

The National Endowment for Democracy

First Annual Seymour Martin Lipset Lecture on Democracy

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Thank you, Ambassador Kergin, for your hospitality.

I am grateful for the National Endowment for Democracy for the opportunity to participate in this most deserved tribute to Professor Seymour Martin Lipset.

As I was drafting some notes for my talk today, I remembered that Professor Lipset and I first got in touch with each other in the mid-sixties. I was pleased to contribute to the book he edited with Aldo Solari on Elites in Latin America, in 1967.

I was by then a full-time researcher at the University of São Paulo. I was doing research about the role and ideologies of industrial elites in Brazil (and in Argentina), subject on which I had just written one of my academic thesis.

It was thus very rewarding for me to be engaged in the broader debate which was being led by Professor Lipset on the ethic or values orientation of elites in Latin America.

Professor Lipset's views could not be more straightforward. Building on concepts developed by Talcott Parsons, Lipset argued that the relative backwardness of Latin America could not be fully explained by economic factors alone.

Attention should also be paid to the attachment of local elites to values that inhibited a systematic accumulation of capital. Latin Americans were said to be all but enthusiastic supporters of the principles of achievement, universalism and equalitarianism.

Hence the importance of cultural change in the region. This could be achieved by improving and diversifying the content of the education system or through transformation of the social structure in order to offstage traditional power holders, addicted as they were to ascription, particularism and elitism.

To Lipset, there would be no need to inculcate a Protestant ethic in Latin Americans. As shown by nineteenth-century Japan and by European Reformers, shifting from tradition to modernity could be pursued within the same cultural environment.

To become efficient and competitive, the Japanese did not have to abdicate from the Samurai ethic of militancy. European Reformers did not have to renounce concern with salvation either.

In short, Lipset conceded that achievement values could prosper in Latin America without displacing basic cultural and religious tenets.

In my contribution I tried to stress that the formation and ideology of industrial communities in peripheral countries could not be properly explained by theories coined to account for the historical evolution of elites in industrialized countries.

Conditions for development in Latin America would not be set by simply updating the thinking of entrepreneurs through the assimilation of values more akin to the spirit of capitalism.

If we were to grasp the situation and prospects of local industrial elites, I was convinced that it would be essential to consider the specific structural and historical patterns the entrepreneurial activity had taken in the region.

At least a couple of variables that had not been present in the industrialization of developed countries would need to be taken into account, all of which limiting the chances that entrepreneurs could act as "demiurges".

Firstly, basic conditions of production and marketing - such as technology and trading methods - appeared to have been laid down a priori by developed economies.

Also relevant was the fact that entrepreneurs found themselves confronted by other groups of the industrial community who put pressure on or through the state to restrict industry's freedom of action.

Finally, the expansion of markets and the adoption of policies of industrial development were not priorities for power-holders any longer.

Instead, governments were concerned with ending the domination of large landowners and securing international rules to advance the industrialization process.

In such circumstances it would be difficult, if not impossible, that Latin American industrialists played the same dynamic role their North-American or European counterparts had played in the development of capitalism.

Values in the industrial community were certainly evolving from the mentality of the patron to that of the modern professional entrepreneur, but this was occurring in rather irregular and contradictory ways, exactly because of the practical factors and constraints I have just mentioned.

Modern and traditional mentalities coexisted side by side, sometimes in a sort of functional relationship, as if

meant to reinforce one another.

This is not the occasion to evaluate in detail whether the views Professor Lipset and I held in the mid-sixties still bear any hermeneutical value.

It goes without saying that entrepreneurial practices and values in Latin America have changed dramatically over the last decades. The reasons for that are manifold, among which the new wave of globalization.

Due to factors like the information technology revolution and the internationalization of production processes, there has been an extraordinary convergence of methods and perceptions among business communities all over the world.

Despite the continued relevance of national and regional characteristics, business circles are definitely sharing a common code of procedures and concepts, much to the benefit of general levels of productivity.

Latin America is no exception to that trend. Of course, the region is not a homogeneous whole. Indicators vary from one country to another, being more positive in nations which count upon a significant scientific and technological basis.

Brazil fares well in this regard as shown, for instance, by the number of PhDs graduated by the country every year, which totals around six thousand. This is basically the same performance as that of Italy or Canada. Most of these new doctors are from areas of direct relevance to economic development, such as agriculture research.

The country's most important research center in this field - the Brazilian Enterprise on Agriculture Research - has over one thousand doctors in its payroll.

It should come thus as no surprise that Brazilian agrobusiness is breaking records in production and productivity year after year, with the country ranking first or second among commodity producers in many areas (soya, coffee, sugar, maize, meat, among others).

Independently of the extent to which the scenario we drew in the sixties is outdated, I am certain that the subject area Professor Lipset and I concentrated on continues to be as important as ever.

Studies on ethics or values orientation remain very relevant to the understanding not only of economic processes, but also, and perhaps most importantly, of political agency.

It is true that governments seem not to derive their legitimacy any longer from sustaining the "right cause" or launching the "good combat", but from delivering well what their constituency expect them to.

Today's motto is not "what to do", but "how to do it" in the most efficient and cost-effective manner. But this in

no way implies that values or ethical considerations ceased to matter to public agency. Politics has not been confined to a technical optimization of defined interests.

Values continue to be of the utmost importance to politics, but they import in a different way. Political agents are now supposed to engage in deliberative exercises with a multitude of actors for the definition of the common good.

Rather than a pre-determined variable as in Rousseau and his followers, the general will is seen as the outcome of extensive and open-ended deliberation.

Hence the importance that the Modern Prince bears a republican mindset and has a clear view of the ultimate values political decisions should promote. Otherwise he risks being held hostage to corporatist interests.

As ever before, expectations are that virtues prevail over vices in the conduct of public affairs. But, again, the Prince is definitely supposed to be more "enlightened" today than in the past.

The task of fitting many conflicting demands into policies of common interest can only be successfully pursued if the necessary expertise to evaluate and fine-tune the various inputs is available.

To be meaningful, republicanism has to be effective. Public virtues cannot be cultivated in the abstract. They are to be couched on technical competence.

The good news is that the same trends which set limits to the Modern Prince also open up new grounds and possibilities for his or her action.

Suffice it to mention the extraordinary resources the new technological wave has put at the disposal of the Public Power for better meeting social demands.

As far as public policies are concerned, the Internet serves not only the demand side, as a conveyor of requests. It also assists the supply side, providing governments with an important means of delivering a wide range of services, from distance teaching to postal services.

Electronic government has indeed brought the State as a provider of public goods closer to the citizenry at large. Not to mention the benefit of enhancing social control of public policies, much to the benefit of transparency and democratic accountability.

Here again the end result is expected to be a more selective and cost-effective use of public funds. It is as if all roads lead to Rome.

From whatever perspective we approach the conditions under which politics is currently exercised - be it the

number and variety of social demands, or the deliberative nature of decision-making, or still the impact of new technologies on State and society alike -, the conclusion is that public agency fares better with than without technical knowledge.

What balance should then be struck between values and facts for a ruler to be successful?

I need not stress that there seems to be no clear and definite answer. But allow me to venture some additional remarks. The first one is that the coexistence of ethics and objective knowledge is not static. It changes over time for obvious reasons.

Knowledge in any social science is all but time-proof. What appears to be the state of the art today might not do so tomorrow as new data and assumptions filter into the equation.

Let us recall, for example, how contrasting views about the market and its effects upon the social tissue have been over the last centuries.

Montesquieu and the Scottish Enlightenment coined the discourse of *doux commerce*. Market, if freed of constraints, would help temper passions and contain the arbitrary use of authority.

As the social cost of the Industrial Revolution became evident, market was then portrayed as being a locus of violence and oppression.

The emergence of imperialism made things worse, as not only individuals but entire nations could be argued to be under the severe yoke of capital. The State was then praised as the necessary countervailing force to market excesses.

The Welfare State was set along those premises, providing a safety net for those unattended by market's invisible hand.

The financial collapse of welfare systems in the eighties led to the rediscovery of market virtues. Multilateral institutions took the lead in spreading the news through recipes like the Washington Consensus.

Now it is the International Monetary Fund itself that has been cautioning its members about the need for sound public policies.

Again, there is nothing wrong about this change of perceptions about market rules over time. Changing realities require a constant updating of theories and concepts, if these are to bear any hermeneutical or practical value.

What may be wrong is to ignore such a truism and approach contingent notions as all-time truths. Ideas are to be understood in light of the circumstances they are meant to explain and address.

Only then could one consistently put ideas at the service of a defined cause, which should not be an automatic task either.

How best can a social-democratic program be set up in our countries, for instance?

Would it be sufficient to assemble, out of theory and other national experiences, a set of rules establishing a balanced labor division between market and the State? Or should other variables that are specific to local circumstances, like historical formation, power structure and social expectations, be also taken into account?

How much trade-off between universal principles and national characteristics is to be done?

Some might argue that there is no need for concern with local specificities. As long as the deliberative exercise for the formulation of the program is wide enough to encompass views from all across the nation, the outcome would necessarily bear the national print.

In other words, the method would account for the result. Be as it may, it goes without saying that a representative platform is not enough to ensure that the expectations of the majority will be met.

For a leader to perform his duties and accomplish national interests, there might be one additional requirement. Important though they are, updated knowledge, republican values and a good platform might not prove sufficient to produce a statesman.

The missing quality is what Isaiah Berlin used to see as capacity for good "political judgment". This entails not only the discernment to avoid the opposing risks of unpractical idealism and uninspiring realism. It means the practical wisdom to seize the character of a particular situation or moment in history.

It is the capacity to tell, out of the chaotic flow of experience, what matters from the rest, what fits with what, what springs from what, what leads to what. It is a sense for what is qualitative rather than quantitative. Or a proven capacity for synthesis rather than analysis.

Berlin comes to the point of equating that gift with the talent displayed by some novelists, like Proust or Tolstoy, who managed to convey a sense of direct acquaintance with the texture of life.

Those who lack such a quality, no matter how clever, learned, imaginative and noble they may be, do not have the sense of what will make a difference in history, and what will not.

One may add that political judgment is relevant in any historical circumstance, but is particularly so in moments of transition.

It is true that, for democracies, all moments are in a way transitional, as the political body is constantly reinventing itself.

But no moment is perhaps so unique as that of democratic consolidation, when progressive trends are at a daily struggle with regressive ones. A true statesman knows how to foster the former and inhibit the latter. Or at least how to put backwardness at the service of progress, for the benefit of institution-building.

Perhaps the best use statesmen can make of political acumen in such moments is exactly that of making their nations less reliant on them and more on institutions.

These are the thoughts I had in mind sharing with you as a tribute to Professor Seymour Lipset, a great scholar who has never been moved by the ethic of conviction alone.

Professor Lipset has never lost of the political implications of his work.

Paraphrasing Wittgenstein, let me say that Lipset's words have also been deeds, to the benefit of causes as important as democracy in Latin America and peace in the Middle East.

Hence the worldwide recognition he now benefits from.

We are all indebted to Professor Lipset.

Thank you very much.