HOW CONTEXT INFLUENCES DEVELOPMENT

POLITICAL SETTLEMENTS AND COLLECTIVE-ACTION PROBLEMS

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The discovery of diamonds in South Africa altered relations between the British colonies, the native populations, and the Dutch Boer settlements in a manner that induced both repression and conflict. The British colonists set the precedent for future political economic relations by establishing a segregated labor system, which required blacks to carry passes, banned them from certain desirable occupations, and prohibited them from mining diamonds. In 1871, the British took the Transvaal diamond fields—an area settled by the (Dutch) Boers. They defeated the Zulu Kingdom in 1879, and they conquered the inland Boer Republics during the Boer War of 1899-1902. In 1910, they formed the Union of South Africa as a dominion of the British Empire. The 1913 Land Act imposed a system of territorial segregation across South Africa. The act set aside territorial reserves for blacks, which included the least fertile lands, and required that blacks leaving the reserves have proof of employment by whites. These developments laid foundations for the post-1948 Apartheid system, which a chieved some economic growth, enjoyed mostly by the white minority, and excluded blacks from political participation until 1994.

In Bangladesh, between 1975 and 1990, leaders of various coalitions negotiated separately for inclusion in the military-led dominant coalition. The leadership wanted to maximize the number of important group leaders at the lowest possible price in terms of rents demanded. The price a leader could reasonably demand depended on "proven organizational capabilities and the significance of their departure for undermining their erstwhile partners" (Khan 2009, 48). In other words, for a given set of organizational capabilities, they considered whether a leader's entry into the coalition was worth the rent price. Moreover, even the possibility of future negotiated entry bought some acquiescence from excluded elites. Yet, because the top military position was not open to negotiation, rivalry within the military and among resentful political parties gradually undermined the regime. It succumbed to mass protests in 1990.

Consider these two questions:

i. How can we characterize a set of underlying political conditions that influence prospects for political and economic development?
ii. How do such conditions relate to a series of collective-action problems that permeate developmental processes?

Political settlements establish foundations for development. They underlie distinct configurations of institutional systems (social orders) that arise from and shape key developmental processes. This paper develops a two-dimensional, four quadrant typology of political settlements, with an additional distinction between ‘paths’ within two of the quadrants. Utilizing divisions across two spectra that characterize fundamental social context—specifically, social foundations and configurations of authority—this typology points to critical quadrant-specific tensions and sets of collective-action problems (CAPs) that condition, complicate, and impede political and economic development.[1] Section 1 presents my approach to the political settlement concept, with attention to related concepts in the literature. Section 2 develops the typology, with implications. Section 3 concludes.

Section 1: The Concept of Political Settlements and its place in the literature

A *political settlement* (PS) is a mutual understanding, held among elites and powerful organizations, to use politics rather than violence as their primary means for settling disputes. Such understandings underlie the creation of institutions, institutional systems, and social orders and shape their evolution—in the process both resolving and creating specific types of CAPs.[2] Accordingly, identifying basic categories of PS, with attention to implied political tensions and corresponding sets of CAPs, informs developmental political economy.

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[1] Collective-action problems (CAPs) arise whenever individuals, pursuing their own interests and inclinations, generate undesirable outcomes for one or more groups. Crime and pollution are examples—as is building infrastructure and forging arrangements that can settle disputes without resorting to violence. There are two types of CAPs: First-order CAPs concern forms of free riding; second–order CAPs concern orchestrating the coordination and enforcement that render agreements to limit free riding credible.

Based on, modifying, and extending a typology from Tim Kelsall and Matthias vom Hau (2019), I propose a two-dimensional typology of PS. This approach offers a parsimonious method for classifying PSs according to their social foundations and configurations of authority, both of which affect corresponding sets of developmental CAPs.

Before discussing the typology, however, here is more detail on the PS concept. Institutions are antecedents, components, and outcomes of political settlements. The following list elaborates:

1. A PS reflects outcomes of prior historical processes; it emerges from disruptive political contestation and concurrent and subsequent implicit or explicit bargaining among powerful parties (elites) from distinct social groups in a society. Acting as antecedents that specify key elements of pertinent social contexts, pre-existing institutions shape these interactions and condition multiple associated understandings. For example, after decades of struggle, when Nelson Mandela became the first president of non-apartheid South Africa, the new regime retained many pre-existing economic institutions, such as contract law and property rights over land.

2. A PS need not be formally negotiated or written, although portions of it may be. But even for written provisions, such as key elements of enforced national constitutions, informal understandings—often embodied within political norms—shape pertinent interpretations shared among contesting parties, such as actions nobody would even consider.

3. As a common understanding of a broad behavioral prescription (use politics, not violence), a PS constitutes a type of institution. Even when many associated understandings have not been explicitly negotiated and remain contested, a PS establishes a type of, often informal, "constitutional rule" (Ostrom 2005) that specifies members of a community (those included in the PS) and at least rough boundaries for political contestation—specifically regarding

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[2] *Institutions* are mutually understood behavioral prescriptions (rules of the game in society, North 1990). *Institutional systems* are complementary combinations of informal institutions, formal institutions, and organizations that can actually generate (rather than just prescribe) behavioral patterns. *Social orders* are macro-level institutional systems.

exercises of violence. Furthermore, a PS establishes either the distribution of broad avenues of decision-making authority that affect dispute resolution and rough allocations of political and economic benefits—or at least an implicit understanding concerning how such allocation can be achieved via political contestation, rather than violence.

4. The configuration of a PS reflects the distribution of bargaining power, principally among insider elites and powerful organizations, though with some attention to their respective constituencies. Relevant distributions of power thus have both a horizontal dimension across insider groups and a vertical, within-group dimension between elites and followers.

5. The basic parameters of PSs exhibit punctuated-equilibrium dynamics.[3] Settlements typically persist over medium-term time horizons, yielding path dependence in the sense that initial outcomes influence (but do not determine) subsequent developments.

6. To become a sustainable medium-term equilibrium, a settlement's corresponding institutional system must deliver policies and (net) political and economic benefits in a manner that reflects and reproduces underlying distributions of power and, for given distributions, at least minimally meets important goals of powerful parties. Concurrently, PS must foster—usually via a far more detailed set of prescriptions and procedures generated by corresponding institutional systems—the organizational and group dynamics that deliver necessary coordination and enforcement.

7. A PS includes some socially salient groups (insiders) and excludes others (outsiders). Sufficiently powerful groups become insiders because they could overturn a settlement that excludes them. Insiders either accept or acquiesce to a PS; they find its distributions at least minimally sufficient to ward off disruptive contestation.

8. Outsider groups typically do not accept a PS but (at least initially) do not disrupt it because they lack the will, resources, and/or organizational capability for doing so. Three possible relationships ensue: (i) during the stable phase of a punctuation cycle, outsiders remain excluded because they fail to attain the resources or to resolve pertinent CAPs that would generate sufficient de facto power; (ii) an accumulation of power brings them into the PS—they become insiders; or (iii) they eventually attain and use sufficient power to undermine the settlement. Fearing the latter, insiders often devote resources to achieving acquiescence among excluded groups via some mix of overt repression, divide-and-conquer techniques, and/or symbolic repression and cooptation.[4]

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[3] Long periods of relative stability interrupted by short bursts of dramatic change that undermine or transform prior equilibria. Once disrupted, transition to a new equilibrium may either take some time or proceed rapidly.

[4] Divide-and–conquer and symbolic repression or cooptation reflect exercises of triadic (as opposed to dyadic) power. See Basu (2000) and Ferguson (2013). Chapter 5 of Ferguson (forthcoming) develops this concept further

9. Ultimately, political settlements underlie institutional systems and social orders. The basic configuration of a PS, reflecting the distribution of power and the composition of included and excluded groups, fundamentally shapes, circumscribes, and conditions—but does not determine—the creation, reform, maintenance, and demise of political and economic institutions that arise within its parameters. Political settlements are the foundations of social order.

10. The precise configuration of influence between institutions, institutional systems, and PSs depends on the level of analysis. As a foundation of social order, an established PS operates at a macro level. As in point 6, however, their durability depends on the degree to which such arrangements fit the goals of powerful parties on whose support they rely. Hence, at a macro level, political settlements are endogenous to (usually long-term) political developments within the social environment.[5] In contrast, at a micro-level, a PS—as well as key institutions within a social order—is effectively exogenous: a PS establishes (quasi) parameters that set boundaries for interaction, within which less foundational institutions evolve, in the process of establishing arenas for dynamic social interactions.

Two final comments: First, although the notion of a shared understanding to eschew organized violence may appear static—indeed, during the stable phase, a PS (as an equilibrium) retains some structural uniformity—PSs are continuously reaffirmed, adjusted, and implicitly re-negotiated outcomes. Over the cycle, interactions among insiders and between insiders, excluded groups, and external parties or events, affect a host of institutional and policy details. These, in turn, influence the degree to which a PS is either self-reinforcing or self-undermining; hence, its duration.

Second, the PS concept may appear entirely structural, but agency enters via actions of elites, their interactions with respective constituencies, and by the actions of (functional)

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and relates it specifically to developmental CAPs, with reference to Anton Oleinik's (2016) concept of gatekeeping and Vaclav Havel's (1985) concept of a post-totalitarian state.

[5] Three types of direct political development: building state capacity; establishing a rule of law; developing political accountability (Fukuyama 2014). Indirect elements of political development include establishing legitimacy and social mobilization. Chapter 3 of Ferguson (forthcoming) relates political development to developmental CAPs with a game-theoretic model that closely resembles arguments from Besley and Presson 2011).

organizations.[6] Relevant elites must at least minimally accept the contours and outcomes of a given PS. They do not care about PS per se (PS are public goods among affected parties), but elites do care about power and benefits. They continue to support (or not resist) a given PS, so long as its distribution of benefits (often in the form of rents) and allocations of power accords with their basic interests, given their ability to influence outcomes—as reflected in the existing distribution of power. Constituent powerful organizations must likewise find minimal acceptance—that is, not (strongly) resist—a settlement's allocations of benefits and power. Moreover, organizations need an incentive for bearing the costs of adherence to a PS—especially costs of disciplining their own members. Militias, for example, may disarm their members; unions may censure "wildcat" strikes; a political party may expel a member who physically attacks a member of another party. Likewise, organizations must encounter incentives to undertake their share of enforcement costs or activities. Such potential for organizational discipline, in turn, depends in part on vertical relationships within insider groups.[7] Insider elites must maintain at least minimal legitimacy among their own constituencies.

Overall, political settlements establish the foundations of governance and, by extension, developmental trajectories. They limit the extent of social conflict, establishing politics rather than violence as the principal mechanism for resolving insider disputes. In so doing, by reflecting and reproducing balances of power among contending social groups and classes, they condition the emergence, viability, and longevity of institutional systems and social orders that shape the subsequent trajectories of political and economic development.

It is important to distinguish political settlements from several related concepts in the literature. A political settlement is not a regime. A regime could be a one-party state, a parliamentary democracy, or a charismatic dictatorship. As the following discussion will show, the same type of PS can support either democracy or autocracy. A political settlement is not a treaty. Whereas a treaty might be a component of a PS, treaties need not imply any specific distribution of power among constituent groups, and settlements need not rest on peace treaties. Finally, insider groups need not be members of a governing coalition; rather, the broader concept of insider groups includes all to whom policymakers must pay some attention (Section 2 elaborates).[8] With this background, discussion turns to categorizing political settlements.

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[6] *Elites* directly influence policy—public or private, within their own organizations and/or with respect to others.

[7] Depending on the question of analysis, one can model the actions of organizations as those of a single agent, with varying degrees of attention to internal distributions of power.

Section 2: A Typology of Political Settlements:

A political settlement's social foundations and its configurations of authority set parameters for internal dynamics, including institutional development, with a corresponding set of CAPs and developmental prospects. A typology that utilizes these two elements can inform developmental political economy theory. Specifically, the typology that follows incorporates these features as foundational dimensions—as two spectra that, when combined, delineate four basic categories of PS and, within two of them, a pair of distinct developmental paths. Each specified category of PS has its own set of developmental prospects and constraints, reflected in a corresponding set of CAPs.

First Dimension: Social Foundations:

The social foundation (SF) of a PS designates the included socially salient groups (insiders) and the excluded (outsiders). The breadth of an SF can be represented by a spectrum that extends from broad—nearly all socially salient groups belong—to narrow—most are excluded. For simplicity, I focus on broad and narrow as discrete categories. Salient groups may be defined on the basis of ethnicity, race, religion, social class, ideology, organization (e.g., unions), and other criteria. *Social salience* requires either the presence of substantial numbers (say > 5% of the population) or, for smaller groups, the possession of notable disruptive power. Certain foreign diplomats or officials from powerful NGOs or foreign corporations may operate as insiders. More precisely, *insiders* are groups to which policy must somehow respond, whether or not they actually participate in negotiations or governing. For example, Chinese government policy responds to needs of the rural population, even though this group has little official national representation. Insiders thus extend beyond a governing party or coalition. As such, insiders may either accept or merely acquiesce to a PS. In either case, inside groups receive some type of side payment (or other benefit) within the settlement—enough to warrant not actively disrupting it—an activity that could require resolving substantial internal CAPs. Even so, the precise combination of insider groups can change within the parameters of a single settlement, but only if such adjustment alters the distributions of benefits and power in a manner that is at least minimally acceptable to incumbent insider elites and powerful organizations.

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[8] A PS does, however, bear some resemblance to R. Keohane's (1982) idea of international regimes: quasi-governments that operate like contracts among participants that can address various types of market failure. Like PSs, international regimes have no third-party enforcers and operate with uncertainty. Norms and reciprocal behavior facilitate many transactions. For example, the WTO establishes negotiating frameworks, stabilizes expectations, reduces transactions costs and provides information. PSs share these characteristics, operating within nations or regions. Even so, one might interpret some international regimes as a trans-national PS. The WTO has restrained the magnitude of trade disputes—at least until 2018.

Excluded groups, by contrast, do not receive side benefits. They can be ignored, as in the case of many indigenous peoples in parts of Latin America, or repressed: directly with force; less directly with threats of violence; with divide-and-conquer techniques; and/or indirectly via symbolic manipulation, such as appeals to patriotism. Divide-and-conquer and symbolic manipulation can silence excluded groups at relatively low cost.

The distinction between insider and excluded groups depends on one or both of two criteria. First, does a group possess disruptive power? Second, if powerful, is a group coopted or repressed? Insiders can exclude and ignore groups that lack disruptive power. In contrast, groups that might significantly disrupt a settlement—say, by withholding critical production or investment, staging mass demonstrations, a general strike, or armed insurrection—are either co-opted via policy that pays attention to some of their needs, or excluded via repression. Otherwise, a PS would not form or would not last.[9] Lacking institutions that facilitate broad co-optation, weak states often resort to repression.

There are four principal reasons for designating the social foundation (SF) as one of two underlying dimensions for this typology. First, the SF characterizes a settlement's basis of support. Second, other things equal, exclusion can undermine long-run viability because excluded groups may attain power in the future. Third, the breadth of an SF influences the leadership's incentives to distribute benefits to groups across the general population: the broader the SF, the greater the incentive for distributing across groups. Fourth, the insider-outsider distinction informs the relationship between a PS and the use of violence. The mutual understanding to avoid violence for politics applies only to insiders. In fact, insiders often utilize violence to repress outsiders, and outsiders may use violence to dismantle existing arrangements. If the PS holds, however, such violence is not sufficient to disrupt the social order. For example, in Columbia between 1990 and 2015, one could argue that the nation as a whole had a PS despite violent and unsuccessful efforts of the FARC—an excluded group—to overthrow the regime. A more detailed analysis, however, might reveal that specific rural areas lacked a PS, but the settlement was relatively strong in urban areas.[10]

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[9] The concept of disruptive capability broadens the scope of a PS beyond a focus on violence capacity (as implied in North et al 2009 and elsewhere). This concept fits Doner et al.'s (2005) concept of political survivability of elites. Moreover, political survival requires coalitions; leaders try to minimize size of coalition but can be forced to increase size due to social conflict from elites (of relevant groups) or from a threat of disruptive mass mobilization.

This typology's second dimension, the insider configuration of authority (COA), focuses on those who most directly influence policy: insider elites. At one end of the spectrum, *functional unipolarity* signifies a coherent allocation of decision-making procedures and authority among such elites. Functional unipolarity thus reflects some prior resolution of insider CAPs related to bridging social cleavages, resolving disputes, delegating broad authority, and achieving certain basic coordination. At the opposite end of this spectrum, *multipolarity* signifies no such coherence, often reflecting active social cleavages that foment conflicts among insider factions. Multipolarity implies scattered and uncoordinated authority dispersed across various elites, coalitions, and other centers of power, such as regional governments, powerful firms, and local patronage networks. All else equal, societies with multipolar COA configurations exhibit more sub-national diversity in political arrangements than do those with a unipolar COA.

Two key distinctions between the SF and the COA merit comment. First, the unit of focus includes all social groups for the SF but only insider elites for the COA. Second, although both spectra involve power relationships, the SF implies an asymmetric distribution of power between inside and outside groups, whereas the COA responds to a power distribution only among insider elites. Note further, that insider elites need not directly represent every insider group, but they must devote some attention to any insider group.[11]

There are four reasons for designating the COA as a foundation of this typology. First, the extent of functional unipolarity influences a society's prospects for establishing a rough consensus on broad national purpose. Can the relevant elites roughly agree, for example, on the contours of state-market relations or those between the state and religion? Second, unipolarity implies that elites can issue broad policy objectives without resorting to continuous renegotiation, whereas multipolarity implies the opposite. Accordingly, and third, the degree of unipolarity influences prospects for resolving existing and future CAPs of policymaking and implementation. In multipolar configurations, one or more groups can veto provisions or obstruct the implementation of policies they dislike. Fourth, the prior three points jointly imply that a society's position on this spectrum influences its prospects for building state capacity—a key domain of political development. Functional unipolarity facilitates state building (and often reflects prior state building).[12]

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[10] For an insightful discussion of the Colombian civil war, see Steele (2018).

[11] Kelsall and vom Hau (2019) mention an intermediate category: a balanced configuration (requires some negotiation among insiders).

Functional unipolarity can exist in vastly different political regimes ranging from a well-functioning parliamentary system with a rough consensus on national goals—like that in the Netherlands—to a functional one-party state, such as China. Likewise, multipolarity can apply to incoherent democracies as well as disorganized autocracies.[13]

Now, putting the SF and COA together, Figure 8.1 illustrates the typology.

Figure 8.1 Basic Typology of Political Settlements

	Configuration of Authority (Among Insider Elites)	
Social Foundation	*Multipolar*	*Unipolar*
Broad	Q1	Q2
Narrow	Q3	Q4

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[12] Harbers and Steele (2018) offer a two-dimensional typology that allows for subnational variation in state provision of public goods in a manner that complements the present distinction. Their typology compares comprehensive vs. limited public good provision with high or low territorial uniformity of provision. The four quadrants: (1) Comprehensive/High (C/H): a uniform welfare state; many public goods distributed across national territory. (2) C/L: a differentiated state; many provided, but distributed in different combinations in different regions. (3) L/H: a selectively uniform state; the central state prioritizes a limited menu of public goods, such as public education; much regional heterogeneity in non-prioritized goods. (4) L/L: a disjointed state; no uniform provision and much regional variation. A multipolar COA rates low on territorial uniformity.

[13] Slater's (2010) concept of ordered power can illustrate unipolarity for authoritarian cases (he does not mention unipolarity). Ordered power implies that elites have sufficiently resolved a set of CAPs so that key members unify behind an authoritarian state; they believe the state will protect them from an existential threat (a *protection pact*). Multipolarity lacks such order, and also fits O'Donnell's (1993) idea of weak states.

Turning to specifics:

The Quadrants and their Properties:

Figure 8.1's four quadrants designate specific categories of political settlements. Each implies a distinct set of tensions and CAPs that constrain economic/political development—similar to binding constraints in Hausmann, Rodrik and Velasco (2005).[14] Simply identifying key CAPs, even without specifying the likelihood of resolution, facilitates policy analysis because CAPs constitute a core element of various social contexts that influence probabilities of developmental success. Indeed, each quadrant implies specific tradeoffs between political stability—notably, restraining widespread violence—and various forms of economic and political development that, desirability notwithstanding, could undermine such stability. In this regard, elite support for various elements of political and economic development depends on how they believe it will affect their political survivability and other goals.[15] Many CAPs that emerge from specific political settlements follow disjunctures between elite goals, responses of relevant organizations and coalitions, and various desiderata of economic and political development.[16]

Turning to the quadrants, I consider the following five topics for each: (i) specific implications of the SF and the COA; (ii) implications of a quadrant's specific combination of both features; (iii) the quadrant's likely initially achieved political development regarding state capacity, rule by law, and public accountability; (iv) inherent tensions within each political settlement; and (v) implied developmental CAPs. This discussion addresses (i) and (ii) in order, with some examples and commentary on (iii), before proceeding to (iv) and (v).

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[14] Using an endogenous growth theory approach, Hausmann et al focus on identifying whether growth fails because of low returns to investment, low private appropriability, or low access to finance and, for each, the key sources of distortion from market and/or government failure. Here, each distortion is a type of CAP. My approach also considers constraints on political development and interactions between the political context within a type of political settlement and the corresponding difficulty of addressing any given type of distortion.

[15] Whitfield and Therkildsen (2011) and Doner, Ritchie, and Slater (2005) apply this principle to the emergence of industrial policy in South Korea and Taiwan. Since elites rely on coalitional support to maintain their positions, a key question is what constraints does such need place on their actions? (Whitfield and Therkildsen 2011).

[16] Elites face the politician's dilemma (Geddes 1994): conflict between needs of one's own political survival, and longer run goals of economic performance and regime stability (Whitfield and Therkildsen, 17).

First Quadrant (Q1): Broad Social Foundation with a Multipolar Configuration of Authority

Societies operating within Q1 achieve limited political and economic development, with low state capacity and little economic or political rule by law.[17] Yet these arrangements achieve some *substantive* public accountability, related to distributing benefits across insider groups, but little *procedural* accountability.[18] Regarding economic development, such societies typically fall into a middle-income trap. Here is the logic.

Concerning specific attributes, the broad SF signifies that a large proportion of the salient groups possess disruptive potential. Even though the few excluded groups usually pose no immediate threat to the PS, divisions among insider groups could undermine its duration. Consequently, maintaining the settlement requires a form of substantive accountability. Elites need to arrange distributions of rents and other benefits to insider-group elites and organizations, with some pass-through to constituent members. Q1 societies achieve that element of political development. Yet, with a multipolar COA, unresolved internal decision-making CAPs and the attendant need for renegotiation imply a general lack of direction on broad national goals, with regional and/or sectoral variation.

This broad/multipolar combination focuses elite attention on delivering short-term benefits rather than longer-term economic capacity building, which would involve education, health care, and viable infrastructure. Provision of such complex public goods suffers from typical CAPs of free riding among insiders. Instead, populist policies with extensive clientelism follow. Insiders thus have limited potential to develop fiscal or legal state capacity. Patron-client relationships condition economic and political exchanges. Patron-client networks, often local, selectively enforce property rights held among their constituents. Corruption abounds. Officials, responding to demands from powerful clients, violate formal rules to benefit themselves and their clients, and such behavior is widely expected. A weak or non-existent rule-of/by-law on both political and economic dimensions augments problems of low state capacity. Still, the broad distribution of patronage reflects some degree of substantive accountability.

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[17] A *rule of law* implies that impersonal rules and procedures apply to all. By contrast, a *rule by law* establishes certain impersonal rules and procedures for many transactions for most of the population, with the exception of top economic and/or political elites, who need not adhere.

[18] *Procedural accountability* involves public oversight in the selection, tenure, and behavior of public officials, as well as creating avenues for input, whereas *substantive accountability* means responding to general public interests.

Country examples of Q1 include post-1990 India, Ghana, and Kenya. For India, political factionalization increased substantially during the 1990s, fitting a multipolar COA with a broad SF.[19] The two current major parties, the Indian National Congress (INC) and the Bharatiya Janata Party (BJP), represent distinct coalitions whose national aspirations, particularly with respect to the role of religion, differ sharply. Moreover, especially after 2000, regional parties, with their own sets of demands, have played an increasing role. Reflecting the broad SF, the central government must pay considerable attention to regional interests in addition to basic Hindu/Muslim/Sikh social groups (though to different degrees). "The regional parties became important components of the ruling coalition in the 2000s, and exerted a significant influence on what the main ruling party (whether INC or BJP) could or could not do (Sen, Kar and Sahu 2018, 273)." Since the mid-1990s (at least until 2014), India fits Q1.[20]

Since 1992, Ghana has been a democracy with two competing large parties (Nat Dem

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[19] This configuration also fits Mustaq Khan's (2010) competitive clientelist PS (Sen, Kar, and Sahu 2018).

[20] For a large, diverse country, national averages conceal much variation. At a sub-national level, different states have distinctly different meso-level political settlements, and there is variation across specific policy domains. India's court system, for example, functions well. Chapter 9 addresses meso-level interactions in more detail.

Congress and New Patriotic Party) representing distinct factions based on political tradition, fitting Q1.[21] There have been three alterations of power. The unstable power balance between these factions has engendered within-faction patronage politics. The party that wins an election enjoys nearly absolute power and access to considerable political and economic resources. Party elites, especially the President, award key positions to supporters. The winning party allocates jobs to its "foot soldiers". These are lower-level groups, such as unions in mining and civil services, who extract benefits in return for loyalty. Elections have thus become a zero-sum game; each party maximizes turnout via divisive constituent appeals. Reflecting multipolarity, the parties find it nearly impossible to achieve consensus on national goals (Gyimah-Boadi and Prempeh 2012). "Short time horizons and suspicions of politicisation have undermined institutional continuity across administrations" (Yanguas 2017, 10). This description also fits Bardhan and Mookherjee's (2018) description of clientelism, whereby the delivery of public services to a group or area depends on demonstrated political support for the relevant official or party.

Quadrant 1 (Q1) settlements thus exhibit internal tensions that arise from various conflicting perceptions and interests of insider elites and groups, who often occupy different sides of social cleavages. Sufficient divergence could undermine the PS at some future point.

Philip Roessler's (2011; 2017) discussion of the "internal security dilemma" or "civil war/coup trap" faced by multi-ethnic coalitions in post-colonial Sub-Saharan governments implies this very tension for countries whose initial post-colonial PS fits Q1. Immediately after independence, many new African countries forged arrangements called *elite accommodations* (inclusion of elites from different ethnic groups in a governing coalition) as the "dominant institution for managing competition for state resources among rival groups" (306). Elites distributed patronage benefits across multiple constituents, as in Q1. In many cases, unfortunately, elites from different ethnic groups experienced steadily increasing mutual distrust. A second-order commitment CAP ensued: will powerful elites from the 'other' group, typically with military or police influence, defect and try to seize power?[22] As distrust grew, one or both sides adopted a strategy of eliminating potential opponents by, when in power, purging related officials from government and persecuting their members. This strategy reduced the probability of a coup, doing so at the risk of a future civil war—a less decisive and immediate outcome; hence preferable. Appendix A and Figure A.1 illustrate these principles in detail.

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[21] Ghana also fits Khan's competitive clientelist category (Yanguas 2017; Abdulai and Hickey 2016).

Roessler notes many cases of successful coups, failed coups, and pre-emptive strikes to avoid coups and civil wars. For example, the 1963 coup and assassination of Sylvanus Olympio (an independence leader) reversed Togo's ethnic balance of power. In 1965, after a coup attempt by Hutu officers, Burundi's ruling Tutsi elite purged Hutu leaders who had been in the ruling coalition since independence in 1962, locking the Hutus out of power for the next 28 years. In 1982 in Zimbabwe, a simmering power struggle between former revolutionary comrades Robert Mugabe (ZANU) and ZAPU leader Dr. Joshua Nkomo led to the latter's expulsion and escape from the country, along with repression of ZAPU members and civilians from their Ndebele ethnic base. Mugabe ruled until 2017.[23] In the present typology, such exclusion converts a broad SF into a narrow one, moving the relevant societies from Q1 to Q3.

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[22] Chapter 5 of Ferguson (forthcoming) addresses commitment CAPs in detail.

[23] Roessler discusses exclusion from governing regimes without reference to PS, but he implies that former coalition partners and their ethnic groups moved from insiders to outsiders. Using data on 35 countries and 220 ethnic groups over the years 1946-2005, Roessler's empirical analysis supports two hypotheses: First, "Ethnic exclusion substitutes civil war risk for coup risk." Second, rulers more likely exclude groups with access to the state's coercive mechanisms (army, police), doing so at a higher risk of civil war. African leaders were four times more likely to purge former anti-colonial partners than other government officials. Apparently, addressing an immediate H4 commitment CAP was worth the risk of subsequent conflict.

Finally, Q1 implies five developmental CAPs:

1. Maintaining the broad SF, especially in cases with deep social cleavages;
2. Reducing reliance on patron-client relationships without undermining stability by antagonizing one or more potentially disruptive groups;
3. Closely related: extending accountability beyond short-term benefits and patronage to longer-term capacity building, with some form of procedural accountability;
4. Enhancing insider unity (moving towards functional unipolarity to circumvent continuous renegotiation) by institutionalizing collective-choice rules for allocating authority, yet doing so in a manner that does not exclude current inside groups;
5. Enhancing state capacity, often via a unified vision of national purpose, without loss of accountability.

The second quadrant encounters a somewhat different set of CAPs and developmental prospects.

Second Quadrant (Q2): Broad SF and Unipolar COA

Unlike Q1, Q2 offers considerable potential for building state capacity—albeit in two distinct manners: paths A and B. Path A involves constructing foundational institutions for a developmental state that exhibits sufficient state capacity and rule by law to support and coordinate capacity building, growth-oriented economic development. Path B, on the other hand, exhibits substantial politicization of public services. Which path a society follows depends on how specific contexts influence elite motivations to resolve CAPs, especially H4 CAPs of credible commitment. The ensuing discussion first addresses implications of Q2's SF and COA, followed by consideration of how Q2's mix of SF and COA could, in fact, arise, then some detail on factors that distinguish path A from B, before addressing implied tensions and CAPs.

As in Q1, Q2's broad SF creates incentives for providing widespread benefits: a form of substantive accountability. Here, however, functional unipolarity facilitates rough agreements and understandings regarding national goals, such as state/market relations. A potential to build state capacity follows. The extent of capacity building and the degree to which rule of or by law follows, however, depends on the applicable path: A or B.

The combination of a broad SF with a unipolar COA may appear counterintuitive. Unifying decision authority across multiple inside groups, with differing interests and perceptions, should itself present a formidable set of CAPs, notably those related to bridging social cleavages. The establishment of a Q2 PS, therefore, reflects some resolution—a prospect that arises in the presence of at least one of two conditions:

i. Substantial previous institutional development, and
ii. A compelling, shared sense of urgency held among insider elites, that encourages setting aside short-term interests in favor of functional unity.[24]

Here are two brief examples: Between 1960 and 1987, South Korea had both characteristics. During the 1910-45 occupation, Japanese colonialists built a substantial merit-based bureaucracy in Korea (Kohli 1994), and after 1948, the North provided a well-understood existential threat to the South. In contrast, post-1994 Rwanda faced only condition (ii). Since the end of the civil war in 1994, the Tutsi-led Rwandan Patriotic Front (RPF) has governed Rwanda. The RPF proposed a unified vision of national development, recently expressed in *Rwanda 2020*, which signifies a significant resolution of ruling-coalition CAPs—implying a unipolar power configuration. ". . . the RPF and its allies are gambling on the 'expensive' option of building support on a broad base by demonstrating an ability to provide more and better public goods" (Booth and Golooba-Mutebi 2012, 391). To prevent the reemergence of civil war and genocide, the Rwandan SF includes Hutus (80% of the population), who have received substantial benefits. For their part, the Hutus have—perhaps grudgingly—accepted this arrangement. In return for benefits, they have acquiesced to living under RPF direction.[25]

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[24] This item reflects a key condition posed by Doner et. al. (2005): the influence of an external threat on systemic vulnerability. Citing Riker (1962), the authors note that political survival for leaders requires forming coalitions, which leaders try to keep as small as possible, but credible threats of disruptive mass mobilization or external invasion can motivate coalition enlargement.

Even so, Q2 yields two distinct developmental paths.[26] Path A connotes a developmental state that reflects substantial capability for resolving second-order CAPs, whereas Path B connotes a patronage state. Path A usually follows cases with prior development of political institutions. Path A fosters establishing functional economic and bureaucratic institutions—basic state capacity and a type of rule by law—that could later facilitate a transition to rule of law and public accountability. Path A, however, emerges only under stringent preconditions. Elites from the various social groups (economic, military, religious, and ethnic) must somehow find motivation to resolve the difficult first-order CAPs of allocating short-term sacrifice, along with second-order CAPs of coordination and enforcement that permit institution building over medium-term time horizons.

There are three *prerequisites for path A development*:

I. As for any broad SF, governing elites need to maintain at least minimal loyalty across a large population by delivering benefits—a type of accountability. Since the broad SF applies to both paths, this prerequisite does not distinguish path A from B, though A offers longer-term and more capability-oriented benefits;

II. A resource constraint, meaning no easily available point-source resources or readily exportable agricultural commodities and no credible long-term commitments of substantial external aid;

III. The presence of a mutually understood and shared external or internal threat to the existence of the (unipolar) ruling coalition, and especially the positions of elites within it:

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[25] Rwandan Vision 2020 has served as “the only hymn sheet to which everyone needs to abide” (Chemouni 2017, 10; cited by Yanguas 2017). The RPF has faced no significant challenge form external factions; potential challenges from below have been pre-empted or diffused via participatory processes (Chemouni 2017, 32). The social foundation, at least via cooptation, also includes the small Batwa ethnic group, and security personnel, along with representatives of foreign donors. The longevity of this PS likely depends on the extent to which the RPF leadership can forge a national Rwandan national identity that crosses ethnic boundaries.

[26] Again, these may be regarded as poles along a spectrum.

a threat to their political survival. Such prospects encourage the development of a nationalist (or other) ideology that can unify elites and followers.[27]

These conditions, when mutually understood, motivate ruling coalition (RC) elites to establish institutions capable of generating substantial revenue over medium-term time horizons. To survive politically, they must maintain the allegiance (or acquiescence) of their broad SF and, simultaneously, address the compelling threat. They must somehow create or induce conditions for sustainable growth, including defining and enforcing (sometimes selective) property rights and building a relatively independent merit-based bureaucracy that can tax, regulate, enforce contracts (at least selectively), and provide key public goods and services. An RC must also coordinate complementary forms of economic activity that foster structural transformation. Path A thus implies some resolution of multiple first- and second-order CAPs, along with innovations that confer legitimacy, spread motivation to organizational and group constituencies, and establish needed policies.[28]

Note that a shared understanding of an existential threat helps resolve particularly difficult second-order CAPs—because, under these conditions, elites jointly understand that their political survival depends on honoring a set of mutual commitments. Even so, such resolution need not follow, particularly in cases with little prior institutional development, such as Rwanda in 1994. In such cases, the combination of mutual understanding and reciprocity can instantiate a set of political norms that prescribe honoring announced commitments. Longer-term sustainability, however, demands establishing more formalized enforceable agreements. Rwanda may or may not achieve Path A.

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[27] These three conditions appear in Doner et al (2005), though their third item includes only external existential threats. Slater (2010), on the other hand, focuses on internal threats.

[28] Chapters 3-6 of Ferguson (forthcoming) develop five hypotheses related to these CAPs, variations of which can apply to any of the four quadrants.

The East Asian developmental states of South Korea between 1960 and 1987 and Taiwan, over roughly the same period, offer examples of Path A development.[29] In both cases, elites faced serious external threats (N. Korea and China respectively). The respective ruling coalitions needed to secure broad based support to address the threat (a broad SF), while they lacked easy access to revenue from commodities, resources, or substantial credible long-term external aid.[30] In the early stages of their development (1950s to early 1960s), in order to retain power, the RCs needed to generate substantial revenue from economic activity without draining the treasury, along with sufficient legitimacy across a broad social foundation. They faced three basic tasks: 1) create the capacity to collect taxes and deliver public goods, rather than provide mere side payments; 2) establish certain universal property rights, especially over land and workers' own labor time, along with at least selective property rights over industrial production; and 3) coordinate forms of complementary and export-oriented economic activity, primarily in the industrial sector.

To initiate structural transformation, both countries implemented substantial land reform during the 1950s (a policy innovation). Land reform offered these regimes a way to distribute significant benefits to the rural masses without subsidies that would drain the treasury. It also altered the distribution of power, diminishing that of large landholders, who would have likely blocked further reforms.[31] Additionally, these regimes invested scarce government resources into primary education—a substantial and relatively inexpensive benefit for the broad population. These two policies delivered enduring, capability-building benefits to the rural masses, without significant budget impact. These measures also engendered sufficient legitimacy to establish support and acquiescence from the public—needed for political survival, given the presence of external threats. Additionally, land reform and (with some delay) primary education improved agricultural productivity, which then facilitated some agricultural exports and, more critically, stable urban food prices. This last outcome eased maintaining at least minimal allegiance from the urban workforce, who might have otherwise expressed communist sympathies. The joint impacts of these policies thus rendered the political settlements in both countries economically and politically sustainable.[32] On such foundation, the respective RCs began, in the 1960s, to establish developmental states that supported sufficient economic activity to achieve a broader distribution of benefits to the population (more education, more health care) via export-oriented industrial policy.[33]

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[29] A developmental state features "organizational complexes in which expert and coherent bureaucratic agencies collaborate with organized private sectors to spur national economic transformation." They develop Weberian bureaucracies, along with substantive state-private sector linkages (Doner et al 2005, 328, 334). Path A bears some resemblance to Besley and Persson's (2011) *common interest state*, which possesses coherent political institutions, develops state capacity, and uses fiscal resources for common interests, such as national defense.

[30] Both countries received military aid from the US, but not enough to meet domestic demands, especially civilian. Moreover, the 1973 US withdrawal of troops from Asia exacerbated the prospect of external threat.

[31] A large literature supports the notion that concentrated landholding is a barrier to economic and political development (e.g., Moore 1966). Additional motivation for land reform in both countries arose from government fear of communist sympathies because China and North Korea had both recently conducted their own versions of land reform.

Rwanda offers an example of less established, more tentative development that might achieve Path A. After the 1994 civil war, which destroyed prior state capacity, Rwanda established a relatively uncorrupt and capable bureaucracy that has initiated successful development policies (Chemouni 2017; Reyntjens, 2013). Since 1994, per-capita GDP has grown at an average annual rate of 6%.

> Considered a Tutsi-dominated organisation ruling over a Hutu-dominated population previously marred in genocidal ideology, the RPF aimed at basing its strategy of legitimation on rapid socio-economic progress and impartial rules. This required an effective state, both able to implement the RPF ambitious developmental objectives and to project an image of impartial governance, thus making PSR [public sector reforms] a necessity (Chemouni 2017, 6).

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[32] South Korea had little ethnic fractionalization, a condition that eased establishing unipolarity and public support.

[33] See Doner et al. (2005) and You (2013).

These measures established at least tentative foundations for political and economic development.

In contrast, path B patronage states lack path A's prerequisites II and III. They have relatively easy access to revenue through commodity exports, point-source resources, and/or or substantial and reliable external aid; and elites do not encounter mutually understood internal or external threats to political survival. Given these conditions, distributing benefits does not require significant revenue collection. Consequently, elites lack strong incentives to undertake the costly, complicated, and slow processes of developing substantial economic and bureaucratic institutions that would facilitate broad taxation, growth, and structural transformation. Instead, to maintain sufficient allegiance across the broad SF, they focus available state resources on delivering side payments to multiple groups in return for political support. These arrangements resemble Q1's clientelism, with three differences. First, unipolar coalitions can focus the distribution of benefits and more closely monitor quid pro quos. An RC can use a portion of existing state capacity to generate and maintain group support for the regime. Second, benefit distribution is less politically competitive; it does not reflect and support significant factional conflict along lines of social cleavage. Third, there is less regional/sectoral variation than in Q1. Uganda 1986-2001 (discussed below) offers a likely example of Q2's Path B.

Both paths A and B face two core tensions, but to distinctly different degrees: i) maintaining unity within the unipolar ruling coalition, given the diverse interests among the many groups with disruptive power—more difficult for path B's relatively unmotivated patronage approach; and ii) maintaining a broad SF, given the combination of diverse interests and a unipolar ruling coalition, which could exclude one or more groups—as in cases of a feared coup.

Similarly, both paths face three developmental CAPs:

1. Broadening input into ruling-coalition decision-making without undermining functional unipolarity (the mirror image of CAP 2 for Q1);
2. Enhancing accountability without creating divisions that undermine functional unipolarity and excessively weaken state capacity;
3. Ending the neglect and repression of (the relatively few) excluded minorities, which requires further broadening of the SF, without undermining functionality or stability.

Turning to path-specific CAPs, note that the two path A examples represent authoritarian regimes—arguably a necessary condition for initial political development in Q2. In some circumstances, however, a transition to democracy can achieve further political development, transforming a rule by law into a rule of law and enhancing accountability. If Path A elites possess a shared understanding that various occurrences could shift the composition of an RC, they encounter incentives to develop institutions for transferring power (a form of political insurance). In South Korea and Taiwan, successful industrialization disseminated sufficient resources to industrial workers and the middle classes, shifting the balance of power. In South Korea, a general strike in 1987 by then powerful unions in the exporting industries, combined with substantial student protest that earned the support of the middle classes, forced the hand of the political regime. A transition to democracy followed.[34]

More generally, significant public pressure for accountability, arising from the de facto power of a sufficiently encompassing coalition, can foster elite interest in creating impersonal mechanisms of political succession as a form of political insurance. A more balanced distribution of governing power, wherein functional unipolarity involves coordinated rule-based policymaking input from a variety of groups, may then follow.

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[34] In Slater's terms, South Korea had not possessed all necessary conditions for long-term authoritarian ordering of power. By 1987, elites were not unified in support of the regime. Yet the transition to democracy facilitated an alternative type of unipolarity (which may be currently unraveling).

Path A's distinctive CAPs, therefore, concern:

4. Transforming a rule by law into a rule of law, by establishing workable institutions that regulate transfers of power and apply credible sanctions to powerful economic and political elites who violate laws and established procedures;
5. Creating procedural public accountability without undermining stability.

Path B countries, despite often achieving impressive rates of short- to medium-term economic growth, can fall into a middle-income trap. Unipolarity, some state capacity, and a need to widely distribute benefits notwithstanding, the absence of Path A's prerequisites II and III allows elites to survive comfortably without addressing many formidable CAPs of institution building. These societies fail to achieve the levels of H2 coordination and H4 enforcement that would permit substantial structural transformation.

Uganda's successes and failures largely fit path B. Since 1986, the National Resistance Movement (NRM) has ruled Uganda. Because the previous decade's conflict had reduced the capacities of competing groups, the NRM faced few obstacles to its reform program (Hickey and Izama 2016). Nevertheless, the PS included most groups (except those in the North), fitting Q2. With no compelling external or internal threats, Uganda lacked Path A's prerequisite III. Since the early 2000s, however, increased political competition, growing power among lower-level groups, and defections from the NRM weakened the RC's hold on power. The PS moved towards Q1 multipolarity. Economically, Uganda achieved stable growth from 1988 – 2001 (3.5% annual GDP per capita) and rapid growth from 2001-2010 (7% annually), along with a considerable reduction in poverty from 56% to 19.7%. Yet, since 2000, the NRM has increasingly relied on populist policies to retain the loyalty of rural and other less powerful constituencies (Yanguas 2017, 11; Hickey and Izama 2016). These measures limited Uganda's potential for structural transformation.

Path B exhibits the following specific CAPs—largely related to moving to Path A:

6. Motivating elites and key organizations to undertake the short-term sacrifices needed for establishing basic state fiscal and legal capacity;
7. Motivating elite and organizations to undertake sacrifices for building economic institutions and means of coordination that can deliver longer-term capabilities and benefits;
8. Reducing patronage without undermining functional unipolarity or antagonizing potentially disruptive groups.

Third Quadrant (Q3): Narrow SF and Multipolar COA

Q3 countries encounter substantial barriers to achieving either political or economic development. The three direct forms of political development face dim prospects: low state capacity, little or no rule by law, and little or no accountability. Without abundant resources, a poverty trap is likely; with resources, a middle-income trap is possible.

Unlike Q1 and Q2, Q3 rests on a narrow SF: a few inside groups possess disruptive power, and any ruling coalition has little incentive to distribute benefits broadly. Furthermore, the narrow SF renders the settlement vulnerable to disruption if excluded groups can attain resources and sufficiently resolve organizational CAPs to form viable coalitions with de facto power. Consequently, not only does an RC lack incentives for broad distribution, its fear that excluded groups might attain de facto power motivates symbolic manipulation, division, and repression of excluded groups. Multipolarity in Q3 signifies the presence of a few rival factions formed around active social cleavages. As in Q1, elites face unresolved CAPs of designating decision-making authority over basic policy; they have few shared understandings of national policy goals; and they encounter the prospect of renegotiation before undertaking key policy directives—usually a barrier to such endeavors.

This mix of a narrow SF with multipolarity yields the following implications: Because, insider factions compete over both rents and political support, non-elite economic and political entrepreneurs seek affiliation with a faction in order to receive political or economic benefits—that is, patronage—with a premium on protection from rival factions and possibly resentful outsiders. Additionally, insider factions hope to maintain exclusion (the narrow SF), but lack effective coordination. Whereas they fear the possibility that excluded groups may attain power, a single faction may also stand to gain from recruiting excluded groups in order to challenge rivals. Consequently, all three components of direct political development falter.

Maintaining the PS involves the following tensions: Factional conflict over rents and resources can undermine understandings and agreements. In order to gain relative power, factions may competitively recruit (i.e., coopt) outsiders. Here, they face a prisoners' dilemma scenario: each faction can benefit from such recruitment, but competitive recruitment enhances overall conflict, exacerbating multipolarity with potentially unstable extension of the SF and undermining PS stability.

In such instances, Q3 confronts a variation of Roessler's civil war/coup trap that begins with exclusion and considers inclusion, with several avenues for civil war. If a ruling coalition recruits an excluded group, a coup may follow if the new insiders translate their position into sufficient power—especially if they develop links to the army. Yet, maintaining exclusion can lead to civil war or allow a rival faction to recruit excluded groups. If rival recruitment enhances conflicts among insiders, it can also foster civil war. Moreover, excluded groups exacerbate such conflict if they play inside factions off against each other.[35] Finally, certain insider elites (or groups) may defect, allying themselves with excluded groups in a manner that threatens the PS with another conduit to civil war. For example in 1910, Francisco Madero, a scion of the Mexican elite with lineage dating back to early colonial times, defected from the (by then factionalized) Diaz regime to become a leader of the Mexican Revolution—la Guerra Civil Mexicana—which lasted from 1910 to 1920.

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[35] Again, triadic power. See footnote 3.

Q3 settlements thus rest on unstable foundations; specific regimes tend to be short lived. Prospects for building state capacity, rule of law, and public accountability remain distant, as do prospects for economic development. Q3 usually implies weak states that face poverty traps.[36] Examples include the Pre-Marcos Philippines, Ecuador in the early 1970s, Nigeria in the 1980s and 90s, and contemporary South Sudan.

Large stability/development tradeoffs ensue. More specifically, political and economic development must confront these four basic CAPs:

1. Creating functional unipolarity in the presence of rival insider factions;
2. Broadening the SF, without exacerbating existing divisions;
3. Reducing reliance on rents, without enhancing factionalism and undermining stability;
4. Creating some accountability, probably initially via inclusive clientelism (a move towards Q1), without exacerbating multipolarity that would threaten stability.

Fourth Quadrant (Q4): Narrow SF and Unipolar COA

Like Q2, this quadrant fosters two distinct developmental paths: here, C and D. As in Q3, the narrow SF offers the ruling coalition little incentive to distribute benefits, and the prospect that excluded groups might attain de facto power creates incentives to repress, divide, and symbolically manipulate excluded groups. Unlike Q3, however, functional unipolarity facilitates resolution of insider CAPs related to national purpose, offering some potential to build state capacity. But for what purpose? The two paths differ.

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[36] Malejaq (2016) develops a typology of weak and failed states, most of which could fit within Q3, because the presence of active warlords suggests both multipolarity and a narrow SF. The typology compares resources available to the state with those available to warlords, high or low for each. A high/high combination, for example, implies "parallel" regions of power: the state controls some areas and different warlords control others, as in Afghanistan in the 1990s. The low/low combination signifies rival islands of territorial control that continuously engage in non-conventional warfare—possibly the absence of a PS or an unstable Q3 arrangement that also fits NWW's fragile LAO.

Along path C, a proto-developmental state (or limited dictatorship), ruling elites attain some long-term vision. They use their growing state capacity to gradually build and strengthen certain economic and bureaucratic institutions. They selectively provide public goods and services (club goods for inside cliques). They establish selective property rights—a type of rule by law that can facilitate economic development. Given the narrow SF, however, they do so with similarly narrow accountability, applied only to their own clients, not the general public—and they repress excluded groups.

In contrast, path D signifies a predatory state. Fearing that excluded groups could attain de facto power, the narrow unipolar RC focuses its limited state capacity on repression and extraction, rather than institution building. Insider elites coerce, divide and symbolically manipulate excluded groups, extract rents, and when it suits their purposes, seize property. There is no accountability, no rule by law, and little state capacity beyond a repressive apparatus.

The distinction between paths C and D, like that between A and B, rests on how elements of the social context affect elite motivation to resolve a host of CAPs related to forging institutions, especially second-order commitment CAPs. Sufficient previously established institutions and/or a functioning network of regime supporters who can limit a dictator's ability to prey on select groups of potential investors inclines a society towards path C. As chapter 9 will illustrate, the ability of network supporters to limit an autocrat also depends on path A prerequisites II and III (the narrow SF rules out I).

The 1870-1910 Díaz dictatorship in Mexico offers an example of path C supported by network enforcement. Porfirio Díaz issued promises to enforce the property rights of specific asset holders who had connections to his regime. The implied promises (not to seize new assets and returns) attained credibility because a network of Díaz's supporters had both motivation and position to punish him should he renege. This arrangement effectively limited the dictator's power and simultaneously resolved second-order CAPs of commitment. So constrained, the Díaz regime initiated Mexico's early industrialization (Razo 2008).

Pinochet's Chile offers another Path C example, one with substantial prior institutional development. In the case of Chile, existing institutions, including a well-developed judicial system, limited Pinochet's power; the 1973 military coup could only overturn so much.

Path D examples include the Central African Republic under Bokassa, Equatorial Guinea under Nguema, and—the worst-case scenario—Pol Pot's Cambodia.[37]

Despite their differences, paths C and D both exhibit a set of tensions related to maintaining the narrow SF's exclusion, and both face significant tradeoffs between, often tenuous, political stability and development—more severe for path D. There are two common developmental CAPs:

1. Broadening the SF without undermining stability & existing state capacity. Outsider resentment may enhance the difficulties, especially for path D;
2. Reducing the repression of excluded groups without destroying the PS. A two-sided commitment CAP emerges: (i) would the dictator honor a promise to reduce repression or cede power? (ii) if so, could repressed groups credibly commit to refrain from (unduly) punishing perpetrators? Consider Chile's transition from Pinochet's dictatorship to democracy and Robert Mugabe's 2018 resignation in Zimbabwe, which occurred without violence, as opposed to the reaction to initially peaceful attempts at regime change in Syria before the civil war.

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[37] The Pol Pot regime's misguided attempts to increase agricultural production via collectivization might appear to indicate a terribly misguided attempt to follow Path C, but lacking restraints on his power, Pol Pot's extermination of opponents—real and imagined—fits Path D.

These CAPs suggest that, especially Path D societies face a post-exclusion version of the civil war/coup trap. If the inside clique continues to exclude most social groups, it risks civil war. On the other hand, if it broadens the SF, allowing excluded groups inside, the end of repression could foster their attainment of de facto power and a possible coup.

Each path also faces its own set of CAPs. For C:

3. Developing accountability without excessive reduction in state capacity;
4. Strengthening the bureaucracy and rule by law in economic institutions so as to reduce the selectivity of public good provision & property right enforcement, while maintaining functional unipolarity without sacrificing stability;
5. (longer term) Moving towards establishing a rule of law, notably by addressing regime succession and creating credible means for sanctioning violations by powerful economic and political parties.

Path D faces more daunting developmental CAPs:

6. Achieving a more stable PS;
7. Converting repression to cooptation or some other mechanism for addressing deep outsider grievances—without a coup;
8. Alternatively, for outsiders and disgruntled insiders: organizing a revolution (or coup) that does not erupt into civil war or replace one predatory state with another;
9. Assuming at least minimal resolution of CAPs 6-8, moving to early institution building, establishing rudimentary rule by law with some selectively enforceable economic institutions and selective provision of provision of public goods and services;
10. Developing rudimentary accountability, at least to selective groups without undermining stability.

Achieving 9 and 10 imply moving to path C.

Section 3: Conclusion

Table 8.1 (in the Appendix) summarizes relationships between PS quadrants/paths, key attributes, key tensions, and associated CAPs.

The concept of political settlements offers a foundation for analyzing relationships between distributions of power, institutions, and ultimately institutional systems and social orders. Classification of political settlements, using the criteria of social foundations and configurations of authority, facilitates systematic inquiry into settlement-specific tensions and CAPs. These are key elements of the political/economic context that shape prospects for development; they point to context-specific constraints and possibilities. Within unipolar quadrants Q2 and Q4, after accounting for previous institutional development, further distinctions based on the presence or absence of mutually understood threats and resource constraints, facilitates distinction between Paths A vs. B (developmental vs. patronage states) and C vs. D (proto-developmental vs. predatory states). Ultimately, this framework offers a foundation for designing more elaborate models that can spawn multiple testable hypotheses. Appendix A, for example, develops a game-theoretic model of the civil war/coup trap. More generally, effective policy approaches need to account for the foundations of specific political settlements, as represented in their SF and COA and, within quadrants the unipolar quadrants (Q2 and Q4), the applicable path (C or D). Policy analysts should then consider underlying tensions within each type of PS and the specific CAPs that accompany it, as a lens for examining the prospects and pitfalls of potential remedies.

Chapter 9 continues this analysis by directly considering relationships between businesses and governments, with attention to the credibility of contracts and feedbacks of ensuing economic outcomes on the stability of political settlements.

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Appendix

Social Foundations and the Civil War/Coup Trap

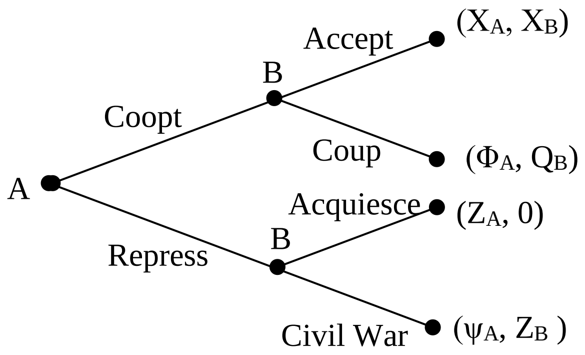
This appendix develops a model by applying logic from Beasley and Persson's (2011) fiscal and legal capacity models (summarized in chapter 3 and Appendix 3.1) to Roessler's (2017) civil war/coup trap—a condition that often applies to countries with weak institutions and abundant point-source resources. In terms of Figure 8.1's typology, versions of this trap apply to Q1, Q3, and Q4, especially along Path D.

Recall, the social foundation (SF) of a political settlement implies that a ruling coalition (RC) must pay attention to the insider groups. In this model, inclusion implies cooptation via a combination of public good provision (available to all included factions) and targeted transfers. Exclusion implies repression, with some potential to initiate civil war.

There are two coalitions (A and B). They face a two-stage strategic interaction during a single period ($t = t_1$), with A as the RC, but they anticipate next period ($t = t_2$) when, depending on the t_1 outcome, either A retains power or coalition B becomes the new RC. At the beginning of t_1, A chooses between *Coopt* (include B in the SF) and *Repress* (exclude). If A chooses *Coopt,* B responds with *Accept* or stage a *Coup*. If A chooses *Repress*, B chooses *Acquiesce* or initiate a *Civil War*. This interaction leads to four possible outcomes: (i) peaceful inclusion of B in the SF, (ii) inclusion followed by a coup; (iii) exclusion followed by acquiesce; and (iv) exclusion followed by civil war. Figure 8A.1 illustrates a simple version of the game, with the payoffs as single variables. These payoffs show each player's expected t_2 returns, accounting for expectations that follow each t_1 outcome concerning whether A or B will be the t_2 RC. Subsequent discussion will make each payoff a function of several other variables, such as available point-source resources.

Here is the simple game:

Figure 8A.1: Social Foundation, Coup, Civil War Game



Assumptions:

I. Coalition A always does better if B does not resist: $X_A > \Phi_A$ and $Z_A > \psi_A$; moreover, $X_A > 0$; $Z_A > 0$; $\Phi_A < 0$ and $\psi_A < 0$;

II. A coup costs A less than a civil war because it is more immediate (Roessler, 2011): $\psi_A < \Phi_A$;

III. Each coalition operates as a single unit, and all of its members are equal—meaning that all individuals have equal chances of becoming an elite member.[38]

There are three possible subgame perfect equilibria, and three underlying conditions determine which applies. Starting with B's responses, we have:

First, the *accept cooptation condition* (B prefers receiving transfers to staging a coup):

(8A.1) $X_B \geq Q_B$

Second, the *acquiesce condition* (B prefers enduring repression to staging a civil war):

(8A.2) $Z_B < 0$

Third, the *prefer cooptation* condition (A prefers coopting B to repression in cases when B does not resist):

(8A.3) $X_A \geq Z_A$.

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[38] A more complicated model could distinguish between elites and followers in each collation.

Note that assumption II establishes A's preference for civil war over a coup.

Even without addressing the payoffs as functions of other variables, Figure 8A.1 offers some insight. Given assumptions I - III, the game has three possible subgame perfect equilibria:

1. *Inclusion*: A *Coopts* and B *Accepts*, which occurs when conditions (8A.1) and (8A.3) hold. If either fails, A chooses *Repress*.[39]

2. *Repression with Acquiescence*: A *Represses* and B *Acquiesces*, which occurs when (8A.2) holds and (8A.3) fails. Here, even though excluded, B does not choose *Civil War*.

3. *Civil War*: A *Represses* and B initiates a *Civil War*, which occurs when both (8A.1) and (8A.2) fail. If so, A knows it faces either a civil war or a coup. From assumption II, A prefers civil war and so chooses *Repress*.

In equilibria 2 and 3, A excludes B from the social foundation.

Further analysis requires specifying variables X_A, X_B, Z_A. Z_B, Φ_A, ψ_A, Q_B, and coalition transfer share (σ) as functions. These outcomes depend on the t_2 RC's policy decision regarding public goods and transfers—not shown on Figure 8A.1, but which can be inferred from the logic below. The t_2 RC's policy choice depends on the availability of point-source resources as well as the pre-existing strength of institutions and levels of state fiscal and legal capacity.

More specifically, consider the following functions, beginning with each coalition's payoffs at the inclusion outcome. The term X_A depends on A's expected t_2 return to retaining power. Any t_2 RC (here A) receives resource rent (R) and allocates this period's tax revenue τy (τ reflects existing fiscal capacity, an outcome of previous development) between to two activities:

i. Providing public goods (g) with value αg (α specifies the unit value of g). Whenever B belongs to the SF, both coalitions consume αg. (Later, if A excludes B, A consumes αg alone, but the value αg does not change, since g is non-rival).

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[39] This treatment ignores an intermediate case of completely ignoring excluded factions, but similar logic could apply: B has very little power and so poses no threat, and the cost to A of repressing B > 0.

ii. Allocating remaining revenue to transfers (υ). In this inclusion outcome, A retains transfer share $\sigma(\theta)\upsilon$, leaving $(1 - \sigma(\theta))\upsilon$ to coalition B.[40] Parameter θ ($\theta \in [0,1]$)) represents the cohesiveness of political institutions, reflecting underlying political norms and formal rules that affect formulas for allocating transfers. θ thus determines the degree to which the RC (A in this case) skews the transfer distribution ($\sigma\upsilon$) in its favor. Specifically, $\sigma = \sigma(\theta) \in [0.5, 1]$; As $\theta \rightarrow 1$, an RC must offer equal shares of transfers ($\sigma \rightarrow 0.5$).

This allocation operates within the government budget constraint: $g + \upsilon = R + \tau y$; where τy is total tax revenue and R is the RC's rent from point-source resources. We assume that fiscal capacity τ, an exogenous outcome of prior development, is fully utilized, that y depends on pre-existing state legal capacity (π), and that any RC provides at least some g and υ.[41] Transfers are the residual expenditure: $\upsilon = R + \tau y - g$.

Accordingly,

(8A.4) $X_A = \alpha g + \sigma(\theta)\upsilon = \alpha g + \sigma(\theta)[R + \tau y(\pi) - g]$

With similar logic:

(8A.5) $X_B = \alpha g + (1-\sigma(\theta))[R + \tau y(\pi) - g]$

Next, consider each coalition's payoffs in the event of a coup where B succeeds with probability ρ. The winner (the t_2 RC) must pay all supporting troops combat pay w, an amount it must consider in the t_2 budget constraint: $g + \upsilon + L_j w(\pi) = R + \tau y(\pi)$; where $j \in [A, B]$, and w also depends on pre-existing state legal capacity (π). The winner denies transfers to the loser ($\sigma(\theta) = 1$; $\theta = 0$) because prior political institutions of cohesion have collapsed. For simplicity, assume that w is paid only during t_2 and that the loser's troops receive no combat pay.

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[40] A more complicated model (like that in Chapter 3) would show the precise allocation between g and υ and could allow for B (when included in the SF) to peacefully take power in t_2 (wins an election) with probability γ. The X_A and X_B functions would need to account for γ, along with any differences in B's allocation between g and υ, and the impact of σ on B's distribution of υ. Another complication might specify different (polarized) coalition valuations of g by specifying specific value terms α_A and α_B, a change that would enhance the importance of γ.

[41] This last assumption abstracts from an RC's tradeoffs between g and υ. Chapter 3 and its appendix discuss this tradeoff in more detail, making both terms endogenous. In terms of Chapter 3, this treatment assumes that α has a (fixed) intermediate value, meaning that an incumbent coalition always has an incentive to use some, but not all available revenue for g.

Here is the basic equation for B's coup payoff:

$$Q_B = \rho(L^B)[\alpha g + (R + \tau y(\pi) - g - L_B w) + (1 - \rho(L^B))x_b$$

Where ρ depends on the share of army that defects to B ($L^B = L_B/L$), where L and L_B are respectively the size of the army and the size of the group that B successfully recruits ($L_B \leq L$); and $x_b < X_B$ is B's payoff if the coup fails.

For simplicity, assume that $x_b = 0$ (benefits from any public goods B can still consume plus any bribes for surrendering equal the costs of imprisoned leaders, etc.)

With these assumptions, we have:

$$Q_B = \rho(L^B)[\alpha g + (R + \tau y(\pi) - g - L_B w)] \qquad (8A.6)$$

With probability ρ, coalition B wins, granting it access to R, g, and υ, but combat pay w reduces the residual revenue left for υ.

With similar logic, A's return to facing a coup: $\Phi_A = \rho(L^B)(\alpha g - \kappa) + (1 - \rho(L^B))[\alpha g + R + \tau y(\pi) - g - (L - L^B)w]$, where κ is the direct cost to A of losing a coup (arrested leaders, etc.). For simplicity, assume $\alpha g = \kappa$, so the first term drops; hence:

$$\Phi_A = (1 - \rho(L^B))[\alpha g + R + \tau y(\pi) - g - (L - L^B)w] \qquad (8A.7)$$

With probability $1 - \rho$, A retains power, and so retains αg and all of υ, which is reduced by the combat pay to the loyal portion of the army. A slightly more complicated version could adjust the post-coup values of g, τ, and y and possibly α.

Next, consider Z_A, A's expected return from repressing B in the absence of civil war.

$$Z_A = \Omega_A(\Theta) + \alpha g + (R + \tau y(\pi) - g - Lw) \qquad (8A.8)$$

Where, $\Omega_A(\Theta)$ represents A's social payoff to repressing B, a function of social cleavage Θ; the more socially divided the coalitions (e.g., the greater racial or ethnic resentment), the greater Θ.

In this formulation, (no civil war or coup), the entire army remains loyal to coalition A, but repression still requires combat pay (for simplicity assumed equal to coup combat pay).

Coalition B's payoff to acquiescence is normalized to 0 (as shown in Figure 8A.1).

Now consider B's expected payoffs if it chooses *Civil War*. Assume that the loser is excluded from the SF in t_2, and so receives no public goods or transfers ($\theta = 0$; $\sigma = 1$). If B loses, it receives its repression payoff (0) minus additional costs of losing the conflict. We have:

(8A.9) $$Z_B = \Omega_B(\Theta) + \rho_c[\alpha g_c + R + \tau_c y_c(\pi) - g_c - L_{bc} w_c] + (1-\rho_c)\,\Psi_B(\Theta)$$

Where Ω_B is B's social payoff related to attempting revenge for mistreatment, which is a function of social cleavage (Θ), which itself responds to prior mistreatment; ρ_C is the probability that B prevails; subscript $_c$ applied to g, τ, and y, signifies their post-civil war amounts (always lower than pre-civil war amounts). $L_{BC} > 0$ is the size of B's civil war army, which is no longer constrained by L (e.g., B may recruit peasant guerillas); $w_C < w$ is the wage for B's recruited rebels. $\Psi_B < 0$ is B's payoff to losing the civil war, also a function of Θ; higher social cleavage induces more post-civil war repression.

In many cases, Ψ_B's material component (combatant and civilian deaths, seized property, etc.) exceeds its social component (greater exclusion). If so, Ψ_B, unlike Ω_B, signifies a primarily material (negative) payoff.

Before proceeding, we need to specify the ρ_c function. Whereas the probability of a coup (ρ) is treated as a function of L^B, ρ_c depends on the broader concept of relative access to sources of power: access to (not just point-source) resources; institutionally designated positions (A's initial advantage); and each coalition's ability to resolve internal organizational CAPs. In this simple formulation, ρ_C depends on the ratio:

(8A.10) $$\rho_C = \rho_C([r + \eta_B + \mu_B]/[R + \tau y(\pi) + \eta_A + \mu_A])$$

Where, r signifies resources available to B; η_j signifies positions of coalition j members that are not formal political positions, such as economic positions and/or positions in relevant social networks; and μ_j signifies a coalition's ability to resolve organizational CAPs; μ_j may incorporate a variety of social variables, such as resentment arising from prior repression and/or existing social cleavages; it may also reflect the legitimacy of A's incumbency from each coalition's point of view.

Now, for A's civil war payoff, we have:

$$(8A.11) \qquad \psi_A = \rho_C \Psi_A(\Theta) + (1-\rho_C)[\alpha g_c + R + \tau y(\pi) - g - (L - L^B)w] < 0$$

With probability ρ_C, A loses and receives $\Psi_A < 0$, which like Ψ_B most likely has a high negative material content and which also depends on Θ; with probability $1 - \rho_C$, A retains power.

Returning to equilibrium conditions (8A) 1-3, first consider what happens when the accept cooptation condition (8.A1) fails. B prefers staging a coup whenever, $Q_B > X_B$ or when $\rho(L^B)[\alpha g + R + \tau y(\pi) - g - L_B w] > \alpha g + (1-\sigma)(R + \tau y(\pi) - g)$.

With manipulation, we have:

$$(8A.1') \; \rho(L^B)[\sigma(\theta)(R + \tau y(\pi) - g)] > (1 - \rho(L^B))\alpha g + \rho(L^B)L_B w(\pi)$$

The probability of a successful coup times the expected difference in transfer distribution (accounting for resource rents, tax revenue, and g) must exceed the expected loss of public good value from a failed coup plus the cost of paying the defecting troops if the coup succeeds. B's incentive to stage a coup increases in R and L^B and decreases in θ, αg, w, and L (for a given L_B, a large L implies a relatively small L^B). This relation alone generates several implications:

i. Greater prior institutional development reduces B's coup incentive by increasing θ and lowering σ.

ii. An increase in R increases B's incentive to stage a coup—a political violence dimension of a resource curse (duplicated in (8A.3') below).

iii. The greater the previously established τ, the greater B's incentive to stage a coup.

iv. As intuition suggests, the more easily B can recruit army defectors, the more likely a coup. Here, L_B could be a function of several variables. Two that merit mention:
    a. The degree to which incumbent A distributes political and economic resources to the army as opposed to other endeavors (a potential for more targeted υ and the possibility that some portion of g is effectively a club good for the army)
    b. A's legitimacy from the point of view of the army or a relevant faction therein, which can depend on social cleavages. If A and B represent different ethnic groups, then L_B can respond to the depth of cleavage between the two ethnic groups. Understanding this dynamic, A may hesitate to include B in the SF (as suggested by Roessler, 2011).

v. The greater the value of public goods (α)—an outcome of previous development (not modeled here; see chapter 3)—the lower B's coup incentive.[42]

vi. A greater amount of previously developed legal capacity (π) increases y and w, and thus lowers B's incentive to stage a coup (assuming $\partial w / \partial \pi > \sigma\tau(\partial y / \partial \pi)$; likely for reasonable values of τ).

vii. The greater prior economic development, in particular the degree of structural transformation (e.g., the ratio of manufacturing to agricultural employment) the higher w and the lower B's incentive to stage a coup.[43]

viii. The greater the overall size of the army, and specifically the size loyal to A (L_A) the lower B's incentive to stage a coup.

Note further that A's perception of the importance of these factors affects its initial move: A's fear of a coup can induce it to repress B (an H4 commitment CAP).

Now, condition (8A.2) fails (i.e., B prefers civil war to accepting repression) whenever $Z_B > 0$ or:

$$(2') \ \Omega_B(\Theta) + \rho_c[\alpha g + (R + \tau_c y_c(\pi) - g_c - L_{bc} w_c] + (1-\rho_c)\ \Psi_B(\Theta) > 0.$$

The sum of the social payoff to revenge, Ω_B (itself a function of social cleavage, which offers B an incentive for civil war) plus the probability of winning times the value of public good plus transfers (with $\sigma = 1$, $\upsilon = R + \tau_c y_c - g_C$) minus the cost of paying troops must exceed the expected cost of losing the civil war (the third term). Here, Θ offers B a social incentive for engaging in civil war, contrasting with a primarily material incentive to refrain (adjusted by probability $1-\rho_c$). Assuming that Ψ_B is not prohibitively large, this analysis implies a large role for the relative access to power shown in (8A.10). Moreover, Chapter 5's discussion of triadic power could yield a more complicated model.

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[42] Besley and Persson (2011) make this point.

[43] Even if combat pay involves a higher wage than that paid in, say, the manufacturing sector, the tax revenue used to pay the army and other expenses depends on income (y), which depends on the economic development.

Finally, if condition (8A.3) fails, A prefers repression to cooptation whenever $Z_A > X_A$ or $\Omega_A(\Theta) + \alpha g + (R + \tau y(\pi) - g - Lw) > \alpha g + \sigma(\theta)[R + \tau y(\pi) - g]$; or

$$(3') \ \Omega_A(\Theta) + (1-\sigma(\theta))[R + \tau y(\pi) - g] > Lw(\pi).$$

The sum of A's social payoff to repressing B (again a function of Θ) plus A's expected gain in transfers (from excluding B), accounting for σ and θ, must exceed the army's combat pay.[44]

Again, several implications follow. Implications (i), (ii), (iii), (vi), and (vii) hold, if applied to A's incentives for repression rather than B's incentives to stage a coup. Implications (iv) and (v) drop; (viii) holds in reverse. Finally, and not surprisingly:

ix. Greater social cleavage enhances A's returns to repression.

Overall, this model illustrates, at a quite general level, a variety of tradeoffs associated with the following: Roessler's civil/war coup trap, augmented with principles from Besley and Persson's discussion of fiscal and legal capacity; concepts of prior institutional development and structural transformation; social payoffs associated with achieving revenge; the concept of social cleavages; and power relationships derived from the three principle sources of power. This model, with slightly different interpretations of the first move, can apply directly to RCs operating in the multipolar and/or narrow SF quadrants of Figure 8.1. In Q1, A's first move involves a choice between continuing cooptation and repressing. For Q4, especially for path D, A's move involves initiating cooptation vs. continuing exclusion. The same applies to Q3, but with more likely avenues for civil war. A full representation of these other Q3 possibilities would require a more complicated model, but this model still illustrates the core logic if we interpret coalition B as representing many coalitions that could initiate a civil war.

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[44] For simplicity, I have assumed that Θ is constant over the periods considered.

Additional insight may follow merging this model’s implications with the prevalent developmental CAPs for each quadrant—an entrée into more specific modeling and hypothesis testing.

TABLE 8A.1: Political Settlement Types, Attributes, Tensions, and CAPs

Quadrant/Path	**Attributes**	**Tensions to Maintain**	**CAPs for Development**
Q1:	Broad SF & Multipolar	• Conflicting interests & social cleavages among insiders • Potential Civil war/coup trap	1. Maintain the broad SF; bridge social cleavages 2. Reduce patron-client w/o undermining stability by antagonizing potentially disruptive groups 3. Extend accountability beyond short-term patronage to capacity building, with procedural accountability 4. Enhance insider unity; institutionalize rules for allocating authority, w/o excluding inside groups 5. Enhance state capacity, w/o loss of accountability
Q2 Overall	Broad SF & Unipolar	• Maintain unipolarity with broad SF • Maintain broad SF, with diverse interests, cleavages & unipolar power	1. Broaden input into RC decision-making w/o undermining unipolarity (mirror image of CAP 3 for Q1) 2. Enhance accountability w/o undermining unipolarity or state cap. 3. End neglect & repression of excluded minorities, i.e., broadening the SF, w/o undermining unipolarity or stability
Q2 Path A Developmental State	(II) Resource Constraint & (III) existential threat		4. Transform rule by into rule of law, via institutions that regulate transfers of power & sanction violations by powerful 5. Create procedural accountability w/o undermining stability
Q2 Path B Patronage State	Lacks 2 and 3		6. Motivate elite & orgs sacrifice to establish state fiscal and legal capacity. 7. Motivate elites & orgs sacrifice to build econ institutions & coordination for long-term capabilities and benefits 8. Reduce patronage, without undermining functional unipolarity or antagonizing potentially disruptive groups
Q3	Narrow SF & Multipolar	• Faction disputes over rents & resources • Factions recruit EG • EG play off insiders • Post-exclusion Cwar/coup trap • Elites may defect	1. Create functional unipolarity among rival insider factions 2. Broaden SF, w/o more divisions 3. Reduce reliance on rents, w/o enhancing factionalism and undermining stability 4. Create some accountability, w/o increasing multipolarity & threaten stability

TABLE 8.1: Political Settlement Types, Attributes, Tensions, and CAPs (continued)

Quadrant/Path	Attributes	Tensions to Maintain	CAPs for Development
Q4 overall	Narrow SF & Unipolar	• Maintaining narrow SF exclusion • Post-exclusion Cwar/coup trap	1. Broaden SF w/o undermining stability & state cap., given EG resentment, especially for path D 2. Reduce repression of EG w/o destroying the PS; 2-sided H4 CAP: i. Will the powerful honor a promise to reduce repression or cede power? ii. If they do, can the repressed credibly commit to not punish RC elites?
Q4 Path C Proto-developmental State	Institutional or network limits on Dictator/cabal's discretion		3. Develop accountability w/o losing state capacity 4. Strengthen bureaucracy & econ rule by law (reduce selectivity), while maintaining unipolarity, w/o loss of stability 5. Move towards rule of law; address political succession & create sanctions for violations by powerful
Q4 Path D Predatory State	No limits on Dictator on discretion other than those implied by power		6. Increase stability of PS 7. Convert repression to cooptation & address grievances of EG, w/o a coup 8. For EG & disgruntled insiders: organize revolution (or coup) w/o civil war or replacing one predatory state with another 9. With minimal resolution of CAPs 6-8, early institution building, rudimentary rule by law, some selective econ institutions, & selective public goods 10. Develop rudimentary accountability, at least for selective groups w/o undermining stability Achieving 9 and 10 implies moving to path C.
Legend: Cwar/coup = civil war/coup trap; cap. = capacity; econ = economic; EG = external groups; RC = ruling coalition; w/o = without;			