



Universal Democracy? Prospects for a World Transformed

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Introduction

JOANNE MYERS: Good afternoon. I'm Joanne Myers, Director of Merrill House Programs, and I'd like to welcome members and guests to our conversation program this afternoon with Larry Diamond, who will be discussing **Universal Democracy? Prospects for a World Transformed.**



[Joanne J. Myers](#)

On the face of it, the past decade has been rather a splendid time for the growth of democracy. All over the world dictatorships, whether communist or military, have been in retreat or are in transition towards full democracy.

However, as the United States moves toward a policy of promoting democratic transformation throughout the world, a few questions need to be asked. For example, can any nation become democratic? Can a nation whose citizens have only been taught submission embrace democracy for all?

Our guest this afternoon has often argued that there are no pre-conditions for democracy, other than a willingness on the part of a nation's elite to attempt to govern by democratic means. Yet sustaining this approach in the context of unfavorable cultural, social, and economic conditions requires institutions which will foster effective, accountable governance as well as robust international engagement. All of this takes time and patience.

Democracy can emerge anywhere, but as Professor Diamond has written, it can only take root if it brings about a more prosperous, just, and decent society.

As a specialist on democratic development and on U.S. foreign policy affecting democracy abroad, there is no one better qualified or more highly respected to discuss this topic than our speaker this afternoon. He has written extensively on the factors that facilitate and obstruct democracy in developing countries.

Since its founding in 1990, Professor Diamond has been the co-editor of the *Journal of Democracy*. This journal, which is published by the National Endowment for Democracy (NED), is one of the most widely read and cited publications on the problems of and prospects for democracy around the world.

He has also served as co-director of the NED's [International Forum for Democratic Studies](#), which sponsors scholarly research and publications, as well as working with an international network of research institutes on this subject.

His achievements are many. Among his published works, I would just like to call to your attention a series on democracy in developing countries which has produced three regional volumes and six books since it was first published in 1989. Professor Diamond was the lead editor.

Currently our speaker is a Senior Fellow at the [Hoover Institution](#). He is also Professor of Political Science and Sociology at Stanford University and coordinator of the democracy program of the new Center for Democracy, Development, and the Rule of Law at Stanford's Institute for International Studies.

Professor Diamond has recently taken on a very important responsibility. This time he is an advisor to the Coalition Provisional Authority in Baghdad, from where he just returned about eleven days ago.

We are delighted that you are with us this afternoon.

Won't you please join me in giving a very warm welcome to one of America's most distinguished scholars, our speaker today, Larry Diamond. Thank you.

Remarks

LARRY DIAMOND: Thank you all for coming.

Joanne, thank you for that very warm and exceedingly generous introduction, and also the very effective and pithy summary of some of what I've been writing about and want to talk about. It is so well stated, and I so much want to have a dialogue with this group about the issues in the article and about what's happening now in Iraq that I'm tempted to just skip the speech and go to the Q&A.

Let me summarize more substantially some of the key arguments I've made and patterns I have found in my research on global democratic change and some of the policy arguments derived from that, some of which we made a year ago here in New York in a report on U.S. foreign aid called [Foreign Aid in the National Interest](#), which was released by the U.S. Agency for International Development. I wrote the chapter on governance.

What I was recommending a year ago I'm still recommending in terms of how to reorient our foreign aid and foreign policy to promote democracy and development; and I believe very strongly from a scholarly perspective that we will not get one without the other in most of the regions that remain trapped in poverty and dictatorship, or profoundly illiberal government.

We are already in a world transformed, not just by the end of the Cold War but by the explosion in the number of democracies in the world and in the proportion of countries that are democracies since this third wave of democratic transformation began almost exactly thirty years ago, with the Portuguese revolution in April 1974.

Since then the number of democracies in the world has tripled, from 40 to about 120. The proportion of independent states that are democracies has more than doubled from a little more than a quarter to something around or slightly over 60 percent.

I am referring to democracy for the moment simply as a system of government in which the principal positions of power in a country are filled through regular and free and fair elections. That says nothing about the extent otherwise of the rule of law, protection for human rights and minority rights.

- We have had a phenomenal expansion of democracy since 1974.
- We have had remarkably few reversals of this democratic trend during this period. I've tried to look at every country and what has happened to it in these thirty years—I count only 14 instances in which the 125 democracies that have existed at some point during these last thirty years have been overturned by some military or civilian coup or breakdown of democracy. And nine of these 14 instances of democratic reversal have since been reversed by subsequent democratic transitions.

I'm counting Russia as one of the five instances of a reversal of democracy that has not yet been reversed back to democracy.

- There is a growing spread of this democratic trend to relatively poor countries. I was trained by a group of social scientists at Stanford, including my distinguished dissertation advisor, Seymour Martin Lipsett, who made much of the relationship between economic development and democracy, and it remains one of the most powerful predictors of both the likelihood of a country being democratic and the level of political and civil freedom in a country.

Nevertheless, we are living in a period in which the exceptionalism of a poor country being a democracy that India represented, or that Costa Rica represented at one point, is no longer so exceptional.

When I am challenged on the question of whether any country can be a democracy, one of the reasons why I am inclined to say yes is the following: If democracy can emerge and persist, now so far for a decade, in an extremely poor, landlocked, overwhelmingly Muslim country like Mali, which has none of the supposed preconditions for democracy, in which the majority of adults are illiterate and live in absolute poverty and in which life expectancy is 44 years, then there is no reason in principle why democracy cannot develop in most other very poor countries.

I looked at the indispensable data of the United Nations Development Program in its [Annual Report on Human Development](#) on those countries classified by the UNDP as having low human development in 2002. Eleven of these 36 least-developed countries, eleven of the poorest countries of the world are democracies today in terms

of having regular, free, and fair elections to choose their leaders.

If we widen the scope and look at the bottom third of all the states classified by the UNDP, which is 58 states, the percentage of democracies rises from nearly a third to 41 percent, which is to say that of the 58 least-developed countries by the UNDP's measure, 24 of the 58 are democracies.

Democracy is in play as a possibility even among very low-income countries. Some reasons for this have been well-articulated by poor people themselves and by famous scholars, including the Nobel Prize-winning economist, Amartya Senn, who has written the following:

"People in economic need also need a political voice. Democracy is not a luxury that can await the arrival of general prosperity. Moreover, there is very little evidence that poor people, given the choice, prefer to reject democracy."

And in fact we have extensive survey evidence from a growing treasure trove of public opinion surveys that are being conducted outside of the industrialized democracies—in many parts of Asia, Africa, Latin America, and now in the Middle East as well as the former communist countries—that document this point.

The evidence suggests that the understanding and valuing of democracy is surprisingly widely shared across cultures. For example, there is something called the [Afrobarometer](#) that's using standardized surveys in 16 sub-Saharan African countries to find out what people think and value in terms of the way their political system operates and their ideal of how it should be structured.

Two-thirds of Africans surveyed in this multi-country survey associate democracy with civil liberties, popular sovereignty, or electoral choice, not the expected crude presumption that democracy just means higher incomes or social services. And about two-thirds of Africans surveyed say that democracy is always preferable to authoritarian rule. About the same percentage reject all possible alternatives to democracy: one-party rule, military rule, one-man rule. Even those who are dissatisfied with the way democracy is working in their country still believe that it's the best form of government.

Data from the [Latino Barometer](#), conducted almost every year in seventeen Latin American countries, shows somewhat more skepticism about democracy, some erosion in public levels of support for democracy. There have been many travails of democracy in Latin America. But nevertheless, clear and sustained majorities of Latin Americans still prefer democracy, and only about 15 percent would prefer an authoritarian regime.

Much of the lack of commitment to democracy is more a feeling of frustration about the way that democracy is working. We've repeated these surveys in East Asia, where we find very strong and consistent majorities in virtually every country surveyed believing that democracy is the best form of government and rejecting authoritarian alternatives to democracy.

And we find this across religions and cultures as well. Indeed, we find very little evidence for [Huntington's thesis of a clash of civilizations](#), as least as it pertains to preferences about forms of government.

In the Afrobarometer, four of the countries initially surveyed have substantial Muslim populations. The Afrobarometer found that the large majority of African Muslims surveyed, as well as non-Muslims, support democracy, and to the extent that there is variation in levels of support for democracy in Africa, it has more to do with differing levels of education than religion.

Very tentative evidence has begun to be gathered by Mark Tessler at the University of Michigan on several countries in the Arab world, and he finds no evidence that Islam has much influence on attitudes toward democracy; that support for democracy in fact, "is not necessarily lower among those individuals even with the strongest Islamist attachments."

True, they may have somewhat different conceptions of what democracy means. But then there is a reformation going on today among outspoken moderate Muslim intellectuals who are making the case either for a liberal interpretation of Islam or for a broader liberal view that de-emphasizes the literal meaning of Islamic texts while stressing the larger compatibility between the overall teachings of Islam and the nature of democracy as a system of government based on political accountability to the people and the law, freedom of expression, and other human rights.

A growing number of Arab scholars and thinkers are beginning to stand up very eloquently not only for human rights in general but for the need for democracy as a basic condition of good governance. This has been quite eloquently expressed in the recent versions, particularly the first issue, of the [Arab Human Development Report](#).

Amartya Senn argues that the mark of a universal value is not that it has the consent of everyone in the world but that "people anywhere may have reason to see it as valuable." By this measure, there's growing evidence that democracy is becoming a truly universal value.

This is increasingly being embedded more and more explicitly in international treaties, covenants and declarations that are establishing the right not only to free expression, free movement, freedom of organization and assembly, but also the right to democracy, to choose one's leaders in free, fair, credible elections open to domestic and international monitoring as a human right. This is a very important trend.

If we look at the regional distribution of this democratic expansion, we see that democracy is now significantly present in virtually every portion of the world. Thirty of the thirty-three states in Latin American and the Caribbean are democracies, and we're seeing in this hemisphere the price of non-democracy in the chaos and the ongoing assault on human rights in Haiti.

Two-thirds of the former communist countries are now democracies, half of the Asian states, about two-fifths of the African states, again by the minimal standard of the competitive selection of leaders through free and fair multiparty elections.

The only distinct group of countries where democracy is virtually absent is in the Middle East in general, and more specifically the sixteen Arab countries, not a single one of which meets the test of democracy.

And, indeed, I found in tracking trends in levels of freedom in the world as measured by [Freedom House](#) that the Middle East is the only region of the world, and specifically again the Arab States, where average levels of freedom have actually diminished over the last thirty years. Statistical evidence shows that this is not because of Islam.

The Columbia political scientist Alfred Stepan wrote an important article in the [Journal of Democracy](#), where he tracked and disaggregated the political systems of different Muslim majority countries. Revising his data and analysis slightly, I would put it this way: There are 43 countries in the world that have an unambiguously Muslim majority, a few others that are disputed. Twenty-seven of these 43 lie outside the Arab world, and their average freedom score on the seven-point Freedom House scale is almost an entire point better than the average score of the Arab States.

A quarter of the 27 non-Arab Muslim-majority states are democracies, and none of the Arab Muslim majority states are.

Moreover, Stepan finds that an unusual number of Muslim-majority, non-Arab states are "great electoral over-achievers." They have levels of democracy far beyond what you would predict from their level of economic development.

This is a controversial statement, but nevertheless the facts speak for themselves. Democracy is present in every major religious and philosophical tradition, in countries that are predominantly Christian, Jewish, Hindu, Buddhist, Confucian and Muslim. It is present at every level of economic development, surprisingly present among low-income countries. It is present to a significant degree in at least a third of the states in every region of the world except one – the Arab world.

A variety of reasons, most related to geopolitics, the stalled character of the Middle East peace process, the traditions in which political power was acquired and used and the political bargains that were struck in the post-colonial period, explain this finding.

This reality has to be faced and confronted by analysts and political practitioners, and it is increasingly being confronted by Arabs themselves in a way that we need to engage and even embrace.

Beyond the fact that this democratic trend is not universal, is in many ways partial, and often very shallow, another problem is that many new democracies are quite illiberal. They do a bad job of protecting human rights. They have a weak rule of law. They have massive corruption. They don't function very well. Voters are offered superficial choices.

This has led to a critique most powerfully expressed perhaps in Fareed Zakaria's recent book, [The Future of Freedom](#), that suggests that we are too obsessed with this one litmus test of democracy, free and fair elections; and that we should be asking what good democracy is if those who are elected take turns plundering the national treasury and abusing power; that countries might be better off with the rule of law and without democracy.

My answer to this serious challenge is twofold. First, on the normative front, we should not remain content with an illiberal and hollowed-out democracy. The goal in every country should be a political system that combines democracy on the one hand with freedom, the rule of law and good government.

But then the question becomes, "How do you get this kind of liberal democracy which affirms human rights, the rule of law, transparency and accountability?"

On the empirical side, Zakaria implies that authoritarian or conflict-ridden states should put democracy aside and

focus on courts, rule of law, building up the essential structures of the state. This may be a viable transitional strategy for a limited period of time. I don't reject it. And I don't suggest that the answer in every authoritarian country is immediate elections. Indeed, there are countries in the world—and many of them are in the Middle East—where an immediate move to popular elections, free and fair elections, with no reforms of other aspects of the state, could lead to very undemocratic outcomes ultimately.

But the question is, what is the transitional strategy, and for how long? The implication that there can be an enduring and stable type of liberal authoritarian regime is simply unsustainable according to the evidence. Democracy and freedom are closely related in the world. That is an empirical reality that must be recognized.

Even if we exclude the wealthy countries of the West, the industrial liberal democracies, we find that countries where civil liberties and the rule of law are respected are invariably democracies, and that the world's human rights and humanitarian emergencies almost invariably occur among the non-democracies. It remains the case, as Amartya Sen demonstrated in his Nobel Prize-winning research, that no true electoral democracy has ever suffered a large-scale famine.

We can do much to promote, encourage and sustain the progression of this trend and to help prevent reversal. But it will take more than the NED, the other democracy-promotion organizations, such as the German party foundations and the various foreign aid and overseas development organizations, which are increasingly doing very creative political work, to support and sustain this democratic trend.

The remaining authoritarian regimes of the world remain authoritarian not because their people want dictatorship in principle but because narrow, corrupt, self-serving, entrenched political elites are served by that dictatorship and by the preservation and concentration of power that that dictatorship entails.

We will need to generate a much more powerful set of international rules, expectations, incentives and sanctions that induce these leaders to begin to embark on a much more sincere and vigorous transition to democracy, or induce changes in power in these regimes that will bring leaders to office who are willing to promote transitions to democracy.

I do not favor the promotion of democracy at the point of a tank. I did not favor going to war in Iraq in the way we did, at the time we did, with the relative isolation of international support. But I do believe that most people in the world want to live in freedom, which is increasingly seen as a fundamental human right and condition to realize human dignity.

We have a moral obligation, and a moral and political opportunity now, not only as the U.S. but as a community of democracies around the world and as the organized community of nations that the U.N. represents, to encourage, foster, and promote the global spread of democracy much more systematically and effectively even than we have done in the last thirty years.

If we continue to develop and boldly refine our current strategies, we will reach a point before the end of this century where virtually every country in the world is a democracy.

JOANNE MYERS: I would like to open the floor to questions.

Questions and Answers

QUESTION: You've spoken of the universal value of democracy and universal yearning for democracy. What could you conceptualize as universal values and world peace?

LARRY DIAMOND: That's a tough question because it invites quite an extensive philosophical dissertation, and I know from experience that your command of political theory is much more penetrating and powerful than mine.

We can identify certain increasingly pan-human values, and not every person in the world may know exactly what democracy is about. One of my activities in Iraq recently has been delivering a lecture entitled "What is Democracy?" I was a bit embarrassed at how simplistic it is. But people want to hear about the most elementary aspects of what democracy is, how it functions and what its broad principles are across cultures.

People want to live in freedom. They want autonomy and control over their own lives. But they also want security and peace, and they vote with their feet.

One of the reasons why virtually all of the recent UN and other international peace implementation programs wind up with internationally mediated, competitive, multiparty elections and have human rights education and democracy-building elements as a major component can also be explained by this link. One of the reasons why the UN, which was founded as a collective security organization to promote peace and human rights, has wound up becoming an organization that is also promoting democracy and free and fair elections is because of the increasingly inseparable link between democracy and peace.

If everyone feels that he or she has a stake in the system, has some voice, shares in power, has some ability to review and renew the grant of authority to the government, then there is a feeling that government is legitimate and acceptable. Peace breaks down when the legitimacy of government breaks down and at least some groups feel aggrieved or marginalized.

Democracy, freedoms and human rights are increasingly universal values. Peace is a universal value, and we are universally discovering through empirical experience and a growing normative logic that democracy, human rights, and peace are inseparable.

QUESTION: While I agree with you that Fareed Zakaria's questions about illiberal democracy don't hold up when you get to the question of having authoritarian regimes instituting laws that will somehow lead to democracy, I was nonetheless troubled by two points.

Do you classify certain countries as democracies simply because of free and fair elections, but which may nevertheless lead to illiberal democracies, or should you have a different definition of democracies, which is the institutions of democracy itself, that a country has institutions of liberal democracy?

The second point relates to who sets the international rules. Of the five security members of the United Nations, let's say, three are democracies, one is absolutely not a democracy, and the other is in the midst of a reversal from democracy. Where should these rules come from?

LARRY DIAMOND: Let me first respond to your second question. I would be happy to live with the rules we have. Look at the Universal Declaration on Human Rights. Look at the International Covenant on Civil and Political Rights. Look at all the instruments that we have in the existing architecture of international law.

Then we can go beyond these as other groupings of countries wish to do so. The [OAS](#) has gone very far beyond these, particularly with the 1991 Santiago Declaration which provides a basis for the collective defense of democracy and which has provided instruments that have been used repeatedly to preempt potential rollbacks of democracy, as with the prospective coups that were preempted in Guatemala and Paraguay and as with expediting the exit of the Fujimori authoritarian regime.

Rules have to evolve by countries acting collectively. We already have many rules that we need to defend and enforce better, and then I would like to see groups of countries, regionally and otherwise, evolve not only better rules, but better instruments to protect them.

The African Union is beginning to struggle with this now, and the [New Economic Partnership for African Development](#) (NEPAD) has a peer review mechanism that is meant to hold African states accountable to their obligations, including their obligations for good governance.

We can help African actors, not only political but civil society actors, to make those mechanisms that they themselves, have voluntarily chosen and codified, more operational and effective.

I readily recognize and ponder the initial challenge you advanced that perhaps as many as a third, certainly at least a quarter, of the 120 democracies in the world are illiberal democracies. Even in the over 80 percent that are rated free by Freedom House, if you look at the way the police do their business, at the levels of corruption, you see that they have very serious problems of democratic functioning.

Even the liberal democracies—and I include the U.S. quite self-consciously in this group—have serious problems of democratic functioning that need to be addressed, such as the abysmal way in which we fund political parties and campaigns and the implications for political transparency and accountability—hardly a model for the rest of the world—and the ways in which we have retreated from our principled commitment to and protection of human rights since September 11.

Democracy is a developmental phenomenon, an ideal that is never completely realized, constantly evolving, and for which we are always struggling; and so there is a continuum of democratic and liberal practice that countries need to strive for and renew their commitment to.

But at the same time we can distinguish conceptual thresholds for liberal democratic functioning, and we do need to have vigorous, well-conceived, pretty energetic strategies. The NED and other democracy-assistance organizations around the world have worked on this—helping countries develop from just having multiparty free and fair elections to vibrant, liberal, human rights-affirming democracies.

QUESTION: What's your response to the argument that institutionalized democracies, at least with one another, do indeed seem to be reasonably peaceful, but that in fact less institutionalized, newly democratizing countries are more prone to conflict, both internal and external, than even authoritarian regimes in many cases?

LARRY DIAMOND: The problem is not democracy as such but the process of transition, and how you go about it.

The speed with which you do it was precisely one of the reasons why I said that immediate, full-scale democratization, a headlong rush to immediate national multiparty elections, is not a recommended strategy for every country at every historical moment. And where you have problems of deep ethnic, regional, and religious divisions, you need a process of confidence-building, of designing institutions to manage that conflict in a way that gives each group a stake in the system and confidence that their basic interests will not be put at risk even if the other side wins. It may take a period of some years to negotiate these conditions.

Doing it badly, and then failing is much worse in essence than not doing it at all. But the implication is not therefore, "Aha, it's too risky; just keep the lid on the problem with the authoritarian regime and that will at least hold things together."

Take the example of Congo/Zaire. Many U.S. government officials believed—it's Mobutu or chaos. He may be a horrible figure, but he's holding the country together. People said that about Saddam as well.

Eventually these regimes disintegrate, and when they do everything does fall apart, and it's not because we brought it down; it's because authoritarian rule doesn't have the organic negotiation of relations of legitimacy and voluntary consent that enable it to endure indefinitely; and these regimes are inherently brittle and dependent on the personality of one figure or a certain historical moment.

If you can negotiate these understandings, institutions, arrangements, exchanges, power-sharing under a democracy, difficult though that transitional period is, you have ultimately a fundamentally more stable way of managing ethnic, regional, religious, and other explosive divides.

QUESTION: Could you say a bit about the broader consequences or potential for change within the international system as a result of this massive wave of democratization? One could speculate that the world will become a more peaceful and orderly place.

One of the most fascinating things to have watched as we approached the war in Iraq was the ways in which newly democratic countries are beginning to pose significant opposition to American foreign policy. We saw that in Mexico, in Turkey, and in Chile as well. It was quite obvious that that opposition would not have existed if these countries had not been democratic.

What, if anything, can you add to that?

LARRY DIAMOND: I wanted to get rid of Saddam as badly as anybody else, and you can't be in Iraq for very long and not think that it is a wonderful, profoundly moral and good thing that this man is no longer in power. But the principal reason why I opposed going to war unilaterally was because of the very high price I thought we would pay in our standing in the world, in feeding what has been an alarming rise of anti-Americanism in the world, and the whole damage to the mentality and structures and norms of collective security.

We cannot be simply and inflexibly bound to only use military power when we can get the legitimacy and approval formally, through a UN Security Council resolution. But the burden is enormous for acting without legitimacy.

We live in a world in which democratic peoples are going to express their will and dissent from us on trade and on collective security, and if we don't work to affirm and respect that, in the end we will pay a much higher price, because no two liberal democracies will ever go to war with one another. France and the United States may disagree on many things, but we will never fight a war with one another.

I knew at the time that we would have problems with the Turkish legislature and I wasn't surprised by their vote.

They will dissent with us in the short term. But what is the long-term goal? The long-term goal is to build a world order in which the momentum is for freedom, human rights, the rule of law, open societies and open borders as much as possible. And on those big issues, ultimately these free societies will be our allies, and if we engage them with respect and a concern for having more collective processes, we are more likely to be able to build the partnerships that can more rapidly construct the institutions, the rules and the momentum that can push the world further in that direction.

QUESTION: Could you briefly explain the origin and the governance of the NED?

A decade ago various elements in the National Endowment debated the wisdom of attempting and then ultimately restoring Aristide to power in Haiti. You just alluded to the same argument that it's Saddam or chaos and Mobutu or chaos, and now we're hearing the same arguments, it's Aristide or chaos in Haiti. What should we do about Haiti now?

LARRY DIAMOND: The National Endowment for Democracy was established in 1983 by a very broad bipartisan coalition, including President Reagan and Congressman Dante Fascell, chairman of the House Foreign Affairs Committee, who had been a long-time advocate. It has a very broad, bipartisan board.

It receives an annual appropriation from the Congress through the State Department which is now at slightly over \$40 million a year, but then independently decides how grants will be made. It has programs around the world, both directly and through several different institutes, the Republican and Democratic Party Institutes, the Center for International Private Enterprise, and the Labor Solidarity Center, to support democratic development around the world.

If any of you are interested further, you can learn all about it www.ned.org.

Aristide was not democratically elected the last time around, so the prospect of a resolution of this crisis that involves his exit doesn't trouble me from a democracy standpoint. He has turned out to betray every hope for democracy and human rights in that country and has been an utterly irresponsible ruler of Haiti.

However, what does deeply trouble me is that many of the leaders of this rebellion are the same people who were killing and murdering before Aristide. The community of the Americas, if not the United Nations, should authorize an intervention. It can include a number of American countries, it can be of France and the United States, whatever coalition can be brought to bear, and with 500 to 1,000 troops these thugs can be prevented from seizing Port-au-Prince and starting a new reign of terror on all of their enemies, and we can have a period of neutral administration in which the country holds regionally- or internationally-administered free and fair elections. Short of that, the cycle of retribution, autocracy, corruption and human rights violations will needlessly start all over again.

QUESTION: You mentioned the connection between democracy and development, and then you also mentioned the Latin Barometer, which indicated a renewed interest in non-democratic regimes.

Could you say that people in democracies in Latin America have been disappointed in the economic results, that they haven't gotten the development that they had expected? What would you attribute that to, and what can be done to fix it?

LARRY DIAMOND: There is clearly a global backlash against the headlong rush to the market of the 1980s and 1990s. And less-developed countries resent the "Washington consensus" of neo-liberal economic, market-oriented reforms; not that they're rejecting the logic of capitalism, but that the way it was done – privatization, market opening—was not wise.

Countries are questioning many of the basic assumptions, both the substantive assumptions and the procedures by which they came into being.

My feeling is that we need to hear this and work with this and be more flexible than we have been in a variety of ways.

First, the way in which the IMF – and to some extent the World Bank – has operated around the world, not just in Latin America, has been very short-sighted. This is a major theme of my policy recommendations. We should be far less dictating about the economic prescriptions for governments to follow in exchange for assistance, but much more explicit about the political conditions that have to be met if they want substantial and sustained aid. These political conditions should include accountability, good governance and respect for human rights and the rule of law, and they can be expressed in a variety of ways.

Bad governance is one of the reasons why—including massive corruption—many of these countries have not developed more effectively than they have. But it's not the only reason. Problems with globalization need to be addressed as well.

I am not an economist, and I don't comprehend all of the problems, and we are at a point in the evolution of the world economy where no one understands them all. The world economy is evolving with a speed and a logic and intensity that nobody fully understands in terms of the implications for employment, justice, distribution and social security. We will need to be more ideologically flexible and open-minded as this proceeds.

If we are going to ask these countries to continue to commit to a broad market logic and to economic openness and to be our partners in a variety of ways, then we will have to be better trade partners to them.

The trade barriers – particularly agricultural trade barriers – that the U.S. and our European trading partners have clung to in these trade negotiations are unconscionable. We must start speaking up much more emphatically in advocacy of tearing down these barriers and providing market access to these developing countries against the special interests who want to preserve the sugar quota or the cotton quota. What does that do for our credibility with these countries and for prospects for poor people in these countries?

I am not prepared to say that this is inevitably the way the American political economy will work. This can change much more rapidly; it has to change, but it has to be made an issue.

We don't know all the answers. We can do more to promote investment in this region, and we do know some things that we can do to help these countries, and better express our faith in their future and a sense of fairness in the way the world is evolving.

JOANNE MYERS: Thank you very much for joining us this evening.

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