

Examining Authoritarian Developmental States



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Key points

- Authoritarian developmental states work well only under strict historical and institutional conditions. They are not a panacea for economic catch-up.
- Learning from democratic systems (institutional mimicking) is vital in understanding resilient authoritarian regimes.
- Effective control of capital, labour, and local governments is a complex task that will fail in most state-led developmental ambitions.
- Authoritarian states often face huge challenges when they reach mid-income status, as societies become diversified.
- The resilience of authoritarian regimes depends on how they resolve development challenges, not on adopting specific development models.
- Information technology is likely to further polarise authoritarian regimes between those who can or cannot access data for economic and political control.

Introduction

The number of authoritarian regimes around the world has increased over the past decade.¹ Although these regimes share common features (i.e. rejection of political plurality, advocating strong centralised state power, suspending the rule of law, power sharing, and democratic voting), some have delivered impressive outcomes, achieving various development goals, particularly around economic growth, industrial catch-up, and poverty alleviation.

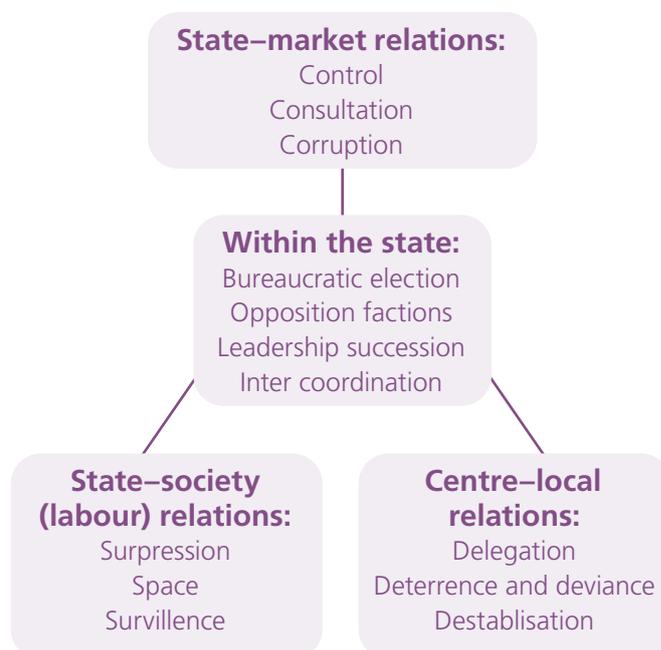
This situation has intensified a debate among academics and practitioners, similar to that in the 1980s, about why and how developmental, state interventionist, and sometimes oppressive states work. The question of how these countries achieved high-income status under a combination of authoritarian rule and developmental strategy remains, now encompassing today's rising authoritarian powers.

Power-sharing mechanisms are a key difference between liberal and developmental approaches, being crucial determinants of the effectiveness of developmental states in promoting economic growth, social stability, and welfare. They can be analysed by examining how authoritarian developmental regimes retain their influence and control within and outside the state, and to what degree power is shared with political opposition, private business, local government, and civil society.

¹ According to many leading democracy indices, such as the V-Dem Institute, the Economist Intelligence Unit, the Polity Project, and Freedom House.

These relations determine the accountability and effectiveness of the regime as a whole. Networks and interactions around the central government not only determine the quality and resilience of authoritarian regimes but also affect performance on different developmental goals (with economic growth being paramount for these regimes). Yet historically, in most cases of 'effective' authoritarian developmental regimes, exogenous factors such as natural resources (particularly oil) and diplomatic relations (especially with the US) played an equally important role as endogenous factors.

Figure 1. Power-sharing mechanisms among authoritarian developmental regimes



Endogenous power structure within authoritarian developmental states

To analyse how power is shared and transferred among political factions in authoritarian developmental states, it is important to study the main features of their bureaucracies and decision-making processes.

Authoritarian developmental states were historically classified as administrative meritocracies that included stringent civil service selection processes, dating back to the ancient Confucian tradition, cultivating highly capable bureaucratic managers who were well respected in society. However, many scholars challenge the notion that these selection processes are purely based on meritocratic values, particularly at the higher levels. Studies illustrate that patronage, corruption, and factionalism all play a part (Aspinall 2014; Suárez Serrato *et al.* 2019).

Another tendency is for bureaucratic leaders to have absolute power in **a system of 'upward accountability'**, with little incentive for officials to answer requests from below. At the very top, national leaders usually wish to retain power for as long as possible, so the leadership succession is often the biggest durability test for the regime.

Today, **authoritarian leaders are usually chosen by hereditary succession or competitive elections within ruling coalitions**. These institutionalised arrangements reduce conflicts between current leaders and opposition factions, although the credibility of these institutions varies between countries. Some authoritarian regimes also have a legislature elected by citizens, providing a controlled arena for political bargaining among elite factions.

In many Asian authoritarian countries, **the repression of opposition leaders is increasingly non-violent**, with civil lawsuits or anti-corruption campaigns being used to defame or deter them rather than murders, house arrests or travel bans. As a result, there is a notable increase of pluralism among most authoritarian regimes in Asia. Both multiparty and single-party legislatures are providing opportunities for opposition factions to pursue their policy agendas.

However, allowing more space for political opposition does not necessarily lead to improved coordination between various parts of the bureaucracy. Cooperation among government departments or between different localities is particularly challenging in a top-down system. Different departments operating in isolation can also create unnecessary political struggles. Coordination

across departments is therefore imposed from above, by developing independent and supra-institutional arrangements on top of existing hierarchies.

Because governing modern societies requires not just strong states, but also rule of law or democratic accountability, **many authoritarian regimes mimic the institutional arrangements of democratic countries**. This enhances the regimes' durability by enabling relatively peaceful leadership succession and more pluralist political space.

In more enclosed political systems, despite their non-inclusive nature, governance systems may be highly flexible and experimental, and hence capable of identifying, correcting, and replacing outdated practices, thereby enhancing regime resilience. **Authoritarian regimes' durability is due to their capacity to borrow practices from liberal democratic societies**, ranging from political institutions (e.g. constitutions), economic institutions (e.g. stock exchanges), or social institutions (e.g. public hearings).

State–market relations

A **critical source of legitimacy** for authoritarian developmental regimes is the **promotion of economic growth** to compete with more industrialised countries. Hence authoritarianism is often coupled with developmentalism. The aim is to maintain a blended system, combining political traditions with pseudo-democratic institutions to provide some legitimacy. Most of these regimes use government policies to manage industrialisation and increase economic growth. Such governments generally have the following characteristics:

- Economic growth is viewed as the single biggest objective for the entire nation.
- The state avoids lobby and interest groups and employs capable and professional bureaucrats to pursue development strategies.
- Cooperative state–market relations enable officials to craft appropriate policies for supporting specific industries.
- Governments mobilise economic resources (such as financial credit) to shape resource allocation to support specific policy goals.

Superficially, such state-led strategies can help to focus limited resources on strategically important sectors. For developmental states to work well, governments must maintain effective control over large corporations

and especially the financial sector. However, a national development strategy should be built on frank and constructive communication between state and industrial actors to ensure policies are based on robust information exchange, fundamental for realistic planning. This imposes a significant challenge for state capacity and autonomy.

Can authoritarian states make wise strategic decisions to guide industrial upgrade and can state officers be insulated from rent-seeking opportunities accrued from industrial planning, subsidy design, or tax schemes? Rodrik (2014) highlights three principles of appropriate and effective state intervention: embeddedness (constructive and consultative state–market relations), discipline (no collusion from the state and market actors), and accountability (policies to be transparent and scrutinised by the public).

For non-democratic regimes, these requirements represent a paradox of strengthening state control in the economy while upholding accountability. However, some countries have established alternative accountability mechanisms. **Strong state-led developmentalism promoted economic success, but in a specific historical and national context.** Success of developmentalism is neither guaranteed nor irreversible, and state interventionism is neither a permanent nor sustainable economic panacea.

Centre–local relations

Power delegation is needed for effective authoritarian developmental states to perform.

For these countries, the most urgent task, besides upholding the ruling coalition, is economic growth. Such a monolithic agenda forces local officials to attract investment and create a favourable business environment. Yet unlike socialist systems that aim to control every single production unit, authoritarian developmental regimes often set out only visionary goals. Local authorities have considerable autonomy over how these goals are achieved, for example by granting more generous subsidies, facilitating investment deals, or settling land disputes.

On the one hand, such arrangements may stimulate **local innovation and experimentation**, which is believed to be the major cause of rapid economic progress in many Asian economies (Ang 2016; Heilmann 2008). On the other hand, delegating power to promote economic activity tends to nurture corporatism and protectionism when local enterprises are heavily patronised by local government officers (**patronage and corruption**).

Local authorities are crucial because (1) most national development strategies have to be implemented at the local level so the attitudes and preferences of local officials have a strong impact on the outcome of central policies; and (2) authoritarian developmental regimes generally regard social unrest as a threat so local authorities play a crucial role in detecting and deterring discontent, particularly when the discontent is intertwined with ethnic conflicts or separatist doctrines.

Authoritarian regimes in the recent past have increasingly decentralised local government, giving more economic and political autonomy to provincial authorities. This frequently arises due to the challenge of managing more and more sophisticated economic and political realities from the top down. Highly centralised systems cannot monitor and control all economic and political activity across a country. However, power delegation has consequences, including the **fragmentation of interests** and **increasing diversified agendas**.

The pursuit of impressive economic performance by local officials can have a negative effect. Other central policies that are not directly relevant for economic growth may be poorly implemented or ignored. Another consequence may be intense competition between different localities, impeding coordination and cooperation.

State–labour relations

Authoritarian regimes generally attempt to control their populations when promoting developmental strategies. For export-oriented regimes that focus on expanding trade and attracting foreign investment, the cost of labour is often intentionally contained to ensure that exports remain globally competitive. **Labour unions are either absent or weak**, with little negotiation powers against the local bureaucracies mentioned earlier. Consumption by urban workers and farmers is also contained to free up more resources to enable state-led investment.

Governments also intervene in **land and resource-related disputes** between investors and local residents, using coercive power to arrange mass relocation and land appropriation, or encouraging highly polluting industries despite local protest. Populations may tolerate this at first, but in the long run this approach can provoke unrest, particularly when corruption becomes apparent or when investment fails to deliver local benefits.

Governments also face a conflict between a **one-dimensional policy agenda that prioritises economic growth** over other social or environmental issues, and an increasingly diversified society where people are

no longer satisfied solely with increasing wealth, but demand equality, environmental sustainability, and improved health.

A challenge for authoritarian regimes is therefore not only about creating economic prosperity, but how those economic benefits can be equally distributed among the population. Consequently, many authoritarian regimes **mimic institutions to enhance transparency** by, for example, carrying out a public consultation on investment decisions or even soliciting public comments on draft policies. However, this approach does not address the fundamental issue of accountability, but merely enhances the resilience of the regimes. Indeed, this approach might be characterised as **giving people the voice but not the choice**. Opinions are heard, but then ignored during the decision-making process. Some of these mimic institutions are also ornamental and there is **no meaningful engagement** with genuine local concerns. The government may also use social welfare programmes to consolidate its rule, where social welfare provision is contingent upon political support.

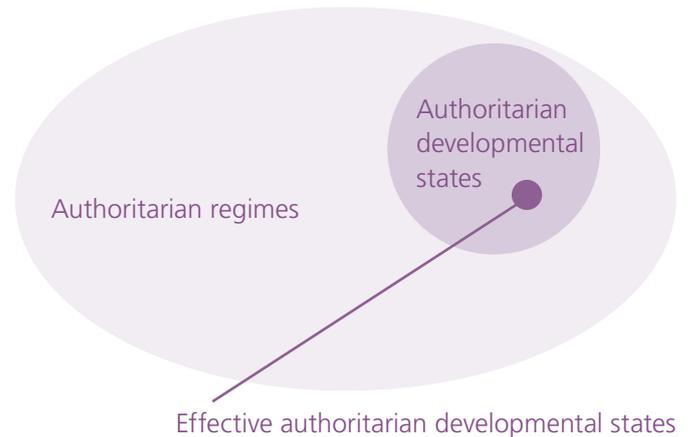
Big Brother 2.0

It is worth highlighting **the role of new technologies in sustaining authoritarian regimes** (the internet, artificial intelligence, and big data) and helping to resolve the **'dictator's dilemma'** of how to collect and control information simultaneously (Malesky and Schuler 2011). Digital technologies can enable the collection of personal, organisational, and industrial data at an unprecedented scale. They are also **reconfiguring state–market, centre–local, and state–labour relations**. Previously, central governments relied, to some extent, on civil society actors to provide information for central policymaking, but now government-organised NGOs and think tanks are used more and more to promote government agendas. Currently, fewer authoritarian regimes completely forbid civil society organisation, but constraints are increasingly applied, particularly on non-developmental issues. Meanwhile, the growing reliance on digital technology leads to a close and subtle relationship between authoritarian governments and big technology firms, where many state digital infrastructures are implemented via public–private partnerships (PPPs).

Is there a transferrable effective authoritarian developmental state model?

Only a small number of authoritarian regimes have achieved continuous economic development over the long term. The emergence of these effective authoritarian developmental countries was partially due

Figure 2. Likelihood of authoritarian regimes being effective authoritarian developmental states



to historical and cultural traditions, strong and capable bureaucratic systems internally, and relatively favourable external conditions. But is this model transferrable? The consensus is that **cultivating an autonomous, capable, and developmental elite state in many countries is highly challenging**. It is unrealistic that ambitious, disciplined, accountable, and incorruptible government officials can be created out of thin air. Therefore, unsuccessful attempts to become effective authoritarian developmental states will likely outnumber successful ones.

Rapid industrial catch-up and economic expansion has an inevitable impact on social and economic inequalities. In general, economic or social policy implementation often comprises three sets of targets: effectiveness, efficiency, and equity (the '3E' pillars) (Martin *et al.* 2014). Policy effectiveness evaluates the extent to which policy goals are met, whereas policy efficiency evaluates the total cost and benefit of achieving those policy goals, and equity refers to how the costs and benefits are distributed among different policy stakeholders. For policymakers in authoritarian regimes, effectiveness and efficiency are more important indicators than equity, because catching up is the highest priority. Because government resources are often limited in developing countries, **rapid economic growth is often accompanied by exacerbated social and economic inequalities and increased exclusion** across localities, sectors, ethnicities, and genders.

Conclusions

The combination of developmentalism and authoritarianism provides an interesting case for understanding the effectiveness or resilience of non-democratic governance, particularly for driving economic growth and maintaining social stability. From an historical institutionalist perspective, the strength

of this combination is partly due to a lingering tradition of highly capable bureaucratic systems, particularly among East Asian countries. However, this is not the only explanation. **The endurability of these regimes rests on democratic mimicking**, borrowing features of democratic institutions to exert control over society, including opposition parties, businesses, labour, and local states.

For developmental strategies to work, authoritarian regimes need to make effective state interventions.

Success depends on effective state capacity for economic planning, controlling corruption, generating stable revenue and rational spending, and accountable policy feedback systems. For highly centralised regimes, managing fragmented interests among local states is another major challenge. Local officials may either deter central policies or capture them to serve their own interests. Designing incentives and disciplinary mechanisms and allowing both top-down inspection and bottom-up feedback is crucial. Lastly, state-led economic strategies almost inevitably involve suppressing labour costs. In this regard, promoting fairer distribution and compensation for those who lose out during economic expansion is key. In general, **authoritarian countries capable of managing all this are rare** and we therefore observe more failed rather than successful examples throughout the world.

Further policy insights can be drawn:

- The developmental approach – even if successfully implemented – will impose significant challenges as countries reach mid-income level, when peoples’ economic and political demands become increasingly diverse. **Eventually, authoritarian regimes must shift the focus from growth to a wider range of policy goals**, including the switch from supporting capital accumulation to capital distribution. The effectiveness of this approach depends on the ability to exit unnecessary government subsidy or other supportive instruments, reforming state-controlled sectors, nurturing market competition, increasing transparency and accountability, eliminating local protectionism and corporatism, and addressing inequalities among different localities and social groups.
- It is important to **identify potential coalition groups among multi-layered and multi-directional power struggles within these complex regimes**. It is crucial to have a holistic understanding of the level of sophistication of the given regime and an understanding of the unique political features of a given policy issue, such as who is the most dominant

player and who needs to be empowered to challenge the status quo. For retrograde regimes, the focus should be on how to enable mimicking in various areas. For sophisticated regimes, the focus should be on improving the performance of these mimicked institutions, consolidating support and preventing backward restoration of old systems.

- For authoritarian developmental regimes, information is paramount, both economically and politically. Economically, most developmental policies depend on strong central states addressing information gaps via coordination and long-term planning. The effectiveness of developmental policies is essentially determined by state capacity to address information gaps to serve long-term development goals. **Politically, information collection and control are fundamental to authoritarian regimes**. The advent of information technology makes the management of mass market and political data increasingly feasible. Consequently, **effective authoritarian regimes will inevitably become more and more data- and information-driven**. Authoritarian regimes with limited digital capacity will struggle to control information, possibly making them slip back into retrograde regimes. Others will gradually transform themselves into digital leviathans, becoming increasingly confident in long-term economic planning, resource distribution, social mobilising, and strengthening surveillance on local states, business, and citizens. We may therefore witness an increasing polarised world of authoritarian regimes in terms of their ability to control the economic and political spheres.

Policy implications

What is the role of development agencies working in countries attempting to become effective authoritarian developmental states?

- **Using aid to try to influence** an increasingly sophisticated authoritarian regime **is like the tail wagging the dog**: only gradual changes can be expected. Development pathways are always non-linear, historic, and context specific, and dramatic progress can be unrealistic, and sometimes even counterproductive.
- **A sophisticated authoritarian regime that mimics democratic institutions may be better than a regime that has abandoned such institutions**. If mimicked institutions work well, they may be further strengthened by those who actually benefit from them, as new institutions create new political spaces.

- It might be preferable to **abandon value-laden prescriptions about governance** and instead adopt more flexible approaches, rooted in comparative history and evidence-based analysis of key actors' interests and beliefs in the governance system, in order to seek broader internal allies with shared interests and values. As long as development work is helping to strengthen these states' commitment and capacity for delivering economic and social benefits, this work should continue.
- Meanwhile, the **core challenge is how to avoid development aid being 'captured'** by the ruling coalition or the elite class for their own benefit. For both effective authoritarian developmental states and development agencies, corruption can be a common enemy. Demands for transparency and accountability, and for the removal of bad policies or practices, can coincide with the fundamental interests of at least the top leaders.
- Although authoritarian regimes and development agencies may have differing views regarding equality and labour rights, the trade-off between rapid economic growth and social inequality should at least be well understood by both sides. **If aid activities are focused on enhancing the accountability of development strategies and maintaining a minimum threshold for the equity effects of those strategies, then this could produce a positive impact in the long run.**

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