

PPHA 44550 - WEAK STATES AND INTERNATIONAL RELATIONS

Harris School of Public Policy

Autumn Quarter 2020, Monday/Wednesday 1:50-3:10pm (Central Time)

Syllabus: <http://home.uchicago.edu/~rmyerson/teaching/ppha44550.pdf>

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These notes: http://home.uchicago.edu/~rmyerson/teaching/ppha44550_slides.pdf

Requirements:

- Class participation (video on, please).
- The mid-term essay will be a concise examination of a historical case where a nation's political development was significantly affected (for better or worse) by international forces or foreign influence. The case will be, chosen by the student in consultation with at least one of the professors, and the essay should apply ideas from the course to this case. It is due on November 9 and should be approximately 2000 words (4 - 5 pages, 1.5 space, 12p font).
- The final essay will constitute a broader and deeper discussion of how the international community could better support positive political development, and it may build on the student's analysis in the midterm paper. It is due on December 4 and should be approximately 4000 words (8 -10 pages, 1.5 space, 12p font).

Each student will be assigned for a consultation with one of the two professors in preparation for the first essay assignment. For the final essay each student will be assigned for a consultation with the other professor.

Perspectives on theory of state-building, section 1.

Assumptions of the "*Westphalian*" system: partition of the world into independent sovereign states that enforce law and control violence within their borders.

Sanctity of recognized borders: People can be motivated to react strongly against even a small violation of their nation's border by fear that a weak response could create expectations of their willingness to surrender much more territory.

(Thomas Schelling 1960 on limited war.)

If a nation allowed its territory to be used for violent attacks on other nations, they should retaliate, and the guilty nation should accept this punishment.

But this *decentralized mechanism for controlling violence* in the world fails when a state lacks capacity to control violence; then its need assistance, not punishment.

Comparative politics question: What could foreign forces do that would actually promote positive political development in a country?

Weak states today depend on norms of international respect for their sovereignty.

An international intervention to promote political development would violate the Westphalian norm against *international interference in national politics*.

Rival interventions can be a primary cause of state weakness and failure.

Any general solution to the problem of weak states must include some principles for strictly regulating international interventions for political development.

International relations question: What revised international norms could provide a mechanism for responding effectively to the problems of weak states?

T Schelling "Bargaining, communication and limited war" = ch3 StrategyOfConflict

Finding foundations of social order in limited war.

First consider shared interests, no communication...

Tacit coordination:

- couple separated in big store;
- 2 parachutists want to meet in terrain of Fig 1.

Tacit bargaining (2 players with divergent interests):

- one "X" gets \$3 & other \$2 (status quo), else \$0;
- each can demand \$0 to \$100, get if sum \leq \$100;
- commanders of armies at x & y want their troops to occupy maximal terrain without conflict.

Coordinating power of salient focal points.

Explicit bargaining (with communication):

- A retreating army may be expected to make a determined stand at the river, which is the one line to which they can retreat without being expected to retreat further; an advancing army's push beyond it could raise expectations of insatiable demands.

The power of focal points, which may be the main principle in tacit bargaining, remains significant in bargaining with communication (precedent, mediation).

Limited war: limits of Korean conflict 1950-53, gas & nuclear taboos (tactical nucs?), the sanctity of internationally recognized borders (Munich 1938).

Coordination problems are fundamental to limiting conflict & creating social order.

"Essay on bargaining" (ch2): to commit credibly to promise/threat, stake a relationship.

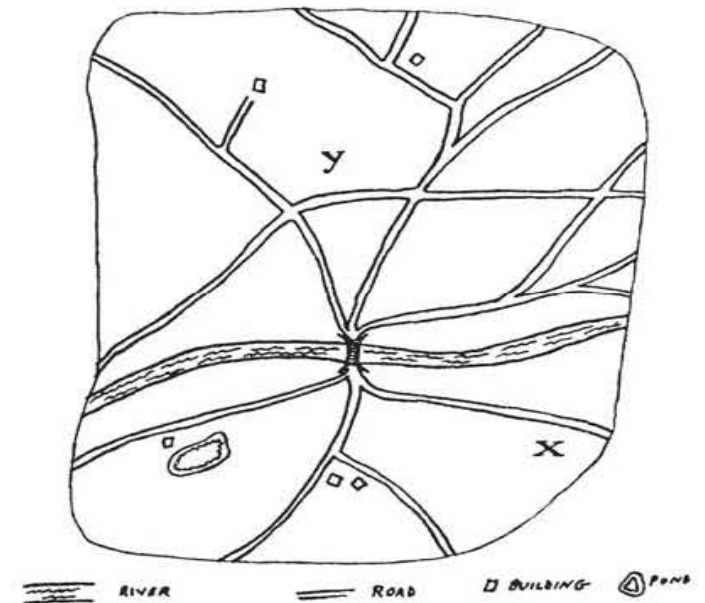


FIG. 1

The **Stag Hunt** game: payoffs for players 1 & 2 depend on their actions as follows:

	2 hunts stag	2 hunts hares
1 hunts stag	5, 5	0, 4
1 hunts hares	4, 0	2, 2

A **Nash equilibrium** is a complete prediction, specifying a strategy for each player, such that each player would find it optimal to act as predicted if the others were expected to act as predicted.

A complete prediction can be generally believed and rationally fulfilled only if it is a Nash equilibrium.

Here (1 hunts stag, 2 hunts stag) is a Nash equilibrium, yielding payoffs (5,5).

But (1 hunts hares, 2 hunts hares) is also a Nash equilibrium, yielding payoffs (2,2).

People playing such a bad equilibrium have a **social problem**, a bad relationship, which can they only escape with coordination, leadership.

	2 hunts stag	2 hunts hares	<i>("Prisoners' dilemma")</i>
1 hunts stag	5, 5	0, 6	
1 hunts hares	6, 0	2, 2	<i>Only a bad eqm here!</i>

In repeated games, dynamic equilibria can be generally supported by expectations that any unjustified misbehavior will be justly punished. Under this norm, any attempt to retaliate against just punishment would be unjustified misbehavior. (Folk Theorem)

Consider an island where every day different matched pairs play the following **rival-claimants** game in various places on the island:

	2 claims	2 defers
1 claims	-1, -1	9, 0
1 defers	0, 9	0, 0

Nash equilibria:

- (1 claims, 2 defers) $\rightarrow (u_1, u_2) = (9, 0)$,
- (1 defers, 2 claims) $\rightarrow (u_1, u_2) = (0, 9)$,
- each claims with independent probability 9/10 \rightarrow each $Eu_i = 0 = 0.9 \times -1 + 0.1 \times 9$.

They play the top equilibrium (9,0) when player 1 is recognized as owner here.

Schelling's focal point effect: When a game has multiple equilibria, anything in the shared culture or history or environment that focuses people's attention on one Nash equilibrium can generate expectations that people will behave as this equilibrium predicts, so that it becomes rational for everyone to fulfill this prediction.

Social equilibria: anarchy; traditional ownership, legislation of ownership principles; focal arbitration by a recognized leader (duly elected, with limited authority); divination.

[Connection with the model of contests for power: Rents from focal arbitration provide resources to reward those who supported the ruler in the contest for power.]

Herodotus's story about the initial establishment of a state:

Deioces had always been a man of note, and now he set himself to practice justice ever more and more keenly. The Medes in his own village, seeing the manner of the man's life, chose him to be a judge among them. And he, since it was power he was courting, was always straight and just. Indeed, people in other villages learned that Deioces was the one man for judging according to the rule of right, and at last they would entrust their suits to none but him.

Deioces came to realize that now everything hung on himself. Whereupon he refused to sit as judge anymore and said he would serve no longer. So robbery and lawlessness grew even more in the villages than before.

The Medes all came to a meeting place, and they persuaded one another to be ruled by a king. Then at once the question was proposed as to whom to make king. Deioces was so much in everyone's mouth that all ended by agreeing that he should be their king.

He bade them to build him houses worthy of royalty and to strengthen him with a bodyguard. He compelled the Medes to make one great fortress. When he had ordered these matters and had strengthened himself in royal power, he was very exact in his observance of justice.

[Herodotus, *The Histories*, c. 440 BCE.]

Perspectives on theory of state-building, section 2a.

States are established by political leaders who can motivate a network of active supporters, who are needed both to win power and to wield it.

Motivation requires credible promises of costly future rewards for current support.

A political leader has a *central commitment problem* if the leader could enjoy fruits of power without his past supporters after rivals have been defeated.

Agents in a firm might look to state courts for contract enforcement, but not agents in a political faction that acts to take state power itself.

A leader becomes *politically accountable* to a group of supporters when he could not hold power without their confidence in his promises of rewards for good service.

This accountability is effective when key supporters monitor the leader's distribution of rewards, sharing evidence of his denying appropriate rewards to any of them.

Courtiers must jointly judge their leader even as they serve him, and the leader must maintain his *reputation for reliably rewarding his supporters* for good service.

My APSR '08: In negotiation-proof equilibria of sequential contests for power, a contender cannot recruit supporters without a court where they can depose him.

The standards of behavior that a leader must maintain to keep his supporters' trust form an informal *personal constitution* for the leader.

These must include reliably rewarding good service, but may include other norms.

A leader may *fear to violate a formal constitution* when his political relationships were developed in its context, so that violating it would shock his supporters.

Xenophon's portrayed Cyrus as establishing the Persian Empire on **one essential quality of leadership: a reputation for reliably rewarding good service.**

When at dinner with his daughter and [her son] Cyrus, Astyages [the King of Media] wished the boy to dine as pleasantly as possible. He thus put before him fancy side dishes and all sorts of sauces and meats.

Astyages said, "Does it not seem to you that this dinner is much finer than among the Persians?" To this Cyrus answered, "No, grandfather, for the road to satisfaction is much more simple and direct among us [Persians] than among you [Medes]."

Astyages said, "Feast at least upon these meats, so that you may go home a vigorous youth." Cyrus said, "Are you giving me all this meat, grandfather, to use however I want?" "Yes, my child, by Zeus I am," he said.

Then Cyrus, taking the meat, distributed it to his grandfather's servants and said to each, "This is for you, because you teach me to ride with enthusiasm; for you, because you gave me a javelin; for you, because you serve my grandfather nobly; for you, because you honor my mother." He proceeded like this until he had distributed all the meat that he received.

[Xenophon, *Education of Cyrus*, c. 370 BCE.]

Perspectives on theory of state-building, section 2b.

A trusted leader can mobilize a group's members to work for their mutual benefit.

But the members of such a group can enjoy the benefits of effective leadership only when they all agree about who is their leader.

Thus, the question of *whom to recognize as leader* will have the form of a *coordination game*, which has *multiple equilibria*.

In effect, the problem of reaching consensus about who leads a group is a coordination problem to solve all other coordination problems for the group.

By *Schelling's focal-point effect*, anything in a group's culture or history that focuses attention on one candidate for leadership can become a self-fulfilling prophecy, as nobody would want to deny a leader who is recognized by everyone else.

The *importance of history and culture* in determining who is identified by a group as its leader should warn us that an effort to change the leadership of a group is likely to be frustrated unless it is appropriately rooted in the group's traditions.

For example, a group may have a tradition of selecting its leaders from a distinguished family, as long as a candidate can be found there with the essential quality of reliably rewarding good service and support.

When people participate in transactions expecting that others will act appropriately, the need to give people incentives for such appropriate actions is called *moral hazard*. Moral hazard is essential in establishing an effective state, where people must be able to rely on government officials acting in accord with the laws and policies of the state.

Becker Stigler "Law enforcement, malfeasance & compensation of enforcers" p6-8.

An official can serve n periods but each period he has an opportunity for malfeasance, which would yield corrupt benefit b but would be detected with probability p .

In period t ($=1,2,\dots,n$), the official could earn v_t outside the state.

Let r denote the per-period interest rate.

How much (w_t) should the state pay an official with good record in period t ?

Let X_t denote the net present value of excess pay ($w_s - v_s$) for all periods $s \geq t$.

So $X_n = w_n - v_n$, and $X_t = (w_t - v_t) + X_{t+1}/(1+r)$ for all $t < n$.

To deter malfeasance, we need $X_t \geq b + (1-p)X_t$ for all $t \leq n$.

The lowest pay that deters malfeasance will satisfy this *incentive constraint* as equality, and so $X_t = b/p$ for all $t \leq n$. Thus $w_n = v_n + b/p$ and $w_t = v_t + (b/p)(r/(1+r))$ for $t < n$.

(Where b appears in these formulas, Becker&Stigler have $(1-p)b$ instead, because they assume that the corrupt benefit is lost if the malfeasance is detected.)

Note: A bond that is worth X every period would have to pay interest $R = X(r/(1+r))$ in each period before maturity, so that $X = R + X/(1+r)$.

Such officials must hold implicit bonds worth b/p , which are their *moral-hazard rents*.

The credibility of these promised rewards will depend on political leadership.

Perspectives on theory of state-building, section 3a.

The establishment of an effective state depends on solving thousands of moral hazard problems, for officials to implement the state's policies and enforce its laws. Each state official must expect that long-run rewards for good service can be better than what the official could get by abuse of power (*moral-hazard rents*).

Someone must be actively monitoring an official's performance and regularly judging whether it is worthy of rewards and promotion or dismissal.

Simplest solution is by *administrative accountability* to a supervisor in a hierarchical chain of command, where each is responsible for subordinates' performance.

An office at the top of a chain of command is a position of leadership.

Leaders can be *politically accountable* to a group, the *selectorate* for their position.

For democratically elected officials, the selectorate includes all who can vote for them.

A leader cannot exercise power unless subordinates trust his promises of rewards for good service; so even an authoritarian leader must be politically accountable to an *internal selectorate* of key state officials who together can keep him in power.

Members of the selectorate for high state officials can have greater confidence in the state's commitment to protect their rights and property, *more incentive to invest*.

Are *mayors and governors* administratively accountable to a central minister or politically accountable to local selectorates? Countries differ!

Fewer politically accountable offices => longer administrative chains, less responsive.

Separately politically accountable offices need constitutional rules to define powers.

Perspectives on theory of state-building, section 3b.

Bureaucratic records and procedures can reduce costs of moral hazard in many routine state functions, by making some abuses of power harder to conceal.

But state bureaucracy requires more than just educated personnel who can manage sophisticated record systems; it also requires basic support of political leadership.

An essential function of top state leadership is to serve as the *ultimate guarantors of incentive systems* for lower state officials in the administrative chain of command.

Political leaders may be willing to tolerate corruption in offices that have been allocated as patronage rewards for political supporters, unless there is countervailing political pressure from individuals in the selectorate who pay costs of this corruption.

In a well-functioning state, some officials serve as auditors, providing information that helps to reduce costs of moral hazard in agencies that provide public services.

In a weak or fragile state, such independent *auditing services* may be relatively amenable to foreign assistance.

When a state has failed, could order and public services be restored by an *intervention* that brings a team of trained administrative officials from a successful state?

The intervention could try to maintain the lines of administrative accountability for intervening officials who are sent abroad, but the lines of political accountability would fundamentally change in the translation to a foreign country.

Political deterrents against abusive behavior by government officials can weaken or vanish when they are transferred from a successful democratic state to a country where nobody has any power to elect the intervening officials' political supervisors.

Legitimacy:

Max Weber (1919) defined the state as an organization "that (successfully) claims the *monopoly of the legitimate use of physical force* within a given territory."

Legitimate how? By divine right? [*divination in rival-claimants games*] By conquest? By *social recognition* itself? (Domestic recognition before international recognition?) *Darwinian competition favors nationalities with norms against accepting foreign rule.*

Lake 2016 p24: " Since legitimacy is a social rather than an individual attribute, its normative status follows rather than precedes its social acceptance."

Hume 1748 observed that general public opinion may be the only standard for questions of morals, unlike other areas of philosophical inquiry, because the fundamental basis of social morals is in people's need to coordinate with each other.

Perhaps we might define "legitimate authority" as being "lawful" in the sense of "bound by law", that is: having recognized power conditionally on exercising this power only within certain generally accepted bounds of law, and so *reliably restrained*.

"Legitimate use of force" might be taken to mean "ability to use force against people without stimulating expectations that they must either retaliate or lose respect for their rights in other situations (either because they have no such rights or because they are confident of authority's future restraint), and so *without resistance*."

Lake 2016 p28-32: Individuals who have invested in regime-specific assets and relationships acquire a *vested interest in supporting the regime's legitimacy* e.g.: *trusted supporters (servants and companions) of magnates of the realm.*

Elected members of a legislative assembly acquire a vested interest in democracy.

Perspectives on theory of state-building, section 4: on the Weberian monopoly

Misleading myth of Hobbes (1651) that, in the absence of a state, people would be in a "war of everyone against everyone."

People have lived in *communities* with systems of social status and *kinship networks* ever since our species evolved, long before the first states were established.

The absence of an effective state means that people have greater need to rely on local groups that can offer basic security and protection within their community.

So the process of state-building is not performed on a blank slate, but must entail a shift in authority from various forms of local leadership to the leaders of the new state.

To establish a *Weberian monopoly on the use of force*, a new state would have to *suppress or subordinate local groups* on which people have relied for protection.

In a new state where political accountability of its leaders has not been tested, people may have realistic concerns about abandoning local capabilities for self-defense.

Then suppression of popularly trusted local leaders could provoke broad opposition.

We may distinguish 3 general paths for political development from a failed state, depending on whether the Weberian ideal is to be abandoned (*oligarchy*), or applied with compulsion against the resistance of local groups (*autocracy*), or applied only with broad consent and cooperation of local groups (*democracy*).

Perspectives on theory of state-building, section 5: oligarchic state-building.

North Wallis Weingast 2009: In a *natural state*, many groups are capable of force. Oligarchs retain fighters (*Cyrus*), distribute protection through patron-client networks. Rights to monopolistically exploit resources can give oligarchs a stake in social order that helps deter them from violence (moral-hazard rents in a *limited-access order*). So reforms to increase competition could actually increase political violence, so there may be a *trade-off between peace and development*.

Weak central authority can arbitrate (re)distribution of rents commensurate with power. In an oligarchic political system, national leader is politically accountable to oligarchs, oligarchs to factional supporters.

It is difficult to build effective nonpolitical national security forces in an oligarchy because oligarchs can gain power & resources from co-opting military officers.

Genoa's *podesta* after 1194: A neutral foreign arbitrator can help stabilize oligarchy.

Perspectives on theory of state-building, section 6: autocratic state-building

Danger of factional divisions among state's military officers can be minimized when one top official has power to oversee appointments of all military officers.

Autocracy: But then who can resist the commander of a monopoly of legitimate force (as long as he maintains officers' confidence)?

Straightforwardness of autocratic state-building: Identify an effective manager of security forces, give him resources to recruit forces that can defeat opponents.

Weberian monopoly requires suppressing or subordinating autonomous local leaders.

A national network of agents can be built by extension of a central faction or by recruiting trusted local notables into the network (***bolsheviks or soviets***).

Positions of local state agents may depend on central appointment and/or local status.

Top national leaders may be concerned about losing central control of local officials who develop a personal power base in their province. Rotation can prevent this.

Incentives to encourage and protect local investments depend on long-term perspective, from owning local property or from accountability to local property owners. (***PRC?***)

Common solution: ***provinces*** are governed by national officials, in rotation, overseeing administration of ***districts*** (smaller) by resident local notables (***gentry***).

Privileges of local elites become debt obligations that constrain the central state.

Long-term credibility of local gentry's moral-hazard rents may depend on their identification as a class, so a national leader denying one would be distrusted by all.

This effect can be strengthened by national political institutions that facilitate communication among local elites (origins of ***Parliament*** in England after 1250).

Origins of the English Parliament (with sovereignty of king-in-parliament).

Tillyesque development of *Witan assembly* under Alfred's grandson Athelstan (924).

Feudal restructuring under William I (1066).

Court of the Exchequer from Henry I (to 1135), regulating sheriffs (shire governors).

Development of *English common law* under Henry II (1154-1189) after civil war, with local juries deciding facts for appointed judges and sheriffs.

Assembly needed to vote taxation for the ransom of Richard I (1194).

John (1199-1216) accepts payment from some shires for rights to have local sheriffs; to settle dispute with magnates, he accepts *Magna Carta*: general taxes to be levied only with common counsel of the realm (meetings of summoned lords and bishops).

Under Henry III (1216-1272), great lords refuse more taxes; pressed to raise other revenues, sheriffs expand fees for absence from local (shire & hundred) courts, judges in General Eyre claim new rents and revenues for crown.

Rebellion of magnates (including Simon de Montfort) 1258-1264, first parliaments with representatives of shire landowners and town councils.

Institutionalization of *Parliament* under Edward I.

Role of Parliament in deposing Edward II.

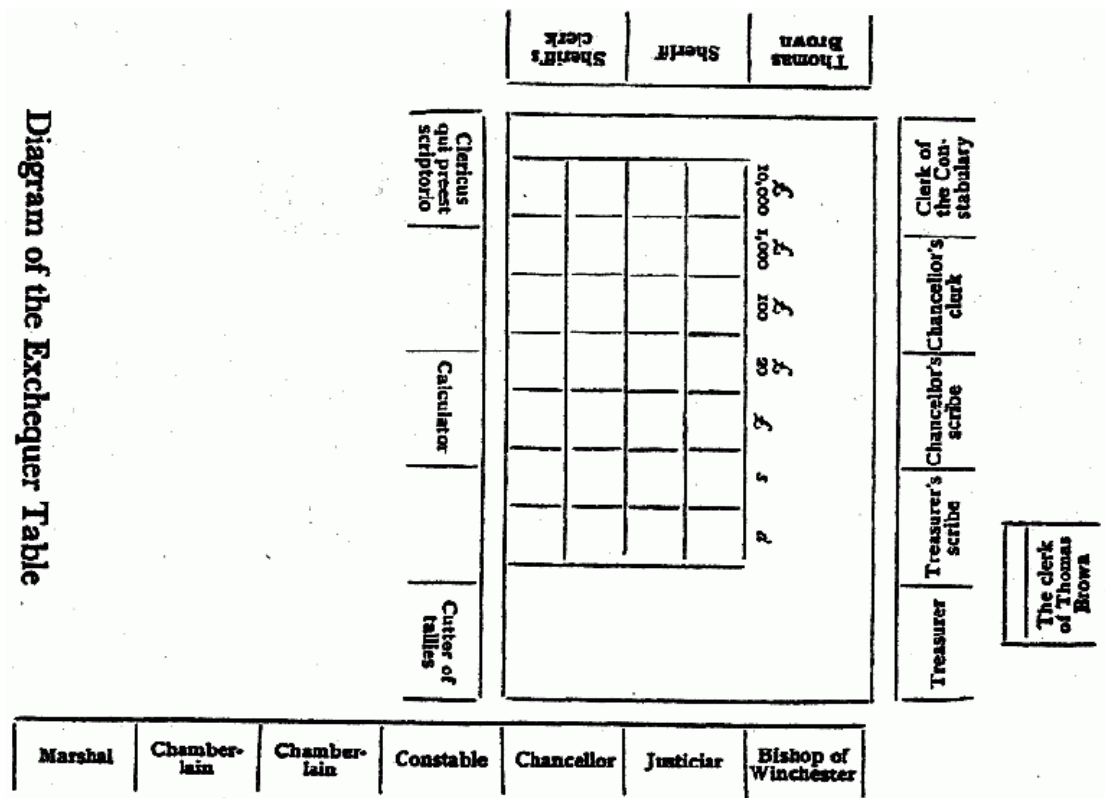
Role of Parliament in local government reform and financing invasion of France under Edward III (1327-1377).

Justices of the peace. County court of quarter sessions.

Court of the Exchequer: vital institution of English government

Richard FitzNigel's *Dialogue of the Exchequer* (c. 1180):

"Why is the Exchequer so called? ...Because the table resembles a checker board... Moreover, just as a battle between two sides takes place on a checker board, so here too a struggle takes place, and battle is joined chiefly between two persons, namely the Treasurer and the Sheriff [Governor] who sits to render account, while the other officials sit by to watch and judge the proceedings."



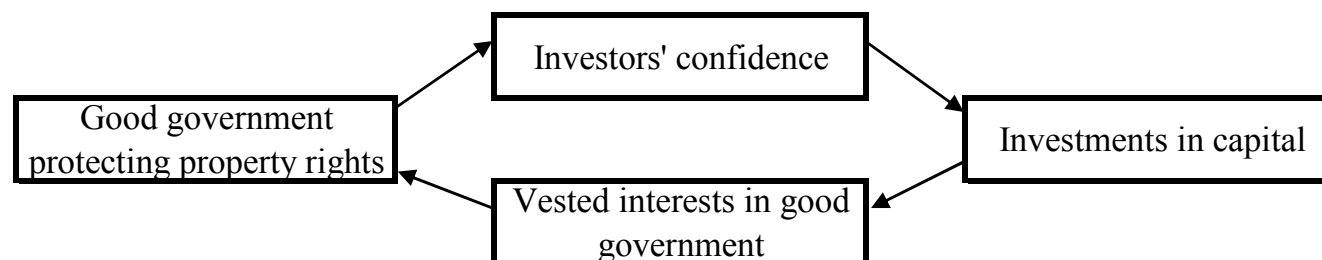
"Even in England, the country perhaps of Europe where the yeomanry has always been most respected, it was not till about the 14th of Henry VII that the action of ejectment was invented, by which the tenant recovers, not damages only but possession...

In England, a lease for life of forty shillings a year value is a freehold, and entitles the lessee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to their landlords on account of the political consideration which this gives them.

There is, I believe, nowhere in Europe, except in England, any instance of the tenant building upon the land of which he had no lease, and trusting that the honour of his landlord would take no advantage of so important an improvement.

Those *laws and customs so favourable to the yeomanry* have perhaps contributed more to the present grandeur of England than all their boasted regulations of commerce taken together."

Adam Smith, *Wealth of Nations* (1776), quoted from Book III, Chapter 2, p. 415 in the U. Chicago edition of 1976.



A virtuous cycle of political and economic development.

The strength of American federal democracy

Institutions of local self-government were introduced from 1620 to induce English settlers to come to America and to offer loyal service in local militias.

1677: reform of oligarchic government in Virginia: imperial governors to work with a locally elected representative assembly (Berkeley, Bacon, Jeffreys).

1757: Pitt treated American provinces as allies instead of imperial subordinates.

1776: Declaration of Independence by Congress of delegates from 13 provincial assemblies.

1787: Northwest Ordinance plans expansion of decentralized federal system.

1788: Constitution to establish effective federal government with limits on its power.

Saliency of questions about "the proper division of local from federal authority" in American politics from Lincoln's Cooper Union speech (1860) to Obamacare.

Advantages of federal democracy:

1. Strengthening the state by recruiting local support for the political system (in Revolution from 1776, in California from 1848), incorporating immigrants.
2. Strengthening national democratic competition by supplying candidates with proven records of public service in locally elected offices.

(More local corruption, less national corruption.)

3. Improving accountability in local provision of public goods and property protection.

In contrast, the **French Revolution** "declared itself the enemy of royalty and of provincial institutions... Its tendency was at once to republicanize and to centralize" (DeTocqueville 1835).

Colonialism, feudalism, and ethnicity.

In early colonial India, British granted local authority as property to *zamindar* lords, who then had a vested interest in the regime.

Their feudal power was remarkably durable. Long after it ended, **Banerjee-Iyer (2005)** find lower agricultural productivity and higher infant mortality in zamindar regions. *Feudalism* can help to establish a *politically stable* regime, but it can also have serious *long-term economic costs*.

Decentralization by tolerance of diversity: local justice from leaders of castes and ethno-religious minorities in India and Middle East. (Compare Europe, China.)

Ethnic conflict and cleansing in many former areas of the Ottoman Empire.

Linguistic unity of nations? France became monolingual in Third Republic (>1871).

Local identity provides vital protection to people who cannot rely on national law.

Ekeh 1975: Educated Africans regularly participate amorally in the *civic public*, taking benefits of educated status, giving only grudgingly; but they participate morally in their *primordial (ethnic) public*, where they are expected to give generously.

One's status may depend on contributions in ethnic public, not in civic public (*bad eqm*).

Mamdani 2001: Colonizers promised to preserve a local ethnic groups' *customary law & land tenure*, but established a *despotic chief* as customary authority.

Since independence, *ethnic identity* has continued to define *political identity*, with local government managed by leaders of a locally dominant ("*indigenous*") ethnic group.

Identifying local leaders with ethnic minorities weakens competition for national leadership. (President wants to be the only leader trusted by the whole nation.)

"The autocratically governed **manorial** group is better suited than the **village** group for bringing under cultivation a country in which waste lands are extensive."

"Although it is hardly possible to avoid speaking of the Western village groups as in one stage democratically governed, they were really **oligarchies**, as the Eastern communities always tend to become. These little societies had doubtless anciently a power of absorption, when men were of more value than land. But this they lose in time.

"There is plenty of evidence that, when Western Europe was undergoing feudalisation, it was full of enthralled classes; and I imagine that the authority acquired by the feudal chief over the waste was much more of an advantage than the contrary to these classes, whom he planted largely there in colonies which have probably been sometimes mistaken for assemblages of originally free villagers."

"Whether the Indian village communities had wholly lost their capacity for the absorption of strangers when the British dominion began, is a point on which I have heard several contradictory opinions; but it is beyond doubt that the influence of the British Government, which in this respect is nothing more than the ordinary influence of settled authority, has tended steadily to turn the communities into **close corporations**."

"On the whole the conclusion which I have arrived at concerning the village communities is that, during the primitive struggle for existence they were expansive and elastic bodies, and these properties may be perpetuated in them for any time by bad government. But **tolerably good government takes away their absorptive power** by its indirect effects, and can only restore it by direct interposition."

Henry Sumner Maine, *Village Communities in the East and West* (1871), p164-168.

<<https://archive.org/stream/villagecommunit00mainuoft#page/164/mode/2up>>

Perspectives on theory of state-building, section 7: democratic state-building

An intervention could give power to a small group who then approve the intervention.

A top official's word may be accepted as the nation's sovereign voice for most questions in international relations, but not when the state itself is in question.

Establishment of a state by international intervention can be justified only by approval from some ***globally recognized national selectorate*** (*adult resident population*).

The provisional chief executive can use foreign aid to build patronage networks, but parliamentary responsibility to an ***inclusive national assembly*** may reduce this bias.

After a failed state, promises of better rule from the new state are unproven possibilities, while protection from local groups may be a proven reality in people's lives.

So ***people's willingness to trust the new state*** may depend on its allowing popularly trusted local leaders to take some power and responsibility for local government.

In democracy, the possibility of losing elections reduces incumbents' moral-hazard rents, but can spread expected rents to other factions; just a few factions if centralized.

Democratic local government ensures every region has some elected local leaders with proven ability to mobilize people in their community and a real ***stake of power***.

People are more willing to fight when veterans are seen as leaders in their community.

Successful democracy depends on excess supply of candidates with good reputations for exercising public power for public benefit and accepting democratic norms.

This ***supply of trusted democratic leadership*** can develop in autonomous local gov'ts.

Incumbent national leaders don't want such competition, prefer to appoint local officials.

Ethnicity & democratic advancement; separatism & size of subnational units.

Perspectives on theory of state-building, section 8: peace or development?

Democracy may be good for long-term economic development.

In democracy, leaders compete to improve public services without raising taxes.

Voters can have more confidence in state's protection of their property, which is essential for them to make private investments in the local economy.

But exclusive privileges in oligarchic or autocratic state can motivate an elite to work for the consolidating the state's power and maintaining order.

So there may be a trade-off between goals of inducing elites to support peaceful order and promoting a broad democratic foundation for long-term development.

(Cheng, Goodhand, Meehan 2018)

North-Wallis-Weingast's *doorstep conditions* for transition from a *limited-access order* (oligarchy/autocracy) to an *open-access order* (democracy):

- (1) Effective rule of law, at least for members of the governing elite.
- (2) Formation of perpetual organizations, both public and private.
- (3) Consolidated political control of the military.

Here (1) & (3) mean that capability for violent force has become concentrated in a few specialized agencies, so most of the ruling elite rely on a legal system for protection.

(*Key role of rights for **gentry**, and protection of commerce by **municipal councils**.)*)

Among the perpetual organizations that NWW discuss in (2), none are more important than institutions of national government and autonomous municipal governments.

NWW also discuss laws that facilitate the formation of private corporations.

Escaping the Fragility Trap 2018: State fragility as a syndrome:

Rival groups see politics as a zero-sum game, each plundering resources when it can.

Many citizens do not see the state as legitimate, do not voluntarily comply with it.

The state lacks capacity to perform basic functions of taxation and service delivery, including protection against violence.

Lack of security inhibits economic investment.

Donors should not demand too much of a fragile state.

Support should be conditioned only on *realism*, *honesty*, and *inclusion*.

Look for "easy wins" to build popular approval.

To escape from fragility, the state must (negatively) create *checks* to restrain those who exercise power, and (positively) develop a *national sense of common purpose*.

How to create checks on central power without further weakening government?

By strengthening autonomous institutions of local government.

Lake 2016: State-builder's dilemma

The international system is a decentralized mechanism for controlling violence.

International state-building interventions violate the Westphalian principle of international respect for national political sovereignty, but such interventions seem necessary when failed states create ill-governed gaps in the international order.

To contain violations of sovereignty, interventions should be strictly limited in time, but short-term coercion may require more force.

In the absence of standing international forces, some nation must take the lead in supplying and managing an *intervention*, and offers to lead will come only *from nations with particular interests* in the recipient's political development.

But these interests will cause such interveners to influence and constrain the supported leaders in ways that reduce these leaders' ability to build a strong base of internal support and establish independent legitimacy. (*Loyalty versus legitimacy.*)

Iraq: US interests prevented appropriate conditionality of aid (no loyal alternatives?).

Somalia: *Harm caused* by donors employing different local groups to protect aid shipments, *in the absence of foreign troops.*

Compare state-building interventions in *W. Germany & E. Germany* after 1945.

Perspectives on theory of state-building, section 9: host-intervener moral hazard

Lake's *state-builder's dilemma*: the interested intervener, loyalty versus legitimacy.

If there were recognized *standards for managing a neutral state-building mission* then international pressure might compel interveners to act according to these standards.

Establishing a new state takes time (to develop new leadership and induce acquiescence of opponents), requiring *credible long-term commitment* from interveners.

The new state's governing elite may prefer less democratic competition, less public accountability, less devolution of power to local authorities.

The supreme national leader prefers personalization of power over institution-building. So *credible conditionality* of interveners' assistance may also be essential, to induce the new state's elite to accept a constitutional distribution of power (Girod 2012).

While supervisors and selectorates are learning their roles in new state, intervention agents should encourage state officials to fulfill their new responsibilities.

So *personal relationships* between intervention agents and state officials may be the key to initializing the system of expectations among state officials that will ultimately solve the myriad moral-hazard problems of government.

But a democratic state-building intervention's clients include more than state officials. It needs direction from *local agents* who engage local leaders throughout the country.

Local development coordinators may work full-time in a district, rotate after year or 2, under a supervisor with long-term responsibility for a province.

Building a sovereign independent state means that, after the interveners withdraw, its political development will continue without foreign control, for better or worse.

State-building lessons from the British Empire

District Officers formed the essential backbone of **British colonial rule** (supervised by a senior Provincial Commissioner, rotating through Governor's secretariat).

Frederick Lugard (1922) listed 3 principles of colonial administration:

decentralization (delegating wide authority to DO), *continuity* (DOs reporting all decisions to provincial supervisor & secretariat), *co-operation* (sharing benefits of power in an inclusive coalition for local governance).

Primary goal: establish local leadership that can collect taxes, manage budgets.

Colonial rulers in Africa tended to (re)define *customary local authority* as autocratic, accountable only to the DO. (Feudal state-building. Mamdani: *local despotisms*.)

Margery Perham (1937): To prepare people for self-government, indigenous local leaders should get more autonomous responsibilities and more public accountability (*ideal chief submits to his people's council*); then should be encouraged to federate.

"There is, however, one branch into which Africans should not enter, and that is the Administrative Service [DOs]. This should aim at being increasingly advisory in its functions. It should be regarded as the temporary scaffolding round the growing structure of native self-government. African energies should be incorporated into the structure: to build them into the scaffolding would be to create a vested interest which would make its demolition at the appropriate time very difficult."

(The line between supporting local political development and controlling it is thin!)

Instead, foundations were laid for new unfamiliar institutions of a centralized state, supported by foreign aid, with a centrally directed team of indigenous DOs.

Gerald Knaus (2012) criticizes 3 conceptual approaches to state-building, which he calls the *planning school*, the *liberal imperialism school*, and the *futility school*. (For planning, see James Dobbins et al, "Beginner's Guide to Nation-Building," 2007.) Knaus recommends a *principled incremental* approach, which is based on an understanding that interveners can support positive political change in a nation, but only by working with political leaders there, by encouraging political deals that help to build a peaceful democratic state.

From this perspective, the intervention's goals at any point in time must be limited to what local allies are prepared to do, and should not be expanded to impress constituencies in Washington.

Rory Stewart (2012) emphasizes the importance of *local knowledge* in state-building, contrasting the level of local commitment that was expected of colonial state-builders in the 19th century and what is expected of democratic state-builders today.

If one tried instead to assume that every nation's politics is totally unique, then a strategy for state-building in any nation would have to be directed by the nation's best political experts who are willing to cooperate with the intervention.

But such individuals are not neutral observers: The prominent politically-active citizens who are most eager to guide an intervention may be connected with leaders of the supported regime and so may have biased interests in centralization of power.

(See also the "*Wise warnings*" section in my "**How to prepare for state-building**" <<https://home.uchicago.edu/~rmyerson/research/prepare4sb.pdf>>.)

Ghani-Lockhart 2008: "*The largest adverse impact of the aid system has been the undermining of a country's budget as a central instrument of policy.*" (p 100)

The budget of the recipient country is undermined when projects are funded through parallel systems, implemented by NGOs agencies, supervised by foreign donors. Donors may outbid the host government for the nation's scarce administrative talent.

National *finance ministry's* ability to distribute funds reliably, with appropriate controls and auditing, can be essential for the fiscal basis of political decentralization.

(English local government developed 1250-1340 after the Exchequer 1100-1180.)

The advantages of decentralization all depend on local governments having hard budget constraints.

Donors rarely offer any accounting to citizens of the recipient country for the funds which are spent allegedly on their behalf.

Accountability of public spending is of the essence in development!

The key to democratic development in a nation is to increase its supply of leaders with good reputations for spending public funds responsibly in the public interest.

The *National Solidarity Project* in Afghanistan.

See also Jennifer Brick Murtazashvili, *Informal Order and the State in Afghanistan*, Cambridge (2016), chapter 3.

Fearon-Laitin 2004. A primary factor for insurgency is *state weakness*.

So outside of war between two nations, peace-building inevitably entails state-building, which has caused *mission creep* for peace-keeping operations.

Modern trusteeship is largely multilateral and time-limited, in contrast with old imperialists' monopolized and indefinite-duration control.

The Brahimi report (2000) found that UN peace-keeping operations have had vague mandates, insufficient resource commitments, inefficient lack of coordination in planning and management.

State-building interventions must be coordinated by either by a nation that has special interests in this mission or by an international institution that has developed some state-building capacity (the latter does not yet exist).

The problem of security welfare states: National leaders of a supported state may fear that investing in local capacity for self-governance would (1) allow a reduction in foreign support, and (2) empower local leaders who could become rivals for power.

Perspectives on theory of state-building, section 10: standards for state-building

UN Security Council authorizes intervening coalition, Secretary General appoints *Special Representative* with a team of *local development coordinators*.

The SR and local coordinators direct foreign assistance to support the formation of a broad coalition for provisional government and inclusive local councils.

Exit: gradually reduce the share of foreign assistance that these agents direct from 100% to 0. Independent donors fill in for needs identified by officials of new state.

Perspectives on the theory of state-building:

1. The problem of gaps in an international system of sovereign states
2. Fundamentals of political leadership (focal authority and reliable gratitude)
3. Moral hazard and foundations of the state
4. Questioning the Weberian ideal of a state monopoly on the use of force
5. Regulation of violence in an oligarchy
6. Centralized autocratic state-building
7. Challenges of democratic state-building
8. Trade-off between goals of peace and development
9. Moral hazard in international interventions
10. Standards for state-building

See Louisa Lombard's discussion (6:40-24:07) of *extraversion* of rebel groups in a webinar (11/27/2020) on "Rebels and the state in Central Africa" at <https://www.diis.dk/en/event/rebels-and-the-state-in-central-africa>.

The **Central African Republic** is effectively divided among local armed groups and the President (who has a special relationship with donors) in the capital.

All leaders learn to speak a language of democracy & popular grievance, without the substance, establishing their positions and testing others' by raiding (taking).

[L Lombard, "Brief political history of the Central African Republic," *Fieldsights*, (June 11, 2014) <https://culanth.org/fieldsights/a-brief-political-history-of-the-central-african-republic>]

Some final thoughts:

The problem of weak states has grown with an international norm against conquest, and with recognized national leaders getting power to regulate foreign assistance.

The international environment inevitably affects local politics.

Nationalism: Resistance against foreign influence is essential to nationhood.

The alternative to "our intervention" may not be "no intervention".

Interventions to fill dangerous gaps in the international system will try to suppress political factions that are hostile to this system.

Theories of "Westphalian" sovereignty have ignored pervasiveness of federalism.

In an autocracy, how important are local status and national connections for local government officials? (provincial administrators, district gentry)

Feudalism: political advantages, long-term economic costs.

Democracy as a way for interveners to prove they are not conquerers and to evaluate their clients' ability to lead.

Formality vs. informality as a local defense against outside monitoring & influence.

The **mid-term essay** will be a concise examination of a recent or historical case where a nation's political development was significantly affected (for better or worse) by international forces or foreign influence.

The case will be chosen by the student in consultation with at least one of the professors, and the essay should apply ideas from the course to this case.

It is due on November 9 and should be approximately 2000 words (4 - 5 pages, 1.5 space, 12p font).

Each of the professors will be the principal reader of the midterm essay for half of the students, and students should communicate with their principal reader about their planned focus for the essay before it is due on Nov 9.

Students should discuss their paper with their principal reader at least by email and preferably by scheduling a meeting in office hours before the paper is due.

For this midterm essay, Roger Myerson will be the principal reader for those in the first part of the alphabet, with surnames that begin with A through Ja...

Michael Miklaucic will be the principal reader for those in the latter part of the alphabet, with surnames that begin with Ji... through Z.

(The principal readers will be switched for the final essay.)

The **final paper** for PPHA 44550 should be a revised and extended version of your midterm essay, on a recent or historical case where a nation's political development was significantly affected by international forces or foreign influence.

You should consider the comments and suggestions that you got on the first draft, and you should work to improve the clarity and logical organization of your essay.

In your analysis, you should consider how these political effects of foreign influence may have benefited some people and may have harmed other people in the nation.

In the conclusions of your essay, you should try to generalize some points from your analysis of this case, and discuss whether it might offer broader insights into general questions about how international forces or foreign influence can promote the development of stable effective governments that serve the interests of their people.

With this deeper discussion of the topic, the paper's final length may be approximately 4000 words (8 -10 pages, 1.5 space, 12p font).

It is due on Friday Dec 4 by 11:59pm Central Time.

(Grading will take account of the quality of the writing and the cogency of the logical organization in the paper. If you want more help in learning to write more effectively, you might want to look at the resources offered by the Harris Writing Program.

See Canvas > HarrisSchoolHandbook > AcademicResources > HarrisWritingProgram > "How to Write a Policy Brief".)