

Acknowledgments

One of the pleasures of writing a synthetic work like this is that it allows me to recall advice, insights, and suggestions for reading from many teachers and colleagues over decades. Their assistance is reflected throughout this book in my arguments and citations, many of which build on their own innovative work. Several friends offered specific advice on this manuscript. I am pleased to acknowledge Georgi Derluguian, who read the entire manuscript, and Denis O'Hearn and Sam Cohn, who commented on chapter 4. Jonathan Skerrett and Emma Longstaff at Polity Press guided me from proposal to finished manuscript.

1

Before States

A state is a claim and the power to make that claim a reality. States, in Weber's ([1922] 1978: 54) definition, claim a "monopoly of the legitimate use of physical force in the enforcement of its order," to which Mann adds the crucial qualifier, "in a territorially demarcated area, over which it claims a monopoly of binding and permanent rule-making" (1986: 37). The key words in those phrases are "legitimate" and "monopoly."

States are mechanisms for the definition and generation of legitimacy as well as organizations that accumulate resources to enforce those claims of legitimacy. States claim the authority to define all rights, and each individual's rights are defined in relation to the state itself. That is a claim broader and more fundamental than those contained in either Weber or Mann's definitions. States don't just use violence and make rules, and they don't just aspire to monopolies in both realms. States seek to create a social reality in which each subject's property claims and their civil rights and liberties, including their very right to life, exist only in the context of their legal status in a particular state. Successful states have the force, the organizational reach, and the ideological hegemony to enforce those claims upon all who live within its territory.

States do not have to treat all of their subjects equally. For Carl Schmitt [1922] 1985, the state or "sovereign is he who decides on the exception." In other words, states have the power to define certain individuals or categories of people as outside the law, and

certain periods of time as emergencies when normal laws don't apply. The US Constitution explicitly defined slaves as property rather than citizens, a categorization reaffirmed by the Supreme Court in its 1856 Dred Scott decision which denied slaves the standing to bring suit in a Federal court even if they were brought by their owners or had escaped to a "free" state. Slaves were and remained the exception to US citizenship rights until the post-Civil War Constitutional Amendments. In 1944, the Supreme Court ruled in *Korematsu v. United States* that citizens of Japanese descent could be interned. That latter decision justified the government's racial distinction by drawing a temporal distinction between wartime emergency and normal times of peace. Giorgio Agambem, in *State of Exception* (2005), argues that the Third Reich was a regime that declared a state of exception, an emergency that lasted from its first day of power to its last, and which allowed the regime to legally define whole categories of citizens as without rights and deserving of extermination. More recently, Agambem finds that George W. Bush's "war on terror" is a new attempt to establish a long-term state of emergency that allows the state to override "enemy combatants'" civil rights under the US Constitution and their rights as prisoners of war under the Geneva Conventions. Most states in their histories have declared that some times are exceptional and therefore some of their citizens fall outside the rules and rights the state confers in normal times.

States differ from all other political forms in that they assert and often achieve a monopoly on both violence and legitimacy within a territory. City-states, empires, tribes, and theocracies usually didn't attempt to assert a monopoly on the legitimate use of violence, nor on most other forms of legitimacy, and when they made such claims they were unable to enforce them. Those polities didn't define exceptions or declare emergencies, in the sense that Schmitt and Agambem mean, because they lacked the capacity to assert regular and enduring rules that applied to all those who inhabited their realms. Indeed, the boundaries of those polities, as we shall see, were shifting and vague, and their powers and claims varied across time and space and in relation to their subjects.

States, thus, are unprecedented in their ambition and capacity to

divide the world into territories each ruled by a single political entity. In order to appreciate the state's unique identity and operation we first must examine the reality of power, and its distribution, in tribes, theocracies, city-states, and empires. Once we have done that, we will be better able to appreciate the originality and the audacity of the claims states have put forward and sought to enforce.

The Long Pre-History of Politics

Power, until around 10,000 years ago, was confined within kin groups. Beyond such extended families no human was able to exercise long-term control over others. Links between kin groups involved exchange of goods and of adults (mainly women) for reproduction. Groups attacked one another but were unable to parley victory in battle into permanent domination. Indeed, Michael Mann in his review of archeological and anthropological evidence (1986: 63–70) can find no instances in pre-literate societies where chiefs (headmen, big men, elders) were able to permanently take resources from others or to force others to work for them. Chiefs adjudicated disputes among followers and with neighboring tribes, but they could not compound that authority and prestige "into permanent, coercive power" over others (*ibid.*: 63), and certainly could not create institutionalized power that they could pass onto successors.

William Cronin (1983), in his sweeping study of the ecology created by the Indians who inhabited New England before the arrival of British colonists, describes how sachems (chiefs) negotiated with one another on behalf of their tribes to decide the boundaries of land that each village could use for farming and hunting. However, that land wasn't property, and the sachems didn't derive special material advantage through their role as representatives of their tribesmen. Although Cronin doesn't reach this conclusion himself, his examination of the evidence makes clear that states did not exist, nor did anyone exercise power outside their kin groups, in New England prior to the arrival of Europeans.

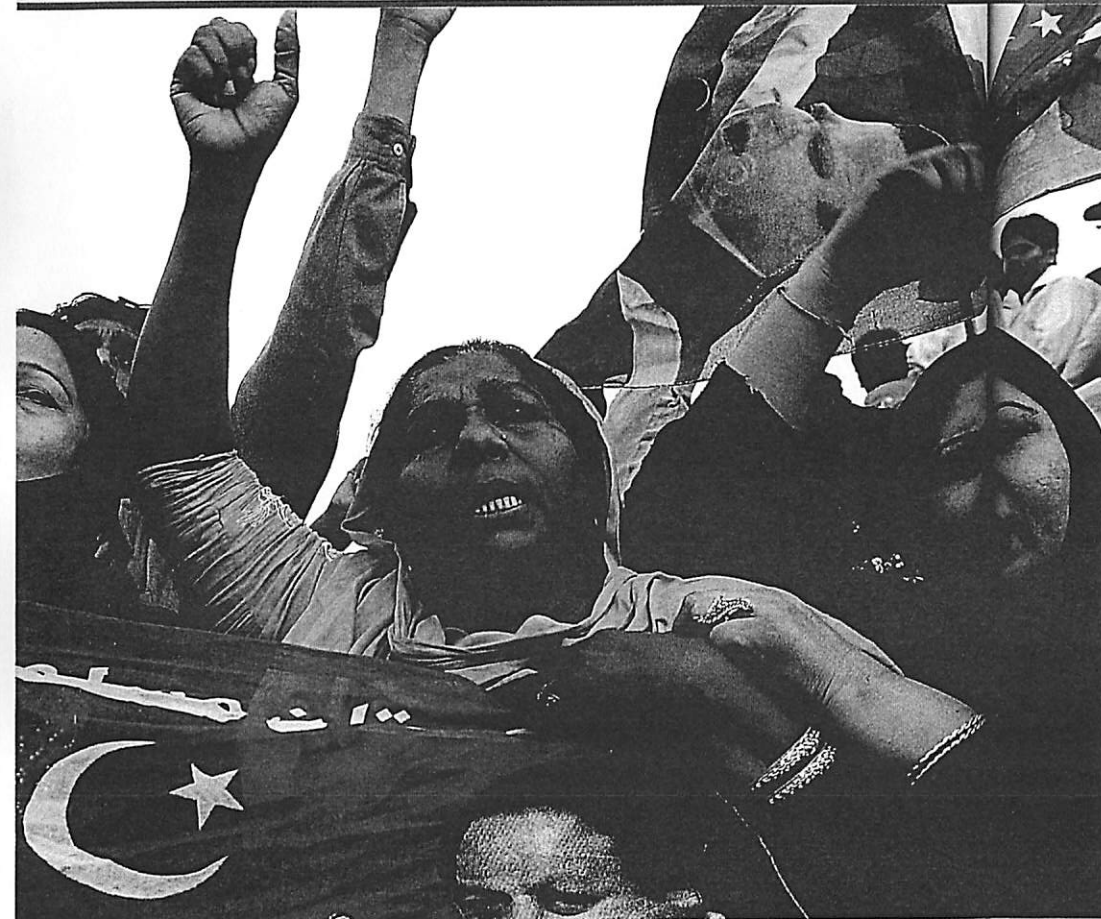
STATES

How do countries create and maintain political power?

The year 2013 represented a political milestone for Pakistan. For the first time since the country's establishment in 1947, one democratically elected government handed power over to another. Parliamentary elections led to the sweeping victory of the Pakistan Muslim League, and its leader, Nawaz Sharif, became prime minister. Up to this point, the democratic alternation of power had been interrupted by martial law or a military coup. For many, this election represented a major step forward in this unstable country, perhaps toward the institutionalization of democracy.

Pakistan may have made progress in the transfer of political power, but the country is facing another power challenge, one that was at the heart of the 2013 elections: electricity. Although Pakistan has been active developing nuclear technology for military purposes (something we will turn to at the end of the chapter), it has been much less successful in meeting the energy needs of its citizens. Pakistan is a country that literally cannot keep the lights on. Why?

Pakistan's energy problems are a good example of many of the points we cover in this chapter. Part of the problem is a function of a rapidly growing population that is outstripping supply. But the country's inability to keep up with demand has been exacerbated by bureaucratic infighting and poor management, including the inability to collect payments. By some estimates, nearly half of all electricity produced is stolen. This in turn means less revenue for investment and less energy for industrial



A woman holds an electric bulb in her mouth as part of a protest against electricity shortages in Pakistan. Millions endure electricity cuts for up to 16 hours a day, calling into question the effectiveness of the Pakistani state.

production. By 2008 Pakistan began to suffer from rolling blackouts, often for more than 18 hours a day. The result has been increasing political protests and riots, especially in summer as the lights go out and fans and air conditioners go silent. Solving the country's energy crisis became a critical issue in the 2013 elections and contributed to the incumbent government's loss at the polls.

Electricity shortages are emblematic of a much deeper national problem. Outsiders often view security in Pakistan in terms of terrorism or other forms of political violence, but this impression ignores basic state institutions, like laws, roads, or education, that generate political legitimacy. Where weak states are unable to build and maintain these institutions, legitimacy erodes. And where legitimacy is low, a weakly institutionalized democracy can easily collapse and give way to such alternatives as military rule. This has been the history of Pakistan, and it could be its future unless the country makes progress in such areas as energy supply.

The Sharif government has made a number of promises to deal with the energy crisis. One is to increase the state's capacity to collect payments, requiring more effective tools to meter and bill electricity. While this might sound straightforward, it is no small feat when a huge part of the public relies on illegal electrical lines and when even state institutions like the national railway and the military fail to pay for the energy they consume. Pakistan's federalism will also make it challenging for national authorities to go after local governments that mismanage power. Time is short; since 2013, blackouts have only increased in Pakistan, and the government has taken the radical step of calling on the power ministry to cut off supplies to those not paying their bills. One of the first targeted scofflaws? The offices of the prime minister and parliament.¹

LEARNING OBJECTIVES

- Understand the concept of the state as a central institution in comparative politics.
- Explain the role of regimes in politics.
- Define government and its relation to the state.
- Compare different forms of political legitimacy.
- Analyze how states can vary in autonomy and capacity and how this can shape their power.

We begin our study of the basic institutions of politics by looking at the state. This discussion is often difficult for North Americans, who are not used to thinking about politics in terms of centralized political power. Indeed, for Americans the word *state* typically conjures up the idea of local, not centralized, politics. But for most people around the world, *state* refers to centralized authority, the locus of power.² In this chapter, we will break down the basic institutions that make up states and discuss how states manage freedom and equality and distribute power to achieve their authority. We examine what states are and what they comprise, and we distinguish a state from a government and a regime. We will also consider their origins. For most of human history, politics was built on organizations other than states and myriad forms of authority existed around the world. Yet now only states remain. What caused them to come into existence?

After discussing the nature and origins of the state, we will look at some different ways of comparing states. This discussion analyzes the different forms of legitimacy that give states their power and the varying degrees of this power. Can we speak of states as weak or strong? If so, how would we measure their strength or weakness? To answer this question, we make a distinction between state capacity and state autonomy and examine how they might differ across cases and policy areas. Here we consider states as a cause, a force that can shape other institutions. With these ideas more clearly in hand, we will return to our themes of individual freedom and collective equality and consider the future of the state.

Defining the State

What exactly do we mean by *state*? Political scientists, drawing on the work of the German scholar Max Weber, typically define the **state** as the organization that maintains a monopoly of violence over a territory.³ This definition of what a state is and does may seem severe, but a bit of explanation should help flesh out this concept. One of the most important elements of a state is what we call **sovereignty**, the ability to carry out actions and policies within a territory independent of external actors and internal rivals. In other words, a state needs to be able to act as the primary authority over its territory and the people who live there, passing and enforcing laws, defining and protecting rights, resolving disputes between people and organizations, and generating domestic security.

To achieve this goal, a state needs power, typically (but not only) physical power. If a state cannot defend its territory from outside actors such as other states, then it runs the risk that those rivals will interfere with its authority, inflicting damage, taking its territory, or destroying the state outright. Similarly, if the state

faces powerful opponents within its own territory, such as organized crime or rebel movements, its rules and policies may be undermined. Thus, to secure control, a state must be armed. To protect against international rivals, states need armies. And in response to domestic rivals, states need a police force. In fact, the word *police* comes from an old French word meaning “to govern.”

A state is thus a set of institutions that seeks to wield the most force within a territory, establishing order and deterring challengers from inside and out. In so doing, it provides security for its subjects by limiting the danger of external attack and internal crime and disorder—both of which threaten the state and its citizens. In some ways, a state (especially a nondemocratic one) is a kind of protection racket—demanding money in return for security and order, staking out turf, defending those it protects from rivals, settling internal disputes, and punishing those who do not pay.⁴

But most states are far more complex than mere entities that apply force. Unlike criminal rackets, the state is made up of a large number of institutions that are engaged in the process of turning political ideas into policy. Laws and regulations, property rights, health and labor, the environment, and transportation are but a few policy areas that typically fall under the responsibility of the state. Because of these responsibilities, the state serves as a set of institutions (ministries, offices, army, police) that society deems necessary to achieve basic goals. When there is a lack of agreement on these goals, the state must attempt to reconcile different views and seek (or impose) consensus.

The public views the state as legitimate, vital, and appropriate. States are thus strongly institutionalized and not easily changed. Leaders and policies may come and go, but the state remains, even in the face of crisis, turmoil, or revolution. Although destruction through war or civil conflict can eliminate states altogether, even this outcome is unusual and states are soon re-created. Thus the state is defined as a monopoly of force over a given territory, but it is also the set of political institutions that help create and implement policies and resolve conflict. It is, if you will, the machinery of politics, establishing order and turning politics into policy. Thus many social scientists argue that the state, as a bundle of institutions, is an important causal variable in economic development, the rise of democracy, and other processes.⁵

Beyond *state*, a few other terms need to be defined. First, we should make a distinction between a state and a **regime**, which is defined as the fundamental rules and norms of politics. More specifically, a regime embodies long-term goals that guide the state with regard to individual freedom and collective equality, where power should reside, and how power should be used. At the most basic level, we can speak of a democratic regime or a nondemocratic one. In a democratic regime,

IN FOCUS

The State Is . . .

- The monopoly of force over a given territory.
- A set of political institutions to generate and carry out policy.
- Typically highly institutionalized.
- Sovereign.
- Characterized by such institutions as an army, police, taxation, a judiciary, and a social welfare system.

the rules and norms of politics give the public a large role in governance, as well as certain individual rights and liberties. A nondemocratic regime, in contrast, limits public participation and favors those in power. Both types of regimes can vary in the extent to which power is centralized and in the relationship between freedom and equality. The democratic regime of the United States is not the same as that of Canada; China's nondemocratic regime is not the same as Cuba's or Syria's. Some of these regime differences can be found in basic documents such as constitutions, but often the rules and norms that distinguish one regime from another are informal, unwritten, and implicit, requiring careful study. Finally, we should also note that in some nondemocratic countries where a single individual dominates politics, observers may use *regime* to refer to that leader, emphasizing the view that all decisions flow from that one person. As King Louis XIV of France famously put it, *L'état, c'est moi* (“I am the state”). However, the term *regime* is not inherently any more negative than *rules* or *norms*.

Regimes are an important component of the larger state framework. Regimes do not easily or quickly change, although they can be transformed or altered, usually by dramatic social events such as revolutions and national crises. Most revolutions, in fact, can be seen as revolts not against the state or even the leadership but against the current regime—to overthrow the old rules and norms and replace them with new ones. For example, France refers to its current regime as the Fifth Republic. Ever since the French Revolution overthrew the monarchy in 1789, each French republic has been characterized by a separate regime, embodied in the constitution and the broader political rules that shape politics. In another example, South Africa's transition to democracy in the 1990s involved a change of regime as the white-dominated system of apartheid gave way to one that provides democratic rights to all South Africans. The recent uprisings in the Middle East sought the destruction of existing regimes, though in many cases the result has been instability and violence. As of this writing, it is not clear what regimes may take their place.

IN FOCUS

A Regime Is ...

- Norms and rules regarding individual freedom and collective equality, the locus of power, and the use of that power.
- Institutionalized, but can be changed by dramatic social events such as a revolution.
- Categorized at the most basic level as either democratic or authoritarian.
- Often embodied in a constitution.

In summary, if the state is a monopoly of force and a set of political institutions that secure the population and generate policy, then the regime is defined as the norms and rules that establish the proper relation between freedom and equality and the use of power toward that end. If the state is the machinery of politics, like a computer, then a regime is its software, the programming that defines its capabilities. Each computer runs differently, and more or less productively, depending on the software installed. Over time software becomes outdated and unstable, and machines crash. However, countries and regimes are not like consumer electronics that we can simply throw away or upgrade. In fact, as we know all too well, it can be disastrous to upgrade from one operating system to another. No matter how hard we try to erase old political institutions, many aspects of them tend to persist. This is a particularly big obstacle to reforming or transforming states and regimes; building democracy, reducing corruption, and ameliorating ethnic conflict all involve changing existing, deeply embedded institutions. We cannot simply reformat or reboot existing institutions.

Our third term related to the concepts of state and regime is the most familiar one: *government*. **Government** can be defined as the leadership that runs the state. If the state is the machinery of politics and the regime its programming, then the government operates the machinery. The government may consist of democratically elected legislators, presidents, and prime ministers, or it may be made up of leaders who gained office through force or other nondemocratic means. Whatever their path to power, governments all hold particular ideas regarding freedom and equality and they all attempt to use the state to realize those ideas. But few governments are able to act with complete autonomy in this regard. Democratic and nondemocratic governments must confront the existing regime that has built up over time. Push too hard against an existing regime, and resistance, rebellion, or collapse may occur. For example, Mikhail Gorbachev's attempt to transform the Soviet Union's regime in the 1980s contributed to that country's dissolution. In

IN FOCUS

Government Is ...

- The leadership or elite in charge of running the state.
- Weakly institutionalized.
- Limited by the existing regime.
- Often composed of elected officials, such as a president or prime minister, or unelected officials, such as a monarch.

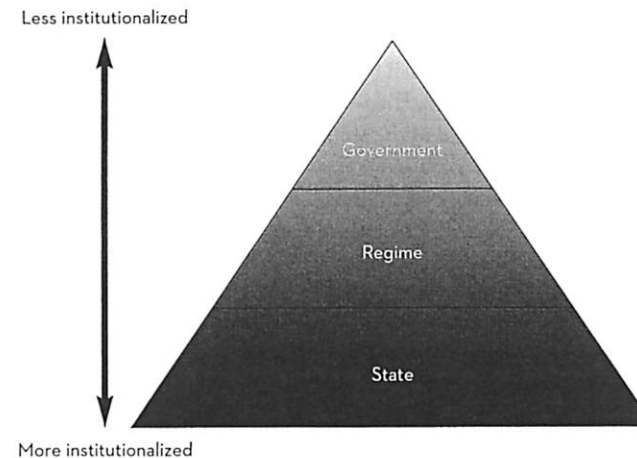
China the government fears a similar outcome, which contributes to a resistance to reform.

Due in part to the power of regimes, governments tend to be weakly institutionalized—that is, the public does not typically view those in power as irreplaceable or believe that the country would collapse without them (Figure 2.1). In democratic regimes governments are replaced fairly frequently, and even in

FIGURE 2.1

State, Regime, and Government

Governments are relatively less institutionalized than regimes and states. Governments may come and go, while regimes and states usually have more staying power.



nondemocratic settings rulers are continuously threatened by rivals and their own mortality. Governments come and go, whereas regimes and states may live on for decades or centuries.

Finally, the term **country** can be taken as shorthand for the combined political entities defined so far—state, regime, government—as well as for the people who live within that political system. We often speak about various countries in this textbook, and when we do we are referring to the entire political entity and its citizens.

The Origins of Political Organization

So far we have noted that modern politics is defined by states, which monopolize force and generate and realize policy. This political machinery is directed by a particular regime and by the government in power. Governments generate short-term goals regarding freedom and equality, which are in part based on an existing regime that provides an institutionalized set of political norms and values. This combination—linking state, regime, and government—is relatively new in human history. To be clear, though, some form of human organization has existed as long as human beings have (around 200,000 years). In our earliest stages, we were likely organized by families and tribes. Genetic research suggests that the modern human population outside Africa derives largely from a group of a few hundred individuals who rapidly migrated outward less than 100,000 years ago, displacing other archaic human populations around the world as they went. Groups descended from this relatively small band also traveled by sea (at least 60,000 years ago, and perhaps much earlier). These developments suggest organization, some technological sophistication, and the ability to pass knowledge from generation to generation.

By 8000 B.C.E., agriculture, animal domestication, and sedentary communities emerged in the Middle East, allowing for more complex political systems to form; from about 4000 B.C.E., if not earlier, cities of several thousand people emerged. Technological sophistication led to specialization, consumer goods, and trade; agricultural surplus helped increase population density; and from these developments came issues of inequality and personal freedom. Those with economic surpluses sought to protect their riches from theft. Those without surpluses sought a greater share of the group's resources. And both feared attack by outside groups or internal competitors that might covet their lands, crops, and homes. Human innovations like technology, trade, and agriculture probably first led to

the conflict between the individual and the collective. Who gets what? Who has the right to do what? And how should these decisions be made and enforced? Having to reconcile freedom and equality in turn raises questions about where power should reside and toward what end. Alongside the city, the state emerged to answer these questions.

Several things in this account remain unclear. What was the sequence of urbanization and state building? Our earlier discussion suggests that communities formed, settled, and then built political institutions, but we could also imagine early forms of political leadership that helped establish sedentary communities. An endogenous explanation—that communities and political systems were institutionalized simultaneously—may make the most sense. Further questions concern the role of centralization, consensus, and coercion. Did loose communities form and slowly centralize because of the economic opportunities they provided? Did communities perhaps develop for primarily defensive reasons? Were these systems constructed through consensus or coercion?

In the absence of evidence, philosophers have long debated these questions. Some, like the philosopher Thomas Hobbes, believed that human beings voluntarily submitted to political authority to overcome anarchy, which ensures neither freedom nor equality. In return for giving up many of their rights, people gained security and a foundation upon which to build a civilization. In contrast, Jean-Jacques Rousseau believed that human beings were in essence “noble savages” who were instinctively compassionate and egalitarian. It was civilization and the rise of the state that corrupted them by institutionalizing a system of inequality. These competing visions provide different interpretations of civilization and political organization, but both emphasize that sovereignty emerged through a “social contract” between rulers and ruled.

For a long time, scholars have debated whether Rousseau or Hobbes provided a more accurate view of early state development. Recent research, however, indicates that neither was correct. Many scholars assumed that humans lived relatively solitary lives—what one writer calls “primordial individualism”—before modern forms of political organization took hold, but we now know that family and tribal organization has a much older past. In addition, while warfare was possibly a driver of political organization, it may have broken out less between individuals, as was often assumed, than between rival groups. As human populations expanded, tribes battled one another for resources and territory. Pre-state societies were probably much more violent than states are now. By some estimates, anywhere from a quarter to over half of the male population died at the hands of others, and the expansion of pre-state societies coincided with the extermination of many large species around the world that were apparently hunted to extinction. The widespread

CONSENSUS

Individuals band together to protect themselves and create common rules; leadership chosen from among people. Security through cooperation.



Democratic
rule

COERCION

Individuals are brought together by a ruler, who imposes authority and monopolizes power. Security through domination.



Authoritarian
rule

taking of life appears to have begun with the emergence of modern humans, long before the rise of the state.

States, then, appear to have emerged out of this history of violence. As one group conquered others, political organizations brought new peoples and territories under control. Such organizations also allowed for more effective defense, especially in urbanized communities that could build city walls and stockpile weapons. In short, where the inherent conflict between people intersected with agricultural technology, population density, and urbanization, state building followed. Whereas we once speculated that technological innovation, civilization, and human political organization were the sources of violence, the opposite now appears to be true.⁶

Complex organizations began to emerge about 8,000 years ago in the Middle East, bearing the hallmarks of politics that exist to this day, such as taxation, bureaucracy, laws, military force, and leadership. Some of these political units were relatively small, such as the city-states that emerged in ancient Greece some 2,700 years ago. In other cases, large and highly sophisticated empires emerged, as in China, South America, the Middle East, and Africa. Many of these developments occurred at relatively the same time, between the ninth and thirteenth centuries. Across these political systems, economic relations were based on agricultural production while specialized goods and trade were secondary activities. Unlike modern countries, these early political systems often did not have defined borders, though many experienced increasing forms of political centralization.

The Rise of the Modern State

The diversity of early political systems eventually gave way to the modern state, which first took shape in Europe. Why the modern state emerged in Europe and came to dominate the world is uncertain, but it may in part be due to historical chance and the curious advantage of backwardness. Two thousand years ago, Europe, like other parts of the world, was dominated by a single, large empire—in this case, the Roman Empire. Spanning thousands of miles across Western Europe, North Africa, and Egypt, the Roman Empire developed a complex political system that tied together millions of people and generated an advanced infrastructure of cities, laws, trade, knowledge, and roads. After a thousand years, however, the Roman Empire eventually declined, succumbing to the pressures of overexpansion and increased attacks by rival forces. In the fifth century C.E., Rome itself was sacked by invaders.

As the Roman Empire collapsed, the complex political institutions and the other benefits that had extended across its territory largely disappeared, particularly in Western Europe. The security generated by imperial control evaporated, replaced by roving bands of marauders. Roads and the other basic forms of infrastructure that people depended on eroded. Rules and regulations fragmented and lost their power. The knowledge and technology accumulated under the empire were lost or forgotten, and the advanced system of trade and travel between communities came to an end. Much of Europe reverted to anarchy, entering the period commonly known as the Dark Ages, from about 500 C.E. to about 1000 C.E. Europe's rise to power was thus not preordained; around 1000 C.E., Europe's total wealth was less than half that of China or India, and it would not begin to close this gap until the nineteenth century. It may be hard to believe, but during the first thousand years of this millennium, virtually every part of the globe experienced a period of growth and innovation—except Europe.⁷

Yet, paradoxically, this period of dramatic decline and anarchy appears to have set the stage for the creation of the modern state. As the sociologist Charles Tilly has noted, in Europe's fragmented, unstable, and violent environment new political organizations began to develop, in constant competition with their rivals.⁸ In some cases, these organizations were formed by marauders who realized they could earn a better living by controlling and taxing one group of people than by pillaging one place and moving on to the next. Warlords staked out small areas of land that they could easily defend and consolidated control over these regions, fighting off rival groups. In other cases, the people banded together to defend themselves. As Tilly and others have concluded, the modern state emerged from and in reaction to what was essentially organized crime: armed groups staking out turf, offering protection, and demanding payment in return. The constant warfare among these

numerous rivals, which created a competitive and fluid environment, seems to have generated a kind of rapid organizational evolution. Groups that could quickly adapt in response to new challenges and challengers survived, while less successful groups were conquered and disappeared.

Not only history but also geography has played a role in the rise of the modern state. The biologist Jared Diamond has argued that Europe's rapid political evolution owed something to the continent's proximity to Asia and the Middle East, which gave it access to new plants, animals, and technological innovations that were unavailable to peoples in the Americas or Africa. China, which also benefited from its ability to import a range of foreign goods and technologies, had by the third century B.C.E. developed one of the most sophisticated political organizations of the time, at least a thousand years before Europe. Why then did China not come to rule the world instead of Europe, and why did "Europe" come to mean a collection of rival states while "China" came to mean a single enormous country?

One explanation may involve the centralization of the Chinese empire, which was facilitated by the absence of significant internal geographic boundaries, the related ethnic and cultural homogenization of the population, and the absence of major neighboring political rivals. This centralization led to an early and highly developed state—though its lack of major competitors eventually limited its organizational evolution. In contrast, Europe's weaknesses—ethnic and linguistic fragmentation, numerous rival actors, and geographic boundaries—hindered the creation of a single European state. Still, we should not be too deterministic in explaining these outcomes. The explanation just noted largely discounts the role of ideas. It may be that Europe's political development was driven by the rise of Christianity and the impact of religious values and/or the struggle between the Catholic Church and various states. But China also faced numerous upheavals and warfare across its history. At various points, these struggles could have led to the permanent fragmentation of China into a collection of states similar to Europe—albeit with a thousand-year head start in technology, bureaucracy, and education.⁹

Out of the constant warfare of the European Dark Ages emerged the first modern states, which possessed three important advantages over alternative forms of political organization. First, states encouraged economic development. Before and during the Dark Ages, most Europeans lived under an economic system based on subsistence agriculture. Property such as land tended to be monopolized by those in power rather than owned by those who worked it. Warlords could tie the people to the land (through serfdom) and extract their labor and levy heavy taxes on those who produced nonagricultural goods. However, such economic conditions were

counterproductive for society as a whole: individuals had little incentive to produce if others simply took the fruits of their labor. Rulers who created laws, regulations, and infrastructure that permitted and respected private property and individual profit found that production grew, giving the ruler more resources to tax or borrow (and make war). Property rights thus became a hallmark of state development.¹⁰

Second, states encouraged technological innovation. Some rulers who pursued such innovation to increase their economic and military power recognized that, like private commerce and trade, new technologies would stimulate economic development by providing new goods and services. When technological innovation was harnessed to commerce, economic development grew dramatically. These rulers viewed technological change not as a threat to their power but a means to expand it. Many of the technologies that made Europe powerful as it set off to conquer the world—gunpowder, advanced mathematics, modern mapmaking, paper, astronomy—originated in other parts of the world. But the Europeans absorbed these innovations and put them to new use. What mattered most was not who made the discoveries, but how the state encouraged or used these discoveries. Whether this application of innovation was a function primarily of intense European competition or of cultural values is still a source of debate (see Chapter 3).¹¹ Whatever the reason, technological innovation, combined with state power, set the stage for modern politics.

A third advantage was domestic stability, which increased trade and commerce and permitted the development of infrastructure. Finally, and related to this, people's ability to travel more freely within the territory of their country encouraged interaction and the emergence of a shared identity. The state, through printed documents, education, and legal codes, also contributed to the standardization of language. People in Europe began to see themselves as having a common identity comprised of shared values. Instead of defining themselves primarily by their trade, clan, religion, or town, people began to see themselves as, for example, English, French, or German. Ethnicity proved to be a powerful asset to the state, for it in turn fostered nationalism. In the next chapter, we will discuss the politics of ethnicity in detail.

Although the modern state offered all these advantages, by around 1500 modern states covered only 20 percent of the globe, the rest ruled by alternative forms of centralized organization or none at all. But this situation was soon to change. Well organized and armed with advanced technologies, growing national identity, and economic resources, the states of Europe began to rapidly accrue power. As economic power grew, so did the state's ability to manage ever greater numbers of people and ever more territory. Increased finances and state organization also allowed for the development of major militaries. Thanks to their ability to conquer

and control larger pieces of land, states began to defeat and absorb their European rivals. Spiritual rivals also lost political power. The Thirty Years' War (1618–48), in part a struggle between Roman Catholicism and Protestantism, culminated in the Treaty of Westphalia in 1648. The treaty radically curtailed the authority of the pope over Europe's people. Without this rival spiritual authority, states were free to direct religion within their own territory, subordinating the spiritual to the political. State sovereignty as we understand it today is often dated from the Treaty of Westphalia.

European states now began to expand their economic, technological, and military powers beyond their own shores. During the seventeenth and eighteenth centuries, Spain and Portugal took control of large parts of the Americas, while the Dutch, French, and British expanded state power into Asia. By the nineteenth century, European states had divided nearly all of Africa among themselves and incorporated it into their respective empires.

The organizational structure of the state was thus imposed around the world by force. Yet as European control receded in the twentieth century, the structure of the state remained. Indeed, states grew in number as the lands and peoples subjugated by Europe gained sovereignty. Although peoples all around the world resisted and eventually threw off European domination, they viewed the state as a superior—or at least inevitable—form of political evolution, and they adopted it for their own purposes. The world thus became a world of states. States established international boundaries and rules and were the primary actors in domestic and international politics around the world. Countries like Venezuela or Nigeria threw off colonial rule, but they retained and expanded the state institutions originally imposed by imperialism.

The rapid spread of states may be viewed as the triumph of a form of organization that allowed groups of people to destroy political rivals, no matter how sophisticated. But this has not come without cost. Whereas Europe took several hundred years to create the modern state, much of the world has been forced to take up this form of organization and its institutions more quickly. And the historical paths of Africa, Asia, and South America were radically different from that of Europe. Many of the new states in these continents have lacked the resources, infrastructure, shared national identities, and capital that much older states developed over a thousand years. Consequently, these newer states often face significant challenges, such as establishing sovereignty over territories where a multitude of peoples, languages, religions, and cultures may coexist—problems that most European states solved only over the course of centuries and at the cost of many lives lost in wars and revolutions.¹² For better or worse, although Europe no longer directly rules over much of the globe, it has left us with the legacy of the state.

TIMELINE

Timeline of Political Organization

8 TH –7 TH CENTURIES B.C.E.	Beginning of Greek city-states; centralization of political power in Europe
6 TH –5 TH CENTURIES B.C.E.	Establishment of Roman republic; first development of democracy in Athens
5 TH –3 RD CENTURIES B.C.E.	Unification of China under Qin Dynasty
2 ND –1 ST CENTURIES B.C.E.	Roman conquest of Greece
1 ST –2 ND CENTURIES C.E.	Roman Empire expands across Europe and into the Middle East; zenith of centralized imperial power in Europe
3 RD –4 TH CENTURIES C.E.	Internal decline of Roman Empire; beginning of European Dark Ages; development stagnates
5 TH –6 TH CENTURIES C.E.	Rome sacked by the Visigoths; widespread strife among competing European warlords
7 TH –8 TH CENTURIES C.E.	Rise of Islamic Empire from Southern Europe to Central Asia
9 TH –10 TH CENTURIES C.E.	Viking raids across Europe
11 TH –12 TH CENTURIES C.E.	European crusades into Middle East; warfare begins to consolidate Europe into distinct political units
12 TH –13 TH CENTURIES C.E.	Period of rapid innovation and development: mechanical clock invented; paper, compass adopted from Asia and the Middle East
13 TH CENTURY C.E.	Rise of Ottoman Empire in Southern Europe, North Africa, and the Middle East
14 TH –15 TH CENTURIES C.E.	Voyages of exploration and early imperialism; early European states centralize
16 TH –17 TH CENTURIES C.E.	Scientific revolution; modern states develop; modern identities of nationalism and patriotism develop

character of a society changes. Power-holders can find that their ability to dominate subordinates or to apply their power within a territory is newly constrained by transfers of power among others in which they did not directly participate.

Mann, in the final chapters of the first volume of *The Sources of Social Power*, uses that general insight to trace the formation of states in Europe. He shows how political, economic, and military power in medieval Europe was decentralized among feudal manors and in the territories dominated by great nobles. At the same time, ideological power was held by the Catholic Church, whose power in that realm encompassed all of Western Europe.

Mann traces the British state's growing revenues and military might as archetypical of the reorganization of power in Europe. He argues that less territorially centralized polities, such as the Duchy of Burgundy, could not mobilize the force needed to defend itself from the new centralized states like England or the Paris-based French monarch. Mann, like Tilly, sees the growing budget of the British monarchy, and the military power it bought, as the prime measure of state formation. Like Anderson, Mann believes that aristocrats had to join the newly strengthening states, even at the cost of their political and military power, to maintain their economic power over peasants. Mann contends that aristocrats' depoliticization smoothed the way for capitalists to gain state protection of their property rights and thereby furthered capitalist development. Where aristocrats had been weakened and capitalists were strong, kings took a constitutional path, granting capitalists parliamentary representation in return for higher taxes. Where aristocrats hadn't been sufficiently depoliticized, kings were more absolutist, granting powers to various corporate bodies in an effort to undermine the still powerful landed magnates. Thus Mann, unlike the rational choice theorists, has an answer to why states became parliamentary or absolutist. Yet that merely pushes the problem back in time. He doesn't explain how or why aristocrats in some parts of Europe but not others were depoliticized and, for that reason, he can't account for why states developed when and where they did.

Like the fiscal-military model, Mann sees the state as a unitary

entity, assuming that the entire British budget (and presumably those of other states) was at the disposal of the king, either alone or with the consent of a parliament. Similarly, he sees the Catholic Church as a single hierarchical organization, able to propagate Christianity as a consistent ideology throughout Europe. He ignores the very different theology and organizational structure of Orthodox Christianity in Eastern Europe, and he exaggerates Catholicism's capacity to produce cultural uniformity across and within countries. Mann misses Catholicism's actual influence on European politics because he doesn't follow the logic of his overall model and examine Catholic Church officials as power-holders who interact with other holders of political, military, and economic power.

Mann's model analyzes the structure of power without identifying the mechanisms by which actors exercised power. For that reason, Mann is right to acknowledge that "perhaps too much functionalism pervades" parts of his discussion of state formation (1986: 430). He makes an important contribution by showing how the reordering of one set of power relations (between state and Church, among aristocrats, or between capitalists and state) affects the entire social structure. But a full theory of state formation requires that we identify the actors who seized each type of power and specify how they accomplished that at each moment of transformation. That in turn will make it possible to explain why state formation began in the sixteenth century, rather than earlier or later, and in parts of Western Europe and not elsewhere.

Elite Conflict and State Formation

Power, as Marx and Mann in different ways make clear, is relational. The efficacy of an actor's military, economic, organizational, or cultural resources varies as the structural position of the actors holding those resources changes. We have seen that reducing actors to classes (as the Marxists do), or to state and taxpayers (as both Tilly and rational choice theory do), fails to capture the actual relations among power-holders and the masses

they dominate, and therefore prevents us from tracing the often multi-step and contingent paths that transformed decentralized political power into states.

Power-holders in medieval Europe, as elsewhere in the pre-modern world, controlled institutions that exerted political power and simultaneously were imbricated in economic production. Feudal manors were political and economic institutions that gave their lords military power and ideological legitimacy as well. The Church was the largest manor lord in much of Europe. Lay and clerical lords constituted rival elites, which jostled each other for resources and authority while trying to fend off demands by kings and aristocratic magnates for control over their lands and the peasants they exploited.

If manor lords, magnates, kings, and clerics all exercised a mix of economic and political power, combined with varying degrees of military force and ideological legitimacy, how can we differentiate one elite from another? The answer is that each elite inhabited a distinct organizational apparatus with the capacity to appropriate resources from non-elites (Lachmann 2000: ch. 1). According to this definition, elites are similar to ruling classes in that both live by exploiting producing classes. However, elites differ from ruling classes in two significant ways. First, although in Marx's theoretical framework the fundamental interest of the ruling class is to reproduce its exploitative relation vis-à-vis the producing class, in the elite conflict model this interest is complemented by an equally vital interest in extending its power with respect to rival elites. Second, each elite's capacity to pursue its interests derives from the structure of relations among various coexisting elites as much as from inter-class relations of production. Elite conflict is the primary threat to elite capacities; yet the interests each elite seeks to defend are grounded in their relations with the producing classes. Elite *capacities* change primarily when the structure of elite *relations* changes.

Elite institutions assert a combination of economic, political, military, and ideological powers as they seek to guard their interests against both rival elites and the non-elites from whom they extract resources. Aristocratic, clerical, provincial, and urban institutions in early modern Europe made juridical and fiscal

claims similar to those of the "state" headed by a monarch. All the authors we examined above assume that when rival elites were defeated, or incorporated into states headed by monarchs, the resources they formerly controlled were available for geopolitical aims set by rulers (in some cases in consultation with parliaments). In fact, control over resources within states cannot be assumed; it needs to be the object of analysis. Just as rival elite institutions can challenge and work at cross-purposes to "rulers," so can elites incorporated within states retain powers and resources from their old organizational bases and seek to appropriate state resources for their own benefit. Let us see how elite conflict played out in Europe, and how it shaped the early development of states that for a long time remained arenas in which multiple elites jostled for resources and power. Once we acknowledge and analyze this historical reality, we will be able to see how states formed and gained capacity as elites combined or were forced into a unified polity.

The Reformation transformed the "chronic condition" of feudal elite and class relations, but not in the way that Weber believed. As we saw earlier in this chapter, the historical evidence does not support Weber's claim that Protestantism compelled rational action, which, in turn, bureaucratized states. What the Reformation did do was to disrupt elite relations, setting in train a series of elite and class conflicts that played out differently across sixteenth-century Western Europe and led to the formation of various types of states in some parts of the continent but not others. Let us trace out the sequences of elite conflict and structural transformation in the four countries that became the main contenders for geopolitical dominance in Europe and later the greatest colonial powers: Spain, France, the Netherlands, and Britain. I will then compare those four path-setters with Russia and the weaker states of Eastern Europe and the autonomous development of the Japanese state, and finally draw general conclusions about the process of state formation.

Spain

Spain's initial state formation was similar to the pattern of territorial consolidation in empires: Castilian kings "reconquered"

Muslim lands. Then Ferdinand and Isabella were the lucky inheritors of multiple crowns from childless relations, creating the largest polity in Europe after Russia. The Habsburgs, like medieval kings and emperors before them, commanded armies that were too small to subdue their domains, and corps of paid officials that were far too few to govern them. How then did Castilian kings maintain control over all of Spain, as well as Portugal, and the Italian, Burgundian, German, Flemish, and Dutch territories that they inherited or conquered in the sixteenth century?⁶

The Habsburgs enlisted mainly aristocratic allies in each of their Iberian territories by offering those nobles total exemption from all direct taxes. As a result, the full burden of taxes was borne by peasants and by towns, which were subordinated to the aristocracies of their provinces. The Church provided an additional source of revenue as popes ceded control over clerical offices and properties to Habsburg rulers in return for the rulers' support of papal foreign-policy objectives. Popes offered unprecedented concessions to the Habsburgs and other secular allies because the Reformation had opened the Catholic Church to challenge from Protestant rulers, aristocrats, towns, and common people in much of Europe. Thus, the Reformation mattered – even in entirely Catholic Iberia – because it altered the continental balance of forces, which led popes to surrender Church powers within securely Catholic lands in order to enlist Habsburg help in recovering ground in Protestant areas.

The feudal pattern of shared sovereignty and divided jurisdiction over land tenure and peasant labor was replaced with rule by unitary elites in each Spanish province. The Habsburgs extended to their other European dominions their policy of trading local political and fiscal autonomy for fealty to the Crown. The transformation in elite relations was less extreme in those lands than in Iberia. Aristocracies gained at the expense of clerics, and towns lost some of their autonomous rights; however, the institutional bases of rival elites survived Habsburg sovereignty albeit in weakened form.

At first, aristocrats were the major beneficiaries of their alliance with the Habsburgs. Nobles gained full control over peasants and

over the administrative apparatus of their provinces, no longer having to share sovereignty and control over land and peasant labor with clerics and town merchants. Aristocratic hegemony in Spanish provinces made for a weak central state which was prone to fiscal crises, as aristocrats became ever more successful at preventing the Habsburgs from circumventing nobles and taxing rural production or urban commerce directly. Spain's land and naval forces were controlled by provincial nobilities and could rarely be mobilized to fight abroad, forcing the Habsburgs to rely on mercenaries, even as elite control over revenues created a constant fiscal crisis and spiraling debt.

Yet aristocrats' provincial autonomy depended on provision by the Habsburg rulers of, first, legal recognition and, second, armed assistance at times of peasant rebellions. In that way, Spanish aristocrats became part of a state. Aristocrats were further incorporated within the state as purchasers of venal offices and investors in state bonds. Even aristocracies in the Habsburg holdings beyond Spain benefited from the legal privileges granted by the monarch. That is why most of the empire remained intact long after Spain lost the capacity to vie for European or global dominance. Indeed, the American independence movements were sparked by Spain's late eighteenth-century efforts to increase control over American elites, not by Spain's two-centuries-old military weakness (Mahoney and vom Hau 2005; Lynch 1989: 329–74).

Aristocrats' imbrication within the Spanish state did little for the Habsburgs' continental ambitions. With limited revenues, and multiple strategic interests, Habsburg forces were almost constantly committed on multiple fronts. As a result, the Habsburgs conquered virtually no new territory after their burst of consolidation in the sixteenth century, and then progressively lost almost all of their non-Spanish European holdings. Their conquest of much of the Americas brought ever less revenue to the metropole, as Spanish-American elites established control over land, mines, and Indian labor while Spanish armed forces and administrative resources were committed in Europe.

Yet, as the Habsburgs' imperial holdings and ambitions fell

away, their core Spanish polity became ever more state-like. Aristocrats' control over land and labor became ever more mediated through royal edicts and offices; their status and income derived as much from offices and state pensions and bonds as from titles and estates. Even though the state was the site for competition among aristocratic factions divided by province and political networks, the entire ruling class was drawn within the state in the sixteenth and seventeenth centuries and remained there afterwards. The state was the terrain for conflicts over power and resources at the same time as it was the object of the entire ruling class's plans for self-preservation and familial betterment. As aristocrats joined the king in bringing their powers and assets within the state, they came to share an interest in strengthening their collective capacity through the state for taxing and controlling the mass of Spanish subjects. Spanish elites still came into conflict over the division of state authority and spoils, but after the sixteenth century those disputes were within a polity of defined borders and a legitimacy then accepted by all elites.

France

Catholicism remained the dominant faith in France. Yet the Reformation did spark conflict between Catholic and Protestant, and then among Catholic lay elites desiring to hold or seize the institutional assets of the Catholic Church. That elite conflict created an opening for French kings, who previously had only weak control over the duchies and independent territories which had been claimed for France by the fifteenth century, to pursue a strategy of "vertical absolutism" (Lachmann 2000: 99–102, 118–46). Rather than empowering a single elite in each territory, French kings played off rival elites against one another, granting powers and offices in return for payments. The sale of such venal offices subverted the capacities of great nobles to mobilize lesser elites to challenge the Crown on the national level. Venality created new paths of surplus extraction as each new office was endowed with the authority to extract revenues from peasants or from commerce distinct from existing seigneurial rights.⁷

Vertical absolutism created a dynamic that was almost the inverse of that under the Habsburgs. While Spanish rulers ceded local power and revenues to elites in return for recognition of Habsburg sovereignty, French kings extracted revenues from competing elites eager for royal support in their competitions for provincial authority. By 1633, half of all Crown revenues were derived from the sale of venal offices, and from the *paulette*, an annual fee paid by incumbent officeholders in return for royal recognition of their right to resell or bequeath their venal posts.

The Crown's strategy of vertical absolutism, and the new revenues it produced, were self-limiting. Each office sold created a permanent obligation to divert a particular stream of revenue to the officeholder. Each new office also undercut the authority and revenues of existing offices. The Crown created a small corps of non-venal Intendants in an effort to exert more control over venal officials and the "state" revenues they collected. That, combined with provincial officials' anger at the continuing sale of new offices, sparked off the Frondes, the last significant armed challenge to the French Crown until 1789.

The Frondes demonstrated that vertical absolutism was a successful political strategy for the Crown, even though it limited the amount of control French kings had over revenues. The Frondes encompassed both challenges by nobles and officeholders to the Crown and peasant rebellions directed against seigneurs as well as against taxes. Regardless of the source of peasant discontent or the target of their anger, officeholders and seigneurs were far more vulnerable during the Frondes than was the Crown. Overlapping jurisdictions and conflict among venal officials made them an inviting target for peasant and urban rebels. When venal officials challenged royal authority they also were undermining the legitimacy of their own positions, which were based upon royal grants of "privileges which were subject to differing interpretations and which were defined in reference to the king" (Beik 1985: 219). As a result, provincial seigneurs and officeholders were forced to abort their rebellion, appealing to the Crown for aid in suppressing peasant uprisings. Elites learned from their failure in the Frondes that they had lost the capacity to act independently of the

state of which they now were a part and from which they now derived their legitimacy and much of their incomes.

The Netherlands

The Netherlands' political structure was forged in its decades-long war for independence against its Spanish occupiers. The Netherlands had never had feudal agrarian relations and the paucity of elites (few nobles, a weak clergy, and hardly any state officials) short-circuited opportunities for factional conflict. The Netherlands had been a highly decentralized collection of towns and rural hinterlands, brought together only on the basis of Protestant opposition to Habsburg rule and the Catholic repression Spain enforced. Without the Reformation, there would not have been a Dutch revolt and therefore no state. A single dominant elite of urban merchants led the anti-Habsburg rebellion.⁸

Once the Spanish were removed, urban merchants fortified their control over the newly independent towns and provinces, and prevented challenges from upstarts, through Contracts of Correspondence which created a system for rotating offices and dividing the profits from trade routes and merchant companies among elite families. The system also prevented the sort of competition among multiple elites that was rife in France. Nor were there significant challenges from Dutch non-elites in those centuries.

The Contracts of Correspondence, and the overarching constitutional agreements among Dutch cities and provinces, became the basis of a Dutch state, the United Provinces. The rigid protections each Dutch elite secured for itself against potential rivals permanently weakened the central state, ensuring the Republic's defeat at the hands of a poorer and initially less well-equipped Britain. The Dutch Republic never was able to achieve central control over patrimonial officers in the various separate armies and navies maintained by each province. The progress of the Dutch state as an expanding fiscal and bureaucratic entity, and its capacity to compete internationally in trade and war, was sapped by elite tendencies to pursue their own interests and preserve their existing

positions even at the unintended and partially unforeseen consequence of long-term competitive decline.

Britain

The Reformation almost entirely eliminated the Catholic Church as a distinct institution in England. Yet the Henrician Reformation did not simply allow the tiny royal government to absorb all the Catholic clergy's powers and properties. Instead, the Crown, with only a few dozen officials directly under its control, and dependent on nobles to collect taxes and provide armed men, was forced to collaborate with lay landlords in expropriating the property and powers of the Catholic Church. This transformed the previous tripartite elite structure of Crown, lay landlords, and clerics into a dual elite structure in which the Crown was unchallenged at the national level, while the gentry gained full control over land, peasant labor, and county and local politics. Henry VIII and his successors were able to use their national-level hegemony to break the military and political power of the landed magnates, creating a monopoly on the legitimate use of armed force in England and later in all of Britain. In this way, the English dual-elite structure diverged from that of Spain. The Reformation gave the English Crown the resources to break the magnates and devolve landlord power down to the local level, in contrast to Spain where the lack of a Reformation meant that the Habsburgs had to reach a settlement with each province's aristocracy as a bloc, foreclosing the possibility of challenging the greatest Spanish nobles.⁹

English kings, despite their safety from national-level military or political challenges, never were able to escape from their alliance with lay landlords. Unable to create a bureaucracy, kings continued to rely on largely unpaid local officeholders who served their own private interests and were controlled by county political blocs. Unable to play clergy and laity against one another in parliament after most clerics were purged from their seats, the Crown found it increasingly hard to control the county blocs, which by the eighteenth century had coalesced into two national parties. The seventeenth-century Civil War and Glorious Revolution

demonstrated the limits of royal power and kings' narrow room for autonomous action. All royal initiatives, whether to increase taxes, pass legislation, or fight wars, required consent from the Members of Parliament who represented the interests of the dominant elite of county-based landowners, and later of merchants organized into guilds and chartered companies and represented through city governments. The British state remained an amalgam of elites, each with its own institutional base for wielding economic and political power, and with strong ideological legitimacy, well into the nineteenth century. Yet, in conclusively limiting royal power, the Civil War and Glorious Revolution confirmed that national institutions, above all parliament, were the sites at which property rights and political authority were allocated and protected.

Russia and Eastern Europe

Weak kings initiated the sequences of elite conflict that allowed for state formation in Western Europe. Kings were able to do so because the Reformation set in motion a struggle for former clerical properties and powers in Britain, a scramble to protect or seize Catholic holdings in France, geopolitical fissures which the Habsburgs exploited in Spain and beyond, and popular agitation for religious and political autonomy against Catholic rule in the Netherlands.¹⁰

The absence of a Reformation meant that the Orthodox Church, or – in Poland and Central Europe – an unchallenged Catholic Church, didn't need to surrender resources or ally with the Crown to protect its interests. Kings were symbolic figureheads recruited from abroad (Poland), or elected by aristocrats (Hungary and Bohemia), or heirs to local dynasties, and all were weak. Nobilities were highly decentralized. "Complex chains of rear-vassalage or sub-infeudation were effectively unknown . . . the result was that vertical feudal solidarity was much weaker than in the West" (Anderson 1974b: 223). This meant that great lords were unable to consolidate blocs of supporters to begin the process of concentrating coercion and taking territory from weaker neighbors, as Tilly (1990) posits.

Unlike in the West, the initiative for change came from decentralized aristocrats. As Anderson correctly argues, Eastern nobles had to reorganize themselves within states to maintain their capacity to control and exploit peasants in the wake of the Black Death. Peasants took advantage of the resulting labor shortage by fleeing onerous work and rent obligations for vacant lands further east, or to the estates of other lords who offered better terms. The abandoned lords lacked either aristocrat allies or enough military muscle of their own to hold or recover their missing tenants. At the same time as their capacity to exploit peasants was undermined, lords were threatened by invasion. Successive waves of attackers came from the Khanates of Central Asia, the Tartars and Ottomans in the South, and Sweden in the North. Decentralized aristocrats were unable to mobilize and coordinate enough force to repel the invaders.

The solution to both threats – fleeing peasants and invading armies – was the same. Small, defenseless nobles banded together to fight off attackers. The larger a noble conglomeration became, the more likely it was to defeat and absorb smaller neighbors. Individual nobles, thus, had an overwhelming incentive to join one of these states-in-information, agreeing to join the "service nobility," that is, to commit themselves to spending their entire adulthood as a military officer or administrator at the service of the state, in return for protection from foreign invaders.

State formation in Eastern Europe thus followed a different trajectory from that predicted by the fiscal-military model. It was not a gradual process in which rulers of small territories amassed modest amounts of coercion, which they then used to conquer a neighboring polity. If that had been the case, Eastern Europe would have been comprised of numerous small states that would have been consolidated only after a long series of wars, as was the case to the West. Nor was it just a response to foreign invasion. If that had been the case, Eastern nobles would have coalesced into states centuries earlier and spared themselves from being repeatedly overrun and looted by invaders. Instead, the pattern fits Anderson's model. Only when they were faced with class extinction after the peasants fled did nobles surrender their autonomy

and combine their power within large states. The initiative did not come from ambitious rulers; in fact, as we noted above, Poland had a powerless king, in others the king was elected, and in the rest was weak.

The newly formed states were first instruments of class control: without peasants, there cannot be lords. Yet, once nobles were consolidated within states, it became possible to form armies large enough to repel invaders and then to conquer new lands, even though those states were objectively weaker than their counterparts in the West, as measured in revenues, administrative reach, or bureaucratization, and evidenced in their military confrontations with Western powers. The Grand Duchy of Muscovy became a kingdom and eventually the largest state (in terms of land mass) in the world. How did Russia do it?

Russia and the states of Eastern Europe were quite different from any of those in the West we examined earlier because the room for elite and class conflict was far narrower in the East. Only a small portion of the Eastern population lived in cities, and the level of commerce was pitiable. Merchants played virtually no role in politics. Clerics were secure in their positions and in control over their estates, but excluded from interfering on lay manors and from playing any role in the state. Peasants were pressed into serfdom, and all manors were under the exclusive control of a lay or clerical lord, or the king. There was none of the division of authority or the overlapping legal systems that fragmented control over land and labor in the West. The two elites in the East, nobles and clerics, were almost totally compartmentalized in the institutions of rule and surplus extraction they inhabited.

As aristocrats came together in states, the bases for conflicts within that elite were eliminated. Categories and ranks of nobility were abolished or became merely symbolic as aristocrats all entered the same state service. Nobles seeking to advance themselves competed for high office in the military, civilian administration, or at court. "Nobles henceforth intrigued within the Autocracy, not against it" (Anderson 1974b: 342). Court factions did not have regional or status bases, and therefore could not draw upon allies outside the state, or create divisions that affected class relations

or state rule. Even as individual nobles fought for office, they shared an interest in expanding the state's capacity to appropriate resources from civil society. Thus, the nobility backed Catherine II's push to appropriate Church holdings, weakening the clergy as a separate elite. The state's land holdings expanded, until it owned 40 percent of Russian serfs, who then could be conscripted into the army. Nobles, in turn, gained the right to move serfs among their land holdings or to sell them and their labor to other landholders. Czar and nobility, joined within the state, collectively augmented their control of peasant labor and of clerical lands during the eighteenth century, gains that were not achieved by their decentralized predecessors in earlier centuries.

State formation in Russia and much of Eastern Europe was a process of aristocratic reorganization, both against the peasantry as Anderson argues, and against themselves by eliminating opportunities for nobles to create factions or form alliances with other elites outside of the state. That process was possible because tight regional elites, or factions that spanned provinces or linked up with clerics or urban merchants, did not exist and so no elite was in a position to block state formation.

Poland and Hungary provide a negative demonstration of how elite structure determined the strength and form of emergent states. The Polish and Hungarian aristocracies were tightly organized on the regional level and re-enslaved peasants in the fourteenth century through provincial armed forces that were controlled entirely by local nobles. Kings were elected by Diets, parliaments totally controlled by nobles, which ensured that kings never would be able to challenge aristocrats' local power. These tightly organized regional elites even survived foreign conquest. Hungary came under Turkish and then Habsburg control. Poland was partly conquered by Germans in the fourteenth century. Hungarian and Polish nobles kept their control over peasants and over local government even while under foreign rule. Indeed, Polish nobles continued re-enslaving peasants even as they were being conquered by Germans. The foreign conquerors had hardly more leverage over, or entrée into, provinces controlled by tight local elites than did the Polish or Hungarian kings and their courts. Only in the

eighteenth century – when Poland was partitioned among Russia, Prussia, and Austria, and the Polish state lost even its nominal existence – did the conquering powers begin to disrupt local aristocratic power and succeed in levying taxes. State formation was incomplete in Poland and Hungary, even as aristocratic class rule was strengthened, because local elites were tightly organized, as well as being free from challenges by other elites. Weak states were vulnerable to foreign conquest, but that was of little consequence for nobles who sustained their local political and class power over centuries.

Japan

Feudal Japan, as we saw in the previous chapter, was cross-cut by various overlapping elites. The Emperor and the rival shogun both sought to gain advantage over each other by granting lands they had seized in battle to samurai retainers. The shogun's bakufu government was more powerful than the imperial regime, but both their efforts were limited because hereditary lords (daimyo) controlled a majority of land in Japan, which they defended with their own corps of samurai to whom they had granted subfiefs. Clerics derived revenues from their own feudal estates and fielded their own armed forces to protect those domains.¹¹

The key moment of state formation came under Hideyoshi, in the second half of the sixteenth century. Hideyoshi was neither emperor nor shogun. Rather, he built a coalition among many daimyo and samurai, which endured for over two centuries (from 1603 to 1868) under the Tokugawa shoguns. Hideyoshi drew support from elites desperate to suppress peasant rebellions. Thus, Japanese state formation at first resembled that of Eastern Europe: diffuse factions of the landed lay elite coming together into a state to preserve their class position against peasants. As in Eastern Europe, peasants were more deeply exploited, and were disarmed, as well as being legally banned from leaving the land or entering into trade or professions. Similarly, samurai spent increasing time in the service of the bakufu government or, in regions where daimyo had a high level of autonomy, to their lord. Samurai were

tamed, partly in an ideological and cultural process as Ikegami (1995) describes, and partly because their income came from funds that the bakufu or daimyo administrations appropriated directly from peasants and then allocated centrally to samurai who had become their employees. Samurai then devoted more of their time to administration rather than military training and combat, and lost any rights to, or control over, specific plots of land. Similarly, daimyo spent more of their year at court – pursuing lucrative positions, maneuvering for power, and enjoying the high life of the capital – much as provincial elites did in France.

Tokugawa elite consolidation advantaged the daimyo, high state officials, and some samurai. Trade increasingly was dominated by the daimyo, who controlled towns. Formerly autonomous towns, which had thrived as intermediaries between battling daimyo, now were increasingly marginalized as daimyo and shogun domains became settled. Similarly, daimyo and shogun were able to disarm the clergy and appropriate their lands.

Elite conflict became internal to the state as shogun and daimyo battled for court position and revenues. When those conflicts climaxed in the Meiji Restoration that eliminated the shogun and removed most daimyo from power, those defeated elites were unable to counter-attack. The samurai who once were their political and military base had, during the centuries of Tokugawa state formation, been integrated into a central administration.

The new Meiji government took radical steps that enhanced state power: abolishing feudal fiefs, granting equal citizenship to all Japanese males, and giving the state direct control over capital investment, which it used to foster industry and to forge a massive national military. Those reforms were possible because any elites that could have had the interest or capacity to oppose those policies had been brought within the state (samurai and merchants), or, if they retained autonomy at the end of the Tokugawa era (the daimyo), were left without allies to mount a meaningful challenge to the central state. Once all elites were within the state, they could adopt policies that enhanced Japan's geopolitical and economic position because all elites benefited from those developments.

How States are Made

I'd rather have him inside the tent pissing out than outside pissing in.
US President Lyndon Johnson

Johnson's explanation of why he gave his political enemies positions within his administration reveals the essence of state formation. States were not for the most part created by eliminating enemies on the battlefield, or by sending bureaucrats or soldiers from a capital to tax and control the hinterland. States came into existence when elites and their organizational capacities were combined into a single institution. All the states we examined, in Western and Eastern Europe and Japan, were not created because a king succeeded in using force to make elites and subjects surrender resources to him. Rather, they were instances of elites centralizing themselves. They did so for a range of reasons; state formation often had multiple motives. Elites came together:

- to appropriate the powers and assets of other elites (England, France, Spain);
- to enhance control over peasants (Japan, Russia, and Eastern Europe);
- to protect themselves against foreign invaders (Russia, Eastern Europe, the Netherlands).

Once elites found themselves together in a single state institution they used their new capacities for a variety of ends:

- to exert new controls over peasant labor (Spain, Britain, Japan, Eastern Europe);
- to launch wars against foreigners and to seize colonies (Britain, France, Spain, the Netherlands, Russia);
- to extract revenues from towns (Spain, Russia and Eastern Europe, Japan) and from clerics (Spain, Russia, Japan).

We need to be careful to distinguish between the motives and conflicts that brought elites together in states, and the opportunities

and new conflicts that were contingent outcomes of the original melding of elites into states. State formation was not anywhere a single project of aggrandizing rulers. Rather, it was the inadvertent by-product of multiple elites coming together to gain leverage in their conflicts against other elites and peasants. Each victory in elite conflict created a new constellation of elite relations, often altered agrarian class relations, and defined the terrain for the next round of elite conflict.

Amidst all the historical particularities of each case, we can identify some general relationships between the structure of elite relations and the sorts of states that formed. The most crucial factor was the degree of autonomy that manor lords sustained in their ability to extract a surplus from peasants. Where lords were the sole extractors of surplus and regulators of peasant production on their estates – as in most of Eastern Europe, Russia, and Japan – the state was under the control of that single elite. State power was vested in the collective hands of the landed elite – not through representative institutions or through the provisions of a constitution, but through nobles' occupation of military and administrative offices. Over time, factionalism became centered on control of state offices and resources, rather than about the struggles for land and aristocratic rank that had dominated pre-state feudal politics. Clerical and merchant elites in such polities lost their autonomy and were forced to surrender an ever greater share of their land and income to the state. As nobles focused their attention on, and derived ever more of their wealth and status from, state office, kings gained the opportunity to manipulate aristocratic factions. Out of such manipulations kings increased the power of the court in relation to all elites and won growing autonomy, which they could then use to increase state capacity.

In Western Europe, by contrast, multiple elites sustained their own institutions that were capable of regulating land tenure and extracting resources from peasants. States were formed out of such complex feudal politics only when one elite was able to defeat and appropriate powers from another elite. How that happened varied among Spain, France, the Netherlands, and Britain. However, in all four cases, the Protestant Reformation set in train a series of

events that transformed elite relations. In England, the effect was most direct, with the king and lay landlords joining to eliminate the clergy as an independent elite and to divide its powers. The dual-elite structure that resulted determined the form of the British state. In France, the Reformation was incomplete, but it sparked inter- and intra-elite conflict. All elites sought to bolster their positions by taking state offices. This gave the French Crown the power of manipulation, but also limited the ways in which kings could use their new authority and revenues since the state now included other elites, which held permanent claims on the revenues and powers of their offices.

The Reformation had an indirect effect in Spain and the Netherlands. The Pope's need for allies in the Catholic war with Protestantism, gave the Spanish Crown leverage over the Catholic clergy. Combined with Habsburg intervention in elite conflicts in its newly acquired territories, the elite structure of Spain became more like that of Eastern Europe, with single elites in each province. Habsburg power came from its ability to bring resources from one territory to intervene in another component of its empire. But such geopolitical leverage was difficult to accomplish and unsustainably expensive in struggles against the single dominant elites in each territory. Similarly, unitary elites emerge in each Dutch province in the struggle against Habsburg rule; yet, as with their former ruler, power in one province could not be applied to subordinate the ruling elite in the next province.

States were artifacts of elite conflict. The form of each state derived from the structure of elite relations that existed in pre-state feudal societies. The clergy mattered for state formation less as carriers of an ideology than as power-holders. They did not just exercise ideological power as Mann contends, but all four forms of power. Clerics shaped the state mainly through their position in the overall structure of elite relations. Where they were vulnerable to appropriation by rival feudal elites, above all in England, their defeat and absorption cast the relationship of the remaining elites that formed the state. Where the clergy were highly autonomous – as in Japan, Eastern Europe, and the Netherlands – they played little role in state formation, even if they were later subdued by

the elites unified within the state. In France and Spain, their role was more complex, as clerical powers were partly appropriated by multiple elites even as they retained enough autonomy to shape future elite conflicts. For this reason, past theories that ignore the clergy entirely cannot explain the varying trajectories of state formation.¹²

Feudal elite conflict resulted in the formation of a variety of states. Despite their differences, they all met Weber's definition of a state. All these states achieved a monopoly on the legitimate use of force in a territory, even though they at first accomplished that mainly by admitting other holders of armed force into the state. Increasingly, the rights of all elites and of non-elites came to be defined by the state and in relation to the state itself. How states went about doing that defining, and what rights and obligations they each sought and succeeded in imposing on their subjects, is the topic of the next chapter on nationalism and also of the following chapters, which examine state economic and social welfare policies, and the advent of democracy.

directly to the consolidation of "social-market capitalism," an economy that embraces both free markets and social protections. Finally, the Polish case was noteworthy for the reestablishment of "civil society." Taxation helped enable Polish elites to maintain sources of wealth and status independent from the state, to bolster the capacity for self-organization of civic associations, and to reinforce the autonomy of the Church.

In Russia, the rules regarding coercion were enforced only sometimes, and certainly not if political authority intervened. Russia's postcommunist elites were divided among themselves, and could never come to agreement on the reconfiguration of power and wealth between state and society. State actors were covetous of the old regime's inheritance of power resources, and resisted their redistribution to society. This was clearly shown in the new tax regime, where tax avoidance was criminalized as state prerogative prevailed over the legal protection of the private realm. As such, taxation in Russia contributed to "rule by law." Regarding capital, the tax system led directly to consolidation of "concessions capitalism," a two-tiered economy in which, on one level, the state continues to own the most lucrative economic assets and, on the other level, the state espouses private property and entrepreneurship. The Russian tax regime undermined institutions that might protect private wealth, and kept postcommunist elites dependent on the state. Civil society requires an independent basis of elite status, civic association, and moral authority. But none of these developed in Russia, where instead the state used taxation to consolidate a "dependent society."

CONCLUSIONS

The postcommunist transitions are over. Across Eastern Europe, the transitions yielded much greater variety in political and economic institutional outcomes than was first anticipated. Although some postcommunist countries reached consolidated democracy, others deviated into new forms of authoritarianism, and still others lingered in hybrid-regime limbo. Socialism's command economy was successfully dismantled, but unexpected and distorted forms of capitalism arose in its place, often of a thuggish character, more freebooter than free market. And, finally, the transitions gave rise to very different types of postcommunist states, bearing little likeness to the ideal liberal state. Indeed, the major flaw in the neoliberal blueprint for the postcommunist transition was its assumption about the nature of state and society. From a neoliberal perspective, state and society were depicted as autonomous entities, in which society was seen as an aggregate of individuals with competing interests, while the state is composed of politically neutral institutions charged with private conflict resolution and public safety.

Postcommunist state building was unique in comparison with previous historical experience in that the flow of power resources ran from state to society, rather than in the opposite direction. The postcommunist state was bequeathed a rich inheritance of coercive and economic resources. Thus, the big question was where would the new line be drawn that staked out claims to coercion and capital between state and society? Early scholarship on the postcommunist transitions was strongly influenced by the underlying, and often unstated, neoliberal assumption of societal autonomy from the state. But society could not achieve

this condition until it was able to consolidate its own claims on power resources, independent from and protected from the state. Because of this, the particular ways in which coercion and capital were reconfigured, more than anything else, shaped postcommunism's variant institutional outcomes.

This book has focused on the emergence of two different postcommunist states: a "contractual" state in Poland and a "predatory" state in Russia. The Polish state evolved with greater checks on political power, internally through institutional checks and balances and externally through legal mechanisms that protect society's nascent autonomy. In Poland, the power resources of the old communist state were redistributed, and the state-society boundaries over coercion and capital were clearly marked. Coercion was tamed. The state's coercive resources were largely depoliticized and subordinated to institutional checks and civilian political control. As a result, capital was transformed. Economic resources were transformed into legally protected private property and new sources of entrepreneurial wealth were created. The state's new revenue claims on private wealth were recognized and legitimated. The emergence of the "contractual" state in Poland was facilitated by recurring political phenomenon of "elite consensus." It's not as if Polish politics in the 1990s was especially amicable; it wasn't. Even among ideological allies and erstwhile friends, political competition was divisive, often bitterly so. But at critical junctures in the Polish transition, these divisions were bridged by elite consensus.

By contrast, the Russian state evolved with fewer constraints on political power, internally through the rise of strong executives and externally through weak legal mechanisms that make society more vulnerable to political predation. The Russian state continued to have unchecked access to coercive resources. Coercion remained in the service of politics, while civilian control and legal constraints were ineffective and weak. As a result, capital remained vulnerable to state predation. The boundary line between public and private, and between state and society, was never clearly defined. Some economic resources were transformed into private property, but the most valued assets were made into economic concessions, which the state never fully relinquished its claim to. The Russian state struck a schizophrenic pose(s) on the use of coercion. State leaders at times railed against overly zealous tax inspectors and brought charges against conspicuously corrupt collectors, but more often acted oblivious to such behavior. The boundary line staking out the limits of coercion was ever shifting, and the state found it difficult to adhere to its own rules. State leaders could never come to agree on where the line should be drawn, or perhaps they never wanted to. Societal elites, meanwhile, remained divided among themselves, and they were incapable of defending their autonomy and claims on power resources. In the end, coercion was not subjected to institutional constraint, but to political convenience.

These institutional outcomes were not preordained, but rather they were the accumulated result of multiple contests among state actors, and between state and societal actors. In this regard, taxation was one of the principal arenas in which the battles over coercion and capital were fought and ultimately resolved. To try to explain the divergent state-building outcomes in Poland and Russia, this book has employed a "fiscal sociology" approach. It sought to uncover the economic and political constraints within which actors worked to realize their claims on economic resources in the building of a new tax system, and, in so doing, imparted a distinguishing character on the postcommunist state. I have systematically investigated the initial conditions, the politics of revenue bargaining, the norms of behavior in the transitional tax regimes, the development state fiscal capacity, and the reconfiguration of state-society relations. The occurrences that took place along the road to building a new tax system contributed to the emergence of Poland's "contractual" and Russia's "predatory" postcommunist states.

Initial Conditions At the outset of the postcommunist transition, Poland and Russia shared similar institutional and policy inheritances from the old regime. But more important for their subsequent trajectory, they differed fundamentally in their organization of capital and coercion. The initial conditions are the inheritance of the old regime. They constrain political maneuvering and policymaking early on. They are by no means insurmountable, imposing an inevitable transition destiny of democracy or despotism. But their influence is weighty and needs to be accounted for, especially regarding the strategic choices of political actors in the formative first phase of the postcommunist states. The uniqueness of postcommunist state building again is that the state is already in possession of a vast array of economic, coercive, and bureaucratic-legal resources at the start of the process. This condition is shared by all postcommunist states, but not in the same manner. Variations in economic and political structures at the time of the collapse of the old regime had a decisive influence on the construction of different tax regimes by postcommunist state builders.

Regarding capital, the postcommunist states started out revenue-dependent on a relatively small number of very large enterprises. The command economy of the old regime concentrated economic activity in industrial complexes in order to facilitate the management of its monopoly on economic resources. But this narrow revenue base posed a formidable challenge to postcommunist state builders: first, the necessity of expanding the base through the cultivation of new revenue sources; and, second, the need to refurbish the inherited administrative apparatus of tax collection, which was designed to serve the narrow revenue base of the command economy. But within this general structural constraint, particular variations existed concerning the location of revenue in the transition economies. In Poland, capital was dispersed and generated by commerce. The

revenue base lacked reliable big income-generating enterprises, although it did include an already established and growing private sector of small businesses. By contrast, in Russia capital was concentrated and generated by commodities. The revenue base lacked a developing small-business private sector, but did contain very lucrative income sources in the energy and metallurgy export sectors. The extractive attention of state builders is drawn inevitably to those who generate wealth, and here is where one will find the conflicts and compromises that gave shape to transitional tax regimes.

Regarding coercion, although the particular way in which coercion is employed in postcommunist states was sorted out as part of the politics of the transition phase, this particular institutional outcome was strongly influenced by developments during the breakdown phase. Notable here is whether old regime elites or new counterelites, who each bring different experiences and inclinations about coercion, end up occupying positions of power in the postcommunist state. As a result, these variant elite structures affected how the coercive resources of the state were reconfigured in the new regime. In places where old regime elites prevailed, as in Russia, state coercive resources tended to be placed under executive control with weak political-institutional checks; in places where counterelites prevailed, as in Poland, state coercive resources tended to be subjected to parliamentary control with stronger institutional checks. Variant outcomes in the organization of coercion, in turn, influenced the types of compliance strategies most likely to be employed in the new tax systems.

Politics of Revenue Bargains The organization of capital and coercion, in turn, directly influenced the politics of tax reform, giving rise to two different types of revenue bargains: Poland's "state-labor" revenue bargain and Russia's "state-elite" revenue bargain. Communist societies were among the most heavily taxed in the world, but the burden was hidden in the command economy. It would not be so easy, however, to conceal tax burdens in the transition economy, where state budgets and societal wealth were publicly scrutinized and debated. The revenue claims made by postcommunist states often encountered resistance from society. This resistance led state leaders to negotiate, in ad hoc and piecemeal fashion, revenue bargains with those societal actors who had access to wealth. The revenue bargains brought together three sets of interests: the economic interests of societal actors, the electoral interests of political actors, and the fiscal interests of the state. Most postcommunist states successfully enacted at least one major tax reform, based on a model of the mature capitalist states, early in the transition. A few others managed to implement a second major tax reform, based on a model of a low-rate flat-tax system, during the second transition decade. The success or failure of major tax reform attempts depended largely on the political constraints of postcommunist revenue bargains.

Because wealth was dispersed, the Polish state was forced to target worker households for revenue. In the 1990s, Poland pieced together a "state-labor" revenue bargain, by which public-sector wage earners were brought into the revenue net in exchange for social protection. In Russia, state leaders were forced to bargain with economic and regional elite actors, who made rival claims to concentrated high-yielding income sources. Russia's "state-elite" revenue bargain rested on an exchange of economic resources for political support. In both cases, revenue bargains eventually had a negative effect on the fiscal interests of the state. Enacting further tax reform, however, was not so easy. The Polish "state-labor" revenue bargain proved resilient to repeated attempts to undermine it by free market liberals when they controlled the Finance Ministry. In the end only the prospects of EU membership forced Polish elites to compromise and enact a partial tax reform, which still maintained most policy features of the revenue bargain. By contrast, in the early 2000s Russia enacted a second major reform, known as the "Russian Tax Revolution." Under a new president, Russia used coercion to break free of the political constraints of the "state-elite" revenue bargain and reassert the fiscal interests of the central state. Those who resisted were forcibly divested of the economic resources they acquired during the 1990s.

Making Transitional Tax Regimes In addition to tax-policy-compromising revenue bargains, transitional tax regimes entailed the means of extraction and the strategies of compliance devised by postcommunist states. In this case, Poland developed a tax regime based on "legalistic consent," while Russia built a tax regime based on "bureaucratic coercion." The revenue bargains that were formed in the early 1990s influenced the divergent shape of transitional tax regimes. In particular, revenue-bargain actors had an interest in particular means of extraction and patterns of compliance.

Regarding the means of extraction, the organization of state finances in general indicates whether the central state presides over a horizontally coherent and vertically coordinated system of revenue extraction. In Poland, the structure of state finances in the early transition was coherent and coordinated, in stark contrast to the structure of state finances in Russia. In the second decade, however, Poland moved to partially decentralize state finances, while Russia moved in an opposite, recentralizing direction. The tax administration is especially relevant as the state agency that directly interacts with society in the extraction process. The capacity and demeanor of the tax administration has enormous influence over the behavior of state and society in tax collection. Both Poland and Russia struggled throughout the transition to strengthen administrative capacity and develop a professional culture, with incremental success. Finally, the role of coercion in tax collection is a key component determining the character of a state's means of extraction. In Poland, coercion was institutionally constrained and played only

a small role in tax collection; in Russia, coercion was never fully constrained and ended up playing a major role in tax collection.

The Polish and Russian transitional tax regimes were most notably distinguished from one another by contrasting state compliance strategies. Polish society responded quickly to macrostructural reform, to the opportunities of market capitalism as well as to the constraints of tax collection. As a result, the revenue base went from being highly concentrated to widely dispersed, from large enterprises to wage-earner households and petty capitalist entrepreneurs. The challenge for the postcommunist state was to locate and claim wealth from these small and numerous economic actors. The practical and legal limits on the tax administration meant that the state needed to cultivate at least some degree of voluntary compliance in society. And it succeeded. With the income generated from new revenue sources, the Polish state strengthened its fiscal capacity, becoming more resilient to the lingering threat of fiscal crisis. Polish society, meanwhile, learned quickly to work the new tax regime in wily ways to lighten its burden. Yet when compared to other postcommunist countries, the level of outright evasion in Poland was relatively low. Poland developed a tax regime based on "legalistic consent," a minimalist type of quasi-voluntary compliance. In principle, Polish society accepted its newly assigned status as taxpayers as well as the state's new revenue claims. In practice, however, Polish society tended to avoid complying in full and contrived a variety of formal and informal tactics to reduce its tax burden. Polish taxpayers big and small readily took advantage of tax law loopholes and legal checks on the state bureaucracy. As a result, the new targets of state tax collection—wage earners and petty capitalists—managed to hang on to a greater share of their wealth, while still paying something to the state. It was enough.

For Russia in the early part of the decade, coercion was not effectively incorporated into the new state system of revenue extraction. Tax claims were routinely ignored without a credible threat of sanction. By mid-decade, however, the state finally redirected its coercive talent to the task of tax collection. In particular, the state began to use coercion more readily against the new small-business sector. But the large corporate taxpayers, on whom the state was dependent for income, mostly remained insulated from coercive pressure to fulfill their tax obligations, protected by central and regional political patrons. Only after the reelection of Yeltsin in 1996 did the government attempt to deploy coercion against the largest tax delinquents in the corporate sector. But for all of the coercive potential inherent in the postcommunist state, the results of these initial efforts to use coercion to alter the state-elite revenue bargain were notably futile. But this all changed following the 1998 financial collapse and the 2000 presidential election. Putin was much less inhibited than his predecessor in using the coercive

resources entrusted to central executive power. Because wealth was concentrated, the state did not have to negotiate with the new economic and regional elites; it could simply threaten them with the use of force. In the 2000s, the coercive and bureaucratic-administrative power resources of the state were often the most prominent feature of the revenue extraction process. The legal constraints on the power of state bureaucrats to encroach on society's wealth were vigorously enforced in Poland, but only selectively so in Russia. Instead, Russia's transitional tax regime was based on "bureaucratic coercion," which, in the words of the tax police chief, meant simply that "people must learn to be afraid of us."

Building Fiscal Capacity Postcommunist tax regimes directly influenced state fiscal capacity. Here again postcommunist Poland and Russia provide contrasting cases, with similar starting points and different outcomes. The Polish state crafted a revenue bargain with wage-earning households and a tax regime based on "legalistic consent." In so doing, it broke out of the inherited constraint of a narrow base. By the mid-1990s, income was drawn increasingly from new sources, at sufficient volume and at reliable intervals. Consequently, the state was able to better manage credit and currency. The Russian state, meanwhile, crafted an elite revenue bargain and a tax regime based on "bureaucratic coercion." It remained fiscally dependent on large manufacturing and commodity exports in general and the energy sector in particular. By mid-decade, even these usually reliable sources of income could not meet the most basic fiscal needs. The state was forced to borrow more than it was capable of paying back and fiscal capacity was undermined. When the international financial crisis of 1998 reached Eastern Europe, Poland demonstrated sufficient fiscal capacity to withstand the financial shock, and achieved limited growth; by contrast, the international crisis exposed Russia's weak fiscal capacity, and the postcommunist state was forced to declare itself bankrupt.

In 2008, a second international financial crisis hit Eastern Europe, originating in the mature capitalist states. Like in 1998, Poland proved resilient; unlike 1998, Russia did as well. In the 2000s, Poland's transitional tax regime continued to provide a firm foundation for state fiscal capacity. The Polish state extracted revenue mainly from the domestic economy, which was sustained by consumption. Finance Minister Rostowski resisted urgent demands for an aggressive and expensive state intervention. State finances were stretched and the budget deficit grew, but in 2009 Poland's economy was the lone case of positive growth in Europe. In Russia, the 2008 capital crisis once again exposed the state's fiscal vulnerability to energy price decreases. Unlike 1998, however, Russian state finances survived. After nearly a decade of windfall petroleum profits and Finance Minister Kudrin's frugal management of tax revenues, state fiscal capacity was sufficiently strengthened to withstand the worst effects. It was enough to keep

the economy going until late 2009, when the price of oil began to rise again and the economy showed signs of renewed growth.

Reconfiguring State-Society Relations Postcommunist state building was unique in that the process entailed discarding, rather than accumulating, power resources. Indeed, the experience might better be called society building, instead of state building. In this regard, the accumulated results of the many battles that took place over taxation had an indelible impact in shaping postcommunist state-society relationships. More specifically, the process of institutional reconfiguration of coercion and capital led to "civil society" in Poland and to "dependent society" in Russia.

The limits on coercion were more clearly delineated through state-society battles over taxation. In Poland, an elite consensus formed very early, according to which society would be protected from state coercion. Consistent with this, the rules governing the use of coercion in tax collection were generally well defined and routinely enforced. As a consequence, tax avoidance was not criminalized; instead, state coercion in tax collection was tamed by firmly erected legal protections for society. In Russia, by contrast, the rules regarding coercion were enforced only sometimes, and certainly not if political authority intervened. Russia's postcommunist elites were divided among themselves, and they could never come to an agreement on the reconfiguration of power and wealth between state and society. This was clearly shown in the new tax regime, where tax avoidance was criminalized as state prerogative prevailed over the loosely grounded legal protections of the private realm. In Poland, state coercion was restrained and channeled into the legal system; in Russia, state coercion was unleashed and resided in the police and bureaucratic apparatus.

The norms of coercion, in turn, had a direct effect on the way in which capital and society was reorganized in the postcommunist transitions. In Poland, the tax system contributed directly to the consolidation of "social-market capitalism," an economy that embraces both free markets and social protections. In Russia, the tax system led directly to the consolidation of "concessions capitalism," a two-tiered economy in which, on one level, the state continues to own the most lucrative economic assets and, on the other level, the state espouses private property and entrepreneurship. The Russian state preempted the establishment of any institutions that might become an autonomous power base. The emergence of civil society required an independent basis of elite status, civic association, and moral authority. In postcommunist Eastern Europe, Poland was noteworthy for the reestablishment of civil society. Taxation helped enable Polish elites to maintain sources of wealth and status independent from the state, to bolster the capacity for self-organization of civic associations, and to reinforce the autonomy of the Church. But none of these developed in Russia, where the state used taxation to

keep society weak. Most notably, the bureaucratic-coercive tax regime undermined the institutions that would protect private wealth. As a result, Russia's postcommunist elites remained dependent on the state; their roots in postcommunist society were neither wide nor deep. The social bases of civil society simply did not exist. Ultimately, the success or failure in constructing effective checks on coercive power and in formalizing private property rights, which was largely determined in the political battles over taxation, stand out as perhaps the most decisive developments in postcommunist state building.

- Traditional agricultural economies were transformed to suit the needs of the imperialist power.
- Economic organization under imperialism impeded domestic development in the colonies.
- Free trade was often suppressed as colonies were forced to supply goods only to the imperial country, creating extractive economies in the colonies.

globe, establishing new political, economic, and social institutions and displacing existing ones. In some cases, these institutions were reflections of the home country; in others, they were designed specifically to consolidate imperial rule. The result was an uneasy mixture of indigenous and foreign structures. New political institutions and new societal identities were introduced or imposed while participation and citizenship were restricted; economic development was encouraged but in a form that would serve the markets of the home country. Imperialism thus generated new identities and conflict by classifying people and distinguishing between them—between rulers and ruled and between subject peoples themselves. At the same time, the contradictions inherent in this inequality and restriction of freedom became increasingly clear to subject peoples as they began to assimilate modern ideas and values. By the early twentieth century, the growing awareness of this system and its inherent contradictions helped foster public resistance to imperialism and paved the way for eventual independence.

The Challenges of Post-Imperialism

Despite the power of empires to extend their control over much of the world, their time eventually came to an end. In Latin America, where European imperialism first emerged, Napoleon's invasion of Spain and Portugal in 1807–8 led to turmoil in the colonies and a series of wars for independence, which freed most of the region by 1826. In Africa and Asia, where imperialism reached its zenith only in the nineteenth century, decolonization came after World War II. Numerous independence movements emerged within the Asian and African colonies, catalyzed by the weakened positions of the imperial powers and promoted by a Western-educated indigenous leadership able to articulate nationalist goals and organize resistance. Some imperial powers resisted bitterly. Portugal, for example, did not fully withdraw from Africa until 1975. Hong Kong was returned to China

by the United Kingdom in 1997. For the most part, however, colonies in Africa and Asia gained independence in the 1950s and 1960s.

The elimination of imperialism, however, did not bring a sudden end to the problems of the developing world. These countries have continued to struggle with political, social, and economic challenges to development and stability, freedom and equality. In many cases, these problems are a legacy of imperial rule, although in other cases they stem from particular domestic and international factors that have developed in the years since independence. But herein lies an important puzzle. If we consider the development of successful economic, social, and political institutions over the past 50 years, Asia has fared the best, Africa the worst, and the picture in Latin America is mixed. What accounts for these differences? Let's first consider some of the more common problems faced across post-imperial countries and then return to this question to see if the answer can provide some strategies for development and democracy.

Building State Capacity and Autonomy

One central problem that many developing countries have faced in the years after imperialism has been the difficulty in creating effective political institutions. In Chapter 2, we distinguished between weak states and strong states and noted that many scholars look at state power as consisting of state capacity and state autonomy. *Capacity* refers to a state's ability to fulfill basic policy tasks, and *autonomy* refers to its ability to act independently of the public and foreign actors. Both are necessary to carry out policy, and both have been difficult for post-imperial countries to achieve.

In terms of capacity, developing countries are frequently unable to perform many of the basic tasks expected by the public, such as creating infrastructure, providing education and health care, or delivering other public goods. This lack of capacity stretches back to the absence of a professional bureaucracy; the foreigners who ran the imperial bureaucracies in the colonies typically left as soon as the colonies gained independence, precluding an effective transition to a local bureaucracy. These initial problems of capacity have since been exacerbated by the politicization of the state; in many cases, the bureaucracy has become an important source of jobs, resources, and benefits that political leaders dole out as a way to solidify control. Civil servants thus become part of a system of clientelism and rent seeking, in which they assist by providing goods and benefits to certain members of the public in return for political support.⁶ As we well know, this is not unique to the developing world, but the problem is often most acute among these states.

Autonomy has been equally problematic in the post-imperialist world. On the surface, many of these countries appear to be highly autonomous, able to function without consulting the population at all. The prevalence of nondemocratic regimes in much of the developing world only seems to reinforce this impression. However, these states are largely captured by a patrimonial system along the lines of what we see in Zimbabwe (see Chapter 6). The state is not a highly independent actor but is instead penetrated by groups that see it as a resource to be exploited rather than a tool for achieving national policy. The result of such penetration is high levels of corruption—as we noted, this is sometimes called *kleptocracy*, or government by theft. For example, during military rule in Nigeria in the 1990s, officials stole more than \$1 billion from the state treasury. Similarly, in oil-rich Angola several billion dollars appear to have been stolen by its leadership just in the past few years. Studies of corruption indicate that the most corrupt countries in the world are developing and postcommunist countries, and there is a clear correlation between the level of development and the degree of corruption (see Table 10.2).

TABLE 10.2 Corruption Index, 2014

COUNTRY	RANK (1 = LEAST CORRUPT)	COUNTRY	RANK (1 = LEAST CORRUPT)
Denmark	1	India	85
Canada	10	China	100
United Kingdom	14	Mexico	103
Japan	15	Indonesia	107
United States	17	Pakistan	126
France	26	Iran	136
Botswana	31	Russia	136
Taiwan	35	Nigeria	144
South Korea	43	Zimbabwe	156
South Africa	67	Venezuela	161
Brazil	69	Afghanistan	172

Note: The corruption index is based on national surveys regarding the overall extent of corruption (size and frequency of bribes) in the public and political sectors. Rankings: 1–175; some countries share rankings.

Source: Transparency International, www.transparency.org/cpi2014/results (accessed 2/11/15).

In addition to facing constraints on autonomy from domestic sources, the states of the developing world are often limited in their autonomy by international factors. Developing countries are subject to pressure from other, more powerful states and international actors such as the UN, the World Bank, multinational corporations, and nongovernmental organizations like Amnesty International and the Red Cross. Frequently wielding much greater economic and political power than the states themselves, these actors can significantly influence the policies of these countries, shaping their military and diplomatic alliances, trade relations, local economies, and domestic laws. Sovereignty is thus compromised.

These constraints on state capacity and autonomy have clear implications for freedom and equality. A state with weak capacity and autonomy is unlikely to be able to establish the rule of law. Laws will not be respected by the public if the state itself is unwilling or unable to enforce and abide by them. Freedom is threatened by conflict and unpredictability, which in turn hinder economic development. A volatile environment and the absence of basic public goods such as roads or education will dissuade long-term investment. Wealth flows primarily into the hands of those who control the state, generating a high degree of inequality. There is no clear regime, and no rules or norms for how politics is to be played.

Unfortunately, where instability is so high often only one institution has a great deal of capacity and autonomy: the military. Where states are weak, military forces often step in and take control of the government themselves, either to stave off disorder or to simply get a turn at draining the state. Military rule has been common in developing countries, and we have seen it reemerge as a force in Egypt and

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Challenges to Building State Autonomy and Capacity in Developing Countries

- Absence of professional bureaucracy (following departure of foreign imperial bureaucrats).
- Sovereignty often compromised by external actors (other states, international organizations).
- Clientelism, rent seeking, and corruption in the handling of state jobs and revenue.

elsewhere in the Middle East where political change has been disruptive. Even where military rule has ended, as in many Latin American countries, the military often remains a powerful actor with its own political and economic interests.

In the aftermath of colonialism, many developing countries have struggled with the challenge of forging a single nation out of highly diverse societies. Initially, where centralized political authority did not exist before imperialism, societies were not homogenized. Their diversity became problematic when imperial powers began categorizing societal groups and establishing political boundaries and economic and social hierarchies. Migration within empires further complicated relations among these groups. When colonies gained independence, several problems rose to the surface.

First, group divisions often have economic implications, just as they did under colonial rule. Some ethnic or religious groups favored under colonialism continue to monopolize wealth in the post-independence society. For example, in Malaysia and Indonesia ethnic Chinese hold a disproportionate share of national wealth, generating resentment. Similarly, in some African countries Indian immigrants—often brought in by the British as indentured labor—came to control a large portion of the business sector. At the other end of the spectrum, many indigenous populations, such as those in Latin America, are among the poorest in the world, a situation that has sparked ethnically based political movements in several of these countries. Many civil conflicts in developing countries are driven largely by economic concerns that intersect with ethnic or religious differences.

Second, ethnic and religious divisions can similarly complicate politics. In countries where populations are heterogeneous, the battle for political power often falls along ethnic or religious lines as each group seeks to gain control over the state in order to serve its own particular ends (see Chapter 3). Each ethnic or religious group competes for its share of public goods or other benefits from the state. This struggle may foster authoritarian rule, for a group that gains control over the state may be unwilling to relinquish or share it and no one group can be confident that it could successfully dominate politics simply through the democratic process.

As a result, where ethnic or religious divisions are strong we often see a form of patrimonialism—one group dominates the state while effectively freezing other groups out of the political process.⁷ In some countries, a majority or plurality may dominate politics, as people of European origin do in Mexico, where the minority indigenous population has little political power. In other cases, a minority may dominate a much larger majority. For example, in Iraq, though most members of the population belong to the Shia sect of Islam, those in power have traditionally been members of the minority Sunni sect. With the overthrow of Saddam Hussein

in 2003, conflict emerged between Sunnis and Shias over the future control of the country. A similar dynamic is at work in Syria, where individuals from the Alawite sect of Islam have monopolized political power (see Chapter 7). Economic and political interests thus become entangled with ethnic identities.

The economic and political difficulties that arise from such social divisions make the creation of a single national identity difficult. Amid such ethnic and religious diversity, many populations are much less inclined to see the post-colonial state as a true representation of their group's wishes and states themselves have little beyond the initial struggle for independence on which to build a shared political identity for their people. When ethnic and religious conflicts are extreme, disaffected groups may seek to secede and create their own independent countries. The most recent example of this was the creation in 2011 of South Sudan, which separated from Sudan following a long civil war that pitted a black African south against an Arab north. Under the British Empire, they had been administered as two separate political entities. In advance of their withdrawal in 1956, Britain oversaw the unification of these two areas despite southern Sudanese opposition. The rise of Islamist forces seeking to unite traditionally Sunni areas in Iraq and Syria into a new state is another example. These borders were fashioned from the ruins of the Ottoman Empire after World War I by the British and the French.

Gender and family is another important area shaped by the legacies of imperialism. As we noted, gender and family identities and roles have been affected by rapid urbanization and the commercialization of agriculture, which often favored male labor and property rights (such as titles to land). This structure can give women much less leverage in family decisions, such as family size. It also may lead families to view girls as a burden, since they must be married off (with a dowry) and cannot be expected to take care of their parents in their old age. Thus families may be less willing to invest in their daughters. At its most extreme, this favoritism can be deadly, taking the form of female neglect or infanticide. There are estimates that in India alone several hundred thousand girls a year “go missing,” having been aborted following the use of ultrasound to determine the gender of the child. Vietnam, Pakistan, China, and other countries have faced similar issues, either through sex-selective abortions or through neglect of girl babies. Some scholars have already noted that violent conflict and crime in part results when there are a large number of unemployed and unmarried young men—a worrying thought considering that some of the highest gender imbalances are found in the two most populous countries in the world, China and India. In the coming years, the security of women may be a key variable in predicting the security of states.⁸

Challenges to Building a Unified Nation-State

- Ethnic and religious divisions among different groups in heterogeneous societies (often exacerbated by economic inequality).
- Arbitrary political boundaries imposed by imperial powers.

Generating Economic Growth

Economic growth attracts the most focus among those who study developing countries. Indeed, when we think of development, typically economic progress first comes to mind. Because of imperialism, instead of undergoing economic modernization on their own terms, these countries experienced rapid changes directed by the imperial powers to serve their own needs. As a result, on gaining independence many of these countries found themselves in a continued state of economic dependency on their former empire. But such dependent relationships did not bode well for long-term development, since they stressed the production of agricultural and other basic commodities in return for finished products. For many developing countries, this unequal relationship was simply a new, indirect form of imperialism, or what has been called **neocolonialism**. Breaking this cycle of dependent development was thus the greatest concern for the developing countries following independence.

The former colonies' need to break this cycle resulted in two distinct mercantilist economic policies that were applied throughout the developing world.⁹ The first is known as **import substitution**. Under import substitution, countries restrict imports, raising tariff or nontariff barriers to spur demand for local alternatives. To fill this demand, new businesses are built with state funds by creating subsidized or parastatal (partially state-owned) industries. Patents and intellectual property rights are weakly enforced to tap into foreign innovations. Eventually, the hope goes, these firms will develop the productive capacity to compete domestically and internationally. Following World War II, import substitution was commonly used across Latin America and was also taken up in Africa and parts of Asia.

How successful was import substitution? Most observers have concluded that it did not produce the benefits expected, creating instead a kind of "hothouse economy." Insulated from the global economy, the state-supported firms could

dominate the local market; but, lacking competition, they were much less innovative or efficient than their international competitors. The idea that these economies would eventually be opened up to the outside world became hard to envision; the harsh climate of the international market, it was thought, would quickly kill off these less competitive firms.

Import substitution thus resulted in economies with large industries reliant on the state for economic support and unable to compete in the international market. Such firms became a drain on state treasuries, compounding the problem of international debt in these countries, for states had to borrow from other countries to build and subsidize their industries. Uncompetitiveness was compounded by debt, leading to economic stagnation.

Not all postcolonial countries pursued import substitution, however. Several Asian countries eventually discarded import substitution in favor of **export-oriented industrialization**. Countries that pursued an export-oriented strategy sought out technologies and developed industries that focused specifically on export, capitalizing on what is known as the product life cycle. Initially, the innovator of a good produces it for the domestic market and exports it to the rest of the world. As this product spreads, other countries find ways to make the same good more cheaply or more efficiently and eventually export their own version back to the country that originated the product. Thus, in South Korea, initial exports focused on basic technologies such as textiles and shoes but eventually moved into more complex areas, including automobiles and computers. This policy also had its problems: countries that pursued export-oriented industrialization also relied on high levels of government subsidies and tariff barriers. Yet overall, this strategy has led to levels of economic development much higher than those achieved through import substitution. Some Asian export-oriented countries originally had per capita GDPs far below those of many Latin American and even some African countries. The question of why Latin America pursued a path of import substitution while Asia focused on export-led growth is an interesting puzzle, and one that we will turn to at the end of the chapter (see "Institutions in Action," p. 338).

By the 1980s many developing countries—whether focused on import substitution or still largely focused on agricultural exports, as in Africa—faced deep economic problems, including high levels of government debt. Support from organizations like the World Bank or International Monetary Fund (see Chapter 11) was conditioned on economic liberalization (see Chapter 4). These policies of liberalization, often known as **neo-liberalism**, **structural-adjustment programs**, or the **Washington Consensus**—since they reflect the wishes of institutions based in Washington, D.C., such as the World Bank and International Monetary Fund—typically required countries to privatize state-run firms, end subsidies,

reduce tariff barriers, shrink the size of the state, and welcome foreign investment. These reforms have been controversial and their benefits have been mixed. We will discuss this situation in greater detail shortly, when we consider future directions for economic prosperity in the poorer countries.

Puzzles and Prospects for Democracy and Development

We have covered some of the common challenges faced by developing countries in building institutions that will generate economic development and political stability. Our discussion may suggest that much of the developing world faces insurmountable challenges. This is incorrect. Despite ongoing difficulties, much of the developing world has seen dramatic improvements since independence. In 1960 the average life expectancy in India was age 43 and in Brazil 54; in 2011 these averages increased to ages 65 and 73, respectively. As recently as 1990, the infant mortality rate in Indonesia was 86 per 1,000; in 2010 that rate had dropped to 35. The average Human Development Index value in Latin America in 2012 is better than for African Americans.¹⁰

Of course, we can measure development in many different ways, and different parts of the world have had very different experiences. In general, Asia has done the best. Rapid growth is taking place in many of these countries as well as a trend toward effective states and democratization. Several countries in Latin America have also made great strides, particularly in the last decade, albeit with slower economic growth and high (though shrinking) levels of inequality. Africa remains one of the greatest challenges; it has the lowest rankings on the Human Development Index and high levels of civil conflict and corruption. Yet even here there is progress. For example, between 1994 and 2012 per capita GDP in sub-Saharan Africa rose more than 25 percent.

What explains variations in development, either between countries or between regions? Scholars increasingly agree on some of the major factors at work, though their assessments of how to solve the problems differ widely. One important factor we have discussed is the interplay between ethnic divisions and borders (see Chapter 3). Deep ethnic divisions appear to correlate with greater economic and political instability. As we noted earlier, in such cases it may be much more difficult to forge a sense of national identity or national welfare when economic and political institutions are viewed as a means for one group to dominate others rather than as instruments to share power and wealth. This difficulty in forging national

IN FOCUS

Three Paths to Economic Growth

IMPORT SUBSTITUTION

Based on mercantilism. State plays a strong role in the economy. Tariffs or nontariff barriers are used to restrict imports. State actively promotes domestic production, sometimes creating state-owned businesses in developing industries. Criticized for creating "hothouse economies," with large industries reliant on the state for support and unable to compete in the international market.

EXPORT-ORIENTED INDUSTRIALIZATION

Based on mercantilism. State plays a strong role in the economy. Tariff barriers are used to protect domestic industries. Economic production is focused on industries that have a niche in the international market. Seeks to integrate directly into the global economy. Has generally led to a higher level of economic development than import substitution.

STRUCTURAL ADJUSTMENT

Based on liberalism. State involvement is reduced as the economy is opened up. Foreign investment is encouraged. Often follows import substitution. Criticized as a tool of neocolonialism and for its failure in many cases to bring substantial economic development.

identities can be compounded by borders, which may exacerbate conflict by dividing ethnic or religious groups across international boundaries. Such conditions are particularly difficult in Africa, with its ethnically fragmented states.

A second factor is resources. In Chapter 6, we spoke about the resource trap theory of development, which argues that countries with natural resources are hindered from political and economic development because the state or political actors can rely on these resources and effectively ignore public demands or needs. This strategy can further polarize politics when combined with ethnic divisions, since each group will seek to control those assets at the expense of others. Again, while natural resources are relatively scarce in Asia, they are a central part of African economies, where such things as timber, oil, and diamonds not only lead to conflict but also fuel it, generating revenue for private militias and civil war.

Third, there is the question of governance. This is the hardest factor of the three to get a handle on, though it is perhaps the most important. It is evident to scholars that the obstacles discussed previously, among others, cannot be addressed unless there is an effective state: it must be able to establish sovereignty and develop public goods and property rights while resisting corruption and allowing for the transfer of power between governments over time. But what is cause and what is effect?

Are states weak because of ethnic division and resource traps, or do weak states facilitate these outcomes? This confusion has generated a great deal of controversy in the policy realm, for scholars remain divided over the extent to which political, social, and economic reforms need to be piecemeal and initiated locally or comprehensive and driven by international actors.¹¹ The remainder of our chapter will look at some possible solutions and the debates surrounding them.

Forging States

The view of the state as an aid or obstacle to development in the postcolonial world has shifted over time. In the immediate postwar era, modernization theory focused on the importance of the state in economic and political development, seeing it as generating industrialization and modern citizens. Aid agencies and developed countries relied on states to be conduits for aid, often directing funds toward large-scale, top-down development projects like dams or health care. For example, since the end of colonialism some \$2 trillion in aid has been directed to Africa. However, many African states failed to live up to expectations because corruption siphoned off resources and many development goals went unrealized. Large but inefficient states, often abetted by foreign funds, were common. As a result, by the 1980s the Washington Consensus took a different tack, encouraging (or pressuring) many developing countries to roll back state power, promote private industry, and limit regulation in the belief that market forces could succeed where states had failed. But while the Washington Consensus viewed states as too big and interventionist, others asserted that the power of these states needed to be redirected rather than reduced. Smaller would not be better if basic public needs still could not be met. As a result, attempts at liberalization have provided mixed results and generated skepticism of the Washington Consensus.¹² There has been a return to focusing on the state as a vital actor in such areas as the rule of law and delivering public goods. Reducing corruption, improving health care, and increasing economic growth and other basic state responsibilities requires greater and more effective state capacity. The goal is to build a better relationship between freedom and equality. The question is how we get there.

One important place to begin is to remember that there is no one-size-fits-all model, just as there is no homogeneous "Third World" or "Global South." There is tremendous variation in the developing world in terms of pre-imperial and imperial history, natural resources, ethnic diversity, and other elements. This means that it is difficult to create a sequence of actions that will improve institutions and create more effective and accountable states. Therefore, we can make the argument

that how states can be made more effective and accountable depends on the existing institutions we have to work with. Next we will consider some possible policy approaches, understanding that none of these is necessarily the "right" response to the particular conditions.

For developing countries that already have a reasonable degree of capacity and autonomy, improving governance may be achieved by focusing on the rule of law. In Chapter 5 we spoke briefly about this concept, where all individuals and groups are subject to the law irrespective of their power or authority. Much emphasis has been placed on the importance of the rule of law, especially in transitional countries that are moving from a nondemocratic to a democratic system. Elective government can improve accountability, but in the absence of the rule of law democratic practices are less likely to become institutionalized as democratic norms. An illiberal system may result, where individuals in power are not held accountable and participation, competition, and liberty are constrained. The puzzle is how to build the rule of law in the first place. Historical models, such as those of the developed democracies where the rule of law emerged over a century or longer, are of limited help. International donors, think tanks, and aid agencies typically argue that building the rule of law requires judicial reform, including stronger constitutional courts (as we discussed in Chapter 5), police, and civil service reform with tougher measures against corruption. The goal is a state that is more predictable and fairer in how it treats its citizens.

However, critics of such reforms argue that policy makers confuse cause and effect. It is not that institutional reforms will generate norms regarding the power of law but that norms must first emerge to generate pressure for institutional change. The Progressive Era in the United States in the late nineteenth century is a good example, where a host of movements and organizations sprang up to fight for such things as labor and women's rights and improved health and safety standards and against corruption. During this era many powerful civic institutions, such as the League of Women Voters and the American Red Cross, were founded.

Fostering social movements and nongovernmental organizations that embody and advance ideas such as the impartiality and universal application of rights may need to go hand in hand with attempts at institutional change.¹³ This approach is consistent with experiences in those communist countries where strong social movements helped institutionalize a set of norms for accountable law-based states.

What about where there are much lower levels of autonomy and capacity, or regimes, such as patrimonial ones, that can effectively resist or co-opt actors that seek change? Domestic options may be much more limited, suggesting instead a greater role for the international community. For example, one model is "conditionality," whereby other countries or organizations provide support (such as aid)

only if particular outcomes have been met. The European Union, for example, uses conditionality to require institutional changes in countries applying for membership. International organizations can also oversee the management of natural resources or taxation and the distribution of revenue. Most dramatically, international institutions can step in to provide the core element of sovereignty, the monopoly of violence, intervening in domestic conflicts and temporarily serving as the central coercive power. The expansion of the International Court of Justice can be seen in this light.

It is easy to see the difficulties here. Conditionality can backfire if it is viewed as a threat to those in power. Many state leaders will simply reject international conditions, and publics can view them as an assault on sovereignty whose rewards are neither immediate nor clear. And the international community often lacks the resources, attention, and skills to understand how to effect change across a wide range of cases.

Building Society

While scholars and policy makers have been debating how to improve states, a similar discussion has concerned improving social conditions in the developing world. Much of this debate is rooted in discussions of economics, which we will consider next. But there is also the realization that countries cannot focus their efforts on economic development alone, assuming that such development will resolve all major social issues. Earlier we spoke of the three central problems of ethnic conflict, resources, and governance. What steps can be taken at the societal level to address these concerns? Again, the debate turns in part on the scope and source of reforms.

Much scholarship over the last decade or so has emphasized the role that small-scale social organization can play in improving governance and contributing to social stability. Influenced in part by experiences in Eastern Europe and Latin America, this scholarship emphasizes building civil society in countries where social organization is poor and often polarized along ethnic, religious, class, or gender lines. Civil society, which we defined in Chapter 5 as organized life outside the state, accomplishes three important things: it binds people together, creating a web of interests that cuts across class, religion, ethnicity, and other divisions; through activism and organization, it forms a bulwark against the expansion of state power that might threaten democracy; and it inculcates in citizens a sense of democratic politics based on interaction, negotiation, consensus, and compromise. In the absence of civil society, states can become enmeshed in clientelist relationships that prevent the formation of policies that serve society as a whole.

Alongside state reform, building civil society has become a focal point for scholars and political actors involved in development.¹⁴ No longer is the state seen as the sole instrument for democracy and development; public activity is now viewed as a vital part of the equation. A first step in the development of civil society is civic education, in which communities learn their democratic rights and how to use those rights to shape government policy. Beyond education, organizational skills must be strengthened so that the public is able to mobilize effectively and make its voice heard. These efforts need to go hand in hand with state reform; changes require participation not just from political elites but from the public as well.

Other scholars, however, have argued that this emphasis is for now misplaced. Stressing grassroots organization is well meaning but unlikely to lead to any real outcomes as long as the country's basic social conditions are dire. Moreover, where civil society is built in the absence of political institutions that can process people's desires and demands the result can be frustration and perhaps greater instability. Some scholars believe that responses to social issues in the developing countries require a massive international effort rather than a focus on local small-scale activism.

The best of example of this approach would be the UN's Millennium Development Goals (MDGs). First declared in 2000, the MDGs were a set of goals established to dramatically reduce world poverty. Specifically, the MDGs resolved by 2015 to halve the population of the world's income who live on less than one dollar a day, suffer from hunger, and lack safe drinking water. Other targets included reducing maternal mortality by three-quarters and reducing under-five child mortality by two-thirds. Other more general goals included improved education and greater gender equality. Of particular note was the creation of Millennium Villages in sub-Saharan Africa. These 14 small communities were given targeted interventions to improve the residents' lives, ranging from changes in crop production and improved education to the distribution of bed nets to reduce malaria. The idea was that successes could then be tweaked and expanded to new communities. Overall, about \$120 million was spent on the project—not a small sum, but far below the trillions that have been spent on global development aid over the past 50 years.

How have the Millennium Villages and the wider MDGs fared? The findings are mixed and a source of great debate and acrimony. One surprising problem goes back to the comparative method that we spoke of in Chapter 1. While scholars could track changes in many of the Millennium Villages, these needed to be compared to similar communities that lacked such intervention. For example, one report noted the rapid rise of mobile phone use in the Millennium Villages without noting that this had occurred at the same rate across sub-Saharan Africa as a whole.¹⁵ The absence of reliable data in Millennium and non-Millennium Villages

meant that researchers had no way to control variables and thus make effective comparisons. As a result, many conclude that it is nearly impossible to evaluate how effective the villages have been to date relative to their surrounding communities. As for the MDGs themselves, poverty has indeed been halved worldwide, and other areas show improvement as well (though most targets for 2015 were missed). For some, the overall conclusion is that the project has been a success; others view it as a waste of resources that could have been used toward smarter social change.

Promoting Economic Prosperity

Expanding economic prosperity is clearly central to the previous sections, where we discussed effective and responsive states and organized and politically active societies. What are the main challenges for economic development? One place to begin is to note that for many developing countries, much of the economy exists in the “informal” sector.

The term *informal sector* refers to a segment of the economy that is not regulated, protected, or taxed by the state. Typically, the **informal economy** is dominated by the self-employed or by small enterprises, such as an individual street vendor or a family that makes or repairs goods out of its home. In some cases, the informal economy may represent over half of a country’s GDP, and women play a large role. According to some research studies, in many developing countries a majority of women working outside the agricultural sector are part of the informal economy. As this finding indicates, the informal economy can be much more flexible, creating opportunities for work where it might otherwise not be available. However, it raises the question of why informal economic activities are so much stronger in developing countries than in more developed ones.

Informal economies are often associated with weak states that are unable to effectively regulate the economy or prevent corruption. Under these conditions, the state may be highly bureaucratic but unable to provide the oversight of property or markets that would be found where the rule of law is strong. In this environment, state and government officials often capitalize on their authority by demanding bribes from business owners to ease their way through regulations. An informal economy also is much more difficult to tax, making it a challenge for states to generate revenue. Finally, because of state weakness in managing markets and property, it is much harder for businesses to scale up into larger firms.

This problem can be clearly seen in the debate over microcredit or microfinance. Though these terms are often used interchangeably, there is a difference. **Microcredit** refers to a system where small loans (often less than \$1,000) are made

available to small-scale businesses that otherwise lack access to capital. Microfinance covers a much broader spectrum, including credit, savings, insurance, and financial transfers. Microcredit is often funded through nonprofit organizations, and in some cases the borrower is also held accountable to other borrowers in a local association, in that a failure of one individual to repay limits further loans that can be taken out by the members in that association. This system increases the desire for members to vet loans and oversee their use within the association. With globalization, microcredit has expanded; now organizations like the U.S.-based Kiva allow individuals around the world to make loans to people in need. As of 2014, Kiva had over a million lenders and had loaned over \$600 billion to over a million individuals.¹⁶ Kiva is modeled after Bangladesh’s Grameen Bank, whose founder, Muhammad Yunus, won a Nobel Peace Prize in 2006.

Yet critics of microcredit note that while these small loans may help small entrepreneurs, there is no evidence that they are a means for firms to grow and take on employees—a critical step in development and the creation of a middle class. Recalling our discussion of Fair Trade coffee, while the idea of a small business may sound appealing, historically successful development is dependent on a transition to larger firms and an economy where most of the workers are employees rather than entrepreneurs.¹⁷ Such strategies may lead developing countries into what is known as a **middle income trap**. A middle income trap is a situation where countries experience economic growth but are unable to develop at a speed necessary to catch up with developed countries. Thus for every South Korea there is a Brazil or South Africa experiencing initially rapid growth that slows down before the country reaches high income status.

This brings us to a dilemma, one that plagues governments, international actors, and citizens alike. States are necessary to support and protect economic development, but in many developing countries they lack capacity and are one of the biggest obstacles to progress. A common response to this challenge is to effectively bypass the state, whether through grassroots microfunding or attempts to improve conditions village by village. Neither of these approaches fully addresses how to capitalize on any successes they might achieve.

It’s easy to draw pessimistic conclusions from our discussions so far. Various attempts to improve institutions in developing countries have produced mixed responses, leaving many to wonder what, if any, progress has been made. However, we can point to steps in the right direction, focused more on methodology than specific policies. As was already mentioned with regard to Fair Trade coffee or the Millennium Villages, one major concern has been that little comparative research has been done in attempting to control variables and look for causal relationships. This may be surprising, but states and international agencies alike have



Why Did Asia Industrialize Faster than Latin America?

The rise of Asia over the past four decades as a global exporter, producing increasingly sophisticated goods over that time, presents an interesting puzzle, especially when we compare the region's economic development to Latin America's. In 1970, Brazil's and Argentina's per capita GDP at PPP was between \$2,500 and \$3,500, higher than South Korea's or Taiwan's. By 2013, while these Latin American countries had GDPs between \$11,000 and \$18,000, the GDPs of South Korea and Taiwan had soared to between \$33,000 and \$40,000. How did these Asian countries come from behind and grow so much wealthier than many of their Latin American counterparts within 40 years? A simple explanation—such as a correlation between democracy and speed of economic growth—does not work, since all of these states were authoritarian during most of the last 50 years. What then might be the explanation?

There are several theories regarding Asia's faster growth. According to one argument, which we can describe as geostrategic, the major difference between Latin America and Asia lies in their relationships to the United States and how their political-economic institutions were shaped by these relationships. Latin America's experience of U.S. influence during much of the nineteenth and early twentieth century has been described as neocolonial. In this interpretation, the subordinate relationship of Latin America to the United States effectively prevented the development of industries that could reach an export capacity and be competitive in world markets. Instead, economic development was dominated by foreign (U.S. and European)

goods and foreign investments that concentrated on the production of consumer goods for the small upper and middle classes rather than on broader industrialization.

In contrast, following China's 1949 revolution the United States viewed Asia as under direct threat from communism and as a result supported industrialization policies—through preferential trade agreements—that limited foreign direct investment and promoted export-led growth. Whereas Latin American markets were influenced (if not dominated) by Western investments, Asia's drive toward industrialization and export-led growth was fueled by state investments. While this argument can help explain why the regions' economies developed so differently, it doesn't account for a country like Mexico. There, for much of the early twentieth century, foreign investment was limited by the state and rapid industrial development resembled that of Asia later in the century.

A second argument concentrates on domestic politics and institutions within these regions. One area that has attracted a great deal of attention is land ownership and land reform. In many countries, agriculture is a powerful economic and political force. This is especially the case where agriculture takes the form of large landholdings, which concentrate power in relatively few hands, so that much of the population works land they do not own. Where such landowners are powerful, states may find it difficult to raise funds and build capacity and autonomy. Urbanization and industrialization are held back by the interests of landed elites (who often oppose the rise of both).

In the case of Latin America, economies dominated by large landholders and estates, known as *latifundia* (*haciendas*, in Spanish), developed as part of Spanish and Portuguese colonialism to produce commodities such as sugar and coffee on a large scale for export. Independence from imperialism did not destroy this agricultural system, however, and *latifundia* economies remained in Latin America as landed elites continued to dominate economic and political institutions. Latin America's economy developed more slowly, therefore, not because it lacked integration with the global economy or exported fewer goods but because the nature of its exports—agriculture and natural resources—did not provide a strong foundation for industrial development.

In Asia as in Latin America, much of the agricultural land was originally concentrated in a small number of estates. However, in places like South Korea and Taiwan one of the first steps the state took after gaining independence was to enact widespread agricultural reform to break the landed elites' monopoly and empower the peasantry. A central motivating factor was the desire to stave off peasant-backed communist revolutions like the ones that happened in China and North Korea, where land reform was a key promise of the Communist Party. This argument in many ways takes us back to the geostrategic issue, though the critical issue here is the role of political elites in Asian countries in bringing the old feudal order to an end. As in the case of the earlier explanation, however, this argument has flaws. The emphasis on the overwhelming power of the *latifundia* needs to be balanced by a consideration of the fact that Latin America has become an overwhelmingly urban region—over 80 percent of its population now lives in cities. Moreover, as mentioned earlier, many Latin American countries did develop a significant industrial base, even in the absence of land reform.



Police officers in Tegucigalpa, Honduras, work in a neighborhood where many families have fled due to drug and gang-related violence. Honduras has some of the highest levels of inequality, and the highest murder rate, in the world.

What, then, is the solution to our puzzle? We cannot draw clear conclusions, though certain factors seem significant. The institutional legacies of imperialism do appear to be stronger in Latin America than in Asia, although the economic policies in the two regions have been influenced differently by postwar international politics. This intersection of institutions and policies may explain what moved Asia and Latin America down different paths of development that will continue to influence their future.¹⁸

1. What role did foreign direct investment in Latin America versus state investment in Asia play in the regions' differing paths?
2. How did the legacy of colonialism and its institutions affect Latin America's industrial development?
3. How did concerns about communism influence both the Asian countries' relationship with the United States and their own approach to land reform?

done relatively little comparative research to assess what kinds of policies can work and under what conditions.

Now scholars are attempting to more carefully study development strategies before, during, and after they are implemented, comparing these to similar cases where such actions are absent. This work has led to some surprising findings. For example, preventive medical services are often rejected by the poor because they cannot evaluate the long-term benefits; this leads to more triage care and the overuse of antibiotics (this is the case in many developed countries as well). As a result, even when rural health care services are expanded, if the focus is on preventive care people are less likely to use it. However, when these problems are targeted with specific incentives, such as direct payments for vaccinations, health standards improve (recall our discussion of the decline of poverty in Latin America in Chapter 4). As one set of researchers concluded, "To really understand the effect of institutions on the lives of the poor, what is needed is a shift in perspective" to the local level.¹⁹ Understanding how and why local institutions function can, we hope, lead to targeted solutions that can compensate for the shortcomings of institutions at the national level.

In Sum: The Challenges of Development

Although they are at different levels of development, almost all developing countries share the legacies of imperial rule. The fusion of local institutions with those of the imperial power created challenges as these countries sought to chart their own independent courses. Weak states; conflicts over ethnicity, nation, religion, and gender; and incomplete and distorted forms of industrialization all contributed to instability, authoritarianism, economic difficulties, and overall low levels of freedom and equality. Some countries have overcome many of these obstacles, but it is unclear whether their strategies and experiences provide lessons that can be easily applied elsewhere in the world.

There is no consensus on how to tackle the most pressing problems of the developing world. Some have advocated ambitious top-down goals and a recommitment of foreign aid toward these outcomes. Others are skeptical that aid interventions are effective. More generally, we have little hard evidence about what does and does not work. This situation suggests that a better bet may be to focus on local institutional change where we can control our variables. Whichever path we choose, globalization, which we will turn to in the next chapter, will shape future development. Will it take the form of providing new solutions or of creating new barriers to progress?

Key Terms

colonialism (p. 313)	microcredit (p. 336)
developing countries (p. 312)	middle income countries (p. 312)
empire (p. 313)	middle income trap (p. 337)
export-oriented industrialization (p. 329)	neocolonialism (p. 328)
imperialism (p. 313)	neo-liberalism/structural-adjustment programs/the Washington Consensus (p. 329)
import substitution (p. 328)	
informal economy (p. 336)	
lower income countries (p. 312)	

For Further Reading

- RS> Acemoglu, Daron, and Simon Johnson. "Disease and Development: The Effect of Life Expectancy on Economic Growth." *Journal of Political Economy* 115, no. 6 (2007).
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RS>

Reader Selection

Highlighted selections are included in *Essential Readings in Comparative Politics*, 4th ed.

The U.S. Constitution, for example, is a set of rules for conducting politics, but it is also considered a sacred symbol of what makes the United States unique and powerful. Is it difficult to modify the Constitution because of the procedures involved or because over time Americans have developed resistance to tinkering with this “sacred” document? If the latter is true, then it is not simply rational-legal legitimacy but also traditional legitimacy that binds American politics together.

To summarize, legitimacy is a central component of stateness. Traditional legitimacy stresses ritual and continuity; charismatic legitimacy, the force of ideas as embodied in a leader; rational-legal legitimacy, laws, and rules. Whatever its form, legitimacy enables the state to carry out its basic functions. Without legitimacy, states find it very difficult to function. If the public has little faith in the state, it will frequently ignore political responsibilities, such as paying taxes, abiding by regulations, or serving in the armed forces. Under these conditions, the state has only one tool left to maintain order: the threat of force. While we might assume that violent states are somehow inherently powerful, states that use the most coercion against their citizens are often the most weakly institutionalized, for without violence they cannot get the public to willingly comply with the rules and duties set forth.

Centralization or Decentralization

In addition to enjoying various kinds and levels of political legitimacy, states are defined by different distributions of power. As we noted in Chapter 1, individual freedom is typically associated with the decentralization of power, whereas collective equality usually accompanies a greater centralization of power.

State power can be centralized or decentralized in a couple of different ways, the first of which is the dispersal of power within the state. Under **federalism**, powers such as taxation, lawmaking, and security are devolved to regional bodies (such as states in the United States and India, *Länder* in Germany, and provinces in Canada) and to local legislatures that control specific territories within the country. These powers are defined in the national constitution and therefore not easily constricted or eliminated by any government. Here the argument is that federalism helps to represent local interests as well as check the growth of central power (which may be viewed as a threat to democracy). We should note that federalism need not be uniform; some countries, like Spain, Russia, and India, rely on **asymmetric federalism**, whereby power is divided unevenly between regional bodies. Some regions are given greater power over taxation or language rights than others, a more likely outcome in a country with significant ethnic divisions.

In **unitary states**, by contrast, political power is concentrated at the national level and local authority is limited. The central government is responsible for most areas of policy. Territorial divisions in unitary states like China, Japan, and France have less bearing on political power. If federalism reflects a view that overcentralization is unrepresentative or dangerous, the argument for a unitary state is that local interests can be represented without recourse to regional political institutions. Federalism may weaken state efficiency by dispersing power among too many competing authorities and so exacerbate, rather than weaken, ethnic or regional conflict.

In recent years, many states have exhibited a greater tendency toward decentralization. This process, called **devolution**, has become popular for a number of reasons. In some cases, devolution has been viewed as a way to increase state legitimacy by moving political power closer to the people, a concern as states have grown larger and more complex over time. In other cases, devolution has been seen as a way to resolve problems like ethnic or religious differences by giving greater local powers to regions where they are predominant. This view has sometimes meant the elimination of unitary government; in 2005, Iraq became a federal country for the first time in its history; Nepal abolished its monarchy in 2007 and over the past several years has struggled to delineate federal bodies. Often devolution does not lead to outright federalism but nevertheless results in a significant movement of power downward from the central state, as in the United Kingdom. We will expand on the topic of devolution in upcoming chapters.

Power, Autonomy, and Capacity

At the most basic level, we can make a distinction between **strong states** and **weak states**. Strong states are able to fulfill basic tasks such as defending their territory, making and enforcing rules and rights, collecting taxes, and managing the economy, to name a few. In contrast, weak states cannot execute such tasks very well. Rules are haphazardly applied, if at all; tax evasion and other forms of public noncompliance are widespread. Armed rivals to the state, such as rebel movements, organized crime, or other states, may control large chunks of territory or the economy. State officials themselves, having little faith in their offices or responsibilities, may use their jobs simply to fill their own pockets through corruption and theft. Economic development is certain to be much lower because of this unstable political environment.

In general, weak states are not well institutionalized and lack authority and legitimacy. At an extreme, the very structures of the state may become so weak that they break down. When this occurs, a country is commonly termed a **failed state** (see Table 2.1).¹⁵ Before 2001, Afghanistan was typically viewed as a failed

TABLE 2.1

Top Twenty Fragile States

FRAGILE STATE INDEX, 2014

RANK	COUNTRY	DEMOGRAPHIC PRESSURES	REFUGEES AND IDPs	GROUP GRIEVANCE	HUMAN FLIGHT	UNEVEN ECONOMIC DEVELOPMENT	POVERTY AND ECONOMIC DECLINE	LEGITIMACY OF THE STATE	PUBLIC SERVICES	HUMAN RIGHTS AND RULE OF LAW	SECURITY APPARATUS	FACTIONALIZED ELITES	EXTERNAL INTERVENTION
1	South Sudan	9.1	10.0	10.0	6.8	8.9	8.8	9.7	9.9	9.9	9.9	10.0	9.9
2	Somalia	9.5	10.0	9.3	8.9	8.7	9.1	9.1	9.6	9.8	9.4	10.0	9.2
3	Central African Republic	8.7	10.0	9.5	7.0	9.4	7.8	9.5	9.7	9.5	9.9	9.7	9.9
4	Congo (D. R.)	9.4	9.9	9.6	7.2	8.5	8.2	9.3	9.4	10.0	9.4	9.5	9.8
5	Sudan	8.6	9.7	9.9	8.7	8.2	8.1	9.3	9.1	9.3	9.6	10.0	9.6
6	Chad	9.6	9.8	8.5	8.3	8.8	7.7	9.4	10.0	9.5	9.1	9.8	8.2
7	Afghanistan	8.8	9.3	8.7	7.8	7.5	8.3	9.5	9.0	8.3	10.0	9.4	9.9
8	Yemen	9.1	9.0	9.3	7.3	7.8	9.1	8.9	8.5	9.0	9.5	9.4	8.5
9	Haiti	8.7	8.5	7.0	9.1	9.3	9.4	8.9	9.5	7.5	7.5	9.1	9.8
10	Pakistan	8.8	8.8	10.0	6.9	7.6	7.5	8.5	7.6	8.6	9.9	9.5	9.3
11	Zimbabwe	8.9	8.4	8.1	8.3	8.3	8.3	9.3	8.8	8.6	8.1	10.0	7.7
12	Guinea	8.0	8.3	8.4	7.5	7.9	8.9	9.9	9.2	8.5	9.2	9.6	7.3
13	Iraq	8.0	8.5	10.0	8.0	8.1	7.0	8.7	7.7	8.7	10.0	9.6	7.9
14	Côte d'Ivoire	7.8	9.1	9.0	7.0	7.6	7.4	8.8	8.7	8.7	8.8	9.4	9.4
15	Syria	6.0	10.0	10.0	6.9	6.9	6.7	9.8	7.2	9.9	10.0	9.6	8.6
16	Guinea Bissau	8.5	8.1	6.0	8.3	8.1	8.4	9.3	9.1	7.5	8.6	9.6	9.1
17	Nigeria	8.3	6.9	9.8	7.0	8.9	7.3	8.8	9.0	8.7	9.5	9.5	6.0
18	Kenya	8.7	8.2	9.3	7.8	8.0	7.9	8.4	8.2	6.8	8.2	9.3	8.2
19	Ethiopia	9.4	9.0	8.9	6.7	7.3	7.4	7.1	8.9	8.0	8.1	8.7	8.4
20	Niger	9.3	8.2	7.5	6.6	7.9	8.1	7.8	9.3	7.3	8.4	8.9	8.6

Note: Areas are ranked on a 10-point scale, where 10 represents the worst conditions.

Source: <http://fp.statesindex.org/rankings-2014> (accessed 3/9/15).

state, and it remains one today, with only limited power that must be backed up by international force. But a failed or fragile state does not necessarily mean complete anarchy. Piracy off the coast of Somalia (considered one of the world's "most fragile" states) is seen as a natural outgrowth of state failure, but one study suggests that piracy thrives when state power is weak but not wholly absent, allowing pirates to rely on functioning markets and infrastructure on land. As the authors put it, even criminals need some degree of law and order.¹⁶ States can fail to different degrees, in different areas, and in different ways.

In short, speaking of states as merely weak or strong fails to capture the complexity of state power. In fact, we get stuck in a loop of circular logic if we simply argue that if a state can do something it must be strong and if it can't it must be weak. American elected officials can wage large-scale wars around the globe but can't ban handguns, whereas for Canada just the opposite is true. Which state, then, is weak or strong?

Comparative politics builds on the categories of weak and strong states through the use of two other terms: *capacity* and *autonomy*. **Capacity** is the ability of the state to wield power in order to carry out the basic tasks of providing security and reconciling freedom and equality. A state with high capacity is able to formulate and enact fundamental policies and ensure stability and security for both itself and its citizens. A state with low capacity is unable to do these things effectively. High capacity requires not just money but also organization, legitimacy, and effective leadership. Roads get paved, schools get built, regulations are created and followed, and those who break the law are punished.

In contrast, **autonomy** is the ability of the state to wield its power independently of the public or international actors. This quality is closely related to the idea of sovereignty. In the case of sovereignty, we are speaking of a state's formal and legal independence. In the case of autonomy, we are speaking of the informal, practical ability to act on that independence. In other words, if an autonomous state wishes to carry out a policy or action, it can do so without having to consult the public or worry about strong public or international opposition that might force it to reverse its decision. A state with a high degree of autonomy may act on behalf of the public, pursuing what it believes are the best interests of the country, irrespective of public opinion. A state with a low degree of autonomy will act largely at the behest of private individuals, groups, or other states and will be less able to disobey the public will or the demands of well-organized groups. Scholars sometimes describe states with low autonomy as "captured" by certain interests that control specific issues or policies.

The concepts of capacity and autonomy help us to evaluate differences in state power. Strong states with a high degree of capacity and autonomy may be able to

execute major policies relatively easily. A case in point is China's infrastructure policy, including new roads, rails, and dams, which it has been able to carry out despite technical challenges, enormous cost, and sometime domestic opposition. High capacity and autonomy, however, may come at the expense of individual freedom (though this is not always the case).

By contrast, states with high capacity but lower autonomy may have widespread powers but are more subject to public intervention. The United States and Canada are good examples of states with lower autonomy, facilitated by their federal structure. Individual freedom may be high, but this can constrain central authority and consequently hinder national policy making. States with high autonomy but low capacity, meanwhile, may have few limits on their decision making but lack the ability to realize those policies effectively. Russia falls into this category: during the last decade the state has become more centralized and autonomous, but it still does not have the capacity to successfully promulgate and enforce regulations. The

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State Autonomy and Capacity

	HIGH AUTONOMY	LOW AUTONOMY
HIGH CAPACITY	State is able to fulfill basic tasks, with a minimum of public intervention; power highly centralized; strong state. Danger: too high a level of capacity and autonomy may prevent or undermine democracy.	State is able to fulfill basic tasks, but public plays a direct role in determining policy and is able to limit state power and scope of activity. Danger: state may be unable to develop new policies or respond to new challenges owing to the power of organized opposition.
LOW CAPACITY	State is able to function with a minimum of public interference or direct control, but its capacity to fulfill basic tasks is limited. Danger: state is ineffectual, limiting development, and slow development may provoke public unrest.	State lacks the ability to fulfill basic tasks and is subject to direct public control and interference—power highly decentralized among state and nonstate actors; weak state. Danger: too low a level of capacity and autonomy may lead to internal state failure.