POLICY DIRECTIONS

CITIES AND FRAGILE STATES

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HIGHLIGHTS:

- Informality has become a defining characteristic of urbanism in the global South as a result of *laissez-faire urbanisation*. While the informal economy provides the poor with access to critical goods and services and livelihood opportunities, it also creates opportunities for powerful non-state actors to emerge with strong incentives to obstruct formalisation and hence state consolidation.

- Cities are uniquely prone to conflict in contexts of institutional multiplicity, but they are also spaces where constructive engagement between rivals can be most readily and successfully advanced. In some cases this implies forging a *hybrid political* settlement in which a non-state authority structure is recognised but circumscribed by the formal institutions of the state.

- Cities provide platforms and stimuli for *political projects* that impact on state consolidation and development. They are also spaces where such projects are most readily visible to observers seeking to design constructive interventions.

INTRODUCTION

Inspired by the work of Charles Tilly (1989), who highlighted the pivotal role that cities played in the historical genesis of the modern state in Europe, research undertaken in the Cities and Fragile States (CAFS) Programme of the Crisis States Research Centre (CSRC) has focused on the complex relationships between cities, state fragility and development in the contemporary era.

Our analytical approach to state fragility followed the Centre's heuristic distinction between failed or crisis states, fragile states, resilient states and developmental states. These classifications do not represent a linear spectrum but rather a multidimensional one that takes into account the three core functions of modern states: security provision, the pursuit of economic growth and the maintenance of basic welfare for citizens. Within this framework, a developmental state is one that ensures the integrity of its borders and the personal security of its citizens, pursues policies and enforces institutions that promote economic growth, and ensures that growth translates into broad-based improvements in social welfare. A fragile or resilient state may fall short on one or two of these measures; a state that fails on all three counts can be considered a 'failed' or 'crisis' state. We refer to transitions from crisis to fragility/resilience as state consolidation and from fragility/resilience to development as state transformation.

The role of cities in contemporary processes of state consolidation and transformation was considered from two angles in our research. First, we examined social, economic and political dynamics at city-level in relation to these three core state functions. After all, cities have always been the natural habitat of states. Accordingly, a broad understanding of urban material and social realities offers a useful compliment to analyses of state fragility that focus exclusively on the actors and institutions that comprise the state itself. Second, we considered cities from a macro-perspective as organic components of broader socio-economic and political systems: components that exert independent and identifiable effects on national, regional and global processes and events.

The defining characteristics of urban settlements – demographic size, density and social diversity (Wirth 1938) – give rise to concentrated social, political and economic interactions between individuals and groups. These interactions generate a complex social and institutional milieu that has historically been associated with both dynamic development and conflict (Beall et al 2010). At best, 'urbanism' – or the way of life associated with urban habitation – can be a stimulus for social integration, economic growth and political change. At worst, cities can become theatres of violent contestation between individuals and groups (Beall and Fox 2009). As our research demonstrates, the extent to which cities fulfill their developmental potential is intimately related to the political economy of state-building.

LAISSEZ-FAIRE URBANISATION AND THE POLITICAL ECONOMY OF INFORMALITY

A defining characteristic of urbanism across the global South today is the phenomenon of informality. While the urban informal economy is often celebrated as a pro-active response by urban dwellers to difficult circumstance, from the perspective of state

'Cities are strategic spaces in contexts of state fragility. The consolidation of government authority and legitimacy in urban settlements is a necessary (if insufficient) condition for ensuring state resilience and development.'

consolidation and sustainable urban development, pervasive informality is highly problematic. Indeed, one of the key insights that emerged in the course of our research is the importance of recognising that state consolidation is, in essence, a process of formalising institutions that govern security, economic activity and the delivery of public goods.

Rapid urbanisation and urban growth over the past 30 years has been accompanied by a retreat of the state as an active force in managing urban affairs, including land and housing markets, public services and the urban economy. In some cases, this has been a passive process, or *laissez-faire* urbanisation, in which city expansion is not actively addressed by government authorities. In other cases we see governments actively withdrawing from cities, in some cases due to local political and economic dynamics and in others as a result of pressure from international actors to 'downsize' the state through privatisation and deregulation. As a consequence, political and economic entrepreneurs have stepped into the breach as informal providers or regulators of key goods and services such as land, housing, water, policing, transport, credit provision and contract enforcement. There are effectively two aspects of this phenomenon that are problematic from a state-building perspective.

First, in many of the cities we studied, state actors such as politicians, bureaucrats and police personnel use their positions to extract rents from urban residents who, for one reason or another, are technically in violation of some law or planning regulation. In Kampala, for instance, the multi-million dollar urban transport industry remains beyond state regulation due to the participation of local and national politicians in the taxi business, robbing the state of a potentially lucrative revenue stream and making it impossible for planners to effectively manage congestion and ensure public safety (Goodfellow 2010). In Karachi and Dar es Salaam, state-actors are similarly implicated in land and housing markets (see Box 1). As a result, the very people who should be supporting the consolidation of state authority and legitimacy in the eyes of urban residents actually undermine the state and have powerful incentives to maintain the informal status quo.

A second dynamic is the emergence of non-state authorities who carve out fiefdoms within cities and establish their authority by providing (or regulating) critical goods and services where governments fail to do so. We see this dynamic at play in Managua, where gangs provide neighbourhood protection and finance themselves through drug rackets (**Rodgers 2007**); in Karachi, where social networks bound by ethnic and religious identities serve as an important mechanism of contract enforcement (**Budhani et al 2010**); and in the history of Colombian cities, where at times paramilitaries controlled the political economy of whole cities (**Gutiérrez-Sanín et al 2009**). Where rival authorities compete for control of urban space state consolidation is retarded and the spectre of state fragility remains.

The emergence of intermediaries and powerful informal service providers in urban areas can be read as a consequence of state withdrawal (sometimes, it should be noted, due to unsustainable state over-reach) and as a contributing factor. Policies that contribute to state withdrawal or (unsustainable over-reach) are often evaluated on grounds of efficiency and equity, but almost never for their impact on the institutional resilience of the state. This is a major blind spot which has far-reaching consequences for the ability of states to embark upon or return to a path of institutional consolidation.

BOX 1: THE POLITICAL ECONOMY OF INFORMALITY: KARACHI AND DAR ES SALAAM

Pakistan is a paradigmatic 'fragile state' as decades of political turmoil, violent Islamist insurgency and a poor record of growth and welfare attest. By contrast, Tanzania has shown remarkable resilience since independence having largely avoided the kinds of violent civil and civic conflicts that have plagued its neighbours. Despite these differences, an analysis of urban land and housing markets in Karachi and Dar es Salaam – the country's dominant city in each case – reveals an interesting similarity that illustrates the underlying dynamics of state fragility in Pakistan and highlights a worrying trend in Tanzania.

In both Karachi and Dar es Salaam, government failure to effectively manage rapid demographic expansion has stimulated the growth of informal markets for land and housing. These markets serve as a source of rents for state actors (e.g. politicians, bureaucrats and police) who extract bribes from residents in return for 'looking the other way'. In Karachi, informality has also fuelled the emergence of ethnically-based solidarity organisations and political parties that provide protection for their urban constituents – a development that has contributed to ethnic and political violence in the city. By contrast, the informal governance of urban land and housing markets in Dar es Salaam has served as a tool for the ruling CCM party to maintain its support base in urban areas at the expense of the rational execution of urban planning regulations.

These cases illustrate the hazards of *laissez-faire* urbanisation from a state-building perspective. Opportunities for state agents to generate rents by insulating urban residents from state regulation creates a situation in which those who should be working for state consolidation have a vested interest in obstructing it. Furthermore, informality creates spaces for powerful non-state actors to emerge, creating institutional multiplicity and competition for authority and legitimacy in cities.
Sources: Budhani et al 2010; Kombe 2010; Fox 2010

INSTITUTIONAL MULTIPLICITY AND HYBRID POLITICAL SETTLEMENTS

The coexistence of rival authorities with competing claims to social and political legitimacy is a defining characteristic of state fragility and a situation referred to in CSRC research as *institutional multiplicity*. Institutional multiplicity is clearly not a specifically urban phenomenon, however it is in cities where confrontations between rival authorities (including both state and non-state actors) are most likely to take place and where the possibility for negotiated settlements between rivals is greatest. If state consolidation is understood as a process of formalisation, such settlements can serve as important stepping stones in processes of state consolidation and transformation.

Afghanistan provides a stark illustration of the challenges of institutional multiplicity. Military efforts to quash the Taliban have failed and alternative strategies of trying to incorporate diverse sites of authority into formal local and national government structures have not yet succeeded either (Beall and Esser 2005; **Giustozzi 2009**). In an interesting contrast, during the transition to democracy the South African state managed to overcome initially violent confrontations with Zulu ethnic chauvinists drawing on traditional authorities by integrating key actors and institutions into formal state structures (**Beall 2005**). This is a prime example of a *hybrid political settlement* that recognises the legitimacy of a non-state authority structure while at the same time circumscribing its powers by a process of formalisation. In South Africa, the hybrid settlement served to deflect the potentially destabilising consequences of institutional multiplicity and contribute to state consolidation. Whether or not such a settlement is possible in Afghanistan remains to be seen.

An intriguing and potentially significant difference between these two cases is the extent to which the non-state authorities involved have vested interests in urban areas. In Afghanistan, the Taliban draw their support from rural areas and exhibit a clear disdain for the liberalism associated with life in the capital. In South Africa, a number of Zulu traditional authorities fall within Greater Durban, which means they have a keen interest in the direction of the city's development. While this is suggestive of the power of urbanism to condition political negotiation, it is by no means definitive. Like Durban, the city of Kampala is a space of overlapping jurisdiction between customary rulers and the Ugandan state. Unlike Durban, a satisfactory hybrid political settlement has yet to be achieved: Bugandan leaders have no institutionalised role in the Ugandan state. Consequently conflicts persist between the two parties, sometimes leading to violence in the city (Goodfellow and Lindemann, 2010).

While some observers see the incorporation of traditional authorities into formal governance structure through hybrid political settlements as a throwback to colonial strategies of governance and antithetical to state consolidation (Mamdani 1996), it is instructive to consider the myriad hybrid arrangements that persist in 'modern' states. In Europe, for example, constitutional monarchies continue to exist alongside well-established and stable parliamentary democracies, highlighting the fact that hybrid political settlements evolve and can contribute to state consolidation and transformation in the long run. The key question, from the viewpoint of policy intervention, is whether and to what extent a politically-negotiated incorporation of potential rival sources of authority and legitimacy might lead to the state consolidation or erosion in the medium to long term.

POLITICAL PROJECTS AND DEVELOPMENT

A close reading of the history of state-making in Europe indicates that modern states were not consciously 'built' but rather emerged as by-products of political projects by diverse social actors. Nation-building was not pursued by rulers out of a benign interest in cultivating social harmony but rather to ensure support for aggressive military expansion and defence. The formalisation of legal structures, economic regulation and public goods provision were not inspired by an altruistic impulse to create conditions for broad-based growth but rather to ensure a steady flow of resources

'The extent to which states are embedded within towns and cities and are actively involved in the provision of security, the rule of law, economic regulation and public goods is a good indicator of their relative strength or fragility.'

and to moderate popular dissent. Hybrid political settlements were not forged by rulers in the interests of peace but rather the maintenance of political power in the face of powerful rivals. As containers of sovereignty, as strategic logistical and financial hubs and theatres of negotiation between rival elites and between rulers and citizens, cities were central to these processes.

While contemporary circumstances in the global South are decidedly different, the significance of political projects in shaping trajectories of state consolidation and transformation, together with the role of cities in shaping these projects, is apparent in our research. A *political project* can be defined as a proactive effort on the part of significant (if small) groups within society to achieve one or more clearly articulated objectives. Perhaps the most obvious form of political project is nation-building, which features heavily in analyses of state consolidation in Europe and is apparent in several of our case studies.

A shared sense of national identity among diverse communities within a state's boundaries can serve as an important facilitator of collective action in the face of external threats or domestic challenges. While the consolidation of nationalism is neither a necessary nor sufficient condition for the construction of developmental states (e.g. Spain or Italy), in contexts where tribal, ethnic or class identities correlate with political cleavages the promotion of a national identity that transcends such divisions can help to overcome them. In Tanzania, for example, the nation-building project of the country's post-colonial government, which actively sought to suppress ethnic and tribal divisions, is often cited as a contributing factor to the country's resilience in the face of regional instability and protracted economic crisis (Putzel and Lindemann, 2010). And the city of Dar es Salaam, which has been characterised from its birth as a Creole city, provided a favourable social context from which to advance this project (**Bryceson 2008**).

However, nation-building projects can also be divisive and explosive in urban environments. The history of Ahemedabad demonstrates how cities can become focal points for nationalist projects that seek to marginalise particular communities. Ironically, the birthplace of Gandhi's nation-building project has more recently suffered from a Hindu nationalist movement intent on marginalising India's Muslim communities. Today, the city is a segregated space that accentuates group differences rather than attenuates them (**Chandhoke 2009**).

While nation-building is often the most legible form of political project, it is not the only one. Political projects can also be driven by coalitions oriented towards achieving more immediate and material objectives. In the Colombian cities of Medellin and Bogotá, for instance, an urban middle class fed up with the corruption and violence of traditional city politics supported the election of mayors dissociated from existing patronage structures, allowing them to successfully advance projects that improved the quality

BOX 2: POLITICAL PROJECTS IN BOGOTÁ AND KIGALI

The clearest example of a developmental political project comes from our Bogotá research where two mayors in three successive terms were able to initiate and consolidate a process of urban renewal that led to improvements in security, urban transport and amenities across the city. These paved the way for wider urban governance reforms. An elite bargain saw the voluntary payment of increased local taxes in return for a process that delegitimised the previous violent political dispensation. The coalition also appealed to the aspirations of lower middle-class residents who benefitted from new amenities, safe and affordable transport and significant decline in homicide rates. Developed independently of central government, it is significant that Bogotá's success has become something of a national *cause célèbre*. It is also perhaps no coincidence the mayors involved have shown evidence of national political ambitions.

In Rwanda, national political elites prevailed in the capital city. Kigali became central to efforts at incubating a national political identity aimed at moving the country beyond its tragically divisive ethnic conflict. Home to returning exiles and a ruling elite comfortable in both English and French, Kigali is subject to top-down planning and development of staggering proportions as Rwanda strives economically to become the 'Singapore of Africa'. This impressive example of a vertically integrated political project could well flounder due to the absence of an inclusive developmental coalition bringing the necessary ingredient of horizontal integration. **Sources:** Gutiérrez-Sanín et al 2009; Goodfellow and Smith 2010

of life in these cities while undermining the powerful non-state actors threatening to tear Colombian society (and the state) apart (see Box 2).

Political projects pose difficult questions for policy-makers, as development policy attempts to maintain neutrality between rival political positions within a given society. A great advantage of focusing on political projects, however, is that they tend to be relatively legible, as leaders or leading groups need to mobilise significant segments of the population in order to succeed. Even if development policy-making is constrained in maintaining a politically neutral posture, it would be irresponsible not to pay close attention to the political projects that influence development and state-building in countries and cities of intervention and interest.

CONCLUSION

Over the last 30 years the international development community has largely ignored cities and their potential contributions to development. In the meantime, *laissez-faire* urbanisation in the global South has been accompanied by the 'urbanisation of poverty' (Ravallion, Chen and Sangraula 2007) and has created new challenges to state consolidation, transformation and socio-economic development. In the years ahead, policy-makers are well-advised to recalibrate priorities and recognise the complex linkages between cities and the political economy of development.
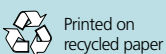
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