RETHINKING THE FUNDAMENTALS OF STATE-BUILDING

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Abstract: Successful stabilization depends on the new regime developing a political network that distributes power and patronage throughout the nation, whether the power network manifests in democratic form, feudal form or colonial form. In a decentralized regime, local leaders throughout the nation can compete for a share of power even if they are not affiliated with the faction that controls national power at the center. Thus, a decentralized system can create a broad class of local leaders in all communities who have a positive expected stake in defending the new political system. Yet, the leading collaborators of a stabilization operation may endorse a system of narrow political centralization. Paradoxically, for the sake of expediency and convenience, such centralization may initially be welcomed by foreign interveners, although it may itself be destabilizing. Planning for a successful state-building stability mission requires a more expansive perspective and an understanding of the stability impact of the constitutional distribution of power.

Introduction

Plans for state-building or stabilization missions should take account of the political nature of the state that is being built. A state is a political system that puts some people into positions of power and induces the rest of the nation to accept their authority. The feasibility and cost of a state-building mission can depend critically on the way that the state distributes power. In particular, when foreign forces help to defend the authority of a state, its national leaders have more incentive to centralize political power narrowly around themselves. But such centralization can alienate key local leaders and so can substantially increase the need for costly foreign efforts to maintain the state.

Planners for state-building missions need an analytical framework for recognizing the vital importance of such questions about the constitutional distribution of power. For a framework to be broadly applicable in different countries, it should be derived from a general analysis of incentives in political organizations, not from a projection of some idealized view of our own political system. This paper develops such a framework.

To show how constitutional structures can be vital for counterinsurgency, it may be useful to review the development of the Sunni Awakening movement in Anbar province in 2006. The tribal leaders who formed this coalition to cooperate with American and Iraqi-government forces were taking great personal risks, and they would not have done so without a realistic prospect of greater long-term political rewards. Under the federal structure of Iraq's democratic

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constitution, Sunni-Awakening leaders could realistically anticipate that their cooperation with American forces would position them well for political gains in Anbar's provincial government after the next election, even if they had difficulty trusting long-term political promises from the Shi'ite-dominated national government. Indeed, Awakening leaders gained decisive influence in the provincial government of Anbar after the 2009 provincial election, in which their Iraq Awakening party got the largest number of votes. But imagine how different their position would have been if Iraq instead had a centralized presidential regime like that of Afghanistan today. Presidential politics in Iraq would have inevitably focused primarily on Iraq's Shi'ite majority, and Sunni tribal sheiks in Anbar could not have expected much political influence in such a presidential system. Promises from American officers could not have given the Sunni sheiks any serious reason to risk their lives in defending a political system that had no place for them.

Leadership and patronage as building-blocks of the state

In a classic study of counterinsurgency, David Galula (1964, pp 69, 136) emphasized that the essential goal of any stabilization operation is to build a political machine from the population upward, but Galula also observed that political machines are generally built on patronage. Successful stabilization will depend on the new regime developing a political network that distributes power and patronage throughout the nation. As the *Counterinsurgency Field Manual* has suggested (2007, appendix A-26), winning "hearts and minds" may actually mean convincing people that they will be well rewarded and well protected when they serve as local agents in the regime's political network.

An analysis of how to build such political networks must begin, however, with a recognition of the essential role of political leaders in any state-building process. The simple fact is that states are founded by leaders, and the relationship between these founding leaders and their supporters can determine the nature of the state. (See Myerson, 2009.)

To compete for power in any political system, a leader needs to build a base of active supporters, and the essential key to motivating this base is the leader's reputation for distributing patronage benefits to loyal supporters. Any leader needs to show his supporters that he can provide material rewards as well as basic protection in return for good service, and he must maintain their confidence that he will judge their service reliably and reward it generously. We

cannot expect a leader to do anything that would cause his supporters to lose this basic confidence in him, because then he would no longer be a leader. To maintain this essential trust of their supporters, leaders at all levels are fundamentally constrained by cultural norms and traditions that define what their supporters expect of them.

If a stabilization intervention is to establish a political regime that can stand on its own, it will happen because the leaders who hold power in the state have developed networks of supporters that are wide and strong enough to defend the regime against those who would take power from it. Disciplined security forces can be formed only under such political leadership. The real political strength of the regime must be found in the leaders who have stakes in the regime and in their ability to mobilize active support. When they are too few or too weak, the regime can be sustained only with foreign support.

At any point in time, in any society, there are recognized structures of local social leadership in all communities. When a state has failed, such local leadership can become even more important to people as a source of basic protection. A successful military occupation may be followed by a "golden hour" when the population is initially inclined to accept the occupier's political directives, but the long-term successful establishment of a political regime will depend on its general recognition and acceptance by such local leaders in all parts of the nation. This is the meaning of political legitimacy. If a new regime is endorsed by an overwhelming majority of local leaders throughout the nation, then the others will feel compelled to acquiesce. But if there are communities where the regime lacks any local supporters, then these communities can become a fertile ground for insurgents to begin building a rival system of power with encouragement from disaffected local leaders.

The regime's constitutional distribution of power can determine how many local leaders will find a comfortable place for themselves in the regime, and how many local leaders will feel excluded from power in it. Everyone understands that in the long run, once a state is firmly established, it will be able to redefine and redistribute positions of local leadership in the nation. Thus, the success of the state-building mission may depend on key decisions about how power is to be distributed in the new regime. Any successful state, whether democratic or autocratic, must be able to recruit local leaders and assure them some share of the long-term benefits of state power. Before considering such questions of constitutional distribution of power in democratic states, let us consider them in nondemocratic states.

Autocratic, feudal, and colonial state-building

Any state needs generally recognized rules that define how powers are allocated to offices and individuals in the state. These rules may be expressed formally in a written constitution, or they may be constituted informally by an implicit understanding or agreement among the leaders and active supporters of the state. Any such constitutional rules, whether formal or informal, become binding on the leaders of the state when any leader who violated one of these fundamental rules would risk losing the confidence of his supporters and the trust of colleagues in the state. Even autocratic rulers, who may seem unconstrained by any written constitution, generally promote or dismiss high officials only in consultation with a state council or court, where courtiers implicitly judge their leader's actions even as they serve him. The standards of behavior that major political supporters collectively expect of their leader become a kind of personal constitution for him, to which he must conform or lose their confidence.

For example, the most important political asset of the Taliban insurgency is the confidence of its field commanders and governors that effective service to the insurgency will be recognized and rewarded by the movement's top leaders. To maintain this confidence, the high councils of the Taliban must be very careful to allocate resources and promotions according to well-understood criteria that reinforce the motivation of their agents in the field. The simplest way to do this is to promise that a commander who performs well can get a continuing right to exploit the fruits of power in his area of operation, unless he is reassigned to an even more valuable area. Some who have influence at the top might be tempted to find fault falsely in a commander's performance, however, so as to bestow the fruits of his efforts on other favored courtiers. Each commander in the field must have confidence that the central councils of the state would not tolerate any such misjudgment against him. In general, the responsible agents of any state must feel confident that they are accepted members of a broad circle of trust that can guarantee appropriate judgments of their performance and commensurate rewards. In a state without broad public accountability of political decisions, bonds of shared religious faith or ideology or ethnic identity may be essential for new recruits to feel securely included in the state's circle of trust.

Throughout history, states have often built a network of loyal local leaders by granting them long-term feudal privileges and rights to a share of the revenue from their communities in

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exchange for maintaining local order and authority. Establishing control by creating a feudal aristocracy may be the simplest way to establish stable political control, but the high costs of maintaining such systems of restricted privileges for a ruling elite can result in the mass impoverishment of others in the nation.

For example, when the British were first establishing their colonial rule in India, they regularly granted long-term local privileges of power and taxation to local agents, called zamindars, who took responsibility for keeping order in their districts. The zamindars' local authority was granted as a permanent property right that could be sold or bequeathed to heirs, and so they became a class of local leaders with a vested interest in maintaining the regime. The effectiveness of this feudal power proved remarkably durable, but it also had long-term economic costs. Decades after India's independence, the regions where the British distributed such feudal privileges were still found to be suffering significantly lower agricultural productivity and higher infant mortality than other regions of India (see Banerjee and Iyer, 2005). Similar scars of colonial state-building operations may be found in many poor countries. Such a feudal solution to the problem of motivating local political supporters requires a long-term imperial commitment, however, which fortunately is not available to American forces in stabilization missions today.

In the world today, America cannot and should not consider feudal or neo-colonial strategies to establish political stability in any part of the world. Internationally supported stabilization operations today need to assure the world that their goal is different: not colonial exploitation, but to establish a stable regime that will protect and serve its citizens. A nation can be torn apart when other nations intervene to put rival clients in power. For a neutral state-building operation that can avoid becoming yet another such competitive intervention, broad support from other regional powers is essential. An intervention can best earn such broad international support by a commitment to the principle of democratic popular sovereignty in the distribution of power, allocating power to local and national leaders who win free elections.

Democracy and decentralization in the constitutional distribution of power

Ideally, democracy should help to diminish fears of permanent exclusion from power. When there is a credible commitment to democracy, some losers from the first elections could still hope to win power in future elections by competing democratically within the system, rather

than fighting against it. But if power is narrowly concentrated in a few national offices, then only a few out-of-power leaders can have any realistic hopes of competing successfully for these offices.

The most prominent leaders who cooperate with a stabilization intervention may expect to get positions of national power at the center of the new regime, and so they would benefit from a constitutional structure that concentrates power in the center. Furthermore, foreign interveners often find it convenient to have one strong national leader who is empowered to work with them in all the myriad complications of their occupation. So the leading collaborators of a stabilization operation may endorse a system of narrow political centralization, and such centralization may initially seem convenient for the intervening forces. But this centralization can alienate other local leaders who are not aligned with the faction that holds power in the capital, and their alienation can cause the regime to depend more on costly foreign support.

For example, under Hamid Karzai's leadership, a centralized presidential regime was installed in Afghanistan in 2004. Only one elected leader can get a direct political stake in the presidency, and President Karzai's refusal to create a political party meant that he did not build a national network of local political supporters who could expect to share sustained benefits from his presidential power. In the National Assembly, the formation of parties was also discouraged by the use of single non-transferable voting in the 2005 legislative elections, and the predictably incoherent results of this voting system elected representatives who had support from only a small fraction of the voters. Under the unitary constitution, provincial councils were not given any autonomous powers. A change in any of these aspects of the political system could have yielded a broader distribution of political power in which more local leaders would have a direct stake in the regime, and their ability to mobilize local political supporters could have reduced the regime's chronic dependence on foreign forces.

In a decentralized regime that devolves substantial power to locally elected councils of provincial and municipal governments, local leaders throughout the nation can compete for a share of local power even if they are not affiliated with the faction that controls national power at the center. Thus, decentralized democracy can create a broad class of local leaders in all communities who have a positive expected stake in defending the new political system.

In occupied Iraq, the Coalition Provisional Authority (CPA) could have begun in 2003 to cultivate local democratic leadership by holding local elections throughout Iraq and then giving

the elected leaders responsibility for spending local reconstruction budgets. Much of this money might have been wasted, as it was even under the CPA's control, but local leaders who spent it well would have gained good reputations that could have made them serious contenders for higher office after national sovereignty was restored. Instead, however, the CPA put priority on negotiating with selected national leaders to draft a constitution before any introduction of local democracy in occupied Iraq. While local leadership was neglected, insurgencies took root.

Political decentralization can seem undesirable or burdensome to national leaders because it entails more difficult negotiations with local leaders, some of whom may have the potential to become new rivals for national power. But a national leader who accepts this cost may find, in the long run, that a reputation for working effectively with local leaders within an accepted constitutional system can become an invaluable asset for building strong broad-based political coalitions. The power of such a reputation can endure even after the departure of foreign forces who initially supported the development of this constitutional system.

It may be argued that, to demonstrate an appropriate respect for national sovereignty, foreign supporters of a state should try not to influence its constitutional structure. However, when foreign forces are guaranteeing the national leaders' authority, the promise of foreign support can itself affect the state's constitutional development. If there were no foreign support, national leaders could hope to gain effective national authority only by negotiating more political deals with local leaders. Thus, centralization of power may be a result of foreign support. So the constitutional impact of foreign support could actually be reduced when foreign supporters press national leaders to accept more political decentralization, even as such decentralization reduces the state's costly dependence on its foreign supporters.

Embedding local democracy in national politics

Successful democracy depends on vital interactions between local and national politics. Local democracy can help to make national democracy more competitive, as a record of using public resources responsibly in local government can qualify a local leader to become a competitive candidate for power at higher levels of government. In effect, local democracy can reduce barriers against entry into national democratic competition.

Conversely, the threat of small unrepresentative cliques or warlords dominating local governments can be countered by the participation of national political parties in local

democracy. From the first organizational meetings, local elections should involve representatives from two or more parties that have made a commitment to democracy. Local political bosses should know that, if they lose popular support, they could face serious challengers supported by a rival national party. With such national political safeguards, local democracy can provide an antidote to warlordism.

In areas that are threatened by political violence or insurgency, some restrictions on nomination to local elections may be necessary, to prevent elections from being stolen by candidates who use force to threaten voters. Such restrictions should not be used to exclude candidates of national democratic parties, however. Democratic political parties can develop naturally in an elected national assembly, where members owe their positions to competitive popular elections but also need to work as colleagues with political rivals. Once a national assembly has been elected, a good rule is that any party that is endorsed by at least some minimal fraction of the national assembly should be able to participate in all elections, both in nominating candidates and in monitoring electoral processes.

When candidates for local elections are nominated by national political parties, the parties develop a competitive interest in recruiting popular local leaders to serve as their local candidates in each community. Thus, local democracy can encourage national parties to extend their political networks to include local leaders throughout the nation. Parties are social networks that distribute power and privilege to their active members, but such networks are needed to mobilize agents who have stakes in sustaining the democratic political system.

There may be concerns about decentralization exacerbating regional separatism. In a region that has a strong popular separatist movement, its candidates would be likely to win local elections, but local democracy would not then be causing the separatist movement. In fact, separatist movements are often caused by a history of oppressive centralized rule that leaves no place for local leadership. Election to local offices can actually give local leaders more interest in preserving the political status quo, because of concerns that the next successor state might reduce or redistribute their local powers. In a province that is large enough to stand alone against the rest of the nation, however, the top provincial leaders could perceive some chance of gaining sovereign national power by cultivating a separatist movement. Thus, where separatism is a concern, political decentralization may be better limited to local councils for small districts.

Political oversight of security forces

A state cannot achieve sovereign national authority without an ability to protect its supporters throughout the nation. Basic military control is not sufficient to provide such protection for individual citizens until it is complemented by effective policing and law enforcement.

Professional security forces, both military and police, can be developed only under a leadership that can take political responsibility for guaranteeing the terms on which their service will be evaluated and rewarded. Paul Bremer (2006, p 203) saw the development of professional military and police forces as central goals for his CPA administration of Iraq, but it was difficult for the CPA to train security forces to obey civilian constitutional authority when Iraq did not have any civilian constitutional authority. For security officers to develop a general loyalty to elected democratic leadership, rather than a specific loyalty to one particular leader, all the major party leaders must share a commitment to common standards of advancement for security officers. From this perspective, failures of discipline should have been expected when the CPA ordered Iraqi forces to attack political groups which were later to become part of the governing coalition in Iraq.

The development of effective policing requires more than just recruitment and training of police officers (see Dobbins et al, 2007, chapter 3). The powers of the police can be seriously abused when appropriate legal and political supervision is lacking. For a state to provide effective protection to its citizens, it needs police who are monitored and controlled by a legal and administrative system that is ultimately accountable to political authorities.

Seth Jones (2009, chapter 10) has described the government's failure to provide effective police protection in most of Afghanistan after 2003 as the critical failure which ceded wide areas of the country to insurgent control. The police in Afghanistan were organized as a national force which, under the centralized constitutional state, could be held politically accountable only by the presidential government in Kabul. National police forces are effective in many successful states, of course, but for police throughout the nation to be controlled from the capital requires extensive lines of administrative oversight, which are difficult to provide in rural areas of Afghanistan where illiteracy is prevalent. Furthermore, if these difficulties were overcome and an effective national police force with a centralized system of control was developed in Afghanistan, it would be impossible to guarantee that such a national police force could not

become an instrument of centralized political repression under a new regime after the withdrawal of NATO forces. So the attempt to develop an effective national police force in Afghanistan should have been recognized both as unlikely to succeed and as potentially threatening to local liberties if it did. Both of these problems could have been avoided in a more decentralized political system where locally elected leaders had authority to develop local police forces.

Distributing responsible control over public funds

As Ghani and Lockhart (2008) have emphasized, an effective system of public financial management is essential for successful modern political development. Political decentralization increases the need for a central finance ministry that can reliably and transparently distribute public funds to different levels of government.

To be politically effective, local councils must have opportunities to allocate public jobs and contracts, because the elected leaders can develop their political strength only by building reputations for rewarding active supporters with patronage jobs. When the goal is political reconstruction, the essential measure of success for a reconstruction project may be, not in how many bridges or schools it repairs, but in how it enhances the reputations of the political leaders who spend the project's funds. So to develop local political leadership, a substantial fraction of the national budget should be regularly allocated to local governments. Indeed, to create a federal system that distributes power across national, provincial, and municipal governments, the distribution of aid funds directly to units of government at all these levels may be more important than the promulgation of provisional constitutional documents.

The essential key to successful democratic development is to increase the nation's supply of leaders who have good reputations for using public funds responsibly to serve the public at large, and not just to give jobs to their active supporters. For this goal, it is important to develop systems of transparent accounting for public funds that are spent by political leaders at all levels. The essential accounting here must be to the local population, however, not to foreign donors who may have provided the funds; but donors should insist on such public accountability. Local people must be able to learn what funds were spent by their leaders and must be able to monitor what public services were provided by these funds. For these purposes, reconstruction of the public finance ministry may be a vital priority even when other agencies of the government are still badly underdeveloped. Basic press freedoms are also essential for such accountability.

A concluding example

We have argued that, in a democratic state-building mission, a vital first step should be to encourage the development of democratic local councils which can take some responsibility for local reconstruction and policing. This argument may seem particularly appropriate for Afghanistan, which has a long tradition of decentralization, but political decentralization was also essential for democratic state-building in Iraq, even with its history of centralized rule.

It might be helpful to offer one example of a good transitional regime for a state-building operation: the American Articles of Confederation (1776-1788) which distributed power widely among thirteen locally-elected provincial assemblies. This decentralization of power might have sometimes seemed inconvenient to the regime's foreign supporters, but it guaranteed that every community had at least one local leader, its representative in the provincial assembly, who had a substantial vested interest in defending the new regime. This broadly distributed political strength was what made the American Revolution unbeatable.

The contrast is stark between this broadly inclusive political structure and the centralized regime that was installed in Afghanistan in 2004. Narrow centralization may seem more convenient for those at the pinnacle of power, but it increases demands on foreign supporters of the regime. Those who would support state-building should be aware of how the broad strength of the regime can depend on the way that its constitutional structure distributes power and on the way that donors distribute funding to groups and leaders throughout the nation.

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