

Failed States in Theoretical, Historical, and Policy Perspectives

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1 Introduction

Globalization and interdependence compel us to think afresh about how we manage our joint activities and shared interests, for many challenges that we confront today are beyond the reach of any one state to meet on its own. At the national level we must govern better; and at the international level we must govern better together. Effective states are essential to both tasks.

Kofi Annan (2000)

These words from a former secretary-general of the United Nations underscore one of the realities and challenges of the post-Cold War era: the unsuitability of failed states in a world in which the solution to problems from global warming to poverty requires states that can act on their own, as well as in unison with other states and non-state institutions. Annan's statement also confirms that the study of failed states has taken center stage in international relations.

Some of the most influential works include I. William Zartman's *Collapsed States* 1995, which is concerned primarily with Africa. Robert Rotberg's *When States Fail* (2004) provides detailed and graphic descriptions of state failure and its consequences. Rotberg's description of the failed state as "a polity that is no longer able or willing to perform the fundamental tasks of a nation-state in the modern world" and his notion that "failure is a fluid halting place, with movement back to weakness and forward into collapse always possible" underscore a fundamental aspect of state failure that is often ignored: its dynamic nature. Thus, state failure is underwritten by (limited) choice; rulers may forgo the projection of power in some geographic and functional areas, while displaying it in others. This chapter builds on these insights to develop a new taxonomy of failed states. At the same time, it takes issue with Rotberg's equation of state failure with criminal violence and lawlessness, which overlooks an important fact: social control mechanisms in any society are multifarious. State failure may or may not lead to widespread human suffering, depending

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on the magnitude of failure and whether non-state institutions are able to substitute for the debile state.

Simon Chesterman, Michael Ignatieff, and Ramesh Thakur's *Making States Work* (2005) casts in sharp relief the problem of the failed state: "The human rights dilemmas of the twenty-first century derive more from anarchy than tyranny." If the main existential threat to life, liberty, and the pursuit of happiness in the twentieth century was the all-powerful state (Leviathan), in the twenty-first century the primary menace is the all-powerless, or failed, state. This assertion underpins many of the prescriptive works on the issue, including Ashraf Ghani and Clare Lockhart's *Fixing Failed States* (2008), Francis Fukuyama's *State-Building* (2004), and Paul Collins's *The Bottom Billion* (2007). All of these studies take a sanguine view of the international community's role in rebuilding failed states, even though they recognize the limits of its intervention.

Failed states have also drawn the attention of the U.S. government, whose 2002 National Security Strategy flatly states, "America is now threatened less by conquering states than we are by failing ones," the European Union, the World Bank, and, perhaps above all, the Fund for Peace, which publishes the Failed States Index. This annual ranking of state viability in nearly all of the world's countries is based on 12 social, economic, and political indicators, among them "mounting demographic pressures," "sharp and/or severe economic decline," "rise of factionalized elites," and "intervention of other states or external political actors" (Fund for Peace 2009).

Why these particular 12 indicators? The omission of the neoliberal policies of international financial institutions from the list of indicators is especially troubling, as many failed states implemented variants of these radically anti-state policies (Structural Adjustment Programs, or SAPs) in the 1980s. It is also surprising that the Index makes no mention of geography, despite the state's inextricable link to territory. Moreover, are the 12 indicators causally related, or "merely" correlated, to state failure? If they cause states to fail, how do they do so? What is their relative weight—how do these independent variables rank in order of importance in relation to state failure, the dependent variable? What is the relationship among these indicators—for example, do "mounting demographic pressures" cause "sharp and/or severe economic decline?" The Index does not connect the dots.

As for the academic literature, it suffers from terminological promiscuity. There are failed, failing, fragile, collapsed, anarchic, predatory, weak, and LICUS (low-income countries under stress) states, in addition to the labels of yesteryear: underdeveloped, developing, Third World, and so on. The literature is also largely ahistorical. Most analyses begin at the end of the Cold War, with a few harkening back to the decolonization period.¹ Their authors tend to share a mechanical approach to the state and an aversion to examining external institutions as one of the causes of state failure. If states fail it is alleged, it is mainly because of corrupt

¹ A notable exception is James Mayall. See James Mayall, "The Legacy of Colonialism," in Simon Chesterman, Michael Ignatieff, and Ramesh Thakur, eds., *Making States Work* (New York, Tokyo, Paris: United Nations University Press, 2005).

local elites or some other internal defects that can be corrected through political engineering and timely outside intervention.

The reality is that states are not simple institutions. States abate violence when they effectively monopolize its means, but this capacity also enables states to visit untold violence on those they do not like, including the innocent. In other words, violence can be a consequence of state absence as well as evidence of state malfeasance (Bates 2001). States facilitate economic development, but they also arrest it. Thus, not all states are worth saving. External actors can be useful in the rescue of failed states, but they can also contribute to the very failure they are called to rectify—sometimes inadvertently, sometimes deliberately. Too sanguine a view of the international community may lead to unwarranted optimism about the ability of external actors to uplift failed states. The record of institutional transplant is not very impressive.

Given the many ambiguities and controversies surrounding the (failed) state, as an analytical construct and as a real-world phenomenon, it behooves researchers to expound on their use of the concept and extirpate as many of the ambiguities as possible. This may go some way toward reducing the theoretical weaknesses and conceptual laxity that pervade studies of the failed state. In this chapter I dissect the complete anatomy of the failed state. First, I spell out what the failed state is, following a (mostly) Weberian analysis. Second, I (re)construct a taxonomy of these states, based on previous work that has been modified in light of developments since (Gros 1996). Third, I theorize how states fail. And finally, I explore the limits and possibilities of the rehabilitation of failed states by the international community.

The chapter is synthetic in its approach, drawing heavily from mainstream sources such as Max Weber (1978), the New Institutional Economics, rational-choice theory, and the institutional development literature, and also from the more "radical" imperialism theories of Hannah Arendt, Rosa Luxemburg, and David Abernethy. Historical developments are seen through the prism of political science, in particular institutionalism, rather than history proper, as I am not a historian.

2 States and Failed States

In this chapter the state is conceived in the Weberian sense, that is to say, as a political organization that wields exclusive coercive power over a large area and group of people, which power it uses to tax, maintain internal order, make war, peacefully engage other states (i.e., practice diplomacy), deliver social services, and protect property rights. The state, then, is an instrument of social control, but mainly for itself, or, as Weber notes, it is "a community whose social action is aimed at subordinating to orderly domination by the participants a 'territory' and the conduct of the persons within it, through readiness to resort to physical force, including normal force of arms" (Weber 1978).

The state may be the most important secular institution of social control in modern society. Its domain is all-encompassing in space and functions: "Owing to the

drastic nature of its means of control, the political association [i.e., the state] is particularly capable of arrogating to itself all the possible values toward which associational conduct might be oriented; there is probably nothing in the world which at one time or another has not been an object of social action on the part of some political association" (Weber 1978). Provided that states have monopoly over the means of violence (authority), political will, financial and human resources, and popular support (legitimacy)—in sum, capacity—they may do almost anything they want. However, the state is not the only game in town, for even the most authoritarian state rules with some limitations and requires a modicum of acceptance by its citizens.

The aforementioned functions do not weigh equally in the calculus of state makers. Indeed, a good deal of statecraft entails figuring out the correct mix of these functions. Thus, state functions must be historicized and socially contextualized, although rulers throughout history have always been concerned with internal order and protection of their territory, which have a direct bearing on their longevity in power. The spatial, or geographic, dimension of state power is always relational: there is a center and a periphery.

The center is personified in a national ruler (king, president, prime minister) and/or embedded in a capital city that plays host to the ultimate public authorities (central government, national government, federal government). In some cases—for instance, Abuja in Nigeria and Dodoma in Tanzania—centralized authority is ensconced literally in the middle of the territory. The periphery then is any authority structure or physical area outside the central government. The periphery is atomized into many constituent parts with just as many names: region, province, state, department, chieftaincy, city, county, village, countryside, hinterland, and so on.

Using this description, we may "image" state power spatially in concentric terms, whereby power starts at the center and radiates out to the periphery, with the sum total of centralized and peripheral power making up what James C. Scott (2002) calls the power grid of the state. Depending on the structure of the state (e.g., whether the state is unitary or federal), peripheral power may be extremely dependent on centralized power, as in France and Japan, or it may have substantial independence to the point where it is seen as countervailing to centralized power, as in the United States and Germany.

But even in those circumstances where the periphery has some autonomy (such as in a federal system), the basic functions of statecraft—maintaining order and waging war—are ultimately the responsibilities of centralized authority. The question is *when* centralized authority becomes involved in the affairs of state, not *whether* it should be. Still, dividing state power between a core and a periphery and imaging it as a grid is a useful exercise.

What then is a failed state? A very good definition can be extrapolated from Max Weber, who is worth quoting at length again:

As we consider them today, the basic functions of the "state" are: the enactment of law (legislative function); the protection of personal safety and public order (police); the protection of vested rights (administration of justice); the cultivation of hygienic, educational, social-welfare, and other cultural interests (the various branches of administration); and,

last but not least, the organized armed protection against outside attack (military administration). These basic functions are either totally lacking under primitive conditions, or they lack any form of rational order. They are performed, instead, by amorphous ad hoc groups, or they are distributed among a variety of groups, such as the household, the kinship group, the neighborhood associations, the rural commune, and completely voluntary associations formed for some specific purpose. Furthermore, private association enters domains of action which we are used to regard exclusively as the sphere of political associations. (Weber 1978)

If one were to substitute "failed states" for "primitive conditions," one would have a fairly accurate description. To return to the earlier metaphor, failed states are those whose power grids have experienced frequent, sustained, and massive breakdown, such that state authorities are no longer able to project real power on a consistent basis, if at all. In other words, they cannot amplify or exert power. The lack of amplitude is usually experienced first in the periphery, because states behave like discriminating monopolists and do not spread their assets evenly throughout their territory. Thus, the periphery is usually where the state first reaches its limits or even dissolves. However, it is important not to regard state failure always as a calamity, for, as Weber suggests, under "primitive conditions" functions hitherto provided by the state may be undertaken by non-state actors.

3 A Taxonomy of State Failure

If one assumes that the paramount state functions are to maintain order and to protect territory and people from external aggression,² and if further that state power in the performance of these tasks is organized in a geographic grid, with a core and a periphery,³ then there are several possible ways in which states can fail. State failure essentially has to do with loss of control by political authority in space and functions, but this loss has multiple characteristics.

3.1 State Failure Type I

The state loses control over order maintenance and war making. It is no longer able to keep law and order among its citizens, nor is it able to protect its territory from external predators of whatever origin (other states, foreign terrorists, narcotics traffickers, and so on). This loss of control signals that the state has collapsed or become anarchic, meaning that there is no longer an overarching authority. However, this

²Obviously, states do much more than maintain order and protect their territory against external predators, but there are not too many political scientists who will disagree that, at minimum, all states worthy of the name must perform these two functions. These functions are very good proxies for others: a state that cannot maintain order among its citizens probably cannot tax them either, and if it cannot tax, it cannot deliver social services. Hence, state viability can be extrapolated from these two capacities, as opposed to examining the entire universe of state functions.

³A core might be a capital city or a number of cities; the periphery would be any area outside of these agglomerations. A core might also be the home region of the dominant group(s) in a society, or an area where significant economic assets are concentrated.

does not mean that life is necessarily Hobbesian. As Nature abhors a vacuum, some essential public goods may be provided by sub-state actors such as traditional authorities or by non-state actors such as local and international non-governmental organizations. One plausible example of a collapsed, or anarchic, state—the only one at the time of writing—is Somalia.

3.2 *State Failure Type II*

The state loses control over internal order, but maintains it over the ability to wage war. This scenario is also rare. It typically occurs in a pre-collapse situation, where the state remains militarily strong enough to defend its territory against external enemies, but has lost so much of its legitimacy that it is vulnerable to collapse from within. This is the case even though, in theory, it retains considerably capacity for internal violence, as some warfare assets are of so-called dual use. Examples are the former Soviet Union from some time in the early 1970s to December 1991, the former Eastern European satellites, or Ethiopia under Mengistu Haile Mariam.⁴ One may surmise that North Korea is also in this category, but given the insularity of the regime, it is difficult to tell. But this much is predictable: with 11,000 artillery tubes and rockets aimed at Seoul, the downfall of Kim Jong-Il is more likely to come from within North Korea than from without (for instance, in the form of a joint US–South Korean invasion).

3.3 *State Failure Type III*

The state loses control over the capacity to wage war but maintains it over internal order. In some cases, this may be the result of a deliberate political strategy (as may be Type II). It should be recalled that states behave like discriminating monopolists; they do not spread their assets evenly throughout the realm. They may deploy all of their coercive powers against their own citizens rather than splitting them between order maintenance and war making. There may be a standing army whose technical capacity is in waging war, but whose true *raison d'être* is repression of the population or absorption of poor and unemployed youth into the rank-and-file and elite young men into the officer corps (jobs for the boys). Rulers who think they may be in danger of being overthrown, and who have scant resources to work with, will tend to project those resources into the one area that will most immediately shore up their

⁴The eastern European cases deserve further elaboration. There, and in the former Soviet Union, what collapsed was the ideological-political apparatus, not the bureaucratic-coercive apparatus. In spite of their other weaknesses, these states had achieved a considerable degree of legal-rationalism in their bureaucracy. In some cases, this development predated communism. When communism collapsed as an ideological-political system, it did not bring down the entire state structure with it and chaos did not ensue in the way one might have expected of patrimonial states where the ruler is indivisible from the state. To a lesser extent, this observation applies to Ethiopia as well, where Marxism-Leninism, with its penchant for "bureaucratism," probably made greater inroads than elsewhere in Africa, perhaps because Ethiopia has a long history of state building.

power: maintaining internal order. International law and norms encourage authoritarian rulers in failed states to behave this way, because they remove the incentives for these rulers to build up their warfare capacity to fend off invasion by other states.

Haiti under the Duvalier dynasty (1957–1986) experienced this type of failure. The elder Duvalier (Papa Doc) did not worry much about invasion by a rival state, such as the Dominican Republic. He was more concerned about being deposed in a coup by the army. Consequently, he disempowered the Haitian army in favor of the *Tontons Macoutes*, the paramilitary force responsible for much of the repression. This kind of situation is very interesting, because it demonstrates that (a) loss of control or failure is not always involuntary (states may decide that loss of control in some areas is acceptable); and (b) violence is not always a byproduct of the loss of control. On the contrary, violence can be a means of maintaining control, or attempting to maintain control, with the state as its main perpetrator.

3.4 *State Failure Type IV*

The state lacks control over both internal order and war making, but this loss is neither complete nor permanent. Failure here is that "fluid halting place" Rotberg mentions. Typically, states exhibit greater capacity in maintaining order and waging war in the center than in the periphery; the periphery may be considered the weak link in the chain leading to state failure or, to employ the earlier metaphor, the node most likely to be severed from the power grid. Probably most failed states are in this category; they lose control in parts, perhaps significant parts, of their territory, but maintain it in some areas—typically the capital city and other urban centers and the home region of the national ruler. They are also able to perform certain functions of statecraft, albeit in perfunctory fashion.

Sudan's state has had no effective control in the south and lately in the west of the country, but Khartoum has had a government since independence that has exercised real authority in the north. The volatility of the Niger Delta has not prevented Nigeria from spending billions of dollars on a new capital in Abuja, where, unlike in the economic capital of Lagos, government functions with some efficacy. Ivory Coast, Congo, and (post-Duvalier) Haiti are further examples of this category. All three have nominal governments, although they have been on the brink of anarchy at different times in their history.

3.5 *The Failed States Continuum*

Failed states, then, are not monolithic. The Failed States Index is problematic in part because it is not sensitive enough to important differences among failed states. Zimbabwe has strong capacity in maintaining internal order and at least residual capacity in waging war (as evidenced in its involvement in Congo in the 1990s), yet Zimbabwe ranks second after Somalia in the 2009 Failed States Index. The proximity of these two countries on the list completely misrepresents the actual distance between their conditions. Figure 1 "re-images" failed states differently. It arranges

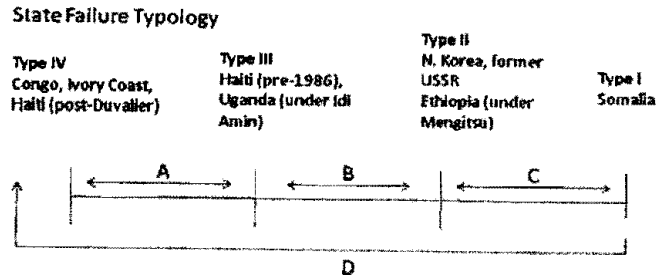


Fig. 1 State failure typology

failed states along a continuum, rather than ranking them in hierarchical order. A state's position on the continuum may shift, because state failure is dynamic.

Moving from left to right, the most common and mildest form of state failure is Type IV, where the state is able to function throughout much of its territory, albeit in a less than authoritative fashion. Typically, the state is more effective in the capital city and other urban cores than in the countryside or periphery. There may come a time when the projection of state power throughout the realm is not possible, in which case state makers will pay very close attention to where they deploy state assets. At first, they may forgo waging war in favor of maintaining internal order (moving to Type III configuration), since international law and norms help protect the integrity of their territory, which is the primary aim of making war. Several factors may contribute to this decision: a sudden and precipitous drop in world commodity prices that exacerbates budget problems, the threat of secession by rebel groups, massive street protests, even elections—in sum, events that have the potential of destabilizing internal order. But, depending on international circumstances, state makers may also forgo maintaining internal order in favor of waging war (becoming a Type II state). This will happen when foreign invasion is seen as a greater threat to their power than internal rebellion. Whether states forgo capacity in one area as opposed to the other depends on how state elites read political circumstances, and rank the threats to their power. They may even go back and forth between Type II and Type III in times of domestic and international turbulence, hence the 2D arrow (B). Ideally, though, state makers in weak states would like to have some capacity in both maintaining order and waging war (A). They prefer failure Type IV to either Type II or Type III.

Finally, states may lose complete control over internal order, warfare, and all other functions, both in their core and periphery (experiencing Type I failure). In this case they become anarchic. This situation occurs when rebels overrun the remnants of centralized authority, but turn out to be unable to put "Humpty Dumpty" back together. The territory of the collapsed state may then be effectively divided among various rebel chiefs or warlords, followed by the consequences of high levels of violence, economic predation, and spoliation of the environment. So-called humanitarian intervention is typically aimed at returning failed states to some functionality,

but since it seldom lasts long enough, nor commands the requisite resources to build fully working states, the reality is that such intervention often ends up (even under the best of circumstances) moving failed states from Type I to Type IV failure (as shown by Arrow D).

One of the most glaring weaknesses in the scholarly literature is the equation of political and administrative dysfunctionality with social disequilibrium. Failed states are by definition dysfunctional, meaning their performance is suboptimal on many fronts, but suboptimal state function does not necessarily connote social disequilibrium. This point has profound practical implications. States can perform suboptimally without sinking completely into the abyss (Failure Type I). Moreover, poor states may choose suboptimal performance in order to lessen the chances of catastrophic failure. Conservatism can sometimes be a rational response to uncertainty.

There are not more Somalias in Africa because most communities have developed informal mechanisms of control to cope with the lack of formal capacity at the state level. The paucity of interstate wars over territory on a continent whose political map was butchered by colonialism can be easily explained. Most African leaders have essentially accepted the principle of *uti possidetis juris*—in other words, the colonial status quo ante—thereby mitigating the imperative for war making. They have also enshrined this position in formal statutes, such as the charter of the former Organization of African Unity. This approach has many downsides but its one upside, interstate peace, cannot be ignored.

Ordinary Africans have adjusted to the lack of state effectiveness in many countries by developing alternative systems of governance, some of which predate the modern African state. Sharia law is clearly anathema to the secular modern state in Nigeria, but because it has kept a semblance of order in the north, where the federal government is not always welcome, federal authorities have shown toleration, as long as the more extreme strictures of Sharia (e.g., stoning adulterers) are not applied.

Lack of state does not connote social disequilibrium, nor does it automatically translate into loss of control. Even in Somalia, anarchy has not been accepted as a fait accompli. Until December 2006, Islamists had managed to restore control in some parts of the country; in Somaliland and Puntland, some order is being provided by sub-state authorities, who hope to turn these territories into states. In sum, in the game of state making, the state may be the most important player but it is not the only one. As in any collective effort, state making entails considerable negotiations and mutual adjustments among state, sub-state, non-state and even anti-state actors.

4 Understanding Why States Fail

Unless it is understood how states fail, decisions regarding what to do about failed states will be tantamount to throwing darts blindfolded. Beyond identifying the (alleged) indicators of state failure, it must be demonstrated how these indicators cause states to fail, and why they and not others are indeed the causes. An

overarching theory of state failure is not easy to arrive at, because (a) failed states are not monolithic, (b) progression from one type of failure to another is not linear, and (c) some variables may be impossible to operationalize and measure.

Yet, because a theory is, at its most basic, a set of facts, conjectures, and principles that purport to explain a given phenomenon, it is at least possible to identify some of the common features connected to state failure and speculate on how they contribute to the outcome. Such an effort gains in strength if its approach is historical, which allows for a larger sample to be examined under different conditions. Also, we should recall that states are (political) organizations that presumably succeed or fail for the same reasons other types of organizations succeed or fail. Insights from other disciplines such as organization theory can be brought to bear on state failure.

The outcome of the efforts of any organization depends on three things: its personnel (more generally, its resources), its design or structure, and the environment in which it operates. So it is with states, which fail for internal and external structural reasons, with human agency as the tipping point. The state, once again, seeks to achieve control in functions and in space. In the pursuit of control, the state faces internal institutional challenges, such as those connected to geography, demography, the economy, class, and ethnicity; it also faces constraints from the external environment, which it does not necessarily seek to control but at least wishes to neutralize. States try to buffer themselves against negative external contingencies, such as those produced by war or adverse international market conditions, while controlling their internal environment with a mixture of coercion and consent.

By themselves, neither internal nor external conditions are sufficient to cause states to fail or succeed. Ultimately, state-making outcomes depend on how state elites handle the conjuncture of internal and external structural factors. The "managerial" element is therefore extremely important in the failure or success of states, which, after all, are political organizations. In sum, state failure must be theorized at the micro (elite), macro (internal-structural), and the meta (external-structural) levels, which I take up in turn.

4.1 The Micro-level: The Elites

Rational choice theory is very useful for understanding the behavior of elite actors, who may be presumed to have one ultimate imperative: to stay in power. One challenge that has bedeviled state makers and their retainers has been how to effectively rule large groups of people and protect large swaths of territory from afar, despite the constraints imposed by military and transportation technology and split loyalties. In the early states, rulers regularly visited their realms. The presence of a ruler, especially one who was feared, reduced the chances of internal disorder or external attacks. In such patrimonial states, the influence of the ruler on peace and order is not dissimilar to that of the authoritarian father in a family setting. Weber notes: "In particular the German monarchs of the Middle Ages moved about almost constantly, and not merely because inadequate transportation compelled them to consume on

the spot the supplies provided by the various domains The decisive fact was that only their continually renewed personal presence maintained their authority over their subjects" (Weber 1978, 1042).

The personal projection of power by the ruler is not feasible in contemporary states for many reasons, not least geography and the complexity of modern government. Since the ruler cannot be everywhere at once, nor can he do everything himself, how does he project power in areas where he is neither physically present nor technically competent? The next best thing is to delegate authority to legitimate subalterns. Bureaucracy is the best means of governing multitudes spread across a wide area, but its relative efficacy does not guarantee the certainty of its creation.

We can now identify one of the pathologies of state elite behavior: the chasm between the value orientation of rulers ensconced in traditional and charismatic forms of authority and the requirements of modern government, which call for authority to be shared, as well as lawful and competent (legal-rationality). Practically all contemporary failed states have been misled by putative strongmen who mistook their country for their household, treated the national treasury as though it were their personal piggy bank, considered elite members as either their "boys" or enemies, and in the process alienated the very people they needed to govern. Somalia had its Siad Barre, the former Zaire its Mobutu, and Haiti its Duvaliers. All failed to understand they could not govern their respective country like a kraal.

What determines the value orientation of elites, and therefore their behavior? One factor is political culture, which shapes the past, the present, and may seriously constrain the future. Patrimonialism breeds patrimonialism, but not because it is a congenital defect of the ruling elite. The institutional structure in many failed states provides real incentives for rulers to behave in a patrimonial fashion, even when they may not personally be so inclined. In a political economy where there are few opportunities outside the state and where being out of power raises the risk of being compelled to take up long-term residency in the national penitentiary, it makes sense to plunder the treasury and keep power literally in the family. Amassing wealth guards against penurious retirement, and family rule provides strong guarantee against incarceration. A legal-rational state may result from social revolutions and other cataclysmic events; however, these punctuations in the prevailing equilibrium are rare.

Another value-determining factor is the formal education of elites and the concomitant exposure to outside influence. One is struck in sub-Saharan Africa by the correlation between the educational achievements of African "founding fathers" and the states they made. Generally, the African countries that have done relatively well in state making were led by "philosopher-kings" during the first decade of independence (e.g., Kwame Nkrumah of Ghana, Julius Nyerere of Tanzania, Léopold Senghor of Senegal); those that have fared poorly had at their helm semi-literate strongmen usually of military background (Idi Amin of Uganda, Jean-Bédél Bokassa of Central African Republic). The enlightened influence of "founding fathers" seems to endure, even after years of their departure from power. This would seem to confirm the path-dependent nature of elite behavior.

4.2 *The Macro-level: Internal Structural Factors*

Geography, another factor missing from the list of the 12 indicators in the Failed States Index, is not negligible in state making. The size of the territory determines whether state officials can be deployed throughout the realm. The more compact and integrated the territory of a country, the easier the task of state making; the inverse is also true. Geography does not simply make the movement of state officials easier or harder, it also influences the loyalty of the population to the state, as distance from the center can either reinforce or dissipate attachment to local norms.

The quality of the personnel who make up the coercive apparatus and the extent of their loyalty to the ruler also matter. A key question in politics always is: Can those with guns be made to obey the orders of those without, especially when the enforcers are far away from the ruler? The affirmative answer to this question is surely one of the most significant achievements in the history of human organization. For if the ruler can safely delegate authority to those who are out of his sight—those who, at least in theory, can ignore his authority and even overrule it—his physical presence throughout the realm is not needed. Using the metaphor of the electricity grid, when the security of the main power source is assured, the substations can go on humming.

If, on the other hand, the ruler cannot be reasonably certain of the security of his power, he will keep the generators of state power (meaning here the coercive instruments) to himself, for deploying them beyond the main power base (wherever the ruler is personally) is likely to create independent substations, or power centers, which could eventually pose a threat to his rule. This strategy is not without its own risk: there may be too many ambitious men close to the pinnacle of power to resist the temptation of trying to occupy it. Rulers always want to have enough guns and armed men nearby to protect themselves and their regime, but not so many as to allow a disgruntled associate to become an overnight sensation.

We can now identify another macro-level reason why states fail: overextension. This occurs when the capacity of centralized authority to deploy force is outweighed by the size of the territory to be protected, that of the population to be policed, or both. This is probably the most common historical cause of state failure. It is also why state borders in some parts of pre-colonial Africa tended to coincide with how far troops could be deployed. In Akan-dominated pre-colonial Ghana, if the Asantehene could not protect you, you were not one of its subjects. Elsewhere in pre-colonial Africa, Africans who did not want to be claimed by states (or to pay taxes) often moved to where they could not be reached (Herbst 2000). The domestication, indeed militarization, of the horse was a decisive development, allowing African rulers to project power well beyond their immediate surroundings. The emergence of strong states in Islamic Africa may have had less to do with the centralizing tendencies of the Qur'an (especially the concept of the Ummah) and more with the equine mastery of the followers of Muhammad.

Theorists tend to assume that overextension occurs because of geopolitical miscalculation by state makers. It is often considered one of the casualties of empire making, whereby the marginal costs of expansion—maintaining armies and civil

servants in new territories and pacifying new subjects—outweigh the marginal benefits. But overextension does not necessarily stem from territorial expansion. States do not always fail when their periphery is too big for them to police and defend against external attacks. Failure may also be the result of atrophy at the center.

As I have remarked repeatedly, rulers do not deploy assets evenly throughout their territory, but instead deploy power where it is most likely to enhance the longevity of their rule. When resources are extremely limited, key order-maintenance and war-making assets will be deployed closer to where the ruler can personally oversee their use. In this way, atrophy rather than expansion leads to failure. Over-centralization may be a sign of state strength, but it may also evince state weakness. The latter is the case when (a) resources are scarce, (b) power is insecure (often because of division among elite factions), and (c) the public administration is insufficiently bureaucratized.

Failure can also be demand-driven or society-centered. State capacity may not undergo structural deterioration, but, because of changes in society (or the physical environment), is rendered ineffectual. Rapid population growth is usually a culprit in demand-driven, or society-centered, state failure. The more people in a given territory, the higher the need for state services, including protection or order maintenance. An increase in population can be beneficial to the state if it leads to an increase in tax receipts, which may allow for more and better services. But this will only happen if the economy is growing and can therefore absorb more workers, and if the workforce is legible to the state.

In the absence of a growing economy (or mass emigration), population growth strains state capacity in a number of areas, most obviously in policing but also in the softer underbelly of statecraft: education, public health, and other social services. This is why states loathe refugee inflows, which they see as an unwelcome, rapid, even cancerous form of population growth. Refugees put tremendous pressure on resources meant for citizens. Thus, states usually insist that refugees be physically separated from the local population and the costs of their upkeep be borne by the international community.

Most contemporary failed states face demographic and environmental problems, although to varying degrees of severity. Such states tend to be densely populated, have a high dependency ratio (minors outnumber adults because of high fertility rates), and suffer from severe land degradation caused by deforestation, desertification, and poor agricultural practices. Less than 2% of Haitian territory, for example, retains its forest cover.

It is not hard to establish the connection between environmental degradation and state failure. Environmental degradation is typically acute in the countryside, where it causes people who owe their livelihood to the land to become poorer. Even in the best of times, they live close to the margin of subsistence, unable to produce a surplus to share with the state. Since the burden of taxation in developing countries tends to fall on farmers—not least because taxes on cash crops are relatively easy to collect, and because ruling elites are unlikely to tax themselves and their supporters—as the rural economy contracts, the state takes in less in tax receipts and consequently is able to do less. Furthermore, when the environment degrades,

natural disasters (desertification, drought, hurricanes) increase in frequency or severity, putting additional strain on the state.

Finally, environmental degradation causes people to migrate, internally to cities in their own countries and externally to richer countries. As members of a previously disorganized and silent mass arrive in the urban core, they demand protection, employment, social services, and political rights. When the state is unable to respond, it causes even more frustration. In this situation, environmental degradation pushes people toward the state, destroying the natural buffer created by distance and poor infrastructure. In time, this urban mass can become a truly potent force in politics, especially in small nations (such as Haiti, Jamaica, and much of the Caribbean) where geography compels physical proximity between rich and poor, ruler and ruled. Election to national office may require strong support from the *lumpenproletariat*, even though its members may remain marginalized in the economy, serving as little more than a reserve army of unskilled labor, votes, and violence, ready to be manipulated by cynical politicians. As a general rule, the closer people are to the state, the better are the opportunities to orchestrate its collapse, which in weak states may entail no more than the capture of the national ruler and of some strategic state assets. This is why ghettos, *favelas*, slums, and other urban settlements of undesirables tend to be located away from the centers of power and are often surrounded by security forces. Or if such areas are close to the seats of government, they must not be impenetrable to armed agents of the state.

One of the paradoxes of the failed state is that it tends to be heavily militarized, meaning that a significant proportion of the state budget is officially devoted to the military (in Haiti shortly before the fall of the Duvalier regime, the figure was 40%). The connection between militarization and state failure is fairly straightforward: In the face of declining revenue, rising demand for services, and intra-elite division, state makers deploy resources toward the acquisition of the means of violence and the paying off of armed supporters, including the lowly hordes of street toughs who carry out the dirtiest deeds of regime maintenance.

Increased military spending in the failed state does not necessarily improve its capacity to maintain order or wage war, as much of the spending goes toward the buying of loyalty, the acquisition of frivolous hardware intended to intimidate the population, or simply into the ruler's foreign bank accounts. The state may be spending on security in theory while insecurity reigns in reality; indeed, its own agents are often the perpetrators of insecurity. This is because the state, having been prevented from establishing a bureaucracy by insecure rulers, often lacks the command-and-control mechanisms to monitor weapons, as well as the discipline and esprit de corps of a professional force. In Sierra Leone in the 1990s, soldiers mysteriously morphed into rebels at night (so-called *sobels*). Haitian soldiers in the 1980s rented out their uniform and guns to criminals under the cover of darkness. The proliferation of small arms is a problem in nearly all failed states because of these practices, in addition to the porous borders and the availability of cheap weapons produced in China, among other places.

The more that is spent on the military, the less is available for social services. The zero-sum nature of military spending is magnified by the severity of budget

constraints in failed states, especially if they are not deemed strategically important enough by an external patron to benefit from large-scale military aid. Since all states rule by a combination of stick and carrot, providing fewer social services leads the state to rely on its authority to govern. But the more the state relies on brute force, the less legitimate it becomes, and the weaker is its hold on society. Some states may seem strong from a military standpoint but are in fact so weak that it sometimes takes only seemingly minor events to overthrow the government.

If there is one thread that runs through all failed states, it is that their elites generally are profoundly divided over how to rule, which in turn severely impedes their ability to manage domestic and international challenges. This elite division is the tipping point, or catalyst, of state failure. Intra-elite fights often arise from differences in their value orientations and the requirements of modern governing (conservatives vs. reformers, dinosaurs vs. young Turks), on the one hand, and sectarianism, on the other hand. The first conflict raises questions about which elite faction should govern, while sectarian conflict is essentially about loyalty—to a so-called primordial community, such as an ethnic group or religious denomination, or to a more inclusive and "imagined" community, such as the nation. Telltale signs of elite division include contested elections, credible threats of secession (usually fanned by aggrieved elite sub-factions), actual civil wars, and frequent coups d'état. These events often presage state collapse, although their absence by no means indicates state strength. Ultimately, state failure is a failure of politics on a grand scale.

In summary, states fail partly for internal reasons, which include geography, population growth, environmental degradation, social cleavages, militarization, and low economic growth, although not necessarily the lack of natural resources. However, these macro-level factors by themselves do not cause states to fail. Indeed, some of them also facilitate state making. But managing the complexities of these conditions requires a shared political governance structure. For example, the geography of the modern state makes it impossible for rulers to personally project power throughout the realm. They must entrust others to do so on their behalf, but who—unqualified relatives or tested citizens? By what means—elections or appointments? And how do they keep control after power has been devolved? Elites matter: their decisions tip the balance of the macro-level factors in favor of either state making or failure.

4.3 The Meta-level: External Structural Factors

Up to now, I have theorized about the internal causes of state failure and made only passing references to external factors. Yet, states clearly do not fail (or succeed) for internal reasons alone. All states form part of an international system, in which they cooperate and compete. Even the poorest of states spend a disproportionate share of resources on war making, in part to prevent externally induced failure. Throughout the ages, war has been a major cause of state failure. History is an endless tale of state expansion and contraction by military means. Why contemporary literature on failed states has tended to discount the external origins of state failure is baffling, given the overwhelming weight of historical evidence and longstanding scholarship

on the topic. I propose to theorize about the external causes of state failure, by bringing imperialism back in.

A perusal of the Failed State Index for 2009 reveals certain commonalities among failed states that make a strong case for linking the failures to external forces and pushing the states' history well before the end of the Cold War. First, all but one of the 38 countries in the red zone of the Index, those that scored the highest on the 12 indicators associated with "statelessness," are in Africa (22) or Asia (15), with Haiti the only exception. No country in Europe is in this sub-category. Second, all of the top failed states were colonies of Europe, and most gained their independence in the twentieth century. In sum, they are very young states (except Haiti and Ethiopia). Third, most of the failed states (25 out of 38) implemented Structural Adjustment Programs in the 1980s and 1990s, which were profoundly anti-state and pro-market expansion.

5 The Two Imperialisms

The geography, history, and economic-policy experience of failed states point to the role of external forces in their denouement. It is important to take a much wider and longer view of the failed state, rather than seeing the phenomenon strictly through the prisms of internal contradictions and post-Cold War politics. Yet, we must remember that the external environment is not immutable: how it contributes to state failure varies across time and space. As the institutions of international relations have evolved, states may no longer cause other states to collapse through annexation, and race cannot be used as a basis for denying states their rightful place in international affairs. To fully capture this evolution, the effect of external institutions on state failure must be examined over time.

The failed state is partly the outcome of what David Abernethy (2000) perceptively calls "the dynamics of global dominance," which began in the fifteenth century and continues today. This process coincided with the rise of the modern state on the ashes of feudalism, as well as the rise of capitalism, both of which are obviously connected but are animated by separate logics. The failed state thus has a long and complex history. That history is tied to the waves of state-based European expansion in 1492–1776 and 1848–1914, and the contractions that followed in 1776–1848 and 1914–1991 (Table 1).⁵ It is also tied to the expansion and transformation of capitalism. Hence, the failed state is partly the byproduct of two imperialisms, those of *raison d'état* and capitalism.

The phases in the table can be further collapsed into two major categories: expansion-contraction I (1492–1848) and expansion-contraction II (1848–1991).

⁵The exception here is the former Soviet Union, whose expansion and contraction took place in the same period: 1914–1991. Obviously, I see the former Soviet Union, at the heart of which was mainly European Russia, as part of the process of the expansion and contraction of the European state, except that in the case of the former Soviet Union expansion did not take place across large bodies of water. The former Soviet Union was more reminiscent of a land-based empire than the salt-water empires founded by the European powers.

Table 1 Phases of Western imperialism

Phase	Duration	Direction	Location
1	1492–1776	Expansion	New World ^a
2	1776–1848	Contraction	New World
3	1848–1914	Expansion	Old World
4	1914–1945	Uncertain Equilibrium	Old World
5	1945–1991	Contraction	Old World

Source: Adapted from David Abernethy

^aExpansion occurred overwhelmingly, but not strictly, in the New World during phase 1, as the experience of India, Indonesia, and South Africa indicates

The sum total of state-based expansion and contraction, as well as capitalist expansion and transformation, constitutes the history of European imperialism with all of its consequences. Thus, my approach to the failed state is "Braudelian," rooted in the notion of the *longue durée*.

5.1 Imperialism of *Raison d'État*

Imperialism may be defined as an ideology that sanctions systemic expansion, even if this entails the use of force. Imperialism also engenders domination and relations of power. Imperialism is not only an ideology, it is also praxis; when undertaken by states, imperialism as praxis normally leads to territorial expansion. Depending on the location of the territory and people being conquered, expansion may take the form of annexation or of colonization. Annexation typically takes place when the subjugated territory adjoins that of the subjugator, in which case the imperial state expands at the direct expense of its neighbors: one political community gets bigger while the other becomes smaller or disappears altogether.

States that expanded this way in the past, bringing under their formal authority a polyglot of cultural groupings over a large territory, were called empires. The key point is that the space so acquired was integral to the (empire) state, even though territories were sometimes accorded various degrees of autonomy. For example, the Ottoman Empire gave local rulers in the provinces relatively more freedom than the Roman Empire at its heights, but in principle Kurds and Syrians were all the King's men.

Territory could also be claimed through colonization, in which case the conquered territory remains separate from that of the conqueror but is legally subservient. The colony retained separate institutions, although those that predated colonization, as well as the ones created under the new dispensation, were expected to be supportive of the colonial project. Natives were subjects rather than citizens of the colonizing state (Mamdani 1996); they were under the jurisdiction of customary laws or the laws crafted by colonial authorities, although, depending on the colonial power, at some usually distant point into the future, they could become citizens of the mother country (as in the case of France). This bifurcation between subjects

(colonized natives) and citizens was largely responsible for the violence and authoritarianism of colonialism, and, according to Fanon (1964), would come to transform the very psyche of the colonized.

The designation of colony went typically to territories that were separated from the conqueror's by a large body of water or land, or whose natives were deemed essentially different from (meaning inferior to) those of the colonizer. There were exceptions: Algeria was part of France, in spite of the Mediterranean; Hawaii became a US state in spite of the Pacific. The key thing about colonies compared to annexed territories was that their existence was largely instrumental. They were never meant to be entities for themselves: their purpose was to satisfy the needs of the colonizer (such as raw materials for the metropolis). This is absolutely critical for understanding the failed state. Colonialism created entities with differing potentials for independent success.

The needs colonies were expected to supply were often economic. But, as Weber points out, imperialism was also about power, domination, and even the vanity of prestige. Imperialism was not always triggered by the need of capital to expand; it was sometimes underwritten by nationalism, even in countries that had undergone socialist revolution (e.g., Russia). Nationalism also helped gain the support of workers in colonizing countries for the colonial project.

Thus, there were two types of imperialism, that of *raison d'état* and that of capitalism, distinguished by the degree to which colonialism fulfilled primarily noneconomic or economic needs. One of the most serious mistakes of the Marxist Left has been to equate imperialism with economic exploitation. European imperialism cannot be reduced to economic matters alone, nor should economics be granted more prominence than any other causal factor.

Competition among European states for domination of other states and control over their own territories often led them to foreign adventures. Balance-of-power politics inside Europe was an important cause of imperialism outside Europe. Also, economic exploitation of the colonies did not always accrue to private producers. For example, the silver of Peru was appropriated, to a large extent, by the Spanish Crown. Overseas expansion was sometimes driven by population pressure, more so when the metropolis wanted to rid itself of "undesirables," whether ethnic and religious minorities or common criminals (as in the case of Britain's transport of convicts to Australia). Simply put, European expansion was an attempt to avoid state failure at home. It was driven by many of the same internal factors that cause contemporary state failure, such as demographic pressure and low economic growth.

Religion also underlay expansion in some instances. European monarchs did apparently believe they had been anointed to enlarge Christendom, or at the very least stand as a bulwark against the expansion of other religions, Islam in particular. And finally, expansion occurred for its own sake—to prevent rival states from expanding—even if the benefits of further expansion were not always evident. The British had no reason to claim the area around the Gambia River other than to prevent the French from having a contiguous territory in Senegal. Even a French offer to trade the much larger (and, as it turned out, extremely profitable) Ivory Coast for that sliver of land was not accepted (Davidson 1992).

What then is imperialism of *raison d'état*, as opposed to imperialism of capitalism? The key feature of imperialism of *raison d'état* is the conquest of territorialized space by states, whereas imperialism of capitalism is anchored in the extraterritoriality of markets. In other words, the two imperialisms express the expansion of different but interrelated systems: imperialism of *raison d'état* connotes the expansion of states; imperialism of capitalism connotes the expansion of capitalism as a mode of production, exchange, and accumulation. The institutions of imperialism of *raison d'état* are obviously states and their armies, while those of imperialism of capitalism are multilateral actors such as the International Monetary Fund, the World Bank, and the World Trade Organization, as well as privately owned multinational corporations (MNCs)—although these are obviously backed by (economically imperialist) states.

Diversity among these institutions may create policy differences, even conflicts, especially in the absence of coordination. In the 1980s the World Bank and IMF pursued policies in the Third World that were profoundly anti-state. These agencies were the key implementers of the so-called Washington consensus, whose goal was to enlarge the sphere of free-market capitalism. These policies were often resisted by core states when they were imposed on client states whose importance lay more in their geo-strategic benefits (e.g., Egypt in the Middle East) than in their economic returns.

Hannah Arendt ascribes imperialism of *raison d'état* to imperialism of capitalism. In her words, "endless accumulation of capital requires the endless accumulation of political power" (Arendt 1968). For Rosa Luxemburg, the tendency of capitalism to engender imperialism stems from overproduction or underconsumption—in any event, a propensity under capitalism for existing markets not to clear, which requires the creation of new markets (Luxemburg 1964).

Both of these icons of imperialism theory view the two forms of imperialism as largely complementary and causally related. I believe instead that the relationship between the two variants is largely dialectical, consisting therefore of friction. In some instances, the interests of imperialism of *raison d'état* and those of imperialism of capitalism are concordant; in others, they are discordant. Sometimes one leads to another, sometimes not. In fact, it is a rare case, during either of the longer phases of expansion-contraction, in which state authority did not clash with economic-nationalist interests. Indeed, change in the political status of conquered territories, from colonies to independent states, often resulted from this conflict.

The ultimate demise of imperialism of *raison d'état* occurred after World War II and took nearly 40 years to be completed.⁶ Imperialism of capitalism achieved hegemony during this time, except in the former Soviet Union, where imperialism of *raison d'état* held sway for another 40 years. The connection of these trends to state failure is very direct. Expansion engenders contraction, in the same way every thesis

⁶The end of the imperialism of *raison d'état* was not decolonization in the 1950s, but rather the collapse of the former Soviet Union in 1991. This is why I locate expansion-contraction phase II between 1885 and 1991, rather than adopting David Abernethy's timeframe.

creates its anti-thesis. Each round of imperialist expansion saw the formation of new political entities more-or-less in the European image, that is, territorially bounded units with some centralized authority that is bureaucratically organized. However, one key difference was the legal status of these entities as colonies rather than independent states, except in the former Soviet Union where the imperialism of *raison d'état* followed the more classic pattern of annexation, because of the proximity of the former Soviet republics to Russia.

Each contraction then saw the political transformation of the colonies into sovereign states. These states had varying capacity for being credible members of the international state system: some were good candidates for statehood, while perhaps most were not. The European states that created and inspired these independent states were born in the crucible of battles among European monarchs and the accompanying need for capital to sustain armies. Land scarcity in Europe hardened geographic borders; secular interstate wars and religious conflagrations consolidated national identities; ententes between monarchs and capitalists produced more-or-less unified ruling classes; international norms allowed the absorption of defeated states by victorious ones, which kept smaller states alert. The net result was the development of states underwritten by legal-rational bureaucracies. This outcome did not proceed from the visible hand of perspicacious state makers. European monarchs resisted political modernization when they considered it a threat to their power. The bounded rationality of actors consecrates the inevitability of unintended consequences. There was nothing preordained about the rise of the modern state in Europe and its subsequent adoption as the most common method of organizing "imagined communities." Nor is it being suggested that Europe's is the only path to modernity.

Still, if we grant a cause-and-effect relation between the conditions listed above and the development of states, these conditions did not exist in many of the European colonies that would later become independent states. Borders remained fluid, as pre-colonial authority was not always anchored in exclusive claims of territory; the transcendence of local identities never took place; and in sub-Saharan Africa the ruling elites (traditional authorities) from whom the "state" was taken away at the start of colonialism were not the people to whom it was returned at the end. These conditions produced conflicts between contending elite factions that undermined state making and in some cases produced horrific violence—such as in the struggle between Buganda and Uganda, which led eventually to the tyranny of Idi Amin, civil war, and the virtual collapse of the Ugandan state.

The failed state, then, is partly the debris of the process of state formation and transformation engendered by European expansion and contraction roughly from 1491 to 1991 (from Columbus to Gorbachev), whether expansion was triggered by *raison d'état*, capitalism, or both. In other words, the failed state is the political expression of "the development of underdevelopment." If this is true, we are left with an important question: Why are all postcolonial states not failed states? The answer lies in large part in the agency of state elites and the opportunities and constraints of the external environment.

State elites who adjusted the colonial heritage to postcolonial reality were more likely to have successful states. The colonial state, as has been written extensively, was inorganic, imposed on the colonial society to serve the needs of the colonizing power. The more "irrational" the colonial state (in terms of territory, population, and social institutions), the greater the chances of postcolonial state failure—especially if independence did not result in any significant change, except obviously the political, from the old dispensation. The geopolitical map of postcolonial Africa has remained virtually unchanged from that of the colonial period.

Imperatives such as war that earlier might have resulted in territorial reconfiguration or better governance have been dissipated by international law and norms, or Africans have found informal ways to mitigate their impact. During the Cold War, states that barely existed beyond the capital city could substitute foreign aid for taxation (with this aid often earmarked, ironically, for rural development). This substitution precluded the kind of grand bargain between local notables and central rulers that elsewhere produced bureaucracy and liberal democracy. State capacity in key areas remains woefully inadequate in postcolonial Africa, which explains the continent's underdevelopment.

This description would seem to apply primarily to the failed states of the second wave of expansion-contraction. It is just as relevant to the failed states of the first wave (1492–1848). It is seldom acknowledged that the earlier period saw just as many failed states as there are now. Most of the countries that became independent during this period experienced at least one civil war, including the United States. The difference between the early failed states and the late failed states is that the former were able to make the necessary adjustments to succeed—eventually.

Using the imperialist ideology of manifest destiny, the United States expanded from the Atlantic all the way to the Pacific. Because its neighbors were very weak "states," American postcolonial adjustment essentially consisted of territorial expansion, with brute force leading the way and on at least one occasion, the dollar (the Louisiana Purchase). By contrast, Mexico and Columbia (Granada) shrank as a result of US actions. Adjustments were neither always expansive nor voluntary. Argentina, because it was sparsely populated in relation to its landmass and did not have a large population of blacks, welcomed emigrants, who were mostly Europeans. In this way, its population increased without the challenges posed by a multiethnic society. Brazil had a large African slave population during colonialism, but postcolonial Brazil was ruled by Brazilians of European stock, which facilitated Brazil's entrance into the concert of nations in the nineteenth century.

Some countries that tried to adjust at the territorial expense of their neighbors (such as Paraguay during the War of the Triple Alliance, 1864–1870) failed and had to find new ways to avoid becoming failed states. Often in Latin America, the state was captured by a military strongman (*caudillo*), who presided over a Caesarist state; the unpredictability of extreme personal rule was moderated by the caudillo's military status, which placed some (limited) checks on his power. Adjustments in the region also took the form of industrialization, which was typically state-led and, although it was financed by borrowed foreign capital, facilitated state making.

In sum, adjustment took various forms and was not accomplished overnight. Some countries had a more enabling external environment, in addition to a relatively favorable internal milieu and deft rulers. Others lacking these advantages utterly failed to adjust. New states with a powerful ally—in essence, an external sponsor—were more likely to succeed. They could count on military assistance to repel external attacks and put down internal rebellions, and a sponsor was also a trading partner, which mitigated isolation from a hostile former colonizer. This sponsorship was crucial, as former colonial states were built with an orientation toward the outside world. Autarky is the enemy of any state or political economy based on trade.

Because race was a major factor in international relations, colonies settled by Europeans who then became the ruling class in the postcolonial order (such as the United States, Argentina, and Brazil) were more likely to be accepted by established European states in the nineteenth century than former colonies whose postcolonial ruling class was non-European in origin. Haiti was one of the few exceptions to this pattern in the first phase of expansion-contraction. Colonies that had ineffectual centralized authority were more likely to become failed states after independence than colonies with a history of effective state making. Also, countries that lost their ruling class during the transition from colony to independence were more likely to become failed states, as well as to experience economic decline, than those whose ruling class was enlarged to accommodate new members as a result of social revolution (Fistein 2006).

5.2 Imperialism of Capitalism

One of the defining features of capitalism is mobility. All of the modes of production that preceded it were, to varying degrees, territorially dependent. As much as hunter-gatherer bands were mobile, they probably did not travel very far if game, berries, fruits, and nuts were plentiful. Both slavery and feudalism tied people to the land. Capitalism, by contrast, is less beholden to boundaries. Obviously, industrial capitalism ties workers to factories, but not to the same degree that previous modes of production interwove labor with space. Indeed, capitalism has an uncanny ability to render workers obsolete (such as through mechanization) and thus uproot them from their place of work. Modern technology makes it possible for work in one firm to be spread around the world and then "assembled" in cyberspace.

Capitalism is mobile in order to survive. Capital (or capital goods) must constantly be reabsorbed into the production process to keep the engines of economic growth humming. To avoid crises of overproduction, or what former US Federal Reserve chairman Alan Greenspan called "irrational exuberance," capitalism must constantly expand. Thus, the driving force behind the imperialism of capitalism (also known as globalization), like that of the imperialism of *raison d'état*, is expansion—except that what expands is capital, not territory. Since states are slow-acting entities almost by definition, and since they are responsive to non-capitalist pressures, such as nationalism, capitalist expansion requires institutions that go

beyond states. Since World War II these have been the International Monetary Fund, the World Bank, and more recently the World Trade Organization (formerly the GATT).

These multilateral institutions, backed by the major capitalist countries, are entrusted with one mission: to open up hitherto national economies to capitalist penetration. Of the 38 failed states in the red zone in the 2009 Failed States Index, 25 have had to implement some form of World Bank and IMF-imposed structural adjustment programs (SAPs) since 1981. SAPs were profoundly anti-state: they advocated lower taxes on internationally traded goods, a major source of revenue for weak states; privatization of state-owned enterprises, which loosened state control of strategic industries (e.g., gold in Ghana); and reduction in the size of the civil service, which generally meant the early retirement of the most experienced personnel. (In Cameroon the retirement age was brought down to the early age of 55.) By themselves SAPs may not have caused states to fail, but clearly they did not help them get stronger. SAPs contributed to the further hollowing out of dependent states, reducing their ability to manage the manifold challenges of state making. In the late 1990s, the Bretton Woods institutions had an epiphany. They began calling for rebuilding of failed states, perhaps realizing that capitalism requires working states where it seeks to expand. Table 2 summarizes this section.

Table 2 Causes of state failure

Micro-level	Macro-level	Meta-level
Elite value orientation	Geography	War
Elite division	Population growth	Embargo
	Low economic growth	Adverse terms of trade
	Social cleavages	Colonialism
	Environmental degradation	International law
	Militarization	Neoliberalism

6 Rebuilding Failed States

Rebuilding failed states is one of the pressing challenges of our time. It is simply not sustainable, in the long run, for at least one-fifth of humanity—the so-called bottom billion—to live in political communities that cannot adequately provide basic public goods. The shrinking of distance through transportation and communication technologies makes failed states a problem for people living outside these states as well. The attack on the United States on September 11, 2001, and the 2002 US National Security Strategy finding make this all too clear. Failed states also severely impede the expansion of capitalism, a necessary condition for its survival. In sum, even though external institutions have contributed to state failure, they also have an interest in rebuilding failed states. But if the dangers posed by failed states are now universally recognized, how to remake them with external assistance remains shrouded in conceptual ambiguity, policy tentativeness, and discursive confusion.

That state-building efforts are often mislabeled as nation-building, by major world leaders no less, speaks volume about the enormous scope of the work to be done.

While recognizing the diversity that exists among failed states, I wish to pose the question: Should—and can—failed states be fixed? If we define the failed state as lacking in capacity to perform the basic functions of statecraft, such as taxing, providing protection and social services, and upholding property rights, then in theory, rebuilding failed states entails helping them develop these and other capacities. In reality, the problem is much more complex, not least because state building is really institutional capacity building, which takes years if not centuries, and is achieved through evolution rather than imposition.

Francis Fukuyama (2004) has identified four areas of institutional capacity that can be transferred to failing states: organizational design and management, institutional design, legitimacy, and social and cultural factors. Their transferability can be placed along a continuum ranging from high to low (see Table 3). They can also be thought of in terms of a formal-informal dichotomy, with formal institutions being transferable. Arturo Israel (1989) suggests that the transfer of institutional capacity is facilitated by the degree of specificity connected to organizational goals and performance, as well as competition. A hybrid model of institutional capacity based on these concepts is shown in Table 3.

Organizational design is the most easily transferable component of institutional capacity. New organizations, management techniques, and personnel can be “parachuted” into a new setting. The more technical their tasks, the more easily these

Table 3 The components of institutional capacity

Component	Goal specificity	Performance specificity	Transferability	Examples
Organizational design	High	High	High	Policing Justice Central bank Water Electricity Road Taxation
Institutional design	Medium	Medium	Medium	Constitutions Political Governance Systems
Legitimacy	Medium/low	Medium/low	Medium/low	Tradition Charisma Bureaucracy Democracy
Socio-cultural factors	—	—	Low	Trust Elites Consensus Solidarity Responsibility

organizations can be imported, even under adverse local conditions, because of the deference that “experts” normally enjoy. The success of Doctors Without Borders, even in the toughest places on earth such as Somalia and eastern Congo, may be related to the facts that the delivery of medical care, especially advanced emergency care, requires highly skilled personnel, and medical service itself rarely occasions conflict even among the most bitter foes. The transparency of performance measures also helps. Clear performance metrics are components of an effectiveness ethos. In policy terms, it may be easier for external actors to help establish a central bank than, say, to reduce illiteracy; police reform may be justified on similar ground. The question is whether organizational (re)engineering can survive the withdrawal of external support if it lacks internal legitimacy.

Institutional design is characterized by medium transferability. This is because institutions are less easily insulated from the local environment. By institutions here we mean political institutions: constitutions, legislatures, political parties, elections, and so on. External actors can help countries design democratic political systems, but these cannot ultimately be sustained without local support—a lesson that modernization theorists in the 1950s and democratic transition specialists in the 1990s should have learned from their experience as consultants to governments and international organizations.

Legitimacy has medium to low transferability. External actors cannot tell countries which political authority structure is right for them, but they can assist in the evaluation of alternative models. They can also demonstrate the consequences of political choices, as well as help countries transition from one basis of legitimacy to another. For example, there is no model of democracy that would be legitimate in all countries, but since elections are widely accepted as a legitimating tool of democracy, external actors may assist by providing technical and financial support to local election officials, as well as by sending their own teams of observers. In some instances, the verdict of external actors may go some way toward legitimizing political institutions in failed states.

Finally, institutional capacity includes social and cultural factors, which are of low transferability. Norms, values, and mores are the backbone of cultures. They evolve over long periods of time, and because they are informal, they and their effects are often poorly understood by outsiders. Still, much of what happens in society depends on these informal institutions, for the state cannot possibly craft rules for every situation and place police officers at every turn to make sure that people comply with its rules.

The prevailing values of any community, therefore, are extremely important determinants of the quality of interaction among its members. There can be no order in any society without a minimum of hierarchy, that is, without a group of people who have a disproportionate and legitimate voice in political governance. There is also no order in society without a modicum of solidarity. A culture of trust affects economic transactions very differently from one of suspicion. Responsibility encourages accountability in government. These values cannot be imposed from the outside, although they can change as a result of exchange with other cultures. This externally influenced cultural change does not occur overnight. India remained

fundamentally India even after nearly 300 years of British occupation, although the British did leave a legacy of political institutions such as parliamentary democracy along with a legacy of violence.

Local demand for lasting institutional change is of much greater consequence than external good intention, which leads us to ask which conditions might produce local demand for a better-performing state. Elites will demand better-performing states when they cannot purchase the services normally provided by states on the open market, most notably security. Since non-elites typically experience physical insecurity first, because they live in more dangerous neighborhoods and lack private resources to purchase adequate security, they, too, are likely to support reform. In the idiom of game theory, all players now have an incentive to play or cooperate, because they have similar interests or can all gain. Because any political system becomes more credible when it is able to provide security, capacity in this area may increase public confidence in the government's ability to deliver other social goods. Thus, limited demand for more effective security may start a chain reaction in favor of institutional reform in other areas.

Security also happens to be an area where the interests of the international community and those of people in failed states converge, further increasing the chances of cross-border cooperation. But it is quite a challenge to transform this supposed harmony into programmatic decisions. Generally, institutional transfer is characterized by high failure rates at least initially, because of the nature of the local environment, but donors are often under pressure to demonstrate quick successes to their constituents. If failed states are to ever be "fixed" with assistance from external actors, this dilemma will have to be resolved.

Luckily, the proper sequencing of institutional transfer may offer a way forward. Some institutions can be implanted successfully even in failed states, if they are correctly designed. Among them are security services, a judicial system, electricity generation and distribution, water delivery, a central bank, a tax system, and road building and maintenance. These institutions might be components of state remaking, and some of them (such as security and justice) cannot be realistically contracted to non-state actors anyway. Other institutions that are less susceptible to transfer, such as electoral democracy, might be entrusted to sub-state authority and civil society actors, with a preference for local NGOs or foreign NGOs that have a proven record of performance in the host country.

In this way, donors can show results to their constituents while they simultaneously improve institutional capacity in failed states. Regaining control in limited areas at first, such as internal security, border protection, justice, taxation, and monetary policy, as well as in basic services such as providing clean drinking water, garbage collection, and electrical power, may make recipient states credible and legitimate in the eyes of their citizens, thus enabling them to take on more difficult tasks in the future. Moreover, increased capacity in these areas may attenuate intra-elite conflicts, the tipping point of state failure, or at the very least allow the state to keep these conflicts within reasonable bounds. Just because the international community cannot change everything does not mean it can change nothing, but there is no guarantee of success either. Unfortunately, the international community has had

its priorities exactly backward: in the post-Cold War era, it has oversold democracy and the market economy, precisely the institutions it cannot transfer, at the expense of state remaking.

7 Conclusion

This chapter has tried to examine failed states in all facets of their existence: their characteristics, etiology, and rehabilitation. I hope to have cleared up some of the confusion in the scholarly literature and, in the process, to have modestly advanced knowledge of a problem that is as complex to grasp intellectually as it is to solve politically. In the final analysis, state failure is a failure of politics on grand scale, with manifold consequences. The solution must be political on an equally large scale, but informed, it is to be hoped, by the lessons of the past.

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