

Fragile States: Exploring the Concept¹

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A remarkable consensus has emerged in the past two years on the international security agenda. The primary global threat is now fragile and failing states. All concrete threats to international security, including terrorism, nuclear proliferation, mass violations of human rights, poverty, armed conflict, and refugees, are viewed as the responsibility of states and the consequence of state weakness.

The origin of this focus on states begins, paradoxically, with efforts in the early 1990s by many middle powers such as Norway, Canada, and Japan together with the United Nations Development Programme, to take advantage of the end of the Cold War to reorient the focus and policies of international security away from states to persons. This human security focus has not disappeared from the international agenda, but the events of 9/11 and a radical shift in American foreign policy have taken precedence and reoriented rhetoric and policy onto "state failure." Whereas the effort had been primarily to create a new consensus around the right to intervene ("droit d'ingérence") when states were not fulfilling their obligations to protect their own citizens, the effort is now on identifying "states at risk," strengthening fragile states, and rebuilding postwar states.

Moreover, those urging a focus on human security rather than state security had not themselves been able to escape the state. Quite the contrary, whereas the culprit for both poverty and violations of human rights since the early 1980s had been the strong state (whether authoritarian, democratic but unaccountable, or interventionist in the interests of development), the problem by the 1990s had become the weak state.² The solution was to strengthen the state, making it effective, legitimate, and democratic, capable of reducing poverty, protecting human rights, and promoting peace and international security.

This paper will focus on three aspects of this new agenda: the issue, the concept, and the challenges that fragile states present for the programming of assistance.³

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² In Eastern Europe, this is referred to as "second generation fears," where those who made the revolutions against communist-governed regimes found to their surprise that weak states could be a greater threat to individual liberty, security, and livelihood than the one-party states which they had replaced.

³ This paper introduces the subject which is the focus of a Ford Foundation grant to this author on "State Failure: Reframing the International Economic and Political Agenda (a project on the post-colonial state, the conceptualization of state failure and international responses, and the impact on security worldwide)." I wish to

The Issue

The fact that the concept of fragile or failed states has become so fashionable and that it is now associated primarily with the U.S. national security doctrine of September 2002 and the assumed right to intervene “preemptively” as in Iraq has rightly turned many into skeptics toward this new consensus. It must be said, however, that while there are considerable reasons for that concern, the issues it raises are real. State failure presents a genuine threat to the international system, in part, because the system is based on states and in part, because state failure has become the primary cause of armed conflict, civil war, and the everyday threats to the security of people living on the territory of such states.

The issue is not whether states are good or bad, as so much of the discussion seems to reduce to. States are only instruments; they are defined by their means, not their ends. That their defining instrument is coercion - that states are instruments of enforcement of whatever goals and policies a society (or its rulers) choose - necessarily raises normative questions. That is what is meant, in the classic definition of the state given to its study by Max Weber, by the monopoly over the legitimate use of force within a territory. But the key words are monopoly and legitimate - only states, if they are functioning, should be allowed to use force (the monopoly) because there is no security for any of the activities of large-scale society on which survival depends if there are not publicly agreed rules on when coercion can be used legitimately. The same applies to the international system; even though there is no world state, it has been seen necessary to establish rules (in the UN Charter, its application by the UN Security Council, and international law) on the right to use force.

Moreover, coercion is to be used only as a last resort. State failure is an inability to make collective decisions and to enforce them, if necessary. The clearest sign of impending failure is a credible challenge to that monopoly over the legitimate use of force or its outright loss of that monopoly. Another indicator is a state's inability (or unwillingness) to use force when it is necessary. Equally important is a third, the premature resort to force because the state lacks other instruments (financial, economic, social, cultural, political, legal, moral in the sense of legitimacy) of enforcement that in functioning states normally preclude the resort to force and naked power.

State failure is not an act of nature, nor of evil leaders, however; it has causes. The current and growing problem of ineffective states that are at risk of failing entirely is due, in my view, to an increasing conflict over the past 15 to 25 years between two global trends. The first trend is the kind of states that have been produced by the liberal agenda of mainstream economists and development agencies, in particular, by the attack on public expenditures and the concept of what is a public good itself by the IMF, World Bank, U.S. Treasury, and neoclassical growth theorists and their concept of the proper state as defined explicitly in conditions for aid and access to capital markets, and simultaneously, the growing economic inequality within countries that is now documented as the consequence of globalization in the sense of economies open to trade and foreign investment,⁴ as demanded by these same actors. The second trend is the growing demands on and expectations of governments by international actors of what we are now calling the “responsible state.”⁵ States now need far greater capacity than did the wealthy core states of Western Europe and North America at equivalent levels of economic development and income, in part because international norms and instruments aimed at their enforcement have expanded, in part because openness requires far greater governmental capacity for flexible adjustment to unpredictable external shocks

express my gratitude here for this grant and to warn that this paper represents the *beginning* of the project and that much more should be expected on the subject as a result of it.

⁴ Branko Milanovic, “Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys,” (World Bank, Development Research Group, 22 September 2003).

⁵ The concept of responsibility gained significant publicity as a result of the Canadian-financed International Commission on Intervention and State Sovereignty, *The Responsibility to Protect* (Ottawa: Canadian Ministry of Foreign Affairs, 2001); it continues in the Report of the Secretary-General's High-level Panel on Threats, Challenges and Change, *A more secure world: Our shared responsibility* (New York: United Nations, 2004), issued December 2, 2004.

than do protected economies,⁶ and in part because there has been a substantial decline in commitment to international institutions, regulation, and cooperation to solve common global or even regional problems and a corresponding rise in the expectation that states take on these responsibilities individually.

Thus, for example, the explosion of interest and attention internationally to human rights with the lifting of the constraints of the Cold War is based, on its focus on implementation, on identifying “duty bearers” – actors responsible for protecting human rights. And those are states and persons who legally represent those states. Similarly, transnational threats to international security such as trafficking in illegal drugs, arms, weapons of mass destruction, or human beings who seek asylum or work, whether identified with organized criminal syndicates or “terrorist” networks, are treated as due to the inability or unwillingness of states to police their borders effectively.

Take armed conflict. A state may be fragile, ineffective, abusive of human rights, illegitimate, and “in decay” for a long time without ever failing, but once people perceive either that the state will not (or cannot) protect them or that it will not (or cannot) use its coercive powers against them, then they act in the many ways that ends that state, whether through de facto secession, revolutionary mobilization, or civil war.⁷ Similarly in terminating civil wars, the two standard policies now are (1) to send in some form of international armed force as peacekeepers immediately while programs of disarmament and demobilization are implemented, in recognition that there needs to be a monopoly over the use of force to end the war, and (2) to hold elections to establish a government that can be held legally accountable to donors and to international authorities and obligations. Unfortunately, this standard approach presumes that the first task is to restore security and then to follow it with efforts to rebuild state institutions, beginning with elections. This approach is futile, as we see currently in Iraq or Afghanistan: only a state can restore security, in part by its domestic control over the use of force but also in part by psychological mechanisms of reassurance. Peacekeeping forces are only a stopgap, and a highly inadequate one at that. Elections do not create a state.

This argument applies as well to the expectations for civil society, both to prevent armed conflict and to create democratically accountable states after war. Civil society, experts tell us, can only operate once there is some institutional stability and sense of security on which the trust necessary to cooperate with others depends. While associational life is possible in very small communities where free riders and defectors can be easily monitored and punished, and while some trust may be embedded in a people’s culture and a result of shared values, neither trust nor associational life beyond a village can survive the failure of governmental institutions to ensure that commitments in general are credible because it is known that monitoring and enforcing compliance with quasi-automatic sanctions will take place. A huge social science literature now demonstrates the crucial (and prior) role of trust in government and governmental performance in causing wider societal trust and thus the possibility of collective, non-governmental activities.⁸ The tragedy is that we do not yet know very much about how that trust is reestablished once it goes.

Finally, a few words on the economy. The correlation between poverty and conflict is very high and robust, though we do not know much at all about the causal mechanism. Regimes collapse, most often, according to the vast literature on revolution, civil war,

⁶ There is a large literature on this topic and why more open states tend to be larger (in terms of public expenditures) states; see especially, Peter Katzenstein, Small States in World Markets: Industrial Policy in Europe (Ithaca and New York: Cornell University Press, 1985) and Dani Rodrik, “Why Do More Open Economies Have Bigger Governments?” Journal of Political Economy, vol. 106:5 (October 1998).

⁷ Stathis N. Kalyvas, “The Decay and Breakdown of Communist One-Party Systems,” Annual Review of Political Science, vol. 2 (1999): 323-43, on the need to distinguish between decay and breakdown, and Mark R. Beissinger, Nationalist Mobilization and the Collapse of the Soviet State (Cambridge: Cambridge University Press, 2002), especially chapter 9 (pp. 443-459).

⁸ A useful discussion is in Margaret Levi’s review of the book that made the concept of social capital and the role of civil society fashionable in policy circles, Robert Putnam’s Making Democracy Work: M. Levi, “Social and Unsocial Capital,” Politics and Society vol. 24 (1996): 45-55. Her own work on trust is now substantial; one source is the Russell Sage series of volumes on trust that she organized.

and regime breakdown (both democracies and authoritarian government), as a consequence of economic crisis. The crisis is clearly a trigger, but its effects are predictable. Moreover, state capacity, and thus strength, depends on taxable resources; financial health is the first requirement of political stability. An economy cannot go very far beyond barter and minor trade and services, however, without the institutions that regulate markets, and these are state institutions. Even the most extreme neoliberal places top priority on security of contracts and property rights – only governmental institutions can guarantee that security. The limits to an economy without a state are vividly illustrated by the current case of Somalia and the reason that we are now getting, after a decade, successful negotiations and initial steps to end its stateless conditions. Moreover, this lesson is even more important for the poor than it is for the business class of the Somalia example and neoclassical economists. The World Bank's exercise, Voices of the Poor, and the favelas in Rio, demonstrate clearly that the poor want police and courts first of all. In violence-torn areas of East Africa, including Congo, local representatives of civil society repeatedly stress, in my experience, that they can get the economy going and develop civil society organizations on their own, but only if security – protection against violence, "law and order" – is first established.

In sum, states are necessary to security – empirically, research tells us this; normatively, the units of the international system are states and the system is organized according to the principle of sovereignty; and conjuncturally, we are facing the consequences in fragile and failing states as a result of the tension between systematic efforts to reduce their capacity over the past 25 years, on the one hand, and the proportionally increasing reliance on the state to manage threats to international security, on the other.

The Concept: Pros and Cons

Nonetheless, the concept of state failure is highly problematic, not least of which because it is now so fashionable. Indeed, the list of "cons" is far longer than that of "pros." Here are some of the main problems with the concept:

1. The term, state failure, is not defined in a way that makes it possible to analyze empirically. One analysis, in fact, even admitted the terms "failing states" and "failed states" were used "for convenience."⁹ Not only vague, it is usually just a list of characteristics and assumed consequences. In that report, the phenomenon is equated with "threats" which "include not only global terrorism and the proliferation of weapons of mass destruction (WMD) to unstable or hostile regimes and nonstate actors, but also piracy, international crime and smuggling networks, the incubation and spread of deadly diseases, regional conflicts, and humanitarian crises."¹⁰
2. The concept represents a coming together of four distinct communities – the humanitarian, human rights, development (in the sense of development banks and donors), and security – but it means very different things to each of these communities, there is no common ground, and it is not clear that they even realize it. They appear to be speaking past each other. A responsible state, a democratic state, good governance, one not at risk of civil war, or – at root often when one digs deeper – not Afghanistan or Somalia: these terms appear interchangeable as if they are referring to the same thing.
3. The prominence of the term internationally is, of course, the U.S. war on terrorism, the policy documents that declare state failure as a national security threat to the United States (September 2002) and the agenda of counter-terrorism. This security imperative has many people and countries rightly nervous, therefore, for historical reasons alone. The question is, is the concept just a pretext for intervention and, at the same time from the perspective of aid donors, the opposite – a reason for dismissal in this era of aid selectivity to support "good governance" and "good policies," and to exclude those with bad policies and governance?

⁹ Banning Garrett and Jonathan Adams, "U.S.-China Cooperation on the Problem of Failing States and Transnational Threats," United States Institute of Peace Special Report 126 (September 2004), p. 2.

¹⁰ Ibid.

4. The concept has, therefore, already generated a backlash. People have their backs up in anticipation of this excuse for intervention, playing the non-intervention part of the sovereignty card more often than in the 1990s, while arguing, perhaps with some cause, that the concept is a diversionary tactic because in their view the greatest threat to international peace and security is not fragile or failed states but that coming from the stable, developed states and especially the United States.

This sensitivity is so strong, in fact, that the term state failure is itself studiously avoided diplomatically and is the reason for the labels “fragile states” (U.S. AID) or “countries at risk of instability” (the UK Cabinet Office, Prime Minister’s Strategy Unit) or “areas of instability” (government of China), even though the label in the case of the UK was chosen because they decided that “state failure” was *too narrow*. Some countries like France, Germany, and China refuse to use any version of the concept at all.

5. Perhaps most worrisome of all, the concept has generated very bad or superficial research. The measures are abysmal, the studies are tautological (the exact same empirical measures are used for both cause and outcome), and there is no real effort at causal analysis, identifying the causal links between state fragility and these outcomes of concern.¹¹ The measures are overly aggregated, largely of an entire country and state, and they do not distinguish authoritarian government (which may be very stable and in some ways functioning and effective) from fragile states (the largest risk of armed conflict, according to the Political Instability Task Force¹² comes from fragile democracies). The analysis assumes a common phenomenon whereas states can fail or be failing in many different ways, and no analyses, so far as I can tell, look at the relation between state capacity and the particular tasks at issue, even though the social science research on governmental effectiveness demonstrates convincingly that the effectiveness of governmental institutions, as instruments independent of goals, depends on what the task is. Capacity cannot be assessed independently of an institution’s suitability to the task at hand.

At bottom, the entire literature on fragile or failed states assumes a particular normative model of the state – a liberal democratic state that is market-friendly, transparent, and accountable, with very specific institutional requirements – without analyzing that model at all. It is a given in identifying failure.

Nonetheless, there are some things that can be said in favor of the concept. Above all, the focus in general is correct. It recognizes the central importance to the issues at stake of the state. Despite the consensus now, this recognition has been a long time in coming, whether for development agencies, peacekeeping operations, ministries of defense, or private philanthropic organizations. Indeed, the recognition is still, even now, largely rhetorical, even for those who focus programming on democracy promotion or good governance.

Moreover, if one takes the concept seriously, one then has a very useful, critical tool for analyzing current policies, including assistance policies. It should force one to see (1) how vague or non-existent is the concept and understanding of the state in these documents and policies; (2) how all boils down, more or less, to a single and unanalyzed, consensus model of the state; and (3) how apolitical all the policies are – the Millennium Development Goals (MDGs), security sector reform, transparency, anticorruption, participation, poverty alleviation, early warning analyses. Yet the state is nothing if not political, the causes of state failure are always political even if there is an important economic or social component, and thus both analysis of and policies directed at fragile states cannot ignore politics.

¹¹ One emblematic example is *On the Brink: Weak States and US National Security* (Washington, DC: Center for Global Development, May 2004) because both the issuing organization and the staff on this report are of the highest quality.

¹² Nota Bene: formerly called the State Failure Task Force.

Challenges to Programming

What challenges, then, do fragile/failing/failed states present to programming in the field of governance and, this paper would argue, to peace and social justice more broadly?

1. The model of governance, democracy, and the state that is currently dominant is based either on faulty knowledge, no knowledge, or on conditions that have changed substantially.

For example, much of our assistance assumes that the problem is authoritarian government and overly strong, certainly bureaucratic, and often oppressive government. In fact, the problem is now more commonly the consequences of the institutional models aimed at reforming or ending the authoritarian state, in particular, the institutions and expenditures of an ideal liberal state. Policies on civil society, decentralization, even rule of law often have those faulty assumptions or are based on academic literature, such as the social capital literature or the work on the economic bases of conflict by the Collier research team at the World Bank, that is fundamentally (and perhaps irreparably) flawed.

Similarly, the policy promoting privatization as a reform of the state (with both economic and political objectives) assumes that the public and private sectors are distinct, but this is not true in much of the world where public and private realms are intermeshed. The consequence of this mistaken assumption is that privatization programs tend to legitimize the privileged sector and further exclude the rest of the population from the formal sector, pushing them into informal, marginal, and frequently illegal activity.

As for conditions, what if the state is being hollowed out by HIV/AIDS, as in Botswana, or by external economic changes such as the effects occurring and foreseen from new regional free trade areas or the effect on the garment industry and particularly, women throughout the developing world of the end of the Multi-Fiber Agreement at the end of 2004 and predicted shift of production to China?

Conceptually, state fragility and failure poses an even greater problem. Much of the literature on democracy, resistance to authoritarian regimes, civil society organization, and so forth presume the existence of a government. As McAdam, Tarrow, Tilly write, "the study of contentious politics includes all situations in which actors make collective claims on other actors, claims which, if realized would affect the actors' interests, when some government is somehow party to the claims."¹³ But what if there is no government, de facto, against which to organize and make claims?¹⁴

It is essential, therefore, to be analytically skeptical and questioning about the basic assumptions of a governance program and its data base. Do the assumptions hold in the particular country, what are the conditions on which the assumptions are based and have they continued or changed, and are the data one uses artifacts of these assumptions or independent of them so that they are usable?

2. More specifically on institutions: the issue of state effectiveness is not the distinction weak/strong, but effective for what?

There is a rich literature showing that the same goals and tasks can be organized many different ways, equally effectively. Also persuasive is the literature in institutional economics and sociological institutionalism that demonstrate that institutional transfer that does not take account of local conditions will only fail because what these schools call "informal institutions" – rules of the game and ways of organizing collective activities

¹³ Doug McAdam, Sidney Tarrow, and Charles Tilly, "Toward an Integrated Perspective on Social Movements and Revolution," in Mark Irving Lichbach and Alan S. Zuckerman, eds., Comparative Politics: Rationality, Culture, and Structure (Cambridge: Cambridge University Press, 1997).

¹⁴ My most cited article (and a winner of the annual prize for the best article in the Naval War College Review) – notable for the topic -- is one that applies this to the problem of the US military, whose assumptions about warfare are not applicable to conditions of failed states: "Failed States: Warlordism and 'Tribal' Warfare," Naval War College Review (Spring 1999).

embedded in the local culture, society, and everyday economic activity – are more tenacious and will reinterpret and undermine programs of imposed (“formal”) change. Thus, the focus should always be on what is the goal or task to be accomplished, not on organizational templates.¹⁵

This principle is particularly important in regard to fragile states because external efforts to strengthen states with institutional reform, whether national or local, are often destabilizing, not improving, because of the political implications of those reforms for local actors. The plurality of actors involved in external assistance also tends to impose a huge, unmanageable list of demands on weak governments and to treat outcomes considered unsuccessful as a matter of “political will” rather than local capacity and resources to implement these demands or the genuine political conflicts they provoke.

Moreover, many current policies aimed at preventing or reversing state failure are actually in conflict with each other and in some cases with their stated goals. For example, policies for reconciliation after civil war or for preventing what is currently labelled ethnic conflict, such as minority rights protections, power-sharing, and multi-ethnic rules and institutions, tend to create such fragmented political systems that no decisions can be taken. That is, the deadlock on decision-making characteristic of failing or failed states can be a result of external templates and demands. Equally, the effect of IMF and World Bank good governance programs is not only to cut public expenditures on critical social and economic programs such as elementary schools, public transport, and basic health services, but also institutional, strengthening the executive branch against representative assemblies and the finance ministry against the development and social ministries. We do not yet know what the effect of U.S. counterterrorism policies will be, but we can guess and begin analyzing them, for example, they aim to strengthen the internal security police, intelligence services, border guards, the military, the executive branch in general, and the budgetary requirements (which are not insignificant) of these “reforms.”

Further, there are often direct conflicts, or at least trade-offs, between policies to reverse or prevent failure in a state's management of international security and that of domestic security. The Highland Water Project in Lesotho, as is often the case of large-scale dam projects in developing countries, had the effect of displacing an indigenous group from their ancestral lands and because this group had been seeking as much autonomy as possible, the project was seen understandably as targeted against this group and its claims for self-governing rights; at the same time, the dam was intended as a way to consolidate state control over the country's territory – a basic measure of preventing state failure and a necessity for satisfying many other international obligations. These trade-offs, for which there are numerous examples, need to be acknowledged.

3. Aside from HIV/AIDS, which is still a matter of forecasts, the primary causes of state fragility and even failure are:

(1) economic crisis, which has already been discussed above; and

(2) external shocks too great in their consequences for a given state to manage, often because a response must be much faster than its institutions can manage or because they require different institutions and the transition is both time-consuming and politically highly conflictual. Any institutional change, and this includes reforms in governance demanded or supported by external assistance, has direct distributional consequences. Therefore, it always instigates a political contest among those who will lose long-term and those who will gain. This fight can destroy the state, as in Yugoslavia, and it also requires adjustments in local governance structures and often patterns of livelihood, which can be destabilizing.

¹⁵ See, for example, Dani Rodrik, Arvind Subramanian, and Francesco Trebbi, “Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development,” Research Paper October 2002.

In brief, if either an economic crisis or unmanageable economic shocks lead to a sharp downturn in the financial health of a country and then to divisions within the elite, such that some parts of the elite are willing to defect to those in the country who want radical change, and if segments of the population are mobilizable because of the negative effect on their livelihoods and violations of their perceptions of fairness (social justice) in the activities of government, then we expect a state to fail. The processes of decay and decline – making states fragile and “at risk” – and especially those that make it possible to prevent total collapse are less thoroughly analyzed.

These causes have led analysts to insist on two policy implications:

(1) Any policy toward fragile states requires a global strategy. Focusing on individual countries alone will always fail. This should apply to individual donors, including private philanthropists, and not just international organizations.

(2) We need to think of state capacity differently, as capacity to adjust or to manage transitions, not as specific state characteristics or institutions. That may mean thinking about – assessing and aiding -- a government’s flexibility and the variety of its portfolio of responses. Diversified portfolios, to borrow a term from finance, within which one can shift depending on the circumstances may be necessary for states as well as individuals.¹⁶ How can we reduce the vulnerability of both individuals and states to external shocks?

4. Even though the primary issue for preventing state failure as well as for rebuilding states after war is how to manage transitions and adjust to altered circumstances beyond the control of a country’s government and leaders, we do not know very much about dynamic capacity. On this we badly need research. What we know about static capacity, however, argues that the least fragile states are those that are locally rooted and in which state-society relations are supportive of the task at issue, what many in the Polanyi tradition and those working on the role of the state in economic development and adjustment call the “embeddedness” of a state in society.¹⁷

This is a very worrisome finding from the perspective of current assistance programs, which are supply-driven, impose external demands on governments, provide funding on short cycles, change programs and programs unpredictably, and do not trust local governments and local implementers. The finding does speak very well to the Ford Foundation, however, and suggests an advantage whose reasoning is very important to be aware of and keep in mind, namely, *why* it is so critical to be working with local actors. It is only in the local (country) context that the specific security needs and socially and culturally appropriate ways to provide security can be assessed and supported or created. Institutional transfer simply is not sustainable without local roots.

5. I began with the assertion that the primary cause of state fragility and even failure may be the models of governance that external actors such as development banks and ministries of foreign affairs have been pushing on countries of the global south since the early 1980s and, secondly, that the problem now is not the kinds of states that model was aimed to change but the kinds of states that have resulted from those models.

That is not to say that the intended models resulted; in interaction with local circumstances, the results have created a new literature in political science on “hybrid regimes,” “fragile democracies,” “illusions about consolidation [of democracy],” “an end to the transition [to democracy] paradigm [in democracy promotion programs],” and

¹⁶ The literature on the transitions in Eastern Europe emphasizes this point for individuals (and thus groups), that the winners in the first decade were those who had a mixed portfolio of assets and skills and were able to shift among these skills and assets according to circumstances. See Gil Eyal, Ivan Szelenyi, and Eleanor Townsley, Making Capitalism without Capitalists: The New Ruling Elites in Eastern Europe (London: Verso, 2001).

¹⁷ The way states are embedded can be an obstacle to change as much as an enhancement to state capacity and the ability to be flexible in an open economy; the programmatic implications of this literature are probably not straightforward and need serious analysis.

growing disillusionment with democracy because it has failed to deliver jobs and social justice.

But the tasks are different now than in the early 1980s. First, because the attack on public expenditures has not ebbed while outcomes were not as intended, serious assessment of the design of governance programs is needed (and underway by critics). Second, the model of governance for the current international economic context - a globalized economy which combines openness to trade and finance, unregulated capital markets, and closed borders on labor - is rapidly changing already for the rich countries of the developed North (including East Asia and growing economies in the South). Third, there have emerged new kinds of right-leaning conservative governments, many on a religious basis such as Iran, Turkey, Afghanistan (both the Taliban version and the current one), and possibly Iraq, which are still treated as anomalies rather than models to analyze as a more general phenomenon. In sum, we are in the midst of major but undefined change in the role of the state - what tasks it must do, what the room for maneuver is, given the structure of the international economy, on the one hand, and the new international security agenda, on the other, and what will increasingly be done by non-state and transnational actors.

The importance to global competitiveness, for example, of microeconomic policy rather than of macroeconomic policy, has major implications for the kinds of political organizations that will emerge and be successful (e.g., not class-oriented divisions over the trade-off between employment and inflation, but fragmented, firm-level interests, and the importance of socio-economic networks rather than accountable bureaucracies).¹⁸ The IMF demand everywhere that countries shift their tax base from income to the Value-added Tax (VAT) and the World Bank insistence on user fees for once-public services have profound implications for the accountability of governments that is based on a presumed relationship between taxpayers and their governments. The political science literature is also demonstrating that *regime type* (democracy vs. authoritarianism, or even parliamentarism vs. presidentialism) does not distinguish countries in terms of political stability, effective decision-making, capacity to implement, and legitimacy. Institutional characteristics below that level of generality are more informative.

In other words, governance programming that hopes to prevent state failure, shore up fragile states, and restore failed states, particularly with the twin objectives of social justice at home and international security, has to meet five fundamental challenges: (1) the need to think "out of the box" of currently dominant models of the state that are either complicit in state fragility and failure or outmoded, (2) the difficult trade-offs among multiple objectives (particularly between international and domestic constituencies) that weak states pose to program choices, (3) the alternative programming needed when there is no state, effectively, against which to make claims of accountability or responsibility, (4) the need to confront the global causes, and (5) how to get ahead of the curve and be open to institutional alternatives in an international political economy that is changing rapidly.

¹⁸ See, for example, Peter A. Gourevitch, "The Political Sources of Democracy: The Macropolitics of Macroeconomic Policy Disputes," in Theda Skocpol., ed., Democracy, Revolution, and History (Ithaca and London: Cornell University Press, 1998): 210-229.

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