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Democracy and development

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Abstract: The emerging reality of the relationship between democracy and economic development is discussed. Democracies without free markets have had sorry economic performance and poor social indicators.

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Full Text: The rise of successful countries with nondemocratic governments is producing echoes of an old view that democracy necessarily handicaps development. It is not uncommon, for instance, to find Singapore Prime Minister Lee Kuan Yew speaking on the theme of democracy's "undisciplined" ways. Yew credits "soft" authoritarian rule with protecting Singapore from this crippling affliction. "I believe what a country needs to develop is discipline more than democracy," says Yew. "The exuberance of democracy leads to indiscipline and disorderly conduct which are inimical to development." So long as market reforms are in place, authoritarianism can actually facilitate more rapid growth, goes this argument. Most of all, the debate concerns the optimal sequencing of markets and democracy. There is now a view that in the developing countries, as also in the former socialist countries, markets must be gotten first and democracy next. This conclusion is reinforced by the recent Russian descent from superpower to supine status after the sequence she chose was to put glasnost before perestroika, while the Chinese, by introducing markets before democracy, clearly did immensely better. Does this not imply that perestroika must precede, not follow, glasnost? Such a perspective invokes the notion, based both on historical experience and the recent evidence that democratic demands have arisen in South Korea and other economically successful countries, that growth will ultimately create an effective push for democracy. The evidence is substantial and persuasive. Yet it is not so simpleminded as the old "cruel dilemma" thesis, once common in development theory, which tried to force us to choose between democracy and development. The emerging reality of the relationship between democracy and markets may be summarized in four categories: * Democracies with markets (by and large the Western industrial nations) are strongly successful. * Democracies without markets (India being the prime example) have had sorry economic performance and unsatisfactory social indicators. Authoritarian governments without markets (like the former socialist countries) are abysmal failures, both in terms of growth and of social health. * Authoritarian governments with markets (China being the best current example, earlier the Far Eastern tigers, and Chile) have had rapid increases in prosperity. The lessons, then, are clear: Markets can deliver growth and social health, with or without democracy. Democracies without markets, however, are unlikely to deliver either.

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