Quality of Government is Needed to Reduce Poverty and Economic Inequality

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Abstract:

While it is true that lots of people in some developing countries have been lifted out of poverty during the recent decade, severe poverty remains a huge problem, not least in Sub-Sahara Africa. Recognizing the importance of institutions for alleviating poverty and economic inequalities, this paper starts by asking the question "which institutions". Our review of the literature indicates that representative democracy seems to work poorly as a cure against poverty or large-scale economic inequalities. Our empirical analysis shows that this holds true for poor (non-OECD) countries. The main empirical analysis tests the relation between measures of QoG - Quality of Government – (such as levels of corruption and the rule of law) and poverty/inequality. The empirical analysis covers both a large n-analysis and a comparison of two cases (Singapore and Jamaica), The main conclusion from the large-n empirical test is that quality of government matters for reducing absolute poverty among poor countries and for reducing relative economic inequalities among rich as well as among poor countries also after controlling for democracy. This conclusion if strengthened by the comparative analysis of democratic but low QoG Jamaica and authoritarian but high QoG Singapore.

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Poverty and Political Institutions[1]

In a global perspective, poverty, including extreme poverty as well as huge economic inequality, remains as one of the most pressing social and human issues. Recent figures from the World Bank show that about half the planets population has to get by on less than 2.50 US dollars per day. The consequences are well-known in areas such as population health (including infant mortality), literacy, nutrition and many other measures of human development. Millions of children die every year and most of them could be saved by low-cost interventions (Doces and Sanjian 2009). While it is true that lots of people in some developing countries have been lifted out of poverty during the recent decade, severe poverty remains a huge problem, not least in Sub-Saharan Africa.

Ever since development issues became an academic speciality, battalions of researches from various disciplines have ventured into this problem and come up with many different kinds of explanations and policy recommendations. A central question in this debate has been the role of the state in economic development. Since the late 1990s, economists and political scientists alike have started to argue that dysfunctional government and social institutions play a central part in the story. This "institutional turn" is a clear change from many earlier theories that focused on the lack of things like technology, skills and infrastructure.

Two prominent scholars in the field, Daron Acemoglu and James Robinson, have thus argued that factors like (the lack of) technology, skills and physical capital are just "proximate" causes behind the lack of economic development and extreme poverty in many countries. To point at factors like these borders on just a repetition of the data since it is self-evident that people that lack access to good technology, adequate skills and capital to make necessary investments will be poor. Nevertheless, the well-known economic historian Nial Ferguson recently stated "the lesson from economic history is very clear. Economic growth …..comes from technological innovation, and gains in productivity and these things come from the

private sector, not from the state" (Ferguson 2009). This of course begs the question why the technological innovations are more likely to happen in some countries than others and why the fruits of these innovations are so unevenly distributed in many places.

From an institutional perspective, the answer to the lack of economic development in many countries would be that the private market will not produce technological innovations and gains in productivity without the right type of government and social institutions. As Acemoglu and Robinson argue, in order to move from proximate to fundamental causes in our understanding of this problem , it is necessary to ask the next question, namely "why some countries have less human capital, physical capital, and technology and make worse use of their factors and opportunities". Following Douglass North, their answer is, by and large, *institutions* (Acemoglu and Robinson 2008, p. 28).

The problem with such an answer is that while probably correct, it does not solve the problem since in every society there are innumerable (formal and informal) institutions. It is plausible that even in rich countries, some government institutions are positive for growth, some are negative and others have no economic impact. Moreover, it is not the case that poor countries lack political, social and economic institutions. On the contrary, their institutions are in many ways as elaborated, sophisticated and complex as those that exist in rich countries (North, Wallis, and Weingast 2009). Thus, it is obviously not a lack of institutions that is the problem for alleviating poverty, but that poor countries seem to have the wrong type of institutions. Here we face a challenge stated by Ross, namely that "social scientists know surprisingly little about what types of governments tend to improve the welfare of the poor" (Ross 2006, p. 872). Most of the research on systems of income redistribution have taken place in OECD countries were the level of poverty is trivial in a global comparative perspective.

Another widely held idea has been that economic growth as such would reduce economic inequality. The implication from an institutional perspective is that in order to reduce economic inequality, one need only to care about institutions that are known to foster economic growth. In a report from the World Bank Research Group set out to "review the evidence", the authors find two results. One is that growth rates among developing countries are virtually uncorrelated with changes in inequality levels. However, on average, economies that grow faster reduce absolute poverty much more rapidly (cf. Deaton 2005; Ferreira and

Ravaillion 2008). Thus, depending on the definition and measurement of poverty, economic growth gives two different results.

Is Democracy a Cure Against Poverty?

If one wants to come up with institutions that can alleviate extreme poverty and reduce economic inequality, which ones are most likely to have a positive impact? From a normative perspective, we would have preferred the type of institutions that make up a political system known as representative democracy. The spread of representative democracy is said to be one of humanity's great inventions (Mandelbaum 2007; Manin 1997) and the success of representative democracy during the last three decades is certainly something to celebrate. The institutions that are needed for this political system varies but includes at a minimum free and fair elections, freedom of speech, freedom of the press, the right to stand for office, the right to form interests groups and political parties. These institutions would sum up to a state of affairs in which elections will result in a) the enactment of public policies that are reasonable approximations of "the will of the people" and b) a reasonable possibility of alternation of which political parties that control government. This theory, that we may call "the will of the people theory" is spelled out in the United Nations Declaration of Human Rights in the following way.

> The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures (article 21)

As argued by Holmberg and Esaiasson (1996), Rothstein (2005) as well as Gilley (2009), the empirical support for the idea that "the will of the people theory" is the main source for creating political legitimacy is scant. Even so, and in line with many policy makers in the development business, we wish that such a political system would produce policies and public goods that would alleviate extreme poverty and large economic inequalities in general. But here comes the bad news: Empirical research gives very little support for this idea. If infant and child mortality is taken as a proxy for the production of a public good that would benefit

especially poor people, Ross show that democracy has "little or no effect" on this important social outcome (2006, p. 860). Moreover, in a recently published article Shiffbauer concludes that: "most empirical studies are not capable of identifying a positive link between GDP growth and democracy indexes" (2010). This non-existing relation between democracy and the alleviation of poverty has been known for quite a while. In a review published in 1992 of existing research, Przeworski concluded that, "we do not know whether democracy promotes economic development, hinders it, or is irrelevant to it" (Przeworski 1992). In a more elaborate study published eight years later, the same author concluded that type of political regime had no impact on total national income (Przeworski 2000). Our review of the literature seem to indicate that while representative democracy may be one of humanities great inventions, it seems not to work a cure against poverty or large-scale economic inequalities. This is, we admit, "a hard pill to swallow" not only for us but also for the small army of policy makers and intellectuals who have put all the money on the idea that "democracy aid" to developing countries would be a cure against extreme poverty.

But maybe it is not such a hard pill to digest. A first look at the empirical relationships shows a more complex relationship between democracy, poverty and economic inequality. Using data from The Quality of Government Institute open source data set (Teorell et al. 2009), we find that absolute poverty and economic equality on the one hand and different levels of democracy on the other hand shows positive albeit weak links when all countries are included in the analysis (n= 142)). The same is also true when only the thirty OECD countries are included. The equality measure used is the Gini index (reversed) and the absolute poverty measure is the proportion of people living on below 2 USD/day.[2] The correlations are .20 (Gini and Democracy, all countries), .48 (Gini and Democracy, OECD countries) and .44 (2 USD/day and Democracy, poor developing countries). A positive link in this context means that *high* levels of democracy is related to *high* levels of economic equality and to *low* degrees of absolute poverty (see Figures 28, 29 and 31).

However, for the non-OECD countries (which are mostly poor countries) there are no positive link between levels of democracy and degrees of economic equality. The correlation is .00

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[2] The measure of democracy used is a combination of the average scores of political rights and civil liberties, as reported by Freedom House, and the combined autocracy and democracy scores derived from the Polity IV data set (Hadenius and Teorell 2005).

(Figure 30). Among poor countries, whether the rule is democratic or not is not related to how equal economic wealth is distributed. But as was indicated above, democratic rule among poor countries is associated with lower levels of absolute poverty. Thus, in our data, democratic rule is positively, but rather weakly related to the alleviation of poverty among poor countries.

If representative democracy does not help the poor, what other institutions do?

The reason why representative democracy may not produce the public goods needed to alleviate extreme poverty has recently been addressed by Larry Diamond, one of the most prominent scholars and policy intellectuals in the field of democratization studies:

> There is a spectre haunting democracy in the world today. It is bad governance—governance that serves only the interests of a narrow ruling elite. Governance that is drenched in corruption, patronage, favoritism, and abuse of power. Governance that is not responding to the massive and long-deferred social agenda of reducing inequality and unemployment and fighting against dehumanizing poverty (Diamond 2007).

If this is correct, the answer to why representative democracy is no guarantee against poverty or large-scale economic inequalities becomes clear. To paraphrase: *"Its the output side, not the input side, stupid"*. There are now a number of studies showing that corruption and inequality are closely related. Uslaner argues that it is inequality that causes corruption while others argue that the causality moves in the other direction, that corruption causes inequality (Gupta, Davoodi, and Tiongson 2000; Gupta, Davoodi, and Alonso-Terme 2002; Uslaner 2008). According to Chong and Calderóns cross-country study, "a better quality of the bureaucracy, and an improved overall quality of the institutions are very likely to reduce poverty" (Chong and Calderón 2000). There are also reports showing that corruption and other types of low quality in government institutions (clientelism, patronage, systemic discrimination, lack or rule of law, low effectiveness) hurts poor people disproportionally (United Nations. Economic and Social Commission for Asia and the Pacific, United Nations Development Programme, and Asian Development Bank 2007). In Transparency International's *Global Corruption Barometer* 2009, findings show that poor people

consistently pay more bribes than other income groups to attend schools, receive medical services, or when they seek police assistance. There may be at least two other reasons why low QoG hurts poor people. One is that even people who are willing to support public policies that would help poor people (like funding to public schools and public health care) may be unwilling to do so if they have reason to suspect that their tax money will be squandered by corruption. Secondly, while both low income and middle class people stand to gain from universal social programs, middle class citizens (which usually are the swing voters) are not likely to support such policies if they have reason to believe that provisions will be tainted by corruption or clientelism. Thus, the state will neither have the money nor the political support for enacting such policies (Rothstein and Uslaner 2005)

Empirics I: Cross-Country Statistics

In the rest of this paper our research is not effects of democracy. Instead, it is more precise: What are the effects of quality of government on economic equity and poverty? We begin the analysis by looking at basic bivariate scatter plots between some often used quality of government (henceforth QoG) variables and two measures of economic equality – the Gini index (reversed) and Income of the poorest 20%. In some special analysis we also employ a third economic variable that indicates absolute levels of poverty – Proportion of population living on below 2 USD/day. Again, we use the data from the Quality of Government open source dataset (Teorell et al. 2009)

The four chosen QoG variables are the World Bank's Rule of Law indicator, The World Bank's Government Effectiveness measure, Transparency International's Corruption Perception Index, and the QoG Institute's own Government Impartiality index. In theory, the four indicators measure different things, but in practice all of them are highly inter-related with correlation coefficients of about + .85 to +.90 between them. The Government Impartiality measure is based on expert judgments collected by the QoG Institute in some fifty counties around the world (Teorell 2009).

The two measures of economic equality are also inter-related but on a much more modest level. The correlation is +.72. However, the correlation between the two economic equality

variables and the absolute poverty measure (living on below 2 USD/day) is non-existant with correlations around zero The latter correlation is for obvious reasons only calculated among developing countries. In the more economically developed parts of the world hardly anyone lives on 2 USD/day.

 In the Figure Appendix, twenty seven bivariate scatter plots with regression lines are highlighted with the four QoG variables run against the three economic equality/poverty indicators. For most of the scatter plots there are three versions – one for all relevant countries (usually around 120 countries), one for OECD countries only (around 30 countries), and one for Non-OECD countries (around 90 countries). The separate analyses among OECD and Non-OECD countries have been made in order to be able to study separately the relationships between quality of government and economic equality among rich as well as among poor countries. In the literature, the level of economic development is often included as a conditioning or intervening variable effecting degrees of economic equality. The OECD versus Non-OECD division of countries is employed as a crude but very instructive proxy variable for the level of economic development and richness.

The results are summarized in five tables in the Table Appendix. All QoG variables have a positive bivariate relationship with the two variables measuring relative economic equality (Gini index reversed and Income of poorest 20%). The QoG correlates are stronger with the Gini index than with the variable measuring Income of the poorest 20% (see Table 1), but all relationships are on the positive side. In this context a positive correlation indicates that *more* of a QoG variable is associated with higher levels of economic equality. Higher quality in government is related to more economic equality. Countries with higher quality of government tend to have less economic differences between people compared to countries with less quality of government.

Thus, the hypothesis that high quality of government is a prerequisite or a precondition for the creation and sustainability of a more economically equal society gets support; at least at this early bivariate stage before any possibly confounding variables have been introduced and tested. One such obvious variable that should be controlled before we can start believe in any sort of "causal" relationship between quality of government and economic equality is the level

of economic development. Is there a connection between QoG and equality among rich countries as well as among poor countries?

The results in Table 2 give an answer. And it is a positive answer. All four QoG variables reveal a positive correlation with the Gini index reversed among OECD and Non-OECD countries. Among poor countries as well as among rich countries, efficient and non-corrupt government tend to more often be present in nations with higher compared to lower levels of economic equality. The hypothesis that QoG is related to economic equality is clearly more true than false no matter how economically developed a country is. However, a small caveat is that the other equality measure – Income of the poorest 20% yields somewhat less convincing results. Its correlations with our QoG variables are all positive as expected among the OECD countries, but not among the Non-OECD counties. Among the poorer Non-OECD nations, the relationship between quality of government and Income of the poorest 20% is not existing. In all cases it is non-significant with correlations between -.10 and .00.

We do not have any good explanation for why the variable measuring Income of the poorest 20% does not work as the Gini index does among poor countries. The correlation between the two equality measures is high (+.72), but not so high that they are identical. Obviously the two measures can relate somewhat differently to a third variable like QoG in some circumstances, like among poorer Non-OECD countries.

Our conclusion, however, from this slightly discomforting result is not that quality of government does not matter for achieving economic equality or for fighting poverty in poor countries. First, the results based on the analysis with the Gini equality measure supported our hypothesis among OECD as well as among Non-OECD countries. Second, when we re-test the hypothesis among Non-OECD countries substituting a measure for absolute poverty (proportion of population living on below 2 USD/day) for the relative equality measure Income of the poorest 20%, the outcome among poor developing countries is a very strong correlation between *higher* levels of QoG (government effectiveness) and *lower* levels of absolute poverty (see Table 4). Interpreted in causal terms – quality of government is good for reducing poverty among poor countries.

Whether or not QoG as well is good for reducing absolute poverty levels among populations in rich countries can not be tested with these data; naturally so, since almost nobody in the rich world lives on less than 2 USD per day. However, that quality of government is good for reducing relative poverty levels among richer countries - meaning economic inequalities - is strongly implicated by our results for the OECD countries in Table 2. And the result is further underscored by a special analysis pertaining only to the rich countries in Western Europe. That analysis shows a clear positive relation between QoG (government impartiality) and the Gini equality measure as well as with the variable covering the Income of the poorest 20% (see Table 3).

The main conclusion from this large-n empirical test is that quality of government matters for reducing absolute poverty among poor countries and for reducing relative economic inequalities among rich as well as among poor countries. That conclusion is further strengthened when we apply more traditional multiple regression and find that quality of government has an independent and significant effect on degrees of economic equality as well as on levels of absolute poverty after controls for levels of democracy have been introduced (see Table 5). The results are fragile because of the limited number of cases (between 111 and 132 countries) and the limited variance in the democracy variable among developed countries, but the outcome is important anyway. Quality of government has effects on relative and absolute poverty levels independent of levels of democracy. Quality of government matters for equality and for fighting poverty even after we have taken democracy levels into consideration.

 If - as Wilkinson and Pickett (2009) rather convincingly claim - high levels of economic equality are good for most things in modern societies, then one route to take to achieve a more equal society is through improved levels of quality of government. Government effectiveness, bureaucratic impartiality, rule of law and minimum levels of corruption are not the only medicine, but it is in all likelihood necessary and quite useful medicines. In the long run, to sustain a fairly equal society with low levels of the rule of law and government effectiveness and high levels of bureaucratic partiality and corruption is not viable. Our prediction is that in a low level QoG society like that, economic equality will not emerge - and if it emerges for some reason, it will not survive.

Empirics II: The Tale of Two Countries

Most of the research that have been referred to and presented so far is carried out by large-n statistical analyses. In order to further investigate the relation between poverty, representative democracy and QoG,, we will now move to the comparative-case study method. As is well-known, this method relies heavily on the research design where the theoretical question is central for which countries that should be compared.

Following a suggestion by Herbert Werlin (Werlin 2007), the choice has fallen on Jamaica and Singapore. At first glance, Singapore and Jamaica would seem to be quite an odd couple to compare. The two states are today found at separate ends of most observable data regarding economic prosperity, social well-being, politics and (of course) location on the globe. Still, except for the geography, it hasn't always been this way. Had we made the same comparison fifty years ago, we would have seen two, in many aspects strikingly similar, soon-to-be ex-colonies, in the midst of making an attempt to establish themselves as independent states and hopefully prosperous societies. First, the countries had then about the same population, around 1,8 million inhabitants. Second, they were almost equally (very) poor. Third, the political climate was relatively healthy, compared to so many newly independent nations of the time that plunged into civil war as soon as the former masters returned to Europe. Fourth, both countries had for a long time been British colonies and independence came at about the same time (1962 for Jamaica; 1965 for Singapore).

As argued by Werlin (2007), most social scientist who in the early 1960s would have been asked to predict the future development of these two relatively small new countries would have concluded that Jamaica stood a much better chance to foster social well-being, alleviate poverty and create economic prosperity than did Singapore. Compared to Singapore, Jamaica had (and still has) plentiful natural resources (most importantly bauxite) that were in high demand on the world market. It was also close to one of the world's biggest markets for what its fertile agricultural sector could produce. Moreover, with its stunningly beautiful beaches and pleasant climate, Jamaica would have been ideal site for the development of a large tourist industry, especially since neighbouring Cuba had just decided to leave that market.

Moreover, as will be shown in more detail below, the country inherited from Britain a Westminister model democracy and, important in this context, a relatively honest, impartial and professional civil service.

Singapore was in the mid 1960s clearly in a worse situation. At the time of independence, the country was not only destitute but lacked marketable natural resources. It was located farther away from the big markets in the U.S. and Western Europe than was Jamaica. Moreover, Singapore was ethnically much more divided than Jamaica, and suffering from difficult racial and religious turmoil as a legacy from its separation from Malaysia in 1965. At independence, mass unemployment added to the difficulties. However, the outcome today is almost an 180 degree turn from what could reasonably have been expected in 1965.

Regarding the geographic factor, one could of course argue that South-East Asia and the Caribbean are two very different places in terms of culture, and which major powers that have dominated the regions in the past and present. Still, both regions are on many measures among the most internally divergent. Looking at just one example, UNDP's index of Human Development,[3] there seems to be little evidence that the overall culture in these two regions makes them particularly homogenous. The Caribbean states range from number 37th (Barbados) to 149 (Haiti), with Jamaica as number 100 (second from the bottom in the region). In South East Asia, Singapore is placed at 23 in this global ranking, a stark contrast to Myanmar at number 138, as well as neighbouring Malaysia at number 66[4]. Hence, it appears that a nation from either region is not, like Western Europe or sub-Saharan Africa, more or less bound to perform in a certain way when it comes to human development, derived simply from its physical location.

**Comparing economic and social performance**

Since independence, GDP per capita for Singapore has grown more than six times, which by most comparable standards must be seen as an incredible feat. Singapore is now (2009) richer

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[3] United Nations Development Program 2009. Human development report 2009: overcoming barriers – human mobility and development (http://hdr.undp.org/en/media/HDR_2009_EN_Complete.pdf (nov. 6th 2009)

[4] Ibid. p. 143ff.

than all former colonial powers and has a GPD/capita that is higher than the United States, Switzerland, and all countries in the European Union except Luxembourg and Norway. In comparison, Jamaica has shown a more modest 25 % increase in economic growh, which all occurred during the first ten years of independence. In fact, Jamaican (real) GDP per capita in 2008 was *less* than it was in 1972.

Figure 32. Development of GDP/capita for Jamaica and Singapore 1962-2008
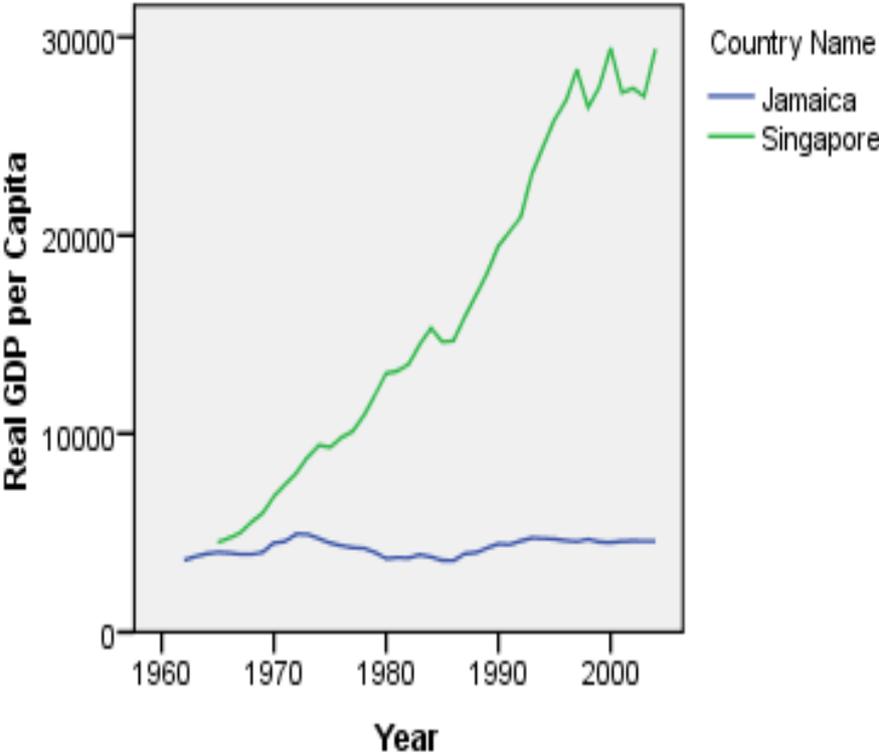
Sources: QoG time-series data (June 17, 2009):

When it comes to social well-being, measured as population health, the differences between the countries are, as shown be the table below, staggering. WHO statistics from 2006 show that infant mortality - the probability of dying by the age of 5 per 1000 live births - is eight times higher in Jamaica compared to Singapore. While the level of infant mortality has remained consistently high in Jamaica since 1990, Singapore has, during the same period, managed to cut its rate by more than half and now has one of the lowest levels of infant

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mortality in the world. It may be added that when infant mortality is counted as probability of dying during the first year, the difference between the countries is considerably smaller (five to one), showing that the risk of dying increases for Jamaican children when they are between their first and fifth birthday compared to their first year of life. While overall life expectancy according the WHO statistics does not differ more than eight years (Jamaica 73,5, Singapore 82), if broken down by gender and age group, the differences become substantial.

Table 6. Adult mortality rate between 15 to 60 years per 1000 population for men

Country/year	1990	2000	2006
Jamaica	175	182	**224**
Singapore	**152**	**97**	**83**

Source: WHO Statistics 2006

As the figures show, a male Jamaican between 15 and 60 years of age has a mortality rate that is three times higher than for a Singaporean male. Moreover, this difference has increased dramatically since 1990 as the mortality rate in Jamaica for men in this age group has gone up while for Singapore, the mortality rate for this group has almost been cut in half. One reason behind this huge difference may be related to the risk of death by criminal violence. Jamaica has one of the highest homicide rates in the world. Although the data should be treated with some care, the figure from 2006 is 49 per 100.000 inhabitants, more than twice the rate for the countries in the Carribean region. Moreover, Jamaica's homicide rate has more than doubled since the early 1980s and has increased five times since 1972. Singapore on the other hand has one of the lowest homicide rates in the world, 0.48 per 100.000 inhabitants.[5] Thus, the chance of dying from criminal activity is almost exactly 100 times higher in Jamaica than in Singapore. According to a report jointly issued by the United Nations Office of Drugs and Crime and the World Bank, Jamaica if it could reduce its homicide rate to the level of Costa Rica, the country would increase its economic growth by 5,4 percent annually.[6] Jamaica also has one of the highest rape rates in the world. The impact according to the report cited above

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[5] Data for Singapore from Statistics Canada, Catalogue no. 85-002-XIE, Vol. 26, no. 6. Data for Jamaica and the Carribean region from the United Nations Office on Drugs and Crime (UNODC), Report No. 37820 (March 2007), "Crime, Violence, and Development: Trends, Costs, and Policy Options in the Caribbean".

[6] Ibid, p. 10.

is that "due to the high levels of violence in parts of urban Jamaica, residents are afraid to leave the homes and interact less often with friends and family who live elsewhere"[7] (ibid. p. 15). In the capital, Kingston, one study reports that in the early 1990s, 17 percent of 13 and 14year-olds had been raped or been victims of attempted rape.[8] A survey carried out by the World Bank in Jamaica showed that 39 percent of business managers responded that they were unlikely to expand their businesses because of the crime level.[9] It should come as no surprise that this level of violent crime is likely to have an impact also on social trust among Jamaicans and on the possibility to build a thriving tourist industry. Two surveys, one from 2006 and one from 2008 show that Jamaicans are one of the least trusting people in the world with only 14 to 15 percent stating that they believe that "most people can be trusted" while about 85 percent concur with the statement that "one can't be too careful in dealing with people" (Lyday, O'Donnell, and Munroe 2008; Powell and Lewis 2009). Popular guidebooks issue stern warnings about public safety on Jamaica, especially in Kingston and more generally outside the gated and heavily guarded tourist resorts. And to cite the advice from "Lonely Planet's Guidebook for Jamaica": "Many local police are members of the communities they serve and cannot always be trusted to be impartial."

Entering Democracy

Apart from the staggeringly divergent economic and human development between the two states since independence, their political histories are also quite the opposite. This will be developed further below, but according to Freedom House's annual democracy rating Jamaica is a democracy, as it has been since the organization started to measure this. In contrast, Singapore is not considered a democracy by Freedom House and has not been democratic since independence. In fact, Jamaica scores as a reasonable well functioning democracy in most measures that are used when democracy is rated. For example, in The Economist Intelligence Unit's index of democracy from 2007, Jamaica scores an impressive 9,17 (out of a maximum of 10.0) for "electoral process and pluralism," which is at the same level as countries like Canada and Japan, and slightly higher than for the United States and Mexico. The measure captures issues like "are the elections for the national legislature and head of government free?", "are municipal elections both free and fair?" and "do opposition parties

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[7] Ibid. p. vi.
[8] Ibid. p. 13
[9] Ibid. p. vi

have a realistic prospect of achieving government". According to Freedom House's overall score from 2008, Jamaica is deemed a "free" country. Regarding press freedom, Collier (2009, p. 141f) reports that Jamaica has since long been ranked as one of the top countries in the world. The country scores an impressive "12" for the democratic quality of its electoral process which is the top score. For Singapore, the score is a meager 4. For political pluralism and participation the score for Jamaica is an equally impressive 14, matching Mexico and Brazil while on this item Singapore's score is 6, placing the country at the about same level as Morocco, Jordan, Cambodia and Afghanistan.

There has been a long debate on how to define and measure democracy. According to one definition suggested by Przeworski et. al. (2000) a democracy is "a regime in which those who govern are selected through contested elections," where "contested" is defined as the presence of "an opposition that has some chance of winning office". Obviously, according to this definition, Jamaica is a democracy. Teorell (2010) has convincingly criticized this and other dichotomous (or absolute) measures of democracy and has instead argued for a graded definition and measurement strategy. The graded measure of democracy he (together with Hadenius) has constructed is based on the average scores of political rights and civil liberties, as reported by Freedom House, and the combined autocracy and democracy scores derived from the Polity IV data set (Hadenius and Teorell 2005). This index ranges from 0 to 10 where 10 is most democratic. The estimation made by Hadenius and Teorell (2007) is that countries above 7.5 on this scale should count as democratic. The most recent score for Jamaica on this index is 7.7 while for Singapore it is only 4.4.[10] Thus, even in this more fine-grained measure, Jamaica passes the threshold for deserving to be called a democracy.

To summarize, whichever democracy measure that is used, Singapore fares much worse than Jamaica and is regularly defined as a non-democracy. However, in the standard measures used to capture QoG, Singapore scores very high, usually among the top five countries in the world. Although not a democracy, Singapore is one of the least corrupt, most rule of law following countries in the world with a very high score also on "government effectiveness".

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[10] This score is from 2008 and taken from the QoG dataset, see

Obviously, when it comes to economic prosperity, alleviation of poverty and standard measures of population health, hopes that electoral-representative democracy would produce a good outcome for the social well-being of the population have, at least in this comparison, not been fulfilled. However, although causality is (as always) a complicated matter, high QoG Singapore has in these terms an impressive record in economic growth and in alleviating poverty. Although a fairly economically unequal country (Gini stands at 48,1), it is less unequal than Jamaica (Gini at 59, 8). How can this, for many (including this authors) unexpected, undesired and unwelcome non-existent relation between democracy and good social and economic outcomes be accounted for?

Jamaica: A Democracy that Implodes

Since independence, Jamaican politics has been completely dominated by two competing parties, the Peoples' National Party (PNP) and the Jamaican Labor Party (JLP). The two parties were switching power with quite regular 10-year intervals from the 50s to the 80s, and after that somewhat more irregularly. While the PNP has had a more leftist orientation (especially during the 1970s) and the JLP has been more (neo)liberal (at least in the 1980s), these differences are no longer significant, and in most aspects, ideology has never been the driving force in the competition between the parties (Collier 2006, p. 9).

Going back in time, traditional left-right ideology once did play a role in Jamaican politics. Following racial riots in 1938 the working-class gained a political awakening and was mobilized as a distinct political force (Edie 1992, p. 65ff). Around the outbreak of WWII, cousins John Bustamante and Norman Manley (both from the middle class), respectively founded the JLP and the PNP, and together they and their parties would carry Jamaica into sovereign statehood (Collier 2006, p. 125). At independence in 1962 Jamaica appeared as a relatively stable democracy in the making, having taken great steps away from the shackles of the old plantation society. Collier (2006, p. 126) argues that by the 1950s,

> the professionalized British Colonial Office had reduced corruption to
> only a minor problem. Jamaica began its first years as a sovereign state
> with a Jamaican-born civil service that inherited strong values of honesty
> and probity from its former British colonizers (2006, p. 126)

The two principal political leaders, Bustamante and Manley, had reputations of strong British democratic values – especially the need for consensus politics – and were considered upstanding politicians with the interests of the Jamaican people as their central concerns. (Collier 2006, p. 126) Collier also argues that the two political leaders had strong democratic values and also an understanding of the need for consensus politics. During the first decade after independence, a positive trend was accompanied by increasing economic prosperity. However, when Norman Manley's son, Michael assumed power in 1972, it was the start of a shift in the relationship between the two parties, as the new Manley regime in an "act of political revenge" (ibid., p. 127) commissioned an inquiry regarding corrupt practices of the previous JLP government. While the report indeed revealed mismanagement, Manley Jr. did not bother taking legal action, but rather used his political power to strengthen his hold of the state machinery. This eventually climaxed in the state of emergency of 1976-77, when, under the pretense of quelling political gang violence, Manley imprisoned many key members of the opposition, while embarking on a short-lived and failed attempt to socialize the economy. In this increasingly polarized and violent political landscape, politically affiliated gangs and organized crime was allowed to flourish, political murders increased, and poor inner city communities became impenetrable 'garrisons' for the two different parties, a phenomenon that has survived until today. Supporters of one of the political parties usually avoid going into areas in Kingston that is dominated by the other party (Harriot 2008, p. 61-62). It may be added that it is from this point in time, the mid-1970s, that Jamaica's economy stops growing.

Following the JLP resuming power under Edward Seaga in 1982, the political violence between the JLP and PNP continued. In this highly ranked democracy, hundreds of politically motivated murders occur every year, "with the numbers peaking each election year" (Collier 2006, p. 129). Although the violence has declined somewhat since the late 1990s, violent acts spurred by political motives is still commonplace (Collier 2006, p. 129, Wirley 2003, p. 335-336).

Tied into this political polarization, the two parties have shown no scruples using the civil service to attain their own goals. As stated by Edie: "In contrast to Weber's rational, impartial model of bureaucratic conduct, all relationships are highly personalized and politicized, even those related to the most trivial administrative procedure" (Edie 1992, p. 65). For ordinary

Jamaicans, the situation from the 1970s and onward rapidly started to remind of the situation before 1938, as patron-client-relations yet again became the main modus operandi for getting things done in society. An intricate clientelistic system has developed between Members of Parliament, civil servants, political brokers and various local criminal or semi-criminal "councilors", in which citizens exchange their political support for various personalized favors (ibid. p 17). Civil society in Jamaica is indeed strong but not really a factor that creates social bridges and trust between the various factions.

These structures have now set root in the fabric of Jamaican society, and the Bustamante/Manley Sr.-era now seems like a historic parenthesis. According to most authors, political violence and corruption has arrested the development of the country, but also made the situation somewhat stable and self-sustaining, as neither party has been able to gain a permanently upper hand (Lyday, O'Donnell, and Munroe 2008). Clientelism has become the glue that keeps the, albeit fragile, system together (Johnson and Soeters 2008; Lyday, O'Donnell, and Munroe 2008). Werlin notes that the state indeed has maintained its vigorous Westminster style two-party system. However, he adds that:

> both political parties regularly employ criminal gangs (assisted to some
> extent by police and civil servants) to mobilize political support,
> distribute favors, and intimidate opposition (Werlin 2003, p. 335).

The result is that citizens have lost confidence in the public administration and the legal institutions. Inadequate pay in the public corpses is said to be supplemented by income from criminal activity, mostly related to drugs (Lyday, O'Donnell, and Munroe 2008). Harriot also focuses his analysis of Jamaica's problems on the violent and criminal nature of Jamaican politics:

> The successful use of both violence and corruption for political purposes is
> made possible by corrupt networks that extend into the state bureaucracy.
> These methods encourage party permeation of the state and undermine good
> governance. The process is made easy by weak state institutions that are not
> very resistant to party permeation (Harriot 2008, p. 9)

In the recent measures of level of corruption published by Transparency International, Jamaica has dropped quite dramatically from place 61 in 2006 to place 84 in 2007 and further down to place 99 in 2009. A recent report to the United States Agency for International Development concludes that corruption has been allowed "to infect politics and economics to such an extent that it now threatens the viability of both state and society" (Lyday, O'Donnell, and Munroe 2008, p 5.). Another recent large scale survey project comparing 22 Latin American countries found that in Jamaica, "citizens' perception that corruption is widespread in the public sphere is exceptionally high in absolute as well as in comparative terms". Moreover, this study also found that Jamaica is "the country with the highest level of citizens' lack of confidence in the integrity of elected and other public officials in the Region". (Powell and Lewis 2009, p. xxiii).

To summarize what the available research says about Jamaica since independence: A relatively stable, peaceful and "good natured" democracy in a country with natural, institutional and human resources that should have pointed it towards economic success started to go astray in the 1970s. The escalating confrontations between the two parties drove Jamaica into a vicious circle of corruption, favoritism, clientelism and organized crime. The Jamaican case shows that in developing countries, unchecked democratic competition can destroy a civil service and a law enforcement-sector of relatively high quality by politicizing it for clientelistic purposes. While the country has many of the features that result in high scores on measures of democracy, applied by various international organizations (regular and free elections, a free media, alternation of party in government, etc.), all these measures are on the input side of the system and relates to how democratic the access to power is. Measures about the *exercise* of power reveal a dramatically different and less encouraging picture, as do most measures of social well-being and poverty.

Singapore: Autocracy goes QoG

In contrast to Jamaica, Singapore is, by usually applied measures and standards, clearly an undemocratic country (Hadenius and Teorell 2005). However, the country boasts some curious and unusual traits for an autocracy, such as a well run and uncorrupt civil service, a high degree of rule of law, as well as government effectiveness. According to these measures,

Singapore's scores are among the top five in the world. While elections are formally free and regular, the rulings party's complete dominance over institutions and society in general make a shift in power all but impossible. At the last election held in 2006, the governing party won 82 out of 84 seats in Parliament.

Lee Kuan Yew, the country's leader from independence to 1991 (when he became 'senior minister'; currently he holds the position as 'minister mentor') has also been a somewhat different autocratic leader compared to most other long-sitting dictators. He has never built his authority on personalistic ties or pretended to be a charismatic leader, to use a Weberian terminology. In contrast to many other autocratic countries, Singapore has no traits of a personality cult (Mauzy & Milne 2002, p. 6). This does not mean that the top political leadership has taken a back seat. The Singaporean state is, for all intensive purposes, the state of the ruling political party (the People's Action Party, PAP), and the PAP has for the last fifty years been heavily dependent of Lee Kuan Yew. Since 2004, his son, Lee Hsien Loong, is the Prime Minister.

With its focus on, and pride taken in, meritocracy, Singapore is a highly elitist state. This has been a founding principle for the PAP version of the state ever since its inception during the 1950s and 60s. The system can be described as a combination of elitism and managerialism. Recruitment to top positions in the party and state bureaucracy is not geared towards rewarding people according to the patron-client logic. Instead, meritocracy has been the central factor, leading to recruitment of top university graduates to the party-state system and such positions have been highly attractive, not least because of high salaries (Trocki 2006, p. 130, Mauzy and Milne 2002, p. 7).

In tandem with the strong emphasis on meritocracy, anti-corruption is also something central to both Lee Kuan Yew's, and the Singaporean state ideology in general. This seems to have come from the top. According to two observers, Lee Kuan Yew's views about corruption and bribery have been very strong:

> He is appalled by some third world leaders' acquisition on a vast scale of
> wealth for their families and themselves. He has called this the 'bane' of
> the Third World, and examples in the region abound, former Presidents

Marcos and Suharto being among the most notorious. (Mauzy and Milne
2002, p. 7).

However, it should be noted that "clean government" has not always been the order of the day in Singapore. On the contrary, until the 1960s, corruption was deeply rooted in the Singaporean society and organized crime had a clear impact on business and people's lives (Quah 2001). It seems to have been the determined action from PAP leader Lee Kuan Yew and his entourage to try to break this system, a policy that started in the 1960s. As summarized by Uslaner (2007, p. 204), Singapore "battled corruption largely through political will and strong leadership". In a comparative perspective, Singapore's success story in combating corruption is, together with the Hong Kong case, as dramatic as it is rare.

It should be added that Singapore is far away from the neo-liberal dream of a minimalist state that refrains from intervening in business or taking an active part in ensuring social well-being among its citizens. In these regards, Singapore under PAP can best be described as a developmental state that has played a very active role in both the development of the economy and in ensuring social well-fare among its population, not least when it comes to housing (Kwon 2009; Lee 2006; Root 1996).

Civil society and voluntary organizations have not been well-thought of by the PAP regime. Its strictly elitist and meritocratic view of politics and the state has given little room for such a sector which by this political regime is understood as supporting political factions. As one observer notes: "The main political project of the period between 1959 and 1975, and thereafter, has been the elimination of all forms of civil society" (Trocki 2006, p.131). (Trocki 2006, p. 131) Interest groups, which are central actors in the framework of western liberal democracies, has in Singapore been something of a "bad word" (Sikorski 1996, p 825).

One could argue that the success in creating high QoG in Singapore would be related to historically inherited cultural values. Such a proposition, however, flies in the face of the fact that Singapore's governance and economic situation appears quite unique when grouped together with any other state in the region. Looking at the whole South-East Asian region, there is, though most nations have experienced great growth over the last decades, little homogeneity, regarding wealth, democracy and government effectiveness.

Which Political Institutions Are Important for Reducing Poverty and Economic Inequality?

We started this paper by referring to theories stating that institutions are important for economic growth and social development. The problem we pointed at was that we need to know which institutions? Unlike in the developed world, the link between democracy, on the one hand, and economic growth and social well-being on the other, is evidently not easily seen in neither large-n cross country studies nor when we compare democratic Jamaica with authoritarian Singapore. As reported above, a lengthy discussion has taken place in political economy about the issue of whether democracy promotes economic growth and social well-being (cf.Charron and Lapuente 2010). Most of this discussion has been based on cross-country large-n analyses. The two cases analyzed in this chapter provide a clear answer to this issue, namely that electoral representative democracy, as such, does not guarantee good social outcomes or works as a cure against poverty or economic inequality. Instead, these two cases as well as the large-n statistics we have presented give strong support to the existence of a causal relation between (various measures of) QoG, economic equality and reduction of poverty. This is certain to spill over to general social well-being. For example, if population health should be the main indicator for what should count as a "successful society," as argued by Lamont and Hall (2009), high QoG is clearly more important than representative democracy. To recapitulate Larry Diamond's (2007) warning: Democratization, while globally a huge success story, is haunted by a ghost named "bad governance". If the democratic process becomes entangled in clientelism, corruption and similar practices, democracy will not improve the social well-being of the population. It would have been great if all good things went together, but this is obviously not the case. The stark optimism concerning the role that democratization can have in alleviating poverty in many developing countries that many international aid organizations embrace seems unfortunately unfounded in the same way as the hope that civil society organizations in general have a positive impact.

What accounts for the exceptional development of Singapore can certainly be debated at length. Many observers have pointed toward the importance of the policies against corruption

and clientelism launched by Lee Kuan Yew. To present such an idiosyncratic explanation is probably not very helpful from a policy perspective. Moreover, this type of explanation does not really count in the social sciences. Yet, even scholars who work with econometric formal models and use advanced statistical analyses in order to come up with nomothetic "covering laws" type of explanations in this area, have been seen to fall back to this type of "the exceptional individual" type of explanations. A case in point is the explanation for Botswana's remarkable success in building a relatively uncorrupt and non-clientilistic state while managing economic growth at a considerable pace, which (Acemoglu, Johnson, and Robinson 2003, p. 78) explain in part by referring to "a number of important and farsighted decisions by the post-independence political leaders, in particular Seretse Khama and Quett Masire". This may very well be true, but then one has to come up with an explanation for why this type of farsighted political leadership seem so rare, as illustrated not least by the petty struggle for political power in Jamaica.

As for the latter case, it should be noted that we often think that corruption is coming from forces outside as a threat to a democratic system, for example from big multinational companies that want access to natural resources or big contracts, ethnic groups that strive for political primacy or revanchist nationalistic groups that want to remedy military defeats. However, from reading the literature about Jamaica, a more disturbing picture comes about, namely that this seems to be a case where a semi-stable, reasonably successful and functioning democracy starts to melt down and then implodes from within. In contrast to what is labelled "state capture", Jamaica is a case where corruption has its base in the public, not the private, sector (Johnson and Soeters 2008; Lyday, O'Donnell, and Munroe 2008).

What goes on in the mind of political leaders, and what motivates their behaviour is certainly a tricky question to answer, especially if the ambition is to present a general explanation for this type of processes. Another explanation for cases of successful building of high QoG, like in contemporary Singapore, Hong Kong and Botswana as well as in 19th century Denmark and Sweden, would be that these are all relatively (or very) small states that underwent great transitions during a period of severe external threat. There are reasonably good theoretical arguments and empirical support for claiming that external threats foster group solidarity. It is not too fanciful to imagine that leaders like the ones mentioned above could use such an external threat to convince various factions in their respective societies of the importance and

necessity to make the complicated and difficult move from inept to efficient government institutions.

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Appendix: Tables

Table 1: The Relationship Between Quality of Government Indicators and Economic Equality and Poverty (r)

	Rule of Law		Government Effectiveness		Corruption		Government Impartiality		Effect of the QoG Variables
	r	n	r	n	r	n	r	n	
Economic Equality: Gini Index Reversed	+.48	132	+.45	132	+.42	131	+.47	51	Positive
Poverty: Income of Poorest 20%	+.27	112	+.26	112	+.23	112	+.12	47	Positive

Comments: The four QoG variables are highly intercorrelated; about +.85 to +.90. Their separate effects on the equality and poverty variables are always the same (=positive). A positive effect means that higher values on the QoG variables (=more quality) are linked to more economic equality and less relative poverty among the poorest 20 percent. The government impartiality variable is based on expert judgements collected by the QoG Institute in some fifty nations. See Teorell 2009. n = number of countries.

Table 2: Correlates of Four Interrelated QoG Variables with Economic Equality and Poverty Among OECD and Non-OECD Countries (r)

	Rule of Law		Government Effectiveness		Corruption		Government Impartiality	
	OECD	~OECD	OECD	~OECD	OECD	~OECD	OECD	~OECD
Economic Equality: Gini Index Reversed	+.46	+.20	+.41	+.14	+.28	+.14	+.32	+.46
Poverty: Income of Poorest 20%	+.36	-.00	+.33	-.10	+.17	-.10	+.24	±.00

Comments: See Table 1. The number of OECD countries is about 30 for the analyses with the three first-mentioned QoG variables and 29 for the analysis involving the government impartiality variable. The number of Non-OECD countries is about 100 in the three first-mentioned analyses and 22 in the analysis with the impartiality variable. A positive correlation means that higher QoG values are related to more economic equality and less relative poverty. The three non-significant negative correlations for the poverty variable in the Non-OECD countries indicate that higher QoG values are associated with more relative poverty. However, the non-significant relationships should be interpreted as non-existent rather than negative.

Table 3: The Relation Between Government Impartiality and Economic Equality and Poverty Among Western European Countries (r)

	Government Impartiality	
	r	n
Economic Equality:		
Gini Index Reversed	+.39	17
Poverty: Income of		
poorest 20%	+.61	16

Comments: The government impartiality variable is based on expert judgements collected by the QoG Institute in 17 Western European countries (and in 34 Non-Western European countries).

Table 4: The Relationship Between Government Effectiveness and Poverty Among Developing Countries (r)

	Government Effectiveness	
	r	n
Poverty: Proportion of		
Population Below 2		
USD/Day (%)	-0.62	112

Comments: Observe that the poverty measure in this table is an "absolute" one, not a relative poverty measure like in the previous tables. The analysis pertains only to some 100 "poor" developing countries. The negative correlation indicates that *higher* levels of Government Effectiveness are associated with *lower* levels of absolute poverty.

Table 5: Regressing Economic Equality and Absolute Poverty on Government Effectiveness and Levels of Democracy (regr. coeff.)

	Gini Index Reversed		Income of Poorest 20%		Prop. Of Popul. Below 2 USD/Day	
	regr. coeff.	std. err.	regr. coeff.	std. err.	regr. coeff.	std. err.
QoG / Government Effectiveness	5.39***	.99	.95***	.26	-25.91***	4.18
Levels of Democracy	-.64*	.36	-.25***	.09	-1.60	.99
Constant	63.37***	2.54	8.05***	.64	41.99***	7.45
Number of Countries	132		112		111	
Adj. R-squared	.21		.10		.39	

Comments: p>/t/=.01***; =.05**; =.10*. The positive regression coefficient for the QoG variable when the Gini Index Reversed and Income of Poorest 20% are the dependent variables means that *higher* values of QoG are related to *more* economic equality. The negative coefficients for the Democracy variable indicate that *higher* levels of Democracy are associated with *less* economic equality. When Proportion of Population Living on Below 2 USD/Day is the dependent variable the negative coefficients for the QoG variable as well as for the Democracy variable mean that *higher* values of QoG and of Democracy are connected with *lower* levels of absolute poverty. The latter analysis only involves 'poor' developing countries.

Appendix: Figures

Figure 1

Economic Equality vs. Corruption
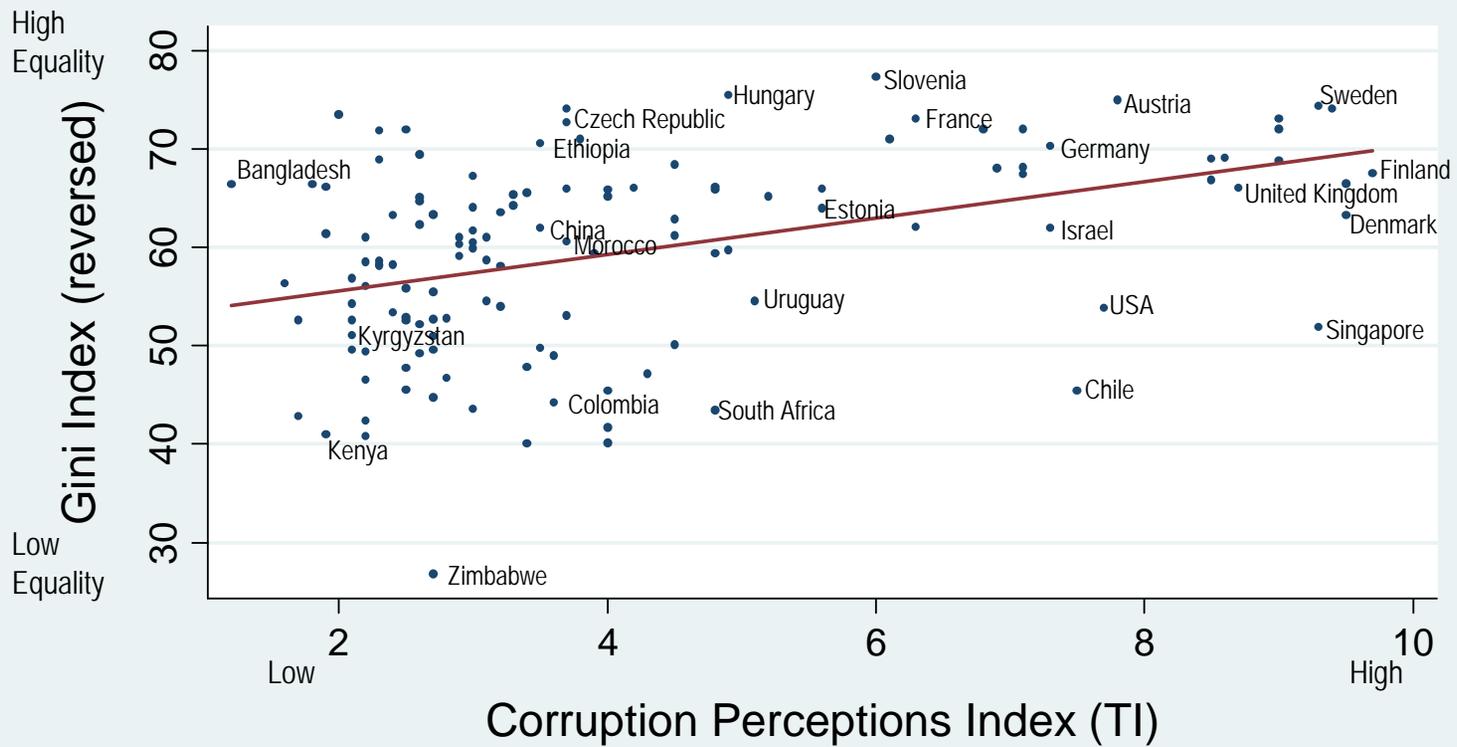
R-squared=0.18
Sources: UNU-WIDER (1995-2006), Transparency International (2002)

Figure 2

Economic Equality vs. Rule of Law
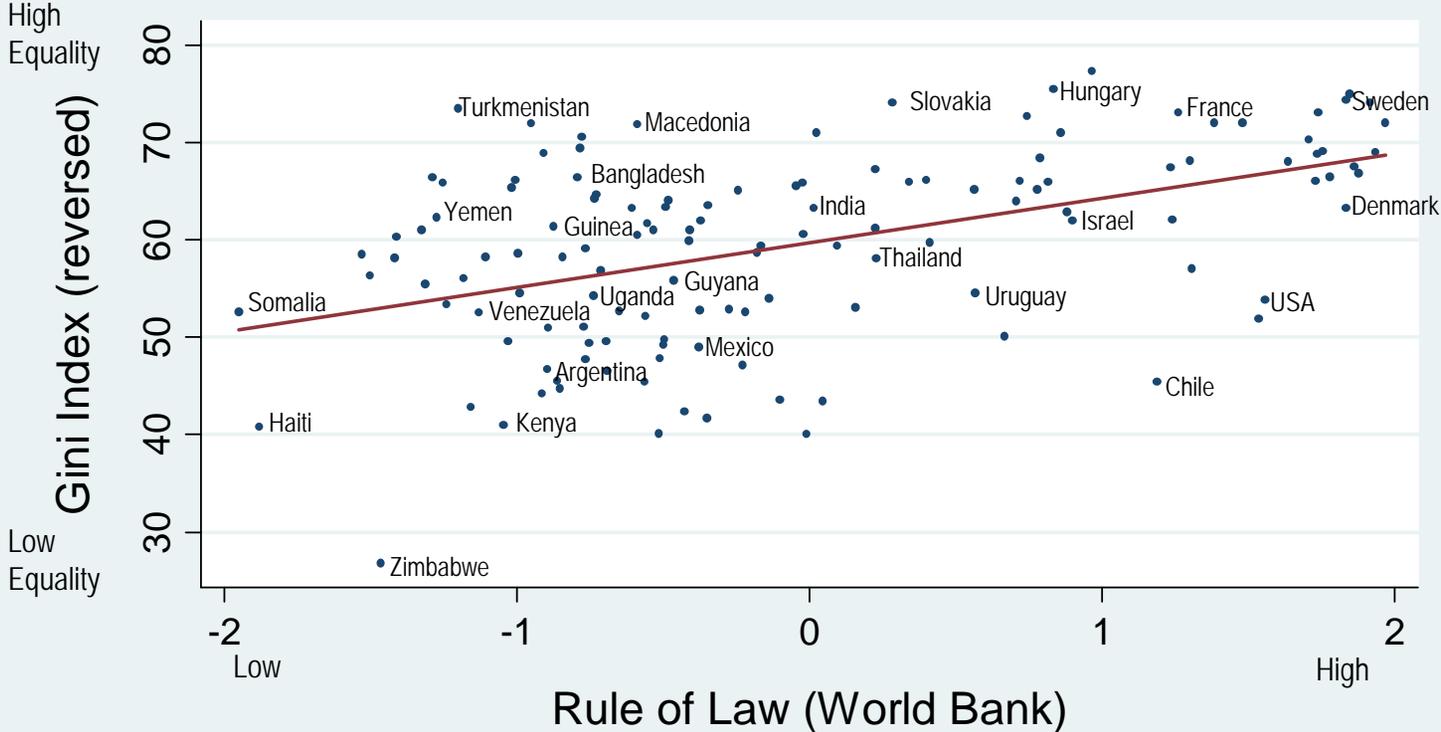
R-squared=0.24
Sources: UNU-WIDER (1995-2006), World Bank (2002-2003)

Figure 3

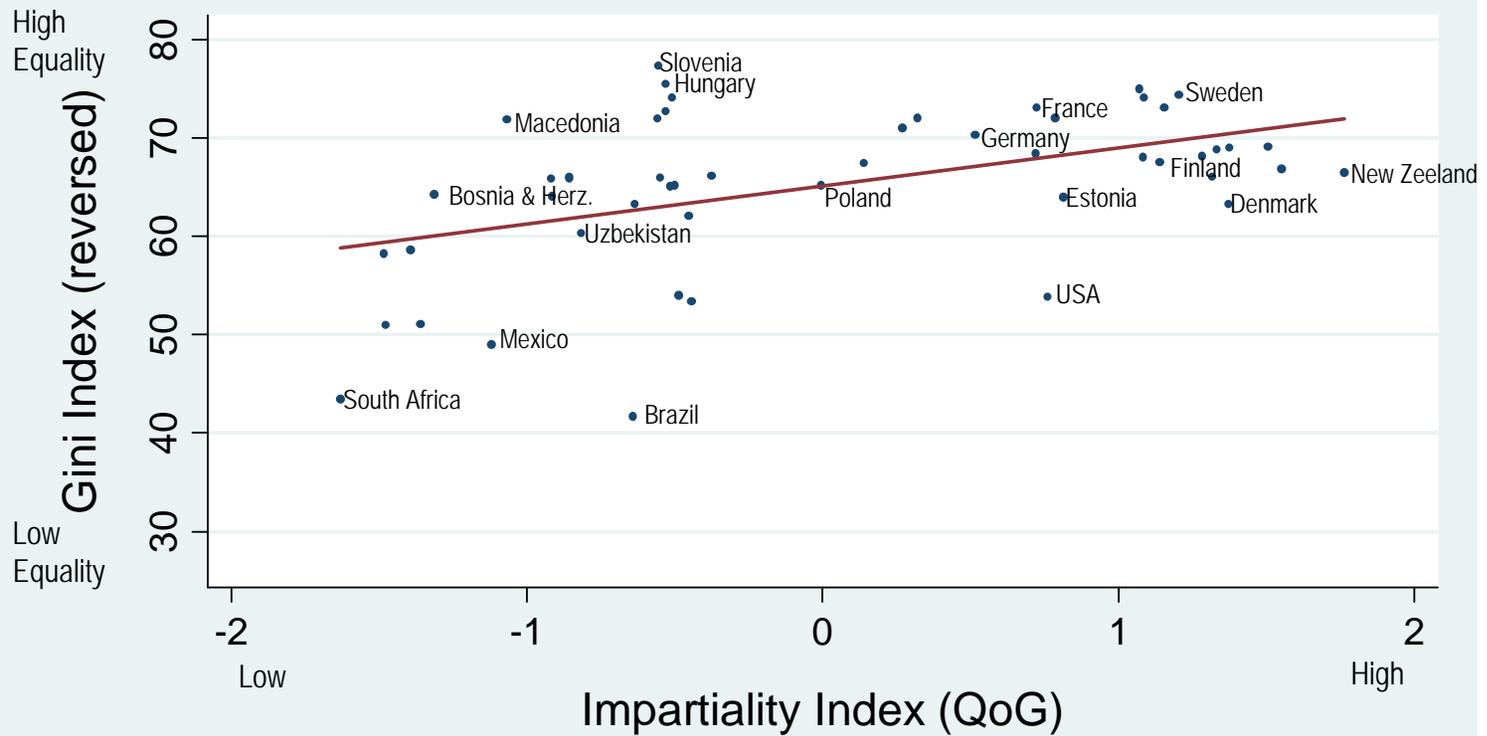## Economic Equality vs. Government Effectiveness
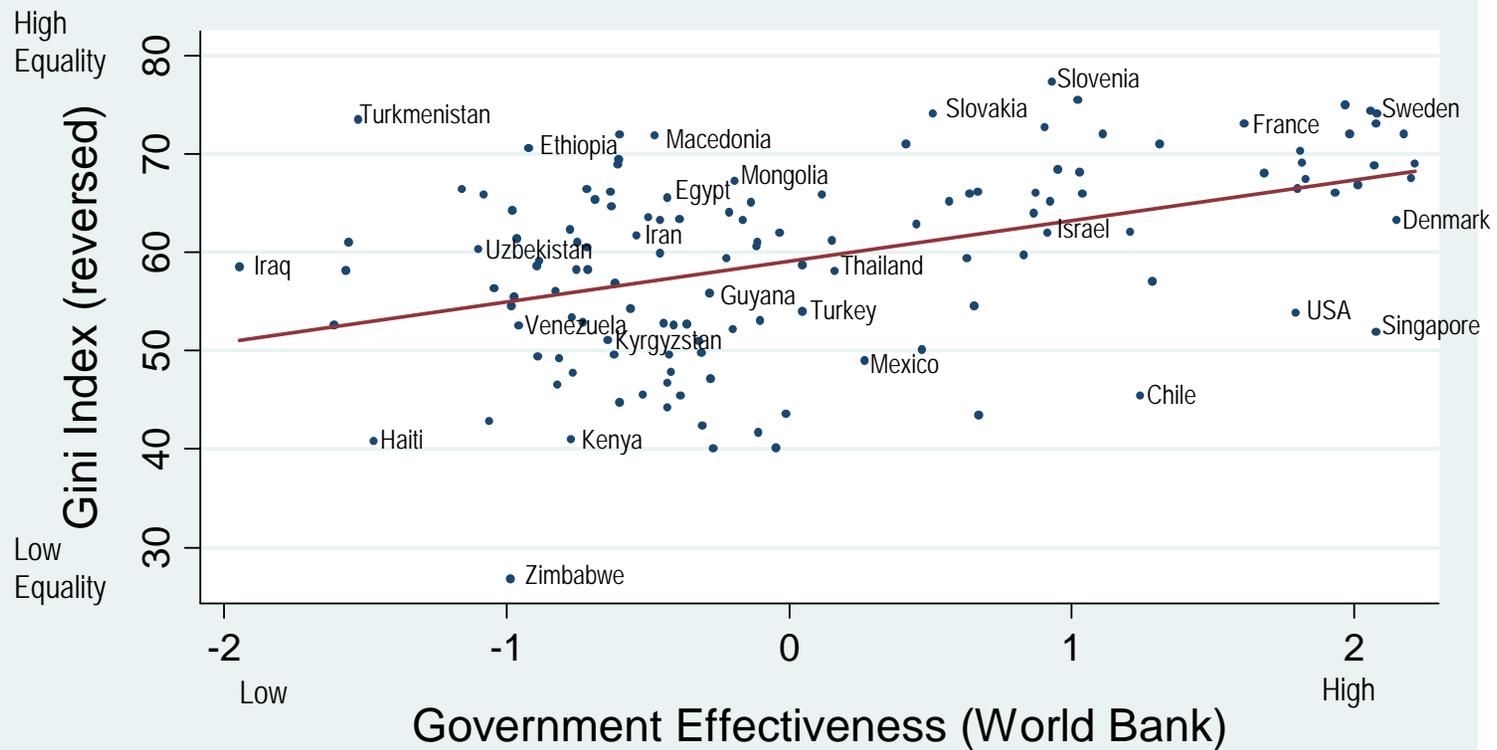
R-squared=0.20

Sources: UNU-WIDER (1995-2006), World Bank (2002)
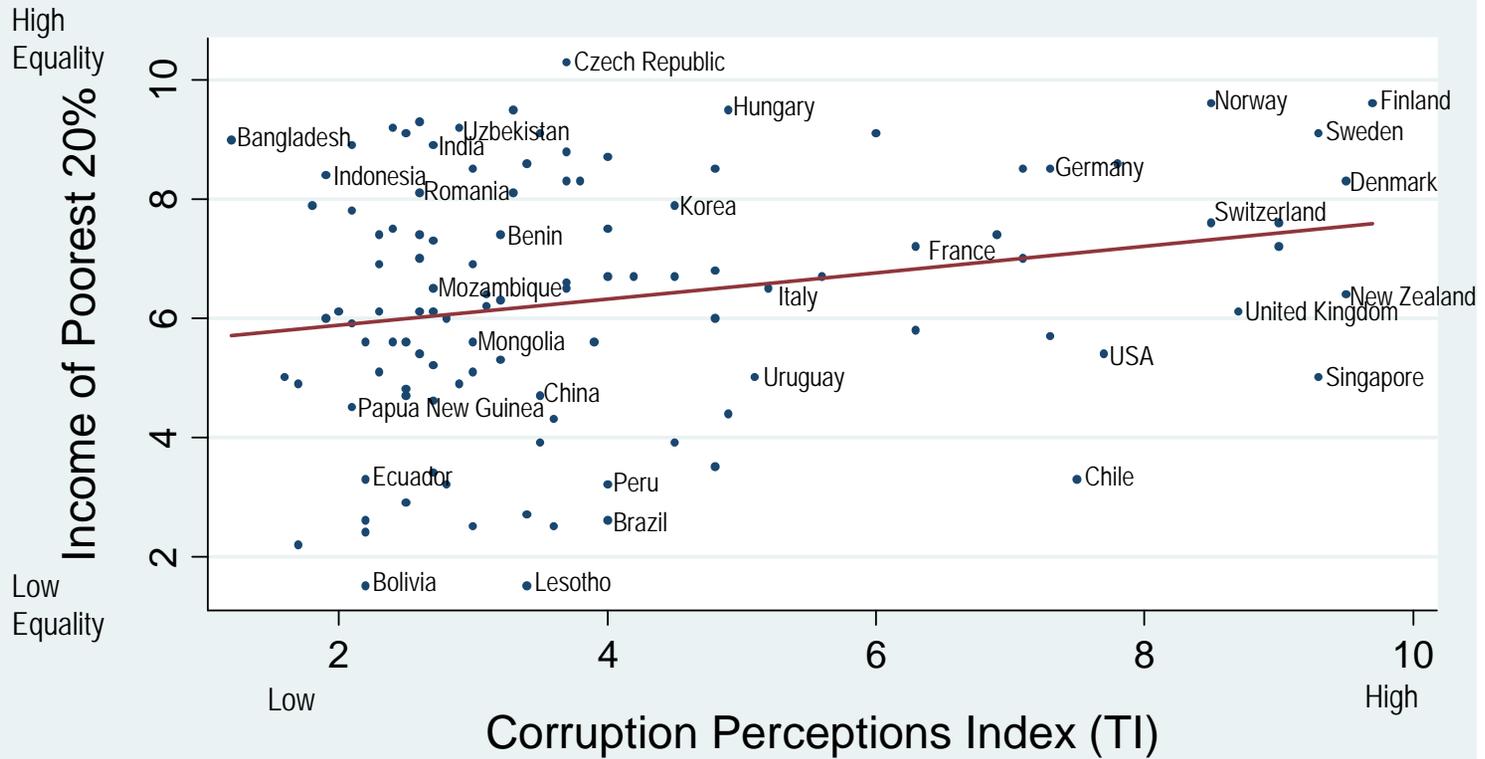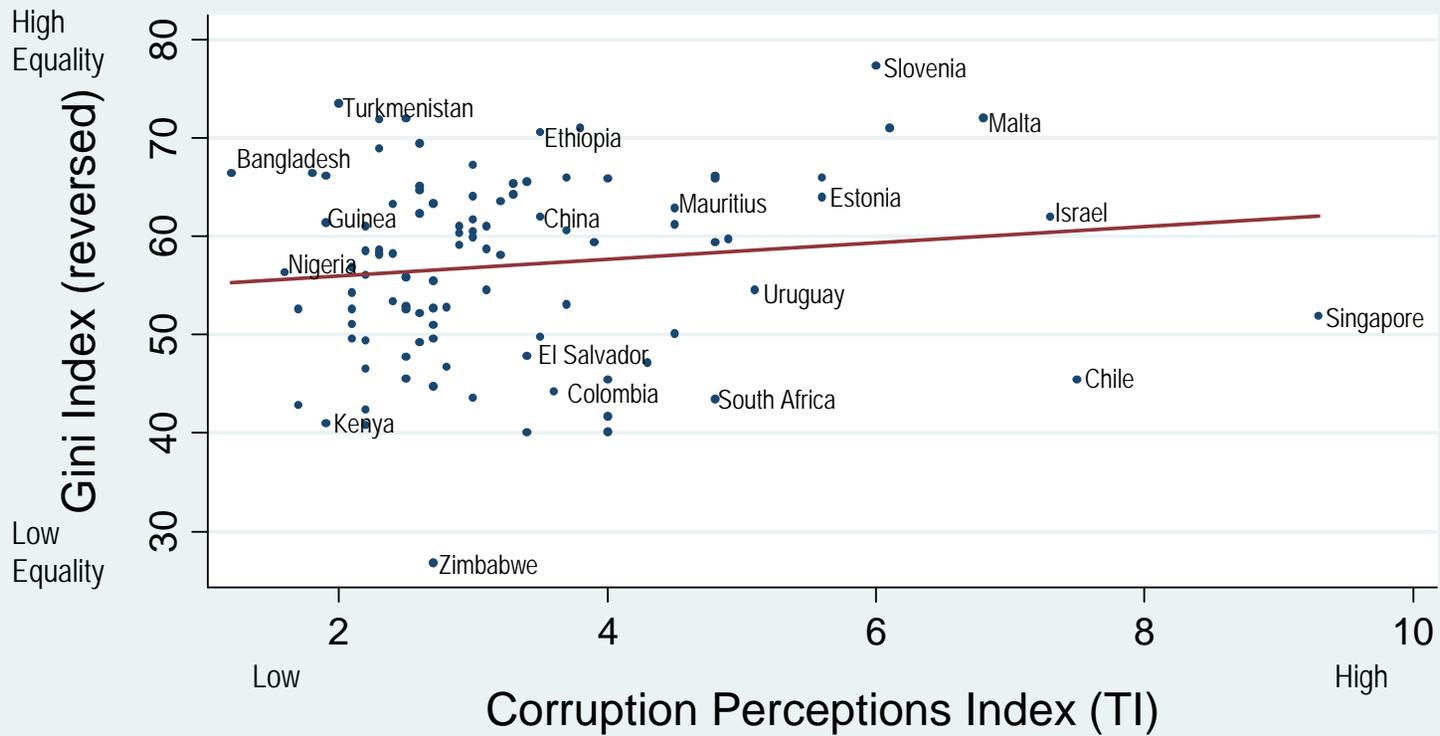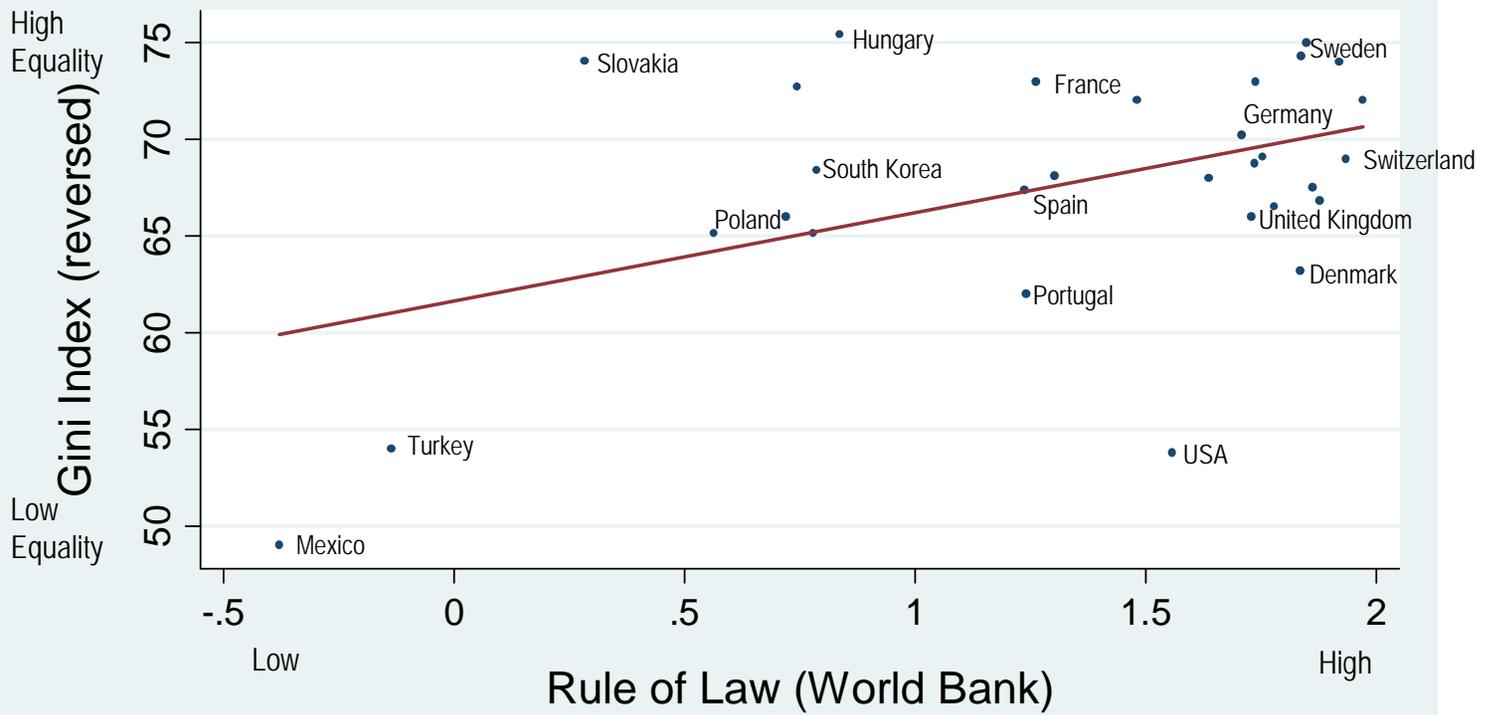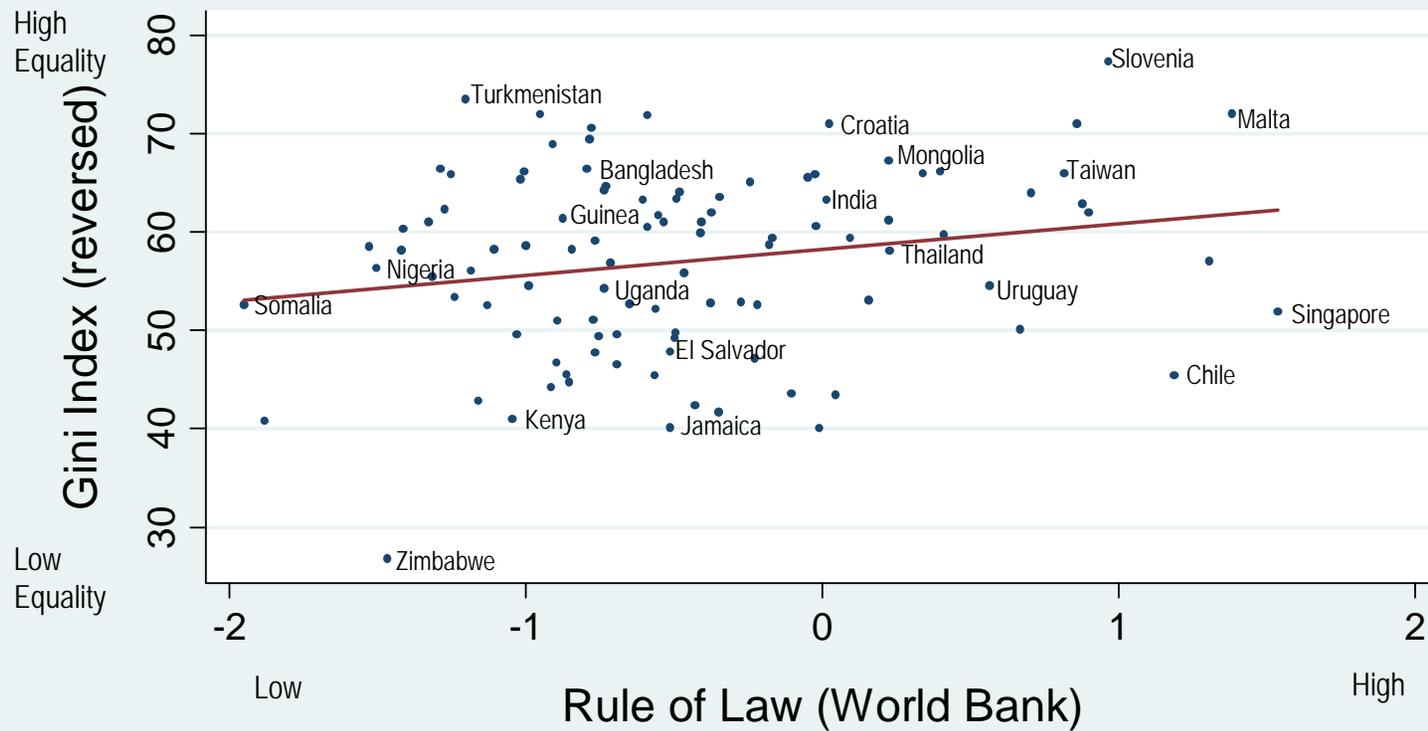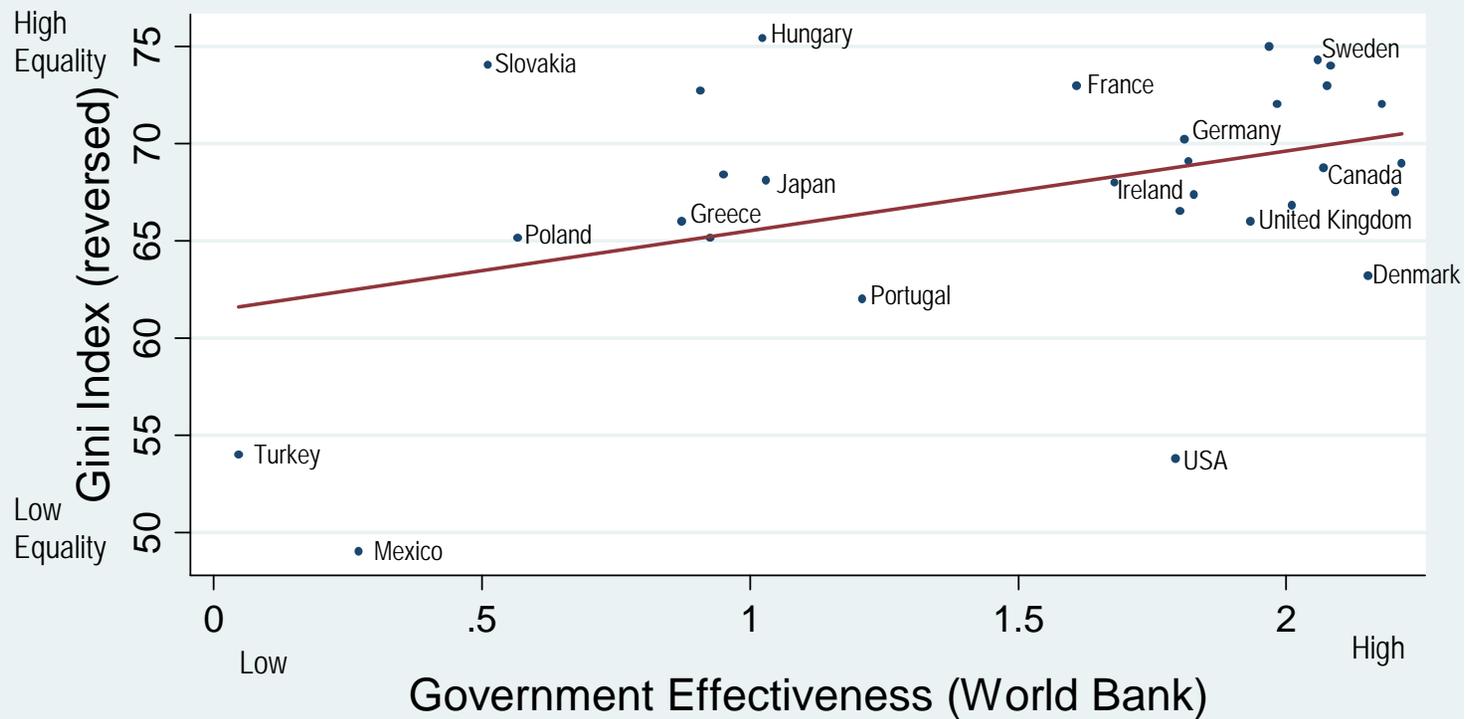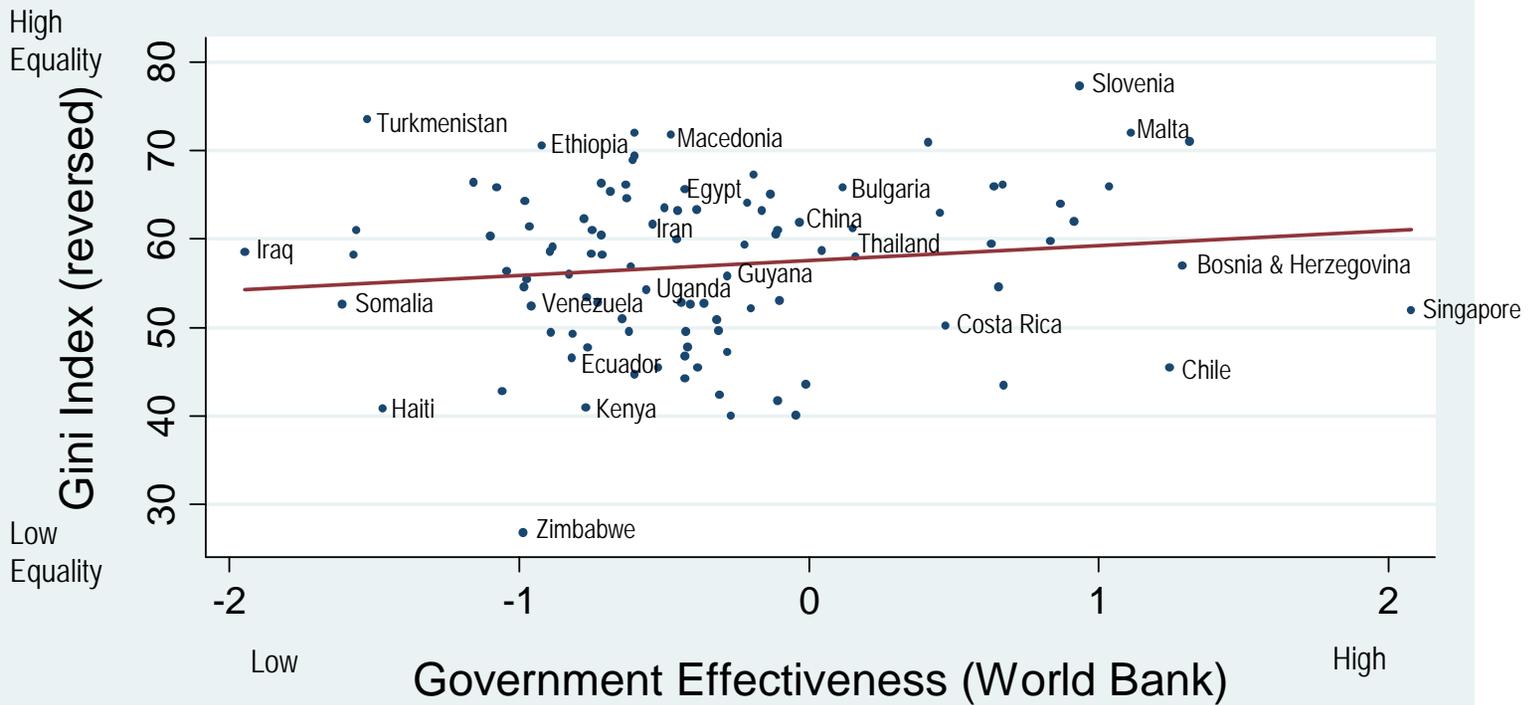
Figure 4

Economic Equality vs. Government Impartiality

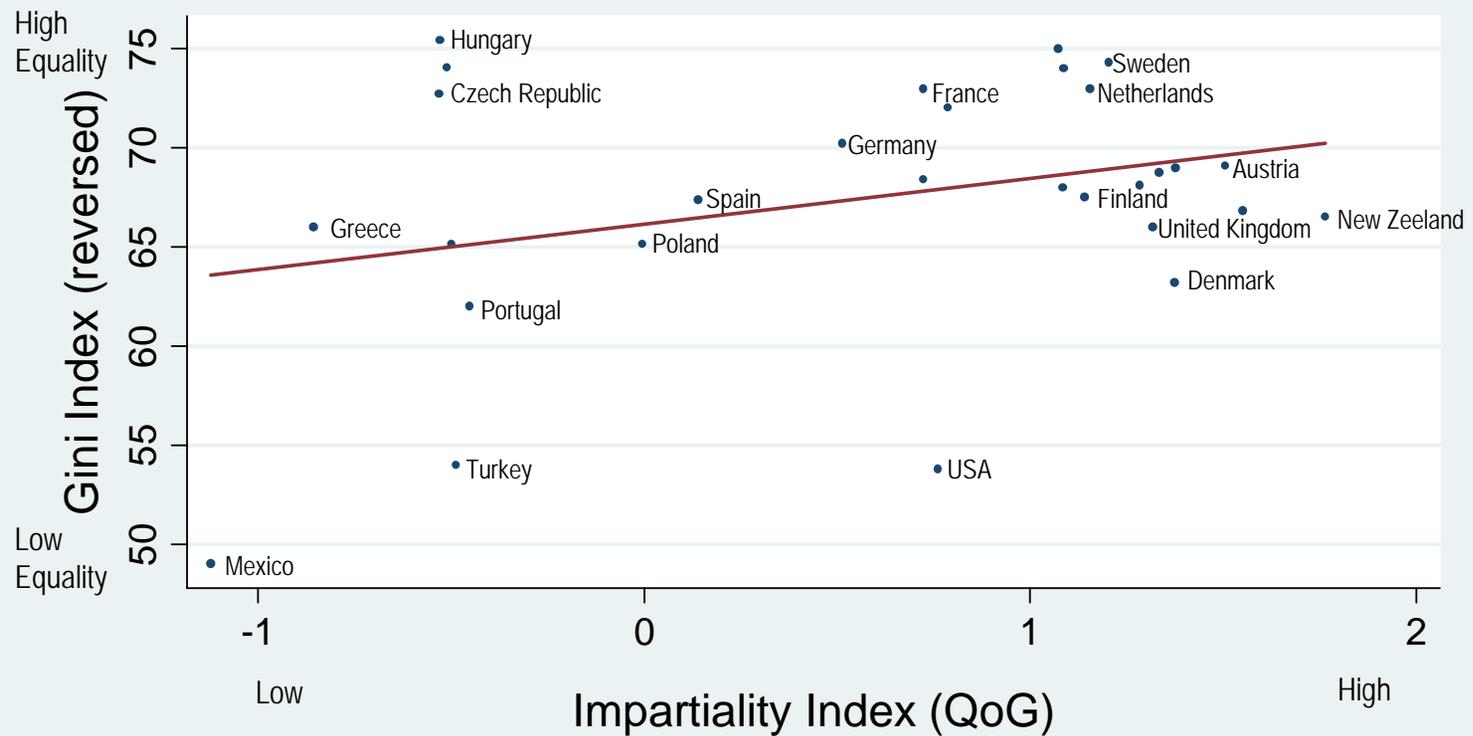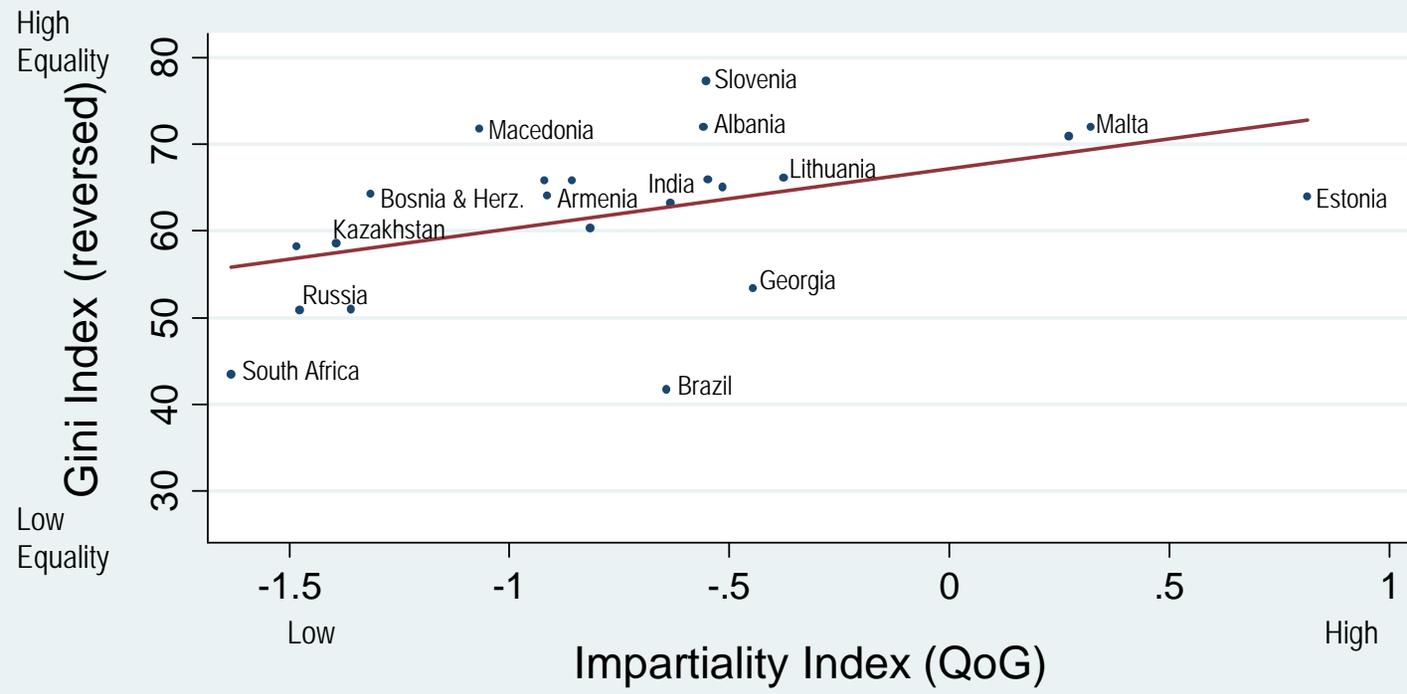## Figure 5

Income of Poorest 20% vs. Corruption

R-squared=0.05

Sources: UNDP(1995-2003), Transparency International (2002)

Figure 6

Income of Poorest 20% vs. Government Effectiveness

Figure 7

Income of Poorest 20% vs. Rule of Law

High
Equality

Low
Equality

Income of Poorest 20% (y-axis: 2, 4, 6, 8, 10)

Labeled points:
- Czech Republic
- Hungary
- Sweden
- Uzbekistan
- Indonesia
- Armenia
- Romania
- South Korea
- France
- Switzerland
- Yemen
- Morocco
- Mozambique
- Israel
- United Kingdom
- Phillipines
- Turkey
- USA
- Zimbabwe
- Papua New Guinea
- Uruguay
- Haiti
- Chile
- Paraguay
- Brazil
- Bolivia
- Lesotho

Low (-2) ... High (2)

Rule of Law (World Bank)
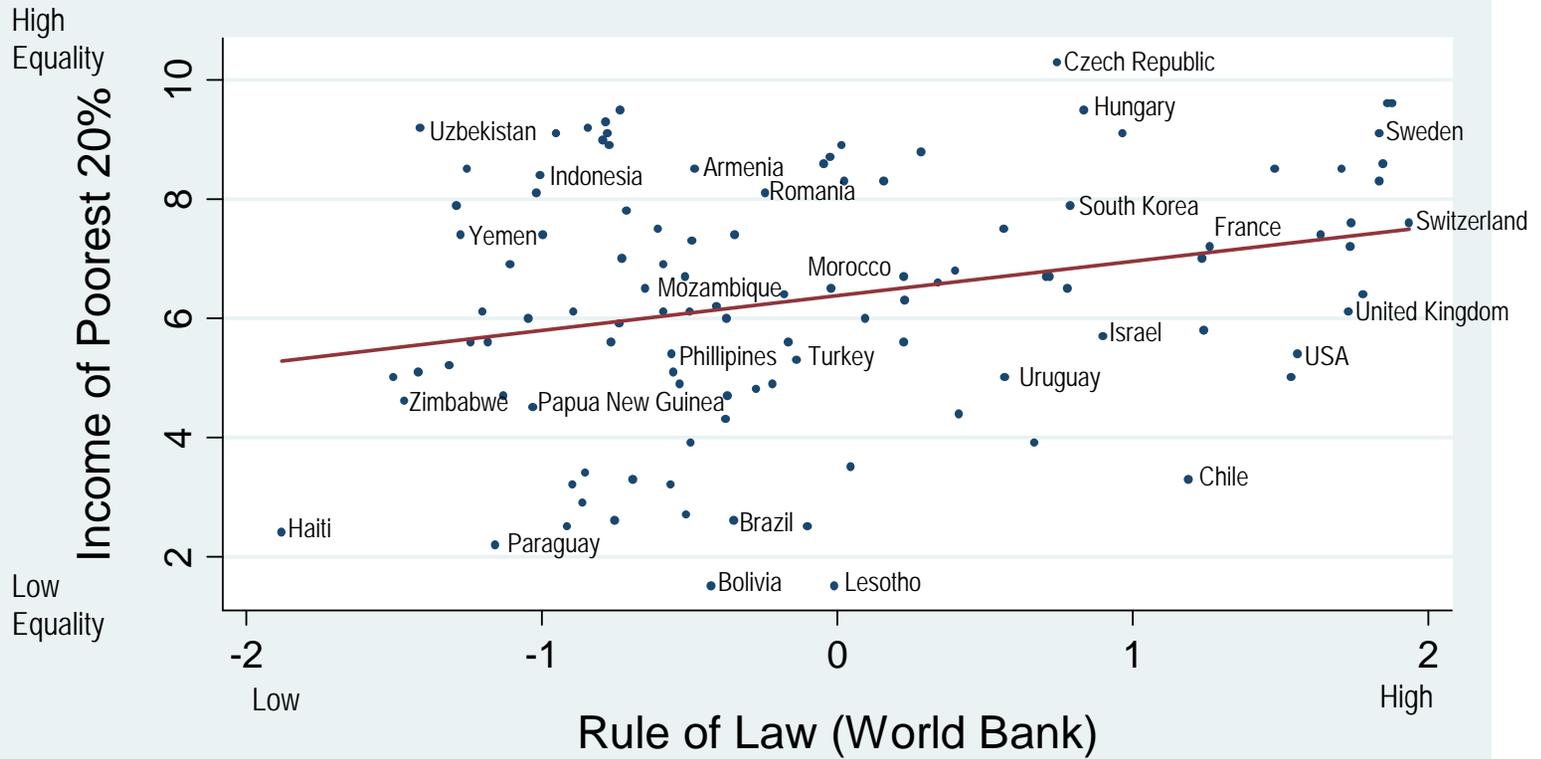
R-squared=0.07

Sources: UNU-WIDER (1995-2006), World Bank (2002-2003)

Figure 8

Income of Poorest 20% vs. Government Impartiality
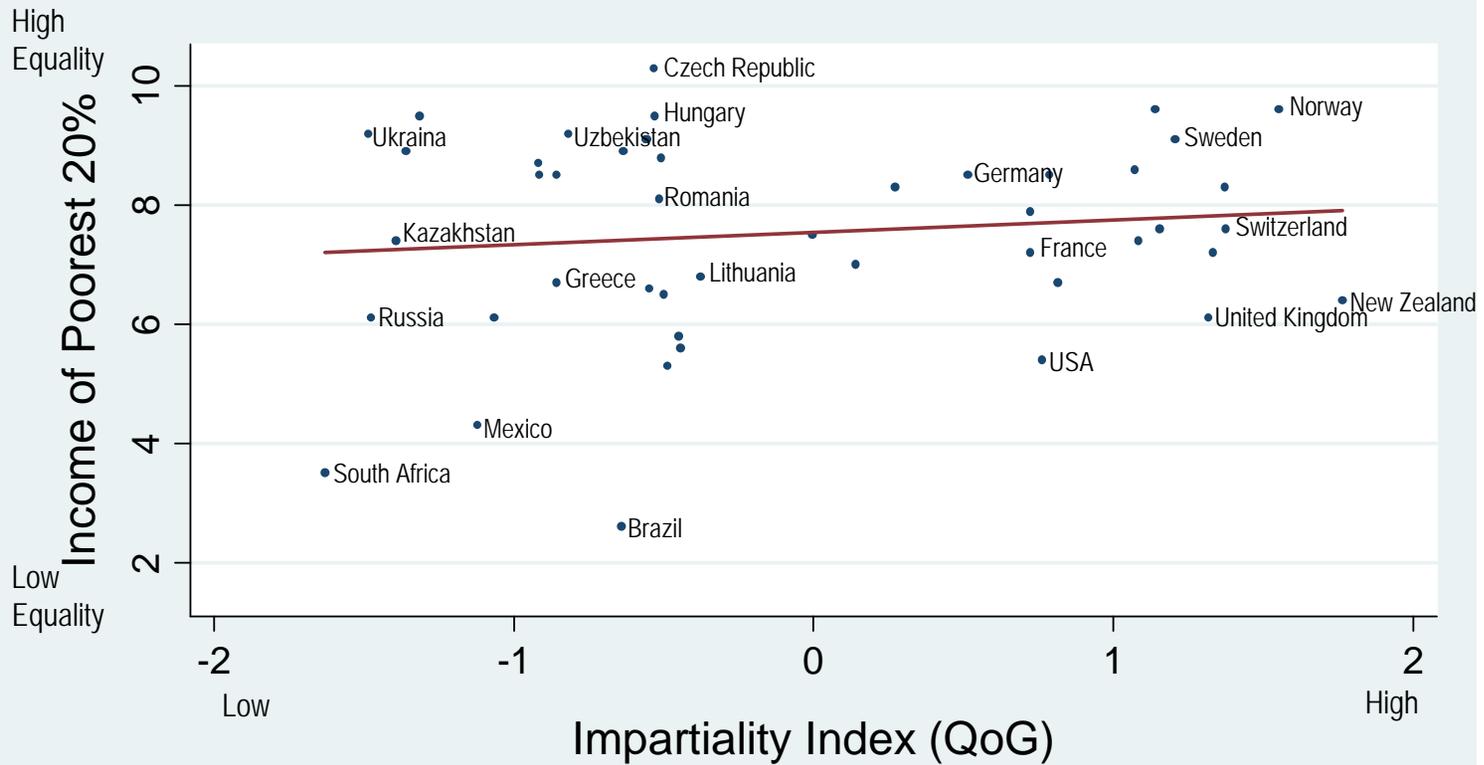
R-squared=0.01

Sources: UNU-WIDER (1995-2006), Teorell & QoG Institute (2009)
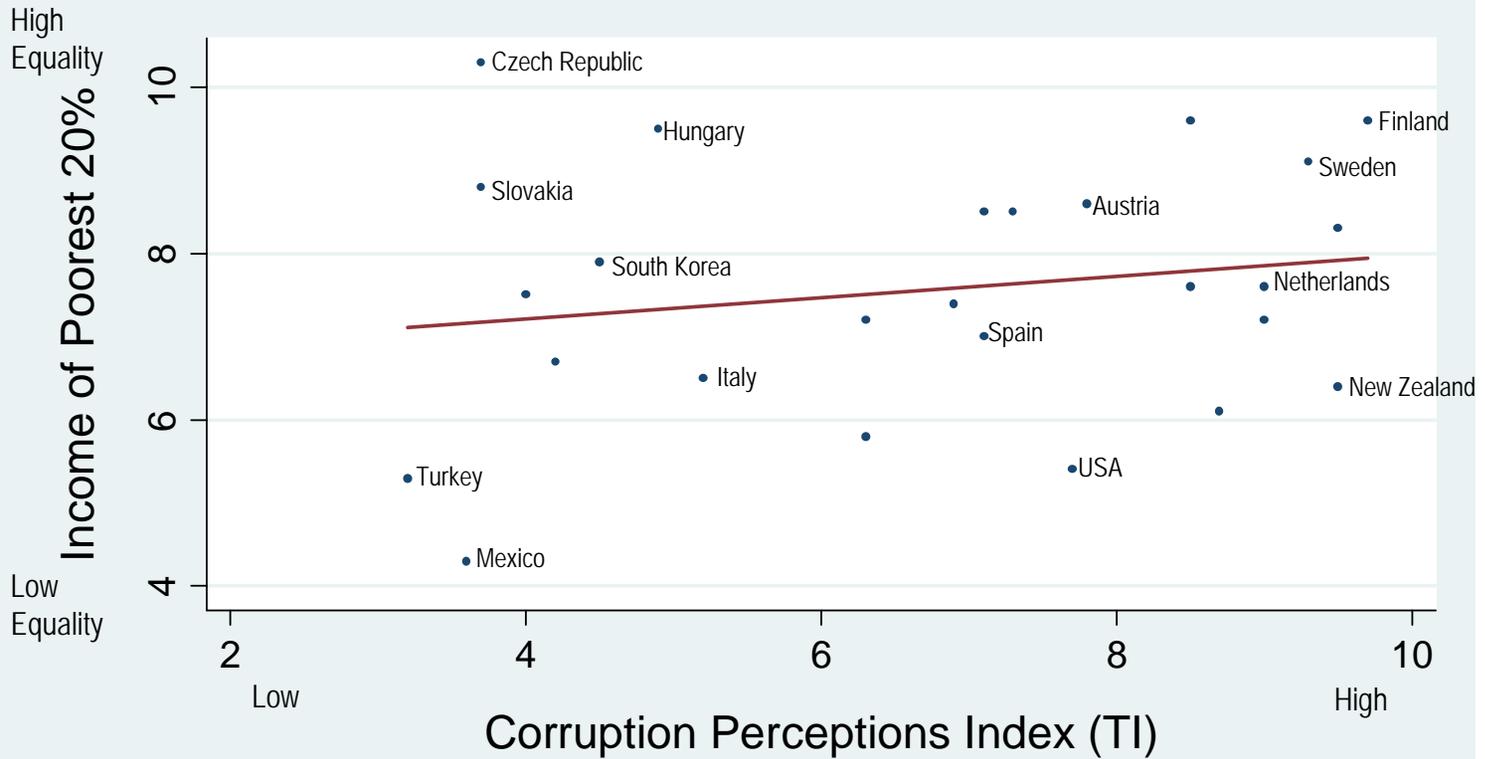
Figure 9

### OECD: Economic Equality vs. Corruption
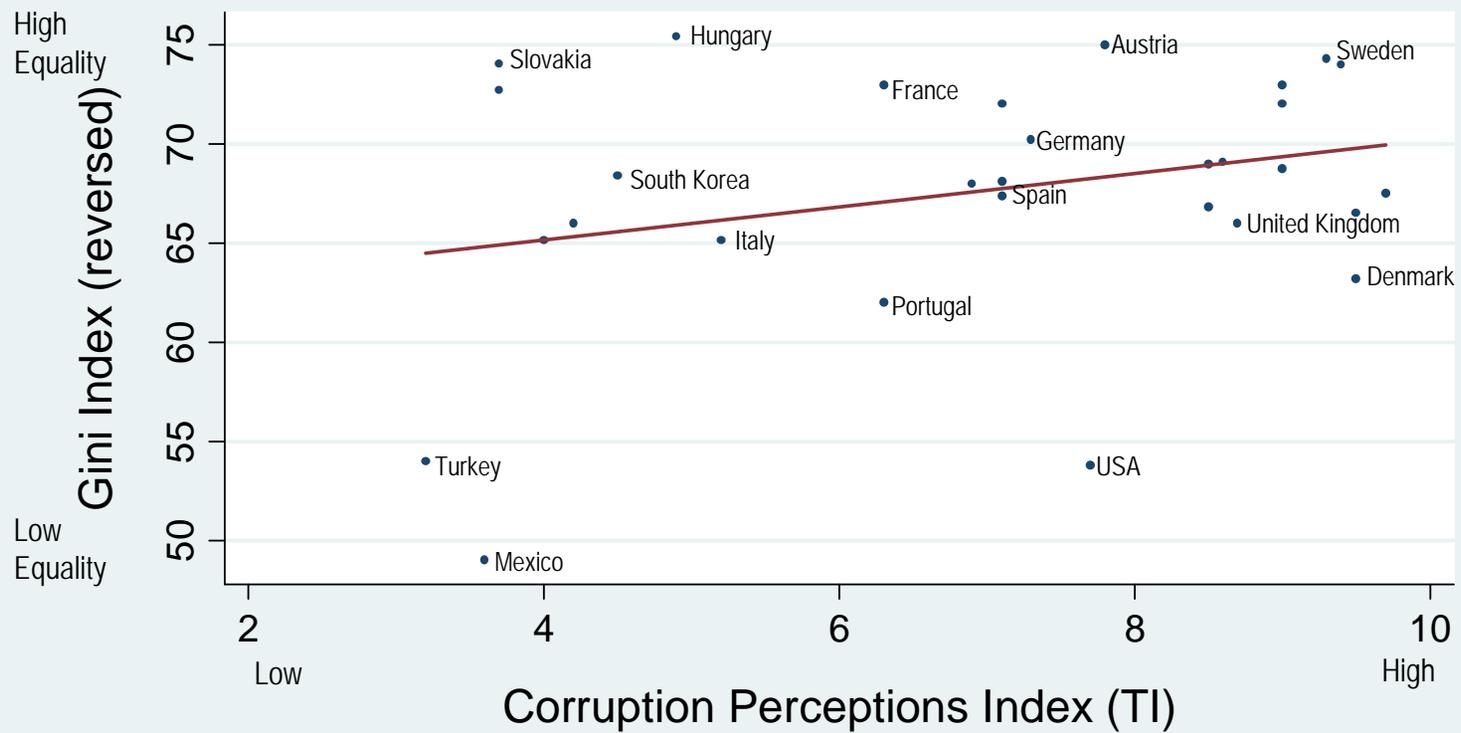
R-squared=0.08

Sources: UNU-WIDER (1995-2006), Transparency International (2002)

Figure 10

Non-OECD: Economic Equality vs. Corruption

R-squared=0.01

Sources: UNU-WIDER (1995-2006), Transparency International (2002)

Figure 11

OECD: Economic Equality vs. Rule of Law

R-squared=0.21
Sources: UNU-WIDER (1995-2006), World Bank (2002-2003)

Figure 12

Non-OECD: Economic Equality vs. Rule of Law

R-squared=0.04

Sources: UNU-WIDER (1995-2006), World Bank (2002-2003)

Figure 13

OECD: Economic Equality vs. Government Effectiveness

R-squared=0.17

Sources: UNU-WIDER (1995-2006), World Bank (2002)

Figure 14

Non-OECD: Economic Equality vs. Government Effectiveness

R-squared=0.02

Sources: UNU-WIDER (1995-2006), World Bank (2002)

Figure 15

OECD: Economic Equality vs. Government Impartiality

R-squared=0.10

Sources: UNU-WIDER (1995-2006), Teorell & QoG Institute (2009)

Figure 16

Non-OECD: Economic Equality vs. Government Impartiality

R-squared=0.22

Sources: UNU-WIDER (1995-2006), Teorell & QoG Institute (2009)

Figure 17

OECD: Income of Poorest 20% vs. Corruption

R-squared=0.03

Sources: UNDP(1995-2003), Transparency International (2002)
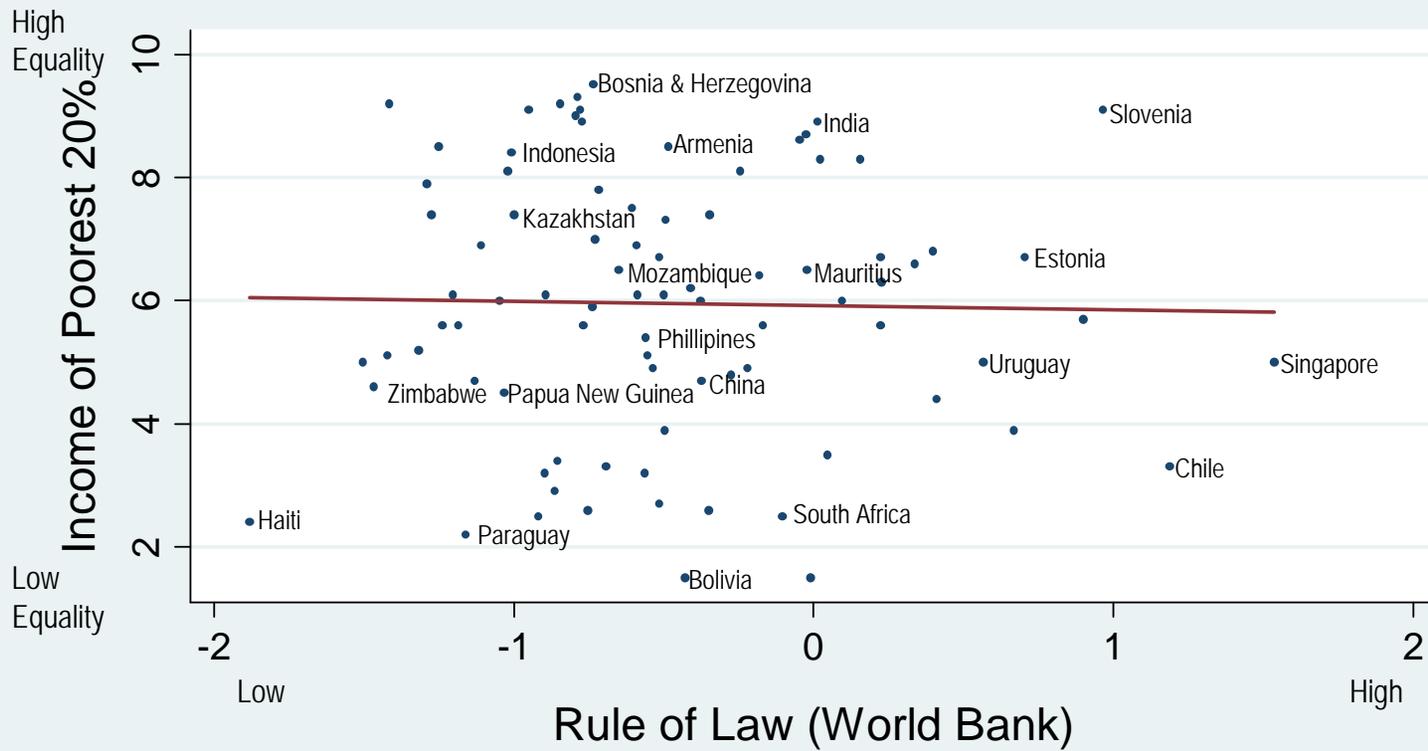
Figure 18

Non-OECD: Income of Poorest 20% vs. Corruption
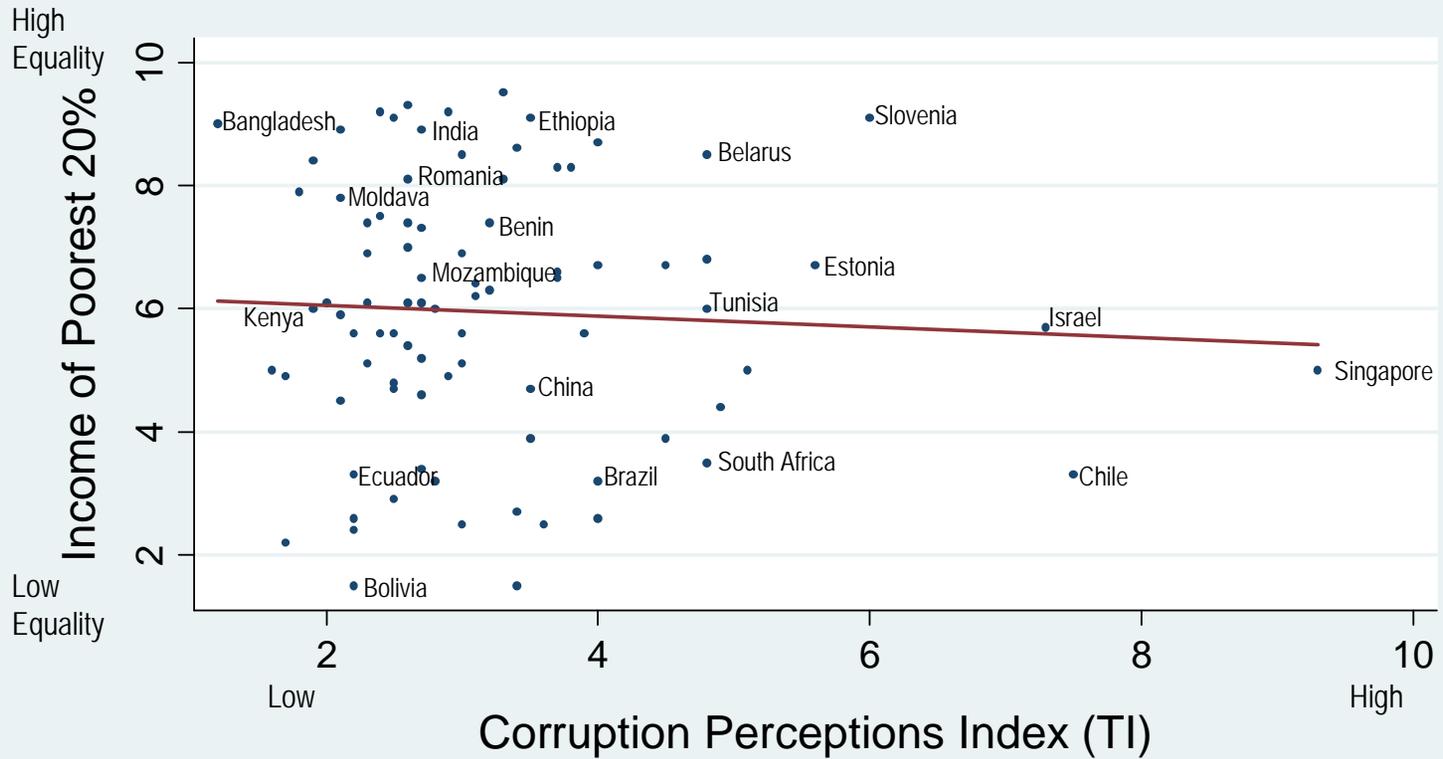
R-squared=0.00

Sources: UNDP(1995-2003), Transparency International (2002)

Figure 19

OECD: Income of Poorest 20% vs. Rule of Law
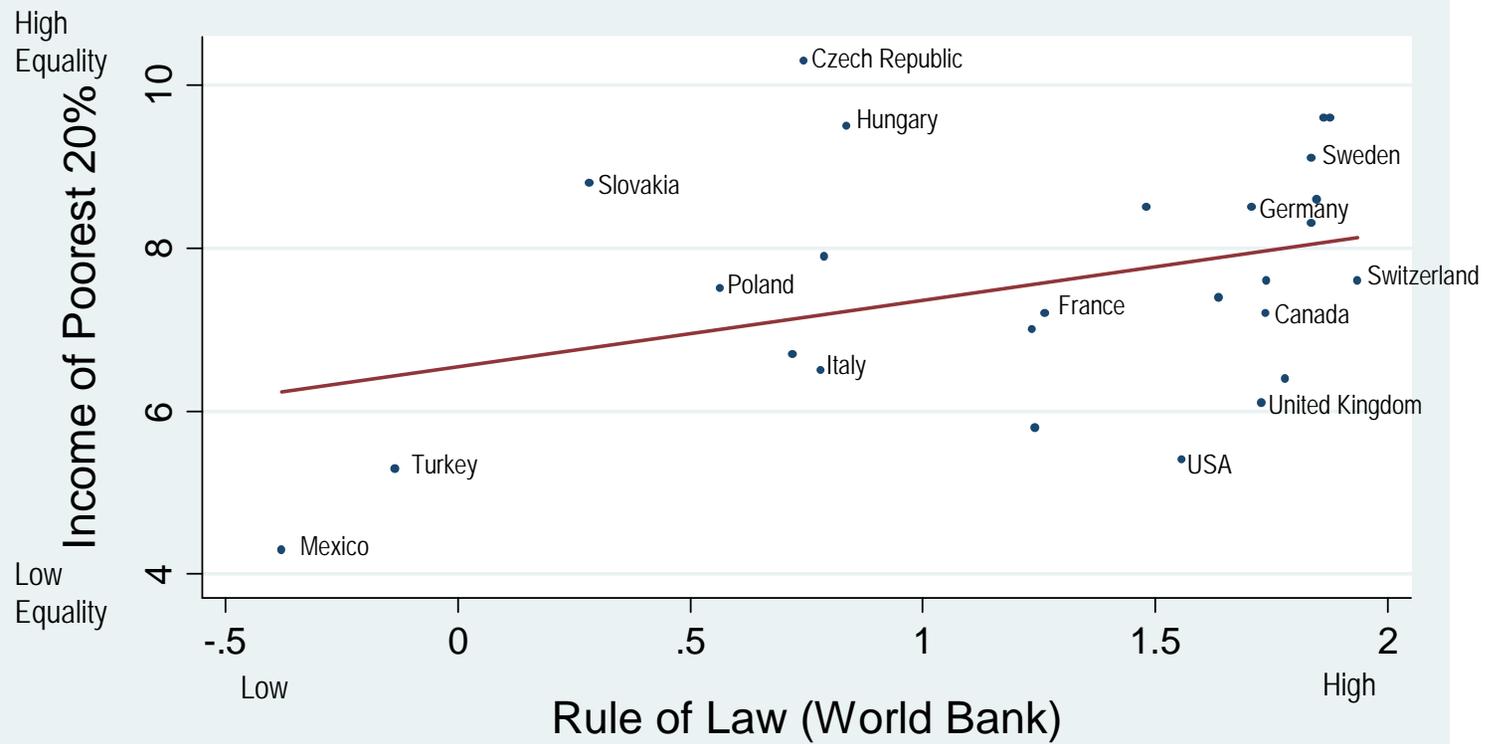
R-squared=0.13

Sources: UNU-WIDER (1995-2006), World Bank (2002-2003)
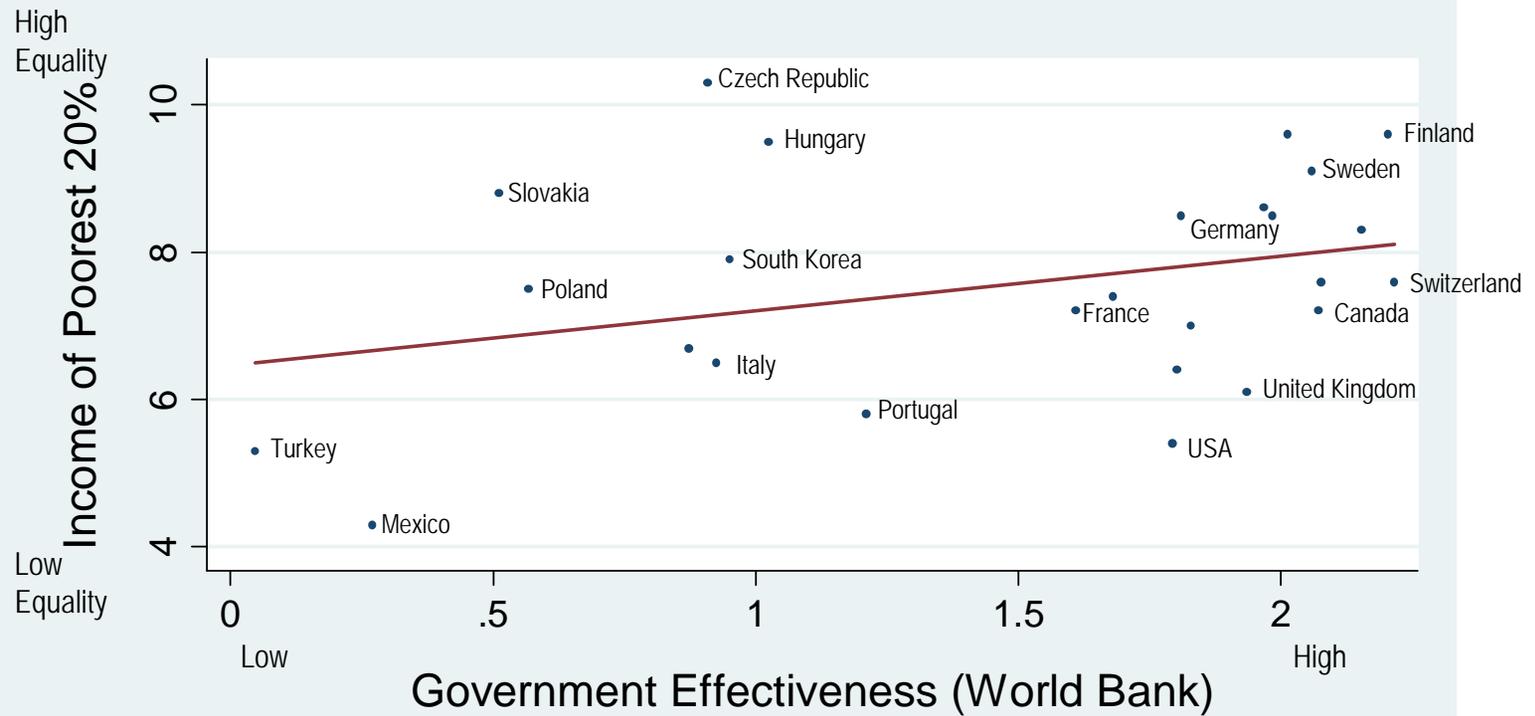
Figure 20

Non-OECD: Income of Poorest 20% vs. Rule of Law

R-squared=0.00
Sources: UNU-WIDER (1995-2006), World Bank (2002-2003)

Figure 21

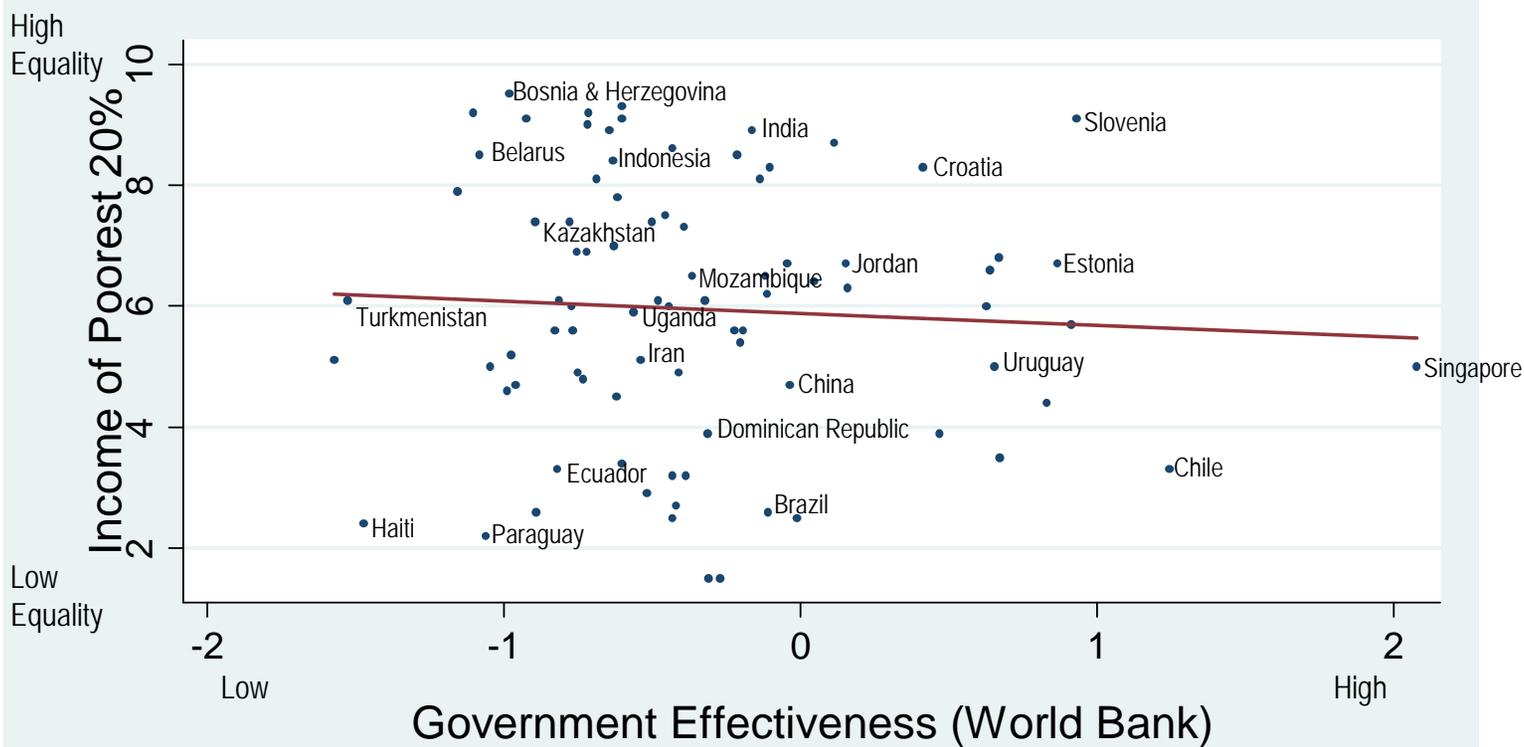### OECD: Income of Poorest 20% vs. Government Effectiveness

High Equality

Low Equality

Income of Poorest 20%

Government Effectiveness (World Bank)

Low — High

- Czech Republic
- Hungary
- Slovakia
- South Korea
- Poland
- Germany
- France
- Finland
- Sweden
- Switzerland
- Canada
- United Kingdom
- Portugal
- USA
- Italy
- Turkey
- Mexico

R-squared=0.11

Sources: UNU-WIDER (1995-2006), World Bank (2002)

Figure 22
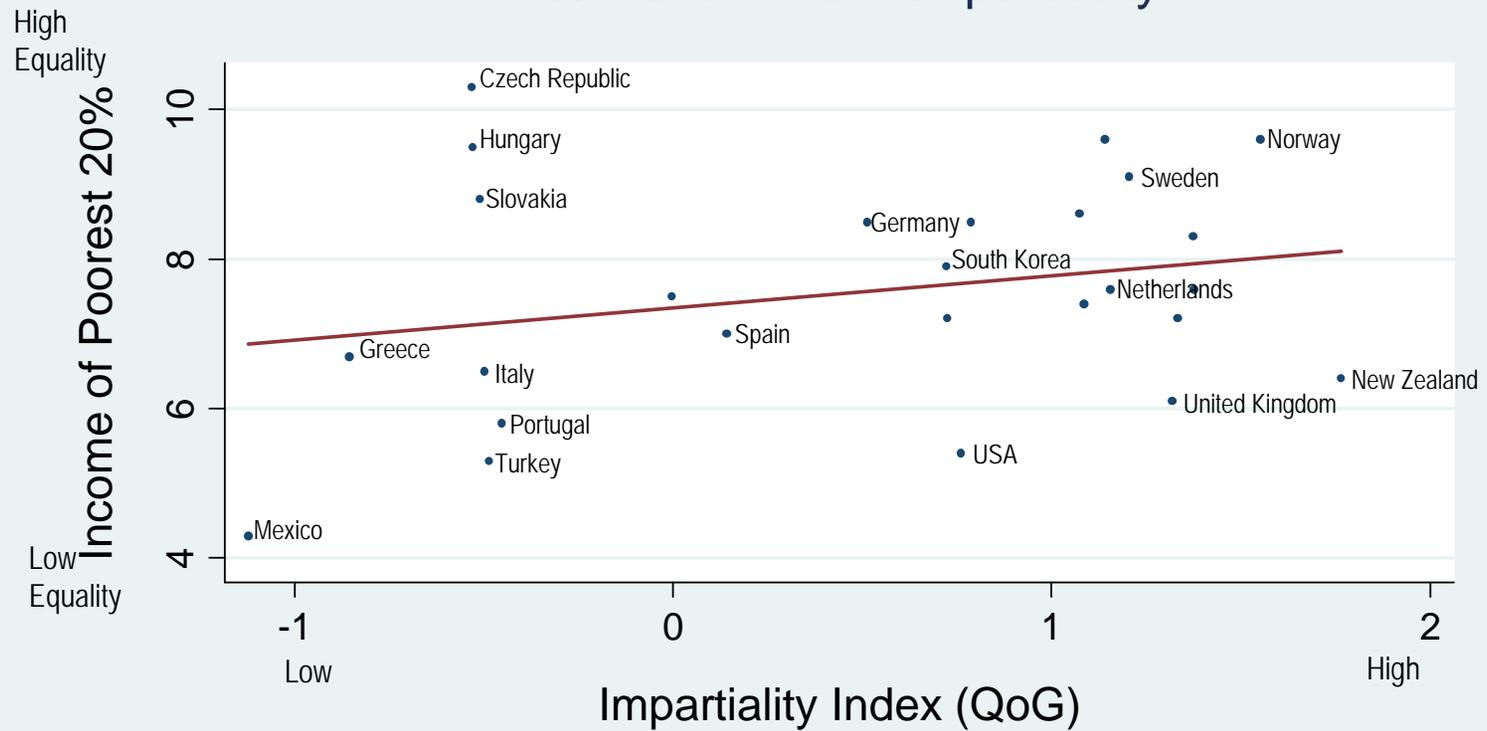Non-OECD: Income of Poorest 20% vs. Government Effectiveness

R-squared=0.00
Sources: UNU-WIDER (1995-2006), World Bank (2002)

Figure 23

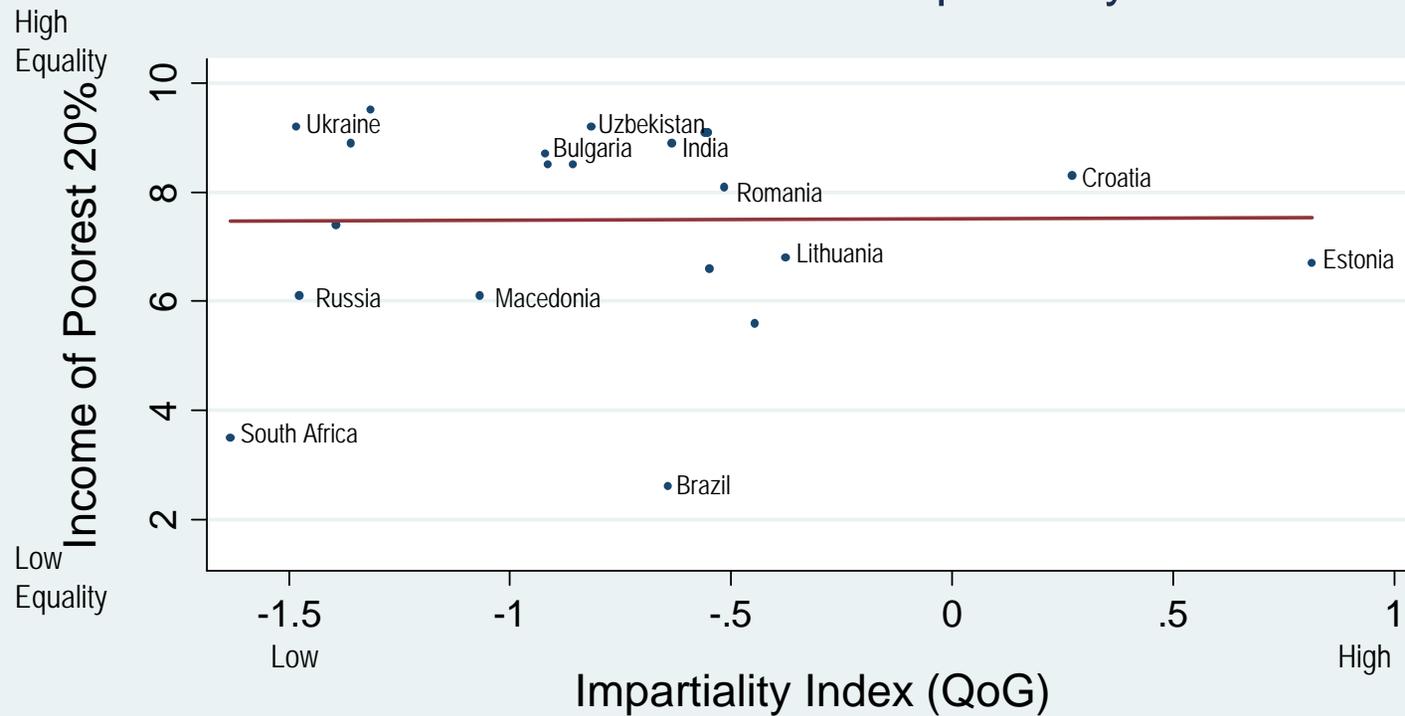OECD: Income of Poorest 20%
vs. Government Impartiality

R-squared=0.06
Sources: UNU-WIDER (1995-2006), Teorell & QoG Institute (2009)

Figure 24

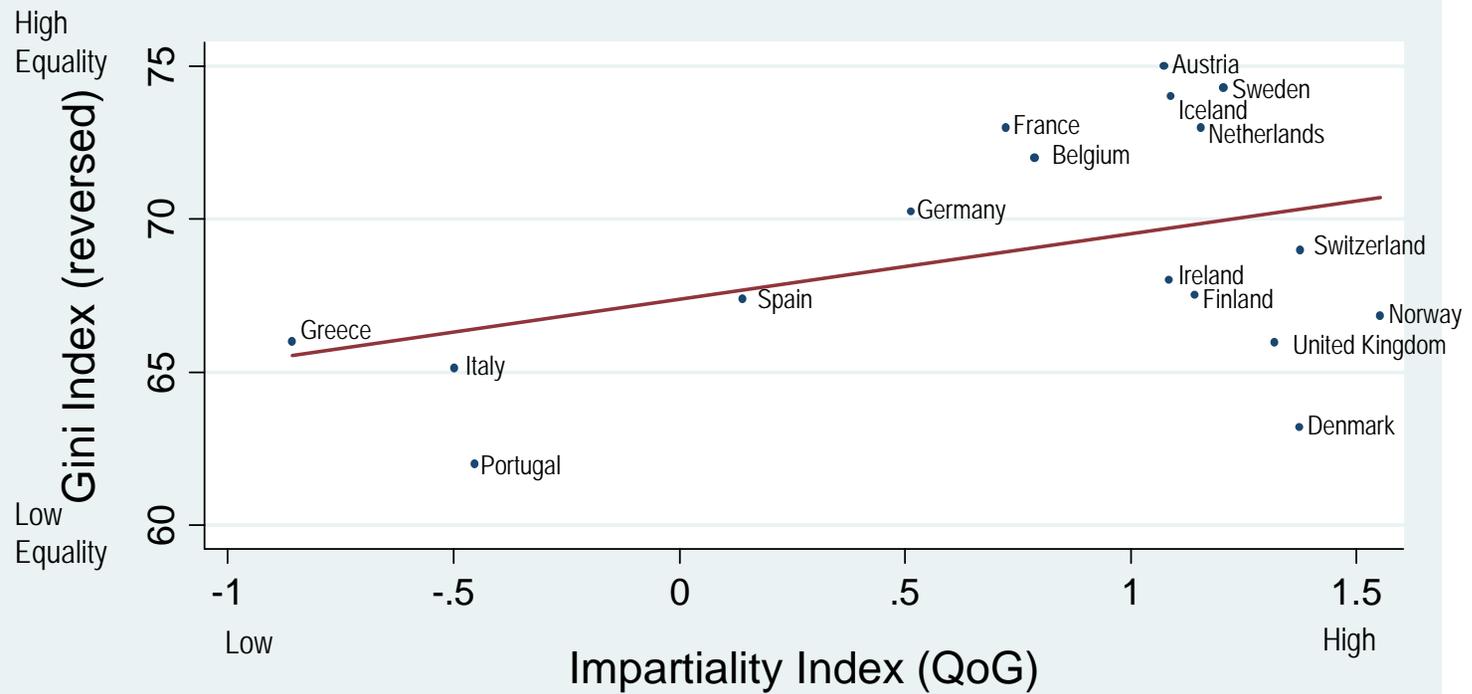Non-OECD: Income of Poorest 20%
vs. Government Impartiality

R-squared=0.00

Sources: UNU-WIDER (1995-2006), Teorell & QoG Institute (2009)

Figure 25

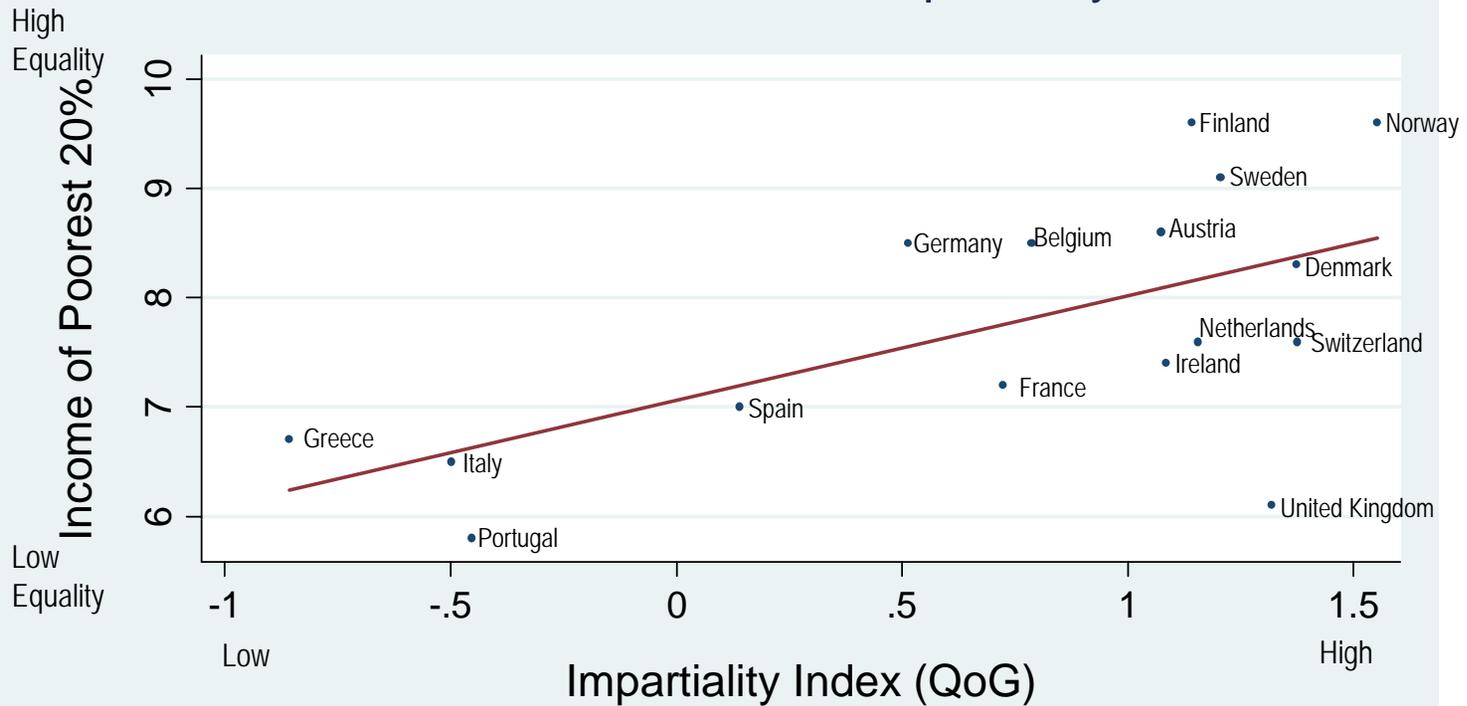Western Europe: Economic Equality
vs. Government Impartiality

R-squared=0.15

Sources: UNU-WIDER (2002-2006), Teorell & QoG Institute (2009)

Figure 26

Western Europe: Income of Poorest 20%
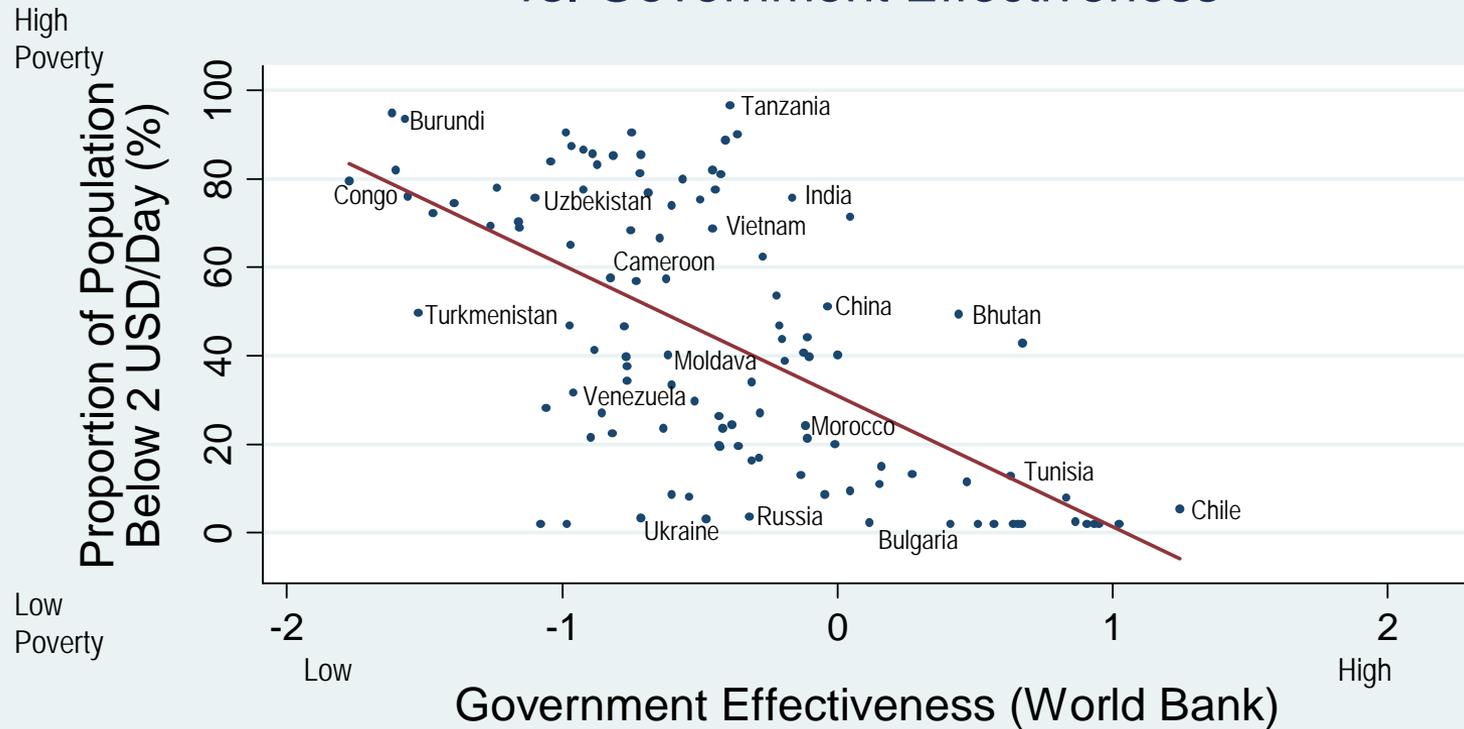vs. Government Impartiality

R-squared=0.37

UNDP (1995-2003), Teorell & QoG Institute (2009)

Figure 27

Proportion of Population Below 2 USD/Day (%) vs. Government Effectiveness

High Poverty

Low Poverty

Proportion of Population Below 2 USD/Day (%)

Burundi
Congo
Uzbekistan
Turkmenistan
Cameroon
Tanzania
India
Vietnam
China
Bhutan
Moldava
Venezuela
Morocco
Tunisia
Chile
Ukraine
Russia
Bulgaria

Government Effectiveness (World Bank)

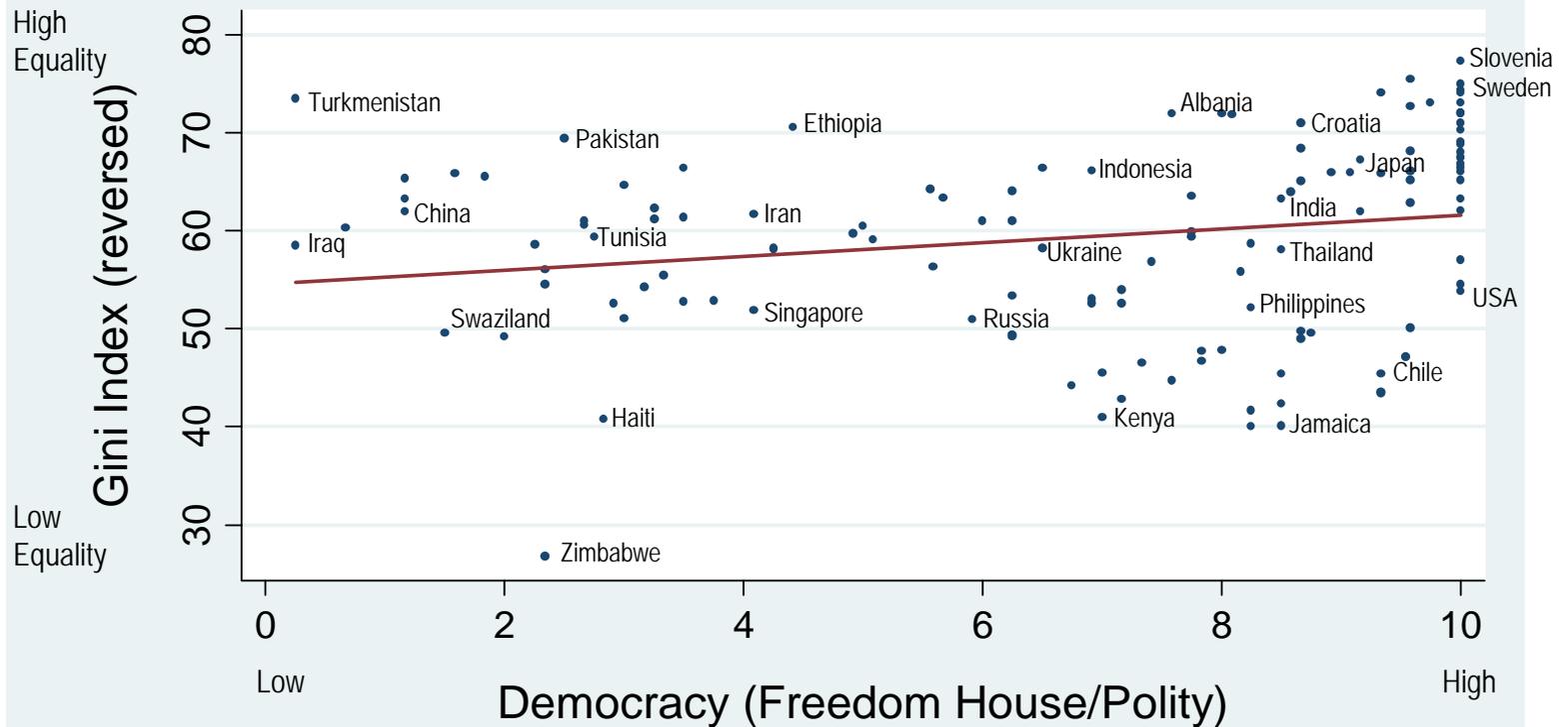Low   High

R-squared=0.39

Source: World Bank (1995-2007); 112 "poor" countries

Figure 28

Economic Equality vs. Democracy

R-squared=0.04

Sources: UNU-WIDER (1995-2006), Freedom House/Marshall & Jaggers (2000-2005)

Figure 29

OECD: Economic Equality vs. Democracy

High Equality

Gini Index (reversed)

Low Equality

- Hungary
- Sweden
- France
- Germany
- South Korea
- Japan
- UK
- Poland
- Portugal
- Turkey
- USA
- Mexico

Democracy (Freedom House/Polity)
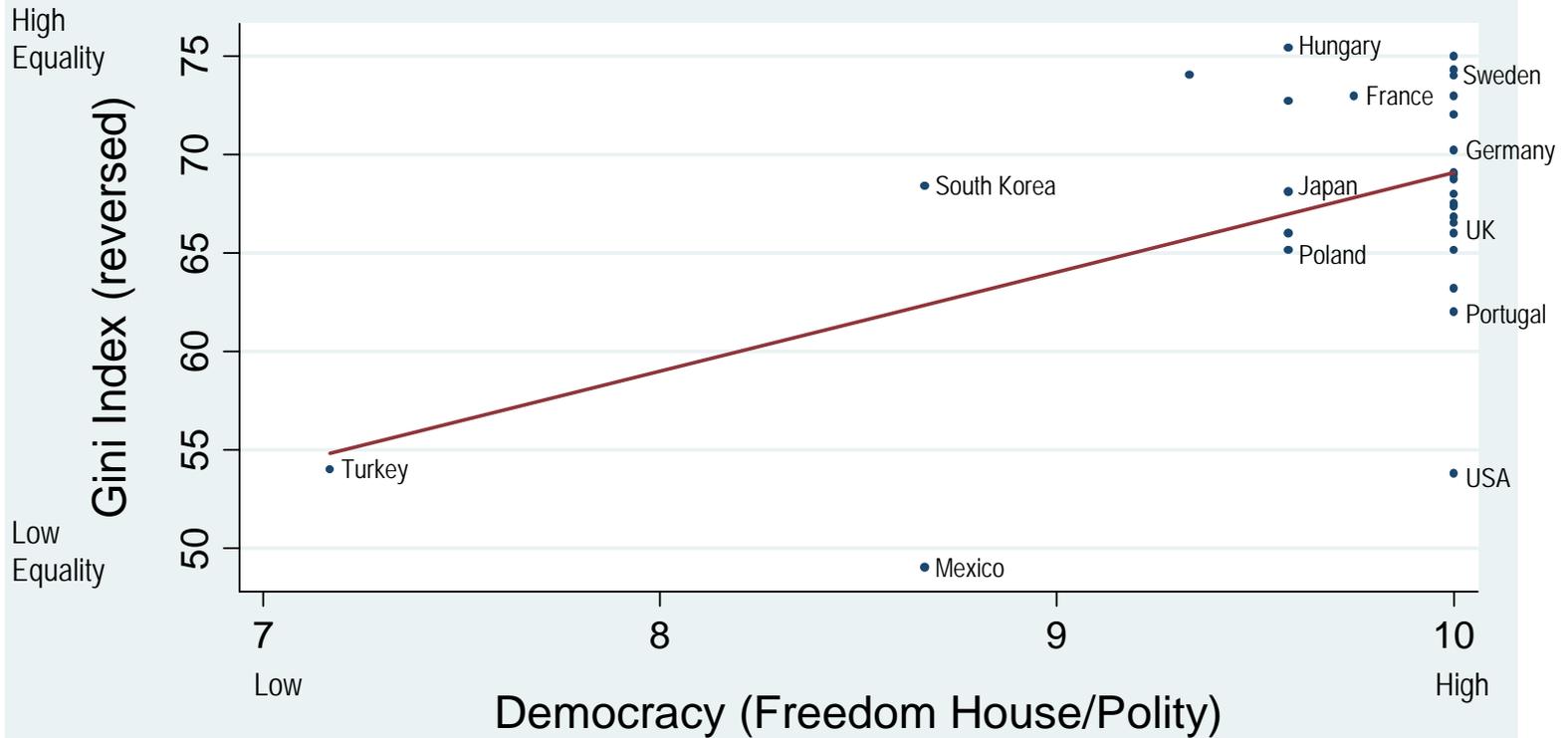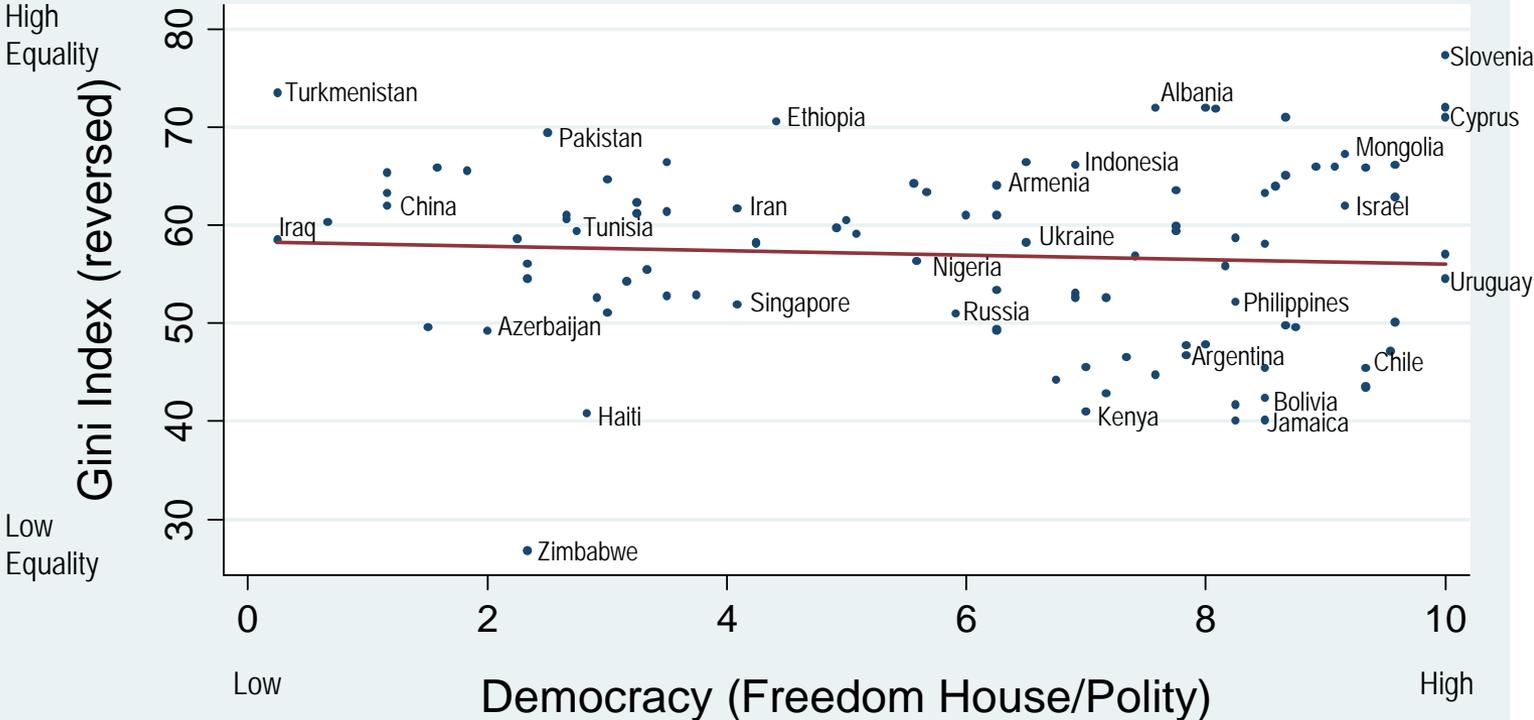
Low

High

R-squared=0.23

Sources: UNU-WIDER (1995-2006), Freedom House/Marshall & Jaggers (2000-2005)

Figure 30

Non-OECD: Economic Equality vs. Democracy

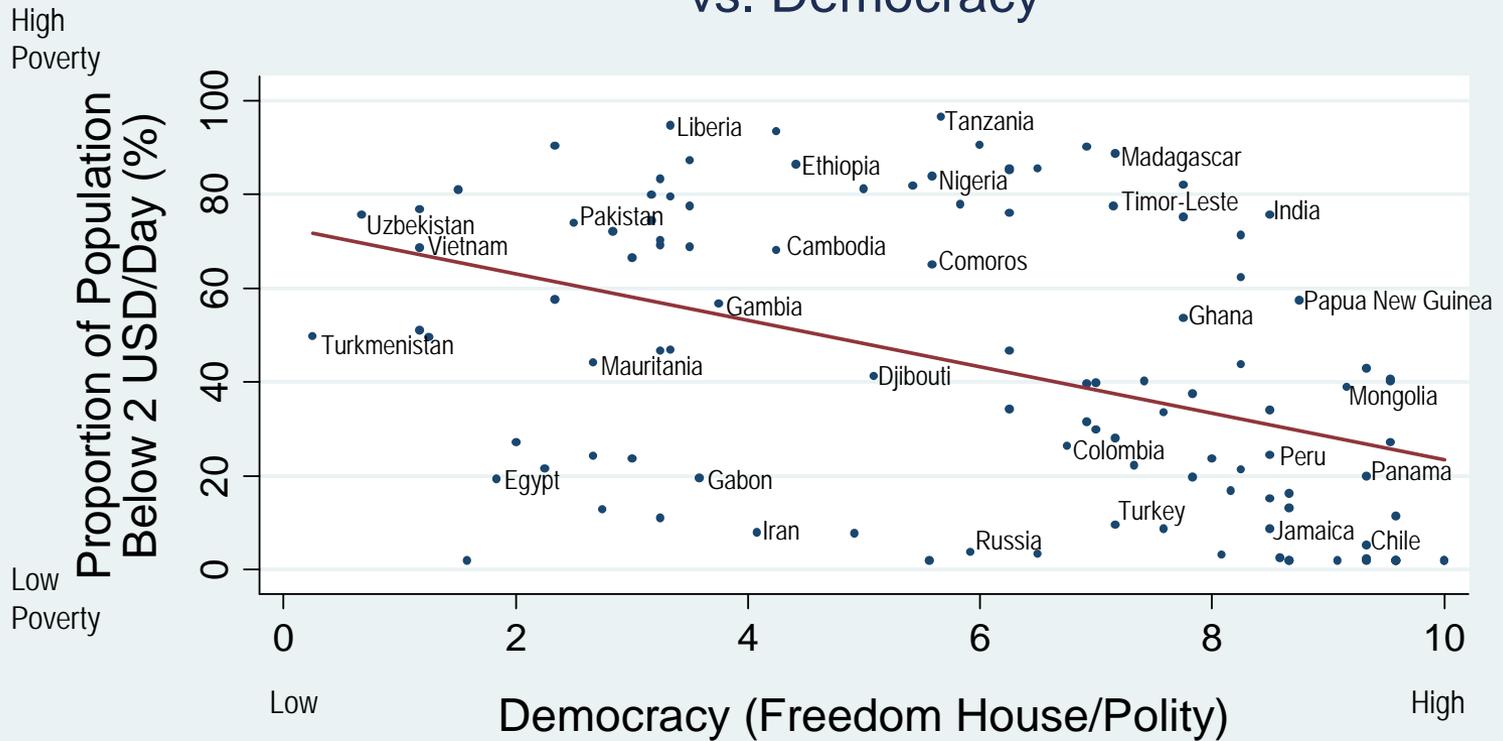R-squared=0.00

Sources: UNU-WIDER (1995-2006), Freedom House/Marshall & Jaggers (2000-2005)

Figure 31

Proportion of Population Below 2 USD/Day (%) vs. Democracy

High Poverty

Low Poverty

Low   High

Proportion of Population Below 2 USD/Day (%)

Democracy (Freedom House/Polity)

Labeled data points: Liberia, Tanzania, Ethiopia, Madagascar, Nigeria, Timor-Leste, India, Uzbekistan, Pakistan, Vietnam, Cambodia, Comoros, Turkmenistan, Gambia, Ghana, Papua New Guinea, Mauritania, Djibouti, Mongolia, Colombia, Peru, Panama, Egypt, Gabon, Turkey, Iran, Russia, Jamaica, Chile

R-squared=0.19

Sources: World Bank (1995-2007), Freedom House/Marshall & Jaggers (2000-2005)