



Executive Summary **7**

State of the Art Paper

October 2015

Political settlements and the politics of inclusion

Alina Rocha Menocal

This paper explores what political settlements are and why they are now at the centre of donor efforts to foster more peaceful and effective states and societies. Analysing available research, the paper finds that, at least *in the short to medium term*, more inclusive political settlements *at the elite level* are crucial to avoid the recurrence of violent conflict, and to lay the foundations for more peaceful political processes. The literature also suggests that, *over the long term*, states and societies underpinned by *more open and more broadly inclusive institutions* are more resilient and better at promoting sustained and broadly shared prosperity. However, there is a big gap between these two findings: further research and learning are needed on *how* a political settlement with a narrow focus on elite inclusion can be transformed into a more broadly inclusive political order. The paper highlights insights from the literature that could help develop a more incremental approach to promoting inclusion.

Introduction

There is growing recognition that the challenge of development is not so much *what* needs to be done, as *how* – the processes that make change possible, and that stand in the way of change. This has placed the need to understand politics – and underlying ‘political settlements’ – at the centre of current international thinking and practice on how to foster more peaceful, inclusive and effective states.

Political settlements constitute a common understanding or agreement on the balance and distribution of power, resources and wealth (Laws 2012; Jones et al. 2014). This includes both formal and informal institutions. This paper draws on academic and grey literature to examine thinking and research on political settlements and processes of state formation and political, social and economic transformation.

Key findings

The literature suggests that political settlements that are inclusive at the *elite* level are crucial to avoid a recurrence of violent conflict in the short term.

The literature also suggests that, over the long term, states and societies widely considered to be peaceful, prosperous and resilient also have institutions, and underlying political settlements, that are more broadly inclusive, not just of elites but of the population more generally.

The difficulty lies in the gap between these two findings. We still know relatively little about how a political settlement that starts with a narrow focus on elite inclusion can be transformed into one that supports a more broadly inclusive political order.

Inclusion: who, what, how?

The concept of ‘inclusion’ needs to be unpacked. The analysis in this paper suggests that there are crucial questions about *who* is included in ‘inclusive’ political settlements, *what kind* of inclusion one is referring to – inclusive processes versus inclusive outcomes, for example – and *how* greater inclusion can be fostered. Policy makers, practitioners and donors often focus on the procedural aspects of inclusion. However, it cannot be assumed that promoting greater participation in decision-making, such as through peace negotiations, elections, or processes to revise or re-write constitutions, will automatically lead to an inclusive outcome.

Political and historical context

Politics and history matter. They determine, for instance, the balance of power, which will often be mediated by historical legacies of state formation and patterns of state-society relations. Historical trajectories and power dynamics also govern a state’s particular insertion into the global political economy, and influence links between domestic and international actors and drivers. These kinds of structural and institutional factors affect the kinds of transformations that are possible.

The transformation of political settlements

The transformation of narrowly based political settlements towards greater inclusion is likely to involve multiple dimensions of change, including transitions:

- from war and/or violent conflict towards peace and a state monopoly over the use of violence;
- from closed political orders towards systems that are more open and representative;
- from clientelism to substantive citizenship and a greater concern for the public good;
- from patronage-based power and institutions towards a more impersonal political system and the rule of law;
- from an economy that is stagnant, narrowly-based or geared towards violence, towards one based on investment, growth and jobs.

Crucially, these changes are not linear, one-directional or always positive. Transitions along these different dimensions may not always reinforce each other – in other words, “all good things” do not necessarily go together, and processes of transformation are likely to generate tensions, dilemmas, and trade-offs.

Critical junctures of many kinds – the end of a war; a national crisis, a natural disaster or a change in government after many years of one-party rule – may offer space for reshaping political settlements along more inclusive lines. However, inclusiveness may develop even through quite limited change; for instance, shifts in key appointments, or negotiations and coalition-building between various actors in society. The role of political leadership both within and outside the state is likely to be a key factor.

We need to know more about which institutions matter most when, where and why in development processes. So far, the literature suggests that the following factors have supported governance transitions and the transformation of political settlements towards greater inclusion:

- security and stability as a foundation for further transformation;
- the rule of law for all, starting with elites, and spreading to the population at large;
- elite commitment and leadership, and strategic coalition-building with well-placed actors and allies;
- political parties that can mobilise around a shared sense of national purpose to encourage collective action;
- bottom-up pressure for change (although this will rarely be sufficient without developmental leadership to support and harness it);
- basic state capacity;
- capacity to foster growth even at low levels of economic development.

Evidence gaps

The evidence suggests that broadly inclusive political settlements do matter and are the right ambition over the long term. However, we still know little about how different countries can get there. Several questions remain to be addressed. For instance:

- What are the key drivers and dynamic processes at play? How do political settlements affect what kinds of reform and transformation are possible?
- How can countries reshape their political settlement(s) so as to break away from patterns of fragility and enhance their resilience and effectiveness over time?
- Can inclusion compensate to any degree for other weaknesses within the state and in the links between state and society?
- Are there any tensions, dilemmas and/or trade-offs between process-based inclusion (such as broad-based citizen participation and inclusion in decision-making processes) and outcome-based inclusion (effectiveness in decision-making processes, promotion of growth)?
- What persuades elites to pursue more or less inclusive settlements? What might be the right balance, if indeed there is one?
- How can bottom-up pressures for change shape political settlements?

Very often in development thinking and practice, it is assumed that (progressive) change in one dimension – for instance, participatory decision-making processes – will prompt further positive change in another – say, a more open political system. But this cannot be treated as a given. The complex linkages and dynamics between these different dimensions remain one of the most important questions to be examined empirically, by research and policy lesson-learning.

Download the full paper at: <http://publications.dlprog.org/PoliticalSettlementsSOTA.pdf>

The Developmental Leadership Program (DLP) is an international research initiative based at the University of Birmingham, and working in partnership with University College London (UCL) and La Trobe University in Melbourne. DLP's independent program of research is supported by the Australian aid program.

The views expressed in this publication are those of the author(s) and do not necessarily represent those of the DLP, its partner organisations or the Australian Government.

The Developmental Leadership Program
International Development Department
School of Government and Society
College of Social Sciences
University of Birmingham
Birmingham B15 2TT, UK
info@dlprog.org

www.dlprog.org