

Moving Up Out of Poverty: What Does Democracy Have to Do With It?

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Morally and analytically, there is no more vexing phenomenon than the persistence of mass poverty. Over the past half-century, remarkable gains have been made in reducing infant mortality, extending life expectancy, raising levels of income and education, reducing the incidence of severe diseases—and even effectively eliminating a few diseases (USAID, 2003). Huge investments of intellectual analysis, empirical research, and development assistance have been invested in the quest to eliminate, or at least dramatically reduce, absolute poverty, which leaves an individual left to survive on less than \$2, or even \$1, per day. Yet absolute poverty persists on a mass scale throughout much of what has been termed—unfortunately, rather “euphemistically”—the “developing” world. Why?

The perspective of this paper is that the obstacles to the elimination of poverty are heavily, if not fundamentally, political. This is not to deny that poverty is, by definition, an economic phenomenon—inadequate income with which to live a minimally dignified and decent life, and inadequate assets (human, financial, and infrastructural) with which to generate such incomes. Neither is it to neglect the profound and multifold ways in which social norms and relations structure and reproduce poverty. However, transforming these economic and social realities requires, in large measure, policy responses and service delivery by the state to provide the poor with assets—education, health care, credit, potable water, electricity, roads—and with an enabling environment—a transparent and efficient state bureaucracy, a fair and honest justice system, protection for their property rights. When the poor are able to sustain their lives and health, raise their skills, educate their children, finance their productive activities, transport their crops and goods to markets, register their property and enterprises, and protect their rights without discrimination on the basis of gender, ethnicity, religion, region, or other extraneous considerations, they are well capable of producing their way out of poverty. However, in every nation where much of the population remains trapped in absolute poverty, circumstances conspire to prevent them from doing these things. These circumstances are invariably political, in that they involve powerful actors at various levels of the society and political system who benefit from the “disabling environment” for poverty reduction and use their power to perpetuate it.

The powerful and privileged—and quite often predatory—in these circumstances are an elite, and thus by definition a minority, typically a tiny minority. Logically, one would therefore expect that democracy—a political system in which the people choose their rulers (and by extension, major policy directions) in regular, free, and fair elections—should enable the poor to constrain these powerful elites by choosing at the ballot boxes leaders, parties, and policies that

are conducive to poverty reduction. In principle, democracy promotes greater policy responsiveness, and where the poor are large in number, if they vote, if they can coordinate their actions, and if elections are free and fair, the poor should be able to use elections (and related means of democratic voice) to obtain more responsive policies.

Yet, as many analyses have shown (see, for example, Varshney 2000), many democracies do a lackluster or only mediocre job of reducing poverty. Of course, sustainable poverty reduction requires overall economic growth, and to the extent that a relatively poor economy suffers international trade and other shocks, it may experience a recession through no real fault of its own. But shocks are by definition temporary. The long-term persistence of high levels of absolute poverty is logically attributable to systemic conditions. And the point of this paper is to argue that these conditions emanate to some considerable extent from bad governance.

This paper will proceed in the following way. The first section offers a theory of failed development—which is to say, persistent poverty—based on the nature of governance. Next I will explain why democracy in principle should help promote development and reduce poverty. The third section briefly reviews the cross-national empirical evidence on democracy and development, and explains why democracy often does not help much, why the enduring reduction of poverty requires a broader context of good governance, beyond the narrow arena of free and fair elections. The fifth section takes the discussion down to the local level and considers how the nature of governance at the local level affects poverty reduction. The final section addresses some of the conceptual and methodological issues for a new global study of “Moving Out of Poverty.”

I. Bad Governance and Poverty Persistence

A. The Links between Development and Good Governance

The deepest root cause of development failure is not a lack of resources or international isolation. Rather, it is a lack of good governance—the inability or unwillingness to apply public resources effectively to generate public goods. Public goods benefit the entire community. These include physical infrastructure—roads, bridges, ports, sanitation, potable water, electric power, telecommunications, public transport—and social, economic, and political infrastructure—schools, clinics, markets, courts, vaccination programs, improved agricultural techniques, a neutral and capable state bureaucracy. Private goods are consumed only for the limited benefit of some individuals, families, or groups. Ultimately, development enables individuals to enjoy private goods, but it requires that public resources be used to advance the public welfare. To be sure, development requires appropriate government policies to foster savings and investment. But it also requires the public services and institutions that improve human capital, foster social trust, and thereby stimulate production and exchange. All of this is the product of good governance.

Good governance consists of several dimensions. One is the *capacity* of the state to function in the service of the public good. Effective functioning requires knowledge of the policies and rules that best serve the public good, and hence training of state officials in their

various professional realms. It requires a professional civil service with a set of norms and structures that promote fidelity to public rules and duties, in part by rewarding those who perform well in their roles. This relates intimately to the second dimension of good governance, *commitment to the public good*. Where does this commitment come from? It may be generated by dedicated and charismatic leadership. Or it may derive from a cultural ethic that appreciates and a structure of institutional incentives that rewards disciplined service to the nation or the general community over the use of office for private benefit. Or it may, in part, be induced by the structure of political incentives (domestic and international) that leaders confront. In every modern society, however, it must (at a minimum) be reinforced by institutions that punish betrayals of the public trust.

A third dimension of good governance is *transparency*, the openness of state business and conduct to the scrutiny of other state actors and of the public. Transparency is intimately related to *accountability*. Governing agents are more likely to be responsible and “good” when they are answerable for their conduct to the society in general and to other specific institutions that monitor their behavior and can impose sanctions upon them. Effective oversight requires open flows of information, and hence transparency, so that monitors can discover facts and mobilize evidence. This requires a system of government by which different institutions check and hold one another accountable, compelling them to justify their actions. Power is thus constrained, bound not only “by legal constraints but also by the logic of public reasoning” (Schedler, 1999: 15).

Transparency and accountability are thus intimately bound up with a fourth dimension of good governance, the *rule of law*. Governance can only be good and effective when it is restrained by the law, when the law is applied equally to the mighty and the meek, and when there are professional independent authorities to enforce the law in a neutral, predictable fashion. Both effective government and well functioning markets require that there be clear rules about what constitutes acceptable conduct in all realms of economic, social and political life. All actors, public and private, must have confidence that those rules will be observed, and this requires fair, independent, and predictable means of adjudication and enforcement. Only under a rule of law can property rights be secure and contracts enforceable. Only through a rule of law can individuals be secure against arbitrary harm from the state or powerful private actors.

A fifth dimension of good governance consists of mechanisms of *participation* and dialogue that enable the public to provide input to the policy process, to correct mistakes in policy design and implementation, and to promote social inclusion. Institutionalized participation also provides channels for settling (or at least narrowing) conflicts over interests and values and for making broadly legitimate policy choices. Policies will be more likely to be stable and sustainable when they enjoy popular understanding and support. This requires some means for distinct organized interests, and for historically marginalized groups such as women and minorities, to have input into governmental decisions and some means of protesting policies and actions that do harm to their interests. Development is not only about choice at the individual level but also about making difficult choices at the collective level. Often there is no clear answer to the question of what is in the public interest. Only through a process of political participation and dialogue can conflicting interests be reconciled in a way that is deemed

minimally fair by all (or most), and that generates broad commitment among the relevant constituencies or stakeholders in the policy arena.

Finally, when good governance functions in the above five ways, it also breeds *social capital*, in the form of networks and associations that draw people together in relations of trust, reciprocity, and voluntary cooperation for common ends. The deeper a country's reservoirs of social capital, and the more these are based on horizontal relations of equality, the more vigorous is coordination for and commitment to the public good. Social capital thus not only fosters the expansion of investment and commerce, embedded in relations of trust and predictability, it also breeds the civic spirit, participation, and respect for law that are crucial foundations of political development and good governance. In other words, it generates a political culture of responsible citizenship. All of this in turn breeds political legitimacy and stability—further deepening the society's appeal to investors who must risk capital in the effort to create new wealth. In many respects then, good governance constitutes a “virtuous cycle” in which the several elements reinforce one another in a dense interplay (Putnam, 1993: 167-176).

Conceptualized in this way, good governance promotes broad-based development, and thus poverty reduction. By generating and defending broad commitment to the public welfare, it increases the likelihood that public resources will be used to generate public goods that stimulate investment and commerce and raise the quality of life. A manifest commitment to the public welfare on the part of government also breeds a civic spirit in society, including a willingness to pay taxes and obey the law. Ordinary citizens will sacrifice immediate advantages for the longer-term common good only when they believe that their fellow citizens will as well. When government itself is transparent and disciplined in its commitment to the public good, it provides credible signals to the rest of society about what types of behaviors can be expected. More capable and knowledgeable government also generates the capacity to enforce the law, mediate disputes, keep order, collect taxes, promote trade, maintain fiscal stability, attract investment, and so foster economic growth. In defending human rights and property rights, in promoting equal access to opportunity based on talent and effort rather than power, and in providing a fair means for the resolution of disputes, the rule of law generates an enabling environment for economic growth and some means for attenuating inequality. In incorporating groups that historically have been confined to the margins of society, good governance mitigates social conflict and harnesses the full range of talent and resources in the society. In fostering the accumulation of social capital, good governance cultivates trust (in individuals and in government), cooperation, compliance with the law, and confidence in the future. Social and political confidence also breeds economic confidence, and a willingness to invest for the long run.

B. Bad Governance and the Persistence of Poverty

Countries that have failed to realize their development potential in the past half-century have invariably suffered yawning deficits of good governance. In these development laggards, bad governance constitutes a treacherous obstacle—perhaps the single most intractable obstacle—to sustainable development and the elimination of mass poverty. Launching development therefore requires a thorough transformation in the quality of governance.

Why is bad governance such a pervasive and profound obstacle to development? Just as good governance promotes the accumulation of financial, physical, social, and political capital, bad governance inhibits or drains away that accumulation.

Consider the archetypical badly governed country. Corruption is endemic throughout the system of government at every level. Everywhere, development promise is sapped by corruption. Public infrastructure decays or is never built because the resources from the relevant ministries are diverted to private ends. Decisions on public expenditures are tilted toward unproductive investments—sophisticated weapons, white-elephant construction projects—that can deliver large kickbacks to the civilian officials and military officers who award them. Bridges and buildings collapse because bribery circumvented building standards. Rivers are poisoned for a similar reason. Schools are not built or maintained, clinics are not stocked and staffed, roads are not paved and repaired because the funds for these essential dimensions of development are squandered and stolen. Businesses cannot get licenses to operate and small producers cannot get title to their land because it would take half a year and a small fortune to navigate through the shoals of a bloated, corrupt state bureaucracy. State bureaucracies remain littered with pointless and debilitating regulations, each one of them an opportunity for corrupt officials to collect rents. In the endemically corrupt country, every interaction with the state—to obtain a building permit, register a marriage or a death, report a crime, or receive a vaccination—exact its petty, unofficial price. At its most extreme, locally or nationally, the state is nothing more than a criminal racket, and the police and organized crime may be one and the same.

In a context of rotten governance, individuals seek governmental positions in order to collect rents and accumulate personal wealth—to convert public resources into private goods. There is no commitment to the public good and no confidence in the future. Every actor is motivated by the desire to get what can be gotten now, by any possible means. Communities as well seek immediate government jobs and favors, in a zero-sum struggle over a stagnant and potentially fleeting stock of resources. Thus, there is no respect for law, and no rule of law. The judicial system is politicized and routinely suborned, or so demoralized and starved of resources that it cannot prosecute corrupt conduct in public and private life with any kind of energy and regularity. Governmental decisions and transactions are deliberately opaque in order to hide their corrupt nature and evade embarrassing disclosures. Information about how government works and how contracts are awarded is simply unavailable. Exposure of corrupt deeds typically brings little more than embarrassment because the rule of law does not function to constrain or punish the behavior of public officials. Power is heavily centralized and institutions of scrutiny and accountability function only on paper, or episodically, to punish the more marginal miscreants or the rivals of the truly powerful. Lacking a sense of public purpose, discipline, and esprit de corps, the civil service, police, customs, and other public institutions function poorly and corruptly. Salaries are meager because the country is poor, taxes are not collected, corruption is expected, and government payrolls are bloated with the ranks of political clients and fictitious workers. Corruption is rife at the bottom of the governance system because that is the climate that is set at the top, and because government workers cannot live on the salaries they are paid.

In fact, institutions in such a society are a façade. The police do not enforce the law. Judges do not decide the law. Customs officials do not inspect the goods. Manufacturers do not produce, bankers do not invest, borrowers do not repay, and contracts do not get enforced. Any

actor with discretionary power is a rent-seeker. Every transaction is twisted to immediate advantage.

Institutions of political participation may or may not exist in this venal environment, but if they do, the government is not responsive to them. Instead, political participation cleaves society vertically, typically along ethnic lines, into competing chains of patron-client relations that all mobilize for one purpose: to get control of public resources so that they can convert them into private goods. In such a society, violent conflict is also rife, or never far from the surface, because ordinary people are exploited and desperate, rights are routinely abused, and communities are mutually resentful of any perceived advantage of the other in a zero-sum game. Frustration mounts to volcanic levels with no effective means for political voice or resolution. In this context, it is not difficult for corrupt, opportunistic elites to mobilize this frustration into violence for their own political ends. From Nigeria to the Congo, from Colombia to Kosovo, Serbia to Sudan, ethnic violence, nationalist bloodletting, and civil war have flowed from this context of corrupt, cynical, exploitative governance. Such violence and instability only deepen poverty, sometimes to the point of humanitarian crisis.

Abysmally bad governance goes hand in hand with a vacuum of positive (horizontal) social capital. Instead of trust and cooperation for the common good, “[d]efection, distrust, shirking, exploitation, isolation, disorder, and stagnation intensify one another in a suffocating miasma of vicious circles.” In this context, “it is irrational for any individual to seek a more collaborative alternative,” because the social reality pervasively obstructs it. “Actors in this social equilibrium may well realize they are [all] worse off than they would be in a more cooperative equilibrium, but getting to that happier equilibrium is beyond the power of any individual” (Putnam, 1993: 177). That would require a fundamental transformation of governance, which prospect is not anywhere on the horizon. In this Hobbesian world, dependence substitutes for cooperation, exploitation for reciprocity, opportunism for trust, force for law.

All of this, Robert Putnam argues, cumulates into an alternative, inferior, but nevertheless stable equilibrium, what he calls the “*uncivic* community.” But the badly governed, “uncivic” country hardly enjoys the same stability as the successful, well-governed one. At the extreme, bad governance and its attendant social and cultural ills breed rising social frustration, political violence, development failure, and ultimately state collapse. As portrayed here, the very badly governed country may be an ideal type. But it closely approximates the reality in such failed, conflict-ridden states as Haiti, Liberia, the Congo (Zaire), Angola, Somalia, and Afghanistan, and in *failing* states such as Nigeria and Pakistan. To the extent that countries approach this model of atrocious governance, they are unable to develop and risk catastrophe. Even weak and porous—partially bad—governance can be dangerous, rendering a seemingly dynamic economy vulnerable to implosion (as in Indonesia in late 1997) when international conditions change or the accumulation of hidden deficits and financial crimes finally pushes the system over the edge.

The only way to generate truly sustainable development in this context is to bring about a fundamental transformation in the nature and quality of governance. Over the past decade, international development and aid institutions have increasingly come to recognize the destructive role that corruption and arbitrary, unaccountable, rent-seeking governance play in

obstructing development and perpetuating poverty and conflict. But (at least until very recently) the tendency has remained to view this as one problem among several, something that can be contained and worked around. That approach has failed, because it has missed the fundamental character of the governance climate. Governance permeates the entire environment of development, merging with attitudes, values, and expectations to the point where it is hard to know where culture ends and institutions begin. If development is going to happen in those large parts of the world that have remained stuck in conditions of stagnation and poverty, cultures will have to change. But the largest and quickest point of leverage does not lie in moral and educational efforts to change the way people think and behave. Those are needed, but they can only be effective if the social environment of incentives and expectations is transformed. That requires a shift toward dramatically better, more responsible, professional, open, and accountable governance, and thus specific and well functioning institutions of democracy, horizontal accountability, and the rule of law.

II. The Developmental Benefits of Democracy

Poverty, then, is not just a lack of resources. It is also a lack of political power and voice at all levels of authority. Poverty is truly a vicious cycle in many respects. In the sociopolitical realm, the poor lack effective instruments to articulate and defend their interests. They are trapped in vertical relations of clientelism and patronage that compel them to depend on “big men” (and it is virtually always big *men*) in the community for the elementary resources and protection to survive. These vertical relations fragment them along clan, ethnic, religious, and caste lines, preventing effective horizontal organization. Because they are poor, uneducated, ill-clothed, and “backward,” they are treated in an abrupt, contemptuous and even humiliating manner by public officials (including the police) who either identify psychologically with the upper statuses and/or sell their services and decisions to those who can pay for them. The poor lack the education (often even the literacy) to know their rights and publicize official abuse and wrongdoing. Because they are poor, illiterate, and unorganized, they lack access to justice, and thus cannot demand transparency, appeal corrupt or improper administrative decisions, or challenge wrongdoing and police abuse in the courts. All of this renders them utterly vulnerable to exploitation by the powerful, both those in the state and those outside it but protected by it or beyond the reach of it (for evidence, see Narayan, et al, 2000).

In principle, democracy should provide a corrective to the powerlessness of the poor, in the following ways. First, when competitive elections are truly free and fair, they provide an instrument to remove bad, corrupt, unresponsive, or merely ineffectual leaders. They thus provide an incentive for political leaders to govern more effectively in the public interest, and to be attentive to citizen needs and concerns. This structural incentive should work at the regional and local level as much as the national one. Second, democracy provides non-electoral means for citizens—through their NGOs, informal associations, community-based organizations, interest groups, social movements, and mass media—to articulate and defend their interests, and to participate in the making of public policy. Third, democracy enables all these actors in civil society, as well as elected representatives at various levels of government, to monitor the conduct of public officials, and to seek redress in the courts and administrative processes. Thus, leaders in a democracy also have more incentives (and more institutional means and obligations) to

explain and justify their decisions, and to consult a broad range of constituencies before making decisions. With such participation and debate, the public is more likely to feel some sense of ownership of the resulting policies. As a result, policies will be better informed and more sustainable, and government more legitimate. But all of this depends not just on democracy, but on freedom.

III. The Relationship between Democracy and Development

The empirical evidence about the relationship between democracy and development is ambiguous. We do know that there is a much higher incidence of stable democracy among higher-income countries, and that overall democracy is highly correlated with development. This is at least in part because rich countries are much more likely to sustain democracies than poor ones, and indeed, with every step increase in the level of economic development, the life expectancy of democracy increases (Przeworski et al, 2000). Going back to Lipset (1959), and before him to Aristotle, it has been a basic theory of political science that democracy is more viable in relatively prosperous, middle-class societies. But do democracies grow more rapidly—and eliminate poverty more effectively—than authoritarian regimes?

This question is more difficult to answer, and the statistical evidence is much more contradictory and ambiguous. For some time, the assumption has been that there is no clear relationship, or even a negative one. A generation ago, the theory of “developmental dictatorship” was popular, namely that democracy, with its openness to popular mobilization and redistributive demands, obstructed investment and inhibited economic growth, particularly in the middle stages of the development process (Huntington and Nelson, 1976). Some studies of the era found a negative relationship between democracy and growth. Overall, two reviews of the literature in the early 1990s (Inkeles and Sirowy, 1991, Przeworski and Limongi, 1993) concluded that there was no clear and consistent relationship from the accumulation of the evidence to date. For, Inkeles and Sirowy (1991: 149), the evidence seemed “to suggest that political democracy does not widely and directly facilitate rapid economic growth, net of other factors.” Recently, however, Roll and Talbott (2003), using cross-sectional data from 1995 through 1999, found that 80 percent of the variance in per capita national income could be explained by nine separate influences that heavily involved factors of governance, such as political rights, civil liberties, and property rights. Moreover, with a highly innovative time-series design, they also found that following political regime changes, democracies did perform clearly better in terms of economic growth than dictatorships. “When countries undertake a democratic change, such as deposing a dictator, they enjoy a rather dramatic spurt in economic growth, which persists for at least two decades,” while “an antidemocratic event is followed by a reduction in growth” (p. 84). And Zweifel and Navia have found that democracies have done a significantly better job of reducing infant mortality, when controlling for other relevant factors. This relationship, initially established for the period 1950-90, has held up for the subsequent decade as well (Zweifel and Navia, 2000, Navia and Zweifel, 2003).

To understand the relationship, we need to disaggregate countries and time periods. One reason why democracy often does not appear in statistical analyses to have a clear positive relationship to economic growth may be because of the strong growth performance of the “East

Asian Tigers”—South Korea, Taiwan, Singapore, and Hong Kong—under authoritarian rule, particularly in the 1960s and 70s. More recently, Thailand also began rapid economic growth under authoritarian, or semi-authoritarian rule, and Malaysia has grown rapidly under semi-authoritarian rule. China started the process of economic reform and opening earlier than India, and has outstripped it in growth performance, though India has markedly improved in recent years.

Before deriving policy conclusions, one needs to ask, how replicable is the East Asian historical experience, or was it somewhat unique to place and time? A case can be made that the “East Asian Tigers” were able to impose a strong sense of self-restraint and discipline—to limit predatory corruption—both because of cultural reasons and in particular because they faced an existential threat from the spread of Communism and the growing power of China, and they realized that in order to survive they had to deliver development. Moreover, they had or they crafted a degree of national solidarity that was conducive to viewing the development process as a collective national enterprise for the public good. In the cases of Korea, Taiwan, and Thailand, huge amounts of U.S. aid early on also made a difference.

Are there circumstances in Africa, Latin America, the post-Soviet world, and other parts of Asia that can generate a similar amount of elite self-discipline? One vague parallel is the conditionality for entry into the European Union, which has compelled East European regimes to enact a number of economic, constitutional, and rule-of-law reforms. But it is important to note that these regimes were already democracies when they began undertaking these EU-induced reforms. In Africa or Central Asia, there is no such pressure of good governance for regime survival that ruling elites readily recognize, and society is deeply divided along ethnic, clan, religious and regional lines, leading each group to see the state as something to be captured for its own group benefit rather than for the overall “national” good. Thus, authoritarian rule in these circumstances is unlikely to generate economic development, and certainly not with the broad distribution that reduces poverty. Rather, it facilitates the domination of one (increasingly narrow) group or coalition over others, and an extractive, predatory attitude toward governance. In these circumstances, a benevolent, development-oriented leader or ruling party is unlikely to emerge. And if, as in Uganda, such a leadership does emerge, its commitment to good governance will eventually fray if it is not disciplined by the instruments of vertical and horizontal accountability that democracy provides.

Authoritarian rule, particularly of a prolonged or indefinite nature, therefore offers poor prospects for sustained poverty reduction in the countries that still suffer from large-scale poverty. However, democracy does not provide any guarantees of better performance. A lot depends on the type and degree of democracy.

The Limits of (Purely) Electoral Democracy

There are several reasons why democracy often fails to do much to improve the lot of the poor. These derive not from the intrinsic limitations of democracy as a political system, but rather from the fact that democracy functions in a limited, shallow, illiberal fashion. Of course, many regimes that claim to be democracies are instead “pseudodemocracies” or “electoral authoritarian regimes” (Diamond, 1999; Diamond 2002, Schedler 2002). These regimes have

many of the superficial features of democracy, in particular, regular electoral competition between different political parties. In some of them, elections may even be fairly competitive, and may lead to opposition parties winning control of some sub-national governments, and some significant share of seats in parliament (as in Kenya, Malaysia, and Mexico before the reforms of the late 1990s). But all of these regimes fail to qualify as democracies because elections are not free and fair, and therefore it is not possible to defeat the ruling party through normal means of electoral mobilization and contestation. To the extent that the ruling party knows it can rig itself back into power, a key mechanism of vertical accountability and democratic responsiveness breaks down. In such electoral authoritarian regimes, the ruling party also typically controls the judiciary, and parliament is marginalized if not utterly impotent.

Where elections are free and fair, the poor stand a better chance of effecting poverty-reducing changes in budget priorities, policies, and institutions—but sometimes, not that much of a better chance. Electoral democracy (that is a system that has free and fair electoral competition for the principal positions of power in the country)¹ may be diminished in several respects that impede its potential for poverty alleviation. First, the arena of electoral competition may be distorted by corruption, so that while elections are not grossly rigged on the voting day, parties and candidates obtain the resources to compete through the sale of political decisions and influence, or through outright theft and embezzlement of public resources. Corruption in party and campaign finance is a kind of market failure in the political arena. It diminishes the need of political competitors, particularly incumbents, to be responsive to the majority of their constituents and gives them a shortcut to electoral victory. Or, to continue the metaphor, it generates local and even national power monopolies (or oligopolies).

Related to this are two characteristic problems with the internal organization of political parties, having to do with the lack of internal democracy and transparency. Where parties are opaque, autocratic, and hierarchical, dominated by a single leader or small circle of elites, they are less effective at representing a broad range of interests, and may wind up imposing candidates on constituencies. Certain types of electoral systems (party-list proportional representation, and first-past-the-post in which the candidates are not chosen in open party primaries) may facilitate or accentuate the problem. And second, such parties tend to be extremely vertically organized, not only inside the party leadership structure but also at every level in a cascading pyramid of patron-client relations. Such parties seek to “represent” impoverished constituencies by mobilizing them along ethnic, religious, or other cultural lines, by distributing state jobs to their most loyal followers, and by distributing a dollop of cheap goods around election time in place of any real policy response to the circumstances of poverty. In the narrow sense, such a system may be democratic, but it may either lead to individual political machines entrenching themselves in different districts, towns, and states, or to a succession of largely corrupt and exploitative governments.

Democracy should provide alternative, non-electoral means to check and reverse bad governance. These come through the activities of civil society and of institutions of horizontal accountability—the courts, parliamentary oversight, audit and counter-corruption agencies, ombudsmen, human rights commissions, and so on. But when democracy is illiberal and hollow,

¹ For the criteria of electoral freedom and fairness that distinguish democracies, in this most minimal sense, from non-democracies, see Diamond 2002.

these institutions also fail to function effectively. Some democracies allow for true electoral competition, but nevertheless have a very weak rule of law, with extensive abuse of citizen rights by the police and government officials. Civil society organizations may not be free to organize, and the press may not be free to report, investigate, and criticize. Or civil society may be dominated by NGOs that are externally funded and driven, led by the educated middle class, and only faintly sensitive (at best) to the frustrations and needs of the poor (Carothers and Ottaway...).

These deficiencies of democracy do not only stem from abusive or “delegative” democracy at the national level (O’Donnell, 1994). Just as often, they stem from the weakness of the state, its inability to break local power monopolies, discipline local police forces, protect the weak and vulnerable, and enforce accountability and the rule of law at all levels of public life. Federalism and other forms of decentralization, if not attenuated by a vigorous and empowered judicial system enforcing basic constitutional principles and rights, may only permit and entrench authoritarian enclaves of exclusion, discrimination, and repression (Diamond, 1999: 132-135). In large federal democracies such as India, Brazil, and Nigeria, it is in fact the state and local governments, and the local political bosses, who are responsible for the worst abuses of human rights, which invariably harm mainly the poor.

If swollen, corrupt, over-intervening, rent-seeking government is a generic problem for the poor, so is the general inefficacy and porosity of the state—and somewhat counter-intuitively perhaps, the two often go together. A growing body of evidence is suggesting that one of the chief problems for development (including democratic development) is that the state is lacking in capacity and authority (Joseph, 2003), and in important respects, it can be said that rural people, and poor people generally, are “undergoverned” (Osmani, n.d.: 4).

IV. Reforming Governance at the National Level

I have been asked in this paper to address the challenge of the project: fostering growth and freedom, and thus helping people move out of poverty, “from the bottom up.” I will come, in conclusion, to governance and civic action from the bottom up, at the local level. But the point I wish to emphasize is that we cannot improve governance and promote social justice from the bottom up unless we also do so from the top down. In isolation, top-down approaches to reform are doomed to fail. To endure and transform, such initiatives must pump the spirit of reform deep into the capillaries of public life. But purely local approaches are also bound to fail.

There is a good reason why development assistance still focuses largely on nations and national state structures. True, some states have collapsed, and we are seeing in succession alternatives to the classic Westphalian state structure in the wake of state collapse, in such places as Somalia. Where this happens, donors must respond with new paradigms. But for the most part, national states persist as the framework for governance and as indispensable facilitators of economic growth and poverty reduction. If we are going to witness large-scale reductions in poverty, it will only be because states themselves become more capable, effective, open, accountable, responsive, honest, decent, and just. The improvement of governance cannot only happen at the center, and indeed cannot only come in the formal structures of the state at all

levels. But improving the quality of governance at the national level is a *fundamental condition* for reducing poverty “from the bottom up.”

It is beyond the scope of this paper to articulate in detail the full range of institutional reforms needed to improve national governance *for* development. Much depends on the degree and type of democracy that is already in place (if at all), and on the size, demographic structure, and other features of the country. In designing democratic and other governance institutions, the social, economic, and historical context is important to bear in mind. However, certain broad, generic features of governance will—in combination with one another, and with features of local governance and civic action that I address in the next section—work to promote development, social justice, and poverty alleviation. In this context, I will not address one obvious priority—strengthening the overall bureaucratic training, capacity, and professionalism of the state (including its technical understanding of the kinds of economic policies that promote development). With more specific respect to the elements of democratic good governance, I emphasize the following five priorities: 1) free and fair elections; 2) democratic political parties; 3) independent and effective judicial systems; 4) comprehensive systems of horizontal accountability; and 5) pluralistic, open, and resourceful civil societies.

At the risk of irritating repetition, I feel I must preface this list by underscoring a connection. Although the rigid divide between donor activities for economic development and those for democracy assistance is beginning to soften, it persists. There is still a tendency to view donor assistance for economic development—and particularly poverty reduction—as social, economic, and technical, in other words, non-political. I am convinced that this perspective is the original and biggest mistake in efforts to relieve poverty. After a half-century of international development assistance, the persistence of poverty is not for want of effort, resources, and international good will, though we could use more of all of these. It is not primarily a failing of technical understanding, though we can always do with more of that, too. It is certainly not a consequence of fate. Poverty persists because of power disparities. At every level of organized life, the powerful attempt to prey on the weak and disorganized (and not only in low-income countries). Mainly, two forces contain this predation: open and competitive markets, and resourceful and authoritative states, preventing and correcting market distortions through democracy and the rule of law. Unless these forces are brought to bear to level accumulated power disparities, poverty will be reproduced from generation to generation.

Free and Fair Elections.

If elections are to be an instrument for registering citizen preferences and holding public officials accountable, they must be free and fair—and thus neutrally and professionally administered. This does not happen simply by the resolve on the part of ruling elites to have democracy. Like other aspects of governance, elections will be subverted by those who seek shortcuts to power and privilege, unless there are strong rules and institutions to prevent it. Electoral administration consists of a daunting range of tasks, any of which may be compromised by fraud or ineptitude. These include registering voters; publishing and distributing voter lists; registering and qualifying parties and candidates; establishing and enforcing rules on campaigning and campaign finance; ensuring the security of campaigners, voters, and the polling stations;

administering the polls during voting; counting the ballots; reporting, collating, and “announcing the results; investigating and adjudicating complaints; and certifying the results” (Pastor, 1999: 77-78). The range of tasks, many of them ongoing, requires a significant, professional, and permanent administration, which is able to administer competently and regulate impartially all of these aspects of political competition and electoral participation. The overriding imperative is that electoral administration not be subject to direction or manipulation by the incumbent officials or ruling party.

Political Parties

Where governance is bad in democracies and quasi-democracies, political parties are invariably a major part of the problem. Quite often they are corrupt, insular, internally undemocratic, detached from societal interests, and ineffective in addressing the country’s problems. When one weighs their performance against high citizen expectations for performance and accountability after authoritarian rule, it is perhaps no surprise that they are held in astonishingly low repute.

Yet in a modern society, democracy cannot function without political parties. It is political parties that structure electoral competition, organize government, and recruit leaders. And even if parties are only one among many vehicles for stimulating political participation and representing interests, they remain essential to the overall functioning of democracy (Diamond and Gunther, 2001, 7-9; USAID, 1999, 7-8). To the extent that they are feckless and corrupt, so is democracy itself.

Development assistance must meet the challenge of helping democratic political parties to become more capable and mature as organizations, more internally competitive and transparent, and more externally responsive and accountable. At the same time, assistance must serve the larger goal of creating a representative and competitive multiparty *system*, which offers citizens choices of leaders and policies, responsiveness to their concerns, and a means for exercising vertical accountability. For both of these broad strategic aims, work with political parties must be ongoing, an integral and sustained element of an assistance strategy, not just a temporary or recurrent focus a few months in advance of an election.

Party assistance programs should focus on three traditional objectives while intensifying work in two more innovative arenas. The three established themes are:

1. *Organizational development*: helping parties to research issues, assess public opinion, develop policies and platforms, craft long-term strategies, build professional staffs, recruit members, raise funds, and manage resources.
2. *Electoral mobilization*: helping parties to select and train candidates, craft campaign messages, manage campaign organizations, improve communication skills, contact voters, identify and mobilize supporters, and activate women and youth.

3. *Governance*: helping parties to function effectively as a legislative caucus, to constitute a government or opposition (including at the regional and local levels), to forge coalitions, to reform electoral laws, and to monitor elections through poll-watching.

Two more recent foci that merit much more emphasis in the coming years are:

4. *Internal Democratization*: helping parties to develop more democratic and transparent means of selecting candidates (e.g., through primaries and caucuses), choosing leaders, making decisions, formulating policies, and eliciting member participation.²
5. *Reforming party and campaign finance*: helping party, legislative, governmental, and civil society actors to identify alternative rules and systems for reporting and monitoring financial donations to parties and campaigns, auditing party accounts, providing public funding to parties and campaigns, and widening the access of all political parties to the electronic mass media. Also: helping parties to promote higher standards of ethical conduct among their leaders, candidates, and members; and helping civil society actors and electoral administrations to develop better technical means to monitor party and campaign finance.

The traditional and newer objectives are intimately related. Many parties cannot develop organizationally because they are personal vehicles of the party leader. Unless they become more broad-based and democratic in their internal governance, their institutional development will be stifled. If parties are going to be effective in deepening their organization, mobilizing support (including among the poor and marginalized), and structuring governance, they must improve their image among the people. Such improvements will only be possible (and certainly, only sustainable) if parties become more open to grassroots participation, more internally democratic, more transparent in their financing and decision-making, and less corrupt. This is also vital for promoting the political participation of women, including as successful candidates for elective office.

The challenge of reforming party and campaign finance is a particularly vexing one, because campaign costs are continually rising (especially as countries become more reliant on television and other modern technology), and no democracy in the world has a very satisfactory system. Nevertheless, the problem is central, because in most electoral regimes, a good portion of the corruption in a country goes to fund the ruling party (and in many countries, opposition parties) at various levels. To the extent that countries adopt systems of partial public funding for parties and guaranteed media access for campaigns, it will also help to level the electoral playing field.

² See the Report of the Workshop on “Democratization of Political Parties in East Asia,” March 21-22, 2000, Seoul Korea, Democracy Forum for East Asia at <http://www.ned.org/asia/march00/introduction.html>. The report underscores the need for most political parties in emerging democracies to become more internally democratic, but it also highlights the trade-off between internal democracy and party coherence. For example, if there is no role for the central party leadership in candidate selection, a party may lack unity of purpose, programmatic or ideological coherence, and organizational discipline.

As with other targets of governance assistance, parties must have some political will to improve themselves if assistance is going to be effective. Of course, parties will want to acquire skills that make them more effective at winning elections. But what is the incentive for a party that is personalistic and corrupt to become more internally democratic and externally responsive and accountable? One overriding incentive may become more apparent over time. Parties that do modernize and reform themselves may gradually develop wider appeals and competitive advantages over those that do not. Moreover, if momentum gathers behind other efforts at institutional reform—to rein in bribery, kickbacks, vote buying, and electoral fraud, and to raise citizen intolerance for these practices—parties will come under growing pressure to reform, and will be at significant risk if they do not. In fact, many parties in Asia and elsewhere are already implementing steps to make their internal structures and decision-making processes more democratic, accountable, and transparent. Part of the challenge may now lie in promoting regional learning and sharing of best practices.

In many formally democratic countries, political parties are organizationally weak, poorly institutionalized, and in need of the above kinds of assistance. However, party assistance works not simply on parties as individual organizations but on the way parties relate to one another within a party system. In this sense, different types of systems present different needs. For example, where *hegemonic ruling parties* manipulate and abuse the electoral process, programs can help to train opposition parties to monitor elections in cooperation with non-partisan civil society organizations. In contexts of *intense polarization or violent conflict*, programs can seek to reduce mistrust and temper conflict between parties (e.g. through techniques of nonviolent dispute resolution) while encouraging them to adhere to the rules of the democratic game. In *fragmented, multi-party systems*, programs can introduce channels of dialogue, lessons from other countries, and alternative electoral rules that might encourage parties to form coalitions or to merge.

Political parties will not be strengthened by party assistance alone. If one of the problems is that parties are detached from societal interests, DG strategies may also find value in approaching the party issue from the civil society angle. Interest groups and NGOs can be supported in efforts to forge channels of communication and working relations with political parties. Civil society activists can be given training if they opt to enter the arena of party and electoral politics. One of the crucial challenges of improving party politics is recruiting better-educated and more public-spirited actors into the process.

V. Reforming Governance at the Local Level

[to be added]

VI. Conceptual and Methodological Issues for Future Research

Conceptualizing Democracy

This paper has defined democracy as a system of government in which the principal positions of government power are filled through regular, free, fair, and competitive (and therefore multiparty) elections. There must be some degree of freedom of movement, speech, organization, and assembly if elections are to be sufficiently free and fair to qualify as democratic. Yet, as I have also stressed, political systems can be democratic in this sense—with highly competitive and uncertain electoral competition—and nevertheless quite corrupt, abusive, unresponsive, and unaccountable in the way they govern in between elections. In particular, it has become quite common for democracy to co-exist with extensive human rights violations and a weak rule of law, particularly as governance is experienced on a daily basis by weak and marginalized sectors of society: women, the poor, ethnic minorities (and especially those whose disadvantages in these respects cumulate).

Democracy as a political system can be seen as having three dimensions: electoral/political, civil liberties (human rights), and responsible/accountable government.³ Each of these three dimensions depends in different ways on the rule of law.

Electoral Democracy. One dimension is “pure” democracy—the rights to participate and compete in political life, and to have that participation and competition be consequential for governance. In this respect, a system is democratic to the extent that it offers extensive political rights, as articulated in the Freedom House “checklist” of political rights.⁴ In the political/electoral realm, a system is democratic if the head of government and the parliament are elected through competitive elections that are “free” in the sense that alternative parties that represent popular interests and preferences can organize and campaign, “fair” in that they are neutrally administered, with honest tabulation of the votes, and meaningful in the sense that “the voters are able to endow their freely elected representatives [and leaders] with real power” (Freedom House checklist item 4). The latter criterion implies that there are not significant “reserved domains of power” in which electorally unaccountable actors—the military, religious leaders, local oligarchs, foreign powers, and so on—exercise hidden but real power. For a system to be a democracy, political rights—to vote, organize, and contest—must also be inclusive of virtually all adults (save from criminals, the insane, and so on). To the extent that women, or any ethnic, religious, or other minority group, are denied full rights of political participation, the system is less than democratic.

If the political rights of all citizens to participate and contest are to be secure, they must be protected and upheld by independent institutions that are not under the control of the ruling authorities. One such institution, as I have discussed earlier, is an independent electoral administration. But the ultimate protection against electoral fraud and the abuse of political rights is an independent judiciary, which ensures that the laws are respected and that abuses are redressed (including, if necessary, through the disqualification of some candidates and the

³ These corresponds to Guillermo O’Donnell’s (1999) dimensions of the democratic, liberal, and republication dimensions of governance.

⁴ See the methodological discussion in the annual Freedom House survey of the world, at www.freedomhouse.org, or Freedom House, 2002.

ordering of new elections). Whether this function is performed in part by special electoral tribunals or by the regular courts is less important than that it reside in authorities that are politically neutral and independent, dedicated to applying the law equally to all. This is the sense in which a rule of law is vital to the integrity of the democratic electoral process.

Systems are often classified as democratic in this narrow electoral sense on the basis of how they appear, rather than how they really operate. One of the most common mistakes in classifying political systems is to score a country as “democratic” because it has at least somewhat competitive, multiparty elections. Unless these elections are *truly* free and fair, they do not produce a democracy. A number of regimes in the world today—such as Nigeria, Tanzania, Russia, and Ukraine—are at least ambiguous in this regard, and by a demanding standard, fail the test. Others, like Iran, Malaysia, Ethiopia, and Gabon, are sometimes classified as democracies when they are manifestly not, because elections are not fully free, fair, open, and competitive.

Civil Liberties. The second dimension of democracy concerns individual and associational freedom. As I have repeatedly stressed, there must be some degree of freedom if the electoral element of democracy is to be authentic. But democracy is deeper, more liberal and democratic, when there is full freedom of expression and belief (including freedom of political thought and of religious belief and practice, and freedom of speech and the press); when there is freedom for groups (including economic interest groups such as trade unions and peasant organizations) to organize, assemble, demonstrate and petition peacefully; when individuals are free from political terror, unjustified imprisonment, torture, or other abuse by the police and other state (or for that matter, non-state) authorities; when citizens have the right to due process and to equal treatment before the law; and when these rights are protected and upheld by an independent, professional, non-discriminatory judiciary. Needless to say, this is the realm that is most often considered part of the “rule of law.” Several practical indicators of quality of democracy on the civil liberties dimension suggest themselves. These include:

- the absence of fear as a factor in civic life;
- the subjection of all military and police agencies to the control and scrutiny of democratically elected officials, and the removal of the military from domestic intelligence and security functions;
- the absence of political prisoners and of torture as a means of treatment of detainees;
- a vigorous press (including print and broadcast media) that is pluralistic in its viewpoints and sources of ownership and control, and thus independent of political control;
- a vibrant civil society in which a multiplicity of interest groups, professional associations, NGOs, informal networks, social movements, and community-based organizations are freely able to express the diversity of interests in society and mobilize for policy alternatives and social change;
- the ability of ethnic, religious, and other cultural groups to use (and reproduce) their language and culture and practice their faith without fear or discrimination, so long as they do not impinge on the rights of others.

Responsible and Accountable Government. This is sometimes referred to as “good governance,” though the latter may be conceived of as a broader term that encompasses all of these dimensions. It has also become embedded in the civil liberties dimension of the Freedom House checklist, but it is a clearly distinct dimension. Responsible (“good”) government means that government must be transparent, honest, professional, and dedicated to its explicit purpose, which is serving the collective, “public” good. The most important dimension here is the effective control (one can never speak of elimination) of corruption. But responsible or accountable government also entails restraint of abuse of power, so that government power at all levels is exercised in conformity with the constitution and laws of the country, and in the service of the public good. Responsible government further consists of the recognition and protection of private property rights—their violation being one of the most common ways in which state power is abused. This includes the right to establish private enterprises and to gain for them legal recognition and protection without undue delay or illegal exaction.

Responsible government requires effective mechanisms of “horizontal accountability,” by which various agencies of the government scrutinize and check each other, and in particular, check the executive and administrative arms of the state. Although the judiciary is typically considered the most important such check, it is only one of many, as noted above. Some indicators of this dimension, then, are the following:

1. To what extent do government officials carry out their responsibilities honestly and transparently, free of corruption and bribery?
2. To what extent are political parties and election campaigns financed transparently, according to the law, and free of bribery (in the sense of exchanging past or future government decisions for political contributions).
3. To what extent do private individuals and enterprises have formal protection for their property rights, and freedom to conduct legitimate commerce?
4. To what extent is the judiciary neutral, professional, honest, and independent of partisan or executive control?
5. To what extent do there exist other agencies of horizontal accountability—a counter-corruption apparatus, supreme audit agency, ombudsman, human rights commission, economic regulatory agencies, and parliamentary oversight committees—that are independent and effective?
6. To what extent are government transactions and operations transparent and open to scrutiny? Do citizens have the effective legal right to obtain information on the functions and decisions of government?

Note that I do not propose here to include measures of overall government effectiveness or capacity. We should not presume that government which is democratically elected, liberal, and accountable is *necessarily* effective in utilizing government resources for development. That is a matter of theoretical argument, and must be assessed through empirical investigation.

There is no obvious way in which to weight the above six dimensions of accountable government (and others that could be adduced). My initial inclination, if I were composing a scale, would be to weight items 2 and 6 at half the strength of the others, which would easily

yield a 100-point scale. But weighting is a normative, theoretical, and judgmental matter, not a scientific one.

Internal Variation within Countries. Large developing democracies such as Brazil, India, and (when it was democratic, which it is not today), Pakistan, and even many medium-sized countries, vary considerably in the character and quality of governance, with some states and local districts or cities experiencing real democracy, good protection for individual and group rights, and even decent governance, and others so much electoral fraud and violence, human rights abuse, corruption, and distortion of the rule of law, that they represent authoritarian enclaves within a system that is nationally democratic. Such internal variation in the character of governance cannot be captured with a single national “score.” But it must be captured in the measurement process of a project like the forthcoming one, because people do not just live in a nation. They live in a rural district or town or city that is part of a national governance system, or that is part of a state or province within the nation. We cannot understand the links between the local and the national, and therefore whether and why development happens—and people move out of poverty—at different rates in different parts of a country, unless we can conceptualize and measure these differences in the character of governance within a country, across different jurisdictions.

The following (rather obvious) hypothesis should be tested in this research project: the above three dimensions of governance are strongly correlated across governance jurisdictions within countries, at least as much as they are across states. To the extent that a national political system is either generally rotten and oppressive, or very small, variation in these three associated dimensions of governance will tend to disappear. But in relatively large states whose democracies (or near democracies) are not fully liberal, consolidated, and institutionalized, there is likely to be significant variation in the quality of governance. And here is my core argument:

Those sub-national jurisdictions that score better on electoral democratic rights will also tend to score better on civil liberties and accountability. And to the extent that political jurisdictions score well on all three, they will perform demonstrably better in reducing poverty.

Measuring Democracy

Weighting the Scales, for an Overall Measure of Democracy. There is then the question of how the three scales are to be weighted relative to one another. I do not see any compelling reason not to weight them equally. Moreover, it will be important for the research project not only to assess the impact of liberal, democratic, accountable government on development and poverty reduction, but to assess the individual impact of each dimension measured separately—to the extent that they vary independently of one another.

Measuring the Scales. As to how each scale is measured, one could assign a certain score for each item within a dimension or scale of democracy, based on how well the political jurisdiction appeared to be meeting the test. For the most part, assessments on these different questions will necessarily be subjective. Therefore, it is important that a scale not pretend to great precision than it is capable of. For example, a subjective assessment of the overall state of

judicial independence can probably distinguish reasonably well (in terms of inter-subjective coder reliability) about five points on a *scale of judicial integrity*:

- 1) *No integrity*: the judiciary is completely compliant politically and/or totally corrupt and ineffectual.
- 2) *Very little integrity*: the judiciary may rule honestly in small-scale cases, but is always subject to political instruction, is extensively corrupt, and almost never defends citizen rights against the state.
- 3) *Moderate integrity*: the judiciary operates with some honesty and professionalism in ordinary criminal and civil cases, but suffers from significant corruption and is politically biased and pliant in important cases.
- 4) *Substantial integrity*: some judges and prosecutors are corrupt and politically partisan, but most courts enforce and interpret the law in a neutral, impartial, and predictable manner.
- 5) *Very high integrity*: the courts are completely independent of political control; they decide the law and enforce accountability in a neutral, impartial, and predictable manner, holding everyone equal before the law; and corruption in the judiciary is rare and vigorously punished.

(Note here that this hypothetical scale of judicial integrity combines assessments of judicial probity and judicial independence. In fact, these are two somewhat different dimensions; they could be separately assessed, and then the scores averaged into a summary judgment of judicial integrity).

I suggest two principles for a subjective coding scheme on governance. First, a numerical score must be tied to some specific depiction of empirical reality, as in the above illustrative framework, or different coders can easily impute different meanings to different raw point scores. And second, the coder must be able to distinguish between the different points on the scale. In, general, after about five or six of these points, I think it becomes very difficult for subjective coders to make reliable distinctions. My own inclination would be, for most items, to have a scoring scheme of something like four to six points, while enabling a coder to place a jurisdiction at a mid-point between two scores in a difficult or ambiguous situation. The scores could then be standardized to 100 and averaged with the other items if each is to be weighted equally, or weighted in a variety of ways. Each component scale—electoral, liberal, accountable—could be scored from 0 to 100, and the overall score could be summarized with the average of these three scales.

What NOT to Count. Are there objective measures of democracy we can include? On the accountability dimension, there may a few objective components that can be utilized (such as the number of days it takes to register a business). In general, however, objective measures are not very useful. One objective indicator that has been used in some quantitative measures of democracy, the voter turnout rate, is deeply flawed and misleading. Some authoritarian states have, or at least report, very high turnout rates, near 100 percent. What does that tell us about the state of democracy? Some democracies have low and declining rates of voting. In part, variation is affected by whether voting is compulsory or not (and citizens are subject to fines for not voting). It is possible to argue that not voting is also a democratic right, and compulsion a

diminution of liberal democracy. More importantly, apathy as reflected in high rates of voter abstention may signal alienation from the democratic process, or serious substantive problems in the functioning of democracy. But those problems must be directly assessed, rather than inferred from voter turnout rates that can have many possible explanations.

Similarly, I do not think we should *mechanically* take the degree of electoral support for opposition candidates as a measure of the extent of democracy. There is no way, in principle, to argue that a political system in which the ruling party that gets only 37 percent of the presidential vote is intrinsically more democratic than one in which the ruling party gets 55 of the presidential vote. Or that a political system in which the ruling party has only a bare legislative majority is *necessarily* more democratic than one in which the ruling party has 60 percent or more. All of these are possible indications of the competitiveness of the political system, but they must be placed in context. If the ruling party won only a weak plurality of the presidential vote but did so as a result of electoral fraud and intimidation—as in Kenya in 1997—that is not democracy. If a ruling party wins two-thirds of the seats in parliament in rigorously free and fair elections, which were fully open to challenging parties but in which most voters simply did not prefer the challengers, the mere fact of that electoral dominance (as in South Africa) cannot be taken as a negation of democracy. Certainly, at the national level but also to some extent the local, the absence of a significant opposition vote and presence in the legislature, can be taken as *prima facie* evidence of an obstruction of democracy. But that obstruction must then be subjectively investigated and assessed.

For the same reason, we cannot—as one study (Preworski, et al., 2000) has simplistically done—declare a political system a non-democracy simply because the ruling party (for example, Botswana) has not been defeated in a national election. We have to examine whether elections are truly free, fair, and open, whether opposition parties have power at other levels of authority (as they have had from time to time in Botswana), and whether electoral dominance is perpetuated by effective governance and politicking or by undemocratic means.

Measuring democracy, then, entails subjective assessment that can be informed but not mechanically generated by objective indicators.

Categorizing Political Systems

We can categorize “countries” as to the level or nature of democracy, but it is important to keep in mind that really we are categorizing a political system, which is in turn (again, particularly in large countries) composed of political sub-systems that may vary in their levels and forms of democraticness.

That said, we can distinguish the following broad categories of national political systems. This is not a logically exhaustive scheme of categorization, but I think virtually all really existing systems can be sorted reasonably well into these few categories:

1. *Liberal, Accountable Democracies* score high on all three dimensions. Elections are competitive, open, free, and fair, and are not at any level marred by fraud or intimidation. Civil liberties and the rule of law are upheld by a neutral, professional,

- and independent judicial system. With rare exceptions, all citizens, no matter their color, ethnicity, gender, or social status, are equal before the law. Governance is transparent, and corruption and abuse of power are contained and punished by autonomous agencies of horizontal accountability.
2. *Liberal, (Partially) Irresponsible Democracies* have more or less clean, democratic elections and good protections for civil liberties but suffer significant problems of political corruption.
 3. *Semi-liberal Democracies* have more or less clean, democratic elections, but suffer some significant problems in protecting citizen rights, particularly in terms of abuses by the police, and some local and state governments. Government is less than transparent and honest, as many public officials are corrupt and corruption is not reliably probed and punished.
 4. *Illiberal Democracies* have elections that are democratic (though not entirely free of fraud and coercion in some regions and localities). But they suffer extensive violations of citizen rights and a weak rule of law in which the judiciary is politically pliant and/or corrupt and ineffectual. As a result, corruption also extends deeply into political and civic life.
 5. *Pseudodemocracies (electoral authoritarian regimes)* have regular multiparty elections between competing political parties, but these elections are not free and fair. Although opposition parties may win a significant share of the vote and hold up to a third (or even more) of the seats in parliament, they are not able to win national power in a free and fair contest. Neither are they able to constrain very effectively the ruling party. Parliament may be an arena for some scrutiny, representation, and debate, and the courts may from time to time rule independently, and there may be some real space for civil society to organize, criticize and challenges within limits, but the executive dominates over other branches and is not accountable vertically or horizontally. With very rare exceptions (most notably, Singapore), these “hybrid” regimes are therefore at best semi-democratic, semi-liberal, and only partially accountable. At the lower end of this category, multiparty elections take place in a context of predatory corruption and pervasive, sometimes brutal, violations of human rights, in which opposition political forces and strongholds are especially victimized.
 6. *Authoritarian regimes* either do not allow competitive multiparty elections or do so in extremely repressive, essentially ritualistic and meaningless conditions. These regimes are typically dominated by one of four types of authority: the military (a declining category), a single ruling party, an absolute monarchy, or a (non-hereditary) personal autocrat. These regimes do not protect civil liberties or the rule of law. They may commit extensive human rights violations, and it is not possible for citizens to hold state officials accountable for their abuses. Corruption may be moderate or extreme. There may be some space for independent organizations and media so long as they do not directly criticize or challenge the regime. Those who do so are at serious risk of arbitrary punishment, and may be killed, imprisoned, tortured, or

otherwise victimized. The rule of law is generally weak in these systems, as the courts are subject to the dictates and constraints of ruling authorities.

7. *Totalitarian regimes* allow no civil freedom or independent organization of any kind. There is no political opposition, no civil society, no rule of law, and no organization of any kind that is not controlled by the state or ruling party. These regimes (generally driven and justified by some ideology, such as communism or fascism) commit the worst violations of human rights, and have been responsible for the largest-scale instances of mass murder by the state (Rummel, 1994, 1997).
8. *Collapsed or failed states* have no coherent central state authority of any kind. It is not clear to me whether they can or should be incorporated in the study. Violent conflict and state collapse have rather obvious implications for the generation of poverty and humanitarian crisis.

One way of roughly locating these regimes empirically is with reference to the Freedom House scales of political rights and civil liberties. Each year Freedom House rates each country from one (most free) to seven (least free) on each of these two dimensions. Liberal democracies are those that obtain a 1 or 2 on each dimension (the Freedom House survey, as I have already indicated, does not separately and effectively measure accountability). Semi-liberal democracies have a 3 on civil liberties and usually a 2 or 3 on political rights (very rarely a 1, and almost never does a democracy have a higher, i.e. worse, score on political rights than civil liberties). Illiberal democracies range from 3 to 4 on political rights and 4 to 5 on civil liberties.⁵ But many political systems (on close inspection, probably most) that score a 4 on political rights are better classified as electoral authoritarian regimes.

Electoral authoritarian regimes encompass wide variation. At the upper end, elections are sufficiently competitive and the political system pluralistic enough so that many observers mistake them for democracies. In these systems, human rights abuses are generally less severe. These regimes tend to score 4 or 5 on each dimension of political rights and civil liberties. At the lower end of more extensive domination and abuse, electoral authoritarian regimes score a 5 or 6 on each dimension.

Authoritarian regimes also vary in their degree of repressiveness. While none allow any kind of real multiparty electoral competition, and thus score a 6 or 7 on political rights, they vary on the civil liberties dimension from 5 to 7. Totalitarian regimes, such as North Korea, always score a 7 on each dimension, but not all countries that are 7,7 (e.g. Syria, Saudi Arabia, Sudan) can be said to be totalitarian. In many cases, the absence of civil and political rights does not translate into the degree of terror and the totality of control that uniquely characterizes totalitarian regimes. In this sense, totalitarian regimes are truly “off the charts” of the Freedom House coding framework, which is not fully sensitive at either extreme end of either scale.

⁵ Occasionally, Freedom House has scored a country, such as Turkey (a few years ago) or Russia (today), a 5 on political rights and nevertheless classified it as a democracy. This is a contradiction in terms, in my view. Once a country descends to a 5 on political rights, electoral contestation and party competition are so constrained that the system cannot be termed democratic.

Selecting Countries for Study

The study should seek to maximize variation on the key independent variable, regime type, and on crucial intervening variables, such as size, region, and level of development. Within each category of regime type above (probably combining liberal democracies into one category) it should seek some variation as to size, region, and level of development. It will probably not be possible to study totalitarian regimes, because there are so few of them left in the world (arguably, only North Korea today, and China has not been totalitarian since Deng Xiao-Ping came to power in 1979).

One problem is that the study will look back retrospectively over a decade (at least), and some countries have experienced change in regime type (toward more democracy, freedom, and accountability, or less) during this period. We will need to think about how to categorize country contexts that have been changing over time.

With that caveat, here is a possible or at least illustrative list of candidate countries, encompassing variation and characterizing systems at their average level over the past decade:

1. *Liberal Democracies:*

South Africa, and either Botswana or Mauritius or both.

At least one of these: Poland, Hungary, Czech Republic, Latvia, Lithuania, Estonia.

At least one of these: Costa Rica, Uruguay, Chile.

(Taiwan and Korea probably have too little poverty in the last decade to study).

2. *Semi-liberal democracies:*

India, the Philippines, Thailand, possibly Papua New Guinea.

Romania, Bulgaria

Argentina, and one or two of these: Peru, Bolivia, Ecuador.

At least one of these: El Salvador, Honduras, Nicaragua

Ghana and one or more of these: Mali, Senegal, Benin, Namibia.

3. *Illiberal Democracies*

Bangladesh, Indonesia, possibly Sri Lanka or Nepal

Possibly one of these: Albania, Moldova, Macedonia, Yugoslavia (Serbia)

Mexico (although it was in transition over the decade from semi-democratic to semi-liberal democratic).

Brazil, and one or more of these: Venezuela, Colombia, Guatemala.

Nigeria (if it can be called a democracy), and one or more of these: Mozambique,

Malawi, Zambia, Madagascar.

Turkey

4. (A) *Competitive Authoritarian Regimes*

Russia, and one or more of these: Ukraine, Georgia, Armenia

Malaysia

At least one or two of these: Tanzania, Ethiopia, Gabon, Gambia, Togo

Morocco, and perhaps Iran.

(B) Other Electoral Authoritarian Regimes

Pakistan, and perhaps Cambodia.

At least one or two of these: Kazakhstan, Kyrgyzstan, Azerbaijan, Belarus
Zimbabwe, Uganda, and either Cameroon or Angola (all theoretically significant)
Egypt, Algeria, Tunisia, possibly Jordan.

5. *Authoritarian Regimes* (some of these may not be possible to study)

China, Vietnam, Burma

Possibly Uzbekistan

One or more of these: Swaziland, Eritrea, Sudan

Syria

Discussion. It is important to include the very large countries (India, China, Brazil, Mexico, Russia, Nigeria, and Indonesia) and study not only their distinctive features as national systems but also their internal variation in governance. It is also important to study countries that have experienced in the past decade:

- Significant improvement in governance (Mexico, South Africa, Ghana, Bulgaria)
- Formal democratization with more ambiguous results (e.g., Indonesia, Nigeria, and now very recently, Kenya)
- Significant political and macroeconomic stress (Argentina, Venezuela, Colombia, Russia, Pakistan, Zimbabwe).
- The distortions of oil or other mineral rents (Russia, Nigeria, Venezuela, Cameroon, Angola, Algeria, Iran, etc.)
- Economic growth without democracy or political liberalization (China, Vietnam, Tunisia, Uganda).

Concluding Reflection

If our study does indeed confirm that poverty is generated and reproduced by circumstances of power disparity and abuse, as a growing body of theory and evidence is indicating, then this will have profound implications for policy, including the policy of bilateral donors and multilateral lenders. Despite the growing evidence, including from within the World Bank itself, that governance matters (see the extensive work of Daniel Kaufmann and his colleagues), and despite the growing recognition in development assistance circles that development requires broad improvements in governance, policy and practice lag well behind understanding. There remains a great reluctance on the part of international donors to violate too blatantly international norms about sovereignty. There remains a powerful tendency for political conditionality to slide away into gestures at compliance. Yet if poverty is, to a considerable degree, a political phenomenon, then a *serious* effort to reduce, once and for all, the structural conditions of mass poverty, is also a political action. There is no getting around it. Is the world ready for the scope of *political* intervention that will be needed to build democracy, promote freedom, increase accountability, empower the poor, and thereby truly reduce poverty?

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