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Why States Fail & How States Recover

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Synopsis

Somalia and its twin Somaliland are prototypes of states that fail and states that recover. The difference between Somalia and Somaliland is the difference between a peace owned and a rent-seeking peace. Local ownership is but one aspect of the conditions for state recovery.

Commentary

SOMALIA AND SOMALILAND on the Horn of Africa are prototypes of states that failed and states that recovered. Somaliland declared independence from Somalia on 18 May 1991 after a six-week Grand Conference of the Northern Peoples in Burao. The conferences in Burao and later, Bomora were managed and financed by locals, bringing their own food and shelter over many weeks, sometimes months.

These events were “bottom-up, not top-down”, emphasised Mohamed Omar, the minister of commerce, “unlike Somalia’s, which has been top-down, driven by donors through leadership and taking place outside the country”. Somalilanders concentrated on achieving peace, not on acquiring financial rents for delegates from the process, a feature which has continually by contrast blighted Somalia’s attempts to the south, where conflict entrepreneurs have fed off both the fighting and the talking.

State failure; state recovery

While the absence of international recognition might impede the consolidation of its development, Somaliland’s home-built steadiness so far exemplifies the limits of external intervention in stabilising countries and the necessity of local ownership. The irony does not end there. The route to reclaiming Somaliland’s independence lies through Mogadishu, in getting its southern neighbour to agree to a divorce; but the Mogadishu government is barely functional, little more than a Western-supported and African-military controlled client state.

The difference between Somaliland and Somalia is the difference between a peace owned and a rent-seeking peace. A lack of aid has meant that Somalilanders have had to find their own way, and the lack of external involvement has left local structures in place. It is a prototype for making peace elsewhere, the lesson for outsiders being: Less is often more. Foreigners cannot after all want peace more than the locals.

This is a first of several lessons in understanding why states recover and the role of outsiders in this process. State failure, of course, is not just about Somali-style collapse. The strains of fragility – of governance, economics, politics and society – intersect and play out differently in different circumstances. While many states are fragile, there is a group at one extreme that threatens to explode or implode, and is as a result prioritised by external actors.

At the other extreme, there are authoritarian democrats; states that might work for now, but whose lack of democratic governance threatens to undermine both their standards of governance and prospects of long-term growth.

Getting it right

There is no single reason or a tipping point at which a state becomes officially 'failed', an imaginary dividing line between success or normality and failure. This explains the difficulty in defining such states, and especially in categorising them. Hence terminology including failed, fragile, weak, collapsed, vulnerable, moribund, straggling, struggling, crisis, quasi-failed, 'non-state', broken, invisible, insufficient, stillborn, phantom, or even 'Potemkin' states. But these situations should be viewed on a spectrum or continuum rather than a balance sheet of failure.

Countries that work for some, at least for the relatively well-heeled visitor, can work against the locals. There are those that significantly and continuously under-perform, lurching from crisis to crisis, a roller coaster of political and economic collapse, but do not explode into violence and become the focus of international aid groups, one external metric of failure.

Getting it right depends on answering why the international community so often gets it wrong in managing transitions, from war to peace, and from poverty to prosperity. Even so, the difference between state recovery and failure involves more than the efficacy of external actors, no matter the attempts to plan and resource a coherent strategy, to achieve better coordination, staffing, commu¬nication, and to establish clear pillars, goals, objectives, systems of accountability, and clear priorities.

The drivers of state success include legitimacy, not just stability; soft systemic not just hard physical infrastructure; and the emergence of issue- rather than identity-led political and economic choices, where narrow self-interest is subsumed by national concerns. Transforming states is about the politics, and the political economy, and living with local solutions, however messy they appear.

Security is imperative: indeed, it is the door through which much else follows, including better governance and development. You can't fix instability without fixing, first, security. To do that effective armed forces are required, including the police.

Thinking things through to the finish, by locals and outsiders, is also imperative.

Cost of failure

Countries are quick to respond to emergency situations, or to engage militarily, driven often by their own domestic political considerations. But few have the staying power, as is evidenced by Iraq, whatever the strategic folly in getting involved in the first instance.

The costs of failure and the potential rewards of recovery are enormous. Today the bulk of the world's poor – totalling 1.1 billion of the planet's seven billion people – live in failed or failing states. Not only is their lack of development and progress a missed opportunity for all, but their problems are unlikely to remain at home in a world increasingly connected by the flows of people, capital, goods, technology, information and news.

History teaches however that the period of recovery for states from failure is at least as long as the period of decline. The term 'buy and hold' is synonymous with taking a long-term view; not aiming to enter low and sell high, but rather to build a business over generations.

This approach discourages speculative investment and promotes the practice of holding onto shares for years in the belief that the stock is undervalued, and that sound management and patience will not only add value for the investor, but create wealth and jobs in the process.

Buy and hold is also the strategy necessary to fix states. Local leaders need to adopt this approach, investing in the future of their countries, and not simply using their power to extract personal wealth.

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