

Divided countries achieve very little



MUTUAL TRUST AND RESPECT: *How well a society works together determines a country's success*

WHY do seemingly good politicians make terrible decisions? Why do otherwise sensible and well-meaning individuals take or defend positions that destabilise a country rather than ensure its progress and prosperity?

So prevalent is this in the developing world that about a decade ago, three economists, William Easterly, Jozef Ritzan and Michael Woolcock, sought to answer this question.

Economic growth and development do not sprout from a standard policy playbook or set of formulas. If they do, every country in the world would be advanced and there would be no poverty, unemployment or financial crises.

Rather, a country's institutions have an exceedingly large role to play in formulating and implementing policies and in undertaking policy reforms. This, in turn, depends on the individuals that make up these institutions.

But institutions are constrained if the individuals in them are highly fragmented, as is the larger society and communities they serve, that is to say, if there is no social cohesion.

What exactly is social cohesion? There are many definitions but, at its simplest, it can be taken as a state where citizens demonstrate a capacity for collaboration that produces a climate of positive and productive change.

Its presence can be detected by the trust, shared values and willingness to face common challenges together. Its absence is equally apparent by the distrust, refusal and indifference to do so.

Indicators of social cohesion used by Easterly, Ritzan and Woolcock include ethnic fractionalisation, middle class share of income, distribution of income as measured by the Gini coefficient, and levels of people's trust in each other.

What they found is that countries divided sharply along ethnic or class lines are extremely limited in what they can achieve.

This is despite, the fact that not all their leaders 'may be ethnocentric, spendthrift or corrupt.

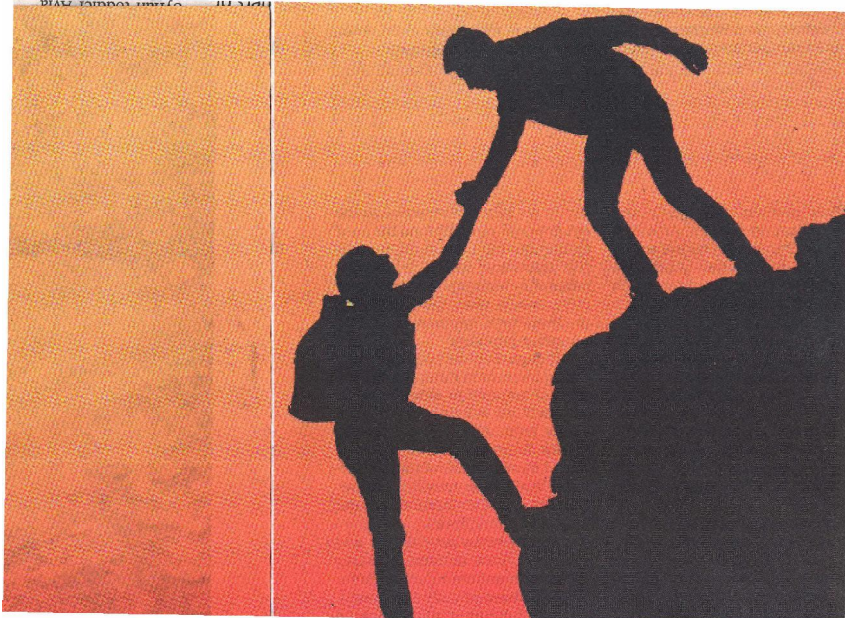
As we know, there are countries that have achieved great prosperity with meagre resources. And yet there are countries that are very well endowed but have attained little, at least in terms of civilised human behaviour.

Little of this will surprise us in multicultural Malaysia. The need for national unity and sense of togetherness is ingrained in us at a conceptual (that is, mental) level from an early age.

Practice, of course, can deviate from national slogans and mantras. As Easterly et al observe even sectarian and extremist political parties regularly invoke social cohesion arguments, such as unity, to achieve their goals.

Easterly and his two colleagues analysed the relationship between social cohesion and institutions in 82 countries. Their conclusions speak to the condition of many countries in the world, including our own.

FIRST, more cohesive societies have grown faster than less cohesive ones. The former's institutional quality, importantly, rule of law, is higher and the tendency to erode civil liberties, public administration and anti-corruption efforts is lower.



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SECOND, where social cohesion is weak, politicians can exploit ethnic differences to build a power base. Once one group does, others will follow, leading quickly to divisiveness and undesirable outcomes.

THIRD, the lack of social cohesion has also been used to undermine institutions - such as the rule of law, rules-based governance, political rights, civil liberties and the quality of bureaucracy - and these have empirically led to low growth.

FOURTH, on a happier note, politicians can choose to build good institutions, unify polarised communities, and defeat the tendency to divide and conquer.

In other words, institutions can provide the glue to hold diverse communities.

Their empirical findings are clear: policies that exacerbate race, religion and class differences lead to declining institutional quality and set countries on a downward trajectory.

Again, there is nothing particularly astounding about these findings. They do confirm, however, that we can and should expect nothing good from developments in this country.

We can, of course, engage reverse gear. This would require not only improving the capabilities, objectivity and independence of our institutions, but also making them more socially representative and placing them out of political reach.

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