

U.S. Air Force (Brian Ferguson)



Afghan children surround Soldier at site of future park in Qalat

International Support for State-building

Flawed Consensus

BY STEPHEN D. KRASNER

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 weapons of mass destruction. North Korea, with a fraction of the gross domestic product 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

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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, policymakers are confronted with the uncertainty—not a specific known risk—of the small probability of a 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 that the major role of external actors is to enhance institutional capacity. This perspective is deeply flawed. It assumes a final endstate, 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 rhetorical commitment to local ownership and conventional sovereignty rules.

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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 functioning states have evolved. None has much to say directly about state-building. 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.¹ 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 a product of social and economic transformation.²

For analysts emphasizing the importance of institutional capacity, the critical distinguishing feature of polities is their ability actually to govern. Thomas Hobbes is the source for this line of argument. Samuel P. 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.”³ 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.⁴

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. Institutions are created to make sure that actors honor the commitments that they have made. Institutions might, for instance, provide information so that parties know that cheating will be identified, or they might provide for third party adjudication if parties disagree about how an agreement should be interpreted. In contrast with institutional capacity theory, however, rational choice advocates 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.⁵

State-building has not been part of the discussion about state development.

Representatives from all three schools of thought have recognized that the external environment might affect state development, but they have not paid specific attention to state-building. 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 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 argued that war makes the state and the state makes war; the most successful European states were those that could concentrate capital and coercion.⁶ 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. A state’s strength comes from its ability to limit its own freedom of action.⁷

State Development and State-building

The three major ways of understanding state development provide a framework for organizing the work of 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.⁸

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Rational choice approaches have informed some of the academic work associated with peacekeeping. The basic finding has been that peacekeepers 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. Peacekeepers can monitor violations and determine whether they were incidental or calculated. They are a signal to belligerents that external actors are seriously committed. Peacekeepers can help to prevent security dilemma spirals by monitoring disarmament, demobilization, and reintegration programs.⁹

The need to develop institutional capacity, however, has 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 infrastructure. Three projects illustrate an institutional capacity approach. *America's Role in Nation-Building: From Germany to Iraq*, the RAND project led by James Dobbins, assesses the success of state-building efforts in the post-World War II period by both the United States and

the United Nations.¹⁰ *Guiding Principles for Stabilization and Reconstruction*, published by the United States Institute of Peace and U.S. Army Peacekeeping and Stability Operations Institute, describes itself as 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.”¹¹ *Fixing Failed States* by Ashraf Ghani and Clare Lockhart is a study by two prominent practitioners.¹²

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, Ghani and Lockhart contend, have to address 10 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.¹³ *Guiding Principles* is organized around the need to restore state capacity in five “technical sectors”: security, justice and reconciliation, governance and participation, economic stabilization and infrastructure, and humanitarian assistance and social well-being.¹⁴ Dobbins argues that there are five 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, and 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 . . . needs time and resources. The United States and its allies have put 25 times more money and 50 times more troops per capita into post conflict Kosovo than into post conflict 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.*¹⁵

The RAND study insists that state-building will be easier in small countries than in large ones and will only be fully successful if intervening parties are strongly committed and therefore willing to commit money and men.

Ghani and Lockhart are critical of external actors for not focusing on state capacity as opposed to other objectives and for allowing projects to be driven by donors rather than

directed by national authorities. They call for aligning the policies of external and internal actors. *Guiding Principles* avers that successful stabilization and reconstruction require 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 there must be cooperation across different bureaucracies, that priorities must be set and flexible, and that sequence and timing are context-specific.¹⁶

If there is any consensus at all in the thinking about postconflict 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 functioning Weberian state. This state will have a monopoly on 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.

Missing Pieces

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 a 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 World War II. 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.

The Douglass North, John Wallace, and Barry Weingast book *Violence and Social Orders* provides one way of thinking about this problem.¹⁷ 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 expecta-

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tions. A warlord society such as Somalia or the Democratic Republic of the Congo would be an example, a Hobbesian state comprised of loosely organized warring groups. A realistic objective for state-building might be to create a “basic” closed order in which there are some durable institutions and shared expectations, and in which violence is better controlled even though there is no monopoly over the legitimate use of force.¹⁸ Feudal Europe offers an example from the past; Iraq, with different and quasi-independent security organizations, offers an example in the contemporary world. China is an example of a mature closed access society; there are enduring organizations and shared expectations, but the Communist Party controls access to many spheres of activity, most notably politics.

Incentives: Why Would Local Leaders Want Better Governance? The classic literature on state capacity emphasizes the importance of external threats. In Tilly’s 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.¹⁹ 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 encourage 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 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 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



U.S. Air National Guard (Jordan Jones)

Hospital personnel and ISAF members deliver beds to Afghan hospital as part of humanitarian aid mission

transition to full country control. The reality is that this goal is unachievable. Contemporary state-building is an exercise in organized hypocrisy. External actors must, in their words, honor conventional notions of sovereignty, especially the idea that the national government exercises final authority. In their actual behavior, external actors act independently because indigenous institutions do not function. It is inescapable that state-builders say one thing and do another: 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/Vattelien 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 postconflict environments, however, dictate the need for substantial external involvement in domestic governance, involvement that frequently requires violations of Westphalian/Vattelien sovereignty.

The most promising path for lessening the tension between logics of consequences and logics 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.²⁰ States have, at times, contracted for the provision of specific services, such as customs collection or health care. A small advisory unit of the Organisation for Economic Co-operation and Development, the Partnership for Democratic Governance, has documented many of these kinds of arrangements.

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

it is clear that formal adherence to codes of conduct has no automatic impact on the actual behavior of states

that can be used to pummel those within and without the country that support contracting out. Paul Collier's designation of international service provider is politically more palatable because it is so anodyne.²¹

Norms, standards, and codes may also be useful mechanisms for legitimating the activities of external actors. It is clear, however, that formal adherence to codes of conduct has no automatic impact on the actual behavior of states. There is no straightforward correlation, for instance, between human rights behavior and signing onto international human rights treaties.²² 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 (EITI), yet it ranked 143^d out of 168 countries in the 2009 Transparency International Corruption Perceptions 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 work of Tanja Börzel and Thomas Risse has focused on the provision of governance and services in badly governed states.²³ In many instances, services are provided by external actors, not just nongovernmental organizations 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 postconflict 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 the Regional Assistance Mission to Solomon Islands (RAMSI), or if external actors have exceptional leverage, as was the case in Liberia leading to the establishment of the Governance and Economic Management Assistance Program. The leaders of the Solomon Islands, threatened with chaos in 2003, initially asked for support from Australia. At Australia's insistence, the mission was broadened to include the members of the Pacific Islands Forum. RAMSI has executive authority in areas related to policing, the judiciary, and finance. In Liberia, levels of corruption were so high under the interim government in 2005 that the international donors insisted on cosigning authority in major ministries and parastatals. 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. **PRISM**

Notes

¹ For the seminal statement of the modernization thesis, see Seymour M. Lipset, "Some Social Requisites of Democracy," *American Political Science Review* 53, no. 1 (March 1959), 69–105.

² Modernization theory has been subject to extensive empirical investigation. The most compelling findings are those from Adam Przeworski et al., *Democracy and Development: Political Institutions and Well-Being in the World, 1950–1990* (New York: Cambridge University Press, 2000). Przeworski and his coauthors 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 strong positive relationship between the longevity of democratic regimes and per capita income, a finding consistent with modernization theory.

³ Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), 1.

⁴ Francis Fukuyama, *State Building: Governance and World Order in the 21st Century* (Ithaca: Cornell University Press, 2004).

⁵ For two examples of rational choice institutionalism, see Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (New York: Cambridge University Press, 2006); and Douglass C. North, John Joseph Wallace, and Barry R. Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (New York: Cambridge University Press, 2009).

⁶ Charles Tilly, *Coercion, Capital, and European States, AD 990–1990* (Hoboken, NJ: Basil Blackwell, 1990).

⁷ Douglass C. North and Barry R. Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49, no. 4 (1989), 803–832.

⁸ For positive findings, see Arthur A. Goldsmith, "Donors, Dictators and Democrats in Africa," *Journal of Modern African Studies* 39, no. 3 (September 2001), 411–436; and Steven E. Finkel et al., *Effects of U.S. Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study* (Washington, DC: U.S. Agency for International Development, 2006). For negative assessments of aid and governance, see Stephen Knack, "Does Foreign Aid Promote Democracy?" *International Studies Quarterly* 48, no. 10 (March 2004); and

Raghuram Rajan and Arvind Subramanian, “Does Aid Affect Governance?” *American Economic Review* 97, no. 2 (May 2007), 322–327.

⁹ Barbara Walter, “Designing Transitions from Civil War: Demobilization, Democratization, and Commitments to Peace,” *International Security* 24, no. 1 (Summer 1999), 127–155; and Virginia Page Fortna, “Interstate Peacekeeping: Causal Mechanisms and Empirical Effects,” *World Politics* 56, no. 4 (July 2004), 481–519.

¹⁰ James Dobbins et al., *America’s Role in Nation-Building: From Germany to Iraq* (Santa Monica, CA: RAND, 2003).

¹¹ United States Institute of Peace (USIP) and United States Army Peacekeeping and Stability Operations Institute (USA PKSOI), *Guiding Principles for Stabilization and Reconstruction* (Washington, DC: USIP, 2009).

¹² Ashraf Ghani and Clare Lockhart, *Fixing Failed States: A Framework for Rebuilding a Fractured World* (New York: Oxford University Press, 2008).

¹³ *Ibid.*, chapter 7.

¹⁴ USIP and USA PKSOI, 1–6.

¹⁵ Dobbins et al., conclusion.

¹⁶ USIP and USA PKSOI, chapters 3, 5.

¹⁷ Douglass C. North, John Joseph Wallis, and Barry R. Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (New York: Cambridge University Press, 2009).

¹⁸ Scott Handler, “Towards a Theory of Self-Enforcing Stability: An Elite-Centric Approach to Counterinsurgency,” unpublished paper.

¹⁹ Tilly, 78–173.

²⁰ David Lake, *Hierarchy in International Relations* (Ithaca: Cornell University Press, 2009).

²¹ Paul Collier, *Wars, Guns and Votes: Democracy in Dangerous Places* (New York: HarperCollins, 2009), 217.

²² Oona A. Hathaway, “Do Human Rights Treaties Make a Difference?” *The Yale Law Journal* 111, no. 8 (June 2002), 1935–2042. For a more complex discussion relating the impact of treaties to variations in domestic politics and structures, see Beth A. Simmons, *Mobilizing for Human Rights: International Law in Domestic Politics* (New York: Cambridge University Press, 2009).

²³ See Tanja A. Börzel and Thomas Risse, “Governance Without a State: Can It Work?” *Regulation & Governance* 4, no. 2 (June 2010), 113–134.