International Support for State Building

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Introduction

State-building, external efforts to influence the domestic authority structures of other states, is arguably the central foreign policy challenge of the contemporary era. The principal security threat of the last several centuries – war among the major powers – is gone, primarily because of nuclear weapons. At the same time the relationship between underlying capacity and the ability to do harm has become attenuated because of the actual and potential proliferation of WMD. North Korea, with a fraction the GDP of any one of its neighbors could kill millions of people in China, Japan, or Russia. Biological or nuclear weapons could fall into the hands of transnational terrorist organizations. Anxiety about the relationship between failed or malevolent states and transnational terrorism will not disappear despite the recognition that there can be training camps in Oregon as well as Kandahar. Perhaps more than at any point in the several hundred year history of the modern state system policy-makers are confronted with the uncertainty (not a specific known risk) of a small probability very bad outcome. It is an uncertainty that they cannot ignore, and state-building will be part of the program.

There is a consensus about state-building in the current policy-oriented literature. This consensus implicitly relies on the view that the most important challenge for state development is the creation of effective institutions, and the major role of external actors is to enhance institutional capacity. This perspective is deeply flawed. It assumes a final end state, a fully Weberian state, that is unrealizable for most polities that are the target of state-building, fails to take account of the incentives for local leaders to impede better governance, and does not explicitly address the ways in which external actors might most constructively contribute to local governance because of a rhetorically commitment to local ownership and conventional sovereignty rules.

Theories of State Development:

How Denmark got to be Denmark is the master question of political science, or perhaps the social sciences more generally. There is no agreed upon answer but there are three candidate perspectives: modernization theory, institutional capacity, and rational choice institutionalism. All three have sought to understand how democratic well-functioning states have evolved. None has much to say directly about state-building, the role played by external actors. Modernization theory and rational choice institutionalism have dominated
academic discussions of state development. While approaches focusing on institutional capacity have attracted less attention in academia, this orientation has dominated policy discussions of state-building.

Modernization theory contends that political transformation and democratization result from social change and economic growth. Urbanization, higher levels of literacy, and industrialization lead to social mobilization, attitudinal change, and a larger middle class. A larger middle class is more tolerant, more accepting of diverse political perspectives, more willing to compromise, and more likely to reject extremism. Modernization makes individuals more capable of self-expression and anxious to engage in political activities. Greater wealth makes it possible for even those at the lower rungs of the economic ladder to adopt a longer time horizon. In a more complex social and political environment inhabited by a better-educated population cross cutting cleavages become more important. Class conflict is mitigated. Democracy is not the result of some special set of cultural attributes possessed only by the West, but rather is a product of social and economic transformation.

For analysts emphasizing the importance of institutional capacity, the critical distinguishing feature of polities is their ability to actually govern. Hobbes is the ur-source for this line of argument. Huntington famously wrote in the opening sentence of *Political Order in Changing Societies* “The most important political distinction among countries concerns not their form of government but their degree of government.” For Huntington social mobilization without political institutionalization would result in political decay. Without order, development of any kind would be impossible, and order would be impossible without strong institutions. More recently Francis Fukuyama has noted that a key feature of many countries in the developing world is the gap between the formal claims of state authority, which mimic patterns in the advanced industrialized democracies, and the actual capacity to govern.

Rational choice offers a third perspective on the trajectory of political and economic development. Rational choice sees economic growth and effective governance as the result of decisions taken by key actors. These decisions are always self-interested. They reflect material incentives. Most, but not all, rational choice analyses point to the importance of institutions that facilitate the conclusion of mutually beneficial bargains by solving commitment problems. In contrast with institutional capacity theory, however, rational choice institutionalists understand institutions as mechanisms that can make political bargains stable and enduring, rather than as structures that concentrate power and authority. For those focusing on institutional capacity, the concentration of power is essential; for rational choice institutionalists, it is fatal.

State-building has not been part of the discussion about state development. Representatives from all three schools have recognized that the external environment might affect state development but they have not paid
specific attention to state-building, conscious efforts by external actors to influence authority structures in target states. For modernization theory technological change, which operates across the globe, is the prime mover. New global technologies, make possible urbanization and industrialization, key drivers for the creation of a large middle class with attitudes that are compatible with democratic development. For at least some prominent advocates of institutional capacity theory, external threat has been a primary driver for the creation of stronger state institutions. The historical sociologist Charles Tilly famously argued that war makes the state and the state makes war; the most successful European states were those that could concentrate capital and coercion. Some rational choice institutionalists have also pointed to the importance of external threat and the need to secure adequate capital. They have argued, however, that the key to success is the ability of the state to create institutions that allow it to make credible commitments to potential lenders. State strength comes from the state’s ability to limit its freedom of action.

**State Development and State-Building:**

The three major ways of understanding state development provide a framework for organizing the work on state building. For policy oriented work institutional capacity theory is by far the most important approach.

There is a small body of work consistent with modernization theory involving cross-national studies of the impact of foreign assistance on governance. The tacit assumption is that a lack of resources is the major impediment to development. With adequate funding poorer states could get on the modernization escalator. The findings mirror the literature on foreign aid and economic growth. Some studies have found small positive relationships between aid and institutional change. Other studies have found none.

Rational choice approaches have informed some of the academic work associated with peace-keeping. The basic finding has been that peace-keepers do have a positive impact on peace. Their most important contribution is not the actual resources (guns and money) that they can bring to bear but rather that they solve a number of information and commitment problems. Peace-keepers can monitor violations and determine whether they were incidental or calculated. They are a signal to belligerents that external actors are seriously committed. Peace-keepers can help to prevent security dilemma spirals by monitoring disarmament, demobilization, and reintegration programs.

The need to develop institutional capacity has, however, either implicitly or explicitly informed most of the policy oriented work on state building. Building state capacity could involve technical assistance, training, and aid for bureaucratic infra-structure. I have selected (somewhat arbitrarily) three recent projects that illustrate an institutional capacity approach. The RAND project on state-building led by James Dobbins is a multi-volume effort to assess the success of state-building efforts in the post world war II period by both the United
States and the UN. *Guiding Principles for Stabilization and Reconstruction* published by the United States Institute of Peace and the U.S. Army Peacekeeping and Stability Operations Institute in 2009 is a “comprehensive review of major strategic policy documents from state ministries of defense, foreign affairs, and development, along with major intergovernmental and nongovernmental organizations…around the world (1-4). *Fixing Failed States* by Ashraf Ghani and Claire Lockhart is a study by two prominent practitioners. Ghani is a former World Bank official who served as Finance Minister in Afghanistan and ran against Karzai in the last presidential elections.

The consensus that emerges from these documents is that external actors must focus on restoring and building core state functions. Aside from recognizing that security is a priority there is no consensus on sequencing. Aid efforts have to address, Ghani and Lockhart contend, ten functions: rule of law, monopoly over the legitimate use of force, administrative control that operates under clear and predictable rules, public finances, health and education services, infrastructure, citizen rights, market creation and industrial policy, management of public assets, and public borrowing. Guiding Principles is organized around the need to restore state capacity in six “technical sectors:” security, economic stabilization and infrastructure, governance and participation, humanitarian assistance and social well being, and justice and reconciliation (p. 1-6). Dobbins argues that there are six state-building tasks that must be viewed as a hierarchy but can all be addressed simultaneously if resourcing is adequate: security, humanitarian relief, governance, economic stabilization, democratization. The first priority must be security. Development and democracy come later.

The fundamental conclusion of the RAND study is that more is better. Better outcomes have been associated with situations in which external actors had more authority, operated over a wider range of activities, and committed more resources. Dobbins and his colleagues recognize that many factors influence the success of nation-building including economic development, ethnic homogeneity, and prior democratic experience, but the most important factor that external interveners can control is the amount of time manpower and money that they commit. The conclusion to the volume *America’s Role in Nation Building from Germany to Iraq* states that:

“What distinguishes Germany, Japan, Bosnia, and Kosovo, on the one hand, from Somalia, Haiti, and Afghanistan, on the other, are not their levels of economic development, Western culture, or national homogeneity. Rather, what distinguishes these two groups is the levels of effort the international community has put into their democratic transformations. Successful nation-building, as this study illustrates, needs time and resources. The United States and its allies have put 25 times more money and 50 times more troops per capita into postconflict Kosovo than into postconflict Afghanistan. This higher level of input accounts, at
least in part, for the higher level of output in terms of democratic institutions and economic growth.\textsuperscript{11}

The RAND study insists that state building will be easier in small countries than large and will only be fully successful if intervening parties are strongly committed and therefore willing to commit money and men. Appendix 1 provides a summary many of the cases analyzed in the RAND study.

Ghani and Lockhart are extremely critical of external actors for not focusing on state capacity as opposed to other objectives and for allowing projects to be donor driven rather than directed by national authorities. They call for aligning the policies of external and internal actors.

\textit{Guiding Principles} avers that successful stabilization and reconstruction requires recognition of the importance of a political settlement, government legitimacy, unity of effort for both external and internal actors, the primacy of security, and regional engagement. State builders must recognize that everything is connected to everything else, that their must be cooperation across different bureaucracies, that priorities must be set but also need to be flexible, and that sequence and timing are context specific.\textsuperscript{12}

If there is any consensus at all in the thinking about post-conflict reconstruction it is that policy oriented work, which primarily reflects an institutional capacity approach to state development, assumes that the goal is to create a well functioning Weberian state. This state will have a monopoly over the legitimate use of violence, maintain public order, generate employment, stabilize the economy, and provide essential services. External actors engaged in state building are more likely to be successful if they commit more resources and coordinate their activities.

\textbf{Missing Pieces:}

\textbf{The Empty Space: What is Between Chaos and Denmark?}

The current policy-oriented literature on state building provides no specification of intermediate political situations between being one step removed from civil conflict and a fully functioning Weberian state or even fully functioning liberal democratic Weberian state. State building efforts, however, will generally involve states unlikely to achieve the Weberian ideal. Historically, the only exceptions have been Germany and Japan after the second world war. Specification of some intermediate condition, better than civil strife but short of a fully functioning modern polity would make state-building efforts more tractable and coherent.

North, Wallace and Weingast’s \textit{Violence and Social Orders} provides one way of thinking about this problem. They begin with a basic distinction between open and closed social orders. The ideal is an open order in which everyone has
the right to form organizations and access the legal system. In closed orders these rights are limited. North, Wallace, and Weingast distinguish three closed orders: fragile, basic and mature. Most state building efforts involve fragile closed orders in which there are no durable organizations and few shared expectations. A realistic objective for state building might be to create a “basic” closed order in which there are some durable institutions and some shared expectations, and in which violence is better controlled even though there is no monopoly over the legitimate use of force.¹³

Incentives: Why Would Local Leaders Want Better Governance?

The classic literature on state capacity emphasized the importance of external threats. In Tilly’s classic discussion national states triumphed over both empires and city-state leagues because at least some states were more effective at accumulating capital and coercion; material resources that could be translated into military force were the key to survival in Europe. Those states that ultimately triumphed were able to develop effective civilian and military bureaucracies that could fight external enemies and control domestic space. The natural disposition of leaders to rape and pillage, internally as well as externally, was checked by the recognition that such exploitative behavior would make the state vulnerable to its external enemies.

The contemporary policy oriented work on state-building, which is informed by a focus on building institutional capacity, has no comparable discussion of incentives. The threats to the state are no longer external. The high percentage of state resources coming from external actors creates incentives for corruption rather than building institutional capacity, a problem sadly evident in Afghanistan and Iraq. Even if capacity is increased through training and technical assistance, it is not clear why that capacity would be committed to more effective governance rather than to self-serving behavior. Will a well-trained military in Iraq support a democratic state or create a military dictatorship? Any answers to this question would require an analysis of the incentives facing military leaders. Such analyses are completely absent from the contemporary policy oriented state building literature.

Transitions, Shared Sovereignty, Codes, and Norms:

The rhetoric of contemporary policy oriented work on state-building emphasizes the importance of country ownership and the transition to full country control. The reality is that this goal is unachievable. Contemporary state building is an exercise in organized hypocrisy. There is a decoupling of logics of appropriateness from logics of consequences. Logics of appropriateness for state building are dictated by conventional notions of sovereignty. Fully sovereign states ought to enjoy international legal sovereignty (full recognition by other states and participation in international organizations), Westphalian/Vattelian sovereignty (an absence of external influences over
domestic authority structures), and domestic sovereignty (the ability to govern effectively within the state’s formal borders). Logics of consequences in post conflict environments, however, dictate the need for substantial external involvement in domestic governance, involvement that frequently requires violations of Westphalian/Vattelian sovereignty.

The most promising path for lessening the tension between logics of consequences and logical of appropriateness is to rely on contracting between domestic authorities and external actors for the provision of governance. Voluntary acceptance of external engagement in domestic authority structures is a frequent although largely unnamed phenomenon in the contemporary international environment. The most dramatic example is the European Union whose member-states have used their international legal sovereignty, their right to sign contracts, to gut their domestic autonomy. David Lake has pointed to many instances of hierarchy in international relations in which states have outsourced the provision of their external security in exchange for protection provided by a global or regional hegemon.\textsuperscript{14} States have, at times, contracted for the provision of specific services, such as customs collection or health care. A small advisory unit at the OECD, the Partnership for Democratic Governance, has documented many of these kinds of arrangements.\textsuperscript{15}

Given the tension between external service provision and conventional understandings of sovereignty, it may be an advantage to avoid giving these activities a name. If, however, an appellation is required, independent service providers is superior to shared sovereignty. Shared sovereignty invokes anxiety for recipient countries. For those groups within the country that are opposed to external service provision, shared sovereignty offers a rhetorical bat that can be used to pummel those within and without the country that support contracting out. Collier’s designation of international service provider is politically more palatable because it is so anodyne.

Norms, standards, and codes may also be a useful mechanism for legitimating the activities of external actors. It is clear, however, that formal adherence to codes of conduct have no automatic impact on the actual behavior of states. There is no correlation, for instance, between human rights behavior and signing on to international human rights treaties. International codes and standards may even be used to mask problematic behavior. Azerbaijan was the first country to fulfill all of the requirements for certification by the Extractive Industries Transparency Initiative, yet it ranked 143 out of 168 countries in the 2009 Transparency International corruption perception index. While the revenues to the Azeri government from oil production may be transparent, expenditures are opaque. By signing on to the EITI, one of the most prominent international codes of conduct Azerbaijan got some favorable points from the international community without altering its behavior.
Codes of conduct may be more consequential if they involve external service providers and third parties. The Free University project on Governance in Areas of Limited Statehood lead by Tanja Borzel and Thomas Risse has focused on the provision of governance and services in badly governed states. In many instances services are provided by external actors, not just NGOs and aid agencies but even multinational corporations. Automobile assemblers in South Africa, for instance, have been providing AIDS drugs for their workers. These external actors may be held accountable not by the host state but by third parties and the specific terms of accountability may be the result of international codes of conduct or the national laws of their home countries.

Conclusion

Despite the large role that external actors must inevitably play in the provision of services in many poorly governed states, the policy oriented state building and post conflict stabilization literature aims for a Weberian ideal in which a fully autonomous state effectively governs its own territory. This ideal is unattainable. A possible alternative would be one in which state authorities have contracted out the provision of government services to external actors. Such contracting out might not be permanent but it could last for a very long time. Political leaders might find such contracts attractive especially if they are threatened with internal chaos, as was the case leading to the creation of RAMSI in the Solomon Islands, or if external actors have exceptional leverage as was the case in Liberia leading to the establishment of GEMAP. More specific goals, such as the need for a reasonably honest customs agency, which led Indonesia to contract out customs services in the mid 1980s, could also make external service provision attractive. International codes of conduct could be consequential for external contracting, not because they impact the behavior of host countries but because they could increase the accountability of third party providers.
### Appendix 1 Case Studies from Dobbins (2003, 2007)

<table>
<thead>
<tr>
<th>Country</th>
<th>Assessment*</th>
<th>Lessons Learned*</th>
<th>Peace-keepers</th>
<th>Scope</th>
<th>Level of Authority</th>
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<tbody>
<tr>
<td>West Germany</td>
<td>Very successful</td>
<td>Democracy can be transferred through military forces and can underpin democratic transformation</td>
<td>United States, Britain, France, eventually NATO</td>
<td>large, military government ran country</td>
<td>complete sovereignty/no legal restraint</td>
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<tr>
<td>Japan</td>
<td>Very successful</td>
<td>Democracy can be exported to non-Western societies and unilateral nation-building can be simpler (but more expensive) than multilateral efforts</td>
<td>US, Allied Council for Japan and the Far Eastern Commission</td>
<td>US ran country with military government, existing institutions</td>
<td>complete sovereignty/no legal restraint</td>
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<td>Somalia</td>
<td>Not successful; little accomplished other than some humanitarian aid delivered in Mogadishu and other cites</td>
<td>Unity of command can be as essential in peace as in combat operations. Nation-building objectives need to be scaled to available resources.</td>
<td>UN oversight, US command</td>
<td>force and capacity decreased with second mission; very little</td>
<td>very little, no mandate for civil or economic development at first, changed later</td>
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<td>Haiti</td>
<td>Not successful; U.S. forces restored democratically elected president but left before democratic institutions took hold.</td>
<td>Exit deadlines can be counterproductive. Building competent administrations and democratic institutions takes time.</td>
<td>US, UN help in policing</td>
<td>Mission was to return Aristide to power and hold elections; no economic mandate.</td>
<td>US/UN ran security, but did not insert into Haitian hierarchy (though they did heavily advise, train, and oversee)</td>
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<td>Bosnia</td>
<td>Mixed success; democratic elections occurred within 3 years, and economic growth is strong. But there has been no final resolution of Kosovo’s status.</td>
<td>Nexus between organized crime and political extremism can be a serious challenge to enduring democratic reforms.</td>
<td>Joint US, NATO, UN, and OSCE effort</td>
<td>security (though not always police), elections, civil, some economic</td>
<td>OHR had authority to issue decisions, and outside forces made many policy choices, but sovereignty remained with Bosnians</td>
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<tr>
<td>Kosovo</td>
<td>Modest success; elections occurred within 3 years, and economic growth is strong. But there has been no final resolution of Kosovo’s status.</td>
<td>Broad participation and extensive burden-sharing can be compatible with unity of command and U.S. leadership; uncertainty over status can hinder transition; placing expatriate staff in positions of authority can be helpful.</td>
<td>NATO military action and UN support with US leadership</td>
<td>Extensive; governance, military, humanitarian, and economic</td>
<td>while conceding sovereignty to Serbia, UNSCR 1244 gave “international civil presence” authority to NATO and UN.</td>
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<td>Afghanistan</td>
<td>Too early to tell; no longer a launch pad for global terrorism, but there is little democratic structure, and there is no real governmental authority beyond Kabul.</td>
<td>A low initial input of money and troops yields a low output of security, democratization, and economic growth</td>
<td>US leadership, British, then NATO and UN contribution</td>
<td>moderate, then high; US troops first there for security, now support NGOs and US aid personnel</td>
<td>moderate; handpicked government of President Karzai, have devolved significant power</td>
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<td>Solomon Islands</td>
<td>Fairly successful; operation has much improved Solomon Islands, but long term prognosis unclear</td>
<td>first non-UN/European/US peacekeeping effort. When invited by country and when adequately budgeted and planned for (10 year plan), things go much better.</td>
<td>Australian-led, supported by PIF (Pacific Islands Forum), NZ</td>
<td>large; force controlled security, worked with governance, justice, economic, and humanitarian issues</td>
<td>Extensive; Australian officials placed in key SI ministries, have broad ability to control policy</td>
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<td>Sierra Leone</td>
<td>Fairly successful; security, economic, and governance situation improved</td>
<td>unified national command could work alongside UN force, but there were difficulties</td>
<td>British (separate command), UN</td>
<td>Moderate; British dealt with security, economic, and governance issues, but left humanitarian work to UN</td>
<td>moderate; while British controlled security and much policy, they did not insert themselves in government</td>
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<td>Côte d’Ivoire</td>
<td>somewhat effective; civil war was halted and humanitarian and economic was facilitated by improved security; French role controversial due to neocolonial policies</td>
<td>Again, UN and separate European commands can work, but both sides weren’t always on the same page, especially as France looked after its own interests.</td>
<td>French, UN</td>
<td>low; mostly security</td>
<td>low, French forces were buffer and seen as partial by both sides</td>
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<td>DR Congo</td>
<td>Modest success; some economic, security, and democratic improvement; humanitarian, civil administration and security remain weak though</td>
<td>UN and EU can collaborate well; fairly economical; having intermittent EU forces was not as helpful as more stable presence; helped EU develop ESDP</td>
<td>UN, EU</td>
<td>Moderate: economic, security, humanitarian, and democratization mandates, but nothing for institution building</td>
<td>Moderate; no expatriate ever had role in DRC government, but UN and EU leaders had much influence</td>
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<td>Macedonia</td>
<td>Effective; EU forces were able to ensure security and reforms</td>
<td>First EU mission (non-NATO) demonstrated EU alternative to UN, US, or NATO.</td>
<td>EU, NATO</td>
<td>Large; EU Special Rep. (EUSR) coordinated int’l response to security, economic, constitutional, and humanitarian issues</td>
<td>Moderate; focus was on reforming and changing Macedonian state from outside, not in</td>
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* these columns are directly copied from Dobbins through Afghanistan.

Modernization theory has been subject to extensive empirical investigation. The most compelling findings are those from Przeworski, et. al. Przeworski and his co-authors found, contra modernization theory, that there was no relationship between transitions from dictatorship to democracy and levels of per capita income. Higher levels of per capita income do not guarantee a transition to democracy. They did, however, find a very strong positive relationship between the longevity of democratic regimes and per capita income, a finding consistent with modernization theory. See Adam Przeworski, Michael E. Alvarez, Jose Antonio Cheibub, Fernando Limongi, Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990 (New York: Cambridge University Press, 2000).


http://www.oecd.org/pages/0,3417,en_39406396_39407430_1_1_1_1_1,00.html

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