Chapter 2

Theories of regime effects

This chapter addresses the on-going debate in the international community about the role of regimes as one of the underlying drivers of human security. Alternative viewpoints are contrasted: democracy-promoters advocating deepening and consolidating the institutions of liberal democracy and human rights, the state-building perspective emphasizing the importance of governance capacity, and the structural viewpoint, suggesting that regimes are the product of growth and societal modernization, not the primary cause. By contrast, the unified theory developed by this study suggests that the institutions of both liberal democracy and state capacity need to be strengthened in parallel for effective progress in human security. There is nothing particularly novel about any of these claims, which have echoed down the ages. Contemporary debates became more heated following the third wave of democratization and in the context of America’s engagement in Iraq and Afghanistan, particularly the efforts of the administrations of President George W. Bush and President Barack Obama to establish strategic goals which could define successful outcomes in these wars. Debate intensified following events in Tunisia, Egypt, Yemen, Syria, Bahrain, and Libya, as the ‘Arab spring’ continued to unfold. This issue is central to many long-standing challenges facing the international development community, however, and the ideas have wider resonance beyond particular contemporary cases.

The debate about regime effects

Structural perspectives

Traditionally most analysts have been highly skeptical about the impact of regimes for processes of human security compared with the influence of structural determinants.¹ For many years, textbook accounts of development emphasized the importance of certain enduring or ‘fixed’ conditions which are believed to affect the capacity of countries to expand their economies, alleviate deep-rooted poverty, and reduce conflict. Thus human security in any society has been thought to benefit from connections to modern communication and information technologies, the distribution of natural resources, the physical terrain and types of agricultural production, access to global markets for trade-led growth, the reservoir of human and physical capital, the existence of internal conflict or interstate wars spilling over from neighboring states, and the role of cultural values. Economists who have examined the empirical evidence have commonly proved skeptical about the significant impact of democracy on growth, detecting neither positive nor negative effects.² Similarly other scholars, such as Michael Ross, doubt
whether democracy has the capacity to improve welfare outcomes, such as achieving lower levels of infant, child and maternal mortality. The debate about the impact of regimes on internal violent conflict and civil wars remains unresolved.

Moreover even where a correlation is established linking regimes with certain developmental indices, interpreting the direction of causality can be tricky. Regimes have long been regarded as a product of structural conditions, not an independent cause; the ‘Lipset thesis’ suggests that democratization is due to societal modernization, not the reverse. This perspective derives from Seymour Martin Lipset’s seminal work on the social requisites of democracy, published in 1959, which suggests a sequential developmental process. Processes of industrialization, the expansion of literacy and education, urbanization, rising living standards, and the growth of the professional middle class are thought to lay the social foundations for subsequent processes of democratization. These social conditions are believed to strengthen the chances that an active civil society will flourish, heterogeneous economies and the diffusion of wealth and power will develop, the educated middle class will act as a buffer between rich and poor, and thus stable democracies will be more likely to persist. In the classic Lipset proposition: “The more well-to-do a nation, the greater the chances that it will sustain democracy.” Lipset acknowledged that poorer countries could still be democratic, as exemplified by the cases of Costa Rica, India and Botswana. Social conditions generate probabilities, not universal laws. Nevertheless liberal democracy was thought most likely to endure and flourish in wealthier countries. The claim that democracies are likely to persist once they reach a certain level of economic development has been reinforced by the findings of a widely-cited study by Przeworski, Alvarez, Cheibub, and Limongi. Despite the renewed emphasis on regimes and state institutions, in fact many other enduring social conditions may outweigh regime effects.

**Theories of democracy-promotion**

During the third wave of democratization, however, the social determinism underpinning early modernization theories gradually fell out of fashion. During the late-1980s and early-1990s, many low and middle-income countries saw the ending of decades or even centuries of repressive autocracy based on military dictatorships (in Chile), one-party states (in Russia), elite control (in South Africa), and strongman rule (in the Philippines), and their replacement by governments coming to power through multiparty elections. In these circumstances, it seemed politically unacceptable, or even foolhardy and churlish, to advise reformers to wait cautiously until ‘the conditions were right’ before realistically seeking to build democratic regimes in poorer societies such as Mali and Ghana. Instead the
international community sought to support and strengthen fledgling democratization movements, providing technical assistance and developing local capacity for elections, parliaments and civil society organizations, even under inhospitable conditions, such as in Afghanistan and Iraq. The Lipset thesis continues to shape contemporary thinking, however, reflected in the assumption that successful regime transitions from autocracy, and the subsequent processes of democratization, are most likely to succeed in emerging economies, while often struggling to take root in the poorest developing societies.

During the last two decades, it has become increasingly common for the international community and for scholarly research to emphasize the impact of ‘institutions’ on human security, referring to the formal procedures and informal social norms which govern human behavior. ‘Formal’ rules include the constitutional framework in each state, as embodied in founding documents and Basic Laws. These are buttressed by legal statutes, customary codes of conduct, and administrative procedures, authorized by law and enforceable by courts, and reinforced by cultural norms. It is neither necessary nor sufficient for institutions to be embodied in law to be effective; social norms, informal patterns of behavior, and cultural values also create mutual expectations among political actors. Studies have focused attention upon formal rules as these represent the core instruments of public policy interventions, open to reform and amendment by the political process, whether by legislation, executive order, constitutional revision, administrative decision, judicial judgment, or bureaucratic decree. Although there is a ‘gray’ over-lapping area, by contrast cultural norms are altered gradually by informal mechanisms, such as social pressures, media campaigns, and processes of value change located largely outside of the formal political arena.

Within this general conceptual framework, alternative theories posit several diverse reasons why specific formal institutions are expected to matter for human security; hence many economists have emphasized the importance of rule of law, anti-corruption measures, and property rights for economic growth. Political scientists have repeatedly stressed the role of leftwing political parties representing urban labor and the rural poor, trade union organizations, and working class mobilization for redistributive taxation policies, welfare states, and social policy spending. Similarly international relations scholars have commonly highlighted the role of executive constraints in democratic states for curtailing the headlong rush to war. But theorists differ in a long-standing debate about the underlying mechanisms connecting the type of regime to development.

The most influential perspective about the role of democratic institutions, generating an enormous literature over the years, derives from theories which emphasize that the accountability and
transparency flowing from democratic practices have the potential capacity to cure many of the world’s ills, ranging from poverty, economic growth and social inequality to problems of corruption, minority rights, conflict and insecurity. Where citizens have a voice in determining their own affairs and holding leaders to account, democratic theory suggests, then policies will reflect social needs. Michael McFaul provides a forthright and unambiguous summary of these kinds of claims when arguing that American foreign policy needs to be fully committed to democracy promotion abroad, holding elections and strengthening civil society even under challenging circumstances: “As a system of government, democracy has clear advantages over other kinds of regimes. Democracies represent the will of the people and constrain the power of the state. They avoid the worst kinds of economic disasters, such as famine, and the political horrors, such as genocide, that occur in autocracies. On average, democracies also produce economic development just as well as other forms of government. Democracies also tend to provide for more stable government and more peaceful relations with other states compared to other regime types. Finally, most people in the world want democracy.”

Nor is this statement an isolated view, instead similar claims are echoed by Siegle, Weinstein and Halperin, who conclude that democratic regimes have overwhelming instrumental advantages for developing societies: “Poor democracies have grown as fast as poor autocracies and they have significantly outperformed the latter on most indicators of social well-being. They have also done better at avoiding catastrophes. Development can also be measured by social indicators such as life expectancy, access to clean drinking water, literacy rates, agricultural yields, and the quality of public health services. On nearly all these quality-of-life measures, low-income democracies dramatically outdo their autocratic counterparts.”

If human security is understood more broadly, in terms of internal conflict and inter-state war as well, it is a commonly held belief that democratic states generate an important ‘peace dividend’ at home and abroad. International relations scholars claim that democracies are unlikely to fight each other. One of the most widely-cited studies, by Bruce Russett, argues that the spread of the democratic peace occurred towards the end of the nineteenth century, and this pattern has been enduring ever since then: “There are no clear-cut cases of sovereign stable democracies waging war with each other in the modern international system.” Moreover Christian Davenport suggests that democracies prevent the excesses of domestic repression and abuses of human rights directed against their own citizens, such as minority groups. Arend Lijphart has long emphasized that power-sharing democracies, in particular, are essential for peaceful accommodation and stability in deeply-divided communities.
How does democracy generate these beneficial consequences? Commentators differ about the relative importance of different institutions. Alternative perspectives include theories focused on electoral accountability (the ‘Meltzer and Richard’ thesis), the broader panoply of liberal democratic institutions (the ‘Sen’ thesis), and the role of power-sharing arrangements (the ‘Lijphart’ thesis). Each view, associated with a seminal theory, is depicted schematically in Figure 2.1.

[Figure 2.1 about here]

*Electoral incentives and median voter theory: Meltzer and Richard*

For scholars adopting a minimalist or Schumpeterian notion of representative democracy, periodic competitive multi-party elections, which meet international standards for integrity, are the key accountability mechanism. These institutions let citizens exercise choice over their leaders and, where necessary, throw them out. Working within this perspective, Meltzer and Richard offered one of the most influential and widely cited arguments, based on median voter theory, emphasizing the importance of elections for social and economic equality. Where there are multiparty elections and a universal franchise, Meltzer and Richard predict that the pressures to appeal to the median voter will favor politicians and parties favoring income redistribution, progressive taxation, and welfare spending, as well as those demonstrating a superior track record of delivering public goods and services. They reason that in countries with a highly skewed income distribution, the median voter will earn less than the mean income. Politicians in democratic states with genuinely competitive multiparty contests therefore have a strong electoral incentive to adopt policies favoring the less well-off (although not necessarily the poor), if they seek to return to office. Median voter theory has influenced much subsequent scholarly research comparing the impact of democracy on social goods, including patterns of income redistribution, social welfare policies, and public spending.

*The institutional constraints of liberal democracy: Sen*

Meltzer and Richard’s theory was developed within the context of long-established democracies, and thus rests upon assumptions about the existence of a broader framework of political rights and civil liberties. Yet today many autocracies have adopted the façade of multiparty elections but with manipulated results violating the principles of electoral integrity. Electoral competition can be uneven and deeply flawed due to practices which fail to respect basic political rights and civil liberties, undermine the independence of Electoral Commissions, restrict ballot access, repress opposition forces, limit fair and balanced access to campaign finance resources, disenfranchise citizens, coerce voters, buy
votes, manipulate election rules, limit campaign news, generate fraudulent ballot counts, and prevent the legitimate victors from taking office. Where electoral competition is restricted through these practices, this limits the capacity of citizens to monitor and evaluate government performance, to mobilize and organize, to learn from alternative sources of information, and to replace failing leaders with an alternative team. Elections, even under these imperfect conditions, still provide opportunities for opposition forces to mobilize, and thus for advances in human rights and democratic practices.21 But elections alone are insufficient for government accountability without the broader institutions of liberal democracy.

Moreover developmental theorists argue that elections need to be supplemented by a range of checks and balance counteracting executive power, within a framework safeguarding political rights and civil liberties. Amartya Sen exemplifies this position when emphasizing that in liberal democracies such as India, the threat of electoral defeat gives elected officials a strong incentive to be responsive to citizens, but the independent media are an essential part of this process. Political leaders become more informed about urgent social needs, he argues, where reporters provide extensive coverage of news stories about humanitarian crisis and natural disasters, such as problems of local crop failure, draught or floods, health emergencies or environmental problems. If politicians fail to respond to urgent local needs, under conditions of electoral competition and transparency, public dissatisfaction expressed at the ballot box can lead to their removal from power. In this context, elected officials have every reason to seek to avoid preventable humanitarian catastrophes, such as by distributing supplies to mitigate periods of food shortage.22 By contrast to India, Sen observes, famines have occurred far more frequently, and with more disastrous consequences, in countries such as China where public officials face no such electoral sanction.23 It follows that states need elections plus other democratic mechanisms to ensure leadership accountability and government responsiveness to social priorities.

Consensus or power-sharing democracy: Lijphart

Alternative theories based on ideas of ‘consociational’ or ‘consensus’ democracy, long championed by Arend Lijphart, emphasize that power-sharing arrangements in democratic states are critical both for welfare and for peace.24 Power-sharing democracies are characterized by multiple democratic checks and balances designed to insure that power is widely dispersed vertically and horizontally, typified by the adoption of proportional representation electoral systems, decentralized and devolved governance, and prime ministerial executives accountable to parliament. This type of regime is typified by countries such as Switzerland and Belgium, and it is regarded as the polar opposite
of ‘majoritarian’, ‘Westminster’, or power-concentrating regimes. According to Lijphart, by incorporating and empowering a diverse range of interests, power-sharing democracies generate ‘kinder, gentler’ policy outcomes, including producing more egalitarian economic policies and more generous welfare states. Empirical evidence provides some support for these claims; political institutions such as types of electoral systems, executives, and federalism have been found to influence economic performance, including levels of growth, taxation and public spending. Consociational theory has also long claimed that power-sharing constitutional settlements serve to dampen down armed conflicts in deeply-divided multi-ethnic societies and thereby produce a durable peace settlement, political stability, and the conditions under which sustainable development and growth flourishes.

To summarize, therefore, the democratic theories suggests that desirable goals for human security, including prosperity, welfare and peace, are most likely to be achieved where citizens can hold their governments to account and thus make leaders responsive to social needs. Theorists differ in their interpretation of the underlying mechanisms through which this process is thought to work, whether (i) (for minimalists) through the mechanisms of competitive elections alone (the Meltzer and Richard thesis); or (ii) where elections are buttressed by other strong and effective democratic institutions (the Sen thesis); or else (iii) where power-sharing arrangements disperse decision-making widely among multiple interests (the Lijphart thesis). There are no absolute guarantees that any of these mechanisms will work; transitions from autocracy are risky and uncertain processes, just like attempts at peace-building. Without any of these institutional safeguards, however, democratic theorists emphasize that venal, incompetent or self-serving autocrats remain unaccountable. Without the risk of immense bloodshed, or even civil war, it remains difficult, or impossible, for citizens to rid themselves of repressive leaders such as Lukashenko in Belarus, Bashar al-Assad in Syria, or Gaddafi in Libya. Thus there is no effective institutional incentive for autocratic leaders to serve and protect the public interest.

Or state-building first?

Yet the beneficial consequences of democracy promotion have long been challenged by alternative theories emphasizing the pragmatic need for sequential development. The ‘state-building’ school also contains a broad and diverse group of thinkers, as well as drawing upon different disciplines in economics, international relations and comparative politics. The common view among scholars who share this perspective is the assumption that effective development requires a series of strategic steps, although theorists within this school of thought also differ in their view about the underlying institutional mechanisms, whether emphasizing that development requires either (i) well-functioning
states capable of maintaining order and security against internal and external threat (the Huntington thesis); or (ii) classical liberal modern notions of ‘good governance’, especially property rights and rule of law (the World Bank); or else (iii) Weberian notions of state capacity, especially the quality of bureaucratic governance. These alternative perspectives are also depicted schematically in Figure 2.1. Only further down the road, once these initial preconditions are met, commentators suggest, should societies seek to transition in the next stage by developing democratic regimes.

State-building: the Huntington thesis

Ideas of state-building have become fashionable again in American foreign policy circles and in the Bretton Woods institutions, such as the World Bank. The intellectual roots of these ideas within contemporary political science can be traced back to the original arguments of Samuel P. Huntington in his 1968 work Political Order in Changing Societies.\(^28\) Huntington’s account was seared by the experience of decolonization during the late-1950s and early-1960s, and the failure of the institutions of representative democracy to take firm root when transplanted into many newly independent developing societies, such as in many former British and French colonies in West and East Africa. He was also challenging early theories of modernization, put forward by leading scholars such as Lucian Pye, Edward Shils and Daniel Lerner, which had assumed that the process of industrialization, the expansion of mass democracy, and the growth of the modern bureaucratic state could occur simultaneously in many developing societies.\(^29\) Yet if social mobilization outpaced the establishment of democratic institutions and processes of industrial growth, Huntington cautioned, this raised the risks of social disorder, insurgency movements, and fragile regimes. Thus he predicted that newly-independent post-colonial states would be destabilized by ‘premature’ increases in mass participation, typically by mobilizing new groups and holding elections early in any regime transition process. In support, the study cited the history of growing political instability during the 1950s and 1960s, including a series of coups d’états experienced throughout Latin America, revolutionary violence, insurrection and guerrilla warfare in Indonesia, Thailand and the Philippines, and ethnic tensions or communal violence in Nigeria, Burundi and Sudan. What caused this violence and instability? Huntington blamed the rapid mobilization of new groups into politics coupled with the slow development of political institutions: “Social and economic change...extend political consciousness, multiply political demands, broaden political participation. These changes undermine traditional sources of political authority and traditional political institution.”\(^30\) The result is anarchy. Instead, Huntington recommended that regimes should first establish the foundation of legitimate authority, social order, and rule of law, by modernizing
authoritarianism, as exemplified by leaders such as Lee Kwan Yew in Singapore, Park Chung-Hee in Korea, or Suharto in Indonesia. Once these foundations were stable, he argued, countries would be ready for the expansion of mass participation.

Contemporary debate about the Huntington state-building thesis revived again during the mid-2000, following experience of the Bush administration’s efforts at democracy promotion in post-Saddam Iraq and in Afghanistan under President Hamid Karzai. Troubled by these developments, several thinkers within international relations have argued that enthusiasm for democracy promotion should be tempered by other considerations. Most commentators do not question the normative claims about the importance of democracy for human rights; rather they usually share these liberal values, but they believe that the most effective way to achieve these long-term goals in indirect. Echoing Huntington, sequentialist theories suggest that the international community needs to establish the foundations of a well-functioning state in countries afflicted with deep-rooted conflict before rushing headlong into elections. ‘Premature’ democratic experiments before the conditions are ripe, in this view, are, at best, irrelevant and, at worst, dangerous and costly. This perspective has been forcefully expressed by diverse commentators; hence the journalist Robert Kaplan articulated many reasons for pessimism about democracy promotion, arguing that population increases, urbanization, and resource depletion were undermining fragile governments in West Africa and Asia.31 Fareed Zakaria expressed concern about the election of a new generation of autocrats, suppressing human rights in countries as diverse as Peru, Kazakstan and the Philippines, establishing ‘illiberal democracies’.32 In a long series of articles, Edward Mansfield and Jack Snyder warn that instead of a peace dividend, democratizing states in the process of transition are far more susceptible to ethnic conflict, through encouraging nationalist rhetoric in the pursuit of popular electoral support.33 Reflecting upon the international community’s peace-building record in Haiti, Cambodia and Bosnia, Francis Fukuyama argued that important trade-offs exist between governance and democracy. In particular, state-building in multicultural societies often requires the authorities to use force to disarm militia and to establish legitimate control over national territorial borders. By contrast, liberal democracies constrain the power of the central authorities. If elections are held prior to the completion of this process, Fukuyama claims, then internal conflicts may be frozen, prolonging instability.34 Similarly, Simon Chesterman analyzed the history of internationally-run transitional administrations, arguing that peace-builders had not devoted sufficient attention to the process of building sustainable institutions, such as the need for effective law-enforcement and a judicial system in Bosnia and Kosovo.35 Moreover a popular book by Amy Chu argued that the pursuit of democracy and market reform in countries with predominant minorities is destabilizing, by encouraging
ethnic conflict. Similar claims also echo in the rhetoric surrounding American foreign policy; for example, in August 2010 the Obama administration signaled retreat from the more muscular attempts at promoting democracy in Afghanistan, adopting the more modest strategic goals of fighting al Qaeda terrorists operating in the region.

Thus commentators differ in many important regards, but many believe that the most effective and coherent strategy for peace-builders is to follow a step-by-step sequential process, where the first priority in many societies which have long experienced instability and conflict is state-building and establishing effective governance. The recipe calls for stamping out malfeasance and corruption, disorder and chaos, through demobilizing warring factions and private militia, strengthening police and the courts, training and professionalizing the civil service, building an effective central and local state, and deregulating the state-controlled economy. Once the foundations of order and security are established in any society then, it is hoped, this will be followed eventually by stable processes of societal development, economic growth, and democratic elections.

‘Good governance’ for human development: the World Bank thesis

Moreover these ideas are not simply confined to the concern about security within international relations and applied to the major post-conflict peace-building operations led by the United Nations in cases such as Sudan, Cote d’Ivoire, Burundi and Afghanistan. Instead, the related claim is that ‘good governance’ is essential for improving economic growth and poverty alleviation has now become pervasive throughout the international community; in the words of Kofi Annan, Secretary General of the United Nations: "Good governance is perhaps the single most important factor in eradicating poverty and promoting development." This is a relatively new concern, however; during the 1980s and early-1990s, global financial institutions pushed for a minimal role for the state in the drive for unfettered markets, regarded as the route to economic efficiency. During this era, the standard ‘Washington Consensus’ promoted free markets through privatization and de-regulation, fiscal austerity and disinflationary policies, tax reform, trade liberalization, currency devaluation, and open labor markets. These policies were designed to shrink the scope and role of the central government, thereby dispersing state powers to a wide range of actors within the local community, the private sector, and civil society. During the mid-1990s, however, the intellectual tide gradually turned against the first-generation Washington Consensus, and radical structural adjustment nostrums became less fashionable. Many Latin American countries, which had adopted the liberalization policies recommended by the Washington consensus, experienced high or growing problems of inequality during the 1990s, while
failing to achieve sustained economic growth.\textsuperscript{39} Neo-conservative free market ideas were further undermined during this era by the Asian economic crisis in 1997-98, by trenchant criticism from neo-Keynesian economists such as the Nobel-prizewinner, Joseph Stiglitz, and by political pressures from the anti-globalization movement.\textsuperscript{40}

During the last decade, this shift in philosophy gradually led to the ‘augmented’ Washington Consensus championed by the Bretton Woods institutional of global finance.\textsuperscript{41} This added several ‘second generation’ prescriptions to the original list, including prescriptions for ‘good’ governance.\textsuperscript{42} It was argued that national governments which reflect these principles function as an effective partner for development, by managing the delivery of public goods and services and regulating the market economy.\textsuperscript{43} The augmented Washington Consensus emphasizes the importance of establishing rule of law as a precondition for an effective development, including access to justice, an independent judiciary, and professionally-trained security forces. Rule of law is thought to facilitate economic growth, by encouraging social stability, legal contract compliance, and business confidence, and thus attracting international investment.\textsuperscript{44} Similarly, Wolfenson’s leadership at the World Bank prioritized integrity, transparency, and lack of corruption in the public sector, to ensure that aid improves public goods and services and thus reaches poor people, rather than ending up in the pockets of political and economic elites. Democracy has sometimes been regarded as one necessary component of ‘good’ governance, amongst others, but most agencies have treated these as separate and distinct phenomenon.\textsuperscript{45} Regional multilateral organizations also came to reflect these changing priorities, including the European Union, the Africa Union, and the Latin American Development Bank, as well as bilateral donors. Government transparency and accountability has also been championed by an array of NGOs, notably Transparency International, the Global Integrity Project, and the Rights to Information movement.\textsuperscript{46}

\textit{Bureaucratic capacity}

‘Good governance’ remains an ambiguous notion, however, and it does not necessarily need to reflect classical liberal assumptions about the limited role for the state. Within public administration, a long tradition has theorized that the expansion of state capacity is critical for achieving many developmental objectives, whether through sound economic management, the provision of basic public goods and services, or maintenance of domestic security. Thus development is thought to be hindered from this view if states lack technical capacity, impartial processes of decision-making, and a clear process of professional career advancement in the civil service in central and local government, if the justice system has inadequate legal training for judges and lawyers, or if ministers and elected politicians
are unable to implement practical solutions to meet societal needs. The good governance thesis from the Weberian perspective emphasizes that well-functioning states --implicitly those which meet standards of impartiality, effectiveness, legality, efficiency, transparency, and integrity -- are a more effective national partner for international developmental agencies. To examine the evidence, a pioneering study of the quality of bureaucratic governance was developed by Evans and Rauch, based on expert assessments of meritocratic recruitment and predictable career ladders in the public sector. The survey gathered data during the early-1990s in around three dozen middle- and low-income countries. Evans and Rauch analyzed the links between the quality of bureaucratic governance and economic growth, concluding that in the selected countries under comparison, state bureaucracies characterized by meritocratic recruitment and rewarding career ladders generated higher rates of economic growth. More recently, Bo Rothstein has examined the impact of the quality of government, conceptualized in terms of the concept of impartiality, on several diverse variables including institutional trust, economic growth, corruption, welfare outcomes, and life satisfaction. Therefore the claim that bureaucratic state capacity is important for human security is often heard, although evidence supporting this view has still not been widely demonstrated. The ‘good governance’ agenda proposed by these commentators has been framed in terms of emphasizing: (i) state-building, (the ‘Huntington’ thesis) by those agencies concerned with peace-building; (ii) classical liberal notions of ‘good governance’, emphasizing private property rights and rule of law, by those seeking economic development, growth and prosperity (termed here the ‘World Bank’ thesis); or else (iii) Weberian concepts of state capacity, impartiality, and the quality of bureaucratic governance (termed the ‘Weberian’ thesis).

**The combination of democracy + governance**

The democracy-promotion and state-building viewpoints offer persuasive reasons why regimes have important consequences for development. Nevertheless an alternative perspective developed in this study suggests that each provides only partial insights. A unified theory is needed to provide a more holistic and comprehensive view. Some have acknowledged the need to combine these dimensions, for example when debating with Fukuyama, Carothers has suggested that the process of gradually strengthening democracy needs to accompany state-building initiatives, recognizing that both components are necessary for successful development. Nevertheless the analysis of systematic evidence supporting this view has been unduly neglected. The terms ‘democracy’ and ‘governance’ are also often employed so loosely in practical language that it is widely assumed that these separate and distinct phenomena are, in fact, the same thing, for example where it is thought a priori that so-called
‘good’ governance must necessarily reflect the values and principles of liberal democracy. The division of labor among different disciplines in the research literature has also encouraged an intellectual schism; scholars of public administration and management have commonly regarded the issue of the effective delivery of public goods and services as their bailiwick. By contrast, international relations scholars have focused upon the capacity of the state in terms of military security and the prevention of inter-state and civil conflict. Similarly developmental economists have emphasized the effects of governance upon prosperity, including the role of property rights. By contrast, comparative politics has long placed processes of democratization and regime transitions at the heart of their subfield. The disciplinary divisions are not iron-clad, academic sub-fields certainly overlap, but specialization within the social sciences has commonly reinforced intellectual rifts.

Unfortunately this division is also reflected in the work of many organizations within the international community; hence the agencies of the global economy, exemplified by the World Bank and IMF, as well as Transparency international and the Global Integrity Project, have commonly devoted their energies to promoting ‘good governance’. Many other agencies have also focused their mission primarily on strengthening democratic institutions and processes, as exemplified by IFES and International IDEA’s work strengthening electoral processes and management, the efforts of Amnesty International and Human Rights Watch to bolster human rights, and the Open Society Institute’s programs designed to expand civil society and the role of the independent media. Too few development agencies have sought to span the gulf by investing in both dimensions of democratic governance, although there are some notable exceptions, exemplified by the United Nations Development Programme, the U.S. Agency for International Development, and the UK’s Department for International Development (Dfid).

[Figure 2.2 about here]

Rather than presenting a false choice between democracy and governance, therefore, the core argument at the heart of this book suggests that a more integrated synoptic approach and a unified theory which understands the need for both democracy and governance is likely to pay dividends. The study posits that development is most often achieved and sustained in societies where the formal institutions of both liberal democracy and bureaucratic governance are simultaneously strengthened in parallel.

To help understand the basis for this claim, Figure 2.2 illustrates the standard sequential stages identified in the policymaking process. The schematic figure draws loosely upon systems models
developed in the 1960s by David Easton, as well as the idea of distinct steps in the public policymaking cycle, developed by John Kingdon, Thomas Dye, and many other scholars. The standard policymaking model is useful for highlighting the underlying reasons why either electoral accountability or else improvements in good governance, alone, are expected to be insufficient for achieving developmental outcomes. The cyclical model identifies multiple actors as players in a sequential policymaking process, illustrated in Figure 2.2, with four distinct sequential step: (i) the agenda-setting stage in the public sphere, engaging the public, political parties, the media and NGOs, which heightens the salience of the key problems to be addressed on the policy agenda; (ii) the policy-making stage in the state, where policy options are formulated, coalitions are built, and policies are adopted to address these perceived problems, directly engaging decisions by actors in the legislature and the executive; (iii) the implementation stage, where policies are put into practice, involving public sector bodies; and finally, (iv) the feedback evaluation loop, when learning about the consequences of public policies shapes either satisfaction with the status quo or further demands for subsequent actions. All this activity is understood to occur within a broader environment in each country, including the role of path-dependent historical traditions, the social structure and culture, and the economic structure. This cycle regards the policymaking process as a series of activities – involving problem identification, agenda-setting, formulation, legitimation, implementation, evaluation and feedback.

The general model is sufficiently flexible to apply to any major dimension of public policymaking, rather than generating sui generis explanations of development, while recognizing significant factors common to diverse contexts. It also has the advantage of identifying a more comprehensive range of actors and a broader series of stages than accounts of liberal democracy which focus solely upon the role of electoral accountability, or accounts of good governance which focus only upon the capacity, integrity or impartiality of the public sector. The model remains agnostic, however, about the precise impact of each type of actor in the policymaking process, for example the relative weight of the public, NGOs and the news media in agenda-setting, and whether economic elites or international agencies influence the legislature and executive. The process of determining priorities which need to be addressed by the state starts in this model with the perception of social problems, generating public demands on the regime, whether articulated through elections (in liberal democracies with competitive multiparty contests), or channeled through the other institutions which are part of the complex agenda-setting process in any regime, including political parties, the mass media, and organized groups. Demands on the regime are directed towards the core executive, legislative and judicial bodies, the authorities responsible for processes of policy-making, legislation, and the allocation of resources. The
institutions of liberal democracy are designed to expand the opportunities for public participation, strengthening the accountability of elected officials to all citizens, as well as providing checks and balances among the branches of government which limit the autonomy of the core executive. But the core executive and legislative officials can only implement decisions through public sector governance, thus the effectiveness and efficiency of the policymaking process depends upon the capacity of the public sector to manage resources and oversee the delivery of public goods and services. In turn, policy outputs will ultimately impact upon societal outcomes and the achievement of developmental goals, making a difference to citizen’s living standards, welfare and security. Perceptions of how well policies work are expected to feedback into perceptions of social problems, shaping subsequent public demands, in a cyclical process. In addition, the policy process does not work in an isolated bubble, instead it occurs within the complex set of constrains and opportunities set by enduring structural conditions within each society, including the reservoir of resources available to each state from economic development, natural resources, human and physical capital, the integration of states into global and regional networks, the types of social and ethnic cleavages which divide communities within national borders, and the path-dependent legacies of historical, cultural, and colonial traditions.

Within this policy process, the most common and recognizable feature of liberal democracy is holding competitive multiparty elections. These contests are now a standard component in negotiated settlements for divided societies emerging from conflict, as part of the international peace-building process. Yet this strategy ultimately elects governments to fail, and thus has the capacity to spread long-term public discontent with the regime, or even disillusionment with liberal democracy, in states where regime authorities lack the governance capacity to implement effective public policies which can improve the lives of their citizens. Many weak states have rulers who lack the ability to prevent bloodshed (as in the Democratic Republic of Congo), alleviate deep-rooted poverty (in Liberia), maintain security (as in Somalia), or protect citizens against the ravages of humanitarian or natural disasters (as in Haiti). It is potentially problematic to expand the institutions of representative democracy, which facilitate the expression and mobilization of citizens’ demands, in states where regimes lack basic governance capacity.

This does not imply that efforts by the international community to strengthen liberal democracy should be downplayed by any means, for example where state-building is prioritized and there are delays or the postponement of competitive elections and political reforms to executive legislative bodies. It is equally – or perhaps even more – inappropriate to expand regime capacity, for example by
strengthening the public sector bureaucracy, bolstering tax collection agencies, or equipping the security forces, without first establishing the accountability mechanisms and safeguards over executive power provided by liberal democratic institutions. Once installed securely in office, autocracies may prove benevolent, because of ideological commitments to serve the public interest and improve the lives of citizens. But there is no guarantee whatever that these rulers will necessarily subsequently relinquish power voluntarily and indeed, there is every expectation that they will not, based on past experience. Transitions from autocracy may fail to lead towards stable democratic regimes, but this does not mean that they should not be attempted. The history of democratization in Western Europe was one of erratic and uncertain steps, with many false starts and regressions, rather than trajectories showing steady linear progress.\textsuperscript{53} Waiting for ‘ideal’ timing may be naïve and foolish. Instead, the thesis suggests that the core challenge for reformers is to strike a careful and delicate balance between simultaneously strengthening both the institutions of liberal democracy and public sector governance in tandem. The idea that these dimensions are most effective when developed in parallel is an extremely simple proposition, especially when understood in a unified theory as sequential steps in the policy process, yet this notion is commonly under-estimated, or overlooked, both by scholars and practitioners.

[Figure 2.3 about here]

To develop these ideas further, Figure 2.3 illustrates the basic analytical regime typology used in this book, as expanded and measured in the next chapter. The theoretical framework is based on the proposition that development will be advanced most effectively under two conditions: first, in nation states where liberal democratic institutions strengthen voice and accountability (depicted schematically on the horizontal axis), so that all citizens have the capacity to express their demands and to hold elected officials to account, and, secondly, in nation states where bureaucratic governance is strengthened (on the vertical axis), so that regime authorities have the capacity to implement policies, including maintaining security, raising public revenues, and managing the delivery of public goods and services. Expanding either the demands of democracy or the supply of governance alone is regarded as insufficient; instead, the combination of both factors working in tandem is predicted to provide the conditions most conducive to prosperity, welfare and peace. The next chapter operationalizes both dimensions of the conceptual framework, classifying and comparing regimes worldwide and over time. To test these core propositions, subsequent chapters in Part II analyze cross-national time-series evidence, as well as examining specific cases, drawn from many countries around the globe during the third wave era. In fact, as we shall observe, there is no linear relationship between liberal democracy
and bureaucratic governance; instead in many contemporary regimes democracy has advanced ahead of governance, whilst elsewhere in other countries, governance capacity has expanded more than democracy.

Conclusions

Therefore debate about the most important route to development continues, with divisions among structural theories doubting the independent effects of regimes, others emphasizing state-building and good governance, and those scholars advocating establishing the institutions of democracy. By contrast, theory in this book suggests that the central issue is not about choosing between liberal democracy and elections or state-building and good governance, but instead how practical steps towards democracy and governance should be timed, sequenced and combined in parallel. Rival accounts can be analyzed and tested to see whether this theory provides the best fit to the evidence concerning the predicted links between regimes and development. Establishing convincing proof remains challenging, however, both theoretically and empirically. The next chapter turns to defining and operationalizing the core concepts, to developing the regime typology, to applying the classification to regimes worldwide, and to illustrating the ideas through selected case studies.
Figure 2.1: Perspectives and seminal thinkers within the theoretical debate

- **Theoretical perspectives**
  - **Structuralists**: Fixed conditions drive development, Regimes are endogenous (Lipset)
  - **Democracy-promoters**: Electoral accountability (Meltzer and Richard), Liberal democracy (Sen), Power-sharing democracy (Lijphart)
  - **State-builders**: State-building first (Huntington), 'Good' governance (World Bank), State capacity (Weber)
  - **Unified theory**: Strengthen democracy and governance (Carothers)
Figure 2.2: Sequential stages in the policymaking process
Figure 2.3: Regime typology

<table>
<thead>
<tr>
<th>GOVERNANCE</th>
<th>DEMOCRACY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RESTRICTED VOICE AND ACCOUNTABILITY</td>
<td>INCLUSIVE VOICE AND ACCOUNTABILITY</td>
</tr>
<tr>
<td>EXPANDED CAPACITY</td>
<td>Bureaucratic autocracies (Mixed performance)</td>
<td>Bureaucratic democracies (Most effective performance)</td>
<td></td>
</tr>
<tr>
<td>LIMITED CAPACITY</td>
<td>Patronage autocracies (Least effective performance)</td>
<td>Patronage democracies (Mixed performance)</td>
<td></td>
</tr>
</tbody>
</table>


8 See Jon M. Carey. ‘Parchment, equilibria, and institutions.’ *Comparative Political Studies* 33 (6-7): 735-761.


P5.


50 Some, although not all, donor and multilateral agencies regard ‘good’ governance and democracy as equivalent. See, OECD. 2009. *Donor approaches to Governance Assessments: 2009 Sourcebook*. Paris: OECD. Pp.22-24. For example, this approach is emphasized by Sweden International Development Agency: “On the whole, good governance implies an efficient and predictable public sector incorporating participation and the rule of law, i.e. with the characteristics of democratic governance.” Similar conceptualizations are offered by GTZ in Germany, Austria, and US AID. Other agencies treat democracy and governance as separate phenomenon.
