

BOOK REVIEW

**AFTER WAR: THE POLITICAL ECONOMY OF EXPORTING
DEMOCRACY.**

By Christopher J. Coyne. Stanford, CA: Stanford University Press, 2008.

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Can liberal democracy be exported at gunpoint? Are military occupation and reconstruction effective methods for establishing permanent liberal democracies? While many international relations scholars have utilized the tools of economics (such as game theory) to help answer these questions, few economists have systematically attempted to provide an answer this question using both economic theory and history. Christopher Coyne's *After War* fills in this gap and provides valuable insight into the problems the United States faces when trying to establish law and order by force in weak and failed states. Coyne seeks to understand why conflicts persist in those states, and what mechanisms facilitate or hinder the transformation from conflict to cooperation. *After War* focuses on those issues and argues that military ventures undertaken for the cause of establishing liberal democracies are more likely to fail than succeed. Looking back, we tend to only think of the cases of postwar West Germany and Japan, the two shining examples of successful U.S. military intervention and consequent reconstruction. Coyne acknowledges their lasting importance and contrasts them to historic failures in Cuba, Vietnam, Cambodia, and the Dominican Republic. The question of why some reconstructions are considered successes and some failures is the theme central to Coyne's analysis.

Coyne begins by defining reconstruction as the “rebuilding of both formal and informal institutions, the restoration of physical infrastructure, and reforming political and social institutions”. These formal and informal institutions, that can be either laws or individual values, represent patterns of behavior that provide incentives for people to prefer embracing the values of a liberal democracy. Coyne emphasizes that reconstruction is a process that lasts from initial occupation through the exit of the occupying troops, and as such, it engulfs a wide range of activities undertaken for economic, political and social revival in the country being occupied. A successful reconstruction is achieved only if the country is able to sustain the institutions established during the occupation, once the occupier leaves. Whether reconstruction itself is bad or good is of little significance to the further analysis for Coyne; rather, he asks if using military prowess to achieve it is effective and sustainable in the long run, and his ultimate answer is “no”.

Coyne’s analysis revolves not around complex econometric formulations and mathematical reasoning. Instead, he tries to shed light on the problems using the “analytic narrative” methodology, which blends economic analysis with historical experiences of the people in the occupied country. This methodology allows for understanding of what implications the various political decisions will have on people with a certain historic background. Apart from political decisions, the occupiers must have the physical resources, and the skills (“know-how”) available if they are to help set up the institutions of a liberal democracy. Here he makes an important distinction between controllable and uncontrollable variables. Controllable variables are the factors the occupiers can influence: troop levels, monetary aid etc. Uncontrollable variables cannot be influenced by the occupiers, like the beliefs and values of the denizens of the country being reconstructed. Those factors are critical to understanding what policies should be implemented when reconstructing the institutions of the country. However, Coyne argues that no factors can

spark democracy; rather democracy will be obtained if and only if policymakers know how to make decisions in accordance with historical, cultural, economical and social background of the country being reconstructed.

During the last several decades, the United States has attempted to export liberal democracy to various weak and failed states across the globe with limited success. In Chapter 1, Coyne catalogues all U.S. military occupations since 1900 and demonstrates that very few of them have resulted in a stable democracy (based on Polity IV scores) 20 years after occupation ended. For Coyne, the two successful reconstructions undertaken in Japan and West Germany after World War II stand out as exceptions. The average U.S. military reconstruction during the twentieth century did not lead to a stable liberal democracy and, it could be argued, often made things much worse. Examples of failure abound, from Vietnam, to Somalia, to Haiti. Using the analytical narrative approach, Coyne uses these examples of successful occupations (Germany and Japan) and unsuccessful occupations (Haiti and Somalia) as well as current U.S. military occupations in Afghanistan and Iraq to help illustrate the relevance of his framework for successful reconstruction laid out in Chapters 2 through 4.

The perpetual rule of law, property rights, and freedom of speech are some of the factors necessary for sustaining liberal democracies. It is not just that the policy makers do not know what factors are needed to constitute a successful reconstruction, but that they also lack the knowledge of how to bring about this end. Statistically, the U.S. led reconstructions achieved only a 36% success rate in the last 20 years, a clear signal that there is a discrepancy between know-what and know-how, in terms of providing the institutions necessary for sustaining liberal democracies. Furthermore, Coyne argues that uncontrollable variables, such as culture, customs, norms, traditions and beliefs of the people can seriously impede the reconstruction efforts. Actions of an individual are

constrained by those uncontrollable variables in a given set of existing institutions.

Finally, Coyne argues, a change of internal values and preferences is required if the country is to achieve a Western-style polity system. As a country progresses towards liberal democracy and market economy, individuals are faced with new opportunities and more choices, for the reasons of greater income, or better laws. That change of behavior, however, may be constrained by the uncontrollable variables discussed before. Coyne's book shows us that the formal institutions that shift preferences and incentives of the people in the country being reconstructed to embrace the values of liberal democracy are necessary, but not sufficient for success. For liberal democracy to be stable, it requires steady support from the citizens of that country. The people must have a clear vision of the changes to come under reconstruction, and must seek to achieve the same goals as the occupiers. Coyne considers this in his analysis of how to move from initial conflict to cooperation in Chapter 2, although he acknowledges that moving from conflict to cooperation alone is not sufficient as "coordination can take place around both good and bad conjectures, opinions and expectations" (p. 41). The primary problem facing policymakers is ensuring that coordination occurs only around good conjectures, something that is not easily accomplished.

Coyne notes that while the U.S. has been exporting liberal democracy for many decades, none of the policymakers were apt enough to recognize what factors have allowed for liberal democracy to sustain for a long period of time in the occupied and reconstructed countries. The nineteenth-century French author Alexis de Tocqueville observed that it was not the governments or legislations that instituted cooperation amongst the American people, but the people themselves engaged in "voluntary association and networks". Tocqueville recognizes this as the "self-interest rightly understood" (p.51). Coyne infers that those voluntary associations "create a shared identity that facilitates social

interactions and allows individuals to cooperate to get things done” (p. 52). Those associations are crucial to progress from conflict to cooperation; however, it is not at all clear that there is any way to externally foster their development.

Coyne makes extensive use of the “prisoner’s dilemma” from game theory to highlight the nature of the problem that exists when attempting to move from conflict to cooperation in weak and failed states. Though no single game can capture the reconstruction process, a multiplicity of smaller, nested games exist in which the players of the initial, “meta game” are involved. Coyne states that all societies, no matter if they are democratic or undemocratic are characterized by series of nested games. Solving these nested games is very difficult, given the differences in preferences and opinions of those playing the “game” of reconstruction. Looking back at the case of Iraq, we note that progress, if any, is very slow. More than 70% of Iraqis regard the United States as the occupier, whilst only 19% view the U.S. as liberators (p. 61). The Iraqis have yet to develop a “shared identity that facilitates social interactions”, in order to understand their own self-interest. While possessing the knowledge of how to topple the Hussein regime with ease, the U.S. government had little idea of how to create cooperation amongst different factions inside the country. Conflicts arose between the Sunni Kurd minority, who were repressed under Hussein, the Shi’a Arabs, and the Sunni Arabs. Due to historical, cultural and social differences, the Kurds and Arabs could not find a common ground upon which to consolidate their visions for the betterment of Iraq after the ousting of the Hussein regime, thwarting any attempt at a quick (and successful) reconstruction.

For games of conflict to become cooperative, players in the game have to be able to credibly commit to the act of cooperation. Without some mechanism to ensure that cooperation among factions within a country is a sustainable outcome, games of conflict will likely never become games of cooperation. To illustrate the problem of credible

commitment, consider the “game” that existed in Iraq prior to Hussein’s ouster. It might have been possible that the Kurds and Hussein could have both been better off if the Kurds could have paid Hussein not to repress them further, thereby the creation of a game of cooperation. However, there was no way that Hussein could have (or would have) credibly committed to not repressing them in future periods if such a payment were made. Post invasion, this commitment problem still exists, only it exists between the Kurds and Arabs. In addition, because of political reasons, the U.S. cannot credibly commit to a permanent, indefinite occupation. Coyne contends that for the U.S. to understand the true credibility or lack thereof of indigenous factions is a nearly impossible mission.

Coyne also highlights how the problems of over-confidence, self-deception and expectations management may also prevent the actors within the game from achieving the most effective outcome. Positive illusions, which are grounded in human psyche, trick the actors into believing that they are in a stronger position for bargaining than they are. Such self-deception and over-confidence only prolong the conflicts, and do not serve the quarrelling parties right. The occupiers can do little do have the parties overcome this problem. Coyne observes that the strategies for occupiers to overcome this problem are yet to be considered. People’s expectations depend on whether it was a war of liberation or the one of long-term colonization and conquest. When the United States signed the peace treaty with Japan in 1945, the Japanese citizens were expecting the United States to treat them as a conqueror treats the conquered. Overly pessimistic and with lacerated spirits, they did not expect the U.S. to engage in the massive reconstruction project that amended the destroyed economic, social, and political structure which Japan had during and prior to the war. Coyne contends that the motivations of the occupiers are of crucial importance to the reconstruction effort. Further, he notes that it is “unwise” to simply

assume that the occupiers would try to maximize the chances of success of the best possible outcomes.

Coyne poses a question: what would happen if the various parties in the home country who are involved in the reconstruction process failed to act in the best interest of the country being reconstructed? Public choice helps us understand the answer to that question. Coyne contends that “public choice introduces skepticism into the study of politics” (p. 86). Public actors may have the agenda of increasing the well-being of the citizens, but they also have a hidden agenda of their own which they strive to further. Voters and special interests will influence the behavior of public actors, while the bureaucrats in the governments will strive to maximize their budgets, and with demands of their own. The voters in the home country have little no opportunity to vote for specific issues of the reconstruction efforts. With no incentives to be informed about all the issues concerning reconstruction, they are constrained to vote for bundles of political options in the elections. Thus, the political actors may use the rational ignorance of voter to achieve favorable outcomes for themselves. Furthermore, Coyne argues that both domestic and foreign special interests can influence politicians to change their actions towards implementing policies concerning reconstruction in the occupied country.

In the concluding chapter, Coyne offers his own views about how the reconstruction process should be implemented. He suggests non-interventionism with a commitment to free trade as a preferable alternative militaristic intervention. He argues that a commitment to non-intervention, free trade, and open borders will help indigenous factions to overcome nested games of “conflict and cooperation.” Once the numerous actors in nested games are gathered around good conjectures (such as a commitment to non-interventionism and trade), it will be easier for them to develop the art of association needed to “win” in the meta-game of conflict and cooperation. As Coyne aptly notes, while the intentions of U.S. military interventions are benevolent, many around the

world do not perceive them as such. Non-intervention, Coyne contends, will overcome that problem, and amend the diminished international reputation of the United States. Even though Coyne himself is skeptical about his proposal's acceptance on political grounds, he notes that "any movement towards this end should be viewed preferable to the status quo" (p. 193).

We recommend *After War* to all who hold interest in the process of reconstruction of weak and failed states. *After War* provides valuable insight to the mechanisms behind successful reconstructions as well as failed attempts. Using insights from game theory, new institutional economics, and public choice theory to frame the issues involved in moving from conflict to cooperation, he greatly clarifies the problem of externally imposing institutional changes on an unwilling populace. *After War's* demonstration of the reasons behind obvious reconstruction failures such as Haiti and Somalia serves as indispensable input for U.S. citizens when U.S. government officials attempt future reconstructions. While some may find the book repetitious, the repetition is not without purpose. Beyond addressing the primary question of whether liberal democracy be exported by gunpoint, Coyne is also interested in showing readers how a little bit of economic reasoning can go a long way towards understanding the problem of post-war reconstruction. In our opinion, he succeeds in doing so.