

# POL201Y1: Politics of Development

Lecture 10:

State-making

State capacity

# PSA

- Make-up midterm: 4<sup>th</sup> July, 12.30-2.30 pm, in SS 3020

# Recap

- Political order
- Providers of order
- Modes of organization of power
- Political development
- Causes of political development

# Recap

- Causes of emergence of states:
  - Social contract
  - Hydraulic theory
  - Population pressure
  - Circumscription
  - Fukuyama's confluence of factors
  - Conflict

# State-making according to Olson

- Small-scale societies: voluntary agreement sufficient to enforce order
- Larger societies: freeriding →
- Anarchy:
  - Uncoordinated competitive theft by 'roving bandits' →
  - Destruction of incentives to invest and produce →
  - Little benefit to either the population or the bandits
- Both the population and a bandit can be better off if the bandit sets herself up as a dictator, or a 'stationary bandit'
- The stationary bandit monopolizes and rationalizes theft in the form of taxes
  - Olson, Mancur. 1993. "Dictatorship, Democracy, and Development." *American Political Science Review* 87 (3): 567–76.

# State-making in Europe according to Tilly

- “If protection rackets represent organized crime at its smoothest, then **war making and state making**—quintessential protection rackets with the advantage of legitimacy—**qualify as our largest examples of organized crime.**”

# State-making in Europe according to Tilly

- European lords made war to secure control over a territory or to expand it
- Success in war allowed some lords to assume dominant positions in substantial territories
- Given Europe's political geography, those territories had to be defended



# State-making in Europe according to Tilly

- War-making increasingly expensive over time →
- Increased extraction of the means of war (soldiers, arms, food, lodging, transportation, supplies, and/or the money to buy them) from populations →
- Need to establish a growing degree of centralized control over the means of coercion and of finance →
- Creation of large, effective bureaucracies to administer wars, organize recruitment, and raise revenues →
- Increased capacity to extract (tax-collection agencies, police forces, courts, exchequers, etc.)
- Successful extraction entailed the elimination, neutralization, or cooptation of the great lord's local rivals
  - Tilly, Charles. 1985. "Warmaking and State-Making as Organized Crime." In Peter Evans et al. (eds.), *Bringing the State Back In*. New York: Cambridge University Press: 169-191.



# State-making in Europe according to Tilly

- Popular resistance to extraction forced rulers to make concessions (guarantees of rights, representative institutions, courts):
  - “[T]he pursuit of war and military capacity [...] as a sort of by-product, led to a civilianisation of government and domestic politics”
    - Tilly, Charles. 1990. *Coercion, Capital, and European States, AD 990–1990*. Cambridge, Mass.: Basil Blackwell.

# State-making in Europe according to Tilly

- “War made the state and the state made war”
  - Tilly, Charles. 1975. “Reflections on the History of European State Making.” In Charles Tilly (ed.), *The Formation of National States in Western Europe*. Princeton: Princeton University Press.

# State-making in Latin America according to Centeno

- “What were the effects of the wars of 19th-century Latin America on the fiscal capacity of the state? Instead of a state built on ‘**blood and iron**,’ they constructed a constantly bankrupt beggar made of **blood and debt**. *The easy availability of external financing allowed the state the luxury of not coming into conflict with those social sectors who possessed the required resources*. In the 1820s and from the 1870s through the 1890s, loans were relatively easy to obtain. Increasingly throughout the 19th century, almost all the Latin American economies became integrated into a global economy through the export of a mineral or agricultural commodity.”
  - Centeno, MA. 1997. “Blood and Debt: War and Taxation in Nineteenth-Century Latin America.” *American Journal of Sociology* 102 (6): 1565–1605.

# State-making in precolonial Africa according to Herbst

- Daunting physical geography +
- Limited technologies of coercion +
- No security imperative to physically control the hinterlands +
- Land vs. labour and the primacy of exist →
- High expense of projection of power →
- Cost calculations →
- Direct control only over the political core

- Herbst, Jeffrey. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton: Princeton University Press.

# State-making in postcolonial Africa according to Sørensen and Thies

- Positive association between levels of extraction from society in African states and:
  - Interstate rivalry, or
  - Internal ethnic rivals engaged in conflict with the state →
- Most African states face both types of rivals
- Bellicist theory appears to be correct
- Why are African states weak?
  - Does conflict pose a lesser threat in Africa?
  - Relatively fewer wars than in Europe and no successful mobilization of society for war efforts
  - International system
    - Sørensen, Georg. 2001. "War and State-Making Why Doesn't It Work in the Third World?" *Security Dialogue* 32 (3): 341–54.
    - Thies, Cameron G. 2008. "The Political Economy of State Building in Sub-Saharan Africa." *The Journal of Politics* 69 (03): 716–31.

# State-making in postcolonial Africa according to Herbst

- Negative sovereignty and quasi-states →
- No security imperative to physically control the hinterlands →
- Direct control only over the political core
  - Herbst, Jeffrey. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton: Princeton University Press.
  - Robert Jackson. 1991. *Quasi-States: Sovereignty, International Relations and the Third World*. Cambridge: Cambridge University Press.

# State-making in contemporary world according to Leander

- Globalized context alters the effects of the processes that placed war-making and state-making in a positive relationship
- Drift towards external state building
- Access to international capital
  - Leander, Anna. 2004. "Wars and the Un-Making of States: Taking Tilly Seriously in the Contemporary World." In *Copenhagen Peace Research: Conceptual Innovations and Contemporary Security Analysis*, edited by Stefano Guzzini and Dietrich Jung. London, United Kingdom: Routledge.

# State-making in contemporary world

- Short timeframe (especially in Sub-Saharan Africa)
- Imitation (but dangers of 'isomorphic mimicry')
- Gains from globalization, accelerated economic development?



What is the desired outcome  
of state-making?

# State-making according to Fukuyama

- Political order:
  - The state
  - Rule of law
  - Mechanisms of accountability

# State-making according to Fukuyama

- China:
  - Strong state
  - Weak rule of law
  - No democracy
- Singapore:
  - Strong state
  - Rule of law
  - Limited democracy

# State-making according to Fukuyama

- Russia:
  - State good at suppressing dissidence but not at delivering services
  - Weak rule of law
  - Limited / no democracy
- 'Failed states'—e.g. Somalia, Haiti, and the Democratic Republic of the Congo:
  - Weak / nonexistent state
  - Weak / nonexistent rule of law
  - Limited / no democracy

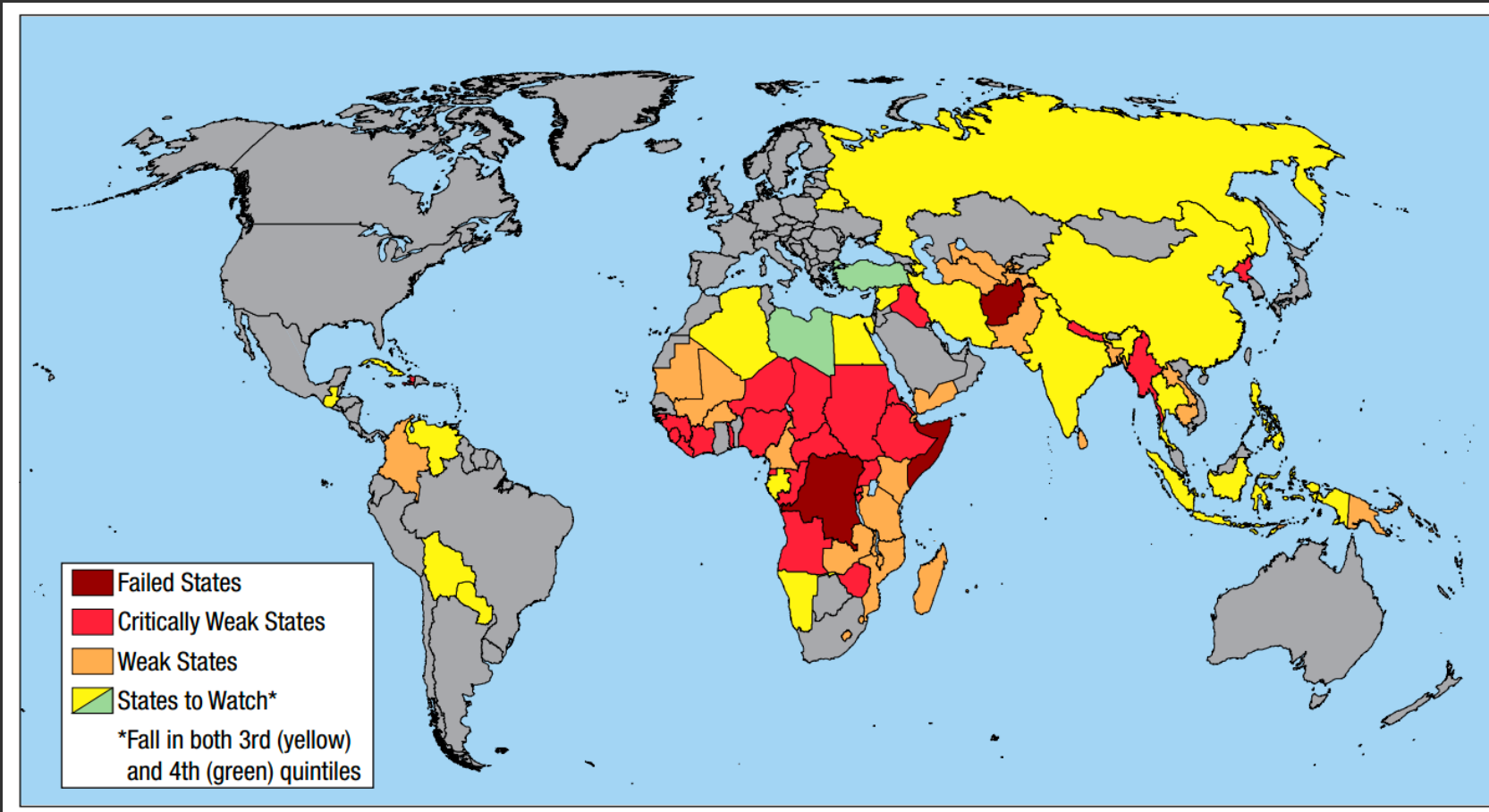
# State-making according to Fukuyama

- ‘Denmark’—perfect balance between the three sets of political institutions:
  - Competent state
  - Strong rule of law
  - Democratic accountability
- “A political system resting on a balance among state, law, and accountability is both a practical and a moral necessity for all societies. All societies need **states** that can generate sufficient power to defend themselves externally and internally, and to enforce commonly agreed upon laws. All societies need to regularize the exercise of power through **law**, to make sure that the law applies *impersonally* to all citizens, and that there are no exemptions for a privileged few. And governments must be **responsive** not only to elites and to the needs of those running the government; the government should serve the interests of the broader community. There need to be peaceful mechanisms for resolving the inevitable conflicts that emerge in pluralistic societies.”

# State-making according to Fukuyama

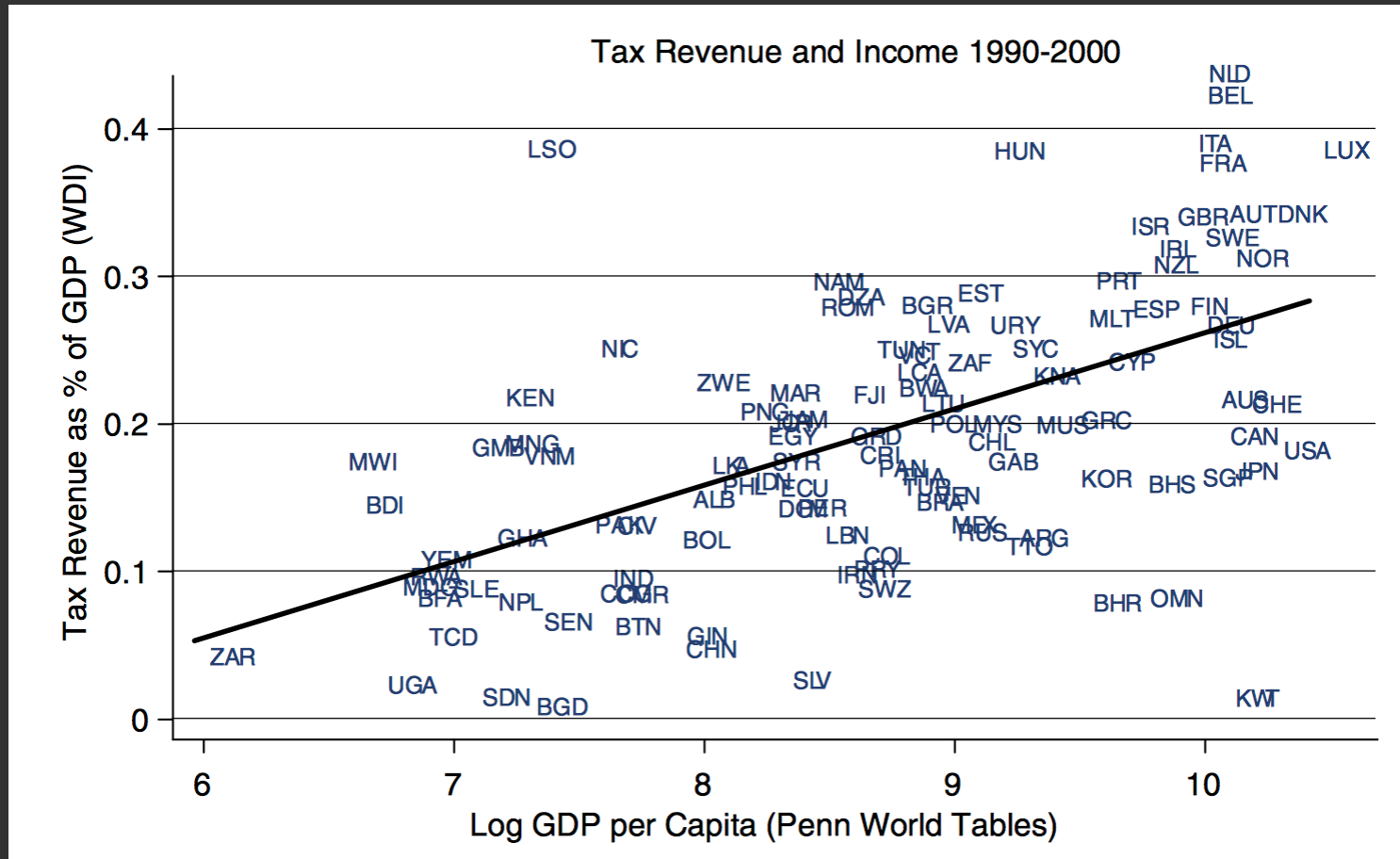
- Patrimonialism:
  - Recruitment based on kinship or personal reciprocity
  - Natural form of social relationship
- Modern states require impersonal institutions
- Transition from patrimonial to 'modern' states:
  - Military competition—incentives for political reform
  - Social mobilization brought about by industrialization—economic growth generates new social groups, which over time organize themselves for collective action and seek to participate in the political system
- Difficulty of transition:
  - Few 'Denmarks'
  - Many neopatrimonial / limited access / extractive states
    - Fukuyama, Francis. 2011. *The origins of political order: from prehuman times to the French Revolution*. New York: Farrar, Straus and Giroux.
    - Fukuyama, Francis. 2014. *Political order and political decay: from the Industrial Revolution to the globalization of democracy*. New York: Farrar, Straus and Giroux.

# State capacity



Rice, Susan, and Stewart Patrick. 2008. "Index of State Weakness in the Developing World." Washington, D.C.: The Brookings Institution.

# State capacity and taxation



Acemoglu, Daron. 2005. "Politics and Economics in Weak and Strong States." *Journal of Monetary Economics* 52 (7): 1199–1226.



# State capacity according to Acemoglu

- The state apparatus is controlled by a self-interested ruler
- The ruler tries to divert resources for her own consumption, but can also invest in socially productive public goods
- Excessively strong state:
  - The ruler imposes high taxes → little private investment
- Excessively weak state:
  - The ruler anticipates that he will not be able to extract rents in the future and underinvests in public goods
- ‘Consensually strong state equilibrium’:
  - The state is politically weak but is allowed to impose high taxes as long as a sufficient fraction of the proceeds are invested in public goods
    - Acemoglu, Daron. 2005. “Politics and Economics in Weak and Strong States.” *Journal of Monetary Economics* 52 (7): 1199–1226.

# State capacity according to Moore

- “The experience of being taxed engages citizens in the political process”
- “The dependence of governments on tax revenue encourages bargaining with taxpayers and an exchange of (quasi-)voluntary compliance over tax payments for institutionalised influence over public policy”
- Types of taxation:
  - Coercive taxation: “taxes are not exchanged for anything much except, hopefully, the protection of taxpayers from the demands of competing tax-collectors;” arbitrary assessment, coercive collection, and the absence of any representation
  - Consensual taxation: “a more or less explicit exchange of tax revenues for services, and a tax process characterized by institutionalized, negotiable methods of assessing and collecting revenue; the ‘quasi-voluntary compliance’ of taxpayers; and a voice for them in setting tax policy”
    - Moore, Mick. 2008. “Between Coercion and Contract: Competing Narratives on Taxation and Governance.” In *Taxation and State-Building in Developing Countries: Capacity and Consent*, ed. by Deborah Brautigam, Odd-Helge Fjeldstad, and Mick Moore.

# State-making according to Bräutigam

- State-making: “the process of increasing the administrative, fiscal and institutional capacity of governments to interact constructively with their societies and to pursue public goals more effectively”
  - Bräutigam, Deborah A. 2008. “Introduction: Taxation and State-Building in Developing Countries.” In *Taxation and State-Building in Developing Countries: Capacity and Consent*, edited by Deborah Brautigam, Odd-Helge Fjeldstad, and Mick Moore, 1–33. Cambridge, England, United Kingdom: Cambridge University Press.

# State-making and development according to Bates

- Development:
  - Formation of capital and organization of economic activity
  - Taming of violence and delegation of authority to those who will use power productively
- Economic development:
  - People form capital and invest, making present sacrifices in order to reap future gains
- Political development:
  - People domesticate violence, transforming coercion from a means of predation into a productive resource →
  - Coercion becomes productive when it is employed not to seize or to destroy wealth, but rather to safeguard and promote its creation
    - Bates, Robert. 2010. *Prosperity and Violence: The Political Economy of Development*, 2<sup>nd</sup> Ed. New York: W. W. Norton.

# State capacity and development according to Andrews et al.

- Almost half (49 of 102) of the historically developing countries have very weak or weak capability
- The long-run pace of acquiring capability is very slow
- Three-quarters of these countries (36 of 49) have experienced negative growth in state capability in recent decades. More than one-third of all countries (36 of 102) have low and (in the medium run at least) deteriorating state capability.
- Of the 45 countries with middle levels of capability, 31 (more than two-thirds) have experienced negative growth in capability since 1996
- Fewer than 100 million (or 1.7 percent) of the roughly 5.8 billion people in historically developing countries currently live in high capability states
- Only eight of the historically developing countries have attained strong capability
  - Andrews, Matt, Lant Pritchett, and Michael Woolcock. 2017. *Building state capability. Evidence, analysis, action*. Corby: Oxford University Press.