

## **The Renewal of Statecraft**

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[Preliminary remarks/thanks]

We live in the shadow of fear. Stepping out from this shadow requires an expansion of our moral imagination. We must acknowledge our common humanity, and a world of increasing mutual interdependence. My generation has inherited, and in turn produced, histories of distrust that have held us prisoner. For the benefit of the young people of the world, who now constitute the majority of global citizens, we need to overcome the legacies of the past. To do this, I believe, we must fashion a new discipline and practice of statecraft.

Ralph Miliband remains a paragon of the wielding of sociological imagination for moral purpose. His book, *The State in Capitalist Society*, opens with the statement that, “*More than ever before, men now live in the shadow of the state.*” Bucking the trend that then considered the question of the state to be resolved, he reopened the issue of the function of the state in advanced economies. Today we once again find ourselves at a juncture where the state has become a central subject, both in terms of the functions that it has to perform and in terms of marshalling the necessary resources to harness globalization for our collective benefit. The state also remains the indispensable organ for overcoming the fear cast by the shadow of violence.

Social conflict, anthropologists remind us, is an inherent feature of stratified societies. We must, however, differentiate between the types of social conflict that take place within an established order and those that tear apart the order itself. While expanding the sphere of rights and freedoms is, I think, a task of great moral urgency in both these categories, the nature of the challenge is quite different in these radically different contexts.

Creative destruction, to use Schumpeter's phrase, entails a continuous process of renewal, within an established order. But in places where social order itself has already broken down, global forces become destructive, pure and simple. This latter situation is tremendously widespread. While estimates vary, by most indices, persistent conflict today threatens billions of people in 40-60 countries around the world. Professor Paul Collier has estimated that the cost of one new conflict amounts to \$64 billion - almost the total value of global development aid in a year. Income loss during war is typically 60% of GDP.

The spread of state collapse has belatedly brought about a renewed recognition of the importance of the state. A number of international organizations and commissions have converged in recognizing that effective states are going to be indispensable in meeting today's challenges. The World Bank devoted its World Development Report of 1997 to "Rethinking the State: The World Over" and to "Reinvigorating Institutional Capability," recognizing the centrality of accountability and governance. More recently, the Commission on Africa again emphasized the need for an effective state in overcoming the twin challenges of instability and poverty in Africa. The UN High-Level Panel on Threats, Challenges and Change examined a wide range of threats to global peace and stability, but stressed the centrality of the state in containing and eradicating these threats. Recent turmoil in financial markets has reminded us that the modern state has a wide range of functions to discharge, including dealing with market failures and providing the enabling environments within which markets can function.

## 2. State Theory and State Functions

This last point should serve as a caution against thinking of the state as static. People have often defined the state as it has suited them in a particular historical context, their attention fixed on the challenges of their own times. Max Weber's celebrated definition of the state as a human community

that “successfully claims the monopoly of the legitimate use of force within a given territory” is often taken as a claim about the fundamental essence of the state. Even this definition is highly nuanced, however, and a closer reading of Weber’s *Economy and Society* reveals his attentiveness to the state as an operational entity that performs a constellation of functions. He identified the legislative function, the police, the administration of justice, the various branches of administration, and the military administration as the most important functions of the German state between 1870 and 1916.

The statesman and thinker John Stewart Mill offered a more flexible view of the functions to be performed by the state. In 1848 he differentiated the necessary functions of government - *“those that are exercised habitually and without objection by all governments”* - and optional functions, *“respecting which it has been considered questionable as to whether governments should exercise them or not”*. Mill had clear views about the most essential functions of the state. He wrote, *“Is there not the earth itself, its forests and waters, and all other natural riches above and below the surface? These are the inheritance of the human race, and there must be regulations for the common enjoyment of it. No function of government is less optional... or more completely involved in the idea of a civilized society.”* Mill also felt that the mechanisms for raising revenue, the laws of Property and Contracts, and the systems of judicature and police were the three most important of the necessary functions.

Mill’s work therefore implicitly allows for changes in state functions according to time and place. But it was left to the 20th Century American philosopher, John Dewey, writing in response to the Great Depression, to articulate the mechanism for determining the functions that are to be performed by the state. That mechanism is the public. And the public, in Dewey’s view, is constituted through debate and open discussion regarding both the ends and the means of government. It is through public debate that agreement is reached on whether and how the government should perform certain functions. And it is through accountability to the public and monitoring by the public that a mandate is granted and the legitimacy of that mandate

measured by citizens. Legitimacy thus has to be viewed as a publicly constituted process through which citizens define both the state functions and the manner in which their state is to perform those functions. Dewey used his great moral imagination to envisage the state as the outcome of a continual process of discussion and renewal, at the heart of which is the citizen.

In my experience, however, when it comes to trying to assist the 40-60 countries that lack functioning state institutions, the international community continues to treat the state as an abstraction rather than as an entity that performs distinctive functions. In the spirit of debate and discussion, my colleague Clare Lockhart and I have proposed that the state must now perform the following 10 core functions in the modern world: maintaining a legitimate monopoly on the use of force; administrative control; management of public finances; defining citizenship rights and obligations; provision of infrastructure services; investment in human capital; regulation and promotion of the market; international relations and borrowing; management of the assets of the state; and promotion of rule of law.

These functions have been accumulated historically, but the state today is judged by the extent to which it performs these functions simultaneously in an integrated manner. At the heart of our thinking is the citizen. The 10 functions fall into the three components essential to a stable order in which citizens come to assume their security as a given: functions 1, 2, 3 and 9 are components of political order; functions 4 and 5 are components of social order; functions 6, 7, and 8 are components of economic order; and rule of law provides the glue that transforms an order into binding ties and obligations of citizenship in an inclusive state.

The theme of accountability is enormously significant. In his final work, *Socialism for a Sceptical Age*, Ralph Miliband explicitly recognized that:

*“Socialist democracy would be a regime in which regard for legal procedures would be taken to be one of the greatest importance, with the recognition that*

*such a regime would need to encompass independent adjudication between competing claims.”*

Today, I think, the forms of accountability need to change to reflect changing realities.

In his seminal sociological inquiry into citizenship, T.H. Marshall – a former Professor of Sociology here at the London School of Economics – conceived of citizenship as dynamic: as a relationship of rights and duties that evolves and expands over time. But, Marshall tells us, this dynamic expansion of rights and freedoms in the advanced industrial countries is founded upon a fundamental “*right to justice*,” which Marshall describes as the right that enables one to “*defend and assert all one’s rights on terms of equality with others and by the due process of law.*”

A stable order requires a legal system founded on this right to justice. History is replete with examples of the violence and destruction that can occur where this right is denied. To remain stable, the established order must provide legal mechanisms through which the rules of the system itself can be changed peacefully. Like Marshall, Ralph Miliband was concerned with the expansion of citizenship rights, through widening the established foundation of legal rights. At the heart of this is the right to justice, or as Hannah Arendt nicely put it, the right to have rights.

In relation to Marshall, I would like to raise one further issue, which I think is of critical importance. Marshall’s work remains useful as we consider citizenship in a modern setting, but there is now an enormous category of people requiring urgent attention. That category is the youth. Whereas in industrialized countries like Japan the population is aging, the reverse is taking place in other parts of the world. 100 Million people aged between 15 and 29 now live in the Middle East and North Africa. In this region unemployment averages 25%. Dhillon and Yousef use the term ‘waithood’ to describe these people. They are waiting for meaningful employment, marriage, housing, security, and to participate in the public affairs of their

countries. In a study by Chaaban, the financial cost of this exclusion across the 11 countries that he studied was measured at a staggering \$25 billion annually. It is critical that our young people's needs are met and that their voices are heard.

Since its inception in Italy during the 16<sup>th</sup> Century, the State has conveyed a difficult balance between might, power and authority. Might enabled it to defend itself from outside dangers and, when it felt the need, to impose obedience upon its members. Power, however, suggests that force is exercised in the name of and in accordance with certain rules. Where that power is considered legitimate, the term authority carries a sense of the obligations that the state may invoke. Sovereignty in this conception entails monopoly of power, and the power to control and to make the law. States can and unfortunately do behave repressively and illegitimately. But states have also proved the indispensable vehicle for guaranteeing and widening the rights of their citizens. From the beginning, states have held out the possibility of emancipation. While this remains a work in progress even in the most developed countries, citizens of the 40-60 most fragile and conflict-affected states are well aware that outside the shadow of the state, fear and insecurity are the norm. Citizens of the advanced industrial countries have lived in the shadow of the state for so long that they sometimes lose sight of this.

### 3. Peace Agreements

It is significant that some of the seminal contributions to discussion about the modern state have been produced during times of crisis. Machiavelli wrote as the Florentine Republic fell to the Medici, Hobbes' *Leviathan* was deeply influenced by the English Civil War. Max Weber delivered his famous lecture on "*Politics as a Vocation*" during the throes of the *Novemberrevolution* that convulsed Germany at the end of the First World War. Their thought is so rich because of the experiences into which they were plunged.

I now want to turn my attention back to the 40-60 states that are characterized by deep crisis - or collapse – of the established order. In contrast to the countries documented by Marshall and by Miliband, where persistent conflict has taken hold the most basic physical security is never provided. There is no functioning state to set or guarantee the rules by which people can live. The fundamental *right to have rights* is not in place. In such settings the struggle to expand the rights and duties of citizens are a distant dream.

When my colleagues and I talk about such settings one common response is pessimism, even despair. People often conclude that the international community does not know how to help such countries to reverse their histories and silence the guns. By way of response, I want to turn to now to a body of work that is seldom given the attention that it deserves.

Since the end of the Cold War, literally hundreds of Peace Agreements have been concluded. While there is now a valuable trend to analyze the implementation of Peace Agreements, the agreements themselves have only begun to receive systematic attention. Taken as a whole, however, these peace agreements constitute an immensely rich, sophisticated, and valuable literature on how to establish a legitimate, peaceful order - or how to found a state – out of conflict and instability.

Civil wars divide people in ways unmatched by any other form of conflict. They destroy some forms of social capital: between fathers and sons, sisters and mothers, brothers and brothers, who are forced to take up arms against one another. Simultaneously they forge new forms of solidarity, as men and women, previously unrelated to each other, and formerly unconscious of any bonds of unity, rally around symbols and forms of identity and create new forms of allegiance.

Peace Agreements become possible when parties to a conflict realize that they are in a stalemate, or that the cost of imposing their will upon their opponents is not worth paying. Moving to an agreement demands political

and moral imagination, because the task is to find mechanisms to bridge vast differences and create common ground. The form and function of the state, then, is critical to making the leap from deep suspicion to agreeing to find ways to build mutual trust. Words in these agreements carry enormous weight, for they are figuratively and literally the mechanisms for creating the rules, organizations and practices that will end the violence. As political theory in practice, these documents are also highly significant because they are not external readings imposed by outsiders to social and political cleavages, but the articulation of the protagonists of the conflict.

In *The State in Capitalist Society*, Miliband quoted Schumpeter, who wrote:

*“social structure, types and attitudes are coins that do not readily melt: once they are formed they persist, possibly for centuries”*

The challenge and promise of creating citizenship under such circumstances is to show the imagination, patience and persistence necessary to mint new coins.

The practice of Ralph Miliband’s two sons, David and Ed, both of them now Cabinet Ministers, however, suggests that old coins are subject to transformation, and demonstrate the openness of the state to transformation.

### Peace agreements as Statecraft

From a reading of recent peace agreements, four distinct strategies for ending conflict and laying the foundations of a new order emerge and I would now like to describe these in more detail.

The first strategy may be described as the **quest for an inclusive state**.

In Central and Latin America, repression by the state has been at the root of conflict, and the key tasks have been to restructure state institutions, to transform the relations between them, and to transform their relations with the citizens through the rule of law. The task is to redirect state power, away from repressing a section of the citizens and towards ensuring the rights of all citizens.

The second approach has been **Decentralization**.

In several contexts, decentralization has been seen as a way to bring peace between parties to a conflict. The view here is that in order to guarantee the rights of a segment of the citizenry, a portion of decision-rights, previously held by the central Government, needs to be transferred to regional or local authorities. Aceh in Indonesia, Bougainville in Papua New Guinea, Mindanao in the Philippines, Croatia, Georgia, Macedonia, Serbia and Montenegro in Central Europe and the Former Soviet Union all offer examples of this strategy.

Natural Resources have often been at stake in such processes, and issues of identity and cultural rights loom large. Decentralization may proceed on three distinct lines. First, the territorial integrity of the state itself may be accepted. Second, a transitional period may be agreed, after which there will be a decision on unity or peaceful separation. Third, the parties to the conflict may arrive at a cease-fire, deferring any decision on future status but making a commitment to a political solution in the future.

The term decentralization covers a complex reality in which parties to the conflict struggle to gain representation at the national level, and autonomy at the local level. In practice it can involve attempts to reserve public offices through explicit or implicit quotas in various branches of the central government. Similarly, we see the adoption of principles of affirmative action so that members of each group gain positions in the professional ranks employed by the government. Special measures are adopted for recruiting

former combatants into the ranks of the armed forces and the police also stand among the mechanisms agreed to for achieving the first objective.

The issues figuring prominently are the “reserved subjects”, decisions over which are vested at the local level and the subjects vested at the central level. This apparently neat distinction can be problematic in practice, because a significant number of issues may fall into a gray area in which decision-rights overlap. Furthermore, when the local government depends on the central government for financial or other resources, the formal process of decentralization can in practice either become or mask a process of centralized decision-making.

Clarification of decision-rights between different levels of government is the most important cross-cutting issue in the use of decentralization as a mechanism for securing lasting piece. Decentralization entails a balancing of rights and obligations at different levels of government and across different functions of the state. When a state is not governed by rule of law, narrow groups can take control over decisions, at various levels of government.

In the first two categories, the parties to the agreement are able to agree that the legal framework requires modification rather than complete overhaul. But in cases such as Nepal and South Sudan, where the majority of the population experienced the state as repressive, and armed movements rose up in response, it has sometimes been possible *to agree on new rules of the game altogether*.

The Comprehensive Peace Agreement in Sudan illustrates the level of complexity in negotiating new rules of the game. The agreement between the Government of Sudan and the Sudan People’s Liberation Movement/Sudan People’s Liberation Army (SPLM/A), covers both a series of temporal periods – pre-interim, and interim to be followed by elections within three years in the South and a referendum within six years on unity or separation – as well as a comprehensive set of agreements covering all aspects of relations between the sides. The agreement was premised on an acceptance of one country,

two systems, which meant an entire reversal of the history of a Muslim expansionist state against an African “animist” and Christian south. It included the writing of a new constitution for the country, the writing of a constitution for Southern Sudan, with its own branches of government and the writing of ten state constitutions in the south, and a series of agreements on power-sharing, wealth-sharing, land and security. Finally, it provides for a referendum as the mechanism of separation or continued unity.

Fourth, but by no means least, we come to cases of protracted conflicts where, after experiencing genocidal, despotic, destructive regimes that saw the loss of millions of lives, parties could not reach agreement on the mechanisms and processes of *constituting a legitimate center*.

These forgotten conflicts became the loci of sustained attention when global and regional circumstances changed, and the veto power of some stakeholders was removed, making possible the sustained attention of the United Nations. In Afghanistan, Cambodia, and East Timor the UN has been cast in the critical role of facilitator, co-producer, or administrator of a process of state-building through constituting a legitimate center for a government that would have legitimacy at home and abroad. These cases highlight the foundational importance of legitimacy to statecraft. The UN has been called on to handle every aspect of founding the new state, delineating the process of transition, articulating principles for the future constitution, handling elections, providing for refugees and internally displaced people, for the rights of women, and the rights of the poor and of other vulnerable groups. Practice has skipped ahead of theory. The UN has yet to articulate the relationship between its work in building peace and an agenda of state-building, but in practice its efforts have long-since made it a significant player in all aspects of a state-building strategy.

(As a footnote, I might add, three further approaches are revealed by study of recent peace agreements. These are: the imposition of peace, the imposition of pluralism, and accommodation and neglect.)

A considerable body of relevant theory is contained within these contemporary peace agreements. Unfortunately, however, there is still a serious disconnect between the theoretical quality of the best of these agreements and the level of statecraft, both nationally and within the international community, that is needed to implement the agreements.

In particular, seven key areas are in need of attention:

First, the **Political Process**. The exploratory discussions to begin formal negotiations can take years, in the course of which a huge amount of material can be accumulated, and this hidden material is of great importance in crafting the agreement itself. A number of critical components of the transition from conflict to the political process stand out, including: agreement on the framework and timetable for discussion, reaching understanding on a ceasefire and modalities of its enforcement and verification, reaching agreement on transformation of armed movements into political parties under a clear legal framework, agreement on the process of transition and timetable for holding of free and fair elections, and agreement on the role of third parties to facilitate, monitor, or verify the steps towards resumption of politics.

There is an enormous amount to be said about the political process, so I will confine myself to just a few remarks.

The rush to equate democracy with elections may risk confusing the goal and process with the mechanism. While democracy is a laudable goal, it is not clear that rushing to elections - in contexts where institutions are not stable, criminal groups control the security forces, and mature parties do not exist – serves to empower citizens. For elections to be held, we need clarity over the criteria which must be met, particularly in terms of the institutional capability of the police, administration, judiciary and media. Innovation regarding mechanisms of participation and consultation is required, building

on past experiences across contexts. National consultative processes; PRSP processes; the use of the Loya Jirga in Afghanistan; Truth and Reconciliation in South Africa – all these examples can yield lessons. Elections and censuses, are highly sensitive issues that demand careful management. Fraud must be reduced or limited as far as possible, but in practice this may require a time-period that is technically unfeasible.

By contrast, other types of village-based elections or national assemblies may provide a less expensive but more familiar mechanism - rooted in tradition - that still allows for the type of public discussion about the nature of authority that would realize Dewey's call for the constitution of a public. Many Peace Agreements call for censuses, databases and information systems to be built: the agreement on Guatemala stands out for its emphasis on creation of identity cards for all the citizens of the country. Enormous scope exists to examine the possibilities for rethinking electoral processes, voter registration, census preparation and citizen database preparation, in light of modern technology, to enable more frequent but transparent elections at a fraction of the cost, at the same time as building an information base for governance.

The political process must appear credible. Setting benchmarks of transition and providing mechanisms to broaden the process of transformation are both critical to creating momentum, and to gaining the trust and rallying the support of the population. Benchmarks provide a common calendar so that energies can be marshaled to achieve the same goals, to remove uncertainty, and to provide stakeholders with objectives to focus on while allowing for evaluation. Mechanisms for broadening the political process ensure that necessary adjustments can be made over time, allow for the increasing establishment of cross-cutting ties, and remove the sense that there are not permanent winners and losers.

Second, the **Legal Framework** demands our attention. Law is the critical link between peace and an inclusive stable order, and the means

through which politics may prevail over violence. Approaches to the Legal Framework vary according to the kind of agreement at stake. Where the state has been abusive Peace Agreements tend to stress the need for state institutions to be bound by the rule of the law. Similarly, efforts will be made to strengthen the judiciary and to increase its independence from politicians and the executive.

Where there is agreement on the existing constitution, the emphasis can shift to amending specific provisions or changing subsidiary legislation. In Latin America, for instance, the parties found the constitutions acceptable, but focused their energies on getting the balance between branches of government, or addressing specific issues of rights such as those of the indigenous people or the landless. In cases where new rules of the game are required, or where the task is to create a legitimate centre, the writing of new constitutions was an important benchmark of the process.

Where a transitional government is established, the limits of its political authority are usually either implicitly or explicitly understood. However, legal authorities, in areas such as the signing of contracts, the disposal of public land, and agreements with extractive industries, have not been clearly articulated. The predictability of law is based on precedent. Therefore, ensuring accountability and transparency in the management of public assets during transition periods is particularly important. Finally – tellingly - few agreements contain provisions requiring officials or politicians to disclose their assets.

The third point I want to make it that, in practice, Peace Agreements necessarily entail **the internal reorganization of the State**. The peace agreements that I have reviewed repeatedly stress the need for a state apparatus that is professionally staffed, capable, honest, and infused with the value of public service to citizens who enjoy equality before the law. Given the stated need in many cases to recruit, train and retain thousands of professional staff, and adjust mental models from those complicit in a repressive regime to one of public service, the silence in peace agreements

on the issue of investment in human capital is marked. The mechanisms to help former fighters and victims of war transform themselves into administrators are also not clearly specified.

Here, I think, the peace agreements – as embodiments of the practical requirements of the situation, as perceived by the protagonists – are ahead of international developmental theory and practice.

It is no surprise that the part of the state apparatus that receives the most detailed attention is the armed forces, underlining the concern that the instrument for guaranteeing a legitimate monopoly of violence had been changed into an instrument of violence pure and simple. For politics to prevail, there must be a political and social consensus that the armed forces will not have the right to veto the procedures and the outcomes of the political processes. Hence, the meticulously detailed provisions regarding doctrine, mission, accountabilities, budgetary allocations, size, recruitment, and definition of conditions and decision-rights on deployment. The police, on the other hand, are projected as the key instrument of internal security and receive strong attention.

This brings me to the issue of **Security**. The population judges a peace process by their own degree of security of persons, movement and property. The UN now has considerable experience in providing support in such situations, and this is reflected in the level of detail to be found regarding ceasefires, verification and the engagement of international forces.

From a medium to long-term perspective, however, security and stability will need to be differentiated. Security can be established through use of repression but stability can only result from legitimate political processes and from an inclusive order in which the citizens become stakeholders in the system. Achievement of stability, in turn, depends on the creation of institutions of security that are devoted to upholding the rule of law and obeying legitimate civilian authority. While some peace agreements highlight this critical issue, others remain vague.

The tragic events in Rwanda, Burundi, Darfur and the former Yugoslavia indicate the consequences - in both loss of life and subsequent expenses – where the international community has failed to engage early enough. Engagement also demands an exit strategy for international forces. The case of both Kosovo and Bosnia-Herzegovina should make clear that unless there is a clear state-building strategy, the deployment of forces for immediate objectives may assume a semi-permanent character.

Fifth, **Inclusive Economic and Social Development** is a key theme of recent peace agreements. However, lofty goals on economic and social development are seldom presented as worked-out plans of action. There is still insufficient attention to the corresponding duties of citizenship, or to the internal processes that are going to be needed to generate and manage the public resources needed for economic prosperity and social inclusion.

Requests for development assistance to support these objectives must be tempered with realism, either about the sustainability of proposed programs, the limits of international development support, or the need to build mechanisms of national accountability to ensure that resources are used responsibly.

Sixth, peace agreements tend to seek to renew or enhance the **Partnership with the International Community**. The UN is approached to help create a space of political consensus to end the conflict, and then cast as mid-wife in the delivery of the transitional phases of the agreements. While additional groupings- such as Groups of Friends and Regional Groups like the African Union – frequently assume a role, it is striking that International Financial Institutions are absent, reflecting the lack of alignment between political and economic processes.

Seventh, I would like to touch on the need for a discipline of **Implementation**, and working backwards to modalities of transition and timelines.

Such a discipline creates realism and coherence. Differences in the level of attention to implementation make all the difference to the outcome. These differences may account both for the gains achieved in restoring competitive electoral politics and for the slow momentum in achieving the goal of building inclusive states.

As leaders of war and mobilized constituencies, the interlocutors in these peace agreements have paid meticulous attention to implementation arrangements for issues that they are familiar with, ranging from organization and monitoring of elections, to the monitoring of ceasefires and decommissioning of armed groups. But these issues, though absolutely vital to replacing conflict with peace, are of short-term focus when viewed from the perspective of building inclusive states. Gaining and maintaining momentum towards this lofty goal requires the discipline of a marathon runner, not the concentrated energy of a sprinter. It is in relation to this state-building process that the international community could have been of immense service to antagonists-turned-partners around the world. But the international community itself lacked the knowledge and organizational culture to mobilize for marathons.

In the peace agreements where implementation arrangements are spelled out in great detail, such as the Comprehensive Peace Agreement in Sudan, there seems to be a disconnect between the desirability of an objective as framed in a legal agreement and the feasibility of its implementation, as measured by the capacity of the government and the international community either to mobilize or to hire people with the necessary skills and commitments to implement the agreements in practice. More attention to issues of implementation might contribute significantly to designing more realistic agreements and setting expectations of the stakeholders at a more realistic level - thereby enhancing the degree of trust in the process.

Clearly, and inevitably, peace-agreements pose the question of building a functioning state. The process is littered with difficult challenges, as I have tried to suggest by reviewing recent peace agreements thematically. I now want to suggest that the urgent task of building functioning states demands that we now think about - and invest in – a discipline of statecraft, to be conceived at three levels.

Firstly, **Statecraft as Knowledge**. Statecraft as knowledge is fundamentally about the ‘what’ and the ‘how to’ questions- ‘what should the state do?’, and ‘how should it do it?’ In gleaning understanding of what the state should do, practice has been richer than theory, meaning that state-builders over the last sixty years have not confined themselves to particular theories, but rather that statecraft has been an evolutionary process.

In proposing that the state performs ten core functions in the modern world, I have tried to suggest a platform from which fragile countries and their international partners could proceed. However, I have listed ten functions in the spirit of trying to provoke discussion and debate – rather than as a dogmatic prescription.

The ‘how to’ of statecraft is at its incipient stage. Implementation is the heart of knowledge, and policymakers who neglect implementation will always be surprised by the unintended consequences of policies that they launch. Knowledge of state-building prior to the onset of the second wave of globalization entailed a specific set of assumptions, focused almost solely on a national economy, administration and society. Globalization is posing the question of statecraft as knowledge in different ways. The second fundamental issue now, therefore, is that globalization is both a critical defining constraint and an opportunity, and if one ignores it and continues with a national mindset, problems will inevitably arise. Ireland is an excellent example of how the premises of control and power can shift - confined to a protectionist, closed national system until the 1960s, it transformed itself into an open society eager to embrace opportunities afforded by the EU and globalization.

Second, **Statecraft as Design**: Design is critical to statecraft because it needs to achieve a double goal: to use rules as resources that create stakeholders in those rules, and to usher in a process where common ideological understanding can develop across a range of stakeholders on the need to cooperate around the rules.

Historically one of the most significant examples of the process of design is the Marshall Plan. The architects of the Marshall Plan considered six alternatives before agreeing to make Europe a more or less equal partner in the transatlantic relationship - had the Marshall planners adopted the approach of scrutinizing the financing of every project proposed for Europe - the approach now used in many other parts of the world - the consequences would have been very different. The alternatives of design were clearly spelled out - it is important that they picked not only the right design, but carried out a process of articulating alternatives very clearly. The consequences of each choice were not fully evident, but there was sufficient understanding of the type of results that might arise that enabled the statesmen of 1945 to make the right decisions on the design of the Marshall Plan.

The operation of the aid system in developing countries in the last 60 years has shown that a project-centered model, rejected by the Marshall planners, has other consequences for statecraft. To take reporting requirements as an example of this problem: if the isolated project is taken as the unit of analysis, it makes perfect sense to have specific reports on a regular basis. When scaled up, however, this is entirely impractical. Tanzania, for instance, produces thousands of reports for donors every year. Thus, lack of attention to statecraft as design at the macro-level has produced an impact that is both wasteful and ineffective. A direct consequence of this projectized approach is that millions of dollars are spent on auditing at the project level without creating any fundamental changes at the level of governance. In Ireland, on the other hand, a small auditing team was created on a minimal budget to fulfill all macro-level reporting requirements to the EU.

The process of European accession offers us a broader view of the importance of statecraft as design. The rules of accession require domestic consensus on joining Europe, as verified through transparent mechanisms, and agreements on a series of institutional changes that entailed compliance with the *acquis communautaire*. This shift in the premise of statecraft as design has been key to the emergence of stability in Europe and the creation of the EU. Thus change at the level of systems is important - statecraft as design is the design of systems.

The contrast between the end of the First World War and the Second World War is instructive for us in terms of understanding statecraft as design. At the Versailles Conference the winners imposed a design of the peace that, as Keynes pointed out in his book, *The Economic Consequences of the Peace*, sowed the seeds of the next conflict. In contrast, the Marshall Plan and agreement on the European Coal and Steel Community changed the rules of statecraft from lose-lose, to win-win. The idea of the EU we have today had not fully materialized in the minds of Schuman and Monnet, but the foundation that they laid was solid enough to allow for the architecture of the modern EU to emerge.

Equally, Singapore did not set out in the 1950's with a full vision of the Singapore of today, but Lee Kwan Yew arrived at an architecture for economic governance that was sufficiently robust as a foundation to allow for continual modification and change. Our challenge today is to redirect our focus from the project and structural adjustment era to the institutional design era. Again, this means investing in statecraft and mechanisms for the performance of state functions that can thicken the rule of law as the glue that binds state functions together. Rule of law itself has to become the subject of design, and not an 'off-the-shelf' industry that takes rules from one place and transfers them indiscriminately to another without paying attention to context.

Third, **Statecraft as Vocation**: Moral commitment is at the core of statecraft. Max Weber's lecture on *Politics as Vocation* still remains the foundational statement on the subject. For statecraft to become vision it has

to be pursued with the same commitment as that of a vocation, or calling. Vision, however, cannot remain wedded to charisma. There have been too many experiences with authoritarian, populist forms of politics to trust our future to the vagaries of charismatic leadership. Leadership is essential to the articulation of vision, but it must meet not just the test of desirability, but also that of feasibility and credibility. Charismatic leaders have historically shied away from addressing questions of implementation, asking their followers for trust to lead them from exile to promised lands. In contrast, statecraft as vision must put the citizen, as a stakeholder with capabilities for reflection and monitoring, at the center of the enterprise. If citizens are to trust in a vision of the future then there must be a pathway that gives a clear enough sense of intermediate stages and destinations. Sequence is essential to differentiating a vision from a hallucination.

Statecraft as vision takes both the form of benchmarking and path-breaking. As a form of benchmarking it is defined by articulation of a reference point, in relationship to which a developmental trajectory is carved and mechanisms for realization of that destination are established. As Reinhard Bendix has shown, nations as reference points have played a critical role in the trajectory of nation-building and citizenship in Europe and Japan.

Basing reform on reference has not led to the replication of original models but has rather resulted in new lineages from the original form. Path-breaking, by contrast, has entailed departing from the common assumptions of the period regarding statecraft. Singapore's decision in the 1960's to court multinational corporations for investment is an example of such path-breaking statecraft. At the time the national economy was the accepted model, advocated not only by nationalist thinkers in Latin America, Asia and Africa, but also in prestigious UN Commissions, the World Bank and the aid community more generally. However, Singapore radically simplified its economic and social policies around the twin pillars of jobs and housing, and invited foreign investment as part of a significant wager which paid off handsomely. The island was transformed into a major regional and global financial center.

Today, the challenge for statecraft as vision is to find those specific pathways that can result in transformation of economies and societies. The international system can be both an asset and a constraint in this regard. Investing in statecraft as knowledge and design could bring about a shared universe of understanding on proven methods of governance for problems that are no longer intractable. Creating a credible payroll system or securing timely supplies for schools is not rocket science, but the tragic fact remains that in some countries a significant proportion of a payroll or budget for a school in a rural area can disappear. The international system poses a constraint in blocking or discouraging paths of innovation due to limits of imagination or organizational cultures within specific aid or trade bureaucracies.

What is certain about globalization is that the process of creative destruction that has yet again become its dominant feature, is going to pose a continuous series of challenges as new orders are spontaneously created by globalization. The challenge is to think about statecraft at the global, regional and national levels simultaneously and to harness it as knowledge, design and vision. We urgently need to invest in this discipline.

## Part 2: Afghanistan

I want to turn now to Afghanistan, where I hope it will become clear that the reflections, debates, and insights of men such as Ralph Miliband are not merely abstractions, but are actually matters of tremendous importance.

The overarching issue for Afghans in general and those in the South and East in particular, is, to use the language of Miliband, Marshall and Arendt, the right to have rights. The Afghan constitution, debated in earnest for a month by the grand assembly of the people in December 2003 and January 2004, contains an elaborate description of fundamental rights. However, the Afghan public continuously raises the issue of due process in relation to International forces, the Afghan Government, the local power-

brokers, and the insurgency. Guantanamo Bay and Bagram have been black holes of due process. Popular wisdom has it that hundreds of people have been found innocent after months or years in these purgatories. Two recent books, one in Pashtu and the other in Dari, provide graphic details of the humiliation that individuals have been subjected to in these places. During the Bush years, the operating assumption has been 'Presumed guilty until proven innocent.'

It is gratifying to note that in his Nobel Prize acceptance speech, President Obama has raised the question of the standards to which use of force must be subjected. As he clearly recognizes, there are occasions and circumstances where force must be used, but there are limits to the utility of force, and costs that it entails. The current monthly bill for US forces alone in Afghanistan is estimated at \$6 billion. Were the conflict to last ten years, the cost to the US taxpayers would be \$1 trillion, the equivalent of Healthcare Reform for the US population. It costs \$1 million per year to keep a US soldier in Afghanistan. The cost of deploying a British soldier is now £390,000 per year.

Statecraft not only can provide the honorable exit of the soldiers, but can accomplish the objective of a stable and legitimate order, at a fraction of the cost. It is worth recording that in April 2004 - when I presented an 8 year plan for Securing Afghanistan's Future, which was costed at \$26.5 billion - the international community balked as they thought that the risks that we were highlighting were exaggerations, and that the situation had stabilized. We must also record that the atmosphere at the time was extremely optimistic. In 2002, without firing a shot, General John McColl had led a British brigade into Afghanistan, establishing the International Security Assistance Force and winning Afghan public acclaim for bringing security to the capital city of Kabul. Afghans were ready to begin the hard work of rebuilding. This was one of those rare junctures in history where the possibility of breaking out of the cycle of conflict presented itself. It was an open moment. The country was ready to embark on the project of building an inclusive state. However, prevailing international wisdom was out of step with this local mood. The

mental images that guided decision-makers in the Bush administration and among some of its partners, were that this was a country of warlords and was best left to those people. Strongmen and criminalization of the economy both came from missing the open moment.

The question to be asked now is: can an open moment be manufactured? The answer is yes. I am optimistic that this open moment can be created again, and my reasons are as follows.

The first thing is that use of force is being recast in four fundamental ways. First, the threat of use of force is becoming more significant than the actual use of force. The threat of force is now sufficient to create space for a credible form of statecraft. Second, the purpose for use of force is being redefined, so that protection of the population has become the central objective. As a result, force is not directed towards elimination but towards protection. Maximum attention is being given to avoiding civilian casualties. It is here more than anywhere else that the difference between the Red Army and NATO is becoming clear. During its decade-long occupation of Afghanistan, the Red Army killed an estimated 100,000 Afghans each year. The highest rates of casualties in recent years, however, have not exceeded 800. The concern of the Afghan population at these deaths, however, derives from an equation of non-moral equivalence. The Red Army was an army of occupation. No quarter was expected and none was given. The overwhelming request of the Afghans, as I witnessed firsthand from hundreds of delegations from across the length and breadth of the country, between 2002-2003, was for more international troops. As a people who have prided ourselves in successfully resisting conquerors, it was a remarkable act of collective judgment to entrust the legitimate monopoly over use of force to international forces. Despite huge sorrow at the losses of our people, the Afghan public, I feel, still sees the presence of international troops as essential to our national interest.

Third, NATO has demonstrated its ability to learn. Not only has it moved from counter-terror to emphasis upon protection of the population as

its objective: it now recognizes a dysfunctional state and a predatory local elite as threats equal to, or greater than, the insurgency.

Fourth, and most important, the use of force is now framed within the search for peace. The limits of use of force have been clearly recognized: ultimately stability will derive only from a political process of peace.

The next issue that Afghanistan and her international partners must confront is how to build upon the lessons of peace agreements. Such an agreement must necessarily include a project of state-building to which the Afghan public, and contending interest groups, can agree. Here we must differentiate between Reintegration and Peace. The premise of Reintegration is the credible threat of use of force wedded to a vision of including individuals and groups within a state structure. Peace on the other hand is going to require intense discussion among contending parties on restructuring the political balance of power in the country so that parties to the conflict can achieve through political accommodation what they cannot bring about through the use of force and violence. Such an undertaking entails restructuring the state and rewriting the rules of the game. But we must recognize that what is on the agenda now is reintegration, and not peace in this sense.

So, while the military side has been reconfigured, there is now a lag on the political side. If the agenda were to switch from Reintegration to Peace, difficult questions would necessarily have to be raised and answered, including, among others: the Rights of women; Accountability of strongmen and politicians for impunity; Application of law; Commitment of officials to rule of law; and the binding of use of force to the rule of law.

It is not our task at the moment to foretell or to delineate the issues for the contenders. What is clear however is that when the willingness to engage appears, there will be a need for credible mediation. Ambassador Lakhdar Brahimi, with whom I have had the honor of working, and from whom I have learned an immense amount, brought wisdom, judgment, and commitment to

the Bonn agreement of November and December 2001 and then to the Bonn process of 2001 to 2005. His stewardship of international efforts showed that wisdom harnessed to moral purpose can bring people together to end the fighting. As he, like me, is the holder of an Afghan passport, bestowed on him by unanimous consent of the Loya Jirga, we not only hope, but expect that he will re-engage with us.

Skepticism regarding the necessity and possibility of a project of state-building in Afghanistan also needs to be addressed. The argument has been twofold: First, even if it were desirable, it would be unaffordable. Second, is the view that the Schumpeterian coin has been cast in its mold and cannot change, given the strength of persistent habits.

Recent geological research has hopefully settled the first question. The mineral wealth of the country alone, as revealed by detailed work of the US Geological Survey, is worth an estimated 1-3 Trillion Dollars. The issue therefore is not the potential wealth of Afghanistan. Rather, as John Stewart Mill long ago recognized, the issue is governance of this inheritance, and the provision of regulations for its common enjoyment.

The question of Schumpeter's coin should also be reframed. People not met, in places not visited are easy to generalize about. In the absence of analysis and firsthand information, we fall back on metaphors. Kipling, the bard of empire, is back in circulation.

But what has changed is the people. When I go to Afghan villages I ask two questions: How many of you have been abroad, and how many of you have relatives and kin that are living abroad? Most do. Millions of us have returned from being refugees, the majority of Afghans are under 22 years of age, and had not been born when the Soviet Army left. 7 million children, 35% of whom are girls, are engaging new work, and new ideas. In July 2002, when we launched a Telecoms licensing process we had 100 mobile phones in the country. Today we have over 11 million mobile

subscribers and over 2 million Internet subscribers. Yes, drugs, violence, corruption and bad governance are part and parcel of our current realities. But so are hard-working women and men, whether farming or leading organizations of civil society. Our entrepreneurs are creating work through their sheer creativity, and our religious leaders are working to reclaim the mantle of an Islamic civilization known for its tolerance and dialogue. I see young men and women determined to create an inclusive society, a dynamic economy and a functioning polity from the material handed to us by history. Rather than a hub of instability, with imagination, Afghanistan's position as a land bridge connecting South Asia, Central Asia, China and the Middle East could be harnessed to reinvent it as an anchor of regional stability. Afghans are determined to create history rather than be its victims. We will honour the memories of our ancestors by building on their commitments, but we will overcome their constraints by re-engaging with one another, with our neighbours and with the wider world in new and productive ways.

Ralph Miliband dedicated his book, *The State in Capitalist Society*, to the memory of C. Wright Mills. *The Sociological Imagination* was a formative text of my life. In calling for a new discipline of statecraft I have tried to honour the memory of Ralph Miliband, of Mills, and of their inherited tradition through vigorous engagement. I hope that LSE, with its great tradition of learning, will not only open its doors to a young generation of Afghans, but through use of distance learning, forge a virtual partnership with Afghan Universities. We do live in one world. The shadow cast by fear can only be overcome if we join together to renew the project of state-building as a continuation of the quest of the state for emancipation. The risks and obstacles are considerable but the reward is greater by far. It is to secure our future life and the future lives of our children.

Thank you.

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