Summary  Report aims to show how states can become more effective. Improve effectiveness by

- States should establish the institutional rules and norms that will enable them to provide goods and services appropriately.

- Reinvigorating capability through rules, partnerships, and competitive pressures, both outside and within the state.

Example 1  State intervention in economy became even more prevalent after the Great Depression, but this collapsed with the oil crisis of the 70’s, and was finished by the collapse of the USSR.

Example 2  With the decrease in state intervention in economies, the state had less money, and spent most of it on debt repayment, cutting important programs along with the less necessary ones.

Voluntary Sector  The voluntary sector can deal with gaps left by market and government failure. It does a good job of increasing public awareness, voicing citizen concerns, knowing the local concerns and needs, and delivering services. However, it has limited resources, cannot be held accountable for its actions as easily, and is often only for certain religious or ethnic groups, rather than all of them.

Definitions: Terms from article

Public Good  Things like national defense or roads, where one individual’s consumption doesn’t affect another, and everyone can use the good.

Market Failure  Market fails to allocate goods efficiently.