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The Difficulties of Studying State Building

On February 27, 2010, an earthquake of magnitude 8.8 struck just off the shore of Chile in the vicinity of the southern city of Concepción. This was a massive event, killing 521 people and injuring a further 12,000 (US Geological Survey 2011a). Unfortunately, this was not the first major earthquake to strike southern Chile; they are endemic to the region. Indeed, a previous earthquake of magnitude 9.6 struck in roughly the same region on May 22, 1960, killing 1,655 people and injuring a further 3,000. The latter was, in fact, the most powerful earthquake ever recorded anywhere in the world, and its energy release was "about two orders of magnitude larger than the mean annual seismic energy release in the world" (Lomnitz 2004, 374–75). Slightly more than a month before the 2010 earthquake in Chile, a much smaller magnitude 7.0 temblor struck Haiti. This vastly smaller seismic event resulted in the deaths of 316,000 people and the injury of a further 300,000 (US Geological Survey 2011b). Shockingly, the 2010 Chilean earthquake was approximately 500 times the strength of the Haitian temblor, even as its human and infrastructural toll was only about 0.17 percent as great (Kurczy et al. 2010). And the enormous 1960 earthquake was more powerful still: it released almost 8,000 times as much energy as the one that devastated Haiti but caused a small fraction of the latter's human and infrastructural toll.[1] Why was the least powerful of these seismic events by far the most lethal? The reason for this difference is quite clear: at least since the 1920s, the Chilean government had instituted and implemented building codes designed to guard against earthquake damage, notably through enforcing the use of shear walls (Lomnitz 2004, 368). No similar codes had been legislated in Haiti, nor could they in all likelihood have been effectively enforced.

[1] Importantly, this remains true even adjusting for the different populations of the two affected regions.

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This is not the only instance in which state capacity has been critical in matters of life and death. In 1991 and 1992, a cholera epidemic struck much of Latin America, but extensive infection was ultimately centered in Peru. By the time the bulk of the epidemic had run its course in that country, there were more than 301,000 reported cases, 114,000 hospitalizations, and 2,840 deaths. Peru's Andean neighbor Chile, by contrast, suffered a total of 41 cases and 2 deaths (Suárez and Bradford 1993, 4). Cholera, which had not seriously afflicted Peru for almost 100 years, reached that country and the rest of Latin America in the 1991–92 period – but did it not afflict both regions equally. Why was cholera able to run rampant in Peru while being quickly contained in Chile?

The answer to this question has two parts. The first is that basic water infrastructure in Peru was in a parlous state. One study of the city of Trujillo – Peru's third largest city and the epicenter of the outbreak – indicated that the public water distribution system was not chlorinated, was vulnerable to contamination from myriad illegal taps, suffered from leaks owing to inadequate maintenance, and relied on a storage system vulnerable to contamination (Tickner and Gouveia-Vigeant 2005, 497). The results were catastrophic, and efforts to combat the disease ranged from largely ineffective to almost tragic – as when then-President Fujimori went on national television to encourage the population to continue to eat ceviche (raw fish), a Peruvian national dish. This almost certainly cost lives. By contrast, when the Chilean government realized that cholera had entered the country and was being disseminated via seafood and vegetables commonly irrigated with untreated wastewater, it immediately took steps to stop the disease in its tracks. In and around Santiago, the capital, the use of wastewater for irrigation was banned, and enforcement was strict, involving inspections, barricades, and the destruction of contraband crops. The sale of raw seafood and vegetables in restaurants was banned, and a public information campaign was initiated (Venczel 1997, 33).

What do cholera and earthquakes have in common? They are both catastrophes derived from natural causes – the movement of seismic plates and infestation of the *Vibrio cholerae* bacterium. They are also the sorts of natural catastrophes that competent, but not necessarily wealthy, governments can prevent or effectively mitigate. The differences among Chile, Peru, and Haiti as their governments confronted disaster are not principally functions of the nations' levels of development – Haiti is obviously quite poor, but Chile began to become noticeably wealthier than Peru only in the 1990s. Instead, the shocking differences in the mortality attributed to these natural events come down to a simple set of capacities: the ability or inability of states to create appropriate basic infrastructure, impose regulation in construction and food production and distribution systems, or respond effectively and expeditiously to well-understood public health emergencies. In each case, the tools required to cope with catastrophe were both widely available and well within the means of even comparatively poor states. Indeed, the low mortality of the 1960 earthquake in Chile demonstrates that this capacity was long-standing – for the

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stock of buildings in that year was certainly constructed over a long period of time that predated it, and the low levels of mortality for this gigantic temblor make plain that much of it was properly constructed.

It is contrasts such as these – and examples extend far beyond earthquakes and epidemic disease – that served as the initial motivation for this study. For they raise the obvious question of why some states are so much more able to achieve effective governance than others. What can account for the enormous variations we observe in the ability of states to impose the rule of law and implement basic public policy – variations that have often defied, rather than mirrored, variations in the level of development in the South American region? In short, this book asks what makes states strong and what makes them weak in terms of their ability to manage basic functions, impose core public policies, and regulate private behavior.

The most obvious answer to this question might suggest that state capacity is largely a question of wealth – in rich countries, states will have more resources and thus, in principle, ought to be able to perform more functions better. In Latin America, and much of the developing world, however, there is no clear relationship between national wealth and the strength of the state. What are widely seen as the most effective states in the region – such as Chile, Uruguay, and Costa Rica – are not necessarily the wealthiest. Others, such as Argentina, have been bedeviled by institutional ineffectiveness, despite consistently leading the continent in terms of per capita income and long-run development. How can this be? Differences in the capacities of states to, inter alia, provide public goods, regulate their economies,or respond to crises are fundamentally about the differential abilities of state institutions to reach deeply into society and shape or constrain individual behavior. This is not always fiscally costly, and the mere existence of a wealthy economy in and of itself does not make state institutions effective or even particularly likely to improve. Thus, institutional effectiveness must have other causes – and elaborating its sources is the goal of this book.

The question here is about *institutional* power – the ability of the state to induce residents, firms, and organizations to act in ways they would not in the absence of its regulatory and administrative presence. Examples of this governance power abound at the micro level – the citizens of institutionally strong states are more likely to refrain from creating illicit connections to water or electrical grids and they are more likely to pay the taxes they owe, serve in the military when called on, or use their property in a manner permitted by law. At the macro level, this is reflected, for example, in the uniform imposition of the rule of law, the provision of public goods, military effectiveness, and the ability to generate the tax resources to enable all of these. The infrastructural reach of state power – and much more will be said about this concept and how to measure it in the next chapter – thus matters.

In fact, the strength of state institutions matters for much more than the implementation of public policy. Indeed, implicitly or explicitly, scholars have

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long recognized that the effectiveness and the depth of penetration of public institutions are of paramount importance across a wide variety of other political domains. In the scholarship on ethnic conflict, for example, Horowitz (1971, 240) has pointed out that "the degree of governmental penetration of the hinterland and the degree to which the country is united by interregional communications" have a powerful effect on nationalization of formerly local intergroup ethnic conflict. Lijphart (1969) has pointed out that deeply penetrating and effective political institutions are essential to the construction of consociational approaches to the management of severe ethnic, class, and/or religious cleavages. Heller (1996) notes that in the Indian state of Kerala, the very high levels of social capital and cross-ethnic associational life are important consequences of state activity, and Varshney (2001) has shown that in India, such cross-ethnic formal (and informal) associational life is tied to the mitigation or avoidance of ethnic conflict and communal rioting.

The strength of state institutions has similarly had a powerful role to play in discussions of the foundations for long-run economic performance. Many in the economics community tend to emphasize the ability of the state to impose the rule of law or protect private property rights as a central determinant of comparative growth (e.g., Dollar and Kraay 2003; Acemoglu et al. 2005). Others, in the literature on the so-called developmental state, have taken a different tack, arguing that strong states are able to maximize growth because of the way they can deliberately get the prices "wrong" in an effort to spark rapid industrialization and the creation of new comparative advantages, while at the same time shaping and constraining the activities of powerful economic agents in ways that prevent inefficiency and rent seeking (e.g., Amsden 1991, 284; Haggard 1990). Chang (1999, 198–99) has gone so far as to suggest that even in the contemporary era of liberalization and international economic integration, it is the systematic strengthening of state institutions – not retrenchment and market deregulation – that will be critical to superior long-run economic performance.[2]

Beyond development and ethnic conflict, state-building outcomes have also been linked to popular support for democracy, the quality of democratic governance, the stability of political regimes, and myriad other political dynamics, including the ability to tax and, perhaps most critically, national survival and military effectiveness in an anarchic world. But what remains poorly understood, and is the topic of this book, is what accounts for the wide variations in state institutional strength that we see in the contemporary developing world in general and in South America in particular. For although there are existing explanations for differing patterns of political development – emphasizing

[2] It is important to note that no position is taken here as to the validity of these claims – only that otherwise very dissimilar perspectives on economic development have nevertheless emphasized the centrality of strong state institutions. They might differ on *which* institutions are of greatest import, but development and administrative capacity are theoretically tightly related.

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international strategic conflict, natural resource endowments, culture, or institutional structure – we will see that their ability to explain these outcomes is at best very limited.

WHAT DOES MAKE A STATE STRONG?

How do nations go about constructing durable and effective institutions of government? This is an old question that has recently begun to draw substantial new attention – particularly in literatures that move beyond the canonical studies of the state-building process in Western Europe. As attention has turned from the dynamics of state formation in Early Modern Europe that gave birth to this literature to more recent experiences in Latin America, Africa, and Asia, new questions and new perspectives have emerged. Are the dynamics highlighted in the European cases more broadly applicable, or were they applicable only to that admittedly unusual region in the distant past? What role does world historical time play – from the ability of newer states to observe the institutional models implemented in earlier state builders to the near-complete end of the persistent, full-scale interstate warfare that has been a central causal factor in traditional accounts of institutional development?[3] And finally, are state-building outcomes the long-run products of underlying social or structural factors, or are they a consequence of more contemporaneous pressures, including the political effects of natural resource wealth, the necessities of interstate conflict and competition, institutional design, or party politics and political leadership?

As might be suspected, it has been impossible to approach a consensus as to the factors that produce or make possible a successful state-building effort. And as the opening vignette suggests, moreover, there is extraordinary, and extraordinarily consequential, variation in the quality, reach, and efficacy of public institutions around the globe. On the one hand, we have the wealthy, massive, deeply penetrating, and comparatively honest governments of northern Europe. On the other hand, we have the impoverished states whose governmental institutions have failed altogether (as in Somalia) or have been little more than a form of loosely organized kleptocracy (as in the Haiti of the Duvaliers or the Zaire of Mobutu). And of course, one can also observe virtually everything in between. Perhaps most interesting, however, are the states that have remarkably effective governmental institutions despite their comparative poverty (as in Chile and post-1953 Korea) or, alternatively, surprisingly weak governmental institutions despite their comparative wealth (as in Argentina or the dawn-of-the-twentieth-century United States). Although there is widespread consensus that the contemporary advanced industrial countries have comparatively strong

[3] Indeed, Tilly (1975, 81), a central figure in the European state-building literature, flatly states that the "European state-building experiences will not repeat themselves in new states" largely because the available models of state building and their promoters have changed dramatically.

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administrative institutions, they still differ substantially among themselves, and there is no agreement either on the direction of a possible causal connection between wealth and institution building or whether one exists at all. And despite quite a variety of prominent potential empirical exemplars of effective government, neither pressures from reform-minded institutions nor diffusion through emulation or learning have produced substantial convergence in the effectiveness of political institutions in the developing world.

The organizing question for this book – what makes a state strong?[4] – is a broad one that requires some delimitation to be theoretically and empirically tractable. The focus of this book, thus, is more narrow, examining the institutional development of a selection of states on the South American continent from the time of their independence into the contemporary era. In so doing, this book places the theoretical emphasis on the wide variations in institutional depth and efficacy to be found in countries that are in other important ways broadly similar: they share colonial legacies, initial levels and patterns of economic development, and strategic and economic positions within the international system. The explanation put forward in this book – and elaborated in Chapter 2 – takes a society-centric view of political development, linking long-run outcomes to underlying social and political dynamics at two critical moments: the initial consolidation of national political institutions after independence and the first large-scale electoral incorporation of nonelite civil society in the tumultuous decades in and around the Great Depression. This book contends that these two critical periods produced *trajectories* of political development that, once launched, became exceedingly difficult to alter in a fundamental way. These periods are also sequenced: the results of the first critical juncture powerfully condition the range of options available at the time of the second critical juncture.

ORDINARY STATE BUILDING

One of the central goals of this book, then, is to examine the state-building process in *ordinary* contexts. By contrast, much existing scholarship has focused on empirical cases that produced unusually penetrating and effective states that emerged in two very atypical contexts: in Early Modern Europe, under conditions of sustained, sovereignty-threatening interstate war and the collapse of feudalism, or in the developmental states of East Asia, in the context of some of the most serious, persistent security threats of the Cold War era and with an unprecedented level of direct and indirect support from the United States.[5] The

[4] As will be made more explicit in Chapter 2, state strength here has to do with the ability of political institutions to penetrate deeply into society and effectively regulate the social, economic, or political behavior of citizens.

[5] Particularly with respect to the European cases, the observed clustering of a group of very wealthy, administratively strong states is potentially deceptive. What is less commonly acknowledged in discussions of state building is that the emergence of these states occurred as institutionally weaker states were defeated in war or absorbed by their more powerful neighbors. After

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emphasis has thus largely been on exceptional cases of institutional development – and a focus on variations among such cases may lead us to overestimate the import of some causal factors, while potentially missing others altogether.

Far fewer studies, by contrast, have examined the institutional development of the more typical states of postcolonial Latin America, Asia, Africa, and the Middle East.[6] Within these regions, even among states with a shared former colonial metropole, or similar levels of economic development, we can observe wide and enduring differences in the strength of governmental institutions. And it is in explaining these variations that the greatest theoretical and practical advances in our understanding of the processes of state building and administrative development can be achieved. It is this basic objective – understanding the variations in state building in comparatively commonplace contexts – that frames the research design employed here.

The specific empirical focus of this book is thus on the process of state building in four South American countries: Chile, Peru, Argentina, and Uruguay. Much can be held constant in these comparisons: these cases were selected in part because they are broadly similar in terms of economic development, position in the international division of labor, colonial heritage, and geographic location, but quite dissimilar in outcomes. Two of them, Chile and Uruguay, have been widely acknowledged to have had comparatively extensive and effective public bureaucracies dating at least to the late nineteenth and early twentieth centuries, respectively. Argentina, by contrast, for most of its history has been the wealthiest country on the continent, but since at least the 1940s, it has been saddled with a comparatively weak administrative infrastructure that is prone to populist and antipopulist cycling but not to effective taxation or governance. And Peru, since a national state was formed in the independence era, has found itself on a trajectory of political development that is nearly immune to effective administrative reform. Dedicated efforts to improve governance there – under democratic and authoritarian regimes alike, in contexts of wealth and crisis – have repeatedly foundered. The theoretical challenge posed by these cases is thus twofold: (1) any theory of political development covering them must account for the relative strength of state institutions as they emerged in each of these cases and (2) it must simultaneously explain the general stability of these relative positions once they emerge, for in the Latin American region, the comparative hierarchy of state institutional effectiveness has been very stable over a long period of time.

As should be clear, the theoretical ambition of this book is not necessarily to provide an account of state building that applies equally everywhere. Although

all, the roughly 500 state-like polities of the early modern era have produced roughly 25 states in the contemporary era. This was an intense, sustained, conflict-driven selection process that has been characteristic of few other times and places in world history.

[6] Herbst (2000), Centeno (2002), and Hui (2005) are laudable exceptions, and Soifer (2006) and Saylor (2008) have produced excellent PhD dissertations that focus on Latin American and African cases.

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the empirical evidence is drawn from the experience of four cases in the South American context, the theory is meant to be broadly informative for countries in the developing world whose institutional genesis is of comparatively recent vintage. In developing this examination, the theory is explicitly contrasted with the canonical approaches to state building drawn from the European and other experiences that emphasize the effects of war and resource wealth as they would apply to these Latin American cases. In the conclusion, the scope of this book's social–foundational approach to state building is probed by reversing this strategy and examining the extent to which it can help inform an understanding of the Prussian case, long taken as a paradigmatic example of the conflict-inspired pattern of state making.

WHAT IS TO COME?

Of course, a new theory of state building is unnecessary if the existing explanations are largely applicable. But the regnant approaches – emphasizing war or the deleterious effects of resource wealth – suffer from serious lacunae when they are focused on the experiences of the contemporary developing world. An emphasis on the causal effect of interstate war, for example, must contend with the wide variation in observed outcomes across cases in highly conflictual times and places, and the persistence of variation over the past century despite the fact that meaningful interstate war (e.g., in Latin America) has all but disappeared. Alternative bellicist accounts that emphasize war as a selection pressure but not a direct cause suffer from similar applicability problems in the contemporary period but are by contrast underspecified in conflict-ridden times – for they do not tell us *which* states will successfully adapt via institution building to the sovereignty-threatening realities of war and which will be eliminated by that war.

Alternatively, approaches that identify political underdevelopment as a typical consequence of high levels of natural resource wealth must contend with the reality that many states with just such endowments in fact used them to support the process of economic and political development (as in the United States, Australia, Canada, and Chile). While theories of the rentier state make prima facie plausible claims about the potential deleterious political effects of resource wealth for contexts like Peru, they do not effectively differentiate those who succumb to this risk from those who succeed in the effective use of such exogenous positive income shocks. And of course, they are yet further hampered in accounting for why, at the same time, administrative development is so uncommon in resource-scarce states despite the absence of so-called easy patronage and the alleged functional necessity of administrative improvement.

To foreshadow, this book takes a very different, society-centric approach to state building. It begins with the empirical observation that state building, in Latin America, at least, appears to be a long-term historical process that is subject to substantial, and substantially constraining, path-dependent branching

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points. But what defines the paths of institutional development down which the region's states have moved? The argument here is that two critical watersheds effectively shape institutional trajectories and long-run political development.

The first has to do with the social relations and political dynamics that characterize the period in which national political institutions are first durably established. Specifically, what matters is whether labor is free or servile and whether elites cooperate in the delegation of political authority to the center. Where labor relations are free and elites cooperate to form an exclusionary oligarchy, a trajectory of institutional development can be initiated. Where prevailing social relations are unfree or elites are locked into a zero-sum struggle for control of national politics, the institutionalization of national administrative systems will be retarded and potentially subject to atrophy. The reasons are comparatively straightforward. Where servile labor relations remain important, economic elites rely on *local* control over the official coercive apparatus: they must be able to both prevent the flight of involuntary labor and confront the rebellions that are endemic in such systems. For, to centralize political and coercive authority, a necessary first step in the state-building process, would put elites in both economic and physical jeopardy. But free labor conditions are not sufficient, for elites in such contexts will only make costly investments in central institutions if they can be reasonably certain that the fruits of these investments – which can be substantial – will be shared, and shared widely, among the elites contributing to them materially and politically. And it is for this reason that mechanisms of power sharing and cooperation across elite factions are a second critical part of the initial trajectory of political development.

Once states initiate a dynamic of central state building or institutional atrophy, this trajectory interacts with a subsequent critical moment: the initial electoral incorporation of the broad mass of the middle and working classes. If popular-sector electoral incorporation comes late (during or after the Great Depression), an alliance between middle-sector and working-class parties becomes possible, organized through the expansion and strengthening of state institutions around a developmentalist, import-substituting, and economically interventionist development strategy.[7] In such cases, middle-sector employment is typically very state centric and oriented toward managing the protectionist developmental state. And in organizational terms, both white-collar and blue-collar unions make common cause around the strengthening of the state and the deepening of protection – for their employment and social status depend on it. By contrast, where especially middle-class political inclusion comes early, the formation of such an alliance becomes impossible, and the stabilization of

[7] This is similar to what Collier and Collier (2002 [1991]) call a *populist alliance*, a term that is avoided here because of the unfortunate connotations that *populism* holds for some with respect to institutionalization of the rule of law and the rational–legal organization of the public administration. As a descriptor of the class composition of the political alliance, however, it is quite accurate.

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powerful institutions is blocked (though in different ways, depending on the preexisting institutional trajectory). In particular, a middle class that entered politics before the Great Depression is typically centered in the private economy and is brought into politics by political parties strongly tied to the free trade policies hegemonic at that time. Of course, this complicates any potential subsequent alliance with working-class actors based in nascent industrial sectors, who have need of economic protection and state support if they are to grow rapidly. But for private-sector–linked middle-class actors, the state is as much a source of taxation as it is employment, and protectionism does little more than raise the cost of living, making a working class–middle class alliance around public-sector strengthening therein very difficult to achieve. And without such an alliance, any gains in institutional development and expanded state capacity are likely to be ephemeral at best. The specifics of this argument cannot, of course, be developed in a few short paragraphs, and it is to the task of theory development that we will turn in Chapter 2. But before moving to a detailed discussion of the theory here proposed to explain the quite varied state-building outcomes in the Latin American region, we must first have an overview of the breadth, depth, and stability of this variation.

THE LAY OF THE LAND AND THE LONG-RUN NATURE OF THE STATE-BUILDING PROCESS

One of the most surprising features of postindependence political development in South America has been the very long-term stability of the *hierarchy* of institutional capacity. That is, by various metrics, including tax capacity, education provision, or infrastructural development, the Latin American states with the strongest, most-penetrating public bureaucracies at the end of the nineteenth and the beginning of the twentieth centuries have remained in that position into the contemporary era. For example, Soifer (2009) has shown that Chile very early – in the second half of the nineteenth century – developed a national system of public education, in large measure because of the strength of its bureaucracy. And other metrics confirm this – and continue to place Chile at the top of a wide variety of governance and economic rankings in Latin America and among developing countries more broadly.[8] That is not to say there has been little change in the capacity and strength of political institutions in the region; naturally, there has been. But the *relative* position of states has been remarkably stable – far more so than, for example, institutional, partisan, or leadership-based accounts of political development would lead one to expect. Indeed, given the repeated political regime transformations in so many

[8] E.g., Standard and Poor's (2011) rates domestic Chilean debt as AA, only one notch below that of the United States. Worldwide Governance Indicators' (2011) Government Effectiveness rating places Chile first in the Latin American region, followed by Uruguay and Costa Rica; they are at least, thus, perceived to be effective by investors and elites.

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