

CHAPTER ONE

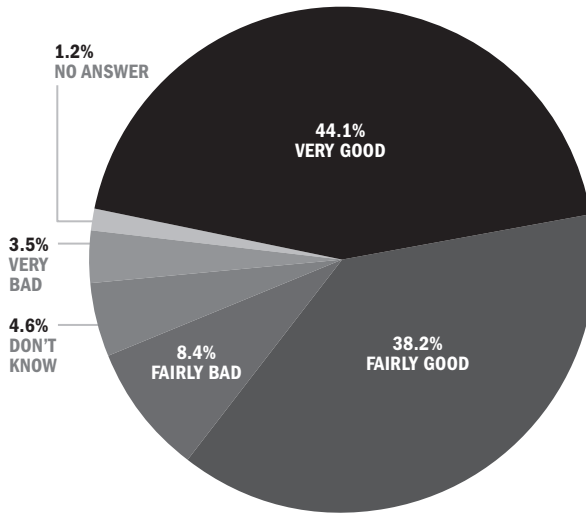
The Road to the Rise

How Democracy and Development Powered the Five

TURN THE CLOCK BACK to 1984. The world was gripped by the nasty Cold War between the United States and the Soviet Union, and their allies and proxies. Wars in Central America raged. Dictators reigned in large swathes of the developing world. Nelson Mandela sat in jail for the twentieth year. Thousands were killed in India in the wake of the assassination of Prime Minister Indira Gandhi and the toxic gas leaks in Bhopal. General Suharto ruled Indonesia, the world's largest Muslim country, with an iron fist. Brazil's military junta was entering its twentieth year in power. And the threat of nuclear apocalypse cast its long shadow around the globe.

By 2014, just thirty years later, the world looks very different. The Soviet Union is gone; China and India have lifted hundreds of millions of people out of despair; Europe is unified, whole, and free; Africa boasts the world's fastest growing economies; the threat of nuclear war has receded; and all but one country in the Americas have emerged as viable democracies. Deaths caused by conflict have declined dramatically, from 53,286 in 1989 to 21,259 in 2013, and the number of interstate and internal conflicts have declined, as well.¹ Economic growth and trade have exploded in every region, and the Internet has become a ubiquitous and essential feature of commerce, culture, and politics. New problems have emerged or intensified—transnational terrorism, climate change, failing states, forced migration, cyber warfare, and humanitarian crises. By

Figure 1-1. High Majorities Believe Democracy Is a Good System for Governing Their Country



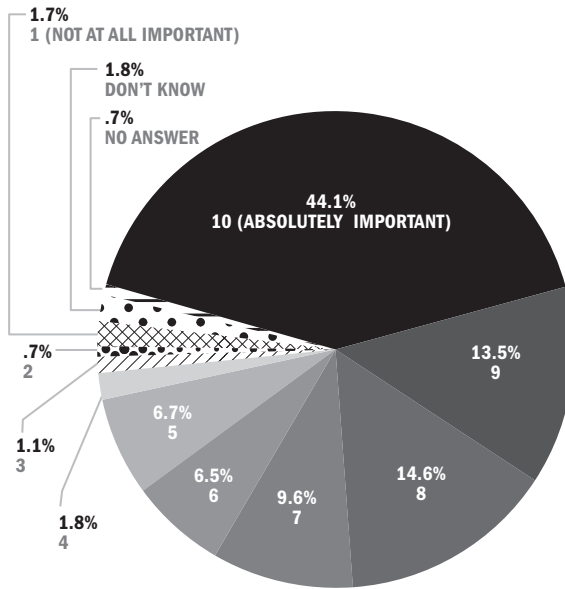
Note: 86,274 individuals from 57 countries were queried. Respondents heard descriptions of various types of political systems and asked whether each was a very good, fairly good, fairly bad, or very bad way of governing this country. Respondents were asked what they thought about “having a democratic political system.”

Source: World Values Survey, Wave 6 (2010–14), question V130.

most measures, however, the world today is a much better place for the average human being, who is now living longer, with more years of education, some shelter and electricity, and in better health. Since 1990 extreme poverty rates have been cut in half, more boys and girls are in school, child mortality has declined significantly, and more people have access to safe drinking water.²

Among the most notable changes in the intervening three decades is the expansion of democracy and human rights in every corner of the globe. In 1989, 69 countries (41 percent of the world’s countries) were electoral democracies, but as of 2014, there were 125 (63 percent of all countries). In 1989, 2.28 billion people lived in electoral democracies. Today the number is 4.18 billion, almost twice the number of just twenty-five years ago.³ Public opinion polling conducted in every region of the world shows that most people strongly prefer to live in democratic systems that allow free elections and protect civil rights, and most people believe in the effectiveness of democracy as a system of governance (see figure 1-1).⁴ States

Figure 1-2. High Majorities Consider Living in a Democracy to Be Important



Note: 86,274 individuals in 57 countries were queried. Respondents were asked, “How important is it for you to live in a country that is governed democratically? On this scale where 1 means it is ‘not at all important’ and 10 means ‘absolutely important,’ what position would you choose?”

Source: World Values Survey, Wave 6 (2010–14), question V140.

large and small, east and west, north and south have adopted more open, pluralistic, and competitive systems of governance, giving more people a stake in how they are governed (see figure 1-2). Tendentious rhetoric aside, there is also growing convergence around the core elements of liberal democracy—periodic, free, and fair elections, with secret ballots and universal suffrage, run by independent electoral bodies; the rule of law guaranteed by independent judiciaries; respect for universal human rights, including political and civil rights; multiparty political systems and a robust and independent civil society; civilian control of the military; and freedom of the press.⁵

Dramatic episodes of democratic change over the past three decades have captured the world’s imagination as “people power” rose up and defeated long-standing autocrats in the Philippines, Chile, Poland, and Korea. Spain successfully transitioned from Franco’s iron fist to a strong

parliamentary system with a weakened monarch. Mexico moved from one-party control under a democratic facade to peaceful transfers of power to opposition parties. The European Union expanded from twelve members in 1989 to twenty-eight today, all of which meet shared criteria for democratic governance, rule of law, and human rights. As the tide turned, and the democratic wave reached yet more shores, some even hoped that the end of history was near and that liberal representative government would rule the land.⁶ Recent history, however, is replete with examples of the profound difficulties of converting popular aspirations for voice, transparency, and accountability into viable forms of democratic governance. Aside from the positive example of Tunisia, the Arab Spring has turned into the Arab nightmare with civil wars raging from Yemen and Iraq to Syria and Libya. They remind us that the story of democratization is the tale of the proverbial “two steps forward, one step back.” Scores of stagnating illiberal democracies are stuck in neutral or sliding backward on their path toward more liberal systems, while more developed democracies contend with apathy, elite capture of politics, rising nationalism and populism, and growing polarization.

In this sea of change, five major countries—India, Brazil, South Africa, Turkey, and Indonesia (to which I refer throughout this book in short form as IBSATI)—stand out for three reasons:

1. They leaped from closed, authoritarian, illiberal governance to more open, representative, and accountable political and economic systems.
2. They made impressive progress in delivering better standards of living for their citizens, and their success as aspiring democratic powers could potentially impact other societies striving for change.
3. Their remarkably diverse populations, evident in multiple languages, ethnicities, and religions, distinguish them from more homogeneous and relatively cohesive societies such as Poland, South Korea, and Chile.

Their standing in the global community is changing as well: together, their citizens represent 25 percent of the world’s population, whereas their economies account for only 8 percent of global GDP, suggesting high potential for more growth to come. IBSATI countries’ average GDP growth rates over the past thirty years have been consistently above the global average, sometimes (from 2003 to 2008, and again in 2010 and 2011) as much as 50 percent higher. They also weathered the 2008 financial crisis effectively—their growth rates did not drop as low

as the global average, and they bounced back quickly. IBSATI countries as a group perform better than authoritarian China in certain economic measurements, as well. For example, in recent years their average GDP per capita has consistently exceeded China's until 2014, when GDP per capita in China surpassed the IBSATI average owing to contractions in Turkey and South Africa (GDP per capita in Brazil, India, and Indonesia all continued to grow).⁷ IBSATI countries have performed admirably in attaining Millennium Development Goals (MDGs); four of the five countries outstripped the global average in the percentage of the population with access to improved drinking water, and in lowering rates of child mortality.⁸ There are other powerful examples of rising democracies, namely, Mexico and South Korea, both important stories of political, economic, and social progress in the past three decades. For a variety of reasons, including their particular geographic, security, and economic relationships with their immediate neighbors (the United States and North Korea, respectively), they were not included in the study.

This chapter documents how these five rising democracies emerged from legacies of military rule, colonial control, apartheid, authoritarianism, and statism to more dynamic, decentralized, and democratic societies. It examines the historical turning points when national identities and policies shifted toward a new path of greater openness, both domestically and internationally. From those key moments of transition, the chapter demonstrates the progress each country has made across a whole range of indicators, from political rights and civil liberties to GDP per capita, literacy, maternal mortality, public expenditures for health and education, and other indicia of human development. It also tells the story of how each country has entered the globalized marketplace through an increasing reliance on international trade, migration, remittances, energy, and foreign investment flows.

The data, drawn from a broad spectrum of sources, reveal two critical findings about these five countries: first, that their chosen paths toward more democratic models of development helped fuel their own successes in providing better livelihoods for their citizens, and, second, that these achievements translated into more ambitious and activist claims for leadership at the regional and global levels. As their credibility and soft power as democratically governed states delivering economic and social development for millions of their citizens have grown, their demands for a greater say in global governance have expanded, posing

new challenges to the international order, particularly regarding the promotion of liberal norms of democracy and human rights. Their potential to provide positive examples to other countries, particularly vis-à-vis competing systems of hybrid authoritarianism, will also depend on how quickly and how well they can close major gaps in political, economic, and social goods. The job, in other words, is unfinished, and these five countries' weight in global affairs will rise and fall on their ability to meet international standards and their own publics' rising demands.

TURNING POINTS TOWARD LIBERALIZATION

Every national story of democratic transition is composed of a multitude of unique twists and turns. Each case also features a fork in the road between two paths—one of liberalization and representative governance, and the other of autocracy and isolation. This inflection point is identified in this study as T1. As the analysis below contends, the leaders, and more important the citizens, of these five rising democracies chose the more difficult but ultimately more durable and rewarding road of democratic development at critical moments of their national histories.

Brazil (T1 = 1985)

After its declaration of independence from Portugal in 1822, Brazil experimented with a range of governmental systems from monarchy and federal republicanism to parliamentary democracy and dictatorship. In 1964, conservative forces aligned with the military, with the support of the United States, overthrew the elected leftist president, João Goulart, ushering in a twenty-one-year period of military rule known for both repression of political opponents and fast economic growth based on state ownership of key sectors of the economy. For much of this time, political parties were banned, direct elections of mayors and governors were canceled, activists were tortured, and the military controlled all aspects of national security. As the military loosened its grip on power in the late 1970s and early 1980s, opposition parties began to consolidate their bases of support. In January 1985, they won enough votes in the electoral college to elect a civilian president, Tancredo Neves, and vice president, José Sarney. Neves tragically died before assuming office, leav-

ing it to Sarney to cope with spiraling foreign debt, rampant inflation, and a fragile transition to democracy. During his term, a constituent assembly drafted a new constitution that secured individual rights and civil liberties, criminalized coups d'état, and established various forms of direct popular participation in governance.

Brazil's economic woes, however, continued. Fernando Collor de Mello, Brazil's first directly elected president in twenty-nine years, battled hyperinflation, which reached 30,000 percent in 1990, through a series of wage and price freezes, privatizations, free trade, and fiscal reforms. Just two years into his term, however, Collor faced an impeachment trial for an influence-peddling scheme and resigned, handing power to Vice President Itamar Franco. Despite an economy still reeling from hyperinflation and rising unemployment, Franco rejected calls for a military-led coup aimed at purging a corrupt congress and judiciary, and opted instead for an ambitious and ultimately successful scheme to control inflation, known as the Plano Real, managed by his finance minister, Fernando Henrique Cardoso. During this period and under Cardoso's subsequent two-term presidency, the Brazilian economy stabilized and began to grow, laying the path for takeoff under President Luiz Inácio Lula da Silva in 2002. A former shoeshine boy and labor activist once jailed for organizing strikes, Lula expanded social welfare programs, lifting millions out of acute poverty, and presided over dramatic economic growth, new infrastructure, and a successful bid to host the 2014 World Cup and 2016 Summer Olympics. His designated successor, Dilma Rousseff, who once fought with urban guerrillas against the military dictatorship and was reportedly tortured while in prison, handily won elections in 2010 and more narrowly in 2014. She now faces twin political and economic crises fueled in part by strong demands for accountability for massive corruption led by Brazil's network of independent prosecutors, auditors, and judges.

In less than three decades, Brazil has moved from military dictatorship to multiparty democracy and even elected a former female guerrilla to run the country. It faces a myriad of challenges, notably high levels of inequality, rising unemployment, entrenched political corruption, and criminal violence. Nonetheless, its politics are more inclusive, human rights abuses have declined and are more likely to be investigated and punished by an increasingly assertive judiciary, the military is under civilian control and has abandoned nuclear weapons, and its economy has lifted millions of Brazilians out of poverty.

India (T1 = 1991)

India's relatively rapid transition from the end of British colonial rule to independence as a federal republic with a new constitution and nationwide elections by 1952 marks it as an early and special case of post-World War II democratization.⁹ Its pre-independence experimentation with political pluralism, particularly under the Congress Party, laid the groundwork for a wide diversity of Indian voices to have a say in political life.¹⁰ It has performed particularly well in competently administering free and fair elections in enormously complex circumstances, which have led to multiple peaceful transfers of power. On the economic front, however, India pursued a state-driven "mixed economy" structure that emphasized protectionist policies, centrally planned industrialization, and heavy restrictions on everything from imports to business licenses. By the mid-1980s, India's economy had fallen behind South Korea, Spain, Singapore, Taiwan, and others that followed a more competitive economic model open to the global economy. Some pro-business policies were passed in the 1980s to encourage private businesses, including de-licensing of key sectors, but by 1990 the Indian economy was nearly bankrupt. By the summer of 1991, India's debt had reached \$70 billion and the looming crisis prompted radical change.

In mid-1991 Prime Minister Narasimha Rao from the Congress Party and his finance minister, Manmohan Singh (later prime minister), initiated a vast economic reform program to stave off an acute liquidity/debt crisis. The hallmarks were the following:

- Opening many sectors to private investment (including power, steel, oil, air transportation, telecommunications, ports, mining, pharmaceuticals)
- Encouraging foreign direct investment, except in certain consumer goods sectors
- Abolishing industrial licenses for all industries to encourage competition and reduce red tape
- Liberalizing the services sector
- Devaluing the rupee
- Shifting from a fixed exchange rate to a market-based exchange rate
- Reducing certain tariffs as well as gradually liberalizing trade policy (which notably applied mainly to extraregional trade partners, not India's immediate neighbors)
- Liberalizing capital markets and encouraging private mutual funds

Since 1991, India's growth has been consistent and high. It has joined the ranks of the world's fastest-growing economies, giving rise to a massive, technically skilled Indian middle class. The financial slowdown of 2012 notwithstanding, India's economy, coupled with its more open and well-established competitive political structure, is poised to reap big gains in the coming years under newly elected prime minister Narendra Modi, whose coalition controls a majority in Parliament. On the political front, India remains a fairly solid middle performer but faces some fundamental challenges. Its failure to gain territorial control of its northeast and Maoist-controlled areas as a result of long-standing conflicts with indigenous communities, along with its ongoing contest with Pakistan for control of the Jammu and Kashmir region, has generated a host of human rights abuses that remain relatively immune to punishment thanks to the expansive Armed Forces Special Powers Act. It has a slew of constitutional and legal provisions that India's Supreme Court has interpreted in progressive ways,¹¹ but enforcement by national and state governments is weak and underresourced. A resurgence of Hindu nationalism has led to outbursts of anti-Muslim violence, and civil society and media face intense scrutiny and criticism by government officials.

Indonesia (T1 = 1998)

Before its financial crisis in 1997 and the *reformasi* period initiated in 1998, Indonesia was a good example of an authoritarian political system that also enjoyed strong economic growth. Most of the period under President Suharto (1967–98) was characterized by macroeconomic stability and a strong economy that benefited the majority of Indonesians. It was also marked, however, by severe limits on political parties, critical media and civil society, and an expansive role for the military in governance.

Because of high oil export prices in the 1970s and 1980s, Indonesia was able to invest heavily in a technologically advanced manufacturing sector, earning it the World Bank's moniker of "East Asian Miracle" in 1993. The Asian financial crisis of 1997, however, revealed the fragility of the Indonesian economy, which the Suharto government had distorted with domestic subsidies, export restrictions, massive corruption, and other statist policies. With the 1997–98 downturn of the Indonesian economy (GDP dropped an officially estimated 13 percent and inflation rose to nearly 60 percent in 1998), the economic conditions that had

justified Suharto's rule no longer existed, and he began to face calls for resignation. Public outcry against "Corruption, Collusion, and Nepotism" (*Korupsi, Kolusi, dan Nepotisme*) grew louder and, after 1996, they were particularly directed at Suharto and his family. (In 2004, Transparency International retroactively deemed Suharto the most corrupt leader of all time.) Simultaneously, interethnic divisions that economic growth had softened resurfaced in the late 1990s. Some conflicts manifested along party lines and turned deadly in the lead-up to the May 1997 general election.

The Suharto regime's initial response to the economic downturn was to float the currency (rupiah), raise interest rates, and tighten fiscal policy, but these measures were not enough to rescue the economy. In October 1997 Indonesia and the International Monetary Fund (IMF) brokered an economic reform agreement for macroeconomic stability, which included cutting off subsidies to a car company owned by one of Suharto's sons, dissolving a clove monopoly owned by that son, and canceling two power plant projects in which another son had a stake. In May 1998, while Suharto was in Egypt, demonstrations and violence broke out and ultimately culminated in Suharto's resignation on May 21, 1998. Shortly thereafter, his successor, B. J. Habibie, released political prisoners, lifted the Suharto-era controls on political parties and the press, and ended the military's formal role in government administration. After a rocky period marked by shifting coalitions, the rise of Islam in politics, the impeachment of President Wahid, separatist conflicts, and tumult and ultimately independence for East Timor, Indonesia settled into a stable period of steady democratization and growth under President Yudhoyono (2004–14). During this time, Indonesia's economy took off, middle classes expanded dramatically, and political accountability improved, demonstrating the compatibility of democracy and development. Elections in 2014 led to the ascension of the first president not from the old guard of Jakarta's elite, signifying a durability to the electorate's demands for change.

South Africa (T1 = 1994)

Uniquely in modern history, apartheid South Africa represented the gross injustice of a system of governance that rested its authority on minority white control of a majority black population. Although the United Nations began denouncing South Africa's apartheid regime in the early

1960s and initiated a voluntary arms embargo in 1963, international efforts grew more aggressive as the regime dug in its heels in the face of rising resistance both inside and outside the country. Over time, the United Nations, other international organizations, and the United States implemented a series of economic sanctions on South Africa in an effort to pressure the National Party to enter negotiations with the anti-apartheid opposition movement, the African National Congress (ANC).

South Africa finally submitted to sanctions criteria in 1990 by repealing the state of emergency that was in place at the time, removing the legal sanctions for racial segregation, releasing political prisoners—most famously, ANC leader Nelson Mandela who had been jailed for twenty-seven years—and legalizing and negotiating with opposition parties. In 1991 Parliament voted to repeal the legal framework that supported apartheid while negotiations continued on an interim constitution that would usher in a new era of majority-rule democracy. It was not until April 1994, however, that free and fair elections were held and the ANC, once the target of state violence, took power with 252 of 400 Parliament seats. Nelson Mandela was elected president and established a government of national unity. Subsequently, a progressive constitution and bill of rights were adopted and a Truth and Reconciliation Commission was formed to document past abuses and hold perpetrators accountable if they did not confess. A succession of free and fair elections were held, overseen by an independent electoral commission, and South Africa established itself as a relatively stable democracy while confronting a myriad of social, economic, and public security challenges. Under President Jacob Zuma, South Africa remains under the control of the ANC, a lethargic bureaucracy and a stilted model of reform increasingly beholden to China.

Turkey (T1=2002)

For much of the twentieth century, Turkey was governed under a strictly secularist constitution that outlawed any role for Islam in national politics. Mustafa Kemal Atatürk, the founder of Turkey's republic after the fall of the Ottoman Empire in 1923, shut down religious schools and courts and blocked any opposition to the political/military alliance he directed. Turkey did not hold democratic elections until 1950, when a newly formed opposition party came to power. For most of the post-World War II period, however, Turkey suffered through a series of failed civilian governments and military coups d'état, often provoked by the

traditional Kemalist fear of Islamist influence and control. It also struggled through armed conflicts in neighboring northern Cyprus and against armed groups affiliated with Turkey's sizable Kurdish minority. In 1996 its first pro-Islamic government since 1923 came to office but was pushed out of power by the military the following year, followed by a banning of the pro-Islamic Welfare Party, the largest party in Parliament. Throughout this period, many Turks lived in fear of the so-called deep state—the notion of a shadow government that persecuted those who threatened the secular order. While 1997 marked the last time the military intervened to bring about a more secularist government in Turkey, the Constitutional Court continued to defend secularism until 2002. It banned the Islamist-based Refah Partisi in 1998 and its successor, the Fazilet Partisi, in 2001 on the grounds that they violated article 2 of the Turkish constitution, which states that Turkey is a secular republic. Meanwhile, successive governments adopted some reform measures to liberalize politics and the economy, including expansion of women's rights, abolition of the death penalty, and lifting of bans against Kurdish-language education and broadcasting.

It was not until November 2002, following the collapse of another coalition government, that the newly formed Islamist Justice and Development Party (AKP) won a majority of seats and, after some constitutional changes, Recep Tayyip Erdoğan came to power as prime minister. The 2002 election led to Turkey's first single-party government since 1987 and first two-party Parliament in forty-eight years. From 2002 to 2014 the Turkish government was stable as the AKP won three consecutive elections by steadily increasing margins of victory. With an eye on future European Union membership, the AKP government also passed laws relaxing restrictions on freedom of expression and dramatically cut down the role of the military in politics, albeit with much turmoil and controversy. A rigorous economic stabilization program, aided by strong political support from a more stable parliamentary majority and assistance from the IMF, reduced public debt and inflation and raised the fiscal surplus.¹² During this period (2002–13), the Turkish economy grew by an unprecedented 253 percent, lifting millions of Turks into the middle class. The economic and political successes of the Erdoğan government, however, have emboldened it to centralize authority, weaken checks and balances, politicize the judiciary, and take harsh measures against opponents in the media, civil society, and the military, tarnishing its potential as a democratic example for other Muslim societies.¹³ Parliamentary

elections held in June 2015 temporarily restored some balance in the political equation, and the Constitutional Court has recently ruled against the Erdoğan government and in favor of a journalist who was arrested in December 2014 government sweeps. But the AKP's strong showing in snap elections in November 2015 means the jury is still out on whether Turkey can consolidate its status as a leading Muslim-majority democracy.

SIGNS OF PROGRESS: DEMOCRATIC GOVERNANCE, FREEDOMS, AND RULE OF LAW

The progress these five countries have experienced since their respective transitions toward liberalization got under way can be measured across multiple indicators that capture the state of democratic governance, civil and political rights, and open and accountable systems. For the purposes of this analysis, I reviewed historical data from Freedom House's Freedom in the World ratings, the Polity IV Index Project, the World Bank Institute's Governance Indicators, Transparency International's Corruption Perceptions Index, and Bertelsmann Stiftung's Transformation Index, among others. I also cross-checked the data with the more recent Economist Intelligence Unit's Democracy Index, bearing in mind that while the general categories are analogous, time ranges and specific indicators vary across databases.¹⁴

As described earlier in the chapter, for each of the five IBSATI countries, a critical year of transition to liberalization has been identified. Throughout the study, this transition year is identified as T1. The transition years are different for each of the five countries, based on their unique histories of political and economic development. Important inflection points are sometimes stated in reference to T1. For example, T1-4 is four years before the transition year. The in-text quantitative comparisons, wherever possible, begin with the averages of the five-year period preceding a country's turning point of transition, inclusive of the transition year (T1-4 to T1), and end with the most current period for which data were available. (Figures do not reflect the average of the five-year period preceding the turning point but rather show individual data points by year.)

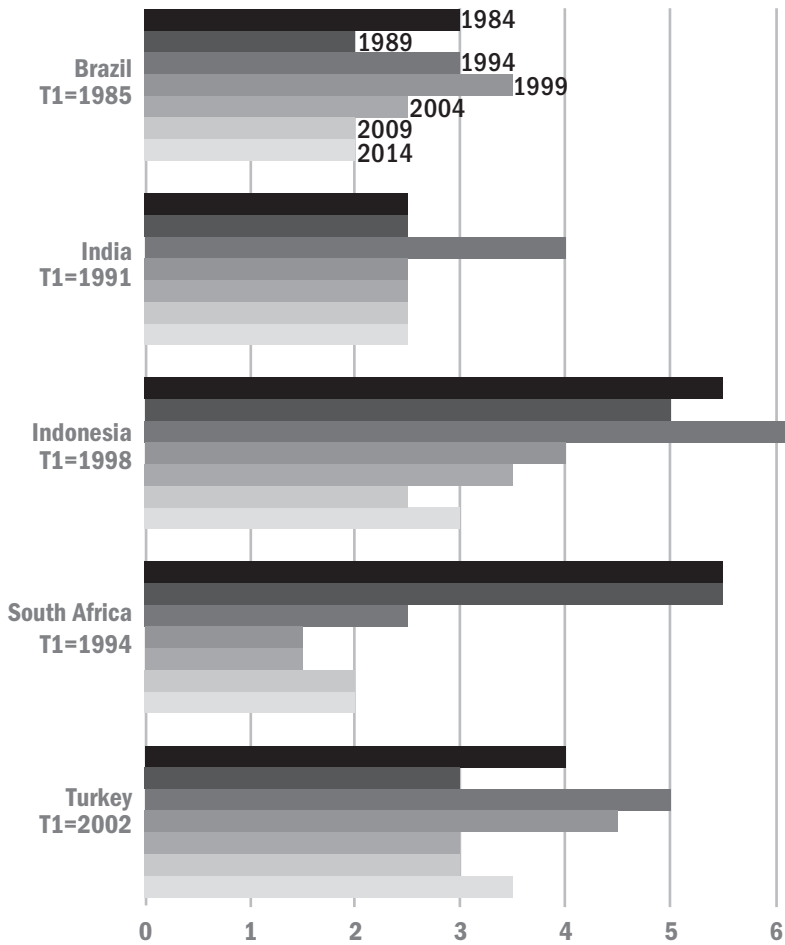
Not surprisingly, given the highly restrictive state of affairs before each country's period of liberalization, we see significant and early improvements in their adherence to international norms of democratic governance, political rights, and civil liberties. For example, Brazil and

South Africa moved from Freedom House's "partly free" category at T1-1, to "free" in T1, a spot they have held almost every year since then. Indonesia jumped even further, from "not free" in 1997 to "free" in 2005.¹⁵ India stayed in place as a "free" state given its longer experience with democracy, and Turkey floated in the "partly free" category (although with a more recent downward trend).

Polity IV data confirm these shifts from autocracy to democracy during the relevant transition years (India, again, being the exception as its political transformation occurred much earlier). On the Polity IV indicators of the regulation, competition, and openness of executive recruitment, all five states have stable and transparent rules for selecting heads of state and government in a competitive manner. Similarly, all five have healthy levels of constraints on executive power through accountability mechanisms like a legislature, political parties, or the judiciary, although Turkey is backsliding.¹⁶ In the area of political competition and opposition, which measures the degree of regulation of political participation and restrictions on political competition, all five score close to the top of the Polity IV charts, indicating that there are relatively stable and enduring secular political groups that regularly compete for political influence at the national level with voluntary transfers of power to competing groups and little coercion or disruption.¹⁷ These data underscore the consolidation in all five countries of democratic practices that foster political stability, civil peace, and social cohesion, which in turn support a wealth of other benefits to society at large, including higher socioeconomic development and quality of life, as will be demonstrated later in the chapter.

Scores from Freedom House for political rights and civil liberties before and after each country's transition also improved substantially, although they have largely flattened or even declined slightly in recent years (see figure 1-3). The same can be said for ratings regarding press freedom, that is, substantial improvement in the early years followed by more recent stagnation and worrisome backsliding, although Indonesia's scores have improved since the fall of Suharto in 1998.¹⁸ Similarly, according to a wide range of governance data analyzed and synthesized by the World Bank Institute since 1996, these five democracies improved on most "good governance" indicators after their initial break from more closed systems. Performance more recently, however, has stagnated or declined in some areas, especially in Turkey. On the World Bank's category of "voice and accountability," which captures perceptions of the extent to which a country's citizens are able to participate in selecting

Figure 1-3. Freedom House Political Rights and Civil Liberties Scores 1984–2014



Note: On a scale from 1 to 7, 1 represents the most free and 7 represents the least free. The average score for the year of transition for the IBSATI countries (T1) was 3.4. The average score for the IBSATI countries in 2014 was 2.6.

Source: Freedom House, "Freedom in the World," 2015.

their government, as well as freedom of expression, freedom of association, and a free media, Brazil, Indonesia, and Turkey have advanced significantly during their initial periods of democratization, while India has remained flat and South Africa has fallen, although it still scores higher than any of the other four. In the area of women in politics, all

five countries witnessed moderate to substantial increases between 1990 and 2013 in the percentage of parliamentary seats held by women, ranging from a high of 42.3 percent in South Africa (the fourth highest in the world) to 8.6 percent in Brazil.¹⁹ (For reference, the global average for female participation in parliaments is about one in five.²⁰)

In another key area of democratization—security sector reform and civil–military relations—all five countries have benefited from a more stable international environment after the Cold War as civilian leaders sought to assert primacy over unwieldy and powerful military establishments. Military expenditures as a percentage of GDP, for example, declined in four of the five countries compared with the period before transition.²¹ The size of militaries as a percentage of the population declined significantly, as well.²² Civilian leaders made strides in reining in military prerogatives, took greater control of defense policy and bureaucracies, and generally shifted priorities from internal security to external missions such as peacekeeping, humanitarian assistance, and counterterrorism. The number of military personnel from IBSATI countries serving in international peacekeeping operations, for example, jumped significantly as all five countries sought both to redirect missions and demonstrate buy-in to the international order regime. Brazil and India, which also wanted to prove their bona fides for a seat on the UN Security Council, led the growth, increasing their troop contributions to UN peacekeeping missions from 27 (Brazil) and 35 (India) in 1990 to 1,697 (Brazil) and 8,139 (India) in 2014.²³ The peace dividend of their transformation years also allowed governments to reallocate resources toward other domestic priorities, such as social welfare and infrastructure development.

The Bertelsmann Transformation Index, which tracks the quality of both political and economic transformations based on such indicators as political participation, rule of law, and sustainable market economies, shows a steady improvement for four of the five countries since it began assessments in 2003.²⁴ All five except Indonesia were rated in 2013 as “advanced” in their transformation processes, while Indonesia jumped in the rankings of 129 countries from number 53 in 2006 to number 35 in 2014.²⁵ Their analysis supports the conclusion that liberalization of political and economic systems have gone hand in hand and reinforced one another. On perceptions of corruption, which Transparency International began surveying in 1995 to assess perceived levels of public sector corruption in 177 countries and territories, all five countries except South Africa improved their scores between 1995 and 2011.²⁶

In terms of their transitions to market-based economies that respect property rights, regulatory and competition policies, and freedom of labor and capital, all five rising democracies demonstrate a pattern of liberalization, while retaining important roles for the public sector, especially in India and Brazil. The Bertelsmann Transformation Index, for example, which tracks, *inter alia*, private enterprise, property rights, and market organization and competition, found that all five countries except South Africa improved their scores between 2005 and 2013.²⁷ Similarly, the Wall Street Journal/Heritage Foundation Index of Economic Freedom, which uses a more conservative set of indicators, found better performance for all five countries between 1995 and 2014.²⁸ During this period, India, which underwent a concerted policy of economic liberalization, scored better on the tax burden on individuals and corporations and tariff and nontariff barriers to trade; Turkey also improved significantly in the tax burden category and on price stability and controls. On other indicators, performance varied across specific categories, but the net gain was positive.

A similar set of studies conducted since 1970 by the Fraser Institute, which rates countries on “economic freedom”—size of government and taxation, private property and the rule of law, soundness of money, trade regulation and tariffs, and regulation of business, labor, and capital markets—found greater liberalization of economic policies across the board in all five countries compared with periods before T1.²⁹ India, for example, jumped on a scale of zero to ten from a score of 4.9 in 1990, a year before its decision to liberalize its economy, to 6.5 in 2012. According to the authors, the study’s findings of economic freedom correlate positively with such indicators as per capita income and economic growth, income disparity of the poorest 10 percent, political rights and civil liberties, corruption, literacy, and life expectancy.³⁰

In sum, the weight of the evidence, whether it comes from more conservative approaches to economic freedom taken by Heritage and Fraser or the more center-left social democracy orientation of the Bertelsmann Index, strongly supports the conclusion that liberalization of political and economic structures in these five countries has created a virtuous circle of reform, especially in the early years of transition. The data also reveal, however, that these five countries largely sit in the middle of the relevant performance range, with little to no improvement in more recent years.³¹ Public opinion polling in the IBSATI countries underscores this nonlinear path of transition and complicated demands for democracy.

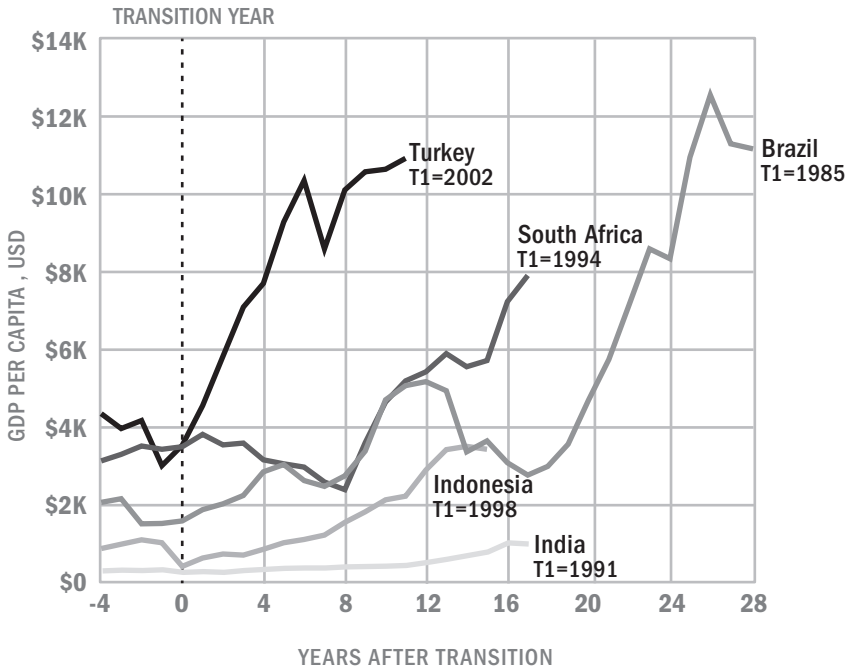
According to the World Values Survey, a large majority of each country's population feels democracy is a "very good way" or "fairly good way" of governing their countries, and an equally large majority stresses how important it is to live in a democracy.³² However, conceptions of what constitutes a democracy vary widely. Whereas most respondents feel that strong civil rights are an essential element of democracy, a substantial minority also feel that military intervention against an incompetent government (even a democratically elected one) is not inherently undemocratic.³³ The definition of democracy also differs from country to country, with income equality ranking as a high priority in Turkey while Indonesians place greater importance on gender equality and Brazilians on the free election of leaders.³⁴ Given such varied popular conceptions of democracy, the uncertain trend lines of IBSATI countries' democratic progress are perhaps unsurprising.³⁵

SIGNS OF PROGRESS: ECONOMIC GROWTH AND HUMAN DEVELOPMENT

As the political dynamics of change swept through the five IBSATI countries from 1985 to 2002, their governments grew increasingly responsive to voters' demands for better living conditions and opportunities. Democratic governments adopted a series of measures to stimulate greater economic and job growth, invest in globalization and foreign trade, and expand social safety nets to lift more people out of poverty. In response, their economies took off, doubling and tripling in size, as figure 1-4 demonstrates.

Compared with the five-year average of GDP per capita in their respective periods before transition, the IBSATI countries grew a whopping 279 percent on average by 2013. Brazil led the pack with a sixfold increase in GDP per capita T1-4 compared with 2013, India's economy grew more than four times, Indonesia's more than 3.5 times, South Africa's doubled, and Turkey's grew 2.8-fold. When measured since 2002, the five countries continued to demonstrate high levels of economic growth per capita, led by Turkey, Brazil, and South Africa. In contrast to previous periods of boom and bust, growth was relatively steady and sustainable, as measured by the overall volatility of each country's growth, although the global recession of 2008 weakened stability somewhat, particularly in India, South Africa, and Turkey. Cash reserves increased and national debt as a percentage of GDP decreased in all but

Figure 1-4. GDP per Capita Has Markedly Improved Since Transition

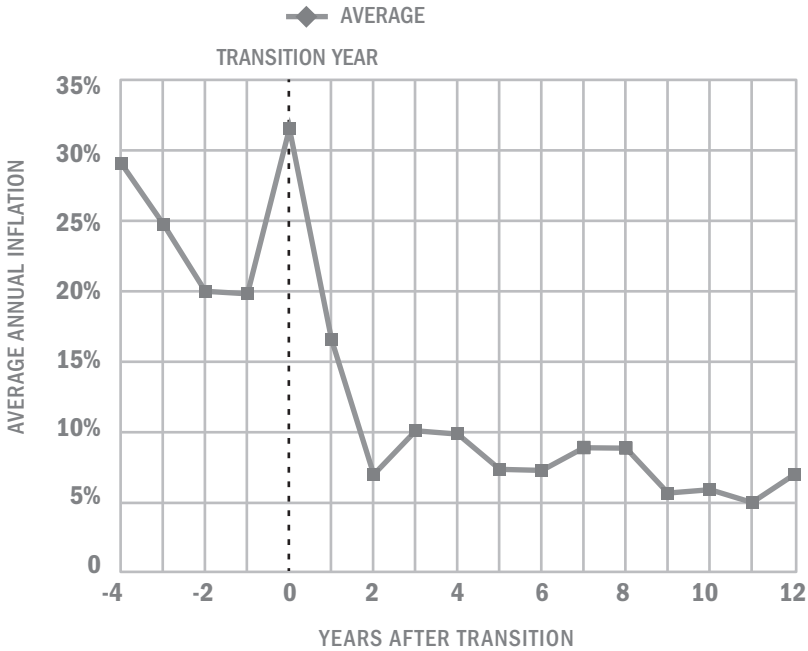


Note: Each country was assigned a different year of transition identified by the author as T1. The most recent data for each country are from 2014.

Source: World Bank.

India, evidence of more prudent macroeconomic management. As figure 1-5 shows, inflation notably decreased during their transition periods, or fluctuated within a relatively narrow band. This in turn lent stability and predictability to the economy, encouraged savings, and created conditions in which people could plan for their futures, all core elements of quality of life in developed democracies. Declining rates of population growth in all five countries contributed to these trends, as well.

On the downside, these spectacular growth rates were not accompanied by a significant decline in either unemployment or in inequality. Unemployment actually increased in Brazil, Indonesia, South Africa, and Turkey and stayed mostly flat in India. Inequality declined slightly in Brazil and Turkey after transitions were launched but increased in South Africa, India, and Indonesia. Coincident with these trends, and partly in

Figure 1-5. Average Inflation Decreases and Stabilizes after Transition

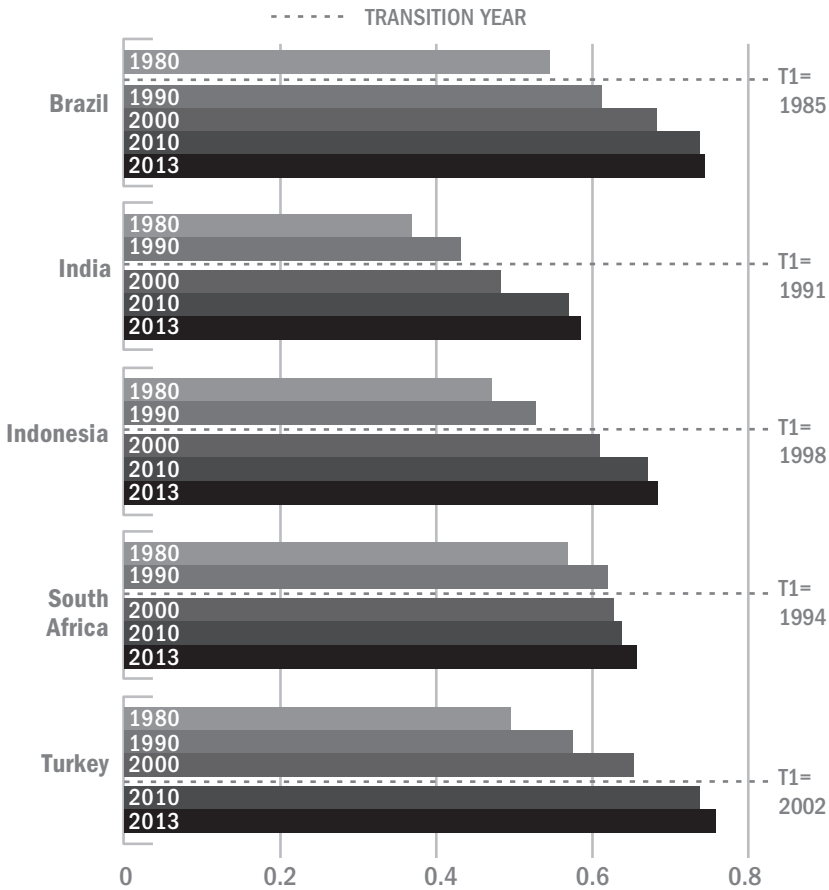
Note: Includes India, Indonesia, South Africa, and Turkey. Brazil not shown because hyperinflation in the 1980s and early 1990s skews average. The most recent data for each country are from 2014.

Source: World Bank.

response to popular demands for greater equity in development, each country took various steps to increase spending on social welfare, health care, food assistance, and conditional cash transfer programs. For example, under President Lula, Brazil substantially expanded the Bolsa Familia program, which makes cash transfers to eligible low-income households in return for conditions like keeping children in school.³⁶ Turkey instituted a national health care plan that dramatically increased public access to medical services from 69.7 percent of the population in 2002 to 99.5 percent in 2011.³⁷ More recently, India adopted legislation providing more food assistance to the country's still massive number of hungry families. The subsidized grain program is expected to benefit almost 70 percent of the population at a cost of approximately \$4 billion a year.³⁸

The result of these complementary transitions toward political and economic liberalization and increased social welfare expenditures was a meaningful increase in indicators of human development, as measured by the UN Development Program since 1980. The Human Development Index, which measures the average achievements in a country in three basic dimensions of human development (a long and healthy life, access to knowledge, and a decent standard of living), shows significant improvements in all five countries compared with pre-liberalization periods (see figure 1-6). On the high end, Brazil jumped from low to high levels of human development; on the low end, South Africa fractionally moved up within the medium-level category. Poverty rates, as measured by the percentage of the population living on \$2 or less a day, dropped substantially in all five countries over the relevant time period before and after their turning points, with Brazil again leading the pack.

A closer look at some of the most important indicators in the health and education categories reveals a tangible difference in the quality of life for millions of people living in these five democracies compared with earlier periods. Life expectancy moved from an average of 63.6 years in the five-year period before each transition to 68.3 years as of 2012.³⁹ Both infant and maternal mortality rates decreased significantly. The great exception to this trend, South Africa, reflects the devastation wrought by the spread of HIV/AIDS and the ANC political leadership's tragic failure to address the crisis in a timely manner. Not surprisingly, public and private spending on health care continued to rise as politicians and the marketplace responded to the growing clamor for greater access to and better quality of care, as witnessed in major social protests seen in Brazil in 2013. A similar phenomenon took place in the realm of education—literacy rates grew across the board and more students reached higher levels of school, despite the rather anemic growth in public spending on education. Women enrolled at higher rates in secondary and tertiary education, especially in Turkey and India,⁴⁰ and the gender gap in youth literacy narrowed considerably. The MDGs provided a framework for tackling poverty globally, and the IBSATI countries generally tracked with or exceeded global norms in achieving them. From 1990 to 2015, great progress has been made in reducing extreme poverty and child mortality, increasing access to and equality of education, improving maternal health, and a host of other key development aims.⁴¹ The IBSATI countries at least met if not exceeded the global average in improvements to child mortality and access to clean water (see figure 1-7

Figure 1-6. Human Development Improves after Transition

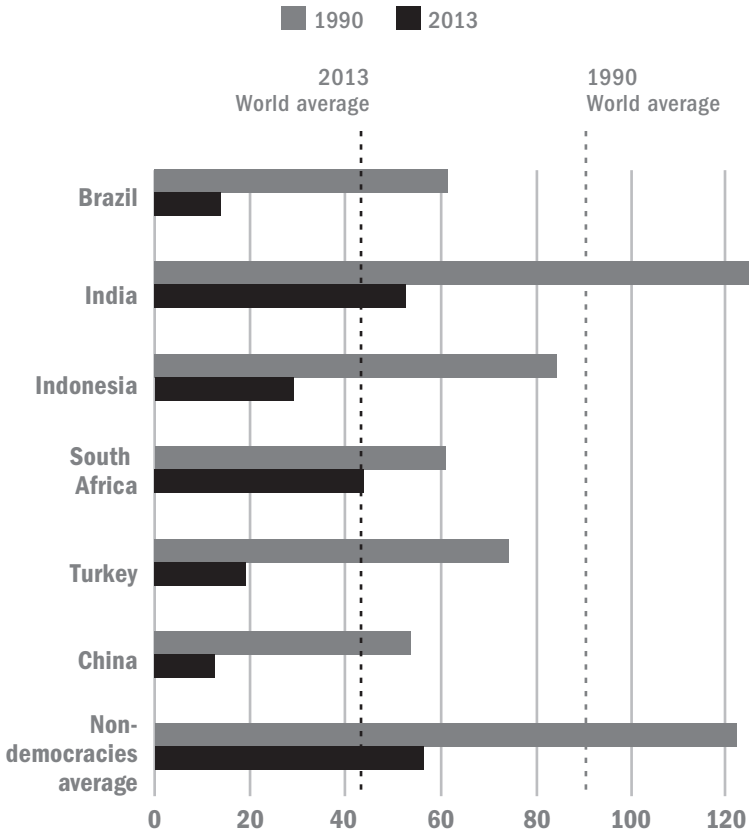
Note: The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development, including life expectancy, health, education, and standard of living.

Source: United Nations Human Development Program, Human Development Index.

and figure 1-8). (Indonesia fell a bit short on access to clean water, and India also lagged slightly in addressing child mortality.) In most instances, they performed considerably better than non-democracies did in both these arenas.

New conceptual and quantitative work undertaken by Sakiko Fukuda-Parr and colleagues on measuring state progress toward fulfilling their

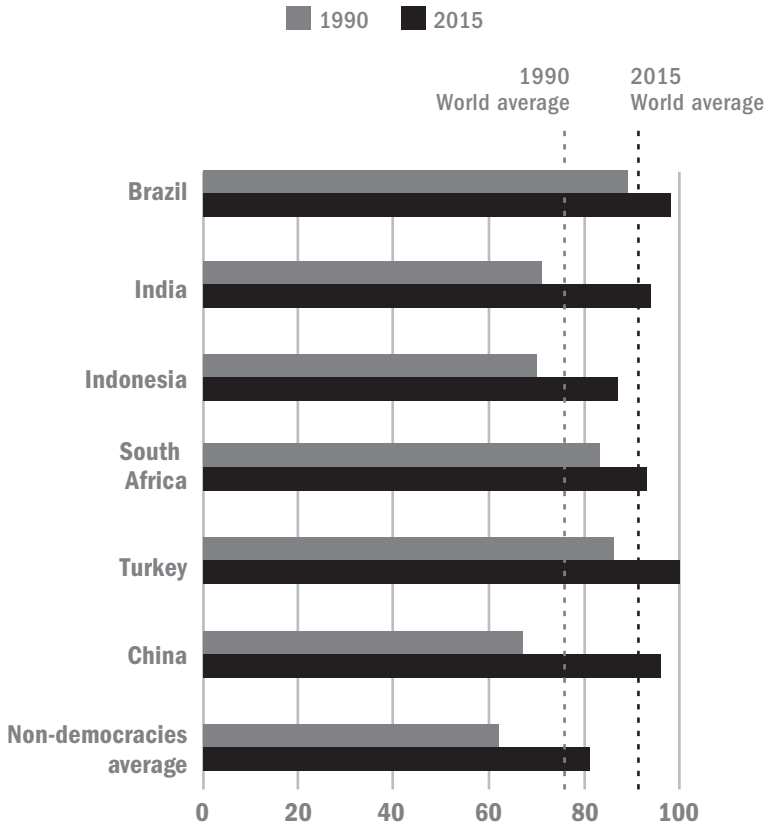
Figure 1-7. Children under Five Mortality Rate per 1,000 Live Births



Note: United Nations Millennium Development Goal 4.A states, “Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.” Non-democracies were selected from Freedom House “not free” countries, 1990 and 2013.

Source: United Nations Millennium Development Goals (mdgs.un.org/unsd/mdg/data.aspx).

international social and economic rights obligations confirm these trends. Their Social and Economic Rights Fulfillment (SERF) Index, which uses objective survey-based data published by national and international bodies, seeks to measure to what extent states are meeting their obligations to progressively respect and protect economic and social rights set forth in the Universal Declaration of Human Rights and the UN Covenant on Economic, Social, and Cultural Rights. The five indicators they employ cover the rights to food, education, health, housing, and decent work.

Figure 1-8. Proportion of Population Using an Improved Drinking Water Source

Note: United Nations Millennium Development Goal 7.C states, “Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.” Non-democracies selected from Freedom House, *Freedom in the World* “not free” countries, 1990 and 2014 (the most recent year for which scores are available).

Source: United Nations Millennium Development Goals (mdgs.un.org/unsd/mdg/data.aspx).

On average, all five rising democracies significantly improved their overall scores between 2000 and 2010.⁴²

EMBRACING GLOBALIZATION AND INTEGRATION

During earlier periods in each of the rising democracies’ histories of varying degrees of autocracy and statism, political leaders pursued lim-

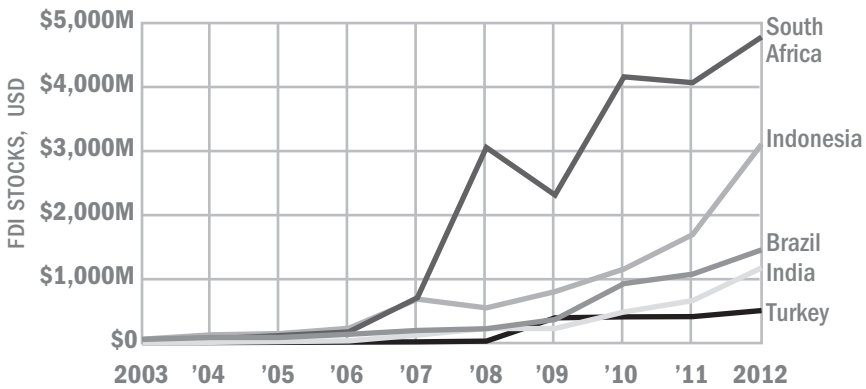
ited ambitions in the international sphere. The dominant theme of the Nonaligned Movement, for example, was all about staying out of big-power politics for fear of the collateral damage of associating oneself with one or the other superpower.⁴³ On economic terms, governments took a similar path as they sought to harness state control of the economy to advance ambitious plans for national development (along with self-aggrandizement and personal enrichment). Growth rates were strong at times but also volatile, a trend typical of autocratic regimes,⁴⁴ and costs in political and human rights terms were high.

As globalization accelerated in the 1990s, led by big economies like the United States, China, and Europe, the IBSATI countries jumped on the bus with policies designed to expand international trade, promote exports (of both primary and secondary goods and services), privatize state-owned enterprises, and welcome foreign direct investment. During this period and continuing today, these countries are diversifying their economic and trade relations, with big shifts from developed to developing economies as major trading partners. As noted in UNDP's Human Development Report for 2013:

The world is getting more connected, not less. Recent years have seen a remarkable reorientation of global production, with much more destined for international trade, which, by 2011, accounted for nearly 60% of global output. Developing countries have played a big part: between 1980 and 2010, they increased their share of world merchandise trade from 25% to 47% and their share of world output from 33% to 45%. Developing regions have also been strengthening links with each other: between 1980 and 2011, South–South trade increased from less than 8% of world merchandise trade to more than 26%.⁴⁵

IBSATI countries all contributed to these trends. For example, during the period before their respective transitions, exports of goods and services as a percentage of GDP represented on average 18.7 percent. By 2013, exports as a percentage of GDP rose to more than 23.6 percent on average,⁴⁶ indicating the growing dependence on global trade for economic growth. A similar though stronger pattern holds for imports. Trends have changed, however, as they relate to trading partners. Notably, over the past decade, the export destination mix of each IBSATI country has shifted away from advanced economies like the United States and Europe

Figure 1-9. Chinese FDI in IBSATI Countries Increases Dramatically in Recent Years (Year-End Stocks)



Note: Includes Brazil, India, Indonesia, South Africa, and Turkey.

Source: National Chinese Bureau of Statistics.

and toward other emerging economies. The majority of exports from Brazil and India, for example, go to emerging economies, particularly in Asia and the Middle East/North Africa.⁴⁷ The same is true of their import mix, in part attributable to rising energy imports,⁴⁸ but also due to the rise of Chinese production.

Before each country's turning point, China did not even register on the top five list of trading partners for any of the IBSATI countries. As of 2012, however, China became the number one source of imports for Brazil, India, Indonesia, and South Africa.⁴⁹ Similarly, as of 2012, exports to China from these same four countries were in the top three destinations.⁵⁰ Energy imports as a percentage of each country's energy use are also on the rise, except for Brazil, which has abundant domestic sources of hydropower, bioethanol, oil, and gas. Another notable shift is toward increased trade with countries in their respective regions, particularly for Indonesia and Turkey. Yet another sign of their growing reliance on external forces for economic growth can be seen in the big jump in foreign direct investment from 1994 to 2012, especially for India and Brazil. Foreign direct investment from China in particular rose dramatically between 2003 and 2012, especially to South Africa and Indonesia, as figure 1-9 shows.⁵¹

As the rising democracies transition from lower- to middle-income status and expand their economic spheres of interest around the globe,

they are also shifting from being foreign aid recipients to foreign aid donors. Turkey stands out in this dimension, moving from \$151.34 million in official development assistance (ODA) in 2001 to \$3.3 billion in 2013, or 0.4 percent of gross national income, ranking it thirteenth on the list of most generous ODA donors in 2013.⁵² Turkey was the world's third most generous donor of humanitarian assistance in 2013, above Germany, Japan, and France, and number one as a percentage of gross national income; Brazil reached number twenty-three, above Russia and China.⁵³ Brazil and India also have increased their ODA of late, though on a much more modest scale than Turkey. This should not come as a surprise given their place as leading recipients of ODA.⁵⁴ Indonesia also remains a major recipient of development aid. These trends suggest IB-SATI countries, with the exception of Turkey, remain preoccupied with their national development demands and slow to step up to the international community's expectations that they will shift from being free riders to donors. The BRICS New Development Bank, which will provide concessional development financing to its members and other developing countries, is one indication this may now be moving in a more serious direction, but China, with its deep pockets, remains in the driver's seat.

These changes toward integration in the global economy have important implications for the IB-SATI countries' respective rise as regional hegemons and carve out complementary economic and political spaces in their respective geographic zones to protect their national interests. They also bring home the remarkable shift in reliance on trade with China, which has become both Brazil's and South Africa's largest trading partner. These trends make it all the more likely that IB-SATI countries, as they seek to gain a foothold in emerging economies (many of which are considered non-democracies or illiberal regimes),⁵⁵ will continue to avoid placing political conditions on their trade with countries that have bad democracy and human rights records.

The IB-SATI countries' embrace of globalization can be seen in other important areas, touching millions of citizens in their daily lives. Access to the World Wide Web, for example, has exploded across the board, as have cell phone subscriptions. Large exile communities have settled in third countries for work and family reasons, sending billions of dollars home to their relatives and thereby lifting millions more out of poverty.⁵⁶ The numbers are particularly stunning for India, which received nearly \$70 billion from Indians living abroad in 2012 alone, the highest amount

in the world.⁵⁷ More and more students from IBSATI countries are traveling abroad for their studies, learning foreign languages, exploring new cultures firsthand, and developing networks of friendship and professional colleagues that are reshaping opinions about “the other.” Bollywood films from India proliferate in the souks of the Arab world, while Brazilian music wafts through cafés from Oslo to Osaka, adding to the heady mix of a smaller, more integrated world and India and Brazil’s own soft power.

The IBSATI countries’ rise on the global stage has also generated greater interest in international tourism to their respective lands. From 2004 to 2012, receipts from international tourists grew steadily in all five countries as the ease and cost of air transport allowed more visitors from distant locales to visit areas once out of reach. Turkey’s volume of visitors far outstripped the other four and has become an important factor in its high economic growth rates. It also operates as a constraint on its willingness to address the rising instability in its neighborhood for fear of inviting terrorist violence on its own soil, which would damage its increasingly tourism-dependent economy.⁵⁸ But the fundamental point remains: the planet is a more interconnected place now than when the IBSATI countries first embarked on their paths of liberalization, and they have been major players in this transformation, contributing to and benefiting from a more globalized world that is governed by shared rules of the road.

CONCLUSION

The evidence is overwhelming that the democratization and liberalization of political and economic systems in these five big rising democracies over the past three decades moved hand in hand with remarkable progress in the standards of living for millions of their citizens, proving that democratic forms of government and positive human development are compatible and, indeed, mutually reinforcing phenomena. The trajectory of many other democracies, from South Korea to Mexico to Poland and Chile, correspond strongly with this finding. The data from a wide variety of sources, both national and international, demonstrate that democracies deliver not only more open, responsive, and accountable governance and better respect for human rights, goods in and of themselves. They also produce positive development outcomes, more stable economies, and tangible improvements in citizens’ lives, establishing the instrumental value of choosing a democratic path to development. This

powerful combination of democratic legitimacy derived from governing with the consent of the people and development legitimacy as evidenced by tangible progress in peoples' lives gives them undoubted credibility as rising leaders on the world stage.

It should come as no surprise, therefore, that these states now claim a greater say in the decisionmaking process and leadership of the international institutions created since World War II. These and other rising democracies demand greater attention and power from the IMF and the World Bank to the World Health Organization and the World Trade Organization. In some areas, they are getting it—for example, G-20 membership, which all five IBSATI countries have—but mostly they are not. Some are particularly insistent on winning a permanent seat on the UN Security Council; advocates for such a change argue that their role as constructive leaders of the international liberal order hinges on giving them a greater say.⁵⁹ As they grow more impatient, they become more passive-aggressive vis-à-vis the international order, with a penchant for balancing the United States and Europe. Some are moving laterally to partner more deeply with nondemocratic countries like China and Russia, both bilaterally and through the BRICS group, and maintaining close ties to regimes like Zimbabwe, Venezuela, Cuba, and Iran. Their inclination to swing between the club of advanced democracies and the increasingly coherent group of authoritarian states raises doubts that they are ready to assume leadership roles in the international liberal order.⁶⁰ As one European diplomat remarked, they “can’t be friends with everyone and still have global influence.”

In response to these trends, traditional democratic powers should do more to find areas of convergence with the rising five democracies. They have, after all, what other leading claimants for greater influence in the world do not: political legitimacy afforded through modern popular sovereignty, derived by the consent of the people, as expressed in periodic and genuine free and fair elections, universal and equal suffrage, and secret ballots.⁶¹ Recent declines in their respective records of respect for progressive norms of civil liberties, transparency, and accountability, however, are worrisome and may hurt the IBSATI group’s claim for international leadership. It is difficult to discern whether, in the complex ebb and flow of politics, globalization, and nationalism, these five countries are more likely to remain in a gray zone or to advance in their liberalization agendas. In their transformations from closed to more open societies, these five rising democracies have chosen national development

paths that skew centrist and moderate, with a hybrid mix of liberal and more state-centric political and economic policies. Compared with other democracies, they are neither shining stars nor declining laggards. This mixed outcome may be inherent to highly diverse and rapidly modernizing democratic societies that seek to reconcile competing demands through more democratic and hence slower, costlier, and more complex means. This hybrid trajectory is evident in their foreign policies, as well, as the remainder of this book explains. If progress continues to stagnate or reverses, their credibility as standard-bearers for the compatibility of democracy, peace, and development may fall.

These swing states have a dual responsibility: to deepen their commitments to the path of sustainable democratic development and to become more responsible leaders of the international liberal order. In turn, more advanced democracies should redouble their efforts to improve their own human rights records, listen and learn from their democratic brethren, and develop new ways and means of finding common ground to protect the democratic gains of the past thirty years.⁶²