

Political and Economic Foundations of Democracy

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ECONOMIC ORIGINS OF DEMOCRACY AND DICTATORSHIP

In "Economic Origins of Democracy and Dictatorship"¹, Acemoglu and Robinson present four main paths of political development: a path that leads from non-democracy surely but steadily to democracy; a path that leads to democracy which, once established, collapses quickly; a path in which democracy is never created because conditions are such that the non-democratic status quo is stable, and finally; a path in which democracy is not created because it is too threatening to elites and thus a form of repressive non-democracy persists.

I argue that there is a fifth path of political development which evolved in the 20th Century in response to the conditions presented by the international system: a transition from a historically violently repressive authoritarian regime to a democracy that occurs very rapidly, almost 'overnight'. Germany in 1945, South Africa in 1994, the former Eastern – bloc (in 1989) and former Soviet states (in 1991) after the collapse of the Soviet Union, exemplify cases taking (or at least starting on) this path of political development. The puzzle now becomes; what determines whether a country that started down this fifth path of political development actually makes it to the end of the road, that is, a successful transition to democracy?

In order to embark on the ambitious challenge of finding a solution to this puzzle, one must firstly define what democracy entails.

For Acemoglu and Robinson, the dichotomous distinction between democracy and non-democracy is most broadly characterised by a situation of relative political equality (between elites and citizens) in the former case, and of political inequality in the latter². More specifically, democracy is "thought of as a situation of political equality and characterized by its relatively more pro-majority policies."³

Furthermore, a major role of democracy is "its ability to allocate de jure political power."⁴ A non-democracy "gives a greater say to an elite and generally opts for policies that are less majoritarian than in a democracy."⁵

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¹ D. Acemoglu and J. Robinson, "Economic Origins of Dictatorship and Democracy", Cambridge University Press, 2006.

² Ibid., p.g. 17

³ Ibid., p.g. 19

⁴ Ibid., p.g. 22

⁵ Ibid., p.g. 19

Given these definitions, a successful transition to democracy may be taken to be a condition where a situation of political equality between elites and the majority has been reached (that is, elites do not still have significant political power relative to the majority), and the policies that are being enacted by the government are relatively more pro-majority.

Armed with these definitions, it is now possible to consider what the necessary and sufficient conditions for a successful transition to democracy are.

Acemoglu and Robinson state the key to the emergence of democracy is the observation that policy concessions by the elite (in the face of growing discontent among the disenfranchised majority) keep political power in the hands of the elite, and thus do not serve as a credible commitment mechanism, since the elite can renege on their promises at any point in the future. Democratization is more of a credible commitment because it is associated with a set of political institutions which affect the future distribution of de jure political power and greater involvement by the citizens which makes it harder to reverse⁶.

Accordingly, a necessary condition for the gradual transition from non-democracy to democracy is the creation of democratic political institutions which serve as a credible commitment by the elites to the majority.

THE FIFTH PATH OF POLITICAL DEVELOPMENT

I argue that in the case of the fifth path of political development, to ensure a successful transition to democracy, democratic political institutions are a necessary but not sufficient form of credible commitment by the elites. An 'extra' kind of commitment is needed to credibly signal both to the domestic audience (the majority) and to the international audience, that de jure political power is being transferred out of the hands of the former elite. This extra commitment manifests itself as a mechanism that explicitly deals with reconciling the past history of the repressive regime, either at the time of transition or shortly after. This mechanism may be in the form of legal action, a truth and reconciliation council, or any other

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⁶ D. Acemoglu, J. Robinson, "Economic Origins of Democracy and Dictatorship", p.g. xiiv

institution set up with this purpose. Without this extra commitment mechanism, the successful transition to democracy will not be achieved⁷.

The cases of (West) Germany after the Second World War and South Africa after Apartheid are examples of countries that successfully carried through the fifth path of political development. Both countries transitioned from violent and repressive regimes to democracies, as characterized by the Schumpeterian yardstick of Acemoglu and Robinson, in a rapid time frame.

Furthermore, despite the differences in contextual detail, the extra commitment mechanism is present in both cases, without which, I argue this path of development could not have been followed to completion. In Germany the mechanism took the form of the Nurnberg trials of the elite Nazi Party members, while in South Africa the mechanism emerged in the establishment of an extensive Truth and Reconciliation Commission. The mechanisms provided a costly signal both to the domestic audience and the international audience that the elites of the old system were committed to democracy by being held accountable for their past actions which served to delegitimize the behaviour of the old regime.

The last decade of the 20th Century saw a large number of countries (both newly formed and previously existing) thrust down this fifth path of political development after the collapse of the Soviet Union and its Communist Regime. What distinguishes many of these countries from the cases of Germany and South Africa is that they did not successfully carry through this path to the end.

There are certainly obvious cases where one form of non-democracy was simply replaced by another form of non-democracy, despite initially being thrust down the fifth path of development; Belarus, Turkmenistan, Uzbekistan and Kazakhstan serve as such examples. But of bigger concern are cases such as Hungary, Bulgaria, Romania and Russia, which, despite 'checking' the four boxes of democracy proscribed by Przeworski et al.⁸, do not meet the Acemoglu and Robinson definition of democracy.

Firstly, relative political equality is conspicuously absent in these cases, with former communist elite still wielding significant political power. In all four cases, former communist party members now hold seats in the ruling government, and

⁷ To be blunt "without rehabilitation, lustration, and restitution, there will be no transformation." V. Cepl and M. Gillis, 'Making amends after Communism', *Journal of Democracy* 7.4., 1996.

⁸ These four 'democracy' boxes are; 1. The chief executive must be elected; 2. The legislature must be elected; 3. There must be more than one party, and; 4. Alternation. A. Przeworski, M.E. Alvarez, J.A. Cheibub, F. Limongi, "Democracy and Development", Cambridge University Press, 2000.

furthermore, the current Presidents' of these countries were all former agents in the respective countries' security services⁹. Thus, those who were part of the repressive apparatus of the old system are in power in the new system.

Secondly, it is difficult to define some of the policies pursued in these countries as being pro-majority. For example, in all four cases, significant national assets were sold off or privatised, with the elites making quite handsome profits off the sales.

Thirdly, there is underlying civilian dissatisfaction with the status-quo in these countries, and this dissatisfaction occasionally erupts in public demonstrations as exemplified by the rioting in Budapest in September this year¹⁰.

COMPARATIVE DIMENSION

It is natural to question what (if anything) these countries have in common that may have led them to the condition of unfulfilled democracy. An answer is, that despite the creation of the necessary democratic political institutions at the time of transition, no mechanism was put in place that would act as the extra commitment required to ensure a full and successful transition to democracy¹¹.

What differentiates these four cases in particular from the other eastern-bloc or ex-Soviet countries subjected to the same thrust down the fifth path of political development? Where there was a comprehensive reconciliation or lustration effort, for example in the Czech Republic¹² and Estonia¹³, the former agents of the repressive regime are not to be found in power.

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⁹ This information is publicly viewable on Wikipedia.

¹⁰ More significant demonstrations took place with the Rose revolution in Georgia and the Orange revolution in Ukraine.

¹¹ Although Hungary did initiate the implementation of some form of restitution, when the Socialist Party (former Communist Party renamed) came to power in 1996 they severely curbed the authority and scope of investigations.

¹² In the Czech Republic, a lustration law was passed in 1991 that prohibits anyone that was previously in the security service of the communist regime, or that held any senior position in the communist party from holding office. H. Appel "Anti-Communist Justice and Founding the Post-Communist Order", *East European Politics and Societies* 19:3, 2005.

¹³ Estonia established the International Commission for Investigation of Crimes against Humanity in 1999 to address both the era of German occupation and Soviet occupation. "Dealing with the Past; the case of Estonia" www.upi-fiaa.com/doc/wp15.pdf.

What future then for the countries that started down, but never reached the end of, the fifth path of political development?

Some would argue that the conditions in these countries, with the elites still wielding significant political power, the growing discontent of the population, and the international system creating conditions where the costs of repression may be too high (due to sanctions), are just right for the first path of political development put forward in Acemoglu and Robinson to take place: a gradual but inevitable transition to democracy. In this instance, it could be argued that since democracy is expected to be the final outcome anyway, the 'extra' commitment mechanism required in the case of the fifth path of development, is not, nor will it ever be, needed.

The international system of today however, is not conducive to such gradual progressions toward democracy in the instances of historically repressive regimes (Cambodia, Iraq and Afghanistan are perhaps the most obvious cases in point). Thus, I would argue that the transition to democracy in these four cases must still be rapid, and hence the role of the reconciliation mechanism as an extra credible commitment by the elites is absolutely necessary for the transition to be made successfully.