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Sustainable Democracy is a joint report of twenty-one social scientists, from ten countries and four academic disciplines, who collaborated over the period of two years under the name of the Group on East–South Systems Transformations (ESST). Their report identifies the principal political and economic choices confronting new democracies in southern and Eastern Europe and South America, while evaluating their merits and feasibility in the light of current social science knowledge.

The authors explore the social, political, and economic conditions under which democracy is likely to generate desirable and politically desired objectives, as well as whether it is likely to last. They argue that the state has an essential role in promoting universal citizenship and in creating conditions for sustained economic growth. Special emphasis is placed on the interdependence between political and economic reforms.

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Preface

The purpose of *Sustainable Democracy* is to sketch a map of politically pressing and intellectually challenging issues facing new democracies in the South and the East. We seek to identify the principal political and economic choices confronting new democracies and to evaluate the merits and the feasibility of the alternatives in the light of current social science knowledge.

Our concerns originate from two observations, which are by now trivial. The past decade witnessed an unprecedented, worldwide movement toward political democracy simultaneously with a profound, also widespread, economic stagnation. In the past fifteen years, many countries in southern Europe, Latin America, Asia, and Africa have held competitive elections, the first ever or at least the first in decades. And since this project was initiated, this list has extended to Eastern Europe and several new countries that have emerged from the breakdown of the Soviet Union and Yugoslavia.¹ Never have so many countries enjoyed or at least experimented with democratic institutions. At the same time, models of economic development, which were quite successful during several decades, seem to have collapsed in many countries. The economic crises in the 1980s facing Argentina, Brazil, and Mexico as well as Bulgaria, Hungary, and Poland are without precedent in the history of these nations. As a result, we seem to witness simultaneously an almost fatalistic recognition of economic constraints and a frantic search for new models and new strategies to generate sustained growth. The standard prescriptions emanating from Washington and the international financial institutions are socially costly and economically dubious, yet the situation seems so tightly constrained by the gravity of the crisis and by international pressures that it appears to leave no alternatives.

These notes are intended to offer a catalog of issues that emerge in those countries that are undergoing simultaneously processes of democratic change and economic transformation. Our purpose is to identify the choices that confront political forces in countries with vastly different histories, to look at a distance, trying to overcome both the fragmentation inherent in scholarly pursuits and the preoccupation with the current moment that obsesses scholars who not only study but also live daily through major transformations. We

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seek to summarize what we do know and to specify what we, as social scientists, do not know.

Our purpose is to identify and evaluate alternatives. The fall of communism in Eastern Europe has been widely interpreted as a triumph of democracy and of capitalism, and it is. Yet both democratic institutions and capitalist economies differ in significant ways even among the developed democratic countries. Moreover, those who seek to imitate these countries often forget that there are many cases in which capitalism has failed in generating either prosperity or democracy. While important political forces in many parts of the world grope for a way toward the “First World” – the “West” for some, the “North” for others – they confront choices in designing their political and economic institutions and in selecting the paths that would lead to freedom and prosperity. And these choices have consequences.

We are living in a highly ideological epoch. Several countries, particularly but not only in Eastern Europe, have or are about to venture into the greatest experiment since the forced Stalinist industrialization of 1929. The economic transformations envisaged in these countries ironically mirror the socialist project. They implement an intellectual blueprint, a blueprint developed within the walls of the North American academia and shaped by international financial institutions. They are radical: they are intended to turn upside down all the existing social relations. And they offer a single panacea, a magic wand, which, once waved, will cure all the ills. For the first time in history, capitalism is being adopted as an application of a doctrine, rather than evolving as a historical process of trial and error.

The neoliberal ideology emanating from the United States and the multinational agencies claims that the course to follow is obvious. This ideology is based on a belief about the virtues of markets and private ownership that is not justifiable in the light of contemporary economic theory, including neoclassical theory. It values efficiency over distribution to the extent of justifying social horrors. It places economic considerations over political ones, willing to sacrifice other economic and political values at the altar of efficiency. It is based on a profound conviction that there is only one way and that this way must be followed: not only any opposition but even discussion is portrayed as self-interested, “populist” reaction.² Proponents of this ideology argue as if they possessed a Last Judgment archetype of the world: a general model of economic and political dynamics that allows one to evaluate the ultimate consequences of all the partial steps.

Yet this model is but a conjecture, based on a mixture of evidence, ar-

gument from first principles, self-interest and wishful thinking. Moreover, this is not even the model that developed capitalist countries follow in their own practice: Western advisors are in the duplicitous situation of having to say, as Stiglitz (1992: 162) put it, “Do as we say, not as we do.”

We do not seek to offer alternative blueprints, only to emphasize that any quest for democracy and prosperity necessarily involves alternatives, choices, and decisions. Choices are inevitable. And, as long as masses of people experience material deprivation, any notion of the end of conflicts is illusory.

Since we are looking toward the future, our views also inevitably combine evidence, argument from first principles, and wishful thinking. But one way to control our own prejudices is to introduce some skepticism by asking what will happen if the various alternative solutions we analyze fail: fail to satisfy the expectations they raise, fail to bring about democracy, prosperity and international cooperation. We disagree among ourselves about several crucial points and thus, having listed arguments and evidence in favor of and against various alternatives, we leave a number of issues unresolved. These disagreements constitute *prima facie* evidence that the alternatives are real and the issues they raise are not simple.

This document is a joint product of twenty-one social scientists, from ten countries and four academic disciplines, who collaborated over the period of two years under the name of the Group on East–South Systems Transformations (ESST).

The initial idea of forming such a group was due to Guillermo O’Donnell who, as president of the International Political Science Association, invited Adam Przeworski and Jerzy J. Wiatr to convene social scientists from the “South” and the “East” in an effort to exchange experiences and reflections concerning the double transition to democracy in the political realm and to a reliance on markets in the economic realm.

The group met four times, prepared and discussed a number of working papers, and, having developed friendship and mutual confidence, collaborated in the preparation of *Sustainable Democracy*. Various parts of the book were drafted by particular members of the group. The introductory and concluding sections were initially written by Adam Przeworski. Various segments of Part I resulted from the collaboration of several members: Lena Kolarska-Bobińska, Ellen Turkish Comisso, José María Maravall, Guillermo O’Donnell, Ergun Ozbudun, Adam Przeworski, Philippe C. Schmitter, Barbara Stallings, Alfred Stepan, Torcuato Di Tella, and Jerzy J. Wiatr. Chapter 1 is due almost entirely to David Laitin. Chapter 2 is based on ideas contained in an unpublished paper by O’Donnell (1992). Chapter 3 was drafted in large

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part by José María Maravall and Torcuato di Tella. Chapter 4 is a revised version of a draft by Luiz Carlos Bresser Pereira, José María Maravall, and Adam Przeworski. The first half of Chapter 5 was drafted by Zhiyuan Cui and the second part by Pranab Bardhan and John Roemer. Subsequently, Adam Przeworski edited the entire text, relying on advice from Emily Loose, Alex Holzman, and two anonymous reviewers, as well as on comments by almost all participants.

The fact that this is a joint product does not imply that all members of the group can assume the responsibility for the entire book. Indeed, since the group was highly heterogeneous in terms of intellectual styles, cultural traditions, and political orientations, several disagreements are evident in the text, and several formulations reflect an uneasy compromise. Moreover, we all suffered from disciplinary limitations and had to place our trust in the specialized expertise of our colleagues.

The list of working papers that served as the background for the book is included; the papers are available from Adam Przeworski at the University of Chicago or directly from the authors. Several of these articles have been published in journals in the United States and abroad.

Acknowledgments

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All throughout, we enjoyed invariably competent administrative support and research assistance from José Antonio Cheibub. Camille Busette-Hsu served as the support staff at the Bellagio meeting. Mike Alvarez prepared a summary of the literature concerning the impact of political institutions, while several other graduate students in the Department of Political Science at the University of Chicago contributed ideas and bibliographic services. We should also like to thank several Turkish, Hungarian, and Spanish colleagues who welcomed us in their respective countries and shared their ideas about the project.