

Democracy and social inclusion are essential ingredients for development in the 21st century

Cooking progress

BY KISHORE MAHBUBANI

THE 21ST century will be very different from the previous two centuries. During the 19th and 20th centuries, the voice of the West dominated discussions and the flow of history. In the 21st century, civilisations that had been dormant and stagnant will become active. There is a need to prepare for this by changing mindsets to cope with a new, more diverse world. We should have no illusion that this will be an easy process.

India is a shining example of how to bring about a virtuous cycle of democracy and development. For example, India's political system allows for changes in government to take place smoothly, providing for the entry and exit of political figures without shaking the society.

However, if the virtuous cycle of democracy and development were so easy to replicate, then the natural places for it to flow into would be in India's immediate neighbourhood, e.g. Nepal, Bangladesh and Myanmar. But these countries still face many challenges. Similarly, the neighbours of Western Europe in North Africa have not seen a cross-over of the virtuous cycle across the Mediterranean. And it also took a long time for the virtuous cycle in the US to spread into Mexico. It is, therefore, clear that the spread of this virtuous cycle of democracy and development is difficult.

I would emphasise that there is no choice for any society — we will all eventually have to move towards democracy and there is no alternative long-term destination. However, it is not easy to spread democracy. I will illustrate with three examples of countries that faced sudden and painful transitions to democracy: Indonesia, the Philippines and Russia.

In Indonesia, the fall of Suharto was followed by a period that saw a succession of three relatively ineffective presidents. Even though democracy arrived in Indonesia, its economy imploded and poverty levels shot up. In the Philippines, the poorest suffered both under authoritarian rule and the democratic rule that followed Ferdinand Marcos's overthrow. It has gone from being the most promising economy in South-East Asia at the end of World War II to one of the least promising in the region.

Russia is the most instructive example. The sudden introduction of democracy in Russia led simultaneously to the looting of rich Russian national assets by a few oligarchs



and a dramatic decline in living standards, especially among the poorest and old pensioners. Social conditions deteriorated. Infant mortality rate rose from 17.4 deaths per 1,000 live births in 1990 to 19.9 per 1,000 in 1998. The morbidity rate for all diseases rose sharply between 1990 and 1995 by 24 per cent. Male life expectancy declined from 63.8 years in 1990 to 59 years in 1993, and female life expectancy from 74.4 to 72 years. While there were some benefits to the introduction of democracy in Russia, large segments of the population paid a high price for it.

There is a need to examine the moral calculus that underpins how we assign values to social change. In evaluating social change, we should apply John Rawls' principle as stated in his treatise, *A Theory of Justice*. The best way to decide which is the most just society is to apply the 'veil of ignorance'. If we are asked to pick the society we would choose to be in without knowing what class we would be born into, we would naturally choose the one where the people at the very bottom are the least worst-off. Therefore, in examining the value of social change, we should look at its impact not only on the richest, but also on the poorest members of society. If the poorest do not benefit, then there is a need to re-examine the value of the change.

The lessons from Russia's experience have not been lost on Chinese leaders and the Chinese people. The re-emergence of China will change the course of history. The fact that the world's most populous economy can deliver the fastest-growing economy for 25 years is a remarkable achievement. This has not happened by accident, but is a result of

the enormous political will on the part of the Chinese leadership and people to seize the opportunity to develop China and erase the memories of humiliations heaped on it by the West in the 19th century. From the Chinese point of view, after 200 years of turmoil, invasions and occupations, it is finally on the verge of success. Now the world is coming to them to ask why they do not become democratic immediately.

Former US Defence Secretary Donald Rumsfeld said in June 2005 in Singapore, "Though China's economic growth has kept pace with its military spending, it is to be noted that a growth in political freedom has not yet followed suit. With a system that encourages enterprise and free expression, China would appear more a welcome partner and provide even greater economic opportunities for the Chinese people."

President George W. Bush, speaking in Japan on the eve of his visit to China in November 2005, said, "As the people of China grow in prosperity, their demands for political freedom will grow as well. President Hu has explained to me his vision of 'peaceful development', and he wants his people to be more prosperous. I have pointed out that the people of China want more freedom to express themselves, to worship without State control, to print *Bibles* and other sacred texts without fear of punishment. The efforts of the Chinese people to... improve their society should be welcomed as part of China's development. By meeting the legitimate demands of its citizens for freedom and openness, China's leaders can help their country grow into a modern, prosperous and confident nation."

However, every time an outsider

tells the Chinese leaders to switch to democracy immediately, what the Chinese hear is a call to replicate the Gorbachev experience and to have China implode like the Russian economy did. They naturally fear that China will once again be humiliated by the world. This is why they are resistant to immediate political change — they have seen what happened in other countries that embraced democracy too quickly. If we can't bring China into the discussion on democracy, then it will be difficult for the virtuous cycle of democracy and development to take hold in China.

The story of 'development' is a sad one. In the Fifties, it had started with great promise and optimism. But almost 50 years after decolonisation, we still do not know how to create a virtuous cycle of development. Raghuram Rajan, the IMF's chief economist, has noted the difficulty in creating such a virtuous cycle.

It is not only developing countries that face difficulties with social inclusion. The developed countries are not immune to this. For example, Hurricane Katrina showed America's problems with social inclusion; the Britain bombings and the riots in France were a further example of how social inclusion remains a challenge both in developing and developed worlds.

If we want the values and virtues of democracy, development and social inclusion to be spread more widely, then we may need to add the concept of 'good governance' to the mix. UN Secretary General Kofi Annan has said, "Good governance is perhaps the single most important factor in eradicating poverty and promoting development."

However, while the desirability of 'good governance' is widely accepted, there is no consensus on the definition of good governance. I would suggest five elements that should be factored into any definition of good governance: free markets, the rule of law, political accountability, social justice and education. If these five elements can be spread and made universally applicable, it can help us to achieve democracy, development and social inclusion more effectively in the 21st century.

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