

HOW POLITICAL INSTITUTIONS INFLUENCE DEVELOPMENT OUTCOMES

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ABSTRACT

What is the cause of global inequality? Why are some countries poor and why are others rich? Is it because of poor mismanagement, bad economic policies or the lack of capital? In recent years two scholars Daron Acemogolu and James Robinson have come up with new theory to explain the determinants of wealth and poverty that exists between states. In their thesis, they argue that the inequality that exists between states is the result of how institutions are created. Many western countries they explain are rich not due to the luck of chance or abundance of resources. Quite the contrary, wealth they argue is necessitated by inclusive and democratic political institutions which are fundamental to initiating economic growth and development. However, the rise of China, Vietnam, Russia and some of the East Asian states in this century has prompted some reconsideration of the democratic development theory. The rise of China and other authoritarian developmentalist states in the twenty first century raises an important question in development discourse- Can states without inclusive political institutions create free and inclusive economic institutions? In other words, is inclusive political institutions a precondition for economic development? This paper will argue that states with non-inclusive political institution can develop and prosper as evidenced by China and some of the East Asian countries. Moreover, the paper will highlight some of the theoretical short comings in the democratic development theory presented in the book “Why Nations Fail”. More importantly, the paper will look at the China Model as an alternative to the democratic development model and examine if the Chinese development model can be transferred into the African context.

INTRODUCTION

In 1989 the American political theorist Francis Fukuyama wrote a bold and provocative essay entitled the "*End of History*" to proclaim the triumph of Western liberal democracy over all other systems of governments. With the collapse of the Soviet Union and the fall of the Berlin wall, Fukuyama had concluded at the time it was the dawn of a new era in human civilization. These two events, he argued, were definitive symbols of the triumph of liberal democracy and the free markets over authoritarian systems of government - the last ideological battle in the evolution of humankind. Eventually, as time progresses, he argued, all societies would come to adopt liberal democratic institutions and resemble the West and its values. In his view, democracy would win out against all forms of governments, because it was the only one that could guarantee peace, prosperity and the rule of law for all people.

Fast forward almost three decades later, and a new debate is emerging in the development community as to whether Fukayama's assertions of the triumph of liberal democracy had been premature. With China's rise as a global political and economic power, while maintaining an authoritarian political system with an open market, as well as a host of rising nations following similar models, Fukuyama's "*End of History*" is now confronted with what could be described as a beginning of a new chapter of reality in human civilization. Not only are we witnessing the rise, and in many cases success, of authoritarian development models in places like China, but the Western democratic model that Fukuyama believed was triumphant is now increasingly being tested internally. The rise of populism in the West with politicians opposed to globalization, who embrace isolationism and mimic authoritarian tendencies, is a direct challenge to the ideals the West has championed since WWII. A rules-based international order,

the promotion of democracy, human rights, the rule of law, and open markets have long been key hallmarks of the Western liberal order. But how do these principles impact institutional development outcomes compared to the authoritarian development model of China and other East Asian states in the past decades?

Nowhere is the dichotomy between the liberal democracy and the authoritarian models being more closely examined than in the developing world. In recent years, scholars like Daron Acemoglu and James Robinson have come up with a compelling theory to make a case for the democratic model in the developing world. In their thesis titled “*Why Nations Fail*” the authors propose the idea that much of the poverty and underdevelopment that we see in the developing world are the result of how political institutions are designed in these societies. In their view, it is inclusive political institutions but more specifically liberal democratic institutions that foster economic growth and development. Thus, for the developing world to break the cycle of chronic poverty and rise to the same living standards as in the western countries, they argue, policymakers in the developing states should seek to emulate Western liberal institutions. After all, they argue it is these same liberal political institutions that have contributed to the economic development of the West. However, as both history and present global economic trends have shown, Acemoglu and Robinson’s claims for the relationship between inclusive political institution and economic growth is not entirely factual.

As this paper will argue, economic growth and development are not incumbent on states having inclusive political institutions. On the contrary, states with non-competitive political institutions, as evidenced by the economic rise of authoritarian states such as China, Vietnam, Singapore and

some of the East Asian Tiger states in recent decades, puts into question the validity of democratic development theory. As such, the focus of this paper is to present a counter-argument to Acemoglu and Robinson's democratic development theory and propose an alternative view of how nations can grow economically and prosper without having inclusive political institutions. The paper will begin by briefly laying out some of the central arguments in the book "*Why Nations Fail*" and then present some of the intellectual shortcomings in the readings. The paper will then present an intellectual case for the authoritarian development model from a Western scholarly perspective. In much of the discourse on international development, the authoritarian development perspective is often ignored or seen as a hindrance to the economic progress of developing nations. The authoritarian development model is often treated in much of the Western development literature as an Eastern construct with no intellectual legitimacy among Western scholars. In this section of the paper, I argue the contrary and present the case for the authoritarian development model from sources in the West that have been overlooked in the discourse on economic development in the third world. Once this is done, the paper will then explain the credibility challenges of the democratic development model and how it is on the retreat in some parts of the developing world. The paper will then present an alternative development point of view on how states develop without inclusive political institutions. This section of the paper will draw upon the China model, its key strengths and how it has been gaining traction in the developing world, most notably sub-Saharan Africa, as opposed to the democratic development model.

ASSESSING THE DEMOCRATIC DEVELOPMENT THESIS

According to Acemoglu and Robinson's general thesis, whether nations fail or not depends on how the political and economic institutions are developed within a particular society. The authors claim that how economic institutions are designed can give us clues about why certain nations have remained mired in underdevelopment and poverty, while others have managed to break from the shackles of poverty successfully. The effectiveness of economic institutions nonetheless, they explain, will ultimately depend on how political institutions are designed and their level of transparency in the eyes of all economic actors within society. Acemoglu and Robinson classify political and economic institutions into two categories, inclusive and exclusive institutions. Inclusive economic institutions they explain are the engine that fosters economic growth and prosperity within society. These institutions, they add, encourage people to participate "freely and securely in economic activities." For example, they are responsible for enforcing property rights, creating equal level playing field and enabling individuals to start new businesses and encourage investment into more efficient means of production all of which help to spur economic prosperity. Similarly, inclusive political institutions, they describe, distribute political power in a pluralistic manner in a way that encompasses the interests of all groups within society while at the same time achieving political centralization. Extractive economic institutions, on the other hand, are designed to protect the economic privileges, a small group of elites, even though much of the wealth was created on the backs of the majority working population. Furthermore, extractive political institutions, Acemoglu and Robinson explain, reinforce the economic privileges of the business elite by restricting the input of the electorate from into economic policy formulation. Political institutions, they add, are controlled through a

revolving door of small group of political elites who establish policies to protect their interests and their allies' economic privileges.

Therefore, Acemoglu and Robinson, as well as many of the proponents of the democratic developmental narrative, have made the point that societies with inclusive institutions are better positioned to develop than those with extractive political and economic institutions. They explain if the developing world is to break from its current state of economic deprivation and reach the same standard of living as Western citizens, then the third world countries would have to adopt the same institutions as the rich nations. In other words, their answer to poverty in the third world is not good economic policies but strong democratic and transparent political institutions. In their view of history, nations could only develop and prosper if they accept liberal democratic institutions and market economies. For them, democracy and development were causally linked with one another; societies could not prosper if they did not establish inclusive political and economic institutions. However, in recent years some scholars have pushed back against the democratic development theory and have proposed an alternative view to explain how nations can grow their economies. This alternative view questions the notion that economic growth is predicated on inclusive political and economic institutions. These critics explain, that the democratic development argument is simplistic and ignores factors that could explain the economic divide between the West and the developing world. Moreover, they explain that countries with extractive political institutions could create inclusive economic institutions and prosper like some of the countries of the West.

The American development economist Jeffrey Sachs in a review of Acemoglu and Robinson's thesis on "*Why Nations Fail*", questions some of the main points outlined in the book. According to Sachs the democratic development argument is very simplistic and ignores some of the other important factors that could explain why nations develop and grow.¹ He argues that the democratic development narrative embraced by proponents like Acemoglu, Robinson and others is more a feel-good story than one grounded on historical facts or empirical analysis. Moreover, he explains the democratic developmental narrative only reinforces Western biases -that democracy and prosperity go hand in hand and that authoritarianism will eventually run its course into the dustbin of history as it did with the Soviet Union. Instead Sachs argues that there are other factors we need to carefully analyze such as "geopolitics, technological discoveries, and natural resources, to name a few" that could help shed light on why some countries have experienced rapid growth.

One of the main shortcomings in the democratic development discourse, Sachs explains, is the false belief that authoritarian elites are always hostile to economic progress and technological innovation. However, as he points out, careful examination of history proves this to be not entirely the case. In fact, he explains, throughout modern history dictatorial regimes have sometimes acted as the primary agents of economic reform and this was often precipitated by geopolitical threats. For example, in 1806 after Prussia's military defeat to Napoleon's forces at the Battle of Jena, the Prussian authorities embarked on one of the most ambitious administrative and economic reforms in Europe which helped to usher the German industrial revolution of the nineteenth century. Moreover, Sachs explains that the same impulses drove the leadership in Meiji Japan to industrialize and abandon their feudal system. It was also the dictatorships in

South Korea, Taiwan, and China which helped to initiate their country's market reforms which allowed them to prosper and grow at spectacular rates unseen in the modern era.

All of these economic reforms happened under strongman regimes who were primarily concerned about foreign threats and fear of being economically succumbed by their adversaries.

One of Acemoglu and Robinson's central points is that authoritarian regimes have fewer incentives to adopt new economic reforms than their democratic counterparts. They argue that authoritarian regimes believe that introducing more liberalization would compromise their control and economic privileges. However, as Sachs notes, this is not the case. As seen in past history the number one incentive that forces authoritarian regimes to reform is political survival.

Often times the threat to political survival prompts authoritarian regimes to adopt new institutions and technologies in order to close economic gaps that would threaten their state and social harmony. Another critical caveat in the democratic development debate is the distinction between technological diffusion and innovation. Acemoglu and Robinson, for example, argue that societies need institutions that promote civil, political and property rights because they are the engines that spur new innovations in the economy. Without civil, political and property rights new technologies like the steam engine and electrical grid would not come into existence – society would be trapped living in a subsistent economy. However, Sachs disagrees with this notion, technological innovation he argues is not a prerequisite for economic development. He agrees however, with the assertion that it may be difficult for a society with no civil, political and property rights to encourage “innovation outside of the military sector”. When it comes to economic development of poor countries, what matters is technological diffusion and not technological innovation. Authoritarian regimes, he argues, do not need to encourage the

development of new technologies; they can adopt new technologies that have been developed elsewhere and incorporate them into their economies. New technologies are not exclusive to democracies, they exist in authoritarian societies and societies where there is no formal government. For example, the cell phone, which was developed in the United States, has managed to penetrate into Somalia, which has not had a functioning central government for almost two decades. Yet, the country still managed to have one the most developed cell phone markets in the world.

Most of the economic miracles that occurred in recent history did not happen because of new technological innovations that were discovered in those countries and that dramatically revolutionized the economy. Instead, as Sachs points out, many of the economic leaps in the last century could be credited to the dispersion of technology from the West to the developing world. A clear illustration of this is the economic rise of China. China's economic growth in the last couple of decades did not happen because of new technological innovations that took place inside the country. China's rapid economic growth, he points out, was due the adoption of Western technologies into its economy. This is in contrast to the Soviet Union, which sought to develop its own technologies in order to compete with the West. In the early period of China's economic reformation, the aim of the Chinese authorities was not to encourage the development of new innovations but to master Western technologies and incorporate them into their production systems. Moreover, Sachs explains, authoritarian regimes can sometimes act as facilitators of innovations rather than as an impediment to progress. For example, the Chinese authorities have been great supporters of building complex infrastructure such as ports, train systems and fiber optics that complement private capital investment into its economy. Moreover,

he explains, authoritarian regimes, like their democratic counterparts, have shown themselves to be very innovative in the military sector and its benefits have managed to trickle down to the civilian economy. Countries like South Korea and Taiwan, for example, have been able to utilize their advancements in military capabilities to help sow the seeds for their innovation economy.²

Another shortcoming of the democratic development theory is the continuous focus on political centralization as a necessary precursor to economic growth. Acemoglu and Robinson, argue that state centralization is essential to the provision of public goods and the development of infrastructure. However, state power itself does not only depend on political legitimacy but the resources that are available to the state. One of the arguments made by some institutionalists is that the reason why the industrial revolution never reached Africa is due to the continent's lack of centralized states; most African countries during the nineteenth century were localized and too weak to exert their authority over their territories. Hence, they argue African political elites could not embark on national development projects because they lacked the central authority and legitimacy in some parts of their countries.

However, as Jared Diamond explains, this argument is simplistic and negates the geographical factors that go beyond the dichotomy of inclusive and extractive institutions. Europe's good institutions, Diamond explains, did not spontaneously happen out of the blue. Europe had almost four thousand years to tinker with complex government institutions and build nation states while sub-Saharan Africa only had few centuries to develop their institutions. He argues that Europe's topography gave the West an advantage over African states when it came to industrialization and trade. Great Britain in particular, had extra advantages over other European countries because it

was isolated from foreign conflicts and located at the edge of the Atlantic Ocean, which by 1492 had become the most lucrative trading route in the world.³ Sachs explains that Africa's underdevelopment could also be defined by its geography; unlike Europe the continent lacked navigable water transportation systems and suffered from a high incidence of diseases along with low population density at the turn of 19th century. In his book the *Wealth of Nations*, Adam Smith had recognized Africa's natural transportation problems as an impediment to the continent's development prospects. Just as geography had hampered Africa's development in the 19th century, it continues to cripple the growth of modern states.

A clear illustration of this is the contrast between Bolivia's economy and Vietnam's in the 1990s. The Bolivian state in the 1990s had both inclusive political and economic institutions, but despite these characteristics, Bolivia's economy grew at a much slower rate than Vietnam's, which was an authoritarian state. Despite Vietnam as an authoritarian state with no political and civil rights, the country was able to attract high levels of foreign investment into its economy.⁴ According to Diamond, there is a simple explanation that can help to explain why these two countries took divergent paths when it came to economic development – geography. Diamond explains that geography is independent of institutions, it is the deciding factor of power, prosperity, and poverty. For example, Bolivia economically lagged behind authoritarian Vietnam because of its geographic location; it was a mountainous landlocked country with no accessible river systems. Vietnam, on the other hand, had natural deep-water ports and was near the booming markets in Asia, which made it attractive to foreign capital. As such the cost of doing business in a landlocked country like Bolivia or Nepal, he explains, is much higher, even when having inclusive institutions.⁵ Moreover, as history has shown, extractive political institutions can create

inclusive economic institutions. Proponents of the democratic developmental narrative like Acemoglu and others argue that for nations to develop, political reforms must precede economic growth. However, the economic rise of countries such as South Korea, Singapore, China and some sub-Saharan African countries like Ethiopia and Rwanda demonstrate that authoritarian regimes can successfully develop inclusive economic institutions.

Nonetheless, a careful analysis of Western economic history, shows that countries can develop and prosper under extractive political institutions. For example, the early champions of the industrial revolution like France, Britain and Germany were all by today's standards not full democracies. These countries at the start of the industrial revolution were all governed by small groups of political elites who had close ties to the business elites in their countries. Britain in particular, where the industrial revolution first took place, had extractive political institutions and marginally inclusive economic institutions. Acemoglu and Robinson, for example, suggest that the events that happened after the Glorious Revolution of 1688 helped to shape Britain's political and economic institutions. The industrial revolution according to them happened in Britain because of its inclusive political and economic institutions which were as they claim unique for the time. However, the Dutch economic historian Peer Vries disputes the claim that Britain's industrialization was facilitated by its inclusive political and economic institutions. Vries explains that this claim is misleading and ignores some historical facts. In the early nineteenth century the electoral franchise he argues was only reserved for two percent of the British population, who were mostly comprised of wealthy landowners. On the other hand, Britain's working class and British Empire subjects were excluded from the political process.

Moreover, he argues the British economy at the time was dominated by a few monopolies who controlled Britain's lucrative trade routes and strategic industries. For example, the British political elite during the early years of the industrial revolution, instituted several regulations to protect British conglomerates from competition; the benefactors of such policies were corporations like the East India Company and the Hudson's Bay Company. Therefore, as Vries concludes, Britain during this period in its history did not have fully inclusive economic institutions; the British political elite picked and chose which firms would win in the economy. Vries also adds that British tax policies were not inclusive as well; the bulk of taxation to fund Britain's industrial revolution fell on the backs of the British working class, who did not have a vote in the political process. According to historians, taxation during the start of industrial revolution was lower in China than it was in Britain. Moreover, historians like Vries have also pointed out that China's domestic economy in the eighteenth century was freer than Britain's economy and income inequality was much less.⁶

This story is also similar to the economic history in the rise of Germany during the last two centuries. From mid-nineteenth century until the end of the Second World War, the German state prospered greatly under extractive institutions. The only period when Germany had inclusive institutions was during the Weimar Republic period, and in that time the country had experienced hyperinflation close to the brink of economic collapse. The Germany of the industrial period could hardly be called a democracy, and it was by all accounts, according to the political scientist Michael Bernhard, a "competitive authoritarian state"- a state in which democratic institutions exist in appearance but subverted by the incumbent civilian regime.⁷ In these type of political regimes, state power and institutions are skewed in the hands of the ruling

elite and used to suppress the activities of political opponents. Modern examples of competitive authoritarianism in the developing world could be seen in Putin's Russia, Erdogan's Turkey and El Sisi's Egypt. Nonetheless, it was during this period in German history that the country became an economic and military superpower. It led the world in science, technology, the arts and education. Moreover, the country witnessed a dramatic rise in its standard of living during this period. Bernhard explains that these impressive economic and social reforms Germany experienced all happened under an authoritarian state which was led by an illiberal political elite.

Another important critique of the democratic development theory which is often omitted by proponents in their assessment of the industrial revolution is the role of state competition. Historical evidence confirms that to some degree much of the technological innovations that helped to spur the industrial revolution were not directly the result of inclusive institutions or the liberal ideas of European rulers, as Acemoglu and Robinson suggest. Instead, Europe's technological innovations that occurred in the nineteenth century and that contributed to its domination over the rest of the world were all due to state competition for military supremacy. According to the noted historian Jared Diamond, the peculiar geography of Europe during the nineteenth century of nations competing with one another is what prevented a monolithic power like China from dominating the continent and preventing innovation.⁸ Nowhere is the competition of nations more evident than in the two world wars of the twentieth century. The competition for military supremacy among the warring European states in the two world wars is what contributed to the discovery of new innovations like stainless steel, electronics, nuclear energy, jet aircraft and rocket ships. These discoveries revolutionized the civil economies of the

European states and further propelled the West ahead of the rest of the world in terms of economic development.

Nonetheless, the victors of the two world wars were the nations with inclusive institutions, with the exception Soviet Union which had extractive institutions in the Second World War. What is interesting, however, was that although Germany had authoritarian regimes during the two world wars, the country was able to produce innovations that were far more superior than the Western allied states, which all had inclusive institutions. For example, in the First World War Germany's chemical industries were more advanced than the UK, US and France when it came to their application in the economy. In fact, many of the advancements of chemical industries in the West were built on the expropriation of Germany after the First World War. Similarly, in the Second World War, even though Germany had extractive institutions, it was still the first country to produce jet aircraft and guided missiles, and its tank technology was more advanced than those of the allies. The same could also be said of the Soviet Union; even with extractive institutions the country was able to modernize and catch up with the West in technology and improve its life standards at a ground-breaking pace. For example, the Soviets during the Cold War were the first state to send a human into space and their military innovations were on par with the United States as a global superpower. It could be argued as Boldrin et al. point out, that looking back at history Russia did well under extractive institutions. When Russia transitioned from its extractive communist system and adopted inclusive political institutions, the country fell into internal chaos on the verge of anarchy.⁹

THE ORIGINS OF THE DEBATE ON AUTHORITARIAN DEVELOPMENTALISM

Since the end of the Second World War, the democratic development model had dominated the economic thinking of many policymakers and scholars in the West. Democracy and development were often treated as mutually interlinked when it came to discourse on third world poverty.

Many development theorists believed at the time that without inclusive political institutions it would be inconceivable for the developing world to achieve the same economic standards as in the Western countries. In their view, the democratic development model had already proven its course. The economic prosperity of Western democracies and the high standards of living enjoyed by their citizens was a testament to the value of democratic model in advancing human welfare. Authoritarian developmentalism in their view was linked to despotism and economic backwardness and the leading cause, they believed, holding back the development of the third world. Many scholars in the West during the Cold War period saw the authoritarian economic model as an eastern construct with no intellectual support among both academics and policymakers.

However, a few scholars bucked the prevailing orthodoxy held by most economists and development theorists at the time. These scholars, whom the following text will highlight, saw democracy not as a vehicle for economic development in the third world but instead as an impediment to their development prospects. For them, democracy was an aspiration; it could not be transplanted, nor could it be imposed from the outside on the developing world. In their view, societies had to go through stages of development before they could resemble the economic standards and quality of life in many of the industrialized nations of the West. That vehicle to

economic development and the aspiration of reaching inclusive political institutions, they argued, was the authoritarian model of development. This chapter will present the debate on the authoritarian development model and present the case for its applicability in the context of the developing world.

In the 1950s and 1960s, authoritarian developmentalism had academic support among some scholars in the West. Most of the discourse on authoritarian developmentalism at the time was seen in the context of modernization theory first proposed by the American economist Walter Rostow. The modernization theory held that economic growth was a precursor or even a precondition for democracy to take hold in developing nations. Political democratization they argued, could only occur after society had reached a critical economic threshold in their social development. Rostow had theorized this critical threshold in his piece titled “*Stages of Economic Growth*” as the second last stage of his five stages of development theory.¹⁰ He referred to this critical threshold as the “drive to maturity” stage of economic development. In this stage of development, the economy is mature with diverse industries producing different goods and services for consumption. Society, he adds, has mastered the use of technology and its application to modern life. More crucially, in this stage of development, he explains, the proportion of the population employed in the agricultural sector decreases in relation to those working in the professional industries of the economy. As such, in this stage of development, a new economic class emerges, mostly consisting of educated, white collar and urbanized population.

It is this new social class, Rostow explained which will demand more inclusive political institutions and eventually help to transition their societies from authoritarian rule to democracy. Rostow had argued that democracy in the developing world would only emerge when certain levels of social and economic development existed within society. Development in his view was an organic process, societies as he saw them were like living organisms that go through a process of change and were constantly adapting to the new global realities around them. At some point in their development, developing countries, he believed, will come to the realization that the Western democratic model was the only acceptable path to economic prosperity. Therefore, as the coming pages will explain, Rostow and some of his contemporaries believed authoritarianism was part of the natural progression of state development. Moreover, they argued that developing states would at some point grow out of their autocratic institutions and resemble the West in their final stage of their development. Rostow had defined this final stage of state development as the “age of mass consumption”.¹¹

Rostow’s modernization theory was further developed by the American political sociologist Seymour Lipset. Lipset argued that economic growth was a precondition before the development of democratic institutions. His theories at the time were seen as radical because they veered away from the Western perceptions on democratic development - which had long been the intellectual underpinnings of the ideological battle between the West and the Communist world. Lipset argued that it was not democracy or good institutions that necessitated economic growth rather he believed it was the opposite. In his view, economic growth and standards of living were the most important factors that promoted inclusive and strong institutions in societies. The chances of sustaining inclusive institutions, he argued, in a given society ultimately depended on the

economic conditions of that particular society. This is because, as Lipset argued, economic development “*generated a more democratic political culture, lower inequality, a larger middle class, a less domineering state, and a more vigorous and pluralistic civil society*”. Democracy, he argued, could thrive in the developing world if they adopted same characteristics of the high-income countries in the West.¹² Therefore, Lipset had advocated that policymakers should first focus on promoting economic growth rather than concerning themselves with whether political institutions were democratic or not. In an article he wrote in 1958 titled “*Some Social Requisites of Democracy: Economic Development and Political Legitimacy*,” Lipset looked at whether there was a causal link between economic development and democracy.

According to him, there was a link between incomes, education attainment, and industrialization and the levels of democracy in countries. He found through his extensive analysis of different countries; democracy was strongest in places where the population was universally literate, had access to quality education and high incomes. Lipset argued that the most effective strategy in the promotion of democracy during the Cold War period was not to impose it on developing countries but rather to nurture the conditions that would permit it to grow and thrive. Lipset warned that a society where wealth was concentrated in the hands of a few favorite elites at the expense of the majority would only lead to two outcomes- tyranny or oligarchy. These two political forms, Lipset argued, had modern-day connotations; tyranny, he explained, could be seen in places where communism had taken root whereas oligarchy in its modern face could be seen in Peronist Latin America.¹³ Without addressing economic inequalities in the developing countries first, he explained, many of the newly independent states might head in the direction of either communism or oligarchies, which would not be in the interest of the democratic cause in

the developing world. Like his contemporary Rostow, Lipset believed in the idea of state evolution. At some point as countries grow their economics and reach high levels of income, these countries would eventually transition from authoritarianism to fledging capitalist democracies like the ones in the West. It can be argued that Lipset's modernization theory came into reality with the successful democratic transitions of former authoritarian states such as Chile, Spain, and South Korea, who became exemplary models of new capitalist democracies who had emerged from dictatorships.

Other social scientists like Samuel Huntington and Joan Nelson have also contemplated whether the institutionalization of democracy was enough to promote economic development in the third world. In their seminal thesis titled "*No Easy Choice, Political Participation in Developing Countries*", which examines the causal link between democracy and development, the authors take aim at the democratic development model. In their thesis, they argue that when it comes to the development of the third world, it is political stability which matters more than how political institutions are defined. In their view, there is a causal link between the levels of political participation and developmental outcomes in the third world countries. In their work, Huntington and Nelson define political participation as all activities that are used by private citizens to influence government decision making. Political participation in this context can take in the form of many activities that are commonly seen in many of the liberal democracies of the West like electoral voting, lobbying and petitioning to name a few. According to them, the liberal democratic model of development has shown itself to be "methodologically weak, empirically questionable", but more importantly, as Sachs and Diamond, confirm in the preceding pages, historically insignificant. In their analysis, they determined that higher levels of political

participation can negatively impact the economic growth potential of poor countries in the early stages of their economic development.¹⁴

Huntington noted in an earlier piece he wrote titled “*Political Order in Changing Societies*” that political institutions in the poorer countries are often incapable of dealing with the social changes that accompany economic modernization. Huntington explains that dramatic social transformations in the developing world are not always benign, they can sometimes lead to social unrest and in the worst case instigate violence. Positive outcomes of modernization, Huntington argues, are more likely to emerge when there are “healthy political institutions capable of responding” to the rapid changes in society – building such institutions, he explains, is very difficult and can take a long time to produce.¹⁵ Therefore, it is imperative, he argues, in the early stages of the economic development, that developing countries first attain political order before having inclusive institutions. Political order, according to both Huntington and Nelson, is the most important determinant of economic growth in the early stages of developing countries - and it can only be achieved when governing institutions are not competing for political participation. Thus, in the early stages of economic development, they argue, policymakers will have to consider temporarily constraining political participation in order to promote economic growth and maintain political order.¹⁶

Some of the earliest thinkers to question the theory of democratic development were the economists Walter Galenson and Karl de Schweinitz. Galenson and de Schweinitz were among the earliest intellectuals to question the popularly held view at the time that democracy was a precursor to economic growth. On the contrary, they argued, too much democracy in developing

countries could hinder the progress of the new states breaking out of their cycle of poverty. According to Galenson and de Schweinitz, developing countries face what they call "the pressures of immediate consumption," the most significant impediment for developing countries to grow their economies. The adoption of democracy in developing nations, they argue, could have the unintended consequences of unleashing what they call an explosion of demands of immediate consumption at the cost of investment in the economy.¹⁷ As such, Galenson and de Schweinitz concluded that too much political participation in the early stage in the economic development of developing countries could inadvertently encourage the diversion of resources from investment to consumption and thereby divert the energy of the state from the goal of improving the economy.¹⁸

Galenson and de Schweinitz observed as far back as in the late 1950s that some democracies in the developing world were experiencing low levels of economic growth. One reason Galenson proposed to explain why some of these countries were underperforming was due to the strong influence of interest groups in politics. For example, Galenson observed trade unions in some of these democracies in the developing world were politically active and exerted disproportionate power over their governments on economic policies. In one of his analyses of trade unions and government, Galenson argued that the role of trade unions in political participation in the developing democracies could, in fact, hinder their developmental process. He reasoned that in a democratic society,

"Unions must ordinarily appeal to the worker on an all-out consumptionist platform. No matter how much responsibility the union leader exhibits in his understanding of the limited consumption possibilities existing at the outset of industrialization, he cannot afford to moderate his demands...the more democratic government is the greater diversion of resources from investment to consumption".¹⁹

As such, Galenson believed that developing democracies were at a disadvantage because of the political pressures of excess consumption which, he argued, was not conducive to investment and capital accumulation. De Schweinitz on the other hand, also argued that democracy was not compatible with the economic growth of developing countries. He claimed, like his contemporary Galenson at the time, that institutionalizing democracy in poor and undeveloped nations would unleash what he called “the consumption orientated demands of the working class.” According to de Schweinitz, the consequences of the pressures of consumption demand would lead to the likelihood of draining the state of capital resources to invest in growing the economy. De Schweinitz argued that democracy was feasible only after society had progressed beyond what Rostow had defined as the take-off stage -when the economy had matured, and society had access to quality standards of living.

De Schweinitz characterized the take-off stage as occurring when a nation’s economy is mature and no longer contingent on investments alone to sustain growth. However, like his contemporary Galenson, de Schweinitz believed that for an economy to reach the take-off stage labor unions had to be prevented from interfering with capital accumulation in the early stages of the development process. In the 19th century, many of the western states had permissive labor policies that were explicitly designed to curb the power of labor unions from disrupting economic development. For example, in his analysis of the early industrial period of the United Kingdom, he observed that the British government at the time implemented several laws that were intended to restrain the growth of labor unions in the country. One such proposal he highlights was the Combination Act, which was first introduced in 1799 and amended again in 1825; the sole purpose of this law was to make labor unions passive and minimize their

collective strength against their employers.²⁰ De Schweinitz credits Britain's successful economic take-off in the first quarter of 19th century to the British government's disciplined approach to minimizing risks to capital formation, which included the use of illiberal methods regarding the organization of labor. For developing countries to reach the take-off stage in their economic development, they will have to adopt policies that "prevent unions from interfering in the process of capital investment".²¹

Moreover, de Schweinitz argued that the route to democracy taken by some of the industrialized western European countries and America during the 19th century could not be replicated by developing countries of the 20th century. The development of democracy in western Europe and America, de Schweinitz explains, was the culmination of unique historical events that occurred in the 19th century which came about because of the demands of "autonomous groups" within society on the political system. Before the birth of the industrial revolution, he explains, few people in western societies had any political privileges like the ones seen in many of the democracies in the 20th century. The state, he argued, actively restricted the franchise to favored elites like wealthy landowners and aristocrats at the expense of the masses.²² However, ideological and intellectual shifts at the dawn of the industrial revolution helped to usher in a new paradigm shift in society. This paradigm shift was inspired by the Age of Enlightenment and helped to shape social and political systems in industrialized western Europe. Consequently, this helped to create a new class of citizens with "entrepreneurial activities" along with a burgeoning middle class, both of which were instrumental in getting the state to extend the franchise to the masses. The historical events that helped to catalyze democracy in the industrialized countries, De Schweinitz argues, do not exist in the 20th century, and as such, developing countries must

take another route to democracy because the past way is no longer feasible. Democracy in the third world according to him can only occur through a process of internalization where the governments of the new states voluntarily cede power to the masses.²³

Going further, some scholars have argued the case that authoritarian regimes are better equipped in dealing with the problem of over-consumption and low savings than their democratic counterparts. According to the Indian economist Vaman Rao, authoritarian governments are better equipped to initiate economic reforms much more quickly than their democratic counterparts. In his article titled "*Democracy and Economic Development*," Rao questions mainstream economic theory and whether it can address the problems of inequality plaguing the democracies in the developing world.²⁴ The problem with mainstream economists, he explains, is that most of them seem to subscribe to the notion that democracy is the only path to development and economic growth. This view, he argues, is simplistic and ignores the realities on the ground in many of the democracies in the developing world. Many countries in the developing world suffer from being what he refers to as class societies; and this is due to colonial legacies which in the past have favored a small, well-connected wealthy elite in those countries.

As such, the wealthy minority in these developing democracies, Rao argues, have often been those in the privileged position to enjoy the fruits of economic development, usually at the expense of the majority of the population. Often, these small wealthy elites seek to protect their property through the courts, often invoking the "sanctity of property rights," and this is usually done in the name of democracy while the majority population suffers from economic underdevelopment. This situation, Rao argues, is untenable if developing countries are to break

the cycle of poverty and underdevelopment. Such economic imbalances, Rao argues, can only be overcome with “non-democratic means”.

The problem of democracy in developing countries, according to him, is that those who have benefitted from the privileges of colonial legacies or through social hierarchies are in a strong position to exploit the political system to advocate their interests. The privileged class in the developing democracies, he observed, promote their ideologies by cultivating “domestic lobbies, regional and sectarian issues” at the cost of national interest. Therefore, instead of discovering the unifying elements of what can help to benefit everyone in society, resources are used to exploit social differences. Unfortunately, he adds, this leads to dissatisfaction and mistrust between regions and different sections of society. According to Rao, this is the most paramount problem facing developing countries in their pursuit of economic development. These social cleavages, he adds, are more apparent in the less developed countries than in the rich ones, and they are further exacerbated with the help of democratic institutions.

An economic plan which seeks to develop the economy and uplift the majority of the people in the poverty-stricken countries, Rao argues, cannot accept a system which favors a few elites. It is difficult, he explains, to control nefarious activities by powerful interest groups through democratic methods alone. As such, governments in the developing countries must sometimes behave undemocratically to ensure that the pressures of democratic demands do not obstruct their economic programs.²⁵ Like Galenson and de Schweinitz, Rao understood that for the developing countries to break the cycle of poverty, their governments would have to take tough decisions that would not be popular with the electorate.

The process of economic development, Rao argues, requires significant investments by the state into the economy. Such investments into the economy would more likely come at the expense of current consumption, which would hit the hardest those within society at the middle tier of the economic strata. If such measures were put to the test at the ballot box they would be resoundingly defeated by the electorate, and the government of the day would be in danger of never coming back into office. No political party in a democracy would be willing to risk losing power, let alone going into political extinction, on a platform of sacrificing for the future on the backs of the working and middle class. As such Rao argues, the developing countries would be better suited if they did not concern themselves with democracy but rather with how to implement the necessary policy changes to grow the economy. According to him, the only way developing countries could implement bold policies is with a strong leadership that could implement the necessary reforms that would lead to economic take-off.²⁶

Thirty years after Rao wrote this treatise on democracy and development, his observations have continued to gain resonance in development discourse, especially his commentary on the dichotomy between Asia's two largest economies. Some observers have speculated that the development divide that exists between China and India could be explained by looking at how the political institutions in these two countries developed in the last century. India's failure to catch up with China in development outcomes could be attributed to the country's chaotic democratic system, which has stalled the country from initiating meaning economic reforms to spur rapid growth. In contrast, as the China scholar Daniel Bell has noted in his highly acclaimed book "The China Model" which observes China's political system, China's economic

renaissance comes down to its authoritarian political institutions. China, he explains, is much better at initiating economic reforms and maintaining political stability than some of the democracies.²⁷ It is this institutional difference, which Bell and Rao allude to in their pieces that can explain the development chasm between Asia's two giants.

In their analysis of the relationship between political regimes and economic growth, political scientists Adam Przeworski and Fernando Limongi outline four reasons to explain the crux of the debate in support of the authoritarian developmental theory. Przeworski and Limongi explain that the argument against democracy for developing countries is premised on the assumption that the poor "have a higher propensity to consume"; and high consumption demands and low saving rates, as Galenson and de Schweinitz have pointed out, is not conducive for developing countries to develop their economies. This is why, they explain, proponents have argued that democracy will not be compatible with economic growth in low-level income countries. In their analysis, they outline a chain of reasoning to describe how democratic institutions can potentially inhibit growth in developing countries. Democracy, in the developing countries they have observed, unleashes the immediate demands of consumption; more importantly, however, they explain it drives up the cost of doing business in the developing countries. They argue that when workers\unions in the developing countries can organize and participate in the electoral vote, they have the power to influence wages in the country. When wages increase, they add, it reduces profits, and this leads to lower rates of returns for investors. As such, capital investment into the economy in the early stages of the development process begins to wither away, and this contributes to growth in the economy stalling. For much of the developing democracies, Przeworski and Limongi argue, this is the predicament they face in their development strategies

in growing their economies.²⁸ As such, some scholars have suggested that economic disparities in the developing world could be explained not through the effects of economic policies alone but understanding how political institutions affect growth.

As already discussed, some of the prominent Cold War theorists like Lipset, Rostow, Galenson and other contemporaries argued that development was not incumbent on states having democracy. In their view, it was not enough for developing countries to have open ballot boxes and direct representation for them to break the cycle of underdevelopment. On the contrary, states had to go through a process of evolution before they could become prosperous democracies similar to many of the highly developed countries of the west. More crucially, however, these theorists believed democratic institutions could only survive in conditions where there were high levels of income and excellent standard of living. The chances of democratic institutions surviving in poor and backward conditions, as Lipset and his contemporaries argued, was very low. Therefore, when it came to the economic development of third world countries, policymakers, these theorists argued, should not preoccupy themselves whether institutions were inclusive or not. As history has shown western states during the industrial revolution started with non-democratic institutions and slowly transitioned into what would be classified in the modern sense as full democracies. Many of the western industrialized states became democracies after they have reached a certain economic threshold and a thriving middle class had developed to demand inclusion in the political process. Therefore, authoritarianism as modernization theorists would say should not be looked at as the final destination in state development instead as a vehicle for inclusive political and economic institutions. The growth of some of the East Asian

states and Japan in the last century is a testament to this theory, states who have developed under authoritarian institutions and transitioned into fledgling democracies.

Since the conclusion of the Cold War, the debate between the two models of development had been trending in favor of the democratic development narrative. Proponents of the democratic model proclaimed that the end of the Cold War and the victory of the liberal West over communism was evidence of the democratic model's advantage over authoritarian developmentalism. The American political philosopher Francis Fukuyama, one of the leading proponents of this view, argued that the end of the Cold War would usher in a new global paradigm in state development. Humanity in its course of history, he argued during the twilight of the Cold War period, would realize that liberal democracy and free-market capitalism were the only pathways to development and political legitimacy. By the second decade of the twenty-first century, however, the liberal democratic narrative had come into question, and its appeal in some parts of the developing world started to wane as the global economic pendulum shifted to China and East Asia. The next pages will examine the failure of the liberal democratic model and how it has lost its appeal in the developing world in the last two decades.

THE RETREAT OF THE DEMOCRATIC MODEL

With the last wave democratization after the end of the Cold War, it was widely held in both academia and policymaking circles that the democratic model as envisioned in the West would inevitably take root in the emerging post-communist states. Moreover, it was also widely believed, as the modernization theorists claimed, the remaining bastions of authoritarianism like

China, Vietnam and a few others would eventually succumb to the winds of democratic change and transition one day to full democracies. Among the proponents of the democratic development model, there was a certain euphoria that the post-cold war era would lead to what Rostow and Lipset had envisaged as prosperous societies with liberal democratic institutions similar to those in the West. The euphoria over the triumph of democracy over authoritarianism in the after years of the Cold War has given way to sobriety and disillusionment. In many of the developing countries and the new democracies that emerged after the Cold War, democratic institutions have regressed, and economic development has gone into a standstill. A good number of young democracies have not managed to realize the fruits of democratization as some had hoped at the end of the Cold War. On the contrary, hope and expectations that were once conferred on democratization in these new democracies have been replaced by a great disappointment.²⁹ Living standards in some parts of these young democracies have stagnated, corruption has risen, and trust in state institutions has fallen. In some of the young democracies in Africa, statehood is even failing. In places like Nigeria, Mali and the Congo, for example, non-state actors are challenging state institutions and establishing parallel state structures over large swathes of territory, to some degree posing as legitimate alternatives to these fragile democracies. In other places, democracy is on the retreat, and the trend seems to indicate a shift towards a preference for authoritarianism. Nowhere is this retreat of democracy more apparent than in the former iron curtain states of Poland and Hungary. These two states, once regarded by the West as poster children of post-communist democratization, are now backsliding towards Russian-style authoritarianism.

Democracy in these former iron curtain states has now been replaced with a new form of authoritarianism - one that is born within the democratic framework itself. These twenty-first-century authoritarians maintain a façade of democracy but in reality practice a benign form of authoritarian rule. These new authoritarian regimes can be described as populists rather than fascists. Unlike their historical predecessors in the twentieth century, they do not believe in the transformative power of violence to structure society, and they are not as repressive as the fascist regimes of yesterday.³⁰ More crucially, however, these new authoritarians are skeptics of the democratic model and the claims associated with inclusive political institutions furthering growth and development. The Hungarian Prime Minister Viktor Orban perfectly encapsulated this sentiment when he outlined his position on the Western democratic model, stating, “A democracy is not necessarily liberal, just because something is not liberal it can still be a democracy.” Moreover, when it came to the question of economic growth and development, Orban added, “we have to abandon liberal methods and principles of organizing a society.”³¹ Democracy’s retreat in the once promising new democracies of Central and Eastern Europe after the Cold War paints a disappointing reality about the utility of the democratic model when it comes to the development of economically deprived regions of the world. The collapse of the Soviet bloc was formerly cited to give credence to the thesis that democracy and market capitalism were the preconditions for economic development. However, China's impressive development in the last three decades, the resurgence of authoritarian capitalist states like Russia and Turkey, and the economic dynamism of the Arab Gulf states have all put into question the advantages of the democratic development model.³² Two explanations can help to shed light on the decline in popularity of the democratic model in the developing world – failures of the

Washington Consensus and the dismal performance of the new democracies that emerged after the Cold War.

Failure of the Washington Consensus in the Developing World

During the last final two decades of the twentieth century, the neoliberal economic model, or as the English economist John Williamson called it, the Washington Consensus, had been the global paradigm dominating third world development policy. The Washington Consensus model was born out of the economic reforms of the Reagan and Thatcher administrations in the 1980s. The model laid out a set of provisions that rolled back the power of the state in the domestic economy. It sought to weaken government regulations and privatize government functions like education, health, and welfare to the private sector. Also, it also sought to tear down existing trade barriers between countries and make the free flow of goods and capital much more accessible.³³ “The fundamental premise of the Washington Consensus was that macroeconomic discipline and economic openness” accompanied by market-friendly policies would help to attract capital and therefore help to spur economic growth.³⁴ In a seminal speech he gave to the Institute for International Economics in 1989, Williamson summarized the Washington Consensus into a ten-point policy brief for economic reform in Latin America, which at the time was experiencing a spiraling debt crisis. Williamson's policy advice was seen in that context as a way to ameliorate the development failures of past governments in Latin America who were politically left-leaning. In its entirety the Washington Consensus economic model was a very right-wing approach; it advocated for unfettered market-friendly policies that favored big businesses, and it also weakened state institutions. More crucially, however, the model also

prioritized liberal democracy as part and parcel of the new economic liberalization paradigm, and it became the guiding principle in first world-third world economic relations.

Although the excessive liberalization policies did help to spur economic growth in Latin America for a brief period, the structural adjustments imposed by Washington-based institutions, however, had unintended consequences for the economies in the region. For example, the structural adjustments imposed on the Latin American economies had the detrimental effect of exacerbating the debt crisis and social unrest due to the unpopularity of the reforms. The average GDP growth for the Latin American region from 1990-2001, according to some estimates hovered around less than 2% in the aftermath of the liberalization reforms. Furthermore, some of the reforms did not address some of the long-term structural problems that have plagued some of the Latin American economies and only set the stage for a future crisis in the following decades.³⁵ A case in point is Argentina, which was one of the first countries to implement the liberalization reforms. The country for a brief period experienced economic gains but quickly reverted to economic depression from the years 1998 to 2002; and ever since the country has been mired in economic malaise. Similarly, during this period Mexico too experienced an economic crisis only to be bailed out by the US in 1994.

The story is also similar in the other Latin American economies like Brazil, Bolivia and Ecuador, who all experienced socio-economic troubles after the implementation of Washington Consensus liberalization reforms. In many of the Latin American countries where there was the most substantial public backlash against the Washington Consensus, radical interventionist governments have been elected running on a platform to undo some of the liberalization reforms

of their predecessors. Some of these new governments have followed similar interventionist policies of the East Asian states which have followed an economic model different than the Washington Consensus' laissez-faire policy advice. Economic growth for the East Asian region from 1990 to 2001 was 5.5% compared to the Latin American economies' measly 1.5% growth rate.³⁶ Communist China on the other hand, which decided to go its own way was growing at an average rate of 10.8% and achieving spectacular human development achievements for those same years.³⁷

However, where the Washington Consensus did the most harm to the legitimacy of the liberal democratic model was in Russia and its former Soviet republics. When the Soviet Union collapsed in 1990, the new Russian political elite, under the guidance of Western economic advisors, embraced a radical reform program that came to be known as the “shock doctrine.” The program was perfected in Latin America and Africa in the preceding decade, and it entailed swift economic reforms such as the abolition of government price controls, the privatization of state assets and trade liberalization. The shock therapy program dramatically altered the structure of the Russian economy and in just one day the country transitioned from socialism to free-market capitalism. The results of the shock therapy policies have had a dire consequence for the Russian society and economy for most of the 1990s. Some of the Western-backed liberalization reform initiatives resulted in the massive closure of industries and the wholesale sale of crucial strategic state assets at rock bottom prices. What was thought of as a privatization government scheme to spur economic growth came to symbolize in the eyes of the Russian people crony capitalism.

The liberalization reforms “instigated the full opening of the Russian market and the free exchange” of the ruble, which had a detrimental impact of exacerbating the country’s overall national debt and contributed to a spiraling financial crisis in the 1990s.³⁸ From 1993 to 1996, Russian GDP declined by 30%; industrial output collapsed by 36%, and capital investment into the country fell by 51%. The Russian economy during this period was in the intensive care unit on the brink of death.³⁹ Also, the social costs of the Washington Consensus reforms were even direr: 60% of the Russian population saw their incomes decline and extreme poverty for that same period rose to 40%. Moreover, as the country headed towards inclusive political institutions and electoral democracy, the more it descended into chaos and fractured across political and social lines. The British author and foreign editor for the Sunday Times of London, Peter Conradi, in an article titled “Who Lost Russia,” encapsulated this tumultuous period in Russia’s modern history. In his thesis, Conradi makes an interesting observation in which he argues that the resurgence of authoritarianism in Russia we see today under the leadership of Putin had much to do with the failures of the economic and political reforms that were imposed on the country after the collapse of the Soviet Union. The political and economic reforms of the 1990s which Russia tried to copy from the West, he argues, have been a disaster for the country’s development and have made the authoritarian model more palatable to Russian people, who became disillusioned with the West and its democratic development model.⁴⁰

Across the border during this same period, however, China was heading on a different path. The Chinese authorities had decided after the Tiananmen uprising to stick to their authoritarian development model and not to pursue some of the political and economic reforms that the Russians had done. Instead, for the Chinese authorities, their emphasis was on maintaining

political stability and gradually shifting from a socialist planned economy to a free market capitalist economy. In hindsight, the gradual progression and decisions by the political elite in both China and Russia have produced entirely different outcomes. The Nobel Laureate economist Joseph Stiglitz captured this divergence between the two countries. Stiglitz realized that the democratic development model advanced by some Western governments and multilateral institutions like the World Bank and IMF after the end of the Cold War had flaws when it came to third world development. In his view, the failures of the Washington Consensus liberalization policies in the developing world have only given credence to China's authoritarian developmental model. He adds that China's authoritarian development has shown itself to be remarkably more effective in reducing poverty and sustaining long-term economic growth compared to its democratic counterparts in the developing world.

The Chinese authoritarian model is useful, Stiglitz explains, because it combines both pragmatism and long-term vision. The Chinese leadership, he argues, have understood that state intervention is sometimes required to create an equilibrium between growth and social development. The development model many of the developing countries pursued after the end of the Cold War, he further adds, has been abysmal in addressing the human needs of people in the developing world.⁴¹ The democratic capitalist model, as Williamson has noted in a piece he titled "Did the Washington Consensus Fail," concedes that the development model has been driven more by GDP growth expectations as opposed to reducing poverty and social inequality. The decision by policymakers to focus exclusively on economic growth, he explains, has unfortunately exacerbated the income inequality in many of the developing countries. In some of the Latin American countries, he points out, income inequality and the poverty rates have

increased after the Washington Consensus reforms were first implemented.⁴² Nonetheless, the liberalization reform policies of the Washington Consensus have stirred public backlash in the developing world. Some of its early proponents, like John Williamson and Jeffery Sachs, for example, have come to the realization decades after that some of the policies promoted by some Western governments and multilateral institutions like the IMF and World Bank have done more harm than good in the developing world. However, the decline in popularity of the democratic model in the developing world in recent decades cannot be explained by the failures of the Washington Consensus alone. The decline in appeal of the democratic model in the developing world can also be attributed to the failures of the new democracies who have struggled to fulfill the material expectations of their citizens after their transitions.

The Failure of New Democracies

The democratic model has also come under pressure with the economic success of authoritarian governments across many parts in the developing world. With the end of the Cold War, it was widely held by many experts and policymakers in the West that the world would come to the realization that the democratic capitalist model was the only legitimate economic path to prosperity. The collapse of the Soviet Union and the high living standards of Western countries were used as examples to highlight the success of the democratic capitalist model in improving human lives and alleviating poverty. However, the rapid economic growth of the emerging economies in the last two decades in places like Russia, China, Vietnam, and the Gulf States has put into question the thesis of the requirement for inclusive political institutions and economic prosperity. Many of the transition democracies after the Cold War have been beset by

socioeconomic challenges like extreme poverty, poor health care services, inadequate educational opportunities, and even civil wars. Much of these problems as noted above have been exacerbated by the Washington Consensus' liberalization reforms that were imposed on many of the developing countries by Western governments and multilateral institutions like the IMF and World Bank.

The American political scientist Ian Bremmer has argued that much of the poor development record and social polarization that emerged in the new democracies in the 1990s could be explained by the lack of institutional resilience in responding to political change. Bremmer argues that as states begin to relax their authoritarian rules and move towards inclusive political institutions, they enter a period of instability which he argues impedes their economic growth prospects. In this period of transition, he explains, states go into a tumultuous period of social and political unrest where they experience sluggish growth, high inflation, and currency turmoil. During this period, he adds, social inequality begins to increase and private actors like oligarchs, organized crime and terrorism begin to emerge from the social chaos.⁴³ Bremmer explains social and political instability is a function of how institutions are developed and whether they can withstand the pressures of political transitions. Countries that have overnight moved from authoritarianism to democracy, he explains, have been susceptible to the social instability and profound economic shocks in their first decades of transition to democracy. In these states, their institutions were either too weak to absorb the fast-paced changes of development that were happening around them or these states never had prior experience with democratic institutions. A clear illustration of this was some of the post-communist states that emerged from the former Yugoslavia and the Caucasus, which all experienced considerable social upheavals in their

transitions from authoritarianism to democracy. Before their democratic transitions, some of these states enjoyed relative political and economic stability because they were mostly shut out from outside political influences.

Thus, social stability, according to Bremmer, depends on the quality and resilience of institutions and how well they manage the shocks from political transitions. Many of the new democracies in the last wave of democratization, he explains, lacked the strong institutions to deal with the shocks of transitioning from authoritarianism to democracy. Developing credible political and economic institutions that could withstand the shocks of transitions, Bremmer explains, is not an easy, quick fix, it takes decades if not centuries to build these institutions. Nations which have successfully transitioned to inclusive political institutions have either gradually liberalized incrementally or had a tradition of strong democratic institutions. A clear illustration of this, Bremmer points out, is Germany's successful transition to democratic capitalism after the Second World War, which he explains was due to its past tradition of stable governments and strong institutions. Therefore, he explains, because Germany had a long history of stable governments and efficient institutions, the country was successful in managing the shocks of transitioning to liberal democracy and rebuilding itself from the ruins of the Second World War.

Similarly, South Africa's stable transition from apartheid rule to liberal democracy in the mid-1990s can be credited to its mature political and economic institutions that were established before the founding of the modern South African Republic.⁴⁴ In Yugoslavia on the other hand, the political transition in the aftermath of the death of its autocrat leader Josep Tito did not lead to a smooth transition of inclusive politics in the same way that South Africa transitioned to full

democracy. The death of Tito led to ethnic-based nationalism within Yugoslavia's federated states, and it contributed to power struggles between different political factions which descended the state into total anarchy. The successor states that emerged out of the ashes of Yugoslavia which became new democracies did not do that well either. They were also mired in political and social instability and poor governance, which has long impeded their economic development prospects. This narrative has been the same in many of regions across the developing world where new democracies have descended into state breakdown. These undesirable developments in the new democracies that were born out the end of the Cold War indicate that having a democratic system does not always guarantee economic development and stability.

In the aftermath of the Cold War, it was widely propagated in academia and policymaking circles that the best form of governance model was not only the free market system but inclusive political institutions. Many observers at the time held the idea that economic takeoff was inherent in states having inclusive political institutions, a thesis which was propagated by Acemoglu and Robinson in their inquiry on wealth and poverty of nations. However, the democratic thesis was put into doubt by the turn of the new century with the rise of emerging economies like China, Malaysia, and Vietnam, which have all experienced unprecedented economic prosperity. Even Russia, the poster child of the shock doctrine, had experienced rapid economic growth and internal stability which would have been unthinkable at the dawn of the 1990s. The success of these states, including many others by the first decade of the century, shows that the authoritarian political system is capable of producing economic growth and improving the living standards of people in the developing world. The success of these states, including many others in the developing world, shows that the authoritarian political system is

conducive to economic growth and development. However, in the last two decades, it has been China's state-centered mercantilist economic model that has drawn the greatest distinction from the West's Washington Consensus. China's authoritarian development model demonstrates that economic development is not dependent on states having inclusive political institutions; and that states could gain economic prosperity without democracy. The China model combines both authoritarian political institutions and free market capitalism, a contrast from the Washington Consensus of distrust of government intervention. Some observers have pointed to the economic success of China during the financial crisis as evidence of the authoritarian model's dynamism in averting crises compared to its Western counterparts. The economic success of the China model nonetheless has garnered considerable interest in the developing world as an alternative to the disasters of Washington Consensus reforms. The next chapter will delve into the China model and highlight some of the key characteristics that differentiate it from the democratic development model. However, due to the length constraints of this paper, the next chapter will cover the essential parts of the China model.

AUTHORITARIAN MODEL AS AN ALTERNATIVE: THE CHINA MODEL

China's spectacular economic rise and human development in the past forty years has gained considerable attention in economic development circles and amassed great following among many parts of the developing world. In recent years China's development model has come to symbolize new thinking in economic development discourse, one that is increasingly seen as an alternative to the liberal capitalist model preached by some Western governments and international multilateral institutions such as the World Bank and IMF. In shorthand, the China

model has been described by some observers as economic liberalization without political freedoms, which implies that economic growth and development are not necessarily exclusive to states having liberal democratic institutions. The China model, however, is not a novel idea. It is a development model that builds on the state-centered development strategies of China's East Asian counterparts like Taiwan and South Korea while at the same time uniquely incorporating Chinese past experiences and pragmatism.⁴⁵ The Chinese development model has many defining features, however for the sake of this paper, three defining features will be examined- 1) the role of political and social stability in state development, 2) mixed ideology, and 3) continuity of governance and comprehensive thinking. The succeeding pages will delve into some of the defining features of the China model of development.

Political Stability and Cohesion over Political Participation

At its core, the China model prioritizes political stability through social control measures combined with state-driven economic growth and poverty alleviation policies. For four decades, this strategy has underlined the legitimacy of the Chinese Communist Party (CCP) and has defined the terms of the social contract between the state and its citizens. The Chinese model in the last three decades has yielded impressive economic development that has contributed to the raising of millions of Chinese citizens from extreme poverty and into the middle-class. China's impressive achievements in the last thirty years would have been unthinkable when the Chinese authorities first embarked on their plans to reform the Chinese economy. However, China's economic success has been dependent on one significant factor which is at the heart of its economic model- and that is the sociopolitical dominance of the CCP.⁴⁶ The crux of the China

model is the CCP which exercises unrivaled authority over the state, its military and social organizations. China's authoritarian model imposes a one-party system aimed at maintaining "political cohesion and social stability" and fostering an environment for economic development.⁴⁷ China's brand of authoritarianism could be characterized as closed authoritarianism.

This type of political system differs from electoral democracy and other forms of authoritarian systems that exist in some parts of the developing world. For example, in countries with competitive authoritarian systems, the governments use their authority to limit the political activities of their opponents severely. At the same time, these regimes adopt familiar Western democratic institutions like competitive elections and multiple party-political organizations which can legally mobilize to contest elections. To a certain degree, a well-organized opposition party under the right circumstances could theoretically pose a serious electoral challenge to the governing party. The Chinese authoritarian model, however, is entirely different. Unlike the competitive authoritarian system which permits multiple parties to contest in elections, the Chinese political system outright bans any political party from contesting China's political institutions. Instead, the Chinese political model institutionalizes the CCP as the sole legitimate authority in the country. This may help to explain why China enjoys a relatively high degree of political cohesion and social stability when compared to other authoritarian regimes and even some of the democracies. As mentioned in the preceding chapter, political stability is the most important precondition in economic development and helps to explain the divergence in development outcomes between the East Asian states and the transitional democracies that emerged after the Cold War. Economic growth can only occur in environments that are

conducive to political and social stability. The Chinese Model ensures stability by allowing the co-existence of a market capitalist economy and a socialist state. By allowing the co-existence of these two competing models, the Chinese authorities achieve two fundamental state objectives—maintaining economic growth and prosperity for their citizens and political legitimacy for the CCP. Although Chinese institutions are stable, they are not, however, static which is often a point missed in discussions on the Chinese authoritarian model. The Chinese model, as the succeeding pages will explain, is very innovative and continuously experimenting with new ideas to improve the lives of its citizens.

China's Mixed Ideology

One of Acemoglu and Robinson's central points in their thesis is that authoritarian governments by nature are often resistant to embracing new ideas because they threaten the legitimacy of these regimes- especially if these ideas promote the democratic accountability. New ideas, they explain, are potent because they have the potential effect of interacting with institutions and interests. These new ideas, they add, can mobilize and enable powerful interests within society to weaken the monopolistic authority of autocratic regimes. Therefore, as Acemoglu and Robinson argue, this may help to explain why societies with autocratic political institutions tend to hold on to exclusivist ideologies despite being proven to be obstacles to their development. However, this is not entirely the case, especially when it comes to China's impressive economic development in recent decades. The Chinese model of development, which is imbued with authoritarian characteristics, has been able to successfully marry new ideas and doctrines from different parts of the world into its governing system. However, this has not always been the

case. In the past one, the most significant impediment to China's social and economic development was its leadership's exclusivist adoption of certain ideologies. Before China's economic reforms in the late 1970s, the country adhered to an exclusivist ideology of Marxist-Leninist and Maoist doctrine which was the guiding school of thought of China's political elite. Other doctrines and political ideologies during the Maoist period, were often castigated by the Chinese authorities and even violently purged from the public sphere. China's exclusivist adoption of one ideology can be traced back to the country's ancient history. Successive dynasties throughout Chinese Imperial history have had policies that restricted different ideologies other than the state-sanctioned one of Confucianism from taking hold into Chinese society.

However, something remarkable happened in the late 1970s: the Chinese state in its modern history, “finally ceased the adherence of the one school of thought” policy of its predecessors and in its place adopted a new framework of state development – the "mixed theoretical model." Under the guidance of reformist leader Deng Xiaoping, the Chinese state took a radical step in ceasing its exclusivity policy of following the ideas of Joseph Stalin, Marx, Lenin, and Mao Zedong. At this crucial moment, the Chinese state doctrine shifted from one based on the Marxist-Leninist class struggle to one constructed around pragmatic governance guided by a new framework for interpreting economic development. What is important, as Deng said at the time, was not the type of ideology China adopted or how it liked to define itself. Rather, he explained, what was important was whether the ideas China espoused improved the lives of its people and contributed to the overall development of the nation. To illustrate this point, Deng famously asserted, “Whether a cat is black or white makes no difference. As long as it catches mice, it is a

good cat”.⁴⁸ The overarching principle in the China development model is to test ideas; both socialism and capitalism, as the Chinese argued, had their strengths and shortcomings.

The role of the Chinese policymakers was to search for these ground-breaking ideologies of the world and to learn from them how they could be applied to the development of the Chinese state. Equally important to this endeavor, however, was for the Chinese policymakers to learn from the deficiencies of other world ideologies so they would not constitute a hindrance to the economic and social advancement of the Chinese state. The mixed ideology model is arguably one of the most defining features of the China model. To understand the mixed ideology model is to appreciate the Chinese development model which has guided the economic thinking of the Chinese leadership for more than three decades. The mixed ideology model redefines the conceptions of socialism and capitalism with Chinese characteristics. The model considers the different schools of thought and doctrines that have existed throughout human history, and it incorporates them in the Chinese political discourse. The most important criteria for choosing a doctrine is that it must align with the universally accepted standards of economic development.

What is important in this context is not the kind of targets the authorities set out, but whether the policies pursued are in line with the best practices of other governments around the world.⁴⁹ The mixed theoretical model of governance has five notable characteristics. First, the mixed ideology incorporates some of the European Enlightenment ideas and schools of thought that have existed in the last 300 years. For example, the model incorporates the ideas of Western Europe's preeminent thinkers like Adam Smith, Montesquieu, and Voltaire as well as the ideas that have contributed to the major defining events in Europe like the Industrial Revolution and the

revolutions in both France and the US. The Chinese believe that one of the primary reasons why China missed out on the industrial revolution and other defining events in the last 300 years, was that its leaders in the past had shut their doors to new ideas and development from the outside world. As a consequence of this, for an entire century, China remained mired in economic backwardness, missing out on many of the breakthrough developments that were shaping the world at the time. Thus, so as not to repeat the past mistakes, mixed ideology stresses the need to learn from the successful ideas and theories that have contributed to the rise of great nations.⁵⁰

Secondly, the mixed ideology incorporates the ideologies of free market capitalism and private property into the Chinese economic institutions. Free market economic theories of Western thinkers like John Maynard Keynes and Adam Smith are represented in Chinese economic discourse.⁵¹ Third, the mixed ideology model incorporates Marxist socialism but with a refined understanding that is consistent with the socialist principles in many of the countries of the developed world. The collapse of the Soviet Union had put into question the Soviet Marxist economic model China had embraced since the Communist state's founding. As such, mixed ideology improves on the failures of the Soviet Model and creates a new understanding of Marxist socialism with "Chinese characteristics"- one that is in harmony with China's new free-market aspirations.⁵² Fourth, mixed ideology revives the idea of Chinese exceptionalism, as a nation with a proud history and worthy of emulation by other societies in the world.⁵³ Last, just as the mixed ideology looks back to China's past glory, it also encourages Chinese policymakers to think of the future of humanity and look to sustainable economic development as a source for future economic growth. Therefore, mixed ideology when looked at as a whole in the China model encompasses all ideologies that are suitable for China's current and future development.⁵⁴

In economic terms, however, mixed ideology translates into mixed economy, which is another defining feature of the Chinese model. China's economic structure significantly differs from other economies in the world. It could be best described as a unique form of mixed economy that incorporates the merits of the Marxist socialist economy and free market capitalism. It incorporates elements of capitalism such as private property rights and allows for economic freedom, while at the same time retaining the merits of a Marxist socialist planned economy like the redistribution of wealth and government involvement in key sectors of the economy. It is this pragmatic approach that helped to create the Chinese socialist model known as “socialist market economy.” The Chinese socialist market economic model is a by-product of forty years of state experimentation, and the model combines both the free market's invisible hand and the hand of the state. However, the core of the Chinese economy is state capital, which is supplemented by both private capital and foreign capital. In this structure, private property rights are protected, and private enterprise is encouraged by the state. As mentioned above the role of the state, however, is to provide social stability for private enterprise to thrive. For example, many observers have argued that China’s mixed economy has served the country very well in weathering the 2008 financial crisis that devastated much of the Western economies. Observers have pointed to the Chinese government’s role in the economy in regulating capital markets as one reason the country fared much better than other Western countries during the global financial crisis.

Continuity in Governance and Comprehensiveness

Another critical feature in the China model that distinguishes it from the democratic model is the “strong continuity and comprehensiveness in governance”.⁵⁵ From the perspective of the Chinese, the democratic system has inherent internal flaws that are incompatible with China's political culture and development aspirations. From a governance standpoint, western democracies are inefficient when it comes to implementing meaningful reforms and dealing with the long-term structural challenges in their countries when compared to their Chinese counterparts. For example, one of the flaws of democratic model, as proponents of the China model have pointed out, is the “predilection for short-termism” by western policymakers. By design, the democratic system encourages short-termism due to the limited time horizons politicians remain in office. As such, to win the election cycles, politicians in the democracies are often forced to pander to the desires of the voters with short-term sweeteners at the expense of ignoring the long-term challenges facing the nation.⁵⁶ In contrast, however, in the Chinese model policymakers are not beholden to the pressures of short-term electoral cycles like in the democratic system. Unlike their western counterparts, Chinese policymakers are not preoccupied with the next campaigns, media coverage or how well they do in the polls. In their political system, they know that they are not beholden to the pressures of preparing for election cycles; they can assume with confidence that they will remain in office in the long stretch to implement the necessary policies to move their country forward without having to worry about voter backlash. When it comes to enacting successful long-term development plans, the Chinese political system is more attuned than the Western democratic institutions. In some respects, the

Chinese model is specifically designed to maximize policy continuity and long-term strategic planning.

The China model addresses the problem of short-term thinking by institutionalizing five-year development plans in its decision-making process. In a way, these five-year plans are somewhat similar to the ones corporations use to chart their long-term strategic plans for the future. For example, party members of the CCP's central committee and national congress, collaborate to develop five-year strategic plans that outline the Chinese government's economic and social development priorities. Moreover, these five-year plans outline benchmarks that measure the government's performance targets, and unlike empty campaign promises, these policies documents have legal weight – every member of the CCP's legislating body is expected to support the government's five-year strategic plans.⁵⁷ The five-year plans are also devised to coordinate with the government's long-term thirty-year strategic vision. For example, in the 19th national congress meeting in 2017, the Chinese authorities laid out an ambitious long-term plan to transform China into a center of global influence by the year 2050; and this builds on already existing short-term five-year plans. In contrast, in the democratic system governments must continuously justify their policies “with reference to the constitutional rights of individuals.” In this context, it is the supremacy of the individual that supersedes the long-term interest of the nation. As such, in many of the democracies, the balance between long-term national interests and individual rights becomes a challenge. Policymakers in the democracies are often consumed by political theatrics and “short-termism,” which makes it challenging to implement meaningful long-term policies that would deal with the economic and social costs facing society. In the Chinese model, policymakers are forced to think both in the short-term and long-term in their

policy development. In the Chinese model, government policies are not static; they are continuously revised and subject to trial and error. Chinese policymakers are encouraged to learn from their mistakes and adopt the best policies that would steer the country in the right direction.⁵⁸ Nonetheless, China's rapid economic rise in the last three decades has gained the country considerable traction with much of the developing world and nowhere is it more evident than in sub-Saharan Africa.

The China Model in Africa

The authoritarian development model which has long been the bedrock of China's development story is now experiencing a resurgence in sub-Saharan Africa. Over the past two decades, sub-Saharan Africa has experienced unprecedented economic development not seen in recent history. Leading this new wave of African economies on the continent are oddly not the African democracies with inclusive political institutions, as Acemoglu and Robinson would believe, but the ones we would regard as undemocratic. Rather than looking to the West for inspiration on development, many African countries are instead looking to China as a source of inspiration to grow their economies and pull their citizens from poverty. In a recent survey conducted by the think tank Afrobarometer, which looks at questions of governance and development on the continent, 63% of Africans had a favorable view of China and its development story.⁵⁹ This appreciation for China could be attributed to the country's triumphant rise from one of the poorest and most backward economies to the second largest economy in the world in three decades. For many Africans, China's economic story has strong resonance because, like many of the African countries, China too faced the same conditions they are trying to deal with in their

countries. In Ethiopia for example, which has been one of Africa's shining economic stars, growing at an annual rate of 8% to 10%, the leadership of that country has fully embraced the China model as part of their development strategy.

Ethiopia has been the most eager to learn from the Chinese experience and adopt the Chinese model into its national development strategy. The story of the China model in Ethiopia can be traced back to the mid-1990s when the ruling party, the Ethiopian People's Revolutionary Democratic Front (EPRDF), sent its first delegation to China after being convinced the Chinese development model was more successful than the democratic model in meeting its development aspirations. The Ethiopian political elite since the collapse of the Derg regime in 1991 have been insistent on learning the China model and incorporating it to the Ethiopian context. As a result, training programs for Ethiopian policymakers have increased, with large delegations making regular visits to Beijing to learn the Chinese development experience. For example, in June 2011 the Ethiopian government dispatched its senior officials to China, and the theme of that training session was poverty alleviation. In August 2013 the focus of the training program was cadre management, and the most recent session between the two countries focused on domestic development, with a particular focus on youth management. Due to the close working relationships between the two countries, Chinese scholars and the media have often dubbed Ethiopia as the China model's most successful case study on the African continent.

Many China observers have pointed out that Ethiopia's development strategy in the last decade mimics the Chinese development story. For example, Ethiopia's foreign investment laws, its special economic zones and heavy emphasis on infrastructure development are considered by

some to be attributes of Chinese enlightenment. However, relations between the two countries are not only confined to economic development. China's Communist Party has also been sharing with EPRDF its experience in political development. For example, the EPRDF's Central Party School, which was established in 2011, owes its existence to the Central Party School of the Chinese Communist Party in Beijing. Similarly, the institutional organization of the EPRDF follows the same structure as the Chinese Communist Party. The Chinese teach Ethiopian officials how to manage the internal structures of the EPRDF - from propaganda and ideological development to policy formulation.

Moreover, since both countries have non-inclusive political institutions, the Chinese have been keen on sharing with their Ethiopian counterparts' strategies on maintaining internal stability, an essential precondition of the Chinese authoritarian development model. These strategies include the same ones the Chinese authorities use to maintain political stability and curtail internal dissent in China. For example, among the many lessons and advice the Chinese share with the Ethiopians are how to manage the media, public opinion and criticism from political opponents. These lessons often include training on Chinese legislation on disorderly conduct and even technologies to clamp down on unruly political movements inside the country. However, the China model extends beyond Ethiopia to other parts of Africa as well.⁶⁰ The Chinese experience has been extended to other African countries, most notably in Angola, South Africa, Rwanda, and Zambia. In some of the African countries where democratization has become entrenched, and there are multiparty systems in place, the Chinese have shared their expertise not only with the ruling party but as well with those in the opposition. The Chinese understand that their brand of development presents a stark alternative to the Western democratic model in Africa. For one,

the China model as the Chinese like to say is a choice, not one to be imposed by outsiders on the African people.

One can argue that this is the main selling point of the China model in the developing world. Unlike the Western democratic model, the China model takes into consideration the context, history, and culture of societies in the pursuit of economic development. As the Ugandan leader Yoweri Museveni said: “Western-style democracy cannot be imported to Africa because multiparty politics are nothing more than different ethnic groups organizing as political parties.” He went on to add that a multiparty democracy drawn across ethnic and religious lines will only lead to internal fragmentation.⁶¹ Instead of multiparty democracy Museveni and some of his African counterparts, including Paul Kagame of Rwanda and Meles Zenawi of Ethiopia, favor what is known as a “no party model” a system which incorporates the ethnic and cultural diversity of their societies under a single political umbrella. In the Chinese context, “the no party model” roughly translates into the “one-party rule” which is at the heart of the China development model. Whether the China model will continue to gain popularity or diminish in the eyes of Africans in the foreseeable future is another question for another paper. One thing, however, is quite clear - the authoritarian development model, or as some would call it the China model, shows that countries with non-inclusive political institutions can economically develop. A testament to this view is the impressive economic growth of authoritarian regimes in the last decades. Countries like Ethiopia, Rwanda, Uganda, and Angola which are non-democracies had the fastest growing economies on the continent, averaging a growth rate of 6% to 10% in the last two decades, beating out many of the African democracies in development achievement. In Ethiopia, in particular, an authoritarian state has been the fastest growing economy not just on

the African continent but one of the fastest in the world. Thus, the underlining theme in this section of the paper is that the China model can be successfully replicated into the African context, as shown in the case of Ethiopia. As stated earlier, the China model works in the developing world because it takes into account the culture, history and ethnic fabric of societies, which the democratic model ignores.

CONCLUSION

In conclusion, Acemoglu and Robinson present an interesting dichotomy in their thesis on the relationship between institutions and economic development. In their view, we can better understand the economic disparities between nations by looking at how societies structure their political institutions. It is inclusive political institutions, or democracy in other words, they argue in their thesis, that necessitates economic development and prosperity. The cause of poverty in the third world, as they explain, can be attributed to the lack of democratic institutions, hence if the developing world is to reach the same economic status as western countries then they would have to emulate the same institutions of the West. Since the end of the Cold War, the democratic model has been the dominant development theory in the discourse on third world development. Both policymakers and scholars in the West widely proclaimed on the eve of the collapse of the Soviet Union that the democratic model would become the only path to development and prosperity for people in the developing world. However, as this paper has demonstrated, the case that the democratic thesis makes for the positive relationship between democracy and development is not a very strong one. It ignores the current reality that authoritarian governments

like China, Vietnam and many others in East Asia have all developed without embracing the West's liberal democratic institutions.

Moreover, the democratic development thesis ignores the economic history of western countries who have all developed without the need for inclusive political institutions. Democracy in the West only emerged after Western societies reached a critical stage in their economic development when there was a large and educated middle class to demand political representation in the decision-making process. Democracy, as this paper has demonstrated, is an evolutionary process; it cannot be imported from the outside into the developing world.

Developing countries at some point will have to go through the same stages of development that many of the western countries did in their histories. Therefore, the authoritarian development model should be looked at as part of the evolution of economic development. Just as in western economic history and recent examples like China and the East Asian Tiger states have shown, authoritarian states can manage to uplift their populations out of poverty without the need for having politically inclusive institutions. The rise of China in the last three decades is a testament to the success and appeal of the authoritarian development model in the developing world. The China model demonstrates that the Western model is not the only path to development and prosperity; and that it is not democracy that leads to prosperity but strong and competent institutions which are the foundations of economic growth.

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