

Why Does Democracy Have to Do with It? van de Walle on Democracy and Economic Growth in Africa

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The relationship between democracy and economic development is one of the classic themes of political sociology. The theme can be approached in several ways. On the one hand, one may seek to explain political development in terms of economic factors, and ask how economic development affects the character of a political regime and how the prospects of democracy are affected by economic development. These are the kind of questions asked by authors such as Moore (1966) and more recently, Rueschemeyer, Stephens and Stephens (1992).

On the other hand, we may ask the converse question: How does the presence of a democratic political regime affect economic development? Addressing the latter question, some authors argue that a combination of economic and political liberalism is the best way of achieving economic growth. As representatives of broad sections of society, democratically elected leaders may serve as a counterweight to state power. They may therefore be able, at least to some extent, to control the predatory behaviour of state leaders. Thus, democratic regimes would be better able to promote economic development than authoritarian ones. This was the common view in the early 1990s, shortly after the collapse of communism. In this period of Western triumphalism, the simultaneous processes of economic and political reform were seen as mutually reinforcing.

Others, such as Haggard and Kaufmann (1995), remained sceptical of this view of the relationship between democracy and economic development. They argue that democratisation, other things being equal, impedes economic development by increasing the political pressure for distribution. As a result, a democratic regime will tend

to find it more difficult to allocate funds for long-term investment.

Nicholas van de Walle's article in this issue addresses the second of these questions. His starting point is the hypothesis that the introduction of democracy will impede economic growth, because it will lead to increased pressures for redistribution. This, in turn, is likely to distort economic policies in ways detrimental to economic growth, because it will divert funds away from productive investment. In the following, I refer to this theory as the Haggard/Kaufmann model.

To test the Haggard/Kaufmann model's validity for Africa, van de Walle has made two systematic comparisons. On the one hand, he compares the economic performance of African democracies with that of non-democracies in the 1990s. The second comparison is between the economic growth of democratised countries before and after the transition. Both comparisons reveal that there is little or no difference between regime types in terms of economic performance.

In this comment, I will not question the validity of his main empirical finding, or the data he uses to substantiate his argument. Van de Walle acknowledges several times that the data on economic growth are notoriously unreliable, and that this must be kept in mind in the interpretation of his findings. To this, one could add that the data on democracy are no less problematic, if for somewhat different reasons. Here, the problem is less the availability of data than the concept of democracy itself, and the classification of countries into the categories free, partly free and not free. Any such classification is based on judgment and interpretation, and given the relatively small number of cases, the conclusion could well be different if a few countries were classified differently.

The basic question raised by van de Walle is why the introduction of democracy has not had any impact on growth rates? In the following, I will focus on his tentative explanations of the lack of impact of democratisation on economic growth.

Before proceeding to discuss some of the substance of van de Walle's argument, we may note that the hypothesis he sets out to test is based on two important claims. First, it is assumed that democratic regimes in fact pursue different economic policies from non-democratic ones. Economic policy, therefore, is the mechanism that links democratisation and economic performance.

Second, and related to this, is the implicit counterfactual claim that non-democracies are more growth-oriented than democracies, and that the kind of economic policies followed by non-democratic regimes are more conducive to economic growth than the policies

of democracies. In addition to these assumptions, van de Walle argues that the process of transition itself could inhibit growth by creating political instability, at least temporarily.

According to the Haggard/Kaufmann thesis, democratisation impedes growth because democratic regimes pursue different policies from non-democratic ones. More specifically, democratic regimes, according to this theory, will tend to follow policies that are more geared towards redistribution than towards growth.

Van de Walle's main empirical finding is that, contrary to what the Haggard/Kaufmann thesis predicts, growth rates do not differ between regime types. His explanation of this finding is that the policies of democratic regimes have not in fact been substantially different from those of non-democracies. This, in turn, is explained by the fact that democracies in Africa have not experienced increased pressure for redistribution, as assumed in the Haggard/Kaufmann model. Consequently, the mechanism linking democratisation with economic performance in this theory – policies emphasising redistribution – is weak or non-existent.

There are two reasons for the lack of pressure for redistribution, van de Walle argues. First, in spite of democratisation, the level of political participation has remained low.

Consequently, there has been no significant change in economic policies, because pressure for redistribution has not increased. Second, the executive branch of government has remained dominant, even after democratisation. As a result, legislative assemblies have limited influence on policy-making.

Thus, according to van de Walle, African states, whatever the type of political regime, are characterised by the absence – or at least the limited amount – of pressure for redistribution. As a result, regime type does not have the impact on policy and performance assumed by the Haggard/Kaufmann model.

Is this a convincing explanation? I will raise three issues to question van de Walle's account. The first concerns the relationship between patrimonialism, democracy and pressures for redistribution. The second concerns van de Walle's analysis of the role of foreign actors. Finally, and very briefly, I will point out some other aspects of the state's role in economic development, which may be more significant than the nature of the political regime.

Democracy, Development and Distributive Pressures

van de Walle associates low participation and weak legislatures

with patrimonialism. But although the emphasis on patrimonialism is important, I think its impact on policies and economic development should be seen somewhat differently. The defining feature of patrimonialism, or rather neo-patrimonialism, as stated by van de Walle himself, is that ‘office holders almost systematically appropriate political resources for their own use, and political authority is largely based on clientelist practices’.

To be sure, patrimonial regimes tend to have low levels of participation and strong executive dominance. However, this does not mean that the pressure for redistribution is insignificant in such regimes. After all, what is patrimonialism if not a large-scale system of redistribution? In his introduction, van de Walle points to the dependence of African states on distribution of spoils for their maintenance of power, referring, apparently with approval, to arguments to this effect made by Richard Sandbrook and Jean-François Bayart.

This – in my opinion crucial – argument is not drawn upon in his explanation of the lack of impact of democratisation on economic growth. If ruling regimes in Africa depend on the distribution of spoils to stay in power, this surely applies as much to formally democratic regimes as to authoritarian ones, and it would apply even if participation increased and executive dominance was reduced. In patrimonial systems, the pressure for redistribution is massive, although it does not take the form found in Western democracies, or in the Asian and Latin American states studied by Haggard and Kaufmann.

When regime survival depends on distribution of spoils, pursuit of policies that are ‘rational’ in a strictly economic sense may be politically impossible to sustain, regardless of the nature of the political regime. Governments may then pursue policies that are detrimental to economic growth, in order to secure its own position, even if it means that the economic development of the country is adversely affected in the long run.

In so far as African states are patrimonial, therefore, they fundamentally depend on redistribution as a strategy for securing a minimum of support. In a fundamentally patrimonial system, democratisation may mean that the pattern of distribution of spoils could be different, but the amount of distributional pressure would not necessarily change. Other sections or interests could get access to state resources, but funds would still tend to be used for redistribution rather than investment.

Thus, my argument is in a sense the reverse of that proposed by van de Walle. The continuity across regime types in terms of eco-

conomic development is not explained by the fact that both democracies and non-democracies experience little pressure for redistribution. On the contrary: the economic performance of democracies and non-democracies is similar because both regime types are subject to strong pressures for redistribution. It is the continued *strength* of demands for redistribution, rather than their continued weakness, that accounts for the continuity across regime type. This means that the continuing dependence of regimes on clientelist practices to sustain their support, rather than the low levels of participation and executive dominance, seems to be the most important explanation for the limited impact of democratisation on growth. After all, when preservation of regime power – and ultimately state power itself – is at stake, distribution is likely to take precedence. Thus, since patrimonialism, is a system fundamentally based on redistribution, there is no *prima facie* reason to assume that the introduction of democracy will change the amount of distributional pressures.

This means that a key assumption underlying the Haggard/Kaufmann model, which van de Walle appears to accept – i.e. that democracies tend to be more subject to pressures for redistribution than non-democracies – must be rejected. Or to be more precise: the argument does not apply to patrimonial states, since the assumption on which it depends is not valid for such states.

Democracy, Growth and the Role of Donors

van de Walle's article also deals with the role of foreign donors. The relationship between democratisation, economic growth and the role of donors is a complex one, and van de Walle does not really address it in full. However, given the fact that the overall focus of the article is on the relationship between democratisation and economic performance, one would have expected this section to deal with how donor policies towards different regime types have affected economic growth.

This is not the focus of the discussion, however. Instead, van de Walle discusses how donors have responded to democratisation. Donors have not, he argues, directed more aid to democracies than to non-democracies. Empirically, this is an important point, which shows that in spite of all the rhetoric about democratic governance, donor practices have not changed. But van de Walle does not link this discussion explicitly to his overall theme of how democracy affects economic development.

He seems to regard the lack of increased external support to

democracies as one reason why the economic performance of democracies is no different from that of authoritarian regimes. Counterfactually, this implies that if more aid had been given to newly democratised countries, they would have performed better economically. This, however, would be an explanation of why democracies have not performed *better* than non-democracies. And given that van de Walle started out with the assumption that democratisation impedes economic growth, this seems to be a question that hardly needs to be asked at all.

Perhaps van de Walle thinks that selective international support to democracies can serve to counteract the general mechanism described in the Haggard/Kaufmann thesis. This may or may not be reasonable. In any case, this argument is neither explicitly put forward nor justified in the present article. In fact, following Mick Moore (1998), one could also argue the opposite: Increased donor support to democracies could make these states more dependent on, and therefore more accountable to, foreign donors than to their own citizens. Such a 'delinking' of the state from society could undermine both democratisation and economic growth: Democracy could be undermined by the change in accountability relations, while increased access to donor funds could absolve new democracies of the need to improve their tax collection system. One must therefore conclude that this issue remains unresolved.

In discussing the role of foreign donors, van de Walle mainly focuses on the use of (or the rather the failure to use) aid to reward new democracies. However, given that his main aim is to explain the lack of impact of democratisation on economic performance, this focus seems somewhat misleading. As he notes in passing, donors have been more concerned about economic policy prescriptions than about democracy. Almost all African countries, whether democratic or not, have adopted structural adjustment programmes. As van de Walle points out, the volume of aid has increased to all governments who follow liberal economic policies, regardless of the nature of the political regime. Thus, the most important way in which donors have influenced political and economic development in Africa is through these programmes (Mkandawire, 1999).

This seems to be a point of some significance. The Haggard/Kaufmann thesis presupposes that democracies will tend to follow different economic policies from authoritarian regimes. But if economic policies are determined by donors, the nature of the political regime would seem to be of limited importance, since different types of regime would follow similar economic policies anyway.

One might, not entirely without justification, respond that the ability of donors to follow up and ensure that economic policies conform to the agreed conditions in practice is limited. This view seems vindicated by the continued ability of African governments to maintain clientelist systems of distribution and various forms of corrupt practices, despite entering into agreements with donors that ban such practices.

However, even if this is the case, it seems reasonable to believe that conditions set by donors in general, and the World Bank and IMF in particular, restrict the range of economic policies available to governments. And if this is the case, the role of donors in determining economic policy would at least be part of the explanation for the similar economic performance of democratic and non-democratic regimes. In any case, it remains odd that van de Walle does not mention this possible explanation.

The State and Economic Growth

Instead of asking how a given regime type affects economic development, one may ask what kind of state is required in order to achieve economic growth. As the extensive literature on ‘the developmental state’ shows, there are other aspects of the state that are more important for economic development than whether the regime is democratic or not (Evans, 1995; Leftwich, 2000; Wade, 1990). By way of a conclusion, I will point out some of these.

To be able to restructure society, or to be developmental in the sense of promoting economic development and industrialisation, a state needs reasonable administrative capacity. Moreover, it needs to be able to use that capacity in a way that promotes ‘development’.

Transformative capacity of this kind concerns the state’s ability to shape society according to state priorities. It is closely related to Michael Mann’s concept of infrastructural power or ‘the institutional capacity of a central state... to penetrate its territories and logistically implement decisions... This is collective power, “power through” society, co-ordinating social life through state infrastructures’ (Mann, 1993:52).

In his recent discussion, Adrian Leftwich sums up the features of the developmental state in the following way:

- ⊖ A relatively uncorrupt government elite committed to economic growth
- ⊖ Relative state autonomy from interest groups
- ⊖ Strong bureaucracy
- ⊖ Weak civil society.

Although most developmental states have been authoritarian, there are also examples of democratic developmental states, including two African states, namely Botswana and Mauritius. The point to note in this connection, however, is that democracy does not seem to be a major factor in explaining economic performance. As Leftwich argues: ‘There have been some democracies and some non-democracies that have been developmentally successful, and it is therefore crystal clear that regime type (that is democratic or not) has had little to do with it’ (Leftwich, 2000:151).

Most African states are a far cry from this description of the developmental state. In other words, the kind of state apparatus required for the effective promotion of growth is simply not found in Africa. In many African states, the capacity of the administration is so limited, that even the most ‘committed’ government would be incapable of implementing policies of any complexity. In this respect, the contrast with the so-called developmental states of East Asia is stark.

In such conditions, regime-type and the choice of official policy may not be the most important ways in which the state influences economic growth. Growth patterns are likely to be more affected by other properties of state institutions than the nature of the political regime. This analysis is entirely consistent with van de Walle’s findings, but it provides a more convincing explanation of the lack of a link between democracy and economic development.

In conclusion, the lack of connection between democracy and economic development found by van de Walle appears to be overdetermined. The persistence of patrimonialism, the weakness of state institutions and the influence of donors on economic policy-making all pull in the same direction. All these factors contribute to reducing or undermining the impact that democratisation might have on economic performance. The great merit of van de Walle’s article is that it documents the lack of such a link empirically. Its limitation is that the proposed explanation of why this is the case remains unconvincing.

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Conference Proceedings

Facing the New Millennium

Helge Blakkisrud and Christina Brookes [eds.]

The present report consists of introductions delivered at a bilateral seminar on Russian and Norwegian security policy held at Gamle Logen, Oslo, on 4 December 1998. Although organised by the Centre for Russian Studies at the Norwegian Institute of International Affairs, with the support of the Norwegian Ministry of Foreign Affairs, the seminar was very much the brainchild of the Norwegian and Russian Foreign Ministers, and the result of a joint effort.

Whereas the geographic proximity of Norway and Russia favoured a bilateral perspective, the increasing interconnection of issues and actors in the current international climate inspired a more comprehensive agenda. In the wider context of the ongoing redefinition of the European cooperative agendas, topics relating to the OSCE, NATO, and all-European and sub-regional cooperation were included. The seminar, and, subsequently, the report, was thus organised around three main themes: security policy challenges in the North; sub-regional cooperation in the Barents and Baltic Sea regions; and the all-European dimension, the OSCE and NATO.

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