ABSTRACT – The established view in political science is that a sound and functioning state has to be in place before democracy can be introduced. State first, and then democracy. While acknowledging that the basic infrastructure of state authority and administration has to be there for a democratic system to be established and work, this paper examines the possibility that democratisation itself may play an important role in the further development and consolidation of a state, particularly in developing regions. It does so by empirically analysing the relationship between, on the one hand, the level of democracy and the duration of a democratic system and, on the other hand, the key dimensions of the state, notably political order and administrative capacity. A panel analysis, covering a population of over 100 countries, sheds light on the relationship between democratization and the state. The degree of democracy of country’s political system, in particular, appears to positively and significantly affect the consolidation of the state and of its individual dimensions.

1. Introduction: democratization and the state

Democratisation and state-building are key terms in the current international development agenda. Both, for example, have been claimed to significantly affect such crucial issues as security, economic growth or the welfare of the poor (e.g. Fearon – Laitin 2003, Elbadawi – Sambanis 2002, World Bank 1997, Gerring et al. 2005, Evans – Rausch 1999 & 2000, Bueno de Mesquita et al. 2003). Moreover, the two are often evoked together, as most evidently in the cases of Afghanistan and Iraq over the past decade. As a recent work candidly put it, “we need a state that works well … but we also want a state that does the right things” (Bäck and Hadenius 2008:1).

While democratisation and state-building are processes that are often evoked together, however, they refer to two analytically distinct underlying concepts, namely democracy and the state. Stateness is not normally part of definitions of democracy, and viceversa. It thus follows that their “conjunction … is contingent … and … only one of four logical possibilities” (Rose – Shin 2001:335). For our purposes, as will become clearer over the next few paragraphs, the logical juxtaposition between the presence and the absence of a state (i.e. state

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vs. non-state) is better replaced by an empirical distinction between a consolidated state *versus* a fragile state. Our four possible combinations will thus look as in Figure 1.

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**Figure 1. Democracy and the state**

This paper addresses the question of a possible causal connection between democratization and state consolidation. It addresses the issue, in other words, of whether and why democratized states tend to be more consolidated states, i.e. empirically concentrated in the top right-hand corner of Figure 1, as opposed to the bottom right-hand corner.

The subject itself is at the crossroad of two strands of political science literature that have recently gained increased attention. The first one looks at the side effects of democratization, i.e. at its impact on a number of social, economic and political phenomena (e.g. Lake – Baum 2001, Bueno de Mesquita et al. 2002, Mulligan et al. 2004, Keefer – Khemani 2005, Gerring et al. 2005, Brown – Mobarak 2009, Carbone 2009). The second literature of concern consists of emerging attempts at empirically measuring the notions of state, stateness or state capacity (Evans – Rausch 1999, Mata – Ziaja 2009, Hendrix 2010, Dahlström – Lapuente – Teorell 2010, Fortin 2010).

The paper is structured as follows. In the next section, we begin to discuss the possible connection between democratization and state consolidation from a theoretical perspective and examine the causal mechanisms potentially at play. We then identify the key components of a multidimensional notion of state, propose our specific operationalization for both state and democracy, and spell out the hypotheses that drive our empirical investigation. A panel analysis is then conducted and its results discussed. Our findings show that democracy – in particular, a country’s degree of democracy – is indeed a relevant variable that helps explaining state-building processes.

2. **Does democratization help state consolidation?**

The claim that democracy enhances the consolidation of state institutions immediately raises the sensible objection that democracy can only exist after a state is already in place. Stateness is nothing less than a *necessary* condition for democracy, *a conditio sine qua non*. “No state, no democracy”, as Linz and Stepan (1996:14) aptly observed. In a similar vein, Huntington had earlier noted that “men may, of course, have order without liberty, but they cannot have liberty without order. Authority has to exist before it is limited” (1968:7-8). Few would actually question that states are the essential underlying frameworks upon which contemporary democracies can be built. This is also the reason why notions of democracy do not normally include the state as a defining element: they *presume* the existence of a necessary minimum of stateness.

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1. Cf. Fortin (forthcoming) for an empirical analysis of state capacity as a necessary condition for democracy in post-communist countries.
Yet state-building is a continuous process. While a minimal functional capacity of the state has to be in place before a country democratizes, Carothers stresses that postponing democratization until a well-functioning state (that is, “one with capable, impartial institutions and a solid capacity to develop, legislate, and implement effective policies”) has been established wrongly assumes that autocrats will be good at the job. In fact, dictators are inherently unsuited to contribute to the second stage of state-building – notably to the construction of an effective state bureaucracy – because an impartial, efficient, effective, autonomous and legitimate state threatens the very nature and survival of their rule (Carothers 2007:18-19). Framed in this manner, the question then becomes: is it the case that a state has to be effectively consolidated before it can be democratised, or is it rather the very introduction of a democratic source of legitimacy for public institutions that helps strengthening certain all-too frail states? Ultimately, it is suggested, “democratization may itself be a prerequisite for well-governed and consolidated states” (Bratton 2008:7).

3. Why and how would democracy foster state-building? The mechanisms at work

What is the story, if any, connecting democratization to state consolidation? Only a handful of scholars have elaborated specific theories and causal mechanisms to account for a possible impact of democratization on the state and empirically examined the issue.

The existence of a connection between democratic reforms and state consolidation has been explored by Bäck and Hadenius (2008) through their theory of “two methods of steering and control”. Any perspective on the state has at its heart the notion of a significant centralization of public activities, which, in turn, implies a certain capacity for “steering and control” from the centre. Yet, centralized structures, resources and activities do not necessarily translate into effective administrative capacity. The latter is substantially advanced only when social groups and individuals that are affected by state policies cooperate, that is, when they are able to add a degree of “steering and control from below”. While top-down control over state administrative structures may be facilitated by the hierarchical and repressive features of authoritarian regimes (such as in a number of resource-rich and harsh Middle East states), administrative capacity may decline as processes of political opening are initiated and multi-actor politics weakens controls from above before bottom-up mechanisms are established and become fully operational. This has been the case, for example, in a number of Latin American countries. As open pluralistic politics and institutions gain roots, experience and quality, however, more full and stabilised democratic regimes can build on bottom-up mechanisms and achieve the highest levels of administrative capacity. Bäck and Hadenius find empirical support for a J-shaped relationship between democratization and administrative capacity, or the idea that democracy needs time to take roots and affect state consolidation.

A related work, however, suggests and finds that, in poor countries, the effect of democracy is actually likely to be negative, rather than positive (Charron and Lapuente 2010:445). This is because voters in least developed countries will likely over-value short-term distributions for immediate consumption, such as patronage distributions, rather than the costly and long-term investments that are required to improve the quality of bureaucracies and thus a state’s administrative capacity. Bates similarly finds that “electoral competition and state failure go together” (Bates 2008a:12) in his analysis of African regimes that embraced multiparty politics in the late 1980s and early 1990s. By making incumbents less secure about their tenure and shortening their time horizons, democratization raises the rewards from predation. But predation, in turn, generates insecurity for the people, and thus contributes to fostering conflict and state collapse. Political reforms, in other words, provoke disorder (Bates 2008a:26,108ff.).

An entirely different perspective on the relationship between democratization and state development is offered by Slater (2008). In his view, competitive elections (something Slater holds distinct from truly democratic elections) enhance state infrastructural power through three main mechanisms. Firstly, they incite the creation of mass political parties. Political parties, in turn, can help maximize the pressure on elected governments to improve their institutional capacity and develop and deliver ever more challenging and universalistic policies, from health and education to public housing and land reform. Secondly, the voter registration processes that are needed to hold elections make a population “legible” to the state, thus generating “a basic foundation of state infrastructural power” and a key starting point for the development and implementation of state policies (Slater 2008:259). Finally, because elections require state authorities to assert their presence all over the national territory, a powerful effort will be made to establish an electoral administration, to conquer peripheral or recalcitrant regions to the state and thus to weaken local resistances, strongmen and militias. This newly established state presence on the ground will likely endure well beyond
the mere electoral period. Thus, the electoral process can prove “a tool for the creation of political order” (Wantchekon 2004:18, in Slater 2008:272), in an argument that echoes Charles Tilly’s (1992) famous “war makes states” hypothesis.

Beside specific theories, a number of more general causal mechanisms are often evoked which supposedly link the introduction of democratic institutions and politics to the consolidation of the state. These are in fact comprehensive performance-enhancing processes which, at least in theory, can be expected to affect the performance, efficiency and delivery of a state at large, e.g. by favouring the promotion and achievement of economic growth, domestic peace, social well-being, and so on (cf. Lake and Baum 2001; Siegle, Weinstein, and Halperin 2004; Brown and Mobarak 2009; Bueno de Mesquita et al. 2002). These same processes are also likely to have an impact on the state, as explained below.

Democratic inclusion, legitimacy and effectiveness. Democratic participation is quasi-synonymous for social and political inclusion. As Glazer (2010:19) puts it, “institutional features which offer the hope that every part of the population will feel part of the whole … thanks to free political parties, a free press, contested elections, and an accepted supreme arbiter in the courts, democracy promises to address deep divisions more successfully than any alternative”. Through the expansion of the right to vote and other crucial freedoms such as the freedom of expression, association or assembly, all of a country’s citizens supposedly become part, on an equal footing, of a political system from which many of them were previously excluded. On the one hand, expressive participation implies that the very opportunity of voicing their interests – through elections, parties, unions, civic organizations, social movements and the like – allows individuals and groups to feel that they are now taking part to and have stakes in the system. Rather than feeling politically excluded, people more likely identify with the state and accept the legitimacy of its authority. Elections, in particular, are meant to be a tool for the legitimisation of political authorities, and in this sense the notion that “democracy legitimizes the state” (Bratton and Chang 2006:1081) sounds like self-evident. At the same time, the instrumental side of participation implies that interests are articulated and voiced by citizens and intermediary actors and are somehow taken up by electorally-accountable decision-makers. Social needs and interests are thus included in the decision-making process and, as a result, elected governments take decisions that are more in line with public preferences. This way of making decisions will improve the acceptance of state authority, breeding compliance. Compliance, in turn, helps augmenting state effectiveness. Both expressive and instrumental participation are thus likely to reduce individual, local or communal resistances to the social and territorial penetration of state structures, facilitating the establishment and enforcement of domestic political order throughout a national territory. This may be especially consequential for states that need to gain and retain the peaceful loyalty of diverse ethnic or religious communities.

But the virtuous cycle linking the legitimacy and effectiveness of state structures (cf. Diamond 1999:77) that democracy possibly feeds into goes beyond the extension and deepening of the presence of the state in certain regions or communities. The well-functioning of state agencies themselves hinges at least in part upon their legitimacy. Thus, to the extent that the democratic process reinforces the legitimacy of state institutions, it arguably contributes to strengthening the latter’s effectiveness too. This is especially true when it comes to improving the revenue-raising capacity of tax bureaucracies and thus the material basis of a state. If citizens’ acceptance of public authorities rises, so should their compliance to the decisions and policies adopted by such authorities. Democratic governments should therefore face the least resistance (i.e. reduced costs of compliance) in their efforts at imposing direct forms of taxation upon their citizenry: if people are to cooperate with anybody who aims at picking from their pockets, this will most likely be a government that enjoys a popular mandate.

Political competition, accountability and performance. Democratic competition also plays a crucial role in supporting a state consolidation process. Competition implies the presence of one or more alternatives to current rulers – i.e. a government in waiting – and thus creates incentives for re-election-seeking politicians to improve their record in terms of investments in and provision of public goods, rather than increase their rents or those of a few clients. They will thus help improve state performance. In a system in which rulers face contestants, and thus cannot credibly promise that they will be in power tomorrow to protect the interests of rent-seekers, the latter will be less ready to bribe politicians, resulting in lower levels of corruption (Montinola and Jackman 2002:151). Even though they are not in power, non-governing
democratic actors such as opposition parties may act as veto players who exert a degree of scrutiny and control over government actions, thus exposing and controlling corruption and maladministration as well as preventing initiatives that may favour conflictual, anti-state reactions. Alongside elections, more broadly, the accountability and monitoring mechanisms at the basis of the working of parliaments, parties, the media and civic associations constitute a persistent push for enhancing state performance (cf. Sen 1994; Carothers 2007). They create a “public sphere” where public issues are raised, articulated and debated, exposing maladministration and corrupt behaviours and putting pressure on elected governments to improve the functioning of the state apparatus. Finally, the actual occurrence of alternation in power broadens the number of citizens who, at least at one point in time, identify with those in government and thus tends to further increase the legitimacy of state institutions, fostering the reach and the strength of state administrative capacity.

Electoral processes and institution-building. While the abovementioned democratic participation and competition processes supposedly improve a country’s performance at large – while also specifically affecting the amelioration of the state – certain other aspects of democracy involve more specific effects on stateness. The process of carrying out elections, in particular, is bound to promote an expanded and deepened presence of the state over the national territory. Holding nation-wide elections implies a need to establish, all over a country, election administrative bodies capable to conduct the registration of voters, the actual balloting, the counting and reporting of votes, etc. Areas of a country in which the presence of the state was hardly felt before now need to be covered by these activities and the related, necessary structures. When this requires affirming the sovereignty of the central state over traditionally recalcitrant regions, ways of doing this must be found. As a matter of fact, the need to run for election also generates incentives for politicians and parties from rebellious regions to pacify their own strongholds. In the process, a state’s capacity to control and communicate with the entire population are likely to be significantly strengthened (cf. Sen 1994; Slater 2008). The result is thus an improved administrative capacity and power over the territory, a capacity that can later be redirected towards other administrative tasks.

Moreover, the legal-rational procedures at the basis of electoral legitimacy run against the prevalence of personalistic and arbitrary rule and thus, at least in principle, contribute to promoting the de-personalisation and the institutionalisation of the state administrative apparatus. By making politicians – and, at least indirectly, also administrators – accountable, democratic procedures and sanctions help control arbitrary power and the diffusion of corruption: “democracy and the consequent accountability raise the costs of corrupt behavior and likely deter bribe giving, therefore limiting the number of opportunities presented for corruption” (Bohara et al. 2004:484; cf. Sung 2004; Shen and Williamson 2005; van de Walle 2007:58; ff., Pellegata 2012).

Despite the many explicit and implicit claims about the impact of democratization on the state, and the recent appearance of new stimulating works, very little evidence has been produced to support or reject the alleged existence of a relationship.

4. Dimensions of the state

How the state – and thus, as frequently used in the literature, “stateness”, “state strength/fragility” and “state capacity” – should be defined and measured is a thorny and long-debated issue. A huge amount of scholarly work, in particular, has been produced around the issue of what constitutes a state, with modern reflections fundamentally shaped by Max Weber’s thinking. Without fully entering the theoretical debate on the state, we can identify certain key components of stateness that are recurrent in empirical studies of the state. These components are political order, basic administration and legitimate authority. A recent review of eleven indexes of “state fragility”, for example, pointed that what definitions of state fragility “have in common is that they include one or more central attributes of the state”, notably authority (or the enforcement of a monopoly on the legitimate use of force), effectiveness (i.e. how well state functions are performed) and legitimacy (public, non-coercive acceptance of the state) (Mata and Ziaja 2009:6). Others prefer slightly different terms, such as Bratton’s (2004:3) “scope”, “capacity” and “legitimacy”. But what does each of these three dimensions amount to?

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2 A fourth component that is here deliberately left out, despite being part of some definitions of state (e.g. Levi 2002:40, Clapham 1998), is external formal recognition of the status of state.
First, a state is in place to the (maybe limited) extent that it establishes a degree of internal political order through a monopolistic control over the means of coercion. This requires an infrastructure for the projection of state authority over the national territory, defining the scope of the reach of the state. There must be no significant alternative centres of political power, such as armed rebel movements and warlords or traditional and religious authorities, that challenge the state, and the regular armed forces must be reasonably under the control of the central authority. This first dimension thus concerns the core of the notion of “state-ness, that is, the capacity of the state organs to maintain sovereignty … as the ultimate third-party enforcer” – i.e. actual rather than mere juridical sovereignty – “over a geographical territory. This implies that the organs of the state uphold monopolistic control in a basic military, legal, and fiscal sense” (Bäck and Hadenius 2008:2).

The second constitutive dimension concerns the presence of a basic administration, or a “usable bureaucracy” (Linz and Stepan 1996:11). This refers to the capacity of state agencies in terms of functioning government structures and public service provision. Such capacity, in turn, encompasses both the question of the material basis of the state apparatus as well as that of the actual working of its administrative organizations. Any state, regardless of how it is structured, requires material resources and thus revenue generation to function. A state that collects significant tax revenues, in turn, is supposed to possess the necessary apparatus to do so. Yet effectiveness is not only a matter of resources, since good administration also hinges on the extent of respect for rules and procedures in public bureaucracies, as opposed to bending them for private and corrupt uses of public resources and institutions.

The third frequently mentioned element of a state is the legitimacy of public authority. State capacity is often assumed to require a degree of legitimacy and trust in state institutions, as the latter’s effective action is best supported by some sort of quasi-voluntary compliance on the part of the populace upon which policies are imposed. Legitimacy, in other words, increases the people’s loyalty and reduces social resistances to the implementation of public decisions. This third dimension of the state, however, is more controversial than the previous two. Legitimacy, in particular, is often crucial to the functioning of a state, but less as a defining characteristic than as an instrument that favours the successful establishment and working of a state apparatus over the land and the people that a national government seeks to rule. In this line, Tilly usefully defined national states as “relatively centralized, differentiated organizations the officials of which more or less successfully claim control over the chief concentrated means of violence within a population inhabiting a large contiguous territory” (Tilly 1985:170). Besides replacing the Weberian idea of a state that “successfully upholds the claim to the monopoly” in the use of physical force (Weber 1922:54) with the notion that the extent to which such a monopoly is realized is actually variable, Tilly’s approach also abandons “legitimacy” as a defining feature and, like Levi, “leaves open the question of legitimacy and general support acceptance; some states have these characteristics and some states do not” (Levi 2002:40).

5. Hypotheses

Our starting hypothesis is that more democratic countries develop stronger and more effective states than authoritarian regimes do (Hypothesis 1). However, we also consider the possibility of a non-linear relationship between the degree of democracy and the strength of the state (Hypothesis 2). It may in fact be hybrid regimes – i.e. regimes whose institutions and politics are less consistent than those of more fully democratic or fully authoritarian countries – that are associated with the weakest territorial sovereignty and administrative effectiveness. Accordingly, a J-shaped relationship may better capture the relationship. Thus, the following are our baseline hypotheses:

HP1 (degree of democracy) The more democratic a country, the stronger the state.

HP2 (degree of democracy: J-shaped relationship) Full democracies have stronger states than authoritarian regimes, but authoritarian regimes have stronger states than hybrid regimes.

We also consider time to be a potentially crucial factor. The side-effects of democracy over the state, as pointed out, may take years to become manifest. To account for the possibility that democracy takes time to mature and affect the consolidation of a state, we include a “duration of democracy” variable, i.e. the

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duration of the existing democratic regime. Hypothesis 3 is based on the idea of a linear relationship. Yet the introduction of democracy may initially bring about what is actually a period of political fluidity, instability and uncertainty. If this is the case, countries may develop more robust states only after they move beyond the transition years and gradually allow their new pluralist institutions and open politics to gain roots and improve the way they function. The relationship may thus once again prove to be curvilinear, as in our fourth hypothesis.

HP3 \((\text{duration of democracy})\) The longer a country has been continuously democratic, the stronger the state.

HP4 \((\text{duration of democracy: J-shaped relationship})\) Countries that have been democratic for a significant and continuous period have stronger states than stable authoritarian regimes, but stable authoritarian regimes have stronger states than newly democratized regimes.

We also hypothesise that the effects of the degree and duration of democracy may depend upon each other: democratization may produce an impact on state consolidation only when both a certain level of democracy and a certain time under democracy are attained.

HP5 \((\text{degree of democracy and duration of democracy})\) The impact of a country’s level of democracy on state consolidation increases gradually with the amount of time elapsed since its democratic transition.

Finally, we introduce a number of standard control variables. Besides the advent of democracy, other factors are likely to play a role as additional, complementary or necessary elements in a more complete explanation of state consolidation processes. Above all, economic development is likely to be part of the picture (cf. Schmitter 2005:3). As a matter of fact, the state-democracy relationship itself may be spurious, with development, for example, at the origins of democratization as well as of state consolidation processes. We thus need to control for the possible effects of a country’s level of development (Hypothesis 6).

We also need to account for the fact that state-building can be a particularly difficult task in large or ethnically-fractionalized countries (cf. Herbst – Mills 2006, Alesina et al. 2003). Excessively large territories, for example, may prove hard to establish institutionalised rule on. Similarly, ethnic heterogeneity may favour the emergence of communal, local and regional resistances to central state authority – and thus political disorder – as well as encourage patronage and corruption-oriented politics, diverting efforts from the building and consolidation of an effective administrative apparatus. We therefore decide to control for these aspects through a land area variable (Hypothesis 7) and an ethnic fractionalization variable (Hypothesis 8).

HP6 \((\text{level of development})\) The more developed a country, the less consumption/corruption-oriented its politics, and the stronger the state.

HP7 \((\text{size})\) The larger a country, and the weaker the state.

HP8 \((\text{fractionalization})\) The more ethnically diverse a country, the more communal, local and regional resistances to central state authority, and the weaker the state.

6. Operationalization

The state

Scholars find it somewhat easier to agree on what are the key dimensions of the state, when defined in general terms as above, than on the question of how to operationalize such dimensions. Among dozens empirical measures, two distinct approaches stand out. On the one hand, the use of single proxies that are either assumed to sufficiently represent the essence of the notion of state or else epitomize one key dimension of stateness deliberately singled out at the expense of others. These measures include standard economic indicators – such as tax revenue (cf. Di John 2006:1; Hendrix 2010:279), government expenditure (Shen and Williamson 2005) or per capita income (Fearon and Laitin 2003:80) – as well as non-economic
indicators, such as military personnel or spending (cf. Hendrix 2010:274-77), armed conflicts (Bates 2008b:2, 2008a), bureaucratic quality or corruption (Charron – Lapuente 2010).

Alternatively, composite indexes have been devised to try and better reflect the multidimensionality of the root concept, whether referred to as state, stateness, state strength, state capacity or state performance (cf. Mata – Ziaja 2009). The fact that some of these measures are formally built around notions such as governance, instability or peace should not mislead us: issues of administrative amelioration in developing countries, for example, have often been absorbed by the discussion about “governance”, which has become “fashionable … to avoid any mention of the concept of ‘state capacity’” (Schmitter 2005:16).

Each of the two approaches – composite indexes vs. single indicators – has its pros and cons. Ultimately, however, no existing measure is satisfactory for the purpose of examining the democratization/state-building relationship. Single proxy indicators renounce the possibility of grasping the multidimensional character of the state. Whether we focus on the presence of armed conflicts, the level of direct taxation or the extent of corruption, we are most likely to overlook developments in other areas of state capacity that may simply be going in a different direction. The distinct dimensions of the state have to be observed through a plurality of indicators: any single variable is unlikely to adequately capture enough of the concept (cf. Hendrix 2010:283). At the same time, existing state fragility indexes tend to contain too wide a range of indicators, from gender to democracy, from trade to unemployment or poverty. This heterogeneity partly derives from the questionable practice of including policy concerns directly into definitions, with the result that several state performance “indexes include … possible causes (such as the lack of democracy) and predicated consequences (such as humanitarian disasters)” (Gutiérrez 2011:24). This is all the more problematic since the additive logic that most of these indexes adopt implies that a high score on one indicator can compensate for a low score on another one, whereas no “core” indispensable functions of a state are specified (Mata and Ziaja 2009:28).

The solution is to be found somewhere in-between the two extremes represented by single proxies and multiple-indicator indexes. Fortin (2010:656) rightly calls for a minimal definition of the concept of state. While hers is a valuable example of how to try and strike a balance by adopting a multiple but limited number of indicators (namely, taxing capacity, progress on infrastructure reform, levels of corruption, property rights protection and contract enforcement), her measures appear to suffer from too strong an economist focus. Bäck and Hadenius (2008) and Charron and Lapuente (2010) also make a noteworthy effort in employing diverse but limited indicators. Yet by restricting their notion of state to “administrative capacity”, albeit in two distinct aspects (bureaucracy quality and control of corruption), they entirely fail to account for the critical political order dimension of the state.

A proper operationalization of the notion of state has to start from the two key dimensions that are irrefutably at the heart of any notion of stateness, devise a parsimonious number of indicators for each of them and combine them into a single measure. We thus begin from the idea of state capacity as “infrastructural power” articulated by Michael Mann within the Weberian tradition, that is, “the institutional capacity of a central state, despotic or not, to penetrate its territories and logistically implement decisions” (Mann 1993:59). As Fortin (2010:656) observes, “at the core” of Mann’s notion of infrastructural power is “the question of the state’s authority over territory”, as well as “whether governments can implement policies, including the provision of public goods”. To account for both aspects, we extrapolate two distinct indicators from the Bertelsmann Transformation Index (BTI), and notably from its “stateness” criterion or the degree to which “there is clarity about the nation’s existence as a state with adequately established and differentiated power structures” (cf. BTI Manual 2010:16). The first indicator concerns political order (“To what extent does the state’s monopoly on the use of force cover the entire territory?”), whereas the second has to do with administrative capacity (“To what extent do basic administrative structures exist?”). They are both based on expert surveys and assign countries scores ranging from 1 (lowest level) to 10 (highest level).

By combining a measure of political order with one of administrative capacity, and thus accounting for the multidimensionality of the state, we move a step further than Bäck and Hadenius (2008). In their analysis of the democracy-state relationship, the latter do employ two distinct measures (namely “bureaucracy quality” and “control of corruption”), but both focus on “administrative capacity”. As mentioned, we add the crucial component of political order. Yet we too exclude a “legitimacy” dimension from our notion of state for two reasons. First, because we conceive it as being instrumental to, rather than constitutive of, state capacity. And, second, because using it when examining the democratization/stateness relationship may lead to endogeneity problems.
Since we assume that both political order and administrative capacity are essential to a functioning state, we aggregate our two indicators by multiplying them. We also examine the effects of aggregating the two indicators in an additive index. As pointed out, we consider our approach to be a significant first improvement on existing literature, as our measure is parsimonious – thus correcting the main flaw of the best known state indexes – while at the same time accounting for both key dimensions of the state.

Figure 2 is based on all country-years we have observations for (we included the names of a few countries to exemplify where they stood at a given point in time). The figure shows that the two indicators we assume to capture key components of the concept of state are indeed strongly associated ($r=0.82$): unchallenged domination over the means of coercion largely goes hand in hand with a firm administrative presence. At one extreme, for example, we find countries such as Uruguay, rated in all three years as having full control over its national territory and a sound basic administration. At the opposite end, unsurprisingly, Somalia 2006-to-2010 and Iraq 2010 received the lowest possible scores on both dimensions, namely 1 for monopoly of force and 1 for basic administration. It is only in about 10% of all country-years that the “distance” between the two indicators measures more than two points, suggesting situations of uneven state development. The latter largely include countries that, while benefiting from the essential absence of non-state political violence on the ground, struggled to develop fully-functioning state administrations, as in Belarus 2006 and 2008 (10 on monopoly of force and 6 on basic administration), Guinea 2010 (8 and 3) or Syria 2008 (9 and 5). In a few cases, however, it is exactly the other way round. For example, both Thailand 2008 (6 on monopoly and 9 on administration) and Sri Lanka 2008 (4 and 7) managed to establish relatively operational public bureaucracies in spite of the difficulties they met in overcoming violent oppositionists.

Over the 2006-2010 period, the average score for monopoly on the use of force went only slightly up from 7.27 in 2006 to 7.41 in 2010, while basic administration progressed a little more, moving from a 6.40 average in 2006 to 6.85 in 2010. But a few countries did make significant gains in terms of both monopoly and administrative capacity scores. This was the case, for example, of four African states (Angola +2/+4, Liberia +3/+2, Uganda +3/+2), two former-USSR states (Tajikistan +3/+3 and Moldova +3/+3) and Colombia (+2/+2). Many of these improvements were helped by moving beyond violent domestic conflicts. Haiti also made good progress towards a better monopoly of violence (+3), but administrative performance stayed abysmal. Similarly, Zimbabwe and Guinea combined limited improvement on the monopoly of force (+1) alongside significant administrative deterioration (-3). Eritrea, on the other hand, saw a marked deterioration both in terms of control over violence (-4) as in its basic administration (-3).
When operationalizing democracy for studying the consequences of democratization, a reasonable caveat is that minimalist notions and measures of democracy are likely to be more appropriate than more substantive notions (cf. Soifer and vom Hau 2008:225; Carbone 2009). This is because, in order to learn something about the effects of democracy on a given object of study – in this case, the state – without incurring in endogeneity problems, one needs to be sure that the chosen definition of the independent variable does not include nor measure elements that are also part of the dependent variable. It has been convincingly argued, for example, that the Polity index should only be used in conflict explanations after “cleaning” it from components that refer to political violence and civil war. Similarly, definitions of democracy often include a “government effectiveness” component. This can be problematic since it implies mixing up attributes of political authority and regime qualities that we want to disentangle (Soifer and vom Hau 2008:225).

In this paper, we assess a country’s level of democracy through a new measure that builds on Freedom House (FH) and the Polity IV data. From FH, we take the Political Rights scale as a minimalist, procedural measure of democracy and then, to avoid endogeneity, we remove the component of this scale that refers to corruption. We then rescale a country’s score on a 1-7 scale and reverse the results so to have 1 as the worst (full autocracy) and 7 as the best score (full democracy). Bäck and Hadenius (2008:8) similarly opt for the Political Rights measure (averaged with Polity IV scores). Since the issue of corruption was only moved from the “civil liberties” checklist to the “political rights” checklist with the 2003 edition of the Freedom House’s Freedom in the World Survey – i.e. the edition that covers the year 2002 – and the two authors examine the 1984-2002 period, however, it appears that they actually include observations from one year (2002) for which corruption was measured both by their dependent as well as by their independent variable. From Polity IV, we take the Polity2 variable and follow Vreeland (2008:406-407) in dropping those components that relate to conflict (that is, lack of political order) so to avoid endogeneity problems. We thus remove “regulation of participation” (PARREG) as well as “competitiveness of participation” (PARCOMP) – both of which include references to factional violence and civil war (Vreeland 2008:406, Hegre et al. 2001:36) – while retaining the three remaining components of the index, namely “competitiveness of executive recruitment” (XRCOMP), “executive constraints” (XCONST), and “openness of executive recruitment” (XROPEN). The resulting scale for our “clean” Polity variable runs between -6 (full autocracy) and +7 (full democracy). Finally, we produce our new measure (“demf”) through a factor analysis of the FH and Polity IV scores that we obtained from the abovementioned procedures.

Besides the level of democracy, we calculate the amount of time a country has spent under an existing democratic regime. This measure is based on Polity IV data. For every year for which a country is classified as democratic (i.e. ≥ 7 according to the -10 to +10 Polity2 index), our duration of democracy variable counts the number of years since the transition year. This indicator assumes a value of 0 for every year for which a country’s politics was deemed undemocratic.

7. Data and methods

We use all three years for which BTI disaggregated data are available (2006, 2008, 2010; i.e. not 2003), implying a limited time span of the analysis. The resulting sample consists of 117 countries and 336 country-year observations. Advanced economies, as well as a few other countries, are not covered by the BTI surveys. This is consistent with our aim of studying the impact of democracy upon state consolidation in the context of contemporary democratisation processes. Besides Freedom House and Polity IV data on democracy and BTI data on stateness, we use per capita GDP data and territorial size data from the World Bank’s World Development Indicators and ethnic fractionalisation data from Alesina et al. (2003).

To carry out our empirical analysis we apply a longitudinal regression model on a short unbalanced panel dataset, a dataset in which the behaviour of a large number of countries is observed across time. Since we have a large N and a small T, a random effects model is more efficient than a fixed effects model, as it has

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4 Once a new index is built which omits those variables, the “anocracy hypothesis” (Hegre et al. 2001; Fearon and Laitin 2003) is no longer supported by the Polity data (Vreeland 2008:414).

5 In the Polity IV users’ manual, Marshall et al. (2010:35) suggest that regimes should be considered autocratic when they score -10 to 0, partly democratic with +1 to +6 scores, and fully democratic with +7 to +10 scores.

6 The software used is STATA

7 In our dataset N is 117 and T is 3.
N more degrees of freedom and it also uses information from the between estimator (which averages observations over a unit and regresses average $y$ on average $x$ to look at differences across units). Finally, since we found some heteroskedasticity, we used the robust standard errors option because it is robust to cross-sectional heteroskedasticity producing consistent standard errors.

The results of our empirical analysis are shown in Table 1. The effect of our democracy variables (democracy level and duration of democracy) on the dependent variables are examined both in linear as well as in quadratic terms.

In the first two models, we separately examine the relationship between our explanatory variables and the two distinct components of the state, namely political order and administrative capacity. When we focus on the first dependent variable – i.e. the monopoly of the use of force (Model 1) – we find that the degree of democracy positively and significantly affects it ($b = 0.171$). Democracy’s effect appears to be curvilinear: at very low levels of democracy (i.e. in those tough authoritarian regimes that score 0 or 1 on a 0-to-13 scale of marginal effects), the effect is significant but negative. While at intermediate levels (1 to 8) the effect is not significant, it is only when a substantial level of democracy (9 or above) is reached that the impact on political order becomes positive and significant. While the results of our regressions appear to point at the duration of democracy as an additional relevant factor, estimates of the marginal effect of this variable show that this is not actually the case (see Appendix). Neither is the interaction between degree and duration of democracy significant.

The role of two out of our three control variables is also supported by empirical evidence. Countries are more likely to enjoy political order if they are more developed ($b = 0.678$) and smaller in size ($b = -0.171$). Ethnic heterogeneity, in contrast, appears to bear no significant effect.

When we move to examining the extent of the presence of a basic administration (Model 2), our model also explains well above half (58.6%) of overall variance. Similarly to Model 1, it is only the degree of democracy ($b = 0.232$) that has a positive and significant effect on the dependent variable, namely basic administration. In this case, the relationship appears to be linear. Once again, ethnic diversity plays no role, while the level of development ($b = 0.844$) and the size of a country’s territory ($b = -0.140$) affect the creation of a basic administration in the expected directions. Both relations are significant.

We now turn to the two indexes that we built by combining both dimensions of the state. Model 3 and 4 differ in that while, in the first one, we combine our measures of political order and basic administration through an additive logic, in the second one we join them by multiplication.

As it can be seen, both models have a variance greater than 50.0% and the independent variables have the same relationship with the two indexes, although with different intensity in terms of effect. In Model 3, the impact of the degree of democracy is significant ($b = 0.262$). Estimates of the marginal effects show, however, that at low and medium levels of democracy the effect, which is largely negative, is not significant (see Appendix). It is only for levels higher than 8 on a 0-to-13 scale that democracy positively and significantly affects the state-building process (i.e. political order plus basic administration). In line with the previous columns, countries at higher levels of development ($b = 1.534$) and smaller territories ($b = -0.270$) experience higher levels of stateness, while the ethnic fragmentation variable yields no significant impact.

Finally, in Model 4 – in which stateness is measured by multiplying the political order and the basic administration indicators – the degree of democracy produces effects that are significant ($b = 3.991$). Yet, for repressive authoritarian regimes and hybrid regimes, political openings appear to have no impact on the state. It is when the level of democracy becomes more substantial (8 or above on a 0-to-13 scale), that the impact on the dependent variable becomes positive and significant (see Appendix). The duration of democracy and squared duration of democracy variables only have very modest effects, and neither is significant. In line with the previous models, larger ($b = -2.201$) and less developed ($b = 10.289$) countries are associated with weaker states, while the ethnic fractionalisation variable is not significant.

TABLE 1 here}
8. Discussion

We hypothesised that democracy may generate beneficial effects for state-building processes. In particular, we expected that countries whose political systems display a higher degree of democracy may facilitate the construction of states with more complete control over the national territory and better operational structures. Besides the level of democracy of a regime at a given moment, we also expected the amount of time a country has spent under pluralist electoral politics – i.e. the duration of its democratic regime – to affect the completion of state consolidation processes. For both, in addition, we aimed at testing the possible existence of a curvilinear relationship in which the degree/duration of democracy would only strengthen the state after the latter is actually weakened by partial/early political liberalisation. Finally, democracy level and duration may just as well need each other (a substantial degree of political opening, a substantial amount of time under open politics) for democratisation to produce the expected effects on state consolidation. We also posited that state-building is likely to be affected by the size, the social heterogeneity and the level of development of a country.

Our findings show that the extent to which a country’s political system is democratized is indeed a key variable in explaining progress towards state consolidation. The degree of democracy separately affects each of our two component measures, namely a state’s monopoly on the use of force and the effectiveness of its basic administrative framework. The impact of the level of democracy becomes even stronger when we combine the two measures in a single index of stateness, either by addition or by multiplication. It is in the latter case, however, that the effect on stateness is the strongest. The relationship between level of democracy and state consolidation, however, is curvilinear. Moreover, such a relationship only becomes significant when a country reaches a substantial degree of democracy. It is when democracy is for real, in other words, that it begins to give a positive contribution towards strengthening a country’s state. Our understanding is that, on the one hand, thanks to the augmented inclusiveness and legitimacy of the political system, democratic politics becomes functional to the achievement of domestic political order. At the same time, democratic legitimacy also breeds citizens’ compliance and thus the effectiveness of a state’s administrative machinery. Electoral processes, competition and accountability favour a further improvement in the performance of state institutions and administrative capacity.

While the degree of democracy variable is consistently positive and significant, our duration of democracy variable only appears to matter when we focus our attention on the monopoly of the use of force. In this sense, it looks as if the longer a democratic system has been at work in a given country, the more likely are existing forms of resistance to the authority of the central state – such as armed oppositionists operating in peripheral areas – to be won over and accept the legitimacy of the democratic regime. But our expectation that democratic time would also facilitate the building of administrative structures – as well as the combination of monopoly of force and administration capacity – is not supported by empirical evidence. Finally, the results of the analysis support the intuitive notion that state consolidation is also made easier at higher levels of economic development and in smaller countries. More resources and a more limited land area over which to establish order and administration make these tasks easier. On the contrary, our third control variable – i.e. ethnic fractionalisation – plays no role. This appears to be in line with an idea that has been gaining ground among scholars studying ethnic conflicts, namely that conflict (and thus political disorder) is more likely not so much where very numerous distinct communities living side by side, but rather where some form of ethnic polarization emerges (e.g. a majority- versus-minority game) which develops into the actual political or economic exclusion of particular groups (Horowitz 1985, Montalvo – Reynal-Querol 2005).

9. Conclusions

Democratisation and state-building are key issues for many developing countries. The existence of a state is normally – and rightly – considered a precondition for the establishment of democratic rule. Yet there are good reasons to believe that, after a basic infrastructure for the exercise of state power has been established, the very introduction of democratic politics may contribute to the further development and strengthening of the state. To an extent, in other words, things may work backward. The issue of a possible impact of democratisation upon state-building has hardly been addressed in empirical research. No existing work, in particular, employs an apt notion of state that encompasses the latter’s two essential dimensions, namely political order and administrative capacity. We thus set out to fill this gap. We
devised an appropriate measure of democracy (i.e. one that is cleaned of components referring to the state’s own attributes) and an appropriate measure of stateness (i.e. one that comprises both the aforementioned features), and then built a dataset covering over one hundred developing nations. The empirical analysis we carried out supports our argument. More democratic countries are more likely to develop stronger and more effective states. We argue that this is essentially due to three sets of mechanisms. The first one relates to the inclusive and participatory character of the democratic politics. The second one to the latter’s competition and the accountability processes, both favouring improved performances. And the third has to do with the institutional challenges and developments that are prompted by the need to organise and carry out democratic elections. We had also conjectured that more enduring democracies would be particularly likely to reap the fruits of a better developed state. This, however, prove not to be the case. By pointing to the fact that democratisation and state-building may well support each other, rather than the latter requiring postponing the former, our findings have evident policy implications. Authoritarian rulers do not make better “state-consolidators” than democratically-elected leaders. Rather, it is the other way round. Fully understanding the impact of democratisation processes upon state-building processes will require further research and the possible expansion of the limited time frame of our analysis.
### Appendix

#### Table 1

<table>
<thead>
<tr>
<th></th>
<th>Monopoly on the use of force</th>
<th>Basic Administration</th>
<th>Monopoly+Basic Ad.</th>
<th>Monopoly*Basic Ad.</th>
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<td>B</td>
<td>Robust St. Error</td>
<td>B</td>
<td>Robust St. Error</td>
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<td>0.100</td>
<td>0.232 **</td>
<td>0.090</td>
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<td>-0.004</td>
<td>0.028</td>
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<tr>
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<tr>
<td>democracy* duration of democracy</td>
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<td>0.025</td>
<td>0.010</td>
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<td>0.113</td>
<td>0.844 ****</td>
<td>0.114</td>
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<td>log area</td>
<td>-0.171 **</td>
<td>0.069</td>
<td>-0.140 **</td>
<td>0.058</td>
</tr>
<tr>
<td>constant</td>
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<td>1.476</td>
<td>2.221</td>
<td>1.358</td>
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<td>0.503</td>
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<td>Wald chi2 (8)</td>
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<td>197.15</td>
<td>148.26</td>
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<td>0.000</td>
</tr>
</tbody>
</table>

Note: * p<0.1; **p<0.05; ***p<0.01; ****p<0.001
Ref. Model 1, Table 1: estimates of marginal effects of Demf*Demf

Ref. Model 3, Table 1: estimates of marginal effects of Demf*Demf

Ref. Model 4, Table 1: estimates of marginal effects of Demf*Demf


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