

# Establishing inclusive societies in fragile states

By Seth Kaplan

## Executive summary

In the development field, establishing inclusive societies in fragile states is *the* challenge. Everything, from reduced conflict and poverty to improved governance, democratisation and economic growth, hinges on it. However, despite considerable amounts of aid, change remains elusive. Countries from Nigeria and South Sudan to Yemen, Iraq and Pakistan are plagued by exclusion, and governments in such troubled states often are a primary cause. As the author argues in his recent book, *Betrayed: Politics, Power, and Prosperity*, establishing an inclusive society requires action on many fronts at once, be they “macro” (ideology, incentives and governance) or “micro” (connectivity, healthcare and education). Overcoming the divisions that encourage conflict and exclusion and hold back development is possible only if leaders – politicians, businesspeople, officials and heads of civil society – consistently act inclusively.

Establishing inclusive societies in fragile states is the biggest challenge in the development field. Everything else those working in development aim to accomplish – preventing conflict, improving governance, catalysing economic dynamism, reducing poverty, promoting democratisation – depends on it. Until now, however, change has proved more of an illusion than a reality across most of the world. About three billion people – roughly half of the population in the developing world – are trapped in societies that shut them out in key ways.

Some developing countries have made huge strides in recent decades; fragile states have not. They average more armed conflict and poverty, with less economic growth and human development, than any other set of countries in the world.<sup>1</sup> Around the globe, conflict and poverty are concentrated in fragile states.<sup>2</sup> They already absorb most of the foreign aid that is spent every year. Making the planet more secure and less poor is largely a matter of improving governance in these countries.

Structurally, fragile states are not like other states.<sup>3</sup> With weak institutions and unbridgeable social divisions, they function according to a set of sociopolitical dynamics different from those of robust states. As such, they face uniquely formidable obstacles to stability, development and democracy; they are trapped in a vicious cycle in which instability and underdevelopment feed on each other. Social divisions hamper efforts to improve governance and foster economic opportunity, which in turn creates discontent and a zero-sum competition for power and resources.

Exclusion and its inequities send destructive ripples across society. Leaders focus exclusively on their bases; politics becomes dangerously zero-sum; the “outs” feel that they have little to lose; and violence seems always near. Growth is precarious and narrow because too many people cannot participate. The allure of ethnic politics undermines democracy. The poorer classes are shut out of schooling, finance, opportunity and the benefits of law-based rule.

1 Of the world's 37 ongoing armed conflicts in 2011, over 20 were in fragile states, with Afghanistan, Pakistan, Libya, Somalia, Sudan and Yemen having the most civilian casualties. These countries have for the most part “lost economic ground over the past 10 years compared to other developing countries,” and lag behind in terms of education and other human development indicators. Letouzé, Emmanuel and Juana de Catheu. 2012. *Fragile States 2013: Resource Flows and Trends in a Shifting World*. Paris: Organisation for Economic Cooperation and Development, pp. 30–32, <http://www.oecd.org/dac/incaf/FragileStates2013.pdf>. According to the 2011 World Development Report, “the development deficit is concentrated in fragile and conflict-affected and recovering states, which account for 77% of school-age children not enrolled in primary school, 61% of poverty, and 70% of infant mortality.” World Bank. 2011. *World Development Report 2011: Conflict, Security, and Development*. Washington: World Bank, p. 63.

2 By 2018, the proportion of the world's poor living in fragile states is expected to reach as much as one-half. By 2030, it is expected to reach as much as two-thirds. Chandy, Laurence, Natasha Ledlie and Veronika Penciakova. 2013. *The Final Countdown: Prospects for Ending Extreme Poverty by 2030 (interactive)*. Washington, DC: Brookings Institution, April 24.

3 They have two structural problems – fragmented political identities and weak institutions – that create a vicious cycle of dysfunction that is hard to change. For more on the author's conception of state fragility, see Kaplan, Seth. 2014. “Identifying Truly Fragile States.” *The Washington Quarterly*, 37, Spring.

Only if inclusiveness becomes an imperative will these conditions change. However, leaders who are inclusive-minded will have to overcome much resistance. They will face many stubborn obstacles, and they will need to be creative and persistent in the long term.

### What is an inclusive society?

Inclusiveness is an attitude that fosters a sense of moral, psychological or social obligation towards the “other” in one’s society. Such sentiment may be relatively common in countries where all members of a society have a shared sense of identity, or at least robust institutions that serve people equitably.

However, the feeling is rare in fragile states, where all too often identity groups (whether sectarian, ethnic or racial, or caste-, clan- or class-based) are gravely at odds. The lack of solidarity across groups often has deep roots and is based on different histories and beliefs (with divisions perhaps having been deepened by colonialism or a past conflict). This means that no one – and especially not the people in power – works for the good of the country as a whole. If any state-building is done, it is exclusionary; and if any growth occurs, the wealth that it creates flows unequally to a few.

Long-standing patterns of poor governance – states with little efficacy, weak accountability and few if any defences against corruption by the rich and powerful – can make exclusion worse and harder to uproot.

Merely adopting market-based economic reforms will not work. Those in power will twist things to favour their cronies, while strategic sectors (or indeed whole parts of the country) decline for want of investment. A handful may grow rich, but most will stay poor – Africa and the Middle East have many sad examples of this.

### Making the problem worse: government

While governments in most countries generally strive to moderate exclusion – by, at the very least, offering equal protection before the law to everyone – in deeply divided societies they often exacerbate it. Beholden to a segment of the population, politicians, bureaucrats and judges end up directly and deliberately perpetuating social exclusion.<sup>4</sup>

In the Philippines, for instance, a small number of families have used their huge landholdings and wealth to dominate politics for generations. Just 170 families have produced seven presidents, two vice presidents, 42 senators and 147 representatives since 1900.<sup>5</sup> In the 2007–2010 Congress, more than three-quarters of the lawmakers belonged to

powerful political families. It is no surprise that these families have used their power to grab most of the economic gains that the country has made since becoming independent.

In Pakistan, powerful clans exploit their near-feudal positions in society to dominate government and hang on to power. Bureaucrats, courts and police defer to powerful elites and interests. State enterprises are managed for the benefit of the rich and well connected. In Bahrain, the Sunni royal family has systemically shut the Shia out of key offices and the security services and ensured that they have less access to public services and wealth (most of which is controlled by the state in the petroleum-rich country). In Côte d’Ivoire, southern politicians amended the national constitution to deny millions of northerners the right to identity cards, disenfranchising them in the process and ensuring the south’s continued control of government.

In countries with weak institutions and a history of alienation from the state (whether caused by colonialism or social fractures), public and private morality differ sharply. Behaviour that would seem unethical in the private sphere hardly raises an eyebrow in public. A man who misuses his clan’s or family’s funds will be shunned, but one who exploits his public office to enrich himself and his relatives will not. Public corruption may not be condoned, but it will be expected. An official who takes bribes will incur less disdain than one who will not use his post to help a classmate get a job. The quality of governance is collateral damage. Public funds are misused, the rule of law is weakened, wealthy interests gain unfair advantage and state policies go astray.

The tribalism that infuses society overwhelms already weak governing bodies and strangles any apolitical bureaucracy at birth. The weakness of the state drives people back to old loyalties and personal relationships as the only forms of protection and support to be had.

Inclusive-minded leaders will need to resist the deeply ingrained tendency to favour one’s own group and instead make different ethnic, religious, clan, regional and ideological groups – as well as poorer and historically excluded groups – feel that they, too, are part of the national community. Moreover, they will have to fight to strengthen institutions – the source of much exclusion – without rest.

### Possible avenues for change

How to nurture an inclusive dynamic where none exists? As the author argues in his recent book *Betrayed: Politics, Power, and Prosperity*, leaders must act on many fronts at once – in macro areas such as ideology, incentives and

<sup>4</sup> In many cases, groups of people are not actually entirely excluded but are included on terms that make it all but impossible for them to compete economically and politically with other groups. For instance, many poor people must take low-paid jobs in bad conditions and on uncertain terms because their lack of education and desperate need to earn money puts them in a highly disadvantageous position. This phenomenon is known as “adverse incorporation.”

<sup>5</sup> Coronel, Sheila, et al. 2007. *The Rulemakers: How the Wealthy and the Well-Born Dominate Congress*. Quezon City, Philippines: Philippine Center for Investigative Journalism, p. 49.

governance and in micro areas such as connectivity, healthcare and education. Macro has a large impact on micro, so it is key (e.g. improving learning outcomes depends on improving governance).

As a start, we must recognise the scale of the problem. Although exclusionary attitudes have a huge impact on governance and the relationship between people across a large part of the world, there is relatively little acknowledgement of the issue. Few leaders or development organisations give inclusiveness the priority it deserves. This must change.

It is not a coincidence that the only Arab Spring country that can be considered a success is Tunisia, which has had leaders who have acted inclusively from the start. In contrast, in Egypt, Libya, Syria and Iraq (whose transition started in 2003), exclusion has been the norm, with devastating consequences. In an earlier era, Spain, Chile and South Africa were able to overcome deep divisions to create the conditions for a more inclusive state and society, because leaders saw the importance of reconciliation and were willing to compromise for the sake of the national good when it mattered most. Prosecutions, for instance, were not thought of in overly technical terms, but in terms of what would be best in societies undergoing profound political reordering. In many cases, they were deferred or even eliminated to avoid exacerbating societal fault lines. Alternative approaches that advance inclusiveness while fulfilling criminal law's core objectives (punishment, public condemnation, deterrence, rehabilitation) were often used instead.

After admitting the size and depth of the problem, the next step is to recognise that standard reform methods do not work in divided, fragile states. It is a blunder, for instance, to focus too much on formal institutions and processes. Underlying societal dynamics are what count.

Instead, leaders should use inclusiveness as the guiding principle for developing strategies and policies, setting priorities and examining trade-offs in fragile states. They can promote inclusiveness by:

- Convening a national conference of representatives from major groups to create a new or stronger national identity built upon elements or ideas that all major groups share. A country's new inclusive identity and the narrative supporting it can be linked to a language (Tanzania and Indonesia), history (Ethiopia), an external anchor ('European-ness' for potential European Union candidates), religious association (Senegal), common culture (Botswana), threat from a common enemy (Vietnam and Somaliland), and so on.
- Forging a stronger sense of nationhood by promoting changes to education, media, citizenship law, infrastructure (to enhance connectivity) and public policies (e.g. minority recruitment schemes and reallocation of

financial resources). Even television programming and national sports teams – to say nothing of a classic "hard" institution such as a remodelled national military – can reinforce inclusiveness.

- Sponsoring activities (at a smaller scale than a national conference) to bring disparate leaders together to discuss national problems and build trust. Somaliland's transition to stable government and democracy was initiated by a series of interclan conferences financed by local businesspeople and community leaders.
- Uniting different religious groups to fight poverty and disease in the manner of the Nigerian Inter-Faith Action Association.
- Gathering weak and scattered political forces into a single movement that can press for things such as better schooling and more rural roads. In the Andean countries, indigenous groups have joined to create political parties (and other groupings) big enough to force governments to introduce inclusive policies.
- Taking an open-minded approach to what might qualify as a governance asset. A country's governing capacities, for instance, could include not only the government's own apparatus but also non-governmental organisations and social institutions ranging from traditional systems of justice to religious schools to parliamentarians' relations with their constituencies. An assessment will probably produce an inventory of unorthodox assets that may be better than central government at delivering various public services.
- Professionalising the civil service. Abolishing patronage, hiring on merit only, improving pay, linking incentives to performance and investing in training should go together with initiatives to increase the supply of qualified officials. Investing over time in knowledge networks that produce administrators, policy-makers, independent analysts, budget consultants, and so on will help to bring the problems of governance under control.
- Strategically employing urbanisation and decentralisation in order to launch a whole new urban-based governance model. These units would be more cohesive, more able to deliver services, more accountable to their citizens and more dependent on local tax resources than national governments. They would therefore be less susceptible to the divisions and problems that plague fragile states. Although the ideal mix must vary with circumstances, substantial shares of state resources and responsibilities must flow to big cities and their environs.
- Guarding the integrity of key institutions through governance partnership agreements with the international community. In many places, this might be the only way to curtail the corruption and exclusion that corrode

the rule of law, public services and public financial management. The International Commission against Impunity in Guatemala, created by a 2007 agreement with the United Nations, has boosted that country's ability to combat gang-related violence and police and judicial corruption with a Special Prosecutor's Office that can mount its own judicial proceedings. Liberia's Governance and Economic Management Assistance Program, which is jointly managed by the government and the international community, oversees state budgets to cut corruption and mismanagement.

- Ensuring that *everyone* has access to a minimum bundle of "opportunity enhancers" (physical, financial, social and human assets, as well as access to public and private services), "risk reducers" (housing, healthcare and insurance) and "connectors" (low-cost physical and social linkages to markets). Education is particularly important – it serves as a "force multiplier" for all the others.
- Helping entrepreneurs start and grow businesses. This creates jobs and fosters a wider distribution of wealth. Improving infrastructure and taking steps to reduce the risks and costs of operating a company are both vital steps. So are reducing barriers to cooperating with other companies, which allows firms to specialise, grow and extend their reach, while encouraging the expansion of clusters of businesses that complement and support each other. Small to medium-sized enterprises also need supporting institutions (information providers, employment bureaus, apprenticeship programmes, professional accountants and lawyers, business training, banks that cater for smaller companies) to reduce the costs and risks of expanding. Filling institutional voids will benefit smaller and less connected companies much more than larger and well-connected firms.
- Establishing mechanisms to enforce the rule of law on elites in areas such as political commitments and illicit financial flows (often produced by corruption). These would have to include oversight and verification instruments and provide credible sanctions for non-compliance. Depending on the context, they could be based on domestic or international institutions and be permanent, temporary or ad hoc. Domestically, better laws, courts and regulatory agencies, as well as special courts designed to be more independent, can play a role. Internationally, better controls on financial flows and the actions of multinationals can help. In many countries, governance partnership agreements may be the best option.

Initiatives are not bad separately, but together they have real power. After all, they are mutually reinforcing: the more cohesive a population is, the more inclusive its attitudes will be, and the more likely it is that its leaders will see state-building as being in their own interest. The more that people can take part in political and

economic life, the more likely they will be to hold leaders accountable and thereby make the state more inclusive. The more that informal governance assets are recognised, the more people will be able to manage their own affairs. And the more evenly wealth is distributed, the more likely it is that power will be too.

### Shifting the equilibrium

Although the related (but still distinct) problem of income inequality gets a lot of attention today, exclusion matters more. It blights lives, threatens stability and hampers reform with a unique directness.

Societies with sharp income inequalities may be highly exclusive, but they do not have to be. On the contrary, they may have excellent governments that provide high-quality public services to all their citizens, progressive taxes and leaders who openly recognise the need to ensure that everyone is treated equally in the eyes of the law and state. Opportunity may be plentiful. Growth may be shared. Chile, Botswana and the U.S. all fit this description.

Exclusive societies, by contrast, are *always* highly unequal. Political and economic power reinforce each other. Leaders hardly need even pretend to care that the state works well for everyone. Most people have limited access to the benefits of law-based rule (officials, including the police, may be among the biggest sources of trouble for the poor), and public services may be inadequate or absent. When growth occurs, it is likely to benefit no more than a very small proportion of the populace. Pakistan, Nigeria, Angola and Egypt all fit this description.

Inclusiveness – especially if it comes in the form of social glue that binds people together – is also more essential than equity in trying to pass and implement significant economic and political reforms. Whereas equity may have an impact on how people feel about each other and the state (it varies tremendously across cases), inclusiveness means that people are likely to have a sense of shared destiny and a willingness to make sacrifices for the common good. Inclusiveness engenders legitimacy and trust, while increasing support for policies (such as the repeal of state subsidies) that will take a long time to bear fruit or that favour the historically disadvantaged (such as positive discrimination policies).

Political, economic and social leaders – and their international partners – should make inclusiveness a priority. They can take comfort from historical patterns of change. The state of things might seem rock hard under pressure, only to give way suddenly and reach a new equilibrium. Leaders who can sustain pressure – and build ever-stronger coalitions behind an inclusive agenda – will stand a better chance of shifting the status quo and producing a new, more cohesive alignment of ideas and interests. ■

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