An empirical analysis of state fragility and growth: 
the impact of state ineffectiveness and political violence
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CONTEXT
• The role of the state in promoting development has been discussed at length. Despite the variety of perspectives, existing studies agree on some common characteristics of the state that are favourable to promoting development.
• However, as a result of the events over the last decades, increasing attention has been brought to the implications that a failure of the state to fulfil these features bears on development, which became the core of the discourse on fragile states. Despite the mounting number of existing analytical tools, the concept of state fragility remains obscure and the quantification efforts do not fall short of criticism.

CONCEPT OF STATE FRAGILITY
State fragilities according to Besley and Persson’s (2011) model of state fragility

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<th>State ineffectiveness</th>
<th>Political violence</th>
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<td>In enforcing contracts, protecting property, providing public goods and raising revenues</td>
<td>Either in the form of repression or civil conflict</td>
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There is state fragility when the country exhibits either state ineffectiveness or political violence, or both pathologies at the same time. The higher their level, the greater the degree of fragility.

MEASURE OF STATE FRAGILITY

Principal components analysis provided a score on state ineffectiveness for 158 countries, and on political violence for 166 countries for period 1993-2012.

METHODS AND DATA
• Econometric methods (OLS; IV) were used to estimate a standard growth regression to which a single index of state fragility was added.
• On a second stage, this index was replaced by two indices, one for state ineffectiveness and another for political violence.
• Finally, an interaction term between the two symptoms was added, in order to test whether they have an interactive effect on growth.
• The control variables follow the general practice in the literature.

KEY FINDINGS
• There is a negative and significant effect of state ineffectiveness on growth, which is robust to: excluding outliers, adding new controls, including a measure of the quality of institutions, and taking endogeneity into account by using IV methods with different instrumentation strategies.
• The sign and significance level of the coefficient for political violence vary across specifications.

CONCLUSIONS AND IMPLICATIONS
• The results of regression analysis show no robust effect of fragility on growth when a single index is considered.
• When using two separate indices, one finds a robust negative and significant impact of state ineffectiveness. However, the non-significant effect of political violence indicates that the complex link with growth needs further investigation.
• This contributes to a better understanding of the role of governance in promoting growth, but also suggests the way forward. Namely, it concurs to the argument that, in order to unpack the complexity of state fragility and its effects, one should consider its different dimensions.