behavioral signs of uneven, ambivalent, or deteriorating democratic commitment are twofold. First, in those cases where powerful officials (elected and unelected) and powerful persons and groups outside the state behave in this way, civil liberties get abused, opposition forces get harassed, elections may get violent (and even in some cases fraudulent), and democracy gets hollowed out. These trends have been amply documented above. The second implication is more speculative but follows logically. If these abusive elites do not act against the constitutional form of democracy, their commitment to it nevertheless appears

to remain contingent and instrumental, not routinized, internalized, and principled. And a good deal of the instrumental value they derive from sustaining the democratic form (or façade), one may speculate, owes to the international system, which imposes costs on countries (and their militaries, and their economies, and thus their rich elites) that overturn democracy. Thus the contingency: if this international pressure (or perceptions of it) ever recedes, so will the viability of frail democracies. International, and especially European regional, constraints ultimately helped to consolidate democracy in Southern Europe and are doing so today in parts of Central and Eastern Europe, because they quickened and reinforced enduring changes in elite and mass political culture. These are not occurring among key elite groups in many third wave democracies, even though those democracies continue to persist.

By way of illustration, consider this example. A 'generally free and fair election' is held, for the third time in the five years since a transition from authoritarian rule and for the second time since the inauguration of 'democracy'; the opposition wins and constitutionally assumes power. Thus what Huntington identifies as the 'two-turnover' test for democratic consolidation is satisfied (Huntington 1991, 266–67). However, within a year of that third election the defeated prime minister resorts to creating 'ungovernability' by organizing a series of paralyzing strikes in order to force early elections or provoke the army (which still heavily influences the presidency) into dismissing his opponent, who is now again prime minister. In return the current prime minister investigates her opponent's business empire and arrests his elderly father on charges of tax evasion. Both politicians come from a tiny land-owning elite which dominates the country's economy, army, politics, and state, and their differences on policy issues are limited at most, but they are far from agreeing on the rules of the game. At the mass level, political, sectarian, and ethnic violence sweeps through the country's most populous city and also its most remote province, where religious fundamentalists stage an uprising to demand imposition of Islamic law and the chief minister ultimately concedes, in violation of the constitution. Around the country security forces continue to violate human rights with impunity, through torture, brutal prison conditions, extrajudicial killings, and the rape of female detainees. By the definitional standards I have outlined this country—Pakistan—is an electoral democracy today. And with soldiers, bureaucrats, and politicians all looking for international approval and aid, it could remain so for many years to come. Yet it is a hollow democracy, rife with semiloyal and disloyal behavior on the part of important political actors. No one should confuse its persistence with consolidation, or with liberal democracy.[7]

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[7]   For empirical details, see Freedom House (1995, 445–48).

Ten Challenges of Democratic Consolidation

Democratic consolidation confronts a number of characteristic challenges in new and insecure democracies. The salience of these different challenges varies across countries (and over time), however, and it would be an overstatement to characterize the complete resolution of any one of them as 'necessary' for democratic consolidation. Beyond (by definition) establishing and routinizing broad commitment to the rules of the democratic game, there are probably no strictly necessary conditions for democratic consolidation, except (again, by definition) removing the military (or other institutions) as a 'reserved domain' of power that limits the electoral accountability of government to citizens. However, the more these challenges persist in acute form, and the more they cumulate, unresolved, the less likely democratic consolidation will be.

Underlying all of the challenges below is an intimate connection (as I have already suggested) between the deepening of democracy and its consolidation. Some new democracies have become consolidated during the third wave (and there are also some consolidated 'third world' democracies), but none of the 'nonliberal' electoral democracies that have emerged during the third wave has yet achieved consolidation.[8] Indeed, I believe an even more striking (though perhaps controversial) conclusion is in order. Those electoral democracies that predate the third wave and that have declined from liberal to nonliberal status during it (India, Sri Lanka, Venezuela, Colombia, Fiji) have shown signs of deconsolidation. Admittedly, it is hard to separate the concept from some of its causes here. Deconsolidation is indicated by declining behavioral commitments on the part of significant actors to the rules of the constitutional game. Some manifestations of this decline are the growing levels of political violence, human rights abuses, military autonomy, and constraints on freedom, which are reflected in the deteriorating Freedom House scores. These developments may also be undermining more general support for democracy (an important issue for investigation). Whether or not such declines are visible at the mass level, however, and whether or not these systems are in danger of breaking down, rising levels of disloyal and semiloyal behavior are apparent and are eroding the normative, behavioral,

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[8]   See the list of electoral, nonliberal democracies that have emerged during the third wave. Of those that have come into being since 1974 (which is most in this group) I know of not a single one that country and regional experts generally regard as consolidated by the terms employed here. Some pseudodemocracies—Singapore, Malaysia, and Indonesia today, Mexico and Senegal in the past—could be considered as consolidated *in a sense*, but this sense is different from *democratic consolidation* in that the stability it produces rests more on coercion and ruling-party hegemony and less on the voluntary belief in legitimacy (although that is far from unimportant in these cases). Thus, as Linz and Stepan and Gunther, Diamandouros, and Puhle, as well as others, have noted, the consolidation of democracies has characteristics that are quite distinctive in comparison with other regime types.

and constitutional consensus that Linz and Stepan (and others) identify as the essence of democratic consolidation.

There is thus an intimate connection between democratic consolidation and democratic deepening and improvement. The less respectful of political rights, civil liberties, and constitutional constraints on state power are the behaviors of key state, incumbent party, and other political actors, the weaker will be the procedural consensus underpinning democracy. Consolidation is then obstructed, by definition. Furthermore, the more shallow, exclusive, unaccountable, and abusive of individual and group rights is the electoral regime, the more difficult it will be for that regime to become deeply legitimated at the mass level (or to retain such legitimacy), and thus the lower will be the perceived costs for the elected president or the military to overthrow the system (or to reduce it to pseudodemocracy). Consolidation is then obstructed or destroyed causally by the effects of institutional shallowness and decay. To become consolidated, therefore, electoral democracies must become deeper and more liberal. This requires greater executive (and military) accountability to both the law and the scrutiny of other branches of the government, as well as the public; reduction of barriers to political participation and mobilization by marginalized groups; and more effective protection for the political and civil rights of all citizens.

Beyond (but partially overlapping with) deepening, two other general processes foster consolidation. One is movement toward routinized, recurrent, and predictable patterns of political behavior. This involves the settled convergence around (and internalization of) common rules and procedures of political competition and action. And this, broadly, is what 'institutionalization' is all about. The third process involves regime performance. Over time and a succession of specific governments, if not in the short run, the democratic regime must produce sufficiently positive policy outputs to build broad political legitimacy, or at least to avoid the crystallization of substantial pockets of resistance to the regime's legitimacy. The content of these policy outputs, and the judgment of what constitutes 'sufficiently positive' outcomes, will vary across countries; the greater the cultural predisposition of the society to value democracy intrinsically, the less positive these policy outputs will need to be.

Below I consider ten challenges (or what might be termed 'facilitating and obstructing conditions') that confront new and fragile democracies (an eleventh is taken up separately).[9] These challenges will not only vary in salience and intensity across countries but also in the speed and success with which they are resolved over time. This is one respect in which it may be useful to think of democracies as encompassing a set of 'partial regimes' which may be liberal,

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[9]   Space does not permit here a more comprehensive discussion of these factors. For more extended analyses of a number of particular factors, see Mainwaring, O'Donnell, and Valenzuela, eds. (1992); Gunther, Diamandouros, and Puhle, eds. (1995); Linz and Stepan (forthcoming); and Diamond (1996).

representative, accountable, legitimate, and stable to different degrees, and which may move toward consolidated liberal democracy sequentially and perhaps very unevenly.[10] Chile, for example, has a well institutionalized party system, a strong rule of law, effective economic institutions and performance but still less-than-democratic civil-military relations.

1. Economic Performance

It is by now a truism that the better the performance of a democratic regime in producing and broadly distributing improvements in living standards, the more likely it is to endure. Many truisms are specious, outdated, or misleading, but in contrast to some observers of Latin America, I do not believe this generalization is ready yet for the junk heap of comparative politics theory. Beyond the examples of numerous democratic implosions during the Great Depression of the interwar years and the historic vulnerability of Latin American democracies during hard economic times, powerful quantitative evidence for the argument emerges from the research of Przeworski and his colleagues. Their analysis of post–WWII regimes (1950–90) shows that while the level of economic development powerfully shapes the survival prospects of democracy and affluent democracies survive no matter what, among moderate-income and especially poor countries democracy is much more likely to last when the economy grows rapidly, with moderate inflation.[11]

Good growth and low to moderate inflation are generally produced by appropriate macroeconomic policies and institutions that protect property rights, impose fiscal discipline, liberalize trade and financial markets, keep exchange rates competitive, reduce state ownership and intervention in the economy, collect taxes efficiently and fairly from a broad base (with limited marginal rates), and so encourage domestic savings and foreign direct investment.[12] The newly established and unconsolidated democracies of the past two decades were generally quite deficient in these policies and thus had to impose painful and potentially destabilizing economic reforms in order to achieve them. Although progress toward economic reform in these democracies has been uneven, it has been substantial and, as I have noted, it is striking how few democracies have broken down in countries that have suffered sharp increases in poverty and

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[10] I borrow the term 'partial regimes' from Philippe Schmitter, but he applies it more narrowly to "distinctive sites for the representation of social groups and the resolution of their ensuing conflicts (1992, 160).

[11] See Przeworski et al. (1996, 41–42). They define as 'affluent' those countries with annual per capita incomes of $6,000 or more (in purchasing-power parity US dollars, 1985 international prices). Moderate-income countries have per annum per capita incomes of $1,000–$6,000, and poor countries are under $1,000. Poor countries, they find, are exceptionally vulnerable to poor performance, having a 0.22 chance of dying in a year after their income falls. 'Moderate' inflation is considered 6% to 30% and produces an expected life of 71 years for democracy, while democracies with inflation rates above that can expect on average to survive only 16 years.

[12] See Williamson (1993, 1329–36) and Rowen (1996, 93–95).

unemployment due to economic crisis and reform.[13] This is a stunning and hopeful departure from the past. If Karen Remmer and other optimists are right, it could represent a permanently altered dynamic. If my analysis is correct, however, it may only be a temporary reprieve. Many societies seem to have engaged in 'economic learning.' Informed by the disasters of state socialism, populism, and hyperinflation, they have apparently lengthened their time horizons and become realistic about what can be achieved in the near term. In a number of countries, such as Bolivia, Peru, and Argentina, controlling hyperinflation has proven a strongly valued positive dimension of economic performance with broad benefits and appears to have bought time. And some reforming economies, like Argentina, Peru, the Philippines, and Turkey, have also begun to register good economic growth rates. But none of these democracies is consolidated, and it is reasonable to question whether any of them can become consolidated unless they manage to generate brisk and sustainable economic growth for some time to come—the kind of growth that broadly improves incomes and reduces very high rates of poverty.

This raises the second, distributive, dimension of economic performance. There is scant evidence that an economic boom for the already wealthy has negative consequences, in and of itself, for democracy. To the extent that a rising tide lifts all boats, economic gains for the rich should not be resented. However, what damages the political legitimacy and sustainability of economic reform programs, and perhaps of democracy itself, are the perceptions that a few are benefiting while many stagnate and suffer and that the beneficiaries of reform have come upon their windfall earnings unfairly, as a result of political connections and corruption rather than honest enterprise and risk-taking initiative. The distributive implications of growth thus matter greatly. In Russia, Mexico, and other countries, privatization programs in particular have become much more controversial than they need have been because of the political corruption and favoritism that has pervaded the sell-off (or in some cases, virtual give-away) of state assets.

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[13]   A number of scholars (basing their arguments largely on the East Asian experience) continue to posit authoritarian rule (or delegation and insulation of executives to a degree that democracy makes very difficult) as a (virtually) necessary condition for economic reform in developing countries. For examples of these skeptical views, see MacIntyre (1996) and Callaghy (1993 and 1995). As most of the essays in Diamond and Plattner, eds. (1995) indicate, however, the weight of the scholarly analysis in recent years leans heavily to the view that democracies are capable (particularly in the contemporary international context) of implementing and sustaining economic reform. These studies search for the particular institutional arrangements, leadership strategies, policy mixes and sequences, and social structures and coalitions that are most likely to facilitate and sustain the economic reform process under democracy. This is a burgeoning and now vast literature. Some particularly important studies are: Haggard and Kaufman, eds. (1992); Bresser Pereira, Maravall, and Przeworski (1993); Nelson, ed. (1994, 2 volumes); Nelson et al. (1994); and Haggard and Kaufman (1995). For an overview of some of the issues and literature, see Diamond (1995a).

In Latin America, and to a lesser extent the Philippines and Turkey, income is very unequally distributed relative to the high performance East Asian economies.[14] And poverty is pervasive and often severely degrading and politically margininalizing. During the 1970s and 1980s in Latin America poverty rates remained stubbornly high (40 % in the region overall) and increased in some countries. Urban poverty rates in particular jumped sharply between 1970 and 1990 (from 26 to 34 % of the population).[15] If democracy is to be consolidated in Latin America, and in countries similarly plagued with massive poverty and inequality, regimes are going to need to adopt policies that attack these problems pointedly.[16] Since land reform is extremely difficult to accomplish under democracy (and populations are in any case becoming less rural), these policies will heavily rely on redistributing a different asset, 'human capital.' This requires substantial, well-targeted investment in primary and secondary education and basic, preventive health care (a key element of the 'East Asian miracle'). Also important are programs to make credit and inputs available to small farmers and entrepreneurs; a social safety net (including emergency employment, nutritional and health programs) for those groups most harmed by economic reforms; family planning services and special efforts to improve the education and status of women (which also reduce fertility rates); and, again, rationalized and improved tax collection to raise more revenue and make the rich contribute their fair share.[17] As in East Asia, so in Latin America and other developing countries, equality-enhancing efforts to improve human capital through investments in basic education, health, and family planning are likely to increase the rate of economic growth as well.[18] However, the converse is also true, and developing democracies

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[14]   See World Bank (1994, 220–21, Table 30) for available country data on income distributions. As Rowen has observed, "The ratio of incomes of the richest 20% of the population to the poorest 20% is 4 to 11 times in a set of East Asian countries and 11 to 26 times in a set of Latin American ones" (1996, 102, note 9). Indeed, as Rowen notes in his Table 2, that ratio is an incredible 32 in Brazil. As the World Bank table shows, this ratio is the highest of all countries in the world for which data is available. It is no wonder, then, that one of Brazil's leading political scientists views inequality as the overriding challenge to democratic consolidation (Lamounier 1995, 119–70). Nora Lustig (1995, 2) reports that the overall Latin American ratio of the top fifth to bottom fifth income shares is 10, compared to 6.7 in other low- and middle-income countries.

[15]   See Hartlyn (1992, Table 3). The Inter-American Dialogue (1992, 43) estimates that about half of the roughly 180 million poor Latin Americans live in such abject poverty that they do not have enough to eat, and that in many countries (including Brazil and Peru) "a substantial majority of the population is impoverished."

[16]   The importance of reducing inequality for the success of both economic reform and democracy was one of the central themes of the Workshop on "Constructing Democracy and Markets: Comparing Latin America and East Asia," Los Angeles, 26–27 January 1995. For the most pointed argument in this regard, see the paper by Terry Karl (1995).

[17]   For a more extended discussion, see Diamond (1996, 98–101). On the contribution social safety nets can make to leveling inequality during economic reform, see Graham (1994).

[18]   See Rowen (1996, 101–8). Within Latin America, Chile and Costa Rica stand out for their ability to rebound more rapidly through adjustment policies precisely because their sustained high levels of social investment in mass education "gave both countries a flexibility and an ability to

must not lose sight of it: economic "recession hurts the poor more than any other group in society." Thus, "Reviving economic growth in a sustainable way is the only truly effective policy" for reducing poverty (Morley 1994, 1).[19]

2. Political Performance: Freedom and Order

Effective government and regime performance is most often thought of in economic terms. But it is not only material progress and security that democratic citizens value. Increasingly, they are concerned with the quality of the physical environment.   They may have sufficient nationalist sentiment to value increased prestige for their country in world affairs but most of all, most of the time, peace is the foreign policy output they value most. And they expect from democracy, if nothing else, political freedom, accountability, and constitutionalism. The ability of a new or recent democracy to deliver decent, open, relatively clean governance should not be underestimated as a policy output that can help to consolidate democracy. Indeed, as Bresser Pereira, Maravall, and Przeworski have eloquently argued, precisely because democratic publics highly value democratic responsiveness, deliberation, and accountability, extreme delegation and insulation of executive authority may be a very shortsighted and in the end counterproductive strategy for implementing economic reforms in a democracy.

> [D]emocracy is an autonomous value for which many people made sacrifices when they struggled against authoritarian regimes. The quality of the democratic process, perhaps less tangible than material welfare, affects the everyday life of individuals: It empowers them as members of a political community or deprives them of power. And if democracy is to be consolidated, that is, if all political forces are to learn to channel their demands and organize their conflicts within the framework of democratic institutions, these institutions must play a real role in shaping and implementing policies that influence living conditions (Bresser Pereira, Maravall, and Przeworski 1993, 215–16).

While their social-democratic approach to economic reform may effect a less rapid and far-reaching transition to the market than neoliberals believe necessary, there are compelling reasons to hold that faithfulness to the spirit of the democratic process is an important factor in consolidating democracy and in consolidating economic reforms in a democracy.   To return to my own framework, simply providing the liberal substance of a formal democracy is a key dimension of performance that can help to build deep and lasting legitimacy among both elites and mass.

But of course it is not enough in itself, and there remains the classic tension between freedom and order. More than anything else, order—as signified by the safety and predictability

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develop new and promising export opportunities created by the reform process" (Morley 1994, 73).

[19]   In fact, Morley emphasizes that so critically important is the overall context of growth that "no social emergency program or special antipoverty social policy can completely offset the effect on the poor of a macroeconomic downturn" (1994, 69).

of the social environment—is the other dimension of political performance that citizens value most and perhaps that democratic consolidation theorists most often neglect. One who has not done so is Juan Linz. Effectiveness in minimizing nonstate violence, and especially in punishing, constraining, and disarming those who organize private violence for political ends, is, Linz reminds us, a key variable in determining whether democratic regimes will break down.[20] In the most challenging circumstances of ethnic, regional, or political insurgency (as in Turkey, India, Sri Lanka, Peru, and Colombia today), democratic commitments are sorely tested and easily trampled in the state's struggle to preserve its legitimate monopoly over the use of force and even its territorial integrity. If democracy is to be consolidated or re-equilibrated, democratic constitutionalism cannot be used as an excuse for a failure to confront these illegitimate, terrorist, and typically very brutal armed challenges with effective force. Citizens have a right to be safe in their persons and not to have their state dismembered by armed force. But at the same time reasons of state cannot be allowed to override constitutional guarantees of due process and human rights, as they have in all five of the countries above waging anti-insurgency campaigns.

Democracy presumes the notion of a *Rechtsstaat*, "a state bound by law and excluding arbitrary decisions not based on rules" which, while not synonymous with democracy, is one important foundation of it (Linz 1993, 355–69). Quite literally, then, democracy requires 'law and order,' not in the colloquial sense of populist demagogues but in the literal sense of a balance between two essential principles of state. This underscores, however, the importance of designing political institutions and exercising timely political statecraft so as to avoid the mobilization of ethnic or regional disaffection into armed violence. For once such disaffection is whipped up and mobilized into terrorism and armed insurgency, as it has been in the Kurdish areas of southeastern Turkey, the Tamil areas of Sri Lanka, and India's state of Kashmir, no good options remain: a negotiated settlement is likely to be much more difficult, and the struggle (even if waged with democratic restraint by the state) is likely to be bloody and protracted.

The other dimension of the order problem often neglected by democratic theorists (perhaps because it seems so mundane or so inviting of illiberal state response) is crime. Crime is a serious problem in both rich, established democracies and new or unconsolidated ones. But in the latter countries it may threaten democracy itself for three reasons. First, because the state in many post-transition developing and postcommunist countries is weaker, poorer, and more fragmented, the crime problem may be of an entirely different order of magnitude from that in the established democracies. This may be especially so when, as in El Salvador, Cambodia, and South Africa, a new democracy rises from the ashes of civil war and the country is awash with small

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[20]   See Linz (1978, 23, 56–61). "Paradoxically," Linz observes, "a democratic regime might need a larger number of internal security forces than a stabilized dictatorship, since it cannot count on the effect of fear. Its reactions to violence require massive but moderate responses; only numerical superiority can prevent the deadly reactions of overpowered agents of authority" (61).

arms and demobilized soldiers or 'freedom fighters' looking for a means to survive. The resulting violence and fear may thus be much more pervasive and socially destabilizing in new democracies than in the typical established ones.[21] In major urban and rural areas, it may be so endemic—as in major Russian cities like Moscow and St. Petersburg, or in the Cali region controlled by the Colombian drug cartels, or in some of South Africa's townships—as to negate the state's monopoly control of force, and even to construct a powerful parallel economy that the state cannot be tax and to which businessmen must pay tribute. Thus, secondly, by raising transaction costs and undermining the security of property rights, crime may also become a major drag on economic efficiency and growth, while it increases inequality by concentrating wealth in the hands of criminal empires with the money and nerve to organize private armies. Crime may further retard economic growth, as it has already and threatens to do even more in South Africa, by discouraging foreign direct investment and tourism and encouraging the emigration of skilled workers. Finally, rampant crime can do great damage to new democracies by gravely undermining the lawfulness of the state itself. In the context of weak states and inefficient, poorly disciplined police, mushrooming crime may inspire drastic, illegal, unconstitutional, and grotesquely sadistic responses to try to control it. These take various forms, including popular vigilante squads that mete out 'instant justice' to suspected perpetrators, police torture and killing of prisoners and suspects, and police-led 'extermination squads' that aim to clean the streets permanently of nettlesome   street   youths,   the   homeless,   and   other   suspicious   'lowlives.'[22]   In   such circumstances the problem crime poses for democracy may generate a fatal 'cure.'

        Political corruption is a final dimension of political performance that merits emphasis (and, of course, is not unrelated to crime). Few phenomena are more dangerously corrosive of mass commitment to the legitimacy of a democratic regime than endemic political corruption.   The consequent public disillusionment and disgust can bring down democracy (or at least greatly lower the barriers for military intervention) not only in bad economic times (as in Nigeria) but even

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[21]   For evidence of a "dramatic postconflict crime wave" that has gripped El Salvador (and emerged as one of the principal performance challenges for its new democracy) since the termination of the civil war in 1992, see Call (1996; permission to cite this paper for this and other specific purposes below has been granted by the author). In addition to the other crime-inducing legacies of civil war mentioned in the text, Call notes the transformation of some death squads into organized criminal gangs.

[22]   This problem appears most serious in Brazil, where there are an estimated seven to ten million urban street children and where there appears to be extensive and even increasing murderous violence against civilians by both state and military police, with many bodies dumped at clandestine sites (Human Rights Watch 1995, 65, 70–72, and 1992, 80–81). In Colombia, the prevalence of these police violations of human rights "led the UN special rapporteurs for extrajudicial executions and torture to issue a joint report characterizing the situation as 'alarming'" (Human Rights Watch 1995, 65). In El Salvador, the postconflict crime wave has led to popular support for vigilante justice and resumed military role expansion as the military has begun to fill the demand for provision of greater internal security (Call 1996).

amidst an economic boom (as in Thailand).[23] Today it constitutes a major threat to the future of democracy in Africa. Extensive political corruption was also a key factor in the coup attempts against Venezuelan democracy in 1992 and the parade of presidential scandals and forced departures in Brazil, Venezuela, Guatemala, and now probably Colombia. That public pressure and constitutional processes have forced incumbent presidents from office is a marked departure and hopeful sign for Latin America. But that corruption still dominates legislative deliberations, executive transactions, and local power dynamics in much of Latin America, and in the Philippines, Thailand, South Asia, Africa, and the former Soviet Union as well, is a deeply worrisome sign for the future of democracy's third wave. Combating corruption is a major performance challenge for democratic consolidation, and that in turn requires political institutionalization and an effective civil society, as we will see.

3. State Strengthening

Successful economic reform entails what several scholars have referred to as the 'orthodox paradox': "For governments to reduce their role in the economy and expand the play of market forces, the state itself must be strengthened" (Haggard and Kaufman 1992, 25).[24] Successful economic reform is only one of many tasks for which new and fragile democracies require what Linz and Stepan (forthcoming) call a "usable state bureaucracy." To be 'usable,' and ultimately effective, the state must have technical talent and training, which requires (particularly in its upper reaches) a professionalized, meritocratic bureaucracy with relatively good pay, competitive standards of recruitment and, ideally, a certain esprit de corps. Such a competent state is needed to improve education and other forms of human capital; to develop the physical, legal, and institutional infrastructure of a market economy; to manage the macroeconomy with fiscal discipline and intelligent budgeting priorities; to negotiate with international trade partners, creditors, and investors; to control for negative externalities of the market without overregulating it; to modernize and broaden the collection of taxes; and to maintain order and a rule of law.[25] This produces not only an intellectual paradox but a very painful policy tension. On the one hand, overall state employment and expenditures must be cut to restore fiscal balance and permit increased domestic savings. But on the other hand, the leaner state that remains must be smarter, more coherent, and more adept. These two changes are not entirely inconsistent with one another, but to bring them off simultaneously requires strong and able political leadership that can justify to restless constituencies the sharp improvement in salaries for high-level state

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[23]   See Dalpino (1991) and Diamond (1995b, 417–91, and 1991, 73–85).

[24]   The term is originally Miles Kahler's.

[25]   This theme has been emphasized increasingly by the scholarly and policy literatures in recent years and emerges as a major recurrent theme among the essays in Diamond and Plattner, eds. (1995). See in particular in that volume Moisés Naím (1995b) and also Naím (1995a).

managers at the same time that overall state employment is reduced and wage levels in the general economy may stagnate. Visible and credible measures to control political corruption and improve state services may help to make this dual overhaul of the state palatable.

A crucial and commonly overlooked arena of state strengthening involves the system of justice and especially the police. Not only do order and personal safety constitute one of the most basic expectations people have of government, but the police are the agents of state authority which ordinary citizens may most commonly experience in their daily lives. If the police are corrupt, abusive, unaccountable, or even simply lazy and incompetent, this cannot but affect popular perceptions of the authority and legitimacy of the state. If new democracies are to deliver the balance of freedom and order their peoples want and to keep the military out of the business of internal security (and thus inevitably politics as well), they must develop professionalized, disciplined, resourceful, and accountable police forces.[26]

4. Political Institutionalization: Representation and Governance

Two broad dimensions of political institutions can affect the prospects for democratic consolidation. One concerns the design and choice of appropriate institutional frameworks and the other the process by which those institutions become capable, coherent, autonomous, and effective and therefore well established or institutionalized. I will not dwell here on the vast literature on executive structure and electoral system choice for a simple reason.   Although persuasive arguments and evidence have been adduced showing parliamentary systems to be more flexible, adaptable, and accountable, less crisis-prone and zero-sum, and therefore more successful and long-lived in the world than presidential regimes, there are very few instances of change from presidential to parliamentary government under democracy.[27]   (Indeed, most changes have tended to go in the other direction.) A switch from presidential to parliamentary government in Latin America might well enhance the prospects for consolidation, as Juan Linz, Arturo Valenzuela, and others argue, but since the proposal (for a semi-parliamentary system) has already been defeated at the polls in Brazil and is hardly imminent elsewhere (with the possible exception of Bolivia's 'assembly-independent' system), strategies for consolidating democracy will need to focus on other variables.[28]   The debate over electoral system design is no less

[26]   For a case demonstration, again see Call (1996).

[27]   More generally, it appears that while institutional configurations are not fixed at the moment of transition, "the extent of post-transition constitutional revision in our cases is surprisingly limited and that the initial political bargains struck at the time of the transition had important implications for the subsequent path of political development" (Haggard and Kaufman 1995, 371).

[28]   In Bolivia Congress chooses between the top three presidential candidates if no candidates wins a majority of the popular vote. Although Congress cannot subsequently remove the President by a vote of no-confidence, this unusual provision for executive selection (which defines a particular type of hybrid regime that Shugart and Carey term 'assembly independent') provides an incentive for formation of cross-party congressional coalitions much stronger than is

voluminous, scholarly, and impassioned, and electoral rules are more open to revision and reshaping, but generally they, too, tend to persist for long periods, if not indefinitely, once chosen.[29] In other words, short of a political crisis and probably breakdown or interruption of democracy, most new democracies tend to get stuck with the institutions they choose at the outset (which is why this early choice is so fateful). Institutional changes can happen under democracy and are important, but they tend to occur in incremental form.

This leaves the second aspect of institutional change as the more important one for consolidation, in a practical sense: making political institutions more coherent, complex, autonomous, adaptable, capable, and therefore stable and effective.[30] I have already suggested this need above with respect to the state bureaucracy, but stable democracy obviously requires as well effective institutions to represent and aggregate interests and to ensure public accountability, constitutionalism, and the rule of law. The key institutions here are political parties, legislatures, the judicial system, and government auditing and oversight agencies. (Local government is also crucial but has special significance that will be considered in the next section, below).

As their members come to share a more coherent sense of their program or mission, as they become more complex both horizontally in their range of specialized functions and subunits and vertically in their reach down to the level of ordinary citizens, and as they develop autonomy from other state agencies and sociopolitical power centers, so that they have independent capacities to act to realize their particular goals, political parties and other institutions become more

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found in purely presidential systems. Shugart and Carey (1992) are generally skeptical of pure parliamentarism and inclined toward the French-style 'premier-presidential' system. For the proparliamentary arguments, see Linz and Valenzuela, eds. (1994a and 1994b), especially the essays by Linz (1994) and Valenzula (1994). See also Valenzuela (1993). For empirical evidence of the greater durability of parliamentary regimes, see Stepan and Skach (1993) and Przeworski et al. (1996). Even if some form of parliamentarism (pure or hybrid) seems more associated with democratic persistence historically, it is possible that what may be ideal institutionally for Latin America and Europe may not be so for other countries, such as the more ethnically fragmented countries of Africa for which, Horowitz has argued, presidentialism can provide an integrating symbol and (if the electoral rules are intelligently structured) inducements for the pooling of votes across ethnic lines. See Horowitz (1985, 635–38) and his response (1990) to a condensed version of Linz (1990).

[29]   Electoral reforms are difficult to achieve because the incumbent legislators and dominant parties elected under the old rules have an interest in preserving them. Only when, as in Italy and Japan, other social and political changes have radically altered the established party system and the balance of political forces in parliament is electoral system change likely to be forthcoming. Raising the electoral threshold in Israel beyond the trivial (1%) level to encourage aggregation of parties and facilitate the formation of more stable, centrist governments has long been on the agenda of Israeli reformers. So far the most they have been able to accomplish, however, is a modest increase to 1.5%. Moreover, with its adoption of direct election of the prime minister, used for the first time in its parliamentary elections this spring, Israel is another example of a country that has moved away from pure parliamentarism to a change that, in this case, at least mimics some features of presidentialism.

[30]   These criteria of institutionalization are elaborated in Huntington (1968, 12–26).

capable and effective. When, in addition, they can adapt to changes in their environment, developing new functional specializations, substantive concerns, and technical capabilities, and incorporating newly emergent groups, such institutions are able to maintain their effectiveness over extended periods of time. By giving political interests and demands stable, legitimate means of expression in the political process, by helping to protect individual rights and maintain orderly, lawful, and open government, and by aggregating, deliberating, and negotiating among competing demands, effective democratic institutions tend to produce more consensual, sustainable policies, and hence greater governability and legitimacy.

All political institutions, and perhaps political parties especially, face a tension, however, between the 'durability' features of institutional strength—such as coherence around principles, programs, and policies, unified action in the legislature and political process, and elaborate, well-ordered vertical and horizontal structures—on the one hand, and adaptability on the other. From this perspective there is a curvilinear relationship between instutionalization (as coherence, routinization, predictability) and both the stability (consolidation) and quality of democracy. Stronger is not necessarily better; political parties and party systems can be 'overinstitutionalized' as well as 'underinstitutionalized.' In the former instance structural coherence, discipline, and regularity may become frozen into rigidity and loss of salience for important new (or newly salient) generational, regional, ethnic, or class groups; and extremely low electoral volatility may signify a lack of competitiveness, meaningfulness, or civic engagement in the party system (Schedler 1995). This has been the case in the elite-pacted democracies of Colombia and particularly Venezuela, where political parties controlled, in very hierarchical fashion, by entrenched leaderships have not only ordered but utterly monopolized the political process, so pervasively penetrating the state and organizational life that they have robbed interest groups and other political institutions of autonomy and left little space for the incorporation of new, marginal, or alienated constituencies into the play of democratic politics. This extreme domination and institutionalization of political parties—*partidocracia* or partyarchy—has been a central factor in eroding the effectiveness, legitimacy, and stability of democracy in Venezuela (Coppedge 1994).

As with so many other aspects of democracy, political parties and party systems must strike a balance between competing values, in this case stability, or 'rootedness,' vs. adaptability, and thus in a sense between over- and underinstitutionalization. For most new democracies, however, the danger is the opposite from Venezuela's: a weak, fragmented, inchoate, highly volatile party system that barely penetrates the society, commands few stable bases of popular and sectoral support, has few ties to established interest groups, is prone to populism and polarization, and thus cannot produce effective governments or governing coalitions. To be sure, newly emergent party systems (and even most established ones) will probably never have the strong parties with committed mass memberships, vigorous local branches, and strongly defined

social bases and issue orientations that characterized the developing and consolidating democracies of earlier eras in this century (Linz 1992, 184–90). Still, political parties remain "the most important mediating institutions between the citizenry and the state," indispensable not only for forming governments but also for constituting effective opposition (Lipset 1994, 114).[31] Diverse types of civil society organizations are more important to the representation of interests and the invigoration of democracy than ever before. However, "[i]nterest groups cannot aggregate interests as broadly across social groups and political issues as political parties can. Nor can they provide the discipline necessary to form and maintain governments and pass legislation" (Diamond 1994, 15). Only political parties can fashion diverse identities, interests, preferences, and passions into laws, appropriations, policies, and coalitions. "Without effective parties that command at least somewhat stable bases of support, democracies cannot have effective governance" (Diamond, Linz, and Lipset 1995, 34). Therefore, *some* degree of party-system institutionalization—of parties with effective, autonomous organizations, and developed, relatively stable linkages to voting blocs and social organizations—seems an important (if not strictly necessary) condition for democratic consolidation.[32] Furthermore, an aggregative party system with a limited number of significant parties, and particularly (if it can avoid ideological polarization, on the one hand, and the *partidocracia* problem, on the other) a two-party-dominant system, appears to foster policy effectiveness and consistency. By contrast, "fragmented and polarized party systems have posed major impediments to sustained implementation of [economic] reform" (Haggard and Kaufman 1995, 370).[33] Indeed, fragmented and ideologically polarized party systems pose severe problems for democratic governability in general, and fragmentation into a large number of parties is especially destabilizing under presidentialism.[34]

In addition to political parties, elected legislatures (at all levels of governance) are a crucial institution for the representation of interests and the dimension of political institutionalization I will mention next, horizontal accountability. However, if legislatures are to become meaningful fora for injecting the interests and concerns of their constituencies into the policy process, they must have sufficiently elaborated and resourceful organizational structures so that they can engage, challenge, and check executive officials and state bureaucracies. This requires legal and technical skill in writing legislation and reviewing budgets; a system of functional committees with

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[31]   For a cogent and more extended recent treatment of this classic proposition linking the strength of parties and party systems to the stability of democracy, see Mainwaring and Scully (1995).

[32]   See Mainwaring and Scully (1995, 4–5). Among the conditions (indicators) of party-system institutionalization they also list actor commitment to the legitimacy of the multiparty electoral process, but that is a dimension of democratic consolidation itself.

[33]   See also Haggard and Kaufman (1995, 17–174, 355–64, and passim).

[34]   See Sartori (1976); Linz (1978, 24–27); and Mainwaring and Scully (1995, 32–33). On the poor fit between presidentialism and multipartism in Latin America, see Mainwaring (1993).

professional staffs who have specialized expertise in various policy areas, from macroeconomics and the environment to national security; a library and information service (one hopes, these days, computerized); a research support function; and means for promoting citizen access to the legislative process, as through public hearings in local constituencies, public dissemination of legislative proceedings, public opinion–polling on issues before the legislature, and effective media coverage of the legislature. In most new and unconsolidated democracies these functions are all very weak, and national legislatures lack the organization, financial resources, equipment, and staff to serve as a mature and autonomous point of deliberation in the policy process. This does not always mean they are powerless; particularly in a presidential system, where a congress is constitutionally powerful but institutionally weak, it is tempted to exercise its authority in destabilizing ways, through obstruction, extortion, and corruption. This raises a related dimension of professionalization which Naím (1995a and b) has emphasized with respect to executive-branch bureaucrats. States (and peoples) get what they pay for. If they want civil servants and legislative staff with professional skill and dedication, and legislators more interested in representing interests than collecting bribes, they need to pay these officials reasonably well.

5. Political Institutionalization: Horizontal Accountability and the Rule of Law

An institutionally mature, resourceful, and autonomous legislature is an important instrument of horizontal accountability. Even in a parliamentary system where government emerges out of the legislature, the latter is expected to question ministers and hold government accountable. However, elected executives, state bureaucrats, soldiers, and police cannot be held accountable without a judicial system that has the constitutional and political autonomy to ensure a genuine rule of law. Neither can civil liberties be protected and the power of the state constrained without such an institutionalized judicial system. The latter requires more than independent and professional judges (which in turn requires good pay, a substantial, secure term in office, and depoliticized procedures for selection). It demands that those judges have the staffing and financial and technical resources to be effective, and that they be served and petitioned by a dense infrastructure of institutions that compose an effective legal system: prosecutors, public defenders, police, investigators, legal aid programs, bar associations, law schools, and so on. And it further requires a body of law (criminal and otherwise) that is clearly codified, widely accessible, and democratic in spirit.

The courts can also play an important role in punishing and deterring corruption and abuse of office, but only if other specialized agencies are available to monitor, expose, and bring charges against such wrongdoing. Autonomous audit agencies, both within government ministries and especially outside them, as an independent arm of government, are indispensable for controlling corruption. Such bodies, including, ideally, an agency to receive and monitor

regular declarations of assets by public officials, must have particularly strong coherence and autonomy—both legally and in terms of professional mission and esprit de corps—if they are to resist the enormous pressures that will be visited upon them to look the other way.

6. Civil-Military Relations

Most scholars of civil-military relations concede that the best way for a democracy to deter a coup is to govern effectively and maintain broad legitimacy. But good governance and legitimation may take time to achieve, and in any case some new democracies are born into circumstances of very substantial political power and prerogatives for the military. The challenge for democratic consolidation, then, is to gradually roll back these prerogatives and refocus the military's mission, training, and expenditures around issues of external security. Increasingly, for many countries around the world, this involves not only defense of the country's borders and sea lanes but international peacekeeping as well.   This is a fortunate development, because as superpower competition and revolutionary insurgencies have largely evaporated in much of the world, and as some regions have moved toward a democratic zone of peace, the need for large militaries to defend against conventional security challenges has grown increasingly implausible. Thus, it appears that one reason why the Bangladeshi army may not have intervened in the wake of the country's recent disastrous elections is that its forces were occupied in UN peacekeeping missions on four other continents.[35]

Democratic consolidation typically requires a strategy by which military influence over nonmilitary issues and functions is gradually reduced and civilian oversight and control is eventually established over matters of broad military and national security policy as well (including strategy, force structure, deployment, expenditures, and—if armed conflict should come to pass—rules of engagement). Unless the military has somehow been defeated or shattered, as with the transitions in Greece and Argentina or the US invasions of Panama and Haiti (where outright elimination of the army then becomes possible), this strategy will usually have to pursue reforms incrementally, through bargaining, dialogue, and consensus building rather than blunt confrontation. The risks of military reaction can be reduced in the process if civilians always accord the military a position of high status, honor, and income; never use the military as a power resource in political competition; avoid political interference in routine promotions; and avoid highly conflictual trials for crimes committed under authoritarian rule. Prosecution for past crimes is a noble and profoundly democratic goal, encompassing basic notions of accountability and lawfulness. But it is typically more than what the fragile state of civil-military relations in new democracies can bear. In such circumstances, Huntington is unfortunately right that "the least

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[35]   See "Bangladesh's Reluctant Army," *The Economist,* 24 February 1996, p. 35.

unsatisfactory course may well be: do not prosecute, do not punish, do not forgive, and above all, do not forget" (1991, 231).[36]

7. Managing Ethnic Conflict

Most new democracies in Asia, Africa, and the former Soviet bloc face serious challenges of managing ethnic diversity. Democracy may in the long run provide the most reliable and humane means for enabling diverse cultural groups to coexist in peace, security, and mutual dignity, but it does not do so inevitably and may find it particularly difficult to do so early on in the life of the new regime when uncertainty is at its peak. More perhaps than for any other challenge, institutional design matters greatly in the management of ethnic conflict. Accommodating leaders may help to foster political accommodation among their respective ethnic groups and parties, but they cannot be relied upon to do so for long unless institutions generate incentives and assurances that 'make moderation pay,' in Donald Horowitz's phrase. Whether or not one favors the 'consociational' or power-sharing approach of Arend Lijphart, it is clear that power must be sufficiently decentralized, whether through federalism or other arrangements, so that different groups have some autonomous control over their own affairs (see the next section, below). And majoritarian, 'winner-take-all' outcomes must be avoided at the center as well through electoral systems that induce different ethnic groups to pool votes or form coalitions (for Horowitz, before the voting, for Lijphart, after). Above all, no one ethnic group, and particularly no minority, should be allowed indefinitely to monopolize power at the center.

In addition, the broad legitimation undergirding democratic consolidation requires that no one be denied equal rights of citizenship because of their ethnicity.   "In a multinational, multicultural setting, the chances to consolidate democracy are increased by state policies which grant inclusive and equal citizenship, and which give all citizens a common 'roof' of state-mandated, and enforced, constitutional rights" (Linz and Stepan 1996b, Chapter 2).   These include the rights of ethnic minorities to use their own culture, religion, and language, as well as to participate in the political and economic life of the country, free from discrimination.

8. Civil Society: Interest Representation

Authoritarian regimes repress and control not only political parties but various types of interest groups as well. Trade unions and other popular organizations, in particular, are either 'demobilized' or controlled tightly from above through state corporatist arrangements. With the transition to democracy, new ways must be found to institutionalize the representation of

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[36]   For extended treatment of these problems and strategies for democratizing civil-military relations, see Huntington (1991, 211–53); Stepan (1988); Diamond (1996, 86–91); and Agüero (1995).

interests, not only through political parties but through associations representing labor, business, farmers, professionals, consumers, the self-employed, and so on. Across new democracies these arrangements vary greatly in the degree to which they relate interests to the state in a pluralistic, decentralized as opposed to aggregated and hierarchically organized fashion (Schmitter 1992). Systems of elite-level interest concertation and bargaining, which encompass or approach the democratic corporatist model, are appealing in their potential to provide stable patterns of interest mediation and, in particular, mechanisms for sharing burdens and thrashing out consensus in the difficult process of economic reform. However, the transition to a democratic form of corporatism "seems to depend very much on a liberal-pluralist past," which most developing and postcommunist states lack (Schmitter 1984, 99–100). New democracies therefore will benefit to the extent they can evolve systems that relate organized interests to the state (and to one another) in ways that facilitate ordered bargaining, restraint of demands, and thus macroeconomic stability, without stifling the autonomy of groups. This, again, is a challenge for which different democracies (even in similar regions with similar authoritarian legacies) may evolve rather different solutions and for which 'one size' almost certainly does not 'fit all.'

9. Civil Society: Vertical Accountability and Democratic Deepening

Civil society organizations do more for the consolidation of democracy than merely represent a wide range of diverse interests. They (along with the mass media) monitor the state, expose its potential wrongdoings, and hold it accountable. They give citizens experience in the art of political association, increase their civic competence, stimulate participation in electoral politics, recruit and train new political leaders, generate democratic norms and values, and accumulate social capital (Diamond 1994; Putnam 1993; and Schmitter 1995). Not least, particular civil society organizations, such as election monitoring and human rights groups, policy think tanks, and anticorruption organizations, press explicitly for reforms to improve and deepen the quality of democracy. Certainly, not all civil society organizations perform all of these functions for democratic consolidation, and some groups may be so militant or intolerant that their net contribution to consolidation is negative. But increasingly, scholars are recognizing the symbiotic nature of the relationship between state and civil society, in the process of democratic consolidation and more generally. By enhancing the accountability, responsiveness, inclusiveness, and hence legitimacy of the regime, a vigorous, pluralistic civil society strengthens a democratic state and moves it toward consolidation.

10. The International Environment

The international environment has shaped the emergence of democracies more powerfully and pervasively during the third wave than ever before. As I have indicated above, it

has also generated more inducements for the maintenance of democracy, more potential costs for the overthrow of democracy, and more positive programs (including the transfer of resources and ideas) to assist with the nine challenges above than ever before in history.   Clearly, the international environment is favorable to consolidation today and for many countries may now provide more opportunities and benefits than obstacles or constraints. Still, the picture is far from entirely favorable. Many countries still have large external debts, incurred under authoritarian rule, which they are trying to winnow down to manageable levels.   Once reforming economies (democratic and not) open up and reorient around export industries, they become dependent on access to the markets of industrialized (and rapidly industrializing) economies.   Most of all, a number of new democracies have the misfortune of living in dangerous neighborhoods. Two of the most promising new democracies, South Korea and Taiwan, face serious and rising dangers of external aggression that could threaten their very existence, and might at some future point justify some reassertion of a 'national security' state.   South Africa faces serious immigration pressures from its poorer neighbors which heighten competition for jobs and services and strain its already challenged economy. Benin, the first and still among the most promising of Africa's new wave democracies, is having to cope with rising insecurity due to the spillover of endemic crime, corruption, and drug-trafficking from Nigeria, with which it shares its entire western border (Magnusson 1996, 37). Indeed, the destabilizing effects of the Nigerian drug trade are being felt on the continent as far away as South Africa, while the criminalizing impact on politics of the Colombian drug cartels has increasingly been felt throughout Latin America and has begun to threaten democratic transition in Mexico.   None of these regional challenges to democratic consolidation can be met by the affected countries alone. All require new regional or international responses to enhance security and stem the spread of crime, corruption, and smuggling.

Size and Democracy: The Case for Decentralization

As I noted earlier in this essay, one of the most striking features of the distribution of democracies (liberal and otherwise) around the world is also, curiously, one of its least discussed, theoretically: its significantly greater incidence in very small countries with populations of less than about one million (in current numbers, for our purposes here).[37] When the third wave began in

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[37]   One reason why these very small countries have been neglected is, obviously, that they do not matter much geopolitically.   Also, particularly in the past twenty years, the number of microstates has expanded so dramatically that including them in comparative crossnational research significantly increases the demands for data (which are often scantily available, even in terms of descriptive political information, for these very small states). Thus, in *The Third Wave* Huntington counts regimes only with populations over one million (1991, 26), and in their Polity dataset Jaggers and Gurr exclude countries with populations of less than 500,000 in the early 1990s (1995, 470). Such practices are common in developing crossnational datasets and doing

April 1974 about half of these very small (independent) countries were democratic (compared to 23 % of larger states). During the third wave some 17 new states with populations of less than one million (many less than 100,000) became independent. These were mainly former British or American colonies, steeped in representative traditions, that have remained continuously democratic. For some time, therefore, this relationship could be dismissed as an artifact of British or American colonial influence. But other microstates, including the former Portuguese colonies, have also recently become democratic and even liberally so. Overall, fully three-quarters (32) of the 42 states with populations of less than one million were formally democratic at the start of 1996, and most of these (28) were rated 'free.' As Table 7 indicates, the proportions of democracies, and especially of liberal democracies, among the microstates are significantly higher than among larger states. The difference in the incidence of liberal democracy is particularly stunning: two-thirds of states with populations of less than one million are rated 'free' by Freedom House today, compared to only one-third of states with populations over one million. Even more striking is the incidence of democracy among the 33 independent states with populations of less than 500,000 (precisely those states excluded from the Polity III dataset). About four in five of these tiny states are liberal democracies (and almost all of the liberal democracies in countries with less than one million population are to be found in countries of less than half a million, most of them less than 200,000). These striking differences, which have been visible for some time, resurrect the intriguing question—raised in the seminal analysis of Robert Dahl and Edward Tufte in 1973 and then largely abandoned by the field—of whether democracy is not indeed easier to establish and create in small, less complex societies.

Several factors may explain, theoretically, why democracy is more common, more stable, and especially, more liberal, in very small states. First, in countries that are very small in population as well as physical size there is more personal acquaintance and interaction (indeed, intermarriage and kinship ties) among elites than could possibly occur in larger countries. This would greatly facilitate the emergence of a core condition for democratic consolidation and maintenance in the view of one influential theory: a 'consensually unified' elite, which is characterized by mutual trust, restrained partisanship, consensus on the rules of the game, broad access of diverse elite factions to government decision-making, and "overlapping and interconnected influence networks [encompassing] all or most elite factions" (Burton, Gunther, and Higley 1992, 11).[38]

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quantitative research. Freedom House in particular is to be commended for providing annual ratings of political rights and civil liberties, and summary descriptions of political developments, in every independent state in the world, even ones so tiny as Tuvalu (population 10,000). A further indispensable resource on the politics of the microstates, heavily relied on here, is Banks's annual *Political Handbook of the World* (various years).

[38]   See also Higley and Burton (1989) and Burton, Gunther, and Higley (1992, passim).

Table 7		
Distribution of Democracy in 1996, by Size of State		
	Formal Democracies	Liberal Democracies ('Free'States)
All States (n =191)	61.3% (n = 117)	39.7% (n = 76)
States with population over 1 million (n = 149)	57.0% (n = 85)	32.2% (n =48)
States with population under 1 million (n = 42)	76.2% (n = 32)	66.17% (n = 28)
States with population under 500,000 (n = 33)	85.7% (n = 28)	78.8% (n = 48)

Second, it could be argued more generally that the smaller the society, the less complex it tends to be in its cleavages, which would mean fewer elite factions and cleavage groups. As Dahl has argued, "[t]he larger a collectivity, the more likely it is to contain both subjective and objective diversities" (Dahl 1982, 143).[39] Of course, democracies face the intrinsic paradox of both requiring cleavage and fearing its consequences.[40] The greater the "variety of parties and interests," James Madison wrote, the lower the probability "that a majority of the whole will have a common motive to the invade the rights of other citizens," or that it will have the ability to do so successfully, even if a common motive exists (quoted from *The Federalist Papers* in Dahl and Tufte 1973, 10–11). For this reason, he favored relatively large representative republics. Yet if very small democracies are less inclined to ethnic and linguistic cleavages, or others that tend to be deep and polarizing, this would favor stable democracy, and in any case, there are several other reasons to expect that small size may be conducive to liberal democracy.

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[39] Although the evidence cited by Dahl and Tufte did not show a general relationship between population size and ethnic diversity, it did indicate a linear relationship between geographic size and degree of ethnic pluralism (1982, 34). Since the world's microstates are mainly small islands or otherwise geographically small states, they would therefore figure to have less (and probably less severe) ethnic pluralism. The principal exceptions would include countries where colonialism created sharp ethnic divisions by introducing large numbers of slave or migrant laborers. In Fiji this very division (between native Fijians, with slightly less than half the population, and Indians, with about half) has been a major factor in the country's democratic travails since the 1987 coup, which came shortly after elections that replaced the seventeen-year rule of the ethnic Fijian party with a coalition of two Indian-based parties.

[40] The tension between conflict and consensus is one of the most fundamental in democratic theory. For a synthetic discussion, see Diamond (1990).

A third reason, stressed by Dahl in his more recent work, is that with increasing scale of a society or political system, "knowledge of the public good becomes more theoretical and less practical." With increasing scale it becomes more and more difficult for any citizen to know concretely any significant proportion of other citizens in the society and thus to apprehend their interests directly (Dahl and Tufte 1973, 144). This loss of direct contact diminishes the possibility for 'empathic understanding' that would lead citizens to some more altruistic, nonegoistic conception of 'civic virtue' (Dahl 1992, 52–53). To put it another way, not only do social cleavages (and thus political conflicts) multiply (and probably intensify) with increasing scale of the community, but the loss of direct contact makes people less disposed to appreciate the validity or reasonableness of other interests.

Related to this is a fourth advantage small size may have for democracy. In facilitating a greater density of direct acquaintance and face-to-face interaction among citizens—a more 'personal' or communitarian republic—very small societies (again in territory as well as population) should, on balance, foster the trust, cooperation, and reciprocity that appear to be so important in making democracy work.[41] The relative proximity of politics and power to ordinary citizens may also generate the active and relatively egalitarian patterns of political engagement that underlie what Putnam calls the 'civic community.' Of course, traditional cultures and historic institutional structures may have generated instead hierarchical, clientelistic social relations that breed suspicion, distrust, coercion, corruption, and political alienation. And even in large-scale, densely populated countries, well-developed civil societies can generate high levels of civic engagement, cooperation, trust, and in turn, a stable democratic order. But where citizens are more likely to know one another and the human distance between them and their rulers is relatively small, it ought to be easier to develop these positive social and cultural foundations of democracy.

Social distance constitutes a fifth reason why small size may be conducive to democracy. Smallness facilitates communication between the people and their elected rulers and representatives and accountability of those democratic officials to the people. Because there appears to be an intrinsic limit on how large a representative assembly can be and remain effective, the population per national legislator varies dramatically between very small democracies (under one million, and especially under half a million) and larger ones. It remains the case today, as Dahl and Tufte observed a generation ago, that the average US representative has a constituency roughly twice the population of Iceland or Luxembourg (Dahl and Tufte 1973, 76). In fact, *a typical member of the US Congress today represents a district larger than the entire populations of 26 of the world's 76 liberal democracies.* Table 8 compares the ratios of population to legislators in the lower (or unicameral) national assemblies of 10 small democracies (including

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[41]   On the crucial importance of such social capital for democracy, again see Putnam (1993).

here Mauritius, which is just slightly over one million population) and 15 medium to large democracies from around the world. All of the microdemocracies have less than 10,000 people per national legislator (Mauritius has about 15,000). Even the medium-sized democracies, such as Costa Rica, Chile, and Hungary, have ratios several times that large. The modal democracy among these 15 larger countries has one national legislator for every 100,000 persons, a ratio ten times as great as the microdemocracies (and of course, the ratios are much greater still in Brazil, the US, and most of all, India).[42] Interestingly, Dahl and Tufte report that "the largest and most careful study bearing on the relation of size to democracy within a country" that they could locate (a study of 36 local government communes in Sweden) found that citizens' participation and sense of effectiveness were greatest in densely populated communes of under 8,000 people. Significantly, in those small-sized units, membership in political and voluntary organizations was greater and people were more likely to be acquainted with their local representatives (Dahl and Tufte 1973, 62–64). The legislative districts in microdemocracies do not provide an exact parallel (in part because they are not all single-member), but it is perhaps significant that the average population per legislator is in most cases about 8,000 or less.

The durable and ingenious solution that the American federalists devised for the problem of size and democracy was republican—representative—government. But the more population increases (while assemblies reach an absolute ceiling on their practical size), the greater the difficulty that representatives will have in communicating with their constituents, and vice versa. The mass media provide a partial solution for the first path of communication, but individual citizens (even operating via the internet) face difficult problems of access and response when their representative also must worry about 100,000, a quarter of million, or half a million other constituents. The difficulty increases in systems with proportional representation and larger (in some cases very much larger) multimember districts, even when interest groups enter the picture, because such groups then add another layer of mediation between representative and citizen, and in large-scale democracies the major interest groups are themselves large in scale. As Dahl and Tufte noted in 1973, perceptively and with considerable prescience, as the size of the constituency increases, chains of communication between the people and their representatives become longer and more bureaucratized, citizens have (by sheer numerical odds) less chance of

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[42]   The ratio of population per legislator is not to be confused with constituency size. In single-member district systems (with relatively equally sized districts), as in the United States, the United Kingdom, and India, the figures are more or less the same.   However, where legislators are elected from multimember districts, as in Japan (whose 511 legislators are elected from 135 constituencies), or especially where most national legislators are elected under proportional representation from a relatively small number of constituencies (thirty-seven in Poland in 1991, the twenty-six states in Brazil, the 9 regions in South Africa), the population size of the constituency is much larger and the difficulty of communication and accountability between the people and their representatives is considerably greater.

Table 8

Average Population per Legislator
in Lower (or Unicameral House)
in Democracies

Small Democracies	Population in Thousands	Number of Seats in Lower House	Average per Legislator in Thousands
Barbados	259	28	9.25
Cape Verde	396	79	5.01
Dominica	71	21	3.38
Iceland	263	63	4.17
Luxembourg	390	60	6.50
Micronesia	120	14	8.57
St. Lucia	140	17	8.24
Solomon Islands	346	47	7.36
Western Samoa	163	49	3.32
(Mauritius)	1,096	70	15.66
Medium & Large Democracies			
Australia	17,847	148	120.59
Brazil	159,622	503	317.34
Chile	13,829	120	115.24
Costa Rica	3,209	57	56.30
France	56,556	577	98.02
Hungry	10,313	386	26.72
India	880,338	545	1,615.30
Japan	125,046	511	244.71
Korea (South)	45,485	299	152.12
Poland	38,253	460	83.16
Russia	152,342	450	338.54
South Africa	40,388	400	100.97
Spain	39,141	350	111.83
United Kingdom	57,700	651	88.63
United States	260,884	435	599.73

Note: All population figures are estimated for 1993.

Source: Arthur S. Banks, ed., *Political Handbook of the World, 1993* (Binghamton, NY: CSA Publications, 1993).

having their own views and interests advanced by their representative, and representatives must spend more time (and mobilize more technical expertise) to maintain communication and services for their constituents (Dahl and Tufte 1973, 66–78). To this can be added the obvious fact—true in virtually all democracies and increasingly with a vengeance in the television age—that as the size of the constituency increases, so do the costs of running for office (unless there is national legislation to provide for public funding of campaigns). And what is true for members of the lower house is true even more so for members of the upper house who, if elected, must generally contest in larger districts (like the US states), and more so still for a directly elected chief executive.

All of this presses toward a sixth problem for large democracies (again presciently noted by Dahl and Tufte): the professionalization of politics as the size of the political unit (and the number and complexity of its demand groups) increases. "With increasing size, then, the part-time amateur is replaced in the representatives' ranks by the full-time professional… In every country where constituencies have swelled, legislators have had to devote more and more time to politics."

The arguments and evidence above remain more suggestive than conclusive and even if valid, could easily be overridden by strong civil and political institutions in large countries and cultural traditions of clientage, hierarchy, dependency, and distrust in very small countries if such traditions were not muted by decades of democratically inclined colonial tutelage or other political experience. Nevertheless, they press toward a powerful policy implication. Since most states are not likely to get smaller in size (with secession or state disintegration typically imposing very high human costs), other ways must be found to reduce the scale of democracy as it is experienced by citizens in their daily lives. This means devolution of power: federalism and regional autonomy where the scale of the country calls for it and the culture and politics permit it; and, everywhere, elected local governments with meaningful autonomy and capacity to mobilize and spend resources. Even at the level of municipalities, the afflictions and frustrations of urban life in huge metropolises (in rich and poor countries alike) increasingly suggest the need for further decentralization that would give people greater control (and press officials toward greater accountability and responsiveness) with respect to education, sanitation, public safety, and other key services.

Beyond reducing the size of democratic units of governance and representation, decentralization has important other advantages for democracy. Its capacity to offer security, autonomy, and some share of power to territorially based ethnic groups is manifest and has been noted above. So is its potential to compartmentalize ethnic (and other localized) conflicts and keep them from polarizing politics at the center. Indeed, the ability to design federal or subunit boundaries in creative ways to crack the solidarity of dominant groups and generate intraethnic

cleavages and crosscutting ties should also not be underestimated (Horowitz 1985, 601–28). Separate and apart from the ethnic angle, by giving political oppositions a chance to govern at lower levels, devolution of power to state and local governments can reduce the zero-sum character of politics while enabling longstanding political opposition and minority forces to comprehend the difficult trade-offs of governance and learn political responsibility. This helps to moderate their programs and rhetoric over time and give them a greater stake in the system, and these two developments not only broaden legitimacy but help previously marginal political forces gradually to establish their credibility as a potential alternative government at the center. Further, decentralization can remove barriers to participation, enhance the responsiveness and accountability of government, and offer a broad federalist 'laboratory' for policy innovation (Fox 1994b and Diamond, Linz, and Lipset 1995, 45–46).   All these dynamics of federalist decentralization have been important in helping to sustain India's democracy through severe challenges and have been among the most hopeful currents in Nigeria's second and third attempts at democracy (Das Gupta 1995; Diamond 1995b; Hardgrave 1994; and Suberu 1994).

Federalism can also have important advantages for economic development where it assumes the particular institutional configuration that Barry Weingast has termed 'market-preserving federalism.' Such a system is defined not only by a hierarchy of at least two levels of government, each with an institutionalized, autonomous scope of authority, but also by a common market, hard budget constraints on lower governments, and significant delegation of regulatory responsibility over the economy to subnational governments. Under these conditions, political decentralization encourages different jurisdictions to compete for capital, labor, and economic activity by offering appealing, growth-inducing policies, while it discourages rent-seeking, excessive taxation, and other growth-inhibiting policies and practices (Weingast 1995).

Decentralization is thus very much in the spirit of pluralism and liberal democracy and is among the most promising steps that new democracies can take toward consolidation (and established democracies toward deepening and reform). In Latin America the institution of direct elections for mayors and other municipal officials in Colombia, Venezuela, Chile, Nicaragua, Panama, and Paraguay and the direct election of state governors in Colombia and Venezuela, represent one of the most hopeful positive trends for democracy. Still, great scope remains for countries to determine how and to what extent national standards and strategies are necessary to guide and distribute development and to protect the vulnerable from the abuses of local oligarchies.

Most importantly, decentralization can only aid democracy if the power that is decentralized is exercised democratically. Competitive elections for local officials do not, in themselves, ensure this, however. The worst types of vote buying and fraud, government corruption, and abuse of power may still occur in well-entrenched local and regional authoritarian

enclaves. For many third wave and low-income democracies, including India, Pakistan, the Philippines, Brazil, Colombia, and much of Central America, this is the case, and it will likely be the case in the new democracies of Africa as well. This suggests the need for democratic action from the top down (what might be termed 'vertical accountability in reverse') to ensure the even application of constitutionalism and the rule of law. But ultimately local authoritarian enclaves must also be eroded from the bottom up, through the mobilization (often courageously and at great risk) of civil society groups and local political party chapters that raise civic consciousness, sever traditional bonds of deference to patrons, and negotiate what Jonathan Fox has called "the difficult transition from clientelism to citizenship" (Fox 1994a).

A Fourth Wave?

Precisely because democracy emerges incrementally, in parts, and often unpredictably, analysts and policymakers should be cautious about writing off the prospects for democratic development of any country. In several of the most repressive countries in the world, particularly Iraq, Syria, Libya, North Korea, and Cuba, even modest political liberalization will probably require the death or overthrow of the long-ruling tyrant or clique. Other highly authoritarian regimes, like those in China, Vietnam, and Iran, appear entrenched in power and in their resistance to political liberalization for some time to come. But few foresaw the collapse of Soviet and East European communist regimes, and certainly several of the most repressive regimes in the world are brittle and unstable. At least two of these—Burma and Nigeria—have strong democratic movements and sentiments in their societies, and some combination of domestic and international pressure could trigger democratic change in them. This is true as well for a number of repressive multiparty regimes in Africa, such as Kenya and Cameroon, which were thrown on the defensive by domestic and international pressure in the early 1990s and could be again (particularly if ethnically fragmented oppositions unite in the next elections).

For most of the 53 'not free' states the prospects for near term democratization do appear poor. As Freedom House (1995, 6) noted in its report on 1994, 49 of these states share one or more of the following three characteristics:

- they have a majority Muslim population and often strong Islamic fundamentalist pressures;
- they have deep ethnic divisions without a single, dominant ethnic group (that has over two-thirds of the population);
- they have neocommunist or postcommunist regimes with a strong hangover of diffuse, one-party domination.

Many of these countries have two (and even a few, three) of these characteristics. In addition, the 'not free' states are disproportionately poor (20 of them are classified as low-income by the World Bank). Poverty in itself does not preclude democratic development but it does significantly shorten the average life expectancy of a democracy, especially in the absence of sustained economic growth.[43] When it is combined with one or more of the other conditions above, it significantly diminishes the democratic prospect.

This does not mean that the established democracies should forget about the 'not free' countries in the coming years. International pressure for democracy will not be effective unless it has some consistency in its rhetoric and expectations. Moral pressure should be mobilized, democratic dissidents should be aided, and democratic information and ideas should be kept alive through efforts like an Asian radio democracy and the Voice of America. But the most effective efforts will take a very long-term time perspective, seeking gradually to help lay the foundations for market economies, constrained centers of power, rules of law, more resourceful civil societies, and the incremental emergence of competitive electoral processes beginning (as in Taiwan and elsewhere) at the local level. For countries where economic growth is bound to create better educated, more informed, pluralistic, and autonomously organized societies in the coming generation—China, Vietnam, Indonesia, etc.—what Minxin Pei has termed for China 'creeping democratization' seems a more realistic prospect and probably the basis for a wiser longer-term strategy of engagement by the established, wealthy democracies (Pei 1995). Given the high probability that East Asia will remain the world's most economically dynamic region, that global political and financial power will increasingly shift in its direction, and that China in particular will continue its emergence as the next superpower, such a strategic approach—focused on incremental changes in institutions that might reinforce the democratizing pressures of growth—seems not only prudent but imperative. While it will almost certainly not yield democracy, even electoral democracy, in the short term, it might avoid a reversion to harder authoritarianism. And the 'long term' might not be that far away. Rowen (1996, 112) projects that by 2020 China and Indonesia could have per capita incomes (in 1990 dollars) of $6,600 and $8,800.   That anticipated income level for China roughly approximates (and Indonesia's well exceeds) those of Portugal, Greece, and South Korea in 1990. In short, these development levels appear to make democracy much more likely,[44] and once these East Asian giants begin to surpass them this

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[43]   This is a central finding of Przeworski et al. (1996).

[44]   While there are longstanding and compelling theoretical grounds to expect that movement into these high levels of per capita income generates changes in culture, social structure, and civil society that encourage a transition to democracy, Przeworski et al. do not find a relationship between development level and the probability of a transition to democracy. Nevertheless, their analysis does support the thesis of a strong positive relationship between economic development and democracy by showing a much greater probability of democratic survival in wealthy countries. Above $6,000 in 1985 purchasing-power parity dollars—a level Indonesia may

could well ignite a fourth wave of democracy, with powerful effects not only on rapidly growing, much poorer economies (like Vietnam and quite possibly Burma) but also on the region's remaining constrained or pseudodemocracies, particularly Malaysia and Singapore.

Probably well before that happens, however, I suspect that Singapore's uniquely anomalous status as the world's richest nondemocracy (the one true exception to the 'threshold' thesis of development and democracy) will collapse. The maturation of a new generation, socialized into affluence with more 'postmaterialist' values, and the rigidity and arrogance of a ruling party that does not allow itself to be subjected to the rigors of real political competition will somehow generate conditions for a transition to real electoral (and quite possibly eventually liberal) democracy—the insistence that 'Asian values' are different notwithstanding. Already there are signs of growing social restiveness and declining electoral support for the ruling People's Action Party candidates in many constituencies. When the domineering presence of Lee Kuan Yew passes from the scene, one-party hegemony will be increasingly difficult to maintain (Chua 1994, 668).[45] This development could become hostage to rising forces of regional insecurity, however, as could the otherwise generally hopeful quests for consolidation in South Korea and Taiwan.

In the Islamic Middle East as well it would be strategically wise to take the long view. Culturally this is clearly the most difficult terrain in the world for democrats. But Islamists, increasingly, do not speak with one voice, and democratic pluralists currents are emerging. Moreover, democratic reforms have already progressed significantly in Morocco and Jordan and could proceed further, allowing for a gradual transformation of these regimes into constitutional monarchies. A new competitive and pluralistic regime may be emerging now among the Palestinians in the West Bank and Gaza. If the strong urge for democratic participation evidenced in the January 1996 elections there is not crushed by intolerance and repression, Palestine's political evolution could provide a closely watched model for democratic change in the region.

In at least some Arab countries, however, movement toward democracy will probably need to be gradual if it is to be sustainable. Abrupt democratization could open the floodgates to an Islamic fundamentalist regime that would have no use for democracy or liberalism. Yet even

reach even well before the year 2020—they find that "democracies are impregnable and can be expected to live forever" (1996, 41). Because it does not have the tremendous burden of decrepit communist ideology and bureaucracy and all the anxieties and hypernationalist temptations that will go with emergent superpower status in China's case and because its civil society appears to be developing with somewhat fewer constraints, Indonesia appears the better prospect for a gradual democratic emergence or even a democratic breakthrough in the next two decades. For cautious assessments of the prospects, see Liddle (1992) and Schwarz (1994, 264–307).

[45]   In the framework of Chua's more skeptical analysis, I am suggesting that the growth of civil society and a greater propensity to risk-taking by individuals in it will break the vicious cycle of apathy that has led to a resigned (as Chua emphasizes, by no means enthusiastic) acceptance of restricted liberty and PAP hegemony.

incremental democracy must begin at some point with a process of controlled political opening and reform. The time to begin that process is long overdue, and the costs of delay could be considerable. Most of the authoritarian regimes in the Middle East are highly corrupt and are experiencing growing challenges to their legitimacy (as in Egypt and the Persian Gulf monarchies).   Continued decadent and repressive rule enables Islamic fundamentalist movements, which take refuge in the mosque and build alternative networks of support and exchange in the economy, to establish themselves as the principal alternative to increasingly unpopular regimes that permit no other avenue of change. Ignoring these trends could be costly for Western interests, if not for the global cause of democracy.

In the near term there are clearly other serious challenges and potential dangers. Many Asian political leaders and intellectuals will continue to challenge 'Western' notions of what constitutes good government and to advance models of 'democracy' that vary from illiberal to entirely illusory. Democracy could give way to some kind of nationalist or neocommunist dictatorship in Russia that pressures and threatens neighboring fledgling democracies (while probably failing, however, to provide any kind of alternative model). The succession of power in China could produce an increasingly repressive, nationalistic China that intimidates democracies (and potential democracies) throughout the region and establishes a regional hegemony that generally suppresses human rights concerns. Blocked by the military from democratizing, Nigeria could drift from dictatorship to anarchy or even civil war, dragging down the prospects for democratic development throughout West Africa.

Most of these are likely to be temporary setbacks, however. If more and more countries continue to liberalize and open their economies in ways that create secure property rights and expanded trade and investment, there could well be, as Henry Rowen predicts, an extraordinary period of "world wealth expanding" ahead, in which much of the developing and postcommunist world experiences dramatic gains in per capita income within a generation. In addition, it is almost certain, as Rowen shows, that educational levels will steadily rise in developing countries. Together, these two forces are bound to generate, as Rowen argues and much other evidence suggests, highly propitious conditions for democracy. This will particularly be so in the part of the world where growth will be most rapid and socially transformative—East Asia (Rowen 1995 and 1996a).

In the long run the expansion of world wealth and education figures to be the most powerful structural factor facilitating the expansion and deepening of democracy. But as I have tried to emphasize throughout, democratic development is probabilistic, open-ended and reversible. Economic and social development will help, but ultimately political leadership, choice, and action at many levels will make the difference. This imposes strong obligations not only on government officials, political parties, interest groups, and civic organizations in developing

democracies but also on organizations and governments in rich, established ones. What the latter do (or do not do) to offer technical, financial, and political support for improving and institutionalizing fragile democracies can make much more of a difference than was once supposed.

In the near to medium term if some of the third wave democracies can achieve real consolidation in the coming decade, if many of the electoral democracies can find their way forward, or back, to a deeper, more liberal political order, where the rule of law is institutionalized, and if the world's richest and most powerful democracies can sustain the pressure for global movement toward democracy (albeit at different paces), the prospect for democracy in the world appears to be quite hopeful. A third reverse wave will have been preempted—even if some important fledgling democracies break down—and the foundations for a fourth wave of democratic expansion will be laid.

Gradually, if not at some unexpected point suddenly and decisively, the world's next superpower—China—will experience growing pressure for a real political opening.[46] If regime change in China can somehow be managed peacefully, it will generate enormously powerful demonstration effects on the world's remaining authoritarian regimes. By that time East Asia's richest economies will likely be not only electoral but stable, liberal democracies as well. Taiwan and South Korea are on their way—with many problems of money, politics, and uneven development, to be sure—to joining Japan as Asian members of this club of nations. And Singapore and/or Malaysia may in ten years' time have transited to a much more open and liberal electoral system. In the relentless global search for models and formulas of national development, these trends will make it increasingly clear that political freedom and legitimacy and economic freedom and success are all intimately intertwined and together do more to fill human needs and aspirations than any other type of system. That lesson will then drive a fourth wave of global democratization and finally put to rest the notion that democracy and political freedom are less than universal ideas.

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[46] Rowen (1996b, 68) projects a per capita income for China in 2015 of between $7,000 and $8,000 (in 1995 purchasing power parity dollars) if it continues growing at its current annual per capita rate of well over 5 percent annually. This is not that much lower than the $10,000 level of the Republic of Korea in 1994 and in excess of its per capita income level at the time of its democratic transition a decade ago.

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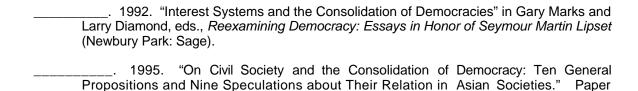
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