

Political development & policy



Lecture 17: Incremental state building

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Continuing from last day:
How foreign assistance could undermine state capability

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

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)

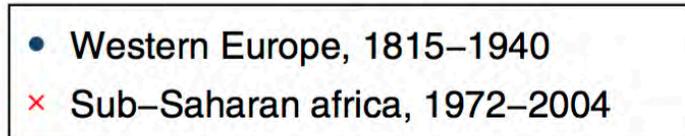
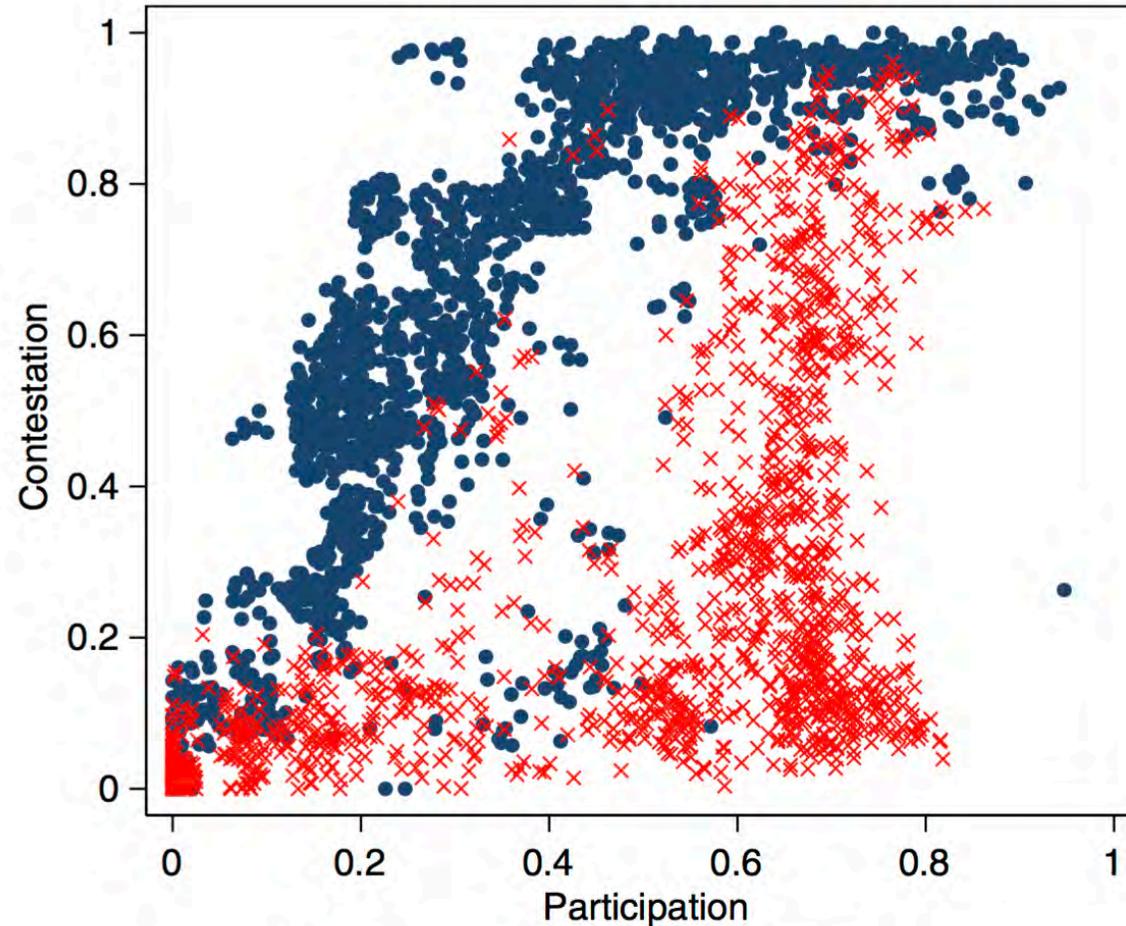


Mimicry of form rather than function in developing countries is common



- 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

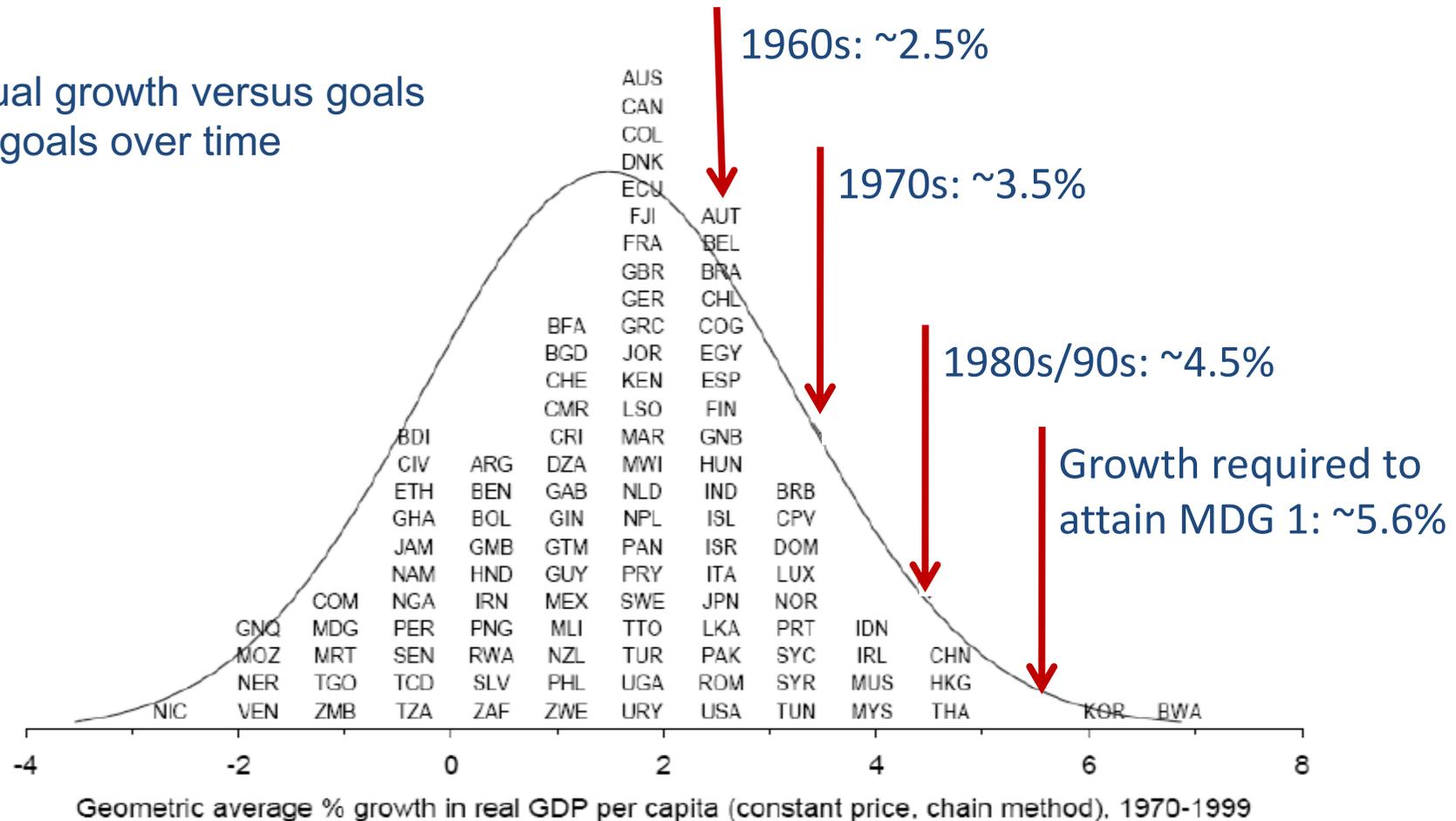
Donor nations also tend to underestimate how long changes in state and institutional development can take

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

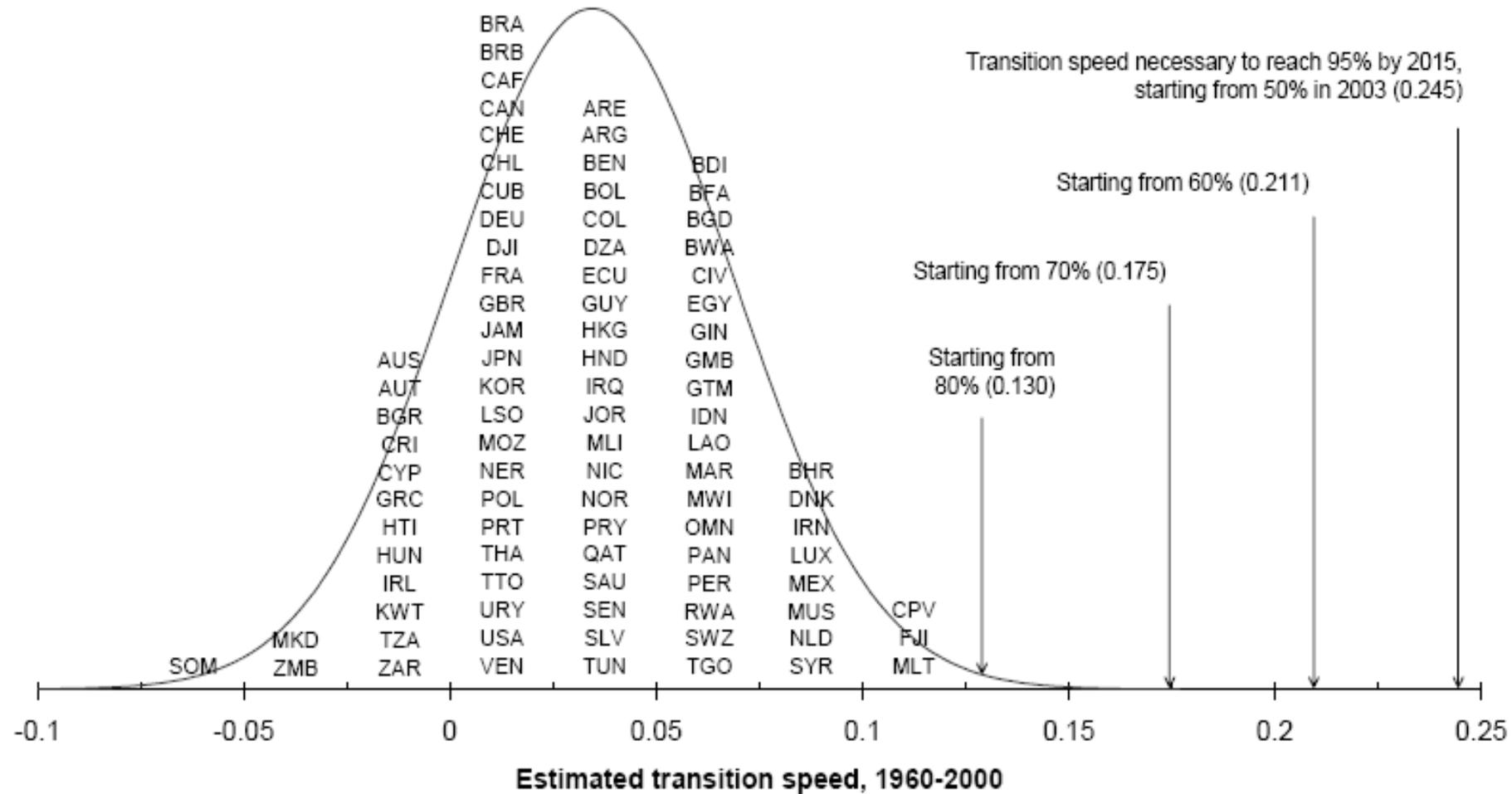


The setting of overly ambitious goals is a persistent theme

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:

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

Capacity to implement is the scarcest resource in a weak state

- The proliferation of donors and projects strains the capacity of the small number of qualified public officials
- Many donor objectives—free education, primary health care, etc—are huge leaps for states that can barely provide basic order
- These programs and funds are often run by or through the state because of concerns about setting up parallel systems
- What about concerns about NOT setting up parallel systems?
- What business does a state that cannot run the police have running a school system?

III. A more optimistic view of aid: Tipping
the balance towards more open
economies and politics

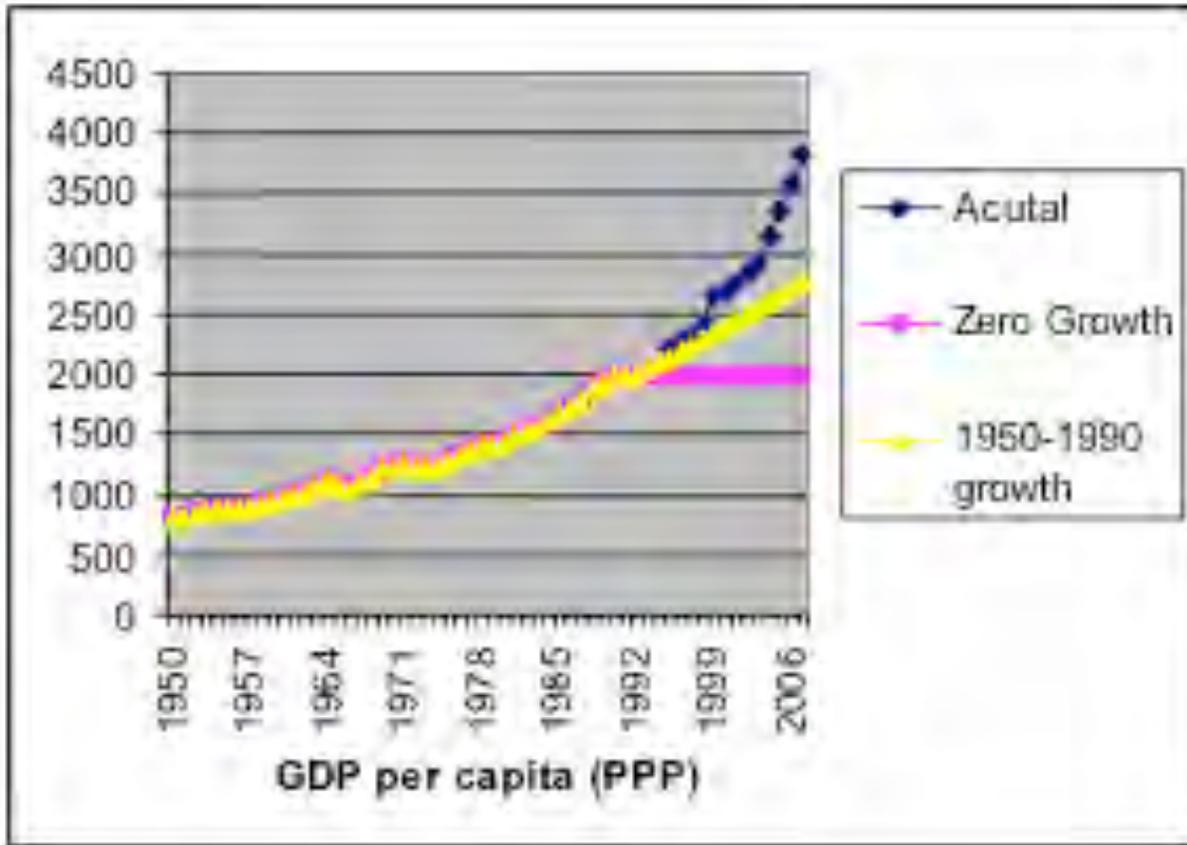
Lant Pritchett: Think of the international aid apparatus as really bad ballet, being done all over the world badly every day



But all this bad ballet is
necessary to produce the
virtuoso performance



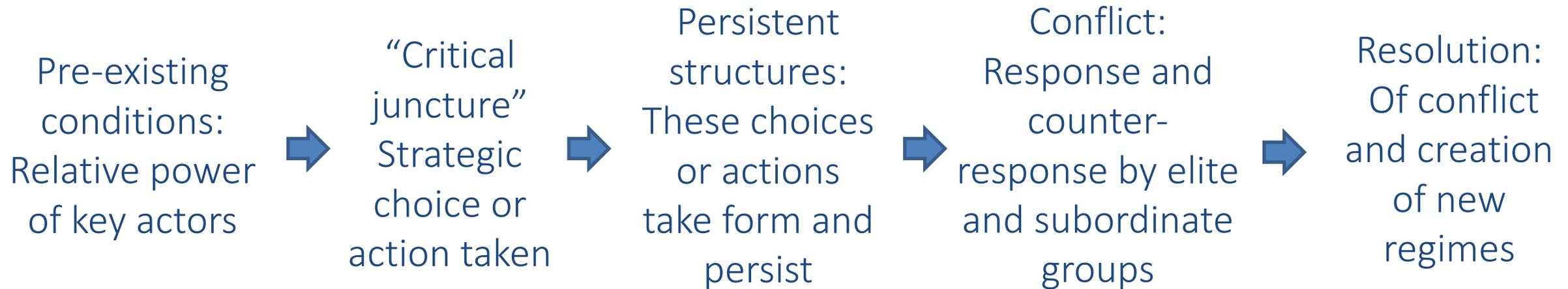
A virtuoso performance: India in 1992



- Crisis in 1992 (a critical juncture)
- Government undertook a liberalization of the economy influenced by international aid/finance practice and research
- The gains from these reforms arguably exceed the previous 20 years of aid, plausibly by an order of magnitude
- Lesson: aid can work even if it mostly fails

Most examples of aid improving governance feature a now familiar characteristic: path dependence and critical junctures

Recall Mahoney's explanation of these concepts:



Example: The Marshall Plan 1948-51

“History’s most successful structural adjustment program”?

- US transferred \$13 billion in aid to Europe
- Folk wisdom attribute Europe’s recovery to this aid
- But this amount was tiny compared to the cost of recovery and size of economies
- Rather, “conditionality” encouraged skeptical countries to orient themselves towards the market
- It was an incentive and cushion to make reform possible



De Long, J. Bradford, and Barry Eichengreen. The Marshall Plan: History's most successful structural adjustment program. No. w3899. NBER, 1991.

Another example: Uganda 1986

- A strong rebel group and leader come to power
- Circumstances favor “autonomous recovery” (recall Weinstein)
- The new President Museveni is deeply skeptical of a market oriented economy
- He is persuaded both by aid but also economic expertise to pursue a relatively free and one economy
- Uganda has since sustained almost 30 years of continuous economic growth



We could also view peacekeeping interventions as seeking to tip the balance at critical junctures



Indeed, this is the most charitable way to view post conflict state and democratic institution building

- Recall the standard menu of post-conflict interventions (in weak states)
 - Demobilization, disarmament and reintegration (DDR)
 - Reconciliation / transitional justice process
 - Restore the central state bureaucracy
 - Organizing elections with multiparty competition and universal suffrage
 - Make commitments to combat corruption



Congolese youth with their voting cards ahead of the first free elections held in the DRC in over 40 years, Kinshasa, June 2006

One possibility (unproven as far as I know): Support for post-conflict elections tip the balance towards political freedom in the long run

- A legitimate worry is that fragile post-conflict countries are pushed too soon to democratize
- Or, cynically, this creates only a “ritual of democracy”
 - “Giving aid donors an election barely clean enough to receive a low passing grade, but dirty enough to make it difficult for the opposition to win.” —Marina Ottaway
- But conceivably these tip the balance towards open politics

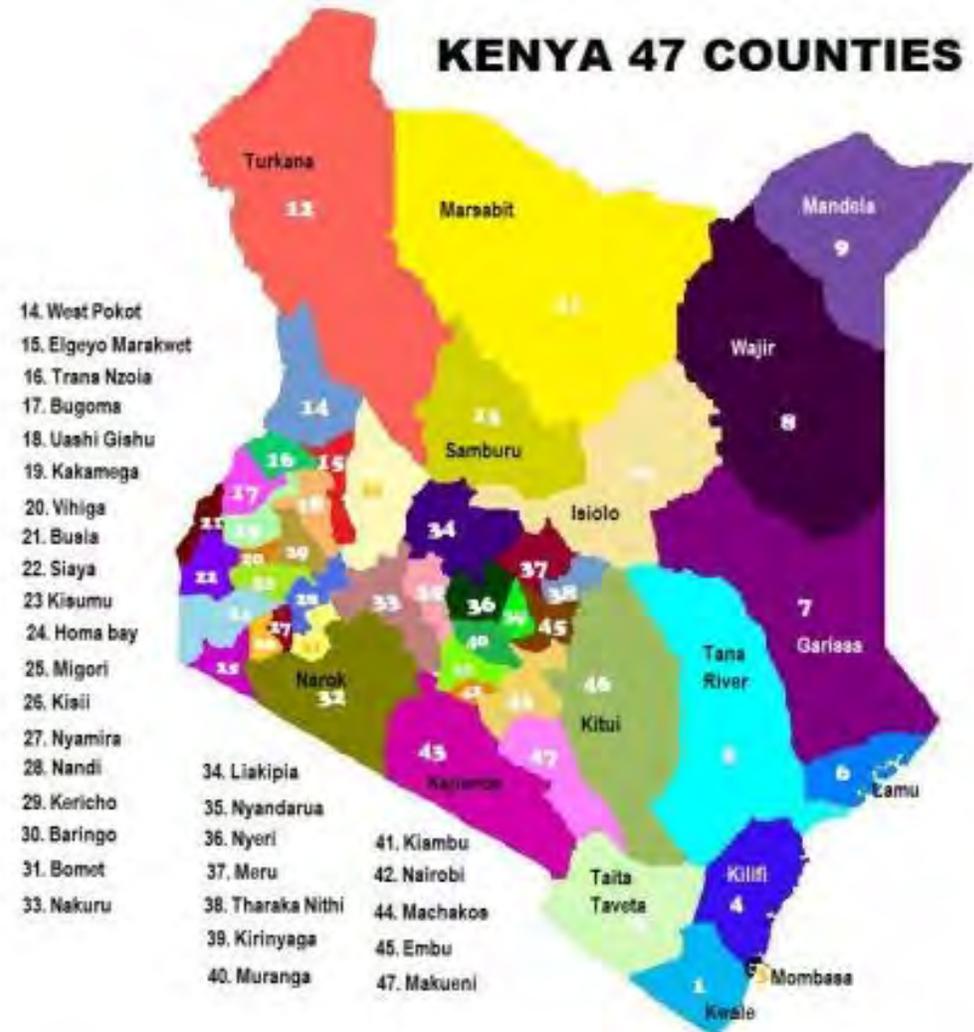


However, relatively seldom does this state reconstruction effort consider the formal decentralization of power

- Sometimes there are power-sharing agreements that lead to opposing groups controlling different arms of the government
- And there is typically some support for a free press and civil society organizations
- But more seldom is there an effort to strengthen the independent power and resources of local governments, bureaucracies, legislative and judicial branches of government
- Such a decentralization of power is, in part, an invitation to corruption, which donors detest
- Decentralized decision-making will also interfere with rapid reforms and planned reconstruction, or donor ability to work with a central actor such as a President

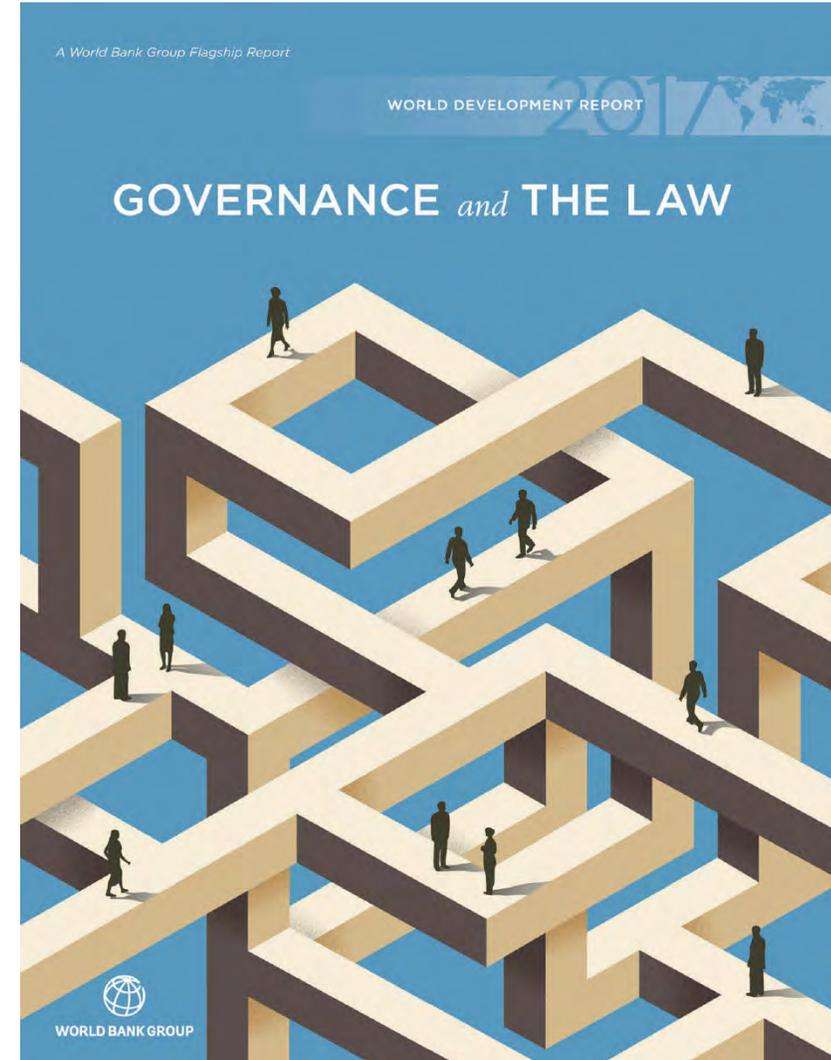
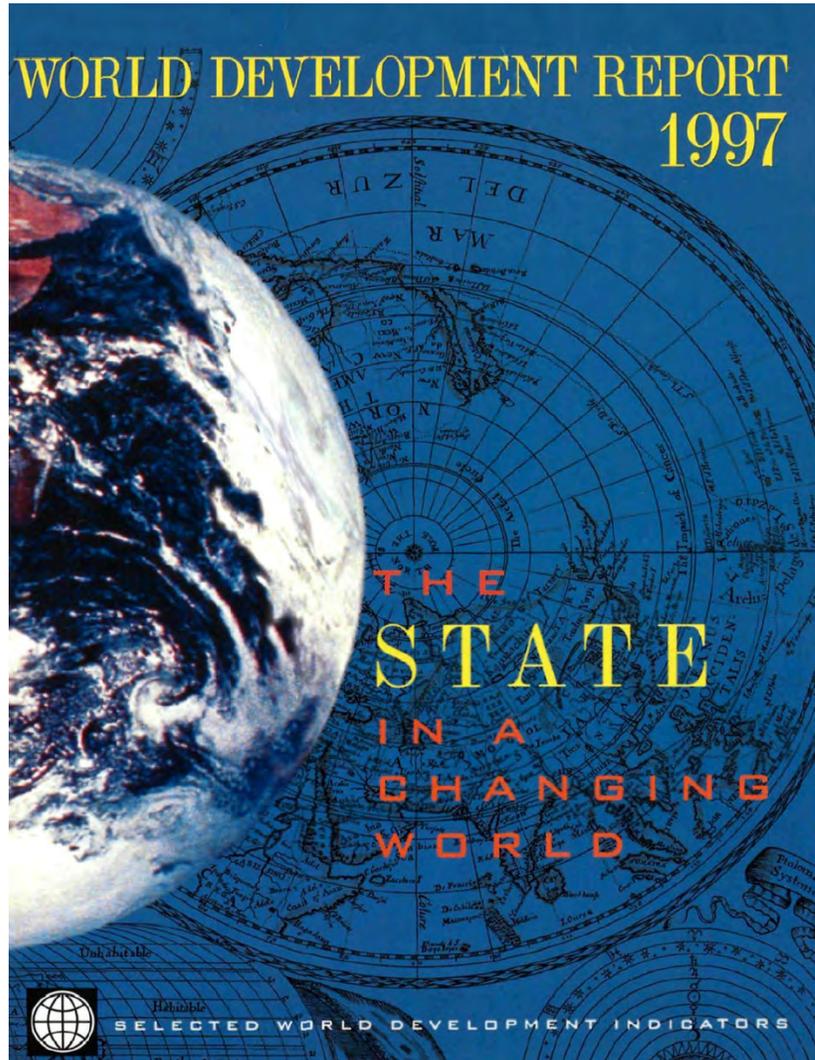
One interesting experiment currently underway: Kenya's devolution

- Election violence in 2007/08 helped led to a new power sharing agreement
- A Constitutional convention led to a new set of formal rules providing for:
 - More checks and balances within the government
 - Larger role of Parliament
 - Independent judiciary
 - A progressive Bill of Rights
 - Devolution of some tax and spending to regions



IV. State building one step at a time

Recall that only recently have aid donors started thinking about “governance” reforms



“Good governance”

A vague term used in international development to talk about everything in this course:

- The efficiency and effectiveness of the state
 - The ability to implement policy
 - The degree of corruption and patrimonialism
- The process of decision making or “who decides” in society
 - The degree to which poor or minority groups are included in decision making
 - The degree to which civil society is organized and enfranchised
 - The degree to which the powerful are bound by the rule of law

Why are development organizations talking about good governance and institutions at all?

- Failing to see seemingly sensible policies implemented, naturally people in international development ask why
 - e.g. van de Walle’s diagnosis of failed structural adjustment in Africa
- Achieving “good governance” is seen as necessary condition for good domestic policies to be implemented
- **More cynical view:** It’s a way for development actors to talk about political development without necessarily having to use the word “politics” or understand how politics works
 - Most UN agencies, including the World Bank and IMF, do not have the mandate to talk about politics

Merilee Grindle: The list of governance reforms has become unhelpfully long and broad

Just another form of premature load bearing?

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 ^a	18	17	16	19	21	25
Institutions for good governance ^b	8	11	10	17	21	21
Specific laws ^c	4	14	6	9	16	9
Specific policies ^d	6	10	13	20	22	20
Specific services ^e	7	17	12	22	11	20
Broad strategies for achieving specific goals ^f	2	9	9	19	9	21
Total	45	78	66	106	100	116

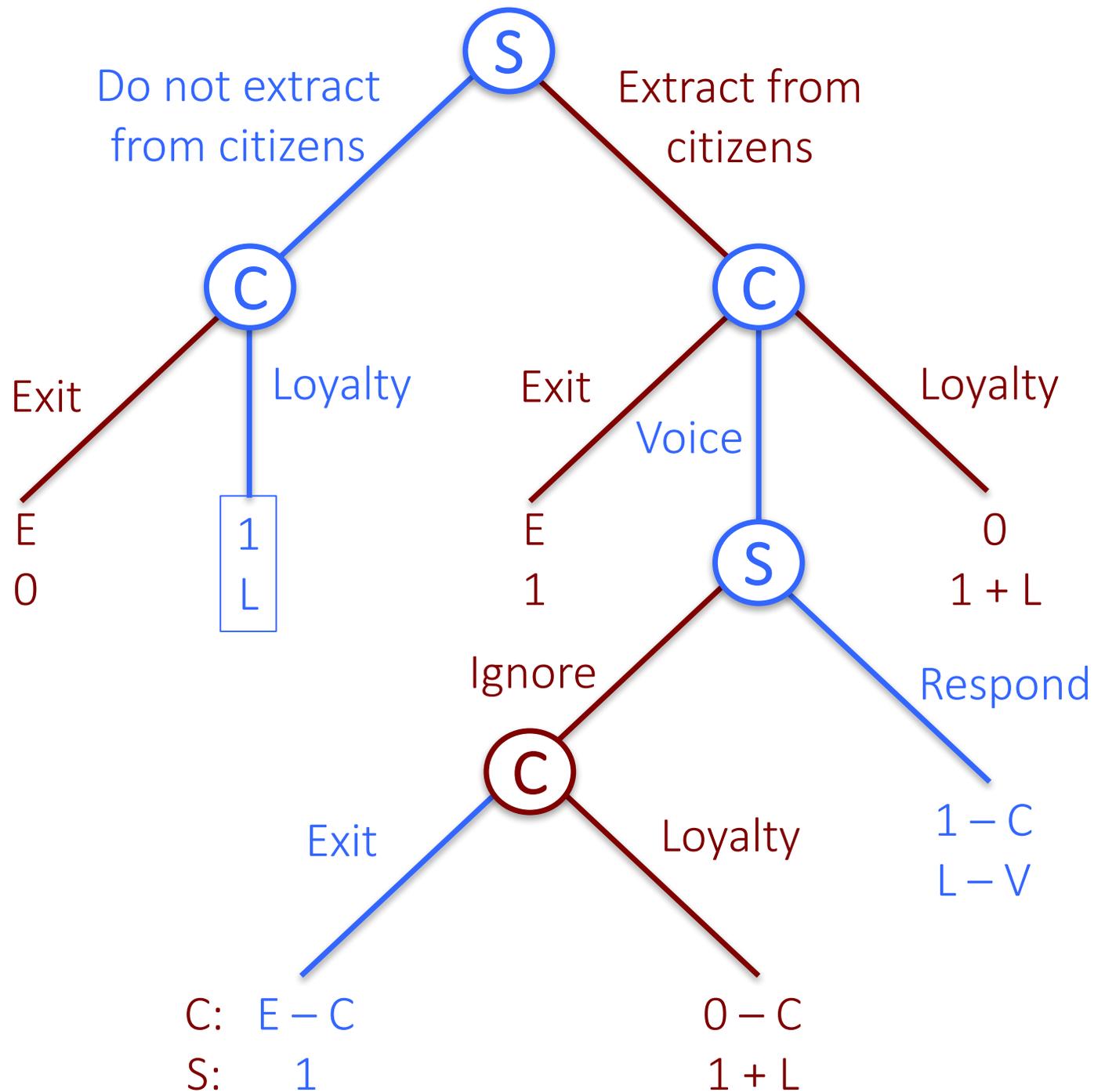
One new approach taken by donors: Focus aid on on states with high quality public institutions and other demonstrated ability to use resources well

- e.g. The MCC
 - New US aid agency started in 2004 independent from State Dept and USAID
 - Countries must meet a set of policy indicators
 - Then in principle set their own plans and lead implementation
- In principle, gets incentives right
- But by definition this is not a solution for the world's fragile and slowest growing states



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA



A second approach is to think about what forces would strengthen the bargaining power of citizens

What might these be?

A final approach is to try to directly reform states

Blum & Rogger 2016

- The World Bank has supported many hundreds of large projects aimed at public sector reform in poor and fragile states, e.g.
 - Centralized systems of public employment and payroll control
 - Promoting merit-based civil services through pay and grading reforms
 - Developing procurement and payment systems
 - Capacity building through training
- It's difficult to say how effective these efforts are, especially in poorer and more fragile states
- So how can domestic reformers (and international backers) do this well? Is it possible?

Some principles for building state capability, incrementally

- A. Many of the institutions we think of as precursors for order and development emerged relatively late
- B. State capacity takes a very, very long time to develop
- C. States should be strategic in how they spend their limited capacity
- D. Some state functions are amenable to best practices, but solutions to the hardest problems cannot be imported
- E. Don't forget that elites have incentives to stymie or capture reforms

A. Many of the institutions we think of as precursors for order and development emerged relatively late

- Centralized municipal police departments do not emerge in US and UK until the mid and late 19th century
 - Prior to this police were largely community volunteers
 - In the US South, police had their origins in slave patrols
- These bureaucratic structures appeared once they were demanded by citizens and cities could form and support them



Manchester police, 1840s

In today's rich countries, many state capabilities arose as a consequence of development

- “Good governance” emerged slowly and haltingly in today's developed countries and was often the work of generations
- Some examples:
 - Universal male suffrage did not emerge until the 20th century
 - Bureaucracies were corrupt and for sale
 - Judges didn't necessarily know the law
 - In 1820, the UK was slightly more developed than India today but it did not have many of the things India has: universal suffrage, a central bank, income tax, corporate law, etc
- In general we don't know much about timing and sequencing

B. Historically, state capacity has taken a very, very long time to develop

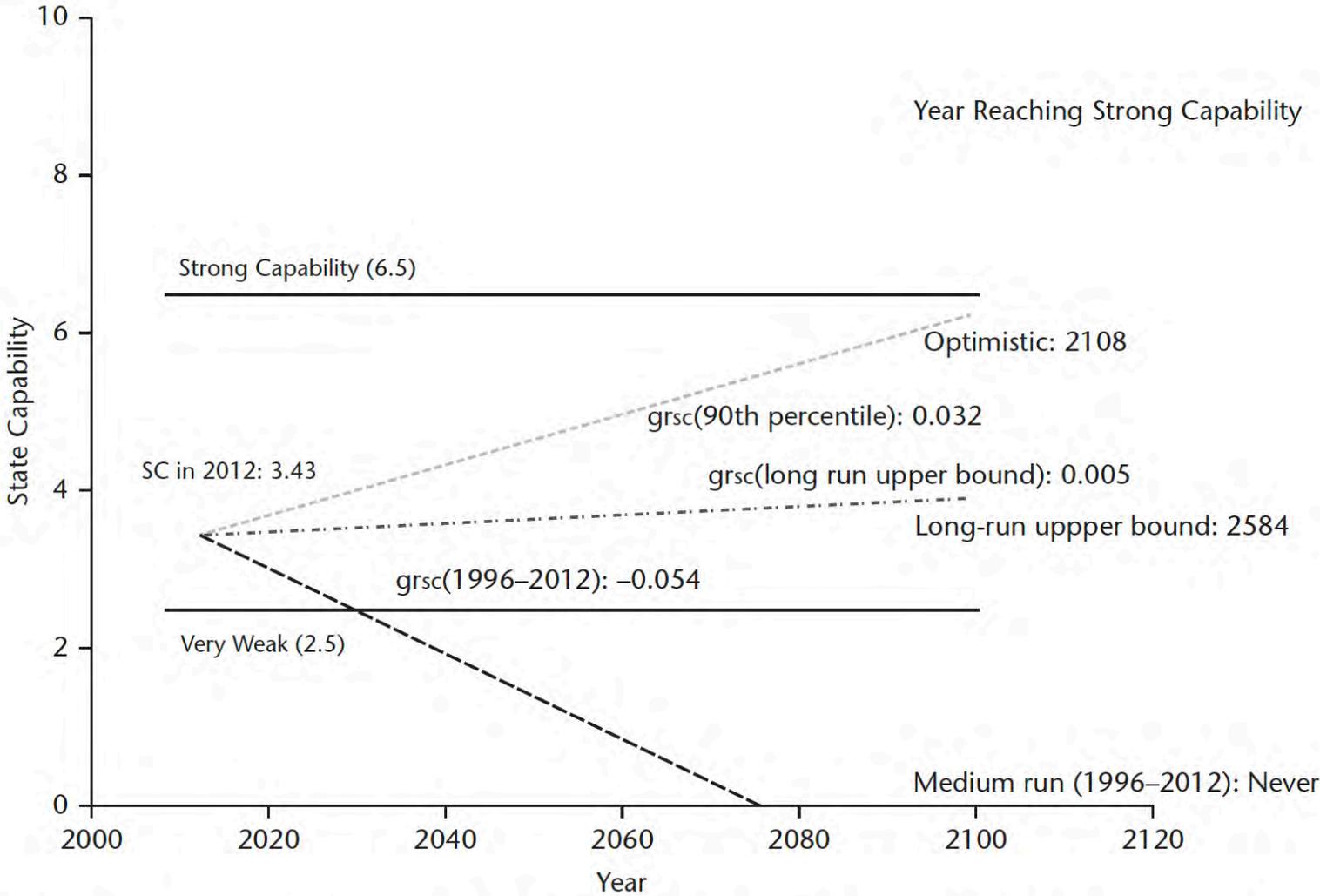


Figure 1.2. Alternative scenarios for the evolution of state capacity in Guatemala

Andrews, Matt, Lant Pritchett, and Michael Woolcock. "Building State Capacity: Evidence, Analysis, Action." OUP Catalogue (2017).

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



C. Never forget these are limited access orders

Blum and Rogger (2016) review attempts to reform civil service in post-conflict countries

- They note how in Afghanistan, South Sudan, and other places, ministries and the ability to appoint public servants were given as spoils to armed factions as part of a peace bargain
- Public employment is a powerful patrimonial tool commonly used in even fairly sophisticated states
- As a result, reforms that try to professionalize the bureaucracy or promote merit-based appointments and pay will encounter resistance from elites
- Reforms that ignore this bargaining and patrimonial incentives will be less likely to succeed
- The real question of reforms should be: how to improve professionalism and meritocracy on the margin?

D. States need to be strategic in how they spend their limited capacity

- What would happen if governments and donors began to treat state capability as the scarce resource and the binding constraint on development?
- One answer might be to focus on function only the state can perform, such as order, justice, taxation and some public goods
- Another would be to provoke a discussion about outsourcing non-strategic, non-essential functions
 - What can be provided by NGOs? The private sector?
 - What reforms can wait a decade and which are urgent
- This is a wholly different motivation for “privatization”
 - Based on capacity of a very weak state, not any inherent inefficiency
- Currently the opposite is true: donors worry about building parallel systems for running social services through NGOs

A controversial example: Bridge International Academies in Kenya, Liberia

- Hyper low cost private schooling where teachers teach by rote/tablet
- In theory, intended to give parents choice
- In Liberia, government has decided to run some public schools via this model
- To some the idea is abhorrent, but this assumes the Liberian state is capable of delivering public schooling
- In Liberia, this might be undermined if Bridge gets a de facto local monopoly—a big problem
- But this kind of experimentation with private and non-profit channels seems like a good idea for a weak state



E. Some state functions are amenable to best practices, but solutions to the hardest problems cannot be imported

e.g. The “2017 problem”

Andres, Pritchett & Woolcock (2015)



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

Source: Google Maps

The “1804 problem”



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

What characteristics of a task make it more like a 2017 versus an 1804 problem?

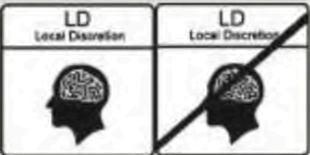
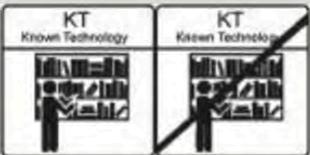
Is your activity...	Does producing successful outcomes from your activity....	
Transaction intensive?		Require many agents to act or few
Locally discretionary?		Require that the implementing agents make finely based distinctions about the "state of the world"? Are these distinctions difficult for a third party to assess?
Service or imposition of obligation		Do the people in direct contact with your agents want or not want the agent to succeed?
Based on a known technology		Is there an accepted handbook or body of knowledge for doing what you are trying to do or will this require innovation (not just context)

Figure 5.1. Four key analytic questions about an activity to classify the capability needed

What kind of state capabilities are demanded by different types of tasks?

Complexity and degree of capability required ↓

		Examples	
		Health	Finance
Policy making/elite services		Iodization of salt	Monetary policy
Logistics		Vaccinations	Payment systems
Implementation intensive service delivery		Curative care	Loans
Implementation intensive imposition of obligations		Regulation of private providers	Regulation of private providers
Wicked hard		Preventative health	Equity financing of start-ups

Figure 5.2. The five types of activities that have different capability needs in implementation

Andrews et al: Most reforms and policies have a mix of 2017 problems and 1804 problems

- The well mapped, predictable, routine 2017 problems are more easily solved and more amenable to best practices
- The less certain, idiosyncratic, and difficult 1804 problems are not amenable to importing best practices
 - Indeed, importing best practices could make the situation worse
- These require persistent experimentation (in the general sense, not randomized control trials!)