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Parliamentary Oversight Tools

A comparative analysis

Riccardo Pelizzo and Frederick Stapenhurst

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Parliamentary Oversight Tools

This book investigates parliaments' capacity to oversee government activities, policies and expenditures. Utilising a comparative approach, the book presents a new examination of oversight tools and discusses the conditions under which such tools are employed effectively.

The result of a nine-year collaboration between the authors, this book draws from the findings of survey data collected by the World Bank Institute and the Inter-Parliamentary Union, analysing information from 120 parliaments. The book represents a rigorous attempt to test whether international organisations are correct in claiming that the quality of democracy and good governance can be improved by strengthening the oversight capacity of legislatures. It discusses the tools available to parliaments worldwide, and taking a comparative approach considers which tools are more or less common, how oversight capacity can be estimated, how oversight capacity is related to other institutional and constitutional factors, and above all what ensures that oversight tools are used effectively. This analysis reveals that while the quality of democracy and good governance benefits from effective oversight, oversight effectiveness cannot be reduced to oversight capacity. The book urges policy makers and reformers to change their approach from strengthening capacity to securing that the capacity is put to good use.

Parliamentary Oversight Tools will be of interest to students, scholars and practitioners of legislative politics and governance.

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1 Introduction

The relatively recent surge in interest in the study of legislative oversight and oversight tools reflects to a large extent a paradigm shift[1] in the international community.

In the 1960s it was largely believed that democracy and development went hand in hand. In the wake of the publication of Lipset's seminal work (1959), it was believed that development was good for democracy either because it created the conditions for a transition to democracy or because it created the conditions for the consolidation and the survival of democracy or all of the above.[2]

This conclusion, that was due to the insight of Lipset (1959), was based on an empirical finding that Lipset had discussed in his work, where he showed that the number of developed countries that were also democratic greatly outnumbered the number of countries that were developed and undemocratic. Lipset explained this finding by saying that socio-economic development is a necessary social requisite for the consolidation of democracy because "the more well-to-do a nation, the greater the chances that it will sustain democracy" (1959: 75).

According to Lispet there are several reasons why development is important for the stability, the consolidation and the survival of democracy. Development creates the conditions for the pluralisation of society which, in its turn, creates the condition for "the activation of more political actors" (O'Donnell, 1973: 71) as "political pluralization is the political expression of social differentiation" (O'Donnell, 1973: 72). Development contributes to the consolidation and/or the survival of democratic regimes in a second respect. As a society develops, the middle class expands and middle classes generally hold pro-democratic attitudes (Lipset, 1960: 51). Development promotes

democratic consolidation by making society more literate, more cultured, more exposed to democratic ideals, ideas and values. In this respect, Lipset (1960: 46, 50) noted that there is an inverse relationship between the electoral strength of extreme political groups and national income. In other words, voters and citizens of developed societies are less likely to support political groups whose aim is to overthrow the system from which the citizens benefit. And there is one more argument, though it was not developed by Lipset, for which economic development can create the conditions for the consolidation of democracy. As societies become more developed they have greater resources that they can redistribute among various groups to provide them with material incentives to coexist peacefully.

A very large body of research, sparked by the publication of Lipset (1959), has debated whether development is the single most important determinant of democratic consolidation.[3] For example, some of Lipset's critics have lamented that in Lipset's work it is not clear what is the arrow of causality. In other words, it is not clear whether democracy is a cause or a consequence of development. In this respect Macridis (1968: 86) noted that "at the end of this excellent study (*Political Man*), the reader is not sure whether open democracies are affluent because they are open and democratic or whether it is the other way round". Much in the same vein, Rustow (1968: 48) observed that:

> correlations between contemporary social, economic and political indicators for series of countries give no clue whatsoever as to the direction, if any, of causality. If authors such as Lipset (1959, 1960) or Cutright (1965) find democracy highly correlated with education, affluence and urbanization ... we still do not know (1) whether college graduates, rich people and urban dwellers make better democrats or (2) whether democracy is a system of government that encourages schooling, wealth and urban residence or (3) whether both democracy and its alleged correlates result from further unexplored causes.

More recently, Weiner (1987: 861) critically remarked that "the relationship between rates of growth (or rates of social mobilization), class structure, and the development and the persistence of democratic institutions in low-income countries has had several variant contradictory hypotheses".[4]

The most cogent criticism of Lipset's theory and, more broadly, of modernisation theory was proposed by Huntington (1968) who asserted that democracy was not a value in and by itself, that democracy might not be conducive to socio-economic development and that socio-economic development in turn could actually destabilise recently established democracies. Huntington's notions largely shaped the thinking of the international community on democracy. International organisations and bilateral donors generally focused on the promotion of socio-economic development and on economic and technical issues, and typically refrained from addressing governance issues – such as democracy and corruption – that were believed to be "political" in nature and hence either outside their terms of reference, as was the case in the World Bank, or sensitive issues generally to be avoided.

The 1990s witnessed two major transformations that resulted in the paradigm change. In the early 1990s, with the collapse of the Soviet Union and its satellite states, the end of the Cold War and the bipolar order, the considerations that had led international relations scholars, such as Huntington, to underline the shortcomings of democratic rule in modernising societies, vanished. Indeed, Huntington (1991) himself made it clear that his old concerns no longer applied and that democracy should be regarded as a "good thing" and international organisations (most notably the European Bank for Reconstruction and Development) were set up with the express purpose of facilitating transitions to democracy and/or of consolidating democracy where it had recently been established.

The other change that created the conditions for a paradigm change was that a series of new studies on the determinants of sustainable economic growth and socio-economic development, illustrated that development was not simply an economic or technical issue, but also a "political" issue (e.g. Kaufman, 1997; Kaufman *et al.*, 2006; Rose-Ackermann, 1978, 1999). Specifically, a new wave of developmental studies made it clear that political problems or pathologies, such as corruption, were detrimental to socio-economic development. These studies suggested that the promotion of good governance through political development and institutionalisation were essential for the success of socio-economic development more generally.

Attempts to promote democracy have tried to do so by either promoting political development directly, or more obliquely by promoting socio-economic development but with a focus on "participation"

and "social accountability". Generally, the organisations devoted to the promotion of one type of development are not involved in the promotion of the other (Carothers, 2009). Nevertheless, both sets of organisations recognise the importance of legislatures. A cursory look at the publications produced by the World Bank is indicative of the paradigm change noted above: legislatures were credited with the ability to improve the quality of democracy by holding governments to account (Stapenhurst, Pelizzo, von Trapp and Olson, 2008), to prevent corruption (Stapenhurst, Johnston and Pelizzo, 2006), to reduce poverty (Stapenhurst and Pelizzo, 2002), to rebuild post-conflict societies (O'Brien, Stapenhurst and Johnston, 2008) and to improve public finance (Wehner, 2004).

And in so far as legislatures' ability to create the conditions to achieve all these policy-relevant objectives is a function of their institutional capacity to oversee the executive, international organisations became interested in assessing, measuring and quantifying the institutional capacity, the formal powers, the activities performed and the effectiveness of legislatures.[5] One of the first such efforts was a survey conducted jointly by the World Bank Institute (WBI) and the Inter-Parliamentary Union (IPU) in 2001, which focused on executive–legislative relationships and on the oversight tools that legislatures have developed to oversee the government, especially with regard to the budget process.

The first serious effort to estimate legislative oversight capacity was made in 2001 when the World Bank Institute (WBI) and the Inter-Parliamentary Union (IPU) conducted a survey of 83 legislatures to assess oversight capacity worldwide, that is, whether legislatures had a weak/strong capacity to oversee the executive, and to understand which factors were responsible for variance in such capacity. A number of studies were carried out examining the relationship between legislative oversight and the form of government, the level of development, the quality of democracy and the level of corruption (e.g. Pelizzo and Stapenhurst, 2004; Pelizzo and Stapenhurst, 2008, Yamamoto, 2008).

The principal findings of these and similar studies were that all legislatures have at least some oversight capacity; that legislatures operating in parliamentary systems are, on average, better equipped (in terms of oversight tools) than legislatures in semi-presidential or presidential systems to oversee the government; and that oversight capacity, measured in terms of the number of oversight tools is not

simply a function of the form of government (that is, parliamentary, semi-presidential or presidential), but is related to other conditions such as a country's level of socio-economic development and level of democracy. Some of the studies argued that legislatures' greater oversight capacity was not simply associated with higher levels of democratic quality, but that it was actually responsible for the higher democratic quality and made oversight tools available to the legislature (Pelizzo and Stapenhurst, 2008). Finally, with regard to the oversight of the budget, some studies indicated that legislatures in semi-presidential systems were the least involved in the preparation and examination of the budget, but were the most active in using ex-post audit reports as a tool to oversee budget implementation and that while they were not as involved as legislatures in presidential systems in the confirmation and approval of the budget, they were certainly more so than legislatures in parliamentary systems.

These findings were of some importance for three reasons. The first was that they shed some light on phenomena and relationships (between variables) that had never been subjected to rigorous analysis, for the lack of quantitative data. The second reason was that these analyses, in addition to identifying strong correlations between the variables of interest (oversight capacity, form of government, quality of democracy and level of corruption) hypothesised clear causal relations between these variables. Specifically, these studies hypothesised that the lower levels of corruption recorded in countries where the legislature is better equipped to perform its oversight tasks were due to the fact that oversight capacity, for a variety of reasons that will be discussed later at greater length, is instrumental in curbing corruption. Hence, on the basis of this evidence, these studies suggested that no successful effort to prevent or curb corruption could be made without strengthening the oversight capacity of legislatures. The third reason was that by formulating hypotheses that could not be adequately tested with available data it called for a new survey to be conducted among legislatures around the world. Such a (second) survey was conducted by WBI and IPU in 2009.

Our objective in this book is twofold. The first objective is to investigate how legislative oversight has evolved over the period 2001 to 2009 and to re-examine legislatures' capacity to oversee government activities and policies. Importantly, we distinguish between oversight *capacity* and oversight *effectiveness*. By analysing the more recent survey data collected from 120 legislatures, we show what