

Commentary on State Capacity and State Priorities

Two EconLog readers' comments on yesterday's post struck me:

Phil H.:

Caplan's point is a good and striking one. His conclusion is fairly extraordinary, though: He is apparently claiming that all (or a plurality) of the major decision makers in the American government are power-hungry demagogues who deliberately decided to channel money into stimulus rather than research because they are bad people.

I like a powerful contrarian claim, but this one is a little too far for me.

Fair question, Phil. I doubt many politicians are explicitly thinking, "Research is better for society, but stimulus is better for my career. I don't care what happens to human lives or the economy as long I can be king of the ashes." Instead, I doubt politicians are doing much thinking at all. They go with the herd – and their own arrogance.

However, as I've previously argued, anything less than Vulcan rationality in a major leader is *extremely* morally wrong, because with great power comes great responsibility. Normal backroom observers would probably say, "Well, these politicians are just playing the game." I puritanically reject such excuses.

The problem lies in the failure to acknowledge the importance of institutions and structures, and to assign everything to individual actions. Do we really believe that all of the leaders of China are "good" people, and that's why they responded more effectively to the crisis? Is New Zealand's good record a reflection of Ahern's moral excellence?

I have an extremely overall negative view of the Chinese Communist Party's behavior, and remain suspicious that they are hiding severe pandemic-related failures and crimes. But if I knew nothing except the standard coronavirus narrative, I would consider them better people. On the other hand, I suspect that the leaders of New Zealand are morally a cut

above what Americans are used to, though of course as remote islands they have major advantages in disease containment.

My broader point, though, is that we should compare leaders to standards of common sense and common decency, and almost all fall woefully short.

There does seem to be a good case to make that the leadership of the USA has become paralysed by partisan infighting. The problem is that it's now ingrained into the systems and institutions. Even if a Mr Smith went to Washington, that wouldn't sort out the problem.

How does “partisan infighting” prevent such obvious measures as wide-scale voluntary paid human experimentation? I just don't see it. If the parties can agree to fritter away trillions of dollars, they can agree to suspend pseudo-ethical rules that keep policymakers in the dark.

Rob:

Hey Bryan — I had always read state capacity to include the capacity to make intelligent decisions. So a state with a big military or lots of spending power, but without wise politicians or experienced bureaucrats to know how to sensibly use them, it still lacks capacity in some sense. It lacks the capacity to achieve its goals.

The whole point of distinguishing between achievements and capabilities is that *achievements normally fall short of capabilities*. This is true for individuals and organizations alike. My achievements fall short of my capabilities; don't yours?

So you can imagine a government that has the capacity to shut down its entire economy, but not the research ability to figure out whether it should — or decide on the right specific actions that are needed in order to stop a pandemic spreading. Such a state lacks essential capacities.

This might be an unhelpfully broad concept, but I think that's how others use the term too.

Once you define “state capacity” this broadly, blaming failure on “lack of state capacity” is virtually meaningless. You might as well declare that “good government causes success” and “bad government causes failure.”

The real story, I think, is that state capacity researchers are willfully equivocating – yet another case of the motte-and-bailey fallacy.

When the audience is sympathetic, “high state capacity” means collecting lots of taxes, building a strong military, constructing roads, having universal public education, and so on.

When the audience is skeptical, “high state capacity” simply means being a government that rules over a rich, modern civilization.

The trick is to use the latter definition to legitimize the concept, then use the former definition to justify more resources and power for the government.

Or so it seems to me.