Political Settlements

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Political settlements can be viewed as the informal and formal processes, agreements, and practices in a society that help consolidate *politics*, rather than violence, as a means for dealing with disagreements about interests, ideas and the distribution and use of power. Political settlements evolve; they can include, but are not limited to, specific agreements like peace deals. They include negotiations between leaders and followers, not just among elites. And they can be sub-national or sectoral as well as national. Analysing political settlements supports a more detailed understanding of how the interests, ideas and relations of power among leaders, elites and coalitions can assist or obstruct the process of positive change.

This brief offers a concise introduction to the core elements of the concept of the political settlement. It is designed for those who are new to the idea, and it addresses three questions: How is the concept of the political settlement best understood? Why is it important? And what policy implications follow from it?

Development scholars and policy-makers increasingly recognise the limitations of top-down technocratic state-building approaches, and that developmental trajectories rest on deeper political agreements and understandings among key domestic interests, actors, and leaderships. This growing focus on the political conditions, processes and practices that shape development outcomes has created more interest in the concept of the 'political settlement'.

What are political settlements?

There is no universally agreed definition of 'political settlement'. However, a good starting point is this definition from DFID (2010), which has become influential:

> Political settlements are the expression of a common understanding, usually forged between elites, about how power is organised and exercised. They include formal institutions for managing political and economic relations, such as electoral processes, peace agreements, parliaments, constitutions and market regulations. But they also include informal, often unarticulated agreements that underpin a political system, such as deals between elites on the division of spoils.[1]

There is considerable variation in the way that the concept is defined and understood in the recent literature. But what emerges is an understanding of political settlements as the informal and formal processes, agreements, and practices that help consolidate *politics*, rather than violence, as a means for dealing with disagreements about interests, ideas and the distribution and use of power.[2] A DLP survey (Laws 2012) found that the most useful definitions tend to include the following elements:

- **Processes *and* practices.** Political settlements include the ongoing *political processes* that establish and adjust the agreement and the *political practices* that follow from it. The processes involve contestation, negotiation and bargaining. They shape evolving agreements about the principles, institutions and policies that govern, or will govern, the distribution and use of power and resources. The processes also establish, sustain and adjust the formal and informal *political practices* by which power is actually organised and used. Political settlements therefore shape how decisions and disagreements are dealt with peacefully.

- **Continuous and evolving; not just a one-off event.** The process of establishing political settlements may often involve specific agreements among leaders and elites – such as the signing of a peace deal, a political or elite 'pact', or even consensus about the terms of a bill of rights. However, while one-off events may contribute to settlements, they are *not in themselves* political settlements, because political settlements are continuous, dynamic and change over time.

- **Vertical as well as horizontal relations.** Political settlements involve not only horizontal negotiation and deals between elites, but also vertical relations between elites or leaders and the followers whose support they may need. They are ongoing 'two-level games'.[3]

- **Not just national**. Political settlements are not only a crucial aspect of national-level politics. They also often evolve over time at sub-national levels and in relation to broad policy areas or sectors.

These key points can be illustrated by the example of the transition from exclusive white rule to non-racial democracy in South Africa, and by Somaliland's establishment of relative peace despite Somalia's turmoil.

South Africa's transition to non-racial democracy

The process of transition from escalating civil violence to democracy in South Africa from late 1989 involved a wide range of specific pacts, deals and 'accords' along the way. These were struck between major political forces, including the ruling National Party (NP), the African National Congress (ANC) and the Inkatha Freedom Party (IFP), as well as other powerful economic interests, labour movements and civil society groups.[4]

Bargaining and compromise between these organisations and interests was an essential part of the process of change and of hammering out a political settlement. For example, the ANC agreed to a unilateral cease-fire in return for the national government's agreement to release political prisoners. In return for the government's agreement to a definite time-frame for negotiations, the ANC agreed to lift certain economic sanctions. A deal signed in 1991 between the ANC and the IFP recognised the IFP as a legitimate political party and helped to bring violence between the two parties to an end.

Each of the key parties to these deals also had to ensure that their supporters were satisfied with the settlement that was to underpin the new democratic regime. This involved vertical 'elite-follower' negotiations between leaders and their supporters.

Had the unfolding political settlement been narrow or exclusive along either the horizontal or vertical dimension, the process of change and the practice of democratic politics in South Africa would probably not have been sustainable in the long term.

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Why are political settlements important?

Pervasive conflict, insecurity and violence in a society are the enemies of development. The concept of the political settlement highlights the importance of leaders, elites, coalitions and their followers reaching agreement about the political conditions and practices they will observe. Political settlements make it possible to peacefully shape local and domestic institutions and policies that may, in turn, promote political stability and positive development outcomes.[5]

However, not all political settlements necessarily lay the foundations for development. They may 'lock-in' a narrow coalition of powerful interests which, while establishing some form of 'stability', may turn out to be more predatory than developmental.

For all these reasons, political settlement analysis (the political settlements approach) is a vital complement to the prevailing technical, managerial and administrative approaches to development assistance. Such analysis supports a more detailed understanding of how the interests, ideas and relations of power amongst leaders, elites and coalitions can assist or obstruct the process of positive change. It can also support the design of more effective development assistance programs.

Especially in fragile and conflict-affected areas, political settlement analysis can help outside actors to identify ways of mitigating the risks (or resurgence) of violent conflict by focusing attention on the inclusion of key actors in peace-building deals and negotiations.

Somaliland's route to peace

When Somalia's government collapsed in 1991, violence engulfed much of the country for over two decades. But the leaders of Somaliland – a self-proclaimed republic in Somalia's north-west – managed, in fits and starts, to negotiate an end to large-scale violence within six years. Drawing on existing institutions and establishing new ones, they created a hybrid political order consisting of locally appropriate (though imperfect) norms and rules of political engagement.

The Government of Somaliland's unrecognised status made it largely ineligible for official international assistance. This meant that Somalilanders were not pressured to accept 'template' political institutions from outside and could – at their own pace – negotiate locally devised, and locally legitimate, institutional arrangements.

The process involved a series of lengthy peace conferences. It was consultative, inclusive, and time consuming. Negotiations were supported by networks of trust among (well-educated) elites, mostly forged at secondary school.

The lack of international involvement in Somaliland also motivated strong – though collusive – cooperation between politicians and business elites to secure the funding to disarm militias. In return for loans, President Egal gave a small circle of business leaders generous tax exemptions and opportunities for extraordinary profits through collusive currency trading schemes. This was widely accepted within Somaliland as legitimate, largely because of a powerful idea that continues to permeate society – peace above all else. In Somaliland's political settlement, protection from violence is exchanged for popular acquiescence to elite capture of the economy.

Ironically, perhaps, the political settlement became less inclusive after 1997 when the political elite began to emphasise Somaliland's 'modern' state attributes to seek international support for independence from Somalia. For example, clan elders were drawn into centralised state patronage networks and detached from their local constituencies, and the eastern areas of Sool and Sanaag were increasingly marginalised in the Hargeisa-based elite's vision of an independent state.

Source: Phillips, S. (2013) 'Political Settlements and State Formation: The Case of Somaliland', Research Paper 23, Birmingham: DLP, University of Birmingham

What policy and operational messages follow from a focus on political settlements?

- The political settlements approach highlights that national and sub-national leaders, elites and their followers are the primary agents of contextually appropriate solutions to the myriad collective action problems that define many development challenges.

- The starting point for a political settlements approach is therefore careful political analysis that can: (a) map the key political actors; (b) identify their interests and recognise their forms of power (political, economic, social and ideological); (c) understand their relations with supporters; and (d) appreciate the issues, narratives, beliefs and ideas that shape how and why they interact with each other (Hudson & Leftwich, 2014; Parks & Cole, 2010).

- This means that it is seldom helpful for donors to try to design or urge direct changes to the formal, state-level institutions, structures and policies in developing countries.

- Rather, the political settlements approach requires outside actors to think more realistically about how to work in politically astute ways with local and domestic agents, groups, coalitions, and organisations. External actors could encourage them to shape both formal and informal agreements and institutions appropriate to their contexts. This would support better development and stability outcomes through a smarter use of aid.

- Unpredictable events, which may range from natural disasters to high-profile criminal investigations, can provide windows of opportunity for encouraging the progressive evolution of a political settlement.[6] Donors can capitalise on such 'critical junctures' by being flexible and alert to possibilities.

- The political settlements approach is a further reminder of four key messages: (a) that development is a long and complex process; (b) that it is unavoidably both technical and political; (c) that it follows different paths in different contexts; and (d) that taking the long view is an essential over-arching perspective.

Conclusion

Despite some remaining scepticism about it,[7] the concept of the political settlement is one of the important analytical approaches that are increasingly being used by scholars and policy-makers to better understand the political processes that shape development. However, there remains a need for more empirical studies that track the evolution of specific settlements in different contexts.

Further reading

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Endnotes

1. DFID (2010) Building Peaceful States and Societies, A DFID Practice Paper, p22. London: DFID
2. This is what international political leaders mean when they urge combatants in conflict to 'cease violence and engage with the political process'.
3. The interaction, negotiations and bargains between external actors (donors, their NGOs, development practitioners, etc.) and local political agents could be said to add a third level to the game. On this see Ingram (2012).
4. For an excellent account of this, see Timothy D. Sisk (1995) Democratization in South Africa. The Elusive Social Contract Princeton, Princeton University Press.
5. See the World Bank's 2011 World Development Report on Conflict, Security and Development
6. There is a pertinent example of the importance of critical junctures in affecting the trajectory of a political settlement in Laws, E. (2010) The 'Revolutionary Settlement' in 17th Century England: Deploying a Political Settlements Analysis'. DLP Background Paper 08, pp.7-8
7. See, for example, Moore, M. (2012) 'What on earth is a Political Settlement?' Institute of Development Studies' Governance and Development Blog, Wednesday, 12th September.

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