

Can Cities Save the Future?

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FRAGILE STATES REMAIN AMONG THE international community's biggest challenges. Efforts to address their governance problems have mostly failed, from Afghanistan and Iraq to Somalia and the Democratic Republic of the Congo. Foreign aid has not fixed economies, international troops have not brought security, and elections have not produced responsive governments. Furthermore, the dangers fragile states pose appear to be on the rise. Syria is the new hotbed of extremists, Somali terrorists threaten to overturn East Africa's fortunes, and instability in Libya has spilled over into Mali and the Sahel countries. Meanwhile, the problem is broadening: an increasing number of the world's poor live in these fragile states, with the share "set to rise to half in 2018 and nearly two-thirds in 2030."¹

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Fragile states—some 60 countries that are plagued by deeply entrenched sociopolitical and institutional problems—are not like other states. They function—albeit barely—according to a different set of sociopolitical dynamics due to their internal divisions and weak institutions. As such, they face uniquely formidable obstacles to stability, development, and democracy, trapping them in a vicious cycle whereby instability and underdevelopment feed on each other with little hope for change. Social divisions hold back efforts at improving governance and economic opportunity, which in turn creates discontent and a zero-sum competition for power and resources.

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Clearly, new thinking about how fragile states function is needed. The question is, from where should they derive this new framework? The answer lies in history—in the ways that many premodern countries across the world worked. Whereas today states place a high value on centralization and uniformity of control across a territory, in previous ages many governments had to be much more flexible. Given limited capabilities and the difficulty of broadcasting authority across distance, states conceived of power as a series of concentric circles radiating out from a core. In this model, power remained strong in the center and then dissipated in increasingly distant hinterlands.

Even though fragile states—and more generally weak states, a broader set of over 100 developing countries that suffer from poor governance—face many of the same challenges today, they centralize much more authority than they have the capacity to use effectively, exacerbating their problems in the process. Instead, they should make a virtue out of a necessity and adapt their institutions to the political geography they face, much as their forebears did. The governing strategies of premodern states can be replicated to a certain extent today if the focus of governance and development moves below the level of national governments and rests instead on cities. Given the difficulties fragile states face—weak capacity, sharp ethnic and religious divisions, limited infrastructure, and problematic terrain—building a series of successful urban-based regional governments to serve populations where they live is much more likely to succeed than any focus on national administrations.

The relative success of cities such as Lagos—which in a number of measurable ways works far better than Nigeria as a whole—shows the practicality and promise of this approach. The city has improved schools, transportation, and a wide range of public services in recent years, even while the country has been torn by growing ethnic and religious divisions and violence.² Given how quickly urbanization is transforming the landscape of many countries—nearly half of all people in the developing world now live in cities—a city-centered approach also offers the best way to improve the lives of the people living in these places.³

To understand the value of this approach, this article will first briefly examine the causes of state fragility before exploring how most premodern states worked. Then it will proceed to show how fragile states can learn from the ways premodern states made use of limited capacity to improve their functioning. Developing an urban-based governance model is more suited to the conditions of fragile states than any centralized approach. The article will end by highlighting a number of cities that have used decentralization to their advantage, and describing how the ideas presented here may be implemented much more





extensively across the developing world.

WHY FRAGILE STATES DIFFER FROM OTHER STATES

A state's ability to promote development and stability hinges on two factors: its people's capacity to cooperate with one another, and its formal and informal institutions' ability to channel this cooperation in ways that meet national challenges. These two factors shape how a government interacts with its citizens; how officials, politicians, military officers, and businesspeople behave; how well different groups within society cooperate; and how effective foreign efforts are to upgrade governance. In short, they determine the degree to which a society is able to nurture a locally driven, productive system of governance—a prerequisite for any attempt to develop or democratize. Together with the set of policies adopted by the government, these two factors determine a country's capacity to advance toward prosperity, stability, and better government.

Fragile states—typically products of European colonialism, created with little consideration for their internal sociopolitical dynamics—are weak in both cooperation and institutions. Their populations, typically divided along ethnic, religious, clan, or ideological lines, show little capacity to work together in pursuit of public goods. When this “political-identity fragmentation” is combined with weak institutions, the result is a vicious cycle that erodes state legitimacy to the point where the political order becomes highly unstable and difficult to reform.⁴ The net result is low levels of social cohesion, trust, sense of citizenship, and state legitimacy. Meanwhile, incentives for behavior—and informal institutions regarding interactions like corruption, hiring, and the awarding of contracts—arise that encourage leaders and officials to act in ways that undermine formal institutions and governance. This leads to greater conflict, poorer governance, poorer development outcomes, and greater instability.⁵ Divisions of this nature also make it hard to form state bodies capable of rising above factionalism to distribute public services and apply the law evenly because such institutions are so weak in these countries that they are highly susceptible to corruption and elite capture. This further sharpens societal divisions.

HOW PREMODERN STATES HANDLED THESE CHALLENGES

Many premodern states (which operated before roughly 1500 in Europe and the nineteenth century elsewhere) had problems resembling those of fragile states today. The ways in which old regimes faced their difficulties can shed light on





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how the fragile states of our own world might better manage within the bounds of their own limitations.

Historically, the great majority of states in Southeast Asia, Africa, Central Asia, the Maghreb, Latin America, and the Arabian Peninsula (and everywhere else at one time, for the history of robust government is relatively thin) were weak for much the same reason: they lacked the capacity to effectively govern

Governments had few incentives to invest in outlying areas that were hard to govern.

much of the territory they claimed to control. A lack of good roads and modern technology reduced their ability to project authority over distance, especially when mountains, swamps, forests, jungles, or deserts intervened. Social

divisions and harsh conditions meant that large populations had little loyalty to the states they inhabited, especially as migration to areas not controlled by any state was common in many places. Governments had few incentives to invest in outlying areas that were hard to govern—yet they still wanted to exact tribute from them as well as ensure that they would present no threats.⁶

Despite these challenges, many of the states achieved a lot considering the technology and administrative capacities of the periods in which they operated. Some even succeeded brilliantly and lasted centuries because rulers made a virtue out of a necessity and tackled geopolitical and economic challenges by building states attuned to circumstances. Chieftains built countries around trade routes and easily farmed areas, and concentrated political, military, and physical infrastructure at the core in order to maximize revenues and control. In places such as Burma and Thailand, for instance, governments built states where there was a substantial expanse of flat, fertile land near a navigable waterway, such that they could concentrate manpower and resources there to fully exploit the resulting rice cultivation and trade. Although outlying areas were tied economically to the core through trade and sometimes through taxation, their political affiliation was rather loose, except when they contained valuable, transportable products such as silver, gold, rare spices or medicines, and tree resins.⁷

Governments adjusted their respective exertions of sovereignty to fit their ability to project power, asserting high degrees of control in central or easily reached areas and decreasing levels of control farther out into “the marches of empire.” The varying degrees of illumination represented by a light bulb, a metaphor first suggested by Benedict Anderson, suggest that power fades with distance from the capital and show that sovereignty may lack a hard boundary.⁸ In West Africa, for instance, the Ashanti, who ruled for two centuries in the area around present day Ghana, conceived of power “as a series of concentric





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circles . . . rippling out from a center point.”⁹ Likewise, maps drawn by leaders of northern Nigeria’s Sokoto Caliphate, one of the largest and most powerful empires in sub-Saharan Africa until British conquest in 1903, showed power radiating out from a center. These maps were “dominated by a centrally placed capital with its main buildings, while the outlying territories were greatly compressed.”¹⁰ Outlying regions had much autonomy in these countries; sovereignty was often divided and plural because multiple kingdoms could claim some role in their affairs. As political scientist Jeffrey Herbst explains, “Both the very real physical requirements for extending formal authority and the utter precariousness of broadcasting power were readily acknowledged by precolonial [African] leaders who understood the daunting geography they confronted.”¹¹ Another political scientist, James Scott, makes a similar case for premodern Southeast Asia:

Once [political control] confronts the friction of distance, abrupt changes in altitude, ruggedness of terrain, and the political obstacle of population dispersion and mixed cultivation, it runs out of political breath. Modern concepts of sovereignty make little sense in this setting.¹²

In many places, power was shared or devolved in creative ways to foster stability and bolster the center. After all, if the center tried to take too much power, outlying regions could revolt, seek alliances with rival powers, or find subtler ways to resist taxes and other duties imposed on them. Balance was important to prevent centrifugal forces from undermining authority.¹³ Even in Europe, the cradle of the centralized modern state, governments sometimes had to adopt this limited approach to governance.

In most places, governments also focused as much energy as possible on attracting and controlling people (who were relatively scarce), instead of territory (which was abundant), because the former were far more valuable for revenue generation and political and military power. These fundamental conditions affected every aspect of statecraft from political rivalries to war.

States had to act in ways that encouraged people to ally with them, or at least not run away (forced-labor systems such as slavery and serfdom were in part a product of this desperation to retain people). Although various security and administrative measures certainly played a role in this process, governments also had an incentive to encourage loyalty where possible. They thus emphasized policies that helped absorb and integrate diverse peoples and cultures. Governments invented sociocultural formulas (using religion, court rituals, etc.) that increased identification with the state, enhancing the legitimacy accorded to



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power holders and strengthening the unity of the many ethnic and linguistic shards that lived together.

Fragile states behave similarly to premodern states in some respects. Like many premodern states, fragile states today typically focus resources on or near the capital city because this is all their limited governance capacity can handle and it maximizes the chance that existing power holders will retain control.¹⁴ They invest heavily in security and provide at least a modicum of public services in the capital while underinvesting in any area far removed from it. The state's presence decreases with distance, especially where the terrain is problematic. Outlying areas are left to fend for themselves unless they possess an important resource (such as oil), have a direct connection to national leaders (through ethnic or clan ties), or pose a threat to those in power.

While generally ignoring outlying areas of the country, national leaders in fragile states typically overcentralize authority in the capital. What matters most to top officials in fragile states today is showing the international community that they control the capital and with it the levers of central government power; "sovereignty" is determined more by outside actors and international norms than by what actually occurs domestically. Since their income rarely depends on the behavior of their populations—natural resources and foreign aid vastly outweigh local tax sources—fragile states work far less at integrating and assimilating their peoples. Instead, they often depend on a narrow slice of the populace—in many cases, members of a leader's ethnic, religious, or clan group—and ignore or underserve everyone else.

HOW CITIES CAN SAVE STATES: A NEW MODEL OF DEVELOPMENT

The reality that weak states—whether of the premodern or the contemporary "fragile" sort—inevitably focus on limited chunks of territory and sources of revenue suggests something important: a system of governance centered on cities and dependent on local taxation holds much more promise in many places than does a more conventional, country-based system that ignores political geography and depends on external resources.¹⁵ Such a system would strategically employ urbanization and decentralization—which could mean federalism but does not have to—in order to launch a whole new urban-based governance model (UBG). Although the ideal mix would vary tremendously according to each country's circumstances, in this model a substantial portion of a state's resources and responsibilities would flow to governorates of major cities and their surrounding hinterlands. Greatly empowered mayors—or district governors—would be



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tasked with larger portfolios than is the case today, handling most facets of government in their areas.

This is not to say the central government is unimportant in these places, just that its role should be more oriented toward large-scale planning, setting a clear and logical national policy, establishing guidelines for how policies and projects are implemented and resources are distributed, and developing tools to reward and penalize urban and regional governments based on performance. The key is to balance the ability of the central government to provide overall guidance with the urban (or regional) authorities' stronger capacity to deliver the services that most affect people (e.g., education, healthcare, local infrastructure, and the rule of law).

This development model would take advantage of one of the biggest trends occurring across the developing world: urbanization. Villages all over the developing world are emptying as people flood into cities in search of opportunity. Whereas in 1950 about a sixth of the people living in the world's less developed countries were urban dwellers, today that fraction has increased to about one-half. By the middle of the twenty-first century, almost two-thirds of the people in less developed countries will be urbanites.¹⁶

This new administrative model would also be a way to take better advantage of the fact that urbanization is one of the most important manifestations—and engines—of industrialization, rapid economic growth, modernization, and state building. It agglomerates economies, providing larger markets and greater services for companies and more opportunities for workers. It is a key source of productivity and income gains, as people shifting from farms to urban manufacturing and services bring huge increases in output per worker. It also provides a major impetus for the changes in values, norms, and expectations that can over time play major roles in reforming economic and political systems.

Cities may also be better positioned to increase local revenue through taxation than central governments in poor states. This is partly because residents have a greater stake in public services that they pay for locally and are more willing to contribute money that goes directly to improving their physical security, schools, and roads, as has happened in places such as Bogotá and Medellín in Colombia.¹⁷ Property taxes, in particular, hold a lot of promise for local governments and are easily the most unexploited revenue source in most countries.¹⁸ Taxes on land use, businesses, consumption, and income, as well as fees for various administrative services and licenses, can also provide much-

Residents have a greater stake in public services that they pay for locally.



needed income. Lagos, for instance, has increased its annual revenue from \$3.7 million in 1999 to \$124 million in 2013 and now earns three-quarters of its budget locally. In contrast, Nigeria's central government is terribly dependent on oil revenue and receives just a fifth of its money from local taxes.¹⁹ This sharply reduces the incentives for leaders to work on behalf of their citizens, encouraging corruption and bad policymaking in the process.

Restructuring the state around urban areas—whether by devolution or any other means that seems best in any given case—would reduce fragility in a number of important ways:

- By removing the difficulties of management across great distances, urban-based governance would make limited state capacity accomplish more and avoid the problem of trying to govern across difficult terrain. By concentrating resources in a smaller area, UBG would reduce the cost of governance and increase the value of infrastructure spending, both of which matter greatly to cash-strapped states.
- By reducing the scope of governance to a much more compact area, UBG would emphasize governmental units that typically have far fewer of the social divisions (such as splits between rival ethnic regions within a country) that so often hold back fragile states. Indeed, cities accelerate social change and provide platforms for integrating diverse populations, promoting in the bargain the cohesion that is so important for good governance. Such changes would allow elections to be more about competence and pragmatism and less about “ethnic outbidding” and other forms of identity politics that have threatened democracy in Kenya, Nigeria, Côte d’Ivoire, and elsewhere.
- By empowering leaders who live near their populations, UBG would boost incentives for good performance and increase the ability of citizens to hold officials accountable. Local elites generally feel greater pressure to perform competently and fairly than distant bureaucrats because the local elites will be directly affected should public services fail and public dissatisfaction mount. Citizens are also better able to organize themselves and find ways to press and lobby their leaders in the compact space of a city than in a large country.²⁰
- By making locally raised revenue more important, UBG would make officials more accountable, urge them to make business conditions more favorable, and focus on popular well being.
- By improving the conditions for effective public-service delivery,



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UBG would sharpen healthy competition among political parties. When improved governance is unlikely to yield tangible results before the next election, as is the case on the national level in fragile states, leaders are more likely to manipulate ethnic politics or corruption to keep themselves in power.

- By focusing government efforts on developing smaller areas, UBG is more likely to catalyze the formation of industrial clusters and sector linkages—the key to economic transformation, job creation, and the reduction of youth unemployment. Cities also have lower transaction costs and higher social capital than countries as a whole and offer more opportunities for improving the business ecosystem (e.g., by setting up commercial courts, special economic zones, and land and credit registries).

EXAMPLES OF CITIES THAT OUTSHINE STATES

Urban-based governance is reducing fragility in some countries that have empowered urban or local governments to act on their own. Local “development states” have even emerged in cities or regions when national governments are struggling. Medellín, for instance, has made significant economic and social progress since a constitutional change in the early 1990s greatly strengthened Colombia’s mayors (by, for instance, granting them much more authority over security).²¹ The city dramatically reduced homicides from a war zone level of more than 200 per 100,000 inhabitants at the beginning of the 1990s to less than 40 by the mid-2000s.²² The poor especially have benefited from new transport links, publicly funded business-support centers, and a locally managed program of cash grants.²³ In Bogotá, another city that benefited from the constitutional changes, Antanas Mockus gained fame as mayor for using his inventiveness (and comic wit) to transform public norms regarding corruption, women’s rights, water usage, taxpaying, and driving, among others.²⁴ At relatively little cost, he sharply reduced violence, improved public transport, and enhanced the city’s fiscal condition by bringing in more revenue. Colombia as a whole has seen steady improvement throughout this period, partly due to the improvements in its two largest cities.

Despite all its problems, Lagos has dramatically improved its government performance in recent years because the country’s federal system and regular elections (until 1999 the country was ruled by the military) have produced more than a decade of highly responsive leaders with the capacity to make substantial



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changes. Since becoming governor in 2007, Babatunde Fashola has reduced traffic jams, set up new bus routes, cleaned streets, increased security, and raised taxes to invest in new expressways, commuter rail lines, and affordable housing. He was reelected in 2011 with 81 percent of the vote.²⁵ The country as a whole, in contrast, is arguably the worst run of the world's seven most populated countries, projected to have the second most destitute people (after India) in the world by 2015.

Indian cities such as Chandigarh, Hyderabad, Shimla, and Pune have similarly outperformed the national government in promoting growth, educating children, and reducing crime and poverty. Chennai, which a survey in the magazine *India Today* recently named India's best-governed city, has outperformed the country's other major cities in the quality of schools, crime rates, investment generation, and economic growth.²⁶ Delhi, which ranked somewhat lower, recently set off major political shock waves by electing a reformist chief minister who is committed to changing the way government across the country operates and eliminating the corruption that plagues it.²⁷ Such is the way of cities—they are more likely to elect reform-minded outsiders than are higher levels of government.

China and Vietnam have both benefited from taking a much more strategic approach to urbanization and regional development than most developing countries. Vietnam, for instance, has sought to evenly distribute growth around three urban poles—Hanoi in the north, DaNang in the mid-coastal region, and Ho Chi Minh City in the south—and their surrounding provinces.²⁸ China has also systematically distributed growth across its huge territory. The country has 89 urban areas with populations numbering a million or more. Despite seeing its urban population climb from 77 million in 1953 to close to 650 million in 2007, China has few slums, little urban poverty, and relatively good public services. Much of its overall economic success has been due to the decentralization of resources and administrative functions to provinces and municipal governments, which together decide 69 percent of all government expenditures, an extremely high figure for a developing country.²⁹ More controversially, both Vietnam and China have used urban registration systems to control migration flows and funnel rural emigrants into smaller- and medium-sized cities. In larger cities, many public services are limited to legal residents as a way of steering migrants elsewhere.³⁰

Despite the handful of success stories noted above, India's relatively weak central government has done little to plan for the massive urbanization that it is currently undergoing, with stark consequences for most of its cities and poor



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people. Only a fifth of India's urban sewage is treated before disposal, and few cities have sanitary landfills for solid waste. Out of 85 cities with more than half a million people, only 20 have local bus service. "Our cities are bursting at their seams with people, but urban services are lacking. We don't have enough trained town planners. Our cities are growing without any plan," observed the urban development minister in New Delhi in 2011.³¹

Where urban administrations lack the authority to manage their problems, even good leaders can achieve only so much. Lagos has been hampered in its efforts to alleviate a severe electricity shortage by the central government's predominant role in the energy sector.³² Most cities across the developing world lack the authority and resources to raise taxes, improve security, enhance schools, and encourage investment. Devolution of much more authority and responsibility (and not just the latter, which is sometimes the case) should be a much higher priority in these countries. Substantially increasing the capacity and reach of local revenue offices would complement and reinforce these efforts.

Such efforts may, however, face significant obstacles. National officials and vested interests may prove less than willing to give up money and power. Various rent seekers and their government patrons are not going to give up their advantages without a fight. Political will may also be lacking in tackling these problems. Even non-venal officials may resist because they honestly believe that maintaining the status quo is best.

Donors, whose money gives them leverage to influence policy in poor countries, may also stand in the way. The World Bank and most other major donors aim their funds and policies at sovereign states, making any attempt to redirect money to subnational entities problematic. Even Somaliland—which declared independence from Somalia in 1991 and has long been the best-governed part of the country—has struggled to gain funding because it is considered subnational (no sovereign state or international body has recognized its independence) and thus not an appropriate partner for many forms of cooperation.

Overcoming these obstacles will not be easy, but given the right circumstances it can be done. Nigeria adopted federalism because leaders recognized the need to decentralize power to dissipate the ethnic divisions that produced the Biafran War in the late 1960s. Colombia greatly empowered mayors in its 1991 constitution because it was widely recognized that the political system needed to allow greater citizen participation and to better reflect the country's changing social, political, and economic conditions. Kenya devolved more power to its regional governments in 2010 to avoid a repeat of the ethnic bloodbath that followed its disputed 2007 election.



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In all these cases, a crisis precipitated change. Although leaders ideally should be prepared to act sooner, if politics precludes a shift toward UBG, they should bide their time until a problem presents a serious challenge to their state's existing way of working. Then, they should recognize the problem—which most likely will come from a political or economic shock, such as a sudden rise in the cost of food, a collapse in the price of an important export commodity, a war in a neighboring country, or the death of an important political figure—as a rare window of opportunity to overcome the usual inertia. On rare occasions, these windows can be exploited to entirely transform how governments work. More often, they enable more incremental reforms to be launched or sped up.

An urban-based model of development can systematically reduce fragility. In either case, they provide unique chances to move toward the model outlined here for the benefit of entire countries. Even if implemented, a city-based development model would not be without its problems. Urban governments may be as afflicted by factionalism, elite capture, inequity, and injustice as national governments (though if they are, at least the effects will be more limited in their scale). They will, at least initially, depend on external resources (whether from the national government or international community) to operate and will need help establishing the taxing and governing capacity essential for achieving the goals outlined above. If inland, they may be more isolated from global markets and less economically dynamic than a coastal city such as Lagos, which is the economic capital of Africa's most populous country. In some cases, local taxes may not be enough. Yet if cities are properly empowered, can raise revenue locally as a matter of course, and regularly hold fair elections, then the basic dynamic that produces better local than national incentives for official performance should still hold. Over time, cities will perform on average better in governance, the delivery of public services, and the improvement of livelihoods than fragile states, with large positive consequences for the latter.

A WAY FORWARD

Despite the many benefits that they stand to gain, too many countries fail to consider how an urban-based model of development can systematically reduce fragility. Instead they either overcentralize power and resources in the capital (as in most of Africa) or adopt (by default or through lack of resources) a completely passive approach to how cities form and where people migrate. They thus lose a great opportunity to influence a process that could, through



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more local empowerment and better planning, reduce structural fragility and improve the functioning of markets, the quality of public services, the ability of the poor to contribute to and gain from wealth creation, and the effectiveness of governments in a wide range of areas. They also encourage the creation of the highly congested and squalid supercities that are now so common across the developing world.

Greatly empowered cities with budgets to match their responsibilities can transform the dysfunctional politics of fragile states, leading to large improvements in governance, economic opportunity, and social inclusion. Such an effect will start at the local level but eventually work its way up to the national level as better incentives encourage more capable and public-minded people to enter politics and government service.

Of course, success will require leaders who can forge winning coalitions locally that bridge social divides and unite important power brokers with change agents, whether embedded in NGOs, businesses, or elsewhere. It may also require that a variety of actors construct institutions that can aggregate various interests and help them work out their differences peacefully. None of these things can be guaranteed even under the best-designed system of course—leadership remains one of human history's great imponderables. Yet all of these things are far more likely to occur in cities than elsewhere in a fragile state, but in neither situation is there any substitute for the right people stepping forward.

The states most likely to benefit from this approach are relatively weak states (only some of which are fragile) with an abundance of poor people—most notably India, but also countries such as Pakistan, Indonesia, Egypt, Nigeria, Ethiopia, and Bangladesh. They have the human resources and administrative capacity to conduct large-scale planning and enough resources (on paper at least) to build the necessary infrastructure. Moreover, great regional inequities and urban–rural divides call out for just such an approach. Smaller or poorer places that have the necessary administrative and financial resources and face similar problems—such as Kenya—should also be able to adopt it in some form. Even states with very meager governments would benefit from distributing their resources more equitably across major cities and regions.

Of course, change of this sort requires a transformation in thinking, especially among those who have the most influence in these countries. For fragile states, such change will most likely have to start with donors, which have enormous sway over the policies and institutions adopted by poor countries. Giving local actors incentives to adopt UBG, opportunities to find context-suitable ways of implementing it, and help in establishing strong administrations and



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tax bases would go a long way toward helping cities save the future of fragile states. Then again, perhaps local actors need not merely wait for outside help, but could work from their own end to give the internationals a nudge by starting down the path of UBG and inviting institutions such as the World Bank to begin reinforcing success. 

NOTES

1. Laurence Chandy, Natasha Ledlie, and Veronika Penciakova, “The Final Countdown: Prospects for Ending Extreme Poverty by 2030 (Interactive),” Brookings Institution, April 24, 2013.

2. Drew Hinshaw, “Aiming for the Bright Lights in Lagos,” *Wall Street Journal*, June 23, 2013.

3. “World Urbanization Prospects: The 2007 Revision Population Database,” United Nations Population Division.

4. There is a long list of literature on how path dependence affects institutions. I find these two works especially enlightening. See: Douglass North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990); Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993).

5. William Easterly, Jozef Ritzan, and Michael Woolcock, “Social Cohesion, Institutions, and Growth,” Working Paper no. 94 (Washington, D.C.: Center for Global Development, August 2006).

6. These two books do an especially good job discussing how premodern states adapted to their circumstances. See: Jeffrey Herbst, *State and Power in Africa: Comparative Lessons in Authority and Control* (Princeton, NJ: Princeton University Press, 2000); James Scott, *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia* (New Haven, CT: Yale University Press, 2009).

7. Scott, *The Art of Not Being Governed*, 73.

8. Benedict Anderson, “The Idea of Power in Javanese Culture,” in *Culture and Politics in Indonesia*, ed. Claire Holt (Ithaca, NY: Cornell University Press, 1972).

9. Herbst, *State and Power in Africa*, 45–48.

10. Ibid.

11. Ibid., 42.

12. Scott, *The Art of Not Being Governed*, 53–54.

13. At times this was even true for large empires. Both the Ottoman and Roman empires gave outlying regions substantial autonomy for extended periods of time.

14. The nature of sovereignty today is also partly responsible. Whereas countries used to be able to claim autonomy only where they could achieve it, today the developing world is littered with states that are cartographic fantasies: they are nominally sovereign over areas they barely (if at all) control “in real life.” This is so because the international system rarely allows changes to borders. Therefore there is a large incentive to control the capital—the locus of official sovereignty over the whole national territory—and limited incentive to do so elsewhere.

15. There is a large set of academic literature showing that governments are more responsive to their populations when they depend on their taxes. For instance, see: “Theme 6: Tax, Revenue and Public Finance,” Centre for the Future State; “Having an impact: Our work on Taxation and Governance,” Centre for the Future State.

16. “World Urbanization Prospects: The 2007 Revision Population Database,” United Nations Population Division.

17. Francisco Gutiérrez, et al., “The Importance of Political Coalitions in the Successful Reduction of Violence in Colombian Cities,” *Urban Studies* 50, no. 15 (2013): 3134–51.

18. Mick Moore, “Taxing Africa,” Africa Research Institute, October 31, 2013.

19. Kehinde Adaramola, “Lagos Surpasses FB As Tax Revenue Surges to 75%,” *Ventures*, July 3, 2013.

20. As Jo Beall, Tom Goodfellow, and Dennis Rodgers point out, “cities arguably also offer the greatest potential for the development of inclusive institutions for managing political conflict rather than sup-



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pressing it. The concentration of diverse actors and state institutions in cities make[s] them, in theory at least, critical spaces for institutionalized forms of political debate and participation that translate into demands on the state rather than violence." See: Jo Beall, Tom Goodfellow, and Dennis Rodgers, "Cities and Conflict in Fragile States in the Developing World," *Urban Studies* 50, no. 15 (2013): 3078.

21. The 1991 constitution greatly empowered mayors by allowing for their popular election, giving them broader decision-making powers, weakening municipal councils, and allotting them greater responsibility for security.

22. Gutiérrez et al., "The Importance of Political Coalitions," 3135–36.

23. Duncan Green, "Can Cities Build Local 'Developmental States'? Some Surprising Good News from Colombia," *From Poverty to Power Blog*, August 26, 2011.

24. Maria Cristina Caballero, "Academic turns city into a social experiment," *Harvard University Gazette*, March 2004.

25. "A Rare Good Man: The Governor of Lagos Does His Job Well," *The Economist*, May 5, 2011.

26. "India's Best Cities: Winners and Why They Made It," *India Today*, February 22, 2013; "Chennai bags top honor at India Today best city awards," *Daily Mail*, February 22, 2013.

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