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Topic 3: Governance, Fragility, and Failure: Implications for Livelihoods

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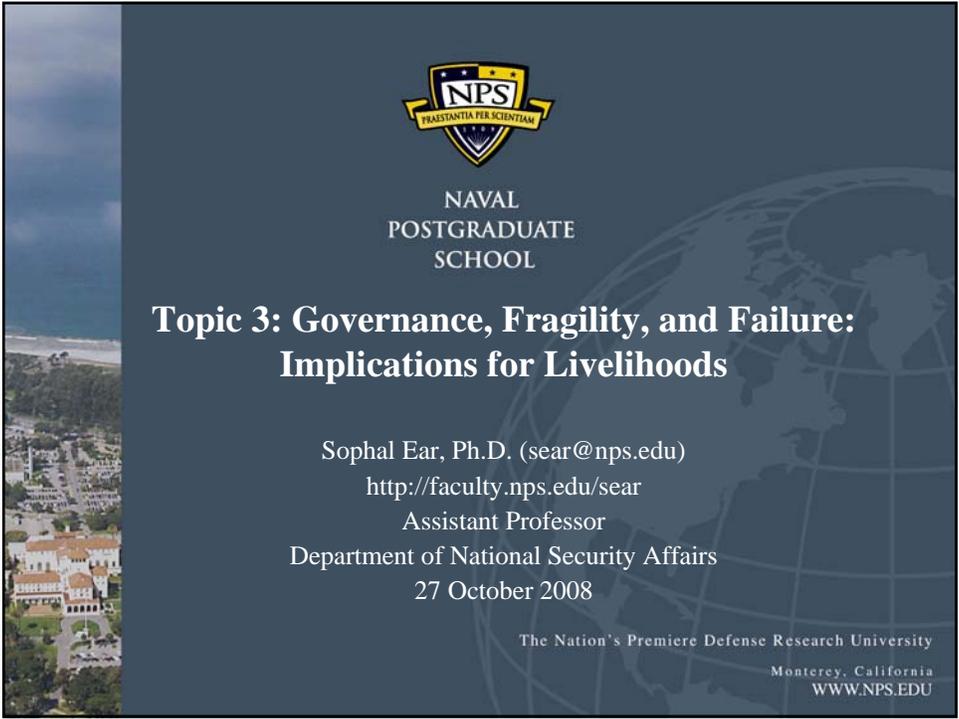


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Topic 3: Governance, Fragility, and Failure: Implications for Livelihoods

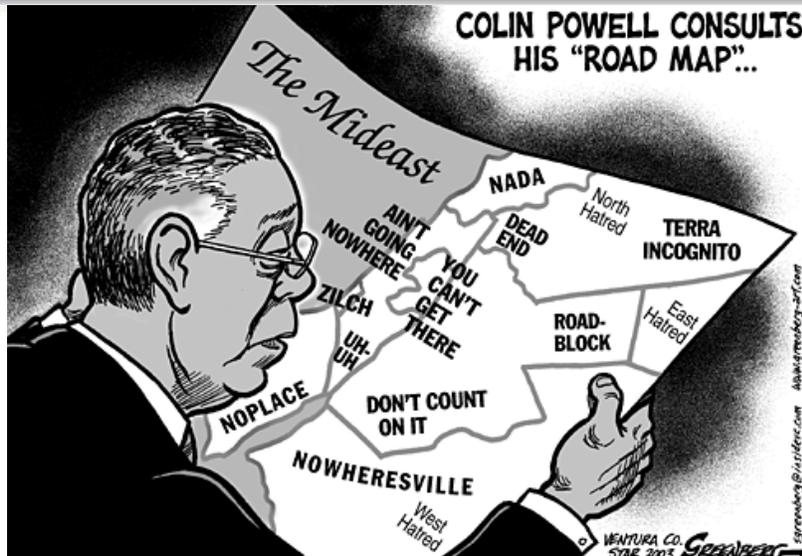
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From Conflict Analysis to State Failure: The Road Doesn't Get Easier



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1. Common terms of reference
2. Defining “governance”, “fragility”, etc.
3. So what’s governance got to do with it?
 - Livelihoods
 - Policies, Institutions, and Processes
 - Good Governance Matters
 - Governance in Reality and in Practice
4. From Governance to Fragility
 - Fragility and Failed States: Europe in 1648 vs. Africa today
 - Fragile states: A visualization
 - Analyzing sources of fragility
 - The Fragility Framework
5. From Fragility to Failure
 - Much of Africa in 2006 “Fragile”
 - Failed State Index: US is only “stable”
 - From Fragile State to Failed State
 - Inflation impacts livelihoods...



6. Working group exercise using Failed State Index

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- | | | |
|-------------------------------|------------------------|-----|
| • Nation-state | • Peacebuilding | S1 |
| • Governance S6 | • Peace implementation | S2 |
| • Good governance | • Nation-building | S3 |
| • “Good enough” governance S7 | • Stabilization | S4 |
| • Weak state | • Reconstruction | S5 |
| • Fragile state | • Failed state | S9 |
| • Failing state S8 | • Recovering state | S10 |
| • Capacity-building | • State-building | |
| | • Poverty | |

Which terms do you recognize and can you define?

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Slide 4

- S1** Actions undertaken by international or national actors to institutionalize peace, understood as the absence of armed conflict and at least a modicum of political process. Post-conflict peacebuilding is the sub-set of such actions undertaken after the termination of armed hostilities.
Sophal, 10/22/2008
- S2** Actions undertaken by international or national actors to implement specific peace agreements, usually in the short term. Where operable, usually defines—and either enables or constrains—the framework for peacebuilding.
Sophal, 10/22/2008
- S3** Actions undertaken, usually by national actors, to forge a sense of common nationhood, usually in order to overcome ethnic, sectarian, or communal differences; usually to counter alternate sources of identity and loyalty; and usually to mobilize a population behind a parallel state-building project. May or may not contribute to peacebuilding. Confusingly equated to post-conflict stabilization and peacebuilding in some recent scholarship and U.S. political discourse.
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- S4** Actions undertaken by international actors to reach a termination of hostilities and consolidate peace, understood as the absence of armed conflict. The term of art dominant in U.S. policy, usually associated with military instruments, usually seen as having a shorter time horizon than peacebuilding, and associated with a post-9/11 counter-terrorism agenda.
Sophal, 10/22/2008
- S5** Actions undertaken by international or national actors to support the economic and, to some extent, social dimensions of post-conflict recovery. Also a familiar term in the World Bank and U.S. policy circles (e.g., Office of Stabilization and Reconstruction) and reflects roots in the experience of post-war assistance in Europe after World War II.
Sophal, 10/22/2008
- S6** Kaufmann, Kraay, Zoido-Lobatón (1999): “the traditions and institutions by which authority in a country is exercised.” “the capacity to define and implement policies” (Kjaer); “the conscious management of regime structures, with a view to enhancing the public realm” (Hyden); “an interactive process by which state and social actors reciprocally probe for a consensus on the rules of the political game” (Bratton and van de Walle)
Sophal, 10/23/2008
- S7** “a condition of minimally acceptable government performance and civil society engagement that does not significantly hinder economic and political development and that permits poverty reduction initiatives to go forward.”
Sophal, 10/23/2008
- S8** growing inability to maintain security and assure provision of basic services, rapidly losing legitimacy
Sophal, 10/23/2008
- S9** central government does not exert effective control over significant parts of its own territory or assure provision of vital services
Sophal, 10/23/2008
- S10** still weak but are on an upward trajectory
Sophal, 10/23/2008

So what's governance got to do with it?

“The first lesson is that we cannot get to Jefferson and Madison without first going through Thomas Hobbes.

You can't build a democratic state unless you first have a state, and the essential condition for a state is that it must have an effective monopoly over the means of violence.”

—Larry Diamond

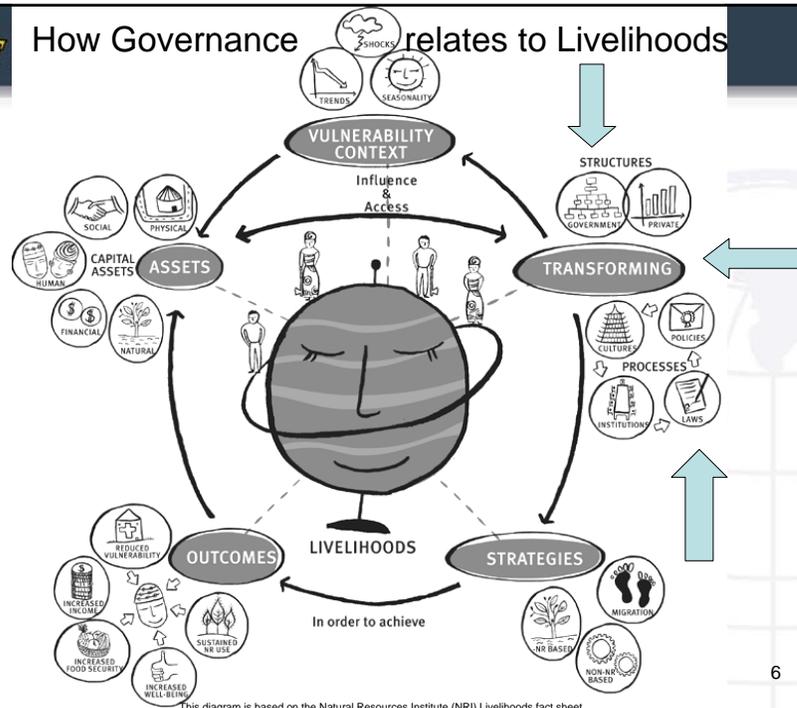
“Most of the poverty and misery in the world is due to bad government, lack of democracy, weak states, internal strife, and so on.”

—George Soros

Diamond is a proponent of Democratic Peace Theory, while Soros is more sanguine about government (and governance). What do you think?

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How Governance relates to Livelihoods

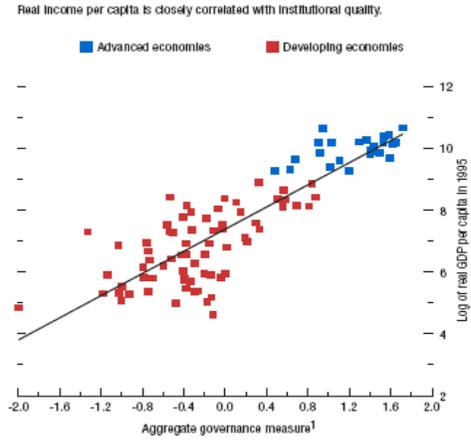


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Policies, Institutions, and Processes

- *Policies, institutions and processes*, influence people and the way they make a living. They determine
 - Access
 - Terms of exchange
 - Returns
- Examples of PIPs include:
 - Policies
 - Legislation
 - Taxes, incentives, etc.
 - Institutions.
 - Cultures



Sources: Kaufmann, Kraay, and Zoido-Lobaton (1999); World Bank, *World Development Indicators* (2002); and IMF staff calculations.

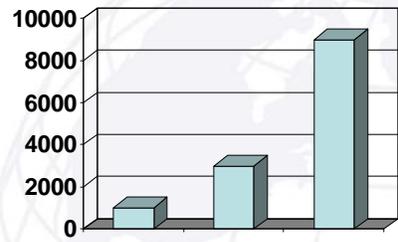
¹This index measures the overall quality of governance, including the degree of corruption, political rights, public sector efficiency, and regulatory burdens (for further details, see Appendix 3.1).



Why Good Governance Matters

- “The 300% Dividend”: A country that improves governance gets three times more income per capita in the long term
- Similar results in terms of reductions of infant mortality (2/3 reduction for 1 SD improvement in Rule of Law & Control of Corruption), less inequality, improved literacy and competitiveness

Per Capita GDP Tripled in the Long Term



Using KKM (2005) data, 1 SD improvement in governance—for example in Rule of Law—is like Somalia to Laos or Laos to Lebanon, Lebanon to Italy, or Italy to Canada.

Kaufmann, Kraay, and Mastruzzi (2006)



- Governance programming = ‘state-building’ in order to ‘extend state authority’
- But this alone is too narrow and difficult, if not impossible, to impose externally
- Yet countries need to create their own institutions through state-society contestation

Jones and Chandran (2008)

What if, as in the case of Somalia, the state collapses in the late 1980s and never returns? What (if anything) should be done?

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From Governance to Fragility

Implications for Livelihoods



Fragility and Failed States: Europe in 1648 vs. Africa today

- Fragile and failed state as ahistorical terms
- Europe and America took hundreds of years to develop and would have been considered fragile/failed states
- Anxiety in the wake of Afghanistan and Iraq. Is fragile or failed state a label for external intervention?

Jones and Chandran (2008)

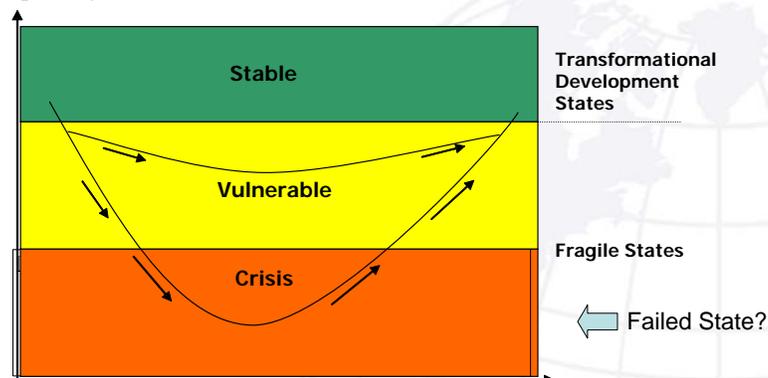
What do you think? For example, is the label "next Afghanistan" a code-word for invasion?

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Fragile states: A visualization

- Fragile states account for more than 1/4 of world's poor, receive less aid than warranted by economic, social needs
- States can slip in and out of vulnerability and crisis just as people can slip in and out of poverty



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- From Nat’s “Conflict Analysis Framework” to a “Fragility Framework”:
 - Central Factor: Governance
 - Core Elements: Effectiveness and Legitimacy
 - Critical Dimensions: Political, Security, Economic, Social

These critical dimensions raise the question of sequencing—which should come first?

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Sample Measures	Effectiveness	Legitimacy
Security	Military and police services that secure borders and limit crime.	Military and police services that are provided reasonably, equitably and without major violation of civil rights.
Political	Political institutions and processes that adequately ensure response to citizen needs.	Political processes, norms and leaders acceptable to the citizenry.
Economic	Economic institutions that provide for economic growth, including jobs, and adapt to economic change.	Economic institutions, financial services and income generating opportunities that are widely accessible to all.
Social	Provision of basic services that generally meet demand, including that of vulnerable and minority groups.	Tolerance of customs, cultures and beliefs.

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From Fragility to Failure

Is there much of a difference?

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Much of Africa in 2006 "Fragile"

FRAGILE STATES IN 2006



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More nuance in, ironically, the Failed State Index: US is only "stable"



From Fragile State to Failed State

INDICATORS OF INSTABILITY

RANK	TOTAL	COUNTRY	DEMOGRAPHIC PRESSURES	REFUGEES AND DISPLACED PERSONS	GROUP GRIEVANCE	HUMAN FLIGHT	UNEVEN DEVELOPMENT	ECONOMY	DELEGITIMIZATION OF STATE	PUBLIC SERVICES	HUMAN RIGHTS	SECURITY APPARATUS	FACTIONALIZED ELITES	EXTERNAL INTERVENTION
1	114.2	Somalia	9.8	9.8	9.5	8.3	7.5	9.4	10.0	10.0	9.9	10.0	10.0	10.0
2	113.0	Sudan	9.0	9.6	8.8	8.8	9.3	7.3	10.0	9.5	9.9	9.8	9.9	9.9
3	112.5	Zimbabwe	9.7	9.0	10.0	10.0	9.6	10.0	9.5	9.6	9.8	9.5	9.1	7.0
4	110.9	Chad	9.1	9.2	9.7	7.8	9.1	8.1	9.7	9.4	9.5	9.8	9.8	9.5
5	110.6	Iraq	9.0	9.0	9.8	9.3	8.5	7.8	9.4	8.5	9.6	9.8	9.8	10.0
6	106.7	Dem. Rep. of the Congo	9.6	9.2	8.8	7.9	9.0	8.3	8.3	9.1	8.9	9.6	8.6	9.4
7	105.4	Afghanistan	9.1	8.9	9.5	7.0	8.1	8.5	9.2	8.3	8.4	9.6	8.8	10.0
8	104.6	Ivory Coast	8.5	8.3	9.5	8.4	8.0	8.5	8.9	7.8	9.0	9.2	8.9	9.7
9	103.8	Pakistan	8.0	8.6	9.5	8.1	8.8	6.2	9.5	7.1	9.5	9.6	9.8	9.1
10	103.7	Central African Republic	9.0	8.8	8.9	5.5	8.8	8.4	9.2	8.6	8.7	9.4	9.4	9.0
11	101.8	Guinea	7.9	7.4	8.5	8.3	8.6	8.6	9.7	9.0	8.9	8.4	8.6	7.9
12	100.3	Bangladesh	9.8	7.1	9.7	8.4	9.0	7.1	9.1	7.8	8.0	8.3	9.6	6.4
12	100.3	Barma	8.5	8.5	9.5	6.0	9.0	7.6	9.5	8.3	9.9	9.3	8.7	5.5
14	99.3	Haiti	8.5	4.2	8.0	8.0	8.2	8.3	9.0	8.8	8.9	8.9	8.9	9.6
15	97.7	North Korea	8.2	6.0	7.2	5.0	8.8	9.6	9.8	9.6	9.7	8.3	7.6	7.9
16	96.1	Ethiopia	8.9	7.5	7.8	7.5	8.6	8.2	7.9	7.5	8.5	7.5	8.9	7.3
16	96.1	Uganda	8.7	9.3	8.3	6.0	8.5	7.6	8.3	7.9	7.9	8.1	7.8	7.7

Using 12 social, economic, political, and military indicators, FSI ranks 177 states in order of their vulnerability to violent internal conflict and societal deterioration. Examined more than 30,000 publicly available sources, collected from May to December 2007, to form the basis of the index's scores.



Inflation impacts livelihoods...

- When prices soar, weak states are in for trouble.
- Surging oil prices, soaring food costs, a declining dollar—money simply doesn't buy what it used to.
- Countries with high levels of inflation are also the world's weakest, according to data from the Heritage Foundation's Index of Economic Freedom.
- Zimbabwe inflation 150,000% according to IMF.
- At that rate, bread bought in the morning might be twice as expensive in the afternoon.

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Economic Disparities: Israel and West Bank & Gaza

- Israel's network of road blocks and checkpoints has stifled the West Bank's economy.
- With Palestinians cut off from jobs and markets in Israel, unemployment climbed to 22 percent last year.
- World Bank on West Bank & Gaza: "a shattered economic space," GDP per capita has plunged 40 percent since 2000.
- More than half the population lives below the poverty line.

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- In Burma, political setbacks were followed by greater economic hardships after cyclone Nargis flooded large swaths of cropland and left 1.5 million people homeless.
- This becomes a nexus between post-conflict and post-disaster jobs creation and rebuilding livelihoods.
- The main difference? Social capital destruction in post-conflict, social capital formation in post-disaster situations.



Working Group Application of Failed State Index

Implications of weak institutions and poor
governance for job creation and rebuilding
livelihoods

The Twelve Indicators

- **Social Indicators**
 - _ I-1. Mounting Demographic Pressures
 - _ I-2. Massive Movement of Refugees or Internally Displaced Persons creating Complex Humanitarian Emergencies
 - _ I-3. Legacy of Vengeance-Seeking Group Grievance or Group Paranoia
 - _ I-4. Chronic and Sustained Human Flight
- **Economic Indicators**
 - _ I-5. Uneven Economic Development along Group Lines
 - _ I-6. Sharp and/or Severe Economic Decline
- **Political Indicators**
 - _ I-7. Criminalization and/or Delegitimization of the State
 - _ I-8. Progressive Deterioration of Public Services
 - _ I-9. Suspension or Arbitrary Application of the Rule of Law and Widespread Violation of Human Rights
 - _ I-10. Security Apparatus Operates as a "State Within a State"
 - _ I-11. Rise of Factionalized Elites
 - _ I-12. Intervention of Other States or External Political Actors

In the context of Afghanistan, Liberia, Timor-Leste, Colombia, Kosovo, and Northern Uganda, apply at least three indicators you find most relevant and discuss their Implications (if any) for creating jobs and rebuilding livelihoods.

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Critical causes of state failure

- Corruption
- Environmental Damage
- External Actors
- Group Hatred
- Lack of Basic Education
- Lack of Social Equality
- Malnutrition and Disease
- Natural Disasters
- Poverty

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