

**INTERNATIONAL CIVIL SOCIETY FORUM
INTERNATIONAL CONFERENCE OF NEW OR RESTORED DEMOCRACIES
ULAANBAATAR, MONGOLIA**

**BREAK OUT SESSION II:
IMPACT OF GLOBALIZATION AND INTERNATIONAL FINANCIAL
INSTITUTIONS ON DEMOCRACY-BUILDING**

**Paper submitted by
Ted Piccone, Director
Democracy Coalition Project**

One important feature of the modern global era is the growing number of societies governed according to basic norms of democracy. This development has crossed every imaginable barrier – North and South, East and West, rich and poor, industrial and agrarian, of all religious, ethnic and racial categories. Moreover, while most people would agree that there is no one model of democratic governance, there is now a global consensus around the main principles of democracy. These are: free, fair and regular multi-party elections with universal suffrage; protection of fundamental human rights, including freedom of association; independence of the judiciary; respect for minorities; civilian democratic control of security forces; and transparent and accountable public institutions.

In the year 2000, these universal principles of democracy were endorsed overwhelmingly in three landmark events. First, over 100 governments attending the inaugural meeting of the Community of Democracies adopted the Warsaw Declaration setting forth these and other core democratic norms and agreed to create an association of democratic states committed to strengthening democracy at the national and international levels. Later that same year, the United Nations General Assembly adopted without

dissenting vote Resolution 55/96 on Promoting and Consolidating Democracy. And thirdly, over xxx nations gathered in Benin at the Fourth Conference of New and Restored Democracies and endorsed the Cotonou Declaration containing these same principles. We can say, therefore, for the first time, that the nations of the world have adopted a global standard for understanding the term “democracy.” We can also say, based on surveys conducted by the World Bank, Freedom House, Polity Index and others that the practice of democracy, with all its ups and downs, is slowly taking root in more places around the world.

Yet, while the majority of UN member states have adopted some form of democratic governance, and have agreed to work together to promote democracy through international institutions, we cannot say that we have achieved a true global community of democracies, one which would act collectively on the international stage to safeguard and sustain democratic rights and values. We have seen, however, significant progress in some respects.

For example, a survey of global foreign policy trends over the last ten years conducted by the Democracy Coalition Project shows that, as states have democratized internally, they have become more willing to make democracy promotion a higher priority in their external relations with other states.¹ A comparative review of 40 countries reveals an increased willingness, for example, to condemn violent overthrows of democratic rule, for example in the cases of Venezuela, Pakistan and most recently

¹ See Defending Democracy: A Global Survey of Foreign Policy Trends, 1992-2002, Democracy Coalition Project/Open Society Institute, November 2002.

Sao Tome. Governments are more willing to insist on international observation of domestic elections and to question the legitimacy of leaders elected through fraud and intimidation, for example in Zimbabwe, Belarus and Cambodia. Governments are even more likely to seek to isolate authoritarian regimes that abuse the rights of their citizens. To cite just two recent examples: ASEAN's condemnation of Burma's arrest in June of Nobel Prize winner Aung San Suu Kyi, and Europe's condemnation of Cuba's roundup of political dissidents.

The international reaction to these kinds of events is, at least on paper, becoming regularized and systematic through the adoption of so-called "democracy clauses" in a wide range of international treaties and trade and assistance agreements. Just to illustrate how widespread these mechanisms have become, over xx organizations have now adopted democracy clauses, which obligate states to respond collectively whenever democracy is imperiled or to meet certain democratic standards before joining an organization as members, as in the European Union. These collection of policies have had an important positive effect on the building of democracy in many new or restored democracies over the last decade. Moreover, they represent an emerging norm and practice in international relations, what I would call the point of no return – that, once adopted, the will of the people to govern themselves through representative democracy shall not be overturned. Its corollary: that the international community has an obligation to ensure democracy's return.

That's the good news. The bad news is that we are still a very long way from realizing the vision of a functioning community of democratic states. The most obvious manifestation of that failure is the lack of democratic legitimacy of the most important international political and financial institutions created after World War II. A global community of democracies should have as one of its objectives the re-legitimization of international institutions by ensuring they reflect the democratic norms and values the member states themselves endorse.

Why has the momentum of Warsaw and Cotonou stalled? Why is it so difficult to get the world's democracies to find common cause to reform global governance? Certainly, the events of September 11, 2001 and the U.S. government's dangerous policy of preemptive force in Iraq have created new divisions among old and new allies. Unilaterally imposing democracy through external force is a strategy certain to alienate even the most fervent advocates of a robust democracy promotion policy.

There are other challenges to building a global community of democracies. Newer democracies face grave social and economic difficulties that make it extremely difficult to deliver public services and therefore hold the risk of discouraging citizens away from democratic governance. We have learned the hard way how the international financial institutions too often have pushed a collection of policies that, in fact, have undermined democratic procedures and institutions and have hurt the ability of democratically-elected leaders to represent the will of the voters who elected them. Just to give a few examples: Bolivia. Russia?. Others from JS chapter. We also know that

the IMF and World Bank were created in such a way as to prohibit taking account of the political context in which their policies are developed.

How can the inherent failure of the IMF to look away from the politics of financial and development crises be overcome? For starters, the leading shareholders of the IFIs, nearly all of them democracies (ck), and the leading borrowers as well, need to reach a new understanding that their policies should reinforce democracy rather than undercut it. Such an argument can be made on both economic and political grounds. We know based on extensive empirical research that democracies do as good a job as dictatorships in generating economic growth, but that dictatorships are much more likely to bring economic disasters, which often require IMF intervention. (See Przeworski p. 2) We also know that democracies are much more likely to survive when a country enjoys high per capita income and when it has an institutional framework that prevents political domination of one party and facilitates alternation in office. Id. It would appear, therefore, that it is in the IMF shareholders' interest to ensure that, at a minimum, its policies do no harm to their fragile democratic clients. Even better, the IMF and its sister institutions should strive to support and strengthen democratic institutions in order to foster economic stability.

Other steps the international financial institutions can take to democratize include such basic measures as making their decision-making more transparent and open to citizen participation. A number of ideas have been proposed. For example, why not require borrowing states, as a pre-condition of assistance, to show they have consulted

widely with the public on macro-economic decisions through the parliament, civil society and the media? Why not ask the IMF staff to prepare democracy impact statements to ensure their proposals “do no harm” to fragile democratic processes?

Understanding what has gone wrong over the last ten years with the IMF requires thoughtful reflections on lessons learned and generating new ideas and proposals like these. An important gathering of former heads of state and government, from both developed and developing democracies, as well as financial and political experts, will gather this November under the auspices of the Club of Madrid for just this purpose. The Democracy Coalition Project will be working closely with the Club of Madrid to ensure that the results of their meeting will be disseminated widely in the hopes of accelerating an important debate about reform of the international financial institutions.

Likewise, the democracies of the world, both new and established, should look at ways they can cooperate better at the United Nations to promote democratic standards and practice. Unfortunately, events at this year’s UN Commission on Human Rights session in Geneva do not bode well. An analysis we conducted of voting patterns at the 2003 session reveals that the non-democratic members of the Commission were much more united in their opposition to resolutions expressing concern about violations of human rights. The democratic members of the Commission were often divided, including on resolutions condemning such flagrant abusers of democratic rights as Zimbabwe and Sudan. There is a striking and sorrowful absence of leadership and cohesion when it comes to fulfilling the commitments of the UN Charter and the

international human rights treaties. One way to change this is to establish an informal group of democracies at the UN that would meet regularly to forge common positions on democracy-related issues before the UN bodies that have democracy-related mandates.

Another challenge to creating a global environment that fosters democracy is the haphazard way in which the international community responds to flagrant abuses of democratic rights. Multiple and disparate responses to the military coup in Pakistan, for example, lead naturally to little pressure on the regime to return to democratic standards. Similarly, disagreements about the conduct of elections in Zimbabwe and how to respond have emboldened Mugabe's repression of opposition forces and neutralized their campaign for a peaceful transition leading to new elections. A more concerted effort to bridge newer and older democracies so that the international community responds coherently to such situations would make a big difference in whether democracy returns once it is overthrown. Better yet, the international community should take steps to respond when it sees the steady deterioration of democratic norms and thereby head off likely eruptions of violence and civil strife.

One way to address this phenomenon is to build international consensus for a global democracy clause. Such a mechanism, which could be taken up by the Community of Democracies at their next meeting in Santiago, Chile in early 2005, would establish procedures for coordinating external responses to disruptions to democratic norms. This kind of global mechanism for ensuring democracy, once adopted, is not

reversed, would reinforce and build upon the good progress being made in enforcing democracy clauses at the regional level.

In the meantime, additional attention should be paid to strengthening application of democracy clauses already in force. For example, regional organizations should establish their own internal capacity to monitor unfolding crises in democratic governance, create panels of experienced negotiators and mediators who can facilitate reconciliation and return to democratic rule, and be prepared to withhold certain privileges when rulers fail to follow international democratic norms. States should review their own internal laws to ensure that coup-plotting and other forms of power-grabs are duly punished. They should develop ways to recall political leaders who fail to follow democratic norms so that unconstitutional actions are handled through legal and peaceful means. These kinds of recommendations are presented in a report by an international blue ribbon panel of experts convened by the Council on Foreign Relations and presented to the government officials at the 2002 Community of Democracies meeting in Seoul. It is my hope that governments meeting at the next ministerial conference in Santiago in 18 months will consider seriously the adoption of such measures.

I offer these ideas to you as potential goals we might all work toward to promote an international order that rewards and sustains democratic progress.