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*WARS AND VOTES:
POWER, CONFLICT AND INSTITUTIONS*

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Wars and Votes

Power, Conflict and Institutions

by Martin Bille Hermann*

“Historically the action of the State can be very varied: one aspect is external, the other internal. The former is made up of manifestations of violence and aggression; the latter is essentially peaceful and moral.”

Emile Dürkheim (1986:47)

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I. ON THE CAUSES AND FUNCTIONS OF CONFLICT

"[I]t is manifest, that during the time when men live without a common power to keep them all in awe, they are in that condition which is called war; and such a war, as is of every man, against every man. For WAR consisteth not in battle only, or the act of fighting; but in a tract of time, wherein the will to contend by battle is sufficiently known..." (Hobbes)¹

THE TOPIC

Academically and, more significantly, practically, the concept of governance and its role in the development process is gaining prominence day by day. At the heart of governance lie institutions. Whereas the importance of the "right" institutional mix is readily acknowledged, the process of institutional development (or underdevelopment) seems to receive much less attention. When the process is granted any attention, common perception appears to be that the right institutions can be consciously created. If for no other reason then because it is in the common interest of all parties to do so. However this approach seems to systemically underplay the persistent survival of "bad" institutions.

To understand the processes underlying institutional change we need to carefully consider historical processes of social, political and economic change and the forces underlying such change; whether intentional or spontaneous. In order to make history we need to understand it (to paraphrase one of the first institutionalists, Karl Marx). And the history of developed as well as developing nations has, if anything, been a story of conflict.

From the other end of the "good-bad continuum", some complex emergency (CE) "theories" argue that the causes and functions of armed conflict may be best understood as the result of social interaction where the central theme is a struggle over resources (and rights). However, if this is a valid explanation, then we might ask **why all (developing) countries don't disintegrate into armed conflict?** Or to approach the topic from the neo-classical perspective: if the concept of the predatory (or rent-seeking) state is theoretically solid, **why don't all states behave as predators?** The point here is

that both CE theories and the theory of rent seeking fail to explain the absence of conflict and predation, and as such, they fail to explain the underlying causes for conflict and predation. If we cannot define, *ex ante*, the distinguishing characteristics between societies, which handle conflict peacefully and societies, which handle them violently, our arguments are essentially devoid of any real explanatory value.

The connection between the character of conflict and the nature of state-society relationship would appear self-evident. In this respect, the paper will look at the issues raised in the emerging body of CE literature, but from a perspective, which emphasises the role of the state and its relationship with society. A somewhat shaky merger between CE theories and the concept, rather than the theory, of the developmental and the predatory state. I believe, as did a recent study, that it is pertinent to ask: “...*whether conflicts in the process of state-formation should be interpreted as a mark of development or as a sign of political decay.*” (Van de Goor et. al. 1996:8)

THE TASK

Taking the lead from political science and sociology’s emphasis on the need for a state to maintain a monopoly over the (legitimate) means of violence, I wish to explore how particular views on the process of state building might fit with our understanding of conflict in the contemporary world. In doing so, I hope to “peel off” yet another conceptual layer in a modest attempt to further our understanding of the underlying forces of conflict and predation. And perhaps of different types thereof.

The underlying theme in this paper is thus conflict, the multiple institutional effects and sources, that conflicts have, and the processes, which (both initially and in turn) shape how conflicts manifest themselves. In other words, conflicts (whether political, economic and social) shape institutions (formal and informal) and at the same time institutions determine how conflicts manifest themselves. These different aspects of conflict, the processes that leads to it, and the processes it generates, point to the need for employing and exploring a number of different disciplines within social science.

¹ Quoted from Held et. al. (1983:68)

THE TACTICS

The paper is structured as follows.

The first section looks at “basics” by reflecting on the role of conflict from the perspective of very simple game theory. By examining the state of nature – and the role of institutions – the nature of the state – the tone is set for further exploration of the complex relationship between state and society.

Section two contains a presentation of a particular view of the process of state making, inspired by the historical sociologist Charles Tilly. However, Tilly’s historical analysis is combined with a conventional economist’s understanding of social interaction and collective action problems; inspiration provided by Mancur Olson. In combination herewith selected concepts and ideas regarding the role of domination, power and morality will be introduced to add an abstract level to the understanding of state-society relationships. And here the mentors are Steven Lukes and Jürgen Habermas. I will explore this line of thinking with a view to establish a conceptual framework for the intimate relationship between state and society, conflict and institutions. The section’s primary role is thus to conceptualise the European state-building experience with a view to analyse the conditions and underlying causes of contemporary conflicts – and especially the effects that late development might have.

We might ask (and several authors have in fact done so) if a cross-historical comparison has any relevance whatsoever. The nation-state is after all a Western (European) “invention”, and perhaps it has little relevance for the Third World. While this is true, the reality of today’s world *is* the nation-state – despite all the hype about globalisation. There is little chance at the moment that this system will allow for recognition of entities other than states; statehood continues to be the precondition for participation in the global economic and political system (Jung et. al. 1996:57).

The third section of the paper will attempt to use the conceptual framework to consider some of the salient features of the contemporary world of late development. Within this framework, the changing environment in which state-society relationships develop (or under-develop) must be explicit addressed. This means considering the importance of a

number facets of late development, *inter alia* the changing nature of wars, international politics, economic, political and military relationships internationally and nationally. CE theorists, and practitioners, will be used to provide insights. At the same time scholars, who have dealt with the role of the state in the Third World, will be relied upon to provide empirical (or rather anecdotal) tests for some of the hypotheses put forward earlier.

Finally, it is my vain hope that I'll be able to say something conclusive at the end. This may seem grand, but I should caution the readers. I do not attempt to build a theoretical model capable of working out and explaining universal causes, but hope only to bring together different approaches to form some kind of analytical framework which are worth exploring in more detail.

II. THE STATE OF NATURE AND THE NATURE OF THE STATE

“How to find a form of association which will defend the person and goods of each member with the collective force of all, and under which each individual, while uniting himself with the others, obeys no one but himself, and remains free as before. This is the fundamental problem...” (Rousseau)²

THE STATE OF NATURE

Ever since Thomas Hobbes wrote “Leviathan”, social scientists have been captivated by the mechanisms, the formal and informal rules, i.e. the *institutions*, which constrain and enable social interaction between individuals (and groups). From philosophy over economics to anthropology, practitioners and academics alike have been struggling to understand the role of institutions and their emergence, maintenance, disappearance and viability. What is the intrinsic nature of social interaction – if there is any?

Is social interaction *potentially* or *inherently* conflictual? Is it either or – or at what times may either hold true? Is conflict testimony to a missing piece in the societal puzzle – or is it a natural, even necessary, phase or process? In order to highlight the pivotal role played by institutions, it is useful to consider social interaction in the absence of them – illustrated here by two very simple “games”.³

The game most commonly used to model social interaction in the absence of institutions remains the Prisoners’ Dilemma (PD). The one-shot PD game depicts a situation in which each player’s incentive for self-seeking actions (rational behaviour)

The Prisoners’ Dilemma

		Player 2	
		C	D
Player 1	C	6,6	0,8
	D	8,0	1,1

results in a collectively inferior outcome (the lower-right corner in the payoff-matrix below). Thus the dominant strategy in the simplest version of the PD-game is socially inefficient (and also Pareto inferior). It is, as Knight (1992:60) describes it: “[A] world of anarchy and deception in which no one is safe from the possibility of being the victim, an outcome deemed by all to be inferior to universal cooperation.” A characterisation not far from Hobbes’ “state of nature” in which life was so famously “nasty, brutish and short”. Because it stresses the enormous potential that lies in cooperation (or gains from trade, specialisation, etc.) for

² Quoted from Held et. al. (1983:72)

all players, while at the same time emphasising the risk of “conflict” which leaves everybody worse off, the PD game has become a popular way of portraying societies. “*Rational individuals and irrational societies*” as Olson (2000:69-88) coins it.

It is important to stress that the game suffers from a number of drawbacks. Firstly, the rules (i.e. the payoff-matrix) are exogenous and as such beyond the influence of the players in the game. Secondly, and more importantly, conflict – or non-cooperation – leads to a situation which is inferior for both players.

Consider instead the possibility that distributional struggle form a central part of the problem of – and solution to – collective action. As Knight (1992:26) formulates it: “...there is generally more than one way to structure social institutions in order to produce gains from cooperation, coordination, or exchange. And the major distinguishing feature of these different institutional forms is their distributional consequences.” Not only can we thus distinguish between solutions to collective action problems by exploring their distributional consequences, we may go even further and claim that “*conflict has been as much over rules for engagement and who will control the procedures as over substantive issues*” (Migdal 1996:96). In other words, because the rules of the game (i.e. institutions) are not neutral, **conflict lies at the explanatory center of the emergence of social institutions.**

To illustrate this approach, we introduce the so-called Chicken Game (or Hawk-Dove game).⁴ The central feature of the Chicken game is the absence of dominant strategies. The game illustrates not only the conflicting interests of the players but also that two of the “conflictual” situations (i.e. lower-left corner and upper-right corner in the pay-off matrix) are actually equilibria – and in our case socially optimal as well. The point is thus not to avoid conflict, but rather to avoid “total” conflict (as illustrated by the lower-right corner). The issue underlined in the Chicken game is the uneven distribution of benefits as opposed to the collective benefits underlined in the PD. Which equilibria we arrive at (due to the introduction or emergence of certain

The Chicken Game

		Player 2	
		C	D
Player 1	C	4,4	2,10
	D	10,2	1,1

³ The games are introduced to illustrate the nature of social interaction and conflict. As such they are not subjected to a detailed technical game-theoretical analysis

institutions) matters a great deal to the individuals. And thus, the distributional consequences that a social institution has, may be the main explanatory factor for its emergence.

As the game above also illustrates, outcomes preferred by one or both actors may not necessarily be socially efficient⁵ – even if they are Pareto optimal. That is: “...*inefficiency need not arise from any incapacity of the actors (due to either lack of information or faulty understanding) but, rather, from their self-interest, their pursuit of a less efficient alternative that gives them a greater individual gain.*” Knight (1992:40). While this observation may appear banal, it is in fact central for the understanding of the emergence of socially sub-optimal institutions.

Game theory has suggested several “solutions” to both games, e.g. by expanding the number of players, the number of times it is played, etc.⁶ We shall not dwell on all of these technical solutions at present, but consider just one of them, i.e. the introduction of an independent third party. In the PD, such an agency could work to ensure that any deals (contracts) made between the two players are honoured. It would subsequently be in both players’ interest to cooperate – rather than defect. The introduction of a third-party enforcer unlocks the collective action problem.⁷ In the Chicken game, however, the role of the third-party is no longer to “hover” above the game, but to actively interfere in it by picking a “winner” (e.g. by creating conditions which will lead to one of the two equilibria).

For our purposes, the key point about the games is that the absence of institutions (which among other things results in uncertainty and lack of information) produces sub-optimal outcomes. As Taylor (1987) and others, like Ostrom (1990), points out, repeated interaction in several games tends to produce internal solutions by allowing the players to produce internal institutions (e.g. social sanctions) in the absence of a (external) third-party enforcer. While such a scenario may be realistic for small communities, social

⁴ The game is called the “Chicken” Game since it is used to illustrate the role of “credible threats”, or power, in games.

⁵ By changing the winning player’s pay-off from 10 to 5, the game doesn’t change character, but the two equilibria are no longer socially efficient.

⁶ As Wade (1988:203) phrase the central point: “*Institutions which give people the assurance that if they do comply with the rules they will not be the sucker – that those others who do not comply will be punished – greatly increase the chances of voluntary compliance.*”

interaction in relatively large societies is often conducted under conditions akin to the ones portrayed by the PD and/or the Chicken game. As several authors have pointed out, capitalist development is essentially founded on the grounds of reaping the benefits of specialisation, gains from trade or whatever we may choose to call it. If we accept this proposition, then we can logically conclude that development, *ceteris paribus*, is better off with larger societies rather than smaller communities. Accordingly, and given the problems highlighted by the two games, we classify **development as a collective action problem**.

Given these features of social interaction and the nature of development, the most obvious solution remains the introduction of a third-party enforcer, i.e. an agency to structure the interaction between the players in large societies.⁸ And here the state enters the scene – from our perspective it is in fact the *raison d'état*.

THE NATURE OF THE STATE

The state remains the most prominent social institution in both the developed and the developing world. Although the state was out of favour with both (development) practitioners and theorists in the 1980s, it returned to the agenda with new-found vigour in the 1990s. The debate has however not just returned to the early age of development studies in the form of unbridled enthusiasm for the role and potential of state interventions. Instead, the new-institutionalist debate is to a much higher degree concerned with the nature of the state.⁹ And we then return to an enquiry which began with Thomas Hobbes.

Hobbes stressed the need for a state, a Leviathan, to force people to cooperate. Violence – or conflict – was thus central to Hobbes' analysis and consequently to his conclusions. The primary role of the Leviathan was to constrain social interaction on the basis of a dominance over the means of violence: “[C]ovenants, without the swords, are but words, and of

⁷ For a fabled presentation on the problems of collective action, see Olson (1965). As Taylor (1987) – and many others – points out there are also numerous solutions to the game which does not presuppose an external agent.

⁸ While the Chicken game perhaps remains a more convincing portrayal of the realities of social interaction with its emphasis on the distributional consequences of particular social outcomes, both games nevertheless share a number of common features one of which being the possibility of a third-party enforcer “solving” the game.

⁹ As Evans (1995:10) remarks: “[State] withdrawal and involvement are not the alternatives. State involvement is a *given*. The appropriate question is not ‘how much’ but ‘what kind’.”

no strength to secure a man at all." (Hobbes)¹⁰. This primacy of violence was taken up by several others after him, most notably Max Weber, who, following closely on to Hobbes' analysis, went even further and defined the state by its control over the means of violence, i.e. an entity which holds and maintains a monopoly over the means of violence. By reserving the ultimate sanction for itself, the state positions itself above the "game". Implicitly central to their enquiries is the chief role of power in social interaction – and the need to control it. While both Hobbes and Weber thus saw the need for a third-party enforcer, neither of them moved much beyond normative description of the ideal – leaving the substance, i.e. the creation and maintenance of the state largely uncovered or insufficiently explained.¹¹

The most puzzling, and difficult, problem remains the fact that **the state in itself is a collective action problem**. In a sense, *"[a]ll the external solutions [to collective action problems] presuppose the prior and/or concurrent solution of other problems, usually (always?) of collective action problems"* Taylor (1987:22). So in our pursuit of trying to solve the collective action problem of social interaction we have ended up creating another. Whereas Taylor and other game-theorists have produced solutions which do not rely on external mechanisms such as the state, our "assumption" that development requires relatively large societies prevents us from using the internal mechanisms espoused by Taylor and others as "solutions" to our collective action problem. We are forced to deal with the problems of the state.

If we accept then, that development without a central authority, i.e. the state, is not feasible (at least it is untried), the central problem of development then becomes one of establishing and maintaining the right state – what we might call the developmental state. Both Weber and Hobbes perceived the ideal state as an autonomous agency strangely interested in the welfare of the people over which it had power – the ideal third-party enforcer – but such a description makes it very difficult indeed to explain the "internal" emergence of the state as an institution. For the purposes of our analysis, one of the core

¹⁰ Quoted from Held et. al. (1983:69)

¹¹ See Taylor (1987) for a detailed discussion of the game-theoretical "flaws" of Hobbes' analysis.

problems is that the state is not (necessarily) an independent agency.¹² At least not at first.

The state is operated (even controlled) by individuals with very real interests – and our analysis has to allow for this. In the early 1980s a new body of literature started to question the idea of the benevolent nature of the state. Anne E. Krueger and her “followers” were essentially demonstrating that the state could not (necessarily) be described as a neutral third-party enforcer.¹³ This basic insight seems self-evident, but it complicates our analysis of the state and how it interacts with and controls society. On the other hand, it supports the emphasis on distributional conflict in the emergence of social institutions. In other words, the state not only intervenes and acts with distributional consequence, but, may (or must?) itself be a result of a distributional struggle.

THE DIALECTICS OF CONFLICT, STATE AND SOCIETY

So, we need to solve a collective action problem: the state as a social institution. On the other hand we must also consider the possibility that the creation (and perhaps even maintenance) of this institution is a conflictual process in itself. It is so because conflict does not only take place within (formal and informal) rules, i.e. institutions, but just as much to contest and change rules in order to alter the course of the “game”. If the creation or transformation of institutions is then (partly) a result of a struggle over resources, then conflict becomes instrumental when examining, and perhaps even a pre-requisite for solving, the “collective action” problem of both development and the state.

This does not mean that institutions are perceived as static, nor that they are given beforehand. We must account for their emergence and the factors which either stabilise or destabilise them. Viewed through the prism of this paper, the primary role of the state is to function as a set of institutional structures which allow for the efficient and effective resolution of distributional conflicts. The question is what the conditions for the emergence of such an institution might be. How do we get on to the right “path”? And this is the subject of the next section.

¹² See Olson (1965, 2000) for another angle to the collective action problems of the state.

¹³ Anne E. Krueger was Chief Economist at the World Bank and her theory of the “rent-seeking” state ended up shaping the World Bank’s approach to development throughout the 1980s and early 1990s.

III. POWER, CONFLICT AND STATE-MAKING

“...a portrait of ... state makers as coercive and self-seeking entrepreneurs bears a far greater resemblance to the facts than do its chief alternatives: the idea of a social contract, the idea of an open market in which operators of armies and states offer services to willing customers, the idea of a society whose shared norms and expectations call forth a certain kind of government ”
(Tilly 1997:165)

In the previous section, we stressed a number of issues central to the propositions of this paper. Taking the lead from game theory analysis, and adding a few assumptions about development, we indicated that the process of state-making was itself a collective action problem, which did not appear to have a straight-forward solution. In this section we shall explore how this intriguing puzzle has been solved - with particular reference to the European states. The rationale for this approach is essentially that *“[B]ecause the system [of nation-states] originated in Europe, the close examination of European history helps us understand the origins, character, and limits of the contemporary world system.”* (Tilly 1990:225).

The section is not meant to provide a detailed account of the experience of nation-state formation in the First World but merely to illustrate some concepts and relationships, which will aid us in our attempt to understand state-society relationship in the Third World - by highlighting some critical factors which may have changed or disappeared. In doing so, the section will stress the importance of conflict to state-making. Not necessarily violent conflict, but a conflict of interests - social, political and economic - between states, classes and individuals. A conflict which gradually lead the way to an institutionalised system of power sharing and projection.

Without revealing the entire length of the argument, we shall explore in particular the importance of three factors in this process: i) economies of scale in the production of violence (i.e. a “market-natural” dominance), ii) the need for external threats to conduce the dominant power-holders (the benevolent “predatory” state) to seek the cooperation (i.e. access to local resources) of the populace, and iii) the importance of a dependence on (domestic) production for the purposes of predation, *inter alia* the absence of large scale income earning opportunities from abroad. In the following, we do not assume that

the state is independent from the population over which it exercises some amount of control. We allow for the presence of a predatory state (or ruler, power-holder, state-entrepreneur, etc.) and wish instead to examine what determines whether this state become a benevolent or malevolent predator. But before we make it that far, let us consider what happens when a monopoly over the means of violence is established.

ESTABLISHING STATES – THE SIGNIFICANCE OF CONDITIONAL POWER

As the above quote by Charles Tilly makes clear, (he believes that) neither Hobbesian notions of social contracts, theories of market exchange nor softer explanations of spontaneous emergence of collective action, adequately explain the emergence of states nor the process of state-making. Tilly is not alone in this approach. His emphasis on the self-interested nature of state-entrepreneurs, is one he shares with the economist Mancur Olson.^{14,15} Even though Tilly discards Hobbes' idea of a social contract, the starting point remains the same, i.e. the establishment, by some agent or agency, of a monopoly over the means of violence: *"Speaking very, very generally, the classic European state-making experience followed this causal pattern: ...a great lord made war so effectively as to become dominant in a substantial territory..."* (Tilly 1997:180). Without this starting point, our analysis would never take off - and as such we need to consider what the implication is.

The preconditions for a violence monopoly to be a stable institution in a given territory have a somewhat dual nature. It requires that the economics of violence "production" is characterised by diminishing marginal costs, i.e. economies of scale, internally, and, to a lesser extent, that it is characterised by increasing marginal costs externally, i.e. diseconomy of scale. In other words, a ruler must be able to fend off competition from within the territory – but at the same time keep rivals from outside at bay. Such characteristics combine to produce an effect which makes the cost of violence production increase with competition while at the same time making possible the establishment of a monopoly on violence in a given territory. Having now established a violence monopoly, we may consider what the implications are for both ruler and ruled.

¹⁴ Olson's last book, *"Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships"* was entirely concerned with the nature of the state and its relationship with society. In that sense, it followed logically to his seminal contributions on the topic, i.e. *"The Logic of Collective Action"* and *"The Rise and Decline of Nations"*.

¹⁵ Some even argue that Charles Tilly is a rational choice theorist in disguise. See (Aya 1990:114-122)

The monopoly radically reshapes the self-interested state-entrepreneur's incentives. By shifting position from "roving" to "stationary, the "bandit" develops what Olson (2000) calls an *encompassing* interest in the territory over which he holds control.¹⁶ It is thus no longer in his (narrow) self-interest to take all from society but rather to tax (domestic) production in such a way as to maximise revenues. There are several interesting facets, and assumptions, to this neat little conclusion. Assumptions first. The conclusion rests on the assumption that the creation of taxable "wealth" is relatively reliant on production carried out by the population of the territory – and related to this assumption, that the bandit's main potential source of income is to prey on the wealth of others. These assumptions are important, and as such we must ponder a little bit on what might happen were they not to be met.

Firstly, if the source of predation is not local production or trade, then the violence monopolist does not have any incentive to develop an encompassing interest in the territory. Territories in which the main source of predation is natural resource extraction spring to mind as an example. Secondly, if the monopolist has a limited time horizon, he may not be prepared to undertake the necessary investment, which not stealing everything effectively is, needed to promote growth.¹⁷ In fact, the absence of "interdependence" may even provide the "stationary" bandit with an incentive to encourage conflict among potential rivals – a long-tested tradition for keeping these at bay.

Leaving these reservation aside for a moment, we assume that the new state has an encompassing interest in the population. In this case, it is not only the new state who benefits from this shift from a "destructive" to a "constructive" use of violence. The populace itself benefits from the effect this has on the state's incentives. It does so because the state's goal of maximising tax-revenue is best pursued under consideration to

¹⁶ See Olson (2000:1-24) and Olson (1997:39-48) for a detailed description of the "roving" vs. "stationary" bandit argument.

¹⁷ See Olson (2000:25-44) for a complete analysis.

two aspects – maximise tax while maximising production.¹⁸ Maximising production is among other things done by keeping competing “roving” bandits out; thus providing the populace with an implicit “protection rent”. And it can be done by starting to provide production-enhancing *public goods*, e.g. institutions, up to a point where the marginal cost of providing these correspond with the marginal gain in extra tax revenues. The important point here is that the new state and the population become locked into a bond of *interdependence*. This observation is central to our analysis and later conclusions.

We hasten to add that this interdependence produces a stable institution only if it is conceptualised as a two-person game. If we acknowledge that the population can not be represented as a single actor, we immediately run into problems with incentives for free-riding. We shall return to these later when dealing with the more advanced aspects of maintaining stable state-society relationship. Having established the state – we now turn to the main characteristics of it.

CONSOLIDATING STATES – THE LOGIC OF POWER AND RECIPROCITY

Following Tilly (1997:178-181) we can classify what our new state does into the following categories: **i) war making**, i.e. eliminating or neutralising competing rivals outside the controlled territory, **ii) state making**, i.e. eliminating or neutralising competing rivals inside the controlled territory, and **iii) protection**, i.e. eliminating or neutralising enemies of local clients (inside and outside the controlled territory). The means by which to do this is obtained through **iv) extraction** from the clients (i.e. the population) in the controlled territory.¹⁹ At the outset, states were presumably concerned with war making and state making, i.e. keeping external and internal rivals at bay. The apparatus needed to do this, however, lends itself quite easily to a number of other activities.

As states grew (and some disappeared), they slowly started venturing into another set of activities, which more adequately resemble our perception of the state: the **provision of public goods**, which may be further classified into three sub-categories: **v) adjudication**, i.e. authoritative settlement of disputes among members of the subject

¹⁸ Assuming that there is an inverse relationship between tax rate and production, the tax revenue maximising point is always at a tax rate less than 100%. See Olson (2000) for further expositions on this.

¹⁹ Ayoob's (1996:69) corresponding, and more contemporary, categories are: i) war, ii) policing, and iii) taxation.

population, **vi) distribution**, i.e. intervention in the allocation of goods, and **vii) production**, i.e. control of the creation and transformation of goods and services (Tilly 1990:96-97). One may remark here, that the conventional discussion regarding the role of state in the Third World has tended to focus almost entirely on categories vi) and vii). Only recently, and implicitly, has v) entered the equation.

A progressive process from a primary focus on the deployment and control of violence (i- iii) on the basis of extraction (iv) to an increasing orientation towards extraction (iv) on the basis of public goods provision (v-vii) indicates a non-linear relationship between development and coercion. Said in another way: *“the relationship between development and (political) violence can thus be characterized as **curvilinear**; violence will decrease only once a certain level of development has been reached.”* (Van de Goor et. al 1996:10). Power needs to be established and institutionalised; we need to walk a little bit down the “path” in order for everyone to perceive it as in their best interest not to turn back.

These different aspects of the state, and in turn the implied relationship with society, are important for several reasons. Several of them depend partly on factors outside the state’s control, *inter alia* the nature of the external environment, the extent of the domestic resource base, the cost of maintaining a monopoly on violence, etc. Variations in each factor will consequently influence the trajectory of state development and capacity (its size, scope, etc.) since it will affect the relative balance between the core activities and their consequent institutional effects.

So far our state-making project seems to be proceeding like a bliss – stressing as it does the mutual benefits accruing to both state and society. And as such we’ve said very little to indicate the centrality of conflict for this process. However, states need access to resources from the populace. Resources, which it is in their interest to hold onto. And here the centrality of conflict enters our equation.

If states need resources (people, finances, supplies) to carry out its activities, then they need the population - and a precarious **power balance** is established. As Tilly (1997:181) puts it: *“Popular resistance to war making and state making made a difference. When ordinary people*

resisted vigorously, authorities made concessions: guarantee of rights, representative institutions, courts of appeal.” In other words, the state's response to resistance by the people (or particular classes to be more precise) led to institutions which formalised a particular kind of relationship between the state and the people. Another comparative historian, Michael Mann: *“At the end of the eighteenth century, citizenship struggles were already being structured by the degree to which states had institutionalized conflicts over increased taxes and conscription.”* (Mann 1993:737). The (autocratic) state slowly started bestowing rights upon its subjects. Not because it wanted to, but because it had to. And these initial institutional steps subsequently structured (i.e. constrained and enabled) the further development of the relationship between the state and its subjects.

While the above description may provoke images of two parties negotiating in a civilised manner, we should not forget that these conflicts were often extremely violent, but even the most violent repression of resistance often ended in the establishment of an “understanding” between the state and the people (Tilly 1990:188).

Not only did this bargaining between state and subjects result in institutional development, it was an institutional development which sometimes led to conditions extremely conducive to economic development, i.e. the institutionalisation of property and human rights.²⁰ Those territories which willy-nilly arrived at such an institutional setup quickly proved themselves as supremely capable of raising capital for the purposes of conducting war. In other words, an art social selection mechanism at the interstate level began to take place. The internal process (from roving to stationary bandit) of state making was thus reinforced by the external pressures (interstate war) and realities of other state development experiences.

We have so far focused on the relationship between the state and society as one characterised by mutual interaction. However, as I indicated earlier, it is grossly inadequate to represent society as a single actor. Not only do individuals have an interest in evading the control of the state, they also – if we follow our rational choice philosophy

²⁰ For two different analyses of the importance of individual rights for development, see Sen (1999) and Olson (2000)

further – have an interest in “cheating” on each other. The state, however, realising that this is detrimental to production – and thus the resources available for predation – has a clear incentive to structure social interaction in order to avoid such developments. And so, we now turn to the problems associated with the adjudication function of the state, i.e. the role as a third party enforcer.

INSTITUTIONALISING STATES – PROJECTING PROGRESSIVE DIMENSIONS OF POWER

Recall the portrayal of society as a game with PD characteristics. The central feature of this game was the incentive both players had to “defect” – or to free-ride. As outlined, one of the traditional solution to the game is the introduction of a third-party enforcer. An agency, which can ensure that “deals” made between the players are kept. In the game-theoretical literature this is primarily done through the imposition of sanctions in the event a player defects (in Olson’s word by providing a *selective incentive*). In the absence of such a threat, the players are back to square one and the incentive to free-ride will lead to an outcome inferior to all.

However, being a third-party enforcer is not without costs. Exercising (explicit) power is costly – and it is thus in the interest of the state (and even society) to reduce the costs of third-party enforcement. So while a violence monopoly may be needed to establish the “rules of the game”, it is very costly to maintain these rules (or institutions) if they are only adhered to because of third-party enforcement.²¹ It is in other words in the state’s interest to spend as little on policing (monitoring and enforcing) as possible.

Several factors may increase and decrease the cost of third-party enforcement by influencing the need for deploying external sanctions; for example the geographical circumstances of the territory, the social topography of the population, the economic landscape, etc. The more rugged, extended and sparsely inhabited the territory is the larger the cost of third-party enforcement. The more heterogeneous the social and economic fabric of society is, i.e. the less it resembles Ostrom-style “communities”, the larger the risk of “defection” and consequently the cost of third-party enforcement. And

²¹ If every citizen in a large, modern society made a rational calculation on the probability of criminal activities being exposed, the disutility of the sanction associated with exposure, and the expected gain from criminal activities, most societies would probably not function – *inter alia* the enforcement cost of the state would be prohibitively high.

vice versa. Leaving these factors aside, let's consider how the cost of third-party enforcement may be brought down.

In order to provide a few conceptual “bullet points”, we enter the field of sociology. Both the state and society as a whole (not the rational individuals) has a clear interest in people “internalising” the rules of the game, i.e. not contesting them. The German philosopher Jürgen Habermas has, albeit in a different setting, proposed three different types of “attitudes” to rules²²:

- pre-conventional,
- conventional, and
- post-conventional **morality** or moral consciousness.

Morality is here perceived as adherence to the rules. Pre-conventional morality is founded on the threat of sanctions, i.e. the traditional third-party enforcer mechanism. Conventional morality is based upon the threat of internal (or social) sanctions; and as such bears a great resemblance to the emergence of internal institutions in “small” communities. Finally, post-conventional morality is based upon an internalised sense of “right and wrong”, i.e. a self-sanctioned and self-induced constraint. While both conventional and post-conventional morality greatly reduces the cost of third-party enforcement, conventional morality still suffers under the same conditions which led us to conclude that community-based solutions to collective action problems were insufficient for our purposes; the relatively large amount of impersonal social interaction in bigger societies.

If we, as Habermas did, consider these as stages in an “evolutionary” process, then we are in effect moving from Hobbes’ Leviathan via Ostrom’s communities to fully-fledged “modern” societies. A transition of “loyalty” from the self, to the community and eventually to the “rule of law” – which we in a Marxist tradition might interpret as the interest of the state and those who control it.

²² See Habermas (1987:153-197)

However, fostering post-conventional morality may be an expensive and prolonged investment depending on the modalities employed. And even though third-party enforcement becomes cheaper and conditions better for growth, the precise nature of the third-party enforcer's incentives becomes a critical determinant for the strategy employed.

If we are to allow for social interaction to be modelled over the Chicken game, and at the same time include the state as an active and interested player - we turn to a perspective dealing specifically with the exercise of power. One way of analysing the state's interest in affecting people's perception of the rules, under the conditions of the Chicken game, comes from the English sociologist Steven Lukes' and his notion of the three dimensions of power (Lukes 1974). In the diagram below, I have reproduced the Chicken game from the previous section with three modifications, which are supposed to illustrate Lukes' three dimensions of power (Lukes 1, 2 and 3 respectively).

The first is outright power; a costly affair, which through the threat of sanctions, alters the pay-off. In the diagram this is illustrated by changing the pay-off for player 2 in the upper-right corner to 0 (from 10). Now the game has a dominant strategy, i.e. the lower-left corner. This manifestation of power closely resembles a situation in which the players possess Habermas' notion of pre-conventional morality; i.e. to produce a solution there is a need for deploying external sanctions. The second dimension of power is more subtle. It entails "domination" over the "agenda", i.e. an ability to influence the list of alternatives, which the players perceive as being available. This is illustrated by "shading" the upper-right corner of the pay-off matrix. Once again a dominant strategy appears. We might conceptualise this as a phase in which the power balance is established. The third dimension of power - and this was Lukes' main contribution - manifests itself as "false consciousness", i.e. the individual is actually acting against his (or her) own (narrow) interest because of an inability to see the true

The Chicken Game – Lukes 1

		Player 2	
Player 1		C	D
	C	4,4	2,0
	D	10,2	1,1

The Chicken Game – Lukes 2

		Player 2	
Player 1		C	D
	C	4,4	2,10
	D	10,2	1,1

The Chicken Game – Lukes 3

		Player 2	
Player 1		C	D
	C	4,4	2,0 (10)
	D	10,2	1,1

consequences of the available alternatives. But this inability results in the avoidance of open conflict and thus in the attainment of a social optimum. In the diagram this is illustrated by “bracketing” the “true” pay-off to player 2 in the upper-right corner of the pay-off matrix. The third dimension of power thus adds a layer to the notion of post-conventional morality. Lukes presented this analysis for a somewhat different purpose, but it highlights the different ways in which the state may actually solve conflicts. And furthermore, the cost of conflict “resolution” is declining with each dimension of power. The state thus has a real interest in fostering these progressive stages of morality and deploying progressively sophisticated dimensions of power.

So what’s the purpose of this exposition? The point is that if development and state-building is essentially a conflictual process, i.e. a process of uneven distribution, then the institutions which we use for handling this conflict matters a great deal. In turn, the institutional structures of society may indicate the underlying nature of power structures, and its different dimensions.

The more manifest the demonstrations of power are, the more volatile (and costly) might the ability of the institutional setup to solve society-wide collective action problems be – or the more fragile is the social fabric of society. To approach it from an epistemological angle, perhaps the question is not so much whether or not individuals in large societies behave as predicted by rational choice theory or as norm-driven individuals, but rather how norm-driven behaviour in large societies is actually fostered.²³

POWER, CONFLICT AND STATES - THREE CENTRAL FACTORS REVISITED

We are now in a position to propose a few hypotheses on the basis of this conceptual analysis.

The establishment of a monopoly on violence is of primary importance. Without this, our “theory” doesn’t really “take off”. Secondly, the presence of external threats pose an important incentives for rulers to “maximise” the resource-base on which they can prey while at the same time providing an art selection mechanism. Thirdly, the relative

²³ For a discussion on norm-driven vs. rational-choice behaviour see Knight (1992).

importance of domestic production seems to further push the rulers' incentive for encompassing behaviour.

The point is that once a monopoly of violence has been established, external competition, internal interdependence and conflicting interests combine to produce a balance of power leading to institutional development. It is thus the bargaining between states and population (or classes/groups thereof) which leads to progressively more sophisticated institutions and projections of power. We then have a conceptual framework which emphasises the centrality of conflict and interdependence for institutional development. This "path" of state-society bargaining is however dependent on the conditions outlined above. What happens if we start altering these basic parameters? What is the nature of these variables for the late developers of this world? Speculation over these questions is the role of the next section.

IV. STATE-MAKING, POWER AND CONFLICT IN LATE DEVELOPMENT

“War making among roughly equal, highly competitive state builders has not (yet) played as great a role in the contemporary Third World. Kinship and local community arrangements have presented different obstacles and opportunities for would-be state builders. Many contemporary state builders have been able to derive a greater share of revenues from links to the world economy than from taxing peasants and landlords.”
(Evans et. al. 1985:362)

In the previous section, I began, and finished, by emphasising three factors of critical importance for the relationship between state and society. Firstly, the necessity of economies of scale in the production of violence (a necessary precondition for the establishment of a stable monopoly on violence). Secondly, the importance of external pressures (or threats) on the state in order to create the necessary incentives for the state to intervene constructively in society. Thirdly, and closely related to the second factor, I highlighted the importance of predation (resource mobilisation by the state) on the basis of domestic production. We now turn to consider the circumstances of “late development”²⁴ from the perspective of these three conditions.²⁵

THE COST STRUCTURE OF VIOLENCE

A number of factors influence the economics of violence production. Some of them have changed radically over the last 100 years, whereas others are of a more permanent character.

One argument is that the geographical (physical, social and economic) conditions of Sub-Saharan Africa (SSA) make it extremely difficult to maintain a monopoly on violence (Herbst 2000:35-37). The spread-out nature of the African peoples over vast landmasses, the absence of obvious alliance partners, etc. means that extending power much beyond a small political core area is prohibitively costly. This in turn greatly affects the possible trajectory for the process outlined in the previous section.

²⁴ While the term “late development” is normally ascribed to Alexander Gerschenkron (see for instance Gerschenkron (1962)) and his analysis of the potential and constraints for industrial transformation of “backward” countries, it is employed here only to highlight that these countries are “followers” rather than “leaders” from a developmental perspective. As such Gerschenkron’s analysis will not be explicitly used.

²⁵ Unless otherwise stated the “anecdotal” evidence cited here refers to Sub-Saharan Africa.

Somewhat in line with this argument, others offer an explanation, which emphasises the problems of the “weak” state in dealing with “strong societies” (Migdal 1988, 1994, 1996). Strong communities has resulted in strong opposition to the formation of a hegemonic power in any one area and as such further tilts the balance against any would-be state. This doesn’t mean that states have been unable to establish themselves, but rather that “...*the forms of domination and economic exploitation that have emerged in contemporary Africa have been shaped in decisive ways by the societies that rulers seek to govern.*” (Boone 1994:109). Regardless of minor variations in explanatory focus, these authors espouse a view which underlines the difficult conditions in which the African nation-state has to operate. They point to factors which raise the cost of maintaining a monopoly on violence. But SSA was not left to “develop” on its own. The European entry on the African scene had significant effects.

Notwithstanding that the colonial powers possessed much more sophisticated weaponry, the basic conditions on which to project power did not change significantly with their arrival. But the Europeans were not concerned with building “nation-states” in Africa. Instead, they concentrated upon projecting power in the cities and specific highly valuable economic areas, e.g. mines and plantations. At the same time, “*[t]he establishment of a territorial grid that was respected by other powers allowed the European rulers to be free of competition from other imperial states and enabled them to establish internal administrative structures at a pace that was convenient, given the resources they were willing to deploy.*” (Herbst 2000:94). The combination of an absence of external threats, the “natural” obstacles to extensive penetration and the objectives of the colonial powers produced a special colonial institutional setup vis-à-vis the population. And already here we begin to see the contours of the special state-building process in SSA.

The administrative apparatus set up by the colonial powers for the purpose of projecting power, if not over all the territory to which they formally claimed right, then to areas of strategic economic interest, was thus fragmented in terms of penetration. And it was this apparatus that the post-colonial states inherited.

But it is not only the “establishment costs” which influence the viability of a violence monopoly. It is also influenced by the cost functions faced by potential competitors. And it is perhaps in this area that things have changed critically in the post-colonial era.

Whereas warfare, or the production of violence, was previously an “economy of scale” activity, it has perhaps increasingly become a “diseconomy of scale” activity; leading to a situation in which violence monopolies become unstable and difficult to uphold. A number of facts seem to support this proposition. Firstly, the regular flow of arms from either superpower in the Cold War to Third World governments, depending on their allegiance, has declined considerably (Klare 1997:56). The coercive strength of governments has consequently been reduced. Secondly, and possibly more significant, the flow of arms to “illegal”, or non-governmental, sources have increased (Naylor 1997) thus reducing the relative strength of governments. These factors combined, i.e. the disintegration of supply-side controls with the end of the Cold War and the commercialisation (or depolitisation) of the trade itself, have an enormously destabilising effect on violence monopolies.²⁶

These factors, in combination with the problems facing violence monopolists in SSA, have produced an environment which is hardly conducive to the maintenance of a monopoly on violence. And thus one of the initial conditions for the state-formation process appear to have changed character radically in recent history. This alone, however, does not explain the absence and presence of armed conflict in SSA, and we thus turn to the other two factors highlighted in the previous section.

NEW SOURCES OF SOVEREIGNTY AND LEGITIMACY

As demonstrated in the third section, external threats serve a dual purpose. Firstly, they provide the state with a clear incentive to optimise predation so as to increase the capacity to withstand aggression and perhaps even produce it itself. Secondly, it provides the state with an incentive to pacify the local population in order to remove any internal threats and further production. As Anthony Smith says it: *“The central point ... of the Western experience has been the primacy and dominance of the specialized, territorially defined and*

coercively monopolistic state, operating within a broader system of similar states bent on fulfilling their dual functions of internal regulation and external defence (or aggression)" (here quoted from Ayooob 1996:71). But also in this respect has the environment changed considerably.

First of all, the new states of the Third World have had precious little time to develop or build national states until statehood was pressed upon them. They are in a sense *state-nations* (Giddens 1985:272). With the establishment of United Nations after the Second World War, the Western world resolved to fix the international boundaries. And thus they bestowed a kind of protected authority upon later rulers in the post-colonial world. In doing so, they removed (a large part of) the external threat from the state-making equation of these late developers. This has meant that the rulers, who "took over" where the colonial powers left, have operated in a reality where states have stopped fighting each other over disputed territory – and as such there has been very little military threat from outside. Since the independence period, practically no frontiers have been moved in Africa.²⁷ This feature of late development has, from the perspective of the European experience, radically altered the parameters of (one of) the state-making formula. From the outlook of our conceptual framework, these new states have effectively become more susceptible to instability due to the stability of their borders. (Tilly 1990:203).

We have so far abstained from using the word legitimacy in this paper; primarily due to the difficult (tautological?) nature of the term. However, one particular perception of legitimacy highlights part of the argument above, i.e. that legitimacy does not necessarily come from the "people", but instead emanates from other power-holders. In this sense, legitimacy is bestowed upon power-holders by other power-holders. (Tilly 1997:168). Two telling quotes from the Organization of African Unity illustrates the point. Firstly, the Charter of the OAU begins: "*We, **the Heads of African and Malagasy States and Governments***". It thus firmly localises sovereignty and power with heads of state, rather than the people. Secondly, the OAU Charter and a 1964 resolution demands respect for

²⁶ Charles Taylor practically overthrew Liberia with a couple of hundred men. And later on supported Foday Sankoh in his attempt to do the same in Sierra Leone.

²⁷ The exception is the secession of Eritrea from Ethiopia.

the sovereignty and territorial integrity of each state on the basis of the frontiers existing on their achievement of independence. (Herbst 2000:104, 111).

If challenges were to be mounted on states they are more likely to come from within rather than from without. Combined with the existing administrative apparatus built during the colonial period, this produces an inward orientation of the “violence machinery”. In essence, we have two interconnected results. Firstly, the absence of external threats produce a *de jure* legitimacy to heads of state and thus it lessens the need to obtain a “mandate” through bargaining with (parts of) the population. Secondly, it tends to reorient military might inwards, since the likelihood of external aggression has diminished. These two effects reinforce each other.

We have outlined a situation, which is not very conducive to the establishment of violence monopolies in general. And we have indicated how the geographical characteristics of SSA in combination with the colonial past have helped produce a state apparatus aligned to inward-oriented coercion with the purpose of protecting the interest of the state. These tendencies are reinforced by the conditions of the external environment. But one factor remains to be considered: the source of the state’s resources.

PREDATION IN A GLOBALISED WORLD

Traditionally, development theorists have been less concerned with the source of the state’s revenue (or lack of same) than with the need to balance state budgets. The outlook have generally been economic with only a modest emphasis on the political and sociological aspects. Only recently have literature begun to surface dealing specifically with the effects that different kinds of revenue have, not only on government budgets and economic activity, but on the subtle aspects of state-society relationship in the development process.²⁸

As outlined in section 3, the logic of our argument is that if the state does not have to rely on its citizen for its upkeep, then it loses a “natural” incentive to “look after them”.

²⁸ For a particular enlightening piece of work, see Moore (1997:84-121).

It follows logically on to Olson's concept of the "stationary bandit" with the added possibility that the bandit may not need the population for purposes of predation. In such a situation it seems relevant to ask: "*How can you expect a state to be responsive to the needs of the citizens and to consult them or be accountable to them when those who control the state apparatus obtain their money basically by virtue of that control over the state, and can continue in power provided that they keep the oil flowing etc.*" (Moore 1997:97-98). But, the logic works in another important way. If the population is actively and directly providing (through taxes) to the state's upkeep, this is likely to be the result of extensive bargaining. A process which, as highlighted in the previous sections, is likely to have resulted in a more "balanced" relationship between the governing and the governed. Thus, the source of the state's revenue may not only say something about the state's attitude to society, but equally important it may say something about society's attitude to the state. This insight adds an entirely new dimension to Third World states' traditional reliance on non-tax revenue, which we shall not pursue further here. A reliance on non-tax revenue also reduces the likelihood that the state will develop its penetrative capacities, i.e. its "presence" in the territory to which it lays claim. This furthers the "loose" state-society relationship which characterises so many Third World countries.

What Manuel Castells (1998:166-205) has called "The Global Criminal Economy" contributes further to the often fragile and malevolent foundation for late developing states. By widening the global market for every conceivable good, the "criminal" economy has given states a new set of sources on which to draw upon. The examples are numerous.²⁹ The point is that the outside world functions as a source of direct and indirect revenue for states and thus further tilts the balance to the detriment of state-society relations. These sources of predation, which are not tied to the population, increases the likelihood of internal competitors to the state. As Collier (2000) has shown, countries which rely heavily on primary commodity exports are much more likely to disintegrate into armed conflict. Essentially, the conditions outlined so far in this section combine to produce a situation in which the feasibility of predation, or contestation of the state, is high; thus increasing the risk of violent conflict. Furthermore, non-human

sources of predation not only raise the “winner’s prize”. They do so with little or no concern for the population, which is at best of only secondary importance, and as such is considered as bystanders or even obstacles.

If states draw their revenue from internal primary sources, e.g. natural resource extraction, and/or from sources located externally, e.g. development assistance, they have little or no incentive to engage in bargaining – constructive conflict - with the subject population. This does not necessarily mean that they won’t, but rather that there are less incentives to do so.

STATES, POWER AND CONFLICT – POLITICAL DUTCH DISEASE

The three factors highlighted in this section does obviously not “square the circle”, but have only pointed to areas of the state-society landscape which need further examination. Nevertheless, the circumstances of late development combine to produce an environment which will not automatically lead to the “right” development trajectory.

The changed economic structure of violence production, in combination with specific geographical features in certain parts of the Third World, has made the establishment of violence monopoly a more arduous task than 400 years ago in Western Europe. These circumstances were worsened still by the advent of colonialism and in particular the structural orientation of that particular system of domination. An orientation, which in turn was a direct result of the narrow interests of the colonial powers.

The international system after World War II helped to further weaken the already shaky foundation for the state. By bestowing legitimacy – and during the Cold War protection as well – upon the states, the system effectively weakened the incentive for states to seek legitimacy with their populations. Thus by insulating states from external threats, a powerful incentive for state-society bargaining was removed. Finally, the economic structure of some Third World countries and the nature of the global (both official and unofficial) economy has helped to reduce the interdependence between state and society.

²⁹ Sierra Leone: diamonds, Angola: diamonds and oil, Liberia: timber, diamonds, etc.,

The latter two factors both add to what we might call the “**political Dutch disease**”³⁰ of late development. The political source of this phenomenon stems from Third World states’ recourse to legitimacy from external sources in the early stages of nation-state building, thus giving states little reason to seek legitimacy from within. The economic source emanates from a relatively high reliance upon non-tax revenues, i.e. predation not directly localised with the population. The easy access to both political and economic resources ends up damaging the system it is feeding.

The economic aspect moreover raises the stake for claimants or competitors to the state. And in a post-Cold War world, where states can no longer rely blindly on material support from either superpower and only to a limited amount rely on political support from the international community, this situation has become literally explosive in many countries.

This notwithstanding, we have not explained, *ex ante*, the absence or presence of armed conflict (or predatory states), but have only managed to highlight some apparently critical differences between the conditions for “early” and “late” development. The final section will recapitulate these “findings” and compare them with the ambitions set out in the introduction.

³⁰ The term “Dutch Disease” is normally used by economists to describe the detrimental effects a huge inflow of foreign exchange may have upon an economy.

V. THE LOGIC OF CONFLICT AND POWER

“...the main goal of those who develop institutional rules is to gain strategic advantage vis-à-vis other actors, and therefore, the substantive content of those rules should generally reflect distributional concern. The resulting institutions may or may not be socially efficient: It depends on whether or not the institutional form that distributionally favors the actors capable of asserting their strategic advantage is socially efficient. Knight (1992:40)

If we follow the logic of our argumentation, based upon a somewhat sketchy walkthrough of the European experience, i.e. the necessity of establishing a monopoly of violence in an area – and creating the conditions necessary for encompassing interest (incentives) to develop, and in turn the common interest both society as well violence monopolist have in internalising the “rules of the game”, what might be the natural conclusion to our investigation?

CONFLICT AND POWER IN AN IDEALISED SETTING

Institutions are neither neutral nor impartial, but have very real distributional consequences. Embarking on a path of development involves a distribution of rights – and resources. Arriving at a particular institutional setup necessarily involves some level of conflict. From this perspective, conflict is manifest in all societies and it is an inevitable aspect of life in both traditional and modern, primitive and civilised societies. Nothing new in that. What appears to be important, is not whether or not conflict takes place within and between groups in society, but rather how it manifests itself.

The prime determinant for how conflict is manifested appear to be the nature of the relationship between the conflicting parties – between state and society. Is the relationship one characterised by interdependence/conditionality – or is it one characterised by (relative) independence/unconditionality? What exactly is the nature of the conflicting interests? An answer to this question provides substantial information on the incentives faced by each actor in the course of social interaction; and the subsequent institutions that arise out of the conflict. Institutions, which are progressively reshaped or confirmed depending on the underlying power structures.

As the environment, internal and external, in which actors are situated change so does the underlying balance of power, and subsequently the institutions which are a result of this balance. Significantly, this relationship between power structures and institutions does not appear to be mono-causal, but rather of a dialectic nature, i.e. institutions shape power structures as well as the other way around. The question is thus not whether society leads to the “social contract” or vice versa, but rather how they shape each other.

The establishment of a monopoly on violence represents a societal “take-off” point. It does so by offering a way out of the deadlock. By altering the available choices of the actors through projection of power it opens up the possibility of constructive conflict – but also destructive conflict. It depends on the nature of the relationship between the different parties – on the nature of power.

Whereas “unconditional” power does not provide the power-holder with a clear incentive to bargain and tends to produce total winners and total losers, “conditional” power provides an incentive for bargaining vis-à-vis the subjects. It is essentially this process which has taken place during the state-formation process in Western Europe. If both parties have an interest in the institutions, then the contestation costs, i.e. challenges to the rules, are brought down relatively and a progressive path of institutional development is initiated. These institutions are increasingly internalised further reducing potential contestation costs. Importantly, this perspective on institutional development and maintenance holds whether the state is perceived as an autonomous agency or as an active and self-interested player.

Removing the assumption of state autonomy allowed us to consider some of the conditions for the state developing into a benevolent, as opposed to a malevolent, predator. Two clusters of conditions appeared: i) conditions for a “market-natural” dominance over the means of violence, and ii) conditions for the establishment of a bond of interdependence between ruler and ruled, i.e. the presence of external threats and the reliance on domestic production for the purposes of predation. These two set of conditions allow the process to “take off” and structure the nature of subsequent institutions respectively.

Our idealised model, however incomplete, thus points to areas which are interesting to consider from the perspective of late development.

POWER AND CONFLICT IN A CHANGING WORLD

The conditions for the late developers of this world represent an entirely different outlook than that which faced the would-be states of Europe 400 years ago. Not only are the internal political, economic, and sociological conditions different, the external environment has changed beyond recognition. These changed conditions have produced a foundation for the state and society formation processes which are hardly conducive to the development trajectory experienced by the Western European states.

The market for violence production has changed, and the circumstances in which a prospective violence monopoly has to operate have become considerably more difficult. Our societal take-off point is consequently no longer stable, and a considerable amount of resources must be devoted to maintaining it. Resources which are diverted from other purposes. Concomitantly, the post-WWII system have to a large degree insulated states from external threats. While this does not necessarily mean that states will “turn on” their population it does remove a critical incentive not to do so. At the same time, states rely increasingly on “unearned” income, i.e. non-tax revenue, for their upkeep leaving them relatively independent of the well-being of (large parts of) the population.

The end-result is an increased likelihood that states perceive population as threats rather than potential sources of income. And that these states become increasingly unstable due to: i) the fragmented nature of their penetrative presence (their infrastructural capabilities), ii) the changed economy of violence and iii) the often tangible nature of their revenue sources, e.g. natural resource extraction. This leads to an inability to establish primary institutions. If the primary institutions, the rules of the game, are not properly “established”, they will be contested.

ODDS AND STAKES

The odds have been stacked high against a number of late developing countries. And the stakes are equally high – and that raises the odds (if we follow the logic of this paper). Some countries have obviously dealt better with this situation than others.

This paper has not, as it hoped to do, solved the riddle. We are still left with the following generalisation: “*In some cases, where the contingent conditions have been right, the numerous struggles have moved a society towards **integrated domination**, in which the state as a whole (or possibly even another social force) has established broad social power. In other instances, the conflicts and complicities in the multiple arenas have sometimes led to **dispersed domination**, where neither the state (nor any other social force) has managed to achieve broad domination...*” (Migdal 1996:103).

Instead, the paper has hopefully provided a few useful insights (even if they were of a rather tautological nature) and has allowed us to come a little closer to an understanding of particular aspects of state-society relationship. While we haven’t produced a grand theory of state-society development, we have indicated a number of factors which have a critical influence on the likelihood of conflict manifesting itself destructively or constructively – **as wars or as votes**.

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