

# State of the Art **3**

Authoritarianism,  
democracy and  
development

**Tim Kelsall**

November 2014



The Developmental Leadership Program (DLP) is an international research initiative based at the University of Birmingham, and working in partnership with University College London (UCL) and La Trobe University in Melbourne.

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DLP's independent program of research is supported by the Australian aid program.

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The Developmental Leadership Program (DLP)  
International Development Department  
School of Government and Society  
College of Social Sciences  
University of Birmingham  
Birmingham B15 2TT, UK  
+44 (0)121 414 3911  
[www.dlprog.org](http://www.dlprog.org)  
[info@dlprog.org](mailto:info@dlprog.org)  
[@DLProg](https://twitter.com/DLProg)

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# The 'State of the Art Paper' series

Our SOTA series aims to lay the groundwork for future DLP research by setting out what existing research evidence and development practice tells us about the politics of development in key areas.

These papers survey the literature, with three aims:

- to clarify what is already known about an issue and the policy implications of that research evidence;
- to suggest areas for further investigation by identifying knowledge gaps;
- to guide future DLP research, ensuring that it is problem-focused, useful and innovative.

To ensure the rigour, validity and utility of these papers, they are peer reviewed internally and externally by both academic and policy or programming experts.

We hope that the SOTA papers will also be useful to other researchers and commissioners of research, and to policymakers and practitioners.

## Author and acknowledgements

**Dr Tim Kelsall** is a freelance researcher, consultant, and teacher, specializing in political economy and political anthropology analysis. He has taught Politics and Development Studies at the Universities of Oxford and Newcastle, been Joint Editor of *African Affairs*, and is an Honorary Senior Research Fellow at the University of Manchester. He would like to thank David Booth, Tam O'Neil and the Developmental Leadership Program for comments on an earlier draft of this paper. The usual caveats apply.

# 1.0

## Introduction

This paper reviews the evidence on authoritarianism and development from the perspective of a policy-maker providing advice to an ostensibly developmental authoritarian regime. It finds that the cross-national statistical evidence on regime type and development is inconclusive, and argues that varying experiences of development under authoritarianism are better-captured by structured-focused comparisons using 'developmental states' and 'political settlements' frameworks. Although these frameworks provide a good starting point for thinking about development in particular authoritarian regimes, they do have their blind spots. In particular, they have little to say about whether transitions from less to more developmental forms of authoritarianism are possible or how they take place, or how transitions from authoritarianism to democracy can be managed without derailing development. Ultimately, more research on these issues is needed.

Imagine, for a moment, that you are the governance advisor to a development agency in an unnamed developing country. After years of stagnation, this country has recently been posting encouraging development results, with both rapid economic growth and strong progress towards the Millennium Development Goals. For the most part, you find its government serious about development issues and rewarding to work with. But there is a hitch. The government is an authoritarian regime, with a questionable record on elections, human rights, and civil liberties. Publicly, your own government professes support for these ideals, and is consequently under some pressure to cut back its aid programme; privately, it prefers to put its aid in countries where it can do the most good, so is intimating that money might continue to flow if a persuasive case can be made. You yourself are ambivalent. Does it make good developmental sense to give aid to a high-achieving regime even though, or even because, it is authoritarian? Or are the developmental advantages of authoritarianism illusory? The difficulty has only been heightened by recent events in the Arab Spring, which have shown both how unpopular even relatively developmental authoritarianism can be, but also how difficult it is to replace it with something better.

Looking for guidance, you turn to the academic literature. Frustratingly, there is little convincing evidence in the large-n, cross-national statistical literature for the developmental superiority of either authoritarianism or democracy. Although some authors purport to find a positive relationship between democracy and development, the effects are small, while others find the reverse. Less contested is the fact that autocracies tend to experience more volatile growth patterns than democracies, that autocracies provide the majority of big growth successes, and all of the big growth failures. Democracies, by contrast, appear to be less prone to big growth failures, and also to experience less economic volatility in general. However, this must be set against the finding that democracy appears to be comparatively difficult to sustain in developing country contexts, with autocracy, or flawed democracy, the modal regime type.

As a governance advisor to an autocratic regime, then, the pertinent questions to ask would seem to be the following. First, is this regime's current boom, like that of so many autocracies, likely to turn to bust, or does the regime have the attributes of a *durable*, developmentally successful authoritarian state? And second, is a developmental democracy, or indeed any kind of democracy, a viable contender to replace it?

As we shall see, there exists a comparative case study literature focused on 'developmental states' and 'political settlements', that provides some preliminary answers to these important questions, plus some suggestions for plausible trajectories and sequences of change. Crucial pieces of the puzzle, however, remain unsolved.

### Definitions

In most of the academic literature (Levitsky and Way 2010; Przeworski et al. 2000; Svobik 2012), the terms authoritarianism, dictatorship, and autocracy are used interchangeably to denote 'a political system that concentrates power in the hands of a leader or a small elite that is not constitutionally responsible to the body of the people' (Encyclopedia Britannica 2014). Authoritarianism is thus said to stand 'in functional contrast to democracy' (Ibid).

Authors disagree, however, over whether authoritarianism should be treated as a matter of kind (a binary or categorical variable) or degree (an ordinal variable). Svobik, for example, very much sees it as a case of 'either/or', arguing that authoritarian regimes are those

which *fail to* a) 'hold free and competitive elections', and b) 'to have an executive that is either elected directly in free and competitive presidential elections or indirectly by a legislature in parliamentary systems' (Svolik 2012, 970).

With binary variables, where one draws the line between authoritarianism and democracy has a big impact on how one perceives the relationship of authoritarianism to economic growth. An expansive definition will allow one to claim more developmental successes for authoritarianism; by the same token, authoritarianism under such a definition will also encompass more failures.

Another branch of the literature divides autocracy and democracy into sub-types. Levitsky and Way, for instance, begin by adopting a 'mid-range' definition of democracy hinging on free, fair, and competitive elections, full adult suffrage, broad protection of civil liberties, and the absence of non-elective constraints on elected officials' power to govern, and then add a fifth attribute: the existence of a reasonably level playing field between incumbents and opposition. When regimes more or less fulfill the first four conditions but not the fifth, they are, according to Levitsky and Way, 'competitive authoritarian' (Levitsky and Way 2010, 6). Other authors talk of 'semi-authoritarian' or 'soft-authoritarian' regimes, 'flawed democracies' or 'transitional democracies' (see Levitsky and Way 2010; Przeworski et al. 2000; Svolik 2012). Dividing authoritarianism into sub-types permits a more nuanced understanding of the relationship between authoritarianism and other variables, although it does not completely solve the problem of where in practice to draw the (sub-typical) lines.

Treating democracy and authoritarianism as matters of degree arguably injects even more nuance into the picture. The well-known Polity IV index, for example, codes polities according to a variety of component authority characteristics, for example the competitiveness of political participation, the openness and competitiveness of executive recruitment, and constraints on the executive, deriving indices of democracy and autocracy therefrom. The autocracy value is then subtracted from the democracy value, giving a single composite score that ranges from 10 (full democracy), to -10 (full autocracy) (Marshall and Jaggers 2002, 13). There is no 'necessary' condition for treating a polity as democratic—democracy is a variable (Marshall and Jaggers 2002, 14).

Ordinal scales make it difficult to answer categorical questions such as, 'Out of democracy and authoritarianism, which is better for growth?' Conversely, they do allow social scientists to answer questions such as, 'What happens, on average, to economic growth when countries' democracy score is raised or lowered by one point?' In fact, the Polity index allows researchers to have it both ways: providing on the one hand an ordinal scale, and on the other a series of cut-off points identifying different types of regime. To wit, those scoring -10 to -6 are described as 'autocracies'; -5 to 0 are 'closed anocracies'; 1-5 are 'open anocracies'; 6-9 are 'democracies'; and regimes scoring 10 are 'full democracies' (Marshall and Gurr). A 'mature and internally coherent democracy' is defined as one in which 'a) political participation is fully competitive, b) executive recruitment is elective, and c) constraints on the chief executive are substantial' (Marshall and Jaggers 2002, 14).

No matter how nuanced the definitions, however, I will argue in this paper that knowing whether a regime is authoritarian or democratic is a poor guide to how developmental it is likely to be.

And what of 'development'? In this paper, development refers to the transformation of the economy and personal well-being expressed through a positive change in economic growth, income per capita, life expectancy, access to education, healthcare, clean water, etc. It does not refer to changes in political freedom, marking it off from definitions found, for example, in Amartya Sen's *Development as Freedom*, or the UNDP's Human Development Index (A. Sen 2001; United Nations Development Programme). This is not because I regard changes in political freedom as unimportant; it is because embedding them in the definition of development makes it exceptionally difficult to disentangle the relationship between development and authoritarianism (Rocha Menocal 2013).<sup>1</sup> In consequence, I will keep politics and development separate, measuring the latter by reference to economic growth, plus progress on a range of other social indicators, for example the Millennium Development Goals.<sup>2</sup>

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1 Rocha Menocal makes a similar point. Alina Rocha Menocal, 'Emerging Democracies: Rising to the Challenge. Odi Briefing 84', (London: Overseas Development Institute, 2013).

2 To expand, this paper is written from a consequentialist perspective. It considers democracy, political freedoms and civil liberties as desirable but not inviolable. Other things being equal, democracy is preferable to authoritarianism; but in the real world other things are not always equal and it is not always possible for all good things to go together.

# 2.0

## Authoritarianism, democracy and development in historical context

Over the past fifty years, academic and policy-based thinking on the relationship between authoritarianism and development has gone through a number of phases. The 1960s saw a wave of new states in Asia and Africa gain independence from former colonial masters, almost all of them under Western-engineered democratic constitutions. Within the space of a decade, however, most of these democracies had been replaced by military dictatorships or single-party states. Some subsequently returned to democracy, only to succumb to authoritarian rule after a while. In this respect, the new states followed a trend set by Latin America a century previously (Diamond et al. 1995).

Neither policy makers nor academics were unduly perturbed. Politics during this period was dominated by the Cold War, and although Western states might have an ideological preference for democracy, they were not prepared to insist on it when at stake was political allegiance to the pro-capitalist world. In strategically important states such as Congo and Chile, they even engineered the downfall of democratic leaders who leaned towards Moscow.

Autocracy also had academic support. In the 1950s and 1960s, political science and development studies were dominated by modernization theory. It held that economic growth was a natural precursor to, perhaps even a precondition for, democracy. Lipset, for example, found that higher levels of industrialization, urbanization, income per capita and education were all associated with more robust democracy, and invoked Aristotle to explain this: 'only in a wealthy society in which relatively few citizens lived in real poverty could a situation exist in which the mass of the population could intelligently participate in politics and could develop the self-restraint necessary to avoid succumbing to the appeals of irresponsible demagogues' (Lipset 1959). Lerner, and Inkeles and Smith, also thought that development was necessary to nurture the broad-minded culture of toleration upon which democracy rested (Inkeles and Smith 1974; Lerner 1964). It was hardly a surprise that democracy in the new states had been short-lived.

If some authors felt that democracy was unlikely to survive without a prior process of economic development, others believed that democracy itself was an impediment to that development. Galenson [1959], for example, claimed that democracies diverted resources from investment; De Schweinitz [1959] argued that to grow, LDCs must, 'limit democratic participation in political affairs', and La Palombara [1963] argued that if economic development was the goal, not too much attention should be given to the 'trappings of democracy' (cited in Przeworski et al. 2000). Huntington and Nelson [1976], averred that, 'political participation must be held down, at least temporarily, in order to promote economic development' (Przeworski et al. 2000, Loc 53). Fortunately, once a society had undergone the necessary economic and social transformations, dictatorship was expected simply to disappear (Przeworski et al. 2000, Loc 58).

By the mid-1980s, the phenomenal growth success of Japan, South Korea, Taiwan, Singapore, and Hong Kong provided further evidence of the perceived developmental superiority of authoritarian regimes. In Taiwan, for example, a Leninist-style vanguard party maintained an extensive police system, treated any kind of dissent as sedition, and presided over a 'hyper-militarized' society. South Korea, for much of the period, was a similarly repressive military dictatorship, while Singapore was a state with a highly dominant ruling party in which political freedoms were severely restricted (Haggard 1990; Wade 1990, 234). Even Japan, ostensibly the most democratic of them all and the original 'developmental state', was a dominant-party regime in which the legislature 'reigned' but did not 'rule' (Johnson 1982).

By the early 1990s, the developmental state concept had been expanded to encompass not just the East Asian miracle economies, but Southeast Asian states such as Malaysia, Indonesia, and Thailand, plus other high-growth states such as Botswana and China as well (Leftwich 1995). Leftwich found that although these examples comprised a variety of regime types—democratic, quasi-democratic, and non-democratic—they shared features of relative autonomy, an economic bureaucracy insulated from the clamour of special interests, a weak and subordinated civil society, and repressive politics. In the non-democratic cases, state power was typically seized by a modernizing elite who proceeded to eliminate, subordinate or marginalize political groups, organizations or socio-economic classes that stood in the way of the modernizing project (Leftwich 1995, 409). Even in 'democratic' developmental states, such as Malaysia or Botswana, a single party had been dominant, providing the leadership great power to take policy decisions in conjunction with the bureaucracy (with which the party was often thoroughly interpenetrated). Civil society, meanwhile, was usually weak to begin with or subsequently crushed (Leftwich 1995, 410-420). Few societies, Leftwich believed, 'will make speedy transitions from poverty without states which approximate this model of a developmental state' (Leftwich 1995, 421).

Ironically, just as the developmental advantages of authoritarianism were being effectively theorized, the end of the Cold War put democratization back on the development agenda. Free from the threat of communist expansion, right-wing commentators proclaimed 'the end of history' (Fukuyama 1989), while Western leaders gave free rein to their democratic predilections, linking aid to support for democracy and human rights in countries such as Kenya, Rwanda, and Zaire. The change of tone was not entirely ideologically driven, however. Although East and Southeast Asia had provided some dramatic examples of developmental authoritarianism, examples of anti-developmental authoritarianism were far more numerous (Fritz and Rocha Menocal 2007). In Africa in particular, authoritarianism was frequently associated with a syndrome of personal rule, unproductive rent-seeking, arbitrary policy-making, and economic stagnation. In the worst cases, this led to a downward spiral of disinvestment, withdrawal from the formal economy, armed rebellion, and state collapse (Diamond 1988; Jackson and Rosberg 1982; Sandbrook 1985). In Latin America and South Asia, the experience with authoritarianism, though not quite as negative as in Africa, was certainly not as dynamic as in East Asia.

Consequently there arose a new theory that linked democratization to improved accountability, better policy-making, and faster economic growth. In the name of 'Good Governance', development agencies devoted considerable funds to public sector reform, multi-party elections, civil society strengthening, and private sector support (Williams and Young 1994). The theory behind this, which built on an idealized conception of how democracy functions in the West, was that once civil society was empowered, the judiciary strengthened, and the population enfranchised, politicians would face strong incentives to make responsive policies, craft effective administrations, and manage state resources responsibly, all with beneficial developmental results (Fritz and Rocha Menocal 2007). As we shall see below, this was also backed by research from the likes of Daniel Kaufmann at the World Bank, who attempted to establish, statistically, a positive relationship between good governance and development (Kaufmann et al. 1999).

Results with governance on the ground, however, were mixed (Andrews 2013; Levy 2014). Further, the wave of democracy that swept much of the developing world post-1989, proved to be disappointing. Although there were some genuine examples of democratization, especially in Eastern Europe, the majority of regimes adopted multi-party elections without the panoply of institutional supports that would make them meaningful (Levitsky and Way 2010).

By the turn of the 21st century, the developmental experience of democratic states was being eclipsed by a new generation of authoritarian growth miracles. For instance, between 1991 and 2010, China grew at 9.6% per capita per annum; between 1998 and 2010 Cambodia grew at 6.5% per capita per annum, and between 1989 and 2010, Vietnam grew at 5.8% per capita per annum. Commentators began to talk of a new, 'Beijing consensus'—a form of fast-growth, stable, 'market-authoritarian' governance, much admired by Third World leaders and financed by the People's Bank of China (Halper 2012). In Africa, also, a new generation of authoritarian developmental states, led by Ethiopia and Rwanda, appeared to be emerging, and began to attract scholarly attention (Kelsall 2013b). In 2008, the World Bank's Growth Commission, also known as 'the Spence Commission,' presented a study of 13 economies that had sustained high growth over a 25-year period. Only two, Malta and Japan, could conceivably be called democracies throughout, and, as we have seen, Japan's ruling party was unusually dominant. The authors concluded that 'Growth at such a quick pace, over such a long period, requires strong political leadership' (Commission on Growth and Development 2008, 3)—a euphemism, some thought, for autocracy (Easterly 2011).

In 2011 the Economist Intelligence Unit reported that worldwide, democracy was under stress, while by 2012 it was said to be at a standstill (Economist Intelligence Unit 2011, 2012). By 2014, some proponents of good governance were feeling so embattled that they were talking of support for authoritarianism being the new conventional wisdom.<sup>3</sup> But this is surely an exaggeration. Democracies such as India (6.9% per capita annual growth 2002-2010) and Brazil (2.5% per capita annual growth 2002-2010) have also performed well in recent years, while the popular uprisings that swept much of North Africa and the Middle East in 2012, have been a reminder that authoritarianism, even when relatively developmentally successful, is often deeply unpopular (Tunisia had grown at 2.3% per capita per annum between 1981 and 2010; Egypt at 3% since 1992) (Jebnoun et al. 2014; Larémont 2014; Noueihed and Warren 2012). Moreover, democratic institutions have continued to find support in influential strands of the academic literature, for example Acemoglu and Robinson's popular *Why Nations Fail* (Acemoglu and Robinson 2012a), the insights of which have been echoed in British Prime Minister David Cameron's idea of 'a golden thread linking the rule of law, the absence of conflict and corruption, and the presence of property rights and strong institutions'.<sup>4</sup>

At time of writing, then, it seems fair to say that there is an absence of policy consensus over the relationship between authoritarianism and development—which is all the more reason for our policy advisor to take a closer look at the best academic findings on the subject.

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3 Personal communication with Nicholas Van de Walle, 21 October 2013.

4 See Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (London: Profile Books, 2012b), David Cameron, 'Combating Poverty at Its Roots', *Wall Street Journal*, 2012.



# 3.0

## Cross-national statistical evidence

Over the past twenty years, numerous studies have explored the relationship between regime type and economic development—and most have found there to be none. Brunetti and Weder, for example, found that the large pre-1990s literature was inconclusive about the impact of democracy on growth (referred to in Clague et al. 1997), while Doucouliagos and Ulubasoglu, in their 'meta-analysis' of 84 studies, report that 48% fail to find statistically significant relationships, with the remainder split between those that find in favour of democracy and autocracy (Doucouliagos and Ulubasoglu 2008, 61-62).<sup>5</sup> Nevertheless, it is an area over which scholars continue to pore.

In a recent paper, William Easterly, for example, has critiqued what he regards as the 'popular view' that autocracy is superior for growth. He finds that although 90% of the big growth successes over the period 1960-2008 occurred in autocracies, only 10% of all autocracies actually resulted in a big growth success, while a slightly higher percentage were big growth failures (Easterly 2011).<sup>6</sup>

**Table 1: Autocracy, democracy, and development**

# Developing countries in each category 1960-2008	Big growth failure	Not big growth success or big growth failure	Big growth success
Autocracy or flawed democracy	10	70	9
Democracy	0	12	1

Taken from Easterly, 2011.

'[A]utocracy', he concludes, 'looks like a very risky bet with no higher average payoff than democracy' (Easterly 2011, 9). Pritchett and Werker, meanwhile, find that 'The main difference in the data in the growth rates of those countries which currently have electoral democracy and "autocracies" is that "autocracies" have a higher variance of growth rates' (Pritchett and Werker 2012, 26). Levy also finds that although occasional autocratic growth miracles such as Korea or (possibly) Ethiopia do emerge, 'the risks are all too high, and things are all too likely to work out badly. It's somewhat like playing a game where the aim is to get a high score, but one is playing with unusually loaded dice' (Levy 2014, 69-70).<sup>7</sup>

But the evidence in favour of democracy is not much stronger. One of the best-cited pro-democracy analyses is that of Daniel Kaufmann at the World Bank. Working on data from 1996 onwards, Kaufmann finds a 'strong causal relationship from improved governance [including democracy] to better development outcomes' (Kaufmann et al. 1999, 15). His methods, however, have been much criticized. For example, Arndt and Oman list four different ways in which a change in governance indicators (which are heavily based on perceptions data) may be unrelated to a change in actual governance (Arndt and Oman 2006; Arndt and Oman 2008). Thomas argues that the indicators lack 'construct validity' (Thomas 2009). Kaufmann's interpretation of the data has also been challenged. Khan, for example, finds that the positive relationship between governance indicators and growth is almost

5 Given that journals generally prefer to publish papers with significant results, real results may be even more skewed towards the lack of a relationship.

6 Easterly adopts a Polity score of 7.5 as his cut-off point for democracy, 'in order to have a non-trivial sample of developing country democracies while still maintaining a reasonably high standard for democracy' William Easterly, 'Benevolent Autocrats', *Preliminary draft available at <http://bit.ly/YajbXN>* (2011), 7. He defines a 'big growth success' as a state which realized per capita income growth of 4% or more between 1960 and 2008, and a 'big growth failure' as a state where growth averaged less than -0.5% over the same period (p. 8).

7 Curiously, this statement is not really supported by his own data. He finds that 18 of 51 (35%) 'dominant' regimes experienced rapid growth of over 50% 2000-2010, while 21 (41%) experienced under 25% growth for the same period. By contrast, only 7 of 29 (24%) 'competitive' regimes achieved rapid growth, while 11 out of 29, or 38%, failed to grow by 25%. ('Dominant' regimes are those in which the 'disparity between the power of the rulers and those of the opposition is very large'). Brian Levy, *Working with the Grain: Integrating Governance and Growth in Development Strategies* (New York: Oxford University Press, 2014), 55.

entirely explained by the experience of the advanced countries. If the focus is restricted only to developing countries, those that are converging, economically, with the rich countries, do not do significantly better on governance indicators than those that are not (Khan 2011, 66-69). For example, countries diverging economically from rich countries score a median of -0.4 on the Voice and Accountability index (a good proxy for democracy), while converging countries, at -0.3, score only fractionally better (Khan 2007, 25).

If the relationship between regime type and growth is unclear, the relationship between income and regime type is arguably clearer. In a finding consistent with modernization theory, Przeworski et al. find that, 'the probability that, once established, a democracy will survive increases steeply and monotonically as per capita incomes get larger' (Przeworski et al. 2000, Loc 4133). Collier also finds that below per capita income levels of \$2700, democracy makes countries more prone to violence (Collier 2010). Clague et al. find that transitions from autocracy to democracy tend to weaken property rights—a crucial determinant of growth—while transitions in the other direction tend to strengthen them (Clague et al. 1997, 108). Over the long term, however, long-lasting democracies have the most positive impact on property rights, short-lived democracies the most negative impact, with authoritarian regimes somewhere in between. They conclude that: 'democracy is likely to be beneficial [...] in countries where it stands a good chance to last'. By contrast, where a country lacks the conditions for stable democracy, a durable autocracy may be the best option (Clague et al. 1997, 114).

Some of these findings are mirrored in more recent studies. For example, Masaki and van de Walle, using ordinal measures of democracy, find 'strong evidence' that 'democratization in Africa since 1990 is associated with faster economic growth and that this "democratic advantage" increases over time, as democratic consolidation takes place' (Masaki and van de Walle 2014, 1). For example, in a country that has been democratic for 5 years, a one unit increase in its POLITY2 score, is expected to increase GDP per capita growth by just under 0.4%, and after 15 years, by 0.54%.<sup>8</sup> The authors conclude that there is a 'clear democratic advantage,' at least in the long run (Masaki and van de Walle 2014, 10). As the authors themselves note, however, it is important to distinguish the effects of 'stable democracy' from *transition to democracy*, which is generally destabilizing and harmful to growth (Masaki and van de Walle 2014, 4). Sadly they do not provide clear data on *how* destabilizing *are* transitions, meaning that the overall advantage of democracy has yet to be demonstrated.

In a series of recent papers Giovanni Carbone and his collaborators have also found positive relationships between increases in democracy in Africa, and increases in growth and welfare (G. M. Carbone et al. 2014; G. Carbone and Pellegata 2014; Cassani and Carbone 2014). Although small (a one unit increase in democracy increases GDP growth by 0.060%), like Masaki and van de Walle, they also find that the effects grow stronger as democracy becomes more entrenched. While findings from cross-national statistical surveys like this are useful in helping to debunk blanket prejudices such as, 'democracy is incompatible with development', there are a variety of reasons why our policy advisor should not read too much into them.

To begin with, 'variable-oriented' approaches tend to employ a purely additive model of causation. Linear regression models take a group of variables, measure the total effect, then strip out the variables one by one to isolate the effect of the variable of interest. Typically, these approaches do not measure the effects of all the variables acting together in all their logically possible or actually existing combinations. In other words, 'this type of statistical control assumes that a certain effect exists independent of context, that is, independent of the other causal variables in each case' (Ragin 1987, 63).

In the real world, however, variables never act in an isolated fashion; rather, different combinations of causes interact to create different effects in different contexts. So for instance, while the democracy-growth coefficient is 0.060 across all African countries, it may be considerably higher for countries that have high levels of aid, low levels of oil, and low ethnic fragmentation; lower in countries that have high ethnic fragmentation, low aid and no oil; and sharply negative in countries that have high ethnic fragmentation, high levels of aid, and oil. A statistical analysis might still conclude that democracy is associated with increased growth, as is aid and low levels of ethnic fragmentation—but it would not alert us to the different effects of these variables when mixed in different combinations. As a country-level policy advisor, however, it is *precisely the effect of the different variables in combination that one wants to know*.

A different problem stems from Carbone et al.'s ordinal measures approach. Because it is true that almost all African countries have increased their democratic scores in recent years, and that at the same time almost all have experienced accelerated growth, the authors argue that democracy causes growth. But if we were to adopt a categorical variables approach, we would find that the majority of Africa's growers are still not democracies. When we look at Carbone's list of better performing African 'lions', for example (Angola, Chad, Angola, Equatorial Guinea, Ethiopia, Guinea, Nigeria, Rwanda, Sudan, Tanzania, Uganda, Cape Verde, Ghana, Mozambique, Sierra Leone, and Mauritius), only the final five actually qualify as democracies under the Polity index (up until 2010).

In another paper, Carbone et al. argue that even 'competitive autocracies' are subject to some popular pressures that encourage them to boost development performance (Cassani and Carbone 2014). While this is plausible, it is equally plausible that the limited democratic reforms made by Africa's autocratic leaders are mere window dressing, with the changes in growth and welfare being driven by other factors, such as aid and commodity prices. Carbone et al. fail, in my view, to show clearly that the more 'democratic' the 'autocracy' the better the development performance, other things being equal.

Finally, random-effects models such as Carbone et al. use are vulnerable to being influenced by country-specific omitted variables. For example, Carbone's model omits a control for conflict. Since the majority of African countries, bar conflict-ridden ones, have experienced both increased scores for democracy and increased growth over the past couple of decades, it is possible that the conflict countries are pulling down the numbers for authoritarian regimes in general.

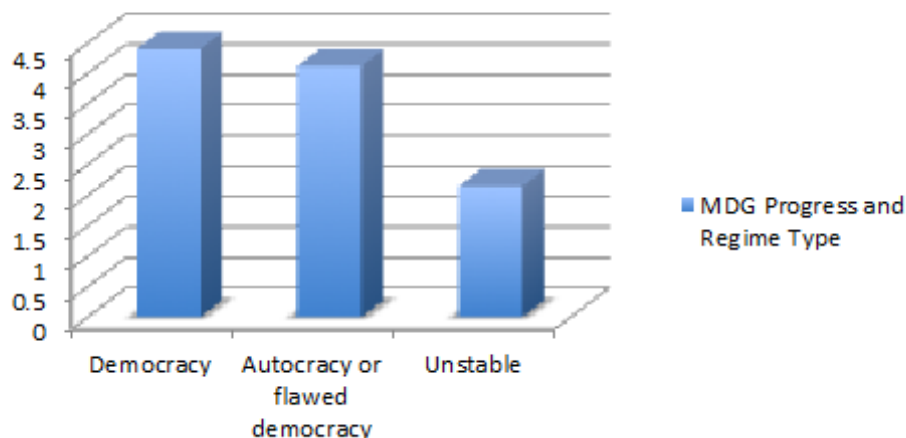
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8 Note that Polity 2 is a new variable added to the Polity IV dataset, coded so as to make time-series analyses easier. See page 3 for more information about Polity IV.

So far, most of our discussion has focused on economic growth. It is possible, however, to examine the impact of regime type on other development indicators, for example the MDGs. Figure 1 summarizes MDG progress for 121 countries, categorized as either democracies or autocracies/flawed democracies, using a Polity IV score of 6 as our cut-off point for democracy. The results show a slight advantage for democracies, followed by autocracies, with unstable regimes typically making less than half the progress of democratic ones.<sup>9</sup>

Looking at the highest MDG performers, democracies again have a slight advantage. Seven of the top 12 performers are democracies; five are autocracies. The different regime types are found across both low and middle-income categories, but note that Honduras is the only low-income democracy.<sup>10</sup> If we look at the bottom end of the table, unstable regimes are in the majority, closely followed by autocracies, all in low-income countries. The only democracy, and the only middle-income country, is Montenegro.<sup>11</sup>

**Figure 1: MDG Progress and Regime Type**



**Table 2: MDG Progress – Best Performers**

Country	Regime type	Income
El Salvador	Democracy	Middle
Mexico	Democracy	Middle
Brazil	Democracy	Middle
Peru	Democracy	Middle
Honduras	Democracy	Low
Philippines	Democracy	Middle
Ecuador	Democracy	Middle
Cambodia	Autocracy / flawed democracy	Low
Sri Lanka	Autocracy / flawed democracy	Low
Egypt	Autocracy / flawed democracy	Middle
China	Autocracy / flawed democracy	Middle
Vietnam	Autocracy / flawed democracy	Low

**Table 3: MDG Progress – Worst Performers**

Country	Regime type	Income
Papua New Guinea	Autocracy / flawed democracy	Low
Guinea-Bissau	Autocracy / flawed democracy	Low
Zimbabwe	Autocracy / flawed democracy	Low
Central African Republic	Autocracy / flawed democracy	Low
Somalia	Unstable	Low
Ivory Coast	Unstable	Low
Congo DR	Unstable	Low
Iraq	Unstable	Low
Afghanistan	Unstable	Low
Montenegro	Democracy	Middle

9 The analysis is based on figures provided by the Center for Global Development, as of 2011. Center for Global Development, 'MDG Progress Index: Gauging Country-Level Achievements', <<http://www.cgdev.org/page/mdg-progress-index-gauging-country-level-achievements>>, accessed 6 June 2014.

10 Note that there are no Sub-Saharan African countries among the top performers. Burkina Faso, ranked outside this group, is the best performing SSA regime. Burkina is an autocracy/flawed democracy.

11 Writing for an earlier period, Przeworski et al. also found that democracies are better at achieving social goals. For example, they have slower rates of population growth, and per capita incomes that rise more quickly. Moreover, women in authoritarian regimes receive lower wages, have more children, see more of them die, and are more likely themselves to die in childbirth (4133).

We have not been able to calculate the reverse relationship, between MDG progress and regime type.<sup>12</sup> Of the top performers, however, it is interesting to note that social progress coincided with the fall of the authoritarian regime in Egypt, and also the weakening of the ruling party in Cambodia. Conversely, it has arguably strengthened the legitimacy of authoritarian regimes in China, Vietnam, and Ecuador.

Taking all this into account, the stylized facts regarding authoritarianism and development appear then to be these. On average, there appears to be no growth advantage or disadvantage to being authoritarian. That said, growth under autocracy tends to be more volatile than under democracy, and also to be more extreme. Reflecting this, most of the world's big growth successes have been autocracies, but also most of its big growth failures (though this may be partly due to the fact that poorly performing democracies tend, before long, to get overthrown by autocrats). When it comes to realizing the MDGs, democracies have a slight advantage overall, and among and constitute a small majority among the extremely good performers. Among the extremely poor performers, autocracies are overrepresented. If this leaves the relationship between regime type and development rather hazy, the reverse is clearer. At low-income levels, democracy is difficult to sustain, although it has proved possible in some cases. If, however, a minimalist democracy can be consolidated, the chances are that it will do better, developmentally, the more democratic it becomes.

What is our governance advisor to make of all this? At the end of the previous section we argued that the average policy maker wondering what to do in an apparently developmental authoritarian state was likely to be somewhat confused. I suggest that after reviewing the large-n literature, her confusion is likely to remain. On the one hand, the lack of a clear developmental advantage to autocracy makes it tempting to push for democratic reforms, especially given democracy's intrinsic value. On the other, the difficulty of sustaining democracy in low-income conditions might render this a futile or even dangerous exercise. Further, supposing the regime with which she is working has a real chance of becoming one of the great authoritarian success stories? Or, more worryingly, what if it degenerates into one of the worst failures? To see the way forward, she needs a well-validated theory that can explain why democracies sometimes survive in developing societies, and why some authoritarian states succeed developmentally while others fail. Finally, she needs some means of identifying the likely successes from failures, so that development strategy becomes more than just a throw of the dice.

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<sup>12</sup> Given that the MDG targets are country-specific, this might not be a meaningful exercise anyway.

# 4.0

## Explaining developmental success and failure

So, what explains why some autocracies succeed so spectacularly when others fail? Further, why is there a greater range of performance among the autocracies? One of the more popular explanations hinges on the character of individual leaders. The explanation goes like this. Because autocracy puts fewer restraints on the leader, it simplifies the transmission mechanism between his or her own characteristics and economic performance, so that benevolent leaders produce exceptionally good outcomes, and bad leaders exceptionally poor ones. Sah notes that, 'Highly centralized societies [...] may get a preceptor like Lee Kwan Yew of Singapore or a preceptor like Idi Amin of Uganda' (cited in Easterly and Pennings 2014, 2), while Jones and Olken speculate that: 'Democracies may be able to prevent the disastrous economic policies of Robert Mugabe in Zimbabwe or Samora Machel in Mozambique; however, they might also have constrained the successful economic policies of Lee-Kwan Yew in Singapore or Deng Xiaoping in China' (cited in Easterly 2011, 24).

If only it were this simple, our governance advisor would merely have to ask whether the current leader was benevolent or malevolent before deciding whether to support him or her. It is not that simple, however. As Easterly notes, 'Great Man' theories of history require 'strong assumptions about the autocrats' ability to motivate the government bureaucracy, solve knowledge problems, and overcome other elite interests running contrary to growth' (Easterly and Pennings 2014, 20). Similarly, Leftwich finds, that 'effective leadership is seldom a function of the attributes, traits or characteristics of an individual leader on his or her own' (Leftwich and Hogg 2009, 5). In fact, Easterly finds that once other variables are controlled for, the impact of individual autocrats on economic growth is close to zero (Easterly and Pennings 2014).

A more promising approach is to look more widely at the features that underlie developmental authoritarianism. Here, our governance advisor would be well-advised to turn to comparative case studies of 'developmental states' and more and less developmental 'political settlements'. Unlike the 'variable-oriented' approach discussed above, most such studies employ a method of analytical process tracing, plus within and cross-case comparison, designed to identify complex and conjunctural causal processes.<sup>13</sup>

Although the findings of this literature are rich and diverse, it is possible to identify some more or less common findings about the drivers of development under authoritarian regimes. These can be conveniently divided into three. The will to develop; sensible developmental policies; and effective institutions. Arguably, these features must also be present in democratic developmental states, although, as we shall see later, they are likely to have different origins, or manifest differently there.

First, the will to develop. Development is a difficult and potentially risky political process, not least because it implies changing the distribution of economic and political power between social groups (Leftwich 1993). Why, then, do some political leaders embark on it? It has long been accepted that in Europe, effective states were created in a competitive context of external threats from other states, and that the need to raise resources with which to wage war, drove leaders to seek out new means of generating wealth (Bendix 1973; Tilly 1975; Weiss and Hobson 1995). More recent work has emphasized that internal threats to political leadership were similarly important, and Dan Slater has applied this insight to successful authoritarianism in contemporary Southeast Asia and beyond (Slater 2010, 21-23).

Slater argues that durable authoritarian states, exercising infrastructural (developmental) power over their societies, are a manifestation of elite collection action, and that elites are minded to act collectively when they face serious internal threats. The most powerful threats take the form of unmanageable contentious politics emanating from broad-based movements that combine communal and class cleavages. If, as in post-war Malaysia and Singapore, such movements emerge during periods of political pluralism, elites are likely to feel so threatened that they will close ranks behind an authoritarian regime, forming what Slater calls a 'protection pact' (Slater 2010, Loc 16). Under a protection pact, elites will allow themselves to be taxed, coordinated, and enrolled for ideological purposes, all of which enable effective development policy. If, as in Burma and the Philippines, contentious politics takes other forms, the result is likely to be military dictatorship or elite fragmentation and patronage politics, neither of which are as durable or developmental (Slater 2010).

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<sup>13</sup> See Ragin, Gerring and George for explanations of these terms. Charles C. Ragin, *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies* (Berkeley: University of California Press, 1987); John Gerring, *Case Study Research: Principles and Practices* (Cambridge: CUP, 2007), Alexander L. George and Andrew Bennett, *Case Studies And Theory Development in the Social Sciences* (Cambridge: MIT Press, 2005).

Other work by Slater, Doner, and Ritchie identifies 'systemic vulnerability' as the key to understanding developmental differences among (authoritarian) states (Doner et al. 2005). Sustainable development requires that states undertake the difficult process both of structural transformation and creating an indigenous technological capability. To be sufficiently motivated, rulers must face not only mass contentious action of the sort described by Slater; they must also face strong external threats and natural resource shortages. The reasoning is as follows. Elites facing mass contentious politics need to generate revenue in order to make sizeable side-payments to non-elites. If they are rich in natural resources, they can simply channel resource rents to them, and need not develop an indigenous technological capability. Similarly, if they are externally secure, they do not have to direct significant revenues to defence. But if they are both resource poor and facing an external threat, they are under immense pressure to generate revenue both to forestall mass unrest and to protect the country's external borders. In these circumstances, creating internationally competitive industries via technological upgrading becomes a compelling option (Doner et al. 2005). Research from the Developmental Leadership Program has also found 'threat or challenge' pivotal to explaining the emergence of developmental coalitions, while Whitfield et al. believe that elites support productive sectors to the extent that their political survival depends on it (Leftwich and Hogg 2009; Whitfield and Therkilsden 2011).

Political will may be a necessary condition for development, but it is unlikely to be sufficient. Sustained, rapid development also requires good development policy. Successful Southeast Asian developers, for example, shared not only political threats of a strong or intermediate level, they also shared policies. It is already well-known that these states have grown on the basis of export-oriented industrialization (Evans 1995; Haggard 1990). Less well known is that export-led growth was preceded by a sustained period of pro-rural spending and economic freedom for smallholders (Henley 2014 (forthcoming); van Donge et al. 2012). Development policy in successful Southeast Asian states was characterized by the principles of urgency, outreach, and expediency, driven not just by an impending sense of threat from the rural masses, but by an envisioning of the countryside as the heart of the nation. There are even grounds for thinking that a pro-rural bias is more causally important than threat perception, since the commitment to pro-rural spending outlived the plausible threat of rural communism by many years. South Korea, Taiwan, and Japan also built strong smallholder sectors prior to their greatest phase of industrialization (Henley 2010, 2015 (forthcoming); van Donge et al. 2012). Perhaps even more important than the policy content, however, is the policy process. Successful developers have generally demonstrated considerable flexibility and adaptability when it comes to policy-making. They have been experimental, they have sought out feedback, and they have been prepared to learn from their mistakes (Booth 2014).<sup>14</sup>

Even if a regime has a good policy process and policies, the impact on development will be nugatory if it is unable to honour and implement them. Successful leaderships build effective institutions to implement their policies and thereby avert the threats they face. Such institutions may take a variety of forms, but all are likely to fulfill a broadly similar list of functions. Following Sen, we can distinguish between the need to provide credible commitments, public goods, and investment coordination (K. Sen 2013).

If a market economy is to grow, investors need to be reasonably confident that their investments will not be undermined by arbitrary demands, expropriations, or policy swings. In advanced industrial countries, this confidence is provided by strong property and contract rights protected under the rule of law, together with a relatively open political system through which investors can exercise policy influence (North and Weingast 1989; Olson 1993; K. Sen 2012). In less developed autocratic countries, anemic public revenues are unlikely to be able to support a strong rule of law, or even rule *by law*: informal institutions are more likely to provide investors the credible commitments they need. Such institutions often take the form of close personal relations between businessmen and political leaders (Khan 2010; Moore and Schmitz 2008). History shows that close, even cronyistic, ties between businessmen and forward-thinking autocrats have proved sufficient to stimulate investment over the short to medium term (Crouch 1979; Kelsall 2013b; Khan 2010). They are less serviceable over the longer term, however, since investor confidence is likely to be shaken whenever the leadership changes. As Olson long ago recognized, such economic growth rarely spans the reign of more than one or two autocrats, a potential explanation for the exceptional levels of growth volatility we see in autocracies (Olson 1993).

Sustained developmental autocracies have avoided this problem by embedding the leader in a wider leadership group, for instance a political party (Kelsall 2013a). If the party has clear conventions or rules for leadership succession, leadership changes may not be so destabilizing to investor confidence. Indeed, some well-institutionalized autocracies such as China, even set term limits on their leaders (Svolik 2012). Further, if investors have access to the ruling party, they have a channel for influencing policy, and the party itself, unless severely factionalised, provides some kind of assurance that policies will not change solely at the whim of the leader. Presumably, elite protection pacts that face severe internal threats of the kind Slater describes are likely to fulfill these conditions (Slater 2010). Besley et al. find that regimes with strong communist parties tend to also (Besley and Kudamatsu 2007).

In other circumstances, islands of effectiveness—that is, localized, well-resourced centres of positive and effective organizational culture built around competent and effective managers (Crook 2010)—may provide the continuity investors require. This seems to have been the case in Thailand, where the Board of Investment and a clutch of other economic agencies, including the Budget Bureau, the Office of Fiscal Policy in the Ministry of Finance, the Bank of Thailand and the National Economical and Social Development Board dominated economic decision-making (Raquiza 2012).

Sustaining growth across many years requires more than credible commitments. It requires solving market failures by providing public goods such as security, infrastructure, health, education, and industrial policy. Effective public goods provision requires that the regime develop a strong implementation and enforcement capacity, and this too will be dependent on politics, or to use Mushtaq Khan's terminology, 'the political settlement'. For Khan, a political settlement is 'an interdependent combination of a structure of power and

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14 I note in passing that the Spence Commission on Growth, identified fiscal responsibility and monetary stability; public investment in infrastructure, education, and health; liberalized product markets and flexible labour markets; and an experimental approach to economic and industrial policy as key ingredients of success. *Ibid.*

institutions at the level of a society that is mutually “compatible” and also “sustainable” in terms of economic and political viability’ (Khan 2010, 20). He has argued that ‘potential developmental coalitions’ are most likely to emerge under political settlements where the ruling coalition faces only weak opposition from excluded factions, and when its own, lower level factional supporters are also weak (Khan 2010, 65). In such a situation, the leadership can take a long view of development, and can set goals and allocate resources effectively. This perspective is shared by Kelsall et al. who found that successful developmental states in sub-Saharan Africa have been characterized by centralized rent-management oriented to a long-time horizon, driven by strong, visionary leaders with a commitment to political inclusion, utilizing single or dominant-party systems, top-down patron-client relations, and a competent, vertically disciplined economic bureaucracy (Kelsall et al. 2010; Kelsall 2013b).

Under these arrangements, and with very uneven formal institutions, growth can be sustained for at least a couple of decades. This is because early stage growth is often about opening up labour and natural resources for exploitation. It implies structural transformation, not necessarily cutting edge innovation. Later stage growth, however, requires increases in productivity, driven by processes of creative destruction as new, more efficient techniques drive out old ones. For this to occur, the state must have sufficient bureaucratic capacity to facilitate the creation of sophisticated human capital, coordinate a complex investment climate, and guarantee relatively open and competitive markets. This is likely to include not just the provision of world-class health and education, but also strengthening the rule of law, property rights, and the creation of a level playing field for business (Pritchett and Werker 2012; K. Sen 2013).

The idea of strengthening bureaucratic capacity, rule of law, and an open business environment, resonates with the idea of ‘inclusive economic institutions’ that appears in Acemoglu and Robinson’s *Why Nations Fail* (Acemoglu and Robinson 2012a). For Acemoglu and Robinson, inclusive economic institutions are necessary for sustained economic growth, and are underpinned by ‘inclusive political institutions,’ that is, relatively centralized states in which power is distributed pluralistically.<sup>15</sup> By contrast, societies with ‘extractive’ economic and political institutions are doomed to stagnation. Although they are not synonymous, inclusive political institutions clearly have much in common with modern democracies, and extractive political institutions share many features of authoritarianism. Because Acemoglu and Robinson find extractive political and economic institutions to be mutually reinforcing, they believe that economic growth under authoritarian conditions, as in contemporary China, cannot be sustained (Acemoglu and Robinson 2012a, 441). At the same time they admit that under some circumstances, development can proceed under extractive political institutions. This is possible when, as with the Soviet Union, institutions are sufficiently centralized to allocate resources to productive sectors, or, as with South Korea, they are sufficiently secure to tolerate relatively inclusive economic institutions (Acemoglu and Robinson 2012a, 91). Indeed, this type of growth, ‘may even be the most likely scenario for many nations, ranging from Cambodia and Vietnam to Burundi, Ethiopia, and Rwanda’ (Acemoglu and Robinson 2012a, 441). Although *Why Nations Fail* is coy about the reasons for this, clues are provided by some of the authors’ earlier work (discussed below), which examines the difficulties of sustaining democracy in poor, divided societies.

Taking all of this into account, pertinent questions for our governance advisor to ask of our potential authoritarian developer are these: Is the regime facing significant internal or external threats, that cannot be assuaged by means of aid and resource rents alone? Does the regime have a credible development policy, focused on small-scale agriculture, or otherwise well-suited to existing factor endowments and their dynamic potential? Is the leadership embedded in a strong, institutionalized party, military, or bureaucracy? Does the leadership enjoy good enforcement and implementation capacity, thanks to its ability to take the long view and to prevail in rent-seeking contests? Has it solved some informational and coordination problems through appropriate state-business institutions?

If the answer to all these questions is ‘yes’, the regime would appear to have the political will to develop, and the policies and the institutions to do so. The chances for strong and sustainable development, up until middle-income level at least, appear good. It is unlikely that this will turn out to be an authoritarian development disaster or merely a flash in the pan. If human rights concerns can be set aside, a good case can be made for providing support to the regime. Whether or not this is the *best* approach to take, however, very much depends on whether a developmental democracy, or any kind of democracy at all, is a viable alternative.

For Acemoglu and Robinson, democracy is an attempt by excluded groups to lock in economic concessions from ruling groups (Acemoglu and Robinson 2006). Ruling groups, for their part, are most likely to accept democracy, and its concomitant economic concessions, when they calculate that it is more dangerous to refuse than to accept. For this to occur, two conditions must be met. The first is that excluded groups overcome internal collective action problems and put concerted pressure on the ruling class. This is most likely when excluded groups are not fragmented by ethnicity or religion, and when the population is concentrated rather than dispersed. The second is that the economic concessions demanded must not be overwhelming. This is most likely when there is a moderate level of inequality in society, with a large middle class, both of which tend to inhibit radical redistributionist demands (Acemoglu and Robinson 2006).

Since low-income countries tend to be characterized by ethnic fractionalization, dispersed populations, high income inequality, and a small middle class, the reason why sustainable democratic transitions are rare becomes clear.<sup>16</sup> Other authors have found that institutionalized democracy is a product of strong working class movements, implying that industrial development must be at least moderately advanced before democracy is attained (Rueschemeyer et al. 1992). Collier, also, finds that elections work best in societies that have ‘larger populations and fewer divisions’ (Collier 2010, 44, 64).

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15 Acemoglu and Robinson’s idea of inclusive and political and economic institutions has some affinities with North et al’s idea of advanced country ‘open access orders’ Douglass C. North, John Joseph Wallis, and Barry R. Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (Cambridge: Cambridge University Press, 2009).

16 A genuine democracy, it should be noted, is very different to the kind of flawed democracies or competitive authoritarianisms that abound in low income countries, in which rulers have calculated that cosmetic democratic reforms are the easiest way of staving off unrest and sustaining their hegemony.

Only six countries in the Third World have enjoyed uninterrupted democracy since 1969: Barbados, Costa Rica, India, Jamaica, Mauritius, and Trinidad and Tobago.<sup>17</sup> They partake in Acemoglu and Robinson's conditions to varying degrees. However, what they have most in common, with the exception of Costa Rica, is that all underwent an extended period of democratic tutelage under British colonial rule (Clague et al. 1997). Clague et al. argue that democracy is sustainable in low income conditions, provided it gets off to a good start (Clague et al. 1997, 113).<sup>18</sup> Not all countries that got off to a good start, of course, succeeded—Ghana and Nigeria being cases in point. Five of the six that did were small, former plantation economies, with a social structure atypical for developing countries. The other, India, is extraordinarily large. Khan has speculated that the political class in India was so large and diverse it could not solve the collective action problem needed to rig elections and squash dissent (Khan 2010, 68).

Note that sustaining democracy is not the same as sustaining *development* under democracy. With the possible exception of Japan (discussed earlier), not one democratic country has transitioned from low to high-income status in the 20th and 21st centuries.<sup>19</sup> The only widely-agreed example of a developing democracy that has grown strongly, consistently, for over two decades, is Mauritius.<sup>20</sup> Mauritius is a very unusual case, however. As a previously uninhabited island, it was from its creation a capitalist country, with a strong, Francophone, capitalist class. The exceptionally strong, British colonial state, meanwhile, was dominated by the Hindu middle classes, to whom democratic rights were extended at an early stage. Although the working class contained radical elements, ethnic fragmentation weakened its collective action potential. Nevertheless, violent elections in 1966, combined with other systemic vulnerabilities, persuaded capital and the state to form an alliance, placating working class demands through a strategy of social democratic development. This was facilitated by effective peak labour and business associations, together with clusters of state-business-consultation (Brautigam 2009; Sandbrook et al. 2007, 123-146).

Pertinent questions for our governance advisor, then, would appear to be these: Is this a country in which all or almost all powerful elite groups have a commitment to democracy, either because they have been through a long period of democratic tutelage, or because they see democracy as the best means of resolving conflicts and maintaining at least some of their privileges? And are the popular forces in favour of democracy sufficiently strong and well-organised to ensure that democratic concessions are not merely cosmetic? If the answer to these questions is 'Yes', democracy may be a viable alternative to authoritarian rule. And will it be a developmental democracy? Here, the same kinds of questions we asked of authoritarian states are likely to apply. Does the regime face an internal threat that cannot be averted by distributing unproductive rents? Does the regime have good policies? Does it have an effective implementation and enforcement capacity?

If the answer to most of these questions is 'no', there may be little point in our policymaker trying to encourage a democratic transition. Any resulting regime is unlikely to be developmental, and thus unlikely to achieve the kinds of gains in economic and social rights being achieved by the current regime. Losses in this sphere might conceivably be offset by gains in civil liberties and human rights: but advisors need to tread carefully here. If the resulting democracy lacks the requisite social supports, it may be highly unstable, plunging the country into a civil war in which what limited human rights and civil liberties do exist would likely enter a tailspin.<sup>21</sup>

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17 Botswana is also sometimes claimed as a democracy, although at least as many authors consider it an autocracy, thanks to an uneven electoral playing field, and that power has yet to change hands since Independence. Adam Przeworski et al. *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990* (Cambridge: Cambridge University Press, 2000).

18 Lipset also recognized that singular events could predispose a country to democracy, and then set in train a process which created some social supports for democracy, such as universal literacy, or autonomous private associations. Seymour Martin Lipset, 'Some Social Requisites of Democracy: Economic Development and Political Legitimacy', *American Political Science Review*, 53/69-105 (1959), 72.

19 It should be noted that only two authoritarian countries (Hong Kong and Singapore) made this transition. A larger number, however, including South Korea, Taiwan, and several Eastern European countries, made large strides under authoritarianism before making the final jump to high income status under democracy.

20 Malta is another candidate, although it is excluded from this review because, with a population of less than half a million, it is more of a 'micro-state' than a state.

21 Remember that these are relevant considerations for an advisor in an ostensibly developmental authoritarian regime. In anti-developmental authoritarian regimes, or recently overthrown democracies, or states emerging out of conflict, the calculus may be very different.



# 5.0

## Gaps in the evidence and conclusions

### Gaps in the evidence

I hope that the former section has demonstrated that the structured, focused comparative case-study literature on developmental states and political settlements, most of which is qualitative in nature, provides a greater degree of insight for country-level policy advisors than does the cross-national statistical literature. This is not to say that such approaches are free from epistemological problems, but they are at least capable of answering and providing reasonably confident answers to the questions with which policy-makers are preoccupied.

The aforementioned literature does, however, have its blind spots. One of these is that it specifies a very precise set of historical conditions or conjunctures from which developmental states arise, and implies that any state falling short is unlikely to be able to keep development going. So if our governance advisor's response to the questions posed earlier is a mixture of 'yesses', 'nos' and 'sort of's', the implication is that whatever the achievements of today, there lies ahead a less successful tomorrow. This is bad news for states such as Cambodia, Uganda, Mozambique, Ethiopia, Angola, and others that arguably fall into this category.

What, then, is our advisor to do? One possible option is to follow Acemoglu and Robinson's lead, and decide that since development in such states is not sustainable, it should not be supported. But this implies that authoritarian quasi-developmental states are incapable of change. Is it inconceivable, for example, that the will to develop in Cambodia might get stronger over time, that Uganda might solve its problem of political succession, or that Ethiopia might strengthen its coordination capacities? China was once a personalized autocracy with bad policies, but after the death of Mao it institutionalized leadership change and adopted economic reforms. Might not other countries follow a similar route?

The preconditions for *democratic* developmental regimes appear even more demanding. As we have seen, in the 20th century only Mauritius really fulfills this definition. Nevertheless, a variety of states have been able over the past decade or two to combine genuinely competitive elections with high or moderately high rates of economic growth. Indonesia, Bangladesh, India, Ghana, and Zambia, all fall into this category. We need to know more about how it is that such states are able to sustain democracy and secure at least some of the conditions for development. One intriguing hypothesis is that these 'competitive clientelist' states develop in different ways to authoritarian developmental states, building effective enforcement and implementation capacity through multi-stakeholder islands of effectiveness, rather than from the top-down (Levy 2014).

Some of the aforementioned regimes have been democratic since independence, but most have emerged out of authoritarian regimes. As we know, transitions between regime types are often destabilizing to development, for obvious reasons. What has been less well analyzed is the experience of regimes which made relatively smooth transitions from developmental authoritarianism to at least moderately development democracy, and what combinations of leaders, elites, coalitions and policies underpinned those transitions. Arguably, increased knowledge of this type of transition might have led to better policy decisions in respect of the recent transitions in North Africa and the Middle East.

### Conclusions

Our tour of the literature has intended to show that knowing whether a state is authoritarian or democratic does not allow us to predict whether or not it will be developmental. Authoritarian regimes have been responsible, at the extreme, for both astounding development successes *and* failures, with most regimes lying somewhere in between. The performance of democracies tends to be less extreme, though there has been at least one democratic big developmental success. In general, there is little to choose performance-wise between democracies and authoritarian regimes, although the former appear to be difficult to sustain in low-income conditions (a fact which may also explain the absence of democratic big developmental failures). Also, although some recent literature finds that increases in democracy in Africa lead, *on average*, to increases in growth, these are of limited relevance to in-country policy-makers who need to know whether a democratic increase in *their* country will lead to growth, or its reverse.

Other studies, most of them structured-focused comparisons in the 'developmental states' or 'political settlements' genre, are able to illuminate the circumstances in which authoritarian and democratic regimes turn out to be developmental or otherwise. It is this

literature, the paper has argued, that is better-placed to inform our imagined policy-maker. In particular, it invites advisors to consider a number of contextual characteristics that have been shown to underpin developmental states. These include a combination of internal and external threats generating an incentive to develop; institutionalized solutions to the problem of leadership succession; a set of flexible policies well-adapted to the country's factor endowments; and at least an incipient enforcement and implementation capability. These criteria apply also to democratic developmental states, with the added conditions that the ruling elite must be committed to democracy as the best means of maintaining its privileges, while subordinate classes must be sufficiently well-organized to ensure that democratic institutions are not merely a smokescreen.

Even this literature, however, has its blind spots, not least an ex-post facto adumbration of the ex ante conditions that create developmental states. The implication appears to be that if your state doesn't measure up to all the salient conditions shared by previous development success stories, its long-term prospects are gloomy. This paper has suggested that this perspective is perhaps unduly limiting. Although we now have a significant amount of knowledge about developmental, quasi-developmental, and non-developmental political settlements, we have less of an understanding about transitions between them, under both authoritarian and democratic conditions. Until we have a better grasp of how non-institutionalised developmental autocracies become institutionalized, how transitions from authoritarianism to democracy can be made smoother, and how developmental capacity can be built in democracies under clientelist conditions, policy-makers in authoritarian states and flawed democracies will continue to scratch their heads.

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The Developmental Leadership Program (DLP)  
International Development Department  
School of Government and Society  
College of Social Sciences  
University of Birmingham  
Birmingham B15 2TT, UK  
+44 (0)121 414 3911  
[www.dlprog.org](http://www.dlprog.org)  
[info@dlprog.org](mailto:info@dlprog.org)  
[@DLProg](https://twitter.com/DLProg)



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