

Rethinking Nation-Building

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In 1945 the future of capitalism as the organisational form of the economy and democracy as the organisational form of the polity was far from certain in the advanced industrialised world. Today there is a remarkable consensus on both the preferred economic and political forms. With globalisation of the media, the benefits of membership in the wealthy democratic club are beamed daily to the homes of billions of people who in turn aspire to the economic opportunities and political freedoms that the market economies and democratic societies have delivered to their citizens.

Yet the daily experience of so many people in poor countries is confrontation with the realities of failing or fragile states, criminalised and informal economies, and the denial of basic freedoms. It is not resentment of the West but exclusion from the right to make decisions in their own countries that feeds the resentment of the poor. At the same time, the networks of violence that have declared war on the security and order of ordinary people in the developed world are making use of the territory of failed states to expand their bases of destruction.

The path to security is not just investment in the institutions of security. The price tag for security in a fragile state can quickly run into billions of dollars a year. A sustained analysis by NATO of the best means of achieving security in Afghanistan showed that credible institutions and public finance would contribute more to security than would the deployment of troops. Nor is the answer money alone; in these countries, money cannot be translated to capital, because such things as the rule of law, transparency and predictability are lacking. The state is the

most effective, economical way of organising the security and well-being of a population, just as the company is the most effective approach in a competitive economy.

Thus the need for functioning states has become one of the critical issues of our times. Global political, economic and security institutions must have a new goal: to promote the emergence of states that can fulfill their necessary functions. This goal provides a unified answer to numerous initiatives, including debt crisis, implementation of the Millennium Development Goals, and security.

It also requires that we make clear what functions need to be performed by a state if it is to have internal legitimacy and external credibility.

We have proposed a framework of the 10 most critical functions the modern state must perform, which was endorsed by a group of leaders of post-conflict transitions last year. The functions include maintenance of a monopoly on the legitimate means of violence, the nurturing of human capital, and creation and regulation of the market. We have also proposed that state-building or sovereignty strategies

be devised to meet the goal of having the state perform each of the 10 functions -- strategies backed by compacts between the leadership of countries and the international community on the one side and citizens on the other to create capable states that deliver value to their citizens. And instead of thousands of reports, there should be a single global report on state effectiveness, compiled with the involvement of global and local civil societies and issued



Afghan children play on an abandoned tank on the outskirts of the Panjshir Valley © REUTERS/Ahmad Masood, courtesy www.alertnet.org

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by a credible international organisation.

For this to work, the global institutions must receive renewed attention. Despite some obvious shortcomings of the United Nations and international financial institutions, the fact remains that if they did not exist they would need to be invented. We must not succumb to calls for their abolition or further weakening.

Revitalisation of these organisations will require sustained attention from the leaders of the Group of Eight industrial nations, which need to agree on a program of reform. It is critical to redefine their tasks and coordinate their activities. In turn, their leaderships need to become models of transparency in recruitment, evaluation and promotion of staff members. U.N. agencies need the resources to tackle state-building in fragile and conflict-ridden states. The decision at the U.N. summit in September to create a peace-building commission provides the United Nations with the opportunity to demonstrate its commitment and capacity for serious reform.

The international system needs reordering, with a new role for the United Nations, international financial institutions and security organisations. The wars of Europe between 1648 and 1945 were made history by collective security institutions. With that experience in mind, the nature of current threats and opportunities can now be confronted.

see also: *Closing the Sovereignty Gap: an Approach to State-Building*, ODI Working Paper 253.

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