

CHAPTER 3: DEVELOPMENT: MODERNIZATION THEORY AND INSTITUTIONAL CAPACITY

Three Theories of Development:

There are three approaches to explaining how wealth and democracy have come to a small part of the human race. The first two are very familiar to academia, policy makers, and even the general public. The first is modernization theory, which basically asserts that technological change is the key driver of development. Technological change along with population growth leads to more wealth, more wealth leads to a larger middle class, and a larger middle class provides the social basis for democracy. The second approach focuses on institutional capacity and contends that without institutional capacity economic growth is impossible.

Policy makers, at least policy makers in the United States have relied on these two approaches, especially modernization theory. There is an assumption among American policymakers, often tacit, that democracy and a market economy is the natural order of the world. If only repressive and autocratic leaders would get out of the way, or be forced to move out of the way, democracy would spring forth. Democracy is not a privileged possession of the west but rather a universal form of government that could triumph everywhere.

For American leaders, not only could all countries become democracies but all countries would naturally become wealthy and democratic over time. The United States welcomed China into the World Trade Organization (WTO), which helped to sustain China's rapid economic growth. Part of the explanation for the very accommodating policy that the United States adopted toward China from the Nixon administration to the

Obama administration was the assumption that China would become just like us. It was the same assumption about China that had been made by George Marshall when he was the US special envoy to China immediately after the Second World War.¹ A wealthier China with a larger middle class would become democratic and would share American values.²

The second approach to development, institutional capacity has also been relied on by American decision makers. The assumption, often tacit, is that elites want to do the right thing, they want to provide their societies with security and the rule of law. They want to provide their populations with health care and education. They are prevented from achieving these laudable goals because the institutions that they must rely upon are weak. If only these institutions could be strengthened then development would naturally follow.

The third approach is less well known and has been largely confined to American academia. It is rational choice institutionalism. The basic contention of this approach is that both sustained economic growth and democracy require that self-interested political elites constrain their own freedom of action. They will only do this under certain special circumstances, when constraint is more attractive than arbitrary power. There is inevitably an element of luck and happenstance in achieving a government that is both effective and constrained. Small changes, not always under human control, could have outsized consequences. The triumph of wealth and democracy is not foreordained; we are lucky that it has happened at all. Although none of these three approaches is completely compelling rational choice institutionalism, offers the best understanding of how a small part of the world became wealthy and democratic. For external actors

rational choice institutionalism suggests that in closed access orders, most of the polities in the contemporary world, the best that external actors can hope for is good enough governance: security, some service provision, some economic growth. In most of the world's polities attempting to put countries on the path to Denmark, on the path to democracy and sustained growth, is a fool's errand for external actors, because such a path would be antithetical to the interests of national elites in closed access polities.

Modernization Theory:

Modernization theory contends that wealth and democratization are the natural result of technology and population growth. Industrialization and urbanization lead greater literacy and a larger middle class. A larger middle class is more tolerant, more accepting of diverse political perspectives, more willing to compromise, and more likely to reject extremism. The middle class is prepared to defend both rule of law (because middle class individuals want to protect their property rights) and accountability (because they do not want public policy to be dictated exclusively by the rich and powerful which can too easily act in its own interest.³ Class conflict is mitigated. Democracy is not the result of some special set of cultural attributes possessed only by the West, but rather is a product of social and economic transformation.⁴

There is a kind of automaticity to modernization theory: wealth and democracy are produced by technological change and population growth; population growth occurs naturally and technological change will take place, especially if there is sufficient capital. In the 1950s and 1960s ideas about growth saw rising income as a likely if not inevitable process. Academics whose ideas were absorbed by the policy world, sometimes academics that became part of the policy world, such as Walt Rostow⁵, were writing in

the United States during an era where there was a market for developing alternatives to Marxist ideas. Although domestic savings in developing countries might not support the level of investment needed to sustain high growth rates, this gap could be closed by foreign assistance. The goal of committing 0.7 percent of GDP to foreign assistance, an objective that is almost ritually endorsed at every UN meeting concerned with development, reflects the assumptions of modernization theory.⁶ Poorer countries do not have the savings that would enable them to invest in their own national economies. If these investments can be provided through foreign assistance, then economic growth will take place. If there is economic growth there will be a larger middle class. If there is a larger middle class there will be democracy.

Even without foreign assistance modernization theorists assumed that growth would take place because technological change was unstoppable in a globalized world, and capital would be available to commercialize innovation. There was one coherent process involving urbanization, industrialization, education, communication, and social mobilization that leads to institutional development, a larger middle class, the triumph of democracy, and steady economic growth. Marxism provided a teleological view of human history in which there was inevitable progress; modernization theory at least in the United States provided an alternative to communism.

The relationship between per capita income and democracy has been thoroughly investigated.⁷ The empirical findings are clear. Although there is a lot of movement between democratic and autocratic regimes, democratic regimes last longer in wealthier countries.⁸ The life expectancy for democratic regimes in countries with per capita incomes below \$1,000 was 8 years; for countries with income from \$1,001 to \$2,000, 18

years. Once democracies achieve a per capita income of \$4,000 (in 1985 PPP dollars) there was virtually no chance that they would revert to dictatorship.⁹ In recent years most wealthy country (those with incomes above \$10,000 in 1996 dollars) have held competitive elections; the vast majority of poorer countries with incomes below \$2,00 have not.¹⁰

Modernization theory is, however, contradicted by several empirical findings. First, ever-higher levels of income do not make democracy more likely. Once income reaches a modestly high level, ever higher levels of wealth are not associated with greater democracy. Economic development does not necessarily lead to democracy.¹¹ There is no guarantee that China will become a democracy; despite rising income President Xi Jinping is intent on maintain the central role of the Communist Party of China. Second, there is also no relationship between per capita income and the longevity of autocratic regimes. Autocratic regimes remain in power regardless of income levels. Third, transitions from democracy to autocracy and vice versa occur at all income levels. Fourth, the relationship between wealth and democracy was very weak during the Cold War: the Soviet Union was never interested in supporting democracy; American leaders always gave lip service to democracy but they were, in fact during the Cold War, more interested in supporting regimes, even autocratic regimes, that opposed communism.¹² External actors can frustrate democratic changeovers.

Transitions to democracy have been clustered in specific periods of time, suggesting the importance of the external environment. There have been three waves of democracy since the first part of the 19th century. These waves have corresponded with major changes in the international system.¹³

Economic growth and democracy both depend on institutions that are both effective and constrained. Without the right institutions, growth will never take place. Acemoglu and Robinson put the case against modernization theory with particular vigor and clarity:

“Modernization theory is both incorrect and unhelpful for thinking about how to confront the major problems of extractive institutions in failing nations. The strongest piece of evidence in favor of modernization theory is that rich nations are the ones that have democratic regimes, respect civil and human rights, and enjoy functioning markets and generally inclusive economic institutions. Yet interpreting this association as supporting modernization theory ignores the major effect of inclusive economic political institutions on economic growth. As we have argued throughout this book, it is the societies with inclusive institutions that have grown over the past three hundred years and have become relative rich today.”¹⁴

Flaws in Modernization Theory:

The fundamental challenge for modernization theory is to explain how sustained economic development occurred. Impressive technological, intellectual, and artistic achievements such as or Platonic philosophy, Hellenistic bronze sculptures, or Roman aqueducts, were realized and then lost. The relatively small number of Hellenistic bronzes that have survived to the present era, several hundred, have mostly been found in shipwrecks in the Mediterranean. Many thousands were melted down over the centuries. These bronzes are stunning artistic achievements, such as one of a life-size boxer sitting exhausted after a match. Only with the Renaissance, more than 1500 years later, did European artists display a similar aesthetic and technical levels.¹⁵ The quality of

construction of Hadrian's wall, which was begun in 122 AD and completed within a decade, is more impressive than the English stone boundary walls that came centuries later. There were differences in per capita income across the world, perhaps four to one in 1800, but nothing like the enormous variation that is now present because of the sustained economic development that has taken place in a small number of countries over the last two centuries.

Modernization theory has assumed that growth will take place more or less automatically. But this does not explain why growth only took place at a specific time and place, namely Western Europe and North America during the 19th century. Economic growth in Europe was modest until after 1800 as the following table shows.

Comparative Levels of GDP per Capita, in real terms (United Kingdom in 1820 = 100) ¹⁶

	c. 1500	c. 1700	c. 1750	1820	1870
United Kingdom	57	73	87	100	187
Netherlands	67	109	109	107	162
France	n.a.	n.a.	n.a.	72	110
Italy	83	71	76	65	88
Spain	63	61	58	62	71
Sweden	64	66	67	70	97
Poland	50-54	38-42	34-37	41	55

Source: S. Broadberry and K. O'Rourke (2010), 'Introduction to Volume 1' in: S. Broadberry and K. O'Rourke (eds), *The Cambridge Economic History of Modern Europe. Volume I: 1700-1870*. Cambridge: Cambridge University Press, 1-4, p. 2.

Urbanization has not automatically lead to growth. In the pre-modern world the largest cities were often centers of administrative control and economic exploitation. This was especially the case outside of Europe where urban centers were the seats of imperial bureaucracies and rent-seeking elites. "The European urban model had little to do with the political and economic nature of non-European towns. Asian, Middle Eastern and pre-Columbian American cities were the seat of rent-seeking elites and their religious

or royal bureaucracies. Absolutist monarchs built large empires through the force of arms to extract an agricultural surplus that they then could spend in lavish palaces and founded vast cities that could cater to their needs".¹⁷ For instance, the city of Teotihuacan, which is northeast of the present Mexico City might have reached a population of 200,000 by 400AD but it was a religious and administrative center. It was not associated with sustained economic growth.¹⁸

Economists in the 1950 assumed that growth would naturally follow from increases in the factors of production: land, labor, and capital. The great impediment to development in poorer countries was understood to be the lack of capital, but additional capital could be provided through foreign assistance. By the beginning of the 21st century, however, despite hundreds of billions of dollars in assistance many countries were still mired in poverty.

The dramatic disparities in economic growth and democratization that characterize the contemporary world present a huge challenge for modernization theory. Only a small number of polities have moved along the path described by modernization theory, around thirty. And this movement has only taken place only over the last two centuries. For the last 10,000 years of human history following the development of settled agriculture minus the last 200, the human condition has been more or less stagnant. If growth is relatively easy, if it follows from technological change and increases in other factors of production, why did the industrial revolution not begin thousands of years ago? Why have some technological innovations been lost? Why is growth so uneven across the world, especially since the industrial revolution? Why did the industrial revolution, the engine of economic transformation, begin only at a specific

point in time in a specific place? The evidence that on average higher levels of per capita income are associated with democracy is compelling, but the failure to explain how growth gets going in the first place is the great lacunae of modernization theory. If technological change and population growth were the only factors that mattered economic growth would have occurred thousands of years ago in many different places.

Institutional Capacity Approaches:

In the late 1950s and early 1960s modernization theory reigned supreme in American academic and policy circles. It offered a direct challenge to Marxism. Both were teleological explanations of development. Both envisioned unidirectional movement toward a political, economic, and social order that would fulfill the highest aspirations of human beings. Human agency mattered, but only in the context of a given set of structural conditions. As Marx wrote, “Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past.”¹⁹ Once the wheels of history begin turning, whether as a result of Marx’s dialectic or the consequences of technological change and population growth, there could only be one end point either the communist ideal society of free and associated producers or a polity in which individuals enjoyed the benefits of democracy and a market economy.

Although modernization theory was an attractive, perhaps an ideal, foil with which to counter Marxism at the high point of the Cold War, its pre-eminence in American academic discourse lasted only for about a decade. In 1965 Samuel P. Huntington published “Political Order and Political Decay” in the journal *World Politics* followed in 1968 by his book *Political Order in Changing Societies*. Where

modernization theorists saw institutional development, especially the institutions of liberal democracy, as the natural outgrowth of economic and social change, Huntington argued that political order and economic growth were contingent on institutional capacity. Rather than being a product of economic and social change, effective institutions were a pre-requisite for such change. For Huntington political mobilization without political institutionalization would lead to political decay. “Urbanization increases in literacy, education, and media exposure all give rise to enhanced aspirations and expectations which, if unsatisfied, galvanize individual and groups into politics. In the absence of strong and adaptable political institutions, such increases in participation mean instability and violence.”²⁰ For Huntington the key challenge for political life is order, and order can only be achieved through institutions that are adaptable, complex, autonomous, and capable of coercion.²¹ The now famous first sentence of Huntington’s 1968 book reads: “The most important political distinction among countries concerns not their form of government but their degree of government.”²² Without an effective government there can be no development of any kind.

Huntington was not writing in a vacuum. In western political thought the foundational statement of the importance of order is Hobbes’s *Leviathan*, which was published in 1648. Hobbes argued in the *Leviathan* that without order life would be nasty, brutish and short. Order was best preserved by the Leviathan, the all powerful state, whose legitimacy was based upon an implicit social contract that had been entered into by all subjects. Subjects agreed to obey the Leviathan, the sovereign, in all things, and the Leviathan in turn provided order for the society.

When Hobbes published the *Leviathan*, Britain was in the midst of a series of

political upheavals. The king would be executed. The monarchy would disappear for a decade. During the previous century religious wars had torn apart France. The Thirty Years War in Central Europe, which killed more than two million people and whose ferocity was worsened by religious conflict, ended in the same year that *Leviathan* was published.

In what is now the industrialized world, social mobilization followed or accompanied growing state capacity. Urbanization and education depended on some level of state capacity. In the newly independent states of Africa and Asia, which captured Huntington's attention in the mid 1960s, things were reversed. Urbanization and social mobilization took place without an increase in state capacity. The colonizing powers of Europe, especially Britain and France, were anxious to leave. European powers wanted a quick exit even when this involved the loss of millions of lives, as was the case for Britain's departure from the Indian sub-continent.

In many countries capacity deteriorated even from the very modest levels that had been present during the colonial period. As I saw myself as a Peace Corps volunteer in the early 1960s, the Nigerians who replaced their British counterparts in the higher civil service, were not obviously more committed or skilled. The number of trained individuals was limited; the University of Ibadan was the only university in Nigeria before independence, and ethnic and religious divisions meant that local or regional officials in the North would not hire personnel from the more educated South. In some countries, the Congo is a very extreme example, there were hardly any individuals with a college education at all.²³

In addition to limited capacity, the demands on new governments were

unmanageable because the tasks that public authorities are expected to perform are now generated by a global template rather than by indigenous demands. In the advanced industrialized countries the scope of state activities increased gradually over time as a result of both the interests of elites and demands from the broader society. Initially, public authorities were focused on external threats and the provision of courts with some reputation for fairness. Internal security came only later; the first police force was established in London only in 1829.

In the contemporary world states are expected to be engaged in a much wider range of activities that include health, education, census taking, environmental protection, labor conditions, natural resource management, macro-economic stability, fiscal stimulation, financial regulation, social security; the protection of rights for designated groups such as children, ethnic minorities, indigenous peoples, and individuals with disabilities; infrastructure including roads, railways, airports, and water supplies; recovery from acts of nature such as hurricanes, earthquakes, and fires; the promotion of economic growth; the regulation of specific industries, the promotion of specific sectors, and the subsidization of certain kinds of economic activities (farming being the most obvious).²⁴ The 1997 *World Development Report* from the World Bank included the following list of “functions of the state: Minimal functions: defense, law and order, property rights, economic management, public health, anti-poverty programs; Intermediate functions: basic education, environmental protection, utility regulation antitrust policy, insurance (health, life, pensions), financial regulation, consumer protection, redistributive pensions, family allowances, unemployment insurance; Activist functions: fostering markets, cluster initiatives, asset redistribution.²⁵

This is a daunting list and not all of the most advanced countries with the most exceptional competencies perform all of them, but it is a list that would have been incomprehensible to any political leader say 200 years ago when states had much less capacity.

These expectations regarding the responsibilities of the state have become part of a powerful logic of appropriateness which is both embraced by elites in the developing world and propagated by official and unofficial international and transnational organizations.²⁶ On a trip to Khartoum in 2005 the State Department motorcade that I was a part of, drove through the center of the city. The signs in front of the government ministries were the same signs that would have been found in Washington or Berlin, the Ministry of Health, the Ministry of Education (although they were in Arabic as well as English), but the functioning of these ministries, to the extent that they functioned at all, would have been very different. The Sudanese delegation that met with me and my State Department colleagues including a number of women, certainly more than would have played a significant role in the government of the Sudanese dictator Omar Al-Bashir. Equal or at least some representation of both genders was part of the logic of appropriateness that modern states were expected to follow.

There is a disconnect between the formal or legal scope of state authority, and institutional capacity in many developing countries. The template for state responsibility is global. In the developing world this template has been embraced because newly independent states in the post World War II period modeled their formal organizational structures on those already in place in Europe, North America and, in some cases, the Soviet Union. Every state knows (that is the public officials in those states) that it is

supposed to have an organization that supports scientific research; it knows this because UNESCO officers have made this part of the template of modernity. Every modern state must have an equivalent of Germany's Deutsche Forschungsgemeinschaft or America's National Science Foundation. This is even true for states that have no scientists and no research community to speak of.²⁷ These challenges – high social mobilization, limited capacity, and high expectations about the services that the government should provide – have provided a formidable challenge for many states in the developing world. There is a decoupling of logics of appropriateness (what the state is expected to do) and logics of consequences (what political leaders actually have an incentive to do based on their resources, interests, and the capacity of public intuitions). There is a disconnect between the template provided by the international environment, the demands generated in a socially mobilized society, and what the state can actually provide or what political leaders have an interest in providing.²⁸

For adherents of the view that state capacity is the key to development and modernity the fundamental analytic question is: how can state capacity be increased so that the state can effectively control activities within its own territory. How can the state meet at least the minimal expectations of its population by providing security, law and order, and the protection of property rights?

Attempts to understand how state capacity has developed have looked to the past, particularly but not exclusively, to Europe's past. How did the powerful centralized states of the European continent, especially the states that became the major powers of the 20th century, emerge from the fragmented and weak polities that characterized Europe in the Middle Ages? The focus for institutional capacity analyses is on the factors that

might have enhanced the capacity of the state, in Huntington's terms the amount of government, not on factors that might constrain the arbitrary exercise of state power.

The most prominent argument, and one that has been used to understand developments in China as well as Europe, is that state power emerges in response to external threat. The famous aphorism, "war makes the state and the state makes war" captures this argument. States displaced other organizational forms, in Europe, notably leagues of city-states and empires.²⁹ In 1490 there were around 500 political entities in Europe including empires, states, city-states, principalities, and the Papal states. By 1990 there were fewer than thirty states in Europe.³⁰

After 1500 the fiscal-military state spread in Europe.³¹ War, conquest, occupation, and defense demanded bureaucracies that could administer territory. The fiscal-military state was able to tax its population and use these revenues to pay for loans and a permanent bureaucracy, including an army and navy. Over time, the fiscal-military states of Europe developed specialized military forces. Mercenaries disappeared.³² Feudal obligations became irrelevant even if the aristocracy continued to dominate the officer ranks.³³

The most successful states in Europe developed first the ability to borrow at reasonable rates; this was especially the case for Britain after the Glorious Revolution of 1688. In the 18th and 19th centuries the major European powers came increasingly to rely on organized bureaucracies that could effectively collect taxes.³⁴ "War builds up an infrastructure of taxation, supply, and administration that itself requires maintenance and often grows faster than the armies and navies that it serves."³⁵ External wars may increase the identity of individuals with the state facilitating resource extraction by

political leaders and making it easier for them to enhance state capacity.³⁶ For Europe over the last several hundred years, there is a positive relationship between tax revenue and war.³⁷ States that have experienced more years of war in the past have greater capacity in the present

Europe was not unique with regard to the way in which the pressures of war increased state capacity. A similar process had taken place in China almost 2000 years earlier. In 221 B.C. the warring states period in China ended after more than 250 years of fighting among seven major contending polities. Power was consolidated in the hands of one dynasty, the Qin. Technological change, the ability to cast individual weapons, provided an advantage to larger political entities that could arm more foot soldiers. At the end of the fighting around 500,000 men were mobilized, more than 10 percent of the population, a far higher percentage than what the Roman Empire had been able to muster at the height of its power. ³⁸

The most stunning escape from the trap of sub-optimal domestic institutions occurred in Meiji Japan where, in the face of the threat of colonial conquest, a threat made manifest by the fates of China and India and the appearance of American naval vessels in Japanese waters in 1853, the Japanese political elite transformed the political, economic, and social systems of the country during the Meiji restoration. The Japanese elite essentially destroyed the political and social system of the Tokugawa shogunate. The samurai class was abolished; a conscript army replaced samurai bands; restrictions on travel were ended; international trade was opened; western style education was introduced in state schools; feudal holdings became prefectures of the central government; tax collection was centralized; an elected Diet was established; and a written

constitution was promulgated in 1890, the first in Asia.³⁹ A country that had first tried to deal with western encroachment under the Togukawa shogunate by limiting westerners to one port Nagasaki, and abolishing firearms because they threatened the quintessential samurai weapon, the sword, systematically surveyed western institutions during the last part of the 19th century and transformed Japan into a modern industrial power that was able to defeat Russia in the Russo-Japanese war of 1904-05.

External threat provided a powerful incentive to increase state capacity, but these incentives were not always strong enough to counter the parochial interests of political and military elites. Poland, which experienced the same external threat as Prussia/Germany was partitioned out of existence in the last decade of the 18th century by Prussia, Russia, and Austria not only because of its vulnerable geographic position but more importantly because of the liberum veto, which allowed any aristocratic member of the parliament to block an agreement. China went through more than a century of turmoil before the reforms of Deng Xiaoping led to external autonomy and spectacular economic growth.

Thus, war did not always make the state. In many instances it unmade, destroyed political entities. Some political entities were too small to defend themselves. Existing institutional structures in some larger political entities – Russia, Poland, Korea, the Ottoman Empire – created perverse incentives: the ruling elite could not reform without fundamentally undermining its own position. Their choice was death or death: death by conquest or death by domestic transformation.

Tilly's war makes the state and the state makes war may not be relevant in the contemporary era where established boundaries have been protected by sovereignty

norms and by the interests of elites in weak as well as powerful states. One of most dramatic changes that took place after the Second World War is that states stopped dying. Only two states have died since 1945; that is, only two widely recognized states have ceased to exist as a result of conquest rather than voluntary break-up.⁴⁰ This has happened despite the fact that many states with limited resources, military or otherwise, arbitrary boundaries, and a shallow sense of national identity have secured international legal sovereignty. Political rulers in these states have to worry about many things, but external conquest is usually not one of them. Rulers are more likely to be overthrown by internal coups or revolts than by external invasions. The few exceptions such as South Korea, which is threatened by North Korea, and Taiwan, which enjoys effective Westphalian/Vattelien and domestic, but not international legal sovereignty, and is threatened by China, foreign conquest is not an issue that domestic elites have worried about even in states with very limited capacity.

For analysts who focus on the importance of state capacity Tilly is, fortunately, not the only explanation for why central political authorities have been able to increase the competence and scope of their activities over time. A second explanation points to the importance of specific social or political coalitions, groups whose interests would be furthered by a more effective state. This is an argument entirely consistent with modernization theory. Such explanations have been offered for changes in state capacity in many different settings. In France, the centralization of state power began in the 15th century before external threats were clearly manifest.⁴¹ In a dramatically different setting, the development of greater state capacity in recent years in Somaliland , a piece of Somalia that has become de facto independent, was the result primarily of internal

pressure: political leaders, merchants, and traditional elites all believed that their interest would be better served by creating an independent authority structure that was free of Somalia where central authority had disintegrated threat.⁴² Political coalitions also explain, at least in large part, the increase in state capacity in the United States in the latter part of the 19th century. The Pendleton Act of 1883 provided for the selection of federal civil servants based on meritocratic criteria, including examinations and established the Civil Service Commission. In 1882 almost 90 percent of federal jobs were filled through political patronage; by 1945 the number had fallen to 15 percent.⁴³

As in the case of external threat, greater per capita wealth and a larger middle class has not necessarily led to greater state capacity. In some countries such as Italy and Greece patronage continued to dominate meritocratic standards in the selection of civil.⁴⁴

Colonial legacies offer another explanation for state capacity. In general, colonialism was not a good thing. The occupying power usually provided only limited resources. Indigenous institutions, which might have provided effective building blocks for state capacity over the longer run, were undermined or destroyed.⁴⁵ The strongest case for the positive impact of colonial control can be found in Japan's colonies, Taiwan and Korea. In Taiwan, initial efforts to impose institutions from Tokyo and Japanify the population were resisted. The local Japanese governor, Goto Shempei a military officer, then was given considerable autonomy. Shempei introduced a set of policies that seamlessly integrated "new and modern laws and regulations with traditional Taiwanese institutions, such that the formal administrative structures of the states and ... societal organizations (such as religious associations and clan groups) were reinforcing."⁴⁶ The Japanese encouraged industrial and agricultural development in Korea during their

colonial occupation.⁴⁷ Colonialism is, however, a thing of the past. Colonialism has been delegitimized. It is not likely that more powerful states will decide that they could benefit by taking over an area.

A final explanation for variations in state capacity is religion. Because of its independence and hierarchical structure, the Catholic Church was able to contribute to the rule of law in Europe by constraining warriors in a way that was not possible in any other part of the world where religious and secular authority were joined (the Islamic world), where religious authority was not independent (China), or where religious authority was not hierarchical (India). The capacity of states in Europe was enhanced rather than undermined by the fact that religion offered some possibility, not always exercised, of constraining arbitrary state power.⁴⁸ Religion can make a critical contribution both by making the society more orderly and easier to govern and by motivating elites to commit themselves to the well-being of the polity, because order, discipline, and service are identified with religious salvation. Calvinism provided a particularly powerful set of organizational structures and beliefs because it was concerned with creating an ordered society that reflected the will of God. “In the ‘confessional paradigm,’ church-building and state-building go hand in hand.”⁴⁹ The kings of Prussia populated their bureaucracies with Calvinists. In the Netherlands, Calvinism helped to create a well-ordered, self-disciplined society that made it possible for the Dutch to play an outsized role on the world stage.⁵⁰

What unites all authors who understand institutional capacity as the key to state development is the assumption is that it is possible to engage in state-strengthening; that is, to construct a central state apparatus that can concentrate and effectively deploy power

for collective objectives. State institutions must be able to set and enforce the rules of the game. They must be able to establish order, assure rule of law or at least rule by law, and provide some collective goods. The state may be a stationary bandit but it is not a roving bandit. The provision of some order is a necessary condition for wealth.

The Flaw in Theories of Institutional Capacity:

Theories that link development with institutional capacity suffer from one major flaw. While, institutional capacity arguments have many different explanations for why institutional capacity develops, they do not explain why political leaders would adopt policies that would benefit the society as a whole, or even a large part of it, rather than their own narrow self-interest. Elites, if they have any choice, will not allow economic developments that would upend the existing political order.

Some autocratic regimes have dramatically increased their average per capita incomes from poverty levels to middle income, but they have not become rich. China is the most dramatic contemporary example. If China reaches OECD level incomes and remains dominated by the Communist Party it will be a vindication of institutional capacity theory: an autocratic regime will have introduced policies that have benefitted a large part of the population. Such an outcome is unlikely because an autocratic state will not tolerate the kind of economic dynamism necessary to sustain substantial levels of growth. Sooner or later the bad emperor problem will rear its head. Mao killed tens of millions of Chinese through disastrous policies including the great leap forward and the cultural revolution.

Huntington in 1968 courageously (and he was nothing if not intellectually courageous) references the Communist Party of the Soviet Union as his example of an

organization that has been autonomous, independent from societal pressures, and competent. The Soviet Union did have many impressive accomplishments. The Bolshevik government transformed an agrarian backwards polity into one of the two most powerful military powers on earth with a formidable industrial capacity of its own. The costs, however, for those living in the Soviet Union were very high. Tens of millions died in Stalin's purges, forced collectivization, and the geographic displacement of ethnic minorities. Many millions more died because of Stalin's grotesque foreign policy errors: the Nazi-Soviet Pact that made it easier for Germany to invade the Soviet Union, and purges of the military leadership in the 1930s that made the Soviet Union's military weaker. The artistic avant-garde that emerged at the time of the Soviet Revolution was forced underground or killed. The Suprematist movement of the 1920s, which focused on radically abstract geometric shapes, was supplanted by socialist realism. Malevich, the leader of the suprematist movement, painted abstract and visionary canvasses immediately after the revolution; his last paintings in the 1930s are painfully constrained by social realism. By the 1980s Soviet economic growth, having exhausted the technologies developed elsewhere (including those acquired through espionage such as nuclear weapons), and having exploited the available agricultural labor force by moving it into industry, stagnated. Life expectancy began to fall, an astonishing development for an industrialized society (and one that is now being repeated among poorly educated whites in the United States).

The goal of the Soviet leadership was not to further the well-being of Soviet citizens – material or spiritual – but to stay in power. And that they succeeded in doing until 1991 when Gorbachev's reforms, prompted in part by the realization that the Soviet

Union was falling hopelessly behind the west, and his clash with Yeltsin, precipitated the collapse of the Soviet system. Soviet per capita GDP was about 28 percent of that of the United States when the Bolsheviks came to power; it rose to a high of 37 percent in 1970 but then dropped back to 30 percent in 1990.⁵¹

The Soviet Union is hardly an exception. While the classic Chinese imperial state was impressive in its reach and administrative capacity, it did not promote economic growth or social change.⁵² The imperial system (those officials including the emperor who were the beneficiaries of the system) had no interest in generating economic and social transformations that could alter the balance of political power. Trade with the outside world was heavily regulated and limited to only a few ports on the coast before the 19th century, especially after the emperor ordered the imperial treasure fleet destroyed early in the 15th century. For most of the centuries before the industrial revolution, China was wealthier and more technologically advanced than Europe, but this did not mean wealth for the average denizen of China.⁵³ A 2013/14 exhibit at the Metropolitan Museum of Art in New York, “Interwoven Globe: The Worldwide Textile Trade, 1500–1800,”⁵⁴ had few examples of textile products that had been exported from Europe to China. Europe bought luxury goods from Asia, not the other way round. The British initiated the opium wars in the 19th century at least in part because there was nothing that the Chinese wanted to import from Europe. Thus in China the state was strong but it was not constrained. The state often abused its own population. To maintain their own base of power, emperors frustrated economic and commercial growth.

State power alone does not lead to sustained development. Nazi rule in Germany benefitted some but crushed, exterminated, millions of others. Constraints on the state

in Japan were not sufficiently enough embedded in the social and political structure to prevent the exercise of arbitrary military and political power in the 1930s. Mugabe pillaged Zimbabwe leaving most of his countrymen, black and white, worse off than they were under white rule. In countries as geographically different as Azerbaijan, Saudi Arabia, Burma, Equatorial Guinea, and Angola oil wealth has allowed a small cadre, sometimes from the same family, to live in astonishing luxury, while most of the population is immiserated.

So long as the political elites can command enough control over the instruments of violence to stay in power, they will engage in rent seeking that damages most members of the society. In most situations, the state is a protection racket. In all of the pre-industrial states—Athens, Rome, the padi states of Asia —power depended on population; population depended on slaves; slaves were secured through warfare.⁵⁵ The apotheosis of state power and oppression arrived in the 20th century with the combination of growing bureaucratic control, autocratic authority structures, and high modernist ideology—a belief in progress and rationality.⁵⁶

Thus, while analysts focusing on the institutional capacity of the state have suggested a number of different ways in which state power can be established, they have failed to explain why this power might lead to sustained economic growth and democratization. Political elites are self-interested. In non-democratic polities their interests, logically and historically, have resulted in oppression and exploitation. Some level of security may be a necessary condition for development, but security alone is no guarantee of sustained economic growth, well-being for all or almost all, and responsive rather than repressive government.

Conclusion:

Both modernization theory and institutional capacity approaches are fatally flawed albeit for different reasons. Modernization theory cannot explain how economic growth begins and institutional capacity approaches cannot explain why a powerful state would not be self-serving. Economic development and democracy cannot be achieved unless the institutions in a country reach the Madisonian sweet spot, unless institutions are both effective and constrained. Without effective institutions, there will be chaos and sustained economic growth will be impossible. Without constraints institutions will be used for the narrow self-interests of elites. Neither modernization theory nor institutional capacity approaches provide any guidance as to how the Madisonian sweet spot can be reached.

CHAPTER IV

RATIONAL CHOICE INSTITUTIONALISM

Rational choice institutionalism offers a third perspective on the trajectory of political and economic development. Whereas modernization theory emphasizes social and economic change leading to political transformation, and institutional capacity theory focuses on the factors that might promote the development of state institutions, rational choice institutionalism sees development principally as the result of self-interested decisions taken by elites, especially the elites that control the instruments of violence. Full development, economic wealth and democracy, can only occur if institutions are both effective and constrained rather than extractive.⁵⁷ The Madisonian sweet spot must be reached. Institutions must open up opportunities for all (or almost all) members of society, encourage rather than frustrate individual initiative, and limit rent-seeking by elites.

The great mystery is why elites would ever create such institutions; why those who control the means of violence within a polity would ever agree to constrain their own freedom of action? Why would rulers ever tolerate or accept social and political change that would undermine their own ability to stay in power? In human history, present day Somalia is much closer to the modal state than Denmark or Norway.⁵⁸

Reaching the Madisonian sweet spot is a matter of luck. Certain structural conditions, especially a larger middle class, make the development of effective but constrained institutions more likely, but do not guarantee them. The country that first developed both effective and constrained institutions was Great Britain. Had Britain not developed effective but constrained government in the 19th century there would have

been no industrial revolution and no modern democracy. Britain was the shining light but that light could have been extinguished by fortuitous events.

Elizabeth I's speech to her troops at Tilbury on Aug 19, 1588 and Winston's Churchill's address in Parliament on June 4, 1940 are two of the most famous perorations ever given in the English language. Both came at perilous moments in English history. The first shortly after the Spanish Armada had been forced north from the Straits of Dover and the second only a few days after the last evacuations from Dunkirk took place at the beginning of the second world war. Elizabeth said in 1588:

“I know I have the body of a weak, feeble woman; but I have the heart and stomach of a king, and of a king of England too, and think foul scorn that Parma or Spain, or any prince of Europe, should dare to invade the borders of my realm...”

Churchill's words are more familiar:

“Even though large tracts of Europe and many old and famous States have fallen or may fall into the grip of the Gestapo and all the odious apparatus of Nazi rule, we shall not flag or fail. We shall go on to the end, we shall fight in France, we shall fight on the seas and oceans, we shall fight with growing confidence and growing strength in the air, we shall defend our Island, whatever the cost may be, we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, we shall fight in the hills; we shall never surrender...”

When Elizabeth spoke, the English did not know that the Spanish Armada was already sailing for home. Elizabeth and her advisors saw invasion as a very real possibility.⁵⁹ The Armada consisted of about 130 ships only 6 of which were lost at the

major military encounter between the English and Spanish navies. If the Armada had been successful in its main task of protecting an invasion force from the Netherlands (then controlled by Spain), and the Duke of Parma had landed his forces, Protestant and Tudor England would probably have been finished.⁶⁰ Elizabeth's hold on power was hardly secure. Many in the country were still Catholics. If the weather in the Channel had been more favorable, Medina Sidonia, who commanded the Armada, might have succeeded in protecting Parma's troops as they crossed the Channel and this Spanish force might have encountered little resistance both because of the poor state of the English army and because of religious divisions in England.⁶¹

Whatever else one might imagine the history of England, the leader in constraining the arbitrary power of rulers, would have been very different if Philip II had become the king of a Catholic England in 1588. England was hardly a democracy in the 16th century, but Philip II the Hapsburg ruler of Spain embraced a far more autocratic set of principles than did the Protestant Elizabeth. Had the Spanish Armada succeeded in facilitating an invasion of England, a very different historical trajectory would have followed.

Britain found itself in an equally perilous situation in June of 1940. Hitler's armies had rampaged across Western Europe. By June 1940 Britain was left to fight Germany alone in the west. The British cabinet was divided. Appeasers, especially Chamberlain, still held key positions in the Conservative government.

Had Britain failed to evacuate more than 300,000 troops from Dunkirk, more than 200,000 of them British, history would have been different, perhaps decisively different. The British would almost certainly have sued for some kind of peace with Germany;

Germany could have turned all of its might against the Soviet Union; there would have been no North African campaign that allowed Roosevelt to engage Germany after the Japanese attack on Pearl Harbor. Perhaps the second world war would have had the same outcome, Americans did after all develop nuclear weapons, but the world would have been very different than it is today had Britain surrendered or reached a peace with Germany in 1940.

The favorable weather in the Channel was, though, one of the factors that made the evacuation a success. Many “small ships” participated in the extraction of the BEF and some French forces from Dunkirk. Had the weather in the Channel been as bad as it could be, the evacuation would have failed and history would not have been the same.

Luck, including the weather, has played a decisive role in creating the OECD world. For most of human history, political authority has been far more malevolent and rapacious. Democracy is a rare occurrence. There is no set of structural conditions which foreordains democratic outcomes. Luck, even good and bad weather, has played a decisive role.

For analyses that focus on institutional capacity the most important goal is to create state institutions that are effective and autonomous, because such institutions are viewed as a necessary condition for order: no order, no economic development. In contrast, for rational choice approaches such autonomous institutions are fatal. Institutions must constrain elites not just empower them.

Consolidated democracy requires political leaders to be responsive to the collective benefits of at least a large part of the society, if they hope to stay in office. A market economy involves both the protection of property rights from the arbitrary power

of the state, and creative destruction, technological change that upends the economic order and is inescapably disruptive for the political order as well. Schumpeter wrote in 1942: “The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation—if I may use that biological term—that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.”⁶²

In the United States in the late 20th century technological innovations turned Silicon Valley from an area of fruit orchards to the center of high technology in the world creating many multi-millionaires, even billionaires in the process, individuals with substantial resources some of whom also had political interests. The United States, because of its rule of law and protection of property rights also attracted many investors, engineers, and programmers from other countries, some of whom became citizens and played a role in American politics. An autocratic regime would have stifled such development not only because autocracies cannot guarantee property rights or rule of law but also because new player with time and money would be a threat to the existing political order.

Unconstrained elites will never allow creative destruction because it would undermine the social and economic basis of their own power. History is filled with examples of situations in which violence wielding elites have crushed technological, social, or economic changes that might have threatened their own power. At the beginning of the 15th century, the Chinese had the most formidable sea-going fleet in the

world, ships that were much larger than anything in Europe, and many more of them. But the Emperor ordered that the Chinese treasure fleet, which had sailed as far as the east coast of Africa, be destroyed. Had the Chinese treasure fleet been allowed to continue unimpeded, the Chinese might have reached Europe rather than the much smaller caravels of the Portuguese sailing into the Indian Ocean and on to China a century after the Chinese vessels ended their voyages.

Investment and technological innovation, the drivers of economic growth can only flourish in a polity where the holders of state power cannot act effectively but not arbitrarily. Extractive or limited access polities, where there is centralized state capacity may experience growth, but such growth spurts are not consistently sustained.⁶³ The Soviet Union, for instance, grew more quickly than the market-oriented democratic polities of western Europe and North America so long as it could take advantage of technological innovations that had been discovered elsewhere, and there was a reservoir of rural workers who could be moved into more productive manufacturing activities, but once these advantages were exhausted the USSR stalled and ultimately collapsed. Since 1950 the richest countries (those with per capita incomes above \$20,000), had positive growth rates in 84 percent of their country years, while poorer countries (those with incomes below \$2000) had positive growth in only 56 percent of their country years.⁶⁴

For rational choice institutionalism the contemporary world is divided between open and closed access polities. In closed access polities, violence is endemic. One study notes that “Violence is surprisingly common throughout the developing world, including the richest developing countries. The median number of years between violent regime changes in the poorest half of the world's countries is seven years; at twelve and a

half years, it is not much higher in the richest developing countries. In contrast, the median number of years between violent regime change in the richest decile of countries is sixty years."⁶⁵ With regard to violence the richest developing countries are closer to the poorest developing countries than they are to the OECD world. In limited access or closed access orders violence is commonplace; in open access orders it is exceptional.

For rational choice institutionalism moving from a closed access to an open access order requires simultaneous change in many different issue areas, including economic activity, military structures, the application and determination of laws, and the choice of political leaders. Such change across many different activities is difficult. Since 1840 only ten percent of all regimes have lasted for more than fifty years. Most people have experienced violent regime change in their lifetimes.⁶⁶ Effective states, capable of delivering services but at the same time refraining from exploiting their own populations, states that have reached the Madisonian sweet spot, have only existed for the last century or so.⁶⁷

Rational choice institutionalists do, however, point to some distinctions among closed-access or extractive polities. One recent discussion based on rational choice institutionalism distinguishes among fragile, basic, and mature natural or closed access orders.⁶⁸ In fragile natural orders the only organization that exists is the state itself; in basic natural orders there are organizations other than the state but they are all directly tied to the state; in mature natural orders there are organizations outside the state. Making the transition from closed or natural orders to open access orders is challenging and never guaranteed. The jump to open access orders can only occur, North, Wallis, and Weingast argue, if a set of “doorstep” conditions, which are only present in mature

natural orders, are reached. Reaching the doorstep conditions, which include rule of law at least for the elite, perpetual organizations, and centralized control of the military, does not, however, guarantee a transition to an open access order.⁶⁹ Not every state that meets the doorstep conditions makes the jump, which requires the transformation of many different elements of the polity.⁷⁰

Path dependence matters. Path dependent explanations have two essential components: first some random conditions possibly combined with structural features of a polity precipitate change; second this change is then locked in. In the classic path dependent arguments, the random events that led to lock-in did not result in optimal outcomes, such as the adoption of the QWERTY keyboard (the first five letters on the left of the top line of a typewriter keyboard) as opposed to the DVORAK keyboard which places all vowels on the middle row (although the sub-optimality of the QWERTY keyboard has been challenged).⁷¹ The jump to open access does lead to a virtuous cycle. Openness in the political system supports openness in the economic system, which in turn reinforces political openness leaving the society as a whole, and potentially everyone in it absolutely better off.

Many different specific answers, however, have been offered for the random events and possibly underlying structural pre-requisites that can transform social orders. One way of thinking about when this transformation might take place are the doorstep conditions in which the control of violence is centralized, some organizations are perpetual and independent of the state, and at least some members of the elite have access to the rule of law. If these door-step conditions exist, then elites may find it to be in their interests to extend impersonal rights, including the rule of law to a broader segment of the

society. The extension of rights might be attractive because it could increase economic payoffs to the elite by, for instance, making ownership in joint stock companies available to a wider public;⁷² or a more constrained state might be more militarily effective because it can more easily raise money from a commercial elite that might otherwise live in perpetual fear of a sovereign default.⁷³

There is, however, no teleology at work here. Even if the doorstep conditions are reached, polities might revert back into more primitive forms of a closed access order. “No teleology pushes states through the progression from fragile to basic to mature natural states. The dynamics of natural states are the dynamics of the dominant coalition, frequently renegotiating and shifting in response to changing conditions. If adjustments lead to more power and rents based on personal identity, institutions become simpler and organizations less sophisticated, and the society moves toward the fragile end of the progression of natural states. If adjustments lead to more power based on durable agreements, institutions become more complex and organizations become more sophisticated, and societies move towards the mature end of the progression. No compelling logic moves states in either direction.”⁷⁴

There are a variety of conditions that might lead elites to give up power. Elites may relinquish control when they face a credible threat of being overthrown. In this situation elites may accept more democratic institutions because this is the only way that they can make a credible commitment that allows them to avoid the even worse outcome of a successful rebellion. Elites may accept fundamental reforms that give more power to citizens because only constitutional concessions will be credible.⁷⁵

Concessions will be more acceptable if elites are vested in more moveable

industrial and human capital rather than land. Elites with human or industrial capital can exit a country with their assets; landed elites cannot. Movements toward democracy are more likely when there is a middling level of inequality; if inequality is very high, elites will be very resistant to change; if it is relatively low citizens will be less likely to revolt. A more robust civil society facilitates democratic change by making it easier for citizens to overcome collective action problems.⁷⁶

Individual leaders might hold values that transcend their own narrow self-interest. Seretse Khama, who led Botswana's independence movement is one prominent example. Botswana has not experienced any armed conflict, an unusual although not unique circumstance for a sub-Saharan African country.⁷⁷ Over the last 25 years it has been one of the fastest growing countries in the world; it reached middle income status with a per capita income of \$17,700 at purchasing power parity in 2015.⁷⁸ The literacy rate is 85 percent. Despite being highly dependent on diamond exports, it has escaped the resource curse. All of these successes took place despite unpromising beginnings: Botswana had almost no paved roads and very few university graduates when it became an independent state. The one area in which the country has not performed well is life expectancy, which is relatively low at 54 years, primarily because of a very high HIV/AIDS rate of 23 percent, the third highest in the world.⁷⁹

It is difficult to explain Botswana's largely very attractive performance without taking account of the country's leaders, especially at the time of independence. A number of important and farsighted decisions were taken by the post-independence political elites, in particular Seretse Khama and Quett Masire. Khama, who was heir to one of Bechuanaland's major kingships, was studying in England in the 1940s, when he fell in

love with an English woman. Under pressure from the white racist governments of South Africa and Southern Rhodesia, Britain banned Khama from what was then the British Protectorate of Bechuanaland in 1951. He was, however, allowed to return in 1956 after he renounced his kingship. The time he spent in London gave him a deeper appreciation of democracy. He led the independence movement in the 1960s, and played a leading role in introducing modern institutions into his country. Most strikingly, he did not engage in personal aggrandizement.⁸⁰ The path to greater inclusivity, openness, and economic prosperity is not structurally determined. The quality of individual leaders is one factor among other kinds of fortune that can propel polities along one path rather than another.

There is no guarantee that a polity will move to consolidated democracy. Democracy has emerged in some polities, for instance Britain in the 19th century; been resisted for a long period, such as South Africa under apartheid; failed to arise even though underlying conditions appeared supportive, such as Argentina; or never existed at all despite considerable economic prosperity as in Singapore.⁸¹ Economic crises can lead to democratization, but also precipitate coups that end democratic regimes. High levels of development, Singapore being the exemplary case, do not necessarily lead to democracy.

For most people for most of human history life has been nasty, brutish, and short whether or not there was an effective state. Violence has been endemic. Political power was used in arbitrary ways. Warriors killed the defenseless and each other. Political elites pillaged, taxed, and conscripted. For almost all of human history in almost all parts of the world human beings have lived in closed access orders.

Only in the last two centuries has some part of humanity escaped from these conditions. How and why this escape took place has occupied the attention of many observers. Analyses have relied on the three perspectives discussed here: modernization theory, institutional capacity, and rational choice institutionalism. Although these approaches are not mutually exclusive, rational choice institutionalism provides, in general, the most compelling explanation for why in a small number of countries in limited parts of the world, these conditions have been transcended. Transcendence is only possible if political elites accept constraints on their own power and if they are able to create and sustain effective institutions. Reaching the Madisonian sweet spot is, however, a rare occurrence, which requires both the right structural conditions (a larger middle class is helpful but not dispositive) and luck.

Flaws in Rational Choice Institutionalism: The Empty Middle:

Rational choice institutionalism makes no claim to being able to predict ex ante what the conditions might be that would allow a polity to be transformed into an open access or inclusive order. Only after the fact can institutions that are both effective and constrained be explained. Given the complexity of the political, economic, and social environment and the multiplicity of incentives confronting elites, this is hardly a fatal flaw.

The more damaging lacunae for rational choice institutionalism is that it has no way to understand, or even to describe, polities that might be intermediate, in the middle, polities that have elements of both closed and open access orders. Even if most countries can be characterized as closed or open, or extractive or inclusive, there are some polities in the middle, or at least aspects of some polities that are open access, while others are

closed access. Polities do not move instantaneously from extractive to inclusive institutions. The middle could mean a number of different things: polities in which some aspects of state policy are effectively constrained and others are not; polities in which the percentage of the population with access to the rule of law and with the right to form organizations is substantial, but not universal; polities in which the members of the political and social elite are divided with regard to their preferences for open access or a closed access institutions. Paraphrasing Tolstoy all happy countries (open access or inclusive) are alike, but unhappy countries (closed access or extractive) are unhappy in different ways.

Even, however, in the country that was the trailblazer in extending the rule of law and the right to form organizations, the United Kingdom, the transition to constrained but effective authority was gradual. Britain was not suddenly changed by the Glorious Revolution of 1688 from a country that was subject to the arbitrary power of the crown to one in which the sovereign and landed elite were constrained.

The constraints that were imposed on the crown after the Glorious Revolution applied primarily to the military part of the state's budget. In 1700-1701 the total British budget was 3.76 million pounds with the army and navy accounting for a little more than half; between 1792 and 1800 the average annual expenditure of the British Treasury was 25.36 million pounds with 61 percent accounted for by spending on the army and navy.⁸² In the 1740s British spending jumped by two thirds over previous years, almost the entire increase was accounted for by the military.⁸³ During the second half of the 18th century spending on the army and the navy accounted for about 9 percent of Britain's GDP, reaching 11 percent of GDP in 1800.⁸⁴

The British military budget was controlled by the Parliament in the 18th century. Parliament had the power to specify the spending plan for the army and navy, to collect revenues that would be needed to fund the plan, and to control any departures from the plan.⁸⁵ The military budget had to be passed every year. If a budget were not passed, the king's right to collect taxes for the military, or to make allocations for the military, would lapse.⁸⁶ Britain had what Gary Cox has labeled as a rule of law budget for the military after the Glorious Revolution, but not for other public activities. The rule of law budget for the army and the navy allowed Britain to create a formidable military apparatus, one that ultimately triumphed over France in the Napoleonic Wars despite the fact that Britain was a smaller and poorer country than its main continental rival at the beginning of the 18th century.⁸⁷

In the 18th century, however, other parts of the British budget remained in the hands of the Crown or local authorities. Britain was in many ways a highly corrupt country in the 18th century. Britain had a relatively efficient fiscal military state, but a highly corrupt civil administration. Each new monarch was provided with a sum of money at the beginning of his reign with which he could do as he pleased. Moreover, there were many autonomous local authorities that were seen by Parliament in the 18th century as a bulwark against royal absolutism. Only slowly over time were royal appointments and local sinecures brought under the control of the Parliament. Office holders were converted from independent actors who enjoyed the benefits of fees that they were authorized to collect for their lifetime (some positions could be inherited) into salaried civil servants whose budgets were controlled by the Parliament.⁸⁸

In Britain, rule of law budgets for the military were an island of excellence that

had positive impacts on the civil budget over time. The Crown was willing to accept rule of law budgets in the 18th century for the military because major continental powers presented a mortal threat. Spain, Austria, and most obviously France, had the potential to conquer Britain and extinguish its independence. War makes the state and the state makes war, Tilly's famous aphorism, can be applied to Britain in the 18th century. The Crown accepted constraints not only because the events of the English civil war made it clear that the sovereign could be executed, but also because of external threats from continental powers with larger populations and a larger potential tax base.

The external pressures on Britain were unrelenting. Britain provisioned its army and navy, including not only food supplies (the Victualizing Board), but also boots and uniforms, ships, fortifications, and gunpowder through civilian contractors. Seventy-one percent of the tonnage of new warships provided to the British Navy for the period 1793 to 1815 came from commercial shipyards.⁸⁹ The bakers, grain suppliers, and makers of canon and cannonballs were commercial contractors. Britain relied on its private sector to provide the instruments of war. Spain and France, which attempted to provision their militaries through the activities of the state itself, were less efficient and less effective. When Britain lost the American revolutionary war to the Americans and to France, one of its few defeats in the 18th century, it prompted a parliamentary investigation and the introduction of reforms to make the military more effective.⁹⁰

The rule of law budget that had first been applied to the military demonstrated especially to members of Parliament that there were mechanisms that could be applied to the civilian sector as well as the military. The members of Parliament came to understand that the mechanisms that they had used to frame and fund the military budget, such as

committees of inspection, transfers of revenues from one activity to another, and standard setting could be applied to all aspects of the budget, civilian as well as military. The members of Parliament learned how to create centralized boards, to conduct investigations, to set standards of performance.⁹¹ The organizational instrumentalities that had first been developed to make sure that commercial contractors were honoring their obligations to the army and the navy could also be applied to non-military activities as well. These three factors: external pressure, the experience of the commercial class with a rule of law budget for the military in Britain, and the organizational innovations made by Parliament for this budget, explain why what had been at first been an island of excellence (the military budget) or perhaps more appropriately a continent of excellence given the relative importance of the military budget in Britain in the 18th century and through the Napoleonic Wars, spread to the civilian aspects of the state during the 19th century.

It was not only the budget in Britain that did not change instantaneously from extractive activity controlled by the Crown, which could act arbitrarily, to a more inclusive activity controlled by the Parliament, but also the franchise. In the 18th century only a tiny part of the population had the right to vote for members of Parliament. The franchise was extended gradually throughout the 19th century. The reform of acts of 1832 (separate acts for England and Wales, Scotland, and Ireland) extended the franchise, eliminated some constituencies (rotten boroughs, which had de minimis populations), and gave more seats in Parliament to cities, which had growing populations. Even after the Reform Acts only about 7 percent of the population could vote. The second reform act of 1867 expanded the suffrage to 16 percent of the population.⁹² All the citizens of the

U.K., including women, did not secure the right to vote until 1928.

In the United States, African Americans, some white males, and woman did not initially have the right to vote. By 1820 all white males in the United States, regardless of property holding, were given the franchise. The 15th Amendment formally extended the vote to all citizens regardless of race, although these rights were suppressed for African Americans in many states, especially in the South. All women were not given the right to vote in the United States until the 19th amendment to the Constitution was ratified in 1920. Germany adopted universal manhood suffrage after unification in 1871 although only the second chamber of the legislature, the Reichstag, was selected through direct voting. Germany, however, did not introduce the secret ballot until 1903, a reform that resulted in a large increase in votes for the Social Democratic Party.⁹³ Change was not instantaneous in the United Kingdom, the United States, Germany, or in any other country that has become a consolidated democracy. It is challenging, especially empirically as opposed to theoretically, to identify the boundaries among open access or inclusive polities, countries in the middle or intermediate polities, and limited access or extractive orders.

External threats, internal pressures, learning, and luck all have played different roles for the few polities that have reached the OECD world of wealthy full democracies. There has been no single path. The British merchant class adopted the rules of the 18th century military budget to the 19th century civilian budget. Germany became a fully democratic polity only after Nazism and a devastating defeat in the Second World War. Japan became a consolidated democracy only after a wartime defeat and pressure from the United States. External threat one of the central arguments of institutional capacity

approaches; and a larger middle class, one of the basic argument of modernization theory, help to explain why some polities have reached the Madisonian sweet spot, but they do not guarantee that it will be reached.

In the contemporary world, the threat of external invasion has virtually disappeared. International legal sovereignty has become an effective shield, defended by political leaders in weak state that are anxious to keep their prerogatives and by political leaders in strong states that do not want the obligation of intervening in weak states. One of the major motivations for state strengthening in the past, external invasion and the disappearance of the state, has vanished.

There is no structural data that can predict whether or not a country moves from closed to open access. Per capita income and existing institutions provide a starting point.⁹⁴ The following table shows the percentage of countries in each income category that received a score of 10, the highest democracy score given by Polity IV. A 10 indicates a country that could be understood as a consolidated or liberal (not electoral) democracy.

Per Capita GNI 2015), Atlas Method	Percentage of countries receiving a score of 10 from Polity IV
Income > \$20,000	81%
10,000-19,999	50%
\$5,000-\$9,999	3%
\$2500-\$4,999	8%
Income <\$2,500	0%

Polity scores from https://en.wikipedia.org/wiki/Polity_data_series; per capita income scores from <http://databank.worldbank.org/data/download/GNIPC.pdf>).

This data is completely consistent with modernization theory; democracy is correlated with income level. It does not, however, solve the causality problem: are richer countries democratic or are both high income levels and democracy a function of inclusive or open access institutions? The data does suggest that there is a discontinuity, especially if a score of 10 is used to indicate a consolidated liberal democracy or a fully open access order. It does suggest that if a score of 10 is the right value to focus on from the Polity IV dataset, then the distribution of countries is neither dichotomous nor continuous. There are a small number of countries in the middle. The table above suggests that countries with per capita incomes between \$10,000 and \$19,999 are the ones that could most easily be placed in the middle. Half of these countries received a Polity score of 10.

If the income break is set at \$12,750 per capita then the contrast between countries scoring 10 and all others is even starker. For the countries with incomes greater than \$12,750 in 2015, 75 percent receive a score of 10. For countries in the incomes range of \$5,000-\$12,749, only two receive a score of 10). Other income ranges are also shown in the table below.

Per capita income Atlas method 2015	Percentage of countries with Polity IV score of 10
Income > \$12,750	72% (44 countries total; 7 oil exporting states)
\$5,000- \$12,749	6% (60% received score of 6-10)
\$7,000-\$17,000	29% (none of which were oil dependent states).

	54% score of 6-9
\$2,500-\$4,999	8%
Income below < \$2,500	0%

Polity scores from https://en.wikipedia.org/wiki/Polity_data_series; per capita income scores from <http://databank.worldbank.org/data/download/GNIPC.pdf>).

This last table does suggest that there is a discontinuity between poorer and richer countries. Consolidated democracies or fully open access orders are associated with higher levels of income. There is a significant break at \$12,750 for consolidated democracy scores of 10 (I chose this income level to maximize the contrast between countries receiving a score of 10 and countries receiving a score of less than 10). There are 44 countries with per capita incomes above \$12,750 in 2015 that also received a score from Polity IV. Of these 72 percent received a score of 10, full democracy. In contrast only two countries, or 6 percent, of the countries with per capita incomes between \$5,000 and \$12,749 received a score of 10.

The use of 10 as the right score for identifying full or consolidated democracies with open access orders is reinforced by the relationship between Polity IV scores and the Transparency International Corruption Perception Index. The following table shows the average corruption perception score (the scale goes from 8-100) for each of the five scores that Polity IV classifies as democracies

Democracy Scores and Average Corruption Perception Scores for 2016

Polity Score	Number of Countries	Average Corruption Perception Index
10	33	67.4
9	20	41.9
8	17	41.8

7	13	35.4
6	14	37.7

Source: Data from https://en.wikipedia.org/wiki/Polity_data_series; and https://en.wikipedia.org/wiki/Corruption_Perceptions_Index

The big break is between countries with a score of 10 and countries below 10. The overall correlation between Polity IV scores in 2016 and the corruption perception scores for 2016 scores is .41. (There are 159 countries that received scores from Polity IV and from Transparency International.) If, however, countries with a score of 10 are removed from the calculation then the overall correlation drops to .19.⁹⁵

There are some transitioning countries, some countries between open and closed access orders, and that they are likely to fall within a per capita income level around \$12,000 plus or minus \$5,000. There are 38 countries with per capita incomes between \$7,000 and \$17,000 in 2015 according to the World Bank.⁹⁶ Of these, twenty-eight had a large enough population to receive a score from Polity IV in 2015. Of the 28 countries in the per capita income range between \$7,000 and \$17,000, five were heavily dependent on oil exports (Gabon, Russia, Kazakhstan, Equatorial Guinea, and Oman). None of these five countries had polity IV scores higher than 4. Of the 23 other countries, eight had Polity IV scores of 10 suggesting that there are 17 countries that could be obviously placed in the intermediate category. This group of 17 includes the Dominican Republic, the Czech Republic, Brazil, Romania, Mexico, Malaysia, Croatia, Argentina, and Lithuania). These are countries that might make the jump to consolidated democracy, although rational choice institutionalism suggests that there is no guarantee that this will happen.

These 17 countries might, or might not, transition to open access fully democratic orders. And there might be some countries with lower per capita incomes in which the elite, for a variety of reasons including personal beliefs, might make the jump to an open access order. Nevertheless, the number of countries that are intermediate between open and closed access, countries where the preferences of elites are divided, is relatively small, about 17 countries based on per capita incomes and polity scores.⁹⁷

Regardless of which set of quantitative indicators are used there are a clear set of countries that are rich stable and democratic and an even larger set that are poor, afflicted by violence, and autocratic. Simple measures of per capita income or per capita income combined with some measure of regime stability also suggest that there is a relatively small set of countries someplace in the middle.

From a rational choice institutional perspective polities that fall between inclusive and extractive orders are those in which some members of the elite, political or economic, might have an interest in preserving rent-seeking limited access opportunities while others would benefit from a more inclusive polity or economy. This was the case in Britain in the 18th and 19th centuries. The elite, including the crown, had an interest in defending the country from powerful states in continental Europe, but this could be done most effectively if the crown accepted some limitations on its own freedom of action. This led to a rule of law budget for the military in the 18th century, which spread to the whole budget in the 19th century when the ever more powerful merchant class was able to abolish inefficiencies associated with aristocratic control of civilian activities. All of the key actors were following their own self-interest. Britain was then a mixed polity in the 18th century not because anyone was committed in principle to an open access inclusive

order but because key actors, the Crown, some members of Parliament, and merchants benefitted from an open access order in some spheres. Commercial actors saw the advantages of extending a more constrained but effective state to civilian activities in the 19th century.

In the British case the movement toward a more open access order was the result of a concatenation of events that could not have been predicted a priori. The Glorious Revolution of 1688 was only the beginning, well really the middle. Absent the threat from continental powers (an example of war makes the state and the state makes war, a classic cause pointed to by institutional capacity theorists), a partly religiously motivated civil war that had resulted in the execution of the king, a commercial class large enough to provision the military (something that modernization theorists would point to), Britain might never have become the pivotal state in the movement toward an open access order.

In a basically extractive order there might be insulated bureaucracies staffed by technocratic individuals with strong ties to open access transnational or international organizations. These individuals might have advanced degrees from western universities, work experience in international financial institutions, or memberships in transnational organizations. Autocratic rulers might need them as interlocutors with donor agencies or to manage essential state functions, like the central bank.⁹⁸ They might be more willing to use their voice in favor of reforms because the consequences of failure would be limited (they could always move back to Potomac, Maryland home to some of the officials based in Washington international financial institutions) and they would be less bound by national loyalties. Their bargaining power would be greater

because exit would be an option for them.⁹⁹

One example: Ngozi Okonjo-Iweala was appointed the finance minister of Nigeria in 2011 by President Goodluck Jonathan, a politician who has been accused of stealing billions. The Nigerian government has been afflicted by rent-seeking, military coups, and high levels of corruption. Most of those holding office can secure much more wealth and power inside the government than outside. But there are exceptions, like Okonjo-Iweala. She had served as Finance Minister and Foreign Minister in a previous Nigerian administration. Prior to her appointment she had been a managing director at the World Bank. She served as the Nigerian finance minister until 2015. After leaving the Nigerian government she became the chair of the board of the global vaccine alliance, and has been listed by *Forbes* and *Time* magazines as among the most influential or powerful people in the world. Okonjo-Iweala earned an A.B. degree from Harvard and then a Ph.D from MIT. Her four children also have undergraduate degrees from Harvard. One of her daughters, who has a degree from Harvard medical school, became an internist in Durham North Carolina.¹⁰⁰

More generally, no social science theory does a very good job explaining exceptional political leaders, individuals who even in an environment where rent-seeking offers the most obvious path to personal wealth and power, support policies that increase the provision of collective goods for the population as a whole. Social science, at least American social science, is good at explaining behaviors and outcomes that are motivated by power and economic self-interest and not very good at explaining outcomes that are driven by ideas, norms, religious beliefs, or identities. Individuals, including individuals in positions of power and authority might defy expectations for reasons that are not

obvious.

A final factor that might explain how polities might become rich consolidated democracies is consistent with rational choice institutionalism but not a part of the core theory. It is the role that external actors might play in fostering the creation of specific institutional arrangements that might be consistent with open access orders. External actors are, however, most likely to be effective in intermediate polities where they can find local allies.

Even, however, if there are some elements of a polity, or some individuals in the political or economic elite that for either idiosyncratic or self-interested reasons are more interested in an open access inclusive order, that does not necessarily mean that there is any teleological movement toward such an order. Full democracy and a genuinely open economy might or might not evolve. Islands of excellence might wither away, be flooded over by widespread corruption, sustained in isolation, or might diffuse and be models that influence the evolution of the polity more generally.

In polities where the position of political elites would clearly be threatened by more open access institutions, the leverage that could be exercised by external actors will be limited. Elites in extractive polities will frustrate efforts by external actors to put in place more open access institutions, because wider access would threaten the tenure of extant leaders.

Political elites act primarily to serve their own interests. For most of human society in most places in the world, elites could better protect themselves and stay in power by supporting closed access or extractive institutions. These institutions could provide benefits directly or indirectly to key actors, especially violence wielding agents,

whom political elites had to cultivate to stay in power. Under some circumstances, political elites in limited access or extractive orders may sometimes implement policies that improve the circumstances of others in the society as well. Only, however, under exceptional circumstances will they tolerate or be forced to accept changes that would undermine the social and economic basis of their own power. They may accept islands of excellence if they believe that such islands can be isolated. The fundamental conclusion of rational choice institutionalism is that in most of the world's polities attempts to create an open access order in which there is full democracy and an open market are fruitless.

CHAPTER V

GOOD ENOUGH GOVERNANCE

Introduction:

All three of the major approaches to development have paid some attention to the international environment, but not much to explicit efforts by external actors to influence authority structures in other states. For modernization theory, globally available technology can affect trajectories of economic growth. For institutional capacity, the most prominent argument for change is external threat. For rational choice institutionalists, external threats and economic opportunities might change the calculus of political leaders by altering rent-seeking opportunities.

However, explicit efforts by external actors to alter institutional arrangements in target states, rather than indirect incentives, have played little or no role in any of the three major approaches. The only exception is some attention to the legacies of colonial institutions that can be most obviously associated with institutional capacity approaches, but these post colonial institutions generally reflect policies adopted by colonial powers that mimicked institutional arrangements that existed in their home countries rather than efforts to enhance the administrative capacity of colonized territories that might one day become independent.¹⁰¹

At the same time there is a burgeoning literature, especially since 9/11 on the role that external actors might play in promoting institutional change. These two literatures, the explanations for development, and the role of external actors have proceeded mostly on separate tracks. My starting point for linking the literatures on development and on

the impact of external actors is to assume that leaders in target states are self-interested, not too heroic an assumption. This is, of course, an initial premise for rational choice institutionalists. It is also completely consistent with analyses that emphasize the importance of state capacity since leaders are building capacity to enhance or protect their own position. Modernization theory has had less to say about elites, but the general thrust of this approach, which is that the political system will respond to changing pressures from a modernizing society and a larger middle class, is consistent with the assumption that leaders are self-interested.

Assuming that external actors are not going to take complete control of some target state, that they are not going to incorporate conquered territory into their homeland or engage in genocide or the wholesale slaughter of the local elite, a necessary implication of the assumption of self-interest is that external actors can only be successful if their incentives are aligned with those of key national actors.¹⁰² At a minimum, state-building efforts by external actors cannot make it more likely that political leaders in target states will lose power in the short or medium term. Absent interest alignment, national actors will frustrate externally generated policy initiatives.

Peace-builders, those who occupy in Séverine Autesserre's term "peaceland," are not likely to be able to understand local environments. Their ability to secure an accurate picture of the local environment is impeded by the inevitable biases in the way in which they gather information, by their inevitable need to maintain a distance between themselves and local actors, and by their valuation of technical expertise over local knowledge.¹⁰³

National elites may also manipulate the behavior of NGOs who are often the

implementers of policies that are designed, for instance, to promote political as well as economic and social change. To survive NGOs need access. To secure access NGOs have an incentive to avoid programs that directly threaten autocratic rulers. Sarah Bush writes: “in order to survive and thrive, NGOs seek out tamer types of aid.”¹⁰⁴ She goes on to note that: “Incumbents want to stay in power and can and do block access to democracy-assistance organizations that threaten them.”¹⁰⁵ Rather than confronting autocratic regimes, democracy assistance NGOs focus on issues like women’s participation which can show measurable results but may not threaten repressive regimes.¹⁰⁶

Incentive alignment depends first on the objectives of the intervening state; a basic distinction is between actions designed to enhance the security of the intervening state by, for instance, keeping a friendly ruler in power, and policies whose goal is to alter institutional structures in the target state. At some moments these two objectives can be supported by the same policy, but often this is not the case. Germany and Japan after the second world war offer obvious examples of the coincidence of security goals and domestic regime change goals. More democratic regimes, in the case of Japan initially only somewhat more democratic, also enhanced American security. The success of the U.S. in Germany and Japan is discussed at greater length in chapter 8.

Alignment depends secondly on the mechanisms available to rulers in target states for staying in power. The more rulers depend on rent-seeking, the less receptive they will be to institutional changes that open the political and economic systems. If a leader can only stay in power by robbing the public till to secure money to pay key supporters, he or she will not be interested in anti-corruption campaigns, at least not anti-corruption

campaigns that actually work.

If interest alignment is the necessary condition for success for an external actor interested in promoting greater openness, there are two cautionary implications for external efforts at state-building. First, in any polity where political leaders stay in power through rent-seeking, promoting democracy is a fool's errand. National leaders in such polities will not accept political changes that could undermine their own base of support. The alternative to staying in power in such polities is exile, death, or oblivion. In the 100 plus countries that can confidently be classified as extractive or closed access, the opportunities for external state builders will be limited to good enough governance. External actors may be able to create islands of excellence, such as the anti-corruption commission in Afghanistan under the Karzai government, but the impact of such islands will be limited. They will remain isolated islands or wither and die if external support is withdrawn.

The Wilsonian project, which involves democracy promotion, has played some role, although with varying degrees of prominence, in American foreign policy since the end of the First World War. Democracy promotion cannot succeed in basically closed access or extractive polities. The 2002 *National Security Strategy of the United States* offered a coherent grand strategy for addressing the problem of global terror – specifically that terror was a product of political repression in some parts of the Islamic world (especially the Middle East) which had to be addressed by promoting democracy. This approach was doomed to fail. In 2002, not a single country in the Arab world was classified as even being in the Polity IV democracy range, with a score of 6 through 9, much less a full democracy with a score of 10. The highest scoring Arab country in that

year was Jordan with a score of -2.¹⁰⁷ Various efforts to promote democracy by supporting civil society or providing technical assistance for elections would not succeed. By mid 2015, despite the Arab spring, there was still only one Arab country in Polity IV's democracy range, Tunisia, with a score of 7,¹⁰⁸ but Tunisia became a major source of foreign fighters for ISIS.

Attempts at building institutional capacity understood as creating Weberian rational legal bureaucracies through technical assistance or the provision of material resources will fail in closed access polities and for essentially the same reasons as democracy promotion will fail. Rulers will be intent on protecting their rent-seeking opportunities, exactly the kind of opportunities that rational-legal bureaucracies are designed to eliminate. Rulers will subvert or reject external efforts that limit their ability to provide direct benefits to themselves or to those groups whose backing they need to stay in power.

Thus, in limited access/extractive polities the opportunities for external actors are very limited. In intermediate polities there are more opportunities for external actors. Empirically, intermediate polities cannot be identified with complete confidence but per capita income data and Polity scores suggest that the number of intermediate polities is between 20 and 40. External actors could support those individuals or institutions within an intermediate polity that are supportive of greater openness, if they can successfully identify them, a major challenge.

In intermediate polities, a wealthy industrialist who has benefitted from protectionist measures secured by political payoffs might conclude that he could make even more money if he or she had access to international markets that could only be

obtained by abandoning domestic protection; membership in the WTO might be much more profitable than domestic protectionism. Members of the political elite might conclude that they could win free and fair elections and lessen the danger that they could be violently overthrown. Bureaucrats with one foot in a closed access order and another in international or transnational organizations could find it easier to introduce rational legal reforms because the costs of failure, perhaps moving back to Potomac Maryland, would not be all that high.

In intermediate polities there are a wide range of policies that external actors might pursue. To support free and fair elections external actors could provide technical assistance related to the mechanics of elections, election monitors, and advice regarding political parties. To support the rule of law, external actors could provide information regarding constitutional options, training for police and judges, technical assistance for courts, model civil, criminal, and commercial codes. To improve accountability support could be given to civil society organizations, and technical assistance could be provided to enhance transparency in government spending. Such initiatives will only be consequential if members of the national elite who support such changes have enough political influence to see that they are actually implemented.

In intermediate polities the whole panoply of policies that have been deployed by external actors could be consequential. In closed access or extractive polities these initiatives would be inconsequential or counter-productive because their intended impact would be subverted by rent-seeking elites. Even in intermediate polities external actors would have to have an accurate mapping of the national political elite; external actors would have to understand the interests, values, and political strength of possible

reformers. Investment in more open access institutions would only bear fruit in arenas controlled by national elites that would be supportive of reforms.

A great challenge for leaders in advanced democratic countries is to constrain their ambitions. Democracy and openness are goals that are easily understood by publics in the west. It is tempting to regard every state as a potential Denmark or at least to put every state on the path to Denmark. Only a relatively small number of states, intermediate polities in which elites are torn between open and closed access orders, should be targets for the full panoply of democracy promoting activities. In closed access polities, most of the states in the world, the best that can be achieved is good enough governance not Denmark or even a path to Denmark. Elites in advanced industrialized democracies should in most cases aim for good enough governance and hope that economic growth over the long term, although it may be a very long term, will move more countries into the intermediate category where openness would be more attractive to at least some members of the elite. There are three policy arenas in which the interests of external and national political leaders might be aligned even in polities governed by rent-seeking elites with a narrow base of support: better security; better provision of some services, most notably health; and some economic growth. There is in addition a fourth policy area, respect for some human rights, where the interest of external and internal actors might be aligned. What external actors cannot achieve is what Rawls called societies of reasonable liberal peoples, societies in which citizens believe in reciprocity, tolerance, and fairness, in which commitments are honored, and where human rights are respected, even if full democracy is not present.

The fundamental challenge for external state-builders is that their success is hostage to the preferences of national elites. Solutions should be non-angelic; the best might be the enemy of the possible. Arrangements must have the support of violence wielding elites that could act as veto groups. Governance structures must be inclusive enough, but not necessarily fully inclusive.¹⁰⁹ It may be necessary, as was the case in Iraq in the 1990s, to accept confederal or federal solutions because the level of distrust of the central government is so high that certain groups or geographic areas will only accept arrangements that allow them to protect members of their own community. In Iraq for example, Saddam Hussein imposed collective punishment on the Kurds because the regime did not have enough resources by the late 1980s to make the Kurdish population legible. Collective punishment, however, increased sectarian identities.¹¹⁰

The future is uncertain; state-builders, internal and external, should focus on outcomes that work in the short and medium term.¹¹¹ In a closed access order the ability of rulers to seize wealth or arbitrarily alter property rights, precludes sustained economic growth, although there may be growth spurts.¹¹² Security might be improved, but political elites will insist on the ability to use the military and police to keep themselves in power. Services might be enhanced, but only if such service provision does not constrain the ability of political elites to pay off their supporters (such payoffs often take the form of government jobs, sometimes ghost jobs). Health, which is often heavily dependent on external actors, offers the most compelling example of a service that might be improved because health services usually enhance rather than weaken the position of rent-seeking elites.

In closed access polities, political leaders will only limit their ability to arbitrarily punish individuals if these individuals could threaten them. The development of religious toleration in Europe provides one important example of a situation in which autocratic rulers accepted limitations on their arbitrary power. The English civil war, the French wars of religion, and the Thirty Years War all threatened the aristocratic/autocratic closed access orders of Europe in the 16th and 17th centuries. Autocratic rulers, however, could not manage conflicts between Protestants and Catholics. In Britain and Ireland hundreds of thousands of people died from war related causes; Charles I was beheaded; and Oliver and then Richard Cromwell became the Lord Protectors of England, Scotland, and Ireland in the 1650s, only to be replaced by the Stuart Kings, Charles II and then James II. James II was deposed in 1688 and replaced by the Protestants William and Mary. In France, the religious wars of the 16th century, which directly or indirectly killed millions, led Henry IV to issue the Edict of Nantes in 1598 which provided for religious toleration for French Protestants, the Huguenots, but not for religious equality or full religious freedom. The Edict of Nantes was revoked by Louis XIV in 1685, and almost all Protestant fled from France. While Henry IV had in some sense provided an island of excellence, at least an island of tolerance for French Protestants, Louis XIV saw it as being in his interest to end religious toleration in France, an act that allowed him to further consolidate his power. The center of Europe, the Holy Roman Empire, was rent by conflict in the Thirty Years War. Both power politics and religious differences exacerbated the carnage. Millions died. The Peace of Westphalia, signed in 1648, enshrined religious toleration, not religious freedom in parts of the Holy Roman Empire.

No European ruler in the 16th and 17th century believed in religious freedom or

even religious toleration. The conflicts engendered, however, by religious beliefs were so volatile that they threatened the political order itself. While religious toleration was suppressed in some countries, notably France after 1685, it was accepted in others. However, one of the products of the French Revolution a century later, was *laïcité* a militant rejection of religion in politics. Nevertheless, when Louis XIV reversed the Edict of Nantes he did so because it was in his short and medium term interest. Forcing the Huguenots, with their capital and technical skill to leave France, was not in that country's long-term interests, but the long term is always opaque. Rulers act on what they can see with some clarity and forcing the Protestants out helped Louis XIV's state building project.

Europe, at least parts of Europe, became somewhat more tolerant only because autocratic rulers could not manage conflicts between Protestants and Catholics. Repression failed; toleration, could prevent civil strife. Toleration did not mean religious freedom or religious equality but it did mean in most cases that individuals could practice their religion in private, in homes or outside of city walls.¹¹³

External actors cannot hope to put extractive polities confidently on a path that leads to consolidated democracy, respect for a wide range of human rights, civic equality among ascriptive or religious groups, well-functioning Weberian bureaucracies, or security forces that provide order and are constrained by law. Good enough governance is a more realistic objective in closed access polities. Good enough governance, especially improving the ability of governments to control their own territory enhances the security of the OECD world. With more security, extractive polities can limit transnational terrorism and better monitor disease outbreaks that could become global

pandemics. Security is one area where the interests of elites in wealthy open access polities and those in poorer closed access polities coincide.

Autocratic rulers might also accept improved services especially in the area of health because this makes their own tenure in office more secure. They might be willing to see the size of the economic pie increase provided that economic activity does not threaten their own rule. And they might accept some basic human rights if they fear that trampling on these rights would create a more threatening public, which is why religious toleration was accepted in parts of Europe. An open access, fully democratic polity with a market economy can only endure if many many things are in place, most important reaching the Madisonian sweet spot in which the state is strong enough to secure order but not so strong (or arbitrary) that it can threaten the freedom of individuals.

Key Components of Good Enough Governance:

In closed access or extractive efforts by external actors to introduce reforms that would confidently put a country on the path to consolidated democracy will be rejected. Attempts to create Weberian rational legal bureaucracies will fail. Corruption cannot be eliminated. External state builders must be satisfied with, at best, good enough governance.

Merilee Grindle, a faculty member at the Kennedy School coined the term good enough governance in 2004.¹¹⁴ She argued that the good governance agenda adopted by many of the major aid agencies, such as the World Bank, DFID, USAID, UNDP, and the IMF, was overly ambitious and failed to take into consideration the institutional context

and needs of specific states. The number of items included in the good governance agenda had grown, she pointed out, willy-nilly.

This problem is clearly manifest in the Sustainable Development Goals (SDGs) adopted in 2016, which were the successors to the Millennium Development Goals (MDGs) which were adopted by the UN in 2001. There were eight MDGs. There are 17 SDGs. One hundred and sixty-nine specific targets are associated with these 17 overall goals. The SDGs are extraordinarily expansive and include: the elimination of poverty and hunger, decent work conditions, affordable and clean energy, and responsible consumption.¹¹⁵

The Wilsonian aspirations that have motivated some of the state-building efforts engaged in by the United States, and more recently by the European Union and some of its individual member-states, are profoundly misguided in rent-seeking polities where the political elite's ability to remain in power depends on resisting rather than facilitating such external initiatives. Truly free and fair elections can remove elites from power; rent-seeking political elites will subvert such projects. Security forces constrained by the rule of law cannot act arbitrarily; rent-seeking political elites will resist the creation of such forces.¹¹⁶ Weberian bureaucracies limit corruption; political elites, who must pay off their followers to stay in power, will prevent the establishment of such agencies.

Recognizing the limited opportunities for external state-building in extractive or closed access polities need not lead to inaction. But it does mean that external actors must identify realistically achievable goals; more specifically, they must identify projects that will enhance, or at least not threaten, what members of the national elite believe to be their core interests; that is, their ability to stay in power. While national elites may

sometimes misperceive the consequences of institutional reform, thinking that reforms will not be consequential, in general national elites are much more likely to understand the consequences of changes in their domestic environment than are external actors.

External actors should assume that national elites know what they are doing.

There are at least three areas, possibly four, where the interests of external actors interesting in promoting development and state-building broadly understood, and rent-seeking elites in target countries, could be complementary: security, the provision of some public services, and economic change that enhances, or at least does not threaten, the rent-seeking opportunities of indigenous elites, and respect for some human rights if violating these rights would threaten rather than enhance the security of rent-seeking elites.

Security:

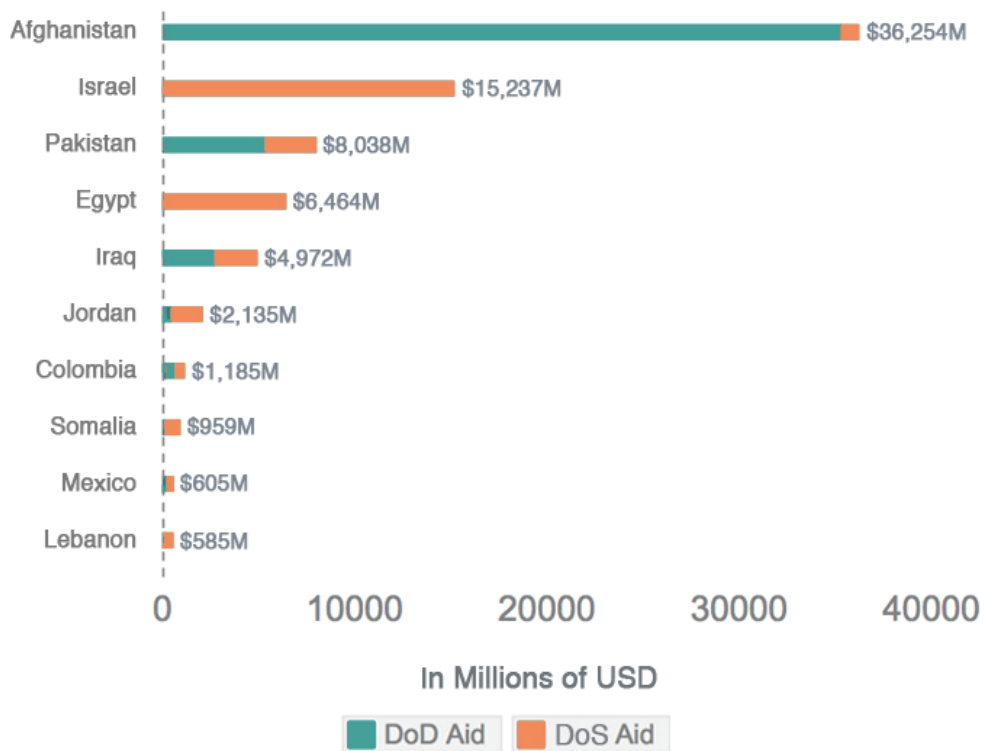
The first goal of good enough governance must be to provide some level of security. Without a minimum level of security, economic growth and the provision of many services will be impossible. Effective security is also necessary for policing transnational terrorist groups.

Security is an aspect of governance in which the interests of internal and external elites may be aligned albeit for different reasons, provided that external elites recognize that security forces will be directed by local or national elites and will not necessarily be constrained by the rule of law. External actors can train local police, armed forces, and militias to fight more effectively; they can provide them with better weapons; they cannot, however, in an extractive polity, train them to operate as Weberian entities dedicated to the well-being of the society as a whole. National elites will support

programs that strengthen the capacity of local forces provided that they are confident that these forces will serve their interests. In closed access polities, lectures to police about the rule of law, or to military officers about the importance of control by civilian officials accountable to the population as a whole, will be rejected or be regarded as quaint.

In rent seeking or extractive polities external actors will have to make painful choices about how to improve security. Simply dumping large amounts of money into the security sector in a rent-seeking state and engaging in technical training designed to inform the military and police about logistics, tactics, and the law of armed conflict may be less than useless. In a posting on Lawfare¹¹⁷ Richard Sokolsky and Gordon Adams point out that American military assistance in many countries, but not all, has been ineffectual at best and useless at worst. The following table from their posting shows the top ten recipients of American security assistance from 2011-2015.

Table 3:
Top Ten Recipients of U.S. Military and Police Aid FY 2011-2015



Source: Security Assistance Monitor (securityassistance.org)

Source: reprinted from Gordon Adams, Richard Sokolsky, Governance and Security Sector Assistance: The Missing Link—Part II <https://www.lawfareblog.com/governance-and-security-sector-assistance-missing-link%E2%80%94part-ii>. DoD is the Department of Defense; DoS, the Department of State.

Afghanistan, the largest recipient of American assistance, is still floundering. ISIS captured large amounts of military equipment when the Iraqi army disintegrated and the Iraqi army only slowly recovered to re-conquer major cities such as Mosul. Pakistan has continued to play a two faced game supporting terrorists and allowing American military equipment to enter Afghanistan. There is still no effective authority and security in

Somalia. On the other hand, Israel remains a formidable military power and American ally in the Middle East; President el-Sisi in Egypt is governing in ways that are much closer to American interests than were the policies of his predecessor Mohammed Morsi. el-Sisi, however, is not ruling as a democrat and it is not clear that he will find the right formula for good enough inclusion. American forces allied with Afghan groups were able to displace the Taliban government within three months of 9/11 with losses of only 12 American and allied troops and one CIA employee.¹¹⁸ The American military, perhaps the finest fighting force that the world has ever seen, might not be able to provide stability in a country but it can provide decisive support to allied groups provided that they have a modicum of local support.

Adams and Sokolsky argue that: “Effective, efficient, accountable, uncorrupt governance, we think, is an essential prerequisite for security assistance that achieves U.S. policy goals and creates an accountable, effective security sector and military in recipient countries.” The basic problem in badly governed autocratic states, failed or unfailed, is that such governance is inconsistent with the core interests of political elites and without the support of these elites no assistance program can be successful.¹¹⁹ In the list of ten countries above only Israel approaches being an open access order. Somalia is a failed state. Pakistan, Egypt, Iraq are rent-seeking polities in which accountable, efficient, and uncorrupt governance contradict the fundamental political interests of elites. Under President Karzai, Afghanistan suffered from gross corruption; Ghani, whose motives and background are more cosmopolitan, was not able to free himself from a society dominated by warlords.

Without national elites committed to a more open access inclusive political order, external actors must accept that they confront trade-offs. They cannot secure better and more just governance, and more security, at the same time. A more effective security force will be used in arbitrary ways. External actors have to craft their security assistance to objectives that are attainable. In closed access orders the best possible outcome is an authority structure that can maintain security over all of the territory within a state's boundaries even if the security forces is not constrained by the rule of law.

This first best outcome may, however, not be possible. Decentralization, or warlordism, are second best alternatives. If central authority structures have disintegrated and cannot be reconstructed, leaders that can exercise control over some parts of a countries territory but not others may be the best available option. Sub-national leaders will have varying levels of commitment to better governance within the territories that they control. The leadership in the Kurdish area of Iraq has been more committed to collective goods provision than most of the warlords of Afghanistan, but the Barzani and Talibani families control political power and most economic activities.¹²⁰ Even if sub-national leaders are committed to good governance within their own area of control, they will be indifferent to the provision of public goods in other parts of the country. When central authority structures have broken down individuals and groups are more likely to fall back on ascriptive identity.¹²¹

Warlords, however, will find it difficult to agree on a balance of power that limits conflict among themselves. They have no mechanism that allows them to make credible commitments to each other. They may be unsure of the strength of their opponent or even their own strength. Civil war may be the only way to reveal relative power.

External actors might be able to limit conflict among warlords but this is daunting task. Success is most likely if external actors are in agreement with each other, and if warlords depend on these outsiders for economic and military resources. Maintaining peace among warlords also requires an intimate understanding of local conditions, a level of understanding that has eluded most external state-builders.

If central authorities are too weak and the balance of power among warlords too uncertain the only remaining options to provide a modicum of security would be external balancing. External actors might be able to engage in selective raiding that could provide some order. This is the least good option, but it might be the only one available.

Despite limited resources and information, however, security is a good that external actors can help to provide even in badly governed polities, or at least some parts of badly governed polities. Sullivan and Koch have collected data on all military interventions by major powers (the five permanent members of the UN Security Council) between 1946 and 2003. There were 126 military interventions (defined as a military action involving more than 500 troops) during this time period. Their findings are summarized in the following table. PPO refers to primary political objective.

Table IV. Rate of Success by PPO and Target Type

	<i>All</i>		<i>State target</i>		<i>Non-state target</i>	
	<i>N</i>	<i>Successful</i>	<i>N</i>	<i>Successful</i>	<i>N</i>	<i>Successful</i>
Maintain regime authority	34	74%	5	100%	29	69%
Remove foreign regime	12	92%	12	92%	n/a	
Policy change	16	25%	14	29%	2	0%
Acquire or defend territory	35	71%	28	71%	7	71%
Maintain empire	16	44%	n/a		16	44%
Protection and order	10	50%	2	50%	8	50%
All		63%		67%		59%

Test 1: Intervention Outcomes are independent of Political Objective type.

Pearson $\chi^2(5) = 19.9986, p = 0.001$.

Test 2: Intervention Outcomes are independent of Target type.

Pearson $\chi^2(1) = 0.8268, p = 0.363$.

Source: Patricia L. Sullivan and Michael T. Koch, “Military Intervention by Powerful States, 1945-2003,” *Journal of Peace Research* (2009); 46; p. 715

In 100 percent of interventions with state targets, external actors were able to maintain state authority, although the number of cases at 5 is small, and the selection may be endogenous; that is, external actors might only intervene in favor of existing authorities if they believe they can be successful. In 50 percent of interventions with state targets they were successful in achieving protection and order.

Developments in Egypt demonstrate the difficult trade-offs with which external actors can be confronted. Hosni Mubarek, who had been president of Egypt for three decades, resigned in the face of popular pressure generated by the Arab spring in February 2011. External actors, American officials not least among them, were enthusiastic about the prospects for democracy. Democracy advocates in Tahrir Square, like an Egyptian employee of Google, got lots of coverage in the American press. (That individual Wael Ghonim now lives in the U.S.) In June of 2012 Mubarek was sentenced

to life in prison, but later freed. In June of 2012 Mohammed Morsi, who represented the Moslem Brotherhood and was an American educated engineer, was elected in Egypt's first free and fair presidential election. A year later Morsi was overthrown by the military. In June of 2014 the Abdel Fatah el-Sisi the commander of the Egyptian military was elected president. Less than half of Egypt's eligible voters cast their ballot, but of those that did more than 95 percent supported el-Sisi. In 2015 Mohammed Morsi was sentenced to death, but this sentence was overturned the following year and Egypt's Court of Cassation ordered a new trial.¹²² Morsi is serving a long prison sentence based on charges, among others, of espionage.

The United States froze foreign aid after the Egyptian military coup but refused to call the coup a coup because U.S. law would have required that all aid be terminated. Saudi Arabia became Egypt's main foreign backer. In 2015 the United States resumed military shipments and committed to continuing foreign aid, a decision justified by American national security.¹²³ In September of 2018 the State Department authorized the release of more than \$1 billion in military assistance to Egypt.¹²⁴ Even with foreign assistance el-Sisi had not provided security for the entire country. In late 2017 insurgents killed more than 300 Egyptians at a mosque in the Sinai, an area where ISIL had launched many attacks. There have been several attacks on Coptics in different parts of the country

The United States and other external actors have resources – economic, military, and diplomatic – that can enhance the ability of a ruler to provide security. Moving a country along the path to full democracy, including free and fair elections, professionalized legal-rational bureaucracies, a robust civil society, civilian control of the

military, and a free press is a much more daunting task, and the success rate for the United States and other countries has been much lower than when they aimed for security alone.

Better security is not a guarantee of stability in the long run but there may be no better short or medium term options. Better security is the necessary condition for the better provision of some services and for economic growth. Security is a necessary but not a sufficient condition for an open access order. A more effective security force may simply cement in place an autocratic rent-seeking regime.

Better Service Provision:

Even in rent-seeking closed access polities, external actors can contribute to the improvement of some service provision. The key constraint is that such activities, if they are to be successful, cannot compromise the ability of political elites to secure rents, especially rents that they need to pay off those that keep them in power.

Health is the most obvious example of a service whose provision has dramatically improved the condition of billions of people around the world even those living in closed access impoverished polities. Although many countries have remained poor, life expectancy has risen in almost all countries over the last 30 or more years, in some cases dramatically. The increase in life expectancy for poorer countries over the last several decades mirrors a dramatic increase in life expectancy in richer countries that began around 1850 largely as a result of improvements in sanitation and greater knowledge, especially about the germ theory of disease, which led to immunization programs that greatly reduced childhood mortality from communicable diseases¹²⁵. For

Afghanistan life expectancy for females increased from 33 years in 1960 to 65 in 2015, for Angola from 35 to 64, for Bolivia from 43 to 71, for Uganda from 46 to 62.¹²⁶

International actors have contributed to these gains although many are the result of national initiatives. Smallpox has been eliminated as a result of a campaign organized by the World Health Organization. The last case of smallpox occurred in Somalia in 1977. In the fall of 2018 more than 14 million people worldwide were receiving antiretroviral treatment from PEPFAR, a U.S. government program initiated by the Bush administration.¹²⁷ Reported polio cases, decreased from 350,000 in 1988 to 27 in 2017.¹²⁸ Many health interventions improve the lives of people and do not threaten the rent-seeking opportunities of political elites. Political elites may even gain some support from such health programs whose success may be attributed to government policy.

However, even immunization programs can encounter resistance from local elites whose authority might be threatened by the acceptance of modern medical practices. Religious activists and others have opposed polio immunization programs in Pakistan and Northern Nigeria. Salafists have accused workers of sterilizing Moslem woman. Workers carrying out such programs have been killed.

Health related programs have, however, generally been successful and this success has led to a significant increase in funding. Since 1990 annual disbursement for health related activities have increased substantially. In 1990 developed countries contributed \$9.6 billion for health; in 2014 the figure was \$35.9 billion. Annual disbursements for health increased at 5.4% annually from 1990 to 2000; at 11.3% from 2000 to 2010 and at 1.4% from 2010 to 2014.¹²⁹ The overall level of aid commitments increased by 15 percent from 2008 to 2014.¹³⁰

Health aid has come from a wide variety of sources including bilateral official aid where the United States has been the biggest donor, multilateral aid primarily from UN agencies, private entities especially the Gates Foundation, and public private partnerships such as GAVI. US agencies accounted for 22 percent of total giving from 1990 to 2014, UN agencies for 17 percent, private foundations for 16 percent, and public private partnerships for 12 percent.¹³¹ Health aid has been disbursed for a wide variety of purposes including HIV/AIDs, communicable diseases, maternal health, and child health.

Not surprisingly non-communicable diseases have received relatively little attention. Non-communicable diseases, unlike communicable diseases, are contained geographically. More important, however, may be the fact that improving outcomes in non-communicable diseases requires a more developed indigenous health care system. Support for strengthening health care systems in general has also been relatively small, amounting to only 6.1 percent of total health assistance in 2014.¹³² This may reflect the fact that it is easier, especially in the United States, to secure congressional authorizations for treating specific health issues such as HIV/AIDs and child health, but it also reflects the fact that interventions to accomplish specific objectives may be easier than improving the health infrastructure in general, especially in rent-seeking states

Analysts that have addressed the question of health system governance have, in general, implicitly relied on institutional capacity approaches in stipulating the characteristics that such governance structures must possess. In its annual report in 2000, *Health Systems: Improving Performance*, the World Health Organization suggested that good health governance must incorporate the concept of stewardship. State institutions ought to be concerned with the welfare of the population as a whole. Health care

systems should set and enforce basic rules and provide strategic direction. “The careful and responsible management of the well-being of the population– stewardship – is the very essence of good government.” the Organisations Director-General Gro Harlem Brundtland argued in her introduction to the 2000 Report. ¹³³

In 2002 the Pan American Health Organization enumerated 11 Essential Public Health Functions (EPHF) including monitoring, evaluation, research, health promotion, and public health planning.¹³⁴ Like the World Health Organization’s notion of stewardship, fulfilling the essential public health functions stipulated by the Pan American Health Organization would be a demanding task, one that would assume that a state had developed a rational legal bureaucratic structure that was responsive to the overall needs of the population.

A decade later a group of professionals associated with the World Health Organization and the Bloomberg School of Public Health at John Hopkins University suggested ten principles for assessing the governance of public health systems. These ten principles are: “strategic vision, participation and consensus orientation, rule of law, transparency, responsiveness, equity and inclusiveness, effectiveness and efficiency, accountability, intelligence and information and ethics.”¹³⁵ Building on the earlier work of the World Health Organization and the Pan American Health Organization these principles reflect a view of development that focuses on the importance of institutional capacity. From a rational choice institutional perspective, however, such an approach is misleading. It assumes that the interests of political elites will be served by delivering adequate or excellent health care to all of members of their society. In extractive or closed access orders, however, political elites have no such interests. Like all political

elites they are focused on staying in power, and remaining in power principally depends on keeping support of a small selectorate not the population as a whole. Better health care might serve the interests of rent-seeking political elites. They may be indifferent to or even supportive of services provided by other actors including international aid agencies and non-governmental organizations. They have no interest, however, in fact are not able, to implement the kinds of improvements in health care governance that might optimize the delivery of health care to their own publics. They will resist such efforts because they are inconsistent with maintaining the ability to arbitrarily provide payoffs and services to their own key supporters. External actors focusing on improving health care governance in general will be discouraged. External actors focusing instead on providing targeted health interventions in specific areas may be supported, or at least not be frustrated. Health care has improved in many places around the world not because national health care systems have become centers of excellence but because external or private actors have effectively intervened in specific sectors.¹³⁶

Even in rent seeking environments, external actors might be able to improve health care performance in specific issue areas. The International Centre for Diarrheal Disease Research, located in Dhaka Bangladesh, is internationally recognized for the quality of its research. The Centre is supported by more than fifty donors, both public and private, including the government of Bangladesh. It is staffed by professionals from Bangladesh, and many other countries. The Centre is an island of excellence, but corruption is rife in Bangladesh. Transparency International's rankings placed Bangladesh at the 146th position out of 183 countries in 2017.¹³⁷

The International Diarrheal Centre has been able to insulate itself from the larger

environment in part by providing medical services to the general population. These services have created a base of popular support for the Centre and this popular support has in turn made it possible for the Centre to operate according to professional standards that would be difficult to find in other issue areas in Bangladesh.¹³⁸ But the Centre has remained an island of excellence. Its practices have not spread to other arenas. The political elite in Bangladesh could accept an island of excellence operating as a Weberian rational legal bureaucracy because the Centre has developed its own constituency by treating Bangladeshis suffering from diarrheal diseases and because of pressure from external donors.

In sum, even in polities in which rent-seeking is rife service improvement may be possible in some issue areas. The national elite must perceive itself to be no worse off, and possibly better off, if service provision improves. Health is one issue area where such improvements have taken place. In many countries health outcomes, including longer life expectancies, have improved dramatically. Non-state actors, internal and external, can significantly reduce deaths by disease often with relatively simple interventions. Immunization against communicable diseases offers the most straightforward example.

Economic Growth:

Even where political elites use rent-seeking to pay-off key supporters and repress independent organizations, external actors might be able to support some policies that would be consistent with economic growth. The empirical support for the proposition that foreign assistance can increase economic growth is weak to non-existent. Some studies have found no relationship between foreign assistance and growth, others a

negative relationship, others a small positive one. In 2009 one meta-analysis of the aid literature based on 97 studies published through 2004 concluded that “After 40 years of development aid, the preponderance of the evidence indicates that aid has not been effective.”¹³⁹

There are a number of reasons to suspect that aid would not lead to higher economic growth. By providing foreign assistance external donors disrupt the relationship between political elites and their citizens; if rulers get resources from foreign actors, they will have less incentive to be responsive to their own populations.¹⁴⁰ Foreign assistance may increase the level of spoils in a country and thereby promote rather than repress violence. Empirically, for instance, American food aid has been associated with higher levels of civil conflict.¹⁴¹ Foreign assistance may push up exchange rates and undermine the competitiveness of traded goods from poorer countries.¹⁴² Often external donors will be most interested in the external policy compliance of recipient country’s leaders not their domestic policies.¹⁴³ Even when donors are interested in promoting economic growth, they may support initiatives that are sub-optimal or even counter-productive because they lack intimate knowledge of the local environment.¹⁴⁴

Despite skepticism about aid, some forms of assistance in some circumstances, could contribute to economic growth. Multilateral aid may work better than bilateral aid. Aid from countries that have no foreign policy agenda may be better than aid from countries that want recipients to follow specific policies. Some analysts have suggested that aid may also be more effective where there is a better policy environment in target states. Political rulers that are highly dependent on foreign assistance might conclude

that they are better off accepting some institutional and policy reforms that promote growth rather than risk losing foreign assistance.¹⁴⁵

However, even the more or less intuitive proposition that aid is more effective in countries with better policy environments has been challenged. There is no statistically significant relationship between the effectiveness of aid flows and the better institutions and policies.¹⁴⁶ In the words of two economists: “In other words, our regressions suggest that aid has no systematic effect even after controlling for any effect of strategic aid on policies and institutions.”¹⁴⁷

In general then, aid might promote economic growth under specific conditions such as foreign donors being more focused on growth than strategic objectives. Where foreign assistance was a large part of the national budget, where rents from natural resources were limited, and where external actors did not have strategic or security interests (allowing donors to make credible threats to withdraw aid), rulers in recipient countries have accepted policies and institutional changes that increased economic growth. Reforms in post-conflict environments may create islands of excellence. Once, however, there is an uptick in economic growth and recipient states become somewhat more self-sufficient, the most likely outcome is that rent-seeking rulers will limit, even if they do not stifle, the impact of these islands of excellence.

External actors could change the incentives of political and economic elites in target states by, for instance, adopting policies that would allow actors, even in limited access/extractive polities, to more fully participate in the global market by reducing tariffs or guaranteeing foreign investments. Such opportunities might be acceptable to target elites because they could increase rent-seeking opportunities as well as increasing

economic pay-offs, at least for some. Global market opening policies could be beneficial even in poor quality environments.¹⁴⁸

Rent-seeking elites might be willing to accept economic growth resulting from outsourcing of governance to transnational or international actors if it provides them with some economic pay-offs. Bilateral investment treaties (BITs) offer an example. These treaties provide for dispute settlement by international arbitration panels whose decisions can be enforced in third party courts. Participation in a BIT between a wealthy and poor state increases international investment.¹⁴⁹ Higher levels of investment could increase economic growth. Higher levels of investment might also provide opportunities for rent-seeking elites. The large number of BITs that have been signed, more than 2500, suggests for elites at least this particular form of outsourcing is not threatening.¹⁵⁰

In closed access/extractive polities the opportunities for external actors are limited. Domestic political elites will thwart or undermine external initiatives that would threaten their ability to stay in power. It is unlikely that any set of policies adopted by external actors would lead closed access polities to become what Rawls termed reasonable liberal peoples. There is only a small chance of reaching what he termed “decent societies,” polities in which there would be respect for basic human rights including no slavery, an absence of genocide, toleration, and respect for property rights. Decision-making in decent societies is, however, hierarchical not democratic.

In closed access extractive orders, the best that external actors can confidently aim for is, benevolent absolutism. Decision making will be monopolized by the national elite, but there might be some security, some economic growth, and some protection of basic human rights if only because national elites feared that violating these rights would

weaken rather than strengthen their hold on office.¹⁵¹ Ruling elites in such polities will not, however, accept democracy, defend all human rights, be accountable to a broad cross section of the public, or promote rational legal bureaucracies. Such measures would directly threaten their ability to stay in power.

Security, some service provision, and job growth are achievable expectations – good enough governance – for external actors seeking to implement changes in poorly governed or malevolent states. Under some circumstances some human rights might also be respected. More ambitious efforts such as putting countries securely on a path to consolidated democracy are not only doomed to fail but will inevitably result in disappointments and wasted resources that can undermine longer term public support in wealthy democratic polities for engagement with poorly governed polities. More ambitious goals may even worsen conditions in target countries by misdirecting resources or attempting to put in place policies that raise the expectation of members of the population but will inevitably be undermined by national elites who understand that such policies would weaken their ability to stay in power, protect themselves, and their supporters, and accumulate wealth.

Policies that resonate with domestic publics in wealthy democracies, such as equal rights for women or the equal treatment of the LGBT community, may contradict indigenous norms in poorly governed communities and provide rent-seeking leaders with opportunities to deflect pressures for reform. One of my friends who worked for a major NGO in Afghanistan told me that his organization had turned down a USAID request to bid on a project to construct a large number of schools for girls over a relatively short period of time because he knew that a girls' school, if placed in an area unacceptable to

the relevant population, could exacerbate local conflicts. Some other organization, of course, took the contract.

Programs designed to secure equal rights for women in Afghanistan have been appealing to publics in the United States and Europe. But in a society where decades of conflict have strengthened patriarchal practices such efforts are doomed to failure. A *New York Times* story in April 2016 reported on the sad fate of women's athletic teams in Afghanistan. The story began with the following sentence: "Women's sports programs in Afghanistan, long a favorite of Western donors, have all but collapsed" and went on to describe a pattern of gross corruption and even sexual abuse of athletes. In January of 2017 the *Times* reported on the continuation of an invasive virginity test which continued to be ordered by officials and practiced by hospitals despite being legally banned by the government. In November of 2017 the *Washington Post* reported that the US Department of Defense had suppressed reports that Afghan security forces had sexually abused children.¹⁵²

In sum, ambitious efforts to place put extractive closed access polities on a path to consolidated democracy are doomed to failure. The institutions that characterize consolidated democracy including the rule of law, protection of property rights, the full panoply of human rights, and rational legal bureaucracies are antithetical to the interests of rent-seeking elites. Rent-seeking elites cannot stay in power unless they can act in arbitrary ways to pay off and protect their own supporters. Modern democratic institutions are designed precisely to prevent or make it difficult to conduct such activities. Rent-seeking elites may accept some islands of excellence, because they have no choice (they would be worse off in the short run if they rejected such reforms) but

they will stifle initiatives that would allow these islands of excellence to spread across their polities more generally. Policies that assume that political leaders in poorly governed states will be willing to commit political suicide by putting themselves and their followers at risk are doomed to fail.

Conclusions:

The fecklessness of trying to put countries on the path to consolidated democracy need not lead to despair, or to the conclusions that nothing can be done. Marginal improvements in governance that make the lives of people somewhat more secure and prosperous might better position polities to make the jump to inclusive or at least mixed orders over time. Good enough governance might, or might not, alter the incentives of elites in ways that would make them more amenable to supporting changes that would embed their polities in a new equilibrium, an intermediate polity and ultimately an inclusive or open access order. No matter what external actors do there is no guarantee that the incentives of national elites would change enough to make them prefer inclusive rather than extractive orders; or that initial reforms would create societal pressures to apply such reforms to more and more arenas of government activity. In the future, as in the past, historical contingency, random events, unpredictable accidents, malevolent leaders like Stalin or Mugabe, or benevolent ones, like George Washington or Paul Kagame, will be critical determinants of the trajectories along which different polities might move. History can be understood ex-post but not ex-ante.

In general, the most promising initiatives that could be taken by external actors trying to encourage movement toward a world of consolidated democratic states would

be to encourage economic growth. Greater prosperity does not guarantee consolidated democracy but it does make it more likely. Growth requires some reasonable level of public order. This level of order would initially have to be provided by rule by law not rule of law, and by security forces beholden to rent-seeking political elites. In trying to improve conditions in autocratic regimes, whether failed or not, aspirations for democracy, for rule of law, for efficient and rational bureaucracies have to be put aside. External actors must focus on more modest objectives where there is some complementarity between their preferences and those of national elites.

¹ Kurtz-Phelan, Daniel (2018).

² See, for instance, Rowen, Henry (2007).

³ Fukuyama, Francis (2014).

⁴ For one of the original statements of the modernization thesis see Lipset, Seymour M. (1959). For more recent statements see Inglehart, Ronald and Christian Welzel (2005) and (2009).

⁵ W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge,UK: Cambridge University Press, 1960). Rostow became a special assistant to President Lyndon Johnson after leaving MIT.

⁶ Clemens, Michael and Todd Moss (2005).

⁷ Adam Przeworski et al (2002), pp. 78-79.

⁸ Przeworski (2002) et. al., pp. 19-22.

⁹ Przeworski et al (2002), p. 98.

¹⁰ Boix, Carles (2011), p. 809.

¹¹ Boix, Carles (2011); Przeworski et. al. (2002), p. 98. Boix and Stokes (2003) found a weak positive relationship between per capita income and transitions to democracy; transitions were more likely at higher levels of income, but other empirical studies have found no relationship.

¹² Boix, Carles (2011), pp. 812, 813.

¹³ Huntington, Samuel P. (1993).

¹⁴ Acemoglu, Daron and James Robinson (2012), p. 454.

¹⁵ For an exhibition of Greek bronzes see Daehner, Jens and Kenneth Lapatin, (2015).

¹⁶ Reprinted from Vries, Peer (2018).

¹⁷ Boix, Carles and Scott Abramson (2013), p. 48.

¹⁸ Robb, M.H. et.al (2017).

¹⁹ Karl Marx, *The 18th Brumaire of Louis Bonaparte*, Chapter 1.

²⁰ Huntington, Samuel P. (1968), p. 47.

²¹ Huntington, Samuel P. (1968), pp. 81-82.

²² Huntington, Samuel P. (1968), p.1.

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[https://news.google.com/newspapers?nid=1842&dat=19610428&id=9JctAAAAIIBAJ&sjid=\)](https://news.google.com/newspapers?nid=1842&dat=19610428&id=9JctAAAAIIBAJ&sjid=))

²⁴ Fukuyama, Francis (2004), pp, 8-12.

²⁵ World Bank, *World Development Report, 1997*, Table 1.1 p. 27.

²⁶ Finnemore, Martha (1993).

²⁷ Finnemore, Martha (1993).

²⁸ For discussions of the problem of decoupling see Meyer, John. W. et. al. (1997);

Pritchett, Lant et. al. (2012), and the work of Martha Finnemore especially (1996).

²⁹ Spruyt, Hendrik (1994).

³⁰ Tilly, Charles (1992), pp. 45, 65, 77-78; Spruyt, Hendrik (1994).

³¹ Glete, Jan (2002).

³² Thomsen, Janice (1994).

³³ Tilly, Charles (1992), p. 53.

³⁴ Tilly, Charles (1992), p. 53.

³⁵ Tilly, Charles (1992), p. 20.

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- ³⁶ Sambanis, Nicholas et. al. (2015).
- ³⁷ Besley, Tim and Torsten Persson (2011), Kindle Edition Figure 1.8.
- ³⁸ Hui, Victoria (2005), pp. 7-8, Fukuyama, Francis (2011), Ch 7.
- ³⁹ Acemoglu, Daron and James Robinson (2012), p. 310; Beasley, W.G. (1972).
- ⁴⁰ Fazal (2011).
- ⁴¹ Vu, Tong (2010); Spruyt, Hendrik (1994).
- ⁴² Schäferhoff, Marco (2014).
- ⁴³ Fukuyama, Francis (2014), Ch. 10.
- ⁴⁴ For other societal argument about state strengthening, especially in Latin America that emphasize dominant social coalitions at the time on independence or doing the great depression see Kurtz, Marcus (2013), pp 6-10, 36-48; and Kurtz, Marcus (2009).
- ⁴⁵ Lange, Matthew (2009), Ch 1-2; Laitin, David (1986). British law protected property rights and promoted growth more effectively than French, and French more effectively than Spanish or Portuguese, see Landes, David (1998), ch. 19, 20.
- ⁴⁶ Matsuzaki, Reo (2011).
- ⁴⁷ Kohli, Atul (1994); for a counter argument view see Haggard, Stephan, et. al. (1997).
- ⁴⁸ Fukuyama, Francis (2014), Ch 1.
- ⁴⁹ Gorski, Philip (2003), pp. 17, 158-59.
- ⁵⁰ Gorski, Philip (2003), Chapters 2 and 3.
- ⁵¹ Rosefielde, Steven and Stefan Hedlund (2008), Table 5.7, page 87.
- ⁵² Landes, David (1999); Spence, Jonathan (2002).
- ⁵³ See Tilly, Charles (1992), Spruyt, Hendrik (1994), and Rostow, Dankwart (1960), pp. 5-7, 15-16; Besley, Tim and Torsten Persson (2009); Hui, Victoria (2005), pp. 1-37, 137-

142; Fukuyama, Francis (2011), Chapters 7, 8, 9.

⁵⁴ Peck, Amelia (2013).

⁵⁵ Scott, James (2009), p. 85.

⁵⁶ James Scott, (1998).

⁵⁷ Acemoglu, Daron and James Robinson (2012).

⁵⁸ Acemoglu, Daron and James Robinson (2006), pp. xii, 15-23; Cox Gary et.al. (2013);

Rajan, Raghurman G. (2009); North, Douglass et. al. (2009); Acemoglu, Daron and James Robinson (2012).

⁵⁹ Martin, Colin and Geoffrey Parker (1998), pp. 15-16.

⁶⁰ Hutchinson, Robert (2013), p xi, 121.

⁶¹ Hutchinson, Robert (2013), p. 175.

⁶² Schumpeter, Joseph (1942), p. 82; Cox et. al. (2013), p. 3.

⁶³ Hausmann, Ricardo et. al. (2004).

⁶⁴ North, Douglass et. al. (2009), p. 4.

⁶⁵ Cox, Gary et. al. (2013), p. 2.

⁶⁶ Cox, Gary et. al. (2013), pp. 5-6.

⁶⁷ Besley, Tim and Torsten Persson (2011), Chapter 1.

⁶⁸ North, Douglass et. al. (2009), pp 18-19.

⁶⁹ North, Douglass et. al. (2009), pp 24, 157-59.

⁷⁰ In a similar vein, Besley, Tim and Torsten Persson (2011), Kindle edition locations 1195-1203, argue that there are three kinds of states: common interest states in which revenue is used for the collectivity, redistributive states in which leaders can collect some taxes and make some investments in collective goods but because they want to stay in

power the distribution of benefits favors some groups over others, and redistributive states with weak and incoherent institutions where leaders make no investments in collective goods.

⁷¹ David, Paul (1985); and Arthur, Brian (1989).

⁷² Jha, Saumitra (2015).

⁷³ North, Douglass, and Barry Weingast (1989).

⁷⁴ North Douglass, et.al. (2009), p. 78.

⁷⁵ Acemoglu, Daron and James Robinson (2006), pp, 16-28.

⁷⁶ Acemoglu, Daron and James Robinson (2006), pp. 31-40.

⁷⁷ http://www.ucdp.uu.se/gpdata/gpcountry.php?id=21®ionSelect=2-Southern_Africa.

⁷⁸ <https://www.cia.gov/library/publications/the-world-factbook/geos/bc.html> accessed 12/27/16.

⁷⁹ <https://www.cia.gov/library/publications/the-world-factbook/geos/bc.html>).

⁸⁰ Acemoglu, Daron and James Robinson (2012), p. 127; Henderson, Willie (1990); Pitcher et. al (2009); van de Walle (2003).

⁸¹ Acemoglu, Daron and James Robinson (2006), pp. 4-14.

⁸² Derived from figures in Jurado Sanchez, José (2008), Table 1, p. 148.

⁸³ Jurado-Sánchez, José, (2008), pp.146-47.

⁸⁴ Jurado-Sánchez, José, (2008), p. 155 Table 2.

⁸⁵ Cox, Gary (2016a) p. 136.

⁸⁶ Cox, Gary (2016a), p. 133.

⁸⁷ Brewer, John (1988); North, Douglass and Barry Weingast (1989), Cox, Gary (2016a).

⁸⁸ Cox, Gary (2016b).

⁸⁹ Knight, Roger and Martin Wilcox (2010), p. 9.

⁹⁰ Knight, Roger and Martin Wilcox (2010), p. 20.

⁹¹ Cox, Gary (2016b), p. 1 and 2016a p.150. North, Wallis, and Weingast have emphasized that the Victualizing Board was one of the important mechanisms that allowed Britain to have an effective military, because the Board created a credible commitment that the state would not have arbitrary control over the centralized instruments of violence. The Victualizing Board, which was first created in 1683, was, however, something more: it was a structure that demonstrated to the commercial class that there could be an efficient and non-arbitrary state; that a rule of law budget could work in the civilian as well as the military sector.

⁹² Mares, Isabela (2015), p. 1.

⁹³ Mares, Isabela (2015), Ch 1.

⁹⁴ A first step in identifying polities that might be in the middle is to look at the distribution of per capita income. The following table is derived from World Bank data.

Gross National Income Per Capita Atlas Method, 2015	Number of Countries: excluding mini- states e.g. Andorra; dependencies, eg Hong Kong; and oil rich states, e.g. Brunei
Above \$20,000	41
\$10,000-19,999	24
\$5,000-\$9,999	31
\$2,500-\$4,999	33

\$0-\$2,499	59
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Source World Bank data: (<http://databank.worldbank.org/data/download/GNIPC.pdf>, accessed December 20, 2016).

There is clustering at the top and bottom of the per capita incomes scales. All of the countries with incomes above \$20,000 per capita (excluding mini-states and oil exporting states) are classified by Freedom House as Free with one exception, Singapore, which is classified as Partly Free. Of the 26 countries for which scores are available from Polity IV for countries with per capita incomes above \$20,000 [Polity does not provide data for countries with populations under 500,000], 21 received a 10, the highest possible rating on the democracy scale, 4 others received scores between 6 and 9 which would place them within the Polity IV democracy category; only one, Singapore, was not classified as a democracy.

Of the 24 countries with incomes between \$10,000 and \$19,999 (again excluding mini-states and oil exporting states), 19 were classified by Freedom House as Free, 2 as Partly Free, and 3 as Not Free. Of the 16 countries for which Polity IV scores are available for this same income category, 8 received the top score of 10, of the 8 others, only Russia and Malaysia received scores of less than 6.

Of the countries with incomes between \$5,000 and \$9,999, 27 received scores from the Polity IV data set. Of these 27, only 1 received a score of 10, the Mauritius; 19 received scores between 6-9, 7 received scores of less than 6. Freedom House scores 33 countries in this same income bracket. Of these 33, 16 received a score of Free, 8 a score of Partly Free, and 9 a score of Not Free.

Of the countries with incomes between \$2,500 and \$4,999, Polity IV provides scores for 25 countries. Two received a score of 10 (Mongolia and Cape Verde); 13 between 6 and 9, the rest below 6. Freedom House provides scores for 33 countries in this same income bracket: 12 received a score of Free, 15 a score of Partly Free, the rest not free.

Of the 59 countries with per capita incomes below \$2500 only six were classified by Freedom House as Free (Sao Tome and Principe, India, Ghana, Lesotho, Senegal, and Benin); 27 as Partially Free, and the remaining as Not Free. Polity IV scores 53 countries with per capita incomes below \$2500. Not one of these countries receives a 10; 23 receive scores between 6 and 9, the rest below 6.

The Freedom House scores and Polity scores are highly, but not perfectly, correlated. See Högström, J. (2013). Freedom House scores from https://freedomhouse.org/sites/default/files/01152015_FIW_2015_final.pdf. Polity scores from https://en.wikipedia.org/wiki/Polity_data_series; per capita income scores from <http://databank.worldbank.org/data/download/GNIPC.pdf>.

⁹⁵ For a discussion that emphasizes the disconnect between democracy or at least elections and corruption see Rothstein, Bo and Aiysha Varraich (2017), pp. 3-7.

⁹⁶ http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?year_high_desc=false.

⁹⁷ Per capita incomes and Polity scores are, obviously, not the only factors that could be used to describe states that have a mixed or intermediate polity, that are neither open nor closed access. Another data set which assesses state fragility suggests similar

conclusions, if a Polity score of 10 is the right score to focus on for open access orders. The Center for Systemic Peace, the same people that bring you the Polity data set, have also constructed an index of state fragility. The following table shows the relationship between the state fragility index for 2014 (divided into three groups where 0 is the most stable and 24 is the highest fragility score), Polity scores of 10, and scores of 6-9 for 2015.

State Fragility and Polity IV Scores

Polity Scores	High Fragility, 12-24 scores on fragility index	Medium Fragility, 4-11 scores on fragility index	Low Fragility, scores of 0-3 on fragility index
Not a democracy, scores of 5 to -10	31	28	2
Non-consolidated democracy, scores of 6-9	13	34	16
Consolidated democracy, score of 10	0	3	32

State Fragility Scores from <http://www.systemicpeace.org/inscr/SFImatrix2014c.pdf>;

Polity scores from https://en.wikipedia.org/wiki/Polity_data_series.

Again there is nirvana at the top. There are 32 countries with low state fragility scores and Polity scores of 10. There are also 31 countries at the bottom that are not democracies and where fragility is high. Nevertheless, there are a few countries that might be in the middle, that might be transitioning from closed to open access orders or where open access attributes might apply to some aspects of the political order. There are 50 countries with Polity IV scores of 6-9 that have a medium or low fragility index. One key analytic claim, however, that is made by rational choice institutionalism, is that

there is no guarantee that this transition to an open access or consolidate democracy will take place.

⁹⁸ Parks, Bradley (2013); Geddes, Barbara (1994).

⁹⁹ Hirschman, Albert O. (1970).

¹⁰⁰ <https://medicine.duke.edu/medicineneews/faculty-spotlight-onyinye-iweala-md>

¹⁰¹ For a classic reflection see Gourevitch, Peter (1978).

¹⁰² Barma, Nazneen (2017) for an analysis that emphasizes the need for interest complementarity between external and internal elites.

¹⁰³ Auteserre, Sévrine (2014), esp. pp. 9-13.

¹⁰⁴ Bush, Sarah (2015), p. x.

¹⁰⁵ Bush, Sarah (2015), p. 14.

¹⁰⁶ Bush, Sarah (2015), p. 22.

¹⁰⁷ <http://www.systemicpeace.org/polity/polity4x.htm>.

¹⁰⁸ Marshall, Monty and Benjamin Cole (2014), p. 23 at

<http://www.systemicpeace.org/vlibrary/GlobalReport2014.pdf>; for Tunisia's 2015 rating see <http://www.systemicpeace.org/polity/tun2.htm>.

¹⁰⁹ Inclusive enough from the World Bank, *World Development Report* 2011, pp xvii, 104, 112, 120.

¹¹⁰ Blaydes, Lisa (2018).

¹¹¹ Discussions of Holbooke principles by Michael Ignatieff at a meeting at the American Academy in Berlin.

¹¹² For a discussion of growth spurts see Hausmann, Ricardo et. al (2004).

¹¹³ Kaplan, Benjamin J. (2007), Ch. 8.

¹¹⁴ Grindle, Merilee (2004).

¹¹⁵ For a list of the SDGs and associated targets see <https://www.theguardian.com/global-development/2015/jan/19/sustainable-development-goals-united-nations>;
<https://sustainabledevelopment.un.org/sdgs>.

¹¹⁶ Biddle, Stephen (2017).

¹¹⁷ <https://www.lawfareblog.com/governance-and-security-sector-assistance-missing-link%E2%80%94part-ii/>.

¹¹⁸ Coll, Steve (2018), kindle ed p. 110.

¹¹⁹ Biddle, Stephen (2017).

¹²⁰ Filkins, Dexter (2014).

¹²¹ Lake, David (2016).

¹²² <http://www.bbc.com/news/world-middle-east-37985498>.

¹²³ <http://www.reuters.com/article/us-usa-egypt-military-idUSKBN0MR2GR20150401/>.

¹²⁴ <https://www.foxnews.com/us/us-to-release-1-2-billion-in-military-aid-to-egypt>.

¹²⁵ Deaton, Angus (2013), Chapter 1 and 2.

¹²⁶ Data from World Bank, <https://data.worldbank.org/indicator/SP.DYN.LE00.FE.IN>
accessed November 26, 2017.

¹²⁷ <https://www.pepfar.gov/press/releases/282136.htm> accessed Dec. 11, 2018.

¹²⁸ <https://www.who.int/news-room/fact-sheets/detail/poliomyelitis> accessed Dec. 11, 2018.

¹²⁹ Dieleman, Joseph et. al. (2015), p. 2361.

¹³⁰ OECD, DAC, http://www.oecd-ilibrary.org/development/data/oecd-international-development-statistics/official-bilateral-commitments-by-sector_data-00073-en accessed

april 24 2016.

¹³¹ Dieleman, Joseph et. al. (2015), p. 2361.

¹³² Dieleman, Joseph et. al. (2015), p. 2366.

¹³³ World Health Organisation, Annual Report 2000, p. vii and viii

(http://www.who.int/whr/2000/en/whr00_en.pdf?ua=1 accessed April 27 2016).

¹³⁴ Pan American Health Organization, (2002).

¹³⁵ Siddiqi, Sameen et. al. (2009), (Table 1), p. 17.

¹³⁶ Krasner, Stephen and Thomas Risse, (2014).

¹³⁷ Transparency International, Corruption Perceptions Index 2017.

¹³⁸ Conversation with Dr. Stephen Luby.

¹³⁹ Doucouliagos, Hristos and Martin Paldam (2009), p 433; see also Rajan, Raghuram and Arvind Subramanian (2005) who conclude that neither cross national nor panel results suggest that aid enhances growth.

¹⁴⁰ Rajan, Raghuram and Arvind Subramanian (2007), p. 322.

¹⁴¹ Nunn, Nathan and Nancy Qian (2014), pp 1630-31.

¹⁴² Rajan, Raghuram and Arvind Subramanian (2005).

¹⁴³ Bueno de Mesquita, Bruce and Hilton Root (2002).

¹⁴⁴ Easterly, William (2006).

¹⁴⁵ Derek Headey (2008), esp pp. 161-64; Minoiu, Camelia and Sanjay G. Reddy (2010), pp. 30 and 34; Burnside, Craig and David Dollar (1997); Girod, Desha (2015).

¹⁴⁶ Rajan, Raghuram and Arvind Subramanian (2007), p. 654, 657.

¹⁴⁷ Rajan, Raghuram and Arvind Subramanian (2007), p 655.

¹⁴⁸ Rajan, Raghuram and Arvind Subramanian (2005), p. 23.

¹⁴⁹ Buthe, Tim and Helen Milner (2009).

¹⁵⁰ Srividya Jandhyala, et. al. (2011), p. 1047.

¹⁵¹ Rawls, John (1999).

¹⁵² <http://www.nytimes.com/2016/04/27/world/asia/afghanistan-women-sports.html>);
https://www.washingtonpost.com/news/checkpoint/wp/2017/11/26/pentagon-tried-to-block-independent-report-on-child-sex-among-afghan-forces-senate-office-says/?hpid=hp_hp-more-top-stories_cp-afghan-929am%3Ahomepage%2Fstory&utm_term=.b9aa67adeb75;
<https://www.nytimes.com/2017/01/06/world/asia/despite-ban-invasive-virginity-tests-remain-prevalent-in-afghanistan.html>.