"The Elusive Synthesis: Exploring the Changing Relationship Between Democracy Support and Development Aid"
Carnegie Endowment for International Peace
1779 Massachusetts Ave. NW, Washington, D.C
Thursday, October 7, 12:15 to 1:45 p.m.

On Thursday, the Carnegie Endowment for International Peace hosted a discussion on the evolving relationship between the democracy support and economic aid communities. **Thomas Carothers**, vice president for studies at the Carnegie Endowment, gave a summary of his forthcoming article in the *Journal of Democracy* describing the "uneasy convergence" between the two groups. **Brian Levy**, adviser on public sector governance at the World Bank, and **Scott Hubli**, director of governance programs at the National Democratic Institute (NDI), delivered responses, and **Marc Plattner** coeditor of the *Journal of Democracy* and vice-president for research and studies at the National Endowment for Democracy (NED) moderated the discussion.

Carothers opened his remarks by outlining the history of relations between democracy promoters and development practitioners. In the late 1980s and early 1990s, there was a significant divide between the two groups. While organizational and personnel differences (e.g. democracy promoters were more likely to come from political backgrounds) partially explain the separation, the two groups also differed fundamentally in their outlook, Carothers said. **The democracy camp believed that the developmentalists were not true democrats and kowtowed to authoritarian governments too often. The development community, on the other hand, had an aversion to all things political, first because they believed it would make their work harder and second because they were not convinced that democratization would actually lead to economic development.**

According to Carothers, both sides began to revaluate their positions in the mid-1990s. Democracy promoters were forced to "face the reality of working more systematically" as more of their funding was funneled through development organizations. Also, the demands on the ground shifted. **By the middle of the decade, the fundamental challenge for the democracy support community was not overthrowing authoritarian regimes but instead making democracy work.** This meant greater engagement with governments and institutions and less focus on activism.

This shift accelerated through the 2000s, especially as the perception that democracy had failed to deliver for developing countries grew. From Sweden to the U.S., democracy advocates worked to better pair democracy and governance programs with development initiatives. **Carothers said he believes that today there is "significant impetus" in the democracy promotion community to continue this process.**

On the development side, practitioners realized that their goal should not simply be to shrink bloated governments, but also to help them to work better. To accomplish this goal they turned to institution building and "governance" programming. The shift was also precipitated by the realization of many in the development world that corruption posed a great challenge to their programming. **The**

development world had "opened the door" to the political but was not ready to walk through, Carothers said.

In the 2000s the governance agenda widened. Today, the World Bank, for example, cites promoting accountable, transparent and responsive governments as one of its goals and works extensively with parliaments and local governments around the world. The development community has also started working on the demand side by expanding cooperation with civil society organizations.

Despite this movement, development practitioners are still skeptical about explicitly and specifically promoting democracy, Carothers said. Their two core concerns are the same as they were in the 1990s: First, they are hesitant to challenge local governments for fear of damaging relationships that they perceive as essential to their other work. Second, the development community is still not convinced that democracy is the best way to reduce poverty and spur economic growth.

"So where do we stand today?" Carothers asked rhetorically. **The answer he suggested is that democracy promotion and development communities have reached an "uneasy convergence."** On one side democracy promoters understand and respect the objectives of the development community, but worry that if they do not distinguish themselves, they will be subsumed. Developmentalists, on the other hand, have acknowledged that there are lessons to be learned but hesitate to get too close to the democracy support community.

In closing, Carothers cautioned that even as the two sides are converging, the ideology that they are converging upon is itself under threat. The recent economic downturn and the perceived failure of the Bush administration's designs in the Middle East present significant challenges to the primacy of free market and democratic principles. The central issue for both sides is the reestablishment of this core.

Levy opened his response by saying that when discussing development and democracy, it is important that both sides reject binary terminology (i.e. the development path is "right" and the democratic "wrong" or vice versa). He then presented four points to "help us get beyond binary thinking."

First, it is "absolutely absurd" to think of the two sides as being in some way opposed to each other, Levy said. There are many instances where the two sides agree. For example, the rule of law is essential to both functioning democracies and flourishing economies. Similarly, both sides recognize the relationship between a strong middle class and the success of democracy. **At the end of the day both side are interested in helping low income, simple societies with weak institutions transform into the high income, complex societies with sophisticated institutions.** The point of divergence is how to move countries toward this "greater complexity," Levy said. From his perspective, this is not a simple or linear process, but instead an evolutionary one.

Second, when thinking about this evolution in the medium run, the process is remarkably complicated and diverse. Some countries successfully pursue economic and political reforms at the same time while others follow a statist trajectory where a strong government shepherds economic development and political reforms are delayed. **From the perspective of the development community, it is essential to "work with the grain" since the goal is ultimately the same.** For Levy, the international community should approach difficult countries with what he calls "principled agnosticism." The long run goals remain the same, but the short and medium run tactics may not include explicit calls for democratization.

Third, Levy said it is important to distinguish between what he called "small g" governance programming, which focuses on increasing local participation and responsiveness, and "large G" governance programming, which focuses on reshaping and strengthening the institutions that hold governments accountable. Over the years, "small g" programming has become a big part of what the World Bank does, Levy said. Attempts at "large G" programming have been much less successful.

Finally, Levy emphasized that in the long run there is a great deal of convergence between the development side and the democracy side. **Both believe the goal is building high incomes and open societies with complex institutions. The development community simply believes that this end is better achieved through "principled agnosticism."**

Hubli opened by explaining that it is not necessarily bad that democracy promoters and development practitioners differ in their methodology. **The key is that the two sides must work to be "mutually reinforcing." In the developing world people should not have to settle for either economic success or democracy. Thus the fundamental goal for both camps should be helping countries develop both as quickly as possible.**

To do this, each side must retire outdated stereotypes of the other, Hubli said. **Much of what people believe separates the two camps is based on assumptions that simply are not true.** For example, democracy promoters are often portrayed as rogues who would prefer to completely reengineer a political system from scratch instead of working to help the current government reform. Similarly, the U.S. democracy promotion community is often accused of senselessly "exporting" the American model. According to Hubli, this is not true. NDI, for example, has an extremely diverse staff and partners with a wide range of international actors.

Building a mutually reinforcing model will require the development community to look at the political system broadly, Hubli said. The goal should not be recruiting minister to support your economic development projects, but instead to promote a system that allows these reformed leaders to have a broad positive effect. Also, both sides must work to build the capacity of political parties to develop better policies.

Finally, Hubli said that it is important that the development community take a "do no democratic harm" approach to their work in transitional countries. Economic assistance should not direct countries toward the statist path or otherwise reinforce authoritarian systems.

During the question and answer session, an audience member asked what this discussion would mean for ongoing attempts to reform USAID. **Carothers responded that USAID was somewhat unique in that it is highly decentralized, which allows for a great deal of cooperation between democracy promoters and development practitioners on the ground.** Also, there is less of a threat that democracy promotion will be swallowed up by development because the Democracy and Governance program at USAID has done a good job of carving out a niche for itself.

Carothers then asked Levy a pair of questions: First, in a country like Tunisia where the economy has significantly improved in recent years, how long is the development community willing to wait before pushing for political reforms? And second, how does the development community propose to deal with countries that remain opposed to political development for decades, for example Egypt? Levy responded that once a country reaches middle income status, democracy promotion initiatives are much more likely to be successful. The question is how to handle low income countries and that question remains unresolved.