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**Overhauling Democracy: Layered State Authority,
Corporate-Style Accountability, and
the Free Market Economy**

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Overhauling Democracy: Layered State Authority, Corporate-Style Accountability, and the Free Market Economy



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A Constitutional Political Economy Extension of [Bitros \(2022\)](#) for CritQ

Abstract

In the contemporary era of executive aggrandizement and crisis-driven governance, traditional representative democracy faces structural challenges that procedural reforms cannot resolve. Drawing on the institutional analysis of [Bitros \(2022\)](#) and infused with constitutional political economy, this article proposes a theory of layered state authority as architecture of democratic restraint. It argues that the incorporation of corporate-style functionality and accountability mechanisms—if integrated with constitutional design—can counterbalance the dominance of the state with citizens' power. Through a comparative analysis of a small sample of democracies—including the United States, Canada, Ireland, Switzerland, Germany, Greece, Cyprus, the Republic of China (Taiwan), Japan, and Australia—the article shows that countries characterized by stronger property rights protection, higher levels of human and economic freedom, and more effective governance tend to exhibit higher per capita income, lower unemployment, and greater competitiveness. It concludes that democratic overhaul must move beyond electoralism and symbolism toward structural constraints capable of resisting the asymmetries first diagnosed by Thucydides.

Keywords: democracy as non-dominance, structural challenges, layered state authority, corporate-style accountability, economic performance.

JEL codes: D72, G30, G34, H11, H12, H7, O43 P4, P16

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1. [Introduction](#)
2. [Layered state authority defined](#)
3. [Measuring democracy as non-domination](#)
4. [Democracy and economic performance](#)
5. [Corporate-style mechanisms and non-dominating democracy](#)
6. [Conclusion: Institutional architecture and political emancipation](#)
7. [References](#)
8. [Appendix: Greece as a Case of Institutional Fragility within Democratic Systems](#)

1. Introduction

Democratic theory has traditionally valorized elections, representation, and the rule of law as pillars restraining arbitrary government power. Yet, as [Moffitt \(2020\)](#) and others argue, the persistence of executive expansion, crisis governance, regulatory capture, clientelism, and the hollowed-out legislative scrutiny reveals a different problem: institutional architecture rather than procedural legitimacy. The origin of this insight can be traced, with modern resonance, to [Thucydides \(1972\)](#). In Book V of the *History of the Peloponnesian War*, the Melian Dialogue reveals a hard truth: justice operates only among equals in power; otherwise, the strong act as they can and the weak endure as they must. This is not merely an inter-state observation; it functions as a theory of political economy: power, whether political or economic, expands unless institutionally constrained.

The paradox of democratic authority

Democracies are not immune. Executive aggrandizement, crisis politics, and technocratic governance reflect a persistent structural tendency toward accumulation of power. Elections alone do not offset this tendency; indeed, they often conceal it under a veneer of legitimacy. Thucydides' lesson is therefore internal to democratic systems: majoritarian authorization without countervailing architecture does not guarantee non-domination. This structural logic informs the distinction between procedural democracy (elections, mandates) and substantive democracy (distributed authority, institutional checks).

The title *Overhauling Democracy* suggests an overhaul of form, not merely of practice. If representative democracy, or democracy in general, is to endure in an age marked by increasing shortcomings, as briefly highlighted by [Bitros \(2025a\)](#) and [Bitros, Karayiannis \(2013, 53-85\)](#), its foundational structures must be re-examined. The main challenge is an institutional one: how can authority be exercised without leading to domination? How can we distribute discretion, ensure accountability, and avert unilateral rule? These questions reside at the crossroads of political and economic theory, viewed through the lens of constitutional political economy.

The Bitros insights

Any contemporary effort to overhaul democracy must grapple with the foundational insights of [Bitros \(2022\)](#). In this research, Bitros demonstrates that the durability and quality of democratic systems depend not merely on formal electoral procedures, but on the architecture that channels,

constrains, and evaluates political power. Democracies embedded in free-market economies are structurally exposed to asymmetries of authority, information, and resource ownership and management; electoral legitimacy alone cannot neutralize these imbalances. Central to Bitros' argument is the distinction between authority and responsibility. Elections confer authority but do not automatically embed accountability. In the absence of robust institutional mechanisms for scrutiny, deliberation, and documentation, democratic power becomes prone to discretionary overreach, elite-regulatory-rent-seeking capture, and policy volatility. From a constitutional political economy perspective, such overreach is inseparable from the state's embeddedness in market relations: executive expansion, fiscal discretion, state-owned enterprises, and regulatory authority interact with concentrated economic power to produce systemic asymmetries.³ Key principles distilled from [Bitros' \(2022\)](#) framework include:

- **Separation of power and oversight** – Executive discretion must be counterbalanced by independent oversight bodies, analogous to corporate boards, able to review and sanction.
- **Codified procedures and transparency** – Decisions should follow predictable institutional channels and be systematically documented, ensuring traceability and limiting arbitrary action.
- **Layered legitimacy** – Sustainable democracies rely on multiple sources of legitimacy: electoral, territorial, constitutional, and procedural. Concentration in any single channel generates systemic fragility.
- **Institutional maturity and embedded norms** – Beyond formal rules, administrative structures and civic practices must sustain institutional constraints. Without such maturity, codified procedures alone are insufficient.

[Bitros' \(2022\)](#) framework provides both a diagnostic lens and a design heuristic. It explains why mature democracies like Switzerland, Australia, and Ireland achieve relative equilibrium through layered state authority, whereas peripheral states, such as Greece face institutional fragility. Moreover, it anticipates the adoption of corporate-style functionality and accountability mechanisms in democratic governance: structurally embedding oversight, disclosure, and performance evaluation operationalizes the insight that authority without embedded responsibility is

³ For further elaboration of these asymmetries, see for example [Miliband \(2004\)](#) and [Crouch \(1969\)](#).

inherently unstable.

Contemporary research on democratic resilience, particularly post-2022 literature on crisis governance, reinforces Bitros' relevance. Empirical studies show that democracies equipped with structurally embedded counterweights—formal oversight bodies, independent auditing institutions, and transparent decision procedures—demonstrate greater resistance to executive aggrandizement, multifaceted capture, and destabilizing effects of rapid crises. In other words, institutional architecture is not a technical nicety; it is the material mediator of power in democracies embedded in free market economies, shaping both political and economic outcomes.

This article advances a hypothesis shaped by Bitros' insight and enriched in the light of recent literature: democratic institutions must embed mechanisms of corporate-style functionality and accountability within a “layered state authority” framework to counter executive hegemony.

2. Layered state authority defined

Layered state authority refers to the dispersion of governing authority across multiple legitimating principles. In contrast to the classical doctrine of separation of powers—which primarily distinguishes between legislative, executive, and judicial functions—layered state authority embeds differentiated sources of legitimacy that cannot be overridden by unilateral executive action either in form or in substance.⁴ The layers may include: a) population-based representation (lower chambers); b) territorial equality (upper chambers, regional representation); c) collegial executive structures (multi-member executives, distributed authority); d) judicial or constitutional review (constitutional courts); and e) direct popular ratification (referenda and initiatives).

In republican theory—particularly as articulated by [Pettit \(1997\)](#)—freedom is defined as non-domination. That is, with absence of arbitrary interference. Layered state authority as

⁴ Greece operates with three distinct layers of governance: Central Government, Decentralized Administrations, and Local Self-Government. Local government has two tiers: Regions, of which there are 13, and Municipalities, which number 332 in total. Formally, regions and municipalities are presumed to be autonomous entities with elected officials and their own budget. However, in substance they are not because through the purse and other political-party means they are dominated by the central government. This explains why the principle of European Union subsidiarity is extremely weak in Greece.

an institutional architecture operationalizes this ideal by preventing the concentration of decision-making power in any single actor. However, contemporary democracies are embedded within free market economies characterized by unequal access to economic power. Layered state authority must therefore be understood as a structural constraint on concentrated political and economic power.

3. Measuring democracy as non-domination

Assuming that the maturity and sustainability of democratic institutions are positively related to non-domination, the question that arises is: How can we measure non-domination, and what can we say about its relationship to institutional and economic performance? Fortunately, we have several international indices which enable us to: a) measure non-domination on the basis of institutional indices for numerous countries; b) rank countries on the basis of institutional performance; and c) run statistical tests in search of an empirical relationship between institutional and economic performance. In this light, to bridge theory with empirical observation, the first task is to operationalize the concept of non-domination. We take this task in this section and relegate the statistical testing to the next.

While abstractly tied to institutional functionality and accountability, non-domination can be reflected in measurable institutional features—such as the protection of property rights, enforcement of contracts, transparency in governance, and various constraints on executive discretion. By translating normative and constitutional principles into quantifiable indicators, we can move from a conceptual understanding of layered authority to a comparative assessment of real-world performance. This approach allows us to examine whether democracies that structurally limit arbitrary power also achieve superior economic outcomes, and to identify patterns across diverse national contexts. In other words, the theory of democracy as non-domination provides both the rationale and the framework for analyzing cross-country data in search of evidence that highlights the relationship between institutional and economic performance.⁵

⁵ [Bitros, Malliaris, Rzepczynski \(2026\)](#) look at the correlation of institutional indices such as property rights protections, and human and economic freedoms to competitiveness. Ownership structures play a pivotal role: higher private ownership correlates with liberal democratic practices and market dynamism, whereas greater state control, i.e. more domination, can constrain freedoms and competitive pressures. Social democracies often occupy a middle ground, but the balance of public versus private management directly affects economic performance. This comparison reinforces the argument that institutions protecting property rights and human and economic freedoms are fundamental drivers of economic prosperity because they enable democracies to avoid perceptible domination.

Table 1: Democracy as non-dominance

Countries	Indicators			
	x_1	x_2	x_3	x_4
United States	8.2 (Rank 8)	8.6 (Rank 15)	72.8 (Rank 22)	1.5 (Rank 14)
Canada	8.4 (Rank 6)	8.7(Rank 12)	75.6 (Rank 14)	1.9 (Rank 6)
Ireland	8.1 (Rank 11)	8.9 (Rank 4)	83.3 (Rank 3)	1.7 (Rank 10)
Germany	7.9 (Rank 17)	8.5 (Rank 17)	71.7 (Rank 24)	1.6 (Rank 12)
Switzerland	8.7 (Rank 1)	9.1 (Rank 1)	83.7 (Rank 2)	1.9 (Rank 5)
Greece	6.1 (Rank 45)	7.5 (Rank 55)	63.2 (Rank 75)	0.7 (Rank 38)
Cyprus	7.5 (Rank~24)	8.2 (Rank ~25)	74.1 (Rank 18)	1.4 (Rank~18)
Republic of China ¹	8.3 (Rank 4)	8.6 (Rank 14)	79.8 (Rank 5)	2.0 (Rank 4)
Japan	8.0 (Rank 14)	8.5 (Rank 19)	70.3 (Rank 30)	1.7 (Rank 11)
Australia	8.2 (Rank 9)	8.8 (Rank 10)	80.1 (Rank 4)	1.8 (Rank 7)

Notes:
1. At Taiwan.
 x_1 – **Property Rights Protection**
Source: International Property Rights Index (IPRI, latest available report 2024) / property rights components used in institutional quality studies.
 x_2 – **Human Freedom**
Source: Human Freedom Index (Fraser Institute / Cato Institute, ,,,?). The index of human freedom is obtained as a weighted average of indices for personal freedom and economic freedom. The index of economic freedom comes from Heritage Foundation.
 x_3 – **Economic Freedom**
Source: Index of Economic Freedom (Heritage Foundation, 2026).
 x_4 – **Governance Quality**
Source: World Bank, latest available data 2023–2024, Worldwide Governance Indicators (composite approximation of rule of law, regulatory quality, and government effectiveness).

To demonstrate the usefulness of this methodological approach, this section draws on the data presented in [Table 1](#). For reasons that will become apparent shortly, we selected the small sample of countries shown in the extreme left-hand column. Across the upper second row, we placed subscripted letters denoting the institutional indicators that drive our assessments. To which indicator each of the letters corresponds is explained in the notes section of the table. Lastly, the input in each cell comprises the absolute score that each country received in the corresponding indicator, whereas the part within the parenthesis denotes the rank the country achieved on account of that score. For example, the left hand input 8.2 (Rank 8) for the United States in the upper left corner implies that this country scored 8.2 points out of 10 in the Property Rights Protection and on that score it was ranked 8th in the world.

Looking at the table from top to bottom and from left to right, it turns out that depending on the

indicator of interest the selected countries rank differently. Considering, for example, the Republic of China in Taiwan, we see that in Human Freedom it ranks 14th in the world. So, an observer valuing first and foremost human freedom might conclude that democracy there is relatively too dominating. But the same country ranks 5th in Economic Freedom and 4th in Property Rights Protection, implying that such a conclusion would be highly uncertain. For this reason, we believe that an index of non-domination, say X , should be conceived as some function of the four indicators x_i , for $i = 1, 2, 3, 4$. In other words, we are inclined to think that:

$$X = f(x_i), \text{ for } i = 1, \dots, 4. \quad (1)$$

Now, if f is assumed to apply as a linear approximation, (1) yields:

$$\begin{aligned} X &= \gamma_1 x_1 + \gamma_2 x_2 + \gamma_3 x_3 + \gamma_4 x_4, \\ \gamma_1 + \gamma_2 + \gamma_3 + \gamma_4 &= 1 \end{aligned} \quad (2)$$

$X = \text{non-domination}, x_1 = \text{Property Rights Protection}$
 $x_2 = \text{Human freedom}, x_2 = \text{Economic freedom}, x_4 = \text{Government Quality}$

In this equation, when the weights γ_i , for $i = 1, \dots, 4$, are given some values adding to 1, in combination with the data in [Table 1](#), they return a series of values for X , which can be correlated with various indices of performance for the corresponding countries. [Table 2](#) displays the series that we

Table 2: Non-domination indices for the democracies in the sample

Countries	Non-domination indices			
	$\gamma_2 = 0.35, \gamma_3 = 0.25$ $\gamma_1, \gamma_4 = 0.20$ (1)	$\gamma_2 = 0.30, \gamma_3 = 0.20$ $\gamma_1, \gamma_4 = 0.25$ (2)	$\gamma_1, \gamma_2, \gamma_3, \gamma_4 = 0.25$ (3)	$\gamma_2 = 0.20, \gamma_3 = 0.30$ $\gamma_1, \gamma_4 = 0.25$ (4)
United States	15.15	14.40	14.75	15.10
Canada	10.10	9.40	9.50	9.60
Ireland	6.35	7.05	7.00	6.95
Germany	17.75	17.15	17.50	17.85
Switzerland	2.05	2.20	2.25	2.30
Greece	54.60	52.25	53.25	54.25
Cyprus	21.65	21.60	21.25	20.90
Republic of China	7.75	7.20	6.75	6.30
Japan	19.15	17.95	18.50	19.05
Australia	7.70	7.80	7.50	7.20

computed by feeding equation (2) with four purposely chosen sets of weights. In particular, following [Machlup \(1969\)](#), we have chosen to compute these series by holding the weights for human and economic freedom at no less than 0.5 on the presumption that non-domination implies that citizens in democracies would not exchange any of these freedoms for better property protections or governance quality. This weighting reflects the theoretical premise that non-domination requires individuals to retain both personal autonomy and economic agency; democracies in which either dimension falls below this threshold would therefore fail to satisfy the minimum conditions of non-domination. However, observe that despite the significant variation of weights, the computed series of indices are little affected. What this shows is that there are considerable margins for governments in democracies to improve one institutional index of non-domination without affecting the others.

In summary, what we did in this section is threefold. First, we selected a small sample of democracies as representative of the American, European, and Asian regions. Second, for the selected democracies, we adopted their worldwide rankings on the basis of four institutional indices of non-domination: Property Rights Protection, Human Freedom, Economic Freedom, and Quality of Governance. Lastly, thinking of non-domination as a composite index, we computed it for the selected democracies as a weighted average of the four non-dominating institutional indices. To carry out this operation we used weights placing the emphasis on the indices of human and economic freedom.

4. Democracy and economic performance

The question we are interested to explore in this section is: To what extent do democracies with strong worldwide non-domination rankings tend to exhibit strong economic performance? Instrumental for this task are the indices in [Table 2](#) because they give four different measurements of the non-domination index X , ranking the selected democracies by aggregating over the ranking they achieved on account of the filters x_i , for $i = 1, 2, 3, 4$. If these measurements are positively correlated with some index ranking the same democracies on their economic performance, from the sign and the magnitude of the correlation we may be able to shed some light on this question. Fortunately, due to the availability of international rankings of numerous countries on multiple indices of economic performance, in the present study we have the luxury to compute correlations with more than one such index. In particular, we shall employ rankings based on Per Capita Income, Unemployment, and Competitiveness, all of which are classic indices of economic performance.

The upper part of **Table 3** displays the data we used in the computation of the correlations. Columns (1)-(4) come from **Table 2**, whereas columns (A)-(C) come from the sources described in the notes section of the table. The figures in the lower part give the results of the computed correlations. Referring to the row 1XA, ..., 3XC, each heading implies the correlation of the series in the column on the left part of the table, labelled numerically, with a series in the left part of the

Table 3: Correlations of non-domination indices and performance

Countries	Indices of non-domination and performance						
	Indices of non-domination ¹				Indices of performance ²		
	(1)	(2)	(3)	(4)	(A)	(B)	(C)
United States	15.15	14.40	14.75	15.10	3	2.5	12.5
Canada	10.10	9.40	9.50	9.60	14	5.5	19.5
Ireland	6.35	7.05	7.00	6.95	2	4.0	4
Germany	17.75	17.15	17.50	17.85	12	3.5	24.5
Switzerland	2.05	2.20	2.25	2.30	4	2.9	2
Greece	54.60	52.25	53.25	54.25	36	9.5	47.5
Cyprus	21.65	21.60	21.25	20.90	22	6.5	43.5
Republic of China	7.75	7.20	6.75	6.30	20	3.5	8.5
Japan	19.15	17.95	18.50	19.05	21	2.5	38.5
Australia	7.70	7.80	7.50	7.20	11	4.2	13.5
Correlations	1XA	1XB	1XC	2XA	2XB	2XC	3XA
	0.81	0.81	0.80	0.79	0.79	0.80	0.79
	3XB	3XC	4XA	4XB	4XC		
	0.78	0.82	0.82	0.82	0.82		

Notes:

- The series of the four indices below come from the four columns in Table 2.
- The letters in the three columns are defined as follows:
 - A= Rankings based on the per capita income.
Source: IMF / World Bank estimates (2023–2024).
 - B= Unemployment Rate (% of labor force)
Source: Organisation for Economic Co-operation and Development Labor Market Statistics. Year: 2024.
 - C= Competitiveness. For most of the countries the source gives the rankings in ranges of 1. For this reason we have taken the average.
Source: International Institute for Management Development, IMD World Competitiveness Ranking (2024-2025), [cedakenticomedia.blob.core.windows.net](https://www.imd.com/en/competitiveness-ranking).

table, labelled alphabetically. The values of the computed correlations are presented in the second row of the correlations section. On closer observation, it turns out that all correlations are positive and vary narrowly around 80%. From a technical point of view, these results suggest that a) the non-domination ranking of the sampled democracies moves in the same direction with their ranking for economic performance; and b) the co-movement of the ranking indices for non-domination and economic performance is so strong that it is rather unlikely to reflect an association that has emerged by luck. From econometric theory we know that correlations are parameters of association and that the size of the sample matters very much for the statistical significance of the estimated parameters. In the present case, since we do not know whether a stable positive relationship does exist between X and the indices x_2 and x_3 , it would be baseless to state that by raising Human and Economic Freedom a democracy would be expected to improve the competitiveness of the economy.⁶ Nor, could we state with confidence that if x_1 and x_2 increased, X would tend to increase as well because our sample is small.⁷ However, on account of the indications that we get from the correlations in [Table 3](#), and the strong supporting evidence that the huge literature from [Kuznets \(1965\)](#) and North ([1965](#), [1982](#)) to [Acemoglu, Robinson \(2012\)](#) provides, we can state the following:

Proposition: Democracies with stronger property rights, higher levels of human and economic freedom, and more effective governance tend to exhibit higher per capita income, lower unemployment rates, and greater competitiveness, reflecting more flexible and productive economic systems.

In short, drawing on the main institutions that determine the degree of non-domination in a small but select sample of democracies across the globe, we established empirically what we expected from economic theory and history. The evidence shows that improvements in Property Rights Protection, Human and Economic Freedom, and Governance Quality tend to associate positively and strongly with the main indices of economic performance. Or, expressing the same

⁶ To explore the issue of causality, it would be necessary to conduct a full fledge econometric analysis. The available data appear to be rich enough to sustain such an undertaking. But we avoided it because, among other reasons, our purpose here was only to explore the nature of the association between the institutions of non-dominating democracy and economic performance. For this we thought that correlations sufficed. Not unexpectedly, the evidence presented in [Table 3](#) is consistent with the main body of economic theory and history.

⁷ In the light of our small sample size, the computed correlations should be interpreted as heuristic rather than inferential statistical results. Their purpose is illustrative: to identify broad patterns linking institutional quality and economic performance.

finding in another way, enhancing the degree of non-domination in a democracy would tend to associate positively and strongly with the indices of Per Capita Income, Unemployment, and competitiveness. But on this conclusion the question that arises is: How do the sampled countries have managed to keep state authority within such bounds that may be considered as non-dominating? The section that follows is devoted to its exploration.

5. Corporate-style mechanisms and non-dominating democracy

Corporations face a structural problem similar to that of democracy.⁸ The analogy between corporate governance and democratic governance rests on a shared institutional problem: how to restrain agents who exercise discretionary authority over resources that they do not personally own. From the experience particularly of multinational corporations it follows that the solution relies on institutional functions such as the separation of management and oversight, the establishment of independent boards with fiduciary duties, the introduction of mandatory disclosure and standardized reporting, the adoption of internal and external auditing bodies, and the imposition of performance metrics and accountability norms. The mechanisms authorized to carry out the respective tasks operationalize counterpower: they distribute informational and procedural authority and document responsibility.

In a constitutional political economy framework, corporate-style functionality and accountability must be interpreted as more than a technocratic refinement. Democracies embedded in free market societies confront concentrated economic power, transnational capital flows, and unequal access to influence. Without structured oversight, political institutions risk capture—whether by entrenched bureaucracies, financial elites, big business, or organized minorities. When corporate-style mechanisms are institutionalized in the setting of layered state authority, they perform as intermediate layers that constrain rent-seeking, raise the cost of opaque decision-making, limit discretionary allocation of public resources, and strengthen societal control over executive authority.

These advantages render the institutionalization of corporate-style mechanisms particularly

⁸ The ultimate source of the problem is the so-called principal-agent problem or just agency problem. In both corporations and democracy it occurs because: a) the principals, that is shareholders in the case of corporations and citizens in the case of contemporary democracy, delegate decision-making authority to agents such as managers and politicians; and b) the agents' actions may not align with the principals' best interests due to differing incentives or priorities.

important for small and medium-sized nations. The main reason for this is that, by raising the institutional credibility of these nations, such mechanisms enhance the predictability of their governance and the stability of their policies. But the predictability of their governance and the stability of their policies are essential for attracting investment, fostering fiscal stability, and strengthening external bargaining positions. Consequently, institutional strength emerges as a form of structural non-material or soft power that can partially offset economic asymmetries stemming from a country's size, stage of development, geographical location, and other circumstances. In Thucydidean terms, the quality of institutions serves as a structural equalizer in democracies that operate predominantly on free market principles.

All ten countries in our sample exhibit some degree of layered authority with corporate-style functionality and accountability. State power is dispersed across the multiple institutions mentioned in Section 2. On the other hand, with reference to corporate-style mechanisms, it holds that: a) parliamentary committees, independent regulators, and review bodies function like corporate boards overseeing management; b) fiscal policy, regulatory decisions, and executive actions are systematically documented to ensure transparency; c) routine audits of public expenditures, policy outcomes, and administrative processes embed responsibility within the institutional framework; and d) executive authority is exercised within documented deliberative processes that are accessible for review and sanction. As a result, the countries in our sample that successfully integrate corporate-style mechanisms into the various layers of state authority—United States, Canada, Ireland, Germany, Switzerland, Republic of China (Taiwan), Japan, and Australia—demonstrate structural non-domination, where arbitrary executive discretion is limited, and institutional functionality and accountability supports predictable governance. Greece and Cyprus, where institutional dispersion of authority and oversight mechanisms are comparatively weaker, exhibit higher vulnerability to discretionary policy shifts and slower reform implementation.⁹

In sum, democracies that structurally embed effectively corporate-style functionality and accountability alongside layered state authority show stronger non-domination, economic resilience,

⁹ In 2009 Greece went bankrupt. It was saved from the hardships of an open bankruptcy by the allegiance of the other European Union member-countries. The indices in Table 3 attest exceedingly well the fundamental reasons for this development. Readers interested in more details on how adverse institutional changes devastated economic growth in Greece during the post-1975 may start by looking at [Bitros \(1925b\)](#), as well as the literature cited there. However, taking advantage of this opportunity, in the Appendix, we explain why Greece constitutes a very interesting case to explore the relationship of layered state authority, non-dominance, and economic performance.

and policy stability. Given that institutional layering alone is structurally insufficient, the evidence that non-dominance goes hand in hand with performance suggests the following conclusions. Institutional effectiveness depends on oversight, transparency, and enforceable accountability mechanisms. Corporate-style governance mechanisms convert discretionary authority into traceable, auditable action, constraining rent-seeking and promoting policy predictability; and lastly, countries with weak integration of these mechanisms (Greece, Cyprus) experience slower reform, lower competitiveness, and higher political risk. The comparative evidence therefore suggests that institutional architecture—not electoral procedure alone—determines whether democratic authority remains non-dominating.

6. Conclusion: Institutional architecture and political emancipation

Democratic resilience ultimately depends on the institutional structures through which political authority is exercised and constrained. While elections remain a foundational element of representative democracy, electoral legitimacy alone cannot prevent the accumulation of discretionary power within modern administrative states. As the comparative evidence examined in this study suggests, durable democracies are characterized not only by procedural legitimacy but also by institutional architectures that disperse authority and embed mechanisms of accountability.

The concept of layered state authority provides a framework for understanding how democratic systems can limit domination by distributing power across multiple legitimating principles—electoral, territorial, constitutional, and procedural. Yet institutional layering, by itself, is insufficient. Without operational mechanisms capable of monitoring, documenting, and evaluating the exercise of authority, institutional layers risk becoming symbolic rather than effective constraints.

Corporate-style functionality and accountability mechanisms offer one set of institutional tools capable of addressing this problem. Independent oversight bodies, auditing procedures, transparent reporting systems, and structured performance evaluation can transform discretionary authority into traceable and reviewable action. When embedded within a layered constitutional framework, these mechanisms raise the costs of opaque decision-making, constrain rent-seeking behavior, and strengthen societal oversight over executive authority.

The comparative analysis of the selected democracies indicates that countries characterized by stronger property rights protection, higher levels of human and economic freedom,

and more effective governance tend to exhibit stronger economic performance. Although correlation does not establish causation, the observed patterns are consistent with the theoretical expectation that institutional environments limiting arbitrary power foster conditions conducive to economic dynamism and policy stability.

The broader implication is that democratic reform should focus less on procedural adjustments and more on institutional architecture. Strengthening transparency portals or ethical codes may improve administrative practice, but such measures cannot substitute for structural constraints on authority. Durable democratic systems require both dispersed legitimacy and operational accountability. In this sense, the challenge confronting contemporary democracies is not merely managerial but constitutional. Democratic overhaul must therefore aim to design institutions capable of restraining domination while preserving the capacity for political contestation and collective decision-making. Only through such structural reforms can democratic governance reconcile authority with accountability in an increasingly complex political and economic environment.

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8. Appendix

Greece as a Case of Institutional Fragility within Democratic Systems

Among the democracies included in the sample, Greece provides an instructive case of how formal democratic institutions may coexist with weaker structures of institutional restraint. Although Greece possesses the basic components of representative democracy—competitive elections, constitutional guarantees of civil liberties, and membership in European institutional frameworks—its institutional architecture displays fewer effective layers of authority and comparatively weaker mechanisms of operational accountability.

A first structural characteristic concerns the organization of legislative authority. Greece operates under a largely unicameral parliamentary structure without a territorial chamber, in which the Hellenic Parliament functions as the primary locus of legislative power. Unlike federal or bicameral systems such as those found in the United States, Germany, or Australia, Greece lacks a strong territorial or federal layer capable of providing an additional institutional counterweight to executive authority. As a result, political decision-making tends to concentrate within the interaction between the parliamentary majority and the executive branch, reducing the number of institutional veto points that might otherwise constrain discretionary action.

A second factor relates to the organization of executive authority. In parliamentary systems the executive typically emerges from the legislative majority, and this structural linkage can facilitate decisive policymaking. However, when combined with strong party discipline and limited institutional counterweights, it may also lead to a concentration of effective power within the executive leadership. In Greece, the interaction between majority governments and centralized party structures has historically contributed to a political environment in which executive initiatives face relatively limited institutional resistance within the legislative process.

Third, although Greece possesses judicial institutions capable of reviewing administrative actions—such as the Council of State and the Court of Audit—the overall system of constitutional review is less centralized than in countries with strong constitutional courts, such as

Germany. The absence of a single constitutional tribunal with broad authority to review legislation can reduce the coherence and visibility of constitutional constraints on government action.

Equally important are the mechanisms of operational accountability that translate formal authority into transparent and reviewable decision-making. In many advanced democracies, corporate-style governance practices have been adapted to the public sector through institutionalized oversight mechanisms, including independent auditing authorities, parliamentary review committees, regulatory transparency requirements, and systematic evaluation of policy outcomes. These mechanisms function analogously to corporate boards and auditing systems by distributing informational authority and documenting responsibility.

While Greece does maintain auditing institutions and parliamentary committees, the integration of these mechanisms into routine governance practices has historically been less robust than in countries such as Switzerland, Canada, or Australia. In these latter cases, auditing bodies, parliamentary oversight committees, and independent regulatory authorities operate within well-established procedures that enhance transparency and policy predictability. By contrast, the effectiveness of comparable institutions in Greece has often been constrained by administrative fragmentation, politicization, and weaker traditions of institutional independence.

These structural characteristics do not imply that Greece lacks democratic legitimacy. Rather, they illustrate how differences in institutional architecture may affect the degree to which democratic systems limit the concentration of discretionary authority. From the perspective of the framework developed in this article, Greece can be interpreted as a democracy in which the formal components of representative government exist, but where the interaction between layered authority and operational accountability mechanisms remains comparatively less developed.

The broader implication is that democratic quality depends not only on electoral competition or constitutional guarantees but also on the institutional arrangements that translate authority into accountable governance. Where institutional layers are fewer and oversight mechanisms weaker, the risks of discretionary power, regulatory capture, and policy instability tend to increase, while the credibility of long-term policy commitments declines. Conversely, democracies that combine multiple layers of authority with robust accountability

mechanisms are better positioned to sustain both political stability and economic performance.



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