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DEMOCRACY AND GOOD GOVERNANCE – NOT OBVIOUS PARTNERS

Abstract: This paper tries to answer a question that has been haunting historians, policy leaders, NGO activists, and academics for decades: "What is the relationship between governance and democracy?". The answer, though striking, is quite simple: there is no relationship between governance and democracy. A state might have democracy or not and it might have good governance or not, however, the probabilities of a state having one is independent from the probability of it having the other. This paper is structured in the following manner. First, a description of the concepts used is presented. What do we mean when we say a state is democratic? Similarly, how can we decide if a country has good or bad governance? Second, a literature review on the relationship between good governance and democracy follows, before the best arguments are chosen and supported by relevant examples. Lastly, an overall conclusion is enunciated and its wide implications discussed.

Keywords: democracy, governance, development, bureaucracy, states, government

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A minimalist definition of democracy, as presented by Joseph Schumpeter in 1943, is centered round the concept of "free competition for a free vote".¹ This focus on elections alone, however, is considered by many to be inadequate for capturing today's massive variety of regimes.² Some more refined definitions of democracy include Robert Dahl's concept of polyarchy, which goes beyond the requirement that competitions are free and fair and includes mass participation as a

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¹ Joseph A. Schumpeter (1943), *Capitalism, Socialism and Democracy* (London: George Allen and Unwin), 271.

² Richard Rose, "Evaluating Democratic Governance: A Bottom-up Approach to European Union Enlargement", in *Democratization*, 15/2 (2008), 251-71.

condition for a country to be considered democratic.³ In other words, it does not only matter how the elections are conducted, but who can vote and who can run in these elections is equally important. International organizations, such as Freedom House and Polity IV, also favor a more comprehensive view of what democracy is.⁴ Guaranteed civil rights and political liberties for the citizens are considered to be at the heart of any regime that is considered as being democratic. The degree to which regimes ensure civil rights and political liberties makes the difference between democracies and what Levitsky and Way call "competitive authoritarian regimes" that function in countries where democratic institutions are existent, however, whoever is in power can influence the result of the elections in such a way that it gives them an unfair advantage.⁵ Countries with regimes that satisfy all the conditions proposed by Transparency International, which are free and fair elections, mass participation, civil rights and political liberties and where the winners of elections possess the real authority in the country, are considered to be liberal democracies.⁶ For the purpose of this paper, we will use the more elaborate definitions of democracy, as defined by Dahl and Freedom House, as opposed to the minimalist definitions, as presented by Schumpeter.

A similar never ending debate exists over the exact definition of governance. The oldest definition of what good governance is comes from Max Weber in *Economy and Society*, although he did not specifically use the expression "good governance". Instead, he referred to an efficient and impersonal bureaucratic system that allows for the recruitment of bureaucrats on the basis of merit only and the existence of a formal hierarchy that is outside the control of individuals.⁷ In his book *The Nerves of Government*, Karl Deutsch makes it a point that governance has nothing to do with the power or magnitude of government, but rather with the "problem of steering" the government.⁸ Building on that, Richard Rose's definition of good governance deals with how the bureaucratic system relates to overall society. He says governance is "the way in which institutions relate to its citizens". These definitions of good governance are a good starting point; however, some other

³ Robert A. Dahl, "A Brief Intellectual Biography", in H. Daalder (editor; 1997), *Comparative European Politics: The Story of a Profession* (London: Pinter), 68-78.

⁴ Freedom House, accessed February 24th, 2016. <http://www.freedomhouse.org/>
Polity IV, accessed February 24th 2016. <http://www.systemicpeace.org/polity/polity4.htm>

⁵ Steven Levitsky and Lucan A. Way (2010), *Competitive Authoritarianism: Hybrid Regimes After the Cold War* (New York: Cambridge University Press).

⁶ Transparency International, accessed February 24th 2016. <https://www.transparency.org/>

⁷ Max Weber (1978), *Economy and Society*, Edited by Guenther Roth and Claus Wittich, (Los Angeles: University of California Press).

⁸ Karl W. Deutsch (1963), *The Nerves of Government: Models of Political Communication and Control* (New York: Free Press of Glencoe).

definitions put some more weight on bureaucracy's capacity to deliver. Francis Fukuyama's definition of good governance even takes out the part focusing on the impartial recruitment of bureaucrats and simply focuses on the ability of the government "to make and enforce rules, and to deliver services."⁹

Yet other academics consider that governance is a sum of all these things, both of how the government/institutions relate to people and of how efficient they are in delivering services and enforcing the law. Daniel Kaufmann, Aart Kraay and Pablo Zoido-Lobaton have a comprehensive view of governance and it includes: "1. the process by which governments are selected, monitored and replaced; 2. the capacity of the government to effectively formulate and implement sound policies; 3. the respect of the citizens and the state for the institutions that govern economic and social interactions among them".¹⁰ By including the process of government replacement in the definition of governance, however, Daniel Kaufmann *et al* go beyond state capacity and into the realm of regime type. For this reason, for the purpose of this paper, we will choose Fukuyama's definition of government and focus only on the state's ability to deliver services and enforce its own laws. In other words, we use a governance definition based on state capacity.

After having defined our terms, democracy and governance, we must now look into whether there is a relationship between them. From the very definitions of governance that we looked at, we know that good or bad governance has nothing to do with big or small government. In other words, the size of the government is irrelevant to the quality of governance that it has. Moreover, bad governance is not absent in developed countries.¹¹ In other words, just because a country has a high GDP, which is probably due to the fact that it had good governance in the past, this does not mean that the country has good governance in the present. Our question, however, is whether the democratization level of the government can influence governance and/ or the other way around. Many academics consider democratization a necessary step towards better governance. These include Morton Halperin, Joseph Siegel, and Michael Weinstein, all of whom suggest that making political leaders more accountable to the public automatically makes them more responsive to social needs, which in turn will lead to lower poverty levels and better education for the

⁹ Francis Fukuyama, "What Is Governance?", *CGD Working Paper 314* (Washington, DC: Center for Global Development, 2013). Accessed February 24th 2016. http://www.cgdev.org/sites/default/files/1426906_file_Fukuyama_What_Is_Governance.pdf

¹⁰ Daniel Kaufmann, Aart Kraay and Pablo Zoido-Lobaton, "Governance Matters". *Policy Research Working Paper* (The World Bank: World Bank Institute, 1999). Accessed February 24th 2016. <http://info.worldbank.org/governance/wgi/pdf/govmatters1.pdf>

¹¹ Bo Rothstein (2011), *The Quality of Government : Corruption, Social Trust, and Inequality in International Perspective* (Chicago: University of Chicago Press).

masses.¹² Some academics have even set up an entire step by step guide on how to turn a country from an autocracy to a democracy, in order for the population to reap the supposed economic benefits that democracy is thought to automatically deliver. These steps include developing a constitution that protects human rights, improve inter-party competition, hold competitive elections, strengthen state capacity, ensure the separation of powers in the state, and eventually foster a strong civil society and an independent media.¹³ Although achieving these outcomes can in some cases have intrinsic value in and of themselves, as some democracy promoters claim, other outcomes, such as competitive elections or having strong political parties, do not clearly point towards better state capacity.

Many autocratic states have their own ways of gathering information from the public and making sure that they are satisfying at least some of the needs of their people. They can easily infiltrate spies into groups and organizations and extract information that they can use to prevent popular dissatisfaction to soar to levels that would make the regime unstable. In parallel, they lure individuals that already hold important positions in society and offer them considerable financial benefits in exchange for information about their peers and their opinions. These methods were widely used for decades in communist countries.

Other autocratic regimes choose to take advantage of capitalism and the free trade world that we live in today and just send money over to their people, knowing that the people themselves will know how to best satisfy their needs. The best example in this case is Saudi Arabia which, when the Arab revolutions in Tunisia, Egypt and Libya started, raised salaries considerably and spent billions of dollars, in a way directly buying the allegiance of its people.¹⁴ This is basically a new type of social contract; Jean Jack Rousseau would be impressed. The fact that even some autocratic states care about governance is not surprising. After all, every regime needs to give something, at least sometimes, to its citizens, in order to stay in power. If civil rights and political liberties are not provided, then some economic incentives must make themselves felt. Of course these methods are not fail-proof, sometimes autocratic regimes do get the mood of the people wrong, fail to deliver enough services, which leads to public revolts and eventually revolutions that topple the government from power. However, the methods supported by democracy promoters

¹² Morton Halperin, Joseph Siegel, and Michael Weinstein (2010), *The Democracy Advantage: How Democracies Promote Prosperity and Peace* (New York: Routledge).

¹³ Thomas Carothers (1999), *Aiding Democracy Abroad: The Learning Curve* (Washington DC: Carnegie Endowment for International Peace), Chapter 5.

¹⁴ "Saudi king offers billions in "gifts" to citizens." *NBC News*, February 23rd, 2011. Accessed February 25th 2016. http://www.nbcnews.com/id/41733661/ns/world_news-mideast_n_africa/t/saudi-king-offers-billions-gifts-citizens/#.Vs6bmvl97IU

are not fail-proof either. Even in countries that do have strong political parties and free and fair elections, large groups within society still find their needs unfulfilled, which makes them prone to revolt that can potentially destabilize the government. Moreover, the extreme inequality that exists today in many countries considered developed democracies, such as the United States, is also a factor that can significantly polarize a society and lead to government instability sooner or later.

The most interesting aspect of the debate over governance, however, is the fact that this debate, although started in the West, is now taking place all over the world. Many autocratic states are well aware of the concept of governance. In China, for example, the academic and political community has, for over a decade now, agreed on a concept of governance and has named it *zhili*.¹⁵ Moreover, the public work projects implemented in China over the past few decades, from highways to bridges to bullet-trains and other types of infrastructure have impressed the entire world from East to West and are undoubtedly the representation of good governance.

The claim can be made that some authoritarian regimes have implemented good governance policies unconsciously or even by accident. Multiple relevant examples can be given from East Asia, where current or former autocracies such as Singapore, Taiwan or South Korea developed hierarchical, merit based and disciplined bureaucracies by building on their culture and entrenched values that had been present in these societies for centuries if not millennia. In a way, these countries were implementing Max Weber's vision of an efficient and impersonal bureaucratic system without even knowing it. This pretty much proves that democracy is not necessary for good governance. On the flip side, however, we can also make the case that autocracy by itself does not necessary lead to good governance. The examples in this case are enormous, from the Sub-Saharan African countries that have been stuck in poverty cycles for decades and have extremely low literacy levels, to the autocracies of Argentina throughout most of the 20th century that turned what was initially one of the richest countries in the world into a second rate state.

All in all, we come to the conclusion that we cannot establish any linear relationship between democracy and good governance or the other way around. There may be multiple other aspects of human societies that influence good governance in the absence or presence of democracy, such as culture. The challenge, of course, is how we could ever isolate intrinsic human characteristics (such as

¹⁵ "Upper-hand move of governance." *China Daily*, January 5th 2016. Accessed February 25th 2016. http://www.chinadaily.com.cn/opinion/2016-01/05/content_22934376.htm

values) from a society, when deciding on the effects of democracy on good governance.

The implications of the findings in this paper are significant. It might be the case that all democracy promoters are wrong. It is not best to support democracy around the world as the means for increasing literacy, preventing famine, lowering poverty, etc., but rather to follow a different method. Instead of promoting democracy in countries such as China which has a high growth rate, or Saudi Arabia which is extremely developed in per capita GDP, what academics and international NGOs should be focusing on is how to improve governance and/or how to democratize autocracies such as Zimbabwe or Burma. In other words, don't fix it unless it's broken. If a country is developing fast, people will care less about how democratic it is, thus resources are best spent where countries are not developing. There, whether spending resources on democratization or on economic development, the bang for buck will be significantly higher, thus the returns will be more significant.

There is a caveat to all this, however. That is, we assume that there is little or no intrinsic value in the aspects of democratic societies such as civil rights and political liberties. To be clear, if we could satisfactorily evaluate how much people appreciate these "goods", it might be the case that democracy is better for good governance after all. In other words, good governance would necessarily include democracy. In market studies, economists use willingness to pay (WTP) as a measure of how much people value a certain good. This basically implies that they go around asking people how much they would pay for something and from there they establish the value of that good from the perspective of society overall. Future studies on good governance should include such questions and analyze how much people value civil rights and political liberties. In other words, studies should try to quantify the value of these "goods" from an economic perspective, even though they obviously go under political and/ or social development, not economic development. Academics should thus conduct surveys asking people how much they value civil rights and political liberties. Questions could be, for example: "How much would you pay to have a meaningful right to vote?" or "How much less would you be willing to earn in order to keep a democratic system in your country, before accepting an autocracy instead?" If people in a democratic country with \$ 40 000 per capita GDP, for example, would accept a lowering of GDP by \$ 20 000 per capita, as opposed to \$ 500 GDP per capita, in order to maintain a democratic system, this can give a lot of information on how much people actually value democracy and how much they consider that it impacts their daily lives. Based on this information, the claim that there is no good governance without democracy can then be successfully proven or refuted, depending on the case.

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