Reconstructing Weak and Failed States

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It is argued that the process of reconstructing weak and failed states along liberal democratic lines is a cultural rather than a merely technical issue. The work of Alexis de Tocqueville provides key insights into the foundations of liberal democracy and the limitations on the ability of foreign countries to export liberal democratic institutions via military occupation and reconstruction. After considering these insights, the implications for reconstruction efforts are considered.

Key Words: De Tocqueville; Civil society; Social capital .

I. Introduction

Understanding the causes of weak and failed states is currently one of the most important topics in all the social sciences (see Rotberg 2004). Indeed, the fear of the potential chaos that these states can produce is the driving factor behind much of the West's foreign policy. As evidenced by the past occupations of Somalia, Haiti, Bosnia and Kosovo, and the current efforts in Afghanistan and Iraq, policymakers have often sought to address these potential threats by engaging in reconstruction efforts.

Reconstruction entails military occupation with the aim of creating or restoring physical infrastructure, facilities and minimal social services, as well as spearheading fundamental social change through reform in the political, economic, social and security sectors. The ultimate goal is the achievement of a self-sustaining liberal democratic, economic and social order that does not rely on external monetary or military support. However, these efforts have been met with mixed results. Many consider the U.S.-led reconstruction of Japan and West Germany following World War II to be clear cases of success. But one has a difficult time finding subsequent cases in the post-World War II period where liberal democratic institutions have been successfully established at gunpoint.

Much of the existing literature on the topic of reconstruction focuses on the technical aspects of the endeavor such as troop levels,

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monetary aid, planning and leadership structures (see for instance see Dobbins et al., 2003; Pei, 2003; Orr, 2004; Dobbins et al., 2005). For instance, one often hears criticisms of the current reconstruction of Afghanistan and Iraq for poor planning, too few troops, too little funding, lack of an exit strategy, etc. If only the leaders of these efforts would adjust their behavior either by shifting strategy or increasing monetary or physical resources, critics contend, the outcomes of reconstruction efforts would be drastically different. But focusing solely on the technical aspects of reconstruction overlooks the contextual constraints within the country being reconstructed.

It is my contention that reconstruction is not simply a technical issue. In other words, it is not simply a matter of obtaining the right levels of troops, monetary and humanitarian aid or holding elections at the right time. For instance, it does not appear that technical factors alone can explain the successes of the post-World War II reconstructions of West Germany and Japan. Over the first two years of occupation, there were fewer troops per thousand citizens in Japan than there were during the occupations of West Germany, Kosovo, Bosnia and Somalia – the first example experienced a like result but the rest experienced a worse outcome than Japan (Dobbins et at. 2003, 149-151). Similarly, *per capita* international aid over the first two years of occupation was higher in Bosnia and Kosovo than it was in West Germany and Japan (Dobbins et at. 2003, 157-158), yet most would not consider the former cases successes.

If successful reconstruction is not simply a matter of finding the right mix of technical variables, then what other factors are important? I wish to postulate that the transition from weak and failed states to a sustaining liberal democracy is a cultural issue rather than a merely technical issue. When I use the term culture in this paper, I will follow those scholars who define the term as the informal rules that constrain human interaction (see Gellner 1998 and North 1990). From this viewpoint, a society's culture is the existing array of values, customs, traditions, belief systems and other mores passed from one generation to the next. By this definition, culture is an "informal institution," which means that it is not formally mandated but co-exists with formal institutions such as constitutions and written laws.

Culture is perhaps the greatest constraint on reconstruction efforts. Francis Fukuyama has argued that democratic consolidation must take place on four levels. Culture is the "deepest" level and therefore is "safely beyond the reach of institutional solutions, and hence of public policy" (1995b, 9). In other words, controllable technical variables matter, but only up to a point. The same level of resources – monetary aid, troops, organization of elections, etc. – as was invested in Germany and Japan in 1945 will generate a drastically different outcome in Afghanistan and Iraq in 2005. This is due to the fact that these countries have different endowments of culture – capital and knowledge that constrain the effectiveness of those resources.

The writings of the nineteenth-century French author Alexis de Tocqueville provide key insights into the cultural foundations of liberal democracies. In *Democracy in America* (1835/1839), Tocqueville recorded his observations from his travels throughout America. An outsider can often provide insight to the natives regarding issues and institutions they take for granted, and this is indeed the case with Tocqueville and U.S. policymakers. The U.S. has attempted to export Western-style liberal democracy via military occupation numerous times over the past century, but ironically, policymakers have neglected the factors that have sustained these institutions over the long run in their home country. As an outsider, Tocqueville was able clearly to recognize these factors and reported them in his writings. Judging from the most recent failures to export liberal democracy, it is obvious that modern-day policymakers and social scientists still have much to learn from an astute observer who wrote more than a century ago.

In the next two sections I consider Tocqueville's insights regarding the foundations of liberal democracy and the policy community's reaction to those insights. Section IV then considers the implications of these insights for reconstruction efforts. Section V concludes with a discussion of the long-term prospects of weak and failed states.

II. Insights from Tocqueville

While Tocqueville touched upon many subjects in *Democracy in America*, one key area he addressed was how Americans interact with one another. He called this capacity for interaction the "art of associa-

tion," and it was Tocqueville's contention that American citizens have a unique talent for engaging in this art.[1] What he was noting is that America had, and indeed has, a robust civil society that consists of an array of associations and social networks.[2] Tocqueville noted that these associations and networks were not the result of government design, legislation or intervention, but that instead, American civil society evolved through the ingenuity of self-reliant, entrepreneurial actors.

Within this context, Tocqueville introduced the concept of "self-interest rightly understood" to refer to the tendency for Americans to join in voluntary associations and networks (528-9). Self-interest rightly understood refers to activities undertaken by individuals to further the interests of the group, which in turn allow them to further their own private interests. Tocqueville noted that it is not the case in American society that individuals sacrifice their own self-interest for that of the larger community, but rather, that an individual realizes that his or her private interests are directly connected to the interests of the larger group and community. Thus, participation in associations and groups provides a positive contribution to the public good while simultaneously generating advantages for the individual. In short, private and public interests are not necessarily in conflict but are instead interconnected.

According to Tocqueville, associations stand between the government, or the public sector, and the market, or the private sector. Associations allow individual members of a society to come together to solve common problems without relying on the government. As such, on the one hand civil society protects American society as a whole from the extreme individualism of markets, and on the other hand, from arbitrary rule and the abuse of power by political actors. In short, associations create a shared identity that facilitates social interaction and allows individuals to coordinate to "get things done."

III. Civil Society and Social Capital: Meaningful or Buzzwords?

Although Tocqueville's insights on the topic of civil society are

[1] For Tocqueville's discussion of the role of associations in America, see Volume 2, Part II, Chapters 4-9, (1835/1839: 509-529).

[2] As a point of clarification, in *Democracy in America*, Tocqueville never uses the term "civil society" but instead refers to "associations."

widely recognized by social scientists, there is a lack of agreement on exactly *how* civil society matters for a liberal democracy.[3] For instance, there is continued debate regarding the specific nature of a civil society necessary to make it conducive to sustainable liberal democracy, including the magnitude of civil society required for such institutions. Despite this lack of consensus, Tocqueville's work on the role of associations as a critical element for sustainable liberal democracy contains critical insights for those working in the areas of democratic development and conflict resolution. Specifically, his civil society thesis–that the maintenance and sustainability of the political is directly dependent on the nonpolitical–has major implications for attempts by foreigners to establish liberal democratic institutions in weak, failed and conflict-torn states via military occupation. Indeed, as the current situations in Iraq, Afghanistan and Somalia would seem clearly to indicate, without the necessary art of association to serve as a foundation, liberal democratic institutions will not be sustainable.

It is *not* the case that policymakers and social scientists have overlooked Tocqueville's civil society thesis. As mentioned above, most realize (or at least they give lip-service to) the important role played by civil society in a sustainable liberal democracy. In fact, "civil society" has become a buzzword among policymakers working in the development community over the past decade, and the degree to which the importance of civil society is currently valued can be measured by the increasing attention paid to the notion of "social capital" by both policymakers and academics.[4] Although there is no universally agreed-upon definition of social capital, it is widely agreed that the concept encompasses the informal norms and values that lower transaction costs and facilitate interaction and coordination.

On the policy side, the World Bank has started a social capital initiative that emphasizes the importance of civil society in developing countries.[5] This initiative illustrates the current general trend on the part

[3] For one example of the debate on how civil society matters, see Encarnación 2003, 715-7.

[4] As Fareed Zakaria points out, "In the world of ideas, civil society is hot. It is almost impossible to read an article on foreign or domestic policy without coming across some mention of the concept" (1995).

[5] The website for the World Bank's social capital initiative is: http://www1.worldbank.org/prem/poverty/scapital/

of international aid organizations to drastically increase their spending on programs to promote social capital and civil society in countries throughout the world.[6] As of 1995, international aid organizations spent, in total, over $4 billion on civil-society assistance programs, which accounts for over 8.5% of the total aid to developing countries (Van Rooy and Robinson 2000, 58-59). The United States Agency for International Development (USAID) increased spending on civil society programs from $56.1 million in 1991 to $118.1 million in 1993, and the figure was $181.7 million in 1998 (Carothers 1999, 50). This represents an increase of over 320% during the 1991-1998 period.

Likewise, scholars from across the social sciences are paying more and more attention to the nature and role of social capital in the functioning of society.[7] The focus on this concept began about a decade and a half ago in the academic literature, and attention to this topic shows no sign of abating. Although he was not the first to use the term "social capital," the sociologist James Coleman (1998) is attributed with introducing the concept to the broader social science audience in his essay "Social Capital in the Creation of Human Capital." Coleman highlighted the connections between the concept of human capital and social capital, and he contended that the investments individuals make in relationships yield a return in future periods. According to Coleman, establishing relationships with others lowers the costs of interacting and transacting, and as such, represents a type of valuable capital. Since Coleman's essay appeared, scholars from across the social sciences have incorporated the concept into their models and research in various forms.[8] The result has been an increased focus on the role of relationships, networks, and informal norms in the functioning of society as well as on attempts to find formal measures for these variables.

While clearly recognizing the importance of civil society, the great

[6] For more on the increase in the percentage of aid being allocated to civil society development programs, see Carothers 1999, Carothers and Ottoway 2002 and Van Rooy 2000.

[7] For an overview of the research in this area, see Portes 1998, Dasgupta and Serageldin 2000, Lin 2001, and Lin, Cook and Burt 2001.

[8] For work on social capital in political science, see Putnam 1992, 2000, Putnam and Fedlstein 2002 and Fukuyama 1995a, 1999. For work in the area of economics, see Knack and Keefer 1997, Glaeser, Laibson and Sacerdote 2000 and Glaeser, Laibson, Scheinkman and Soutter 2000 – all of whom have incorporated the concept into their models and research in various forms.

omission of policymakers involved in reconstruction efforts, as well as the international development community generally, is found in their emphasizing the importance of associations while neglecting the "art" involved in associating in a manner conducive to liberal democracy. Success in this regard is not simply a matter of external support for the creation of voluntary associations. While the creation of these associations may indeed strengthen existing social capital, the presence of associations at all presupposes the existence of a certain type of social capital that allows civil society to emerge in the first place. If these presupposed habits, skills and knowledge are absent, the art of association necessary for Western-style institutions will be missing as well. Where conflict is the norm, conflict will tend to continue because the art of association necessary to transform the situation to one of coordination will be lacking.

Given its importance for liberal democracy, and the fact that policymakers and others give it so much lip service, why has Tocqueville's insight regarding the *art* of association been neglected as a key constraint on the ability of foreigners to export such institutions? One possible explanation may be the fact that it is so difficult to formally measure and compare factors across cases and time. Indeed, attempts to provide various measures of social capital and civil society have yielded inconclusive and conflicting results. While policymakers and academics in a variety of fields understand what social capital and civil society entail, the various elements that compose these concepts cannot be aggregated into a single objective measure that would enable comparative analysis. While factors such as troop levels, monetary aid, and infrastructure projects can be neatly measured and tracked over time, gauging the endowment of the habits, skills and knowledge necessary for the art of association cannot be easily quantified. This has not stopped academics and policymakers from attempting to find suitable proxies, but these efforts fail to capture the essence of Tocqueville's insight and have largely proved ineffective in informing policy decisions.

IV. Implications for Reconstruction Efforts

Recognizing the general importance of the art of association for the functioning and sustainability of liberal democratic institutions has

major implications for reconstruction efforts. As Tocqueville indicated, the art of association in the United States is a means of private governance whereby individuals can solve common problems. Associations are also a key check on the abuse of power by those in the political sphere. However, Tocqueville was careful to indicate that the art of association is a "habit" that is learned and developed. Mastering the art of association requires a certain set of skills and knowledge, and according to Tocqueville, Americans possess the necessary disposition to form effective associations. In other words, the habits necessary for the art of association are part of a society's cultural endowment, which encompasses the array of informal rules that in turn constrain interactions and the feasibility of various formal institutional and organizational arrangements.

Recognition that the existing endowment of a culture constrains the society's feasible set of formal institutions has a long tradition in political economy. Adam Smith noted that there are two key reasons countries remain relatively poor: natural impediments and the oppressive policies of governments. Natural impediments, according to Smith, mean a "nation is not always in a condition to imitate and copy the inventions and improvements of its more wealthy neighbors; the application of these frequently requiring a stock with which it is not furnished" (Quoted in Meek et al. 1982, 578-9). The "stock" that Smith refers to need not be just physical capital but may also relate to the knowledge and skills necessary for mastering the art of association that will in turn provide the foundation for sustainable liberal democracy. The existing endowment of skills, knowledge and beliefs simply may not allow for the adoption of institutions that occupiers seek to establish.

Similarly, John Stuart Mill explored the reason behind "the great rapidity with which countries recover from a state of devastation." Mill concluded that individuals "with the same skill and knowledge which they had before…have nearly all the requisites for their former amount of production" (1848, 82-3)." Mill's insight is extremely relevant in the context of reconstruction. Applied to modern reconstructions, this limitation indicates at least part of the reason efforts to reconstruct some countries were successful while efforts in others have failed. For example, different sets of knowledge and skills in prewar Japan and

Germany as compared to Haiti and Somalia are apparent factors in the success of the former and failure of the latter. As the political scientist Eva Bellin (2004-2005) has concluded, the postwar cultural endowments of Japan and Germany were conducive to the reconstruction efforts undertaken, facilitating the reconstruction process around cooperative ends. She concludes that, given their unique starting endowments, Japan and Germany cannot be used as a benchmark of occupiers' ability to export democracy in general.

Likewise, F.A. Hayek, a Nobel Laureate economist, discussed the fundamental political principles that provide the foundation for a sustainable liberal political order. He highlighted the importance of past experiences and traditions, including the underlying beliefs and dispositions, "which in more fortunate countries have made constitutions work which did not explicitly state all that they presupposed, or which did not even exist in written form" (1979:107-8). Hayek's point is that a constitution is a codification of the underlying beliefs, traditions and habits of a society, and hence successful instruments of liberal democracies if those underlying beliefs and etc. were part of the cultural endowment in the first place. Stated the other way around, Western institutions presuppose a tacit understanding of certain core principles, and it could be argued that this understanding is a function of those core principles implicitly existing within the society prior to the reconstruction effort.

In the literature of modern economics, the recognition of the importance of past experiences manifests itself in the concept of path dependency–the way in which institutions and beliefs developed in past periods constrains choices in the current period. In other words, past experiences will facilitate or constrain the transformation of situations of conflict into situations of cooperation. Nobel Laureate economist Douglass North (1990, 2005), who is a key contributor to the path dependency literature, has emphasized that formal rules and institutions are indeed important but must be complemented and reinforced by informal rules and institutions (conventions, beliefs, norms, etc.) in order to operate in the desired manner. In the case of failed reconstruction efforts, one institutional arrangement (here formal institutions such as associations and political and economic institutions) is not viable

without its complement – informal institutions such as the habits, knowledge and beliefs necessary for the appropriate art of association.[9] Together, the formal and informal institutions will operate effectively, but any disjuncture between the two will result in dysfunction.

North concludes that informal rules and institutions are the product of the "mental models" of the individuals involved. As such, informal institutions constrain the feasible set of organizational forms; and thus, political, economic and social associations and organizations that exist in the West may not be feasible in other parts of the world at some specific point in time. That is, the mental models will vary inevitably because different individuals are involved not only in general but also in kind. What constitutes an individual will be categorically different from culture to culture and society to society. North (2005) also emphasizes that social scientists lack a firm understanding of how informal norms evolve and develop, including how to influence the direction of mental models, and the resulting informal institutions, necessary to supplement and reinforce the desired formal institutions. Once again, in the absence of these complementary informal institutions, formal institutions will not operate and evolve in the desired manner.

In a similar spirit, the political scientist Robert Dahl has emphasized the importance of the sequence of democratization. It is Dahl's contention that, where the rules and habits of competitive politics exist *prior* to large-scale elections, the transition to liberal democracy is likely to go relatively smoothly (Dahl 1971, 36-44). Conversely, where these rules and habits are lacking, the transition process will be arduous and more likely to fail. In other words, the rules and habits of competitive politics are the complementary institutions that allow formal liberal democratic institutions to operate effectively.

The key observation in this discussion is that countries being reconstructed have a preexisting endowment of culture–a certain set of informal skills, knowledge and beliefs that will either empower them to effectively engage in the art of association necessary for liberal democracy or will limit their ability to do so. This existing endowment serves as a hard constraint on the actions of occupiers. Attempting to

[9] For more on the importance of complementary institutions, see Aoki 2001, 225-229.

transplant a formal institution is not the same thing as transplanting the entire social system that generated that institution. Absent the complementary institutions to serve as a foundation, reconstructed institutions will be dysfunctional and situations of conflict will not be transformed into situations of coordination and cooperation.

It is also important to note that it is not just a case of the requisite knowledge existing or failing to exist within the culture under reconstruction. It is also possible that existing skills, knowledge and habits stand in direct contrast to liberal democracy. Scholars have recently begun to pay attention to the "dark side" of social capital, which may include such things as the exclusion of outsiders or the pressure to conform to norms and values in order to remain part of a group (See Portes and Landolt 1996). For instance, social capital can lead to cooperation and reciprocation within a group, but it also necessarily excludes outsiders. Similarly, it is possible to have shared social capital within specific groups but conflict between groups. For example, terrorist organizations possess strong social capital among members of the organization. Often, these organizations provide public goods such as education, religious services, health care and welfare support for members (See Berman 2003 and Iannaccone 2003). However, the activities of these organizations are by definition destructive toward an inclusive vision of society and toward attempts by foreign governments to establish liberal democracy.

To illustrate this point, consider that many of the same kinds of civic associations in terms of functionality that contribute to liberal democracy in the West–student organizations, political associations, charities, churches and religious associations–play a key role in supporting terrorism in the Middle East (see Encarnación 2003, 714). When such a situation exists, it is not the absence of associations, but rather the nature of these associations, that is the main issue. This reinforces the previous assertion that it is a challenge to effectively measure not just the magnitude but also the nature of civil society in any meaningful way. While a certain society may have many voluntary associations with much the same functionality as their counterparts in the West, these organizations may not be conducive to liberalism. Indeed, one can name many cases in which civil society associations have led to the erosion of liberal

democracy.

While policymakers and social scientists have some understanding of *what* the concept of social capital entails, they have much less understanding of the exact nature of social capital conducive to liberal democracy, let alone *how* to shift existing social capital or create social capital anew. In addition to definitional issues, attempts to effectively quantify the "stock" of social capital have failed to effectively inform policy. Even if we are to put these previous issues aside, however, it is far from clear that policymakers can effectively create or manipulate social capital in the desired manner.

To understand this last point, consider some of the major factors influencing the ability of occupiers to attempt to manipulate the existing cultural endowment. One major factor will be the stated and perceived reason for the occupation. In cases of an occupation resulting from an international war, occupiers will typically be able to directly intervene in the daily lives of citizens with fewer negative repercussions and with less resistance. This does not mean that such efforts to manipulate culture will necessarily be successful, but one would expect them to meet less resistance. In contrast, where the stated purpose of the reconstruction is "liberation," occupiers' ability actively to manipulate the existing culture will typically be limited. In such cases, citizens of the country being reconstructed are more likely to resist such interventions as acts of imperialism instead of liberation.

Consider the cases of Japan and Iraq. Following the unconditional surrender by the Emperor of Japan, the citizens of Japan largely acquiesced to occupying forces. The aim of the occupation, which was widely understood by the Japanese public, was the democratization of the country. Occupiers entered the country, not under the flag of liberation, but as conquerors who had thoroughly defeated the Japanese army and government. As such, the U.S. occupiers played the primary role in determining the future of the country. To achieve this end, the occupying forces engaged in an extensive campaign of censorship and control. For example, the content of education, movies and news was carefully monitored and approved by occupying forces in order to influence the beliefs, norms and information-flow in Japanese society. The occupiers announced these ends to the public, and the Japanese

citizens did not resist violently.

Although many different reasons have been provided for the war and subsequent occupation of Iraq, the liberation of Iraqi citizens from the brutal rule of the Hussein regime is one motivation that the United States government has stated repeatedly.[10] A key part of liberation is self-determination, and in the case of Iraq, this involves allowing the Iraqi citizens to choose their future political and social direction. The stated motivation of liberation has placed the United States in a difficult situation in this regard. On the one hand, policymakers want to see a specific outcome in the country–namely, the establishment of Western-style political, economic and social institutions and the election of those who are sympathetic to Western values and ideals. However, it is unclear that the existing cultural endowment will be conducive to such outcomes. Intervening and "picking winners" has led to a backlash, and as a result of these actions, many Iraqi citizens view the American presence not as an exercise in liberation but as occupation for its own sake. This backlash has led to the persistence of conflict instead of the desired transformation into cooperation.

A CNN/USA Today/Gallup Poll of Iraqi citizens conducted between March 22 and April 9, 2004, found that 71% of those polled viewed Coalition forces as occupiers, while only 19% viewed them as liberators.[11] As such, many Iraqis have responded with resistance to attempts by their occupiers to influence the outcome of the reconstruction. This course of action is summed up by an Iraqi tribal leader who told a reporter that the Americans should allow Iraqis to choose their own direction, or "…we will keep resisting until we force them to leave the country" (Quoted in Tyler 2003). Along similar lines, Michael Scheuer

[10] The stated motivation behind the war and subsequent reconstruction in Iraq has changed several times. The initial motivation was that the Hussein regime presented an immediate threat to America's security. Once it became evident that the regime had actually presented little threat, the rationale shifted to issues related to human rights, liberation and the spread of liberal democracy. As the insurgency grew in strength, precisely *because of* the occupation, the stated motivation again shifted to include defeating the terrorists inside Iraq.

[11] The cited poll consisted of face-to-face interviews with 3,444 adults in all parts of Iraq, both urban and rural. The poll was conducted in Arabic and Kurdish by Iraqi interviewers hired and supervised by the Pan Arab Research Center of Dubai. An online version of the poll results is available at:

http://www.cnn.com/2004/WORLD/meast/04/28/iraq.poll/iraq.poll.4.28.pdf.

has pointed out how those in Afghanistan, whether accurately or inaccurately, interpret U.S. actions in the Middle East as attacks on their way of life instead of viewing Americans as liberators freeing them from tyranny (Scheuer 2005, 11-16).

There are other issues with external attempts to manipulate social capital. Elinor Ostrom has pointed out, for example, that it is very possible that government interventions aiming to create social capital can potentially have the opposite effect and erode or destroy existing ties (See Ostrom 2000, 180-2). In such cases, those intervening may not even be aware that they are causing damage. In some cases, external aid and intervention may even unintentionally create perverse incentives. For instance, James Buchanan highlighted the "Samaritan's dilemma" as a central problem facing those wishing to assist someone in need (See Buchanan 1975). In providing assistance, the "Samaritan" provider of aid shifts the incentives facing those receiving aid, and in doing so provides a disincentive to save and invest while providing a positive incentive to become dependent on aid. This is indeed the case in many developing countries where associations are dependent on the continuation of donor grants in order to function.[12]

Yet another potential problem of interventions that aim to manipulate social capital is that, by picking certain "winner" associations and organizations to receive support and aid, external donors may actually generate increased resentment and conflict within the society being reconstructed. Investments in one organization or association can strengthen existing social tensions, inequalities and resentment. For instance, a study of donors and civil society associations in Kenya found that donor aid was given primarily to urban associations while neglecting rural groups. Donor agencies favored those organizations whose members were relatively fluent in English and those organizations that were in close geographic proximity to the donor offices. Such practices run the risk of alienating those in rural communities, typically the poorest members of a society (See Maina 1998). This highlights the broader point in this discussion: attempts to create the foundations of peaceful social cooperation may have the perverse effect of actually

[12] For a discussion of the various challenges facing donor agencies, see Howell 2002.

increasing tensions and conflict.

To reiterate, the unintended negative consequences of intervention in civil society are often not purposeful. Nonetheless, the potential challenges raised in this discussion serve to highlight the fact that governments and aid organizations lack the necessary knowledge to manipulate social capital and civil society in the desired manner. In the context of reconstruction, the existing cultural endowment represents a set of key "uncontrollable" variables that can limit the effectiveness of controllable variables such as military troops, monetary aid and elections.

The fact that occupiers are constrained by a country's existing cultural endowment, in combination with the fact that policymakers and academics possess a poor understanding of how to manipulate this endowment in the desired manner when it does not already complement desired goals, indicates the following: Where tacit beliefs align with the formal constitution and rules of society, individuals will already be following the rules, and the need for coercion to sustain the political, economic and social orders will be minimal. In contrast, where there is a disconnect between tacit beliefs and formal rules and institutions, force will be required to substitute in cases where informal complementary institutions are lacking. Given the ultimate goal of self-sustaining liberal institutions, this is not a desirable strategy. The key difficulty lies in gauging the nature and magnitude of the existing endowment, and our inability to adequately understand the cultural constraint should give those considering engaging in occupation and reconstruction efforts pause.

V. Conclusion: Are Weak, Failed and Illiberal States Doomed?

It may appear that recognizing culture as a binding constraint is an argument for cultural determinism. In other words, it may appear that weak, failed and illiberal states are doomed to remain stuck in a trap of underdevelopment and unhealthy institutions. This is far from the case, however.

Many social scientists point out that all societies have some democratic potential (see Goldstone and Ulfedler 2004). Further, it is

important to note the possibility that culture is not static, but rather, a dynamic array of informal norms and values in constant flux. As such, cultural change toward the Tocquevillian art of association is possible over time as a given culture changes. The key point is that the cultural endowment necessary to support formal liberal institutions often does not exist *during* the period of occupation. In cases such as Iraq, brutal dictatorships have not allowed the development of the necessary habits and skills required for the art of association. Instead, the Hussein regime created numerous ministries and state-owned enterprises with vast political powers and networks of influence. This has created a culture of reliance on political connections rather than civil connections to get things done (see Zinsmeister 2004, 112-137). The absence of the necessary endowment of habits and skills to complement liberal institutions cannot be corrected in the short-run for the reasons put forth in the previous section. Moreover, an occupying force's implementation of some larger plan to introduce these habits and skills along *any* timeline seems less than possible given our lack of knowledge regarding the cultural-endowment/liberal-democracy dynamic.

That is, scholars have a poor understanding of the exact cultural parameters conducive to liberal democracy. While the performance of certain cultures in specific countries in relation to the acceptance or resistance of liberal democratic institutions has been studied, scholars have generated little concrete insight that can be applied across cultures or even across countries where it seems likely there is much overlap as regards cultural endowment. Obviously, because culture is a binding constraint, successful reconstruction is not simply a matter of putting forth more effort in terms of planning, troops and monetary commitment. Even with more effort, the cultural endowment of a country will limit the political, economic and social institutions that are feasible at any given time, and hence, will limit the ability to transform situations of conflict into situations of cooperation. This fact does not indicate that countries lacking the necessary endowment to support liberal institutions are doomed to their present condition in the long-term, but it does indicate that external actors are severely limited in what they can accomplish via military intervention and occupation. This in turn indicates that it is critical to consider alternative mechanisms of social

change toward liberal democracy.

One possible alternative is a commitment to free trade not only in goods and services but also in cultural products (See Boettke and Coyne 2006). Such a commitment would allow the free exchange of ideas and institutions and organizational forms across borders. For instance, the economist Timur Kuran (2004) has analyzed how certain informal institutions in the Middle East have created "evolutionary bottlenecks" that serve as constraints on certain organizational forms. Indeed, the limitations on certain organizational forms have been a main cause of economic stagnation in the region. Free trade in ideas, organizational forms and institutions is one means of exposing others to the informal complementary institutions that serve as the foundation for sustainable formal liberal institutions. Of course this alternative is not a panacea, and the process of exchange, as well as the adoption of the necessary complementary institutions, will take time to be effective. But given the failures of past and current military occupations and reconstructions, as well as the limitations on our knowledge of how to bring about liberal democratic institutions where they do not already exist, such alternatives must be given serious consideration.

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