REGIME TYPE AND ECONOMIC PERFORMANCE IN WEST AFRICA, 1972-2010

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Abstract: This paper examines the puzzle of whether regime type has any effect on the growth performances of West African economies. I utilize a quantitative medium-N study and a qualitative case study examination of contemporary Ghana and Côte d'Ivoire in an attempt to explain which aspects of governance that characterize regime type affect economic performance. This paper argues that specific government policies and broader policy environments matter, but regime type per se cannot account for the differences in economic growth performance in the region.

I. Introduction: The Anatomy of the Growth Puzzle

The empirical evidence suggesting that democracies develop faster than authoritarian regimes (or vice versa) is inconclusive.[1] While scholars have found that dictatorships may be more effective at harnessing resources, forcing national saving, and suppressing wage increases, they have also found that democratic institutions are absolutely essential for sustained, long-term economic development. Regime type is perhaps even more irrelevant when considering economic growth records in poor states such as those in West Africa because, as Przeworski et al. remind us, "Poverty constrains [...] poor countries are too poor to afford a strong state, and without an effective state, there is little difference any regime can make for economic development" (Przeworski et al. 2000, 162).

Why then have West African states displayed relatively divergent levels of economic growth over time? What accounts for these differences? And if Przeworski et al. are correct, then why does my research reveal a positive, statistically-significant relationship between democracy and GDP growth among West African states from 1972-2010? Thus, my central research question is concerned with deciphering whether the economies of democratic states

[1] See Appendix, Figure 1

in West Africa perform better than those of authoritarian states in the region. I address this puzzle by conducting an empirical examination of various economic indicators and discussing, through the case studies of Ghana and Côte d'Ivoire, which aspects of governance that characterize regime type also affect economic performance in the region.

This paper will argue that specific government policies and broader policy environments matter, but regime type per se cannot account for the differences in economic growth performance. In the case of Ghana, decentralization and community-driven development; ethnic, religious, and ideological unity; and good governance have all contributed to robust GDP growth over the past decade and offer promising prospects for future development. In Côte d'Ivoire, rentier state phenomena and instability by way of coup attempts and civil war have foreclosed the possibility of political and economic stability and GDP growth that served it so well during extended periods of the Houphouët-Boigny administration (r. 1960-1993).

The next section briefly summarizes the seminal academic literature on regime-contingent economic performance. Part three explains how and why I chose this medium-N sample, defines my units of analysis, discusses potential limitations of my methodology, and reveals the findings of my research. The fourth section provides evidence to support my central thesis by applying the most-different method of analysis to the study of contemporary Ghana and Côte d'Ivoire. In the last section, I examine potential policy implications of my findings and offer future research questions.

II. Theoretical Considerations

Scholars posit that specific policies matter, but regime type per se does not determine economic growth performance. The following addresses this debate surrounding the determinants of economic performance.

Dictatorships Grow Faster. Scholars refer to practices of "development-oriented" or "benevolent" dictators as "growth-centered governance." The assertion is that democratic regimes allow for unhealthy levels of consumer spending and insufficient saving, thereby disregarding the importance of state-dictated investment as the key source of economic growth (Khan 2007, 4). State autonomy to suppress wages and force national saving favors growth, and heavy-handed state autonomy is only possible under an authoritarian regime (Przeworski and Limongi 1993, 54-55).

By definition, competitive authoritarian regimes are not plagued with the short-term uncertainty characteristic of democracies that may result from protracted legislative stonewalling, labor strikes, formidable opposition protests, or close elections (Freedom House 2011; Levitsky and Way 2010, 8-16). Indeed, scholars have found that some of the institutions and practices found in competitive authoritarian regimes, including those in West Africa, create a more stable investment climate than in democracies because those institutions and practices not only bypass the uncertainty inherent in democracies but also alleviate the commitment and monitoring problems that ordinarily pervade and destabilize pure authoritarian political systems (Boix and Svolik 2007; Brownlee 2007; Gandhi 2008; Svolik 2012). Examples of such institutions and practices include contested elections (although neither free nor fair); limited political party participation; semi-autonomous parliaments that are controlled by the ruling party; and extensive, party-controlled patronage networks at the national and regional levels (Bueno de Mesquita et al. 2003; Lust-Okar 2006; Schedler 2002; Smith 2005; Svolik 2009).

Additionally, newly-empowered lower and middle classes may abuse the market system in a democracy to wage class warfare, which does very little to further economic development (Acemoglu and Robinson 2005, 61). Basic models show that if the income or wealth of the median voter is below the mean, the outcome of the political process in a democracy will be a redistribution from rich to poor in the form of transfer payments (Drazen 2000, 325).

Moreover, labor inputs tend to grow faster in dictatorships than in democracies because of higher birthrates. West Africa has some of the highest birthrates in the world. While democracies are thought to benefit more from technical progress and more efficiently utilize labor, dictatorships are thought to better harness physical capital stock through forced national saving and by the regime's ability both to inhibit redistributive pressures to special interest group coalitions and to bypass the democratic process's time-consuming policymaking process (Huntington 1968, 109-10).

Democracies Grow Faster. While authoritarian states may be able to accelerate economic growth in the short-term through forced saving, long-term growth requires at least some marginal development of nominally democratic institutions, such as the rule of law and private property rights. Numerous studies have confirmed that democracies yield more predictable long-run growth rates because there is more certainty in a composite of everyday business decisions (Rigobon and Rodrik 2005, 544). Time consistency literature questions whether dictatorships can credibly commit to implementing policies that improve economic productivity given that there are no institutional constraints on dictators (Drazen 2000, 131-42). Democratic institutions largely foreclose the possibility of predation, corruption, rent seeking, and asset stripping.

Institutions are man-made formal and informal structures or constraints that govern behavior. Examples include constitutions, laws, behavioral norms, or any other practice that emerges from political, social, or economic custom. Institutions establish the “rules of the game” that actors, organizations, entrepreneurs, and citizens must follow (North 1990, 22). Institutions enhance the predictability of governmental decisions within the sphere of economic policy by restraining arbitrary executive action. Democracy allows for predictability in economic policy and forces the regime to follow the rules of the game that itself sets (North 1991, 101; North 1996, 343). Predictability yields stability; stability yields economic growth; economic growth sustains democracy. Without forums in which to air grievances – parliaments, political parties, independent media, civil society, and so forth – demands may be made in disruptive and violent ways, perhaps in the form of protest demonstrations, strikes, coups, revolts, civil war, or revolution. These methods of resistance will inevitably lead to instability, which is manifestly deleterious to economic growth.

When there is fair, robust rule of law, contract disputes are settled in impartial venues, private property is respected, and civil liberties are protected. These processes aim to guard against arbitrary expropriation of property and profits, to sustain a more productive labor force, and to eliminate rent seeking and corruption in a democratic regime, thereby laying the foundation for long-term economic growth (Alesina et al. 1996, 195-97; North 1990, 48).

Private property rights create safe environments for entrepreneurs to operate within the economy without fearing expropriation. Economists place such heavy emphasis on property rights because, "the expectation of arbitrary confiscation, either by the state or by fellow citizens, shortens the individual actor's time horizon, increases the subjective discount rate, and creates disincentives for investment, specialization, and exchange" (Eggertsson 1996, 8). In other words, it is risky and costly for entrepreneurs to operate within a system with low incentives for lowering transaction costs.

In one study, the main determinant of economic performance in developing countries was not found to be geography, resource endowments, climate, disease, identity of colonizer, or ethnolinguistic fragmentation; but rather, the country's institutions. The authors posit that colonizers determined which African lands to settle based on potential settler mortality, which in turn determined to what extent they would develop early institutions in the colony. These early institutions persisted long after the colonial regime fell and form the basis of the current institutions, which could explain current economic performance and, to a lesser extent, income (Acemoglu et al. 2001). The study examines institutional effects on the protection against expropriation risk and the upholding of the rule of law along with the past prevalence of monopolies, regulation, and forced labor. The theory holds that good institutions condition superior economic performance.

Additionally, dictators distort the market. Whenever authoritarian governments decide how best to produce, value assets, and allocate resources by fiat rather than by consumers based on demand, they inject short-term waste, inefficiency, and bureaucracy into the market. Regime bureaucrats who intervene in or centrally plan the market, like so many kleptocracies in

West Africa, do not have access to the perfect and complete information necessary to determine the nature and quantity of goods and services to be produced and distributed (Evans 1989, 564; Smith 1776). Any burdensome state intervention in a market economy sabotages the natural positive-feedback loop that connects consumers to producers and serves them so well (Easterly 2006, 363). In a democracy, the ruling party will be restrained from abusing a market system for its own benefit because it has to answer to voters, legislators, courts, journalists, and a free civil society.

III. Methodological Approach & Research Findings

My study collects the Freedom House scores and World Bank GDP growth rates (as an annual percentage) of fourteen West African countries from 1972 (when Freedom House began ranking countries) through 2010 (the year of the most recent World Bank data). "West Africa," as defined by the United Nations, consists of Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.[2] An advantage of considering only this region is that it enables the administration of an exhaustive investigation of a medium-N sample with similar economies, geographies, and shared colonial histories. A possible limitation to confining my research to this single region is the consequent inability to compare and contrast the West African experience with those of other regions in the developing world. Thus, it is not my intent to formulate a comprehensive theory of regime type and economic performance.

If poverty does, in fact, constrain as Przeworski et al. suggest – if, in fact, poor countries are too poor to afford a strong state (and without an effective state, there is little difference

[2] See Appendix, Figure 2

any regime can make for economic development) – then why does my research reveal a positive, statistically-significant relationship between democracy and GDP growth among West African states from 1972-2010? I specifically chose the region of West Africa because most empirical accounts show it to have the worst economic and human development indicators, and I wanted to see whether Przeworski et al.'s theory applies to one of the world's poorest regions.

Different leaders come and go in sub-Saharan Africa, and some have changed nearly as often as the seasons over the course of thirty-eight years. As such, it is difficult to formulate a regional theory of regime type and economic performance with a temporal range of nearly four decades. We will gain a clearer picture of the relationship between regime type and economic development and how various aspects of governance that characterize regime type affect economic performance in the region if we consider the specific governance of two country case studies during the past decade (2001-2010). For this period, I compare Ghana and Côte d'Ivoire using the most-different method of analysis (Seawright and Gerring 2008, 304-05). This strategy is apt, given their vast differences despite being neighbors: Ghana has experienced robust growth over the past decade, Côte d'Ivoire has experienced poor growth during the same period; Ghana is the most democratic country in West Africa by most measures, Côte d'Ivoire has consistently scored very poorly on Freedom House's scale; Ghana was a British colony, Côte d'Ivoire was a French colony; Ghana suffered no armed conflict during the last decade, Côte d'Ivoire experienced two civil wars and other unrest.

I define level of democracy, my independent variable, by using Freedom House's classification system. I designate a state as "democratic" if it has an average Freedom House score between 1 and 2.5; “competitive authoritarian” if its average falls between 2.6 and 4.9; and “authoritarian” if its average is between 5 and 7 (Diamond 2002, 26; Freedom House 2011). My dependent variable, average GDP growth (as an annual percentage), is taken from The World Bank’s Data Bank. Level of democracy is my independent variable because my research question involves ascertaining whether regime type determines economic performance, not whether economic performance determines regime type. The latter is a topic of study for Modernization theorists and will not be addressed here.

Freedom House (FH) scores are somewhat imperfect given that the assignment of numeric values to categories like civil liberties, free press, and an independent judiciary is subjective. FH rankings do not capture the essence of authoritarianism, but for the purposes of gaining a broad, generalized understanding of trends in the region, these scores are the best barometer available.

The data shows that, on average, the more/less “Free” a country, the higher/lower its thirty-eight-year GDP annual growth ratze. The slope of the linear best-fit line is -0.5489, indicating a statistically-significant relationship.[3]

WEST AFRICA, 1972-2010

FH Best	FH Worst	GDP growth Best	GDP growth Worst
Gambia	Guinea	Burkina Faso	Liberia
Senegal	Togo	Gambia	Niger
Ghana	Côte d’Ivoire	Mali	Sierra Leone

[3] See Appendix, Figure 3

Yellow countries are labeled by Freedom House as “Partly Free,” and purple countries are labeled “Not Free.” Because these scores are thirty-eight-year averages, it is not surprising that none are labeled “Free” in green – intermitting periods of poor democratic performance and superior democratic performance tend to average out into a mediocre mean value.

The aggregate trends accurately reflect recent Freedom House and World Bank data, as well. Within the past decade, the inverse relationship between FH score and GDP growth endures, but three green “Free” countries now appear in the top three positions in the “FH Best” category – Ghana (1.8 average), Benin (2.1 average), and Mali (2.3 average). This period also showed better country average FH scores (3.85) and GDP growth rates (4.30 percent) when compared to the period from 1972-2010 (with a 4.81 average FH score and a 3.00 percent average growth rate). Once again, the data shows that, on average, the more “Free” a country, the higher its ten-year GDP annual growth rate. Conversely, the less “Free” a country, the lower its ten-year GDP annual growth rate. The slope of the linear best-fit line is -0.9, indicating a statistically-significant relationship.[4]

WEST AFRICA, 2001-2010

FH Best	FH Worst	GDP growth Best	GDP growth Worst
Ghana	Côte d’Ivoire	Sierra Leone	Guinea-Bissau
Benin	Guinea	Nigeria	Côte d’Ivoire
Mali	Togo	Ghana	Liberia

[4] See Appendix, Figure 4

IV. A Comparative Analysis of Contemporary Ghana and Côte d'Ivoire

Ghana. Ghana was ruled by John Kofi Agyekum Kufuor from 2001 to 2009. He defeated retiring incumbent Jerry John Rawlings's Vice President and handpicked successor in the 2000 presidential election. Kufuor's ascension to office signaled the first peaceful, democratic transition of executive power since Ghanaian independence in 1957 (Agyeman-Duah 2003, 19). Former President Jerry John Rawlings (r.1981-1993, 1993-2001) had submitted to international institutions, Western aid donors, and local pressures for political reforms and guided Ghanaian democratization during the 1990s. Facing formidable wage demands from Ghana's public-sector employees, Rawlings conceded and allowed an 80 percent rise in wages. He also formed the National Democratic Congress Party in 1991 and authorized Ghana's first elections. Rawlings won the presidential election in 1992, and Ghana's FH score improved from 5.5 in 1989 to 2.5 in 2001 (Freedom House 2011), but this freedom came at a price. Higher wages, deficit spending on infrastructure projects, crop failures, and crippling inflation hindered economic reform programs during the mid-1990s, and low private saving and investment contributed little to economic growth (Aryeetey and Kanbur 2008, 16; World Bank 2011).

In sum, the experience of the latter Rawlings years is a complete repudiation of the results found in Appendix, Figure 3; to wit, democracy does not necessarily yield conditions propitious for economic prosperity. There is no empirical or historical basis to the simple claim that Ghana's democratic regime exclusively produced good economic fortunes during the 2000s. As we will see, specific government policies and certain policy environments such as decentralization and community-driven development; ethnic, religious, and ideological unity;

and good governance have all contributed to Ghana's robust GDP growth post-Rawlings and offer promising prospects for future development.

Decentralization and Community-Driven Development. As a former Secretary at the district-level, Kufuor was uniquely qualified to expand the economic decentralization agenda Rawlings initiated in the late 1980s. Passed by the national legislature, a legal framework established 110 District Assemblies – consisting of seven Metropolitan Assemblies, four Municipal Assemblies, and 103 District Assemblies – to involve locals in the economic development policymaking process (Owusu 2004, 168). These relatively autonomous assemblies exercise significant executive, legislative, and deliberative powers for the purposes of giving local feedback to national-level aid/development projects; building community-level capacity; making national government accountable to unique, local needs; and building social capital.

This devolution of power from the national government to semi-autonomous communities and the legal framework that established these assemblies could only have been allowed under a democratic regime. Indeed, Ghana's average FH score under Kufuor was 1.75 (Freedom House 2011). The relative success of community-driven development (CDD) has, in part, produced Ghana's impressive 5.9 percent average GDP growth rate under the Kufuor administration (World Bank 2011).

Economists have found that CDD has also modernized and diversified Ghana's economy and is promising for reducing poverty. One scholar writes,

> [S]trengthening small towns not only enhances farmers' access to markets and services, but also stimulates the demand for higher-order goods and services through higher income, which in turn results in the growth of district capitals. Theoretically, this should have a positive impact on labour and employment and

> consequently on poverty reduction [...] Other aims include the promotion of agriculture in the hinterlands and the stimulation of employment opportunities other than farming. It envisages that rural-urban linkages between district capital and rural periphery will have positive consequences for both spatial units, and hence for the overall development of the district (Owusu 2004, 190).

Other results of Ghanaian CDD include increased access to services; strengthened community institutions and local governments; improved ability to respond to external shocks like natural disasters or economic crises; improved access to micro finance; more effective targeting of vulnerable groups, like ethnic or religious minorities; and a more harmonious feedback loop between the principals (the community) and the agents (national government agencies) (Easterly 2006; Mansuri and Rao 2004; Owusu 2004).

Thus, because the central government transferred certain economic policymaking processes to small communities and strengthened the legal framework that established and maintains the assemblies, Ghanaian government decentralization and community-driven development have been advantageous to both democratic institution building and economic development.

National Unity. Despite having dozens of ethnic groups spread across 10 administrative regions, speaking dozens of different dialects, there has been little ethnic warfare in Ghana since independence. Scholars have found that “a unified state and a common language and identity tends to facilitate the trust and ease of social interaction discussed in the literature on social capital” (Bockstette et al. 2002, 349). Because surveys of Ghana’s level of “trust” and “civic norms” show that it is roughly in line with other states in the region, there must be other factors of national unity that help explain the country’s superior democratic and economic performance during this decade (World Values Survey 2011). I submit that these key factors are ethnic, religious, and ideological in nature.

While there were numerous coups during the period 1966-1980, they were primarily military power struggles, not ethnically-based conflicts or genocides. Following Rawlings's gradual democratization of Ghana, ethnic relations have been strikingly placid (Aryeetey and Kanbur 2008, 19). Such social peace is manifestly auspicious for political and economic stability and increases opportunities to refine physical, social, and human capital. Unlike Côte d'Ivoire, the history of Ghana's national government has not been that of bloody, religion-based power struggles. As we shall see later in this section, Côte d'Ivoire's political and thus economic instability were primarily caused by ethnic and religious strain instigated and perpetuated by opportunistic military and civilian dictatorships.

Finally, there has been a sense in Ghana that ever since the Rawlings-led political transition, Ghana would remain a democracy. Both elites and average citizens internalized the fact that despite the rough economic seas of the 1990s, Ghana retained its democratic practices. I consider this phenomenon to be an ideological unity of sorts. The robust, Kufuor-led economic growth sustained the democratic system that initiated the cycle to begin with, and this experience led to a national consensus that all societal players would henceforth adhere to the democratic "rules of the game."

*Good Governance***.** This term is not necessarily synonymous with "democracy." During various intervals, Côte d'Ivoire, South Korea, Singapore, Chile, China, and other states have all robustly grown their economies under authoritarian regimes, after all. However, the following factors that characterize good governance in Ghana have, by their own devolutionary and neoliberal nature, contributed to both the consolidation of democracy in Ghana and economic growth. These reforms include instituting merit-based bureaucratic/administrative performance tracks; securing private property rights via the just rule of law; dialoguing with all political parties and interest groups on how best to proceed with electoral and economic reform; maintaining a genuinely independent judiciary; protecting the rightful autonomy of local and regional leaders in CDD projects; and increasing the salaries of the national police to cease supplementing state and local budgets with arbitrary fines and provisions on entrepreneurs (Aryeetey and Kanbur 2008, 14-16; Besley 1995). All of these manifestations of good governance have served to limit opportunities for predation, corruption, rent seeking, shortening time horizons, and asset stripping, which are deleterious to sustainable, long-term economic growth (Olson Jr. et al. 2000).

Good governance also extends into the economic realm – starting in the 1980s, Ghana has liberalized its capital market and interest rate arrangements; privatized underperforming state-owned enterprises; set appropriate exchange rate pegs; initiated bank reform so as to make credit more available to businesses in a way that spurred economic activity and lowered the unemployment rate; implemented genuine monetary reform; and reformed burdensome industrial regulation (Fosu and Aryeetey 2008, 70-78; Owusu 2004). Ghanaian capitalism and democracy are mutually reinforcing because in a democracy, the ruling administration is restrained from abusing the market system for its own benefit because, as previously mentioned, it has to answer to voters, legislators, courts, journalists, and a free civil society.

The result we see in Ghana over the past 20 years has been the apotheosis of good governance in greater West Africa. In this regard, the contemporary history of Ghana is a rejection of the theory that bad policy is good politics for the ruling coalition (Bueno de Mesquita et al. 2003). Democratic institutional constraints have prevented Ghana's elected officials from becoming entrenched in office over time by providing public and private goods to their supporters, accumulating stockpiles of resources that allow their regimes to withstand economic shocks, and maintaining many loyal, long-time supporters whose affinities are well known and enforced by fear of state retribution. Such a history was replicated in neighboring Côte d'Ivoire, where President Laurent Gbagbo bestowed onto that troubled nation a legacy of poor governance, instigated ethnic strain, and followed bad policy in the hopes of good politics for him and his inner circle.

Côte d'Ivoire. At first glance, the reign of strongman President Félix Houphouët-Boigny (r. 1960-1993) seems to demonstrate that authoritarian regimes can implement good governance and robustly grow their economies while maintaining a closed political system. Indeed, the "Ivorian miracle" he initiated achieved an average GDP growth rate of 8.13 percent from 1960-1979; the country was opened up to global trade and foreign direct investment (FDI); and the agricultural, manufacturing, natural resource, and construction industries were modernized, deregulated, and made more productive. Also, national income and personal incomes skyrocketed (Campbell 1987, 283; World Bank 2011). However, in this case, "good governance" was not synonymous with "development." Indeed, economists have labeled the "Ivorian miracle" an example of growth without development – the economy remained un-diversified and overly reliant on agricultural exports, natural resource exports, and FDI; certain vital infrastructure building was neglected; human capital and local capacity building were not refined; and no base was formed to ensure sustainable, long-term macroeconomic stability and growth (Campbell 1987; Woods 2003). The last thirteen years of Houphouët-Boigny's administration produced a dismal -0.27 percent GDP growth on average, and that average value never rose above 5 percent for any presidential tenure thereafter (World Bank 2011). Since the early 1980s, Côte d'Ivoire has been plagued with a struggling, un-diversified economy and since the mid-1990s by great political instability, both of which are damaging to long-term economic growth.

*Rentierism***.** As prefaced in Part I, specific government policies mattered, but the regime type itself did not determine Côte d'Ivoire's economic performance. One of those policies was the maintenance of a rentier state. Rentier state theory contends that states overly dependent upon natural resource rents grow their economies more slowly, have more civil wars, and are inherently less democratic than states not overly dependent upon natural resource rents (Barro 1999; Karl 1997; Klitgaard 1990; Ross 2001). A state is "overly dependent" when income earned from natural resource commodities comprises a disproportionate percentage of its GDP, and when the state's fiscal solvency is severely harmed without the export of these commodities. "Natural resource rents" colloquially means oil and natural gas, but the definition also encompasses coal, minerals, and forest rents. Côte d'Ivoire has also been heavily dependent upon agricultural exports like cocoa, oil, coffee, bananas, corn, rice, and sugar (CIA World Factbook 2011).[5]

A diversified economy is not overly dependent on the income generated by natural resource rents because it can generate national wealth from other sectors such as the manufacturing, financial services, and biotechnology industries. As a result, these states are

[5] See Appendix, Figures 7 & 8

more fiscally and politically secure should they experience depletion of their resource reserves; a precipitous drop in the worldwide price of the aforementioned commodities; or an exogenous event like warfare that would hinder the harvesting, production, refining, and export of those commodities. Indeed, the economic growth rate of Côte d'Ivoire sharply declined following the drop in the worldwide price of cocoa, oil, and coffee in the early 1980s as well as during the coup- and civil war-plagued period from 1999-2011 (World Bank 2011).

Natural resources not only often finance, but also in some cases motivate armed conflicts. Armed conflict is commercialized and sovereignty is territorialized in an attempt to access profitable resources and trading networks. This political process has intensified since the end of the Cold War because of the marked decrease in political foreign aid, causing both states and rebel groups to try to secure their own income, sometimes violently (LeBillon 2001, 564). Questions of control of goods; allocation of profit; and demands for civil, political, and social rights that arise as ethnically heterogeneous societies evolve surround resource wars and environmental geopolitics. War destroys physical capital and prevents the accumulation and refinement of human capital. The political instability that comes along with ethnic war also damages institutions and any inter-network trust is diminished along with the country's social fabric and the individual's civil liberties. Dwayne Woods' take on the recent history of Côte d'Ivoire is incisive:

> The country's property rights regime that encouraged easy access to forest rents - as long as cheap migrant labour and virgin forested land were available - was a recipe for future conflict. As available land declined and labour costs increased, a cycle of sharpening conflicts over these assets contributed to the current situation of ethno-regional division and civil war (2003, 641).

Côte d'Ivoire is divided up into the predominantly Muslim north (roughly 38 percent of total population) and Christian south (roughly 32 percent of total population). Within an environment of resource scarcity, Presidents Aimé Henri Konan Bédié (r. 1994-1999), Robert Guéï (r. 1999-2000), and Laurent Gbagbo (r. 2000-2011) instigated and exacerbated religious and ethnic tensions for political gain, tribal material benefit, and pride. They also did little to diversify and modernize their state's economy (Campbell 1987, 294). National disunity and political and economic instability that resulted from coups and civil wars did little to ensure long-term economic growth (Alesina et al. 1996, 200-04; Bellows and Miguel 2006, 396). Indeed, while Bédié achieved a respectable 4.62 percent GDP growth average, Guéï only managed -1.1 percent average, and Gbagbo's regime produced only a 0.69 percent average (World Bank 2011).

Instability. Also prefaced in Part I, broader policy environments mattered. The principal impediment to economic diversification, modernization, and growth within Côte d'Ivoire's policy environment has been political instability in the form of ethnic discord, repeated coup attempts, and civil wars.

President Aimé Henri Konan Bédié (r. 1994-1999) ascended to power with a large power vacuum to fill following the death of Houphouët-Boigny. In an attempt to hold the nation together, Bédié resorted to tribal favoritism; siphoned off public goods to his inner circle; and institutionally disenfranchised northern Muslims, migrant workers, regime opponents, and citizens with ethnicities other than his own (Woods 2003, 643). Such disenfranchisement produced the social unrest that manifested itself in the subsequent numerous coup attempts.

Political instability by way of ethnic strife does little to create a propitious investment climate, a productive workforce, and a refinement of physical and human capital.

Robert Guéï came to power in 1999 in a military coup and was defeated in military-sponsored elections the following year. He refused to cede power to the disputed winner, Laurent Gbagbo, and after sporadic fighting between the two men's entourages in the capital city, a transition of power eventually took place (CIA World Factbook 2011).

President Gbagbo presided over the civil wars in 2002 of 2011. In the interim, he continued Bédié's policy of systematic disenfranchisement. Very much unlike Houphouët-Boigny's tenure, political instability reigned supreme under Gbagbo. Economist Alberto Alesina and colleagues reiterate that political instability harms economic growth: "This result [instability harming economic growth] is particularly strong for the case of unconstitutional executive changes such as coups, as well for changes that significantly changes the ideological composition of the executive. The effect of instability on growth is less strong for the regular and frequent executive turnovers typical of industrial democracies" (Alesina et al. 1996, 205). There is certainly a circular phenomenon accompanying such instability – anemic economic growth during the first decade of the 2000s caused social unrest and political instability, which in turn harmed the policy environment for economic growth.

Gbagbo kept his inner circle tight in order to cling to power amid such potent social unrest and ethnic strife. As a result, economic actors anticipated that the ruling regime would continue to generate policies detrimental to economic activity (Brownlee 2007, 24). Kleptocracy, which is defined as the outright theft of a nation's income by its leaders, is one of the methods by which such detrimental policies are implemented (Evans 1989). As a result, economic actors have little incentive to work efficiently, and as a result, do not produce higher incomes or make the labor force more productive. In other words, when the winning coalition:selectorate ratio is small, economic actors are not likely to stimulate greater economic growth (Bueno de Mesquita et al. 2003, 131). Indeed, Gbagbo's record of an average GDP growth rate of 0.69 percent is rather unimpressive given Côte d'Ivoire's enormous potential (World Bank 2011). Gbagbo kept his inner circle small and on a short leash, and his eleven-year-long authoritarian regime engaged in kleptocracy. Bueno de Mesquita et al. explain the relationship between inner circle exclusivity and policy outcomes:

> [...] when W/S is small, leaders are better able to engage in kleptocracy, reserving money against future uncertainty. They also spend less to maintain coalition support, they redistribute money regressively, they produce relatively poor public policy, including especially low economic growth rates, and, on average, they keep their jobs longer than when W/S is large (2003, 132).

Gbagbo was ultimately unsuccessful in preventing critical defections after refusing to step down after losing the 2010 Presidential election. These defections emboldened marginalized ethnic groups and opposition parties to continue fighting the civil war, and they eventually forced the incumbent dictator from power in the spring of 2011 (Nossiter et al. 2011).

V. Conclusion

Scholarship remains agnostic on which regime type is most auspicious for economic growth:

> The diminishing returns to investment in the neoclassical theory leads us to expect that the capital-poor low income [dictatorships] should grow more rapidly than the well-endowed rich [democracies]. [Conversely,] externalities that increase with stocks of capital or rates of investment or other forces that generate decreasing or constant costs in endogenous growth models lead us to

> expect that well-endowed rich [democracies] should be among the fastest growing countries (Olson Jr. et al. 2000, 341-42).

There is no axiom that a particular type of regime determines economic growth. Also, there is no single theory of economic growth; rather, the main contending theories all contribute important ideas to the effort of trying to explain how economies develop. Likewise, capitalism is not the panacea for struggling economies, although it may be the best system on our menu. But all too often, West Saharan African leaders maintain crony-capitalist markets with tinges of state intervention when it suits political aims. This is the problem with bad governance capitalism – power manifestly corrupts. As Ian Bremmer cogently writes, “Forced to choose between the protection of the rights of the individual, economic productivity, and consumer choice, on the one hand, and the achievement of political goals, on the other, state capitalists will choose the latter every time” (Bremmer 2010, 41).

This paper has argued that specific government policies and broader policy environments matter, but regime type per se cannot account for the differences in economic growth performance. In the case of Ghana, decentralization and community-driven development; ethnic, religious, and ideological unity; and good governance have all contributed to that country’s robust GDP growth over the past decade and offer promising prospects for future development. In Côte d’Ivoire, rentier state phenomena and instability by way of coup attempts and civil war have foreclosed the possibility of political and economic stability and GDP growth.

Good governance is the key to sustainable economic development, not simply shallow, temporary economic growth. Good governance allows for predictability in macroeconomic policy and forces the ruling regime to follow the “rules of the game.” This predictability, principally via just rule of law, yields stability; stability yields economic growth; and economic growth sustains the good governance democracy that created this cycle originally. Good governance includes purging and eliminating corrupt business license bureaucracies; enforcing a fair and permanent (predictable) tax code; reforming the judiciary and law enforcement agencies; and maintaining a government-business relationship based on merit and not on favoritism. The common thread that unites all of these factors is institutional power. Institutions and arenas in which negotiations can take place are intrinsic to good governance and these institutions and arenas, in their pure forms, only exist in democracies.

Good governance democracy encourages sustainable economic development. On this point, it is worth quoting Mancur Olson at length:

> [...] though experience shows that relatively poor countries can grow extraordinarily rapidly when they have a strong dictator who happens to have unusually good economic policies, such growth only lasts for the ruling span of one or two dictators. It is no accident that the countries that have reached the highest level of economic development and enjoyed good economic performance across generations are all stable democracies (1993, 572-73).

Thus, while scholars have found that dictatorships may be better at effectively harnessing resources and growing in the short-term, they have shown good governance and democratic institutions to be essential for sustainable, long-term economic development. This paper provides further evidence for this finding.

Since developing states that receive neoliberal conditionality-based aid from the IMF and bilateral and multilateral donors do not tend to improve their economic performance, a potential policy implication of my findings is the need to transition to a community-driven, indigenous development agenda (Easterly 2006). The United States and other wealthy Western donors may find their investments more wisely spent on NGO-led efforts to build local community capacity and enable the needy themselves to determine what aid they need and how to implement it rather than adhering to some bureaucratic, top-down, unaccountable, feedback-deficient development scheme.

A future academic pursuit could be an examination of the lack of Ivorian civil war spillover effects in neighboring Ghana – a seeming repudiation of the literature on neighborhood effects of conflict (Ades and Chua 1997). Why has the instability brought by Côte d'Ivoire's 2011 civil war not affected Ghana's economic performance? Another research question worthy of further scrutiny is: do states in West Africa that have opened up their economies to global trade integration experience more robust growth than states that are more autarkic (Dollar and Kraay 2004)?[6] Additionally, future research is needed to uncover precisely why relatively weak empirical relationships exist between regime type and human development indicators in the region.[7]

Another area of further study is the application of colonial legacy studies to the countries studied in this paper; do the experiences of Ghana and Côte d'Ivoire confirm, deny, or render inconclusive the theory that former British colonies (with common law, developed institutions, and semi-autonomous rule) perform better economically than former French colonies (with civil law, undeveloped institutions, and direct rule) (Acemoglu et al. 2001; Firmin-Sellers 2000)?[8] Finally, if the theory that poor economic performance creates a serious threat that a poor democracy will revert to dictatorship, then why did Ghana, a poor democracy, not revert to dictatorship during the turbulent 1990s (Przeworski and Limongi 1993)?

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[6] See Appendix, Figure 9
[7] See Appendix, Figures 5, 6, 10, 11
[8] See Appendix, Figure 12

These and other questions must be at least partially answered if scholars wish to develop a more comprehensive understanding of the relationship between regime type and economic growth in West Africa. An expanded awareness of the issue also requires the introduction of new and improved frameworks of analysis.

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Appendix

Figure 1. Compilation of Studies on Regime Type & Economic Growth [9]

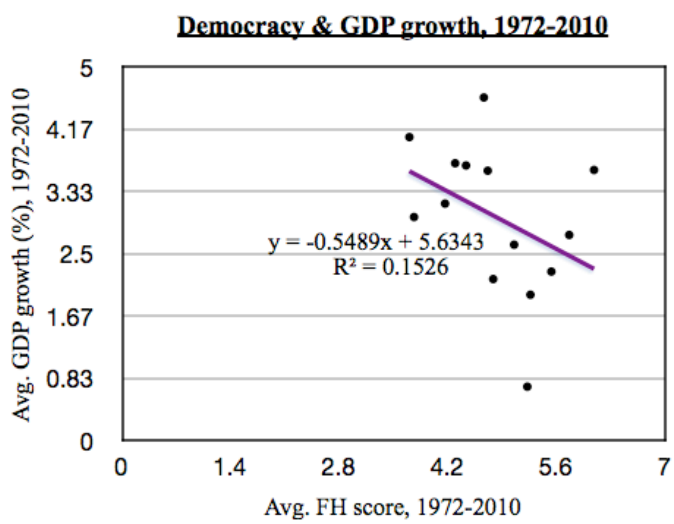
Author	*Sample*	*Time frame*	*Finding*
Przeworski (1966)	57 countries	1949–1963	dictatorships at medium development level grew fastest
Adelman and Morris (1967)	74 underdeveloped countries (including communist bloc)	1950–1964	authoritarianism helped less and medium developed countries
Dick (1974)	59 underdeveloped countries	1959–1968	democracies develop slightly faster
Huntington and Dominguez (1975)	35 poor nations	the 1950s	authoritarian grew faster
Marsh (1979)	98 countries	1955–1970	authoritarian grew faster
Weede (1983)	124 countries	1960–1974	authoritarian grew faster
Kormendi and Meguire (1985)	47 countries	1950–1977	democracies grew faster
Kohli (1986)	10 underdeveloped countries	1960–1982	no difference in 1960s; authoritarian slightly better in 1970s
Landau (1986)	65 countries	1960–1980	authoritarian grew faster
Sloan and Tedin (1987)	20 Latin American countries	1960–1979	bureaucratic-authoritarian regimes do better than democracy; traditional dictatorships do worse
Marsh (1988)	47 countries	1965–1984	no difference between regimes
Pourgerami (1988)	92 countries	1965–1984	democracies grew faster
Scully (1988, 1992)	115 countries	1960–1980	democracies grew faster
Barro (1989)	72 countries	1960–1985	democracies grew faster
Grier and Tullock (1989)	59 countries	1961–1980	democracy better in Africa and Latin America; no regime difference in Asia
Remmer (1990)	11 Latin American countries	1982–1988 1982 and 1988	democracy faster, but resul statistically insignificant
Pourgerami (1991)	106 less developed countries	1986	democracies grow faster
Helliwell (1992)	90 countries	1960–1985	democracy has a negative, but statistically insignificant, effect on growth

[9] Przeworski, Adam and Fernando Limongi. 1993. "Political Regimes and Economic Growth." Journal of Economic Perspectives 7(3):51-69.

Figure 2. Current Freedom House Snapshot of West Africa [10]

Figure 3. Freedom House Score & GDP growth (annual %), 1972-2010 [11]

	FH score	GDP growth
Benin	4.29	3.71
Burkina Faso	4.66	4.59
Cote d'Ivoire	5.53	2.26
Gambia	3.70	4.06
Ghana	4.16	3.17
Guinea	6.08	3.62
Guinea-Bissau	5.05	2.62
Liberia	5.22	0.72
Mali	4.43	3.68
Niger	5.26	1.95
Nigeria	4.71	3.61
Senegal	3.76	2.99
Sierra Leone	4.78	2.16
Togo	5.76	2.75



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[10] Freedom House. 2011. Freedom in the World. http://freedomhouse.org/template.cfm?page=15
[11] World Bank Group. 2011. World Development Indicators. http://databank.worldbank.org

Figure 4. Freedom House Score & GDP growth (annual %), 2001-2010

	FH score	GDP growth
Benin	2.1	4.0
Burkina Faso	4.05	5.72
Cote d'Ivoire	5.8	1.13
Gambia	4.5	5.01
Ghana	1.8	5.78
Guinea	5.6	2.82
Guinea-Bissau	4.15	1.08
Liberia	4.4	1.76
Mali	2.3	5.53
Niger	3.7	4.84
Nigeria	4.2	6.30
Senegal	2.75	4.05
Sierra Leone	3.45	9.78
Togo	5.15	2.43

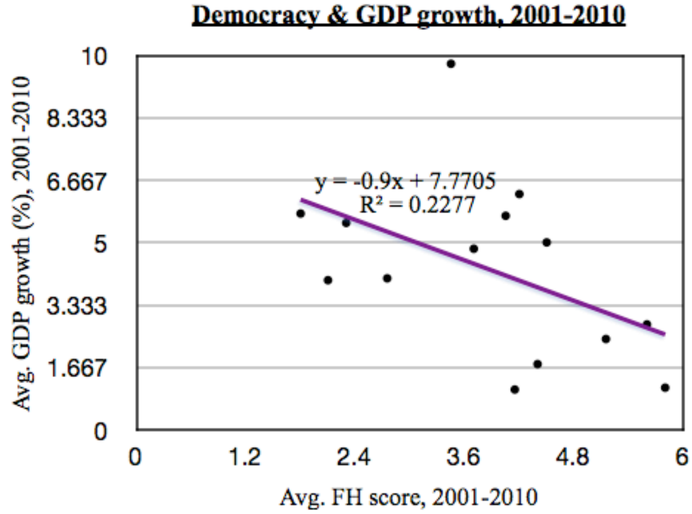

Figure 5

	FH score	GDP per capita
Benin	2.1	1,373.49
Burkina Faso	4.05	1,006.85
Cote d'Ivoire	5.8	1,685.21
Gambia	4.5	1,184.12
Ghana	1.8	1,251.64
Guinea	5.6	961.81
Guinea-Bissau	4.15	1,037.18
Liberia	4.4	378.99
Mali	2.3	891.52
Niger	3.7	624.29
Nigeria	4.2	1,777.89
Senegal	2.75	1,649.42
Sierra Leone	3.45	650.38
Togo	5.15	869.34

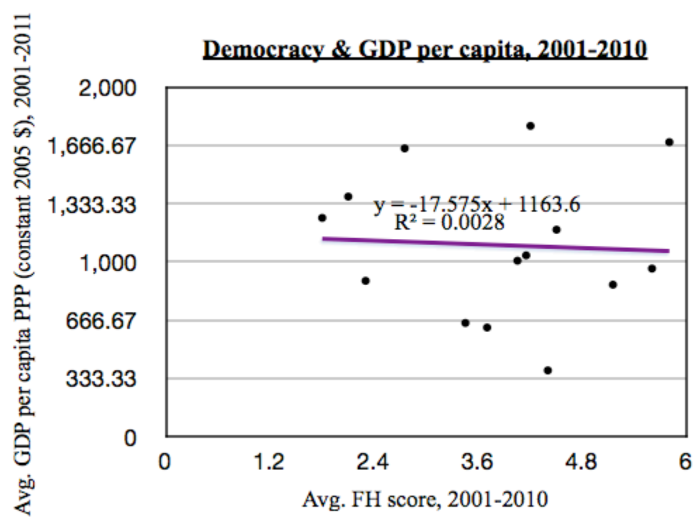

Figure 6

	FH score	Avg. GINI score
Benin	2.1	38.62
Burkina Faso	4.05	39.6
Cote d'Ivoire	5.8	44.945
Gambia	4.5	47.28
Ghana	1.8	42.76
Guinea	5.6	41.345
Guinea-Bissau	4.15	35.52
Liberia	4.4	38.16
Mali	2.3	39.5
Niger	3.7	38.965
Nigeria	4.2	42.93
Senegal	2.75	40.22
Sierra Leone	3.45	42.52
Togo	5.15	34.41

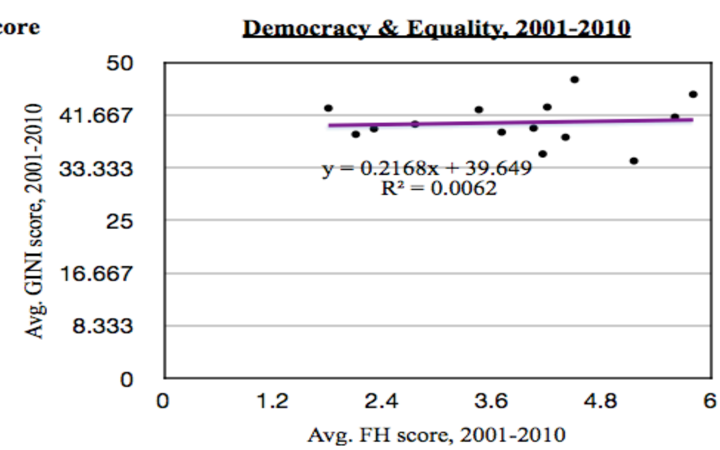

Figure 7

	NR rents	FH score
Benin	1.44	2.1
Burkina Faso	3.42	4.05
Cote d'Ivoire	6.56	5.8
Gambia	3.07	4.5
Ghana	6.14	1.8
Guinea	10.3	5.6
Guinea-Bissau	3.88	4.15
Liberia	17.61	4.4
Mali	1.56	2.3
Niger	1.84	3.7
Nigeria	35.22	4.2
Senegal	1.66	2.75
Sierra Leone	5.16	3.45
Togo	4.26	5.15

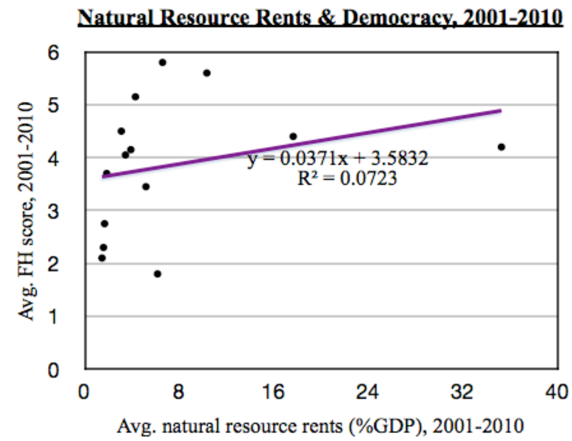

Figure 8

	Fuel exports	FH score
Benin	0.11	2.1
Burkina Faso	0.03	4.05
Cote d'Ivoire	24.35	5.8
Gambia	0.36	4.5
Ghana	3.16	1.8
Guinea	0.6	5.6
Guinea-Bissau	0.81	4.15
Liberia		4.4
Mali	2.7	2.3
Niger	1.71	3.7
Nigeria	95.09	4.2
Senegal	17.37	2.75
Sierra Leone		3.45
Togo	0.49	5.15

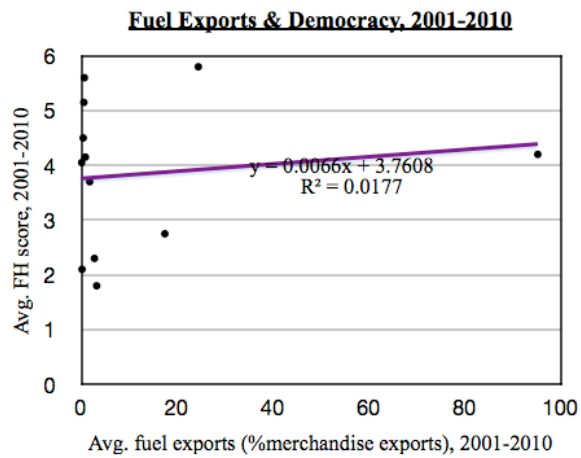

Figure 9

	FH score	Tariff rate
Benin	2.1	13.16
Burkina Faso	4.05	9.98
Cote d'Ivoire	5.8	7.38
Gambia	4.5	14.85
Ghana	1.8	9.81
Guinea	5.6	12.25
Guinea-Bissau	4.15	12.13
Liberia	4.4	
Mali	2.3	9.59
Niger	3.7	10.89
Nigeria	4.2	12.87
Senegal	2.75	8.96
Sierra Leone	3.45	
Togo	5.15	11.56

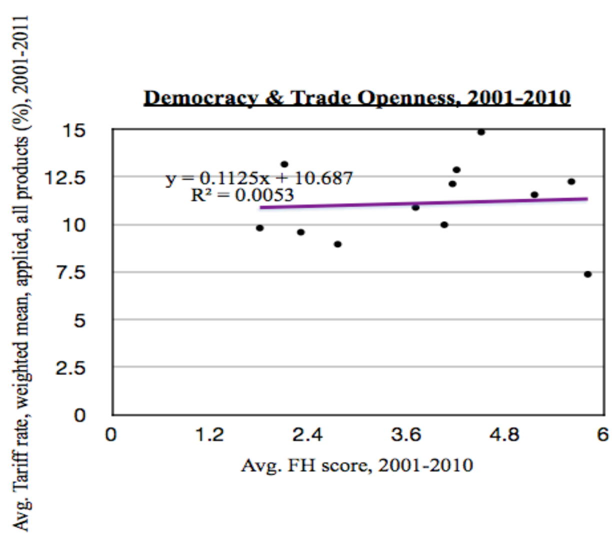

Figure 10

	FH score	Life expectancy
Benin	2.1	53.89
Burkina Faso	4.05	52.47
Cote d'Ivoire	5.8	51.82
Gambia	4.5	56.64
Ghana	1.8	61.05
Guinea	5.6	51.05
Guinea-Bissau	4.15	46.16
Liberia	4.4	51.67
Mali	2.3	48.98
Niger	3.7	51.56
Nigeria	4.2	48.94
Senegal	2.75	57.35
Sierra Leone	3.45	44.04
Togo	5.15	55.42

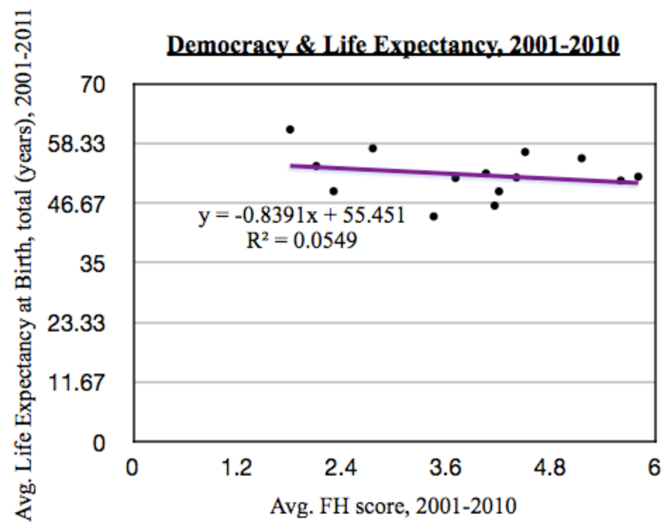

Figure 11

	FH score	Literacy
Benin	2.1	38.15
Burkina Faso	4.05	24.7
Cote d'Ivoire	5.8	55.26
Gambia	4.5	46.5
Ghana	1.8	66.62
Guinea	5.6	34.47
Guinea-Bissau	4.15	52.2
Liberia	4.4	56.47
Mali	2.3	25.09
Niger	3.7	19.03
Nigeria	4.2	57.79
Senegal	2.75	43.62
Sierra Leone	3.45	37.87
Togo	5.15	56.89

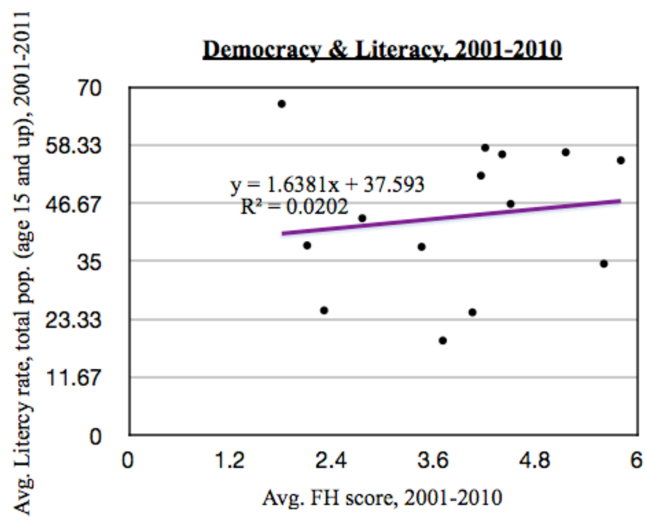

Figure 12

Avg. GDP growth (%), 2001-2011
9 French colonies: 4.09%
3 British colonies: 6.86%
1 Portuguese colony: 1.08%
1 Independent state: 1.76%