DEMOCRACY, ECONOMIC DEVELOPMENT AND REGIONAL STABILITY IN THE MEDITERRANEAN REGION

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Background

In May 2003, the European Commission sent a Communication to Council and the European Parliament entitled *Reinvigorating EU Actions on Human Rights and Democratisation with Mediterranean Partners: Strategic Guidelines*.[1] The communication makes ten solid proposals on improving the dialogue between the European Union and its Mediterranean partners on human rights and democratisation (see Annex 1). Nothing short of "main streaming" of human rights in the Euro-Mediterranean Partnership (EMP) is being proposed. Ample justification is made by the Commission for this policy line by reference to that of the EU's own policies, the declarations within the context of the Euro-Mediterranean Partnership and to the UNDP's *Arab Human Development Report for 2002* highlighting the "freedom deficit" in the Arab world as one of the causes of the region's backwardness. This paper focuses on the link between democracy and development and between democracy and international peace or the "democratic peace" argument. Thus, one part of the analysis surveys the possible link between democracy and development while the other delves into the connection between democracy and regional peace and stability.

Human rights, economic prosperity and social progress are the main declared aims of the Euro-Mediterranean Partnership seeking to achieve a Euro-Mediterranean 'security community' covering both the military and non-military aspects of security (for a summary of the EMP and Human Rights see Annex 2). The Commission's renewed and increased emphasis on human rights is therefore in keeping with the spirit of the EMP as well as with the EU's own, long-standing endeavours at promoting human rights in

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[1] Com (2003) 294 final, Brussels 21.05.2003

international relations - not to mention the importance accorded to them by the EU as witnessed by their introduction in the draft European constitution currently under discussion. For reasons discussed below, not only does the latest Commission initiative fit both the political and economic agenda of the EMP but since all the states of the region have accepted the Universal Declaration of human rights and most of them have also endorsed successive declarations on human rights, this policy line ought not in theory to raise any difficulties for them.

Of course this is not true. An enormous gulf still separates rhetoric and reality on human rights and democratic freedom at both the international and regional levels. For these reasons, the ramifications of the Commission's latest foreign policy initiative may have repercussions that go deeper than at first strikes the eye, particularly if the causal links indicated here, between democracy and development and between democracy and peace are real. If they are not, then the policy is just a narrow cul-de-sac. The Commission's proposals are also likely to encounter opposition from ruling elites in the southern Mediterranean countries keen on defending their privileges and by some member state governments who will put 'national' or unilateral interests above human rights.

However, if indeed the pursuance of human rights and democratic freedoms leads to more regional security while laying the ground for increased economic growth and prosperity, then the Commission's proposal ought to be vigorously pursued. In dealing with the problem posed here, there are two ways in which the causal links between democracy, human rights and development can be analysed. One can take the empirical route and prove the case by reference to the datum of experience. Reference, though not exhaustive, to this kind of approach in the literature is made here. Or one can simply take as a point of departure the fact that states have formally accepted their interconnectedness and importance, in which case the question then becomes one of measuring whether in practice they hold this interconnectedness/importance to be significant and indispensable or whether they disregard it.

There are numerous declarations in which states have not only concurred with the proposal that human rights and democratic freedoms should be strengthened but that democracy and fundamental freedoms are interdependent and mutually reinforcing. This was eloquently stated in the 1993 Vienna Declaration adopted at the end of the World Conference on Human Rights:

> "Democracy, development and the respect for human rights and fundamental freedoms are interdependent and mutually reinforcing. Democracy is based on the freely expressed will of the people to determine their own political, economic, social and cultural systems and their full participation in all aspects of their lives. In the context of the above, the promotion and protection of human rights and fundamental freedoms at the national and international levels should be universal and conducted without conditions attached. The international community should support the strengthening and promoting of democracy, development and respect for human rights and fundamental freedoms in the entire world."[2]

But as evidenced by existing realities, such a holistic approach to political and economic development has not as yet become ingrained in the Mediterranean region, particularly in its southern shore countries. Governments seem to have been finally converted, following protracted resistance, to the principles of the market economy, but are not keen on relinquishing political control, which strengthening democracy and human rights implies. One of the justifications often cited for this ambivalence is that democracy, as demonstrated by the case of Algeria, could deliver political power to its own grave diggers. Politics based on kinship and clientelism also mean that the market economy philosophy does not always go down well with governing elites. Hence, mirroring what happens at the international level, rhetoric still characterises the regional debate on democracy and human rights as exemplified by the many

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[2] UN General Assembly, *Vienna Declaration and Programme of Action*, 14-25 June 1993, A/CONF.157/23, point 8.

declarations to which states readily subscribe, without however implementing them.

Moreover, as a result of the so called war against terrorism, some reversals on the human rights-democracy front have also become evident. It was exactly one year before the September 11 2001 attack on the World Trade Centre that the nations of the world subscribed to the 'solemn' *Millennium Declaration*. In the Declaration, the world community through its representatives in the General Assembly of the United Nations had pledged "*to spare no effort to promote democracy and the rule of law, as well as respect for all internationally recognised human rights and fundamental freedoms, including the right to development.*"[3] Reporting on the progress made towards achieving the goals of the Declaration over the past three years, the UN Secretary General claims that there is a danger that the world may retreat from some of the important gains made during the 1990s, as human rights come under pressure both from terrorism and from the methods used by States to fight it. This problem can be further illustrated by numerous examples from the Mediterranean region as for example happened in Morocco following the Casablanca bombing. Hence not only is there a rhetoric versus reality gap but there are also clear signs that the development and enhancement of democracy and the observance of human rights is not a linear progression which once initiated becomes irresistible, unstoppable and irreversible.

In this discussion reference is made to human rights and democracy. The two are not synonymous, nor should they be conflated. Democracy is the political, legal and institutional framework within which human rights and freedoms can be attained and sustained. The more scrupulously they are observed and upheld, the more robust and resilient do the institutions of democracy become. Democracy is the condition for the enjoyment of fundamental rights in their fullness. There can be no democracy without human rights, while the latter will be weakened or their

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[3] United Nations Millennium Declaration, Resolution adopted by the UN General Assembly, September 18, 2000, chapter V, points 24 and 25, A/RES/55/2

existence made tenuous should democracy be undermined. It is difficult to envisage democracy without human rights or vice versa. The market economy is a characteristic of a democratic polity, though one may envisage a democracy with strong state intervention costly as this may be. On their own, market forces will not however deliver a democratic polity.

Finally, although there may be a lot of advantage for all the countries of the Mediterranean region in pursuing policies aiming to strengthen democracy and human rights, it must be kept in mind that these policies alone will not resolve all security challenges emanating in the region. In other words, although the advance of democracy may lead to the diminution of mutual suspicions across the region, which may in turn convince governments to lay less emphasis on developing military systems and weapons programmes, non-peaceful or coercive methods will certainly continue to be required even at reduced levels, to counter such threats as terrorism, the proliferation of weapons of mass destruction and classical military challenges. Indeed, it has to be kept in mind that the security *problematique* has changed dramatically since the end of the cold war from an excessive preoccupation with the nuclear balance to other serious worries such as weapons proliferation, terrorism, and lest we overlook its importance, the threat posed by environmental degradation. Hence a measure of realist prudence or caution is also required in confronting the challenges of the Mediterranean region without however allowing such prudence and caution to regress into an exclusive reliance on military means alone. Democratic control must be strengthened in order to prevent this. Furthermore, care must be taken to ensure that measures to combat terrorism and proliferation were not allowed to undermine the foundations of democracy or the progress on democratic reforms achieved so far.

Democracies and War-Proneness

A widely held view in international relations theory, dating back to the classical liberals, holds that democratic countries are less likely to go to war. This belief is based on what has become famously known as the "Kantian democratic peace" theory. This section

summarises the main thrusts of this theory. The theories of democratic peace originate in Immanuel Kant's *Perpetual Peace: A Philosophical Sketch* (1795)[4], in which the German philosopher articulated the main conditions for the attainment of universal peace, namely that individuals embrace freedom, that the civil constitution of every state is republican, i.e. based on the rule of the people, that such republican states conclude a federal pact between them and that the people of the world would have achieved a universal community where the violation of one right in any part of the world is felt everywhere. Classical liberals argued that democratic freedoms, international trade, freedom of the seas and increased inter-dependencies lead to international stability. President Woodrow Wilson's famous *Fourteen Points* epitomise this philosophy. David Mitrany's 'functionalist' approach as articulated in his essay, *A Working Peace System* (1943)[5], highlights the hypothesis that growing interdependencies and transnational collaboration and integration to regulate and manage various global activities of a 'functional' nature not only contribute towards the general, universal welfare, but they also make nation-states increasingly inadequate as units of political and social organisation in confronting these challenges of the modern world. Integration by means of functional co-operation in turn also transforms the international system from one based on inter-state rivalry to one founded on more intense though regulated collaboration which leads to peace.

The post-war international organisations mainly established on America's insistence, such as the United Nations (UN), the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT), now the World Trade Organisation (WTO), amongst others, (some of which are unfortunately being undermined by a transient US Republican administration) were all creatures of this liberal-functionalist vision. The notion of a

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[4] Reiss Hans (ed), *Kant: Political Writings*, Cambridge Texts in the History of Political Thought, Cambridge University Press, 1991, pp 93-130;
[5] Mitrany David, *A Working Peace System,* in Nelsen B. F. and Stubb A. C-G (eds.), *The European Union: Readings on the Theory and Practice of European Integration*, Lynne Rienner Publishers, 1994, pp 77-97.

"security community", another landmark development in theory building of the post second world war is also worth highlighting. Elaborated in 1957 by Karl W. Deutsch, the "security community" was defined as a group of people who have become "integrated" within a territory to the point that they have attained a "sense of community" characterised by a belief that common social problems can be resolved by processes of dependable peaceful change, normally through institutionalised procedures without the need to resort to large-scale physical force. Thus according to Deutsch, if the entire world were to be integrated into a single security community, war would be eliminated.[6] Although Deutsch's notion of a security community referred to both 'national' and 'international' ones, the impact of this theory was felt more intensely in the international or regional integration spheres. The theory's intellectual links with Kant, the Classical Liberals and Mitrany are also obvious as are its links with the principles on which the European Union itself is founded. Moreover, the EU believes that what works for Europe can also work in other regions of the world and hence that its political and economic model is exportable as an instrument for dealing with many of the world's problems.

A 1964 article by Dean V. Babst can be taken as a 'symbolic' turning point in the thrust of liberal literature on the subject, when the analysis begins to focus more sharply on the causal link between democracy and peace by reference to empirical data. Babst, focusing on Quincy Wright's 1942, *A Study of War* suggested that "the existence of independent nations with elective governments greatly increases the chances of the maintenance of peace."[7] The rich and varied array of studies of the same genre which followed this article included amongst others the numerous contributions by Michael Doyle, Bruce Russett as well as others such as Melvin Small, J. David Singer, James Lee Ray, and R. J.

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[6] Deutsch Karl W. et. Al., *Political Community and the North Atlantic Area*: *International Organisation in the Light of Historical Experience,* Princeton University Press, 1957.
[7] Babst Dean V., "Elective Governments - A Force for Peace", *The Wisconsin Sociologist*, Vol.3, 1, 1964, pp 9-14.

Rummel. Doyle argued on the basis of empirical evidence that democratic governance, a commitment to human rights and transnational interdependence explain the peace bias of democracies.[8] Disputes between democratic states, by no means a rarity as amply demonstrated by transatlantic relations or by the frequency of intra-EU disagreements, are not allowed to escalate to the point of issuing threats to resort to military force, let alone to actually using force, because democratic states, which are used to resolving domestic conflicts peacefully, employ mediation and negotiation through bilateral or multilateral diplomatic channels to try to resolve international disputes. It can be added that this kind of behaviour is facilitated by the establishment of international institutions and dispute-settlement mechanisms such as those found within the WTO. Indeed, in 1993, Zeev Maoz and Bruce Russett found compelling evidence to show that to the extent possible, states try to externalise the norms of behaviour that are developed within them and which characterise their domestic political processes and institutions. It follows that when two democracies confront one another in conflicts of interest, they are able to effectively apply democratic norms in their interaction but when the clash is between a democratic and a non-democratic state, the former may be forced into adopting the non-democratic norms of the other. Maoz and Russett conclude that the complete absence of war between democracies is not a spurious correlation, that regime type has a consistent dampening effect on international conflict and that both political constraints and democratic norms provide reasonably good explanations of why democracies rarely fight each other.[9]

Another important aspect of the democratic peace theory concerns the link between free trade and economic interdependence. This

[8] Doyle Michael, "On the Democratic Peace", *International Security*, Vol 19, No 4, 1995, pp 164-84.

[9] Maoz Zeev and Russett Bruce, "Normative and Structural Causes of Democratic Peace, 1946-86", *American Political Science Review,* Vol. 87, No 3, 1993, pp 624-638.

aspect was analysed by Russett and John R. Oneal.[10] The basic assumption in this case is that *ceteris paribus*, in a dyadic relationship, trade gives one party a stake in the economic well-being of the other and conflict is thus avoided because the states concerned have something to lose as a result of the disruption of trade by war. In other words, economic interdependence increases the costs of waging war. Russett and Oneal concluded that higher levels of economically important trade as indicated by bilateral trade to GDP ratios are associated with lower incidences of militarised interstate disputes and conflicts. Economic openness is also inversely associated with dyadic conflict. But this observation need not be limited to pairs of countries: "as countries become increasingly open to external economic relations, they become more constrained from resorting to the use of force, even against a rival with whom commercial ties are limited. It is the world's outcasts, then, that represent the greatest danger to peaceful international relations."[11]

Although the findings in favour of the 'democratic peace' thesis are quite numerous and strong, some scholars stress a number of other factors that may also have an explanatory value as to why peace is maintained and which directly challenge the 'democratic peace' theory. Realism with its focus on the effects of alliance on maintaining stability among allies and the balance of power between adversaries, the effects of the asymmetry of military and economic power, physical distance or proximity and deterrence, remains a potent adversary of 'democratic peace' theory. Thus realist approaches led to questions being raised as to whether it is democracy as such which explains the peace that has reigned among democratic countries, during what many realists claim to be certain well defined periods or whether it is the identity of national governing regimes with shared world visions that has discouraged states from going to war against one another. Questions are thus raised as to which is really the explanatory variable of periods of

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[10] Oneal John R. and Russett Bruce, "The Classical Liberals were Right: Democracy, Interdependence and Conflict", *International Studies Quarterly*, Vol: 41, 2, 1997, pp 267-293
[11] ibid., page 281.

peace, democracy or the other factors such as the balance of power. It was from such an angle that Raymond Cohen criticised the theory on the grounds that the statistical correlation between democracy and peaceful behaviour was much more restricted than claimed and that the causal link between democracy and peace held only for the North-Atlantic area. He makes a further pointed observation that South America exhibited many of the features of a Kantian peace despite the fact that many of the states of the region are not democracies.[12] Cohen's criticism has been rejected by Russett and Ray, adding that in their democratic phase, the countries of Latin America have shown a stronger propensity towards resolving conflicts peacefully.[13]

Despite the criticism levelled against it, 'democratic peace' theory still has a lot of importance if only because its central thesis, that democratic countries are less likely to go to war, cannot easily be refuted statistically. Democracies are always preferable to other forms of governance judged from the perspective of development and the position of individuals within them. As has been demonstrated by historic experience, governments in a democracy find it harder to start a war because they are accountable to their publics. The force of public opinion is still one that democracies have to reckon with before deciding to go to war making them more constrained (though not always restrained) than authoritarian governments. The Anglo-American occupation of Iraq and the removal of Saddam Hussein illustrates the point. Although overwhelming public opposition to the war did not stop President Bush and Premier Blair from going to war, both face strong public disapproval, which may also mean that both politicians may not be re-elected. Meanwhile, in justifying their actions both politicians speak less of the war having been warranted by the need to eliminate weapons of mass destruction (for obvious reasons) and

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[12] Cohen, Raymond, "Pacific Unions: A Reappraisal of the theory that democracies do not go to war with each other", *Review of International Studies*, Vol.20, 3, July 1994, pp 207-223.

[13] Russett, Bruce and Ray, James Lee, "Raymond Cohen on Pacific Unions: A Response and a Reply", *Review of International Studies*, Vol.21, 3, July 1995, pp 319-323.

more about replacing tyranny by democratic governance in Iraq, a theme that was present from early statements made prior to the war.

Policy Implications

Leaving the theoretical debate aside for the moment, the policy implications flowing from the logic of "democratic peace" seem to have been adopted by major democratic governments. This can be demonstrated by reference to the central importance accorded to it in the USA's and EU's foreign policy rhetoric or by the importance given to it by international economic organisations (IMF, OECD, World Bank) who increasingly insist upon the need for "good governance" as a proxy for insisting on "democracy". From the many public policy statements that make reference to "democratic peace", this extract from President Clinton's 1994 "State of the Union" speech is an exemplary one:

> "Ultimately, the best strategy to ensure our security and to build a durable peace is to support the advance of democracy elsewhere. Democracies don't attack each other, they make better trading partners and partners in diplomacy. That is why we have supported, you and I, the democratic reformers in Russia and in the other states of the former Soviet bloc. I applaud the bipartisan support this Congress provided last year for our initiatives to help Russia, Ukraine, and the other states through their epic transformations." [14]

It is a line that has not been disowned by the current Republican administration. On the web-site of the US Department of State, the protection of human rights is described as being in the "*national interest*" and one reads that:

> "The United States understands that the existence of human rights helps secure the peace, deter aggression, promote the rule of law, combat crime and corruption,

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[14] President William Jefferson Clinton, State of the Union speech, 1994.

strengthens democracies and prevents humanitarian crises…"[15]

For the EU, human rights, democracy and development go together. In June 1991, the European Council meeting in Luxembourg stated quite clearly that the Union perceives human rights as being *indivisible*, in other words one set of rights, say economic rights, are not prior in importance to the others. Also, that they are not separable from democracy and that they lay the foundations for a holistic social and economic development centred upon the individual.

> "The European Council recalls the indivisible character of human rights. The promotion of economic, social and cultural rights, as of civil and political rights, and of respect for religious freedom and freedom of worship, is of fundamental importance for the full realisation of human dignity and of legitimate aspirations of every individual. Democracy, pluralism, respect for human rights, institutions working in a constitutional framework and responsible governments appointed following periodic, fair elections as well as the recognition of the legitimate importance of the individual in a society are essential prerequisites of sustained social and economic development."[16]

The EU Commission states that the Union is "committed to the promotion of democracy, good governance and the rule of law as well as the protection of all Human Rights, civil, political, economic, social and cultural."[17] In the sphere of external relations, the EU seeks to mainstream Human Rights and democratisation into its polices and actions. Human rights and democracy clauses have been included in Association Agreements signed with third countries since 1991. However, there is still a marked reluctance by

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[15] http://www.state.gov/g/drl/hr
[16] Conclusions of the Presidency, Annex V, Declaration on Human Rights, Luxembourg, 28-29 June, 1991.
[17] Ibid., Com (2003) 294 final

the EU to severely punish offenders thus causing concern about the priority that human rights are actually given by the EU vis-à-vis other competing demands. A rhetoric-reality gap is evident in the EU on this score.

In so far as the Euro-Mediterranean Partnership is concerned, there is no doubt that the Barcelona Declaration of November 1995, which initiated the process, is underpinned by democracy, human rights and fundamental freedoms (see Annex 2), a policy later reaffirmed by the EU in its *Common Strategy towards the Mediterranean* adopted by the European Council meeting in Santa Maria da Feira in June 2000[18] as well as by the numerous declarations adopted by the Euro-Mediterranean foreign ministers at the end of their periodic meetings. The *Commission's Communications* to prepare for the 4th and 5th Euro-Mediterranean Conferences of Ministers in Marseilles (15-16 November 2000) and Valencia (22-23 April 2002), as well as the recent communication on "Wider Europe"[19], call for greater prominence to be given to Human Rights, democracy, good governance and the rule of law in the EU's relations with its Mediterranean partners, and made a number of concrete proposals to this end. These covered in particular systematic discussion of Human Rights and democracy in all contacts between the EU and the partners with a view to promoting a structural approach to progress; closer linkage of MEDA allocations to progress in these fields; setting up joint working groups of officials between the EU and the partners; encouraging the signature, ratification and implementation of relevant international instruments; and recognition of the role of civil society. In the *Action Plan* resulting from the Valencia conference Ministers reiterated their firm political commitment to democracy, Human Rights and rule of law in the region and agreed, under the political and security chapter, to reinforce political dialogue. They asked Senior Officials to study setting up a more structured dialogue in order to increase effectiveness.

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[18] OJ L 183 of 22nd July 2000.
[19] Com (2003) 104 final, Brussels 11.3.2003.

For the southern rim countries of the Mediterranean region it is important to note that this policy line is unlikely to change in the near future. European and Western public opinion is also likely to continue to sustain this line. Hence, the EU's Mediterranean partners must rest assured that this topic will frequently recur in their dealings with the EU, implying that they have to really factor it into both their domestic as well as external policies. The end of the cold war has, rightly or wrongly, strengthened, not weakened, the USA's and Europe's ability to stress more strongly this policy line. Hence pragmatism constrains the EU's Mediterranean partners to cease considering this issue as one in which a "no war, no peace" could last for ever.

Democracy and Development

Development comprises more than just economic growth, notwithstanding that the latter is a key element of the former. In addition to economic growth, development also requires increased enjoyment of other non-economic goods such as education and health services as well as rights such as freedom. Hence, economic growth by itself is not a sign of real progress unless accompanied by a fairer distribution of wealth and welfare. As Amartya Sen argues, economic growth by itself is not a complete and exhaustive manner in which to measure the success or otherwise of democracy. But does democracy enhance the rate of development? The answer is important in the context of the Euro-Mediterranean Partnership: if the reply is in the affirmative then there are sufficiently good reasons why the Union should insist more strongly on the promotion of human rights and democratic freedom. A second and related question could be: How is the political aspect of democracy (discussed in the previous section) related to the economic one?

Classical liberals and the philosophers of the Enlightenment have long honed in on the negative implications of war and its material and economic costs. War avoidance is logically welfare enhancing, all other things being equal, because it prevents the unnecessary destruction of human beings and material assets allowing more wealth for distribution, assuming of course the existence of

efficient distributive institutions to achieve this. As John Stuart Mill argued, increased wealth also permits society to cultivate other human needs such as the arts.

The parameters of a discussion on democracy and development have been summarised by Georg Sorensen very succinctly.[20] The first argument in Sorensen's appraisal concerns the oft repeated criticism that democratic governance cannot guarantee sufficient order in society to permit brisk economic growth and that since the odds are increasingly stacked against the successful promotion of development, which requires ever higher levels of state intervention, then authoritarian governments are more suited to promote economic development than democracies. This is what Sen, quoted in the concluding section of this paper, refers to as "the Lee Hypothesis". Furthermore, economic growth requires savings and investments, which implies that consumption needs to be curbed. But in a democracy, politicians having to seek periodic re-election will encourage consumption and promote welfare, in other words achieving short-term, populist aims takes precedence over the longer-term ones of economic development.

Of course, many of the theorists who support this line of argumentation do not claim that authoritarianism needs to become a permanent feature of developing societies. According to these, the purpose of authoritarianism is outworn once the state in question has successfully overcome the initial developmental hurdles. Critics of this approach, Sorensen points out, rightly claim that authoritarianism leads to arbitrary rule and that only democracy promotes a predictable environment in which economies can flourish. Political freedom is the handmaiden of development and without it citizens will not feel secure enough to consistently pursue economic goals.

The argument that only an authoritarian state can promote development has been rubbished in the post-colonial experience of many countries and by the record of communist governments. Strong governments do not outperform market forces in the

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[20] Sorensen Georg, *Democracy and Democratisation*, Westview Press, 1993

efficient allocation of economic resources although some government intervention is required to ensure a better distribution of wealth and to take care of market failures. That said, the notion that democracy automatically leads to development is also false. The case of India is instructive in this respect: for many years the world's largest democratic state pursued a centrally planned economic development policy with rather dismal economic results. When India abandoned this path, it experienced phenomenal economic growth rates. Sorensen argues that China, led by an authoritarian government, was more successful at eradicating poverty than India, notwithstanding that post-Mao revelations to the effect that many millions of Chinese perished as a result of famine and misconceived policies such as "The Great Leap Forward" now place doubt on China's comparative "success". Indeed, the main argument is that Chinese authoritarianism had prevented the truth from becoming known and thus prevented or delayed corrective action from being taken by the Chinese authorities to deal with policy failures. By contrast India, as Sen points out, has not experienced serious famines since independence.

The examples of India and China, flawed as they are and as qualified above, were employed by scholars to show that democracy does not automatically lead to economic growth and that some authoritarian governments can also be successful in achieving development. The conclusion drawn is perhaps correct in that it may be a mistake, at least logically, to claim that the class of all democracies is good and the class of all authoritarian governments is bad for development. Probably one has to distinguish as Sorensen does between types of democracies and types of authoritarianism because of their differentiated impact on development. However, it seems to be true that new revelations of what actually happened in China during the Maoist era have led to more than reasonable doubt as to veracity of its success in comparison to India's.

Sorensen denies that there can be a trade-off between democracy and development. Last but not least he emphasises that economic growth alone really tells us nothing about development. More

important is the distribution of welfare gains achieved. In this case democracies tend to be more successful at ensuring a fairer and a more equitable distribution of welfare.

Economic Performance, Democracy and Human Rights

In the light of the previous discussion a second question needs to be posed: in a situation of peace and *ceteris paribus*, would a democratic society experience a better rate of development than a state under authoritarian rule? Do democracy and human rights autonomously affect the rate of economic growth? Research has shown that the answer to this question is not clear. Common sense seems to dictate that democracy provides the good governance, stability and confidence required to encourage investment and growth. But in 1997, a study conducted by Jonathan Isham, Daniel Kaufmann and Lant Prichett led to the rather startling conclusion that there exists a strong and consistent link between the extent of civil liberties in a country and the performance of World Bank supported projects. But this performance did not appear to be affected by democracy.[20] The writers went on to conclude that, civil liberties are instrumental in increasing government efficacy and in reducing the incidence of corruption. Hence they lead to bigger economic growth rates. It is difficult however to accept how civil liberties and democracy could be dichotomised as was the case in this study.

Insistence on "good governance", democracy and human rights as a means to sustained economic growth has become increasingly popular since the fall of Communism. Of course international organisations such as the IMF and the World Bank often stop short of openly invoking human rights and democratic principles as being essential for economic growth lest they be accused of interfering in the internal affairs of states. Indeed, the conditions imposed by the World Bank and the International Monetary Fund

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[20] Isham Jonathan, Kaufmann Daniel and Pritchett Lant, "Civil Liberties, Democracy and the performance of Government Projects", *World Bank Economic Review,* Vol 11, pages 219-42.

on aid recipients with a dismal human rights and democracy record have been at the epicentre of controversy. Sergio Pereira Leite, the IMF's Assistant Director in Europe, in a contribution to *Le Monde* observed that it is not the organization's business to impose the 'human rights' conditionality on the assistance it gives to its member states.[21] Moreover, by supporting sustainable growth and a stable macro economic environment, the IMF is also indirectly fostering human rights. While not being the IMF's business, countries' observance of human rights is scrutinised by international organisations established for that purpose. Leite also claimed that countries that display egregious disrespect for human rights find that the international community is unwilling to provide the financial resources necessary to make their adjustment programmes viable. And hence many countries voluntarily include human rights in their Poverty Reduction Strategy Papers.[22] He did however claim that the IMF supported a "rights-based" development strategy that includes among its ingredients, "active protection of civil and political liberties…broad participation in policy design." Leite's careful choice of words indicates that although International organisations are keen to avoid criticism of interfering in the internal affairs of countries by insisting on political reform, their increased insistence on "good governance" is often synonymous to a call for full scale democratic reform.

Shifting the argument a little to the Arab world and the Mediterranean, the UNDP's *Arab Human Development Report 2002* identifies a number of major deficits in the Arab countries and particularly the following: freedom, women's empowerment and human capabilities/knowledge. [23] The report points out that of the world's seven regions, the Arab world had the lowest freedom score in the late 1990s. The report calls for concerted action towards political and democratic reforms as a means towards achieving development. Although the freedom deficit is not singled

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[21] Le Monde, September 4, 2001.
[22] Leite Sergio Pereira, "Human Rights and the IMF", *Finance and Development*, Vol. 38, 4, December 2001.
[23] *Arab Human Development Report 2002,* UNDP, New York, 2002

out as the only cause of underdevelopment, the report does not hesitate in describing it as the primary one. In the meantime, the European Commission (Com 2003 294 final) has summarised the main challenges emanating from the Euro-Mediterranean region as follows:

- Deficits in governance hamper the development of democratic values, and the promotion and protection of Human Rights;

- Marginalisation of women undermines political representation and hampers economic and social development;

- Implementation of international Human Rights conventions is poor;

- Legal and judicial systems lack sufficient independence;

- NGOs working in the civil and political spheres are weak, severely circumscribed in their action and cut off from international networking;

- Education, though relatively better funded than in many other developing countries, is unevenly dispensed, does not serve to overcome traditional discriminatory patterns and is ill adapted to the requirements of the modern economy;

- Authoritarianism and poor economic and social performance favour political marginalisation and provide fuel for radical movements and violence;

- Some political interpretations of Islam exploit cultural differences to question the universality of Human Rights.

Up to the publication of the UNDP report, studies focusing on the Mediterranean have tended to be rather cautious in blaming the lack of democracy as one of the main factors for the region's disappointing economic performance and for failing to attract

sufficient amounts of foreign direct investment (FDI), which is a strong propellant of economic growth. Among the developing countries, the Mediterranean region (though there are differences among the countries of the group) is the worse performer in the attraction of FDI. The FEMISE network blames bureaucracy for this, and possibly political instability.[24] Other negative factors mentioned include half-hearted privatisation programmes, the level of corruption, a legal framework that does not adequately protect property rights, lack of financial institutions in some countries, a reluctance to apply the law, as well as a shortage of skills. The political instability often cited refers both to the Middle East problem as well as the internal situation in some of the southern rim countries. A recent study has concluded, on the basis of empirical evidence, that democratic governments attract higher levels of FDI because such governments are associated with lower country risks for investors. It was estimated that democratic regimes attract as much as 70 per cent more FDI as a percentage of GDP than do authoritarian regimes.[25] The study just quoted as well as its findings should instigate further research in the problems of the region and the questions it poses.

Concluding Section

Increasingly in the 1990s, the 1998 Nobel Price winner Amartya Kumar Sen,[26] has focused on the link between democracy and development. Some of his main ideas on the subject are being reproduced here at some length since they not only hold the answer

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[24] "The Impact of EU Enlargement on the Mediterranean Partners", FEMISE contribution to the 7th Annual Meeting of Experts on Economic Transition, 23-24 April, 2003.
[25] Jensen Nathan M., "Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment", *International Organization*, Vol. 57, 3, pages 587-616.
[26] Sen Amartya Kumar, "Democracy as a Universal Value", *Journal of Democracy* 10:3, 1999 Carnegie National Endowment for Democracy and the Johns Hopkins University Press.

to many of the questions raised in the Democracy-Development debate developed above, but they also throw light on points for possible further research. Sen claims that:

> "…among the great variety of developments that have occurred in the twentieth century, I did not, ultimately, have any difficulty in choosing one as the pre-eminent development of the period: *the rise of democracy*.
>
> … Throughout the nineteenth century, theorists of democracy found it quite natural to discuss whether one country or another was "fit for democracy." This thinking changed only in the twentieth century, with the recognition that the question itself was wrong: *A country does not have to be deemed fit for democracy; rather, it has to become fit through democracy*.
>
> It is often claimed that nondemocratic systems are better at bringing about economic development. This belief sometimes goes by the name of "the Lee hypothesis," due to its advocacy by Lee Kuan Yew, the leader and former president of Singapore. He is certainly right that some disciplinarian states (such as South Korea, his own Singapore, and post-reform China) have had faster rates of economic growth than many less authoritarian ones (including India, Jamaica, and Costa Rica). The "Lee hypothesis," however, is based on sporadic empiricism, drawing on very selective and limited information, rather than on any general statistical testing over the wide-ranging data that are available. A general relation of this kind cannot be established on the basis of very selective evidence. For example, we cannot really take the high economic growth of Singapore or China as "definitive proof" that authoritarianism does better in promoting economic growth, any more than we can draw the opposite conclusion from the fact that Botswana, the country with the best record of economic growth in Africa, indeed with one of the finest records of economic

growth in the whole world, has been an oasis of democracy on that continent over the decades. We need more systematic empirical studies to sort out the claims and counterclaims."

Sen accepts democracy as a universal value and that there are no 'cultural' impediments which prevent certain regions from being democratic (e.g Islam). He argues that when one examines the connection between political and civil rights, on the one hand, and the prevention of major economic disasters, on the other, it becomes evident that political and civil rights give people the opportunity to draw attention forcefully to general needs and to demand appropriate public action. Indeed according to Sen, the response of a government to the acute suffering of its people often depends on the pressure that is put on it. The exercise of political rights (such as voting, criticizing, protesting, and the like) can make a real difference to the political incentives that operate on government. He concluded by drawing attention to another significant point:

"I have discussed elsewhere the remarkable fact that, in the terrible history of famines in the world, no substantial famine has ever occurred in any independent and democratic country with a relatively free press. We cannot find exceptions to this rule, no matter where we look…"

He continued by showing that historically it can be shown that it is in countries under authoritarian rule that governments have been unable to correct economic policies in time when these were harming their own citizens. Furthermore, democracy helps a country develop its values which are important for spurring on development. Indeed, Sen claims, "Democracy is not a luxury that can await the arrival of general prosperity."

Some of the arguments developed by Sen, are equally applicable to the situation in the Mediterranean region. This region has been characterised as a zone of instability with a varied list of troubles - sub-regional conflicts that affect the region as a whole, terrorism,

demographic pressures, unemployment, illegal immigration and a human rights and democracy deficit. Historic experience has shown that military power alone cannot resolve the conflicts. However, if Sen's prognosis is correct, democracy can lead to more responsible governments - which is what is needed to encourage more economic growth.

In recent years many of the countries of the Mediterranean region have embarked upon a process of economic reform that has led to their economies being opened up and further integrated into the global economy. But political reform has lagged behind all this and it appears that it has also fallen behind that of other regions of the world. Recalcitrant governments and opponents of democracy have often resorted to a multi-varied arsenal of objections to democracy including the non-universality of its principles, its "alien" "Western" foundations, its non-compatibility with Islam or cultural differences, that it increases chaos in times of transition when strong leadership is required and the fact that the time might not be ripe for it, certainly not before a higher level of economic development is achieved. On the contrary it has been argued here that the strengthening of human rights and democratic freedoms has a number of advantages for the Mediterranean region:

1.   It enhances international peace and security in the region.
2.   It provides a sounder basis for future economic growth.
3.   It ensures that an all-encompassing development is achieved which improves the lives of most individuals and places the individual at the centre of economic life.

At the same time, however, democratic reforms and the democratic peace should not be seen as a panacea for all the region's troubles. While it is true that democracy erodes mutual suspicions and the insecurity that grows out of them, thus providing a framework for robust economic growth and a stronger basis for strengthening overall security in the region, a number of other challenges such as terrorism and the proliferation of weapons of mass destruction may require additional means and action, as well as a prudential level of military preparedness. The spread of democracy and control over

government actions by the people ensure that the use of such coercive means is capped at a lower acceptable level.

Democracy and the rule of law are also essential for the building of a legal framework and mutual trust to help the process of south-south economic integration. Just as the lack of transparency obstructs North-South economic relations in the region, it is difficult to see how this cannot also negatively influence the growth of south-south economic relations.

Resistance to democratic reforms comes from various quarters as do the justifications for it. It is argued for example that with many of the governments of the southern rim facing strong internal challenges to their rule, an accelerated pace of political reform may be detrimental to everyone's interests given that it will unravel the long standing structures that have held many of the Mediterranean societies together for more than three decades and throw the whole region into chaos. On the other hand the analysis in this paper shows that political reform which in effect closes the gap between rhetoric and reality by establishing democratic societies is essential for creating the conditions that lead to the realisation of that much desired but elusive economic growth, which is the cornerstone of development.

The Commission's proposals to deal with the human rights and democratic deficit in the Mediterranean region provide a good start but offer no guarantees that they will be achieved. The lack of methods with which to encourage recalcitrant states to reform is one problem; the other is the ambivalence and lack of unity between the EU institutions themselves which is often exploited by those who want to postpone political reform. There is yet another danger already referred to by many in the past and more recently by the UN Secretary General: the measures that are being adopted at the national level to combat terrorism, and which often and purposely are ambiguously phrased to give governments the widest possible powers, can also be used to undermine democratic control. What has been achieved so far may yet be swept aside by these changes. Has the counter-reformation in the Mediterranean commenced? The terrorist threat has boosted some transnational

alliances where none or perhaps even hostility existed in the past, positively instigating some closing of ranks. Following the Casablanca attacks of May 16th, Algeria and Morocco strengthened their collaboration to combat terrorism. Positive as they may be, such initiatives can only remind us of the need to strengthen democratic safeguards to prevent a roll back of what has been achieved so far.

Finally although a direct causal link has not been proved to exist between democracy and international peace and democracy and economic growth, all indicators discussed here seem to point to the fact that democracy does create the conditions which lead to both - peace and security as well as economic growth. This assertion is likely to remain controversial for some time. As argued here, just as democracy does not always lead to peace or economic growth, nor can it be claimed that authoritarianism necessarily produces conflict and economic stagnation. But the claim that democracy is more likely to lead to peace and development while authoritarianism is more likely to be associated with conflict and slow growth has been borne out by the arguments presented here.

Finally, as argued in this paper, the Commission's proposal to strengthen human rights and democratic freedom in the Mediterranean region is not only a welcome initiative, because as Sen would argue, these values are good in themselves, but also because the policy has both positive economic as well as positive political ramifications.

Annex 1

European Commission Recommendations of May 2003
on Democracy and Human Rights in the
Euro-Mediterranean Partnership

Recommendation N° 1

The Union should ensure systematic inclusion of Human Rights and democracy issues in all dialogues taking place on an institutionalised basis: within the format of the Association Councils (Ministerial level) and Association Committees (Senior Official level) that monitor the implementation of the Agreements, and in other political dialogue formats such as the Troika. It should explore with partners the possibility of establishing technical sub-groups to address issues related to Human Rights and democratisation. A better operational focus should be sought including co-operation on issues such as legal reforms and the legal frameworks governing the operation of NGOs and other Non-State actors.

Recommendation N° 2

In order to be able to develop and deepen a regular, in depth dialogue on Human Rights and democratisation, increased institutional knowledge and documentation on the situation and key issues in each partner country is needed. Commission Delegations in close co-ordination with Member States' embassies should draw up an "état des lieux" in each country, on the basis of a standard grid of analysis, and provide regular updates through periodical reports.

The analysis of the situation thus obtained should be systematically discussed between Heads of Missions, used to make an input into "EU Human Rights fact sheets" to be elaborated by HoMs and regularly revised in the relevant Council Working Groups. The conclusions reached therein should be translated into concrete proposals in the various formats of the dialogue, as outlined above.

The Commission will also systematically include Human Rights and democratisation in the dialogue conducted locally by its Delegations with Mediterranean partners.

Recommendation N° 3

The Commission should aim to ensure coherence and consistency inter alia through strengthening co-ordination between Commission Delegations and Member States' embassies. This should take the form in particular of:

- the convening of EU expert meetings at country level on the implementation of EIDHR and Human Rights related aspects of the MEDA programme;

- enhanced input into HoMs meetings on Human Rights and democracy issues;

- working to ensure a more active role in the implementation of UN Resolutions and recommendations in the area of Human Rights, including through appropriate follow-up by its Delegations of the recommendations made by UN treaty bodies and in connection with visits by UN Special Rapporteurs and Working Groups to the countries concerned.

The Commission should also take a more proactive role in the initiation of discussion within geographic Council working groups on Human Rights issues, including when issues of a political nature arise which are linked to the implementation of co-operation in the area of Human Rights and democratisation.

Recommendation N° 4

At national level, the Commission Delegations should organise with Member States regular workshops with civil society, seeking as conditions allow a constructive involvement of national authorities. As much as possible, efforts should be made for this dialogue not to be limited to the national civil society but to reach

out to civil society organisations working at the regional level. The agenda would be discussed between Commission Delegations and Member States.

These workshops would serve to:

- contribute to overall EU knowledge of local conditions, thus providing valuable input to the formulation of EU policy, including in the establishment of National and Regional Indicative Programmes;

- generate recommendations to assist with the programming of EIDHR and the identification of projects;

- contribute to structuring the debate at the regional level through the civil fora held in the framework of the Barcelona process;

- promote EU policies in the area of Human Rights, democratisation and rule of law including gender, as cross-cutting issues;

- in addition, these meetings will help associations, foundations and NGOs working in the region to better structure and co-ordinate their work.

Recommendation N° 5

National Action Plans would serve three purposes:

- analysis of the context and situation particularly as regards legislation related to Human Rights and the identification of common overall objectives;

- drawing up a list of specific action points accompanied by measurable benchmarks of performance with clear timelines;

- identification of the technical and financial assistance needed to achieve the objectives and specific targets.

National Action Plans should be complementary and related to other economic and social development plans (eg under MEDA co-operation) and could be financed through MEDA, supplemented as appropriate by other budget lines. These plans could serve to:

- analyse constitutional and other legal rights and propose reforms to legal and regulatory frameworks;

- support the implementation of Human Rights treaties to which each State is a party and promote the adherence to those international instruments to which the given State is not yet a party; support the development of national legislative frameworks, where necessary;

- Analyse the position and rights of women in their respective societies and propose how best to involve them in the development of their countries;

- support the development of appropriate legislative and administrative structures;

- support the integration of a national dialogue with civil society into national actions;

- promote the exchange of information on best practices and encourage their integration into national action;

- promote adoption and implementation of international standards and adherence to international instruments;

As regards the status and activities of NGOs and other Non-State Actors, National Action Plans should:

- identify modifications to the legal or administrative frameworks necessary to implement international

commitments concerning the status and activities of NGOs and other NSAs ;

- strengthen the capacity of NGOs and other NSAs through practical training;

- promote networking between local and European NGOs and other NSAs;

- link local NGOs and other NSAs to international networks;

- develop co-ordination amongst NGOs and international organisations.

The Community would participate in the financing of those national or regional (see below) Action Plans that fulfil agreed minimum requirements. Since not every partner will be ready immediately to participate in such an exercise, in the short term the objectives will be to establish National Action Plans with, at first, two or three partner countries. As these plans are implemented, others can be drawn into the process.

Recommendation N° 6

Regional or sub-Regional Action Plans should be established whenever two or more partners want to develop further co-operation on concrete activities linked to bilateral activities on Human Rights as indicated in the road map of the Valencia Action Plan. Such Action Plans could focus on issues addressed in future regional programmes under MEDA such as those on women's rights or co-operation in the field of justice. They should also provide a bridge to other multilateral activities, i.a., in the follow-up to be given to the UNDP Arab Human Development Report. Regional Action Plans could also reinforce the scope for co-operation with regional bodies like the Arab League.

Recommendation N° 7

The elaboration of future *National Indicative Programmes*, beginning with the 2005-2006 exercise, will be used to further mainstream the promotion of good governance, Human Rights and democracy in the MEDA programme. In line with the Marseilles Communication referred to earlier, co-operation under MEDA should better reflect the progress of partner countries in the Human Rights and democratisation areas. Going beyond the specific support that may be mobilised for measures under the national or regional action plans, an additional substantial allocation will be set aside within MEDA to be made available to those partners who are working to develop and implement National Action Plans. It will be allocated within their NIPs to finance actions not necessarily directly related to Human Rights and democratisation.

The Human Rights dimension of *Country Strategy Papers* will be further enhanced. In this work, due account will also be taken of the conclusions of the UNDP Arab Human Development Report 2002, especially those regarding good governance and gender issues.

Recommendation N° 8

In the elaboration of the Regional Indicative Programme (RIP) for 2005-6 the Commission will give full consideration to the ways in which to include support for the strengthening of Human Rights and democracy as well as the involvement of civil society. In addition, the Commission will prepare an evaluation of the impact of the various meetings of the Civil Forum which have taken place prior to Euro-Mediterranean meetings of Foreign Ministers; in that context it will consider ways in which the Civil Forum could develop a structure such that the outcomes of its meetings have a more operational impact on the activities of the partnership and the involvement of civil society in them. The RIP (2005-2006) will also take into account the conclusions of the 2002 UNDP Arab Human Development Report.

Recommendation N° 9

The EIDHR's strategy as regards the Mediterranean partners should be revised with a view to strengthening the capacity of civil society on a regional basis. This will be done through the creation or consolidation of regional networks of non-governmental operators that might include European NGOs. These strengthened, long-term networking and linkages will allow for exchanges of information and best practices as well as capacity building and will be based on concrete, result oriented activities in one or more of the following fields:

-       freedom of association and expression (including monitoring/advocacy around legislative frameworks governing NGOs and other NSAs, Human Rights defenders);

-       protection/advocacy on the rights of specific groups;

-       good governance and the fight against corruption.

In addition EIDHR post-2004 should pay particular attention to further enhancing the complementarity between EIDHR and MEDA programmes, particularly as regards the funding of activities that will be identified in the National Action Plans.

Recommendation N° 10

All the available instruments for election support (political dialogue, MEDA and EIDHR) should be used in a coherent and complementary manner to seek the improvement of the overall election framework through co-operation with both public authorities and civil society. The observation of elections should be considered when, given the specific situation, it has a real added value to offer.

Annex 2

The Euro-Mediterranean Partnership and Human Rights

The major objective of the creation within the Euro-Mediterranean region of "an area of dialogue, exchange and co-operation guaranteeing peace, stability and prosperity requires a *strengthening of democracy and respect for Human Rights,* sustainable and balanced economic and social development, measures to combat poverty and promotion of greater understanding between cultures, which are all essential aspects of partnership".

The participants undertake to:

-       act in accordance with the UN Charter and the Universal Declaration of Human Rights;

-       develop the rule of law and democracy within their political systems;

-       respect Human Rights and fundamental freedoms, including freedom of expression, association, thought, conscience and religion;

-       give favourable consideration, through dialogue between the parties, to exchanges of information on matters relating to Human Rights, fundamental freedoms, racism and xenophobia;

-       respect and ensure respect for diversity and pluralism in their societies and combat manifestations of intolerance, racism and xenophobia;

-       The participants stress the importance of proper education in the matter of Human Rights and fundamental freedoms.

Under the social, cultural and human "chapter", participants:

-   attach particular importance to fundamental social rights, including the right to development;

-   recognise the essential contribution civil society can make in the process of development of the Euro-Mediterranean Partnership;

-   will encourage actions of support for democratic institutions and for the strengthening of the rule of law and civil society [….];

-   undertake to guarantee protection of all the rights recognised under existing legislation of migrants legally resident in their respective territories;

-   underline the importance of waging a determined campaign against racism, xenophobia and intolerance and agree to co-operate to that end.

Bilateral legal framework - Association Agreements

The multilateral approach in the Barcelona Declaration has its counterpart in the bilateral approach to Human Rights and democratic principles expressed in the Association Agreements already concluded or in the process of being negotiated between the EU and its Member States on the one hand, and each of the Mediterranean partners on the other.

Since 1992, the EC has included in all its agreements with third countries a clause defining respect for Human Rights and democracy as 'essential elements' in the relationship.