What Underlies Weak States?

The Role of Ethnic Fractionalization and Terrain Ruggedness*

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Abstract

This article explores ethnic fractionalization and terrain ruggedness as underlying causes of state fragility. It is hypothesized that ethnically fragmented countries and those with rugged terrain face significant obstacles to establish cooperation in collective action among the constituent groups of the state. This problem is then translated into an inability to commit and under-provision of public goods, leading to outcomes such as macroeconomic instability, poor protection of rule of law, limited tax revenue, civil violence, and ultimately, a weak state apparatus. The paper first establishes the connections between ethnic fractionalization, terrain ruggedness and the said outcomes, and then econometrically tests these links using a latent variable model with a sample of 190 independent countries. Robust and clear evidence is found in favor of the reasoning. After establishing the foundations of state fragility, the paper studies two mechanisms, checks and balances and early urbanization, through which ethnic fractionalization and terrain ruggedness may affect state performance. This analysis contributes to the empirics of state capacity.

Keywords: ethnic fractionalization, terrain ruggedness, collective action, weak states

JEL: H11, H20, O11, O50

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