

The Raffles Review

Issue 20. 25 September 2015

Never the twain shall meet?



SOURCE

"Democracy and state capacity: Complements or substitutes?" by J.K. Hanson was published in *Studies in Comparative International Development*, 50(3), 304-330.

BIG IDEAS

- Better development outcomes can be achieved either through democracy or state capacity; the effects of democracy and state capacity overlap instead of complementing each other. This, therefore, leads to the hypothesis that democracy and state capacity function as substitutes.
- Although studies point to the prevalence of democracies spending more on public services than non-democracies (with all else being equal), the "links between democracy and social sector outcomes are inconsistent and weak".
- State capacity directly influences the effectiveness of public service delivery and has indirect effects on the motivations/incentives of politicians to supply public services.
- High levels of state capacity create an enabling environment for the design and formulation of better policies, improve the flow of information regarding public needs and offer a framework for service delivery. These outcomes do not require the presence of democracy.
- This implies that when highly capable states are run by autocratic rulers, development outcomes do improve because the rulers strengthen their legitimacy by using public services as a strategic tool and display more willingness to accommodate initiatives arising from state bureaucracies.

IMPLICATIONS FOR PUBLIC SERVICE

- The attributes of democracy: a more open political environment (Benin) and inducing political competition (Sri Lanka) can improve delivery of public services.
 - State capacity is crucial in bolstering the resilience of public service delivery mechanisms, especially during periods of political instability and civil unrest (Sri Lanka).
 - Without measures to hold public service providers accountable, policymakers may "lack the means to improve developmental outcomes".
 - Evidence suggests that democracy does not appear to improve public sector performance dramatically and moderate levels of democracy may "actually be less conducive to building state capacity compared to very low or high levels of democracy".

The Raffles Review
aims to ruffle your thinking!

This weekly offering summarises insights on public service matters to challenge assumptions and question the status quo.