

DELIBERATION: AN EFFECTIVE ALTERNATIVE TO INSTITUTIONAL MONOCROPPING?

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“With international relations becoming a dominating political concern around the world, Rocco Balestrieri explores the pitfalls of “institutional monocropping.” The importance of exploring the way in which Western institutions are exported to developing countries cannot be overstated especially considering the failures of Western-backed governments. Balestrieri advocates a new method of administration – “deliberative development.” Reinstating local, collective decision-making could change the paradigm in developing countries. Referencing concrete examples, Balestrieri presents a piece of the blueprint to closing the income gap between rich and poor countries.”

Introduction

This paper discusses whether increasing deliberation in institutional and decision-making processes should be considered a valid alternative to “institutional monocropping” in developing countries. As Evans (2004) argues, imposing Anglo-American institutional frameworks on Less Developed Countries (LDCs) has proved to be a questionable method to raise living standards and stimulate economic growth. Therefore, it might be time to explore the potential of collective debate and citizen participation in public procedures.

After a brief background analysis of the role of institutions and institutional change in LDCs’ economies, the concepts of “institutional monocropping” and “deliberative development” will be introduced and investigated. Adopting Western-type institutions has some attractive features as well as many practical limitations. The cases of Latin American Countries (LAC) and some Asian countries in the 1990s will be concisely outlined to back this assumption with empirical evidence.

Successively, Evan's argument will be presented and enriched with other experts' opinions and case studies (ibid). Firstly, this paper aims at demonstrating that citizen participation in institutional processes and decentralized policymaking can be enforced in LDCs. Secondly, it investigates the validity of "deliberative development" as a growth theory, questioning the implications and outcomes of deliberative initiatives.

The case studies show that the deliberative processes are indeed enforceable in practice and can result in positive outcomes for the population. However, looking at empirical evidence, the "deliberative development" theory seems to be growth neutral.

Background: Institutions and Growth Theory in LDCs

A new wave of scholarship focusing on the role of institutions in growth theory moved the spotlight away from capital accumulation theories. Many economic models such as the Harrod-Domar model portray savings and capital as the main effective inputs to stimulate economic development, ignoring the quality of institutions (1964; Evans, 2004). Although capital is an important driver of economic growth, we need to evaluate many other factors (King and Levine, 1994). According to Evans (2004), it might be time to focus on institutions, how they can change, and their role in fostering growth.

The importance of institutions in stimulating economic growth has been discussed by many experts. North (2003), for example, assesses the role of institutions starting from a basic and societal point of view then, narrows it down to an economic perspective. Institutional frameworks play a central role in policymaking and economic development. According to Rodrick et al. (2002), the quality of these frameworks usually has a greater impact on income levels than geographical and trade components.

Analysing the history of institutional composition and change in many LDCs, the process of "institutional monocropping" has been widely considered the recipe for economic growth. This process consisted in the adoption of "blueprints based on idealised versions of Anglo-American institutions" (Evans, 2004, pp. 30). These institutions vary from representative democracies to private property rights including structured bureaucratic systems and market-oriented financial institutions. Not surprisingly, the adoption of this institutional framework is generally expected to be followed by the implementation of Western *laissez-faire* policies. The adoption in LA of the Washington Consensus during the 1990s might be one of the prime examples of this occurrence; a one-size-fits-all process that, according to some authors, proved to be ineffective or limited in many cases (Chang, 2002). For this reason, the extent to which institutional reforms can be effective has been questioned. Meanwhile, other possible frameworks better suited to developing countries with diverse cultures and socio-economic conditions have been proposed.

Institutional change can be a laborious and painful process while presenting an obstacle to the implementation of effective administration. When pre-existent formal and informal institutions are rooted in a system, broad reforms are unlikely to occur (Evans, 2004). The most flexible components of LDCs' institutions are the formal rules of a framework. Informal rules and constraints require much more effort and resources to change (North, 2003). In addition, it's likely to encounter the opposition of elites and powerholders (Evans, 2004).

An alternative to "institutional monocropping" has been examined by many authors, such as Evans and Sen (2004, pp. 30; 1999). What they refer to as "deliberative development" might be the key to the adoption of effective ad-hoc institutional frameworks in LDCs (Evans, 2004, pp. 30). The idea of "deliberative development" relies on the hope that increased civilians' participation in policy-making processes and public resources allocation might have "intrinsic benefits" and facilitate an effective resource allocation. This theory emphasises the importance of democratic and deliberative components in institutions.

It might be then interesting to discuss in detail the doubts regarding the effectiveness of "institutional monocropping" as well as "deliberative development." Are deliberative ideals applicable in practice? Could they have an impact on long-term economic growth?

Institutional Monocropping

Analysis and Critique

"Institutional monocropping" assumes that the Anglo-American institutional structure is strongly effective in stimulating economic growth, despite being adopted in different environments and contexts. In other words, a winning formula for growth. As Evans (2004) argues, there are many attractive characteristics in this theory as well as practical failures.

On one hand, Western countries represent a significant example of economic development over the last century, which resulted in higher living standards. The attraction LDCs have towards adopting western institutional frameworks and policies to boost economic growth is understandable. Having a similar institutional structure might also facilitate foreign investment and ease coordination between Southern countries and Western governments as well as other institutions such as NGOs and international organisations. Trade can benefit and foreign aid is usually expected to be more effective if received by a recipient country with institutions like the donor's ones.

On the other hand, replicating foreign institutions presents many drawbacks. Reforms are usually imposed on the most superficial and formal stratum of LDCs' public

frameworks - that is, the public sector organisation. This process might create a “disjunction between formal structures and the underlying informal structures of power and practice,” resulting in the inefficiency of those new formal structures (Evans, 2004, pp. 34). When carrying out institutional reforms, prior power equilibria and institutional schemes should be explored and properly rearranged. The cultural and social components that regulate formal and informal relationships should be considered as well. Developing countries can present different institutional systems and cultural constraints that may not align with the Anglo-American model.

A further critique of “institutional monocropping” is carried out by Chang (2002). He argues that developing countries have been pushed to adopt Western institutions and policies that are different from those that characterised the past western growth. The US and UK grew under protectionist institutions and policies; however, liberalism and laissez-faire tendencies have been promoted in Southern economies over the 1990s. This process could damage LDCs’ development by hampering their freedom and capability to self-discover the apparatus that better fits their characteristics.

Empirical Evidence

Analysing data from different developing countries, we can notice an overall slowdown in income per capita growth in Southern countries over the 1980s and 1990s (Easterly, 2010). Some countries, such as Argentina and Russia in the late 1990s, represent an evident failure of “institutional monocropping”. Other LA countries adhering to the Washington Consensus, apart from Chile, recorded a modest increase in GDP per capital; although poverty levels and inequality followed the opposite trend (Birdsall et al, 2010).

Some Asian LDCs preferred local political choices compared to western models. China experienced significant economic growth without basic Western-type institutions like secure property rights (Evans, 2004). Consider Malasia, in response to the late 1990s Asian crisis, the country adopted a capital control strategy that likely helped the country to fasten its recovery compared to Korea and Thailand, which adopted IMF and orthodox programs (Rodrick, 2001).

Overall, many experts considered the performance of Washington Consensus policies quite limited compared to the size of the reforms. Among the various causes of this “failure,” Birdsall et al. (2010) argue the importance of institutions in sustaining policy reforms has been omitted by the Consensus. However, the success of macroeconomic stabilisation institutions in controlling LA countries’ inflation should be highlighted, pointing out that adopting western models can be beneficial under some circumstances.

Deliberative Process and Development

Institutional change and policy-making schemes could be influenced by deliberative processes that aim at stimulating popular participation in solving social, political, and economic issues. This idea holds on the assumption that the “power of choice” and collective debate could result in a well-designed set of institutions and policies. This set, ideally, is tailored to the diverse cultures and pre-existing conditions that characterise different developing countries and reflect the population’s needs (Evans, 2004). Rodrick (1999) highlights the importance of LDCs’ “participatory political meta-institutions” in creating an effective institutional framework. Similarly, Sen (1999) describes deliberative processes as essential in establishing development goals.

After assessing the theoretical value of this thesis, we need to evaluate whether deliberative processes are enforceable in practice and the efficacy of their outcomes. If they are indeed enforceable and capable of influencing macro trajectories of development, rather than being limited to community-based results, we can then talk about “deliberative development” as a real alternative to “institutional monocropping” (Evans, 2004).

Pursuing deliberative initiatives in LDCs is not an easy job. It appears to be predicated on the presence of a “thin democracy” from which civil participation at the micro-level can be built on. This democratic apparatus should be composed of institutions that favour an unbiased flow of inputs (e.g., specific knowledge) to citizens. Once the deliberative process is carried out, institutions are then expected to be accountable and able to implement the policies and suggestions that emerged from the process.

Moreover, we can identify three key issues related to “deliberative development.” Firstly, deliberative institutions should be “socially self-sustaining.” Citizens are expected to invest their time in deliberative processes and back the political parties that propose such initiatives. Secondly, the “political economy problem” should be fixed to allow institutional changes and decentralised policymaking. Powerholders and dominating elites are likely to oppose collective decision-making to maintain the status quo. Lastly, the “growth problem” should be overcome. The intrinsic benefits of deliberative processes cannot be diminished by economic inefficiency. We need to prove income growth to increase the validity of this development theory (Evans, 2004).

Economists differ significantly in how this economic efficiency can be achieved. On one side, redistributive tendencies and collective decision-making processes have been considered a threat to economic growth by liberal economists. The likelihood of chaotic and ineffective allocation of resources and the risk of repelling FDI are high (Evans, 2004). In the same vein, there are doubts as to the capability of developing countries’ citizens to bring useful knowledge to the table, considering the low average literacy rate in those countries (approx. 65%) and the lower amount of leisure time they possess compared to developed countries (World Population Review, 2021; Ortiz-Ospina et al.,

2020).

On the other side, greater participation in public debate and resource allocation can present positive outcomes. Transparency is likely to increase while predatory behaviours by rulers are discouraged by wider scrutiny. Consequently, a larger part of public budgets might be employed. Provided that deliberative processes give civilians greater influence on policy implementation, we might expect a more egalitarian distribution of resources. This can decrease inequality and increase overall living standards (Evans, 2004).

Recent Cases of Deliberative Processes in LDCs and Further Analysis

Tamale, Ghana

In 2015 the community of Tamale, Ghana, carried out a two-day Deliberative Poll in the attempt to increase popular participation in environmental, agricultural, and sanity issues. Two hundred citizens were randomly selected, ensuring inclusiveness, and provided with information material from experts. Successively, they were divided into small groups where a debate was encouraged by unbiased moderators. Since one-third of the citizens selected were illiterate, informational inputs were shared through 15-20 mins videos.

Chen (2020) evaluated the initiative's results. He conducted pre and post deliberation surveys to the population and analysed deliberation transcripts. To evaluate the quality of the arguments expressed by the participants, that is, "their level of reasoning", the author employed the Discourse Quality Index. Comparing pre- and post-survey results, we notice an increasing awareness in agriculture-related issues, such as the importance of employing clean water when cultivating while healthcare proposals seemed to be the most rated. However, no real opinion changes occurred when discussing loans and saving associations. This phenomenon might reflect the lack of financial and economic knowledge that characterise poor populations.

Kelara, India

The region of Kerala, India, has been characterised in the last century by a great history of public mobilisation and participation in public matters. Deliberative tendencies started to increase in the 1960s and, by the end of the 1980s, deliberative reforms had been significantly implemented in the region (YRIS, 2013). This case represents an interesting example of deliberation on large scale and over an extended period. The region experienced a process of "Democratic Decentralisation," which resulted in village councils being appointed the management of more than 40% of the state's public budget (Evans, 2004).

The results of these political and institutional choices have been considerably positive over time. Firstly, the “political economy power” was overcome, as the political party pursuing the campaign was itself largely composed of state bureaucrats and public sector unions. Secondly, the greater popular involvement in the administration of public resources resulted in efficient public service, and developments in living standards were achieved. The literacy rate of the region exceeded 90%, while the rest of the country rested on an average of 50%. At the same time, infancy mortality significantly decreased (Evans, 2004). Manufacturing and overall investment levels performed above the national average in the late 1990s. However, on average, the region’s economic growth was aligned with the average growth rates of the whole country.

Further Analysis

As previously stated, both cases demonstrate that developing countries might be able to enforce deliberative processes efficiently. The initiatives present different designs and methodologies, enforcing the idea that developing countries should be encouraged to self-adopt the institutional and policy-making frameworks that better suit their context.

The Tamale case is the most recent one, therefore, further research might be required to evaluate the economic effects of the Deliberative Poll in the long run. Nonetheless, the case demonstrates that poorly educated civilians can effectively engage in deliberative processes and discuss complex issues. When informational inputs are well designed and the topics discussed affect citizens’ everyday life, civil engagement is more likely to be successful (Chen, 2020). The post-deliberation surveys, however, show a threatening absence of inclination towards the flourishing of micro-financial institutions (e.g., Village savings and Loan Associations (VSLA)). As Dawuni et al, (2020) demonstrate, VSLAs heightened agricultural value productivity in different regions of Ghana and can “serve as a tool for financial inclusion and economic development”.

Differentially, Kerala’s case permits us to evaluate the economic outcomes of deliberative initiatives. The region achieved a more effective public resource allocation, which resulted in remarkable developments in education, healthcare, and other public infrastructures. However, major concerns remain when assessing the validity of the “deliberative development” theory on a macro level, as we struggle to find proof of higher long-term economic growth compared to other regions in the same countries.

On one side, improvements at a micro level, if appropriately replicated, can stimulate economic growth. Increased literacy and education, for example, can result in higher human capital. As Mankiw, Romer, and Weil (1992) argue in their augmented Solow model, human capital is a significant driver of economic growth. In line with this assumption, Vinod and Kaushik (2007), demonstrate how education can influence GDP growth. In Kerala’s example, collective and decentralised decision-making resulted in a higher

number of schools or increase literacy rate.

On the other side, some experts, such as Chakraborty (1997), argue that greater direct public participation can be effective in improving developing countries' living conditions in the short-run, while, in the long run, growth-based strategies are necessary to foster sustainable growth.

Conclusion

This paper explored the idea of “deliberative development” as an alternative to “institutional monocropping” in developing countries. Duplicating Anglo-American institutions might not be the most effective formula for economic growth - contrary to policy in the 1990s. Developing countries present different socio-cultural characteristics and pre-existent formal and informal institutions that inhibit one-size-fits-all approaches in making institutional change and policymaking. Despite this, it would be erroneous to claim that developing countries should always refuse to adopt developed countries' institutional frameworks. Western-type democratic institutions themselves can promote deliberative processes and facilitate foreign investment, aid, and trade. Besides, macro-economic stabilisation institutions proved to be an important instrument when dealing with high inflation in LA.

Analysing different opinions, we might conclude that increased collective participation in institutional procedures is possible and can result in a more effective and population-oriented public resource allocation. The cases presented show that poorly educated civilians can actively engage in collective debates on complex social issues if encouraged and assisted by local institutions. Moreover, the deliberative processes proved to be “socially self-sustainable,” strengthening the idea that deliberative economic theories should be considered when discussing valid alternatives to blueprinting Anglo-American institutional frameworks.

The data gathered, however, cannot overcome the doubts surrounding long-run economic growth. What Evans (2004) refers to as the “growth problem” is difficult to address in the cases examined. Although the local populations' living conditions seemed to benefit from the initiatives, deeper research is needed to investigate how these processes can be pursued on a larger scale and whether they can influence economic development over time.

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