

PLS 341  
Politics of Development

Week 8, Lecture 2:  
Contemporary state-building

# Recap

- State capacity as a key driver of development
- *Longue durée* historical processes as the primary source of state capacity
- Successful recent construction of state capacity in a select few developmental states, made possible by particular political conditions

# Plan for today

- Contemporary efforts to build state capacity:
  - ‘Good governance’ and the good governance agenda
  - Good enough governance
  - Problem-Driven Iterative Adaptation
  - Pockets of effectiveness

# Good governance



[https://www.youtube.com/watch?v=S6lIl\\_pot88](https://www.youtube.com/watch?v=S6lIl_pot88)

# Good governance agenda

- Foreign aid:
  - Historically limited efficacy (and no reliable evidence of efficacy) of development interventions
  - Failure of the structural adjustment reforms in the 1980s and 1990s —>
- Gradual realization of the need to engage the state and politics in development efforts —>
- Rise of the good governance agenda in the 1990s and 2000s

# Good governance

- Worldwide Governance Indicators:
  - Small, limited, formalized government
  - Stable and credible policies
  - High-quality civil service and public goods provision
  - Responsiveness, transparency, participation, and decentralization
  - Disciplined budgets and efficient expenditures
  - Pro-business orientation and minimal red tape

- Summarized in Andrews, Matt. 2008. "The Good Governance Agenda: Beyond Indicators without Theory." *Oxford Development Studies* 36 (4): 379–407.

# Problems with the good governance agenda according to Andrews

- “[M]uch work on the good governance agenda suggests a one-best-way model, ostensibly of an idyllic, developed country government: Sweden or Denmark on a good day, perhaps.”
- “Modeling government effectiveness in this manner is like telling developing countries that the way to develop is to become developed.”

- Andrews, Matt. 2008. “The Good Governance Agenda: Beyond Indicators without Theory.” *Oxford Development Studies* 36 (4): 379–407.



# Problems with the good governance agenda according to Grindle

TABLE 3  
Summary of Institutional Evolution in the Now Developed Countries

	First Adoption	Majority Adoption	Last Adoption	United Kingdom	United States
<b>Democracy</b>					
Male suffrage	1848 ( <i>France</i> )	1907	1925 ( <i>Japan</i> )	1918	1870
Universal suffrage	1907 ( <i>New Zealand</i> )	1946	1971 ( <i>Switzerland</i> )	1928	1965
<b>Modern bureaucracy</b>	Early 19th century			Mid-1800s	Early 1900s
<b>Modern judiciary</b>				1930s?	
<b>Intellectual property rights</b>					
Patent law	1474 ( <i>Venice</i> )	1840s	1912 ( <i>Netherlands</i> )	1623	1793
Modern patent law	1836 (U.S.)	1960s	1990s ( <i>Spain, Canada</i> )	1852	1836
Modern copyright law				1862	1891 (1988)
Trademark law	1862 (U.K.)				
<b>Corporate governance institutions</b>					
General limited liability	1844 ( <i>Sweden</i> )			1856 (1862)	
Bankruptcy law				1542	1800
Modern bankruptcy law				1849	1898
Modern auditing/disclosure				1848	1933
Competition law	1890 ( <i>U.S.</i> )			1919	1890
Effective competition law	1914 ( <i>U.S.</i> )			1956	1914
<b>Financial institutions</b>					
Modern banking	Mid-1920s (U.K.)			Mid-1920s	
Central banking	1688 ( <i>Sweden</i> )	1830s	1913 ( <i>U.S.</i> )	1694	1913
Modern central banking	1844 (U.K.)	1900s	1929 (U.S.)	1844	1929
Securities regulation	1679 ( <i>U.K.</i> )			1679	Mid-19th century
Modern securities regulation				1939	1933
Income tax	1842 (U.K.)			1842	1913
<b>Social welfare and labor institutions</b>					
Industrial accident institutions	1871 ( <i>Germany</i> )	1898	1930 (U.S., <i>Canada</i> )	1897	1930
Health insurance	1883 ( <i>Germany</i> )	1911	Still absent in the U.S.	1911	(Still absent)
State pension	1889 ( <i>Germany</i> )	1909	1946 ( <i>Switzerland</i> )	1908	1946
Unemployment insurance	1905 ( <i>France</i> )	1920	1945 ( <i>Australia</i> )	1911	1935
Child labor regulation	1802 ( <i>U.K.</i> )			1802	1904
Modern child labor regulation	1878 (U.K./ <i>Prussia</i> )			1978	1935

Note: Institutions entered in italics denote "premodern" varieties, which fell so short of modern standards in terms of coverage and enforcement that they are usually better regarded as different categories from their "modern" descendants. Source: Chang (2000, Appendix). The original contains many notes that are not reproduced here.



# Problems with the good governance agenda according to Grindle

- Ostensible necessity of improvements of almost all aspects of the public sector:
  - Essential economic and political institutions
  - Decision-making structures
  - Administrative organizations responsible for public goods provision
  - Bureaucrats
  - State-society interface
  - Public debate and representation

- Grindle, Merilee S. 2017. "Good Governance, R.I.P.: A Critique and an Alternative." *Governance* 30 (1): 17–22.



# Problems with the good governance agenda according to Grindle

- Increasingly long and broad list of reforms:
  - “[L]ike a balloon being filled with air, definitions of ideal conditions of governance were progressively inflated, and increasingly unhelpful to those concerned about how to get there”

- Grindle, Merilee S. 2017. “Good Governance, R.I.P.: A Critique and an Alternative.” *Governance* 30 (1): 17–22.  
Table from Grindle, Merilee S. 2004. “Good Enough Governance: Poverty Reduction and Reform in Developing Countries.” *Governance* 17(4): 525–48.

TABLE 1  
The Good Governance Agenda (Based on Items Referred to in *World Development Reports*)

	1997	1998	1999/2000	2000/2001	2001/2002	2002/2003
Characteristics of good governance <sup>a</sup>	18	17	16	19	21	25
Institutions for good governance <sup>b</sup>	8	11	10	17	21	21
Specific laws <sup>c</sup>	4	14	6	9	16	9
Specific policies <sup>d</sup>	6	10	13	20	22	20
Specific services <sup>e</sup>	7	17	12	22	11	20
Broad strategies for achieving specific goals <sup>f</sup>	2	9	9	19	9	21
Total	45	78	66	106	100	116

Examples of items listed:

<sup>a</sup>Good governance means: checks and balances in government, decentralization, efficient/equitable/independent judiciary, free press, sound regulatory system, etc.

<sup>b</sup>Institutions for: bank and finance regulation, civil service, market efficiency, managing decentralization, participation, transparent budgeting, etc.

<sup>c</sup>Laws for: trademark protection, enforcement of contracts, biodiversity, foreign investment, labor standards, intellectual property rights, etc.

<sup>d</sup>Policies about: land reform, land policy, capital markets, community development, downsizing bureaucracy, fisheries, insurance, social safety nets, etc.

<sup>e</sup>Services for: HIV/AIDS, communications, public transportation, safe water, legal aid for the poor, microcredit, targeted transfers, etc.

<sup>f</sup>Strategies for: asset creation for the poor, capacity building in the public sector, empowering the poor, engaging the poor, environmental protection, knowledge development, private sector development, etc.

# Whither good governance?

30th Anniversary Essay

Good Governance, R.I.P.: A Critique and an Alternative

MERILEE S. GRINDLE\*

# Beyond good governance

- Mukand and Rodrik 2005; de Búrca et al. 2014: “experimentation”
- Rondinelli 1993: “projects as policy experiments”
- Knaus 2011: “principled incrementalism”
- Pritchett et al. 2012: “experiential learning”
- Heifetz 1994: “adaptive versus technical problems”
- Marsh et al. 2004: “positive deviance”
- Evans 2004 : institutional “mono-cropping” versus “deliberation”
- de Souza Briggs 2008: “democracy as problem-solving”

# Beyond good governance

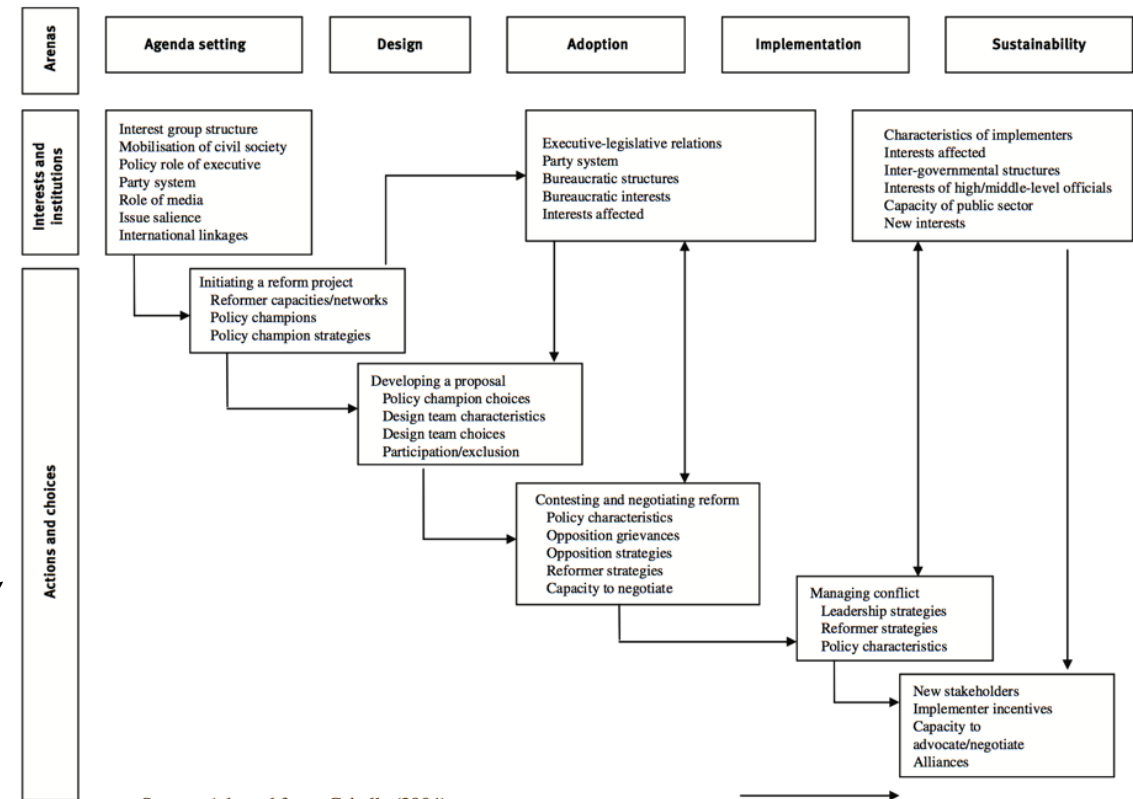
- Fritz et al. 2009: “problem-driven political economy”
- Rodrik 2008: “second-best institutions”
- Andrews et al. 2010: “multi-agent leadership”
- Booth 2011: “best fit” strategies
- Institute for Development Studies 2010: “upside down governance”
- Levy and Fukuyama 2010: “just-enough governance”
- Senge 2006: “learning organizations”
- “Thinking and Working Politically”

# Grindle's good enough governance

- Prioritization
- Adaptation
- Incrementalism
- Variation in the difficulty of governance interventions

- Grindle, Merilee S. 2004. "Good Enough Governance: Poverty Reduction and Reform in Developing Countries." *Governance* 17(4) : 525–548.
- Grindle, Merilee S. 2007. "Good Enough Governance Revisited." *Development Policy Review* 29 (September 2007): 199–221.

Figure 1: The process of policy and institutional reform



Source: Adapted from Grindle (2004).

# Grindle's good enough governance

- “There are no magic bullets, no easy answers, and no obvious shortcuts towards conditions of governance that can result in faster and more effective development and poverty reduction.

The task of research and practice is to find opportunities, short of magic bullets, for moving in a positive direction, yet recognising that this is not always possible.”

- Grindle, Merilee S. 2007. “Good Enough Governance Revisited.” *Development Policy Review* 29 (September 2007): 199–221.



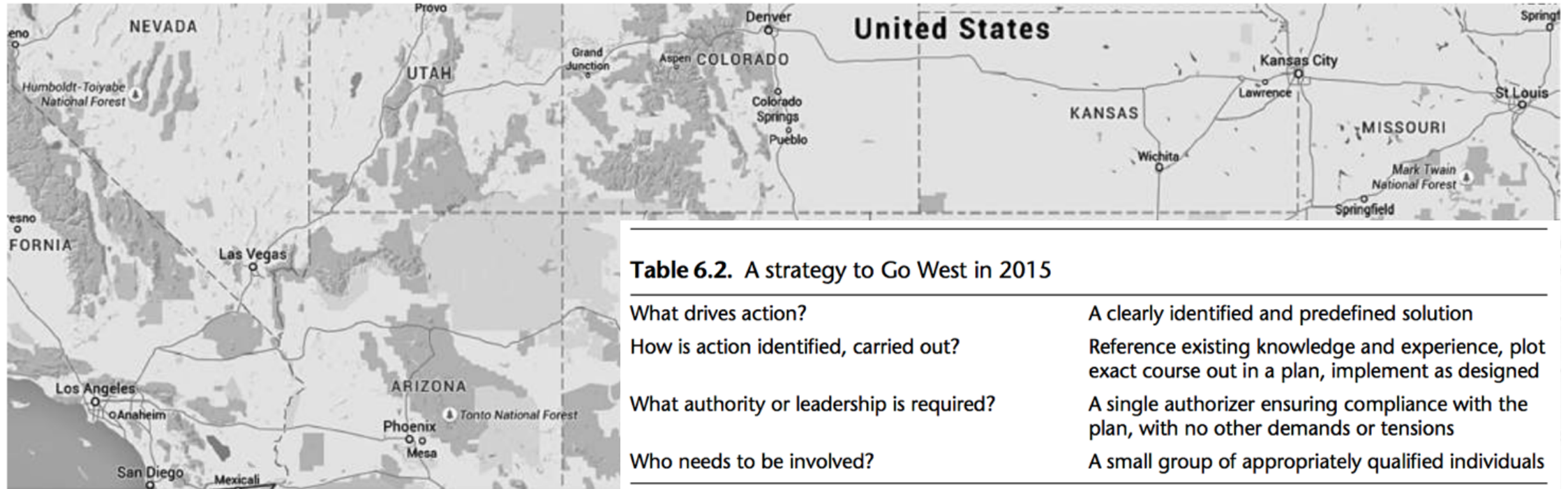
# Grindle's good enough governance

**Table 6: Ease/difficulty of governance interventions**  
**Example: police professionalisation in country X as part of**  
**rule-of-law governance reform**

<b>Intervention</b>	<b>Degree of conflict likely</b>	<b>Time required for institutionalisation</b>	<b>Organisational complexity</b>	<b>Logistical complexity</b>	<b>Budgetary requirements</b>	<b>Amount of behavioural change required</b>
Increase salaries of police	low	low	low	low	medium	low
Police training in conflict resolution	medium	medium	low	medium	Low	medium /high
Civil service tests for police	high	medium	medium /high	medium	medium	high
Community boards to monitor police behaviour	high	medium	medium	medium /high	Low	high
Introduce performance-based management system	medium	medium	medium	medium	Low	high



# Going west in 2015



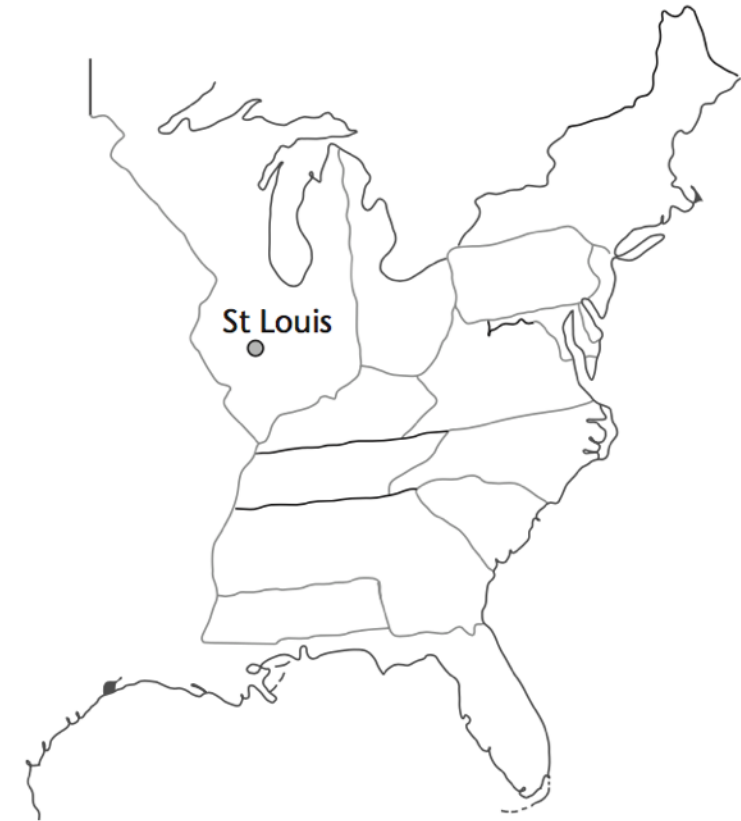
**Figure 6.1.** How would you get from St Louis to Los Angeles in 2015?

Source: Google Maps

# Going west in 1804

**Table 6.3.** A strategy to Go West in 1804

What drives action?	A motivating problem that is felt by those involved
How is action identified, carried out?	Through experimental iterations where teams take an action step, learn, adapt, and take another step
What authority or leadership is required?	Multiple authorizers managing risks of the project (by motivating teams, and more) and supporting experimentation
Who needs to be involved?	Multi-agent groups (or teams) with many different functional responsibilities and talents



**Figure 6.2.** How would you get to the west coast from St Louis in 1804?

# Problem-Driven Iterative Adaptation

- 2 types of capability building challenges:
  - Technical/logistical (2015)
  - ‘Wicked hard’ (1804)

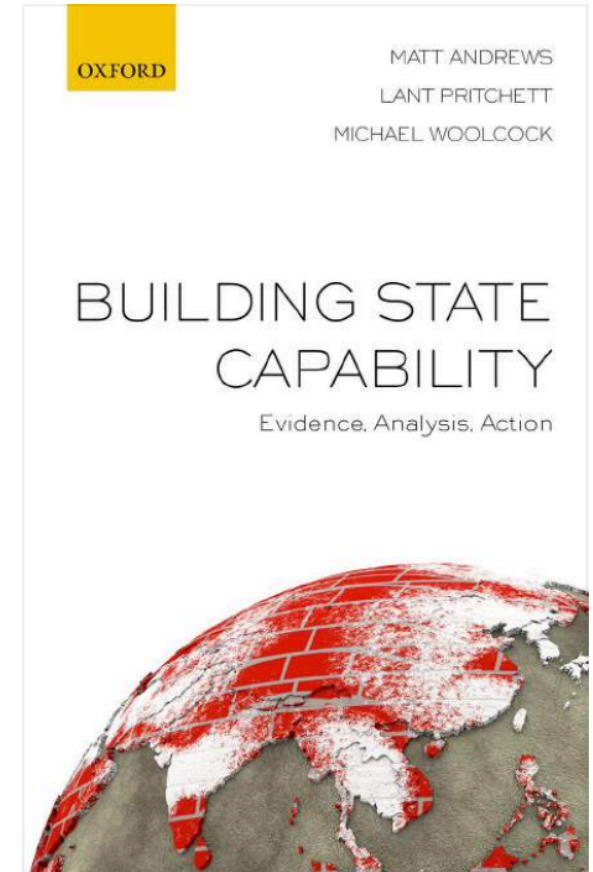
Table 6.4. PDIA as the strategy required for 1804 state capability building challenges

	A 2015 strategy (SLDC)	An 1804 strategy (PDIA)
What drives action?	A clearly identified and predefined solution <i>Average score: 2.4 out of 5</i>	A motivating problem that is felt by those involved <i>Average score: 4.2 out of 5</i>
How is action identified, carried out?	Reference existing knowledge, plot exact course out in a plan, implement as designed <i>Average score: 2.3 out of 5</i>	Through experimental iterations where teams take an action step, learn, adapt, and take another step <i>Average score: 3.4 out of 5</i>
What authority or leadership is required?	A single authorizer ensuring compliance with the plan, with no other demands or tensions	Multiple authorizers managing risks of the project (by motivating teams, and more) and supporting experimentation <i>Multiple leaders in all cases; average number of leaders: 19</i>
Who needs to be involved?	A small group of appropriately qualified individuals	Multi-agent groups (or teams) with different functional responsibilities <i>Evident in all cases</i>



# Problem-Driven Iterative Adaptation

- Key principles:
  - Specific problems and contexts
  - Experimental iterations
  - An ‘authorizing environment’ for decision-making that encourages experimentation and ‘positive deviance’
  - Broad coalition
    - Andrews, Matt, Lant Pritchett, and Michael Woolcock. 2017. *Building state capability. Evidence, analysis, action*. Corby: Oxford University Press.



# Pockets of effectiveness

- Drivers of the emergence of the pockets of effectiveness:
  - Elite commitment
  - Leadership insulation
  - *Esprit de corps*
  - Managerial capacity and skills
  - Important sectors
- Limited apparent effect on state capacity beyond the pockets

- Hickey, Sam. 2019. *The Politics of State Capacity and Development in Africa: Reframing and Researching 'Pockets of Effectiveness.'* Manchester: Effective States and Inclusive Development Research Centre (ESID), University of Manchester.

# Pockets of effectiveness in Saudi Arabia

- Hertog:
  - Construction of the Saudi state as an employment scheme —>
  - Low capacity of most state bodies
  - Importance of some sectors and investment in high-capacity “islands of efficiency with explicit mandates to bypass state bureaucracy”

- Hertog, Steffen. 2011. *Princes, brokers, and bureaucrats: oil and the state in Saudi Arabia*. Ithaca: Cornell University Press.



# Takeaways

- Wholesale reform failure and small-scale (potential) successes