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INSIDE

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EDITOR'S REMARKS

2009 was a decisive year for the *Africa Policy Journal* (*APJ*). Under the leadership of Dambudzo Muzenda and Andrew Silvestri, the *APJ* was printed in hard copy for the first time in its four-year history, and the publication of our 5th edition proved a great success. In the same year we introduced a new interactive Web site, featuring events, blogs, and much more (www.hksafricapolicyjournal.org).

When we took over the reins last summer, the *APJ* was a revitalized organization that was starting to enjoy an increasing amount of recognition, both inside and outside the walls of Harvard University. The newly elected board was ideally placed to build off such achievements and pursue our founders' vision, namely, to become one of the most prominent policy journals on Africa worldwide.

This vision is starting to become a reality. Our annual call for papers is met by an ever-growing number of submissions, and our readership has expanded dramatically, virtually covering all regions of the globe. Through the passion, talent, and professionalism of our incredible staff, the *Africa Policy Journal* is quickly becoming a reference for policy makers, practitioners, and scholars around the world.

Targeting a global audience, we have dedicated great focus and energy on outreach efforts this past year. 2009–2010 marked the advent of an even stronger Web presence and the establishment of various partnerships with leading research institutions, libraries, and universities.

The *Africa Policy Journal*'s 6th edition features an exciting mix of wide-ranging scholarship and insightful testimonies by both practitioners and academics. None of this, of course, would have been possible without our amazing staff members, each of whom simply redefined the standards for superior editing, passionate engagement, and professional dedication over this past year. This edition is dedicated to them.

In a time of unprecedented economic crisis for the African continent and the world, we are reminded of both the critical importance and promise of sound, effective, and ambitious public policy. Looking ahead, it is our hope that the *APJ* continues to strive and promote a rigorous, informed, and influential policy dialogue on the challenges as well as the opportunities facing African countries today.

Antoine Artiganave — *Co-Editor-in-Chief*
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Cambridge, Massachussetts
April 2010

Domestic Resource Extraction and the State:
Policy Implications for Liberia

by Christine MacAulay

Christine MacAulay is currently pursuing a master in public affairs degree from the Woodrow Wilson School of Public and International Affairs at Princeton University. Within her studies, she is particularly interested in political development issues in Africa. Prior to her graduate studies, MacAulay worked as a researcher with the University for Peace's Africa Programme in Addis Ababa, Ethiopia, where she focused on conflict resolution and the security roles of Africa's regional organizations. Most recently, she served in a technical advisory capacity to the Republic of Liberia's Ministry of Planning and Economic Affairs in Monrovia, Liberia.

ABSTRACT
Literature on the state posits that domestic resource extraction is important not only as a source of revenue generation but also as a fundamental aspect of state-building, including the formation of a viable state-society contract. At the same time, African states are notable for their historic lack of domestic extractive scope and capacity. This article explores these ideas in the Liberian context. It begins by examining existing theoretical literature on extraction and the state. The article then goes on to explore the challenges and constraints of building effective extractive capacity in Liberia; it concludes with policy recommendations for the Liberian government and international donor community.

INTRODUCTION
In 2003, Liberia emerged from fourteen years of civil war with the signing of a peace agreement that paved the way for a transitional government. Post-conflict Liberia faced daunting challenges; war had devastated the formal economy (Atkinson 1997, 1), displaced an estimated half a million people (Wright et al. 2007), and exacerbated already poor levels of human development (IDMC and NRC 2007). In the immediate postwar period, an estimated 76 percent of the country lived on less than one dollar per day, while unemployment approached a staggering 85 percent (Kamara 2003). Given the institutional problems and weak extractive capacity that existed in the country even pre-civil war, an essential challenge in post-conflict Liberia is the creation of a legitimate, functional state capable of addressing fundamental growth and development challenges.

For Liberia and other countries emerging from conflict, a key point of consideration is the financing of reconstruction efforts, from rebuilding infrastructure to effectively training civil servants. One source of financing is "domestic resource extraction," the process by which a state mobilizes financial resources from its citizens through taxation policies and practices. In addition to its macroeconomic considerations, literature suggests that the nature of "extraction" has broader implications for state-building processes, economic organization, labor force participation, and the expression of political grievances (Schumpeter 1954; Campbell 1993). James Boyce (2007) argues that strengthening the state's fiscal capacity is critical to prevent reversion to conflict. He identifies several reasons why "effective and equitable" domestic resource mobilization is required in the post-conflict context, including: to provide a sustainable funding source to uphold promises made in peace accords, redress grievances, and provide the public investments necessary for economic growth and development; to build state legitimacy, which he argues in part comes about through the effective delivery of necessary and desired public services; and to provide enhanced security, including by establishing a state monopoly in legitimate taxation and curtailing the extralegal taxation of warlords and armed groups (Boyce 2007, 2–3).

In practice, however, strengthening the state's fiscal base has proven to be a difficult task in much of sub-Saharan Africa, even for those countries not in the immediate postwar context (Herbst 2000). Sanjeev Gupta and Shamsuddin Tareq (2008) identify failure to improve domestic taxation practices as one of the factors inhibiting development in the region. Africa's postwar economies, in particular, face challenges in strengthening taxation measures (Di John 2009). This is in part because internal conflict pushes economic activity to the informal sector where there is a smaller tax base (African Development Bank 2008).

Rather than focus attention domestically, post-conflict African states have typically looked abroad for the resources to finance reconstruction efforts. While external financing serves as an important supplement to domestic resources in promoting medium-to-long-term growth in post-conflict settings in Africa (African Development Bank 2008), overreliance on external sources may have pernicious implications for the development of an effective domestic fiscal capacity. Nicolas van de Walle argues that aid has had a "powerful effect" on state institutions in Africa and "undermined the development of state capacity" (2001, 59–60). Todd Moss et al. argue that while further research is needed to substantiate claims that there is a negative correlation between aid and incentives for domestic revenue collection, analysis does suggest that aid can have a "negative effect" on local institutions (2006, 17).

While the literature on public finance in developing countries often focuses on the mechanics of such systems (O'Donnell 2004), equally relevant in the Liberian and other post-conflict contexts are broader theoretical concerns pertaining to how and why state extractive systems come to take hold and how the implementation and sequencing of such systems ultimately influence state development. Some authors argue, for instance, that domestic resource mobilization is a precondition in the building of an efficacious state (Addison and Ndikumana 2001). Others contend that effective resource mobilization can only come about after the state has achieved some basic level of legitimacy and responsiveness (Bird et al. 2004) and improved the capacity and quality of its public institutions (African Development Bank 2008). Additional questions include, what form does an "equitable" and "effective" system of extraction take in a country with weak public-sector capacity, a deteriorated social and economic base, and an abundance of privatized production and extralegal taxation? What are the political and social mechanisms through which extraction begins to have permanence in a society? Can these mechanisms be influenced exogenously, or are they necessarily endogenously driven? What are the consequences for states unable or unwilling to develop an effective domestic extractive capacity?

This article explores these ideas in the Liberian context. It begins by examining existing theoretical literature on extraction and the state. The article goes on to look at the challenges and constraints of building effective extractive capacity in Liberia and concludes with policy recommendations. The central contention of this article is that extraction is ultimately an endogenously driven political and social process, by which individuals come to trust in the ability of the state to act in their best interest and uphold its end of the social contract. Extraction requires the will of elites at the helm of the state in addition to sufficient and legitimate enforcement capacity. Both domestic policy makers and members of the international donor community who aim to promote growth and development in the post-conflict setting should take heed of internal political dynamics and how reconstruction policies incentivize or impede the state's ability to reconstitute a social contract with its citizens.

THE STATE AND EXTRACTION: A HISTORICAL AND THEORETICAL PERSPECTIVE

In his work on state-building in the European context, Charles Tilly defines "extraction" as a crucial activity of the state and the process by which a state "draw[s] from its subject population the means of statemaking, warmaking, and protection" (1990, 96).[1] Extraction in the European context took a number of forms from "outright plunder to regular tribute to bureaucratized taxation" (Tilly 1985, 181). However, while the act of extraction was, first and foremost, an effort to consolidate, protect, and extend state power by creating standing armies, it had important implications for institutional and infrastructural development and state-societal relationships in European states (Tilly 1985). Tilly notes that states' efforts to engage in efficient extractive capacities resulted in the creation of an extensive fiscal apparatus and accounting structures (1985, 183).

At the same time, extraction was not met without resistance and prompted demands from the population. Tilly describes the extraction process as a series of "structured bargains" in which the state's extractive capacity depended on its willingness to concede to particular demands in return for taxpayers' compliance, as well as on taxpayers realizing how their payments ensured their security (Tilly 1990, 99). Importantly, European state-building unfolded in a unique historical environment, in which war "acted as a filter whereby weak states were eliminated and political arrangements that were not viable either reformed or disappeared" (Herbst 2000, 113). Thus, in the European historical context, institutional development and taxation can be seen as mutually reinforcing processes; the need for enhanced domestic resource mobilization promoted the development of institutions with stronger and more efficient extractive capabilities, while the implementation of these institutions allowed taxation efforts to assume greater scope and breadth.

This historical backdrop provides a comparative lens with which to examine extraction in Africa, where states have historically faced challenges in developing a more robust extractive capacity. Referring to taxation as "the most basic measure of a state's authority," Jeffrey Herbst argues that the failure of some African governments to become more effective in revenue collection has had implications for their ability to build national administrative and economic systems, consolidate their legitimacy, and project power more broadly (2000, 113). Whereas in the European context external threats forced states to strengthen domestic institutions and develop more efficient revenue collection and administrative capacities, this has not been the case on the African continent where conflict has most recently been intrastate in nature. War in Europe also served a self-selecting function by which states with weak internal capacity risked becoming overtaken by stronger neighbors. Today, the notion of sovereignty is embedded in international laws and treaties irrespective of state strength. Unlike in Tilly's Europe, states are no longer primarily constrained by their domestic resources; official development assistance, sovereign borrowing, and other sources of external financing have provided new sources of finance even for so-called weak states.

While the applicability of the European experience to other contexts is open to debate, several salient themes in the state-building literature provide a framework with which to examine comparative state experiences in extraction. These include: (1) the nature of external threats; (2) the motivation of state elites; (3) state-society bargaining power and the formation of the social contract; and (4) the incorporation and neutralization of state opponents. I will examine these in turn and proceed to explore their application to the current state-building context in Liberia.

Nature of External Threats

For Tilly, the need to respond to external threats served as a primary motivating force for European states to strengthen their domestic extractive capacities. In many African countries and many other parts of the developing world, however, intrastate, rather than interstate, conflict has been the more pervasive presence. Cameron G. Thies (2005) argues that inter- and intrastate conflict have fundamentally different implications for state-building. Examining the Latin American context, Thies finds that while interstate conflict has been, on average, positively associated with a state's extractive capacity, as predicted by Tilly's model, intrastate rivalries are negatively correlated with the state's extractive ability (2005). He notes that this may be because civil war harms the state's ability to "unify, centralize, and extract from society" by damaging productive capacity and reducing a state's bargaining ability (Thies 2005, 458-459).

The nature of conflict may also have implications for the projection of state power. Miguel Angel Centeno (2002) posits that in some circumstances interstate conflict may enhance the state's ability to extract resources, centralize power, and build loyalty. In African countries, in contrast, intrastate conflict has not provided a unifying cause to project state authority and build loyalty through nationalist symbols (Herbst 2000, 113). During both times of war and peace, there has been less pressure in the African context to develop "efficient nationwide systems" to collect or maximize revenue generation (Herbst 2000, 126). Herbst attributes this to a heavy reliance on indirect taxation, high levels of rent seeking, and the ability of many African leaders to utilize nontax sources and foreign aid rather than "bargain with the populace" to reach accommodation over taxation policies (133). This suggests that the nature of threats alone is not enough to predict the scope of a state's domestic revenue base and that the consideration of state constraints and political motivations is also required.

Elite Motivations

Literature suggests that the motivations of elites, or the individuals who hold positions of political influence at various levels of government, have an important bearing on a state's extractive capacity. Richard F. Doner et al. (2005), examining state-building experiences in several parts of the world, find that revenue decision making depends on a range of preferences and constraints of state actors. They argue, "whether states satisfice or maximize revenue . . . depends fundamentally on the coalitional and geopolitical context in which they are forced to operate" (2005, 339). They suggest that when elites operate in "highly constrained geopolitical" environments in which their survival depends on reconciling competing political pressures while simultaneously improving living standards, there is a strong incentive for the state to strengthen its institutions and public goods provision (2005, 340).

Even when it is possible for elites to strengthen the institutions needed to boost domestic fiscal capacity, they may not have incentives to do so. Indeed, in locations in which elites gain from the inflammation of conflict, violence, and instability, they may actively inhibit the establishment of stronger state institutional capacities (Berdal and Keen 1997; Keen 1998). In countries with mineral exports, for instance,

> ...political leaders may gain more from extensive unproductive, profit-seeking activities in a political system they control than from long-term efforts to build a well-functioning state in which economic progress and democratic institutions flourish. (Väyrynen 2000, 442)

Further, elites may operate with heterogeneous incentive structures. Elites at the state center, for instance, may face a different preference set than their local-level counterparts, leading to disjointed, duplicative, or unregulated extractive efforts. This may be particularly true in the case of weak and post-conflict states in which local elites diverge from the central state to implement their own extractive practices (Boyce 2007). Taken as a whole, the literature suggests that when elites are not highly constrained by their geopolitical environment and have access to sufficient nontax revenue sources, there may be fewer incentives for state elites to spearhead the more challenging and politically difficult task of establishing a stronger domestic taxation capacity.

State-Society Bargaining Power and the Social Contract

In Africa, leaders have historically had limited incentive to construct "an elaborate infrastructure of power" and expand taxation systems to increase the physical presence of the state outside of "political core" areas (Herbst 2000, 134). While extraction in the European context was a forerunner to a stronger state-society contract and the state adopting more developmentally focused objectives, it is not clear that such extraction has occurred in the African context. Rather, the international system has promoted a patronage-based revenue system in Africa that has supported political leaders while impeding the consolidation of state apparatus (Herbst 2000, 135).

The process by which the state extends its penetration into society is an important consideration for the state-society contract. Thomas Hobbes described the social contract between individuals and the sovereign (state) as a "mutual transferring of right," which comes about because individuals are prone to distrust and compete with one another, and it is thus in their self-interest to abdicate power to a sovereign that can mitigate war and insecurity (Hobbes 2005, 595). While Hobbes saw this transfer as irrevocable, literature has largely come to view the state-society relationship as a more dynamic process that plays out over time and as one in which multiple actors bargain for their rights. Tilly, for instance, describes state-making as a process of "state coercion" by which states and citizens bargain as to "the conditions under which the state could exert control, and the kinds of claims that power holders or ordinary people could make on the state" (1990, 99). He continues:

> Bargaining created or confirmed individual and collective claims to the state, individual rights vis-à-vis the state, and obligations of the state to its citizens. The core of what we now call "citizenship," indeed, consists of multiple bargains hammered out by rulers and ruled in the course of their struggles over the means of state action, especially the making of war . . . all along the continuum bargaining over the state's extractive claims produced rights, privileges, and protective institutions that had not previously existed. (Tilly 1990, 102-103)

The act of "bargaining," or making and accepting multiple demands, results in a "social contract" between states and citizens. In the European context, as states expanded their extractive activities, they also gradually provided increased protection to citizens and responded to demands for the "legal regularization" of protection and extraction activities (Tilly 1990, 98). In time, the state expanded the range of services and protections it provided to its people and created new forms of political organization, such as censuses, to make its extraction efforts more efficient (Tilly 1990, 98).

However, for most fragile and divided states, coercive taxation, followed by a gradual bargaining process, is likely neither politically palatable nor logistically feasible. Joel S. Migdal points out that countries affected by conflict generally have legacies of weak social contracts due to colonialism, ethnic divisionism, and forced expropriation of land and resource rents (Migdal 1994). Tony Addison and S. Mansoob Murshed (2001) contend that the social contract will take different forms in societies emerging from conflict, depending on what levels of public spending and taxation they deem fair. Initial efforts to reconstitute the social contract are difficult and require the state to rectify previous injustices, finance necessary fiscal transfers, and build public trust (Addison and Murshed 2001). The authors argue that failure to implement political and economic reforms and effectively rebuild a social contract in the post-conflict setting can lead to reversion to conflict (Addison and Murshed 2001, 11).

Other scholars suggest that in an environment in which citizens have faced insecurity and disorder, reconstitution of political order must entail the development of credible commitments on the part of the state, the definition and protection of citizen rights, and the strengthening of institutions that set and enforce political rules and rights, in addition to exchange relationships (North et al. 2000). Paul Collier cautions that in any post-conflict context revenue generation is necessarily a "long-term process of restoring the formal economy and developing compliance with taxation" (2006, 17). He notes that this advice runs counter to some popular thought on the topic, which advocates for a more rapid implementation of new policies.

Given these competing ideas, state builders must reconcile whether the immediate post-conflict context is a sort of "critical juncture" (Levi 1988) to rather rapidly introduce policy changes or whether policy measures aimed at increasing the state's extractive capacity must be gradually phased in, such as the state-society bargaining literature would suggest.

Incorporation of Multiple Power Centers

In contexts where the state lacks the capacity to defend its citizens, multiple power centers may emerge (Barzel 2002, 21). In such instances, the social contract may be reformulated in such a way that citizens create organizations that provide some form of protection apart from the state (Barzel 2002, 21). An examination of multiple power centers is relevant in the post-conflict context where nonstate groups exercise power at the local level and maintain a monopoly over the extraction of local resources (Boyce 2007). In such settings, states must be attentive to the impact of broadening taxation policies on the existing distribution of power (Boyce 2007).

Matthew Lange and Hrag Balian suggest that in order to prevent public backlash, policy makers interested in increasing the scope of extractive activities undertaken by the state must be measured in their attempts to expand "state intrusiveness" (2008, 315). Drawing from the example of Botswana, they note that the state was able to increase the penetration of the state with limited public backlash by exercising policies of ethnic inclusiveness, providing valuable public goods without heavy taxation, and incorporating local political institutions into the state (2008, 332). This suggests that while domestic extraction has an important role in constituting a state-society contract, it must also be undertaken strategically, sensitively, with moderation, and with due regard to the prevailing political climate.

Based on the review of the literature, the following are broad hypotheses related to the nature of extraction and the state that can be explored in the Liberian context:

1. **Civil war, unlike interstate war, damages a state's productive and extractive capacities, reduces its bargaining power, and sets back efforts to build cohesive and encompassing state institutions.**
2. **The extractive nature of a state will depend at least in part on the will of elites and their preferences and constraints.** Elements that reduce constraints on the state and state elites, such as access to nontax resources, may lower incentives for the development of domestic fiscal capacity.

3. **In states that have weak social contracts and domestic capacity, civil war may be both a cause and consequence.** Not only is a state with a weak social contract more vulnerable to dissolution, but it also lacks resources to counter its vulnerability. Reconstituting the social contract presents a "chicken and the egg" scenario—the state must build citizen trust despite being unable to effectively provide the public goods necessary to garner this confidence from the citizenry.

4. **State leaders, particularly those in fragile or post-conflict state contexts, may face competing power centers with claims on the state or a monopoly on protection, extraction, and good provisions at the local level.** In such situations, policies to expand the penetration of the state must be highly sensitive to their distributional consequences and their potential to lead to backlash.

HISTORY OF EXTRACTION AND THE LIBERIAN STATE

The following section examines the Liberian state's extractive scope and capacity in three periods: (1) from the country's inception in 1847 to the outbreak of civil war in 1989; (2) during the civil war period from 1989 to 2003; and (3) under the postwar administration of President Ellen Johnson-Sirleaf from 2005 to the present.

Extraction in Liberia from 1847 to 1989

Since its inception in 1847 by freed slaves from the United States (who became known as the "Americo-Liberians"), the Liberian state has faced a complex political trajectory with competing bids for control of the state and the country's economic resources (Atkinson 1997, 5). Philippa Atkinson notes that in Liberia, "political power has always been closely linked to economic gain" (1997, 5). Access to lootable resources, such as timber, diamonds, marijuana, and gold, served as a motivating factor for the consolidation of state power (Atkinson 1997, 5; Ross 2003). In its early efforts to consolidate power, the Liberian state, under the control of the Americo-Liberian class, used military force to impose taxation and conscripted labor on local, largely indigenous populations (Atkinson 1997). In some areas, government actors controlled access to local production, enabling the state to directly accrue profits from exported resources (Atkinson 1997).

Entering the twentieth century, Liberia's main source of revenue was customs dues (Gillis 1989). In an effort to increase the amount of domestic revenue accrued to the government while maintaining internal social order, the administration of Arthur Barclay (1904-1912) instituted a series of reforms, including a policy of native administration similar to British indirect rule (Gillis 1989). Under the new policy, local indigenous authorities residing in largely subsistence, nonmonetized parts of the country were responsible for collecting a "hut tax," or a tax levied on each hut (as compared to a per lot or per capita tax, as was instituted in other parts of the country). In order to incentivize hut tax collection, local authorities received 10 percent of all fines and taxes they collected (Fage et al. 1986, 456). The tax also provided a way for the central government to maintain a link with local chieftains (Gillis 1989).

However, some literature suggests that the domestic revenue process was largely marred by corruption and inefficiency and the tactics used by local authorities to collect the hut tax sometimes assumed a brutal nature (Fage et al. 1986; Ellis

2001). Thomas Jaye argues that the hut tax subjected poor and low-income households, primarily indigenous rural farmers, to compulsory taxation while at the same time denying them broader social and political rights (2003). Forced taxation, combined with the indigenous populations' limited political representation, contributed to growing tension and resentment toward the state (Jaye 2003).

Recognizing that a state that excluded the majority indigenous population was becoming increasingly politically untenable, the later Americo-Liberian governments of William V.S. Tubman (1944–1971) and William R. Tolbert (1971–1980) engaged in a series of political liberalization efforts, extending voting rights to the indigenous population and instituting initiatives to bring more indigenous people into the government. At the same time, the reforms proved ultimately inadequate to sustain the Tolbert administration. Though opinions diverge as to if and how the Tolbert administration could have better targeted reforms to accommodate the increasingly volatile political climate, it appears that reform efforts failed to build a broad base of support among either the Americo-Liberians, who viewed reforms as coming too quickly, or the indigenous population, which viewed them as not coming quickly enough (Ellis 2001).

In 1980, Samuel Doe, a previously unknown lieutenant sergeant from the Krahn ethnic group, seized control of the Liberian state in a military-backed coup, ending 133 years of Americo-Liberian rule. Though domestic tax efforts under the Doe government are not well documented, the government seems to have inherited an overall weak tax administration. A report released by the Economic Commission on Africa eight years before Doe came to power noted that Liberia's tax collection agency, like many on the continent, was "woefully disorganized and painfully demoralized" (United Nations Economic Commission for Africa 1973, 232). At least on paper, however, the Doe administration established a tax collection force, supported by soldiers and policemen, to fight tax evasion and bribery (Gillis 1989). The administration also stated that anyone caught giving bribes to avoid paying taxes could be "summarily executed" (Gillis 1989).

Despite the Doe administration's initial claims that it would combat corruption and reform, the political practices of its predecessors, the regime became increasingly known for its political mismanagement, corruption, nepotism, human rights abuses, and repressive nature (Ellis 2001). In 1989, citing the pervasive corruption in the Doe administration as a motivating factor, Charles Taylor, the leader of the rebel movement, the National Patriotic Front of Liberia (NPFL), launched an assault on the capital in a bid for control of the state. As competing rebel groups fought for state control, Doe was ultimately assassinated, and the country's first civil war began. During this period, in part due to extensive external financing and support, Charles Taylor increasingly consolidated his position as the country's dominant warlord (Ellis 2001).

Extraction During Liberia's Civil Wars, 1989–1996 and 1997–2003

Atkinson (1997) estimates that, until at least 1992, many companies continued their business activities fairly regularly in Liberia despite the onset of war. Individual businessmen negotiated with Charles Taylor's rebel-led government in Gbarnga and continued to pay taxes at prewar levels. During the early stages of civil war, increases in taxes on natural resource extraction and exports served as an important source of financing to Taylor's government (Atkinson 1997). Using external commercial networks, Taylor exported diamonds, gold, timber, and farm products to support arms imports and the maintenance of his telecommunications network and airfields (Reno 2000). Reno estimates that between 1990 and 1996, Taylor had access to annual revenues between US $100 million to $200 million (2000).

As the civil war progressed, economic activity became "more informal and more illegal," including the imposition of taxes by local warlords on local people (Atkinson 1997, 6–8). Atkinson notes that, by 1994, rebel factions had increasingly taken over the government's already corrupt taxation and regulatory functions, resulting in an "unprecedented" proliferation of illegality in country (1997, 12). Government- and rebel-led attacks were carried out on civilian villages, with fighters sometimes choosing to tax local production or force local populations to comply with "factional economic activities" (Atkinson 1997). A rebel-imposed tax on agricultural goods also served as a source of income for rebel forces (Ross 2004).

Atkinson argues that the war led to the development of a deeply corrupt and patronage-based revenue system in which illegal revenue-generation activities became a means of economic survival for many different segments of society (Atkinson 1997). Upon the termination of civil war in 2003, the International Crisis Group (ICG) noted that revenue generation in Liberia had become so corrupt that there was immediate need to promote fiscal transparency and prevent abuse (International Crisis Group 2004). Among its recommendations, the ICG stated that the international community should "assume responsibility for revenue collection from ports, airports, customs, the maritime registry and export of timber and diamonds," though the state should retain autonomy over the use of public resources (2004, i). The ICG's recommendation that extractive activities should be outsourced to nonstate actors provides an interesting point of departure from state theory, which posits that such activities are a fundamental component of state-building. This is discussed in more detail later in this article.

Extraction and the State in Post-Conflict Liberia

In 2005, following a two-year, transitional postwar government, Ellen Johnson-Sirleaf won the country's presidency in a runoff election and became Africa's first elected female head of state. Among the challenges that the Johnson-Sirleaf administration inherited was the need to restore trust in the government and develop an effective fiscal apparatus capable of mobilizing domestic resources. With support from the International Monetary Fund and the World Bank, in 2007 the Ministry of Finance (MoF) instituted a Revenue Reform and Modernization Program as part of broader government efforts to restructure the country's customs and revenue systems and increase institutional tax administration capacity. The administration has proposed amendments to the Liberia Revenue Code to reduce top marginal corporate and personal income tax rates from 35 percent to 25 percent (Ministry of Finance 2009a). Among the MoF's current goals are improved tax collection and tax compliance, the development of an integrated and modern tax system, including the use of Web-based technology, and a clearer, more transparent tax policy that incentivizes compliance (Ministry of Finance 2009a).

As part of its efforts, the MoF has also launched tax-sensitization activities within its public relations unit to educate Liberian citizens about their rights, roles, and responsibilities as taxpayers. The unit has instituted a "Tax Sensitization Campaign," which features prominent wall paintings throughout Monrovia and other parts of the country with messages such as, "I have paid my legitimate taxes. Have you?" "Tax evasion is a crime. It impedes national development. Stop it!" and "Please pay your legitimate taxes as and when due: changing hearts and minds for the sustainability of Liberia." Fliers and billboards have been developed to show citizens how the country is using their tax dollars. One roadside billboard, for example, thanks taxpayers for funding the construction of the road on which they are driving; another, on the gate outside of the country's largest hospital, appeals to Liberian citizens for their tax support in order for the hospital to meet its basic staffing and equipment needs.

The Ministry of Finance has adopted a multimedia approach to deliver tax messages. Though to date not widely implemented, the MoF has developed an outreach program featuring a traditional dance group that portrays a scene in which people who resist tax payments go to jail. The MoF also sponsors a regular radio program in both simple and formal English on topics such as how individuals can determine which tax categories they belong to, what constitutes tax fraud, how to pay or appeal tax payments, and penalties for late payments. Citizens are invited to call in and provide input. Feedback ranges from general questions about taxation policies to concerns regarding the use of tax dollars and skepticism as to what portion of public services the Liberian government funds, as opposed to other donors like the World Bank (Ministry of Finance 2009b). While the MoF Tax Sensitization Campaign has a visible presence in Monrovia, a number of factors, including transport constraints, slow material turnaround times, and a relatively small budget, have limited the MoF's scope, visibility, and outreach outside of the capital, with the exception of its radio programs (Ministry of Finance 2009b).

While reliable data collection remains an issue, there are indications that the government has made some positive headway in implementing taxation policies, despite the immense challenges that remain. A recent MoF examination of the country's business taxpayers found that most respondents were aware of the importance of tax revenue and had generally favorable ratings of the effectiveness and integrity level of the MoF in collecting tax revenue. At the same time, around one-third of businesses, particularly small businesses, were unaware of their tax obligations, and one in five business owners reported being required to give a tip or unofficial payment to a tax collector in the previous year, suggesting that knowledge, information, and continued government efforts to increase integrity are primary concerns going forward (Ministry of Finance 2009c).

ANALYSIS

There is no doubt that Liberia's productive sector suffered dramatically during the country's fourteen years of civil war, experiencing such problems as infrastructure destruction, widespread population displacement, capital flight, and disruption of regular economic activity. According to the Word Bank, annual gross domestic product per capita was US $240 in 2008 compared to US $510 in 1980. Poverty incidence in 2007 was estimated to be approximately 64 percent, with close to half the population characterized as living in abject poverty (World Bank 2008). Despite broader global advancements in health, Liberia's life expectancy at birth has remained relatively stagnant over the past three decades (forty-four years in 1980; forty-five years in 2007) (World Bank 2008).

State theory has inherent limitations in projecting the optimal path forward for countries like Liberia, which enter the immediate postwar period as fragile, divided states with a high propensity to return to conflict. Yet state theory provides a conceptual and contextual understanding of the factors that can weaken or enhance state capacity. When ignored, the effects may be troubling; for instance, referencing the post-conflict state-building experiences of Liberia and Sierra Leone, the ICG warns that recommendations have tended to take the form of a "checklist" that disregards internal political dynamics (International Crisis Group 2004).

Key questions for policy makers in the Liberian context to consider include, what is the relative bargaining power of state and society actors? What are the constraints that each side faces? Returning to the hypotheses developed previously provides an opportunity to analyze areas of extractive policy critical to short-run stabilization and economic revitalization, as well as longer-term state capacity.

Elite Roles and Motivations

Perhaps a key shortcoming in state-building literature is a general tendency to view the state as a unitary actor with a set of preferences and objectives shaped by elite constraints. Even if elites, including the president, her cabinet, and the leadership of the government's ministries, have a strong preference to enhance domestic resource mobilization, a number of horizontal (i.e., within and across the central government) and vertical challenges (i.e., between the central government and county and local authorities) may impede the effective implementation and institutionalization of these preferences. At the horizontal level, coordination challenges, poor salary, and performance-based incentive structures for civil servants, personality conflicts, resource constraints, and low levels of human capital due to the war all impact a government's ability to carry out its goals. At the vertical level, poor information flows between the central government and local authorities, poor monitoring and oversight capacity of tax collectors, and competing incentive structures that may make it politically and economically disadvantageous for local authorities to dismantle parallel or informal taxation practices all challenge the government's ability to increase its scope.

While the Johnson-Sirleaf government has made positive strides with its efforts to make its tax administration more efficient and increase broader public knowledge of tax policies and procedures, these efforts have been most visible in the capital, where arguably the government has historically had a stronger presence and social contract with the Liberian people. As the scope of extractive efforts continues outside of the capital, the government must be cognizant and proactive in addressing both vertical and horizontal constraints in order to translate the policy preferences of the government into practice. It must also root its efforts in a historical understanding of how extractive efforts have been coercively implemented in the past among indigenous populations, as well as a contextual understanding of the competing social and financial obligations rural families face (Gillis 1989).

Reconstituting the Social Contract

A critical question for state builders pertains to the mechanisms by which a state reconstitutes the social contract. Weak and post-conflict states face the politically difficult, and even paradoxical, challenge of garnering domestic resources to deliver public goods while demonstrating enough legitimacy and capacity to mobilize domestic resources. State-building literature indicates that reliance on foreign aid, particularly in the African context, has contributed to state failure to develop the types of state-society contracts conducive to domestic resource mobilization. On the other hand, the Liberian case suggests that foreign aid may have a role in helping a state overcome the chicken-and-the-egg domestic resource quandary if it is used strategically to help the government meet development goals. To credibly increase its domestic extractive efforts, the Liberian government must show demonstrable progress in its efforts to promote broader economic growth and stability, improve key poverty and health indicators, and demonstrate to the Liberian people how their tax payments contribute to the country's development. By most indications, foreign aid will continue to be important in the short-to-medium term in enabling Liberia to make progress toward such development goals.

In reconstituting the social contract, it is important that the Liberian government gain public recognition and credit for the progress it is making apart from its foreign donors and partners. In many parts of the country, nongovernmental organizations (NGOs) and foreign donors, rather than the government, have become associated with public goods provision. The International Crisis Group (2004), examining international NGO (INGO) provision of health services in the immediate post-conflict period, found that INGOs played such a large role in setting policies and performing state functions that many public health care workers came to view INGOs, rather than the state, as their "real employers" (International Crisis Group 2004, 5).

While the presence of NGOs may defuse public pressure and ease demands on a fragile state infrastructure in the post-conflict period, ultimately the government's efforts to institute a credible and legitimate taxation policy requires that it increase its accountability to the public with regard to public goods and services provision. Even if resource constraints prevent the government from directly providing public goods and services, at least in the short-to-medium term, it is important that the government highlight its active partnership in donor development projects. Today, for instance, even when line ministries, such as the Ministry of Education, play a facilitating and enabling role in NGO activities, the ministry is rarely mentioned as a partner on NGO signboards or in promotional materials.

Incorporating Competing Power Centers

The experiences of Liberia and other post-conflict contexts suggest that for some individuals, the opportunities made available by conflict outweigh those available in times of peace (Ballentine and Nitzschke 2005, 15). In the immediate post-conflict context, for instance, predatory, nonstate actors and warlords may provide protection to local populations that the state is "unable or unwilling to provide" (Ballentine and Nitzschke 2005, 19). In the longer term, failure to effectively incorporate such groups into the state can have implications for state security, particularly if resources go to fund opposition activity (Boyce 2007). Karen Ballentine and Heiko Nitzschke suggest that demobilizing nonstate actors requires the state to provide employment, security, basic services, and improved law enforcement as well as to provide "carrots" and "sticks" that encourage warlords and previously armed actors to enter the formal economy (2005, 14).

Today in Liberia, some of the civil war's most visible rebel leaders hold legislative office and other important government posts. It is unclear whether this presence reflects a tangible and sustainable incorporation of previous nonstate actors into the formal political sphere. Under the United Nations Mission in Liberia (UNMIL) forces, which instituted widespread demilitarization and have controlled the country's security since 2003, Liberia has achieved relatively high levels of peace and security. Still, it remains unclear how the phasing out of UNMIL forces will impact security and political stability going forward. These factors lend a certain exigency to the government's task of showing visible development progress, building the public's confidence in the government's capacity, and effectively reconstituting the social contract.

Conclusion and Policy Recommendations

Post-conflict Liberia faces both opportunities and constraints in building its domestic resource extraction capacity, including as it relates to increasing the state's presence in rural Liberia, combating corruption and extralegal forms of taxation, and strengthening institutional infrastructure. Importantly, it is not the contention of this article that domestic resource mobilization can or should serve as a stand-alone or primary source of finance, particularly in a poor, largely informal economy. Rather, it is that domestic resource mobilization is an important state-building measure even if it results in modest revenue amounts. Beyond its economic implications, effective domestic resource mobilization, and the ability of a state to constitute a credible state-society contract, has political and security implications. As such, domestic resource mobilization efforts should not be neglected in favor of foreign aid and other forms of domestic financing, such as export taxes.

Recommendations for the Liberian government and international donor community as Liberia seeks to improve its domestic extractive capacity include the following.

- **Continue to enhance efforts at the central government level to increase the efficiency, legitimacy, and effectiveness of extractive efforts.** The government should prioritize transparency and accountability in its tax administration, including by publishing information on the major development activities for which tax money is used on the Ministry of Finance Web site and in local newspapers. The government should also continue to educate its tax collectors about impermissible tax collection practices (e.g., extortion, bribes, etc.) and make sure incentive structures and punitive measures discourage such practices.

- **Further expand the scope of domestic taxation outside of Monrovia.** Taxation should be viewed not only as a form of revenue generation but also as an important opportunity to strengthen the state-society contract. Expanding beyond Monrovia could strengthen this contract on a national scale. Simultaneously, the central government should be cautious about increasing the scope of taxation in counties where it cannot provide evidence of, or take credit for, development gains.

- **Increase public outreach campaigns and visibility outside of Monrovia.** Presently, the government's Tax Sensitization Campaign has very limited presence outside of the capital. As the government expands its efforts, it is important that it do so sensitively, first by increasing public information about tax practices and only then by increasing nominal tax rate or scope. In addition to billboards that show how taxpayer dollars are used, the government should continue its practice of wall paintings and billboards that contain both descriptive norms (i.e., norms about what people do—"I have paid my taxes, have you?") and injunctive norms (i.e., norms about what people should do—"Our taxes are necessary to promote growth and development"). While public theater is a promising outreach method, given the history of coercive taxation in rural areas, the MoF should reformulate its current message that emphasizes the consequences of noncompliance to a more development-focused message with a less threatening tone.

- **The government should increase its visibility in the area of NGO- and donor-funded public goods and service provision.** Aid coordination remains a challenge in Liberia, but increasing extractive activities requires that the government simultaneously increase its visibility in the area of public service provision. In areas in which NGOs provide services such as health, water, education, and sanitation, signboards should more clearly state that the NGO or donor is providing services on behalf of the Liberian government. This also incentivizes greater government oversight and accountability in ensuring that goods and services are reaching intended beneficiaries. As a cautionary note, however, in areas in which NGOs are not tangibly benefiting local populations, or local authorities are not responsive to public concerns, this strategy could adversely affect state-society relations and impede the government's further taxation efforts in that area.

- **The donor community, including NGOs, must actively engage the Liberian government in planning and implementing programs in the area of public goods provision.** Given the legacy of governance in Liberia, NGOs have in the past worked significantly outside of the government fold. At present, however, unwillingness by NGOs and donors to engage state actors results in gaps and overlap in service provision, results in the creation of potentially unsustainable structures once NGOs and donors pull out, and may indirectly weaken the state to the extent that NGOs and donors are credited for development progress rather than the Liberian state. In this respect, the international community should ensure that its engagement with the central government and local authorities is characterized by collaboration. Particularly for NGOs engaged in public service provision, it is imperative that the government be engaged as a partner and involved in the development of the NGO's sustainability plan.

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ENDNOTES

[1] For Charles Tilly, "statemaking," "warmaking," and "protection" are the state's "essential minimum activities." Statemaking is "attacking and checking competitors and challengers within the territory claimed by the state." Warmaking is "attacking rivals outside the territory already claimed by the state." Protection is "attacking and checking rivals of the rulers' principal allies, whether inside or outside the state's claimed territory (1990, 96).

Local Borders and Global Flows:
Senegal's Illegal Pharmaceutical Trade

by Donna A. Patterson

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ABSTRACT
During the last quarter century, much of the scholarship and discussion on pharmaceuticals in Africa has centered on consumer access to generic drugs such as HIV antiretrovirals and malaria treatments. Recently, issues such as Africa's role in global health security have begun to attract more interest. This article examines the conditions that propel Senegal's illegal pharmaceutical trade, the institutions and individuals that are implicated, and the impact on legal, biomedically trained pharmacy owners. Based on fieldwork in the Senegalese cities of Dakar, Thiaroye, Guédiwaye, and Diourbel, this article also examines Senegal's illicit connections to a larger trade of drugs, goods, and bodies and demonstrates how events in West Africa are connected to global developments in public health.

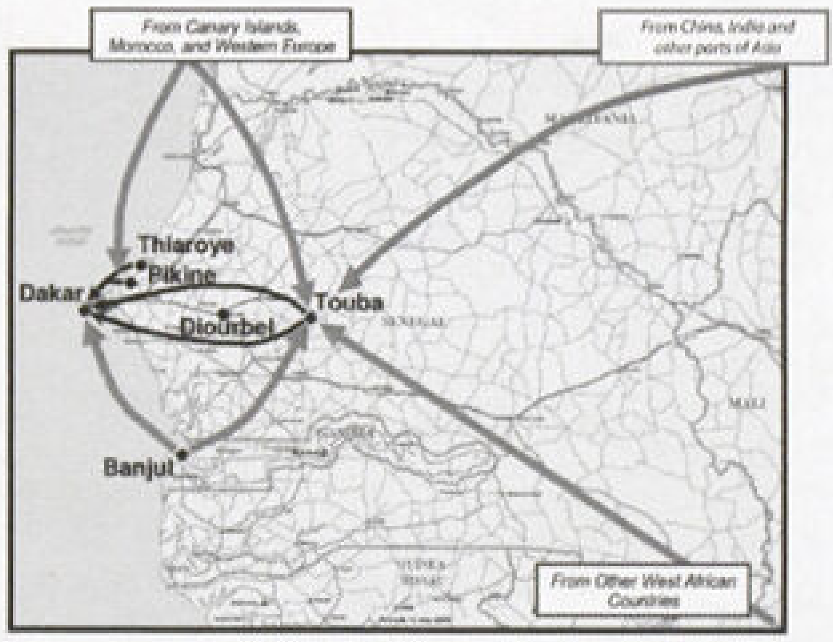
INTRODUCTION
On 24 July 2009, Senegal's pharmacists shuttered their pharmacies, took to the streets, and held a rally at the headquarters of the National Order of Pharmacists. The week prior to these protests, the nephew of Brigitte Soares Daluz, owner of Pharmacie Actuel, had been killed during a store robbery, one of hundreds of robberies that have affected Senegal's pharmacies since 2006. Pharmacy owners viewed the murder of Daluz's nephew as a symptom of the encroachment of the illegal pharmaceutical trade on biomedical pharmacy ownership. This murder served simultaneously as the nadir of negotiations between pharmacy associations, the Senegalese state, and illegal traders and as a rallying point for pharmacists to regain control of their livelihoods. In Senegal, two illegal drug trades exist. One is the trade of psychotropic drugs similar to the drugs found throughout the Global North and South. The second, the focus of this study, is the parallel trade of pharmaceuticals—an illegal distribution network of pharmaceutical drugs.1 Fueled by increased technological advances, growing unemployment, and multiple economic crises, the parallel economy of pharmaceuticals is challenging Senegal's legal pharmaceutical sector.

More than 80 percent of Senegal's legal drugs are imported. France, which once colonized Senegal, controls 90 percent of the imported market; the remaining imports come from Morocco, the United States, and India, with minuscule imports from other global providers (Patterson 2008). This large influx of pharmaceuticals leads to greater logistical challenges in regulating the origins and distribution of drugs. Historically, the actors in the parallel pharmaceutical trade have included those from the West African subregion, for example, Gambia, Benin, and Nigeria. However, illegal drugs are supplied increasingly from Asia and Europe. Thus, Senegal is globally interconnected to several streams of legal and illegal drug networks. In fact, the origins of the drugs distributed in the parallel market are much more diverse than those in the legal pharmaceutical sector. This article examines the conditions that helped to produce this phenomenon, the powerful organizations involved in this network, the pharmacists' perceptions, and the implications for public policy.[2]

LOCAL AND GLOBAL TRADE NETWORKS

Various studies have examined different strands in the illegal global flows of humans and goods, including women, children, weapons, and illicit drugs (van Schendel 2005; Botte 2004; Fassin 2000; Werner 1999; Bayart et al. 1999). In the 1980s, French anthropologist Didier Fassin (1985) noted the trade of contraband pharmaceuticals as part of a larger study on the Senegalese public health sector. He focused on the regional trade of illegal medicine drugs, with an emphasis on Senegal and Gambia, without considering many of the larger global implications. Most of these goods and bodies intersect and intersperse along the same global trade routes.[3] In the case of Africa, many of its transnational networks are facilitated by the instability of borderlands, poor government regulation, political corruption, and established illegal trade networks. Most of the drugs in Senegal's parallel markets are transferred from borderlands or other unregulated territories to urban sites for wider distribution.

Figure 1. The illegal flow of pharmaceuticals to and from Senegal.



Note: This map of illegal pharmaceutical networks is based on information from Patterson 2008; Dieng 2002; and Fassin 1992.

In the West African subregion, this transnational trade includes drugs transferred across and between boundaries parallel to official trade networks (see Figure 1). From its base in metropolitan Touba, Senegal, the Mouride brotherhood orchestrates most of this trade. The Mouride religious order is a Senegalese-born brotherhood established in the 1880s by Cheikh Amadou Bamba. In addition to religious activity, the Mouride has historically engaged in economic production. For much of its existence, the Mouride brotherhood has dominated Senegal's monoculture peanut economy. This consolidation of economic power gave it considerable influence with the colonial and postcolonial governments. By World War II, the organization had more than 70,000 followers, and in 2000, the number topped three million (Diouf and Rendall 2000). As its numbers grew, many members migrated to far-flung urban centers such as New York, Dubai, Marseille, Tokyo, and Milan in search of new trade opportunities (see Figure 2). Migratory members of the brotherhood profited from their capital accumulation and knowledge of global markets to invest foreign capital in innovative ways. In addition to pharmaceuticals, the Mourides have formally and informally imported and exported a variety of products including electronics, music, food, and household appliances.

Figure 2. Examples of Mouride-owned shops in Harlem, New York.

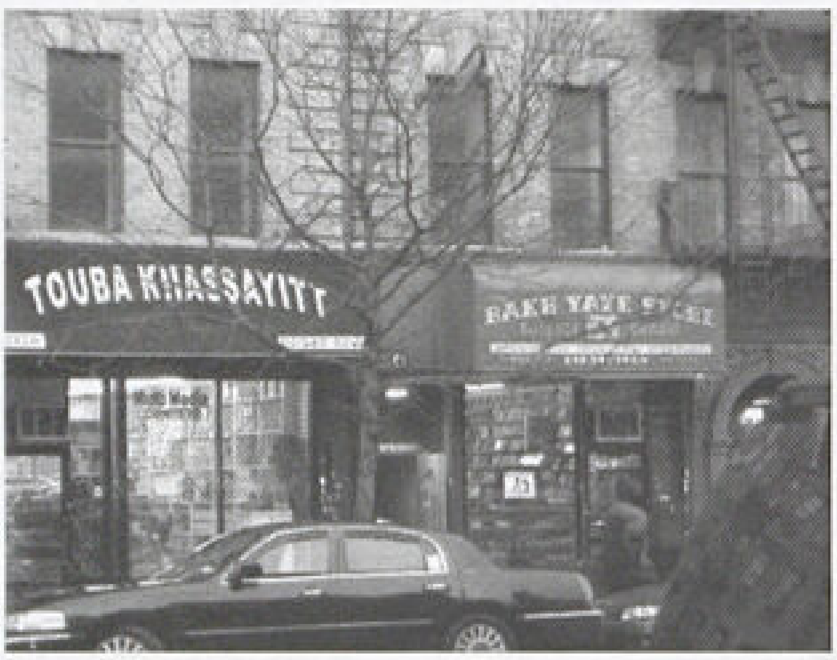


Photo by Donna Patterson (2009).

In "Africa's Frontiers in Flux," Achille Mbembe defines Touba, the capital of this Sufi Muslim Mouride order, as a "warehouse town" and describes the transformations of regional and global networks as "new and unexpected forms of territoriality that have appeared, with their boundaries not necessarily matching the official limits, norms or languages of the states" (1999, 23). These informal networks are critical to the illegal pharmaceutical trade since they are analogous to other illicit trade routes.

In considering these informal trade activities, Christian Coulon and Donal Cruise O'Brien describe Touba as follows, "Touba, the capital of the Mourides and a veritable clandestine Harrods, Senegalese style, which the state cannot keep under control without angering the head of the brotherhood" (Coulon and O'Brien 1990, 156). Thus, Touba's protected position coupled with Mouride commercial ingenuity has fueled its investment in Senegal's parallel markets. Touba's role is a perfect example of an "extraterritorial" space that does not have to conform to the social and geopolitical boundaries of the Senegalese state.

In his book, *Money Has No Smell: The Africanization of New York City*, Paul Stoller (2002) explores the dilemma of informal sales transactions. Stoller found that Muslim sellers felt that because they did not use illegal products and used the money to support their families and religious institutions, they saw no conflict in their trading methods.

THE CLANDESTINE TRADE OF PHARMACEUTICALS

In 2001, at the International Pharmaceutical Forum at Dakar, presenters confirmed Touba's role in the pharmaceutical black market and discussed Touba's relation to the Senegalese state. For most of its existence, Touba operated outside official state regulation. This diplomatic license allows its inhabitants to freely pursue formal and informal businesses activities with limited risk. By 2000, Touba's population was approximately one million but only contained eleven official pharmacies and a partially constructed hospital. In comparison, Dakar, with a population of two million, housed more than two-hundred pharmacies (National Order of Pharmacists 2001). These figures demonstrate numerical disparities between Senegal's two largest cities. Upon more careful examination, one finds that in Touba facilities other than pharmacies sell pharmaceuticals. These pharmaceutical affiliates are composed of 250 pharmaceutical depots that are targeted by participants in the larger illegal trade nexus.

While parallel trade in pharmaceuticals has existed for many years, the problem in Senegal was exacerbated after the 14 January 1994 devaluation of the local currency, the CFA Franc, by 50 percent, which unmistakably led to a significant financial burden for millions of Francophone Africans. To be sure, it created an economic crisis in Senegal and changed the buying power of the population. It also extended the reach of the parallel market in three ways. First, it diminished the disposable income of consumers, who then assumed that they would save money by buying Western-style pharmaceuticals from an alternative source. Second, pharmacy owners' loans on property, stock, and other items doubled in cost, which meant they had to increase the prices of drugs to offset some of the higher operating costs. As these changes rapidly transpired, a large percentage of the Senegalese population did not have mechanisms in place to respond positively to the major economic recession. Third, many of the investors in the *marché parallèle* noticed these changing dynamics and capitalized on fluctuations in market conditions.

Drugs transported in this trade are obtained in a variety of ways. Medicine originating in countries other than France and Senegal are obtained through transnational networks. Two of the most prominent foreign-directed networks originate in Gambia and Nigeria. Similarly, the locally based Mouride brotherhood purchases some of the medicine directly from two state-sponsored wholesalers—National Pharmaceutical Suppliers (PNA) and Industrial Pharmaceutical Suppliers of West Africa (SIPOA) (Fassin 1992; Dieng 2002; Patterson 2008)—even though these drugs are meant for sale in Senegal's pharmacies, hospitals, or rural dispensaries. Drugs are also obtained by stealing parts of pharmaceutical shipments while they are in the port of Dakar. This theft implicates groups and states (e.g., Mouride and Gambia) directly, and it also affects the larger regional trade of pharmaceuticals, hence a call for further strengthening the ports as well as land and air routes.

A PARALLEL MARKETPLACE: KEUR SERIGNE BI

In *Pouvoir et Maladie en Afrique*, Fassin aptly describes three of the primary modes of illegal distribution in this region as "those who sell in established markets . . . [those who sell in] fixed locations such as street corners . . . [and] ambulatory vendors" (Fassin 1992, 90) (see Figures 3 and 4). There is also a more permanent and bold example of parallel market sales in Senegal Keur Serigne Bi, which literally translates to the "house of the Serigne."4 Keur Serigne Bi in Dakar is by far the most notorious place to purchase biomedical pharmaceuticals outside a pharmacy. Its presence delights bargain hunters, informal traders, and investors, which simultaneously frustrates Senegal's public health institutions. It is not easy to define Keur Serigne Bi. If one happens upon it by accident, one probably would not afford it much attention.

No signs alert the buyer who may approach this informal pharmaceutical market. A few traders are stationed on the sidewalk outside, and they sell items that would likely be found in a U.S. supermarket's over-the-counter aisle, such as cold relievers and pain medication. Many of these items are imported from countries such as China and Nigeria that are not traditionally associated with Senegal's legal pharmaceutical market. Pills may not be in their original packaging and can be sold individually. These small-scale traders would not arouse any suspicion, as similar scenes appear throughout western Africa. Tables with minor pharmaceuticals are common in markets and on certain streets (see Figure 5). In addition, many neighborhood convenience stores will provide basic medicines, so the uninitiated may simply ignore what exists behind the wall.

Figure 3. Ambulatory drug vendor near Pharmacie Salomon. This image underscores the juxtaposition of the legal and extralegal methods of pharmaceutical distribution. The ambulatory seller passes Pharmacie Salomon in search of sale opportunities.

Photo by Brahima Ouattara (2008).

Figure 4. Ambulatory drug vendor in downtown Dakar.

Photo by Donna Patterson (2009).

Figure 5. Pharmaceuticals for sale near the entrance of Keur Serigne Bi.

Photo by Brahima Ouattara (2008).

From Blaise Diagne Avenue in Dakar, an entrance guides more serious customers into a courtyard that leads to stalls. The traders look rather inconspicuous and less aggressive than other local hawkers. They may not approach a customer but rather wait to be approached. The layout of Keur Serigne Bi is maze-like. On the surface, it looks like an enormous compound or small trading venue. In fact, it is a pharmaceutical market controlled primarily by the Mourides. While many of the sellers are Senegalese and primarily followers of Mouridism, there are a few sellers from other West African countries.

On a visit to Keur Serigne Bi in the spring of 2001, I investigated the pharmaceutical products in this area. A Senegalese counterpart and I walked through the labyrinth of Keur Serigne Bi. Most of the stalls and rooms were closed, and the sellers stood outside guarding their merchandise. We approached one seller, who asked in Wolof, a local language, to see a prescription. I replied that I did not have one, but I would like to see his products. He appeared cautious but allowed us to view his merchandise. Shelves around the walls of the stalls contain hundreds of pharmaceuticals. When a customer comes with a prescription, the seller matches the name(s) listed on the prescription with the product. The sellers may also treat symptoms, which can lead to problems of improper product, dosage, and so on. Many of the sellers are semiliterate with no pharmaceutical training. This lack of formal training is problematic for customers because it can potentially exacerbate existing illnesses or create new health concerns.

OTHER MARKETS: KEUR SERIGNE YI

In addition to Keur Serigne Bi, there are smaller models found in three other markets, including Sandaga, also located in central Dakar and near Keur Serigne Bi, Pikine, and Thiaroye. These markets are major suppliers of diverse goods, including pharmaceuticals and consumer goods that are available to visitors. Located in Dakar proper, Sandaga is the largest market in town. It is a center for local and imported goods and services. One can purchase domestic and imported cloth, electronics, cassette tapes, art, ready-made clothes, foodstuffs, and other goods in this market. Some of these items are authentic and others come from contraband and counterfeit sources. Like, Keur Serigne Bi, Sandaga is controlled by the Mourides. It is an outgrowth from the earlier migrations of the Mouride traders from Touba to other Senegalese cities. Accordingly, Sandaga's connection to the Mourides makes it an obvious venue for extending its enterprise to manufactured medicines. When asked about Keur Serigne Bi in an interview, a respondent replied, "*Keur Serigne yi . . . Il y a maintenant beaucoup*," which translates to "now many more exist"—in the Wolof language, yi is the plural of the singular marker of bi (interview is with "A.," from author's personal communication, 14 February 2001).

The markets of Pikine and Thiaroye lie in suburbs adjacent to Dakar. The inhabitants of these communities, many of whom shuttle between their homes and Dakar, generally tend to be less educated and less affluent than their counterparts in Dakar. In these two suburbs, a subculture has emerged that is characterized by increasing violence; the illegal trade of legitimate goods and products including electronics (cellular phones); contraband;

prostitution; and the sale of psychotropic drugs. In addition to illicit drugs, the illegally acquired pharmaceuticals in these neighborhoods enhance the further proliferation of illegal pharmaceutical sales. These medicines are found in local market stalls and are available from walking salesmen. When questioned, many of the walking salesmen seem ill-informed about the products they sell. They simply sell the items to make a profit. Their quantity of goods often changes to meet consumer demand. The drugs sold in these illegal itinerant exchanges are distributed through the same parallel networks that support fixed markets such as Keur Serigne Bi.

Dakarois pharmacists question the efficacy and safety of drugs acquired on the streets from persons who do not hold pharmaceutical degrees. Many pharmacists acknowledge that there is collaboration between various groups of people who control the pharmaceutical black market. "It is the Baol-Baol who controls it," said one pharmacist ("S.," from author personal communication, 11 January 2001). While this particular pharmacist assigned "Baol-Baol" to describe these sellers, others refer to them as "Modu-Modu," or more directly as Mouride.5 A pharmacist in the same region as Touba stated that pharmacists sell medicine to nonpharmacists, who then distribute the drugs ("N.," from author personal communication, 20 April 2001). Another noted that "the Senegalese who live in other countries and who illegally retrieve pharmaceuticals from these societies" contribute to this trade ("S.," from author personal communication, 11 January 2001). Many of the younger pharmacists interviewed were more direct in their critique of the situation. D., age 28, who comes from a family of medical professionals, stated that the "Mouride brotherhood, certain pharmacists, certain international organizations, and hospitals" are all involved at some level (from author personal communication, 18 January 2001). Many of the respondents did not elaborate on this subject and gave indirect comments on the impact of the trade on their profit margins. The guarded responses of some of the pharmacists likely stem from the implications of Mouride involvement. Not only are the Mouride powerful politically and economically, but they are also a religious organization. Some of the pharmacists are members of the Mouride brotherhood themselves while others may not want to publically criticize such a powerful organization.

Some of the solutions to this burgeoning parallel trade of drugs include streamlining the sale of pharmaceuticals in the public sectors such as hospitals and other government-subsidized depots. These measures would help to ensure drug safety while also reducing consumer prices, thereby competing directly with street sales.

Another solution includes public health outreach focused on informing the general population about the hazards of buying medicine on the street. Pharmacist N., age 43, who comes from a family of medically trained professionals, argued that there is "no price on health" and that the gravity of the situation demands that people avoid street drugs. N. further argued that there needs to be increased marketing like that of HIV/AIDS prevention (from author personal communication, 20 December 2000). This pharmacist was one of the most forthcoming critics of formal and informal public health issues, citing local pharmacy activism as a solution to many of the social ills.

Other pharmacists demand more stringent regulation and execution from the Ministry of Health, the Pharmacy Syndicate, and law enforcement. The Union of Young Senegalese Pharmacists, the National Order of Pharmacists, the Pharmacy Syndicate, and select individual pharmacists have been fairly active in trying to punish sellers who participate in this alternative market. Collectively, pharmacists bemoan the lack of sustained surveillance by the authorities and appeal to police and military officials to prohibit unauthorized pharmaceutical imports.

ORGANIZED RESPONSE

Solutions and strategies to the problem of Senegal's illegal drug trade were considered at the pan-African International Pharmaceutical Forum in 2001 (National Order of Pharmacists 2001), an eighteen-country delegation that included participants from Benin, Tunisia, Morocco, Chad, Comoros, Madagascar, and Gabon. On the fourth day of the forum, there was a roundtable discussion on the parallel market of pharmaceuticals. All the countries except Gabon acknowledged that this problem exists. Representatives from Guinea estimated that 40 percent to 45 percent of the drug market has shifted to the informal sector; in Mali, it was estimated that 10 percent to 30 percent, or 10 million to 30 million CFA were siphoned off by the illegal pharmaceutical trade (National Order of Pharmacists 2001). After discussing the perceived causes of the problem, the pharmacists proposed reforms of increased generic sales and increased collaboration with authorities, surprise visits to "illicit markets," surveillance of trade routes and borders, consumer education, and the creation of an international committee to regulate the parallel market. Pharmacists attending this meeting also called for increased involvement of the police and military as well as greater border regulation; however, these areas received less emphasis (National Order of Pharmacists 2001). Other strategies offered included expanding access to generic purchases for private pharmacies, increasing consumer education, having the continuous presence of pharmacists or licensed assistants, reforming the Bamako Initiative, increasing support for the Direction of Pharmacies, and expanding regulatory mechanisms. The Bamako Initiative, implemented in 1987, legislates increased production and sale of generic drugs at pharmacies and in hospitals and pharmacy depots. The implementation of this legislation caused pharmaceutical sales to decline at many pharmacies. In response, many pharmacists also expanded the sale of generic drugs, but the consumer base of certain pharmacies never recovered.

While many pharmacists argue that the Senegalese government has been limited in its response, there has been some intervention. The government has participated in various campaigns to disseminate information to the public regarding the proper purchase of medicines. Unfortunately, many years often lapse between these campaigns, and many campaigns are limited in scope. Further, they are often transmitted in French through visual media. It may be more effective for the government to pursue campaigns through an audio medium and perhaps in Wolof or other local languages. In fact, pharmacists demanded more public announcement and greater oversight of illegal trading routes.

For years, the National Order of Pharmacists has publicly acknowledged the expansion of these illegal transactions and has organized several campaigns to reduce the spread of the illegal trade. Some of the people involved in this campaign argue that other pharmacists and government officials who are affiliated with this trade obstruct their work. In an interview with *Le Soleil* newspaper, Mamadou Ndiadé, a past president of the National Order of Pharmacists, cited the *marché parallèle* as a "major problem," arguing that, "not only does the parallel market develop more and more . . . there are other illegal sites for the sale of medicine. There are no measures against Keur Serigne Bi. We fight the battle against this affliction [and] the authorities are also challenged" (Sane 2006).

REGIONAL IMPLICATIONS

The concerns of the pharmacists have been validated by the growing economic benefits of this parallel market. In 1999, Senegal's "official" pharmaceutical sector grossed approximately 58 billion CFA, the equivalent of approximately US $83 million. Ninety-one percent or 46.3 billion CFA went to the private component of the health sector. Similarly, it is estimated that Keur Serigne Bi grossed 6 billion CFA or almost US $10 million dollars in 1999 and more than US $15 million dollars in 2009 (Diaw 2001; Guimier and Candau 2001; Patterson 2008). This parallel trade impedes the continued availability of medicine in stable, secure environments. In an earlier study on the illegal trade of drugs in Senegal, Fassin argued that the combined income of all parallel market sales rivaled the sum of private pharmacy sales (1985). While it is difficult to place an accurate figure on the impact of the parallel market, undoubtedly it has affected various aspects of the official public health sector.

For the last two decades, a variety of marketing campaigns have targeted consumer self-medication and illegal drug purchase in Francophone Africa. Campaigns by ENDA-Tiers Monde and other nongovernmental organizations have attempted to jolt the consumer into avoiding street drugs. In the late 1990s, Cote d'Ivoire recorded and televised illegal transactions in the hopes of raising public consciousness about the dangers of these drugs. In Nigeria, the parallel trade has proven more sinister. Most of the drugs traded in the informal sectors are counterfeit, and a significant percentage of this medicine has infiltrated biomedical markets. In the 1980s and 1990s, it is estimated that approximately 50 percent of Nigeria's pharmaceuticals were counterfeit (World Health Organization 2006). In response to the growing threat of illegal pharmaceutical sales, Dr. Dora Akunyili, the director of Nigeria's National Agency for Food and Drug Administration Control, has been extremely active. Since 2000, she has had more than two dozen sellers convicted and has reviewed and banned dozens of Asian suppliers of counterfeit drugs; her office has led market raids and subsequently reduced the trade of illegal drugs by 80 percent (Phillips 2005; Cockburn et. al 2005). Undoubtedly, Dr. Akunyili has become one of the most celebrated anti-counterfeit drug enforcers in West Africa. While Nigeria is encountering some success, countries such as Guinea and Benin are battling seemingly entrenched parallel markets. Regulatory oversight extends to a variety of areas including inadequate budgets, corrupt officials, and perceived political implications of citing powerful businessmen.

CONCLUSION

Senegal's parallel trade in pharmaceuticals siphons profits from established pharmacies and endangers consumer health while it attracts new investors. Many of the individuals who finance this trade are quite powerful and are largely unaffiliated with the established public health sector. The 2009 "march of the pharmacists" mentioned at the beginning of this article provides a public glimpse into the frustrations and limitations of Senegal's besieged pharmaceutical industry. Pharmacists are critical not only as local intermediaries but as global partners to governmental and nongovernmental organizations, including the U.S. Agency for International Development and the World Health Organization. Biomedical officials are critical to managing disease and identifying with patients. As global health security becomes increasingly interconnected, it is crucial that Senegal and other countries in the Global South regulate pharmaceutical trades. Senegal's involvement in the parallel trade of pharmaceuticals shows how events in a small West African country are crucial to larger global implications in public health.

Burgeoning instability in local pharmaceutical sales and trade, coupled with regional and global trends in counterfeit production, poses a significant threat to regional and international health security. To ensure global pharmaceutical security, a number of steps should be employed. Greater policy engagement between public health officials, medical professionals, and health policy makers from the European Union and the Economic Community Of West African States must occur. As African states pursue growing engagement with new pharmaceutical trading partners, particularly those from Asian countries such as India and China and North African partners like Morocco, similar discussions are imperative. Observers of this cooperation must include stronger systems of tracking the origins of pharmaceuticals as well as increasing the staff of pharmacy inspectors in Senegal and the subregion while simultaneously strengthening borders and waterways. For Senegal, specifically, this issue is particularly sensitive due to the inclusion by certain members of the Mouride brotherhood. Periodic raids on ambulant sellers and Keur Serigne Bi have not yet led to enforced government regulation. Until the government can effectively control the trade of pharmaceuticals, profit siphoning and public patronage of illegal marketplaces will continue. Finally, an increase in the local manufacturing of pharmaceuticals by local and international investors will also help to ensure quality, reduce costs, and increase security.

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ENDNOTES

[1] The terms *marché illicite* and *marché parallèle* are both used in Senegal to describe one or both strands of these trade activities. I use *marché parallèle* to emphasize the parallel trade of pharmaceuticals; it is an informal trade that is also targeted by the state as illegal. The terms pharmaceutical, medicine, and drugs are used interchangeably throughout this piece. Illicit and psychotropic are used to identify nonpharmaceutical drugs.

[2] This article draws upon fieldwork conducted in western and central Senegal from September 2000 to September 2001, with a two-week follow-up trip in January 2009. It is a derivative of a larger study on the historical dimensions of pharmacy professionalization in Senegal. Research for this project included in-depth interviews, observatory trips, and the collection of meeting minutes and other private correspondence regarding Senegal's illegal pharmaceutical markets.

[3] Counterfeit drugs also trade vis-à-vis these networks, particularly from Nigeria and China but also from India. Like the parallel trade of pharmaceuticals, this is a growing problem, and the drugs are being increasingly discovered not only in Asia and Africa but also in Europe and North America. The ingredients in counterfeit drugs range from exact pharmacological copies to drugs containing chalk, talcum powder, or other inert ingredients.

[4] Serigne is a title given to a high-ranking religious leader.

[5] Traditionally, a Baol was a member of the former Baol kingdom that included contemporary Touba in its environs. Like Modou-Modou, Baol-Baol is now a name associated with migrating Mourides who engage in trade activities.

Military Expenditure and Growth in Sub-Saharan Africa:
The Case of Uganda

by Jacob T. Sheehan

Jacob T. Sheehan is a captain in the U.S. Army and recently returned from a deployment as an armored scout platoon leader in southwest Baghdad. He wrote this article as a Fulbright Scholar to the United Kingdom where he completed a masters of science in development finance at the University of Manchester. He earned his bachelors of science in economics and American politics at the United States Military Academy, West Point. His volunteer trips to Cape Coast, Ghana, have inspired his research interests in microfinance and financial development, the defense-development nexus, and African studies. He plans to attend the Special Forces Qualification Course at Fort Bragg, North Carolina, in June 2010.

ABSTRACT

In this article, a times-series analysis of Uganda from 1983 to 2004 is conducted using the Ordinary Least Squares method to investigate the defense-growth nexus in sub-Saharan Africa. The study is the first to use disaggregated military data, expanding previous literature by analyzing the compositional effect of military expenditure on growth. The results indicate a significantly negative relationship with growth exists for both aggregate and recurrent military expenditure. Surprisingly, a positive (albeit insignificant) relationship exists between capital military expenditure and growth. The findings from Uganda suggest a negative defense-growth relationship in sub-Saharan Africa and that the composition of defense spending ultimately determines the net economic effect on growth.

INTRODUCTION

The military is an institution often separated from development theory despite its influence in the supply and demand of scarce financial, human, and physical resources. In sub-Saharan Africa, a significant proportion of budgetary outlays are allocated to the defense sector. Military expenditure in sub-Saharan Africa rose 55 percent in real terms over the last decade, a staggering 18 percent higher than global military expenditure during the same period.[1] Even during Africa's "lost decade" of development in the 1980s, the rate of defense spending outpaced economic growth (Mohammed and Thisen 1996). Yet, during the same period, an African was twenty-two times more likely to die of a poverty-related disease than a war-related cause (Sivard 1989). Despite recent improvements, growth rates in sub-Saharan Africa have yet to reach the estimated 7-percent threshold needed to achieve the United Nations (UN) Millennium Development Goal of halving poverty by 2015 (International Monetary Fund 2007). Expectations of sustained growth are discouraging as sub-Saharan Africa is the only developing region to experience a decline in investment and savings per capita since 1970 (World Bank 2000). In light of these facts, the economic impact of military expenditure in sub-Saharan Africa is a particularly policy-relevant research topic.

Although a significant amount of literature exists on the defense-development nexus, the majority of the findings are inconclusive at best (Chan 1987; Heo 1999; Dunne 1996; Olaniyi 2002). Further, sub-Saharan Africa receives the least attention in this area of research despite being the region suffering the highest scarcity of resources (Smaldone 2006). This study extends current research in the following ways.

First, a single country is used as compared to the majority of existing research that consists of cross-country studies that seek universal generalizations for the defense-growth relationship across developing countries. Uganda was chosen because no country studies have been conducted in sub-Saharan Africa aside from South Africa. In addition, Uganda draws attention in development literature for having gone from being a "basket case" after independence in the 1960s to one of the few high-growth economies in sub-Saharan Africa. Given Uganda's high levels of military burden, as well as a large inflow of official development assistance (ODA), the defense-development debate has been a significant part of the historical dialogue between Uganda and its donors.

Second, Uganda is unique for having data in disaggregated form, making this study the first to use such data in an econometric analysis. The data is divided into recurrent and capital costs, which allows a compositional, instead of a simple aggregate, analysis of military expenditure. This data is available through a research report by Wuyi Omitoogun (2003) that covers the years 1982 to 1999 and recent budget documents published by the Ugandan government for the years 2000 to 2005. Thus, the time-series analysis covers the years 1983 to 2004 and uses the Ordinary Least Squares (OLS) method.

DEFENSE AND DEVELOPMENT: A BRIEF LITERATURE REVIEW

Adam Smith in his 1776 seminal work *The Wealth of Nations* offers the first economic analysis of the military in development (1982). He argues the military provides critical ingredients needed to drive an efficient economy: division of labor, specialization, regularity, discipline, and order. Smith concludes professional armies are the only hope for turning a "barbarous country" into a nation that could be "suddenly and tolerably civilized" (1982, 294). This reasoning permeated development theory after World War II, which focused on transforming poor countries from "a state of rural poverty to one of urban wealth . . . engineered by the ruling institutions and/or external agents" (Kaldor 1976, 459). The military was expected to be the institutional model for organizational and cultural modernization, which was supposed to propel low-income countries to higher levels of development (Hanning 1970; Pye 1962; Benoit 1978; Coleman and Brice 1962).

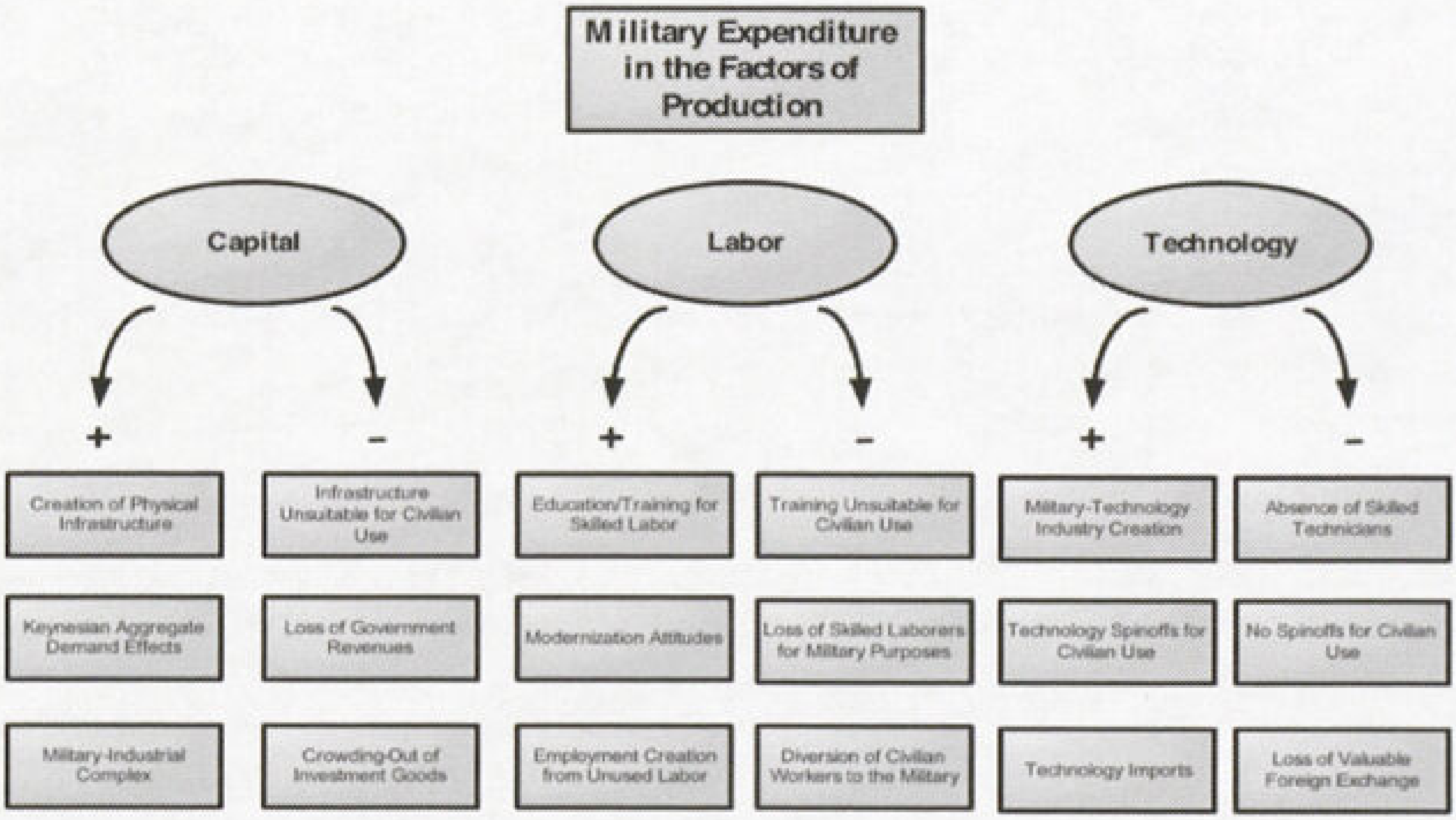
The first major empirical study of the military in economic development was by Emile Benoit in a report for the U.S. Arms Control and Disarmament Agency (1978). In a cross-country analysis of forty-four developing countries from 1950 to 1965, he found "countries with a heavy defense burden generally had the most rapid rate of growth, and those with the lowest defense burden tended to show the lowest growth rates" (Benoit 1978, 271). However, Nicole Ball (1983) and David Lim (1983) found Benoit used inaccurate definitions of foreign aid by excluding foreign military assistance, meaning foreign aid, not military expenditure, was the primary driver of growth in Benoit's study. Other cross-sectional studies of developing countries found the net effects of military expenditure on growth were negative through lowering investment as a share of gross domestic product (GDP), raising the tax burden, and shifting economic activity from the agricultural to the industrial sector (Faini et al.1984; Deger and Smith 1983; Deger 1986; Porter 1989; Maizels and Nissanke 1986). These cross-country studies marked a shift in development theory from the immediate post-World War II notion of the military as a modernizing force to a new paradigm in the late 1970s and early 1980s that viewed the resource-allocation effects of military spending on development. Along with this paradigm shift emerged a general negativity toward rising military expenditure in developing countries. This sentiment was conveyed in reports by the UN and multilateral lenders like the International Monetary Fund (IMF) and the World Bank. A statement by the UN Committee for Development Planning (now the UN Committee for Development Policy) summarizes this viewpoint: "The single most massive obstacle to development is the worldwide expenditure on national defense activity" (Jolly 1978, 17). Despite this sentiment, some later studies still found a positive relationship between military expenditure and growth using similar reasoning as the original Benoit analysis (Kennedy 1974; Whynes 1979; Dixon and Moon 1986; Biswas and Ram 1986). Although other studies have offered interesting findings (Looney and Frederiksen 1986; Aizenman and Glick 2003), a survey of the literature across time on military expenditure and growth in developing countries yields few conclusions, which are vague at best (Chan 1987; Heo 1999; Dunne 1996; Olaniyi 2002).

DEFENSE AND DEVELOPMENT: AN ECONOMIC FRAMEWORK

Although the literature is ambiguous on the defense-development nexus, a Keynesian perspective offers an initial framework for analysis. Keynesian economics is an economic theory that views government spending as a precursor for stimulating growth in a market experiencing low demand. Military expenditure raises the level of aggregate demand in an economy and increases capacity utilization. If an economy is operating at less than its full capacity and there is adequate (or excess) supply in the factors of production, the Keynesian shift in aggregate demand will increase productivity, raise employment, and create a multiplier effect from additional income generation. However, if there is sufficient utilization in an economy and supply bottlenecks are preventing further productivity, the benefits of an increase in aggregate demand will be diminished and may even lead to inflation and a deterioration of the balance of payments (Smith and Smith 1983).

Outside of the Keynesian effect, military expenditure influences an economy by augmenting the neoclassical factors of production. Figure 1 highlights the means in which the military can either enhance or deplete an economy's stock of capital, labor, and technology. For example, military expenditure can develop physical infrastructure and stimulate aggregate demand but will reduce the capital stock

Figure 1 — The military in the neoclassical growth model.



if its goods provide little use to the civilian economy or crowd out more productive national investments. Defense spending also influences the movement and development of both skilled and unskilled labor. The extent to which military expenditure absorbs unskilled laborers and produces skilled labor for the civilian economy ultimately determines its impact on growth. Finally, technology spillovers from military expenditure can aid the civilian economy but technology that is isolated for military means may result in a loss of valuable foreign exchange for import purchases. Thus, the relationship between military expenditure and growth is also determined by the effects of defense spending on the factors of production.

THE MILITARY IN SUB-SAHARAN AFRICA: LITERATURE REVIEW AND A NEW PARADIGM

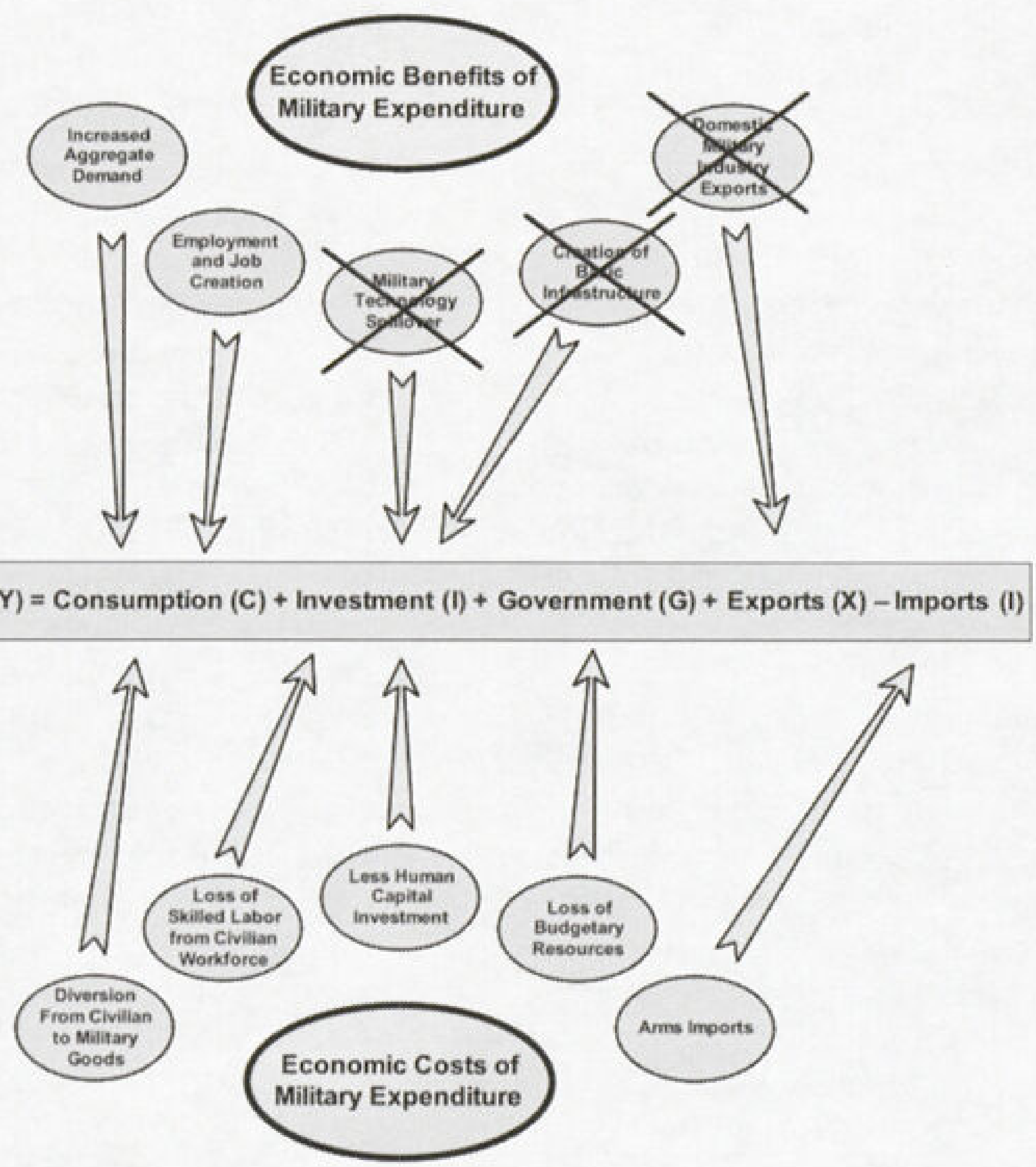
While the military may have served as an agent of organizational and cultural modernization in other developing regions, this is not indicative of the African experience. Countries that attempted to use the military for peaceful development programs, such as the Ivory Coast, Morocco, and Nigeria, were ultimately deemed failures (Hanning 1967). As the last authoritative structures put into place by colonial governments, African militaries historically had little time to evolve relative to other government institutions (Coleman and Brice 1962; Eleazu 1973). Civil administrations were the first colonial institutions and they recruited the most skilled labor for administrative positions; meanwhile the armies were originally recruited from uneducated tribes where there was the highest available labor supply (Eleazu 1973). Thus, early literature found that instead of acting as an instrument for economic development, African armies were weak and inefficient institutions (Shabtai 1975).

Previous empirical studies focused on the defense-growth nexus across developing countries that used regional analysis found sub-Saharan Africa consistently as the region with the strongest negative relationship between military burden and growth (Lim 1983; Deger and Smith 1983; Faini et al. 1984). More recent empirical attention devoted to sub-Saharan Africa, though sparse, has focused on cross-sectional analysis within the region. In a study that covered thirty-nine African countries from 1973 to 1983, Kwabena Gyimah-Brempong (1989) used a four-equation simultaneous model and found that military expenditure had a positive (insignificant) relationship with economic growth, a positive (significant) relationship with skilled labor, and a negative (significant) relationship with capital formation. The net multiplier effect of military expenditure on growth was significantly negative suggesting the effect of crowding out investment is stronger than the benefits on labor or demand stimulation. However, a response to Gyimah-Brempong's study by Nadir A.L. Mohammed (1993a) found contradictory results after testing the cumulative effects of the defense burden on economic growth at different levels of significance. Mohammed (1993a, 96) concluded that Gyimah-Brempong's results should have confirmed the "existence of a significant positive impact or deny the existence of any statistically significant relationship" between military expenditure and growth. In a separate study, Mohammed (1993b) used a five-equation simultaneous model to examine thirteen sub-Saharan African countries from 1967 to 1985. He concluded that for countries where military expenditure is "high and rising" there is a negative effect on growth, investment, human resources, and the balance of payments, while countries with a low military burden have "positive direct spin-offs which dominate the negative indirect effects of military expenditure" (Mohammed 1993b, 369). J. Paul Dunne and Mohammed (1995) examined thirteen African countries using a combination of time-series and cross-sectional analysis to find substantial negative effects of military expenditure on growth, investment, and trade balance in the time-series data, but cross-sectional analysis yielded no significant effects. Other cross-sectional studies reported results of a negative, but insignificant relationship between military expenditure and growth (Olaniyi 2002; Mohammed and Thisen 1996; Nabe 1983).

Country studies have also had ambiguous results in identifying a systematic defense-growth relationship in sub-Saharan Africa. South Africa is given the majority of attention, and the literature has shown military expenditure has a mixed impact on growth (Roux 1996; MacMillian 1992). A. Birdi and J. Paul Dunne (2002) found defense spending had a negative insignificant relationship with growth in South Africa, but a positive long-run relationship with manufacturing. The only case study conducted outside of South Africa was by O. Oyinlola (1993), who found military expenditure in Nigeria had positive effects associated with increased aggregate demand and negative effects on inflation, but the overall influence on growth was negative. Thus, conclusions on the defense-growth relationship in sub-Saharan Africa are elusive given the current body of literature.

Despite sparse conclusions in the literature, it is still possible to develop a new paradigm for defense-development analysis in sub-Saharan Africa. The previously explored Keynesian economic perspective in developing countries suggests that in the presence of capacity underutilization, defense spending should stimulate demand and increase output. However, sub-Saharan Africa is characterized by constraints such as shortages of human capital and skilled labor or the presence of structural problems (Olaniyi 2002). Rigidities in the factors of production or foreign exchange gaps may dampen the positive effects associated with demand stimulation (Mohammed and Thisen 1996). Similarly, the military-industrial complex that exists in other developing regions is absent in most sub-Saharan African countries, limiting the amount of industrial growth associated with military expenditure (Olaniyi 2002). Technology externalities are highly unlikely since the majority of imported technology is strictly for military use. In addition, the spillover of military skills into the civilian economy may be weak given the rudimentary nature of military training. Thus, a paradigm (seen in Figure 2) for military expenditure in sub-Saharan Africa

Figure 2 — A paradigm for military economy expenditure in sub-Saharan Africa.



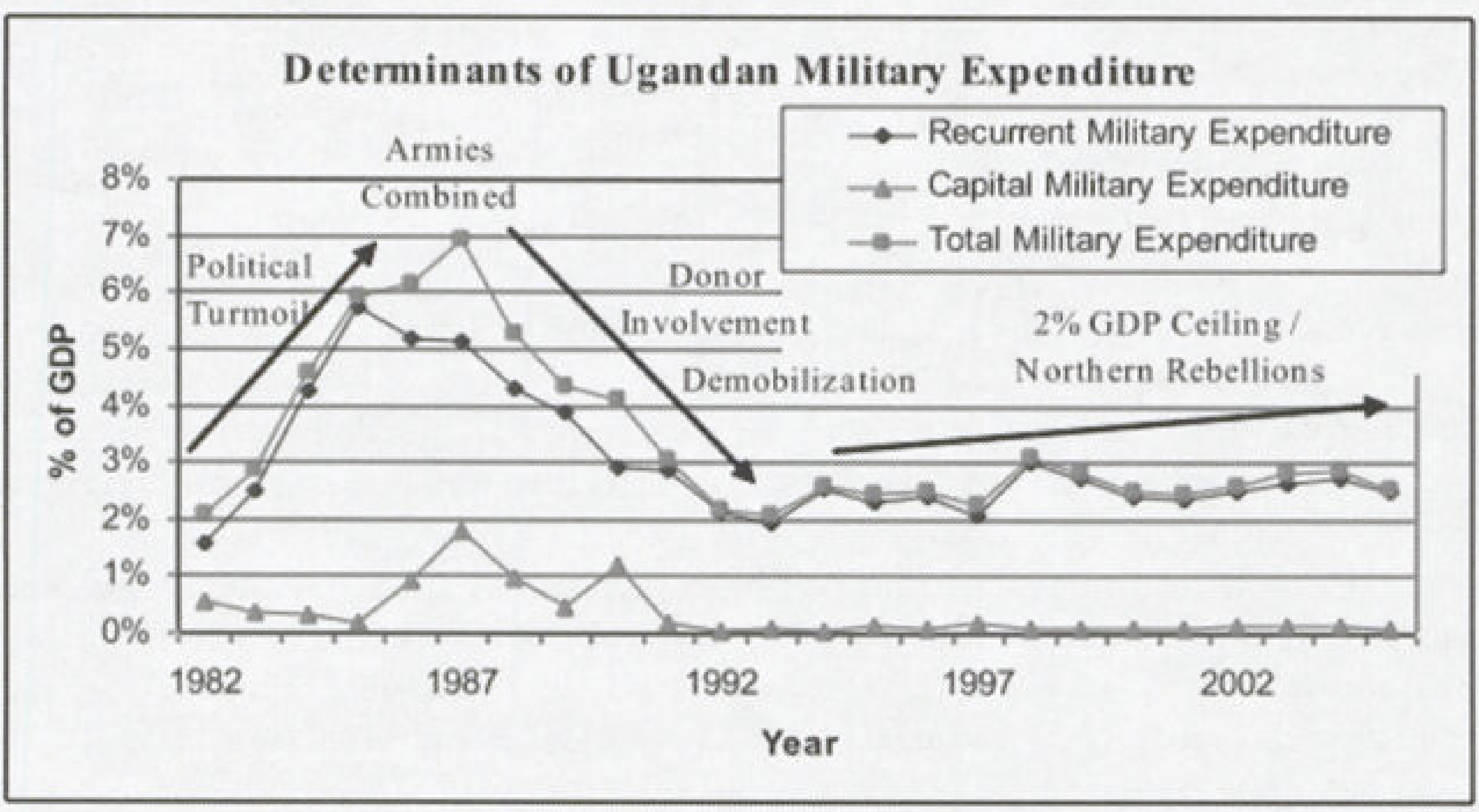
suggests there are two opposing economic forces that influence the national income equation: limited benefits associated with aggregate demand stimulation and employment against the high costs associated with a diversion of the factors of production away from the civilian economy.

DETERMINANTS OF MILITARY EXPENDITURE IN UGANDA

Although Uganda achieved independence in 1962, freedom gave way to turmoil during this tumultuous period of its history. The military consistently played a prominent and forceful role in securing political power and legitimacy for the ruling party. After a series of military coups, the turmoil ended in 1986 when Yoweri Museveni organized a guerrilla force known as the National Resistance Army (NRA) and ousted General Tito Okello's military-led government. Military expenditure soared under Museveni's arrival as he integrated the previous Ugandan army with his NRA to create the Uganda People's Defense Force (UPDF) (see Figure 3). Supporting 80,000 soldiers required a staggering 26 percent of the government budget with little resources left over to repay external creditors or address the country's 56 percent poverty rate (Omitoogun 2003; World Bank 2006). President Museveni broke with the tradition of previous rulers by turning to international donors, instead of his military, to help stabilize the country and ensure political legitimacy.

In 1987, the Museveni administration sought additional aid from the World Bank and European bilateral donors, "adopting its national development program to suit the demands of the donors" (Omitoogun 2003, 97). The high level of external aid Uganda received suggests a heavy donor influence in the country, starting with reductions in defense outlays (see Figure 3). This is confirmed by the donors' ability to orchestrate the military demobilization

Figure 3 — Determinants of military expenditure in Uganda. (Source: Based on data from Wuyi Omitoogun [2003]).



effort in 1993, which effectively halved the Ugandan army from 80,000 to 40,000 soldiers over a three-year period (Colletta and Ball 1993). The demobilization program was one of the most successful in sub-Saharan Africa, freeing additional resources worth an estimated 1 percent of GDP.

The final component of demobilization was a donor-imposed ceiling on military expenditure of 2 percent (as a share of GDP). Shortly after the demobilization and ceiling imposition, insurgencies associated with the Lord's Resistance Army began to rise in the northern portion of Uganda, resulting in a slight increase of defense spending (see Figure 3). The presence of external and internal threats in Uganda has led to tension between the government and donors over the ceiling on military expenditure and accounts for its small deviation from the 2-percent threshold. For example, in 1998 and 1999, donors temporarily suspended aid to Uganda as a result of the government's decision to surpass its ceiling (Omitoogun 2003). Uganda again surpassed its ceiling in 2002, but this time with permission from donors due to the external security threats posed by the Congo and tensions with Rwanda (Omitoogun 2003).

METHODOLOGICAL PROBLEMS WITH MILITARY DATA

Accurate military data is critical to the discussion of the appropriate balance of security and economy in sub-Saharan Africa. However, Omitoogun (2003) found the supply of military data is not able to keep up with its demand by researchers and development organizations due to the inadequate capacity of institutions in sub-Saharan Africa to produce such statistics. The primary barrier to reliable military data is secrecy by the government publishing the statistics. For example, if a country faces a security threat it will tend to overreport defense spending while it will be underreported in countries that are under scrutiny by development organizations. Multiple methods exist for manipulating the level of military data. Certain defense purchases can be removed from the central budget balance sheet, such as purchasing arms using export earnings from a state enterprise without repatriating the funds. Other times it is a blatant reclassification of expenditure in hopes that it will not be examined (Herrera 1994).

Even military data that is not fraught with errors is difficult to use for empirical studies. Although cross-country studies have been the most widely used method for analysis of military expenditure and growth, this technique has major weaknesses. First, it is difficult to translate military expenditure in multiple currencies to a common currency (usually dollars). While this is a problem common to other types of expenditure analysis, it is more complex for defense spending since the price deflator needs to be based on the change in value of military goods. However, deflator indices used in previous cross-sectional studies are based on the price of civilian goods, which are not often correlated with defense goods (Herrera 1994). The other methodological problem associated with cross-sectional empirical work is a lack of unity on a common definition for military expenditure. As a result, many previous studies have mixed data from various sources used in their analysis despite having dissimilar aggregate definitions, often resulting in drastically different figures for expenditure (Brzoska 1981).

Thus, given the complexity of military data and methodological issues, cross-sectional studies are very limited in their analysis unless there are significant improvements in the reporting of defense expenditure.

Country case studies can overcome some of the methodological hurdles associated with cross-sectional analysis but are not exempt from other problems. Most country studies do not have enough data on military expenditure to form a continuous longitudinal series. Another problem preventing robust analysis is the absence of disaggregated data, which has yet to be used in an empirical study of military expenditure. The majority of countries publish their statistical military figures as one aggregate statistic, which allows no further analysis on how the resources are allocated within the defense sector. Thus, the most disaggregated form of military data available in a country study would be the ideal method of analysis to obtain robust results (Ball 1983).

DATA SOURCE AND RELIABILITY OF UGANDA MILITARY DATA

The body of literature on the defense-growth nexus in sub-Saharan Africa is limited by the availability of military data. However, Omitoogun's 2003 report constructed military data for six countries in sub-Saharan Africa. Uganda is the only country in the report with a consistent disaggregated series for a total of eighteen fiscal years of data (1982-1999).[2] The data is unique for being divided into recurrent and capital (military development) expenditure, which is foundational for this analysis. Recurrent expenditure is composed of wages for personnel and includes running costs known as operation and maintenance costs. Capital expenditure is composed of weapons acquisitions, equipment procurement, and military construction. Like most other sub-Saharan African countries, Uganda's military budget is dominated by recurrent expenditure—approximately 86 percent of its annual defense budget—due to the labor-intensive nature of its army (Omitoogun 2003). In addition, the absence of a domestic arms industry means Uganda imports most of its military hardware.

The three primary sources Omitoogun used to construct the data in his report were the Background to the Budget, the Budget Speech, and the Statistical Abstract, which are published by the Ministry of Finance and the Uganda Bureau of Statistics. The Background to the Budget is published annually just before the budget is released with its "main aim to provide insight into the budget and the policies that informed it" (Omitoogun 2003, 100). This served as the most useful document for obtaining recurrent and military development expenditure as it contains records for the previous six fiscal years. The Budget Speech is the "annual government statement of economic and fiscal policy for the new fiscal year," which is read by the president before the legislature (Omitoogun 2003, 100). Finally, the Statistical Abstract is similar to the Background to the Budget in that it breaks down military expenditure into its recurrent and capital components, but it also classifies various spending within the military and assigns budgetary categories.

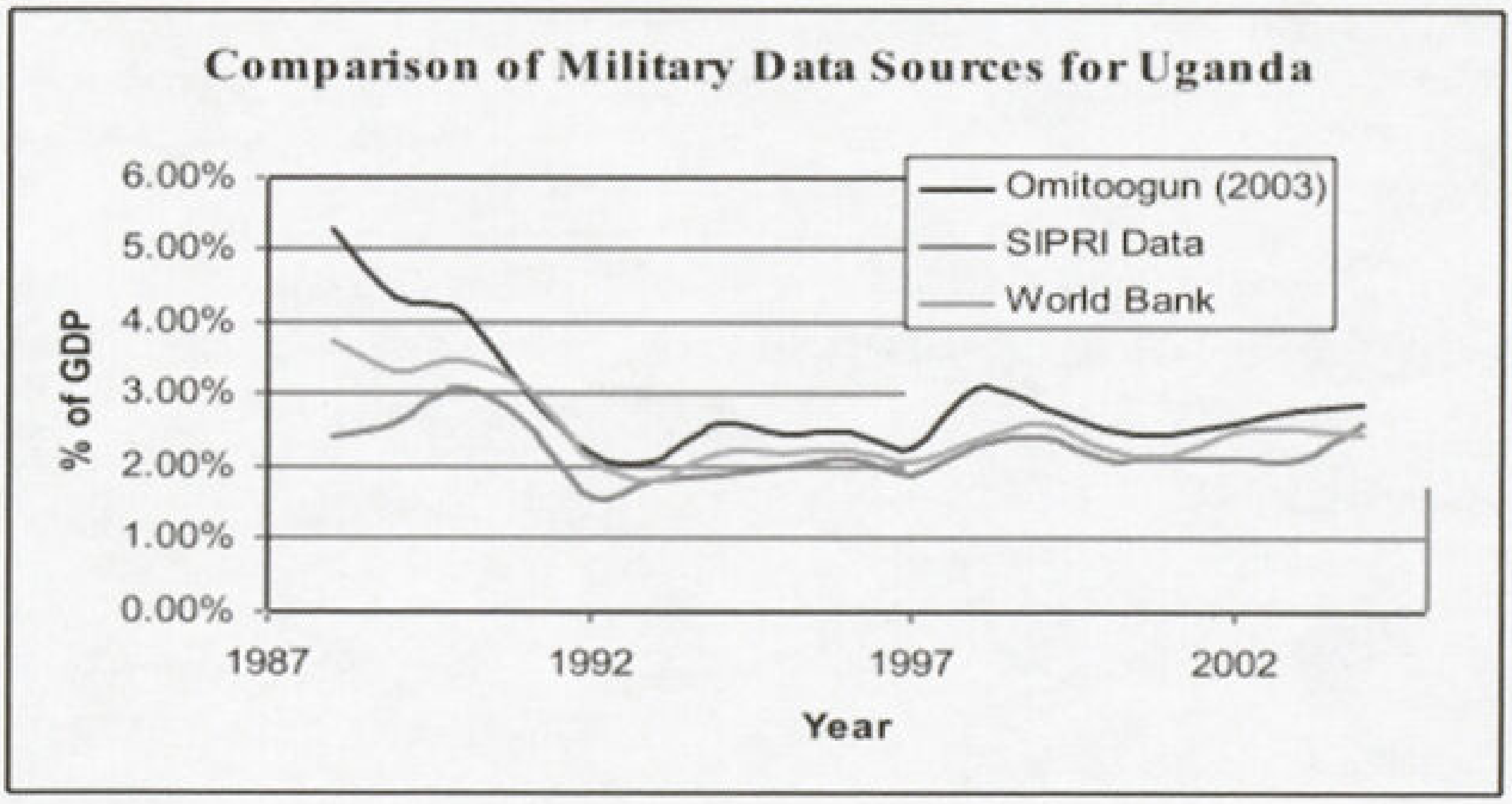
Two data points for capital expenditure were missing from the data set in 1994 and 1995. The replacement values were calculated by averaging the three previous years for the 1994 value and the three proceeding years for the 1995 value. As

Omitoogun's analysis went through 1999, the data from 2000 through 2005 was compiled by the author from the 2005/2006 and 2007/2008 Background to the Budget reports found on the Web site for the Ministry of Finance, Planning and Economic Development (Republic of Uganda 2006; Republic of Uganda 2007a; Republic of Uganda 2007b). The data for military expenditure in 2000 was missing due to a dysfunctional link on the Ministry of Finance Web site. It was estimated by averaging the values of the four years surrounding the year 2000.

Uganda has some unique characteristics that support the accuracy of its data. Omitoogun notes that Uganda "inherited a good civil service structure from the British at independence, and it made the publication of various statistics one of its main tasks" (2003, 98). However, turmoil and conflict associated with military coups resulted in a significant loss of data. It was not until the 1980s when the inflow of foreign aid arrived from multilateral lenders that donors began to rebuild the statistical capacity of Uganda (Bigsten and Kayizzi-Mugerwa 1999). Under President Museveni in the mid-1980s there was a regular appearance of statistical data as part of a strong emphasis to rehabilitated data-gathering units, particularly the Statistics Department of the Ministry of Finance, Planning and Economic Development. In fact, the donors of development assistance for Uganda were crucial in "providing technical and financial support and often initiating new programs" for building statistical capacity (Omitoogun 2003, 107). In this sense, Uganda's push toward transparent and accurate statistics began earlier than that of most other sub-Saharan African countries given Uganda's high dependence on foreign aid since the early 1980s.

However, there are reasons to suggest that this data, like almost all military data in developing countries, is not without error. This stems from the dual pressure

Figure 4 — A comparison of sources for military expenditure in Uganda. (Source: Omitoogun [2003], World Bank [2007], and Stockholm International Peace Research Institute.[3])



the Ugandan government faces from donors and legitimate security threats, particularly when donors placed a 2-percent defense budget ceiling while the Ugandan army was dealing with rebellions in the north and west of the country. This may have been facilitated by Uganda's cash budgeting system, which prevents overspending on the total budget and can also allow for the diversion of funds from other government ministries to priority sectors (Omitoogun 2003). Thus, military data in Uganda is not exempt from government manipulation.

One method for testing the reliability of Uganda's data is to compare the data by Omitoogun (2003) against other data sources (see Figure 4). Note all three sources seem to be following a similar trend, but data from Omitoogun (2003) represents the highest levels of expenditure. This suggests it better captures any manipulation or underreporting of military expenditure because it never goes under the 2-percent defense ceiling except when it was first established in 1993. The data from the Stockholm International Peace Research Institute (SIPRI)4 is the lowest because it is based on a simple compilation of questionnaires sent to the Ugandan government and is the most biased to underreporting. The World Bank data is slightly higher than the SIPRI data because the organization works closely with the Ugandan government and audits the government budget. It also stays close to the 2-percent threshold because it was the organization that initiated the ceiling, meaning the Ugandan government has an incentive to report a figure close to that ceiling. However, the data by Omitoogun (2003) went into more detail than that of the World Bank because it disaggregated the data and was supplemented by the comparison of multiple budget documents and interviews with key government officials. In addition, this data more adequately captures the pre-demobilization expenditure of the army. Uganda had approximately 80,000 soldiers in the late 1980s under Museveni, a number that was cut in half to approximately 40,000 soldiers. Since recurrent expenditure dominates the defense budget, it follows that losing half of the army should translate into roughly half the original budget expenditures. The Omitoogun data set is the only one that captures a roughly 50 percent decline in expenditures between the period of the combining of the two Ugandan armies and demobilization. In addition, the data shows the sharpest increase of defense spending in 1998 and 1999, which is when donors suspended aid. Therefore, the data by Omitoogun best accounts for key military events and underreporting of military expenditure by the government.

Although there is no way to ensure complete accuracy of Ugandan military data, it is important to recognize that even studies using data from major Western democracies are not fully reliable given the secret nature of military expenditure. In addition, the military data for Uganda avoids major problems associated with previous data used in empirical studies. First, it is not a compilation from multiple international sources that may have different definitions of military expenditures. Second, the data is not cross-sectional and therefore does not need to undergo conversion and deflation to a common currency.

METHODOLOGY

Previous empirical studies measured the effect of military expenditure on growth using the Ordinary Least Squares (OLS) method in single equations (Benoit 1978; Looney and Frederiksen 1986; Lim 1983; Faini et al. 1984). The OLS estimation for military expenditure and growth is as follows:

Equation 1: $GRTH = áX + \beta MIL + \varepsilon_t$,

where GRTH is the rate of economic growth, X is a vector of explanatory variables, and MIL is a measure of military spending (Joerding 1986). One of the assumptions necessary for the OLS method to produce the best linear unbiased estimators is an absence of correlation between explanatory variables and residuals (εt). Military expenditure (MIL) would violate this assumption if it was endogenous to any of the other control variables (X in Equation 1), producing biased and inconsistent estimates. Previous studies that used the OLS method assumed the direction of causation (positive or negative) went from defense spending to economic growth, meaning that military expenditure Granger causes growth in Equation 1.[5] Wayne Joerding (1986, 36) questioned this assumption, arguing military expenditure is "at least partially dependent on the performance of the domestic economy" since national productivity imposes a constraint on government expenditure. He applied the Granger causality test to military spending and growth in fifty-seven Least Developed Countries (LDCs) and concluded the results of previous studies were flawed by treating military burden as an exogenous variable and that this led to biased and inconsistent parameter estimates. However, Joerding was unable to prove that economic growth causes military spending in developing countries. However, a study by Newman Kwadwo Kusi (1994, 152) using time-series data for seventy-seven LDCs applied the Granger test to conclude that "the relationship between economic growth and defense spending cannot be generalized across countries." In fact, only seven out of seventy-seven countries exhibited a direction of causation between economic growth and defense spending. Mohammed (1993c) conducted a similar Granger causality study focused on thirteen sub-Saharan African countries and contradicted the results of Joerding (1986). In the absence of Granger causality, Mohammed (1993c, 149) concludes "an econometric model for the study of the economic impact of military spending in sub-Saharan Africa could treat military burden as an exogenous variable in the economic growth equations." The recommendation is especially applicable for this study since he found no Granger causation from economic growth to defense spending in Uganda using data from 1967 to 1985 (Mohammed 1993c).

Given the findings of Mohammed (1993c), this study will treat military expenditure as an exogenous variable. Normally, a study such as this should deal with the problem of simultaneity in military expenditure using instrumental variable techniques such as the two-stage least squares (2SLS) method. However, data for possible instruments that are both highly correlated with the measure of military expenditure and uncorrelated with the residuals (εt in Equation 1) is unavailable. In order to verify that the results are robust, in this study additional regressions will be conducted that use the indicators for military expenditure lagged one period. The use of such a predetermined variable has been shown to be uncorrelated with residual terms in OLS regression models.

Another assumption associated with the OLS method is that the variables in the regression model must be stationary. This suggests that the mean and variance of the time series should be constant across time periods. In order to ensure that this condition is met, the first difference of the natural logarithm of the variables has been taken. Thus, the estimated parameter coefficients of the regression output will be interpreted as elasticities between each explanatory variable and economic growth. In the absence of taking the natural log and first difference, the variance of the time series may not be constant given the variables may start at different original levels making the coefficients unstable across time.

The growth model used in this study is closely associated with the one developed by Dhaneshwar Ghura and Michael T. Hadjimichael (1995). Their model includes conventional variables, such as investment and population growth, as well as a measure of human capital approximated by the life expectancy at birth. However, there is limited availability of data for indicators of human capital (i.e., primary school enrollment rates, adult literacy, and infant mortality) in Uganda, which means there is no variable for human capital in this growth model. Military expenditure and foreign aid are the other key variables that will be added to the baseline regression. Military expenditure is the primary variable under observation along with its disaggregated components—recurrent and capital expenditure. Aid has played a significant role in policy reforms and also constitutes a significant portion of central budget resources in Uganda. Recurrent military expenditure is predicted to have a positive relationship with growth through aggregate demand stimulation and employment creation. However, in the presence of a severe shortage in the factors of production the effect may be inflationary and harmful to growth. Capital military expenditure is expected to have a negative relationship with growth due to its absorption of scarce foreign exchange and purchase of imports that do not benefit the civilian economy. Moreover, an increase in imports may erode the balance of payments that could decrease foreign-direct investment, raise debt levels, or devalue the exchange rate.

In addition, policy variables are added to the model. A variable for government expenditure is an indicator of fiscal policy and discipline. A rise in government spending could stimulate aggregate demand and lead to growth in the presence of capacity underutilization. However, high government expenditure is more often a result of poor fiscal discipline and leads to a lower savings rate, ultimately reducing growth. Broad money (M2) is used as a measure of financial development and should have a positive effect on growth unless it is accompanied by inflation. Trade openness is expected to exert a positive impact on growth if it expands the export market for Uganda, but its impact could be negative if imports crowd out domestic production of goods. Finally, a variable for inflation acts as a monetary policy variable. A rise in inflation is generally expected to have a negative impact on growth acting as a tax on savers. However, it is possible for inflation to have a positive relationship with growth if it leads to short-term profits providing incentives for the owners of capital.

Similarly, it could lead to an increase in government revenue that could be channeled into funding development projects.

Other important variables are included in the model to capture effects outside of the economic policy variables. A rise (appreciation) in the real exchange rate will increase the price of Uganda's exports in the international markets and could decrease growth. Similarly, a decline (depreciation) in the real exchange rate will lower the foreign price of Uganda's exports and increase their competitiveness. The variable for terms of trade is particularly important for primary commodity exports in Uganda. If its terms of trade rise it is able to pay for more imported investment goods at the cost of less export goods, which could stimulate growth, all things being equal. As a Highly Indebted Poor Country (HIPC), a debt variable has been included for Uganda. A rise in debt impedes growth by creating additional interest payments and reducing the capital stock. A dummy variable for its HIPC involvement is expected to have a positive relationship with growth due to extra resources available for financing Uganda's domestic savings gap and enhanced debt reduction. Finally, two political variables are included in the model. The civil liberties variable measures the rule of law and personal autonomy from the state. Civil liberties are expected to facilitate more efficient economic transactions through contract enforcement and allow a higher portion of the population to contribute positively to domestic production. The political rights variable measures the ability of a population to participate in the political process. This variable may reflect overall stability in the country, which is beneficial for attracting foreign capital for investment. A positive relationship is expected between growth and the two measures of the political environment in Uganda. In light of these variables, the model for growth in Uganda is as follows:

Equation 2:

$$YGPC_t = C_0 + \beta_0 YGPC_{t-1} + \beta_1 \ln(TIY) + \beta_2 \ln(PG_t + \gamma + \delta) + \beta_3 \ln(ODA_t) + \beta_4 \ln(TME_t) + [X_t] + \varepsilon_t,$$

Where:

$YGPC_t$ = per capita real GDP growth rate;

C_0 = constant;

TIY = ratio of total investment to GDP;

PG = population growth rate;

γ = constant for technological growth

δ = constant for capital depreciation

ODA = ratio of foreign assistance to GDP;

TME = ratio of total military expenditures to GDP;

$[X_t]$ is a vector of further conditioning variables, such as:

FGC is the ratio of government expenditure to GDP; BRD is the ratio of broad money (M2) to GDP; TRD is a measure of trade openness; INFL is the rate of inflation based on the consumer price index; RER is the percentage change in the real exchange rate; TOT is the percentage change in the terms of trade; DBT is ratio debt service as a share of exports; HIPC is a dummy variable for involvement in HIPC program; CL is an index of civil liberties; PR is an index of political rights; RME is the ratio of recurrent military expenditure to GDP; MDE is the ratio of military development expenditure to GDP. All variables listed above are taken as a change in the natural logarithm of their respective measurements in order to be interpreted as elasticities with growth. The term $(\gamma + \delta)$ in Equation 2 is assumed to be 0.05 following N. Gregory Mankiw, David Romer, and David N. Weil (1992). For more detailed description and the source of each variable see Table 1.

EMPIRICAL RESULTS

Table 2 gives a matrix of simple pair-wise correlations between the variables in the regression model. Growth is positively and significantly related to the previous year's rate of growth (lagged per capita growth variable) and the HIPC dummy variable. The strength of these associations is suggested by the size of coefficients that are relatively large (above 0.50). Other variables that are positively related to growth are investment, the terms of trade, and the index for civil liberties, although they are not significant at the 5 percent level. Inflation stands out as the highest significantly negative correlation with growth. Surprisingly, the foreign aid variable also has a negative correlation with growth, although it is insignificant at the 5 percent level. The effect of aggregate and recurrent military expenditure is negatively and significantly related to growth. Part of this can be explained by the 0.89 correlation coefficient between recurrent and total military expenditure, which suggests it is simply reflecting the same value. However, contrary to expectations, capital expenditure has a positive relationship with growth (insignificant at the 5 percent level). Also of importance is the significantly negative relationship between military expenditure and investment, supporting the notion of defense crowding out investment. Finally, total military expenditure and aid are negatively correlated with a coefficient of -0.52 that is statistically significant. The relatively large size of the correlation coefficient suggests there is the potential for multicollinearity between these two variables.

The regression results are summarized in Table 3. Regression (1) is a growth estimation using the conventional variables in the Solow model as well as the lagged variable for per capita growth. The positive relationship between investment and growth is confirmed but is statistically insignificant. However, the size of the coefficient for the population growth variable is relatively large at 4.5 and is surprisingly positive, which contradicts previous findings (Ghura and Hadjimichael 1995). It is worth noting the lagged growth variable had a positive and significant relationship with growth, suggesting that previous year's growth is a good predictor of future economic performance in Uganda. A 1 percent rise in the previous year's growth is related to a 0.57 percent rise in the subsequent per capita income growth rate. However, the explanatory power in regression (1) is quite low with an adjusted R-squared value of just 0.21.

Regression (2) extends the conventional model used in regression (1) by adding the total military expenditure and aid variables. Both variables have a significantly negative relationship with growth and increased the explanatory power of the model (adjusted R-squared value doubled from 0.21 to 0.41). This negative net effect of military expenditure has been found in previous literature regarding sub-Saharan Africa (Lim 1983; Deger and Smith 1983; Faini et al. 1984). The results show a 1 percent rise in total military expenditure (as a ratio to GDP) in Uganda from 1983 to 2004 was significantly associated with a 0.08 percent fall in per capita income growth. There are a variety of reasons explaining this relationship. Military expenditure may raise demand without contributing to output, which has an inflationary effect on the economy. In addition, military expenditure may be associated with destruction in the northern region of the country while the UPDF tried to eliminate the Lord's Resistance Army. Finally, military involvement in Rwanda and the Democratic Republic of the Congo represents an external diversion of funds that has no domestic economic returns. The effect of military expenditure in this case is simply to increase inflation and government debt in Uganda. Any positive economic effect associated with mineral wealth from the Congo or regional stability will not be observed in the short term.

Similar to military expenditure, the results show that a 1 percent rise in foreign aid (as a ratio to GDP) in Uganda from 1983 to 2004 was significantly associated with a 0.06 percent fall in per capita income growth. This negative relationship is surprising, particularly because Uganda was the first recipient of HIPC assistance and the country has been characterized by the World Bank and IMF as a model for successful reforms and structural adjustment. However, it does agree with the findings by Peter Boone (1996) that foreign aid does not promote economic development. There is the possibility that aid had different effects throughout the period of analysis since the regression only describes the relationship over the entire period. After taking a simple pair-wise correlation between per capita growth and foreign aid during the periods of 1983 to 1993 and 1994 to 2004, the different effects are confirmed. The relationship between aid and growth was insignificantly positive, 0.25, during the first period and significantly negative, -0.59, during the second period. This suggests that since the economy started at a low base following the flight of former Ugandan President Idi Amin, aid was going to have a positive effect during the first period. However, as the economy started to improve during the second period, the benefit of aid diminished and was even detrimental to growth. Another explanation suggests the extent to which aid was fungible during the two periods determined its relationship with growth. This means aid was used properly for investment during the first period while it could have been siphoned from productive use by corruption or capital flight during the second period.

The results of regression (3) indicate the policy environment is important for growth. As expected, inflation has a negative and significant relationship with growth. This was expected because inflation causes savers to put their money into unproductive assets such as real estate. In addition, inflation raises the cost of production, which ultimately makes Uganda's exports less competitive. Finally, to the extent that inflation is an indicator of the government's ability to manage the budget and economy in general, a rise in inflation will result in lower private capital inflows and reduce growth. Surprisingly, the broad money variable also had a significantly negative relationship with growth. Domestic credit to the private sector is normally regarded as a more appropriate variable for measuring financial development instead of broad money. However, the lack of a long enough time series for the variable prevented its use in the regression analysis. Robert G. King and Ross Levine (1993) used broad money as a measure of the size of the financial system in their landmark study. While this variable may be a good indicator of financial system size in developed economies, developing economies have a lower level of savings and the majority of their money is in circulation. Thus, the broad money variable measures primarily circulated money that grows more rapidly than the supply of goods and services in developing economies, which captures the negative effects of inflation. Government expenditure and trade openness were insignificantly and negatively related with growth. Trade openness was expected to have a positive relationship with growth. However, the negative coefficient suggests a rise in imports during the observed period may have competed with (and ultimately displaced) domestic producers or contributed to an expansion of the balance of payments deficit. Both of these outcomes would contribute to a negative relationship between trade openness and growth. The explanatory power of the model improved again with an adjusted R-squared value of 0.65 when the policy variables were added.

Regression (4) adds four additional conditioning variables, none of which were significant, resulting in a fall in the explanatory power of the regression model. The additional variables had their expected respective relationship with growth with the exception of the HIPC dummy variable, which had a negative relationship with growth. This is surprising given its significantly positive relationship with growth in the correlation matrix. However, it shows the impact of the HIPC program is indirectly captured through the conditioning variables and economic policy associated with enhanced debt relief. In addition, since the coefficient for the foreign aid variable is negative, it follows that the HIPC variable should have the same sign as the program was associated with large inflows of aid. The Durbin-Watson statistic, which measures serial correlation, also rose remarkably to 2.72. Generally, a Durbin-Watson value above 2 and less than 4 implies there is negative serial correlation in the residuals, and a value between 0 and 1.5 suggests there is positive serial correlation (Gujarati 2002). Thus, the rise in the Durbin-Watson statistic reveals there is negative serial correlation in the residuals.

Regression (5) adds the political variables of civil liberties and political rights. Both variables are insignificant but their signs suggest that civil liberties empower economic freedom and ultimately growth, whereas increasing political representation does not unleash any additional productivity. The two variables increase the explanatory power of the model slightly (adjusted R-squared value moved from 0.65 to 0.67).

Finally, regression (6) removes the total military expenditure variable and replaces it with its disaggregated components. While the variables are insignificant, they suggest both components of military expenditure have a negative relationship with growth. This was expected for capital expenditure but not for recurrent expenditure. Recurrent expenditure may have an effect on growth that is similar to government consumption. While there is a potential for stimulating aggregate demand, there may be leakage, which is not beneficial to growth or the diversion of resources away from investment in physical or human capital. Recurrent military expenditure may be allocated in such a manner that it is not a direct transfer of resources to soldiers. Rather, wages may be low and the resources may be spent primarily on food, housing, and operations, which exerts inflationary pressure on the economy. This may be captured by the positive correlation between recurrent military expenditure and government consumption, whereas the correlation is negative for capital expenditure (see Table 2).

However, the Durbin-Watson statistic is still high for regression (6) at 2.50 suggesting there may be the presence of negative serial correlation in the error terms. Thus, regression (7) uses the AR (1) technique to correct for the presence of first-order serial correlation in the residuals of the regression model. Only variables that were significant or close to significant for previous regressions were included. The impact is immediate as all variables are significant and the adjusted R-squared value is high at 0.81. The results confirm a negative relationship with defense spending and growth, such that a 1 percent rise in total military expenditure (as a ratio to GDP) in Uganda from 1983 to 2004 was significantly associated with a 0.04 percent fall in per capita income growth. Regression (8) uses the same AR (1) technique and replaces the total military expenditure variable with its disaggregated components. Unexpectedly, recurrent military expenditure has a significantly negative relationship with growth while capital expenditure has a positive relationship, albeit insignificant at the 5 percent level. As previously discussed, recurrent military expenditure makes up the majority of total military expenditure in Uganda, which suggests it is driving the negative relationship between total military expenditure and growth. This is confirmed by a slightly higher coefficient for recurrent military expenditure in regression (8) than total military expenditure in regression (7), -0.048 and -0.041, respectively. The trade openness and debt service variables both had significantly negative relationships with growth in regression (7). As previously mentioned, the negative effect of trade openness may have been caused by a rise in imports that reduced the competitiveness of domestic firms. An alternative explanation may be that trade liberalization is accompanied by a reduction in tariffs and government revenue, which diminishes the available resources for development. Similarly, lower revenues from tariffs will reduce the government's ability to make its debt service payments. Export earnings are also used to finance debt service payments, and if trade liberalization did not increase export earnings, additional government resources will be shifted to finance debt instead of growth.

The question remains as to how military capital expenditure, which is composed of weapons and equipment procurement, is making a positive contribution to growth in Uganda. It does not make sense in light of the theoretical costs associated with capital expenditure for the military: loss of foreign exchange, erosion of the balance of payments, and investment goods unsuitable for the civilian economy. One explanation may be the magnitude and significance of the negative correlation between the two types of military expenditure on investment (see Table 2). Recurrent military expenditure has a significantly negative correlation with investment (-0.44) while capital expenditure has an insignificant correlation (-0.10). This suggests capital expenditure in the military reduces the economy's capital stock less than recurrent military expenditure. In addition, capital expenditure might provide some unexpected externalities on the civilian economy such as technology or labor enhancement. It could be that skills associated with this type of expenditure are linked to human capital development through operating technical equipment, even if it is equipment used strictly for defense-related purposes. Another explanation could be capital expenditure has a larger marginal impact in executing security objectives. Although not measured specifically in the model, using civil liberties as a proxy for security reveals capital expenditure has a positive correlation with this variable while recurrent expenditure has a negative correlation (see Table 2). It follows that the economic-security returns may be higher on the purchase of military hardware in a labor-intensive army than recruiting additional soldiers. In other words, spending money on soldiers does not necessarily create a more effective army as recurrent military expenditure is an economic input, not a security output. However, capital expenditure increases the capital-per-soldier ratio and ultimately the output (security) per soldier. While this was not the primary focus of the study, it may better explain the security-growth link within the two components of military expenditure.

Two additional regressions were taken to confirm the robustness of the baseline results in regressions (7) and (8). In regression (9), the aggregate military expenditure and foreign aid variables were lagged by one period in order to isolate any exogenous influence of these variables on growth. Regression (9) reports a lower Durbin-Watson statistic (2.00), but the adjusted R-squared value was only 0.35. Thus, the regression's explanatory power is drastically reduced, which is confirmed by the absence of significant variables. Regression (10) replaces total military expenditure with its disaggregated components lagged one period. The foreign aid and recurrent military expenditure variables were the only significant variables, and both were negatively related to per capita income growth. The fact that the model loses the significance of its coefficients suggests there is multicollinearity between the measures of military expenditure and aid (both as a ratio to GDP). The problem of multicollinearity is also confirmed by the significant correlation (-0.52) between military expenditure and foreign aid in Table 2. This is to be expected since the foreign aid variable is likely acting as a proxy for policy reform in HIPC economies like Uganda. As a result, Table 4 summarizes the regression results for the previous regressions without the foreign aid variable. The most immediate change in the regression result is that the population growth coefficient went from positive to negative with the removal of the foreign aid variable, although it is not statistically significant from zero. However, the negative relationship with population growth and growth is consistent with previous literature (Ghura and Hadjimichael 1995). The reversal in the coefficient sign could be due to the fact that aid to Uganda was an effort to reduce the prevalence of HIV/AIDS, which was decimating the population, suggesting more aid arrived as deaths increased. In addition, the Durbin-Watson statistics are within the 1.5 to 2.0

range, which implies there is an absence of serial correlation in the residuals. However, the explanatory power of the model is reduced as the highest adjusted R-squared value achieved by any of the new regressions is 0.45, nearly half the value of the previous regressions in Table 3. This is confirmed by the fact that there are a total of only six significant coefficients in Table 4 whereas Table 3 has thirty-six. These findings reflect a strong relationship between aid inflows and a reduction in military expenditure. Particularly during the HIPC period, aid inflows were conditional on reductions in the fiscal deficit, and a cut in military expenditure (particularly public-sector wages) was a means to achieve that policy goal. The results without the aid variable add little to the previous regressions other than the fact that the historical relationship between aid and military expenditure in Uganda is a source of multicollinearity.

CONCLUSION

This study confirms previous literature that found a negative relationship between aggregate military expenditure and growth in developing countries (Ball 1983; Lim 1983; Faini et al. 1984) and sub-Saharan Africa (Gyimah-Brempong 1989; Olaniyi 2002; Mohammed and Thisen 1996). However, it found a significantly negative relationship between aggregate military expenditure and growth while the majority of previous studies found only an insignificantly negative relationship. This confirms the earlier hypothesized paradigm that sub-Saharan Africa experiences less of the positive benefits associated with military expenditure compared to other developing regions due to the scarcity of resources and lack of externalities beneficial to the civilian economy. This study further explains the negative relationship between aggregate military expenditure and growth. In the case of Uganda, defense spending is dominated by recurrent expenditure, which has an inflationary effect on the economy, meaning that constraints in the supply of the factors of production are the primary barriers to growth, not a shortage of aggregate demand. The inflationary effect was also caused by the volume of defense resources being used for external threats in countries like the Congo or Rwanda. Such expenditure will not translate into a benefit for the economy unless it provides regional stability, and usually those effects are more long term.

The use of disaggregated data in this study revealed a surprising positive relationship with capital military expenditure and growth, although it was insignificant at the 5 percent level. Even though the relationship is not conclusive, it is still an important contribution to the literature. It suggests there is a positive externality associated with the purchase of military hardware most likely due to the human capital development through using defense machinery and technology, even if it doesn't have a direct civilian application. The existence of externalities has been found in previous sub-Saharan African literature (Mohammed and Thisen 1996), but it is generally related to the skilled labor supply. Another explanation follows economic theory that increasing the capital-per-worker ratio increases output and productivity. Additional military hardware raises the capital-per-soldier ratio and increases the soldier's productivity in providing security. Although not the original focus of the study, this fact provides a different perspective on the security-development nexus.

This study serves as an entry point for further research because of its use of disaggregated data, the emphasis on compositional effects, and its focus on a single country. Like previous studies that used a nuanced approach for analysis (Looney and Frederiksen 1986; Stewart 1991; Aizenman and Glick 2003), this study deepens the understanding of the defense-growth relationship. Future studies will have better explanatory power if the quality of military data improves to facilitate longer time-series analysis (more than this study's twenty-two observations) or the use of panel data. More observations would have been beneficial for this study since the high number of conditioning variables in the growth model diminished the degrees of freedom (Gujarati 2002). An important component missing from this study's growth model was a human capital variable due to unavailability of data. A case study that includes this variable may have more robust results on the interaction of military expenditure and growth. This study focused on the direct relationship between defense spending and growth, but there is not a clear understanding of the impact of the military on the indirect channels of growth, such as human capital, investment, technology, labor, or security. Examining these indirect channels would be facilitated even by qualitative country case studies that observe the extent to which externalities from the military have penetrated the civilian economy. In the absence of detailed data, qualitative studies may provide the best analysis of these indirect channels. Such studies would focus on the degree to which soldiers learn management or technical skills in the army, soldier retention rates, and soldiers' reintegration into the civilian economy.

Further research is also needed for a more thorough understanding of the defense and development nexus. For instance, Uganda's involvement in the Congo and Rwanda ultimately has a negative impact on growth because the costs are borne in the present. However, it may be that the benefits of stability may not be captured until far in the future. This study used a one-year lagged variable for military expenditure, but future studies may include much longer lags in order to capture the delayed effects of military expenditure. Similarly, much research is needed on a better understanding of which components of military expenditure provide the highest security returns in sub-Saharan Africa. For example, additional training or infrastructure may yield higher returns to security than additional personnel given the labor-intensive nature of African armies.

In conclusion, this study sought to contribute to a small body of literature on military expenditure and growth in sub-Saharan Africa by using disaggregated data in a country case study of Uganda to increase the explanatory power of its results. While the findings suggest a negative relationship between military expenditure and growth in Uganda, just as important of a finding is that different components of military expenditure have varying effects on growth. A continued effort to understand this complex defense-growth relationship will better inform development organizations and policy makers who are involved in finding the optimal allocation of scarce budgetary resources in sub-Saharan Africa. Without such analysis, it will be difficult to reach development goals.

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ENDNOTES

[1] Based on information from the Stockholm International Peace Research Institute (www.sipri.org). The time period is from 1997 to 2006.

[2] Each fiscal year starts in May and ends in April of the following year. This study assumes that defense spending is continuous and smooth throughout the fiscal year. As Uganda's military budget is dominated by recurrent expenditure, the spending should be continuous since it is composed primarily of payments to soldiers. If the budget was dominated by capital expenditure there would have been reason to believe the spending was discontinuous due to large purchases of hardware.

[3] See 1.

[4] See 1.

[5] In a time-series analysis, variable X (military expenditure) is said to Granger-cause variable Y (economic growth) if Y can be better predicted using historical values of both X and Y compared to using only the historical values of Y. In order for military expenditure to be exogenous to economic growth, then military expenditure must fail to Granger-cause growth. Exogeneity of these variables is an important condition for using the Ordinary Least Squares model.

[6] Data for variables, unless otherwise noted, is from World Bank (2007).

[7] Definition provided by World Bank Development Indicators for "Official Development Assistance" via Economic and Social Data Service (www.esds.ac.uk).

[8] Definition provided by World Bank Development Indicators for "Money and quasi money (M2) as % of GDP" via Economic and Social Data Service (www.esds.ac.uk).

[9] Definition from Freedom House (www.freedomhouse.org).

[10] See 9.

Table 1 — Definition and Source of Regression Variables[6]

YGPC	Growth in per capita real GDP.
TIY	Fixed capital formation (investment) as a ratio to GDP.
PG	Population growth.
ODA	Official Development Assistance as a ratio to GDP. Official development assistance "consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare."[7]
TME	Total military expenditure as a ratio to GDP. Data collected from research report conducted by Omitoogun (2003). For more information on data reliability see Chapter 4.
FGC	Final government consumption expenditure as a ratio to GDP.
BRD	Money supply (M2) as a ratio to GDP. M2 is the "sum of currency outside banks, demand deposits other than those of the central government, and the time, savings, and foreign currency deposits of resident sectors other than the central government."[8]
TRD	Sum of imports and exports as a ratio to GDP.
RER	Percentage change in the real exchange rate.
INFL	Annual rate of consumer price inflation.
TOT	Percentage change in terms of trade.
DBT	Annual change is debt service payments as a ratio to exports.
CL	Index of civil liberties used by Freedom House based on a value 0 to 6 with 6 being the highest score. Civil liberty is defined as "freedoms of expression and belief, associational and organization rights, rule of law, and personal autonomy without interference from the state."[9]
PR	Index of political rights used by Freedom House based on a value of 0 to 6 with 6 being the highest score. Political freedom is defined as "the right to vote freely in elections, participate freely in the political process, compete for office, and join political parties."[10]
RME	Recurrent military expenditure as a ratio to GDP. Data obtained from research report by Omitoogun (2003). Recurrent military expenditure includes payments to personnel and operations and maintenance (O&M) costs.
MDE	Military development expenditure as a ratio to GDP. Data obtained from research report by Omitoogun (2003). Military development expenditure includes weapons and equipment acquisitions as well as military construction.
HIPC	Dummy variable to account for the years Uganda received assistance as part of the HIPC program. Years where Uganda received HIPC assistance take a value of 1 and years without receiving assistance take a value of 0.

Table 2 — Matrix of Simple, Pair-Wise Correlation Coefficients.

	$YGPC_{t-1}$	TIY	PG + 0.05	ODA	TME	FGC	BRD	TRD	RER	INFL	TOT	DBT	CL	PR	HIPC	RME	MDE
YGPC	**0.56**	0.10	-0.11	-0.12	**-0.40**	0.02	-0.24	-0.04	-0.12	**-0.48**	0.11	-0.10	0.20	-0.25	**0.45**	**-0.37**	0.06
	0.003	0.333	0.307	0.295	0.033	0.456	0.139	0.430	0.298	0.013	0.308	0.329	0.192	0.131	0.018	0.046	0.388
$YGPC_{t-1}$	1	0.00	-0.33	0.06	-0.18	**0.39**	0.16	0.20	-0.28	**-0.71**	0.25	-0.29	0.04	-0.30	0.48	-0.06	-0.32
		0.495	0.069	0.392	0.209	0.036	0.245	0.188	0.103	0.000	0.134	0.093	0.438	0.084	0.012	0.395	0.073
TIY		1	**0.39**	0.29	**-0.43**	0.20	0.06	**0.60**	-0.09	0.21	-0.13	-0.13	0.27	0.20	0.08	**-0.44**	-0.10
			0.037	0.096	0.024	0.185	0.388	0.002	0.353	0.173	0.284	0.276	0.116	0.191	0.365	0.019	0.333
PG + 0.05			1	**0.54**	**-0.43**	-0.18	**-0.41**	-0.04	-0.14	**0.57**	-0.07	0.35	0.11	0.01	**-0.67**	**-0.43**	-0.08
				0.005	0.024	0.218	0.030	0.425	0.270	0.003	0.382	0.055	0.312	0.477	0.000	0.024	0.368
ODA				1	**-0.52**	0.09	-0.32	-0.02	-0.28	0.16	-0.06	0.09	0.26	0.26	-0.25	**-0.51**	-0.20
					0.007	0.344	0.071	0.462	0.102	0.239	0.394	0.348	0.121	0.117	0.128	0.008	0.190
TME					1	-0.05	0.33	-0.15	0.09	-0.03	0.12	-0.04	-0.16	-0.16	-0.06	**0.89**	0.21
						0.406	0.070	0.246	0.351	0.442	0.302	0.428	0.239	0.240	0.394	0.000	0.170
FGC						1	0.30	0.18	-0.01	-0.30	0.01	0.05	-0.01	0.08	0.06	0.08	**-0.41**
							0.086	0.209	0.485	0.091	0.491	0.421	0.490	0.367	0.400	0.356	0.030
BRD							1	**0.36**	-0.06	**-0.44**	0.19	-0.31	-0.02	-0.19	0.07	0.26	0.09
								0.050	0.400	0.020	0.198	0.082	0.470	0.203	0.375	0.120	0.337
TRD								1	-0.21	-0.13	0.12	**-0.51**	-0.09	0.11	0.08	-0.09	-0.28
									0.179	0.288	0.305	0.008	0.348	0.306	0.356	0.347	0.106
RER									1	0.31	-0.25	-0.08	**-0.38**	-0.01	0.07	-0.01	0.17
										0.078	0.135	0.365	0.042	0.480	0.386	0.476	0.227
INFL										1	-0.33	0.21	0.04	0.21	**-0.38**	-0.09	0.07
											0.066	0.174	0.431	0.180	0.039	0.342	0.375
TOT											1	0.19	0.04	-0.02	-0.04	0.28	-0.06
												0.203	0.430	0.472	0.422	0.100	0.403
DBT												1	0.14	-0.04	-0.34	0.04	-0.04
													0.267	0.437	0.060	0.427	0.424
CL													1	-0.11	0.05	-0.16	0.03
														0.308	0.421	0.243	0.454
PR														1	0.11	-0.13	-0.03
															0.313	0.287	0.446
HIPC															1	-0.10	0.10
																0.336	0.326
RME																1	-0.17
																	0.226
MDE																	1

N.B. (1) Numbers in bold are significant at the 5% level (2) The numbers in italics are the p-values (3) Variables are taken as the first difference of the natural log.

Table 3 — Estimate of the Growth Equation.

	Regression Number									
Explanatory Variables	1	2	3	4	5	6	7	8	9	10
Key Variables										
$YGPC_{t-1}$	**0.5726**	**0.5293**	0.3205	0.2185	-0.1230	-0.0069	**0.3212**	**0.4066**	0.0251	-0.3025
	0.013	0.015	0.134	0.461	0.748	0.986	0.058	0.032	0.946	0.368
TIY	0.0273	-0.0098	**0.1593**	0.2129	0.1184	0.1556	**0.2134**	**0.1984**	0.1712	0.1238
	0.714	0.885	0.038	0.098	0.445	0.348	0.003	0.007	0.155	0.205
PG + 0.05	4.5280	11.2618	8.2501	-0.9308	33.4081	0.8564	**40.5356**	**38.9424**	-6.4296	8.0070
	0.852	0.664	0.698	0.986	0.604	0.990	0.014	0.026	0.880	0.758
ODA	---	**-0.0624**	**-0.0702**	**-0.0851**	**-0.0749**	**-0.0857**	**-0.0968**	**-0.0956**	---	---
	---	0.048	0.007	0.010	0.031	0.026	0.000	0.000	---	---
ODA_{t-1}	---	---	---	---	---	---	---	---	-0.0190	**-0.1165**
	---	---	---	---	---	---	---	---	0.644	0.020
TME	---	**-0.0790**	-0.0473	-0.0610	-0.0512	---	**-0.0417**	---	---	---
	---	0.032	0.096	0.097	0.189	---	0.043	---	---	---
TME_{t-1}	---	---	---	---	---	---	---	---	-0.0338	---
	---	---	---	---	---	---	---	---	0.587	---
Policy- Related Variables										
FGC	---	---	-0.0275	-0.0033	0.0355	0.0410	---	---	---	---
	---	---	0.407	0.941	0.505	0.435	---	---	---	---
BRD	---	---	**-0.1018**	**-0.1217**	**-0.1396**	**-0.1537**	**-0.0947**	**-0.0827**	-0.1177	-0.0897
	---	---	0.020	0.020	0.018	0.014	0.013	0.034	0.064	0.099
TRD	---	---	-0.1027	-0.1962	-0.1219	-0.1491	**-0.1755**	**-0.1370**	-0.0728	0.1118
	---	---	0.096	0.064	0.332	0.297	0.004	0.031	0.512	0.397
INFL	---	---	**-0.0290**	-0.0278	**-0.0359**	-0.0284	**-0.0328**	**-0.0288**	-0.0336	-0.0272
	---	---	0.022	0.079	0.055	0.131	0.003	0.010	0.146	0.113
Other Economic Variables										
RER	---	---	---	-0.0193	-0.0057	-0.0234	---	---	---	---
	---	---	---	0.546	0.891	0.607	---	---	---	---
TOT	---	---	---	0.0111	0.0134	0.0202	---	---	---	---
	---	---	---	0.342	0.313	0.199	---	---	---	---
DBT	---	---	---	-0.0368	-0.0419	-0.0420	**-0.0399**	**-0.0323**	-0.0170	-0.0364
	---	---	---	0.135	0.118	0.132	0.008	0.038	0.496	0.088
HIPC	---	---	---	-0.9632	1.3964	-0.2466	---	---	---	---
	---	---	---	0.728	0.663	0.942	---	---	---	---
Political Variables										
CL	---	---	---	---	0.0358	0.0250	---	---	---	---
	---	---	---	---	0.486	0.629	---	---	---	---
PR	---	---	---	---	-0.0602	-0.0567	---	---	---	---
	---	---	---	---	0.345	0.365	---	---	---	---
Disaggregated Military Variables										
RME	---	---	---	---	---	-0.0715	---	**-0.0485**	---	---
	---	---	---	---	---	0.130	---	0.032	---	---
RME_{t-1}	---	---	---	---	---	---	---	---	---	**-0.1689**
	---	---	---	---	---	---	---	---	---	0.018
MDE	---	---	---	---	---	-0.0012	---	0.0018	---	---
	---	---	---	---	---	0.872	---	0.710	---	---
MDE_{t-1}	---	---	---	---	---	---	---	---	---	-0.0053
	---	---	---	---	---	---	---	---	---	0.482
AR (1)										
	---	---	---	---	---	---	**-0.5651**	-0.4565	---	---
	---	---	---	---	---	---	0.032	0.080	---	---
Adjusted R-Squared	0.21	0.41	0.68	0.65	0.67	0.69	0.81	0.82	0.35	0.45
Durbin-Watson	1.89	1.91	2.05	2.72	2.64	2.50	2.48	2.48	2.00	2.17

N.B. (1) Numbers in bold are significant at the 5% level (2) The numbers in italics are the p-values (3) Variables are taken as the first difference of the natural log.

Table 4 — Estimate of the Growth Equation (Less ODA Variable).

	Regression Number									
Explanatory Variables	1	2	3	4	5	6	7	8	9	10
Key Variables										
$YGPC_{t-1}$	**0.5726**	**0.4521**	0.2708	0.7617	0.5529	0.7986	0.1425	0.2838	0.1222	0.0771
	0.013	0.047	0.317	0.105	0.611	0.500	0.593	0.332	0.684	0.809
TIY	0.0273	-0.0059	0.1522	**0.3156**	0.2679	0.2641	0.1392	0.1168	0.1716	0.1694
	0.714	0.936	0.112	0.035	0.131	0.196	0.144	0.235	0.140	0.140
PG + 0.05	4.5280	-12.7165	-17.7234	-115.0342	-94.4373	-119.1029	-9.3188	-6.5447	-13.7790	-29.3691
	0.852	0.620	0.491	0.113	0.348	0.336	0.732	0.811	0.718	0.429
TME	---	-0.0576	-0.0262	-0.0570	-0.0523	---	-0.0242	---	---	---
	---	0.121	0.445	0.177	0.265	---	0.488	---	---	---
TME_{t-1}	---	---	---	---	---	---	---	---	-0.0213	---
	---	---	---	---	---	---	---	---	0.693	---
Policy- Related Variables										
FGC	---	---	-0.0439	-0.0917	-0.0686	-0.0756	---	---	---	---
	---	---	0.309	0.138	0.573	0.573	---	---	---	---
BRD	---	---	-0.0889	-0.0752	-0.0949	-0.0927	**-0.1050**	**-0.1159**	**-0.1166**	-0.1086
	---	---	0.094	0.187	0.300	0.351	0.052	0.033	0.057	0.078
TRD	---	---	-0.0894	-0.2105	-0.1688	-0.1549	-0.1050	-0.0540	-0.0863	-0.0355
	---	---	0.251	0.085	0.245	0.383	0.229	0.568	0.407	0.762
INFL	---	---	-0.0273	-0.0092	-0.0158	-0.0082	-0.0308	-0.0281	-0.0293	-0.0210
	---	---	0.081	0.657	0.582	0.803	0.062	0.090	0.146	0.317
Other Economic Variables										
RER	---	---	---	0.0028	0.0125	0.0125	---	---	---	---
	---	---	---	0.939	0.836	0.843	---	---	---	---
TOT	---	---	---	0.0027	0.0047	0.0053	---	---	---	---
	---	---	---	0.849	0.846	0.834	---	---	---	---
DBT	---	---	---	0.0129	0.0040	0.0190	-0.0167	-0.0067	-0.0167	-0.0182
	---	---	---	0.678	0.948	0.771	0.460	0.779	0.488	0.448
HIPC	---	---	---	-6.1015	-4.9150	-6.5392	---	---	---	---
	---	---	---	0.110	0.488	0.421	---	---	---	---
Political Variables										
CL	---	---	---	---	0.0270	0.0367	---	---	---	---
	---	---	---	---	0.725	0.649	---	---	---	---
PR	---	---	---	---	-0.0300	-0.0059	---	---	---	---
	---	---	---	---	0.832	0.968	---	---	---	---
Disaggregated Military Variables										
RME	---	---	---	---	---	-0.0592	---	-0.0163	---	---
	---	---	---	---	---	0.294	---	0.620	---	---
RME_{t-1}	---	---	---	---	---	---	---	---	---	-0.0566
	---	---	---	---	---	---	---	---	---	0.300
MDE	---	---	---	---	---	0.0004	---	0.0080	---	---
	---	---	---	---	---	0.971	---	0.341	---	---
MDE_{t-1}	---	---	---	---	---	---	---	---	---	-0.0041
	---	---	---	---	---	---	---	---	---	0.623
Adjusted R-Squared	0.21287	0.27951	0.4501	0.442017	0.33106	0.279308	0.42819	0.43644	0.3943	0.39665
Durbin-Watson	1.89475	1.85219	1.51965	1.979654	1.87943	1.708762	1.76997	1.63167	1.83489	1.83597

N.B. (1) Numbers in bold are significant at the 5% level (2) The numbers in italics are the p-values (3) Variables are taken as the first difference of the natural log.

Water Management Challenges in South Africa:

Alleviating Water Stress and Scarcity Through Wind-Powered Desalination Technologies

by Daniel Coutinho

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ABSTRACT

This article examines the fundamental problem of water scarcity in South Africa and demonstrates how wind-powered reverse osmosis desalination technology offers a viable alternative to augment the current domestic water supply. Case studies from Algeria and the Canary Islands illustrate the experiences of those two countries in the adoption of desalination technologies for converting seawater to drinking water. In addition to easing water shortages and averting a looming water crisis, desalination technologies present broader opportunities for South Africa to establish itself as a key player in the water supply industry while tapping into the large potential market for such technologies.

INTRODUCTION

Worldwide demand for water has never been as great as it is today. Due to population growth and mobility, rising living standards, changes in food consumption, and increased energy production, especially of biofuels, demand will only increase further. Almost 4,000 cubic km of freshwater is extracted annually from worldwide freshwater sources for human consumption, the majority of which—67 percent—is used by the global agricultural sector (FAO 2007). (See Figures 1 and 2.)

According to the Food and Agriculture Organization of the United Nations (FAO), the agricultural industry has captured most of the world's freshwater resources but with little accountability for efficient water use. However, the pattern of disproportionate water use by the agricultural industry is changing rapidly as demographic growth and economic development have placed immense pressure on water supplies, especially in arid regions (FAO 2007).

Figure 1 — World water use in 2005. (Source: Climate Institute n.d.)

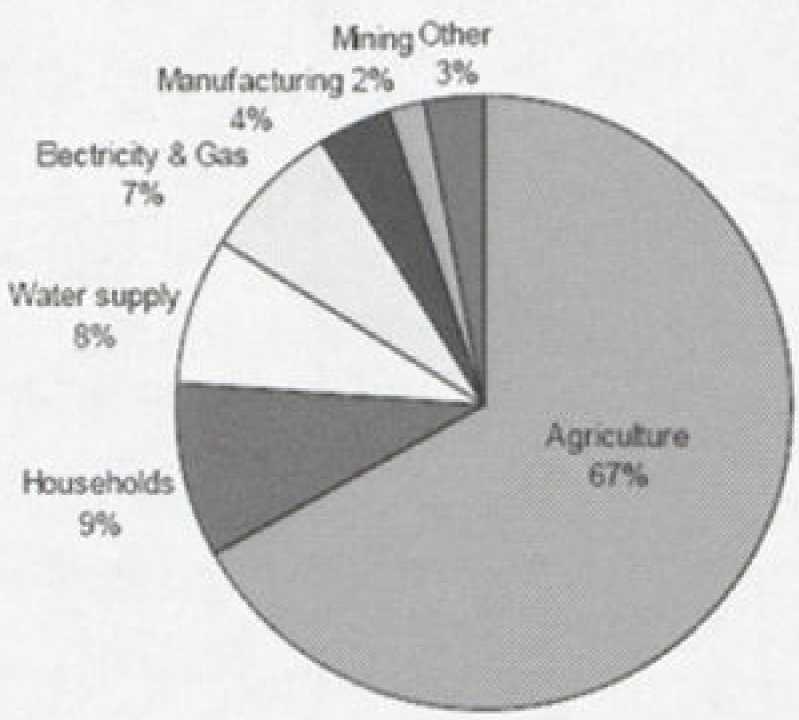
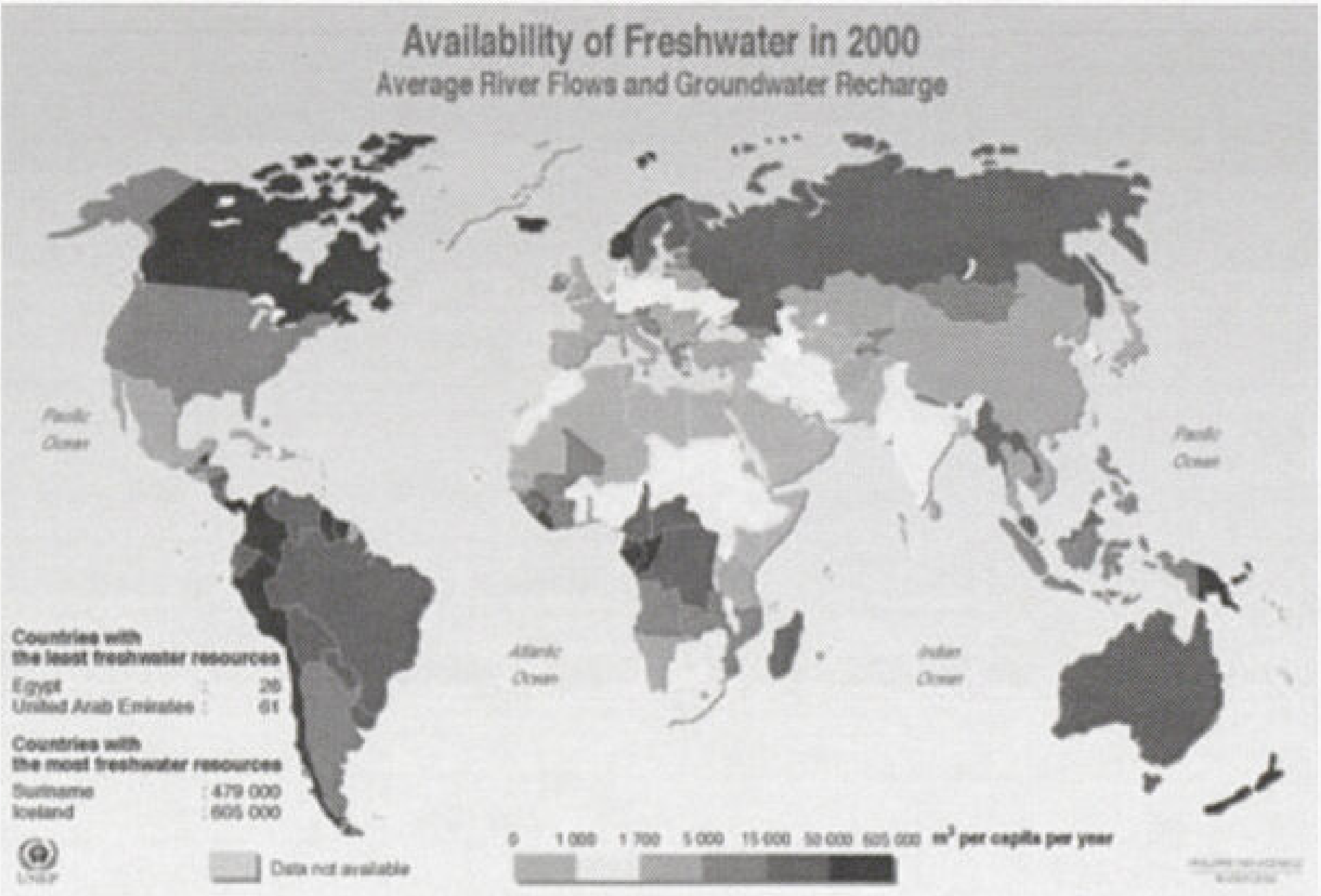


Figure 2 — Worldwide availability of freshwater in 2000. (Source: Climate Institute n.d.)



As the global population continues to rise, more water will be needed for domestic and industrial use worldwide. Currently, there is fierce competition for water in both urban fringe zones and remote areas in developing countries. However, thanks to environmental movements, worldwide awareness that a portion of available surface water must be left to follow its natural course to protect aquatic life is growing (FAO 2007).

Most of the world is on track to meet the United Nations (UN) Millennium Development Goal's drinking-water target, which is to provide drinking water access to an additional 1.1 billion people between 2005 and 2015. However, a report by the United Nations Educational, Scientific and Cultural Organization (UNESCO) notes that sub-Saharan Africa is seriously lagging behind with about 340 million people lacking access to safe drinking water in 2009 (UNESCO 2009).

KEY FACTORS AGGRAVATING WATER SCARCITY

Population growth, urbanization, high levels of consumption, and climate change all contribute to increasing water scarcity. According to the Climate Institute, world population has tripled in the last century and is expected to rise from the present 6.5 billion to 8.9 billion by 2050 (Climate Institute n.d.). In the last century, water use has been growing at more than twice the rate of population growth, and although water scarcity is not a worldwide problem, a number of regions—including Southern Africa—are chronically short of freshwater resources. Growing urbanization will further increase demand for water as populations become more concentrated. Cities in Asia alone are expected to grow by one billion people in the next twenty years. As the world becomes more developed, the amount of domestic water used by each person is expected to rise significantly. Finally, climate change exacerbates these trends as disappearing glaciers, increasing droughts, and saltwater intrusion shrink the resources of freshwater.

DESALINATION TECHNOLOGIES: BACKGROUND AND OVERVIEW

Desalination removes salt and other particles from seawater, making it suitable for human consumption. In light of droughts, increases in population, and changes in the infrastructure of drinking water purification systems, desalination methods have emerged as popular, affordable, and necessary. Through distillation and reverse osmosis (RO), water treatment plants can remove most of the salt and impurities in saline water, providing a clean and ingestible supply.

There's an abundance of saltwater in the world's oceans, and researchers have developed a variety of processes that can remove the salt and other impurities to create freshwater. Desalination by distillation uses evaporation to separate impurities, including salt, from pure water. Distillation has the advantage of using thermal energy, such as sunlight, thus saving electricity costs. However, its recovery rate—the amount of freshwater created as a percentage of impure water—is lower than in RO.

With RO, the feedwater can be either saltwater or recovered "gray" water from a city's waste supply. The force of a fan presses feedwater through porous membranes that allow water molecules to permeate but do not allow salt and pollutants through. RO is more energy-intensive than distillation but boasts a recovery rate of close to 50 percent. Given the abundance of wind as a renewable energy source in South Africa, high-yield RO technologies have the potential to ease current water shortages and avert the looming water crisis.

While the adoption of desalination technologies can present challenges (for example, the negative environmental impact of brine discharge, or the need to position wind farms correctly), the benefits of these technologies outweigh the costs when managed correctly.

FEASIBILITY ANALYSIS OF WIND-POWERED REVERSE OSMOSIS DESALINATION

Given the implications of wind-powered RO desalination for South Africa, it is imperative to examine the cost structure behind these technologies.

The costs of water produced by desalination have fallen significantly in recent years. The decline is a consequence of reductions in the price of equipment, reductions in power consumption, and advances in system design and operating expenses (Zhou and Tol 2005). As traditional water supplies become more expensive due to overexploitation of aquifers and increasingly scarce surface water resources, desalted water is a viable alternative water source. The cost of desalination is competitive with operation and maintenance costs of long-distance water transport systems (Ettouney et al. 2002).

However, the costs of desalination vary significantly depending on size and type of the desalination plant, source and quality of incoming feedwater, plant location, site conditions, qualified labor, energy costs, and plant lifetime. For example, lower feedwater salinity requires less power consumption and dosing of anti-scale chemicals (Zhou and Tol 2005). Larger plant capacity reduces the unit cost of water due to economies of scale.

As with most new technologies, progress in water desalination technologies has been rapid. The unit cost of desalination has fallen considerably in the past fifty years, primarily due to advancing technology in desalination and membrane fields as well as accumulated experiences. The cost of desalinating seawater in 1960 was approximately \$9.00/m^3, compared to \$0.60/m^3 for desalination by RO in 2005 (Zhou and Tol 2005). There is no reason to believe that the trend will not continue. RO has shown great potential to become the most economical process for seawater desalination in the future. As wind-powered technologies and practices grow, the cost of desalination is expected to further decrease (Zhou and Tol 2005).

Examining the costs associated with wind-driven desalination confirms from an economic perspective that South Africa would be justified to implement these technologies. Support for start-up desalination ventures could take the form of public-private partnerships involving private firms, venture capitalists, and government agencies. Alternatively, initial funding could be derived entirely from government resources in the short-to-medium term, with a view to privatizing national desalination activities in the long term.

WATER IN SOUTH AFRICA

According to the South African Water Research Commission (n.d.), South Africa suffers from perennially low rainfall (500 mm per year, compared to the world average of 860 mm per year). The low rainfall poses a challenge to agriculture, the environment, and public health.

South Africa has very limited natural hydrologic resources. In addition to low yearly rainfall, the country has few rivers and zero snowpack. Due to high evaporation rates, only 8 percent of rainfall is converted into useable runoff. The shortage is exacerbated by population settlement patterns that have concentrated communities around mineral deposits rather than water sources, leading to a geographic mismatch between water need and availability (Francis 2005). According to the World Resources Institute, 72 percent of the nation's water resources go to the agricultural sector (World Resources Institute n.d.).

Water resource distribution and use in South Africa continues to be characterized by inequity between Whites and Blacks and urban and rural populations. During the apartheid regime, water rights were distributed based on land ownership, essentially excluding all Blacks. As recently as 2000, a mere 27 percent of Black households had access to running water, compared to 96 percent of White households (Francis 2005). As of 2002, per capita water use in Black areas was one-twentieth of that in White areas (Perret 2002). The difference between rural and urban regions is also substantial, with more than two-thirds of the people lacking access to clean drinking water living in rural areas (UNESCO 2006).

In 2001, 12 to 16 million South Africans lacked potable drinking water, representing about one-third of the total population. An even greater number (18 million, or 40 percent of the population) lacked adequate sanitation (Francis 2005).

Finally, as of 1998, 70 percent of urban Blacks did not have access to running water and instead were relying on contaminated river systems for daily water needs (Percival and Homer-Dixon 1998). Consequently, the wider health of South African society is at risk as the probability of certain public health epidemics—including cholera, gastroenteritis, dysentery, typhoid, and parasitic infections—rise with low access to clean water.

CASE STUDY 1: HAMMA SEAWATER DESALINATION PLANT, CITY OF ALGIERS, ALGERIA

Over the last half century, Algeria has experienced a considerable demographic shift as large numbers of rural dwellers moved to urban areas. More than 2.5 million people moved from rural areas to the city of Algiers, placing a severe strain on the city's water supply and infrastructure. As a result, residents faced serious water shortages, often receiving water for only a few hours each day or only once every three days (General Electric Company 2010).

In response, the Algerian government invested substantially in constructing new dams. However, persisting drought conditions have prevented the dams from producing a significant increase in the nation's water reserves. Algiers also implemented a comprehensive overhaul of its water distribution system, which reduced water losses by 15 percent. Despite these improvements, though, Algiers continued to face a severe water shortage (General Electric Company 2010).

To alleviate the water shortage, Algiers was in need of a long-term water supply that could meet the rising urban water demand in a sustainable manner. While Algeria faces limited surface water and groundwater supply, the Mediterranean Sea offers a potentially plentiful new source of water. Desalination technology would enable Algiers to draw on the sea as a practically limitless source of raw water that could be reliably and cost-effectively converted into clean drinking water.

In 2008, after an international tendering process involving leading global desalination companies, Hamma Water Desalination SpA was selected to design, build, own, and operate the 200,000 m^3/day Hamma Seawater Desalination Plant (SWDP), an RO seawater desalination facility intended to substantially reduce water scarcity in Algiers (General Electric Company 2010).

The Hamma Water Desalination plant was Africa's first and largest reverse osmosis desalination plant to be funded by public and private investment. Public-private partnerships (PPP) are increasingly replacing government-funded, large-scale water projects. Through these partnerships, private enterprise assumes the developmental and financial risks, leverages its technical capabilities in desalination, and provides government and municipalities with an affordable, reliable water supply. The approach is opening up new opportunities for constructing and operating much needed water projects. In the case of the Hamma SWDP we see a PPP-based seawater treatment solution that provides approximately two million Algiers residents with a reliable and drought-proof supply of fresh water.

The achievement is due, in part, to the use of RO technology. Previously used only for relatively small and specialized pure water applications, RO technology is gaining wider acceptance as a mainstream water treatment solution in large-scale plants. Because the cost of producing water with RO membranes has fallen by more than 80 percent in the last twenty years, seawater desalination is an increasingly affordable option for nations such as Algeria and South Africa that must cope with increasing water stress.

CASE STUDY 2: ADOPTION OF DESALINATION TECHNOLOGIES IN THE CANARY ISLANDS

Located north of the Mediterranean Sea, the Canary Islands are a Spanish archipelago with a population of approximately two million. Water supply in the Canary Islands has been persistently scarce in the past few decades, as the island faces constant drought due to average yearly rainfall totaling just 300 mm (Veza 2001).

The Canary Islands first introduced desalination technology in 1988 (Veza 2001). Since the installation of the first desalination plant, the use of desalination to obtain water for domestic and agricultural use has continued to increase. In 2000, the volume of water provided by desalination plants represented 20 percent of total daily water needs in the country (Veza 2001).

Desalination in the Canary Islands is limited by cost and geography. However, the most prominent challenge in the Canary Islands is the high-energy requirement of desalination, which has placed a progressively cumbersome economic strain on increasing the production capacity of desalinization plants. Desalination and pumping of fossil water utilize approximately 30 percent of all electrical consumption in the Canary Islands (Calero and Carta 2004).

Energy constraints are particularly critical in island states because energy supply is low and often dependent on external sources of fuel. In the Canary Islands, the energy supply is derived almost entirely from imported oil, which supplies the country's nine thermal power plants (Calero and Carta 2004). However, the Canary Islands, like South Africa, enjoy an abundant supply of renewable energy through wind and solar radiation. Wind energy is particularly attractive in both countries because wind resources are sufficiently intense and consistent (Calero and Carta 2004).

Industrial desalination technologies in the Canary Islands have been focused mainly on distillation and membrane technology, although there has been interest in seawater RO, as this process requires significantly lower energy consumption (Garcia-Rodriguez 2003). Because RO has low energy requirements and coastal regions in the Canary Islands present a high availability of wind resources, wind-powered desalination has been hailed as the most promising alternative to renewable energy desalination (Garcia-Rodriguez 2003).

POLICY PRESCRIPTION 1: WIND-COUPLED REVERSE OSMOSIS DESALINATION AS A POTENTIAL WINDOW OF OPPORTUNITY FOR LEADERSHIP IN THE INDUSTRY

In the sections above I posit that wind-powered RO desalination is a promising renewable energy–driven desalination system. Although wind-powered RO is hailed as the most promising alternative to conventional desalination technologies, research in this subject is limited. As of 2003, there was only one large-scale use of a wind-powered seawater desalination system in the world. Since then, there has been a modest increase in similar desalination systems, with only a few countries such as Australia opening large-scale wind-powered desalination plants as recently as January 2010.

This area of research was largely catalyzed by the Seawater Desalination by an Autonomous Wind Energy System project, which focuses principally on wind-power generation projects in the Canary Islands (Calero and Carta 2004). While preliminary studies have shown the potential use of this technology, there are still several limitations to wind-coupled desalination that require further research and development. Hence the field of wind-coupled desalination provides a window of opportunity for a country such as South Africa to become a key player in the industry.

Most desalination technologies today use fossil fuels, subsequently contributing to the output of immense amounts of greenhouse gas emissions (Calero and Carta 2004). South Africa should phase out fuel-based desalination technologies and advance into renewable energy–driven systems. However, the country also has the potential to skip over generations of technologies and leap further ahead to become the technological leader in wind-coupled RO technologies (Gallagher 2006).

Due to its abundance of wind resources, South Africa is well-positioned to do research in this field. Coupled with its vast tracts of open land and infrastructure, it has the potential to become a "wind powerhouse." Pioneers of South Africa's wind-power revolution believe that, in Western Cape Province alone, wind has the potential to generate ten times the official national wind energy estimates. The winds in the Western Cape Province are considered perfect for wind energy because prevailing winds come from two directions and tend to blow during peak electricity consumption periods.

Wind-coupled RO technology not only offers a window of opportunity for South Africa to become a key player in the field of desalination, but research into this topic also could lead to increasing the country's learning capabilities and could create incentives for "brain gain" by attracting specialists in desalination by technology-skill complementarities (Oyelaran-Oyeyinka and Lal 2006). Moreover, wind-coupled RO provides the potential for South Africa to improve its economy by tapping into the large potential market for installing wind-powered desalination technologies. Markets in islands in the Mediterranean Sea and the Indian Ocean are particularly appealing (Calero and Carta 2004).

In general, until a country has acquired the learning capacity to produce advanced technologies, its government or municipalities buy new technologies through licensing or joint venture arrangements with industrialized nations (Gallagher 2006). As there are currently no locally run desalination projects in South Africa, policy makers should create public research institutions to support technological catch-up in the field of renewable-energy desalination.

POLICY PRESCRIPTION 2: DEVELOPMENT OF PUBLIC RESEARCH INSTITUTIONS COUPLED WITH EXISTING RESEARCH INITIATIVES TO CATALYZE TECHNOLOGICAL CATCH-UP

By successfully implementing wind-driven desalination plants, South Africa can take the opportunity to become a regional leader in desalination while beginning the process of resolving its water crisis. The government of South Africa should look for ways to stabilize its exports by diversifying its economy, which is built mainly on volatile precious minerals such as gold and diamonds.

The aforementioned wind-powered desalination project could be implemented in South Africa by a foreign company that is a leader in this technology, as a form of foreign direct investment. As part of the contract, the government should require transfer of technical know-how to South Africa for use within the country.

There is a large potential market for wind-powered desalination plants in Southern Africa, the Indian Ocean, and beyond. If the technology transfer is successful, South Africa can diversify its economy through specialization in this technology. The wind-coupled RO desalination plants can be marketed to neighboring countries such the Comoros, Madagascar, Tanzania, and Namibia, all of which are currently water-scarce or water-stressed.

In addition to requiring that technology be transferred to South Africa in initial contracts, the government can also seek ways to partner with foreign universities to strengthen its capacity and competence in desalination. At present, Singapore has one of the world's largest and most energy-efficient desalination plants (Kiang et al. 2007). The National University of Singapore (NUS) Department of Mechanical and Production Engineering has played an important role in providing the country with a deep understanding of the technology by offering graduate research programs on desalination (Hawlader et al. 2000). It follows that South Africa should seek to develop avenues of collaboration with NUS and similar institutions to study desalination technologies.

In the longer term, to work toward this goal South Africa should build a world-class university focusing on wind-powered desalination. Universities can act as powerful partners in the development process, especially in developing countries (Juma and Yee-Cheong 2005). The university specializing in desalination should ideally be located close to domestic firms that manufacture desalination facilities and equipment. The role of this public institution would be to train students in the area of desalination, collaborate with private-sector firms in research and development, and identify the best ways for the firms to make their technologies adaptable to the local market.

In order to fully harness the aforementioned synergies and value added by research institutions, South Africa should promote public-private partnerships that concurrently encourage knowledge diffusion from public research institutions while drawing on the private sector to support desalination infrastructure and manufacturing. These linkages create a mechanism for cross-sector capacity building by linking the technical and intellectual resources of one sector to the financial resources of another.

This proposal, however, should not be viewed as an end but instead as a means toward creating an environment in which movement from research and development to commercialization and cluster formation can more easily occur. A desalination cluster will foster collaboration among a variety of actors, each of whom provides access to important inputs (adaptable skills, accessible technology, adequate financing, infrastructure, and communications) that are not exclusively provided by one sector (Gollub 1997).

South Africa can thus become a "first mover" in wind-powered desalination by investing in the most advanced levels of this technology. The country will need to build a hub of capacity and linkages through collaborations and public research institutions, which will allow it to have access to the latest research and the best human capital and capabilities to generate its own research. This is an ambitious but feasible plan for Africa's largest economy, which has the potential to tap into the large prospective market in wind-powered desalination.

CONCLUSION

While South Africa might be on the brink of water scarcity, it is clearly poised to harness significant opportunities associated with desalination of seawater for enhanced water provision. The decisions that policy makers take on how to alleviate water stress will, in part, determine the extent to which South Africa continues on its recent trajectory of sustained economic growth. The benefits of desalination are therefore twofold: in addition to addressing the immediate problem of water shortage, the positive spillovers from strategic and effective implementation of desalination technologies will extend to other areas of the economy.

By capturing first-mover advantage, South Africa can position itself to become a regional leader in the field while diversifying its economy. This path toward leadership begins with an appreciation of the lessons learned from Algeria and the Canary Islands. Through their experiences, we find that wind-powered desalination by reverse osmosis holds powerful implications for leadership in the industry. South Africa can catalyze the movement through strong support for public research institutions and partnerships with foreign investors.

Desalination is not without challenges. South Africa must carefully consider the environmental impact of brine discharge, correct positioning of wind farms, and the possible emergence of other regional leaders in the field. But despite these potential obstacles, the benefits of desalination far outweigh the potential costs and, if correctly implemented, South Africa can expect to reap the long-term benefits of improved water access as well as leadership in a dynamic and rapidly growing field.

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The Somali Solution to the Somali Crisis

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ABSTRACT

Somalia is often described as the example *par excellence* of a "failed state." Certainly the collapse in 1991 of the Somali state and the subsequent failure of what, to date, has been no fewer than fourteen attempts to reconstitute a central government underscore the difficulty faced by both Somalis and the international community as they try to resolve the long-running crisis. The recent flourishing of piracy off the country's coasts and the growing violence of an extremist Islamist insurgency within the country lend greater urgency to the search for a solution, which this essay argues is to be found in the largely unknown positive examples that have emerged from Somali society itself in Somaliland, Puntland, and other regions.

INTRODUCTION

Over the course of the last two decades, a considerable body of literature has developed on state weakness and state failure, most of it focused on either the causes of state failure (Rotberg 2002) or how to arrest the decline of weak states (Ghani and Lockhart 2008). There is broad consensus on what general steps need to be taken to shore up states where an internationally recognized functioning government has difficulty exercising control over national territory. Little work, however, has been done on what to do about completely collapsed states where no real central government can be found to provide any services to the citizens, much less to be perceived by them as legitimate. In fact, the only example of the totally collapsed state in the world today is Somalia, where the crisis of statelessness and its consequences—including rising extremism, ongoing conflict, and burgeoning maritime piracy—have bedeviled the international community for nearly two decades (Rotberg 2003). Thus media reports regularly describe Somalia in Hobbesian terms as "the only country in the world where there is no government" (BBC 2004). It is characterized by "a long-running, multisided battle for control" by heavily armed fighters (Robinson 2009) representing "a tangled web of clans and militias" (Mohamed and Childress 2009).

While the failure of national politics in what was, until 1991, the Somali Democratic Republic is indeed extreme, it would be erroneous to simply conclude that a political solution is precluded. However accurate a description the label "failed state" may be for the country's national politics, it does not do justice to the complex realities on the ground. In fact, what many journalists refer to as "Somalia" in their lurid accounts of the struggle for resources and power is really only the central and southern parts of the former national territory. Elsewhere in the Somali lands, away from the erstwhile capital of Mogadishu, alternative centers of power and stability have emerged, not only offering a distinctly Somali solution to the national crisis, but also challenging a number of widely held notions about how societies and economies operate, including "ideas about how politics operate in the absence of a government; how markets function without legal institutions and currencies; and how communities draw on customary forms of identity and organization to tap markets and weather extraordinary levels of instability" (Little 2003).

This article opens by reviewing the social, political, and historical context in which Somalia's state collapse took place. It then looks at the mechanisms that Somalis have used to cope with the challenge of statelessness and how clan elders, religious leaders, and business interests have worked together to provide security and stability in large parts of the country. This is contrasted with the failure of no fewer than fourteen internationally backed efforts to reconstitute a central government for Somalia. The article concludes with some considerations on how to engage with the nascent structures emerging among the Somali, recommendations that should be of interest to policy makers in other countries concerned with regional stability and international security, both of which are increasingly put under stress by the prolonged crisis of statelessness in Somalia.

THE CONTEXT OF STATE COLLAPSE

In order to appreciate both the role played by the state in Somali life and the consequences of its collapse, it is first necessary to acquire some appreciation for the traditional patterns of identity and social organization among the Somali. Somali identity is historically rooted in patrilineal descent (*abtirsiinyo*, meaning "reckoning of ancestors"), which determines each individual's exact place in society. At the apices of this structure are the "clan-families." According to the usual reckoning, the clan-families are five in number: Darod, Dir, Hawiye, Isaq, and Digil/Rahanweyn (also known as Digil Mirifle). The first four are reckoned "noble clans," while the agro-pastoral Digil/Rahanweyn occupy a second tier in Somali society. A third tier also exists in Somali social hierarchy, consisting of minority clans whose members historically carried out occupations such as metalworking and tanning, which, in the eyes of the nomadic "noble clans," rendered them ritually unclean (Lewis 1961).

The foremost living authority on Somali history and culture, British anthropologist I.M. Lewis, has noted that while "clan-family membership has political implications, in the traditional structure of society the clan-families never act as united corporate groups for they are too large and unwieldy and their members too widely scattered" (Lewis 1994). Consequently, the clan-families are segmented agnatically by reference to an eponymous ancestor at the head of each clan lineage. Within the clan, the most clearly defined subsidiary group is an individual's "primary lineage," which also represents the limits of exogamy. Within the primary lineage, an individual's primary identification is with what has been described as the "diya-paying group" (from the Arabic *diya*, "blood-wealth"), the basic unit of Somali society. The members of a diya-paying group, who generally trace descent from a common ancestor four to eight generations back, are united by formal political contract (*heer*) in collective responsibility for one another with respect to exogenous actors. If a member of a diya-paying group kills or injures someone outside the group, the members of that individual's group are jointly responsible for that action and will collectively ensure reparation. Conversely, if one of its members is injured or killed, the diya-paying group will either collectively seek vengeance or share in whatever compensation may be forthcoming. Of course, the nature of the clan system is itself very nuanced and, while rooted in blood relationships, is also historically a consequence of nomadic pastoral life, with its need to defend scarce resources, which results, over time, in an openness to the formation of new alliances and, even later, in new identities (Brons 2001).

"Somalia" itself, which historically had never been a unified political entity, was born out of a union between the British Protectorate of Somaliland, which became independent as the State of Somaliland on 26 June 1960, and the territory then administered by Italy as a United Nations (UN) trust, which had been an Italian colony before the Second World War. The latter received its independence a few days later on 1 July 1960, The two states, under the influence of the African nationalism fashionable during the period, entered into a union, even though—common language and religion notwithstanding—they had never developed a common sense of nationhood. Consequently, by the time Mohamed Siyad Barre seized power in October 1969, "it had become increasingly clear that Somali parliamentary democracy had become a travesty, an elaborate, rarefied game with little relevance to the daily challenges facing the population" (Lyons and Samatar 1995).

A year after taking over, Siyad Barre proclaimed the "Somali Democratic Republic," an officially Marxist state and tried to stamp out clan identity as an anachronistic barrier to progress that ought to be replaced by nationalism and "scientific socialism." The nonkinship term *jaalle* ("friend" or "comrade") was introduced to replace the traditional term of polite address *ina'adeer* ("cousin"). Traditional clan elders had their positions abolished or, at the very least, subsumed into the bureaucratic structure of the state. At the height of the campaign, it became a criminal offense to even refer to one's own or another's clan identity (Laitin 1976). Given how deeply rooted the clan identity was, it is not surprising that Jaalle Siyad Barre failed in his efforts to efface the bonds. Ultimately, it was the regime itself that simply dissolved. Siyad Barre ironically evolved over time from a Soviet client into a U.S. ally after former U.S. President Jimmy Carter broke with the Ethiopian regime of Mengistu Haile Mariam over the latter's increasingly repressive human rights record (Woodward 2006). Ultimately, the regime simply dissolved when Siyad Barre, caught between popular rebellions led by the Isaq and Darod in the north as well as a Hawiye uprising in central Somalia, was ignominiously chased out of Mogadishu in January 1991. By the time of the dictator's flight:

Somalia had fallen apart into the traditional clan and lineage divisions which, in the absence of other forms of law and order, alone offered some degree of security. The general situation now vividly recalled the descriptions of Burton and other nineteenth century European explorers: a land of clan (and clan segment) republics where the would-be traveler needed to secure the protection of each group whose territory he sought to traverse. (Lewis 2002)

When the Hawiye leaders—Muhammad Farah Aideed and Ali Mahdi—whose forces held sway over the abandoned capital, fell out with one other, the fighting and cutting off of food supplies brought about a humanitarian crisis that provoked global outrage. This led to no fewer than three successive international military interventions to secure more than ephemeral space for the flow of humanitarian assistance, specifically the United Nations Operation in Somalia I (UNOSOM I, April-December 1992), the United States–led Unified Task Force (UNITAF, December 1992-May 1993), and the United Nations Operation in Somalia II (UNOSOM II, March 1993-March 1995) (Hirsch and Oakley 1995). Following the UN's withdrawal, events in central and southern Somalia returned to the course they had been on before the brief interlude of international involvement. Thus armed clan factions, mobilized by powerful figures—referred to by Somalis with the traditional title formerly reserved for battle leaders, *abbaanduule*, and thus quickly dubbed "warlords" by foreign journalists—and sustained by the spoils of conflict, battled each other for control of territory and such economic assets as existed, including bananas for export (Luling 1997).

Meanwhile, in the absence of effective political structures of any kind, Islamic authorities cropped up in response to problems of crime, with *shari'a* (Islamic law) being a common denominator around which different communities could organize. As the Islamic legal authorities gradually assumed policing as well as adjudicating functions, those authorities having greater (namely, external) resources acquired greater influence. It should be noted that the Somali traditionally subscribe to Sunni Islam and follow the Shqfi'çschool (*mahdab*) of jurisprudence, which, although conservative, is open to a variety of liberal views regarding practice. Throughout most of historical times up to independence in 1960, while there were different movements within the Sunni Islam in Somalia, the most dominant among the populace were the Sufi brotherhoods (sing., *tar qa*, pl. *turuq*), especially that of the Qadiriyya order. However, the Ahmadiyya order, introduced into Somali lands in the nineteenth century, was also influential (Lewis 1998). While traditional Islamic schools and scholars (*ulam*) played a role as focal points for rudimentary political opposition to colonial rule in Italian Somalia, historically their role in the politics of the Somali clan structure was neither institutionalized nor particularly prominent. In part this is because historically *shari'a* was not especially entrenched in Somalia; being largely pastoralists, the Somali relied more on customary law (*xeer*) than on religious prescriptions (van Notten 2005). Hence, Somali Islamism is largely a postcolonial movement that became active in the late

1980s and, absent the collapse of the state and the ensuing civil strife (and, some would add, the renewed U.S. interest in terrorist linkages in the aftermath of the September 11 attacks), it is doubtful that militant Islamism would be much more than a marginal force in Somali politics (Marchal 2004).

In the absence of a functioning state and amid the divisions of society, Islam came to be seen by some Somalis as an alternative to both the traditional clan-based identities and the emergent criminal syndicates led by so-called warlords. Religion's increased influence has been largely a phenomenon of small towns and urban centers, although increased adherence to its normative precepts is becoming a wider phenomenon. Islamic religious leaders helped organize security and other services, and businessmen in particular were supportive of the establishment of *shari'a*-based courts throughout the south, which were a precursor of the Islamic Courts Union established in Mogadishu in June 2006. Suffice to say, the Islamists attempted to fill certain voids left by state collapse and otherwise unattended to by emergent forces like the warlords. In doing so, they also made a bid to supplant clan and other identities, offering a pan-Islamist identity in lieu of other allegiances (Abdullahi 2007; Shay 2007; Menkhaus 2005).

Given its earlier experiences with Somali Islamism, especially al-Itihaad al-Islamiyya (AIAI, "Islamic Union")—a group established in the early 1980s that sought the creation of an expansive Islamic Republic of Greater Somalia and eventually a political union embracing all Muslims in the Horn of Africa (Tadesse 2002)—it is not surprising that neighboring Ethiopia took a dim view of the establishment of the Islamic Courts Union in Mogadishu (especially after many of the same extremists emerged in positions of authority in the Islamic Courts Union). The Ethiopians finally intervened in late 2006 to support Somalia's internationally recognized but weak Transitional Federal Government (TFG), which had been established in October 2004 at a conference in Kenya promoted by the subregional Intergovernmental Authority on Development (Swart 2007). Unfortunately, while the intervention ended the rule of the Islamic Courts Union in the desolate former capital, it also provoked an insurgency spearheaded by the even more radical Harakat al-Shabaab al-Mujahideen ("Movement of Warrior Youth"—al-Shabaab). This group was subsequently deemed a "specially designated global terrorist" by former U.S. Secretary of State Condoleezza Rice in 2008 (U.S. Department of State 2008) and a "listed terrorist organization" by the Australian government the following year (Commonwealth of Australia 2009). Even after Ethiopian troops withdrew in early 2009, the Shabaab-led insurgency against the TFG has continued, drawing the UN-authorized African Union Mission in Somalia (AMISOM)—deployed to protect the transitional regime—deeper into the conflict. The Shabaab-led insurgency has also increasingly caused casualties with terrorist attacks like the suicide bombing in Mogadishu on 17 September 2009, which killed seventeen peacekeepers, including the deputy force commander, Brigadier General Juvenal Niyoyunguruza of Burundi, and wounded more than forty others (CNN 2009), and that of 3 December 2009, which killed three TFG ministers as well as sixteen other people attending a graduation ceremony within the small enclave of Mogadishu thought to be still controlled by the beleaguered regime (McCrummen 2009).

ALTERNATIVE CENTERS

Fortunately, this tour d'horizon does not encompass the entire story of the Somali. In fact, the troubles faced by the TFG, which are sensationally generalized by journalists as those of all Somalia, are, more accurately, those of a demographic minority. Consider the numbers. Of the estimated nine million Somalis in the world, more than one million of them are refugees or permanently living in the diaspora diaspora; 3.5 million live in the Republic of Somaliland, and another 2.4 million in Puntland. Thus the conflicts of central and southern Somalia affect at most one-third of the national territory of the collapsed Somali Democratic Republic and directly impact the daily lives of less than one-third of the Somali population. As tragic as this is, it is still a far cry from the universal reign of endless chaos often imagined. Meanwhile, positive developments elsewhere in the former Somali state show what is possible when a bottom-up or building-block approach is allowed to take place instead of imposing the hitherto favored top-down strategy for resolving conflicts, consolidating peace, and state-building within a political space. This also illustrates how a process that is viewed as legitimate and supported by the populace can address the international community's interests about issues ranging from humanitarian concerns to maritime piracy to transnational terrorism (Pham 2009).

Somaliland

In 1991, Somaliland (the northwestern region of the former Somalia, bordering on Ethiopia and Djibouti) proclaimed the dissolution of its voluntary 1960 union with what was once the Somali Democratic Republic. Although it is more than a decade and a half later, the sovereignty has yet to be formally recognized by any other state. As discussed earlier in this article, the modern political history of Somaliland begins with the establishment, in 1884, of the British Somaliland Protectorate, which, except for a brief Italian occupation during the Second World War, lasted until 26 June 1960 when the territory received its independence (Lewis 1965). Notification of the independence was duly communicated to the United Nations, and some thirty-five members duly accorded the new state diplomatic recognition. Several days later, the Italian-administered UN trust territory of Somalia received its independence. The two states then entered into a hasty union that the Somalilanders quickly regretted due in no small measure to the discrimination that the predominantly Isaq northerners suffered at the hands of the numerically superior members of clans from other regions (Carroll and Rajagopal 1993).

After the collapse of the Siyad Barre regime in 1991, elders representing the various clans in Somaliland met in the ravaged city of Burao and agreed to a resolution that annulled the northern territory's merger with the former Italian colony, an act of union that a number of international law scholars had long questioned the legal validity of (Schoiswohl 2004). The Burao conference declared that Somaliland would revert to the sovereign status it had enjoyed upon the achievement of independence from Great Britain. Unlike other parts of Somalia, conflict in Somaliland was averted when the Somali National

Movement (SNM), the principal opposition group that had led the resistance against the Siyad Barre dictatorship, and Isaq clan leaders purposely reached out to representatives of other clans in Somaliland, including the Darod/Harti, Gadabuursi, and Ise. The chairman of the SNM, Abdirahman Ahmed Ali "Tuur," was appointed by consensus to be interim president of Somaliland for a period of two years by the Burao conference. In 1993, the Somaliland clans sent representatives to Borama for a national *guurti*, or council of elders, which elected Mohamed Haji Ibrahim Egal as president of Somaliland. Egal had briefly been prime minister of independent Somaliland in 1960 as well as democratically elected prime minister of Somalia between 1967 and the military coup in 1969. Interestingly, while the apportionment of seats at the two conferences was done along clan lines in a rough attempt to reflect the demographics of the territory, the actually decision making was by consensus (Bradbury 2008).

Egal's tenure saw, among other things, the drafting of a permanent constitution, approved by 97 percent of the voters in a May 2001 referendum, which provided for an executive branch of government consisting of a directly elected president and vice president and appointed ministers; a bicameral legislature consisting of an elected House of Representatives and an upper chamber of elders, the guurti; and an independent judiciary (Pham 2008). After Egal's unexpected death in 2002, his vice president, Dahir Riyale Kahin, succeed to the presidency. Kahin, in turn, was elected in his own right in a closely fought election in April 2003; the margin of victory for the incumbent was just eighty votes out of nearly half a million cast. Amazingly, the dispute was settled peaceably by recourse to the judiciary with the judgment of Somaliland's courts accepted by the second-place finisher, Ahmed M. Mahamoud "Silanyo." Multiparty elections for the House of Representatives were held in September 2005, which gave the president's party just thirty-three of the eighty-two seats, with the balance split between two other parties.

The report of a 2005 African Union fact-finding mission, led by then African Union (AU) Commission Deputy Chairperson Patrick Mazimhaka, concluded that "the fact that the union between Somaliland and Somalia was never ratified and also malfunctioned when it went into action from 1960 to 1990 makes Somaliland's search for recognition historically unique and self-justified in African political history" (African Union Commission 2005). It recommended that "the AU should find a special method of dealing with this outstanding case" (African Union Commission 2005). However, no country has yet recognized Somaliland's independence. This apparent snub, while grating to Somalilanders, has not prevented them from building a vibrant polity with a strong civil society sector. While there have been recent contretemps relating to the repeated postponement of presidential and legislative elections due to technical difficulties with the registry, the disputes were ultimately solved through an internal compromise worked out by all three of the region's political parties with encouragement from Ethiopia and the United Kingdom.

Left to their own devices, the Somalilanders found the demobilization of former fighters, the formation of national defense and security services, and the extraordinary resettlement of more than one million refugees and internally displaced persons fostered the internal consolidation of their renascent polity. Meanwhile, the establishment of independent newspapers, radio stations, and a host of local nongovernmental organizations and other civic organizations reinforced the nation-building exercise. The stable environment thus created greatly facilitated substantial investments by both local and diaspora businessmen who have built, among other achievements, a telecommunications infrastructure that is more developed and varied than in any of Somaliland's neighbors (Jhazbhay 2009).

In this context, one needs to single out the educational sector as not only a bridge between Somalilanders in the diaspora and their kinsmen at home, but also an important impetus for the reconstruction and development of the region. The showcase of this is Amoud University, the first institution of its kind in Somaliland, which opened its doors in Boroma in 1997. The school took its name from an eponymous high school that was the first institution of its kind under the British Protectorate and had been the alma mater for many distinguished Somalilanders. The university was founded as a modest joint effort by local citizens, who assumed responsibility for the initiative, and their relations abroad, especially in the Middle East, who raised money for it and sent textbooks and other supplies. The institution opened with just two academic departments, education and business administration—the former because of the dire need for teachers in the country, and the latter because of the opportunities for employment in the private sector as well as the possibility of graduates starting their own businesses. Even a noted Somali critic of Somaliland's quest for independence has praised Amoud for having "underscored the preciousness of investing in collective projects that strengthen common values and deepen peace" and for giving "the population confidence that local resources can be mobilized to address development needs" (Samatar 2001). Subsequently, universities have been established in Hargeisa (in 2000), Burco (in 2004), and Berbera (in 2009, although it has its origins in an older College of Fisheries and Maritime Management).

Puntland

While they do not have the unique historical, juridical, and political status that Somaliland can claim, the Darod territories in the northeastern promontory of Somalia have also demonstrated the success of the building-block model for the country and the wisdom of working with the deeply ingrained clan identities among the Somali. In 1998, traditional clan elders of the Darod clan-family's Harti clan—including its Dhulbahante, Majeerteen, and Warsangeli subgroups—met in the town of Garowe, tired of being held back by the constant violence and overall lack of social and political progress in central and southern Somalia. They opted to undertake a regional state formation process of their own in the northeast, establishing, in collaboration with the Somali Salvation Democratic Front (the political faction that had represented their clan interests), an autonomous administration for what they dubbed "Puntland State of Somalia." After extensive consultations within the Darod/Harti clans and subclans, an interim charter was adopted that provided for a parliament whose members were chosen on a clan basis and who, in turn, elected a regional president. The first regional president was Abdullahi Yusuf Ahmed who, in 2004, went on to become president of the TFG (Abraham 2002; Brons 2001). Following the departure of the region's first president for what was to be his disastrous tenure at the head of the TFG, Puntland legislators chose General Mohamud Muse Hersi ("Muse Adde") as the new head of the regional administration. After serving one four-year term of office, Muse Adde lost a bid for reelection to Abdirahman Mohamed Mohamud "Farole," who was elected in January 2009 from a field of more than a dozen candidates.

Unlike Somaliland, which has opted to reassert its independence, Puntland's constitution simultaneously supports the notion of a federal Somalia and asserts the region's right to negotiate the terms of union with any eventual national government. While Puntlanders have their share of difficulties—many of which could be said fairly to be of their own making—and their political institutions have not yet achieved the advanced level of those in Somaliland, engaging the region is nonetheless the condition sine qua non for achieving what should be the international community's two primary strategic objectives in Somalia: containing (and, gradually, weakening) the radical Islamist threat to regional security and minimizing (and, likewise, eventually suppressing) the menace posed to merchant shipping by Somali pirates. Many of these pirates have based themselves in the region and, short of military invasion and occupation, have havens that cannot be denied without the cooperation of the authorities in Puntland. It should be noted that, while the authorities in Puntland have been especially diligent in their efforts to root out religious extremism in their midst, their commitment to the fight against piracy is less consistent. Eyl and Garaad in Puntland, together with Hobyo and Xarardheere in central Somalia, have emerged as the primary centers of pirate activity where "senior officials are believed to be abetting piracy networks" (Gilpin 2009). Some analysts go even further and worry that the region is "becoming the pirate version of a narco-state" (Menkhaus 2009). Certainly the assassination, in late 2009, of Puntland's chief justice, Sheikh Mohamed Abdi Aware, a jurist known for the tough sentences he imposed on pirates and Islamists, was a setback for the rule of law in the region (BBC News 2009). Thus it remains to be determined whether or not Puntland authorities are prepared to enter into a "grand bargain" with the international community whereby they rein in their pirate constituents in return for political and economic engagement by the international community (Murphy 2009).

In any event, the role played by their clans has been vital to the relatively successful efforts by Somaliland, Puntland, parts of Galgaduud (a mostly stable central region whose political geography is characterized by both clan diversity and general opposition to the TFG), and a few other areas to avoid both major internal conflict and embroilment in the violence affecting most of southern Somalia. It was traditional clan elders who negotiated questions of political representation in key forums. In circumstances where elections were impossible, representatives were designated by clan units from among the members through a deliberative process in which all adult males had an opportunity to participate and where decisions were made on a consensual basis. The resulting social contract is one that is between groups with deeply rooted legitimacy in kinship and geographic bonds; this is in stark contrast to the TFG process, which emphasizes the individual actor.

Somalia is not only "a repository of lessons learned on how not to pursue state-building," but also, "in some respects, it is at the forefront of a poorly understood trend—the rise of informal systems of adaptation, security, and governance in response to the prolonged absence of a central government" through the growth of more organic forms of identity (Menkhaus 2006/2007). It is an example of how emergent communities "carved out their spaces within the grand edifice of old civilization" as nonstate societies take root, as military strategist Michael Vlahos puts it, not "because of a 'failure' of nation-state ideology, or because of globalization's inability to meet 'basic human needs,'" but because the nonstate societies provide their constituents with a compelling narrative of identity (Vlahos 2007). This is a particularly important insight because, as the Organisation for Economic Development and Co-operation (OECD) has made clear, the very raison d'être for the international community's prioritization of state-building is because it is thought essential to human development and the avoidance of intra- and interstate conflict (2007). Where state capacity is weak, even as efforts are made to enhance it, other areas must be strengthened in order to avoid the Hobbesian war of each individual against every other (Fukuyama 2004). In this context, Francis Fukuyama, among others, has shown that the economy, for example, depends on certain moral and cultural variables, including social trust and cohesion (Fukuyama 1995). Thus the identities, in which every Somali participates, form the basis for a genuinely Somali polity, rooted in both traditional and emergent political realities that are well recognized within Somali society and, indeed, quite effectively meet many of its needs. Moreover these various subgroups are essential to ensuring that the nascent polities among the Somali are accountable and legitimate, both to their constituents and to the international community.

Interestingly, another trait that the authorities in Somaliland and Puntland share with each other, but not with the TFG in Mogadishu, is the fact that they have largely been self-supporting with respect to governmental finances. It has been argued that one of the most significant factors undermining state formation in Africa has been a limited revenue base, that is, a dependence on foreign aid and/or natural resource extraction for revenue. Throughout the world, the experience has been that taxation as a means of raising revenue not only provided income for the state but also facilitated a greater cohesion between the state and its stakeholders. In contrast, the virtual absence of taxation in postcolonial Africa has resulted in regimes that are largely decoupled from their societies (Herbst 1990). From this perspective, it is most telling that the most advanced state-building project among the Somalis has been in Somaliland, where the government collects taxes and license fees from business and real estate owners and imposes duties on the khat (a plant that contains a drug-like stimulant) trade as well as imports and exports through the port of Berbera. Likewise, the second most successful endeavor is in Puntland, where the reliance on customs duties and an occasional fisheries license is perhaps more remote than direct taxes, but nonetheless requires that the government maintain certain minimum levels of efficiency (thus another reason why revenue flows from piracy, which has been centered in Puntland, is pernicious). In contrast, the TFG and its predecessors relied exclusively on foreign aid.

Perhaps most important in the context of the rising tide of Islamist militancy in southern and central Somalia is the fact that, as one of the most astute observers of contemporary Somali society has observed, this reliance—especially in Somaliland, but also in Puntland—on the older system of clan elders and the respect they command "has served as something of a mediating force in managing pragmatic interaction between custom and tradition; Islam and the secular realm of modern nationalism," leading to a unique situation where "Islam may be pre-empting and/or containing Islamism" (Jhazbhay 2008). The consequence of having an organic relationship between Somali culture and tradition and Islam appears to assure a stabilizing, rather than disruptive, role for religion in society in general and religion and politics in particular. In Somaliland, for example, while population is almost exclusively Sunni Muslims, and the *shah da* (the Muslim profession of the oneness of God and the acceptance of Muhammad as God's final prophet) is emblazoned on the flag, shari'a is only one of the three sources of the jurisprudence in the region's courts alongside secular legislation and Somali traditional law (*xeer*). On the other hand, given the limited resources of the Somaliland government, Quranic schools play an important role in basic education. Yet alongside these popular institutions stand equally well-received secular charities like the Hargeisa's Edna Adan Maternity Hospital, founded in 2002 by Edna Adan Ismail, the former foreign minister of Somaliland, which provides a higher standard of care than available anywhere else in the Somali lands for maternity and infant conditions, as well as diagnosis and treatment for HIV/AIDS, sexually transmitted diseases, and general medical conditions. Thanks to this integrative approach, the northern clans have largely managed to "domesticate" the challenge of political Islam in a manner that their southern counterparts can only hope to emulate.

THE LESSONS TO BE LEARNED

The now decades-old crisis in Somalia may have at its origin a "failed state," but blame for the prolongation of the misery is more accurately attributable to a wholesale failure of imagination on the part of the international community and its local clients. First, they have been fixated almost exclusively on southern and central Somalia, continually repeating the mistakes of their successive top-down attempts at state-building, while obstinately refusing to even acknowledge the largely positive experiences in other parts of the country. Second, their approach has been almost entirely centered upon the state, while ignoring the traditional clan leaders, members of the vibrant Somali business community, and civil society actors—the very people whose efforts have prevented statelessness from degenerating into complete anarchy and disorder. Third, when they deign to intervene through proxies like the brave Ugandan and Burundian troops deployed in the beleaguered AMISOM peacekeeping force, instead of husbanding those scarce resources to contain the spread of the instability from Somalia and prevent additional foreign fighters and supplies from fueling the conflict in the country, they expend them in a vain effort to prop up an unpopular regime and impose a peace where one does not exist.

A more viable course will be the one that, by adapting to the decentralized nature of Somali social reality and privileging the bottom-up approach, is better suited to buy Somalis themselves the time and space within which to make their own determinations about their future political arrangements while at the same time flexible enough to allow their neighbors and the rest of the international community the ability to protect their legitimate security interests. Supporting governance at the level where it is accountable and legitimate—whether in the context of the nascent states like Somaliland and Puntland in the northern regions or in local communities and civil society structures in parts of the south—is the most effective and efficient means of countering the threats that have arisen in the wake of the collapse of the Somali state. If the failure so far of no fewer than fourteen internationally backed attempts at establishing a national government indicates anything, it is the futility of the notion that outsiders can impose a regime on Somalia. The Somali crisis can only be solved by a solution that is rooted in Somali culture, especially those organic links that bind Somalis of all backgrounds to the social identities that have been their ultimate refuge amidst the vicissitudes of their recent turbulent history.

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Nigeria:
Incubating Hope or Terrorism?

by Nasir El-Rufai

Nasir El-Rufai is a 2009 M.P.A.-M.C./Mason Fellow graduate from the John F. Kennedy School of Government at Harvard University. He is the former director general of the Bureau of Public Enterprises (1999-2003), the Nigerian privatization agency, and former minister of the Federal Capital Territory of Abuja (2003-2007).

On Christmas Day 2009, the arrest of a twenty-three-year-old Nigerian, Umar Farouk Abdulmutallab, on charges of trying to destroy a U.S. airliner with explosives tucked into his underclothes captured the world's attention. We cannot fathom the unthinkable—what if he succeeded?

Nigeria and the global community have been scrambling since to understand how one wealthy student could become so quickly radicalized and then effectively deployed as a pawn in the campaign of global terror.

We must dissect this incident, exploring its roots, the enabling network, and the systemic as well as human errors that nearly cost three-hundred innocent people their lives. We must shut down the teaching of hate and where we cannot, strip the extremists of their tools of destruction. We must make sure our enemies do not exploit our cherished freedoms. However, we must be deliberate in our search for solutions.

In order to accomplish this, we need to move beyond the immediate crisis—knowing how difficult that may be—and advance the debate on Nigeria's long-term interests.

Simplifications such as Christian versus Muslim or the North versus the South have distracted examination from what many Nigerians believe are the principal threats facing their country, namely, the disenfranchised Nigerian youth, a government that lacks competency and credibility, and a sense of hopelessness and despair about the future.

The disappearance of Nigerian President Umaru Yar'Adua in late 2009, without thought to orderly constitutional succession, has only further demonstrated to the Nigerian people that their country's political class puts its own interests above that of the people, thus fueling pessimism amongst the nearly 90 million Nigerians under the age of twenty-five.

Nigeria is a country of more than 150 million people, representing about half the population of the United States. One out of every five Africans is a Nigerian. It is the continent's second-largest economy and arguably its most resourceful nation. The world, particularly America, depends heavily on Nigeria for nearly two million barrels of daily oil exports. Further, Nigeria has played a leadership role in bringing stability to much of West Africa. Liberia and Sierra Leone, for example, would not be at peace today without the effort of Nigerian peacekeepers at a cost of hundreds of Nigerian lives and an estimated $3 billion in mediation and reconstruction efforts. The country's entrepreneurs are driving innovation throughout the continent and fast becoming exporters of ideas and human capital in a continent often neglected by other emerging market investors.

Unfortunately, Nigeria is not defined by these and other accomplishments, but rather by lost opportunities and a failure to realize its potential. The Nigeria of today is beset with inherent contradictions rooted in ineffective and corrupt leadership.

Transparency International (2009) ranks Nigeria as one of the most corrupt countries in the world (130 out of 180 in 2009), and the country consistently ranks at the bottom of every index of good governance in Africa (38 out of 53 for the 2009 World Peace Foundation Index of African Governance) (Rotberg and Gisselquist 2009).

In a country where nearly $100 million is generated every day from the export of oil, less than half of Nigeria's people have access to running water. Reliable electricity is nonexistent. The government and business sectors are forced to run on diesel-powered generators, and the rest of the population is left in the dark. Both UNICEF and the World Health Organization rate Nigeria as having one of the lowest life expectancy rates in the world (about forty-seven years at birth or 30 percent below the world average) and one of the highest maternal mortality rates (an estimated 1,100 maternal deaths per 100,000 live births in 2005) (UNICEF n.d.; World Health Organization 2009, 40, 52).

Nigeria's ethnically diverse population is nearly evenly split between Christians and Muslims, enabling scheming politicians to play the ethnic or religious card when it suits their ambitions. Yet poverty does not discriminate on the basis of one's religious faith, and ordinary Nigerians remain concerned about tangible improvements in quality of life for themselves and their families.

Today the capacity to hope is in short supply in our Nigerian communities, so beaten down by neglect and kleptocracy that most people do not believe that anyone, other than a loving God, can change their circumstances.

If we believe that hope is an essential human condition for a productive citizenry then the task becomes one of how we can incubate this sense of well-being in Nigeria.

Nigeria needs a government accountable to its people that will invest billions of dollars of oil monies in power generation, roads, healthcare, and the like; it needs a government that will give Nigerian youth a channel for its genius with access to high caliber universities and meaningful jobs.

In the end, encouraging good governance in Nigeria—holding the criminal enterprise that masquerades as a sovereign state accountable—versus "watch listing" tens of millions of Nigerian travelers is the best protection from exporting extremism anywhere in the world.

Nigeria doesn't need billions of dollars in reconstruction funds, and it doesn't need U.S. or NATO troops to prevent the growth of Al Qaeda. Nigeria needs the international community (namely, the United States, the African Union, the European Union, and particularly the United Kingdom) to invest its diplomatic and commercial energies in ensuring that the country's next election, in 2011, will be open and transparent.

In January 2009, a committee set up by Nigeria's President Yar'Adua produced a report with the goal of guaranteeing free and fair elections in Nigeria. Its core recommendation was the assurance that Nigeria's Election Commission would be truly independent with leadership from a broad representation of Nigerian society. President Yar'Adua, who appointed the committee after admitting the election that brought him to power was flawed, consigned the report to the dustbin. The report, nonetheless, holds the key to genuine democracy in Nigeria.

Further, on 14 November 2009, in Accra, Ghana, twenty-five sub-Saharan countries gathered to develop recommendations for "raising standards of professionalism, improving electoral processes, and mitigating election-related violence" (Accra Communiqué of the Colloquium on African Elections 2009, 1). The group came up with more than 160 recommendations including assuring the independence of the electoral commission.

All stakeholders must use their influence to persuade the government of Nigeria to carry out these mandated and internationally recognized reforms. Tools that personalize sanctions against the oppressors like travel bans and arrests for violation of international criminal law should be deployed with effect. Encouraging real democracy in Nigeria, in the short and in the long run, will be the best defense against extremism.

In the past five years, Nigerian civil society has awakened to become the emerging gatekeeper of democracy. The country is effectively engaged and equipped with the technology of texting, video cameras, and social networking. But even an empowered and fully wired civil society cannot change its destiny alone. Old habits die hard, and when $100 million per day is at stake in oil revenues, those who have stolen power and cornered resources through corrupt elections do not give up easily. It is up to Nigerians but also to the international community to change that.

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Africa's Hunger Challenge after the Food Summit

by Robert Paarlberg

Robert Paarlberg is the Betty F. Johnson Professor of Political Science at Wellesley College and Associate at the Weatherhead Center for International Affairs at Harvard University. From 2010-2011, he is also serving as an adjunct professor at the John F. Kennedy School of Government at Harvard University.

The delegates to the 2009 United Nations (UN) World Summit on Food Security in Rome undoubtedly enjoyed a splendid stay in the Eternal City. In Rome, you never get a bad meal. Yet the international food policies in need of repair cannot be addressed through unfunded, watered-down consensus resolutions of the kind produced by United Nations' conferences. In the case of this November 2009 food summit, the delegates actually passed their "final declaration" in the opening hours of the first day of the meetings, *Alice in Wonderland* style. In the upside-down world of UN conferences, the production of this (already forgotten) declaration made the expensive gathering a success.

There is important policy work to be done on food and hunger issues, but not in Rome. Hunger tends to be highly localized, even in today's globalized world. National and local governments must therefore take the lead. This is particularly true in sub-Saharan Africa, where the problem continues to worsen. National governments in Africa must devote more of their resources to investments in agricultural productivity. At the same time, donor countries such as the United States must make more resources available for that purpose.

THE HUNGER-AGRICULTURE CONNECTION

In Africa, hunger is closely linked to agriculture. More than 60 percent of all Africans are smallholder farmers, working in the countryside growing crops and herding animals. It is because their farming systems are so unimproved that they earn only about US $1 a day and hence are vulnerable to hunger. Most farmers in Africa are women, and they lack nearly everything needed to be productive. Two-thirds do not have access to any seeds improved by scientific crop breeding or to nitrogen fertilizer. As a result their cereal crop yields are only one-tenth as high as in the United States or Europe. Only 4 percent have irrigation, so when the rains fail, their crops will also fail, forcing them to sell off animals and household possessions in order to survive until the next season. Almost none has access to electricity or powered machinery, so they still work the fields with hand hoes or wooden plows. Few have access to veterinary medicine for their animals, which become sick and weak. Most rural Africans are also physically cut off from markets; roughly 70 percent of African farmers live more than a half-hour walk from the nearest all-weather road, meaning that most household travel and transport is still on foot (Paarlberg 2008).

Given these many deficits, it is not surprising that agricultural production in Africa has lagged behind population growth for most of the past three decades. Per capita production of maize, Africa's most important food staple, has actually declined 14 percent since 1980. Over the same time period population has doubled, therefore the number of people living in deep poverty (on less than $1 a day) has also doubled, up to 300 million. These problems are worsening. The UN Food and Agriculture Organization estimates that between 2005 and 2009, the number of undernourished people in sub-Saharan Africa increased by another 53 million. Under a business-as-usual scenario, the number of poor and hungry people in Africa will increase by another 30 percent in the coming decade (U.S. Department of Agriculture 2008).

Sub-Saharan Africa is now the only developing country region that has not significantly upgraded its farming systems. Between 1970 and 1998, while the share of cropped area planted to modern seed varieties increased to 82 percent in the developing regions of Asia, and up to 52 percent in Latin America, only 27 percent of the area was planted to such varieties in sub-Saharan Africa. As a consequence, in 2000, average cereal yields in Africa remained at only 1.1 tons per hectare, versus 2.8 tons per hectare in Latin America and 3.7 tons per hectare in Asia (these numbers have not changed significantly since 2000). Growth in per capita food production in sub-Saharan Africa was actually negative between 1980 and 2000 (Sachs et al. 2004).

Efforts were made to introduce new seed varieties into Africa in the 1960s and 1970s, but there was little adoption at that time because the international assistance agencies introducing the varieties had tried to shortcut the time-consuming process of identifying and using locally adapted plants as the starting point for breeding improvements. African crop scientists had not been included in the technology improvement effort, and varieties not suited to African conditions were brought in from Latin America and Asia. Hence, African farmers did not like them. This problem was belatedly addressed through breeding programs that were more location-specific beginning in the 1980s. However, by that time, international assistance for such initiatives had begun to decline because the so-called world food crisis of the 1970s was deemed by rich donor governments to be over.

THE PROBLEM OF DONOR ASSISTANCE

Weak external support from donors is part of the problem. The U.S. government has recently done a poor job of supporting small farmers in Africa. America's official development assistance to agriculture in Africa, in real 2008 dollars, declined from more than $400 million annually in the 1980s to just $60 million by 2006, a drop of approximately 85 percent. Moreover, U.S. support for agricultural research declined by 77 percent. This American withdrawal of support for farming in Africa inspired parallel cuts in aid from Europe and Japan. It took an interlude of high international food prices during the 2007-to-2008 time period to remind donors that food problems in Africa would only worsen if the status quo continued (Chicago Council on Global Affairs 2009).

THE NEED FOR AFRICAN GOVERNMENT SUPPORT

But rich donors are not the only problem. The unimproved condition of smallholder farming in Africa also reflects more than two decades of neglect by most African governments, which have recently been spending only about 5 percent of their budgets on any kind of agricultural improvements. At an African Union summit meeting in Mozambique in 2003, Africa's heads of government pledged to increase the agricultural share of spending in their budgets to at least 10 percent, but as of 2007, only seven (out of forty-seven) governments in the region had fulfilled this pledge (African Union 2008).

NEW U.S. INITIATIVES

The Obama administration, with key allies in Congress, is now trying to reverse the long history of neglect in the donor community and also among government leaders in Africa. Several months after taking office, U.S. President Barack Obama said he would ask Congress to double U.S. agricultural development assistance to a level above $1 billion in fiscal year 2010. Furthermore, at the July 2009 G8 Summit in Italy, it is believed Obama played a major role in convincing the world's wealthy nations to make a collective pledge of $20 billion over three years to promote food security and agricultural development in poor countries. At the same time, the Global Food Security Act of 2009, a bipartisan bill sponsored by Senators Richard Lugar (R-Ind) and Robert Casey (D-Pa), began making its way through Congress. This overdue measure to revive American support for agricultural development has been approved unanimously by the Senate Foreign Relations Committee and has strong backing from America's land grant colleges plus a number of leading humanitarian organizations, including CARE, Oxfam, Bread for the World, and ONE. Yet competition for budget resources in Washington, D.C., is fierce. Until the appropriations committees of Congress act, this new initiative will be little more than a hope.

With the 2009 World Summit on Food Security at an end, we have to hope that the delegates from both Africa and the United States will say "*arividerchi, Roma*" for a good long while. They have more important work waiting for them on their office desks back home.

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Understanding the African and International Response to the ICC's Indictment of Sudanese President Omar Bashir

by A. Sarjoh Bah

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BACKGROUND

Darfur, an arid region in Western Sudan, has proved to be a major test case of the African Union's (AU) capacity to undertake complex peacemaking, especially when it involves the deployment of complicated, multidimensional peace operations. The Darfur conflict has become synonymous with genocide; although some, including the AU, have not described it in those terms. As the war between the Khartoum-based Islamist government and the predominantly Christian Southern-based Sudan People's Liberation Movement/Army (SPLM/A) raged for more than two decades (from 1983 to 2005), longstanding tensions between the people of Darfur and the central government were neglected. In January 2005, negotiations led by the Intergovernmental Authority on Development culminated in the signing of the Comprehensive Peace Agreement (CPA) between the National Congress Party and the SPLM, the parties to the North-South conflict. The CPA marked the end of one of Africa's longest-running civil wars—a conflict that had claimed approximately two million lives and displaced millions more.

However, the marginalization of Darfur by the central government rendered celebrations marking the end of the North-South conflict short-lived, as the escalation of the conflict in Darfur, which had started in 2003, eclipsed the much celebrated deal. In Darfur, the government and its militia ally, the *Janjaweed*, were initially pitted against the SPLA and the Justice and Equality Movement, the two groups that had taken up arms against the Islamist government in early 2003. Since then, the armed groups have splintered into more than a dozen factions, hindering efforts to reach a political agreement.

As the international media focused its radar on Darfur in late 2004 and early 2005, the gravity of the situation was exposed with scenes of death and destruction. Images of violence evoked memories of earlier atrocities, most notably the genocide in Rwanda in

1994, leading to calls for intervention to avert a repeat of that tragedy. These calls were led by U.S.-based civil society and human rights organizations. These activists and others saw Darfur as a perfect case in which to implement the much vaunted concept, the Responsibility to Protect, commonly referred to as R2P, which sanctions international intervention in situations involving war crimes, crimes against humanity, ethnic cleansing, and genocide. Additionally, some observers viewed Darfur as an opportunity for the international community to salvage its image after its indifference to the Rwandan genocide. However, the much anticipated response failed to transcend the rhetoric; instead it degenerated into arguments about the right labels for what was unfolding in Darfur, which was reminiscent of similar debates that occurred during the genocide in Rwanda. It was soon evident to some, including myself, that there would be no immediate robust intervention and that the people of Darfur, like the hundreds of thousands of Rwandans during that genocide, were at the mercy of their killers.

Yet unlike the failure of the erstwhile Organization of African Unity to respond to the Rwandan genocide, its successor, the AU, responded to the conflict due to four interrelated reasons. First, having adopted the most "interventionist" security regime anywhere in the world for egregious violations of human rights, the AU had to live up to its principles. The AU's founding charter, the Constitutive Act, gave it the right to intervene in a member state in respect of grave circumstances, namely war crimes, crimes against humanity, and genocide.[1] Under the new framework, the principle of "nonindifference" would supersede that of "nonintervention" in situations involving the three aforementioned crimes. Second, lingering memories of international failure, including Africa's inability to respond to the Rwandan genocide, served as a strong imperative for the AU's proactive engagement in Darfur. Third, the AU was keen to ensure that the Naivasha Peace Process, which resulted in the CPA, between the parties to the North-South conflict, the government of Sudan, and the SPLM was insulated from the conflict in Darfur. Finally, the AU had to respond to pressure from civil society and human rights organizations that had adopted the Darfur crisis as a major part of their advocacy.

THE AFRICAN AND INTERNATIONAL RESPONSE

From 2003 when the AU first intervened in Darfur, it pushed for a negotiated settlement to the conflict, leading mediation efforts that culminated in the first ceasefire agreement in September 2003 and the Darfur Peace Agreement in 2006. Needless to say, despite these agreements, durable and credible peace has been elusive despite continuing efforts by the AU, the United Nations (UN), and others. The faltering peace process can be attributed to three main reasons: lack of commitment by the government of Sudan and the rebels to a negotiated settlement; the splintering of the armed groups into small and unwieldy factions often with no clear political agendas; and conflicting and confused signals from the international community including the International Criminal Court's (ICC) indictment of Sudanese President Omar Bashir.

The warrant of arrest issued for President Bashir by the ICC, on 4 March 2009, has undoubtedly added a complex layer to the crisis, threatening to overshadow peacemaking efforts in Darfur and to erode the North-South peace process. But how has the indictment affected the peace process so far? Despite initial concerns that the government might expel international peacekeepers from Darfur, those fears did not materialize, except for the expulsion of more than a dozen agencies providing critical humanitarian services.

However, disagreements between the UN Security Council (UNSC) and the AU's Peace and Security Council (PSC) over the indictment have emerged as a bigger threat that could undermine their joint peacemaking effort. The indictment split the two councils with the PSC making repeated requests to the UNSC to suspend the prosecution of President Bashir for one year by invoking Article 16 of the Rome Statute.[2] The suspension, the PSC argued, would give peacemaking efforts a chance to succeed—an argument with which I agree. But much to the anger of the PSC, its requests were ignored by the UNSC, exposing the undercurrents in this emerging but fragile partnership.

Three permanent members of the UNSC—the United Kingdom, the United States, and France—continue to insist that the ICC process should be allowed to run its course. For its part, though it is not a state party to the ICC, the United States, under both former U.S. President George W. Bush and President Barack Obama, supports the indictment. China and Russia, the other two permanent members of the UNSC, raised doubts about the efficacy of the move, arguing that the government of Sudan should be given time to deal with what they viewed as a domestic affair. However, despite their objections, neither Russia nor China has offered to champion the PSC's call for a suspension of the indictment.

Although the AU did not object to the indictment per se, it expressed alarm at the poor timing, which in its view could worsen the Darfur crisis and unravel the North-South peace process. The AU's response to the warrant was summed up by Jean Ping, chairperson of the AU Commission who tried to walk the tightrope between fighting impunity and promoting peace, when he stated that, "peace and justice should not collide," adding "that the need for justice should not override the need for peace." Supporters of the AU on the issue of timing, including myself, point to the fact that, unlike the tribunals for the former Yugoslavia, Rwanda, and the Special Court for Sierra Leone, the ICC is a permanent institution, and as such, its activities are not dictated by timelines, as is the case with the ad hoc tribunals.

The indictment touches on a critical issue, namely the dilemma of whether peace should be pursued before justice or justice before peace, a sequencing challenge that confronts most postconflict societies. There is currently no consensus on this issue, but it remains a critical challenge for the AU and others given their continued engagement in efforts to resolve conflicts that are characterized by egregious crimes.

THE AFRICAN UNION HIGH-LEVEL PANEL ON DARFUR

Meanwhile, the establishment of the African Union High-Level Panel on Darfur (AUPD) is the most practical step by the AU to deal with this lingering puzzle in the Darfur context (AUPD 2009). The AUPD, led by former South African President Thabo Mbeki, was precipitated by the challenges that emerged from the ICC's indictment of President Bashir. The AUPD, consisting of eminent Africans including three former heads of state, was mandated, among other things, to examine how to address the issues of accountability and combat impunity comprehensively.[3]

The AUPD was established against the backdrop of a growing concern among African leaders at what they perceive as the abuse of the principle of universal jurisdiction. A 2008 AU summit described the concerns as "a development that could endanger international law, order and security" pointing to what the summit viewed as the political nature of legal proceedings initiated by non-African judges, most notably from France and Spain, against officials in the current government of Rwanda, including President Paul Kagame (Kimenyi 2008). In its view, the actions of these judges violated Rwanda's sovereignty and territorial integrity. Subsequently, the summit called on its members to disregard such warrants and European Union (EU) member states to impose a moratorium on any arrests until the AU, EU, and UN had time to discuss the complex diplomatic, political, and legal issues involved.

Despite the AUPD's far-reaching recommendations, some of the armed groups in Darfur as well as international observers had questioned the impartiality of the AUPD due to the AU's decision in July 2009 not to cooperate with the ICC in executing its warrant for President Bashir (Adebowale and Taiwo 2009). Following the decision, some armed groups in Darfur refused to meet with the AUPD, accusing it of trying to protect the Sudanese president. But, these concerns proved unfounded as the AUPD made some bold recommendations and even criticized the government's response to crimes in Darfur as "ineffective and confusing" (Ali 2009).

Consistent with its mandate, the AUPD did not take a position on the ICC's indictment of President Bashir or the PSC's call for a suspension of the warrant; instead it adopted a balanced approach by recommending restorative and retributive forms of justice through what it calls an integrated "justice and reconciliation response" to Darfur. To further reconciliation and healing, it called for the establishment of a Justice, Truth and Reconciliation Commission and a Hybrid Criminal Court to try those responsible for crimes in Darfur. It recommended that the hybrid court should consist of Sudanese judges and other nationalities, preferably Africans—a bold and intrusive move by a young intergovernmental institution. The hybrid court is to ensure that more people are held accountable since the ICC can only handle a few cases—perhaps an implicit acknowledgement of the ICC's role in the quest for justice in Darfur.

The AUPD, however, hinted at the need for flexibility by the UNSC and the ICC in order to factor in positive steps taken by national authorities to deal with impunity, a tacit reference to the complementarity principle in the Rome Statute, which requires the ICC to defer to national authorities if they demonstrate willingness and capability to prosecute alleged culprits. Additionally, the AUPD recommended the use of traditional justice mechanisms to try perpetrators at the community level.

By all accounts, the AUPD's recommendations are far-reaching and groundbreaking. Now it remains to be seen whether Khartoum will comply with the recommendations and, if it fails to do so, how the AU will ensure that it does comply; this is a monumental task given Khartoum's history of obstructing the activities of the African Union Mission in Sudan and its wider peacemaking efforts. Early indications are not promising since the government of Sudan had expressed deep reservations about the AUPD's recommendation for the establishment of a hybrid court since that would be a violation of its constitution. Moreover, it is unclear who will bear the financial costs of running the hybrid court and whether major Western powers would support the proposed court given that some of them already view it as an attempt to circumvent the ICC's move against President Bashir.

AU MEMBER STATES AND CIVIL SOCIETY'S RESPONSE

Meanwhile, the response of AU member states to the indictment has varied. While Senegal and others voiced concerns over the indictment, Botswana for its part applauded the move as Libya forcefully rejected it, calling on African state parties to withdraw their membership from the ICC. The position of some countries that are opposed to the move is driven largely by concerns over what they view as the ICC's unbalanced focused on Africa, given that all the four cases being pursued by the court as of the time of this writing are in Africa: the Democratic Republic of Congo (DRC), Uganda, the Central African Republic (CAR), and Sudan. It is, however, important to note that in the first three cases—DRC, Uganda, and CAR—the ICC was invited by the governments of these countries, while the Darfur case was a referral by the UNSC, the first such referral by the council.

Although a mass walkout from the ICC is remote, the court needs to embark on a charm offensive to fend off criticisms of bias from certain African countries including signatories of the Rome Statutes. Part of this effort should include a clear demonstration that the court can go where the evidence leads it and that it is not deterred by the whims of the powerful members of the international community, as appears to be the case right now. The stakes are high for the AU, the UNSC, and the ICC since it is not in the interest of any of them to be perceived as obstructing justice or peace. The challenge here is how to ensure that peace and justice are viewed as complementary and not mutually exclusive. Such a consensus is critical as it would minimize the likelihood of unilateral actions such as the AU's decision not to cooperate with the ICC on the Bashir case.

The AU's decision came as little surprise given (at the time of this writing) Libyan President and Chairperson of the AU Colonel Muammar Gadaffi's support for President Bashir and his staunch opposition to the ICC (Assembly of the African Union 2009). But efforts to present the decision as one based on consensus failed as several states (Botswana, Ghana, Chad, and South Africa) distanced themselves from the decision, promising to abide by their treaty obligations. It was also evident that even some state parties that objected to the move did so out of frustration with the UNSC, which had ignored the PSC's requests for a suspension of the indictment.

Thus, the AU's decision not to cooperate with the ICC was directed at the UNSC for being unresponsive to its request, making the ICC collateral damage in the failed dialogue between the two councils. This development does not bode well for the partnership between the councils, given that the bulk of the UNSC's work is in Africa and given the growing profile of the PSC on the continent and internationally. How such differences are dealt with in the future will determine the strength of the partnership between the two institutions.

One of the unintended consequences of the ICC's indictment of President Bashir and growing perceptions about abuse of the principle of universal jurisdiction is to reinforce the AU's determination to establish an African criminal justice mechanism. In this vein, a meeting of the AU's Executive Council in Kampala, Uganda, endorsed proposals for the establishment of an African criminal court (Musoke 2009). While this is a laudable move that could ensure African ownership on the one hand and accountability for egregious crimes on the other, the AU needs to take concrete steps to bridge the gap between its decisions and its poor record of implementation. Commitment of adequate resources to implement its decisions remains a big challenge.

At another level, the AU's decision not to cooperate with the ICC was criticized by African civil society groups. They condemned the move and called on individual state parties to adhere to their treaty obligations. The seeming disconnect between the AU and civil society on this issue lends itself to two possible explanations: first, that AU member states are out of sync with the pulse of their populations (to the extent that these civil society groups are representative of broad sections of their societies); and, second, that AU members are putting regime security ahead of human security.

While the latter might be a strong generalization given some of the bold decisions by the PSC including its intervention in Darfur, it nonetheless exposes unresolved tensions over the approach to and understanding of security. In my view, disagreements over this issue point to different conceptions of security with civil society preoccupied with human security while some governments are still preoccupied with regime security.

LOOKING AHEAD

It is evident that the indictment of President Bashir constitutes a critical challenge for peacemaking efforts in Darfur and is testing the strength of the partnership between the UNSC and PSC. Additionally, the indictment has refocused attention on the unresolved dilemma of dealing with impunity while promoting peace and justice. The AU's establishment of the AUPD is a good first step that could lay the foundation for a broader response to the challenges posed by this dilemma. However, in an era of internationalized justice, such efforts will be optimized if they are properly coordinated with developments at the international level. How the international community, including the AU, responds to these challenges will greatly influence the future of transitional and international justice in postconflict settings.

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[2] Article 16 of the Rome Statute empowers the UN Security Council to defer investigation or prosecution of any case by the ICC for one year, renewable. Such a deferral can only be adopted under Chapter VII of the UN Charter. For details see, Rome Statute of the International Criminal Court, 17 July 1998.

[3] The two other former presidents are Pierre Buyoya (Burundi) and General Abdulsalami Abubakar (Nigeria). The other members are Rakiya Abdullahi Omaar, director of African Rights (Somalia); Tiéblé Dramé, former minister (Mali); Al-Hajji Mohammed, special envoy of former President Olusegun Obasanjo on the trial of suspects of war crimes and human rights violations in Darfur (Nigeria); Judge Florence Mumba (Zambia); and Ahmed Maher El Sayed, former foreign minister (Egypt).

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Natural Resources, Productive Capacity, and Investment in Sierra Leone:

A Strategy for Growth

An Interview with Kandeh K. Yumkella

Interviewed by Adam Robert Green

Kandeh K. Yumkella is Director-General of the United Nations Industrial Development Organization (UNIDO), the UN agency responsible for the promotion and acceleration of sustainable industrial development in developing countries. Yumkella was previously the Director of UNIDO's Regional Bureau for Africa and the Least Developed Countries. Prior to joining UNIDO, he was Minister for Trade, Industry, and State Enterprises in Sierra Leone. He holds a Ph.D. in agricultural economics from the University of Illinois.

Adam Robert Green is the editor of *Exploration and Production: Oil and Gas Review* and writes on issues concerning development and natural resources in Africa and the Middle East. His work has been published by the *Financial Times*, *China Post*, the Middle East Institute, and *New Internationalist*. He is pursuing a Masters in development studies from the School of Oriental and African Studies, University of London. He interviewed Kandeh K. Yumkella at the Sierra Leone Trade and Investment Forum in London on 18 November 2009.

ARG

UNIDO is shifting emphasis from building trade links to building productive capacity. Could you explain why this shift is needed and what it entails?

YUMKELLA

Linking productive capacity with trade is very important. In the past, Africa was seen as a source of raw materials. The whole concept was to go in, access the raw materials, and ship them out. But this commodity trade has not reduced poverty.

We know investments in natural resources can lead to other kinds of productive systems in industry, where higher-value goods can be produced and traded with other parts of the world. Value addition creates wealth within a country, creates jobs and skilled workers in the supply chain. If Africa wants to be a global player, there has to be structural change in labor-intensive industries, as many countries in Asia have done. Our natural resources can be the catalyst for achieving a broader productive base, built on the concept of producing high-value products and services. That is the link we see between trade and industry.

ARG

You mention the Asian experience as a useful development model. But one of the fundamental characteristics of many East Asian nations was the lack of natural resources, which induced the likes of Korea and Singapore into creating manufacturing capacity. To what extent are resource-rich African countries like Sierra Leone able to ensure that their natural resources do not delay the development of industrial capacity?

YUMKELLA

We know that countries like the Republic of Korea and Singapore did not have natural resources and used brainpower and knowledge systems to develop their economies. My proposition is to use part of that model—invest in education, skills development, and good public policy—so people can look at Sierra Leone as a place for manufacturing products and shipping them elsewhere. Companies will only come if they think that the host country offers good-quality labor, good infrastructure, and good public policy that is pro-business.

Now, it is true many African countries have natural resources. We should use them to help. Malaysia is an example of how this can be done. They had a policy of agriculture-led industrialization. Their logic was to become sophisticated in agriculture and use it to drive industrial development. They invested into research and development to move along the commodity value chain, whether it is rubber or palm oil. So they were not just producing crude palm oil but producing over twenty derivative products—ice cream, biodiesel, you name it.

Malaysia is an important model for Sierra Leone because the commodities are the same. We have almost the same ecology. They even found oil later on, as we have done recently. PETRONAS [the state-owned Malaysian oil company] became an engine to build the infrastructure faster, provide liquidity into financial markets, and provide the means for government to do public-private partnerships in building new industrial areas. So today Malaysia is still known for palm oil, but it is also an assembler of computers for IBM. I have recently heard from one of their ministers that they are opening a new industrial estate to assemble solar photovoltaic panels. Why? They want to join the green economy. They are still an agricultural country, but they have moved along the value chain and upgraded skills and attracted investment in manufacturing all kinds of products—electronics, clothing, etc.

The Asians advanced because they borrowed from everywhere; they were ready to test any idea. Sierra Leone can learn from these models. We should not close our minds. We should be open-minded, look at the EU, look at the U.S., look at Asia and Latin America to find things that work and repackage them to our own conditions. We should not be dogmatic about "isms." This is a time for pragmatic public policy making to give direction and incentives for the private sector to thrive.

ARG

The Sierra Leone government wants to simplify the business environment to attract quick investment. This means interventional, "developmental" policies are not being legislated for, including such things as local content or technology transfer obligations on foreign companies. Do you feel this strategy undermines the shift you are calling for—to move the

country up the value chain and build productive capacity?

YUMKELLA
I support the idea of simplifying as best as possible the processes and procedures for companies to come because, in the past, the civil service used regulation for "rent seeking." So the extent to which we can simplify processes is most welcome. But having said that, I think there are some policies that should be "worked in."

In poor countries, government is the biggest business in town. They do most of the contracting for businesses. They must make sure that companies are committed to corporate social responsibility, local content, and developing the communities in which they operate. I don't think it is wrong for a government to say to an oil company: "We know you will need chickens for your workers. Can you work with us so that we can encourage Sierra Leoneans to go into chicken production to supply you?" It may not be in the first year or two, but can be in the third year. It's not rocket science.

This is part of what Botswana did. When they discovered diamonds, the government sat with De Beers [the South African mining company] and the local communities to discuss what the revenue flow would be like and to discuss what the company should give back to the community in terms of infrastructure, health, education, and so on, as well as what should go into the central government coffers. But that's my broader notion of local content. Yes, it is about the supply of inputs but also about making sure that the companies leave something behind in the communities that will give them an opportunity to expand.

ARG
But should this be institutionalized through laws?

YUMKELLA
I would not insist on a law immediately. However, I think in the negotiations the government should press for these things and should be flexible about timing. It is not an either/or proposition. Some of these things can be phased in gradually. If the deal is for twenty-five years, we can say that by year three, we want this policy to kick in. And we, the government, will be a partner. We can set up these funds together. And we can use the revenues to build the skill base and entrepreneurship that is necessary for people to take advantage of it. The government should not hesitate to raise this in negotiations, but they must be flexible about when these measures kick in.

ARG
The Sierra Leone government currently has a very open, indiscriminate approach to investment, inviting interest across all areas. Do you think the government should be more discriminating, introducing policies that draw investment into key sectors with the most linkages to others?

YUMKELLA
Right now, the Sierra Leone government is offering all of the opportunities because they don't know which ones are attractive to which particular investor. Such an open policy is important. What is significant to mention is that government should prioritize. I don't want to use the terminology of "picking winners," but I think that government should prioritize and be committed to say, "Okay, the scope is open, we will not direct where investment should go, but of ten sectors, here are three that are the most dynamic—

sectors that we know can really catalyze growth." Then they must introduce the right policy to allow entrepreneurs to invest in these areas.

In addition, the government must be ready to do smart public-private partnerships to stimulate those areas. I don't think that's wrong at all. Prioritizing some areas makes a lot of sense because we are catching up. And catching up requires some degree of concentration in dynamic sectors. But I say this, the government should not choose the technology. The government should not choose which enterprise is going to participate. Instead, the enabling conditions should be there to ensure that the best can perform and that entrepreneurship can flourish. That is what was wrong with the old planning models. Those models meant the government chose the producer, owned the factory, and even picked the technology. That's old-style policy. What is important now is prioritization in providing good public policy, incentives, and a stable macroeconomic environment. That is the key.

Human Rights in Context: Traditional Rights and Institutions in Africa

An Interview with United Nations High Commissioner for Human Rights Judge Navanethem (Navi) Pillay

Interviewed by Jasmin Johnson and Mahat Somane

Navi Pillay was appointed United Nations (UN) High Commissioner for Human Rights in July 2008 by UN Secretary-General Ban Ki-moon. A native of South Africa, in 1967 Pillay was the first woman to start a law practice in the country's Natal Province, providing legal defense for opponents of apartheid. In 1999, she was elected as the Judge President of the International Criminal Tribunal for Rwanda, which she joined in 1995 as judge. In 2003, she was appointed as judge on the International Criminal Court. Pillay holds a bachelor of arts and a bachelor of laws from Natal University South Africa and a master of laws and a doctorate in juridical science from Harvard Law School.

Jasmin Johnson is a second-year master in public policy student from Kuala Lumpur, Malaysia. She has worked in West and North Africa and has a strong interest in education and poverty reduction policy. She is concentrating in political and economic development at the John F. Kennedy School of Government at Harvard University.

Mahat Somane, an advocate of the High Court of Kenya, is a Fulbright Scholar at the John F. Kennedy School of Government at Harvard University pursuing graduate studies in public policy. Prior to coming to Harvard University, Somane worked at the law firm of Kaplan and Stratton as a litigation associate and a contributor to the World Bank Doing Business Survey that reports on governance indicators on 181 economies.

They interviewed Navi Pillay at Harvard Law School on 28 October 2009.

APJ

Can you comment on Africa-specific human rights problems and developments vis-à-vis other regions?

PILLAY

Africa falls under the developing country category. Apart from South Africa, the rest of the continent is poor and still suffers from the colonial exploitation of its resources. Africa was left poor. But the people in Africa want to be in charge of their own affairs and not remain aid recipients. Africa has been plagued, more than any other continent, by armed conflict. Human rights protections are clearly pertinent for Africa. The continent is also plagued by governments that are not responsive to people's needs. Some of the leaders are rich and wealthy. In addition, when their resources such as oil, diamonds, and forests are being exploited by multinationals and joint ventures, the agreements do not take into account the needs and priorities of the people who are seldom consulted.

Recently, China, with respect to the Democratic Republic of Congo (DRC), entered into an agreement where they have agreed to build dams, roads, and so on [in the DRC]. I feel that that's a good sign—a sign that people are more aware and clearer in their own demands

I've heard many victims of violent conflict in Africa say, "I wish we didn't have diamonds. I wish we didn't have minerals. If we didn't, then others wouldn't come and fight over our country." I've also heard people say that Africa does not manufacture guns and machetes. Weapons are shipped to Africa. And that's the other factor that has to be addressed: Who is facilitating conflict in Africa? Who is funding and supplying weapons to the rebels? The challenge is how to make the governments more accountable to carrying out their obligations and also how to assist governments to deal with the warlords and rebel groups. The leaders should be working closely with civil society and accept responsibility for the protection of civilians during conflict.

Although it is frequently argued that not enough is being done, the African Union has made considerable progress in promoting and protecting human rights, for example, in adopting the AU convention on the protection of internally displaced persons (IDPs) in Africa, which is the first legally binding instrument on IDPs in the world, and in deploying peacekeeping forces in Somalia and Sudan. We also have the subregional mechanisms, ECOWAS [Economic Community of West African States], SADC [Southern African Development Community], and others, which are actively promoting human rights.

There is obviously still a long way to go. Africa continues to face serious discrimination of women, gender-based violence, and unacceptable levels of maternal mortality. Widespread corruption results in many Africans not being able to have access to basic human rights like food and water. The effect of climate change also has a serious effect on human rights in Africa.

Taking true ownership of the promotion and protection of human rights brings with it serious obligations and responsibilities to really ensure that the rights of ordinary Africans are improved. It is time to face up to the challenge and not only adopt good instruments, but also get down to implementation.

APJ

You stress the importance of consulting the people in Africa to learn what they want and need. What actual policies can countries implement to get this input from people?

PILLAY

I believe that the only way to achieve sustainable promotion and protection of human rights is to build on home-grown initiatives, such as the NEPAD [New Partnership for Africa's Development] program and regional economic communities. We need strong national capacity to protect human rights, a vibrant civil society that can discuss local issues freely, and national human rights expertise, independence, and resources to take action. Civil society organizations and NGOs [non-governmental organizations] should have greater access to the Human Rights Council during the universal periodic review of states' human rights record and to the African Peer Review mechanism, which is an African self-monitoring system. Civil society organizations should be assisted and strengthened so that they can monitor the implementation of recommendations emerging from the peer review process relating to human rights and good governance.

And in turn, I think they should have policies to make the judiciary independent and to make the police force a well-trained, protective institution that has the support of the people. There are many aspects of governance that need to be addressed, and if they approach it from a human rights basis, it means that the legitimate rights of people will be addressed. Governments are responsible to deliver on the basis on human rights. Human rights is a sound basis for policy.

APJ

Has regional cooperation, such as initiatives taken through the African Union (AU) been productive, especially with regard to human rights?

PILLAY

The African Peer Review Mechanism has been acceded to by twenty-nine countries, and six countries have been reviewed. A panel of eminent experts oversees its implementation throughout Africa.

The AU has made significant progress in peace and security initiatives. At a special session in August 2009, the AU considered the conflicts in Somalia, Darfur, and the Great Lakes region and adopted the Tripoli Declaration on the Elimination of Conflicts in Africa and promotion of sustainable peace and development and a plan of action. The AU has addressed justice and reconciliation issues in Darfur, such as the African Union High-Level Panel on Darfur lead by [former South African President] Thabo Mbeki. The AU Mission in Somalia (AMISOM) conducts a peace support operation to stabilize the security situation. The AMISOM continues to operate despite a very difficult situation and frequent attacks, in which nine soldiers and the force commander were killed.

The mandate of the AU Commission is to intervene in peace and security concerns of the member states; neither the European Union nor the Organization of American States has a similar provision. Another important rule of practice is that governments brought to power by coup d'états are not allowed to participate, for example Mauritania and Madagascar. It is important that we have the AU, to which all countries in Africa belong except Morocco. It has its own charter, its own court, the African Commission on Human and Peoples' Rights, and a protocol to the African Charter on the Rights of Women in Africa. This groundbreaking protocol, for the first time in international law, explicitly sets forth the reproductive rights of women to medical abortion when pregnancy results from rape or incest or when continuation of the pregnancy endangers the life or health of the mother. The protocol sets forth a broad range of economic and social welfare rights of women. The rights of particularly vulnerable groups of women, including widows, elderly women, disabled women, and women in distress, are specifically recognized.

The right to development is another striking inclusion in the African Charter and represents the only legally binding regional instrument to recognize the right to development in its Art. 22(2).

Unfortunately, the AU is unable to fund itself in, say, the way the EU does. One has to give these emerging institutions time to get on their feet, and they have to have support from all the governments. I think it is important that the AU is taking initiatives to deal with conflicts in their own region, but the AU needs support from donor countries to pay for peacekeeping. In many ways, it is important that we have an institution like the AU where they can at least have interchange and dialogue, something that women have called for ever so long: dialogue rather than wars.

APJ

Is there a role for or value to be found in traditional African systems and practices in human rights?

PILLAY

Certainly, there is value in traditional systems, traditional values, traditional knowledge provided they accord with internationally accepted human rights norms, are respected by the communities concerned, and enjoy a fair degree of certainty and consistency. In devising transitional justice systems, communities are looking for alternate ways of rendering justice. Take the case of Rwanda, for instance. They had more than 100,000 people suspected of genocidal acts in custody. The UN tribunal did not have the capacity to hear more than fifty cases, so how will a country like Rwanda be able to handle the other cases? They resorted to using community court called Gacaca that was acceptable to the people.

One has to guard against traditional systems that are oppressive to women or are prone to abuse. In some traditional systems, when a girl is raped, the traditional course of action, or traditional justice, is to have the rapist marry her. There is no consideration of the woman's wishes. Here, you save the dishonor done to the whole community. That's what I mean by you have to pick "the best"—what works and what is acceptable to people—and you have to respect individual rights and community rights, especially when there are conflicts [between these things]. I think the individual's rights have to be respected. I also have empathy for community rights included in the African Charter, because of the need to protect the poor in the community from land grabbing and unfair exploitation of resources. There are community rights that I would respect. Otherwise, traditions and customs lack regulation and codification, hence they are open to abuse and misinterpretation. The rule of law is a preferred system because it offers certainty and respects the principle of equality.

APJ

Recently, there has been a lot of focus on the AU because the leadership in Africa has chosen not to cooperate with the International Criminal Court (ICC) over Darfur. Does this imply a tendency toward impunity? Or ill political will toward the [UN] Security Council? What are the implications of this dialogue?

PILLAY

Members of the AU have decided not to cooperate with International Criminal Court because they say that it is a political decision on the part of the [UN] Security Council to refer Darfur to the ICC. So [the AU feels that] the politicization of the justice issue is very selective. They are urging the governments in Africa to conduct national prosecution. The AU has made it clear that they are against impunity. They don't want people to escape justice; people who commit serious crimes must be punished. They respect the principle of accountability, justice, and prosecution. In this particular case, this is their reaction to the Security Council position. The ICC prosecutor was directed by the Security Council to investigate, and that's what he did. He investigated and he placed the evidence before three judges. So it's a judicial decision after the facts were ascertained to issue the indictment. That's where we stand now. The other important thing is the largest number of ratifications for the Rome Statute for the International Criminal Court comes from Africa. That's evidence that Africa wants accountability for serious crimes. That's a good serious policy for Africa to support rule of law, justice, and all that is foundational to democratic governance.

APJ

Who do you think has been most effective in advancing human rights in Africa? Which institutions or organizations can Africa bank on? Foreign-funded NGOs, grassroots organizations, government agencies, or peacekeeping forces?

PILLAY

I don't think I can answer that. Different areas, different contexts. I would love to think that civil society is the most effective [player]. But it is not well-developed or supported [in Africa]. They are, in fact, suppressed in some places. Would UN peacekeepers have helped? Of course, they are there to protect and maintain the peace.

[I think that] it has got to be states themselves, together with their people [who are making the most effective changes]. It has to be a safe structure [for change]. Good examples include South Africa and Botswana. There one can credit the will of the government, as they have met some demands of the people. They still have huge problems: Botswana has AIDS, and South Africa has violence. Both these governments have achieved a measure of success and stability that is not present in the rest of Africa, and I think that one can attribute it to the partnership they have with civil society.

African governments have to take responsibility for good governance and respect for the rule of law. There is a need for moral leadership such as that provided by President Mandela, who educated the people of South Africa to deal with past atrocities in a compassionate way. He dealt with justice issues to ensure that the specter of retribution does not rear up again and again.

APJ

On a more personal note, what is your philosophy on human rights?

PILLAY

I learned most of my human rights lessons in opposing the racist system of apartheid in South Africa and was motivated by other women. Women are the neglected 51 percent of the population. They are the most vulnerable; they suffer the most in any kind of conflict or crisis. And yet they have so much to offer. So I would respect the knowledge and experience that women have and utilize it more. They don't go to war easily. They are the ones who toil and till and grow crops. They are the ones who are first to be concerned with protection issues—safety for themselves and their families and education for their children. I think they should be given a bigger role, and I would like to see in my future work that we speak out on discriminatory laws and practices against women. Not women as fiction, but women as contributors to policy and decision making for the country. For instance, look at Rwanda; it's the African country with the most number of female parliamentarians and government officers, and it has a focus on social issues as part of the country's development strategy. My personal experience therefore points to pursuing the empowerment of women in the public sphere.

Public Health and Medical Education Dilemmas in Tanzania: Barriers to Development

An Interview with Dr. Esther Mwaikambo

Interviewed by Andrew Myburgh and Jasmin Johnson

Dr. Esther Mwaikambo, M.D., a native of Tanzania, is the former Vice Chancellor of the Hubert Kariuki Memorial University in Dar es Salaam—the first private medical school in the country. She is the first female physician to be educated at a faculty of medicine in a Tanzanian university. Dr. Mwaikambo is currently a physician and professor of pediatrics and child health at the Hubert Kairuki Memorial University where she specializes in cerebral manifestations of malaria. She is also the founder of the Medical Women Association of Tanzania.

Andrew Myburgh is a second-year master in public administration (international development) student from South Africa. He is a graduate of the University of Cape Town and has worked for five years in Johannesburg as a regulatory and antitrust economist. His main interest is private-sector development, especially in Africa.

Jasmin Johnson is a second-year master in public policy student from Kuala Lumpur, Malaysia. She has worked in West and North Africa and has a strong interest in education and poverty reduction policy. She is concentrating in political and economic development at the John F. Kennedy School of Government at Harvard University.

They interviewed Dr. Mwaikambo on 26 October 2009 at the Center for Government and International Studies at Harvard University.

APJ

What are the biggest policy issues facing Tanzania with regard to health and health care?

MWAIKAMBO

In general, the problem we have at home is that we don't have an adequate number of doctors and health personnel. We are producing doctors, but there is a lot of brain drain. We need to produce an adequate number of doctors and remunerate them for the purposes of retention. In fact, there are a lot of doctors who are educated for free—quite a few get grants while others get loans—and even when they finish [in Tanzania], because they are not adequately paid, they end up leaving.

In order to retain these doctors, they have to be paid adequately. In addition, retention of doctors can be helped by better working conditions. [We need] a conducive environment for work in the hospitals. The hospitals are just too crowded with too many patients. Doctors are working in a passive environment with sick people all the time. They need a comfortable place to work, to eat, and to care for patients. It is so hard to maintain confidentiality [in Tanzanian public hospitals]. How do you do that when there are two or three patients in one bed? These are the things that make doctors hate being doctors. Doctors run out of the country for greener pastures. We need to expand hospital capacity. I don't know how you can improve the facilities with such a high number of intakes everyday. Improving the working conditions is probably the first step. Second would be to pay the doctors better. They are both push and pull factors.

When you get better pay, you can put your child in the best school. You can have a good car, drive on a nice road, work in a good environment, and have a lot of other basic things. Some of the doctors get post-traumatic stress disorder because of the hardships in the hospital. You walk into the hospital, and you find twenty patients, and probably all of them have waited, and you don't even know what to tell them. They expect you to be a doctor and heal them and help them, but you are so helpless, so you don't want to be there. You'd rather be somewhere else. So even if [doctors] can't run away, they will change their profession to something else.

They go for a master of public health (MPH) and work in the UN [United Nations] bodies. There are so many UN agencies here. The MPH is like a license to do anything else except be in the ward. You can work at WHO [World Health Organization], UNICEF, Helen Keller International, UNFPA [United Nations Population Fund]—just to mention a few. The UN organizations pay much better. Even if doctors stay at home or work in politics they are paid much better. A lot of doctors are now politicians or CEOs or directors, and they get better pay and don't have to meet with these very sick people. I have been teaching since 1977, but I think 70 percent of those whom I have taught are not working in the ward. They are not interested in working there.

APJ

What were the barriers to establishing medical schools in Tanzania?

MWAIKAMBO

Tanzania, for the last fifty years, has had only one medical institution. That's where I was trained and where I was teaching. It is not that they didn't want to have more; it just requires a lot of money. The equipment, the resources that are needed—all are very expensive. It is not possible for the government to supply these resources. For almost fifteen years, the yearly enrollment [at the public university for medical training] was fifty. By the time the students came out, the class was reduced to between twenty-five and forty.

There was a high demand for more doctors and more high school students to get into the university. The number of Tanzanians was increasing; we were about 8 million at independence, but by 1996, we were almost 25 million. The number of doctors was very low. By 1990, the country was very much in need of additional doctors. In 1996, they changed the laws to let private universities set up. That's how the donor who set up the first private medical school came in. So now we have six medicals schools—one public and five private. We can only take seventy-five students every year at Hubert Kariuki Memorial University. It may sound small, but it is a big contribution.

APJ

What's your motivation for staying in Tanzania and not leaving like everyone else?

MWAIKAMBO

The motivation is just the commitment to the people; Tanzanians need the medical expertise. The government has been ignoring this area. My university is getting so many applications, and we are hoping to expand. This is also inspiring us.

APJ

Could you speak to the issues in financing higher education, particularly medical education both in public and private institutions in Tanzania? What do you think about foreign investment in education?

MWAIKAMBO

The biggest challenges are in the finance of education. We, at Hubert Kariuki Memorial University, do not provide financial aid for the students, but the government does. Half of the students get free grants from the government, and the other half gets loans. The loan board gives loans to students for at least 60 percent of the [medical school] tuition, and about 40 percent is paid by the students themselves. The loan is repaid after graduation. Of course, even the 40 percent many students cannot afford, even the average student. So they must go through so many avenues to try and get the additional funds. A lot of them do not [succeed in finding the funds], so they give up. Only the well-to-do do not find it hard to pay the 40 percent so are able to join the faculty.

The government is very concerned about financial barriers to education. The high school enrollment rate in Tanzania is one of the lowest in Africa, and the lowest in East Africa, so the policy has to change so that we can enroll as many students as possible into high schools and higher education institutions. So it has become crucial to allow students to get in. The [government] loans are a new thing, and everyone is rushing for the loans. The government doesn't have enough money for the loans, and many [eligible] students are without these loans.

The government should give these loans to children from families who cannot afford to pay the full tuition. Students who can pay should not get loans. But the poor people are in a disadvantaged place because they don't know people in the government. Again, they don't get the loans. The full grants are decided according to grades; the best students will get the full grants. But of course, part of them must be women. There is an affirmative action policy for women in the universities.

We need foreign investment in education. We need them to come and cooperate with us and help us. It is very hard to run a university, much less start it from scratch. Our university was established by one man. It was very difficult. You need a lot of money so that you attract teachers, and you retain them. You need highly qualified professors to teach at the medical school. The [funds provided by the] tuition is not enough to attract the most senior people. You also need good infrastructure for medical students—computers, labs, IT, classrooms, facilities, staff development—and it all requires money. If foreign resources can assist in one way or the other, it would be good.

APJ

What about the potential to pay back private loans? Should students take the additional risk for the 40 percent of fees not covered by the government loan? What are salaries like for doctors?

MWAIKAMBO

The salaries, in general, in Tanzania are not good. Doctors in the government service are not the lowest paid; they are relatively well-paid in this country compared to other public servants. But of course, because all the salaries are low and because all the living conditions are poor, doctors feel that their lives are just going to be like the other [less educated] people's lives. You cannot afford a house, a car, etc. These things are not affordable on a doctor's monthly salary working for the state.

The private sector is different. My university is private, but we cannot afford big salaries. Some companies pay very well. Some government officials get paid very well. One good improvement is that in the past, you weren't allowed to do anything to improve your low salary. But after liberalization and privatization, people could open their own private practice and get a lot more money. You can have some other business if you want. You can join together with other doctors if you want. People now know how to get better salaries.

But there are disadvantages. Doctors are working in a hospital or in a university, and they are spending all their time doing some private business. Students are not being taught well. They spend just a little time in the classroom and they rush to go and do something else. The public university has more than three-hundred professors but none of them spends more than three or four hours in that hospital or university.

The public university now takes about 250 doctors a year. They have M.D., basic pharmacy, dental, nursing—many courses. The M.D. course takes five years, so at any one time, the public university should have about one-thousand students. Everyone wants to work there, so that they can use the hospital to do their own thing. That is very common.

APJ

What are the important qualities for people studying medicine? What do you look for?

MWAIKAMBO

In Tanzania, in the public universities where I have been teaching, the best students with the best GPAs in the science subjects are the ones who are admitted to the faculty, irrespective of whether they will make excellent doctors or not. But nowadays at our university, we interview them and look for some qualities that are good for doctors. At other universities, they interview them but sometimes the intakes are so large that they cannot manage to interview everyone, so they still depend on the best GPAs.

There are certain qualities we, at my university, look for, for example, how they relate to people, and what they think about the conditions of Tanzania. You just listen to them and you can tell. We ask them, "When you become a doctor some day, do you just want to make money?" Nowadays, as I told you, medical ethics and the conduct of doctors are perceived to be very, very negative. So we look for those people who will be better conducted.

Kokoschka on Africa:
A Review of Global Shadows: Africa in the Neoliberal World Order

by James Ferguson
(Duke University Press, 2006)
Reviewed by David Bargueño

David Bargueño is a graduate student in the Council on African Studies at Yale University. He recently graduated from the Woodrow Wilson School of Public and International Affairs at Princeton University. He thanks Professor Mike McGovern for the conversation that led to this review.

It is time to smudge the lines on world maps or at least to look beyond them. More than twenty-five years ago, in *Nations and Nationalism*, Ernest Gellner (1983) compared expressionist artwork with maps from the age of empire. He also noted the similarity between figure drawings and the clean lines of modern nation-states. Part philosopher, part social anthropologist, he associated empires—and their complex relationships between "citizen and subject"—with the shading and riots of color found in Oscar Kokoschka's paintings. At the other extreme, Gellner saw the neat surfaces of Amadeo Modigliani's figures in modern political maps. Arguably Piet Mondrian, with his rectangles and primary colors, would have served as an even better metaphor for nation-states than Modigliani. No matter, in *Global Shadows: Africa in the Neoliberal World Order*, James Ferguson sees more of Kokoschka than of Mondrian in contemporary maps, particularly those of Africa. Ferguson's compilation of nine vignettes, four of which have been published previously, contests two traditions common in the scholarship on Africa. First, Ferguson calls on the Mondrians of the world to pay more attention to details and shading—to the sub- and transnational actors in domestic governance and international relations. Second, he pushes the Kokoschkas to stop focusing on specific swathes of color—to move beyond case studies and to address the "headline news" on Africa. Put simply, his goal is to show how "Africa is and is not global" (Ferguson 2006, 29).

To this end, the motif of shadows resurfaces throughout Ferguson's book.

Borrowed from the image of a "dark continent," the concept refers to "black markets" that run parallel to the official economy (also called doubling), as well as African institutions copied from Western models. Most importantly, the shadow is one of many images meant to convey the real and imagined relationships (or relationality) between Africa and the world. A chapter entitled "Mimicry and Membership: Africans and the 'New World Society'" casts in sharp relief two letters: the first written by two Guinean children and the second by an angry Zambian journalist. The Guinean children were found dead in the landing gear of a plane and with them was a desperate letter to Europeans in which they pleaded for help "to become like you" (Ferguson 2006, 156). In striking contrast, the journalist's letter furiously denounces Western racism and demands reparations for slavery, mineral extraction, and so on. One letter appeals for a renewed "mission civilisatrice"; the other speaks to an entire continent's betrayal. But both address—and demand greater engagement with—a common global community, not any specific national government. What emerges from Ferguson's analyses is a clear picture of how globalization has destroyed old binaries (or shadows) between colonizer and colonized and, by the same token, has created new demands for membership in a supranational system. The call of both letters is for a better "place-in-the-world," a term Ferguson defines as "both a location in space and a rank in a system of social categories" (Ferguson 2006, 6).

Lionhearted do-gooders have repeatedly answered these and similar letters by looking for solutions (policy-oriented and otherwise) entirely outside of the state apparatus. But just as Ferguson is critical of focusing on nation-states as the primary units of analysis, he is wary of pitting the "state" against "civil society," of praising "bottom-up" over "top-down" processes. Such binaries have limited analytical power and can, in fact, "help legitimize a profoundly antidemocratic transnational politics" (Ferguson 2006, 91). Of course, he is writing against a long tradition begun by none other than Alexis de Tocqueville, whose eulogies of local organizations and civic engagement in early American history have resonated in the scholarship of African politics since the 1980s. As a vague arena outside of private (business) and public (government) spheres, civil society is typically seen as a site of inclusion, where grassroots organizations and liberation movements empower subalterns to check state power. Overlooked is how non-state actors—particularly international organizations—also exist as sites of exclusion that often assume state powers with little to no domestic accountability. Their capital, in turn, can hop from London to Johannesburg to Kinshasa and barely affect the people between these cities.

No doubt, Ferguson proves most successful when he channels African voices. By allowing the above-mentioned letters to stand on their own merit, he self-consciously suppresses the anthropological urge to contextualize the Guinean children and the Zambian journalist in their respective time and place. This is part and parcel of a much larger critique against "relativizing anthropology" (Ferguson 2006, 19, 68), and the discipline's tendency to emphasize "differences of culture." Once lambasted as handmaidens of empire, anthropologists have certainly responded to "the skeletons in the closet" by, on the one hand, leaning toward Afro-optimism over Afro-pessimism and, on the other hand, focusing on the particular over the general. Sometimes this has entailed redefining poverty as an "alternative modernity" (Ferguson 2006, 33, 167, 176, 223); other times it has resulted in ascribing African agency and resistance where none really exists (or existed). Ferguson's essay on "Decomposing Modernity" suggests that such techniques may be counterproductive. In a sense, they confuse "indigenous" and "analytical" categories, as described by the historian Frederick Cooper in *Colonialism in Question* (2005). Much like Ferguson, Cooper explains that which is considered "modern" right here, right now ("indigenous category") may not be considered "modern" across the world, at a different time. Thus using the term "modern" as an analytical category is problematic. For each author, the imperfect solution is to carefully parse one's descriptive language and to be wary of projecting values where they may not apply. Well-intentioned Africanists and policy makers beware: ideology and popular buzzwords do affect analyses.

Precisely because of its myriad strengths, *Global Shadows* has two shortcomings that stand out, which may, in turn, frustrate those in search of context (historians) or concrete answers (policy makers). The first issue pertains to change and continuity, the second to the pragmatic implementation of ideals. Those familiar with the current policies of the World Bank and the International Monetary Fund will point out that structural adjustment programs have drastically changed since their initial implementation. In the absence of conditionalities (carrots and sticks) for loans and aid programs, Bretton Woods institutions are now widely accused of rubber-stamping corrupt governments, ostensibly in order to help the greatest number of people. Given this change, it is unfortunate that Ferguson typecasts these institutions as disciples of "scientific capitalism" (Ferguson 2006, 70). Clearly, the chapter "De-Moralizing Economies: African Socialism, Scientific Capitalism, and Moral Politics of Structural Adjustment" would have benefitted from a more thorough update of the original article published in 1993. Moreover, the thesis of this piece—that human relationships and morality belong in economic equations—may scratch a long-unsatisfied itch to localize or Africanize international finance, but it will likely befuddle policy makers. How to go about implementing a "re-moralization" campaign without blame and name-calling is, to use Ferguson's turn of phrase, "unknown and unknowable." Moreover, the real risks of scapegoating and demonizing Indian traders for increases in the price of cloth may substantially outweigh any benefits of infusing moral rhetoric into market debates (Ferguson 2006, 82).

Let there be no mistake, Ferguson has breathed new life into tired debates on how to think about Africa as both a place and a category. Each chapter could have its own appendix, listing the intellectual giants with whom Ferguson has bravely engaged. For example, on the useful idea of Africa as a category—and of its cultures being stratified not unlike the political economy—literary theorist Edward Said's *Orientalism* (1979) comes to mind. Even when he flirts with esoteric lingo, Ferguson's arguments are as readable as they are thought-provoking; many outside of the ivory tower would benefit from taking a good, hard look at Ferguson's canvas. It is immense, the concepts are rife with blurry lines and complex shading, and the painting is purposefully left incomplete. His expectation is that other Kokoschkas will accept his challenge and re-envision Africa's place in the world.

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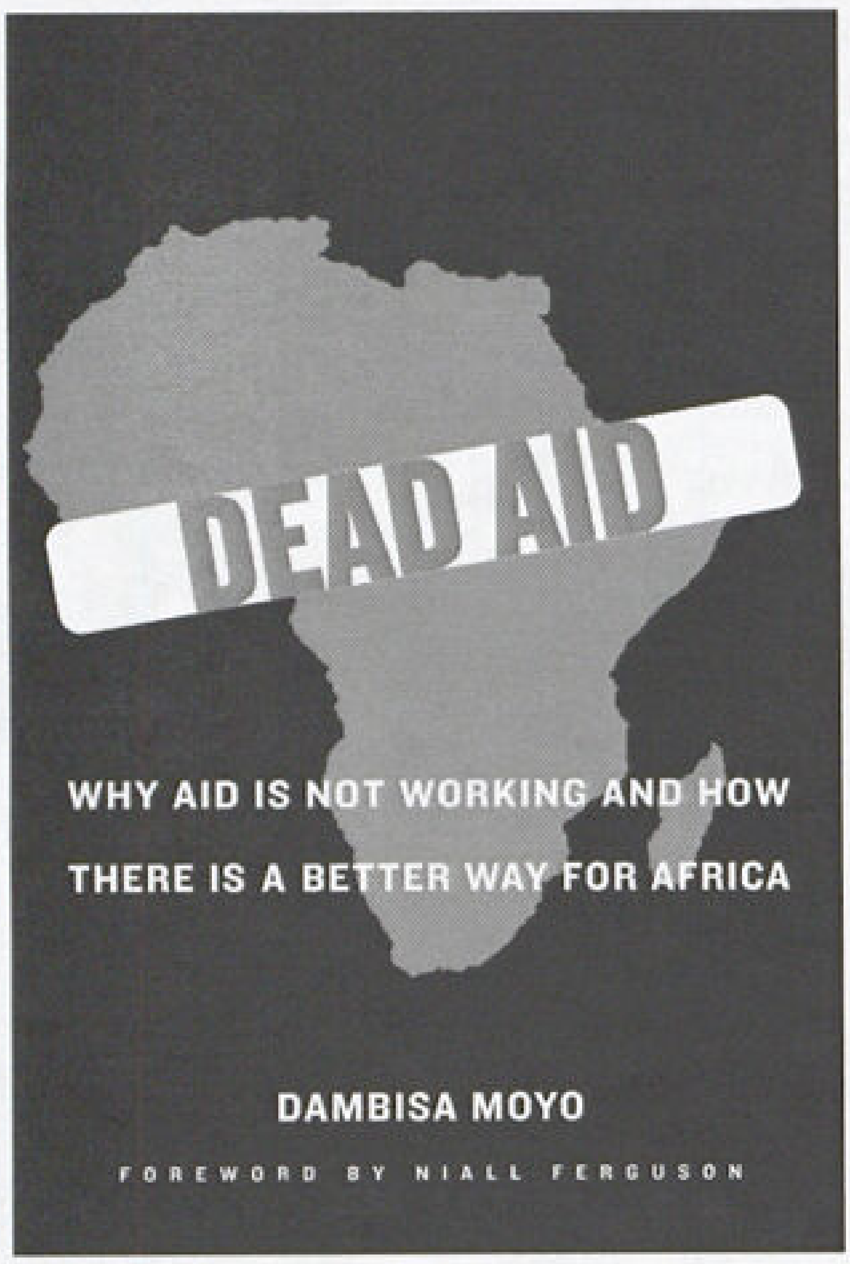
Dead Aid: Dead Simple

A Review of Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa

by Dambisa Moyo

(Farrar, Straus and Giroux, 2009)

Reviewed by Ioana Tchoukleva



Ioana Tchoukleva is a senior at the University of Chicago. Prior to embarking on her studies, she worked in psychosocial aid for victims of domestic violence and human trafficking in Bulgaria. In Chicago, Tchoukleva has been active in Amnesty International and STAND, the student-led division of the Genocide Intervention Network. She has lived and worked in Rwanda, teaching English and entrepreneurship to both orphans and widows of the genocide. She currently works for the Immigrant Child Advocacy Project and acts as an advocate for an unaccompanied refugee child who is awaiting a decision on his application for asylum in the United States.

Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa, by Dambisa Moyo, reads like a revolutionary manifesto against a capitalist system responsible for exploiting the masses. Replace "capitalist" with "aid" and you deduce the core of Moyo's argument—aid has failed to deliver sustainable economic growth and poverty reduction for most countries in Africa. In fact, according to Moyo, it has done the opposite. By propping up corrupt elites, deemphasizing transparency, and hindering viable markets from forming, aid has only compounded Africa's troubles. To emancipate Africans from the cycles of foreign dependence and poverty, Moyo suggests cutting aid to Africa once and for all. And this is exactly where Moyo's argument fails; there is no perfect solution that can be implemented in a ten-year time frame, as she suggests, that would allow African countries to solve their economical and political dilemmas. Ironically, reducing all the factors at play in Africa to the single problem of foreign aid is a radical oversimplification that traps Moyo in the same kind of single-mindedness that characterizes the proponents of aid whom she battles so fervently in her book.

It is illuminating to take a step back and situate *Dead Aid* in the larger debate about financial assistance. Over the past few decades, a grand narrative and a celebrity-dominated culture of aid has pervaded development discourse as musicians turned activists like Bono and Bob Geldof have rallied Westerners to provide financial assistance to make the poor better off. In *The End of Poverty,* Jeffrey Sachs (2005) explains how Americans give too little—18 cents for every $100 in national income—and that for foreign aid to have an impact there should be a lot more of it (Sachs 2005).

In the past, few people questioned the effectiveness of aid or the ethical dilemmas involved in "doing good." However, during the past ten years, Western economists and politicians have published a series of powerful critiques against aid. *With The White Man's Burden,* William Easterly (2006) became the anti-aid crusader. The fact that African voices were hardly present in the intellectual debate did not seem to bother anyone, and Moyo correctly points out that there are a lot more opinions out there than those presented by an elite circle of Western White men. As an aid economist says in Moyo's book, "my voice can't compete with an electric guitar." That is why it is important to welcome the work of a Black African woman, Dambisa Moyo, especially if she is willing to question some truths previously taken for granted.

Educated at Harvard and Oxford, Moyo can hardly be dismissed easily. Her background provides her with the opportunity to bridge the gap between the "experts" in the West and their beneficiaries in African countries. However, she should be cautious about overemphasizing her African authenticity. Her Western education has undoubtedly distanced her from some of the concerns that affect people in Africa on a daily basis. She has no legitimacy in saying that "ordinary people across Africa . . . have an incentive to change the aid regime of course" (Moyo 2009, 149). She should avoid the implication that she is speaking for all "ordinary" people in Africa, or for all Zambians, because she risks doing great disservice to both her career and her home in Africa.

Dead Aid begins with a bleak picture of Africa being caught in a vicious cycle of aid and underdevelopment. Despite $1 trillion given to African countries over the past fifty years, Africa's real per capita income today is lower than it was in the 1970s (Moyo 2009, 5). Where has all the money gone? Moyo stops short of answering "down the rat hole." The first part of her reasoning is that aid is easy money. Not much different from natural resource profits, aid money can easily be abused by powerful elites and corrupt governments. In turn, corruption makes foreign investment in African countries even more problematic as it reduces economic growth and increases poverty. This process increases the demand for even more aid, and thus countries find themselves entrenched in a vicious cycle. When governments can just "sit back and bank the checks," they have no incentive for long-term financial planning (Moyo 2009, 52). They become dependent on foreign aid, which Moyo argues has deleterious consequences for growth: "over the past thirty years, the most aid-dependent countries have exhibited growth rates averaging minus 0.2% per annum" (Moyo 2009, 46). Moyo claims aid has unequivocally become "an unmitigated political, economic, and humanitarian disaster" (Moyo 2009, xix).

If, on the contrary, governments were to seek money from private financial markets, they would become accountable to their lenders and therefore more transparent. Being transparent and prudent are just as important to long-term development as is actual economic growth.

Moyo's alternative to aid involves a combination of direct foreign investment, open trade, and microfinance. In the second part of her book, she looks at how those strategies can promote sustainable change in the fictitious state of the Republic of Dongo, which in her book represents the average African state. It is ironic that she creates an "average" African country yet simultaneously lambasts aid for oversimplifying Africa. Her goal is to show how cutting aid to Dongo in the span of five to ten years would not only boost the economy, but also would open the way for good governance and private investment. The reason why Western politicians are not willing to take that step is that they have incentives to preserve the status quo. For Moyo, China has contributed more to Africa's development through its aggressive investment in trade and infrastructure as compared to the West's traditional aid. China's business-as-usual model of engagement requires returns on investment so that Africans *do* actually get roads, jobs, and power plants. In the process, a viable system of credit is established that allows businesses to receive loans needed for growth. Overall, Moyo claims, cutting aid forces African governments to look for money in the financial markets, which requires accountability to their citizens and to international investors.

To support her arguments, Moyo employs a combination of statistical and anecdotal evidence. According to Michael Gerson from the *Washington Post*, Moyo formulates "disastrously wrongheaded conclusions" built on sound economic arguments (Gerson 2009). For instance, he claims that Moyo is misguided in criticizing the effects of aid because aid was not even meant to contribute to development in Africa. Gerson says Westerners paid money to African elites to assuage guilt or reward loyalty during the Cold War. Further, Paul Collier (2009), a professor of economics at Oxford, which Moyo attended, explains that there is no solid evidence to back her claim that aid worsens governance and further impoverishes underdeveloped countries. Moyo's own assertion that 85 percent of all aid is misused tends to debunk her argument. As Adekeye Adebajo (2009), executive director of the Centre for Conflict Resolution, points out, it is the abuses of aid that is harmful, not the aid itself. Adebajo says that Moyo notes a decline in aid levels—from 0.38 percent in 1982 to 0.27 percent in 1997. If Moyo's theory was correct, as Adebajo alludes to, African countries would have been better off with this decrease in aid, which is not the case. Moyo does illustrate well the correlation between availability of aid and underdevelopment but does not provide enough evidence to prove causation. She also fails to consider any options to improve the way aid is given or, in the words of another reviewer, "minimize the harm [of misuse] while retaining the good [of investment]" (Owen 2009). Moyo does not even address possible solutions such as strengthening government conditionality or giving money to civil society groups instead of governments. Leaving it up to African governments to raise money in international markets is challenging, especially now that the global financial downturn has made investors even more risk-averse. Ultimately it will be the impoverished citizens of African countries who will bear the cost of their government's incapacity to secure funding.

Moyo overstates her case to the point of caricature, which when combined with her bland writing style makes her book unpalatable. Her complete approval of Chinese dominance in Africa seems just as naïve as her claim that African countries are better served by "a decisive benevolent dictator" (Moyo 2009, 42). Rwanda's President Paul Kagame would appear to be her ideal dictator, but it is hard to praise economic growth if it comes at the expense of basic human rights and civil liberties. Today Rwanda appears to be an exemplary African nation, with gross domestic product growth in the double digits, and yet basic freedoms of speech and press are lacking. If one looks at Rwanda through the kind of ahistorical framework Moyo uses to understand Africa, one risks missing the bigger picture of political and social dimensions unique to a country. This is just one example of why Adebajo (2009) says Moyo's book offers "simplistic, sweeping recipes for resolving Africa's economic crisis."

Moyo's biggest mistake is in providing a one-sided view of the story, which in itself does not contribute anything new to the aid debate. Aid lends itself to simple moral narratives (guilt and reparation, corruption and poverty) and simple solutions (trade not aid), thus it has become an easy point of controversy. This does not mean however, that aid is as central to underdevelopment as has been presented. Questions of colonial legacies, global resource distribution, and neoliberal reform must also be considered. Yet these are certainly much harder to fit into a short, catchy title like *Dead Aid.*

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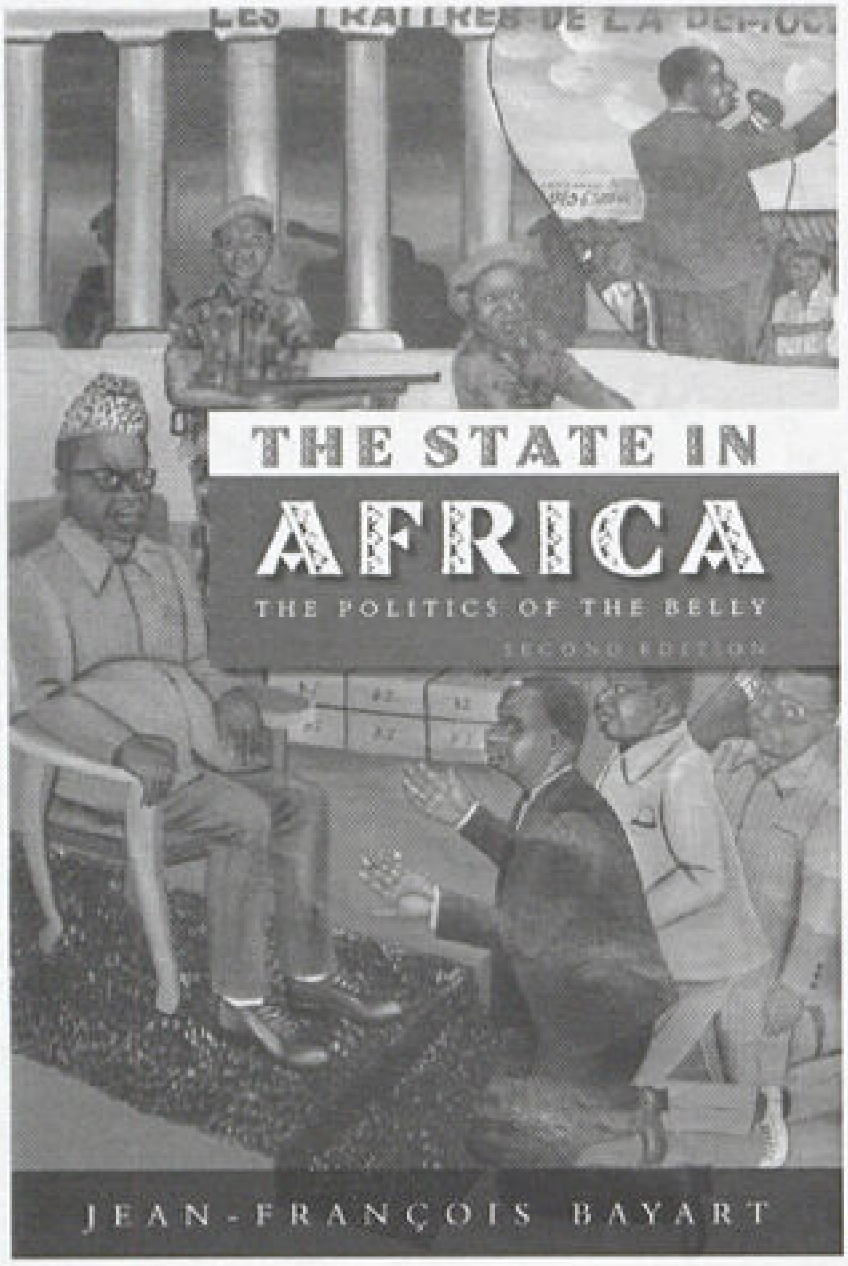
A Nation Like Any Other:
A Review of The State in Africa: The Politics of the Belly

by Jean-Francois Bayart
(Polity Publishing, 2nd Edition, 2009)
Reviewed by Fatina Abdrabboh



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Jean-Francois Bayart's *The State in Africa: The Politics of the Belly* is a compelling, terrifyingly candid, and singularly insightful attempt to provide insight into the oft-misunderstood and oft-misrepresented dynamics involved in the political, social, and cultural dimensions of contemporary Africa. Through a brilliant mastery and an exhaustive analysis of extant resources on Africa, Bayart takes the reader on an enlightening journey that sheds an objective light on a continent dubbed "dark" because of its presumed "primitive" nature and its seemingly perpetual dependence upon international "development aid" for its survival.

The book's subtitle, "the politics of the belly," is an allusion to a commonly spoken expression throughout Africa where sorcery, traditional beliefs, misappropriation of resources, nepotism, and colonial vestiges all intermingle to create a nuanced trajectory of governance, economics, and living that is distinctly African. The reader immediately recognizes that the "politics of the belly" also refers to the ubiquitous sense of predation many average Africans are forced to deal with—a predatory, consumptive force unleashed by "criminal" leaders that allows the strong in Africa to prey upon and subjugate the weaker elements. As the author demonstrates, a gross misunderstanding of these nuances has led to a situation where many Westerners continue to view Africa through a lens of "otherness," which has contributed to the useless generalizations and demeaning stereotypes that have come to characterize the continent and its people. Bayart's masterful ability to give voice to Africa's people—from the child street peddler in Bamako, Mali, to the university professor in Nairobi—provides much-needed insight into the author's thesis, namely the notion that African politics, African life, and African people are similar to politics, life, and people anywhere else in the world. At a time when most interactions with Africa focus on "development" of the continent, Bayart insists that a continued misrepresentation of Africa and its people will be reflected in failed future interventions that are as misguided as the current view of the continent.

In a series of provocative chapters, Bayart renews the reader's understanding of power, "modernization," subjectivity, and history in Africa and how these dynamics inform relationships between rulers and the ruled, among African nations as well as internationally. The author's command of historical, anthropological, philosophical, political, colonial, and postcolonial scholarship is apparent in every chapter of the book where scholarship and analytical insight are embedded in virtually every subject the author touches upon. For instance, in examining various Western models of sound governance, Bayart draws on disparate thinkers such as Sartre, Marx, and Foucault in an effort to analyze whether Western notions of proper governance would work in a modern African context. While Bayart acknowledges the potential of Foucault's ideas of power being derived from "actions over actions," in the end he reaches the conclusion that the fluidity and spontaneous nature of African politics is better described by the Cameroonian maxim that states, "I graze, therefore I am." This notion is also a testament of what is "politically thinkable" in Africa where, according to the author, such flexibility in governance will likely be a harbinger for positive future developments. Although useful in the realm of diplomacy, this flexibility has been a death knell economically for many African states. In fact, poorly defined economic boundaries that adhere to this notion of unchecked "flexibility" have created vacuums that have allowed self-serving, nationalist elites, or "kleptocrats," to forcibly exploit national resources and, as a result, have led to negative political, social, and economic outcomes in a number of African nations.

Traditionally, non-African audiences have tended to view Africa as an impoverished continent filled with remorselessly violent people whose inherent predilection toward corruption was to blame for the endemic violent "struggles," poverty, and starvation that have characterized the continent for years. As the author cogently reveals in his critique of Western cultural and political discourse prior to and during the 1994 genocide in Rwanda, the Western focus on "culturalist" reasoning drenched in the language of "otherness" paralyzed the ability of Western governments to effectively shore up support for a timely intervention. Similar challenges currently hinder the ability of the international community to appropriately intervene in current danger zones like Darfur, Ogaden, and elsewhere.

By sifting through relevant texts and scholarly works, Bayart demonstrates that the challenges facing the continent have not arisen because of an inherent inaptitude of the African people. Instead they exist as a result of a complex interplay between globalization; diverging "channels of wealth"; "inegalitarian"; and "fractious" societal structures based on "lineage capitalism," poor governance, and "over-exploitation," which are all secondary to colonial and postcolonial pressures. All of these factors have made economic, social, and political stability a monumental challenge. Bayart's book is replete with examples—each of which is supported by exhaustive data and statistical analysis—in order to leave the reader with a powerful message: the challenges facing Africa and its people are actually quite similar to those facing peoples and nations throughout the world. Just like any other nation, the nations of Africa "bear the hallmarks" of other nations in that "all actors—rich and poor—participate in the world."

The *State in Africa* is a landmark text not just in terms of its ability to seamlessly navigate between contemporary academic texts and native oral histories but also because of the author's ability to methodologically extract pertinent elements from various fields to paint a diverse and convincing portrait of the African continent. Written in a manner that is accessible to the lay person, this insightful book will certainly attract attention as a pivotal resource for scholars, policy makers, and others interested in the future of Africa and its people.