

# Political development & policy



## Today and next class

- I. (Finish up) Failings of international humanitarian intervention
- II. The mixed record of foreign aid
  - A. What exactly is foreign assistance aiming to do?
  - B. How may foreign assistance have worked against the development of more capable states?
  - C. What kinds of foreign assistance are more consistent with political development?

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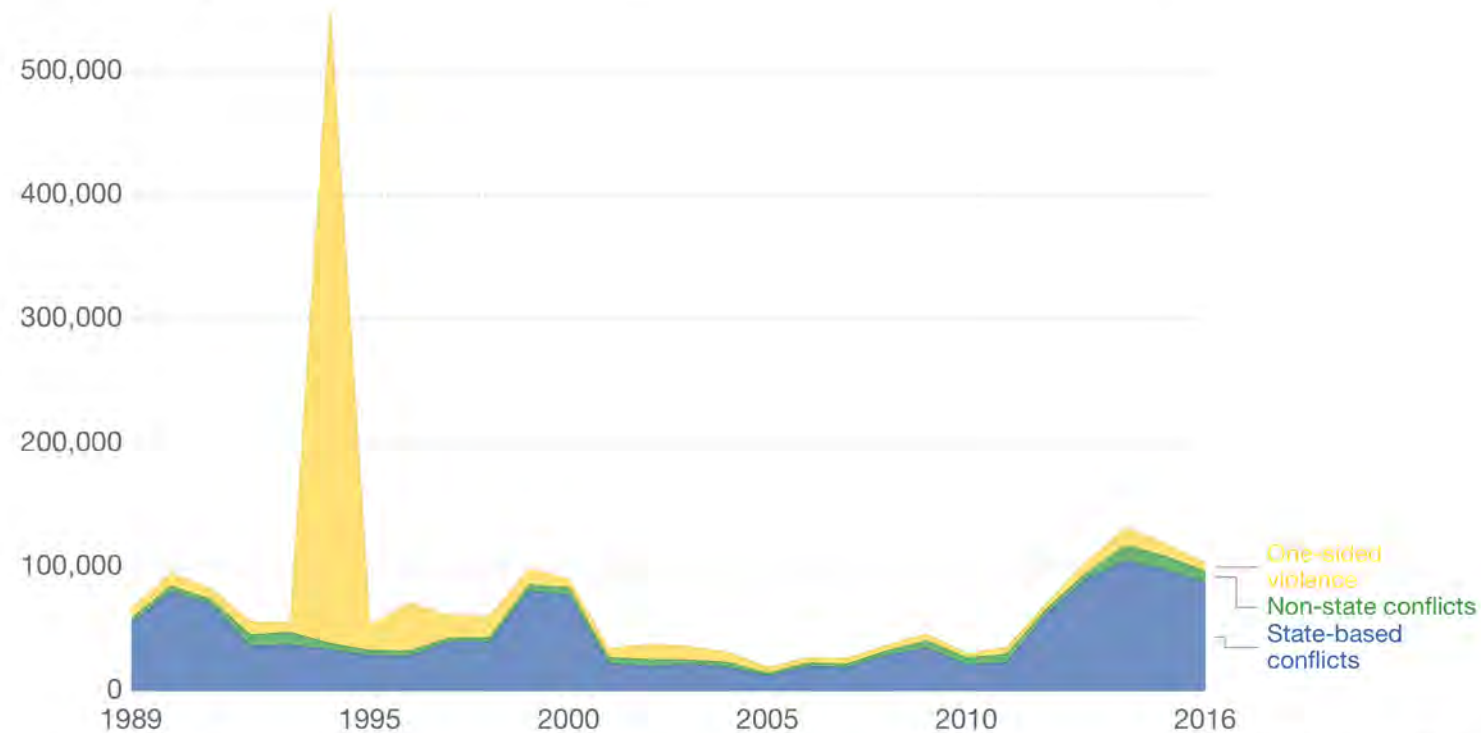


Recall: Since World War II some 50 episodes of mass killings have led to between 12 and 25 million civilian casualties and by 2008 have induced the displacement of 42 million people

### Violent deaths in conflicts and one-sided violence since 1989

OurWorld  
in Data

The data refer to direct violent deaths. Deaths due to disease or famine caused by conflict are excluded. Extra-judicial killings in custody are also excluded. Only incidents involving more than 25 deaths are included. One-sided violence is that between a named organisation and civilians, such as genocides. The spike in 1994 reflects the high death toll of the Rwandan genocide.



Source: UCDP/PRIO

OurWorldInData.org • CC BY-SA

Note: State-based conflict is between at least two named organisations, where at least one was the government of a state. Non-state conflict is between two named non-state organisations. One-sided violence is that between a named organisation and civilians, such as genocides.

## Humanitarianism intervention & R2P

- “Humanitarian intervention”
  - “political, economic and military interference in the domestic affairs of a state justified by a nascent transnational morality” – Roberto Belloni
  - In practice, can mean different things to different advocates/critics, ranging from preventative to reactive
    - Mediation
    - Travel bans, financial freezes, and other sanctions
    - International criminal court investigations
    - Chapter VII peacekeeping missions
    - Other military solutions, including targeted attacks
    - Also, preventative measures? For example...

# Save Darfur:

## One of the largest global social movements and lobbies of the 21<sup>st</sup> century

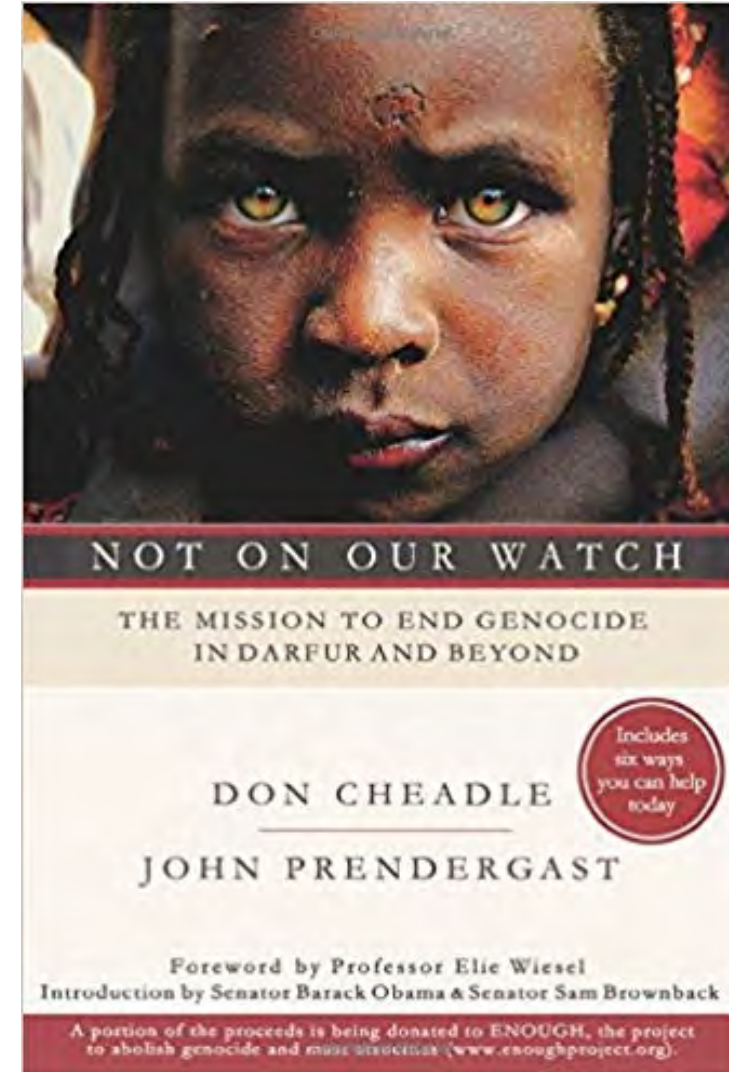
HOME SEARCH

The New York Times Magazine

Magazine

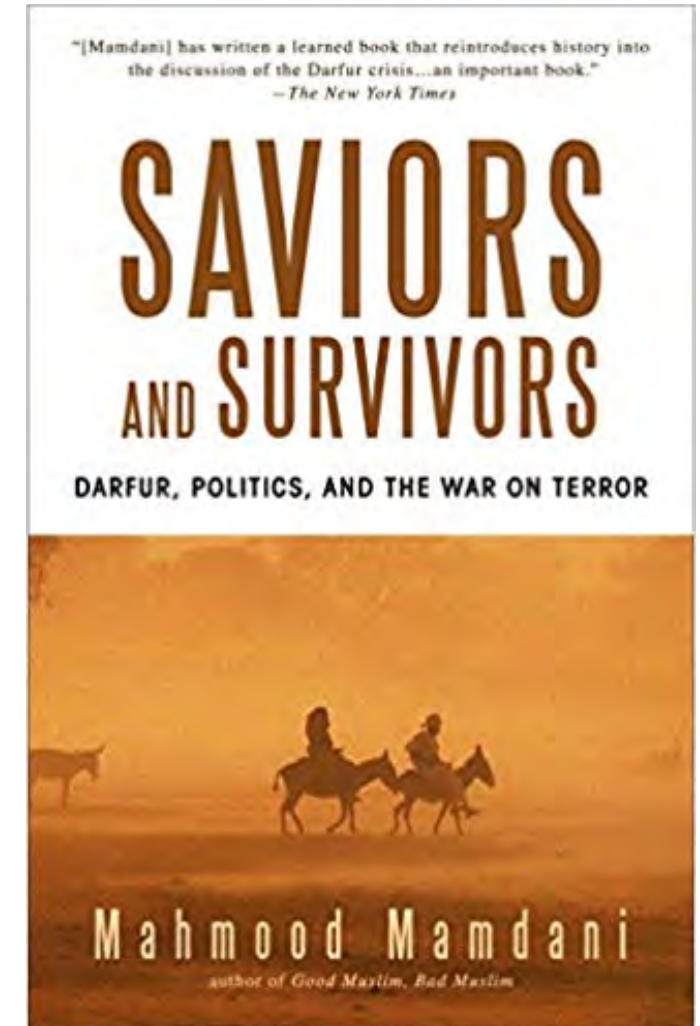
## Attention-Grabber for Sudan's Cause

By DANIEL BERGNER DEC. 2, 2010



## Western R2P social movements like Save Darfur garner much criticism e.g. Mahmood Mamdani

- Sees a history of powerful outsiders using the language of race and tribe in pursuit of their own interests
  - Colonial, Cold War interests, War on Terror, etc...
- Since most Americans do not know Sudan's history well, it offers a simplistic moral crusade
  - In Darfur, they oversimplify the conflict, simplistically “bad Arabs” and “good Africans,”
- Encourages Americans to believe that American military intervention is the best response to global conflict
- Has set back attempts to reach a peace settlement
  - Advocates promote a moral urgency when the political complexities might counsel slow, patient analysis
  - Argues this is an insurgency & counter-insurgency, not a genocide
  - ICC indictment of President Bashir hinders peace





## Other critiques of the international community

- Trying to rectify an unhealthy dominance of Western perspectives who approach R2P from the point of view of the rights and privileges of the intervening countries
- Views the problem as the inadequate means to respond, especially preventive activities like investigations and international courts
- Also sees many gaps: civilians in occupied territories (Gaza), internally displaced persons, or non-UN sanctioned invasions (Iraq in 2003)

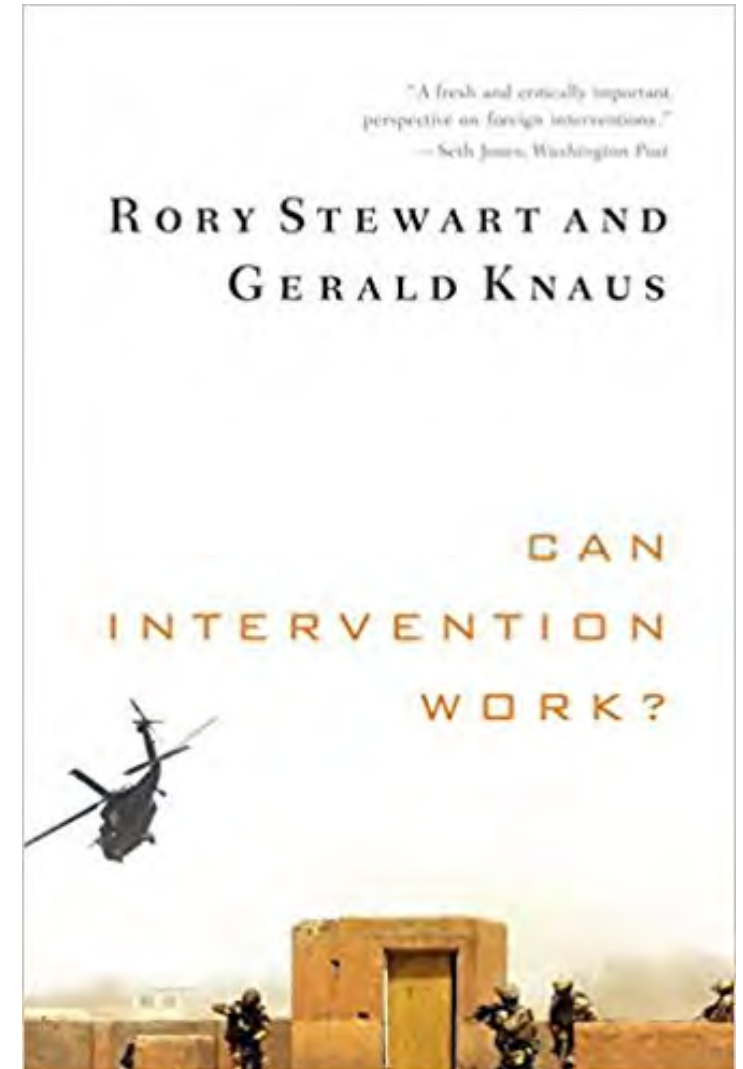


Ramesh Thakur, former Assistant Secretary-General of the UN



## Stewart & Knaus: International community seldom aware of its own weaknesses

- “International policy-makers always have a muddled and half-understood picture of the country before intervention, perhaps an equally muddled and half-understood picture of their own society in the West, and some generally doubtful guesses about how to get from one to the other”
- International community much weaker than imagined
  - Have unparalleled resources and drive and resourcefulness
  - But isolated from local society and ignorant of context
  - Prey to misleading abstract theories
  - Lack legitimacy and local support
  - Underestimate local leaders and abilities to compromise



## Stewart and Knaus: Argue for the superiority of incremental over ambitious missions

### Incremental

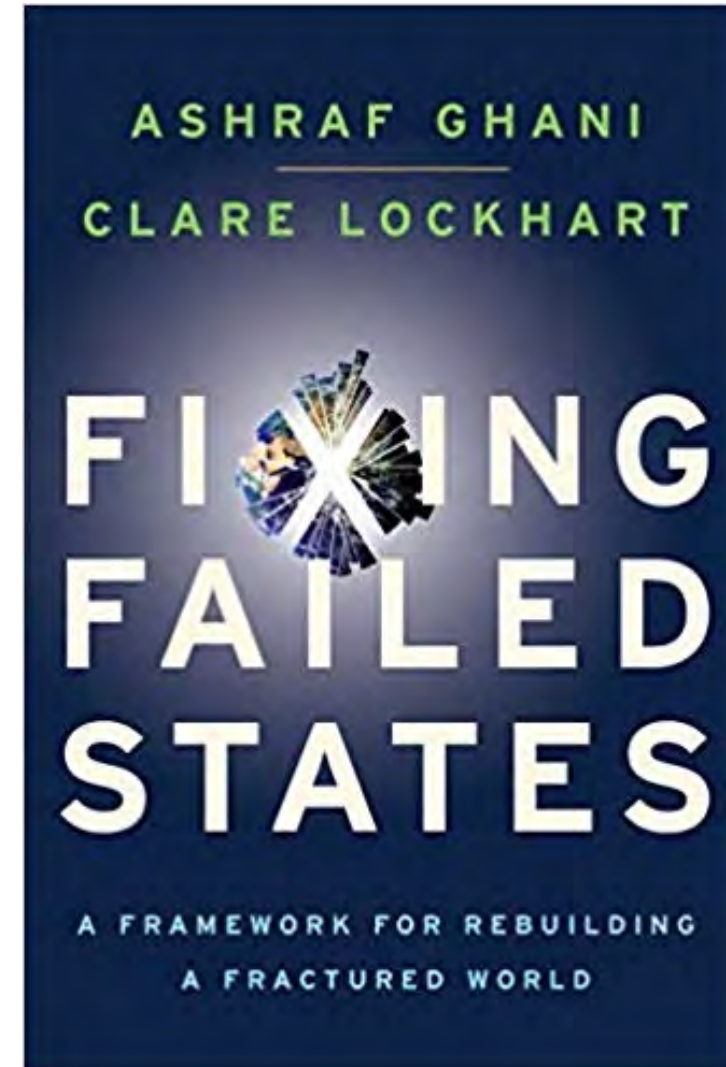
- Time limited
- Aiming to foster bargains that stop hostilities between groups
- Raise the costs for a ruling group to commit atrocities

### Ambitious

- Deposing elites coalition in power
- Nation building
- Pursuit of democracy
- Ending corruption

As we will see next class, this is a lesson few states internalize

- Sets out an ambitious, centrally-planned and coordinated set of state-building solutions for places such as Afghanistan, Sudan, and Nepal
- Focused on service provision by states financed largely by aid, and aspiration for taxes in longer term
- Almost wholly avoids the discussion of difficult political compromises and unbalanced political power



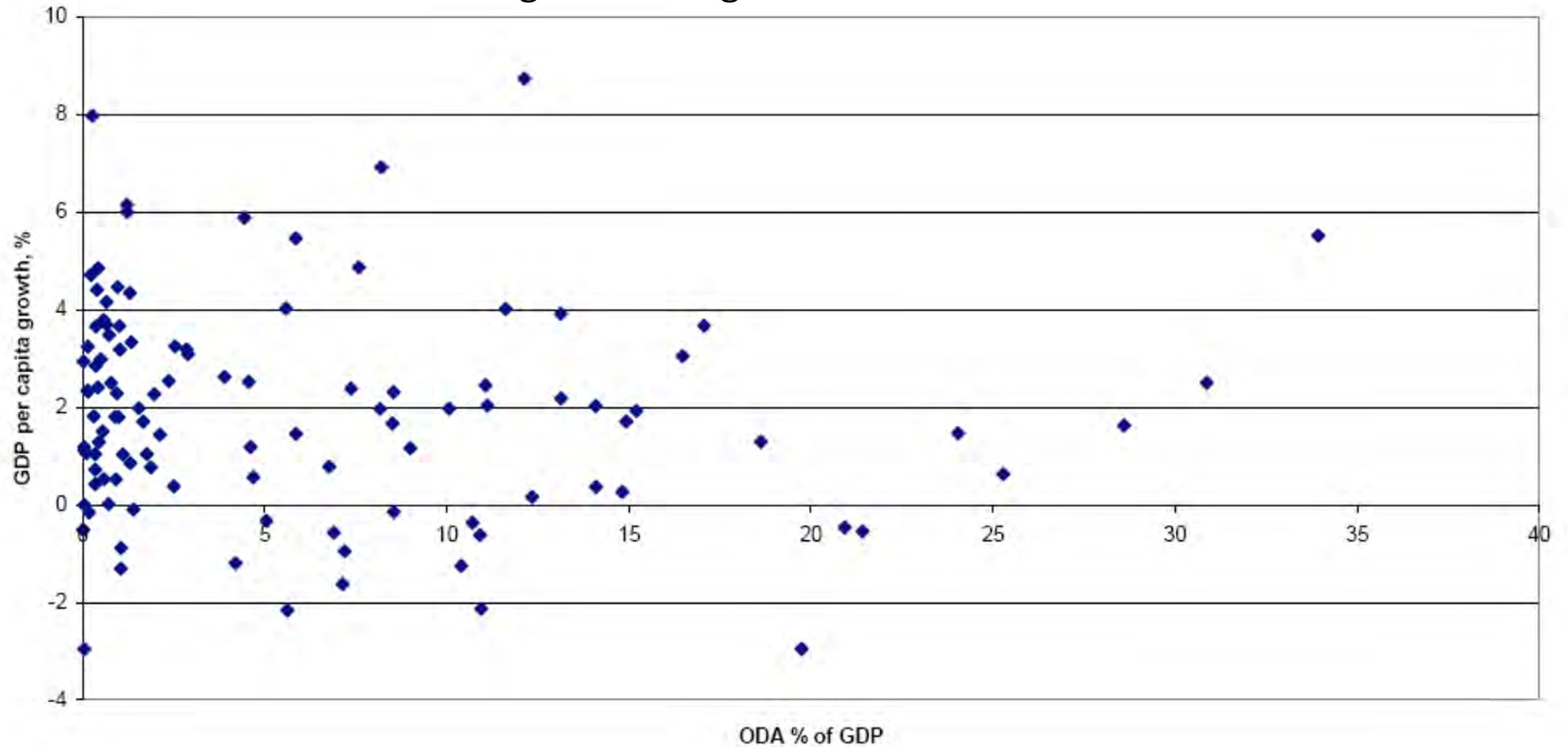
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Does aid work?

Some people indict aid based on one correlation

Foreign aid and growth 1994-2004



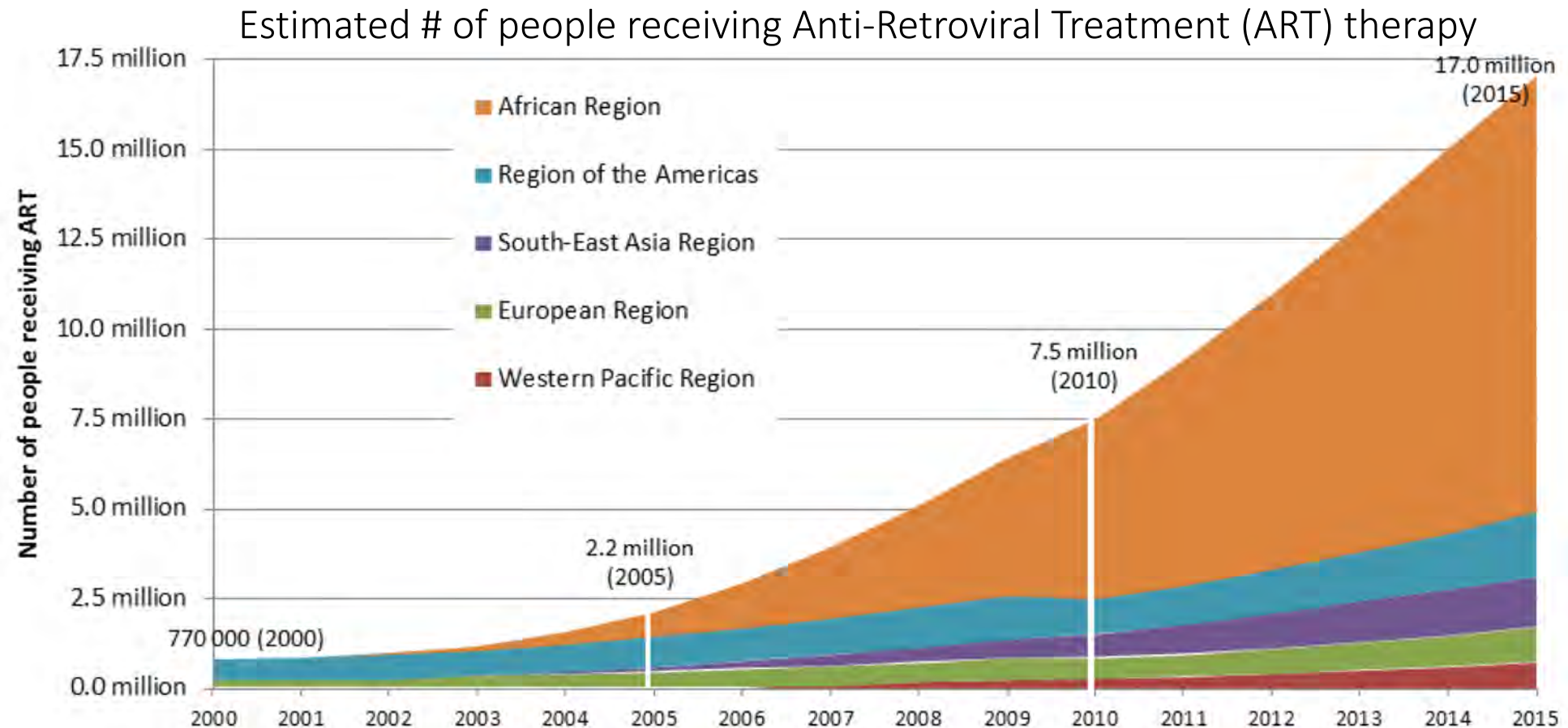
Actually, balance of evidence suggests aid is slightly associated with growth

Table 1: Summary of recent aid-growth studies

Study\^a	Reference	Period	Spec.\^b	Beta	Std. Error	$\approx$ Prob.
RS08	Table 4, col. 1	1960-2000	Linear	0.06	0.06	0.30
RS08	Table 4, col. 2	1970-2000	Linear	0.10	0.07	0.17
MR10	Table 4, col. 1	1960-2000	Linear	0.08	0.03	0.01
AJT10	Table 6, col. 2	1960-2000	Linear	0.09	0.04	0.02
AJT10	Table 4, col. 4	1970-2000	Linear	0.13	0.05	0.01
CRBB12	Table 7, col. 6	1970-2005	Non-linear	0.15	0.06	0.01
CRBB12	Table 7, col. 10	1970-2005	Non-linear	0.31	0.17	0.07
CRBB12	Table 9, col. 9	1971-2005	Non-linear	0.27	0.13	0.04
CRBB12	Table 9, col. 9	1971-2005	Non-linear	0.42	0.20	0.04
KSV12	Table 2, col. 5	1970-2000	Linear	0.05	0.05	0.32
LM12	Table 3, col. 4	1960-2001	Linear\^c	0.85	0.43	0.05
NDHKM12	Table 1, col. 4	1960-2006	Linear	-0.02	0.01	0.14
B13	Table 3, col. 1	1960-2000	Linear	0.12	0.04	0.00
B13	Table 3, col. 1	1970-2000	Linear	0.18	0.07	0.01
HM13	Table 2, row 1	1971-2003	Linear\^d	-0.01	0.00	0.00
AJT14	Table 1, col. 2	1970-2007	Linear\^e	0.30	0.18	0.09
Mean	Unweighted			0.19	0.05	0.00
	Weighted			0.12	0.02	0.00

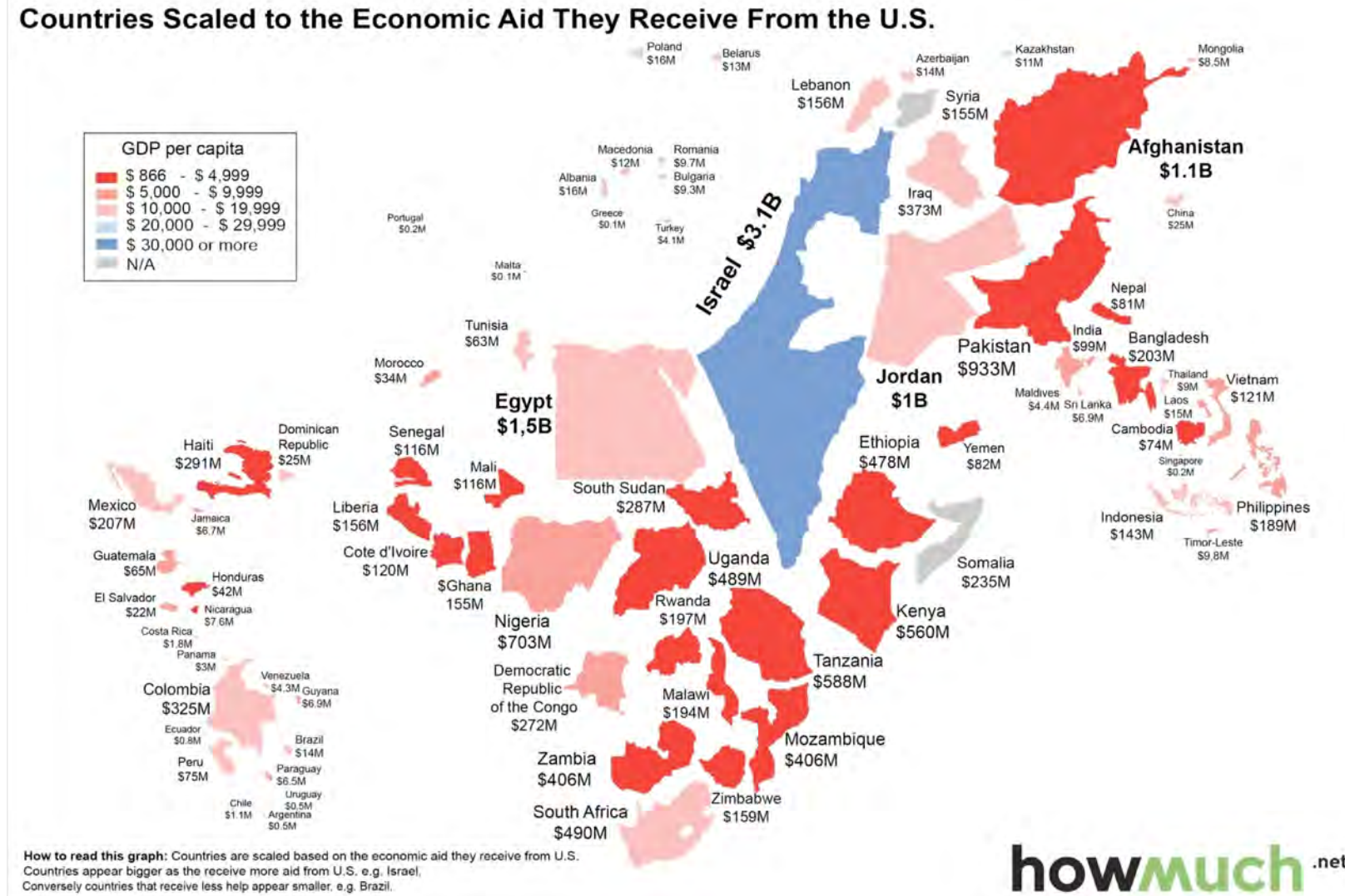
Aid has also been generally good at delivering certain outcomes, such as better health or lower mortality

- Health gains could reduce the aid/per capita GDP correlation, if it increases the per capita faster than GDP (this doesn't mean aid is a bad idea)





And a large fraction of aid is essentially patronage from rich nations to client states in return for implementing certain policies, and it has been largely successful in those aims



Indeed, few of the Millennium Development Goals (MDGs) were directly designed to be growth promoting

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The Millennium Humanitarian Goals?

“Does aid work?” is a sensible question only if you evaluate it by its objectives

- Self-serving?
  - Promote national self-interest
  - Advance an ideology
- Humanitarian or egalitarian?
  - Relief from natural and human disasters
  - Decrease worst forms of poverty and oppression
  - Redistribute
  - Promoting freedom and rule of law
- Expanding the pie?
  - Promote security and stability
  - Building stronger states
  - Spur economic growth

## This course has been focused on a subset of goals

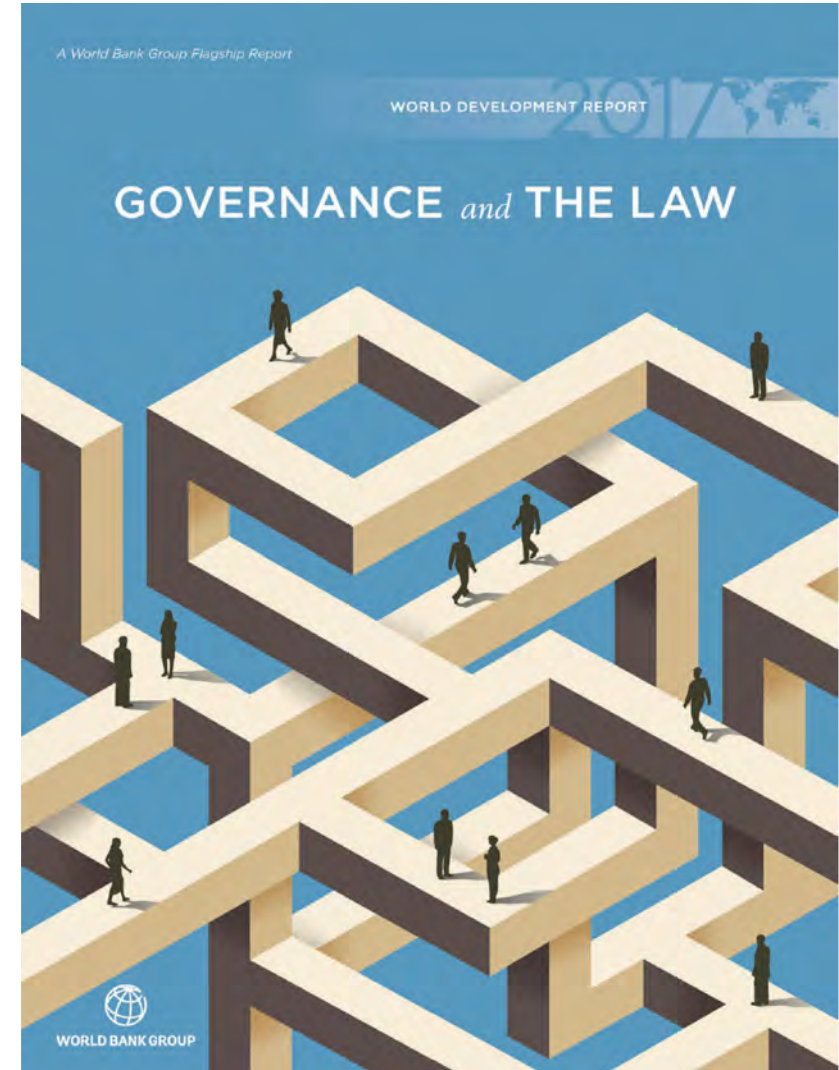
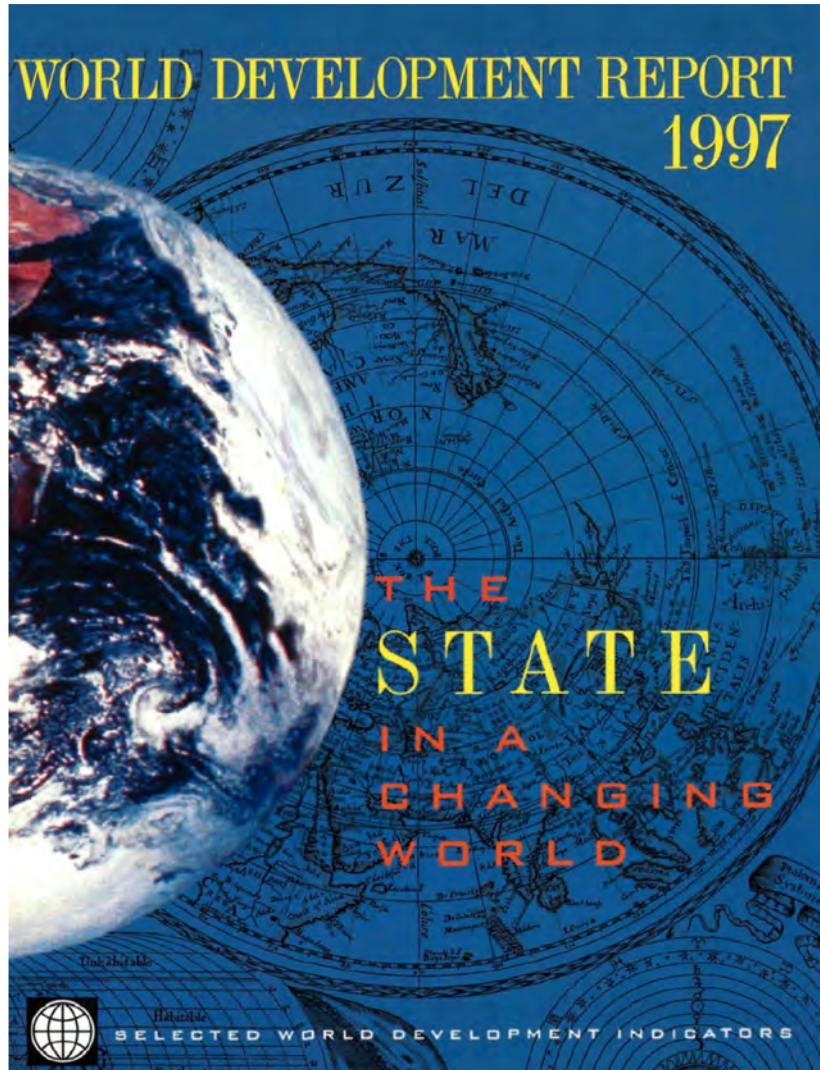
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How do you think foreign aid can shape state strength and development, for better or worse?

Only somewhat recently have aid donors started thinking about state capability as an objective



In the meantime, poorly designed aid systems have helped to undermine political development in at least 4 ways

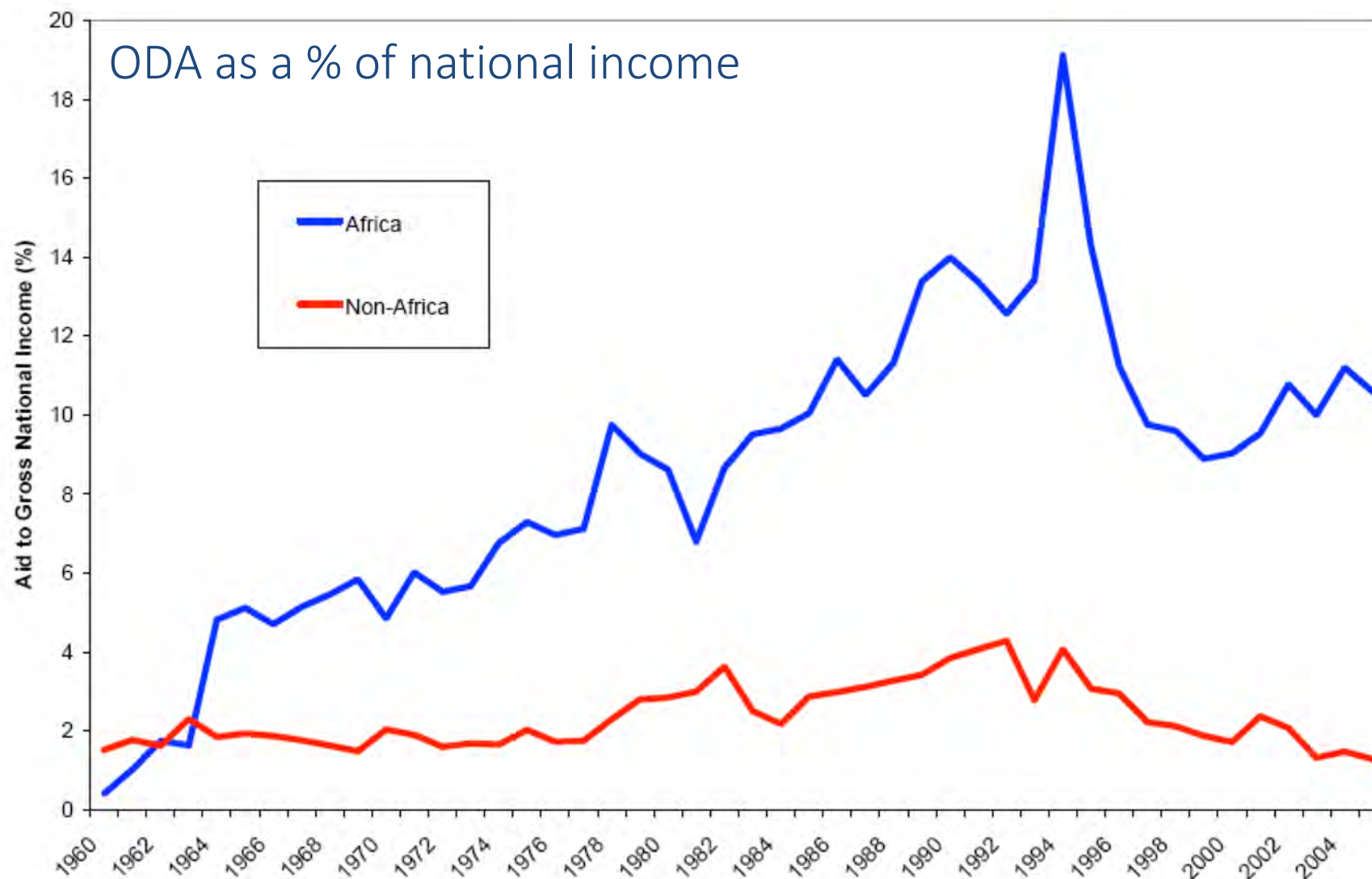
1. Assistance exceeds absorption capacity
2. Lower incentives for taxation
3. Weakens accountability to citizens
4. Encourages mimicry, unrealistic goals, and premature load bearing



## Ways that poorly designed aid can undermine political development

1. Assistance exceeds absorption capacity
2. Lower incentives for taxation
3. Weakens accountability to citizens
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## How much aid can a state absorb?



## Some possible implications

- In many of the lowest-income countries, aid is more than half of all government expenditure
- Should we expect the marginal aid dollar to be effectively spent in this scenario?
  - Such large aid flows could actually reduce the quality of government budgeting and spending, encouraging fiscal indiscipline in the full budget
- Especially if givers fail to recognize the state as a fragile limited access order
  - Like oil, extremely high volumes of aid turn may those flows into a rent to be distributed
  - Encouraging the patrimonial state more than would be the case with other forms of revenue, such as taxation

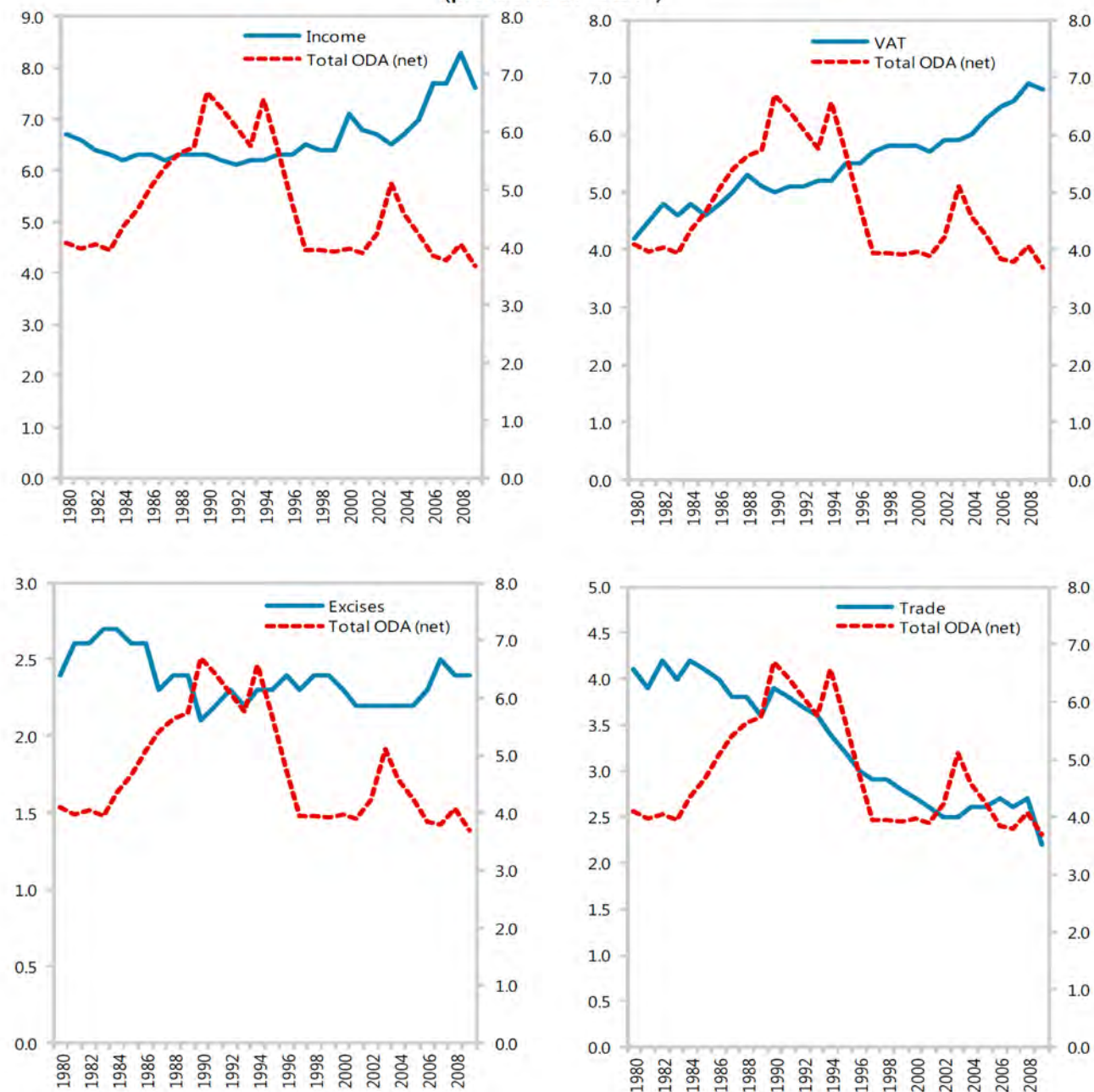
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## Aid and tax collection are slightly negatively correlated

- An extra \$1 in grants is associated with \$0.10 lower taxes
- We do not see this correlation with subsidized loans
- By no means is this necessarily causal
  - The evidence is scarce and surprisingly poor
- Nonetheless the correlation is consistent with a theoretical logic

**Figure 2. Average Taxes and Total Net ODA, 1980–2009**  
(percent of GDP)



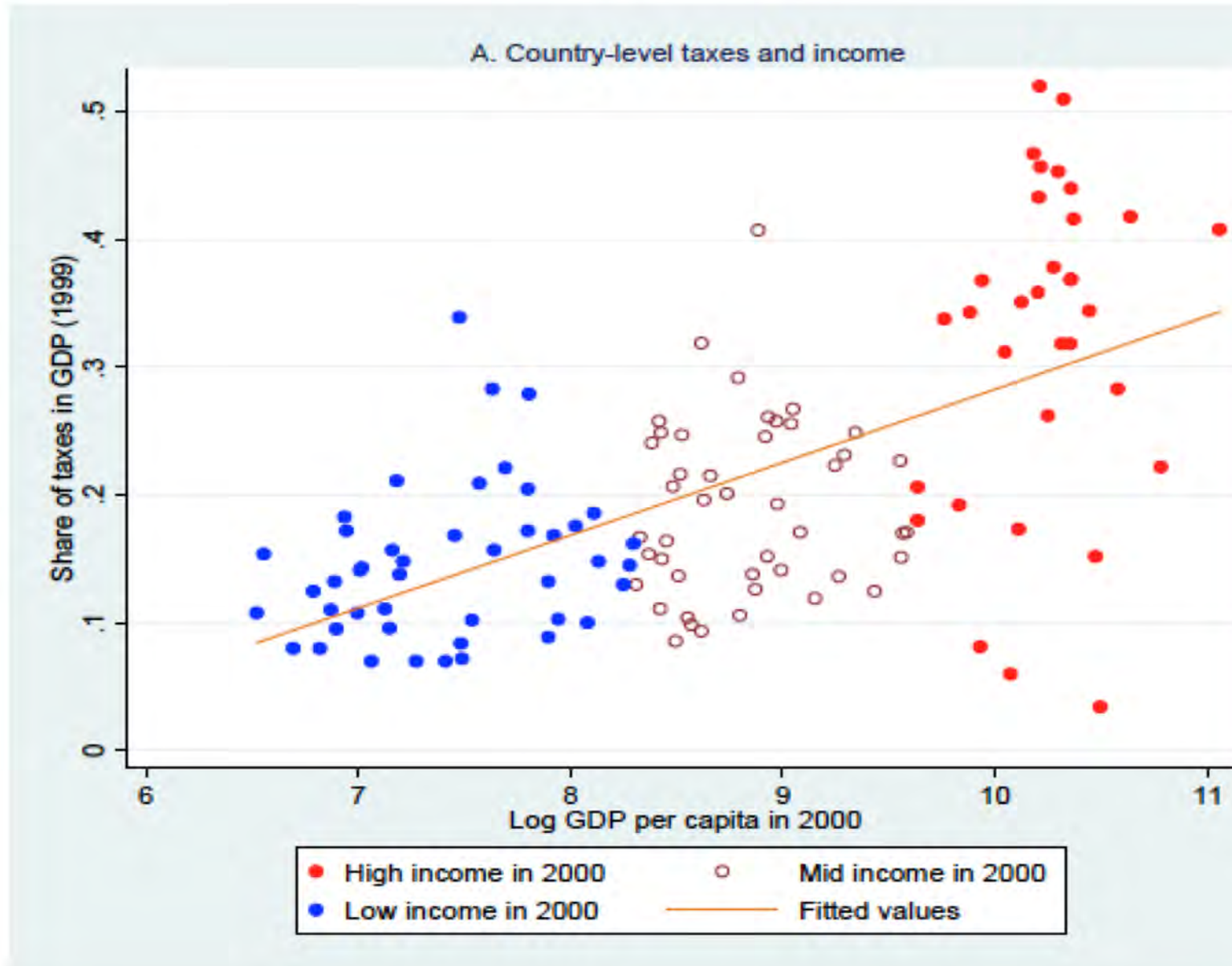


## A simple theoretical logic

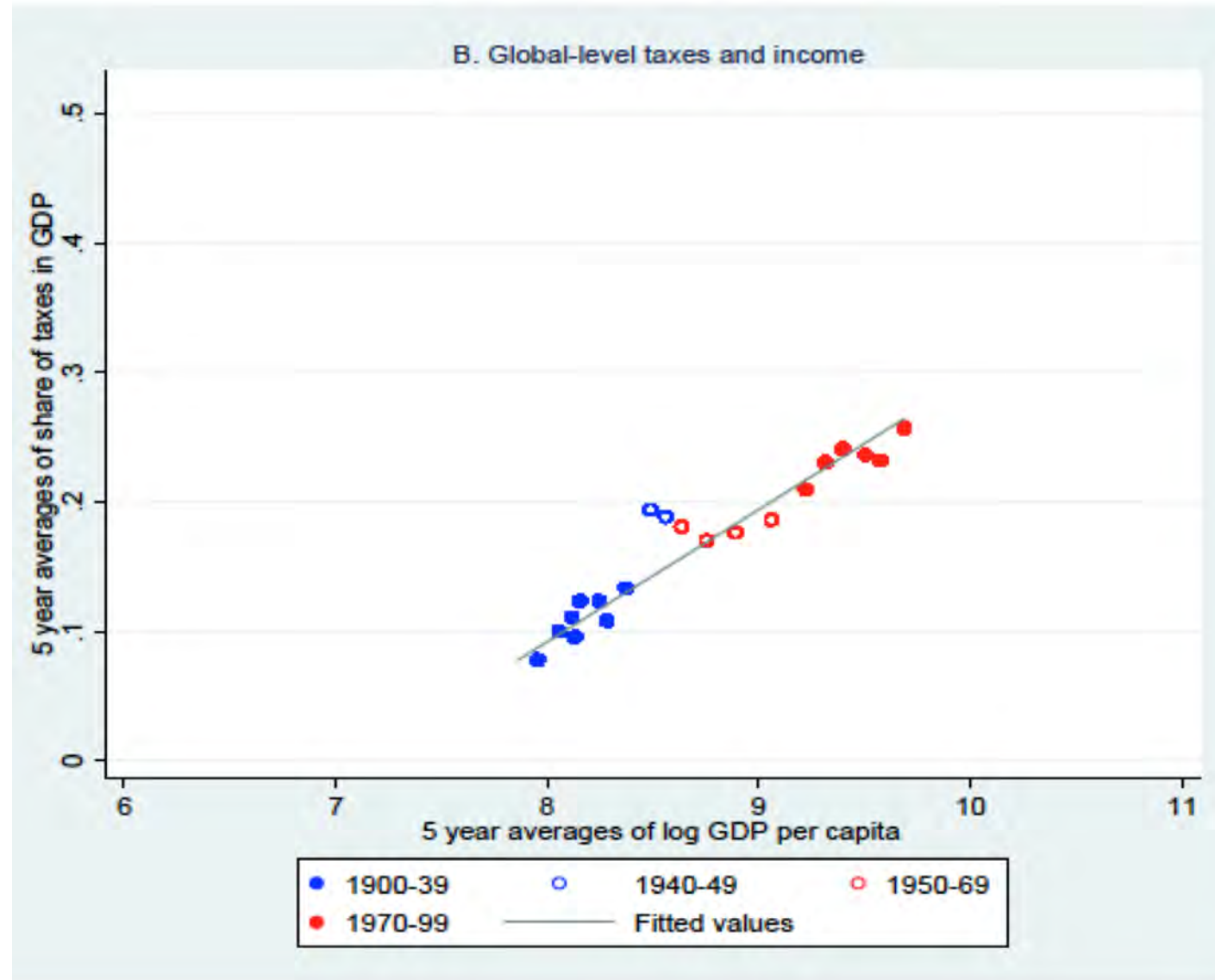
### Besley and Persson (2013) “Taxation and Development”

- Fiscal capacity—the ability of a state to enforce compliance with taxes—requires costly investments
  - Requires up-front investment in a bureaucracy and collection capacity
  - Increased taxation will also face steep political resistance
- An alternative source of revenue in future (aid or resource rents) will reduce the marginal value of tax revenue in future, reducing the incentives to invest in state capacity
- Some forms of assistance will not have the same disincentive
  - Loans and the requirement to repay
  - Short term aid
- Sadly, we have yet to see very strong evidence one way or the other, and are left to work with provocative correlations

Poorer countries today tend to collect a lower share of national income in taxes

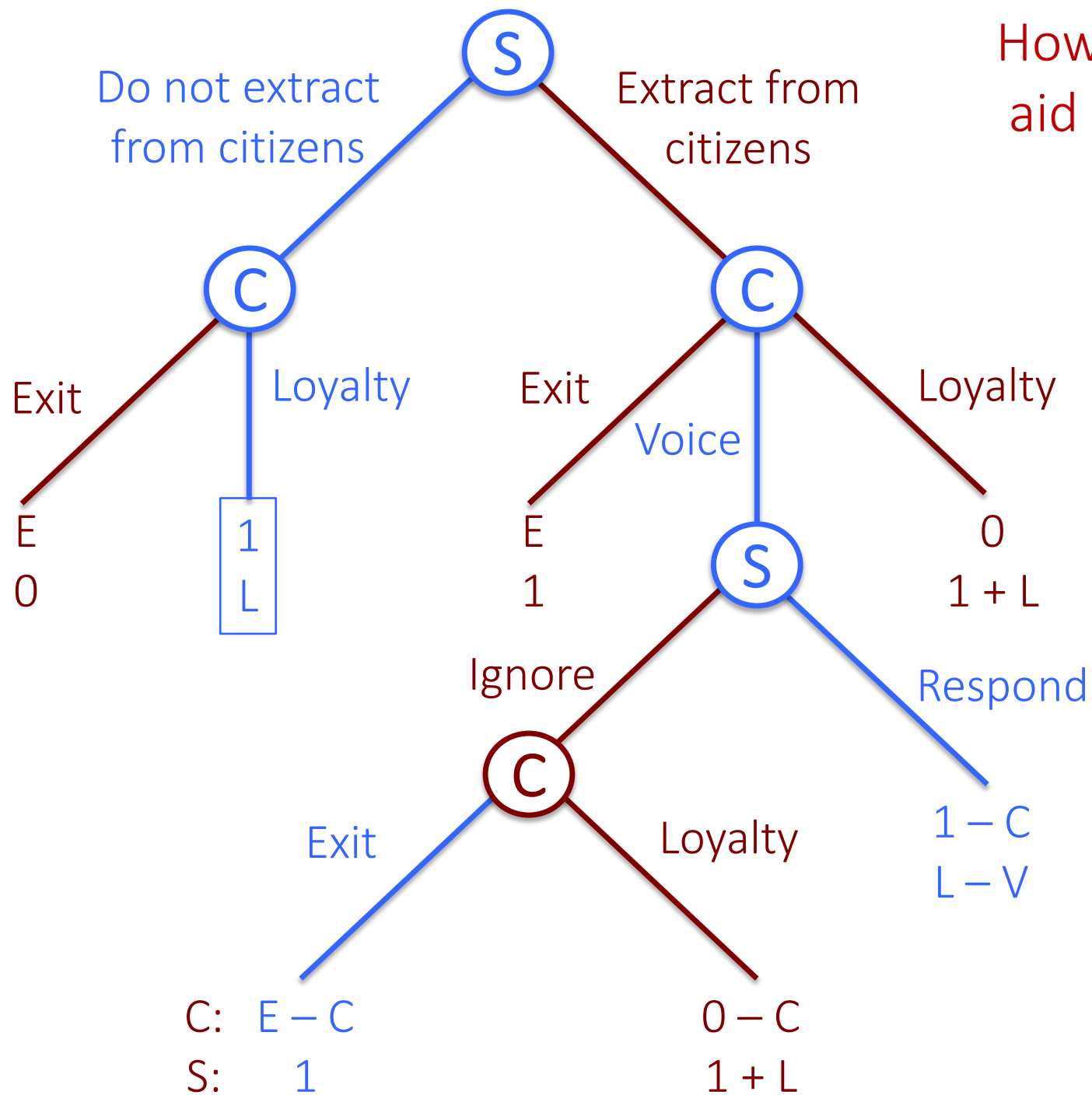


Although levels of taxation in low- and middle income countries today may not be so different from high-income nations a century ago



## Ways that poorly designed aid systems can undermine political development

1. Exceeds absorption capacity
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How would massive aid flows affect this equilibrium?

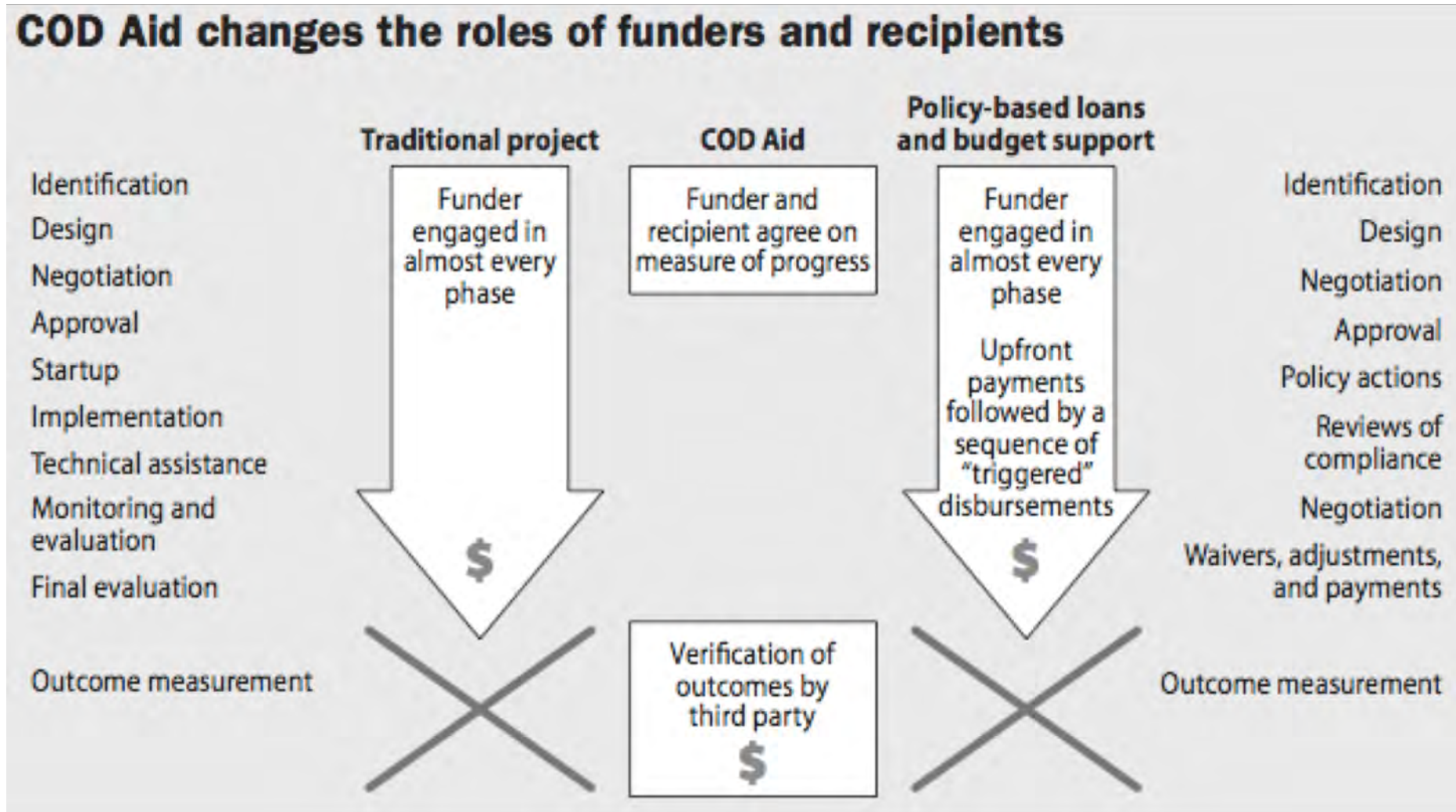


## What types of foreign assistance policies might...

- Reduce  $C$ ?
- Increase  $E$ ?
- Increase  $V$ ?
- Increase  $L$ ?

## An example: “Cash on delivery” aid

Accountable to outcomes, even if not citizens



## Aid could make states accountable upwards to donors, not downwards to society

- In some economies, aid has become the biggest sector in the economy and the prime source of revenue
- One of the scarcest things in a developing state can be the time and attention of qualified, high-level public officials
- The proliferation of donors and projects is a major burden for the small number of qualified public officials, who can spend much of their time attending to donor concerns and managing aid activities
- These officials have incentives to get money from donors rather than focus on their core developmental functions, including the development of state capacity

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# Mimicry

- Mimicry or “isomorphism”: the process by which one organism mimics another to gain an evolutionary advantage
- Sociologists have applied this to organizations like businesses, which might begin to imitate form rather than function
- e.g. Imagine you were a startup seeking venture capital in Silicon Valley



The deadly Texas coral snake,  
*Micrurus tener* (the mimic)



The harmless Mexican milk snake,  
*Lampropeltis triangulum annulata* (the model)



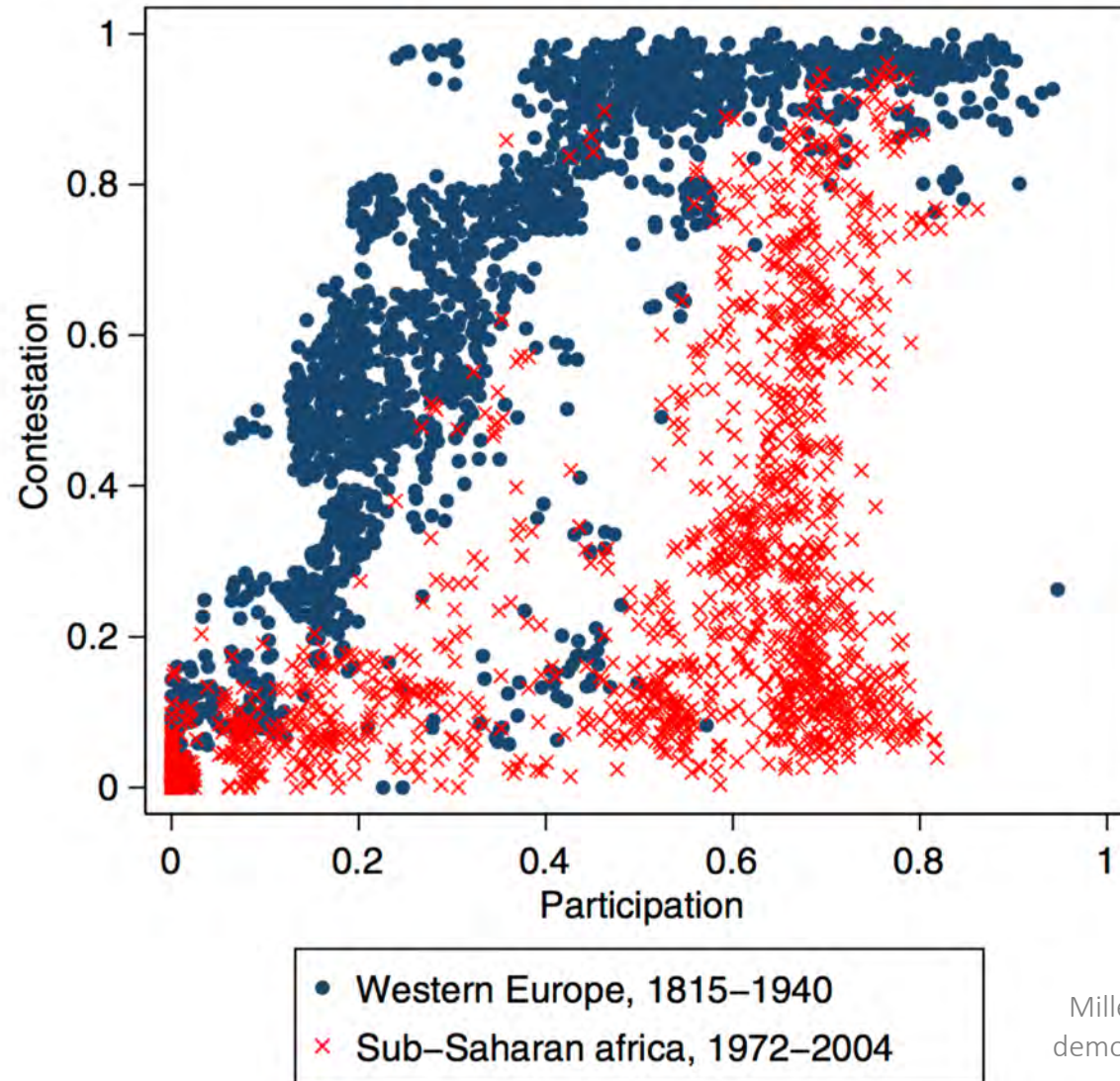


# Mimicry of form rather than function in developing countries is common



- Politicians and agencies can symbolically mimic a state or institutional form for many reasons:
  - Aspirationally
  - To attract donor dollars
  - To avoid international condemnation or penalties
  - To fool complacent citizens

# The phenomenon of autocratic elections: High rates of voter participation with no meaningful contestation



Miller, Michael K. "Democratic pieces: Autocratic elections and democratic development since 1815." *British Journal of Political Science* 45.03 (2015): 501-530.

## Why might mimicry be problematic?

1. What if rich-country “best practices” are suboptimal
  - Mimicry suppresses innovation and experimentation
2. Form could begin to distort function
  - E.g. Moss et al (2004) describing the growing gap between the official Ghanaian budget (to satisfy donors) and actual patterns of spending
3. Encourages premature loadbearing
  - Set overly ambitious goals
  - “Fail” even if you achieve relative success
  - Maybe state fails for real because took on too much
  - Or crowds out core functions of the state



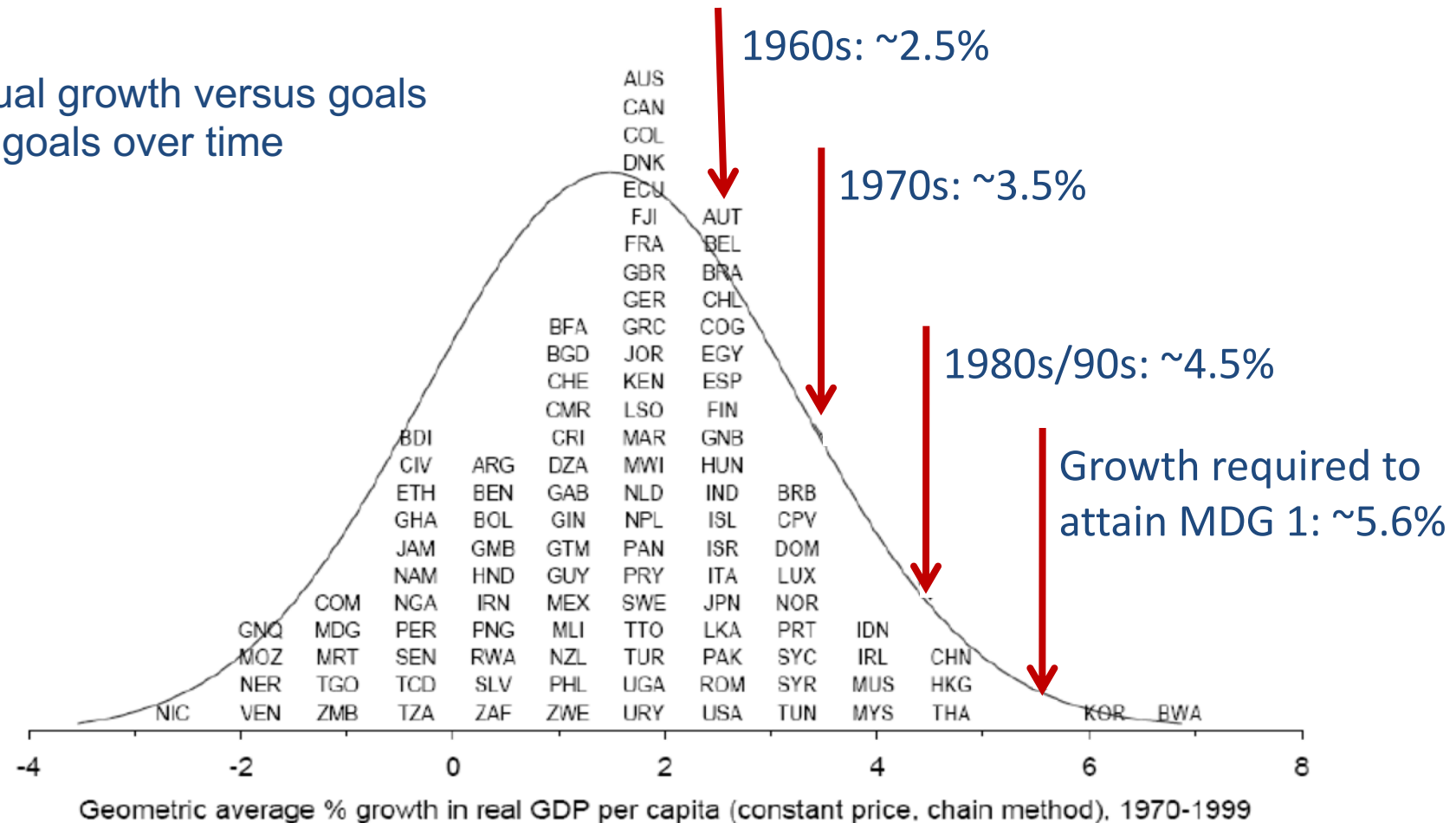
## Donor nations also tend to underestimate how long changes in state and institutional development can take

- Even huge improvements in reducing corruption or state patrimonialism are set up to fail with zero tolerance expectations and programs



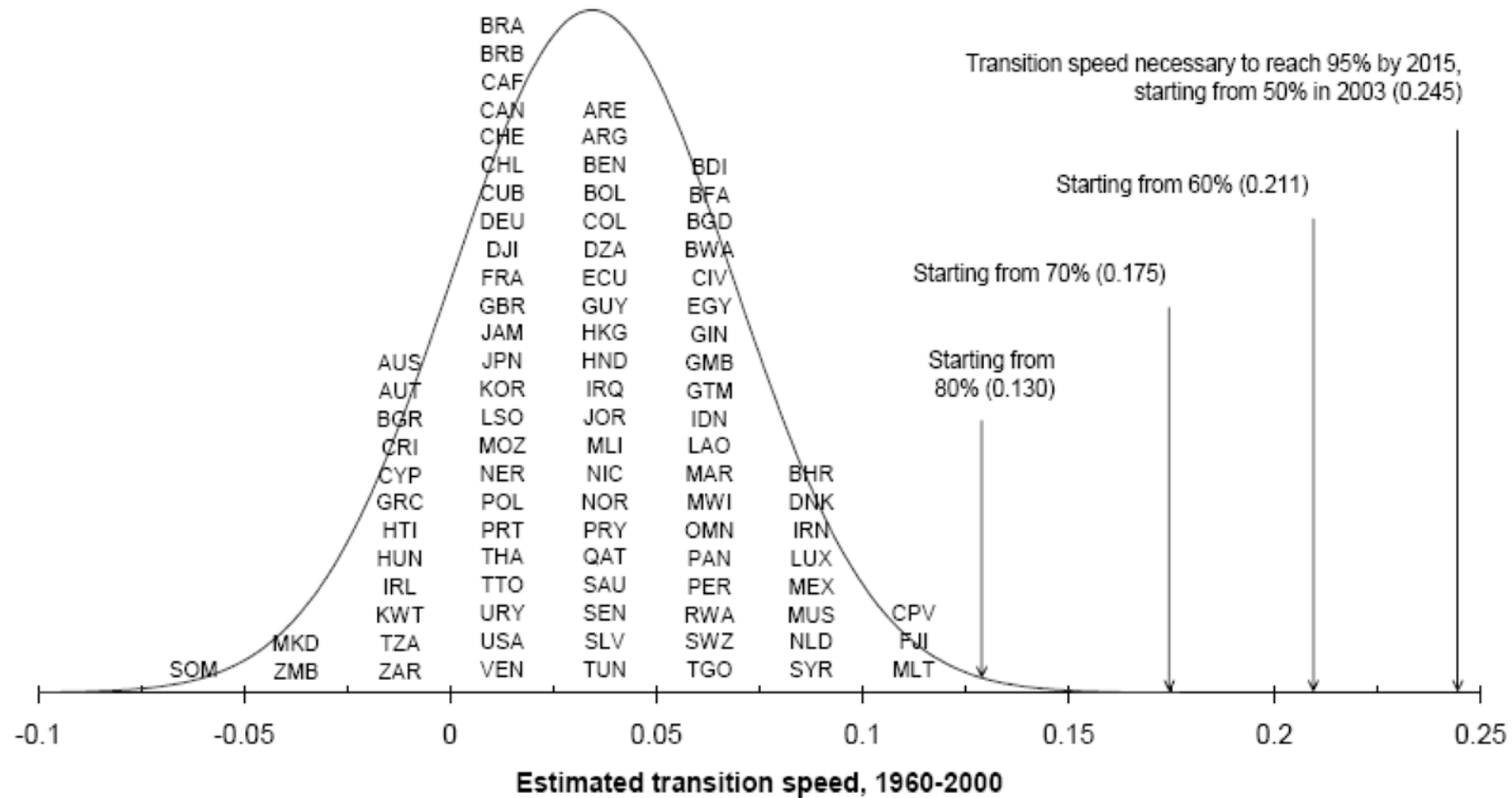
# The setting of overly ambitious goals is a persistent theme

Actual growth versus goals  
UN goals over time





## What it takes to meet MDG 2: Universal primary education



These are all important goals, but even if realistic goals are set, what is the consequence of having a weak state pursue all of them?

### Millennium Development Goals:

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