Democratic State versus Developmental State:

Unravelling a False Dichotomy to Promote an Adaptive Democratic Developmental State

ADDS

Asgedom G/Michael, PhD
Nov. 19, 2013

THE MEANING

It is disquieting to read the modern literature on development replete with interpretations of a democratic State and a developmental State as completely separated, mutually exclusive, strategic approaches to socioeconomic development. My goal in this piece is to unravel the false dichotomy, using theoretical concepts and actual-national evidences from a developing country of the Sub-Saharan Africa region, Ethiopia; and thereby refresh memories of policy makers and practitioners. This ancient country, Ethiopia, was ruled from 1930 to 1991 by two distinctly different autocratic governance systems: (a) aristocratic monarchism (1930-1974) and (b) Marxism-Leninism, executed by a military junta (Sept., 1974 to May, 1991). Since May 20, 1991, however, Ethiopia is being governed by a uniquely designed, nationality-based, multiparty revolutionary democratic governance system. Therefore, there is sufficient factual information one can use to analyze theoretical arguments.

What is democracy? What is development? Are these concepts, both bearing economic and political philosophies, separable? No, they are not, they are two in one. One cannot be sustained without the other. A short look into the meanings of the two terms is warranted at the outset:

Democracy: It is a common knowledge that democracy is a government of the people by the people for the people. Origin of the term, democracy, is traced to ancient Greek political and philosophical thought. Plato, the philosopher, defined democracy as a system of “rule by the governed”; and contrasted it with the alternative systems of monarchy (rule by one individual), oligarchy (rule by a small elite class), and timocracy (rule of a class of property owners). In the modern literature, socioeconomic, demographic, personality traits, and good governance parameters, such as socio-cultural, social capital, human capital, cognitive skills (i.e., rationality), per capita GDP, and gender equity are all identified as determinants of democracy. Citizens’ propensity for democratization rises with improvements in standard of living, attained through synergistic nexus between the ideals of democracy and development. A democratic government is expected to behave as an agent of the collective voice and action of citizens in guiding the processes of sustainable development. It is obligated under the democratic social contract to ensure well-being of all citizens.

Development: The 1998 Nobel Prize winner for Economic Sciences, Amartya Sen, details the multidimensionality of development in terms of substantive freedoms that entitle citizens to multiple capabilities that include: legal and political security, social mobility (i.e., moving up the social ladder), access to healthcare and education services, equitably distributed national wealth, free access to information and capital markets, individual and collective voices that enable citizens to: (a) remove an incompetent government; (b) establish freedom of speech and press; and (c) create opportunities for better quality of life for all.

The vague, but universally publicized and, in some cases politicized, definition of development is that of the United Nations’ World Commission on the Environment and Development (WCED):
“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Based on empirical research findings, Putnam and colleagues concluded that synergistic nexuses between social capital and political capital prevailed in northern Italy. These causal linkages fostered democratic systems that facilitated good governance and economic prosperity in that Italian region, where the divide between the State and civil societies was effectively bridged. This means horizontally and vertically integrated, coherent, policies that incorporated voices of civil societies that ushered in good governance were implemented in northern Italy.

For the sake of clarity, my working definition of sustainable development (SD) is as follows: *SD is a multidimensional modern paradigm that integrates social, ecological, economic, institutional, and environmental issues into a socially and environmentally sustainable improvement in the standard of living of both present and future generations.* The ultimate goal is to create a safe and an inclusive operating space for humanity within the planetary boundaries of planet Earth. For a viable SD, the following six capital assets of livelihood are prerequisites:

1) **Human Capital:** This constitutes health, nutrition, education, knowledge, skills, capacity to work, capacity to adapt to given circumstances, cognitive capacity (ability to comprehend and analyze given circumstances), etc.

2) **Social Capital:** This essential social fabric is characterized by: networks and connections (patronage, neighborhoods, kinship); cooperatives based on relations of trust and mutual understanding; formal and informal groups and institutions; shared values and norms; common rules and sanctions; collective voice and action; mechanisms for participation in decision making processes; leadership, reciprocity, etc.

3) **Natural Capital:** The multiple services of ecosystems that include: land, water and aquatic resources, wetlands, timber and non-timber forest products, wildlife, biodiversity, wildlife habitat, and much more priceless values of the natural environment that nourish life.

4) **Human-Made Capital:** infrastructure (railways, roads, vehicles, secure shelter and buildings, water supply and sanitation systems, energy, communications), tools, equipment, machinery, fertilizers, pesticides, etc.

5) **Financial Capital:** savings, credit, government transfer payments, remittances, pensions, wages, profits,

6) **Political Capital:** In a democratic governance system, political capital is a socially and legally sanctioned authoritative power, which influences: (i) good governance (i.e., accountability, transparency, responsiveness, equity, empowerment, effective and efficient allocation of scarce-productive resources, and participatory decision-making processes); (ii) access to and full use of social infrastructures (e.g., legal, education, and health systems) and physical infrastructures (e.g., energy, transportation, water, financial, and communication systems); and (iii) poor households’ capability to access financial credit markets.

**SKETCHING THREE DOMINANT TYPES OF DEMOCRACY**

**Liberal Democracy**

Liberal democracy originated in the 18th century in Europe during the Age of Enlightenment. At that time, monarchs or aristocrats governed most European countries. Democracy was not considered viable, because of the widely held belief that: (i) democracies would be inherently unstable and chaotic in
their policies due to the changing whims of the people; and (ii) democracy was contrary to human nature, as human beings were seen to be inherently evil, violent, and need a strong leader to restrain their destructive impulses. In fact, many European monarchs held that their power had been ordained by God, and that questioning their right to rule was tantamount to blasphemy.

What is liberal democracy? Conceptually, liberal democracy, also known as constitutional democracy, is a form of representative democracy, which is based on the principles of free and fair elections, with universal suffrage. It has various constitutional forms, such as the following five systems: (i) a constitutional republic (e.g., Germany, France, India, Italy, and the United States); (ii) a constitutional monarchy (e.g., the United Kingdom, Japan, and Spain); (iii) a presidential system (e.g., Argentina, Brazil, Mexico, and the United States); (iv) a semi-presidential system (e.g., Finland, Poland, France, and Taiwan); and (v) a parliamentary system (e.g., Australia, Canada, India, New Zealand, and the United Kingdom).

The liberal democratic constitution defines the democratic character of the State by: (a) placing limits on the authority of the government; (b) separating political powers, such as that in the Canadian federal system where powers of the federal, the provincial, and the territorial governments are constitutionally specified; and (c) ensuring independence of the judiciary, rights and freedoms of the individual, and the rule of law. Liberal democratic economic policies are based on laissez-faire, a free market economy. Neoliberal democracy, the contemporary form of liberal democracy, emphasizes efficiency of the private sector and free trade to promote globalization.

Liberal democracy, as a foundation of the contemporary neoliberalism, is criticised on several socioeconomic and political fronts. For example: (a) lack of direct democracy, because the small number of representatives elected by their political supporters and by a few neutral electorate inclined to the existing status-quo do not represent the will of all citizens; (b) the exploitative free market structure; (c) domination of national economies by a few profit maximizing multinational corporations, creating dictatorship of the bourgeoisie; and (d) absence of full freedoms and rights that enable individuals to realize their human potential by doing what they are able to do (the capability concept) and be what they want to be by doing what they have to do within the bounds of the law (the freedom concept).

Social Democracy

Social democracy is a center-left political ideology. It is a democratic evolutionary-reformist democracy, relying on the use of democratic processes to meet its aims as opposed to revolutionary strategies. The principal goal of social democracy is profound reformation of capitalism, aligning it with the ethical ideals of social justice, while retaining the capitalist mode of production instead of creating an alternative socialist economic system. In the long-run, through an evolutionary process, social democracy strives to achieve a mixed economy along with political democracy, redistribution of national wealth, a welfare state, provision of educational opportunities, and efforts to ensure social justice. In general, social democracy strives to achieve good governance.

Socialist Democracy

Socialist democracy is based on the political philosophy of socialism. An 18th-century intellectual and working class movement, which criticised the adverse impacts of industrialization and private property rights on society, conceptualized modern socialism. Since the late 19th century, socialism signifies opposition to capitalism and an alternative system based on some form of social property rights
to all means of production, such as labour, land, and machinery and equipment. Utopian socialists tried to found self-sustaining communes by seceding from a capitalist society. Socialists inspired by the Soviet model of economic development, such as those Marxist-Leninists, tried to create centrally planned economies, directed by a single party that manages all means of production. For orthodox Marxist-Leninists, socialism is the lower stage of communism, based on the principle of “from each according to his ability, to each according to his contribution”, while upper stage, communism, is based on the principle of “from each according to his ability, to each according to his need”. That is, communism becomes possible only after the socialist stage further develops economic efficiency and the automation of production has led to a superabundance of goods and services.

Moreover, Leninism promotes the creation of a vanguard party, a workers’ party, led by professional revolutionaries, to lead the working class in controlling the State. Marxist-Leninists believe that socialism will not arise spontaneously through the natural decay of capitalism; and that workers by themselves are incapable to organize and develop socialist consciousness. Therefore, they need a revolutionary vanguard. After taking political power, Marxist-Leninists seek to create a socialist State where the working class would be in power to eventually declare communism, a Stateless society. In effect, the State withers away eventually.

**DEMOCRATIC STATE VERSUS DEVELOPMENTAL STATE**

A true democratic political environment is a necessary condition for sustainable development. But, debate on democracy, delivery, politics, and institutional performance, appear to be caught in a mutually exclusive binary, with proponents or the other seemingly emphasizing one aspect (or sets of aspects) over another, giving dominant role to one (or some) to the exclusion of others. A distinct binary arises when the State is defined in terms of two broad perspectives: the democratic State and the developmental State. Next, I highlight why this is a false dichotomy.

**The Democratic State**

There is a tendency to conflate and confuse the idea of the democratic State with the classic notions of democratic indicators – in all their guises from the liberal to the radical. As radical as the conceptualization of the democratic State may be, its exclusive emphasis on rights, freedoms, accountability, equity, responsibility, representation, participation, oversight, and voice is perhaps a weakness, because democratic State is all these requirements, but also much more. These and other similar indicators of democracy are part of the package of the guiding principles of good governance.

In short, proponents of the democratic State seem to assume that all the necessary requirements for development, such as human, social, and natural capital, physical infrastructures, entrepreneurship, and technological progress are secondary. That cannot be. Let us describe the developmental State to clarify the unwarranted confusion.

**Developmental State**

International political economy scholars used developmental State or hard State in their studies of the phenomenon of State-led macroeconomic planning in East Asia in the late twentieth century. In this capitalist model, the State retains more independent, or autonomous, political power and more control over the economy. In effect, a developmental State intervenes in planning and managing the economy extensively. The term has subsequently been used to describe successful countries outside East Asia. The African country, Botswana, is mentioned in the literature as a good example. In sum, characteristics
of developmental State can be summarized as follows: (i) emphasis on market share over profit; (ii) economic nationalism; (iii) protection of fledging domestic industries; (iv) focus on foreign technology transfer; (v) large government bureaucracy; (vi) alliance between the State, labour, and industry called corporatism; (vii) skepticism about the motives of neoliberalism and the Washington Consensus; (viii) prioritization of economic growth over political reform; (ix) legitimacy and performance; and (x) emphasis on technical education.

My contention about the false dichotomy is as follows: politics and policy, democracy and delivery of good governance, transition and transformation, and sustainable development complement one another. The need for a developmental State that emphasizes on the above ten aspects or more must adhere to all democratic values. National evidences, which are based on historic facts, can help us to clear the dust. Ethiopia’s political history is a great case in point.

THE PREDICAMENTS OF ANCIENT ETHIOPIA

A Brief Background

Hominid bones discovered in eastern Ethiopia, dating back 4.4 million years make Ethiopia one of the earliest known locations of human ancestors. Herodotus, the Greek historian of the fifth century B.C. describes ancient Ethiopia in his writings. The Old Testament of the Bible records the Ethiopian Queen, Queen Sheba’s visit to Jerusalem. According to the Ethiopian legend, Menelik I, the son of King Solomon and Queen Sheba, founded the Ethiopian Empire. Missionaries from Syria and Egypt introduced Christianity in the fourth century.

Ethiopia is the oldest independent country in Africa and one of the oldest in the world. This is with the exception of a brief Italian occupation from 1936 to 1941 that forced the King, Emperor Haile Selassie, into exile in England. The five-year period of occupation ended when British and Ethiopian forces defeated the Italian Fascist forces, returning the King to the Throne.

A State of Multiple Nations, Nationalities, and Peoples

Ethiopia’s highly diverse total population is estimated between 85 and 90 million, making the country the second populous country in Africa after Nigeria. Most of the people speak either Semitic or Cushitic language. The Oromo, Amhara, and Tigraians make up more than two-thirds of the population, but there are more than 77 ethnic groups with their own distinct languages, culture, and history, within the Ethiopian State. Some of these have as few as 10,000 members. In effect, the Ethiopian State comprises multiple nations, nationalities, and peoples. To design a viable governance system one has to have clear knowledge of this unique-national societal fabric.

The Imperial Era (1930 – 1974)

Social Strata

During the aristocratic-monarchy of Emperor H. Sellassie, as it was historically, it was easy to classify the Ethiopian society into: royal, elite, patriarchate (which was the religio-cultural instrument of the Monarch), comprador, bourgeoisie, feudal, peasant, the working class (e.g., factory, office, farm, and supermarket workers), the proletariat (e.g., house-maids, casual labourers, and house guards), and the lumpen, whose survival heavily depended upon shining shoes, carrying luggage, loading and unloading commercial trucks, etc. This is a crude classification, based on personal observations.

The Constitution
Absolute political power was vested in the Emperor. Because the 1931 Constitution was deemed not giving enough power to him, a new constitution was enshrined in 1955. This constitution declared Emperor Haile Selassie as a descendant of King Solomon of Israel and Ethiopia’s Queen of Sheba; his primacy was exercised through appointment of officials; control of the armed forces and foreign affairs; and oversight of the judiciary. Parliament was given power to approve treaties, but the Emperor had the final say: he was empowered to the extent of dissolving the Parliament.

In effect, executive power was vested in the Emperor. The “Ministers of the Empire” derived their authority from him, as did the Council of Ministers and the Crown Council, an advisory body of the Emperor. Formation of political parties was out of question. The Ethiopian Orthodox Church was defined as the State’s Church; and its organization and administration were made subject to secular law. The Church retained autonomy only in matters of monastic life and spiritual affairs. But, its influential role as instrument of governance was highly significant.

The Socio-cultural and Political Influences of the Church

Religion was used by the monarchy as an instrument of sustaining aristocratic feudalism. The Ethiopian empire, which emerged into the 20th century bureaucratic State, was not politically integrated. It was a plural society characterized by (a) domination of cultural minorities; (b) gross inequality in terms of wealth, power and privileges; and (c) sharp contradictions between and among nationalities.

As the society began to modernize, class, intra-class and ethnic affinities were added to already existing social cleavages. As was typical of pre-modern bureaucratic empires, order was maintained by manipulation, regulation, and domination. In addition to the charisma associated with the Imperial throne and its occupant, several other traditional organizations were sources of power and privileges in the Ethiopian society; namely, the Church, the aristocratic law, and the feudalistic land tenure system.

Although Coptic Christianity dates back to the 5th century, it did not reach the height of its political importance until the 14th century, after the restoration of the so called Solomonic Dynasty. During the Golden Age of Ethiopia, the scribes of the Church added life and permanence to the foundation of the society. It published the Kebre Nagast (The Glory of Kings), a national epic that brought together various elements of Ethiopian mythology and the Bible, and the Fetha Nagest (The Law of Kings), which to a certain extent systematised the laws of the Empire. Other documents intended to legitimise the Empire State and its institutions also have their origins in the literary efforts of Coptic Clerics during this era.

The role of religious institutions, behavioural constraining norms, values, beliefs, and mores as the sources of political power and of monarchical legitimacy, was deeply rooted in the history of the Ethiopian society. Monarchs had customarily relied upon the Orthodox Church to pacify the ordinary masses. They acquired the public image of being charismatic leaders, the embodiments, and the upholders of the culture and sacred traditions of their societies.

Emperor Haile Sellassie ensured the support of the Church by awarding it certain rights and privileges that were upheld by the authorities of the State. These include land and other property rights that were expanded from time to time through Imperial grants and gifts, and permissions to collect taxes from and to share-crop with peasants. In short, the Crown had to deal very carefully with the Coptic Church, since this significant landholder and most important source of religious and cultural legitimacy
constituted the key element to determine sustainability of the Imperial system. Hence, the classic feudal trinity of nobleman, priest, and peasant, was well prescribed constitutionally.


In 1974, a revolution, which was spearheaded by the Ethiopian working class, teachers, students, and an assortment of the petty bourgeoisie elements, overthrew the aristocratic feudal system of Emperor Haile Selassie, who ruled Ethiopia for nearly half of a century. Gone with the Emperor were the archaic feudal land tenure system, the monarchical monopoly of political power, and the nascent national bourgeoisie, which clung tenaciously to the imperial *coat-tails*, with an unusual political myopia to the very end.

To the absolute dismay of the Ethiopian people, however, the national defence forces betrayed the popular revolution. Using its KGB apparatus, the Soviet Union, which was anxiously looking for a foothold in the Horn of Africa to counterbalance the sphere of influence of the United States, infiltrated the civilian Revolutionary Council and the newly coordinated National Defence Council. The soldiers, most of whom were illiterate, were manipulated and encouraged by the KGB to take over the political power from the civilian council of internationally and nationally highly regarded intellectuals. Most of the intellectuals who openly opposed involvement of the USSR were executed summarily; some were imprisoned, while others were lucky to flee the country to save their lives. In a very short period (less than a year), a military junta declared communism, based on *Marxist-Leninist* ideology, in an impoverished Ethiopia. Highly bureaucratised, command and control socio-economic programs were proclaimed. By several military decrees that were full of hysteria and paranoia, a number of social, economic, and institutional changes were made to please the Soviets, who were sustaining a puppet military regime: (i) Land was nationalized. (ii) State farms were established. (iii) Forced resettlement and collectivisation were implemented. (iv) Peasants were taxed heavily, relative to their income levels. (v) All private financial institutions and industries were nationalized. (vi) All private rental houses and apartments were expropriated.

The military junta used a network of strictly controlled institutional arrangements to stay in power at any cost, fighting a civil war that was being waged against it by many democratic forces. Failure of the misguided policies, the civil war, drought, and famine were the causes of the 1984/85 catastrophe to which the people of this ancient country were subjected. Consequently, the superstructure that was established by the Russians collapsed on May 20th, 1991, when the democratic forces victoriously captured the capital city, Addis Ababa.


Twilight of a democratic developmental State flickered on May 20th, 1991 throughout the Ethiopian State’s landscape. Democratic forces that waged a bitter war for 17 years defeated the military junta that ruled Ethiopia since 1974. When they realized that they were on the verge of victory, the democratic forces had formed a united front known as Ethiopian People’s Revolutionary Democratic Front (EPRDF); and were ready with their version of governance system to rule the country. To that end, however, there was a reconciliation and consensus building process: In July 1991, the EPRDF convened a national conference attended by representatives of some 20 political organizations to discuss Ethiopia’s political future and to establish a transitional government.
After winning well-coordinated elections, the EPRDF formed a government. At the outset, it had made it clear that it was determined to make history of its own by transforming the social, economic, and political landscape of the country. A brand new Ethiopian Constitution was proclaimed in May 1994. The following introductory paragraphs capture the full spirit of that Constitution (emphasis added):

**We, the nation, nationalities and peoples of Ethiopia:**

*Strongly committed*, in full and free exercise of our right to self-determination, to building a political community founded on the rule of law and capable of ensuring a lasting peace, guaranteeing a democratic order, and advancing our economic and social development;

*Firmly convinced* that the fulfillment of this objective requires full respect of individual and people’s fundamental freedoms and rights to live together on the basis of equality and without any religious or cultural discrimination;

*Further convinced* that by continuing to live with our rich and proud cultural legacies in territories we have long inhabited, have, through continuous interaction on various levels and forms of life, built up common interests and have also contributed to the emergence of a common outlook;

*Fully cognizant* that our common destiny can best be served by rectifying historically unjust relationships and by further promoting our shared interests;

*Convinced* that to live as one economic community is necessary in order to create sustainable and mutually supportive conditions for ensuring respect for our rights and freedoms;

*Determined* to consolidate, as a lasting legacy, the peace, and the prospect of a democratic order which our struggles and sacrifices have brought about;

*Have, therefore, ratified*, on 8 December 1994, this constitution through representatives we have duly elected for this purpose as an instrument that binds us in a mutual commitment to fulfill the objectives and the principles set forth above.

After the Constitution’s official proclamation, the EPRDF formulated several strategic directions, including: (i) giving priority to peasant agriculture; (ii) enhancing the quality of the labour force; (iii) supporting hitherto neglected communities, which were identified in the Constitution as nationalities and peoples; (iv) devolution of State power to the Regional States; (vi) attaining self-sufficiency in food; (vii) determining an effective socioeconomic developmental role for the State; (viii) encouraging foreign investment by creating a free market economy and a conducive social, economic, and political climate; (ix) encouraging and supporting State governments to give priority to environmental rehabilitation and rural development; and (x) letting peasant farmers free to make their own economic decisions than had ever been before. These and similar strategic policy directions created the twilight of hope for peace and prosperity. Although not described as such, to the keenly honest observer, a unique *democratic developmental State* of Ethiopia was born. But, a lot remains to be learned and to be done through a *dynamic governance system*, as sketched next.
AN ADAPTIVE DEMOCRATIC DEVELOPMENTAL STATE (ADDS):
A Dynamic-New Paradigm for a Sustainable Development

In this modern era of: (a) globalization; (b) rapid technological progress; (c) instantaneous worldwide communication; (d) fragmentation and failure of the so called formal institutions (“the rules of the economic games”; (e) excess demand for natural capital; (f) rising need for revitalization, diversification, and sustainable development of rural community-based economies; and (g) complex and dynamic nature of the contemporary human society, there is need for social learning and collective action through open dialogues. This is the essence of an ADDS, which embodies the guiding principles of good governance (as discussed earlier). It is a dynamic and pragmatic paradigm, based on the notion of learning-by-doing and is built upon synergistic nexuses among all endogenous developmental forces (i.e., forces within the system) which include: (i) enhanced investments in research and development (R&D) to promote technological progress through creation, invention, innovation, diffusion, and adoption of new technologies; (ii) learning-by-doing and by-using; (iii) accumulation of human and all other types of capital (detailed above); (iv) formulation of enabling institutional configurations (e.g., fully specified property rights and accessible credit system); and (v) provision of social infrastructure (e.g., legal, political, education, healthcare, and security) and economic infrastructure (e.g., roads, railways, renewable energy, clean water supply system, and information and communication technologies).

In closing, just a couple of points on the policy implications and performance of democracy are in order. Empirical and historical studies have demonstrated that democratic governance performed far better than any other governance regimes, such as authoritarian ones. This is because democracy is so central to development and mitigation of all social ills. True democracy reduces corruption; facilitates technological progress through creation, invention, innovation, and diffusion; promotes redistribution of national wealth, resulting in further economic development through economic multipliers; and fosters socio-economic development and preservation of health, integrity, and carrying capacity of ecosystems that mitigate the adverse impacts of climate change on human well-being. These all can be realized when the concepts of ADDS are put into practice: we all learn-by-doing. Our mistakes are our best teachers.

4 Wikipedia, the free encyclopedia, accessed on December 21, 2011.
5 Ibid, accessed January 09, 2012
6 Wikipedia, the free encyclopedia, accessed on January 03, 2012.
8 This narration is based on Dr. Paul Henze’s well-researched book, Layers of Time: A history of Ethiopia (2000), St. Martin’s Press, New York, 372 p. As an American diplomat, Dr. Henze lived in Ethiopia for several years.