

THE SERVANT STATE

**The strongest governments will be those that serve the people rather than a political elite—
but guarding against the potential to backslide requires constant vigilance.**

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Twenty years ago this spring, Los Angeles was shaken by riots after four police officers were tried and acquitted of the beating of Rodney King, a young African-American. On March 3, 1991, King had been driving intoxicated and disobeyed police orders. Unarmed and on the ground after being hit by a Taser stun gun, King was struck repeatedly with batons and suffered a fractured facial bone and broken right ankle, among other injuries. It remains one of the best-known cases of police brutality in the public memory, but the problem continues to recur—in the fall of 2011, for instance, protesters with the Occupy movement endured harsh police measures in many US cities.

These episodes may seem far removed from the famous—and ongoing—debate over the role of the state in the economy and society.

This debate revolves around the contrast between the night-watchman state, which is entrusted with the minimal enforcement of law and order, and the interventionist or “nanny” state, which is supposed to regulate and provide incentives to improve the allocation of resources and influence social behavior. Both perspectives implicitly accept Max Weber’s definition of the political state as the entity that has the “monopoly of legitimate violence” in society. This monopoly has implications: the state and its agents have the power to coerce, and it is an unfortunate part of human nature that this power will be misused in every society.

The abuse of this power is at the root of what James Robinson and I have called *extractive institutions* in our book *Why Nations Fail: The Origins of Power,*

Prosperity, and Poverty. Extractive institutions benefit a politically powerful elite by taking resources from the majority of society. To accomplish this, elites must use the coercive power of the state. This power was on display when Spanish conquistadors reduced the native population of South America to servant status in *encomiendas* or to forced labor in the *mita* system in the mines of Peru and Bolivia. It was this power that enabled English, French, and Spanish colonists to create plantation societies based on the ruthless exploitation of slave labor in the Caribbean. It was also this power that formed the foundation of the apartheid state in South Africa, which lasted until 1994, barring black Africans from almost all skilled occupations and giving them little choice but to work as cheap labor in white-owned mines and farms. In these societies, it was crucial that the elite could exercise the state's power without significant constraints, making its agents feared among the general populace.

By contrast, many societies, beginning in Europe more than 300 years ago, have developed what we have called *inclusive institutions*, which create a more equal distribution of political power, as well as constraints on the exercise of that power by politicians and elites. These inclusive political institutions underpin inclusive economic institutions, which provide incentives for investment and innovation and create a more level playing field in the economy and society. Inclusive institutions don't just make for a better society: ultimately, they're more sustainable and in some sense stronger than extractive institutions—in part because the lure of unencumbered power granted to the elites by extractive institutions creates frequent struggles with would-be elites seeking that power for themselves.

The societal advantages of inclusive institutions notwithstanding, the relationship between state and citizens in almost all societ-

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ies is still one of domination by the former over the latter. The United States may have broadly inclusive institutions, but many citizens fear the police and other branches of the government. In fact, in recent years, thanks to the alarm over terrorism, the state's power to monitor and coerce citizens has increased, while the ability to monitor state abuses of power seems diminished. The hierarchical relationship between the state and citizens is not confined to the police and security forces. Bureaucrats often make major decisions affecting businesses and lives that leave citizens with little recourse.

This innate power of the state means that even relatively inclusive institutions can backslide into extractive ones. Inclusive institutions will often be challenged because, even when there's a fairly equal distribution of political power, those who are able to take control of the state can use its coercive capacity to change economic and social rules for their benefit—and to silence dissent and protest against their takeover. Consider Venice, which became one of the richest places in the world in the tenth century, based on, for its time, uniquely inclusive institutions. Venice's political system—featuring a parliament and a Great Council—gave voice to a broad cross-section of society, while its economic institutions encouraged long-distance trade through new forms of contracts and technology. But at the end of the 13th century, a group of established families started taking control of the Great Council. They used this monopoly of political power to create entry barriers against potential competitors and even banned the innovative contracts that had fueled Venetian



A KING'S RANSOM
This 1596 engraving shows Incas gathering gold to pay Pizarro for the return of their king—a vivid example of the powerful extracting resources from the less powerful.

growth. As extractive institutions took hold of Venetian society, its prosperity withered. Notably, as this transition took place, the coercive capacity of the state increased, and for the first time, it built a police force ready to repress protests and demands placed upon its elites.

As the Venetian example demonstrates, inclusive institutions exist in a precarious balance: the state must accumulate enough power to enforce property rights and maintain some basic degree of law and order, but without being able to impose a climate of coercion on citizens. And it must not succumb to elite takeover, though its coercive capacity is always a desirable target for elites.

Perhaps it is time, then, to remove the Weberian state from atop the social hierarchy in order to strengthen the resilience of inclusive

institutions. Perhaps it's time for the servant state, an entity whose agents are no longer feared and are less able to coerce. This does not mean removing the power of the state to intervene and regulate but more strongly enshrining the notion that state power emanates from the citizens, who should monitor it more closely and reclaim that power when it is abused.

How can this be achieved? It requires a two-pronged approach. First, we need a change in attitude, among regular citizens and the judiciary, supporting a society-wide agreement that the police and other agents of the state are no different than, say, our dentists. We respect and listen to our dentists, but if we decide that dentists are not performing their jobs adequately, we can walk out. Although citizens cannot easily walk out

from the country in which they live, if their rights are more strongly protected and their voices more clearly heard, they should be able to demand due process and the dismissal or even prosecution of state agents who are misbehaving. Our current laws allow for this, but only imperfectly.

Second, we need to use technology to make this change in attitude influence behavior. It was a private citizen, George Holliday, who made the videotape of Rodney King's beating, which drew attention to the incident. While the case ended in a verdict that many found improper, it was the presence of technology that allowed police behavior to be recorded and that thrust the issue into the public eye in the first place. Such technology is now pervasive; video recordings also produced evidence of police brutality against Occupy protesters in the fall of 2011. Technology, which is being increasingly used by the state to monitor its citizens, can thus be used to monitor the agents of the state. Citizens can then use the society-wide agreement on the accountability of a state's agents to its citizens to process and act on this information.

There are several policy reforms that can help with this objective. Making more

real-time data about the behavior and performance of the government, bureaucrats, and police officers available to citizens is an obvious first step. Another is streamlining and facilitating Freedom of Information Act requests, which can be used, for instance, to ensure that agents of the state with a record of misusing power are not promoted to positions of greater responsibility. More controversial, but perhaps equally important, citizen oversight could replace internal investigations in some cases. Protections for whistle-blowers against the state and the police could be strengthened. And finally, the state itself could develop and disseminate technologies for citizens to monitor its actions—a bit like the way it provides defense lawyers to accused parties.

The resulting servant state would do more than just reduce particular abuses of power. The diffusion of power to citizens would lower incentives for elites to capture states and would act as our best guarantor that the power of the state will not be used to silence the protests and grassroots movements that rise up when some elements of society try to turn inclusive institutions into extractive ones. ■

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