THE WORLD BANK

POVERTY REDUCTION AND ECONOMIC MANAGEMENT NETWORK (PREM)

Economic Premise

MAY 2010 • Number 15

54721

Development Trajectories: An Evolutionary Approach to Integrating Governance and Growth

Brian Levy

This note introduces an evolutionary approach to economic and governance reform. It lays out two especially prevalent trajectories that differ starkly from one another in how they prioritize and sequence economic growth, state building, and the development of civil society and political institutions. The first trajectory focuses initially on investments in state capacity. The second initially prioritizes smaller, more catalytic entry points and addresses specific capacity and institutional constraints as and when they become binding. Over the longer term, both trajectories endogenously generate incentives to strengthen institutions that underpin economic competition and political accountability. But over the short to medium term, the strengths of one trajectory are mirrored as the weakness of the other. For many low-income countries, the combination of rapid growth plus a seeming excess of either order or chaos may thus be in the (medium-term) nature of things, rather than an aberration that requires fixing.

Over the past two decades, governance has moved from the fringes to the center of the development discourse. There is broad consensus that a well-performing economy rests on a foundation of good governance, including transparent and predictable decision making and implementation; oversight mechanisms that guard against arbitrariness and ensure accountability in how resources are used; public officials committed to the achievement of social goals, including the efficient provision of public services; a political process that is broadly viewed as legitimate; and the protection of property rights.

This depiction has translated, seemingly naturally, into a "best-practices" recipe for governance reform. The difficulty, though, is that, given country-specific realities, best-practices thinking—which works backward from a desired end state—is at best moderately helpful in identifying feasible next steps. This note suggests an alternative, evolutionary approach. Evolution being adaptive from a specific point of departure, many of the details of an evolutionary approach necessarily are country specific. Even so, there are some underlying patterns.

This note, which builds on a longer paper jointly written by the current author and Francis Fukuyama (Levy and Fukuyama 2010), delineates two especially prevalent trajectories. The trajectories are very different from one another, with different underlying drivers, different constraints and risks, and different frontier challenges. Neither is "better" in some absolute sense; rather, each is likely to be a better fit with some country circumstances than with others. But the two trajectories differ sharply in their implications for prioritizing and sequencing both economic and governance reforms. Assessing which aligns better with a country's specific

circumstances thus can have profound implications for development strategy.

Two Trajectories

Empirical research has documented a myriad of causal relationships that connect the different dimensions of development—economic, political, institutional, and social. These interconnections create an opportunity for thinking strategically, for prioritizing and sequencing, for seeking to do first that which is necessary or helpful to achieve later goals that can help initiate or sustain a virtuous spiral of cumulative change. This implies assessing binding constraints—both economic and governance constraints—that prevent the achievement of development goals; and considering alternative pathways, given both country-specific realities and the interconnections among the different dimensions. Though the details are country specific, two trajectories seem especially prevalent.

Each of the trajectories is driven by interactions among the following four sets of variables:

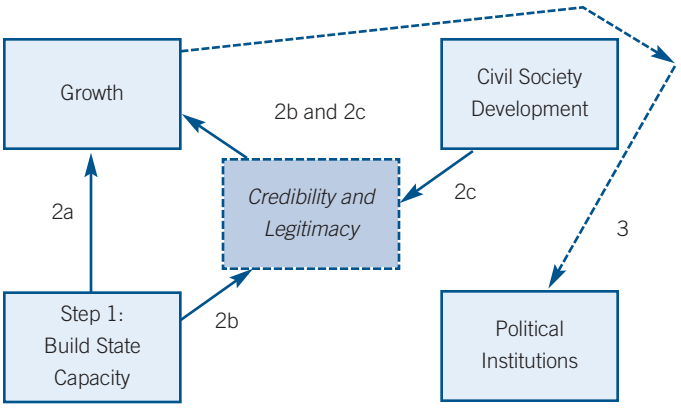
- economic growth, defined as increases in per capita GDP, noting that variations in the inclusiveness of that growth can be relevant for the longer-term sustainability of a country's development path;
- state building, which includes (1) defining territorial reach and extending enforcement power over that territory; and (2) creating public bureaucracies capable of extracting taxes, budgeting and spending money, and enforcing the state's rules;
- civil society and private sector development, defined broadly to describe the transition from ascriptive, inherited social relationships and a limited division of labor in the economy to more fluid and accessible hierarchies, with social groups able to freely organize on the basis of shared passions and interests and with private firms becoming more complex organizations that operate at arm's length from politics; and
- development of political institutions, including (1) the emergence of rule-of-law institutions that reduce the state's discretionary use of force and provide the basis for the protection of a private sphere and individual human rights; and (2) popular sovereignty via institutional arrangements, such as elections, separated powers, and a media and civil society outside of the formal political system that can monitor and check government's performance.

How actions across these four sets of variables are prioritized and sequenced differs starkly between the two trajectories.

Trajectory I: State Capacity Building

When a low-income country is not growing, some of the proximate reasons can be plainly visible. Government and

Figure 1. State Capacity Building as an Entry Point for Development



Source: Author's illustration.

politics don't work. The risks to private investors and entrepreneurs—of failed infrastructure, of a dysfunctional and burdensome bureaucracy, of political pressures to "share" profits, of violence and instability—generally overwhelm any entrepreneurial instinct to seek opportunities for productive investment. In environments such as these, a natural response is to look for "political will"—for leadership ready to build state capacity that responds to the public interest rather than to private ends, improves policy making and implementation, makes wise public investments, and puts in place an environment capable of attracting private investment.

Figure 1 depicts how leadership along these lines could set in motion a virtuous development spiral. The first step is an investment in state capacity building. In the second step, this newly built capacity helps facilitate economic growth, via three complementary channels:

- Channel 2a highlights the direct links between improvements in state performance and economic performance. Better policies, more efficient infrastructure, a transactionally more efficient bureaucracy, transparent and participatory approaches to service provision—all of these can contribute to a better investment climate, and thus potentially to growth. Improving infrastructure and the bureaucracy takes time, with little opportunity for quick wins; policy, however, can be turned around quite rapidly.
- Channel 2b highlights the expectations-driven impact of the emergence of leadership perceived to have the political will to build state capacity. Even before public sector performance actually improves, belief in the productive potential of the economy can rise among private investors—with the credibility gain itself sometimes sufficient to achieve renewed economic activity and accelerated growth. (One common way to secure such credibility has been to rapidly adopt far-reaching "stroke-of-the-pen" economic reforms.)

- As channel 2c of figure 1 suggests, political leaders can make the capacity and credibility channels mutually reinforcing by asserting a broader commitment to "fairness"—to inclusive growth with broadly shared benefits. Insofar as citizens believe this commitment, both state legitimacy and stability will be enhanced, contributing more broadly to improvements in the investment climate and hence to growth.

Note that none of these channels involves political institutions. The route from state capacity building to transformation of political institutions is a long-term and indirect one, with social change (perhaps via wealth creation, the rise of a middle class, and participatory approaches to service provision) generating new pressures for the rule of law to manage inter-elite conflicts (both among firms and between businesses and the state) and for political reform more broadly. Step 3, the dotted line in figure 1 illustrates this longer-term dynamic.

Readers familiar with the development literature will recognize the sequence described above as that of the "developmental state." The past 50 years offer no shortage of countries and political leaders that have put themselves forward as aspirant developmental states. It was the dominant model underlying East Asian development. It was an aspiration of many Latin American countries (including Brazil and Mexico) prior to the 1980s. The former centrally planned economies offered a (failed) radical variant for much of the 20th century. Contemporary examples range from Ethiopia, Rwanda, and Uganda in Africa, to Azerbaijan in Central Asia and Vietnam in Southeast Asia. In each of these cases, governments combine efforts to win legitimacy by highlighting the competence of their rule, on the one hand, with a continuing wariness of greater political participation and accountability, on the other. Each has achieved quite strong economic performance (relative to its peers, and/or its preceding historical experience).

A few developmental states have been spectacularly successful, with the Republic of Korea and Taiwan, China, two classic examples. In both economies, development was led by interventionist, competent states that used proactive industrial policies to fuel growth. In both, the initial decades of accelerated development were under authoritarian rule—but "fairness" provided a basis of legitimacy in each case. Land reforms ensured rural equity; growth was oriented toward labor-intensive exports and was employment creating; high public investment in education provided opportunity for all. And, in both economies, inclusive growth set in motion profound social transformation—facilitating the emergence of a middle class and an eventual transition to democracy. However, for reasons that will be explored later in this note, sustained success in traversing the state capacity-building trajectory remains more the exception than the rule.

Trajectory II: "Just Enough" Governance

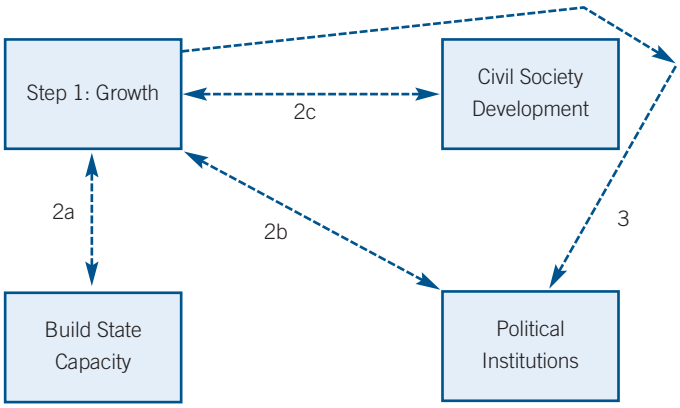
Underlying the state capacity building is the presumption that institutional reform is necessary to unlock development in hitherto poorly performing countries. In sharp contrast, recent empirical work on "growth accelerations" has demonstrated that far-reaching reforms—either institutional or economic—are not necessary to kick-start growth. Looking at worldwide data over the 1950–90 period, Hausmann, Pritchett, and Rodrik's (2004) careful empirical analysis identified more than 80 growth accelerations that lasted for eight or more years . Rodrik (2007) highlights some of the key implications:

> Countries do not need an extensive set of institutional reforms in order to start growing. Instigating growth is a lot easier in practice than the standard recipe. . . . When a country is far below its potential . . . even moderate movements in the right direction can produce a big growth payoff. . . . (p. 39)
>
> The onset of economic growth does not require deep and extensive institutional reform. . . . Moderate changes in country-specific circumstances (policies and institutional arrangements, often interacting with the external environment), . . . can produce discontinuous changes in economic performance. . . . Once growth is set into motion, it becomes easier to maintain a virtuous cycle, with high growth and institutional transformation feeding on each other. (pp. 190–91)

Consistent with this pattern, figure 2 delineates a second development trajectory—one in which the first step is the initiation of growth itself.

Steps 2a–2c in figure 2 illustrate how a just-enough-governance virtuous cycle might evolve incrementally. All of these steps are depicted by dotted lines, here intended to signify that sustaining growth in a strategy of just enough governance remains the primary objective. As growth proceeds,

Figure 2. Sustaining Growth through Incremental Institutional Reforms



Source: Author's illustration.

though, one or another institutional constraint may threaten to short-circuit expansion—perhaps weaknesses in the delivery of infrastructure or key public services, perhaps a rise in corruption as public officials seek their share of the growing economic pie, perhaps rising social alienation with a growing sense on the part of citizens that government doesn't care about their everyday problems, perhaps the need for more sophisticated laws and institutions to underpin an increasingly sophisticated economy. With a just-enough-governance strategy, the goal is not to anticipate and address in advance all possible institutional constraints. Rather, the focus is on addressing specific capacity and institutional constraints as and when they become binding. Hausmann, Rodrik, and Velasco (2006) provide a heuristic framework for distinguishing among alternative binding constraints.

Sustaining growth thus becomes something of a "high-wire act"—continually managing crises and putting out fires in an environment that the casual observer would consider quite dysfunctional, but one that nonetheless defies the odds by sustaining continuing dynamism.

Bangladesh offers a vivid example of the relevance of a just-enough-governance development strategy. Over the past decade, Bangladesh has made major gains in development performance. In the three decades following the country's independence in the early 1970s, per capita income more than doubled; the poverty rate fell from 70 percent to 40 percent; child immunization rates rose from negligible levels to close to 80 percent; life expectancy at birth went from 45 years to 63 years. But over the same period, the country rated consistently among the most corrupt countries in the world; other governance indicators also rated poorly. Key to Bangladesh's paradoxical achievement were a series of just-enough development reforms: good macroeconomic management, targeted trade policy reforms that provided just enough openness to enable the garment export sector to take off (and similarly focused policies that facilitated rapid expansion in aquaculture, the introduction of a winter rice crop, and remittances from Bangladeshis working abroad)—plus an unusually strong role for the country's well-developed nongovernmental institutions in the provision of public services. This strong overall performance has occurred against the backdrop of continuing crisis—including, between 2006 and 2010, a chaotic lead-in to a presidential election, subsequently aborted by a de facto military coup; legal action against the country's two leading politicians on suspicion of corruption; and a new round of elections (with the established leaders again leading their parties). Throughout this upheaval, growth has continued. Other countries that have moved along the just-enough-governance trajectory—and currently are at very different stages in the journey—include Albania, Costa Rica, India, Mauritius, Thailand, and Zambia.

Note that the just-enough-governance sequence should not be construed as a relatively painless (if nerve-racking) development strategy. For one thing, there are many countries where the economic environment is too dysfunctional and institutions are too weak for incremental reforms to be enough to kick-start growth. And not all binding constraints can be eased through incremental measures. Over the longer term, a complex economy requires complex institutions; so, at some point, the longer-term constraints must be addressed. At some point, channel 3 (identical in figures 1 and 2) is likely to become dominant, setting the stage for a non-incremental transformation of political institutions.

Even so, at least in some circumstances (those where the underlying growth drivers are strong and/or capacity and institutional constraints are not overwhelmingly constraining), just enough governance would appear to be a viable short-term development strategy. Moreover, as figure 2 suggests, the longer a just-enough-governance strategy can be sustained, the broader is the likely constituency with a stake in stronger institutions, and hence the better may be the prospects for institutional reform proceeding in a cumulative fashion.

Sequences and Structures

The two trajectories should not be viewed as a pair of technocratic alternatives between which putative reformers in low-income countries are free to choose. On the contrary, choice is path dependent to a significant extent, with country-specific history and politics limiting the scope for maneuvering and shaping the trajectory of change. An influential book (*Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* by North, Wallis, and Weingast [2009]) and related work by Khan (2010) suggest what might be the key variables that shape and constrain this choice. They highlight the central role of political stability as a platform for economic development. North, Wallis, and Weingast focus on the organization of "elite bargains" as key to securing stability. Khan frames the key variable more broadly in terms of the "political settlement."

Consistent with these contributions, the first row of table 1 distinguishes between two modes of organizing the elite bargain:

1. a bargain organized around a dominant political party (or dominant individual), with clear boundaries between elites who are incorporated into the dominant structure and outsiders; or
2. a bargain underpinned by competition, where the boundary between political insiders and outsiders is more blurred—with a realistic prospect among outsiders that they could become part of an insider coalition.

As Levy (2010) illustrates in a comparative assessment of Mozambique and Zambia, considering together the structure of the elite bargain and the two trajectories outlined in figures

Table 1. Governance Structures and Development Trajectories: A Mapping

	State capacity-building trajectory	Just-enough-governance trajectory
Structural features:		
• How the elite bargain is organized	Dominant leader or party	Competitive
• Mode of government decision making	Coordinated	Clientelistic
Risks and challenges:		
• Principal governance risks	Dominance becomes increasingly predatory	Institutional decay
• Frontier governance challenges	How to evolve toward more competitive polity and economy	How to strengthen capacity of state institutions
Country examples	Ethiopia, Republic of Korea, Mozambique, Tunisia, Uganda, Vietnam	Albania, Bangladesh, Costa Rica, India, Kenya, Mauritius, Zambia

Source: Author's compilation.

1 and 2 suggests the possibility of two underlying (and possibly quite ubiquitous) clusters. First, consider country settings where elite authority has converged around a dominant leader or dominant party. In such settings, even if public institutions remain relatively weak, coordination among insider elites is relatively straightforward. This ability to coordinate provides both the incentives and opportunities for fostering development through the state capacity-building trajectory: strengthening state capability can enhance the ability of this dominant grouping to achieve its objectives, whatever they may be. Thus, as table 1 signals, one plausibly ubiquitous cluster comprises a "dominant" elite bargain, coordinated decision making, and state capacity development—that is, *(dominant)* state capacity development (D-STATCAP).

In the second hypothesized cluster, the elite bargain is underpinned by an agreement that elite groupings will compete periodically for power through competitive elections. Where public institutions already are strong—that is, generally in middle- and high-income countries—electoral competition can credibly be organized around competing "programmatic" visions for public action. But where formal public institutions are weak—as is the norm in most low-income countries—governing elites generally rule by discretion. In such settings, in return for continuing support, elites can more credibly promise to direct public resources as private goods to favored clients than to commit to govern for the public good (Keefer and Khemani 2005). The recent country examples of Albania, Bangladesh, and Zambia and the historical example of Mexico (Haber, Razo, and Maurer 2003) demonstrate that this combination of competition and clientelism can provide the credible commitments needed to attract private investment. But as table 1 indicates, the implied trajectory of change is the high-wire act of *competitive* just enough governance (C-JEG).

The Governance Knife-edge: Frontier Challenges and Risks

Framing the governance-development nexus in terms of two (heuristic) trajectories that contrast sharply with one another provides an orienting framework to help identify and address priority, country-specific governance challenges. It does so in two ways. First, as highlighted by North, Wallis, and Weingast (2009), the notion of trajectory signals the importance of clarifying whether a country is at the early, middle, or later stage in its development of sophisticated institutions and organizations. Second, clarifying which of the two trajectories better aligns with a country's circumstances can offer important pointers for the priority reform agenda.

Frontier Challenges and Risks

At the most aggregate level, the challenges and risks associated with the two trajectories are similar:

- The frontier challenge for both trajectories is to continue moving forward—to identify binding economic or governance-related constraints to continuing positive evolution, and to find ways to alleviate them.
- The common risk is going backward, falling off the knife-edge of development progress. It concerns institutional decay, a diminution of collective action and a rise of opportunism; rising conflict; a progressive loss of the platform of stability. From this risk perspective, the priority governance task is to identify where might be the highest risks of reversal (these generally will be governance related), and how they can be forestalled.

But the details of these challenges and risks vary starkly across the two trajectories and within a given trajectory over time.

Consider first D-STATCAP. Embedded in the claim to power of D-STATCAP's dominant leadership is an implicit commitment to excluded groups (elite and nonelite) that decision making will be guided by a long-run view of the broader interest. Continued investment in public administrative capability is thus likely to be consistent with the D-STATCAP logic. However, the accountability relationships that underpin that commitment are (at best) limited to checks and balances within the dominant party. Therein lie both the risks and the frontier challenge.

The risks are that a D-STATCAP vision becomes increasingly chimerical. This can happen in several ways:

- An exclusive dominant party might increasingly focus only on its own narrowest interests (as arguably happened in Zimbabwe).
- Within-party accountability might weaken, and leadership might become increasingly personalized (as in, say, Uganda).

- Personalized leadership might become increasingly self-seeking and predatory.
- From the outset, a seeming commitment to "developmentalism" and associated state capacity building might be a useful cover for the perpetuation of long-standing patterns of corrupt, patrimonial rule. The rhetoric has the virtue of being long on ambitious and fine-sounding objectives, but so soft and supposedly long term in its impact that busy work can proceed for extended periods of time before it becomes evident that nothing much is being achieved. (Examples over the past few decades are offered by Marcos in the Philippines, Mobutu in Zaire, and Moi in Kenya.)

Within the logic of the D-STATCAP trajectory, some workable mechanisms for mitigating these risks of reversal and sustaining a programmatic, developmental orientation are (for insiders) to continue to press for intraparty accountability and (for donors also) to help nurture citizen knowledge and expectations of effective and efficient public services provision by government.

Insofar as the risks of reversal are managed effectively and D-STATCAP successfully supports rapid economic growth, the frontier challenge is to help build institutions capable of supporting both an increasingly sophisticated economy and a wealthier, more empowered citizenry. In the earlier stages of development, as figure 1 suggests, credible commitment plus administrative capability alone can be sufficient to ensure continuing forward movement along the D-STATCAP trajectory. With success, though, pressure will rise for investment in institutions capable of supporting enhanced economic and political competition. But these institutions both reduce the discretion and progressively challenge the leadership of the dominant elite, and so are less incentive compatible with D-STATCAP than is public administrative reform.

Korea and Taiwan, China, offer examples of a seemingly successful later-stage D-STATCAP catch-up of institutions of accountability and competition; but other trajectories also are feasible. Singapore, for example, generally has been included with Korea and Taiwan, China, as an example of East Asian success—but (unlike the latter two economies), for all of its contemporary economic prowess, Singapore shows no sign of making a transition to democracy. Alternatively, as Indonesia's difficult political evolution over the past decade illustrates, the transition to greater openness can be an unusually fraught affair proceeding against the backdrop of an earlier lack of investment in political institutions and associated underdevelopment of the social expectations that support such institutions. How this process will play out for China is one of the key global imponderables for the coming decades.

For the C-JEG trajectory, the process of identifying and alleviating binding constraints is likely to be far less deliberate than for D-STATCAP. C-JEG's combination of contending elite groups and weak formal institutions generally produces a fraught environment, seemingly teetering on the edge of chaos. By definition, no single group of actors is hegemonic; decision making continually is contested; and narrowly oriented interest seeking (including, at the limit, individual corruption) is ubiquitous. Conflict continually threatens to spiral out of control, with an ever-present risk that fragile institutional gains will be reversed. In this setting, economic growth—and the shared incentive it generates among competing elites for continuing forward momentum—is the primary counterweight to the risk of reversal.

Addressing the frontier challenge of strengthening institutions is likely to be difficult along the C-JEG trajectory. Short of discontinuous political change (on which more is presented below), C-JEG settings do not provide strong incentives for elites to invest in far-reaching improvements in either administrative capability or checks-and-balances institutions. Rather, entry points for institutional improvement along the C-JEG trajectory are more likely to be incremental—focused on very specific entry points where collaboration among powerful elite groups can offer evident win-wins. Though (again) the details must be country and time specific, examples of the kinds of initiatives with the potential for traction in "hothouse" C-JEG settings include the following: export processing zones that incorporate streamlined customs administration, high-performing central banks, public health campaigns to limit the spread of infectious disease, infrastructural improvements that offer gains to businesses and middle-class residents (with perhaps some spillover to poorer neighborhoods), and streamlined arrangements for impartially resolving disputes among private parties. Initiatives such as these can help begin to build a track record that demonstrates the gains from collaboration rather than conflict. Crucially, they also can help sustain the forward momentum of inclusive, labor-demanding economic growth. As long as that momentum is sustained, deeper currents will continue to be at work reshaping interests, incentives, and alliances—and building a groundswell for further rounds of institutional improvement over time.

Hybrids, Resets, and Zig-zags

The D-STATCAP and C-JEG trajectories are conceptual constructs—"ideal types" used to bring analytical order to messy, multifaceted reality. The aim is to highlight some key common features across multiple country-level processes, not to suggest that these features capture the whole of a country's development evolution. In practice, a country's governance arrangement could be a hybrid combination of the two: a competitive system where one party wins a large, sustained mandate and de facto governs as a dominant party; a system where a dominant party becomes increasingly per-

sonalized under the sway of a charismatic leader; and a dominant party system that gradually expands the space for political competition.

Nor need a country remain on the same trajectory throughout the course of its development. "Resets" become relevant in settings where incremental efforts to sustain a trajectory's momentum—working "with the grain" of the trajectory's logic to ease binding economic and governance constraints and guard against governance reversals—fail to be effective. In such settings, more fundamental political transformations are likely to be needed to unlock developmental dynamism. For much of the 20th century, these political resets took the form of organized revolutionary movements or military coups. Over the past quarter century, the ubiquitous reset has been provided via democratic elections.

In the first wave of enthusiasm, democratic transitions were accompanied by high expectations that well-functioning institutions could be put in place rapidly and that open markets and competing, programmatic political parties could quickly become the norm. In practice, as Carothers (2002) documents, the far more common result was one of two more ambiguous patterns:

- "Dominant-power politics"... countries have limited but still real political space, some contestation by opposition groups, and most of the basic institutional forms of democracy. Yet one political grouping dominates the system in such a way that there appears to be little prospect of alternation of power. (p. 10)
- "Feckless pluralism"... countries enjoy alternation of power between genuinely different groupings... but the alternation of power seems only to trade the country's problems back and forth from one hapless side to the other. (pp. 11–12)

Certainly, these results fell far short of initial, ambitious hopes. But, contrary to Carothers' pessimistic depiction, the trajectories framework suggests that it is too negative to describe the results as dysfunctional.

Insofar as the political reset results in the de facto dominance of political actors who perceive themselves to enjoy stable incumbency and take a long-term view—that is, Carothers' dominant power politics variant—the result approximates quite closely the D-STATCAP trajectory. And insofar as the democratic and civil society transformations are more turbulent—that is, look more like feckless pluralism—they might nonetheless unlock a dysfunctional equilibrium. This could help unleash quite rapid economic growth, with the resulting chaotic dynamism very closely resembling the C-JEG trajectory.

The discussion above suggests the following final speculation. Perhaps everywhere—in the historical experience of contemporary Organisation for Economic Co-operation and Development countries and, more recently, for today's emerging economies—the development path is a profoundly discomfiting one. The strengths of one trajectory are mirrored as the weakness of the other: D-STATCAP is top-down, tightly controlled, and exceedingly orderly (insofar as it is implemented effectively). C-JEG is haphazard and seemingly chaotic—but also can be a "good enough" platform for accelerated economic growth and incremental improvements in governance. Perhaps, for countries moving along the path of development, economic growth combined with a seeming excess of order or a seeming excess of chaos—or even a zig-zag, back-and-forth motion between the two—may be in the (medium-term) nature of things rather than an aberration that requires "fixing."

About the Author

Brian Levy *is an adviser, Public Sector Governance Group, Poverty Reduction and Economic Management Vice Presidency, World Bank Group, Washington, DC.*

References

Carothers, Thomas. 2002. "The End of the Transition Paradigm." *Journal of Democracy* 13 (1): 5–21.

Haber, Stephen, Armando Razo, and Noel Maurer. 2003. *The Politics of Property Rights: Political Instability, Credible Commitments, and Economic Growth in Mexico, 1876–1929*. New York: Cambridge University Press.

Hausmann, Ricardo, Dani Rodrik, and Andres Velasco. 2006. "Getting the Diagnosis Right: A New Approach to Economic Reform." *Finance and Development* 43 (1): 12–15.

Hausmann, Ricardo, Lant Pritchett, and Dani Rodrik. 2004. "Growth Accelerations." Working Paper 10566. National Bureau of Economic Research, Cambridge, MA.

Keefer, Philip, and Stuti Khemani. 2005. "Democracy, Public Expenditures and the Poor: Understanding Political Incentives for Providing Public Services." *World Bank Research Observer* 20 (1): 1–27.

Khan, Mushtaq H. 2010. "Political Settlements and the Governance of Growth-Enhancing Institutions." Paper prepared for the U.K. Department for International Development, London.

Levy, Brian. 2010. "Seeking the Elusive Development Knife-Edge: Zambia and Mozambique—A Tale of Two Countries." Paper presented at Stanford University, Palo Alto, CA, January.

Levy, Brian, and Francis Fukuyama. 2010. "Development Strategies: Integrating Governance and Growth." Policy Research Working Paper 5196. World Bank, Washington, DC.

North, Douglass C., John J. Wallis, and Barry R. Weingast. 2009. *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. New York: Cambridge University Press.

Rodrik, Dani. 2007. *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*. Princeton, NJ: Princeton University Press.

The *Economic Premise* note series is intended to summarize good practices and key policy findings on topics related to economic policy. It is produced by the Poverty Reduction and Economic Management (PREM) Network Vice-Presidency of the World Bank. The views expressed here are those of the authors and do not necessarily reflect those of the World Bank. The notes are available at www.worldbank.org/economicpremise.