Democracy and Development in Africa
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By

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1. Introduction

‘Democracy and development’ has spawned a huge amount of literature over the years. ‘Democracy and development in Africa’, however, has been gaining increasing importance since the generally disastrous economic outcomes in Africa during the ‘lost decade’ of the 1980s and early 1990s. Indeed, governance has long been suspected as a major impediment to African economic development. This suspicion came to the fore in the late 1970s, however, when African economies began to suffer major setbacks during post-independence.¹

In a 1981 study, commissioned by the Bretton Woods Institutions (BWIs), the “Berg Report” (Berg, 1981), weak governance was highlighted as a major culprit responsible for Africa’s poor state of economic health. The proposed solutions were to improve ‘economic governance’.

A number of African countries also undertook political reforms, partially in support of economic governance, but also in response to donors’ demands for such reforms in exchange for external aid. These reforms - ‘political governance’ – were principally democratic in nature. The importance of political governance was also highlighted in a study by the African Economic Research Consortium (AERC), “Explaining African Economic Growth” (the Growth Project; see Ndulu et al., 2008a, 2008b).² This project put governance at the core of the growth record of sub-Saharan Africa (SSA),³ concluding that poor governance had led to growth-inhibiting ‘policy syndromes’ while improved governance resulted in greater prevalence of growth-enhancing ‘syndrome-free’ regimes (see Ndulu et al., 2008a, 2008b). And, in a more recent study of country cases globally (Fosu, 2013d), ‘governance’ was flagged as the most prominent element in the strategies for achieving economic successes in the developing world. Particularly for African countries, the study finds democratic governance as having been crucial in this regard: for example, Botswana, Ghana, Mauritius and South Africa (see Fosu, 2013d).

‘Democracy’ is, of course, only one form of political governance. Nevertheless, the political reforms undertaken by African governments have entailed by and large democratic governance. These reforms were likely boosted by the end of the Cold War beginning about 1990.

The chapter attempts to address particularly the following questions. First, what is the theoretical relationship between democracy, on the one hand, and growth and development, on the other, especially in the African context? Second, what has been the nature of the empirical relationship? Finally, what are the challenges currently and for the future?

The paper proceeds as follows: In section 2, I provide a brief theoretical discussion of the relationship between democracy and development, with special reference to Africa. Section 3 presents the evolution of measures of democracy in Africa, while section 4 sheds light on the developmental progress on the continent based on several indicators. In section 5, I present

¹ This period is often approximated as post-1960.
² The Growth Project was conducted over 1998-2004 and resulted in the two volumes, Ndulu et al (2008a, 2008b).
³ In the present paper, ‘sub-Saharan Africa (SSA)’ is used synonymously with ‘Africa’.
evidence bearing on the linkage between the democratic measures and the development outcomes. Section 6 concludes the chapter by highlighting challenges going forward.

2. Theoretical issues in brief

Why might democracy and development be linked after all? This question is amply answered in the preceding chapters. In brief, there is the view that democratic institutions are the crucible for sustaining long-term growth and development. There is also the school of thought, usually expressed as an alternative view, that a country requires a minimum level of development before democracy can take hold – the Lipset hypothesis. This general question of whether democracy ‘causes’ development or conversely is an important one. If the direction is from democracy to economic outcomes, then it would be advisable to ensure that the democratic process is deepened. On the other hand, if it is the reverse, then one could argue that democratization should await a sufficiently high level of economic development.

In general, there is much theoretical ambiguity in the literature about whether democracy influences growth and, if so, in what direction. Indeed, a comprehensive review of the literature resulted in the following statement: “Clearly, the impact of political regimes on growth is wide open for reflection and research.” Prezeworski and Limongi (1993, p.66)

The nature of causality could differ for SSA relative to the rest of the world, however, and indeed even among African countries. The evidence shows that many African countries also undertook economic reforms, with considerable variation across countries with respect to timing. It is quite likely, nevertheless, that a democratic framework is required for supporting any meaningful sustainable growth initiated by economic reforms. In that case, democracy could actually cause growth, which may in turn be transformed into development.

In one of the early studies of ‘democracy and development in Africa’, Ake (2001) argued that African leaders were not actually committed to meaningful development. To do otherwise would require a political process accountable to the people. Clearly, in Ake’s view, the extant processes were not accountable. A corollary of this argument would be that a meaningful democratic process, one ensuring that the development expectations of the people would be met, was missing. In the absence of benevolent dictatorships, a democratic framework would, then, be necessary for providing the accountability required for Africa’s long-term growth and development.

3. Evolution of democracy in post-independence Africa

This section sheds light on the evolution of democracy in post-independence Africa, based on several measures: (1) executive and legislative indexes of electoral competitiveness; (2) political and civil rights; (3) constraint on the executive branch of government; and (4) the Polity 2 score, which reflects the degree of democracy versus autocracy. In addition, I discuss political instability, which appears to have been a bane for African development, with the view that democratic governance may play an important mitigating role.

Indexes of electoral competitiveness

There are two indexes of electoral competition: the legislative index of electoral competitiveness (LIEC) and executive index of electoral competitiveness (EIEC) (World Bank, 2017c). Figure 1a presents the evolution of these two indexes for SSA, over the 1975-2015 period for which there is data. Interestingly, these two indexes move quite closely together, though EIEC generally lies slightly below LIEC. They have both risen steadily since 1975, with an apparent acceleration from about 1990.
In Figure 1b, I present the first principal component of LIEC and EIEC, for SSA and, comparatively, for the World. This index of electoral competitiveness (IEC), as an indicator of democracy, has risen markedly since 1975, from 2.9 in 1980 to 6.1 by 2015 (range: 1-7), indicating that on average multiple parties were involved in the elections and that losing parties had appreciable votes. Indeed, the IEC gap with the World has virtually closed, from as much as 2.2 in 1990 to only 0.1 by 2015, suggesting that SSA, on average, has been becoming increasing democratic and has virtually caught up with the rest of the world. In addition, the index accelerated as of about 1990, similarly to the separate indexes, LIEC and EIEC.

**Figure 1a:** Legislative Index of Electoral Competitiveness (LIEC) and Executive Index of Electoral Competitiveness (EIEC), SSA, 1975-2015

Notes: The scale for LIEC is: No legislature: 1; unelected legislature: 2; elected, 1 candidate: 3; 1 party, multiple candidates: 4; multiple parties are legal but only one party won seats: 5; multiple parties did win seats but the largest party received more than 75% of the seats: 6; largest party got less than 75%: 7. The scale for the EIEC is similar. Hence, either index is: [1-7]. Source: World Bank (2017c)

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4 This index is the first principal component of the legislative index of electoral competitiveness (LIEC) and the executive index of electoral competitiveness (EIEC), with the respective weights of 0.49 and 0.51 (Fosu, 2008a); the first principal component explains over 90 percent of the variance (see Fosu, 2008a). The scale for LIEC is: No legislature: 1; unelected legislature: 2; elected, 1 candidate: 3; 1 party, multiple candidates: 4; multiple parties are legal but only one party won seats: 5; multiple parties did win seats but the largest party received more than 75% of the seats: 6; largest party got less than 75%: 7. The scale for the EIEC is similar.
**Figure 1b: Index of Electoral Competitiveness (IEC), SSA vs. World (1975-2015)**

Notes: IEC is the first principal component of the legislative index of electoral competitiveness (LIEC) and executive index of electoral competitiveness (EIEC), with respective weights of 0.51 and 0.49 and explaining over 90 percent of the variance (see Fosu, 2008a). Thus, IEC is [1, 7]. Source: Data for LIEC and EIEC are from World Bank, 2017c.

**Political Rights and Civil Liberties**

Additional measures of democracy are political rights (PR) and civil liberties (CL). These measures range from 1 to 7. In the original Freedom House source, a higher value of an index indicates less democracy; however, for ease of interpretation, I have reversed these numbers (that is, using the transformation [8-x], where x is the original index), so that a higher value of the index signifies a greater level of democracy. These measures are graphically depicted in Figure 2a over 1973-2016, for which there is data.

As Figure 2a shows, PR and CL co-move quite closely across time, though PR is slightly lower than CL; indeed, the gap was much larger in the early-to-mid-1970s. CL fell appreciably from its highest value of 2.8 in 1975 to a nadir of 2.2 in 1987, before rising steadily and reaching a maximum of 4.0 by 2004, then declined to 3.6 by 2016. However, PR exhibited less perceptible trends in the 1970s, falling between 1973 and 1977, rising until about 1980, and then declining together with CL until the mid-1980s, after which it followed very similar trends as CL. In sum, both indexes rose steadily, as of the late 1980s, consistent with the above observation for LIEC and EIEC.
**Figure 2a: Political Rights (PR) and Civil Liberties (CL), SSA, 1973-2016**

**Notes:** Original data are from Freedom House (2018), with the range of 1 to 7. In the original Freedom House source, a higher value of an index indicates less democracy. For ease of interpretation, however, these numbers have been reversed, that is, using the transformation \[8-x\], where \(x\) is the original index; thus a higher value of this transformed index signifies a greater level of democracy.

**Figure 2b: Combined Political Rights (PR) and Civil Liberties (CL), SSA vs. World, 1973-2016**

**Notes:** Following Fosu (2011), the combined political rights (PR) and civil liberties (CL) is the first principal component of the two variables, with the respective PR and CL weights of 0.725 and 0.275. The range is (1-7); note that higher values indicate greater levels of democracy; for further details, see the notes accompanying Figure 2a.
Executive Constraint

The degree of constraint on the executive branch of government (XCONST)\(^5\) (Polity IV Project, 2016), which reflects the checks and balances on the executive, a critical element of democracy, has increased steadily in recent years (Figure 3). XCONST began to accelerate in SSA around 1990; the gap with ROW, which increased substantially in the 1980s, with the widest gap occurring in 1989, has narrowed appreciably by 2000. Thus, overall, Africa has made considerable progress on XCONST since about 1990, though the gap today with the World is about the same as it was in the 1960s.

![Figure 3: Executive Constraint (XCONST), Africa vs. World (1960-2016)](image)

**Notes:** XCONST is a measure of the constraint on the executive branch of government. It ranges from 1-7, with a higher a value indicating greater restraint on the executive. (source: data from Polity IV Project, 2016)

Polity 2

Another indicator of the degree of democracy is the Polity 2 score, which ranges from -10, representing complete autocracy, to +10 indicating complete democracy (Polity IV Project, 2016). As shown in Figure 4, the polity score fell below -5 in the 1970s and the latter part of the 1980s, but has risen markedly since 1990, reaching well above zero in the 2000s. As was the case with the other democratic measures presented above, the rise in this index also slightly precedes Africa’s resurgence in economic growth and development.

\(^5\) XCONST measures the degree of constraint on the executive branch of government, and it takes on values of 0-7, where 7 is for ‘strict rules for governance’, 1 means ‘no one regulates the authority’, 0 signifies ‘perfect incoherence’, etc. (for details, see Fosu, 2013b).
Political Instability

Political instability (PI) – including military coups and civil wars – constitutes a reasonable indicator of institutional quality, with important implications for economic and development outcomes in Africa. But what is the role of democracy in this regard? Feng (1997, p. 392), finds:

“Democracy provides a stable political environment which reduces unconstitutional government change; yet along with regime stability, democracy offers flexibility and the opportunity for major government change within the political system.” (my emphases)

Thus, one would expect the democratic reforms in African countries to attenuate political instability. However, the process is hardly linear, as there is the tendency for new democracies to be associated with political disorder, for the transition from autocracy often entails the attenuation of previously rigidly enforced rules against political dissent (see, e.g., Bates, 2006). Furthermore, Collier and Rohner (2008) argue that while democratic accountability lowers incentives for rebellion, democracy also constrains the technical possibilities of government repression, thus rendering rebellion easier. Hence, the effect of democracy on political violence is likely to be ambiguous. The authors observe that the level of income serves an intermediating role, with lower incomes more likely to result in a positive effect of democracy on political violence (Collier and Rohner 2008). It is quite possible, though, that the level of democracy associated with low-income countries is also at the low level, which is prone to political disorder, to begin with (Bates, 2006). Thus, while ‘intermediate-level’ democracy tends to be growth-inhibiting, ‘advanced-level’ democracy, accompanied by greater political stability, would be growth-enhancing (Fosu, 2008a, 2011).

As Figures 5 and 6 indicate, the prevalence of PI in its various forms seems to be declining in Africa, with a downward trend in the frequency of civil wars since about 1991, which fell from as high as 18 in 1991 to 8 in 2008, for instance (Figure 5). Similarly, the incidence of military coups shows a downward trend, also since about 1991 (Figure 6). One possible explanation is that the democratic

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Figure 4: Polity 2 Score, Average SSA, 1960-2016

Notes: Polity 2 score ranges from +10 (strongly democratic) to -10 (strongly autocratic); source: Polity IV Project, 2016.

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6 For SSA, ‘intermediate-level’ democracy was roughly estimated at IEC values not exceeding 4.4, while ‘advanced-level’ democracy would be above 4.4 (see Fosu, 2008a); note that IEC ranges from 1-7. Details involving political and civil rights are provided below.
dispensation taking hold in many African countries appears to have provided the framework for grievances to be addressed via the ballot box. This observation is particularly germane in the case of the incidence of coups d’état, where rent-seeking opportunities via elite power seizure (Mbaku and Paul, 1989) has now given way to the alternative involving an electoral transfer of government (McGowan, 2003).

**Figure 5: Frequency of Armed Conflicts in Sub-Saharan Africa, 1960-2008**

![Figure 5: Frequency of Armed Conflicts in Sub-Saharan Africa, 1960-2008](image)

*Source: Strauss (2012)*

**Figure 6: Incidence of Elite PI in Africa - Coups d’Etat, SSA, 1960-2016**

![Figure 6: Incidence of Elite PI in Africa - Coups d’Etat, SSA, 1960-2016](image)
Notes: ‘Total coups’ equals the sum of the frequencies of ‘successful’ and ‘failed’ coups d’état that occurred in the year of record. This is computed using data from Centre for Systemic Peace (CSP), 2016.

4. Trends in growth and development in Africa

Section 3 above has provided evidence in support of the view that democratisation has improved recently in SSA generally. The present section traces the trends in Africa’s economic growth and various measures of development during post-independence.

Growth

Although it does not guarantee it, economic growth is crucial for development. It has been the main engine for poverty reduction globally (Dollar and Kraay, 2002; Fosu, 2017a), and for Africa (Fosu, 2015a, 2018c). Moreover, growth provides a major explanation for improvements in human development in African countries (Fosu, 2002; 2004). Hence, while ensuring that it is shared and is inclusive, there is the need for reemphasizing economic growth generally in the African region, consistent with the general extant literature.

There has been economic growth resurgence in SSA since the mid-to-late 1990s, following the dismal performance in the 1980s and early 1990s (Figure 7). Furthermore, Africa’s GDP growth exceeded the World’s over the last decade and a half, which must happen if the region is to catch up with the rest of the world (ROW).

On a per-capita basis, however, the growth resurgence is not as impressive (Figure 8), suggesting the need to limit population growth and dependency. Africa could, of course, rely on a ‘natural’ demographic transition as incomes grow; however, that process may take much too long. Moreover, unless productivity continues to rise sustainably in the region, this transition may be quite distant, with any economic catch-up likely to be delayed considerably.

Employing data on consumption rather than national income or GDP, Young (2012) finds that SSA’s growth has been even faster. Rodrik (2018) however has a contrarian view, arguing that the ‘miracle’ may actually be a mirage.
As in ROW, Africa’s growth declined considerably during the recent economic crisis of 2008-2009, with SSA’s GDP growth falling by more than 60 percent between 2007 and 2009 (Fosu, 2013a). However, the region seems to have recovered quite well. Africa exhibited much resiliency during this crisis, that is, relatively to ROW, and also better than in any other economic crises during post-independence. Such resilience is attributed in large part to improvements in institutions (Fosu, 2013a, b; Fosu, 2015b). For example, as is further explained below, there is the tendency for XCONST to mitigate the likelihood of a growth collapse.
Nonetheless, a most recent growth performance in 2016 is rather worrisome. For the first time since 2000, SSA's GDP growth rate has fallen below that of the world, following its downward trend since 2014 (see Fosu, 2018b, Figure 3), with the continent's per capita growth actually becoming negative in 2016. It is not entirely clear as to what might be responsible for the decline. However, this observation appears to give credence to Rodrik’s (2018) cautionary note that Africa’s 'growth miracle' is a mirage, in that it is not sustainable due to the likely abatement of high commodity prices and rise in global interest rates. Hopefully the 2016 performance is episodic, as Africa’s growth actually doubled to 2.8 percent in 2017, from its rate in 2016 (IMF, 2018). There is evidence that institutional improvements, consistent with the New Institutional Economics school of thought, have contributed significantly to the recent African growth resurgence (Bates et al., 2013). “If so, then pessimism about growth sustainability may also be pre-mature, unless of course institutions deteriorate in tandem with worsening economic growth. Hence, it is imperative that gains in institutional quality be fortified.” (Fosu, 2018b, p. 4)

**Development Outcomes**

Consistent with the above growth record, per capita GDP stagnated during the 1980s and early 1990s, but has risen considerably since then (Figure 9). Indeed, the mean GDP per capita has increased by almost 50 percent during the last decade and a half, rising from $2,306 (2011 PPP-adjusted international dollars) in 1995 to $3,440 in 2016.

**Figure 9: Africa’s Per Capita GDP, PPP (constant 2011 international $), 1990-2016**

Source: World Bank, 2017a
In addition, human development, measured by UNDP’s human development index (HDI), appears to have accelerated over the last decade or so, as compared to the previous decade (Figure 10). It has risen steadily from 0.416 at the dawn of the millennium in 1999, to 0.513 by 2015, ranking the continent technically as having achieved ‘medium-human development’.

**Figure 10: Africa’s Human Development Index, 1990-2015**

![Graph showing the Human Development Index (HDI) for SSA countries from 1990 to 2015. The HDI has increased steadily from 0.416 in 1999 to 0.513 in 2015.](image)

**Notes:** The average is computed using the mean (non-weighted) HDI data for 47 SSA countries (author’s computation). **Data source:** UNDP, 2017

Furthermore, poverty has been falling in SSA since the mid-1990s (Figure 11), following its substantial rise in the 1980s. ‘Extreme’ poverty (based on the $1.90 (2011 PPP-adjusted international dollars) per day poverty line fell by some 17 percentage points, on average annually, between 1999 and 2013.\(^8\) Thus, the African growth resurgence has been generally inclusive. Decomposing poverty reduction into growth and inequality changes, Fosu (2015a) finds, as in the global case (Dollar and Kraay, 2002; Fosu, 2017a), that income growth has been the primary driver of the progress on poverty. However, the responsiveness of poverty to growth or changes in inequality tends to be small in SSA compared to that of ROW (Fosu, 2010c; 2009). Thus, greater efforts are required for translating growth and improvements in income distribution into progress on poverty in SSA relative to ROW. While the relatively high level of

\(^8\) The poverty statistics presented here are computed from World Bank (2017b), which is derived mainly from household surveys. Using national income data, Pinkovskiy and Sala-i-Martin (2014) find that Africa’s poverty rate has been falling even faster.
inequality tends to retard the progress on poverty in Africa (Fosu, 2010a; 2010b), the low level of income may pose just as much impediment (Fosu, 2015a; 2017a, 2017b).

**Figure 11: Africa’s Poverty Picture (2011 PPP $1.90 per day), 1981-2013**

[Image of a graph showing the poverty rate (Headcount Ratio) in SSA from 1980 to 2015.]

**Data source:** World Bank, 2017b

Moreover, Ravallion (2012) finds that initial poverty constitutes a major obstacle to progress on poverty, perhaps mainly because associated conditions are likely to be persistent. Success in reducing poverty should, therefore, help facilitate further improvements, which might in turn require certain social-protection programmes that insure against the downside risk of undertaking economic activities, while raising income of the poor (see, e.g., Thorbecke, 2013).

Much of the above evidence on poverty is based on the incidence ratio. However, more recent evidence shows that these findings hold for the poverty gap (spread of poverty) and the squared poverty gap (severity of poverty) as well (Fosu, 2018c). These other measures have also trended significantly downward since the 1990s; indeed, their rates of decrease appear to have been even faster despite the higher and increasing gaps with the rest of the developing world (Fosu, 2018c). Furthermore, as to be expected, inequality tends to matter more for these other poverty measures: “The importance of inequality for countries’ ability to reduce poverty tends to increase with the

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9 For example, crops may fail due to drought, and the self-employed can experience bad health, thus resulting in lower returns possibly below investment costs.
order of the measure, that is, higher for the poverty gap than for the headcount ratio, and for the squared poverty gap relative to the poverty gap.” (Fosu, 2018c: 103-104)

The foregoing sections clearly indicate that African economies, on average, have enjoyed growth resurgence since about the mid-1990s. This period coincides roughly with the advent of liberalized economic policies, following the government-monopolized resource allocation during the early post-independence era (Fosu and Ogunleye, 2018). But not only has growth increased, so have development outcomes. The next section explores possible links between these development outcomes and democratisation.

5. Linking democracy and development: The African evidence

It is apparent from the foregoing sections that the evolution of democracy in Africa has coincided roughly with the continent’s growth and development. When the measures of democracy deteriorated on the aggregate in the 1980s, so did growth and the various economic and development outcomes. And, when the measures improved as of the late 1980s or early 1990s, so also did these outcomes. A closer examination reveals further that improvements, especially in growth and per capita GDP where the data is much more complete, occurred with a slight lag. For instance, most of the improvements in the democracy indicators often began roughly about the late 1980s or very early 1990s, consistent with the post-cold war period. Meanwhile, growth resurgence for instance began in the mid-1990s. Such evidence, however, is only qualitative and much too gross. I examine in this section the extant literature that might provide some linkage between the four measures of democracy outlined above and economic outcomes.

Electoral Competitiveness

The impact of electoral competitiveness on growth in Africa has been estimated as U-shaped; that is, democratization at low levels – ‘intermediate’ level democracy - is growth-inhibiting, while growth-enhancing at high levels – ‘advanced-level’ democracy (Fosu, 2008a, 2011).\(^\text{10}\) This empirical outcome holds for both the index of executive electoral competitiveness (EIEC) and index of legislative electoral competitiveness (LIEC). Interestingly, Figures 1a and 1b show that the indexes accelerated beginning in approximately 1990, reaching a value of 4.6 by 1993;\(^\text{11}\) this value just exceeds the threshold of 4.4 for attaining the growth-enhancing ‘advanced-level’ democracy in

\(^{10}\) Fosu (2008a) estimates the threshold for this regime as the level of the index of electoral competitiveness in excess of 4.4 (1–7).

\(^{11}\) More precisely, the thresholds were met in 1993 by LIEC and EIC, and in 1994 by EIEC.
Africa, as estimated in Fosu (2008a). Furthermore, the period tallies quite well with that for Africa’s resurgence in growth and development, which began slightly thereafter.

Based on sufficiently high levels of EIEC (6 or 7), Bates et al. (2013) also present evidence in support of the hypothesis that high levels of executive electoral competitiveness have improved economic growth outcomes at both the macro- and micro-levels in Africa. At the macro level, the authors find that political reform ‘Granger-causes’ per capita GDP growth, that is, there is the tendency for greater levels of democracy to lead to higher growth, rather than the converse. They observe additionally that at the micro level, changes in national political institutions towards greater democracy have served to raise total factor productivity (TFP) in agriculture. Furthermore, “that Africa’s electorate is largely rural further suggests that the movement to majoritarian institutions has served to attenuate the ‘Batesian’ urban-bias policies of the past where governments pursued policies favoring (urban) consumers at the expense of the (rural) producers of agricultural products (Bates, 1981).” (Fosu, 2013c, p. 492)

**Political Rights and Civil Liberties**

As measures of democracy, political rights and civil liberties have been observed to also exhibit U-shaped relationships with economic growth, similarly to the case of electoral competitiveness (Fosu, 2011). Reversing the definition of the original data from Freedom House, so that higher levels of these measures indicate greater levels of political rights (PR) or civil liberties (CL) (1-7 range), Fosu (2011) finds threshold values of 2.97, 2.87,\(^{12}\) respectively, for PR and CL; and 2.98 for the first principal component of these variables, which is weighted more heavily toward PR (0.725 vs. 0.275). Thus, ‘advanced-level’ democracies in the present case would be defined as, on average, those regimes exceeding the respective thresholds. As Figures 2a and 2b show, the above thresholds were actually met in 1990 or 1991 [1991 for PR and combined PR & CL (3.04 and 3.23, respectively), and 1991 for CL (3.40)]. Remarkably, these results are very similar to those based on the IEC indicators, where the threshold was generally met by 1993.

In effect, the above African evidence suggests that it is only when the level of democracy is sufficiently high that one could expect it to lead to greater growth, which could in turn be translated into a higher level of development. This result holds, whether the measure of democracy is EIEC, LIEC, PR or CL.

\(^{12}\) Note that in Fosu (2011, p. 23), this estimate is erroneously reported as 3.61.
Executive Constraint

What is the linkage of XCONST to economic outcomes? Alence (2004) observes that democratic institutions in Africa, particularly those exhibiting high levels of restraint on the executive branch of government, greatly improve ‘developmental governance’: that is, ‘economic policy coherence (free-market policies)’, ‘public-service effectiveness’, and ‘limited corruption’. The study finds additionally that while ‘restricted political contestation’ (with limited executive constraints) has little direct impact on developmental governance, executive restraints improve developmental governance even if there is little political contestation (Fosu, 2010d).

Moreover, according to Fosu (2013b), XCONST can accentuate the likelihood of a growth-enhancing ‘syndrome-free’ (SF) regime, independently or by mitigating the potentially pernicious effect of ethnicity. The latter finding presumably emanates from the ability of higher XCONST to attenuate the tendency of less constrained executive branch of government to skew the distribution of resources, including public goods, toward its consistency. Such distribution tends to result in growth-inhibiting misallocation (Fosu, 2013b). Particularly in the African setting, such constituencies are often ethnically aligned.

Concurrently, the prevalence of SF has been observed to be necessary for sustaining growth while constituting “virtually a sufficient condition for avoiding short-run growth collapses” (Fosu and O’Connell, 2006: 31; see also Collier and O’Connell, 2008). In addition, growth collapses have historically reduced Africa’s annual per-capita GDP growth by about 1.0 percentage point (Arbache and Page, 2007). This estimate is hardly marginal, given that growth averaged 0.5 percent for African economies during 1960-2000 and the growth gap with ROW was roughly 1.0 percentage point (Fosu, 2010d). Avoiding growth collapses can, therefore, be quite consequential for sustaining growth in Africa.

Thus, the role of XCONST in Africa’s growth and development is critical. It may promote developmental governance; accentuate the prevalence of SF regimes, independently or via its ability to mitigate the potentially adverse effect of ethnicity; and constitute an important antidote for preventing growth collapses. The growth-enhancing role of XCONST, therefore, should not be underestimated.

13 ‘Syndrome-free’ regime means a ‘combination of political stability with reasonably market-friendly policies’ (Fosu and O’Connell, 2006: 54).
14 Indeed, there is the view that ethnicity is at the root of the historically dismal African growth record (Easterly and Levine, 1997).
Polity 2

McMillan and Harttgen (2014) find that increases in the Polity 2 score appear to have promoted structural change in Africa since 2000, by reducing the share of employment in the relatively low-productivity agricultural sector. This outcome can occur directly, or via interactions with price changes. Since, in turn, structural change is often viewed as promoting higher sustained growth, via reallocation toward higher valued sectors, it is expected that this indicator of democracy would be positively linked to long-term growth.

Political Instability/Stability

Civil wars in Africa have been growth-inhibiting (Collier, 1999; Gyimah-Brempong and Corley, 2005). Collier (1999) for instance finds that the incidence of a civil war could on average reduce annual per capita GDP growth by as much as 2 percentage points in Africa. A similar estimate is obtained by Fosu and O’Connell (2006) for ‘state breakdown’ (civil war or severe political instability). In addition, the incidence of elite PI, involving military coups, tends to be deleterious to growth in SSA (Fosu, 1992, 2001, 2002a, 2003). PI could, moreover, attenuate the rate at which growth is translated into human development (Fosu, 2002b, 2004). Thus, the diminution in PI as of the early 1990s might have contributed to the observed improvements in African economic and development outcomes since about the mid-1990s.

But to what extent might the improved democratization contribute to the promotion of political stability? As observed above, the role of democracy in this process is ambiguous; however, it is quite likely that once one properly controls for the tendency of relatively low levels of democracy to spawn political disorder, the stability-promoting role of democracy might become apparent. For example, the very high frequency of elite political instability in the form of military coups d’etat in Africa could be traced to the lack of a democratic framework for constitutionally changing governments, to begin with (see, for instance, Mbaku and Paul, 1989). If so, then the increased democratization would serve to attenuate such political instability.

Issues of causality

As argued above, the issue of causality is important in inferring the appropriate line of policy action. In particular, if the direction of causation is from democracy to economic outcomes, then deepening democratic reforms can be expected to yield improved development outcomes. As observed above,

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15 The rationale is that improved democratic dispensation would result in the adoption of productivity-enhancing policies in agriculture (Bates et al., 2013); the higher productivity would in turn release labor from the agricultural sector to the more productive ‘modern’ sector, thus enhancing structural transformation (McMillan and Harttgen, 2014).
Bates et al. (2013) shed light on this causality issue, by finding that at the macro level, democracy ‘Granger-causes’ per capita GDP growth for African countries. That is, there is the tendency for high levels of democracies to result in relatively large growth, mainly because in the African case, at least, these high-level democracies are likely to adopt growth-enhancing policies, in order to be accountable to the voters. Thus the above studies showing positive associations between democracy and development outcomes could reasonably be interpreted to mean that the democratic reforms, beginning generally in the late 1980s and early 1990s in Africa, may have borne fruit in terms of improved growth and development outcomes.

Obviously, the efficacy of democratic reforms and improvements of economic outcomes are likely to be reinforcing. Indeed, Bates et al. (2013) find that this is the case for the global sample, that is, there is bi-directional causation between democracy and per capita GDP, despite the finding of a unidirectional relationship for African countries. The disparate empirical outcome for Africa might result from the stylized fact that there was a strong external impetus to reform, from donors coupled with the demise of the Soviet Union and the cold war. These events may have pushed a number of African countries to engage in such reforms which, in tandem with economic reforms, later began to generate favourable economic outcomes.

6. The challenges going forward

The above sections of this paper have shown that Africa has emerged from the economic doldrums in which it found itself in the 1980s and early 1990s. Not only has per capita GDP improved considerably, but so have such development outcomes as the HDI and poverty reduction. Concurrently, various measures of democracy have improved generally on the continent since about the late 1980s, thanks to the democratic reforms that were instituted in many African countries. There is, furthermore, credible evidence that the higher growth and development could be attributed, at least in part, to Africa’s improved democratic dispensation. Notably, the role of democracy in this regard appears to be U-shaped: the early stage (‘intermediate-level’) is often growth-inhibiting, presumably the result of political disorder, while the later stage (‘advanced-level’) tends to enhance growth. Nonetheless, are the current trends long-term or episodic?

Rodrik (2018) appears to attribute much of the African progress on economic growth to the favourable external environment, especially high commodity prices and low interest rates in the

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16 Consistent with Fosu (2008a), for instance, Bates et al. (2013) designate as democratic in a given year only those African countries with high EIEC scores of 6 or 7 (range: 1-7).
Thus, according to Rodrik, reversals of these external variables may render episodic the recent economic and development improvements.

Within the new institutional economics framework, however, institutions are primary. If so, then pessimism about growth sustainability may also be pre-mature, unless institutions are weak. Hence, continuing to fortify institutions in Africa is crucial (Fosu, 2018b). Unfortunately, institutional fortification within the African democratic setting is fraught with fiscal challenges. Interpreting Bates (2006), Fosu et al. (2006, p. 1) write:

“First, while politically accountable governments can lead to improved economic outcomes, they are unlikely to adopt economically desirable policies that are unpopular with the populace. Unfortunately, such governments also tend to increase the risk of political disorder in Africa, which may in turn be growth-inhibiting. Thus, recent attempts by African countries to adopt more democratic governments may not lead to the expected improved growth and development outcomes unless successful attempts at minimising political disorder can be achieved.”

As observed above, there is the view that ethnicity has been a major culprit for the dismal historical growth performance in African countries (e.g., Easterly and Levine, 1997). Moreover, based on Kimenyi (2006) for instance, “the existence of ethnically based interest groups is likely to result in sub-optimal provision of public goods” (Fosu et al., 2006). And, it is such public goods that would be critical for attracting relatively productive (private) investment, as clear from ‘development’ success cases (Fosu, 2013d). Hence, the issue of the desirability of multiparty democracy as the institutional basis in an ethnically polarized society, as may be the case in many African countries, deserves special attention.

As Collier (2000) and Easterly (2001) argue, ‘good’ institutions provide an appropriate mechanism for resolving ethnic conflicts. The key challenge, then, is how to attain such institutions. For example, employing Knack and Keefer’s (1995) comprehensive measure of institutional quality, Easterly (2001) finds that institutions are capable of attenuating ethnic conflicts. This measure combines: (a) freedom from government repudiation of contracts, (b) freedom from expropriation, (c) rule of law and (d) bureaucratic quality.

To the extent that multiparty democracy is capable of delivering such institutional quality (IQ), then, is critical for ensuring that the gains that Africa has achieved in the last three decades will

\[17\] See, for example, Fosu (2019) for a relatively detailed treatment of the role of institutions in African economic development.
endure. From a practical perspective, however, it remains unclear as to what the appropriate policy leverage is, given the multi-dimensionality of this above IQ.

Fortunately, the recent finding that executive constraint (XCONST) may mitigate the potential deleterious impact of ethnicity might provide a relatively feasible policy instrument (Fosu, 2013b). Unfortunately, the growth-enhancing level of XCONST is likely to fall short of that required to eliminate the adverse effect of ethnicity (Fosu, 2013b). Indeed, attaining the upper limit of XCONST would be sub-optimal, since it implies complete impotence of the executive branch of government.

Nor is ethnicity per se the only challenge. Within a framework of geographically-based interest groups, ‘free’ local public goods, that is, locality-based public goods that are financed almost entirely by the central government, are very attractive to local constituents and, therefore, to politicians who wish to win national elections. Given a government budget constraint, however, such ‘geographic’ public goods (e.g., local-level schools, clinics, roads, etc.) might be provided at the expense of national ones (e.g., national-level schools, roads, railways, etc.), which could nonetheless be relatively productive (Fosu, 2018a).

Cumulatively, there is the tendency for such geographically-based public goods provision to lead to oversupply, while reducing quality and exacerbating the fiscal condition of the economy (Fosu, 2018a). In my view, therefore, such a politico-economic disequilibrium, as alluded to by Bates (2006, 2008a) and Humphreys and Bates (2008) in a more general context, is a key challenge that development stakeholders need to grapple with, as African countries attempt to sustain their improved growth and development. A critical risk is that the implied mismanagement of the economy (Bates, 2008a; Humphreys and Bates, 2002), and possible political disorder (Bates, 2006, 2008b), might lead to backtracking by African countries in their thrust toward democratic consolidation. Yet, it is such consolidation that is likely to sustain the recent gains.

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18 Bates (2008a, p. 387), for instance, argue that the recent political reforms in Africa may have actually resulted in macroeconomic mismanagement, as “governments in competitive systems tend to spend more, to borrow more, to print money, and to postpone needed revaluations of their currencies than do those not facing political competition.”
References


