



JOURNAL OF INTERNATIONAL RELATIONS

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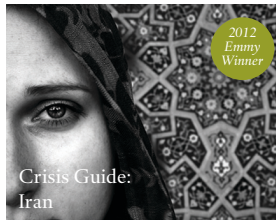
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EDITOR'S NOTE

Dear Reader:

It is with excitement and gratitude that I present to you the sixteenth edition of the Sigma Iota Rho (SIR) Journal of International Relations. I believe that this edition marks the completion of a groundbreaking and record-setting year. Building off of the impressive legacy established over the course of the Journal's previous fifteen years of publication, I am proud to announce that we received over 100 submissions for this year's edition of the Journal. The articles in this edition truly reflect the most impressive undergraduate international relations research from the brightest minds in the country. We have also continued to build upon the success of our online platform, sirjournal.org, where you will find additional research articles, op-ed pieces, book reviews, and blog posts on a wide range of issues.

This year, the Journal is incredibly honored to feature Vice President Joseph R. Biden, the 47th Vice President of the United States and a leading figure in international affairs. Before assuming the Vice Presidency, Mr. Biden served as the chairman of the Senate Foreign Relations Committee, where his advocacy was critical in the diffusion of the Balkans conflicts. Vice President Biden has shaped vital aspects of U.S. foreign policy and has been at the forefront of legislation related to terrorism, weapons of mass destruction, and several other issues. In his article, Vice President Biden discusses the need to invest in American leadership and how doing so positively impacts international relations and security around the world. He writes, "...we are at an inflection point in history" and argues that investing in the next generation of American leaders will allow the United States to retain its essential position in global affairs.

The articles selected for publication in this edition present elevated scholarship on some of the most critical matters within the field of international relations. Matthew Prusak argues for the need to engage economically with North Korea, a unique perspective considering the current state of sanctions negotiations against the state. Rachel Levin's analysis of the use of child suicide bombers by terrorist groups offers insight into the motivations behind the recruitment of children to carry out attacks and process by which children agree to participate. For our graduate corner, Marina Tolchinsky examines post-conflict growth in Rwanda and the implications for rebuilding other states torn apart by genocide and civil war. This edition of the Journal contains articles that discuss every region and an incredible diversity of topics relevant to today's international system.

This edition of the Journal would not have been possible without the hard work and dedication of a number of people. I would like to thank Dr. Frank Plantan, National President of SIR, Ms. Donna Shuler, Administrative Director of SIR, and Dr. James McGann, the Journal Faculty advisor, for their continuous guidance and support. Above all, I am incredibly thankful for my fellow Executive Board members and the entire Journal staff for their outstanding work and commitment.

Sincerely,



Arielle Klepach
Editor-in-Chief, *Journal of International Relations*

LETTER FROM THE PRESIDENT

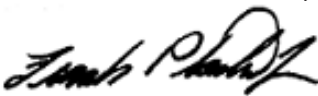
“Hi there! Pull up a chair here, next to the cracker barrel, and warm yourself beside the pot-bellied stove. What do you think of those Russkies taking over Crimea? Right after the Olympics, no less!”

I find myself feeling old these days. Not physically worn-out (I’m writing this as I head out the door for a weekend of dog-sledding), but emotionally and intellectually weary; and spiritually, too, not so much devoid of hope for a better world as I am discouraged, and at times saddened, by the state of it today. I have now lived and worked in both the academic arena and various applied dimensions of international affairs long enough to have reached the point where my reactions to any new or emerging crises in the world leaves me increasingly cynical, hard-bitten, and more of a Realist—yes, with a capital “R.” It seems timely to me to note that Hans Morgenthau once observed,

“We cannot conclude from the good intentions of a statesman that his foreign policies will be either morally praiseworthy or politically successful. Judging his motives, we can say that he will not intentionally pursue policies that are morally wrong, but we can say nothing about the probability of their success. If we want to know the moral and political qualities of his actions, we must know them, not his motives. How often have statesmen been motivated by the desire to improve the world, and ended by making it worse? And how often have they sought one goal, and ended by achieving something they neither expected nor desired?” (*Politics Among Nations: the Struggle for Power and Peace*, 5th Ed., 1973, p. 6)

Being more of a progressive internationalist who favors multilateral approaches to peace and security issues, the extension of the rule of law deeper into all international transactions, and that “exceptionalism” should be more role modeling of one’s internal socio-economic order and political system than a foreign policy modus operandi, I am not nostalgic for an earlier time of balance of power high politics or even the relative stability of the bi-polar Cold War international system. But there are times when force, and national interest defined in terms of power, to paraphrase Morgenthau, still trumps. Realism will remain a foil against which contending theories will always set themselves apart as a means of explaining how the world works. But until we find a way to truly turn swords into plowshares, we should keep it in our back pocket as a quick reference guide to diplomacy and crisis management when the interlocking relationships of trade, investment, travel, research, and education that globalization implies fails to constrain aggressive or imperialistic behaviors.

We all love the benefits of membership in Sigma Iota Rho when it comes to recognizing the achievements of our very best students and the way our graduation regalia distinguishes our members. Beyond that, however, our true purpose in promoting the study of international affairs is to achieve a better understanding of how the world works. This mission is ever more critical today. These values should be internalized in all SIR members in such a way that, regardless of later vocational or professional pursuits, we remain forever citizens of the world, seeking to understand better the perpetually changing landscape of international relations while trying as well to make it a better place.



Frank Plantan
President



“A nation must think before it acts.”

– Robert Strausz-Hupé, founder of FPRI

An immigrant from Vienna who came to the United States in the 1920s, Robert Strausz-Hupé is said to have introduced “geopolitics” into the American vocabulary—understood as the study of history, culture, and geography to illuminate contemporary international affairs, or, as FPRI Senior Fellow James Kurth has put it, as the study of “the realities and mentalities of the localities.” This remains the standard that guides the Foreign Policy Research Institute today in our research, publications, and educational programs.

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Why Invest in American Leadership?

BY JOSEPH R. BIDEN
VICE PRESIDENT OF THE UNITED STATES

Almost a century ago, the poet William Butler Yeats captured the upheaval of his native Ireland in the memorable closing lines of “Easter, 1916.” “All changed,” he wrote, “changed utterly: A terrible beauty is born.” He might as well have been speaking about 2014.

In the quarter century since the fall of the Berlin Wall, all has changed.

On the one hand, we have a unique opportunity to lead the world in shaping a global order that guarantees peace and prosperity. We can harness new technologies. We look out on a world with more capable partners in more places than ever before. We can find new solutions to problems that seemed permanently beyond reach.

On the other, we have to contend with a world far more complex than the one I saw when I entered the Senate in 1973: unrest and extremism within countries, transnational terror, pandemic disease, climate change, and fierce economic competition from China and others. And an urgent need to reinforce the global economic rules of the road.

I believe we are at an inflection point in history. And the choices we make today will determine where we find ourselves ten, twenty, and fifty years from now. The challenges and opportunities before us are neither as simple as the world of the Cold War nor as immediate as the days after 9-11. So it is no surprise that a growing share of Americans, hailing from both parties and no party at all, support a diminished international role for United States. There are serious needs at home. America has ended one war and is winding down another. Our soldiers are

coming home.

And yet I would argue that, even as the nature of our global presence inevitably evolves over time, the need for American leadership remains a constant in world affairs. That leadership requires an investment not only in defense, but in development and diplomacy. This journal article, adapted from a speech I gave at the U.S. Global Leadership Coalition in Washington D.C., offers four reasons why.

First, America's security and prosperity rests upon the need for peace, security, and prosperity around the world. And that requires American leadership.

Our fathers and our mothers understood this. At the end of World War II, there was an overwhelming desire to bring all U.S. troops home immediately. But our leaders understood that America's continued presence in Europe was required to secure our own future.

They understood that, although we had the overwhelmingly predominant military in the world—and we might have to use it—that would not be enough to rise to the challenges of a new moment. That is why we formed NATO; why at Bretton Woods we helped build the institutions that would govern the world economy; why we invested, through the Truman Doctrine, in Greece and Turkey; and why we launched the Marshall Plan. After a bitter war that took our blood and treasure, we decided to spend billions to rebuild nations that had fought with us and against us. Today, these nations are our partners of first resort around the world and part of a multi-trillion-dollar economic relationship.

The same can be said for Asia, where we made significant investments as a resident Pacific Power. We provided economic assistance that helped a starving South Korea turn itself into a booming economy. We offered aid that helped Japan become the vibrant democratic ally it is today. We delivered economic and diplomatic assistance to the Southeast Asian nations of ASEAN.

All that has followed, including the entry of hundreds of millions of Chinese men and women into the middle class, rested on the United States being a Pacific power. As China's President Xi Jinping has acknowledged, the United States provided security and stability that helped create the conditions for the region's remarkable growth.

Nowhere is today's inflection point more apparent than in the Asia-Pacific. That is why President Obama announced a policy of "rebalancing," investing more American resources and attention in a region where much of the story of the century ahead will unfold.

In December, I traveled to Northeast Asia, where two of the world's three largest economies are at the center of tensions over airspace in the East China Sea. In Japan, China, and Korea, we stood up for our principles and our allies—while working to lower tensions and help create diplomatic channels to prevent escalation.

It was a reminder: peace and stability may be in America's interest and in the self-interest of every Pacific nation, but they are not a foregone conclusion. America needs to be there, helping to lead the way.

The “rebalance” requires all the elements of American power—diplomacy and development as well as defense. We still have the world's predominant military by far. We outspend the next eleven largest militaries combined. It must always be available. There will be times when it has to be used. But many of our most pressing international challenges—in Asia and beyond—simply do not have a military solution.

For example, American leadership is also required to shape the new rules of the road for trade and commerce in the 21st century. That is why we are negotiating a new Trans-Pacific Partnership—uniting twelve diverse economies, representing 40% of the world's GDP—behind new standards on labor, the environment, and fair competition. That is why we are negotiating a Trans-Atlantic Trade and Investment Partnership that will deepen our economic ties to some of our closest allies. Both agreements will increase exports and strengthen the American middle class. But the benefits aren't just economic. They send a strong message about American staying power to Asia-Pacific nations small and large. They strengthen what is already a multi-trillion-dollar economic relationship with Europe. And they unite nearly two-thirds of the world economy in support of open and fair economic competition.

All of which brings me to a second argument for investing in American leadership.

There is a direct connection between American engagement in the world and our economic prosperity at home. Ninety-five percent of the world's consumers now live beyond our shores. Massive new middle classes are emerging in Asia, Africa and Latin America. Investing in diplomacy and development will help open these new markets and reinforce rules-based competition that drives growth overseas. Connecting with these markets will be good for America's middle class at home, for growing middle classes abroad, and for global stability.

In that spirit, President Obama asked me to lead an effort and deepen our relationships in the Western Hemisphere. Forty percent of our exports stay within the Americas, and the region holds greater promise for the United States in the future. Latin America and the Caribbean now have a middle class of 150 million people, natural consumers for American goods. For the first time in history, it is realistic to envision and work toward a Hemisphere that is democratic, middle-class, and secure, from northern Canada to the tip of Chile and everywhere in between. There is already 1 trillion dollars in trade each year within North America alone. Imagine the benefits if we can extend that same level of economic cooperation throughout the entire Western hemisphere.

We are further along than you might think. We have put in place free trade agreements with

Colombia and Panama. We have championed inclusive growth in Central and South America. We've deepened economic ties with Brazil and Mexico, focusing on energy and economic cooperation. We now have Free Trade Agreements that stretch continuously from Canada to Chile.

And of course the promise of deepened economic ties extends far beyond the Western Hemisphere. Africa has seven of the world's ten fastest growing economies and is the only major region of the world where foreign investment actually increased in 2012. One of President Obama's key messages during his trip to Senegal, Tanzania, and South Africa in the summer of 2013 was that Africa is open for business. To that end, the African Growth and Opportunity Act will be up for renewal in 2015. This is a gigantic opportunity for the U.S. economy and for the African continent. We must get it done.

But it is more than our economic bottom line that motivates our investment in U.S. leadership. It is also who we are. That's a third reason to invest in American leadership: **For both moral and strategic reasons, the United States must continue to invest in development and humanitarian relief.**

I had the honor to speak at the 50th anniversary of U.S. Agency for International Development, founded in what President Kennedy called "a peaceful revolution of hope." He understood that hunger, disease and poverty aren't just awful problems—they rob people of their dignity. There is not a single mother in the world who would not feel stripped of her dignity if she had to look helplessly at a hungry child and know there is nothing she can do.

This matters to our own security here in the US. Our success against terrorism, extremism and pandemic disease all depend upon development where it matters most. Without it, extremism grows, terrorism becomes a viable option, and pandemic disease increases the prospect of it flourishing.

It matters that that mother and child not only survive, but also thrive. That she be able to open a business or pursue a long-denied education. That if her community faces a disaster, we don't just rush in with emergency care, but we leave behind greater resilience. That her hopes aren't crushed by corruption. As President Kennedy said, if we fail to address the plight of those less fortunate, "our own security would be endangered and our prosperity imperiled."

That is why it is a moral and strategic necessity to help care for the millions of innocent Syrian men, women, and children driven by war from their homes and country. America has made by far the largest donation in the world. It was a moral and strategic necessity to help our ally, the Philippines, respond to one of the fiercest tropical storms in history. USAID Disaster Assistance Response Teams were on the ground even before the storm hit. They led our relief efforts alongside the U.S. military and our Filipino partners. It is a moral and strategic necessity to end the epidemic of HIV/AIDS. For the first time, it is possible to envision an AIDS-free generation. PEPFAR, just reauthorized with strong bipartisan support,

is now treating 6.7 million people with HIV/AIDS. We've helped the Global Fund raise \$12 billion dollars—and counting. It is a moral and strategic necessity to fight hunger. Last year, President Obama's Feed the Future Initiative helped 7 million farmers grow more and better crops and 12 million children get the nutrition they need.

And it is a moral and strategic necessity to rise to President Obama's challenge to eradicate extreme poverty over the next two decades. We're talking about a unique brand of desperation: life for 1.25 billion people on less than a dollar and a quarter each day. We are doing something about it. But we can and must do more.

This brings me to the fourth argument for investing in American leadership: **the world still looks to us—to our values, our example, and the hope we provide. So we need to stand up and be counted, as we always have.**

In 2005, I had the opportunity to visit a U.N. refugee camp in Chad a few miles from a Sudanese border outside of Darfur. We landed on a strip of land that was just high desert, marked by rocks where the runway was. And as the dust cleared and as we got about twenty yards from the aircraft, there were Chadian people who had come over to greet us. And one guy, a skinny man, about six-foot-two, put out his arms and said something that I will never forget. He looked at me and he said, "America is here. America is here."

The world looks to us.

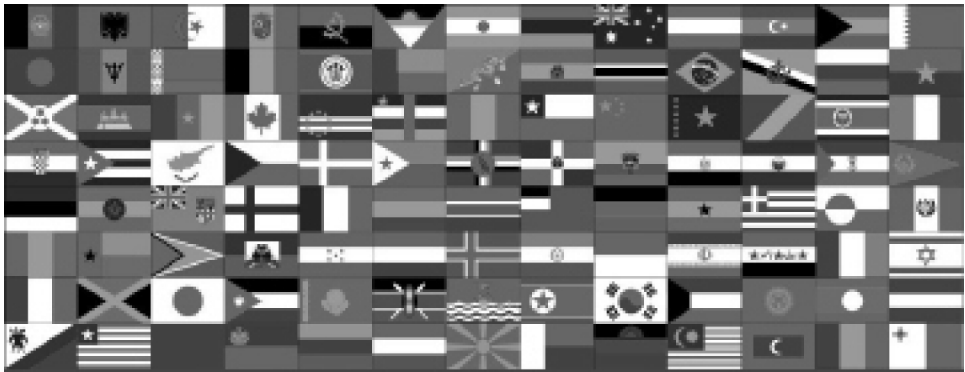
Today's world is a messy and difficult place. But what we do beyond our borders matters profoundly here at home. And, at just over one percent of our federal budget, America's investment in diplomacy and development is one of the best bargains we have. It has often been pointed out that diplomacy and development are a lot cheaper than war. Cheaper—but not free. American leadership takes champions in each generation. It takes young Americans with the passion to renew our friendships around the world. It takes diplomats and development experts with the physical and moral courage to represent the United States in almost 200 countries, in many cases serving alongside our men and women in uniform.

I know, because I've seen them in Baghdad and Basra, Kabul and Kandahar—shoulder to shoulder with our troops, taking on critical missions on the frontlines of our national security. I've worked with them in Beijing and Singapore, Delhi and Tokyo—building the relationships that will shape the world for the next ten, twenty, and fifty years. Go anywhere—from Cairo to Islamabad, from Nairobi to Johannesburg, from Rio to Mexico City and up to Vancouver—and you will find Americans hard at work, advancing the economic renewal and national security of the United States and striving day by day to leave behind a little more peace and prosperity than they found. Nothing would make me prouder than if students reading this journal felt inspired to join them. We need you.

What lies ahead is no utopia. But I do believe we have a chance to change the trajectory of

the twenty-first century in ways that significantly lessen the prospects of deprivation, disease, and destruction.

Let me close as I began: with an Irish poet. Seamus Heaney once wrote: “History says, don’t hope on this side of the grave. But then once in this lifetime, the longed-for tidal wave of justice can rise up and hope and history rhyme.” But the United States, the greatest force for good the world has ever known, cannot just wish it so. We have to make the choices that make it so.



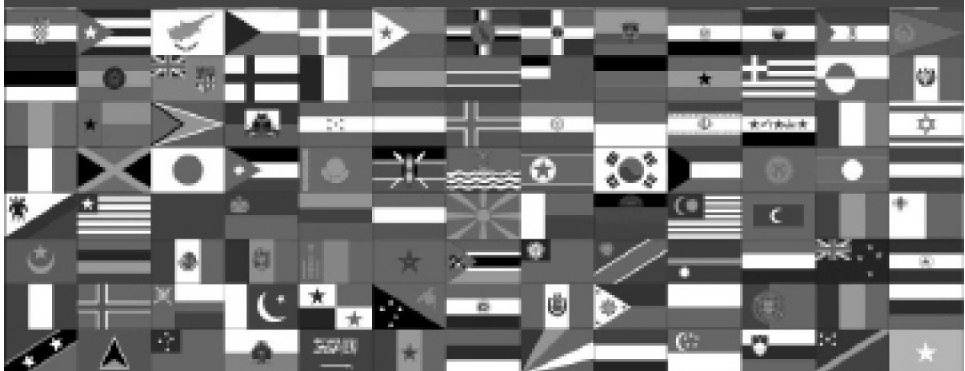
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Fitting In: The Case of Ethnic Russians in Estonia

BY BRIAN MUND

UNIVERSITY OF PENNSYLVANIA

ABSTRACT

Russians in Estonia have persevered through the grueling process of learning Estonian and acquiring Estonian citizenship. While in 1991 the structural backdrop seemed primed for autonomist and independentist claims, by 2013, Russians have increasingly integrated into Estonian society with no real prospects of autonomy-driven organization on the horizon. This phenomenon leads to the central question that this essay hopes to explore: Why hasn't there been more of a push for autonomy and independence among the Russian minority in Estonia? Stated differently, in view of Russian distinctiveness, what factors have led to this phenomenon of integration and a lack of a push for territorial self-rule? I argue that Russians in Estonia have chosen to seek their future within a larger Estonian state because they feel sufficiently respected in Estonian society and are granted legal and political rights by their Estonian hosts. In particular, I identify seven material and identitive factors that resulted in satisfied Russians in Estonia who choose to forego autonomy-seeking behavior and instead pursue integration with Estonian society.

INTRODUCTION

The dissolution of the Soviet Union in 1991 catalyzed many changes across Eastern Europe. One major change that resulted from the Soviet break-up was that many nations found themselves with the opportunity for self-governance after decades of Soviet dominion. Estonia provides an interesting case of a country that retained a differentiating degree of autonomy during the Soviet era and was quick to reassert Estonian independence.¹ Unlike the colonial trajectory in the other occupied Soviet territories, the native culture of Estonia remained dominant.² Instead of being extinguished by the Soviet leadership, Estonian culture

1 Estonia retained an unusually high degree of national character as a Soviet province. See David Laitin. *Identity in Formation: The Russian-Speaking Populations in the Near Abroad*. (Ithaca: Cornell University Press, 1998), 66-71.

2 To a large degree, Latvia followed a similar path as an exception to the general rule of cultural dominance.

became significantly Russified.³

As a result of the strong Estonian cultural infrastructure, Estonians were able to rapidly reinstate their traditional presence after the Soviet collapse. However, the decade-long Russification process resulted in reactionary nationalism, promoting the rights of ethnic Estonians for independent rule. As Human Rights Watch reports,

“On February 26, 1992, the Estonian Supreme Council issued a decree re-establishing the Estonian Citizenship Law of 1938. Under the law, which rejects the zero option, all individuals who were not Estonian citizens (or their direct descendants) as of June 16, 1940...must apply for citizenship.”⁴

In other words, only ethnic Estonians were granted automatic citizenship in this new Estonian nation-state. However, those Soviet citizens who had lived in Estonia but were determined to be of a non-Estonian nationality were required to apply for Estonian citizenship. When assessing such a radical move by the Estonian government, one should bear in mind the words of Paul Patton: “From the point of view of indigenous peoples, by contrast, the location of ultimate authority over territory is often crucial to the survival of their culture and identity.”⁵ While outside observers may be quick to criticize this discriminatory decree, Patton’s words seem to imply that such a reactionary response to the Soviet occupation may have been necessary to sustain the Estonian national cultural identity.⁶

However, during the course of the 50-year Soviet occupation, Estonia’s demographics changed significantly. The reestablishment of the 1938 citizenship law effectively barred over 30 percent, or 475,000 people of the Estonian population of 1.5 million, from natural citizenship in the new Estonian state.⁷ Most of these disenfranchised citizens were Russians from the Soviet Union, who legally retained their “Soviet” citizenship and passports. In essence, these Soviet Russians living in Estonia became “stateless” citizens as their former state vanished from existence.⁸ In particular, these Russians in Estonia were highly concentrated in the northeast area of Narva and in Tallinn, the Estonian capital, where Russians comprised 42 percent of the capital city’s population.⁹

3 Laitin, *Identity in Formation*, 66.

4 Human Rights Watch, “Human Rights Watch World Report 1993 - Estonia, Latvia and Lithuania,” January 1, 1993, <http://www.refworld.org/docid/467fca6e23.html>.

5 Paul Patton, “National Autonomy and Indigenous Sovereignty,” in *National Cultural Autonomy and its Contemporary Critics*, ed. Efraim Nimni (New York: Routledge, 2005), 121.

6 While this is certainly a valuable discussion, it is not the focus of this paper and is therefore not discussed in any further detail.

7 Laitin, “Integration in Estonian Society,” in *Identity in Formation*, 87.

8 While recognizing that there is an ongoing debate on the proper usage of the term “stateless,” as it conflates the notion of nations and states, I employ this term to describe the ethnic non-Estonians because this is the term prevalent in the literature describing this population and therefore I copy this term for consistency’s sake.

9 Laitin, *Identity in Formation*, 87. See also Geoffrey Evans, “Ethnic Schisms and the Consolidation of Post-Communist Democracies: The Case of Estonia,” in *Communist and Post-Communist Studies* 31.1 (1998): 57–74.

Moreover, the process of acquiring citizenship for non-Estonian citizens was not easy. With the exception of those non-ethnic Estonians who were granted Estonian citizenship for ‘service to the state,’ non-ethnic Estonians had to pass a fluency test as part of the citizenship exam.¹⁰ Given the fact that only 14.9 percent of the Russian population had fluency in Estonian, this language qualification, codified in the Citizenship Act of 1993 and then revised in the Citizenship Act of 1995, posed major barriers to aspirations of Estonian citizenship.¹¹ Moreover, the Estonians did not particularly want ethnic Russian-speaking citizens. As Laitin reports, “In an interview between his two terms as prime minister, Tiit Vahi made clear that his goal was to make Estonia a country for Estonians.”¹² In such conditions, one might reasonably expect irredentist movements and a drive for political autonomy. With the outbreak of Estonian independence, this did appear to be a feasible option, with the Russians split between those that favored national solidarity and those that favored a great incorporation into Estonian national life.¹³

Instead, however, the Russians in Estonia have persevered through the grueling process of learning Estonian and acquiring Estonian citizenship [Figure 1]. While in 1991 the structural backdrop seemed primed for autonomist and independentist claims, by 2013, Russians have increasingly integrated into Estonian society with no real prospects of autonomy-driven organization on the horizon.¹⁴

Figure 1: Decreasing numbers in stateless persons as more Russians gain Estonian citizenship¹⁵

The Russians in Estonia’s increasing levels of citizenship reflect a broader pattern of integration into society. While in 1993, most Russians could not vote, by 2013, nearly all Russians were



10 Laitin, *Identity in Formation*.

11 Ibid.

12 Laitin, *Identity in Formation*, 93.

13 Laitin, *Identity in Formation*, 124. One might potentially argue that this accommodationist victory came as a result of the nationalists leaving Estonia and returning to Russia. However, while this may have played a role, it still does not explain why the Russians who integrated were willing to do so.

14 For more on typological difference between autonomists and independentists, see Jaime Lluçh, “Autonomism and Federalism,” *Publius: The Journal of Federalism* 42.1 (2012).

15 “Citizenship,” last modified July 9, 2013. <http://estonia.eu/about-estonia/society/citizenship.html>.

eligible.¹⁶ Moreover, as political scientists Vihalemm and Kalmus have found, the youngest generation of Russians in Estonia are most similar to their Estonian counterparts, indicating an ever-increasing convergence between the two parts of society.¹⁷

This phenomenon leads to the article's central question: Why has there not been more of a push for autonomy and independence among the Russian minority in Estonia? Stated differently, in view of Russian distinctiveness, what factors have led to this phenomenon of integration and a lack of a push for territorial self-rule?

This article argues that Russians in Estonia have chosen to seek their future within a larger Estonian state because they feel sufficiently respected in Estonian society and are granted legal and political rights by their Estonian hosts. In particular, I identify seven material and identitive factors that resulted in satisfied Russians in Estonia who choose to forego autonomy-seeking behavior and instead pursue integration with Estonian society.

Below, I outline some of the central literature written on the question of Russian integration into Estonian society. After, I expand upon the theory behind the decision-making for the Russians in Estonia. I then develop the seven factors that play a role in determining the Russian decision to integrate. Finally, I conclude by identifying areas for future research.

LITERATURE REVIEW

This literature has been dominated by David Laitin's seminal work, *Identity in Formation*.¹⁸ Laitin conducted extensive ethno-lingual fieldwork in Estonia shortly after the fall of the Soviet Union, focusing specifically on the linguistic divide between Russian-speakers and their Estonian counterparts and the effect that language had on each ethnic group's identity. Henry Brady and Cynthia Kaplan produced an important work following along the lines of Laitin's identity research and note the societal divide extent in Estonian society at the inception of the modern Estonian state.¹⁹ Rawi Abdelai et al. also provides some important methodological insights for operationalizing the research on identity.²⁰

In terms of understanding the Russians in Estonia as a national minority population, Michael Keating presents a valuable work by analyzing the motivations and sketching out the landscape of stateless nations in a world where unitary state sovereignty reigns dominant.²¹

16 Ibid.

17 Triin Vihalemm and Veronika Kalmus, "Cultural Differentiation of the Russian Minority," *Journal of Baltic Studies* 40.1 (2009): 105.

18 Laitin, *Identity in Formation*.

19 Henry Brady and Cynthia Kaplan, "Conceptualizing and Measuring Ethnic Identity," in *Measuring Identity: A Guide for Social Scientist*, eds. Rawi Abdelal, Y. Herrera, A. Johnston, R. McDermott (Cambridge: Cambridge University Press, 2009), 33-71.

20 Rawi Abdelal, Herrera, Johnston, and McDermott, "Identity as a Variable," *Perspectives on Politics* 4.4 (2006): 695-711.

21 Michael Keating, *Plurinational Democracy: Stateless Nations in a Post-Sovereignty Era*, (Oxford: Oxford University Press, 2001).

Furthermore, Efraim Nimni compiled an extremely useful book of scholarship examining the viability and implications of models of national cultural autonomy, a phenomenon seen in the accommodation of Russian Estonians through the Law on Cultural Autonomy for National Minorities.²² Finally, Jaime Lluç offers the foundational framework for understanding the decision-making calculus for substate national minorities.²³ Lluç offers a robust typology for the available options for substate national actors, including federalist and independentist outlets. Lluç also postulates the valuable moral polity thesis, arguing that “a perception that the central state and the ‘majority nation’ (in the past and in the present) are capable of reciprocity and accommodation” is vital for a substate national group to forego independentist separatist movements.²⁴ However, while Lluç examines a scope of cases where the substate national group makes some attempt at further autonomy, the Russians in Estonia provide an interesting case as one where the minority group is not pushing for any additional autonomy. Through the course of this article, I develop the unique factors operating in tandem that undercut any autonomist and independentist aspirations.

THEORY

The theoretical background for this essay is steeped in Lluç’s moral polity thesis. Using this framework, this article argues that the Russians feel that their rights and identity are sufficiently accommodated so that they do not feel threatened or constrained. Moreover, in this free environment, the carrots offered by the Estonian government for integration are sweet enough that the Russians in Estonia have increasingly molded into mainstream society. This result is surprising, given that this integration has transpired during an era of intense Eastern European state nationalism. However, I follow Laitin’s assessment that Estonia was successful in developing an integration program, and identify seven specific factors that made this possible. In particular, I argue that 1) economic motivators 2) lost identity 3) respect for minority culture 4) legal rights 5) positive perception of titular society 6) physical security 7) no historical narrative all played an important role in developing an integrationist mentality amongst the Russians in Estonia. In the sections below, I examine each factor in turn.

The result of this successful integration program is that the national minorities within Estonia consider Estonia’s unitary nation-state to be a legitimate form of government and do not seek to change the underlying structure of Estonian governance. While the Russian-language speakers grumbled about the implementation of Estonian as the national language, the society quickly rationalized itself as a modern, unitary nation-state.²⁵ Moreover, as Geoffrey Evans

22 Efraim Nimni, *National Cultural Autonomy and its Contemporary Critics* (New York: Routledge, 2005).

In Estonia, this autonomy is officially denoted under the Law on Cultural Autonomy for National Minorities. Estonian Government. Law on Cultural Autonomy for National Minorities [Estonia], 28 November 1993.

23 Jaime Lluç, “The Internal Variation in Substate National Movements and the Moral Polity of the Nationalist,” *European Political Science Review* 4.3 (2012): 433-460.

24 Ibid., 455.

25 Laitin, *Identity in Formation*, 27, 154. See also Haas on rationalizing a state identity.

Ernst Haas, “The Rise and Decline of Nationalism: Volume 1,” in *Nationalism, Liberalism, and Progress*, ed. Peter J. Katzenstein. (Ithaca: Cornell University Press, 1997), 27.

points out, there was little support for Russian irredentism.²⁶ On the contrary, “[Russian] support for access to Estonian citizenship rights, allegiance to the Estonian state, and general lack of enthusiasm for secession or revanchist policies points clearly to a preference for an Estonian identity of one form or another.”²⁷ The following sections outline the factors that led the Russians in Estonia to adopt a new Estonian-type identity.

MATERIAL INCENTIVES

Scholarship has traditionally placed material incentives in a major determining role of group behavior. As Lluch points out, this ‘materialist paradigm’ is largely instrumentalist in nature and does not comprehensively address the incentive structure of ethnic or national groups.²⁸ However, when holding all other factors equal, material incentives do play a role in incentivizing economic integration into Estonian society.

In his work, Laitin finds that the occupational status affected the level of integration into Estonian society. Specifically, Laitin found that those Russians who had more to gain through Estonian citizenship because of their higher socio-economic status were more likely to “assimilate.”²⁹ Moreover, practical linguistic barriers posed occupational incentives to learn Estonian. Because of the nature of the dually integrated society, monolingual Russian-speakers were less valuable in the workplace and had greater difficulty finding jobs. These material incentives led to an emphasis on learning the Ugric Estonian language, a difficult change from their native Slavic tongue. Moreover, while the Russian-speakers maintained their native language at home, they actively promoted native bilingualism amongst their children. When Laitin published in 1998, 72 percent of Russian speakers thought that, “[Estonian] language learning is extremely important.”³⁰ This trajectory has only strengthened over time, and in a March 2012 survey, the Estonian government found that, “Of the [non-ethnic Estonian] people surveyed, 80 percent believe that Estonian language instruction should begin in kindergarten and two-thirds would like for all kindergartens to use the Estonian language.”³¹ In short, these results demonstrate that Russian speakers have increasingly felt that knowledge of Estonian is crucial for their children’s material success and are willing to invest for their children in an Estonian-speaking culture.

Moreover, one finds that Estonian citizenship offers major material incentives to ethnic Russians. There is very little difference in opportunities between Russian citizens of Estonia and other Estonian citizens [Figure 2]. In contrast, as Figure 2 also demonstrates, Russian non-citizens are underrepresented in universities and make less money than their citizen counterparts.

26 Evans, “Ethnic Schisms and the Consolidation of Post-Communist Democracies,” 68-72.

27 Ibid., 72.

28 Lluch, “The Internal Variation in Substate National Movements and the Moral Polity of the Nationalist,” 438.

29 Laitin, *Identity in Formation*, 215.

30 Ibid., 205.

31 Ibid.

Figure 2³²

	Number surveyed	Born in current country (in percent)	University educated (in percent)	Fluent Estonian speaker (in percent)	Unemployed (in percent)	Top household earnings quintile (in percent)	Bottom household earnings quintile (in percent)
Estonians	1,003	99.2	22.0	100.0	10.6	15.0	27.1
Russian citizens of Estonia	667	96.3	26.5	24.7	13.0	6.8	36.5
Russian noncitizens in Estonia	338	96.2	12.1	6.5	22.8	4.2	41.0

The results in the “University education” column are particularly striking, and bear further explanation. The chart demonstrates that more Russian citizens of Estonia are university educated (26.5 percent) than the percent of university educated Estonian citizens (22.0 percent). However, this discrepancy may arise from the fact that the Russian population is almost entirely urban in nature, while the rural Estonian population will likely have less access to university education than their urbanite counterparts on average. Moreover, one may surmise that Russian citizens of Estonia consist of a younger mean age demographic than either of the two groups. This assumption is premised on the fact that the amended citizenship laws have made it easier for the naturalization of Estonian-born youths under the age of 15.³³ Finally, one finds a spike in the number of Russians applying for Estonian citizenship after 2003, when Estonia joined the European Union. In 2004, 6,523 Estonian residents received naturalization, as opposed to only 3,706 residents the year before.³⁴

In short, while material incentives do not paint the full picture, the material incentives for integration into Estonian society undoubtedly exist. Chief to the decision-making calculus of the Russian-speakers in Estonia is their future expectation of acceptance into the mainstream culture. According to the evidence listed above, Estonian citizens of Russian descent have a nearly equal opportunity for material success; a necessary prerequisite but not nearly a sufficient explanation for abandoning attempts at independent self-governance.

32 Heather Conley and Theodore Gerber, “Russian Soft Power in the 21st Century: An Examination of Compatriot Policy in Estonia,” *Center for Strategic and International Studies* (2011): 1-44.

33 “Citizenship.”

34 “Citizenship.”

LOST IDENTITY

During the Soviet Union, many Russians truly considered themselves to be Soviet citizens, not “Russians.”³⁵ Therefore, when the Soviet Union crumbled, the Soviet citizens had to reconstitute a new identity. For the ethnic Estonians in Estonia, this reconstruction of identity was simple—they just joined the wave of Estonian nationalism promoted by the Estonian government. While the ethnic Russians were differentiated by the surge of Estonian nationalism, they were simultaneously abandoned by the new Russian Federation. Finding themselves different than their Russian counterparts, these lost Russian-speakers in Estonia have struggled to find a new identity that fit their new environment. This identity limbo deprived the ethnic Russians of a strong cultural foundation and left them extremely susceptible to being integrated into Estonian society.

As Haas notes, “When the Soviet Union broke up into its component union republics in 1991, many Russians felt that the Soviet homeland, not the multiethnic empire, was being destroyed.”³⁶ Margot Light reiterates the point: “Most Russians found it difficult to accept that some areas of the USSR were no longer part of Russia.”³⁷ While many would have naturally turned to the Russian heartland, the Yeltsin-ruled Russian Federation refused to embrace the Russian nationals at the crucial time of the inception of the Estonian state. As a result, the Russian-speaking Estonians responded in turn. As Laitin writes, “[Ethnic] Russians picketed Yeltsin in Estonia when he would not make any contacts with the Russian nationality.”³⁸ When these lost Soviet citizens were rejected by the Russian Federation, they also lost the same ties to the Russian homeland. They became known as ‘stateless citizens’—including no state ties to the Russian Federation. As Conley finds,

“There is little evidence that Russians in Estonia identify with Russia as their homeland, and very few say they want to return to Russia or actually do. The image that the survey conjures is that of a divided Estonia but with a Russian minority eager to stay and find its place in Estonian society.”³⁹

In other words, Russian speakers in Estonia no longer share the same national identity construct as Russians elsewhere. This finding goes a long way in explaining why one does not see irredentist behavior among the Russian-speaking Estonian population.

While the separation from Russian nationals explains the lack of revisionism amongst ethnic Russians in Estonia, it is less helpful in explaining the lack of Russian autonomist efforts. However, the evidence suggests that the Russians in Estonia were not only alienated from their

35 Laitin, *Identity in Formation*, 92.

36 Haas, “The Rise and Fall of Nationalism,” 326

37 Margot Light, “Russian Foreign Policy,” in *Developments in Russian Politics*, ed. Stephen White, Richard Sawka, and Henry Hale (Durham: Duke University Press, 2010), 228.

38 Laitin, *Identity in Formation*, 104.

39 Conley and Gerbert, “Russian Soft Power in the 21st Century.”

homeland, but over time, they have embraced an identity as Estonian nationals. First, Laitin notes, “Russian Estonians see themselves as from Estonia and better off than if they were to return to Russia.”⁴⁰ This identity has been reinforced by out-group perceptions. According to Gerli Nimmerfelt’s studies, “Many of the respondents pointed it out also during our study, giving examples of their experiences of being considered to be Estonians by people in other countries, including by Russians in Russia.”⁴¹ Pål Kolstø also shares the insight that, “Rose and William Maley found that fifty percent of all Russian respondents most often identified with their city/locality while only twenty nine per cent listed ‘Russian’ as their first identity choice.”⁴² This finding echoes Llach’s analysis of multiple levels of political identities.⁴³ For the Russians in Estonia, their local identity (i.e. their local community) plays a far more salient role than any ethnic divide in the country.

In sum, the fact that the Russians in Estonia lost their identity after the fall of the Soviet Union had a major impact on their expectations and willingness to be accommodated into an Estonian nation-state. Their lack of grounded identity allowed them to recreate an identity compatible with a unitary Estonian state, as their mutable identity allowed for them to consider themselves as ‘Estonian.’ However, it is important to note that this explanation offers strong support for the idea that political identities can exist on multiple levels, as they do for the Catalan people. Thus, while this factor of a lost identity provides a strong explanatory power, it does not exclusively tell the whole story.

RESPECT FOR MINORITY CULTURE

One of the major factors in influencing Russians in Estonia to take an integrative approach rather than an autonomy-seeking one was the respect shown for minority cultural rights outside of the political sphere. Very soon after Estonia’s independence, the Estonian government made it very clear that as outlined in the Estonian Constitution, “the land, territorial waters and airspace of the Estonian state are an inseparable and indivisible whole.”⁴⁴ Right after Estonia’s declaration of independence, two Russian-speaking towns, Narva and Sillamae, hosted referenda to determine whether or not they should have “national territorial autonomy.”⁴⁵ However, the Estonian government declared the referenda illegal due to the constitutional necessity of a unitary state, and that was the end of the independentist movement.⁴⁶ While the leadership was not sympathetic to aspirations of territorial autonomy, it did carefully guard

40 Laitin, *Identity in Formation*, 162.

41 Gerli Nimmerfelt, “Identificational Integration of Second Generation Russians in Estonia,” *Studies of Transition States and Societies* 1.1 (2009): 25-35.

42 Pål Kolstø, “The New Russian Diaspora - An Identity of its Own? Possible Identity Trajectories for Russians in the Former Soviet Republic,” *Ethnic and Racial Studies* 9.3 (1996): 621.

43 Jaime Llach, “Unpacking Political Identity: Race, Ethnicity, and Nationhood in the United States” (paper prepared for the APSA Annual Meeting 2010, Panel on “Interrogating the Intersection Between Race, Ethnicity, and Nationhood,” Washington, D.C., 2010.)

44 “Constitution of the Republic of Estonia,” Estonian Government, 1992.

<http://www.president.ee/en/republic-of-estonia/the-constitution/>

45 Laitin, *Identity in Formation*, 95.

46 Ibid.

the rights of its minority citizens. For example, when Russian speakers strongly opposed the “Estonian Aliens’ Law in July 1993, [they] got President Meri to veto the first (and more obnoxious) version of the bill.”⁴⁷

Moreover, Estonia similarly displayed a willingness to cooperate with minority voices when advancing legislation promoting Estonian as the primary language taught in public schools. As the Estonian Human Rights Centre reports,

“Reform has received harsh criticism from several administrations of schools that teach in Russian as well as the members of Riigikogu. Ten members of the union of national minorities in Riigikogu sent the Prime Minister and the Government a memorandum, which claims that forcing schools that teach in Russian to transfer to teaching in Estonian to be in breach of the Constitution.”⁴⁸

In this case, one sees that Russians in Estonia have internalized the Estonian leadership as a cooperative body willing to work with their concerns. It is deeply significant that the school administrations choose to file an official complaint to the government leaders, demonstrating the commitment of those schools to work within the system of Estonian governance to achieve their goals. The Human Rights Centre’s report indicates that the Russians never even considered responding by seeking greater autonomy.⁴⁹

Further, the education legislation passed by the Estonian government demonstrates a high level of respect for Russian-speakers’ cultural rights within the framework of an Estonian nation-state. First, as the Estonian government is quick to note, “Estonia is one of the few European Union member states whose education system includes publicly financed schools that provide an education in languages other than the official state language.”⁵⁰ The Basic Schools and Upper Secondary Schools Act mandates that 60 percent of classes in grades 10-12 (the Estonian high school equivalent) must be taught in Estonian.⁵¹ The language of the other 40 percent of classes may be taught in whichever language that school administration chooses, effectively devolving power to the local level. Moreover, the Estonians justify the language act as a necessity for operating in the Estonian marketplace, a non-controversial decision based on the fact that 80 percent of non-ethnic Estonians would like their children to start learning Estonian in kindergarten.⁵² Additionally the law allows for the students to take the final exam in even the Estonian language classes in Russian, further seeking to

47 Ibid., 177.

48 Foundation Estonian Human Rights Centre, *Human Rights In Estonia 2011: Annual Report of the Estonian Human Rights Centre*, trans. Grete Anton (Estonia: 2012), 117.

49 Human Rights Watch, “Human Rights Watch World Report 1993 - Estonia, Latvia and Lithuania.”

50 “Russian-language schools’ transition to partial Estonian-language instruction – What is happening and why?” *Estonia.eu*, January 31, 2013. <http://estonia.eu/about-estonia/society/russian-language-schools-transition-to-partial-estonian-language-instruction-what-is-happening-and-why.html>.

51 Ibid.

52 Laitin, “Integration in Estonian Society.”

accommodate Russian-speaking students.⁵³ Finally, this process of implementation is restricted to high school grades, with the stated purpose being a respect for Russian-speakers' cultural rights. The Estonian government displays its anticipation of the concerns of its citizens by writing, "Parents are reminded that the fully Russian language basic schools in Estonia will remain unchanged."⁵⁴ Clearly, parents had expressed anxiety over the loss of a foundational Russian education, and the government wanted to publicly display its accommodation. While this behavior still marginalizes the Russian language in Estonian society, the Russian-speakers are treated with a respect for their unique cultural history that may help fulfill their basic needs under the moral polity hypothesis.

Outside of the unitary Estonian nation-state principle and the promotion of Estonian as the unitary state language, the Estonian government legally institutionalizes minority cultural rights through its constitution and its Law on Cultural Autonomy. In the Estonian constitution, Article 49 clearly states that, "everyone has the right to preserve his or her national identity."⁵⁵ The following article clarifies the rights of communities to national identity: "National minorities have the right, in the interests of national culture, to establish self-governing agencies under conditions and pursuant to procedure provided by the National Minorities Cultural Autonomy Act."⁵⁶

The National Minorities Cultural Autonomy Act, or the Law on Cultural Autonomy for National Minorities, helps specify the rights of national minority groups. One critical right for any minority group looking for accommodation in society is the right to preserve cultural identity and prevent forced assimilation, both of which are protected under the Law on Cultural Autonomy.⁵⁷ Moreover, the Law on Cultural Autonomy outlines the jurisdiction of these cultural autonomy institutions—national minorities have the right to cultural, ethnic, religious, and educational institutions.⁵⁸ However, these cultural institutions do not have the right of political autonomy, as is clarified by Article 5: "National minorities have the right, in the interests of their ethnic culture, to form institutions of cultural autonomy, that shall observe the laws of Estonia in addressing issues within their competence."⁵⁹ Thus, one finds a respect and accommodation for Russian-speakers cultural autonomy rights within the Estonian state.

Here, one sees that the Estonian government legally grants what it considers a genuine and respected form of cultural autonomy to its minority groups. Thus, the moral polity thesis would predict that if the granted autonomy sufficiently fulfills the necessities imposed by the country's national consciousness, and the group feels that they are being sufficiently accommodated then they would not buck the existing status quo. Thus, Estonia's respect for

53 "Russian-language schools' transition to partial Estonian-language instruction – What is happening and why?"

54 *Ibid.*

55 Estonian Constitution, 1992.

56 *Ibid.*

57 Estonian Government, Law on Cultural Autonomy for National Minorities, November 28, 1993, http://www.einst.ee/society/cultural_autonomy_the_law.htm

58 Law on Cultural Autonomy for National Minorities. Article 4.

59 Law on Cultural Autonomy for National Minorities. Article 5.

Russian-language cultural minority rights plays an important role in creating a safe space for the cultivation of a unique sub-culture while still allowing for integration with the mainstream, dominant Estonian society.

LEGAL RIGHTS

While rights to cultural autonomy serve as an important factor in allowing Russian citizens to feel respected and accommodated, legal rights play a critical role in ensuring that Russian-speaking Estonians feel politically represented and cared for by the Estonian government. These legal rights have two parts: first, that the Estonian government will genuinely incorporate the Russian-speaking residents into society, and second, that the state will adequately care for its stateless Soviet populace. Since independence, the Estonian government has proven itself on both fronts, thereby assuring the Russian-speaking minority that the Russian-speaking populace has a future in Estonia.

The Estonian government's efforts in facilitating integration into society offered a credible commitment to the government's good will towards its Russian-speaking populace. As the U.S. State Department notes, "Authorities have adopted policies...to facilitate acquisition of citizenship by those stateless persons who wish it."⁶⁰ Human Rights Watch agrees, saying, "The new Estonian government is to be credited for seeking ways to liberalize the citizenship law."⁶¹ This reflected the government's willingness to extend Estonian citizenship to stateless Russian-speaking residents. First, even before the Citizenship Act of 1995, the Estonian government granted citizenship to 24,102 "Aliens who supported the independence of Estonia."⁶² Another turning point in establishing the government's commitment to naturalization was a 1998 amendment that allowed for children of stateless residents born in Estonia after February 26, 1992 to gain citizenship without passing the citizenship exams.⁶³ Other key amendments included the fact that the costs for studying for the language exam could be reimbursed, making the requirements easier on the disabled and allowing high school graduates to take the language and constitution tests as part of their final exams.⁶⁴ All these measures were aimed at facilitating the citizenship process for non-citizens, but primarily benefitted Russian-speaking residents.⁶⁵

The Estonian government's commitment to ensuring the right of its stateless minority also impacted Russian-language residents' decision not to pursue autonomy. Estonia was very careful to maintain international human rights standards in their treatment of their stateless populace. In fact, the government invited human rights NGOs to monitor its treatment of

60 Bureau Of Democracy, Human Rights, and Labor, "2011 Human Rights Report: Estonia," *US Department of State*, May 24, 2012. <http://www.state.gov/j/drl/rls/hrrpt/2011/eur/186348.htm>.

61 Human Rights Watch, "Human Rights Watch World Report 1993 - Estonia, Latvia and Lithuania."

62 "Citizenship."

63 Ibid. Given the requirement that they had lived in the country for at least 5 years.

64 Ibid.

65 However, one should note that just because the process was facilitated did not mean that the exam was easy to pass. In 2010, 54 percent of those taking the test at the level required to acquire citizenship passed.

the non-citizen population to ensure proper treatment.⁶⁶ Similarly, Estonian President Meri “refused to sign legislation on Law on Aliens until it was received by legal experts in the Council of Europe.”⁶⁷ Such behavior goes a long way in demonstrating Estonia’s commitment to minority legal rights, as those public actions reduce the government’s capacity to exploit those populations under the monitoring of independent outside human rights organizations.

Furthermore, non-citizens retain the right to vote in local elections, giving concentrated populations of non-citizens a large degree of politically autonomous control and also enfranchising those residents to have control over many immediate facets in their own lives.⁶⁸ This right to vote is enshrined in the Estonian Constitution: “In elections to local government councils, persons who reside permanently in the territory of the local government and have attained eighteen years of age have the right to vote, under conditions prescribed by law.”⁶⁹

These legal rights have affected Russian-speaking Estonians voting patterns. Rather than vote to extend legal rights and promote non-Estonian exceptionalism, Russian-speaking voters tend to vote in mainstream centrist parties. Conley writes:

“Russian politicians share the view that the Center Party is the more ‘viable means’ through which Russians can exercise political influence within Estonia, and they have, in the past, recommended that voters not ‘waste votes on Russian political parties,’ whose chances of gaining seats in the Estonian Parliament are fairly limited, given their typical electoral gains of under 1 percent.”⁷⁰

Instead of seeking autonomy, Russian-speaking voters and representatives join the country’s political center and feel that they are impacting Russian politics. Laas Leivat notes that through the Center party, young Russians have engaged in self-empowerment and influenced Estonian politics.⁷¹ While a Russian nationalist party does exist, it garners a negligible portion of the vote. For example, in the parliamentary elections in 2007, the pro-Russian Constitution Party did not receive enough votes for parliament, gaining only 1 percent of the votes cast.⁷²

In sum, Estonia’s sincere engagement of stateless citizens as well as the existence of political protection and rights for those citizens has resulted in a political community that pursues its

66 Laitin, *Identity in Formation*.

67 Ibid., 182. See also Human Rights Watch (1993).

68 Human Rights Watch, “Human Rights Watch World Report 1993 – Estonia, Latvia, and Lithuania,” January 1, 1993.

69 Government of Estonia 1992. Article 156.

70 Conley, “Russian Soft Power in the 21st Century.”

71 Laas Leivat, “Soft Power, Russkii Mir, Centre Party, Russian Voters – Is There a Connection?” *Estonian World Review*, March 13, 2010, <http://www.eesti.ca/soft-power-russkii-mir-centre-party-russian-voters-is-there-a-connection/print27501>.

72 “Estonia’s United Pro-Russian Movement Selects No 1 Candidate for Parliamentary Polls,” *Rianovosti*, January 10, 2011, <http://en.ria.ru/world/20110110/162087865.html>.

future within the bounds of an Estonian state.

POSITIVE PERCEPTION OF TITULAR SOCIETY

Next, Russian-speakers' positive perception of Estonian society plays an important role in determining their integration decisions. Due to the high cognitive value that the Russian-speakers place on being associated with the Estonian population, they have a much easier time adapting an identity that includes them in this laudable society. In his studies, Laitin finds that Russians have a much higher perception of the Baltic languages (Latvian and Estonian) than they do of Kazakh, implying a higher degree of status respect.⁷³ This perception has lingered from the times of the Soviet Union, when Estonia was seen as an outpost of Western culture and more civilized than the mainland Soviet Empire.⁷⁴ As Kolsto writes, "The Baltics is probably the only region in the former Soviet Union where many local Russians are apt to see the indigenous civilization as equal or even superior to their own."⁷⁵ Moreover, Russians feel that they are closer in values to Estonians than they are to Russians in Russia, a finding that further implies the distanced identity construction between Russians in Estonia and Russians in Russia.⁷⁶ Lisa C. Fein examines Russian-speakers' perception of ethnic Estonian society and values in even greater detail.⁷⁷ Fein discovers further support for the role that the positive perception of Estonian society has had in widening the identitive gap between ethnic Russians in Estonia and Russia:

"Estonian Russians articulate a cultural superiority over Russians in Russia, and in doing so both distance themselves from what they perceive to be uncivilized "Eastern" practices, on the one hand, and assert their own affinity with the values of ethnic Estonians and "the West," on the other."⁷⁸

Because the Russian-speaking population views Estonian society as superior, it sees its own influenced culture as superior to the more 'backward' culture in the Russian heartland. Moreover, these ethnic Russians do not face any institutional barriers to embracing Estonian society—on the contrary, life in Estonia allows these citizens to simultaneously embrace their own ethnic and cultural background while also raising their own societal value. In interviews, Russians in Estonia stress their cultural similarities with ethnic Estonians, even citing how they themselves have adopted positive Estonian "national characteristics."⁷⁹ In this context, it comes as little surprise that Russian-speakers have chosen to integrate into Estonian society.

PHYSICAL SECURITY

73 Laitin, *Identity in Formation*, 121.

74 Lisa C. Fein, "Symbolic Boundaries and National Borders: The Construction of an Estonian Russian Identity," *The Journal of Nationalism and Ethnicity* 33.3 (2005): 335.

75 Kolsto, "The New Russian Diaspora."

76 Laitin, *Identity in Formation*, 162.

77 Fein, "Symbolic Boundaries and National Borders."

78 *Ibid.*, 333.

79 *Ibid.*, 335.

Next, in order for a people to feel secure in a society, they also have to feel physically safe. If a national minority feels that its security is in jeopardy, then it will be much more likely to take action to territorially separate and protect itself from its ethnic other. Barry Posen outlines the conflict-producing impact that the drive for physical security can generate amongst different ethnic groups.⁸⁰ Posen constructs the idea of an ethnic security dilemma, where each group has an incentive to act first in order to ensure that their own safety is not marginalized. However, such a physical security concern did not apply to the ethnic Russians in Estonia. First, ethnic Russians in Estonia had numerous credible guarantees from the Estonian government that their security was protected through the various political and legal rights granted to ethnic Russians, citizens and non-citizens alike.

However, the major guarantor of ethnic Russians in Estonia came from the Russian Federation. Despite Russia's refusal to acknowledge the Soviet Russian-speaking population in Estonia as their own at the fall of the Soviet Union, the Russians in Estonia were still convinced that Russia would intervene in the case of threat to their coethnics.⁸¹ First, because Russia had an interest in maintaining stability in the region, and wanted to maintain its sphere of influence, there was no question that Russia would intervene if its coethnics were threatened.⁸² Moreover, Russia explicitly made its commitment to its coethnics through the publication of its foreign policy doctrine. As Light notes, "among the five principles that Medvedev claimed that what he would observe in conducting Russian foreign policy at this time, for example, was the promise to protect the lives and dignity of Russian citizens 'wherever they [were].'"⁸³ Thus, Russia's commitment to ethnic Russians' security helped alleviate any concerns of physical safety, regardless of whether these Russian-speaking Estonian residents considered themselves to be Russian nationals.

Moreover, in this scenario, Posen's ethnic security dilemma does not apply for two reasons. First, because of Russia's overwhelming power, there was little uncertainty in terms of any potential conflict. Because it was clear that Russia could crush Estonia with or without a first-strike advantage, the ethnic Russians were spared from any fears of escalation out of uncertainty. Second, the rare incidents of violence were never defined on ethnic terms, but were simply reported as individual crimes or vandalism.⁸⁴ Such a framework isolated those incidents and prevented escalation.

In short, due to both credible commitments by the Estonian government and the Russian Federation, the ethnic minority of Russians living in Estonia had no cause fear for their physical safety. In the words of one Russian-speaker, "[we] thought that it will be much better

80 Barry Posen, "The Security Dilemma and Ethnic Conflict," *Survival* 35.1 (1993): 27-47.

81 Laitin, *Identity in Formation*.

82 Brian Mund, "In Defense of Sovereignty: An Analysis of Russian Voting Behavior at the United Nations Security Council (1995-2012)," *CUREJ: College Undergraduate Research Electronic Journal* (2013).

83 Light, "Russian Foreign Policy," 231.

84 Laitin, *Identity in Formation*, 181, 185.

and more comfortable here. There will be no Karabakhs, no Chechnya here.”⁸⁵ Because of this perception of Estonia as a civilized, conflict-free zone, the Russian-speaking population had incentives to maintain this status quo of security rather than by inciting discord through calls for autonomy. While the Russian residents in Estonia felt satisfied that they were accommodated culturally, it was also important that they felt adequately protected physically.

NO HISTORICAL NARRATIVE

Finally, the fact that the Russians in Estonia had no historical narrative tying them as a national community to the territory was a significant factor in allowing their integration into Estonian society. When the Soviets ruled an occupied Estonia, it was always occupied Estonia, and never Soviet territory. While Soviet leaders ruled the country, the Soviet leaders adapted Estonian culture and Russified it rather than implanting an entirely new cultural image.⁸⁶ As Henry Hale points out, one of the major links between ethnic federalism and secession is the existence of a national consciousness.⁸⁷ However, for these stateless Russians, they never had a unique national consciousness until being left stateless. Thus, they had no real claim to the land of Estonia. Moreover, in McGarry and Moore’s critique of non-territorial autonomy, they claim, “Non-territorial autonomy also fails to take into account the vital relationship that most nations have with their homeland or ‘national territory.’”⁸⁸ However, as just explained, the Russians in Estonia were unique because they had no vital relationship to a national territory. Therefore, while non-territorial autonomy does not work for many groups, McGarry and Moore may be inclined to agree that in this relatively unique scenario, national cultural autonomy granted to the ethnic Russian population, may actually succeed. Finally, the fact that the Russian-speaking population has no national grievances against the Estonian people loosens the strength of the grievances and allows for more identity fluidity. In short, the fact that the Russian minority has no historical baggage allowed for them to smooth over obstacles to accommodate and contribute to the formation of the national consciousness that accepted national cultural autonomy.

CONCLUSION

In conclusion, the decision of the Russians in Estonia to seek integration with Estonian society rather than pushing for greater cultural autonomy results from a number of interacting factors. First, the opportunity for economic gains, on par with the greater Estonian society, serve as a permissive factor. Second, the fact that the Soviet Russians in Estonia were in a unique position of a ‘lost identity’ gave them more room to fashion an Estonian identity. This identity was facilitated by Estonia’s respect for Russian cultural and language institutions as well as the granting of political rights, which made the transition to an Estonian-type identity all the more

85 Fein, “Symbolic Boundaries and National Borders,” 339.

86 Laitin, *Identity in Formation*, 67, 70.

87 Henry Hale, “The Double-Edged Sword of Ethnofederalism: Ukraine and the USSR in Comparative Perspective,” *Comparative Politics* 40.3 (2008): 293-312.

88 John McGarry and Margaret Moore, “Karl Renner, Power Sharing and Non-Territorial Autonomy,” in *National Cultural Autonomy and its Contemporary Critics*, ed. Efraim Nimni. (New York: Routledge, 2005), 74-95.

fungible. This identitive switch was further aided by the high regard that the Russians felt for Estonian culture and the fact that their new identity was a marked improvement in social status and prestige. Moreover, the fact that the Russians in Estonia felt physically secure allowed them to take greater risks to join Estonian society. Finally, the fact that the Russian-speakers did not have a national narrative while establishing Estonia as their ancestral homeland played a large role in decreasing expectations of autonomy rights and made the Russians more inclined to integrate with the unitary notion of an Estonian nation-state. I argue that these factors, working in tandem, allow the Russians to feel sufficiently accommodated from both a rights standpoint and an identity standpoint. The result has been a lack of organization for greater autonomy. Therefore, by examining the counterfactual example of the Russians in Estonia, the essay finds further support for the moral polity thesis—if a population does not feel that its identity and rights are being sufficiently respected, then they will take independence-seeking action accordingly.

However, while this research study takes an important first step by supporting the moral polity thesis in a new case and by identifying the factors at play in facilitating the Russian integration into Estonian society, the findings do not compare the relative strengths of each factor vis-à-vis the others. This case does provide an important example of a situation where the national minority group has been satisfied by a unitary government's accommodation tactics, and thus provides a good counter-case expanding the typological breadth studying questions of autonomism and independentism. With further research, the comparison of the factors in this case of Russians in Estonia has the potential to provide key insights into the different elements affecting the success of other sub-state national movements and may allow for us to better understand how to accommodate the national rights and aspirations of sub-state national groups.

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The Need for Economic Engagement with North Korea

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ABSTRACT

North Korea is a country that never strays too far from the news cycle. Though its constant aggression and opaque nature have often left the West at a diplomatic impasse, there remains a solution to resolving the North Korean conundrum: economic engagement. While at times the regime relies on xenophobic rhetoric to further its hold on the country, this belies the underlying desire of the North Korean government to improve its economic situation. As one of the poorest states in the world, the Democratic People's Republic of Korea's greatest vulnerability is its economic sector. By engaging with North Korea economically, the international community can not only improve the plight of the North Korean people but also gain leverage on crucial issues like nuclear weapons and human rights abuses. For these reasons, this article argues that now is the time for international sanctions to be reconsidered in favor of a policy of economic engagement. By pursuing a policy predicated on briefcases instead of bombs, the United States and its allies can begin to resolve the issues the Hermit Kingdom presents.

North Korea is the last place most people would think to do business. Decades of trade restrictions and sanctions have all but eliminated any economic engagement between the Democratic People's Republic of Korea (DPRK) and the West. The so-called "Hermit Kingdom" remains isolated from all but a few trading partners. After years of stalled negotiations and failed diplomacy, the United States ought to reexamine its policy of economically isolating the DPRK. Presently, the Obama administration enforces a harsh policy of coercive measures designed to punish the North Korean regime for its possession of nuclear weapons and flagrant human rights abuses. This is done with the intention of pressuring the DPRK back to the negotiating table and dissuading it from further ignoring the edicts of the international system. However, sanctions alone will not bring about a positive change in North Korea's treatment of its citizens or its behavior on the international stage. By shifting towards a policy of economic engagement, the United States can engender a climate more conducive to its goal of international security. Favoring briefcases over bombs as tools of diplomacy will improve

regional stability and provide the necessary framework for dealing with the ongoing human rights and nuclear situation within the DPRK. As such, it is imperative for the United States to begin to engage economically with the North Koreans.

North Korea remains one of the most impoverished nations in the world. This isolated state of 25 million people suffers from a severe and constant shortage of food and electricity. It is ruled by a militarized, authoritarian regime that brutally suppresses its people. Compounding the difficulties of this state of affairs, the regime also possesses nuclear weapons and an anti-American agenda. Its profound hatred of the United States stretches back to the Korean War, a war in which the United States dropped more bombs and napalm tonnage than during the entire Pacific campaign of World War II.¹ Unsurprisingly, this enduring animosity will continue to have negative implications for regional security unless something is done to change the status quo. Overt diplomacy has all but failed and Pyongyang gives little indication that it wants to cooperate under the current framework. A new strategy must be implemented: economic engagement.

Economic engagement provides the means to create diplomatic impact by putting economic benefits directly in the hands of the citizenry. Taking the form of business development and NGO work in North Korea, such investment in financial and human capital is the first step towards achieving American aims. Rather than prioritizing formal state-to-state diplomacy that only further legitimizes the regime, the United States should let the US business community serve as an interim State Department. These citizen diplomats can operate as envoys to this frontier of global investment. The foundations for such a policy already exist. After all, no US government travel ban exists for Americans seeking to go to North Korea. The current ban is only on US companies doing business directly with the country.² Revisiting the blanket nature of this ban could turn over a new leaf in US-DPRK relations by turning an all-or-nothing negotiating situation into one wherein small deals can be discussed. A strong diplomatic framework created by business engagement will underpin the United States' ability to push its human rights and nuclear agenda on an otherwise reluctant partner. As a liberal democracy, the United States aims to promote stability and democratic ideals abroad. The strong relationship between Seoul and Washington, both vibrant democracies with high standards of living, demonstrates the benefits that the US agenda can have for the Korean peninsula. Creating increased opportunities for dialogue and improving economic ties would prove a watershed moment for improving the North Korean-American status quo.

First, effectively promoting the United States' agenda and improving relations with North Korea requires recognizing that a policy of sanctions alone is not achieving the United States' goals, reinforcing the need to consider alternatives. Critics of economic engagement, such as

1 Thomas Walkom, "North Korea's Unending War Rages On," *The Star*, November 25, 2010, http://www.thestar.com/news/world/2010/11/25/walkom_north_koreas_unending_war_rages_on.html.

2 "Korea, Democratic People's Republic of," US State Department, accessed October 6, 2013, http://travel.state.gov/travel/cis_pa_tw/cis/cis_988.html.

Bruce Klingner at the Heritage Foundation, who strongly supports the imposition of more extensive punitive measures against Pyongyang, contend that doing business with North Korea further entrenches the regime and makes it more capable of resisting international pressure to reform.³ Such assertions ignore the current state of the DPRK. The North Korean elite already do business abroad on behalf of the state.⁴ Reengaging North Korea gives foreigners access to North Koreans outside of the elite inner circle. This scenario is preferable to simply doing nothing and hoping that the North Korean people spontaneously develop the capability to overthrow their government.

While sanctions are the current tactic of choice, nothing prevented North Korea from obtaining a nuclear weapon in the 2000s. Much like in a medieval siege, it is society's weakest who have suffered under the sanctions. The lack of access to foreign markets has had severe ramifications on the people of the DPRK, resulting in increased mortality rates, lower public health, and decreased food supplies, while having little appreciable effect on the affluent ruling class.⁵ Indeed, Welthungerhilfe (a German NGO specializing in hunger relief) is considering withdrawing from North Korea due to an inability to carry out its projects as a result of sanctions.⁶ The belief that causing suffering among the non-elites will spark a regime change is both unethical and unrealistic.

Moreover, the DPRK's continued interaction with China, which includes \$6 billion in trade, blunts the sanctions' effectiveness.⁷ Ironically, while the majority of North Korean people suffer, the economy itself has grown in spite of punitive financial sanctions. The North Korean economy grew 1.3% in 2012, according to South Korea's central bank. This outpaced Brazil, which only grew 0.9% and is on par with Taiwan's growth rate.⁸ This growth can be attributed to the Hermit Kingdom's nascent middle class among the party elite and continued trade with the Chinese in spite of sanctions. Though it is uncertain how much international sanctions have hindered this growth, it is clear that they are failing to restrain Kim Jong-un's ambition to develop his small nuclear power into a greater force on the world stage.

With its policymakers unable to create the desired outcome through sanctions, the West should look to its business community to achieve effective diplomatic results. Joint ventures could include basic financial services and the construction of factories, as well as increased trade. Increased interaction between North Korean citizens and foreigners is one of the

3 Bruce Klingner, "North Korea: U.S. Needs to Impose Tighter Sanctions for its Third Nuclear Test," *The Heritage Foundation*, November 4, 2013, <http://www.heritage.org/research/reports/2013/11/time-to-get-north-korean-sanctions-right>.

4 Megha Rajagopalan, "North Korean Elite Beating Sanctions, One Plasma TV at a Time," *Reuters*, March 19, 2013, <http://www.reuters.com/article/2013/03/19/us-korea-north-china-idUSBRE92116720130319>.

5 Ibid.

6 Emma Campbell, "Sanctions Hurting Vulnerable in North Korea," *Canberra Times*, September 19, 2013, <http://www.canberratimes.com.au/comment/sanctions-hurting-vulnerable-in-north-korea-20130918-2tzfa.html>.

7 John Ruwitch, "Insight: China's Freeway to North Korea: A Road to Nowhere," *Reuters*, April 15, 2013, <http://www.reuters.com/article/2013/04/15/us-korea-north-china-insight-idUSBRE93E16P20130415>.

8 Lily Kuo, "How Could North Korea's Economy Be Growing Faster than Brazil's?" *Quartz*, July 12, 2013, <http://qz.com/103579/north-korea-economy-possibly-be-growing-faster-than-brazils/>.

clearest ways to break the strength of the regime's grip—a hold given power by Pyongyang's control over the flow of information. Building enterprise-to-enterprise relations begins to subvert this dynamic by promoting mutual learning and building trust between citizens and foreigners. Global exposure will improve the quality of internal economic policy debates as North Koreans become entangled with the global economy. The more North Koreans gain from trade with the outside world, the greater their vested interest in seeing that such trade continues. A parallel can be seen in how the People's Republic of China, at one point isolated from the West, has grown into one of the United States' largest trading partners with robust diplomatic ties to its former Cold War enemy.

This process of entanglement has already begun: the North Koreans already signaled that they are open to doing business with Western companies. The government has designated Special Economic Zones, areas with more liberal financial regulation, as future development hubs for the North Korean economy. The Rason zone hosts an annual International Trade Exposition attended by Chinese, Russians, Germans, and even a few Americans.⁹ This trend towards globalization will likely continue. Kim Jong-un, or "The Marshal," as North Koreans refer to him, recently ordered that provinces submit proposals for opening up cities to international trade; there are already 18 candidates.¹⁰ According to a source inside North Korea close to the program, "the core of this plan is luring foreign investment," a statement corroborated by other sources familiar with the policy.¹¹ This marks a departure from the regime's past focus on self-reliance and signifies the importance of the juncture for North Korea's economic outlook. Such directives could accelerate the intermingling of the North Korean and world economies if foreign demand exists.

There are some indicators that foreign demand already exists. Businesses in other countries have slowly begun to capitalize on this emerging market. As of the end of 2012, 30 European companies had invested in North Korea.¹² Egypt's Orascom Telecom is contracted to build a 3G mobile network and German-owned DHL offers international shipping to North Korea.¹³ Such ventures are among the fastest ways to influence the North Korean people directly. Despite North Korea's per capita GDP of roughly \$1800, there are over two million subscribers to the country's sole mobile phone company—a number that doubled in less than two years.¹⁴ However, continued inaction by the US risks squandering a critical opportunity to interact directly with the North Korean people. By entering the marketplace, the private sector of the United States could work with the North Korean people to lay the foundations for the DPRK's budding enterprises and improved relations.

9 Leo Mirani, "Mobile Phones Are Booming in North Korea, of All Places," *Quartz*, April 26, 2013, <http://www.businessinsider.com/mobile-phones-are-booming-in-north-korea-of-all-places-2013-4>.

10 Lee Yong, "Provinces Told to Plan for Opening," *Daily NK*, October 1, 2013, <http://www.dailynk.com/english/read.php?cataId=nk01500&num=11032>.

11 Ibid.

12 Dexter Roberts, "North Korea, New Land of Opportunity?" *Bloomberg Businessweek*, January 19, 2012, <http://www.businessweek.com/magazine/north-korea-new-land-of-opportunity-01192012.html>.

13 Ibid.

14 Ibid.

There is proof such a strategy will work effectively. One current instance of economic engagement has already proven to be a useful political tool. The Kaesong Industrial Complex (KIC), a joint venture between North and South Korea, has operated since 2002 and employs 53,000 North Korean workers.¹⁵ While tensions between North Korea and the international community in spring 2013 led to its temporary closure, reopening the KIC was the top priority for Pyongyang when talks resumed. The DPRK's hunger for trade has thus been a boon for continued diplomacy in other issue areas. The South Koreans have been able to use these negotiations to reopen the KIC as a bargaining chip to get additional strategic items on the table, including the resumption of tours to the Mount Kumgang resort.¹⁶ This demonstrates how these initiatives can have a lasting impact in enabling further diplomacy. It is a positive feedback loop. Not only was the appeal of reopening the complex strong enough to compel the North Koreans to reengage, but it also allowed South Korea to advance other parts of its agenda.

The KIC episode illustrates how widespread the benefits of a pro-market approach can be for diplomacy. These commercial ventures can bind North Korea into win-win commerce and potentially defang the regime by providing the North Korean people with skills, cash, and information about the outside world. In the words of Andrei Lankov, a specialist on North Korea at Kookmin University in Seoul, "North Korean society has become defined by one's relationship to money, not by one's relationship to the bureaucracy or one's inherited caste status."¹⁷ This new dynamic could allow the United States to exercise leverage in the Hermit Kingdom through economic engagement. Doing so creates an environment more conducive to peace between state actors by giving the North Korean regime a vested interest in continued negotiation. Exposure to the outside world will simultaneously uplift more North Koreans from poverty and increase the likelihood of reform.

If this opportunity is ignored, continued inaction by the United States will only worsen three dangerous problems: the regime's human rights abuses, a lack of diplomatic leverage, and China's near-monopoly on interaction with the DPRK. First, without a shift in the current situation, the North Korean people will continue to suffer systematic government oppression and the threat of prison camps. A strict policy of sanctions has failed to prevent these atrocities from occurring and is unlikely to bring about change. Doing nothing therefore only perpetuates the atrocities of the status quo.

Engagement critics frequently level that the tactic would perpetuate human rights abuses by supporting the leadership. This is misguided. It is clear that the human rights issues in North Korea are severe, and standing by and watching does nothing to alleviate the situation. The

15 Wanwoo Jun, "A Rundown of the Kaesong Industrial Complex," *The Wall Street Journal*, April 3, 2013, <http://blogs.wsj.com/korearealtime/2013/04/03/a-rundown-of-the-kaesong-industrial-complex/>.

16 Jeyup S. Kwaak, "South Korean Workers Head Back to Kaesong," *The Wall Street Journal*, September 23, 2013, <http://online.wsj.com/news/articles/SB10001424127887323527004579078111930641546>.

17 "North Korea: Rumbblings from Below," *The Economist*, February 9, 2013.

abuses have gone on for decades, and they have continued unabated under sanctions. The cost of doing nothing is higher than the cost of engagement, whether economic or aid-related, signaling the need for a transformed approach. Focusing on a humanitarian approach aimed to improve in-country conditions, as opposed to a strictly human rights approach geared towards enforcing standards of behavior, allows the international community to focus on raising the living standards of the North Korean people. Such action will improve the quality of life for the majority of the North Korean population in the short-term and will make human rights reform more feasible in the long-term. To do so, the humanitarian imperative needs to take priority over a “blame and shame” approach to altering the regime’s behavior. Threatening violence only worsens the climate of fear and bolsters the regime’s self-anointed justification for its “protective” existence.

Second, without making any attempts to gain more leverage, the continued lack of bargaining chips will only further exacerbate tensions and increase the likelihood of war. Presently, the United States has inadvertently given North Korea a degree of impunity in its behavior. Short of declaring war, there is little more the United States can do now as recourse for North Korean aggression. This has reduced the ability of the United States to exercise leadership. Recent incidents demonstrate the extent of this diplomatic impotency. In 2010 the North Koreans shelled a South Korean village—an act of war—without triggering further conflict.¹⁸ With such deeds only resulting in increased rhetoric and admonishment, it is unclear where exactly the line in the sand is on North Korean aggression. Since the DPRK already faces sanctions, Pyongyang had little reason not to restart the country’s nuclear reactor, which they did in September 2013.¹⁹ Furthermore, the recent US lethargy in responding to Syrian violations of international law has done little for American power projection and could make Pyongyang even more tempted to call Washington’s bluff in the future. Economic engagement is the first step in devising a solution to this problem. Under the status quo, war remains much more likely than it would be if a greater spectrum of options existed.

Third, in failing to act, the United States risks forfeiting any future leadership of North Korean issues to China. China continues to turn North Korea into a vassal state by strip-mining trillions of dollars’ worth of rare earth metals and sending them to China. Forty-seven percent of all Chinese ventures in the country relate to mining.²⁰ With mineral reserves valued at over \$6 trillion, it is unsurprising that the Chinese would flock to do business in a country others have been slow to enter due to pressure from the United States.²¹ Reinforcing the human cost of American inaction, Beijing has clearly prioritized business rather than a stand on human rights abuses; the recent construction of a bullet train going straight from the Chinese

18 Mark McDonald, “‘Crisis Status’ in South Korea After North Shells Island,” *The New York Times*, November 23, 2013, http://www.nytimes.com/2010/11/24/world/asia/24korea.html?pagewanted=all&_r=0.

19 Choe Sang-Hun, “Signs Suggest North Korea Has Restarted Nuclear Reactor,” *The New York Times*, October 3, 2013, <http://www.nytimes.com/2013/10/04/world/asia/signs-suggest-north-korea-has-restarted-nuclear-reactor.html>.

20 Roberts, “North Korea, New Land of Opportunity?”

21 Ibid.

industrial corridor to North Korea's doorstep illustrates Chinese commercial aspirations.²² It is clear that China sees the economic benefit of partnering with North Korea and is willing to overlook moral issues to increase its power further.

This has consequences for Washington's interests. If the United States does not act soon, it will remain outmaneuvered by China. The Chinese already represent over 57% of the DPRK's foreign trade, having largely ignored international sanctions.²³ Because of this, sanctions alone cannot compel North Korea into submission as long as it continues to sustain its economy through trade with China. It is therefore critical to recognize that while North Korea may be isolated, it is not completely sealed off from the global marketplace. This represents a fatal flaw to the success of the current sanctions-based approach.

For these reasons, the United States must now decide whether it wants China to be the primary economy engaging with North Korea. Allowing Beijing to maintain unchallenged influence over the DPRK increases the regime's strength, permits the continued exploitation of the North Korean people, and reduces the likelihood of reunification. This last reason is of special interest to South Korea. Every instance of natural resource extraction from North Korea by China reduces the possible dividends of future reunification. Because of the lack of alternative players, the role of Chinese influence on the North Korean elite can only grow.

It is important to note that initiating this new approach is not a panacea for tensions on the Korean peninsula. For many, the discourse around North Korea centers on its possession of nuclear weapons. Unwinding the North Korean nuclear program may be key to the US agenda, but it is not a task that can be accomplished in the immediate future. Indeed, the short-term need for increased engagement ultimately better serves the long-term goal of denuclearization. The current fixation on denuclearization precludes any ability to exercise tactical alternatives to sanctions. Not all diplomacy should be conditioned on this one issue—a holistic focus allowed for a diplomatic breakthrough with China during the Nixon administration. The nukes cannot be dismantled through starvation; only cooperation or warfare will ultimately solve this issue. Sanctions will not initiate the former and only exacerbate the likelihood of the latter.

Those who disfavor engagement offer two main alternatives for how to rectify the current situation. Each has its own problems. One counterproposal involves a preemptive attack on North Korea, a proposal viewed credible enough to be published as an op-ed in the *New York Times* last year.²⁴ This is a misguided idea with severe consequences. Though there is no doubt that North Korean military action should be met with retaliation to ensure that the North understands the costs of provocation, if aligning interests can produce genuine reconciliation, then such a policy should be pursued over violence. South Korean President Park Geun-hye has advocated as much, stating in 2011 that an "alignment policy will, over time, reinforce

22 Ruwitch, "Insight: China's Freeway to North Korea: A Road to Nowhere."

23 Roberts, "North Korea, New Land of Opportunity?"

24 Jeremi Suri, "Bomb North Korea, Before It's Too Late," *The New York Times*, April 12, 2013, <http://www.nytimes.com/2013/04/13/opinion/bomb-north-korea-before-its-too-late.html>.

trustpolitik;” her demonstration of support for engagement should not be taken lightly, as the North Korean government assassinated her mother.²⁵ In addition to destroying any chance at peaceful reform, an attack on the North would only serve to legitimize the regime in the eyes of its citizens. The US would be seen as an “imperialist aggressor” and the conflict would inflict heavy casualties, possibly drawing China into an all-out war.²⁶ Launching an offense is simply too great a gamble to consider as a viable alternative.

Recognizing the disastrous effects of a war, Klingner suggests keeping North Korea isolated indefinitely. This approach is also flawed. Because North Korea continues to trade with China and others, its isolation is already imperfect. Since the United States cannot seal off the country entirely, waiting for China to coerce North Korea to come into line with the international community will be fruitless. China’s primary aims are to preserve stability, make money, and secure North Korea as a buffer state against the United States and South Korea.²⁷ Beijing has little interest in obeying and enforcing international sanctions that could lead to an economic collapse sending millions of refugees across the border into China. With these goals in mind, it is unlikely that Beijing will pressure for reform in North Korea and risk destabilization. Rather, it will strategically prop up the regime as is and simply continue to extract everything of value out of North Korea while the international community stands by and waits for collapse. This neuters any hope of the West winning its siege.

Recognizing the impossibility of these alternatives, the US must bypass the state-to-state level in order to advance its goals. Through peer-to-peer economic engagement, the international community can begin to enact reform in North Korea at the grassroots level. Focusing on the human element of the DPRK will produce dividends. One sector has already demonstrated effectiveness in this regard: education. Academia has proven complementary to business in its ability to engage North Koreans productively. The Choson Exchange, a Singaporean NGO, aims to give the next generation of North Korean business leaders the economic, business, and legal training they will need to navigate the global economy. Leading small seminars with junior officials and employees of state-run firms provides an opportunity to equip future decision-makers with the tools needed to improve their country in the long run and interact with global capitalism.²⁸ Such engagement needs to happen at the societal level if the North Korean people will see the benefits of the global capitalist system. Engaging directly with the citizens of the DPRK, as opposed to interacting solely with the regime, will help provide them with the necessary skills and experience to begin to take control of their own future. By not losing sight of the fact that the North Koreans are people, the United States can penetrate

25 Jack Kim, “Seoul Must Change to Trustpolitik with North, Says Park,” *Reuters*, August 23, 2013, <http://www.reuters.com/article/2011/08/23/us-korea-north-park-idUSTRE77M14Y20110823>.

26 Jane Perlez, “China Says It Won’t Forsake North Korea, Despite Support for U.N. Sanctions,” *The New York Times*, March 9, 2013, <http://www.nytimes.com/2013/03/10/world/asia/china-says-it-will-not-abandon-north-korea.html?pagewanted=all>.

27 Rodger Baker, “China and North Korea: A Tangled Partnership,” *Stratfor*, April 6, 2013, <http://www.stratfor.com/weekly/china-and-north-korea-tangled-partnership>.

28 “Teaching Business Skills in the Hermit Kingdom,” *Korea Herald*, February 22, 2012, <http://www.koreaherald.com/view.php?ud=20120222000847>.

the ruthless veneer of the regime and affect genuine change among the DPRK's inhabitants.

There is no easy solution to the North Korean quandary, and a strictly punitive policy will not achieve the results the United States seeks. Using economic diplomacy as a mechanism of engagement is the best way to alter the long-term trajectory of North Korean diplomatic intransigence. North Korea will develop eventually, though whether it will develop as a vassal state of China or not is yet to be seen. Without the United States changing its approach, the DPRK's human rights deficit will remain large. Now is the time for Washington to exercise leadership and implement an alternative course of action. The United States can be an exemplar for using soft diplomacy where threats of violence have failed. As the old adage goes, you catch more flies with honey than with vinegar. One day the status quo will shift, and the only question is whether the United States will be ready.

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Burgeoning Grievances: An Explanation for the 2012-2013 Rise in Secessionist Sentiment in Catalonia

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ABSTRACT

The purpose of this paper is to explain the grievances responsible for the 2012-2013 increase in popularity of the secessionist movement in Catalonia. Catalonia reflects a center-periphery cleavage historically marred by forced assimilation, civil unrest, and even war. Today, the relationship between Madrid and Barcelona is still marked by continued ideological clashes between unionists and separatists. Based on a reading of current events, this article hypothesizes that the sentiment is caused by the ongoing Spanish financial crisis, which has increased the visibility of regional redistribution policies. However, by conducting a set of in-depth interviews with Catalan elites, the investigation found political grievances as the leading principle behind the recent rise in separatist sentiment in Catalonia. Economic concerns, although important, were framed by elites as a trigger for the recent secessionist sentiment. The Catalan study suggests that given a certain context, sudden external political resolutions concerning a region's sovereignty can forecast a swift reaction in secessionist sentiment.

INTRODUCTION

The November 2012 elections to the Catalan Parliament shocked audiences around the globe. Newspapers across the world emphasized the new majority won by separatist parties in a “vote [that] may test Spain’s unity.”¹ Holding the equivalent of a Prime Minister’s position in a parliamentary system, Artur Mas retained his seat as President of the *Generalitat*, or the Catalan government. Although his leading center-right secessionist party, *Convergència i Unió*, lost 12 seats of its previous 62 in the November election, the electorally marginalized center-left *Esquerra Republicana* rose to the scene, gaining 11 seats for a total of 21. Together both secessionist parties hold a majority with 71 seats out of the assembly’s 135, although they

1 Harold Heckle and Joseph Wilson, “Catalan Elections 2012: Vote May Test Spain’s Unity,” *The Huffington Post*, November 25, 2012, http://www.huffingtonpost.com/2012/11/25/catalan-elections-2012_n_2187770.html.

are not governing in coalition due to partisan differences. Nonetheless, with their newfound majority, the leading parties have promised to hold a referendum on independence. The movement's electoral momentum is a first in post-Franco Spanish history.

Although it shares many common aspects, Catalonia's culture is distinct from that of the rest of Spain. The region is geographically distant from Madrid, bordering the Mediterranean coast and sharing a significant border with France and the rest of Europe. It has a distinct language, Catalan, which is recognized as a separate romance language by most linguists. The language is notably different from Castilian Spanish although they are mutually intelligible for many who know one and have a basic understanding of the other. One of the political elites interviewed also noted Catalonia's "societal" distinctness from Castilian culture, emphasizing more historically mainland European values such as secularism and republicanism, distinct from Castile-La Mancha's traditional attachment to Catholicism and monarchism. Although this study is political in its objectives, Catalonia's separate culture is central to understanding its reality today.

Catalonia developed separately from Castilian Spain, which explains its distinct language and culture. In 1492, the armies of Aragon and Castile, the dominant kingdoms of the peninsula, conquered the last Moor stronghold in Granada in southern Spain. This event marked the end of the *Reconquista*, a period of around 700 years during which Spain's northern kingdoms fought the Moors that occupied the southern portion of the peninsula. This event is significant for Catalonia, or the territory of the Kingdom of Aragon at the time, because it ushered in a period of joint rule over Spain between Isabella of Castile and Ferdinand of Aragon. Political trajectories changed dramatically between Spain's dominant kingdoms in the early 18th century, when Barcelona fell to the forces of Castile, who were backed by the French Bourbons, on September 11th, 1714. This defeat marked the commencement of the age of the *Nueva Planta* decrees, in which the authority of regions such as Catalonia were dissolved and Spain's political power was centralized in Madrid, the Castilian center of government. Many elites highlighted this date during the interviews as an unjust changing point in the history of Spain. Although Catalonia underwent a cultural renaissance in the late 18th century, which was followed by more political independence during the short-lived Second Spanish Republic (1931 -1939), it was put to a violent end by the victory of Francisco Franco's Nationalists during the Spanish Civil War (1936-1939).

During the late 18th century and early 19th century, despite Catalonia's ongoing secondary position, the region experienced an impressive period of economic industrialization, which made it an export-driven local economy and the heavyweight of Spain's relatively less industrialized economy. During Franco's dictatorship, Catalonia's autonomy was fully dissolved and the movement was forced underground. One of the most notable consequences of Franco's regime in Catalonia was the banning of the Catalan language, with many Catalans facing public humiliation for using it. This historical sequence is foundational to understanding the current sentiment, as it explains Catalonia's demands in a historical frame.

After the death of Franco, Spain's authoritarian dictator between 1939 and 1975, Spain transitioned to a democratic system. Shortly after his death, right-wing factions competed with the left over the question of political centralization, with the former pushing for a continued nation state model and the latter for a system of greater autonomy for the provinces. Many politicians of Spain's regions even pushed to make Spain a federal state in hopes of representing cultural, economic, and political differences in a state of tiered political authority. They compromised to make Spain a unitary entity with devolved characteristics.² A unitary state is one that vests all ultimate authority of governance in a central government, while a devolved state is one that has undergone a shift of "power from the centre to some local region [or regions]."³ In Spain, this process was accomplished through treaties between the central government in Madrid and its regions, such as the Basque Country or Catalonia. Such accords were known as *Estatutos de Autonomia*, or Statutes of Autonomy. The Statutes allow, for instance, the Basque Country, Navarre, and Catalonia to have a regionally run police force, but do not allow one for other regions. Similarly, regions such as Catalonia, the Basque Country, and Galicia are given further linguistic liberties to accommodate for the presence of distinct regional languages within their territories. A constitutional mechanism was included in the Spanish constitution to revise these ties based on parliamentary vote and referendum, as was done by Catalonia in 2006.

Henceforth, post-1975 Spain attempted to institutionalize and democratize a longtime violent and one-sided fight for sovereignty between Madrid and Barcelona. This struggle for power between the state-building authorities in Madrid and some of its regional capitals pushing to retain autonomy reflects the center-periphery cleavage of Spain, which today manifests itself as a tranche of opinion separate from right-left politics.

Michael Gallagher, Michael Laver, and Peter Mair define the political science paradigm of a cleavage as a dichotomy that, "involves a social division that separates people which can be distinguished from one another in terms of key social-structural characteristics... [who] are conscious of their collective identity... [and are] expressed in organizational terms."⁴ This article asserts that the center-periphery cleavage, or the power struggle between the capital of a country leading state-building efforts and the regions seeking to preserve their autonomy, serves as a fundamental paradigm by which to explain the recent rise in secessionist opinion in Catalonia.

This research project seeks to understand the causes of the rise in secessionist sentiment in Catalonia, which were noted not only in the results of the recent elections, but also in public opinion starting in mid-2012. Before this time, separatist support was present, as it always has in Catalonia, but not approaching majority opinion as it was in Catalonia in 2013. A poignant presentation of this change was put forth by the established Catalan polling station

2 Michael Gallagher, Michael Laver, and Peter Mair, *Representative Government in Modern Europe*, 5th ed. (New York: McGraw-Hill, 2011), 178.

3 *Ibid.*, 181.

4 *Ibid.*, 281.

Centre d'Estudis d'Opinió, which recorded levels of support for full independence from Spain near 50% starting in June 2013.⁵ Two years earlier, public opinion ranged closer to 25%.⁶ Using different methods, the Catalan newspapers *La Vanguardia* and *El Periódico* also traced the popularity of independence from minority to majority sentiment in the past few years. Public opinion regarding separatism did not emerge from a vacuum in 2012, but it grew immensely and is now tipping from a minority to a majority opinion.

Many international news sources turned to the ongoing Spanish economic crisis as an explanation for the change. Although newspapers do not represent an empirical representation of reality, they do cast attention to certain themes on the issue of Catalan independence. A few examples include a *Reuters* article published in September 2012 with the title "In Spain, Economic Crisis Fans Catalan Separatism" and a November 2012 analysis by *The Guardian* that assessed the growing economic argument for independence.^{7,8} Although such analyses do not discount other motives for growing secessionist sentiment, they cast economic concerns as conventional wisdom accountable for the current upswing in the movement's popularity. In partial support of this logic, Duke University's Donald Horowitz, in his work "Patterns of Ethnic Separatism," constructed a framework that explains causes of separatist sentiment among different groups. In the case of what he calls "advanced groups in advanced regions," he asserts that economics will play a central role in secessionist pull and in the distribution of migration in and out of such regions.⁹ He notes that the "The Basque and Catalan regions are extreme examples of this."¹⁰ Conventional wisdom offered by varying news sources in September and November of 2013 as well as Daniel Horowitz's encompassing work on secessionist patterns both suggest economics, and in particular the ongoing crisis in Spain, as a prominent cause for the recent surge in separatist sentiment. Combining the logic above with the rift created by the center-periphery cleavage present in Spain, I hypothesized the economic grievance to be the leading explanation in the case of Catalonia. I decided to perform field interviews of secessionist political notables to test my hypothesis against other possible explanations. The interviews are a source of direct qualitative data by which to understand a significant change in political opinion.

METHODS

Interviewees were found through established contacts or by chain referral. I conducted five in-depth interviews of high-level secessionist Catalan politicians and had numerous conversations with others. They included Albert Royo, Secretary General of Catalonia's Public Diplomacy Council (DIPLOCAT); Albert Batalla i Siscart, Mayor of La Seu d'Urgell as well as a member

5 Baròmetre d'Opinió Política, "2a Onada," *Centre d'Estudis d'Opinió* (2013), accessed October 31, 2013.

6 Baròmetre d'Opinió Política, "2a Onada," *Centre d'Estudis d'Opinió* (2011), accessed October 31, 2013.

7 Fiona Ortiz, "In Spain, Economic Crisis Fans Catalan Separatism," *Reuters*, September 20, 2012, accessed October 8, 2013, <http://www.reuters.com/article/2012/09/20/us-spaincatalonia-idUSBRE88J06S20120920>.

8 Francesc de Carreras, "The Economics of Catalan Independence Don't Add Up," *The Guardian*, November 22, 2012, <http://www.theguardian.com/commentisfree/2012/nov/22/economics-catalan-independence-dont-add-up>.

9 Donald L. Horowitz, "Patterns of Ethnic Separatism," *Comparative Studies in Society and History* 23 (1981): 184.

10 Ibid.

of the Catalan Parliament (MP); Joaquim Nadal i Farreras, Mayor of Girona from 1979-2002, regional level MP from 1984-2012, and Catalan Minister of Territory and Public Works from 2003-2010; Alfred Bosch Pascual, national level MP as well as leader of the *Esquerra Republicana* in parliament; and a lecturer of political science at the *Universita Autònoma* (UAB) who preferred to remain anonymous. This group is not intended to constitute a statistically representative pool of opinion. These individuals, however, provide a rich body of experience with the movement and offer first-hand accounts of its recent popularity. The interviews lasted around sixty minutes each. Each question offered a lead that encouraged individuals to elaborate on different grievances and how they compete as explanations for the recent popularity. The questions are included in the appendix. Interviews were performed in English with an option for Spanish language interpretation through a translator. Interviews and conversations took place in Barcelona, Girona, and Lleida from July 2, 2013 to July 9, 2013.

ANALYSIS

In keeping with the idea of the center-periphery cleavage, I asked participants questions related to the region's cultural, economic, and political grievances. I assess their weight by analyzing them in this order. These categories represented three separate themes in Catalonia's history vis-à-vis the rest of Spain, its cultural-linguistic differences, its traditional economic superiority, and its inferior political position. Additionally, they test the economic hypothesis conveniently and clearly against the main alternative, politically led growth of secessionist opinion, and against possible cultural grievances.

The cultural-linguistic grievance was evoked throughout my stay in Catalonia as fundamental to the movement's existence but only tangential to its recent success. Increasingly, the movement's cultural push is becoming more of an underlying factor rather than a primary grievance. For instance, the cultural and linguistic distance of Catalonia from the rest of Spain is more evident today than it was during Franco's dictatorship when the Catalan language was banned from public use. Given this new reality, many culturally rooted Catalan secessionists see Spain as an unrepresentative entity for their people because it continues to recognize only one national language, Castilian Spanish. For instance, many Catalans disagreed with recent efforts made by the Spanish central government to subvert Catalan's position in schools as the language of instruction.¹¹ Many argued that the school system teaches both Spanish and Catalan well, and permits pupils to become bilingual by the time they graduate. In a comparative lens, Canadian linguistic policy acts as an apt comparison. Ottawa officially recognizes both the majority language, English, and the major regional language, French, as national languages. There is a legal obligation to provide all government documents, procedures, exams, advertisements, etc. in both languages. The Canadian comparison is a relevant illustration of the convictions of many cultural Catalans who believe Spain's central government still, and increasingly with the Spanish Constitutional Court's 2010 ruling, does not recognize Catalan and other Iberian

11 Pere Mayans Balcells, "Schooling in Catalonia (1978 - 2012)," in *What's up with Catalonia?*, ed. Liz Castro (Ashfield: Catalonia Press, 2013), 54.

tongues as equals to Castilian Spanish at the national level. The 2010 ruling by the Spanish Constitutional Court struck down large sections of Catalonia's new statute of autonomy, passed in 2006 by regional parliamentary vote in a referendum. These changes ranged from diminishing Catalan linguistic rights in schools and media, to voiding the legal validity of Catalonia's constitutional identification as a "nation."

In the interviews, opinions on the role of language in the rise in secessionist sentiment were mixed. Some put language at the center of their cultural convictions, explaining that its lack of national recognition was central to their belief in secession.^{12,13} The lecturer on political science, in particular, expressed that he remains firmly rooted in the movement's cultural claims. He explained that the linguistic impositions of the Franco regime are still present in the consciousness of many Catalans. For instance, his parents were forced to Hispanicize his name at the time of his birth in order to fit the cultural policy of the Franco government. He later expressed dissatisfaction at Spain's attempts to make the country a multi-national state.¹⁴

When asked about the growth of the Catalan language as a cause of sentiment, however, Mr. Royo claimed that "language is a weak part of the movement," believing that the movement today needed to incorporate newcomers by emphasizing the democratic and economic grievances.¹⁵ He also explained that Catalonia not only differentiates itself through language from the rest of the country but also through "societal differences," as referenced earlier.¹⁶ Other respondents also expressed linguistic and "identity" factors as important to the roots of the movement. There was a consensus among all interviewees, however, that cultural grievances represent a weak explanation for the recent growth in sentiment, but still compose the base of Catalan secessionism and explain why they remain firmly rooted in it. This is consistent with conventional wisdom, which would only expect cultural factors, such as the rise of the Catalan language, to have caused the recent surge.

Although the elite interviews gave rise to some discrepancies over the role of a linguistic-cultural grievance in the most recent rise in separatist opinion, the majority of answers from formal interviews and conversations weighed politics or economics more heavily in accounting for the recent popularity of the secessionist movement. In addition, when elaborating on cultural factors, which drive Catalans to secession, the center point of most comments revolved not around Catalonia's innate difference from the Castilian entity, but rather from the Spanish central government's reticence towards Catalonia's distinct culture. It was not the region's distinct culture driving the change but a perception that the rest of Spain is actively subverting Catalonia's efforts at maintaining an independent culture, chiefly by threatening the legitimacy of the Catalan language. These comments align more closely with a political argument.

12 UAB lecturer, interview by author, Barcelona, Spain, July 8, 2013.

13 Joaquim Nadal i Farreras, interview by author, Girona, Spain, July 5, 2013.

14 UAB lecturer, interview.

15 Albert Royo, interview by author, Barcelona, Spain, July 3, 2013.

16 Ibid.

The interviews revealed economic grievance, expressed both as Catalonia's superior economic position and as discontent against the central government due to the Spanish economic crisis, as a chief factor in the recent rise in secessionist opinion, albeit not one as fundamental as hypothesized. All Catalan participants explained that Catalonia's superior economic position was related to the rising secessionist sentiment, though not necessarily its primary cause. Question four, which asked how the region's economic position in Spain played into the separatist sentiment, (see appendix) did not attract the fervor I expected. The malcontent related to this question was oriented towards the redistribution policies arranged by the Spanish capital. I will first address the economic argument related to Catalonia's superior economy, and second, the question which prompted a comment on the role of the financial crisis.

Mr. Royo explained that, "there needs to be some redistribution in such a country of regions."¹⁷ He judged, however, "10% of GDP" as an excessive amount to lose through redistribution.¹⁸ As an alternative, the Secretary General suggested Germany's model of redistribution, which caps GDP loss at 4.85%.¹⁹ In a follow up question, I asked Deputy Batalla to explain if and why he thought redistribution was a greater issue today than before. The parliamentarian explained that, "now that other regions [of Spain] have developed, there is not as great of a need [for redistribution]."²⁰ Similarly, Deputy Bosch stated that "the Catalan middle class... manufactured goods and sold them to the rest of Spain," but that today's common European market has made this advantage disappear.²¹ He explained that the advantages of the past, such as having Spain as a convenient export market, have now become disadvantages in the form of redistribution costs. These explanations were interesting because the respondents emphasized not Catalonia's long-standing industrial advantage, but instead a historical economic development, which has driven Catalonia apart from Spain. Their answers parallel the logic of the center-periphery cleavage, which underlines a societal division between capital and region, expressed here by malcontent over monetary flows to the political center of the state, Madrid.

All respondents reacted sharply to the question relating to the economic downturn. Albert Batalla expressed this sentiment most clearly, stating that the economic crisis acted as a "catalyst" for the upsurge in sentiment.²² Albert Royo and the UAB lecturer both explained that the current economic crisis was helping the separatist movement. Alfred Bosch even stated that "the redistribution of regional revenue was not really seen during the economic boom," but that the crisis had "brought... people [into the movement] who were otherwise not politically involved."²³ Mr. Nadal explained that the "movement... is increasingly becoming more economic with the financial crisis."²⁴ The UAB lecturer stated that his sentiment, unlike

17 Ibid.

18 Ibid.

19 Ibid.

20 Albert Batalla i Siscart, interview by author, Barcelona, Spain, July 3, 2013.

21 Alfred Bosch Pascual, interview by author, Barcelona, Spain, July 7, 2013.

22 Batalla i Siscart, interview.

23 Bosch Pascual, interview.

24 Joaquim Nadal i Farreras, interview by author, Girona, Spain, July 5, 2013.

the one expressed by Nadal, is firmly rooted in more political and cultural grievances. He stated that “if Catalonia was poorer, I would still support independence.”²⁵ He, however, also thought that secessionism as a whole had recently been aided by the economic crisis. All respondents, however, framed the economic question in the lens of the harsh redistribution policies.

When asked to give their opinion on the driving grievances behind the increased support for the secessionist movement in Catalonia, Royo and Bosch clearly explained the role of economics as secondary to the recent political diversions between Catalonia and Spain’s central government. The other respondents stressed the economy as a catalyst or another grievance, but made no indication of identifying it as the most notable one. As summed by Joaquim Nadal, “the 2010 ruling on the statute of autonomy was even more important than the crisis in causing the recent surge in the independence movement.”²⁶ The Catalan secessionist movement gained both quick and wider support and recognition in part due to the material effects of the economic crisis on the region, which brought regional redistribution policies to attention. As seen with cultural issues, it is not Catalonia’s distinct culture that accounts for changing sentiment, but Madrid’s actions to stun its presence in Catalan society. Similarly, Catalonia’s longstanding superior economic position has not been a strong actor on this newfound sentiment. Instead, it has been the central government’s ongoing redistribution policies, which have especially weakened Catalonia in a time of economic hardship. Catalonia’s culture and economy have not suddenly changed to propel secessionist opinion, though Madrid’s actions have continued and heightened in a time of exceptional economic difficulty for Catalans. Economics certainly plays an important role, but it does so in the context of Madrid’s policies.

The interviews all indicate that the secessionist leaders believe the recent surge in sentiment came about principally as a result of a democratic deficit, anchored in a political grievance related to Catalonia’s relationship with the central government. Some respondents gave historical accounts that noted Catalonia’s difficult history with Spain, emphasizing in particular Catalonia’s loss at the hands of the Bourbon backed Castilian troops in 1714. Respondents such as Albert Royo of DIPLOCAT explained how Catalonia’s history throughout the 18th, 19th, and 20th centuries was characterized by a struggle for power between Madrid and Barcelona, with the former sometimes reverting to force to put down regional autonomy.²⁷ History accounts for Catalonia’s own distinct culture and economy and was therefore a vivid and important part of all respondents’ answers. Additionally, the recent surge in sentiment can only be understood with knowledge of Spain’s history from a Catalan perspective. The movement’s recent success, however, is not caused directly by history but rather by the recent feeling of democratic deficit caused by Madrid’s actions against Catalonia’s democratically supported institutions, which in turn reflect its distinct culture and economy.

25 UAB lecturer, interview.

26 Nadal i Farreras, interview.

27 Royo, interview.

Examining more modern developments, during which Spain transitioned to democracy since the death of Franco, Albert Royo explained that problems between center and periphery continued. Deputy Batalla gave an interesting viewpoint, explaining that Catalonia supported Spanish democratization efforts fully as long as its autonomy was respected.²⁸ Batalla explained that the most recent violations in particular “humiliated” Catalans.²⁹ Some of Madrid’s most recent actions include Spanish Prime Minister Mariano Rajoy’s refusal to accept the Catalan President’s suggested fiscal compact in 2012 or the Spanish Constitutional Court’s 2012 ruling on the 2006 Catalan Statute of Autonomy. Royo echoed his sentiment, explaining that Madrid and Barcelona shared an implicit agreement that Catalonia’s autonomy would be respected in a democratic Spain. Alfred Bosch of the *Esquerra Republicana*, Albert Batalla of the *Convergència i Unió*, Joaquim Nadal of the Socialist Party, and Albert Royo all referenced the 2010 Spanish constitutional court’s ruling on the 2006 referendum on the statute of autonomy as one of the driving grievances behind the upsurge in sentiment.^{30,31,32} Joaquim Nadal in particular explained that the movement had been a minority “until 2010,” at which point the constitutional court’s modification of the statute of autonomy reversed the opinions of many Catalans.³³

In addition to historical animosity over autonomy and the constitutional ruling, the Secretary General of DIPLOCAT, when asked about the primary grievances behind the surge in popularity, stated first that, “Catalonia is not accurately represented in weight in Spain or the EU.”³⁴ Put more fundamentally, he said that the democratic grievance is strong because it is “difficult for Catalans to influence a decision making process which concerns them.”³⁵ He explained that he feels Catalonia’s interest is not accurately projected in the European Council and European Commission because it is forced to rely on a Spanish delegate who does not accurately represent the region as he/she is sent from Madrid, a capital that is increasingly aggressive.³⁶ He made similar statements about the European Court of Justice and the European Parliament.³⁷ In a time of severe economic hardship at the European level, leaders such as Royo believe Catalonia is prevented from acting in its interest in EU institutions managing the crisis as a result of delegates and institutions that weigh in favor of a capital intransigent to the interests of its periphery. The center-periphery struggle reemerges vividly in the European Union example, as Madrid’s perceived undemocratic actions are pitted against Catalonia’s struggle to assert its own interest.

All respondents gave accounts of history and many gave detailed accounts of Catalonia’s separate culture and economic strength. Nadal, a major figure in the socialist party before his

28 Batalla i Siscart, interview.

29 Ibid.

30 Bosch Pascual, interview.

31 Batalla i Siscart, interview.

32 Nadal i Farreras, interview.

33 Ibid.

34 Royo, interview.

35 Ibid.

36 Ibid.

37 Ibid.

retirement, even expressed that he had only recently become a secessionist. He noted that he spent his career believing that Catalonia could be accounted for within Spain with a democratic and well-delineated system of sovereignty. However, Madrid's recent actions have caused him to support secession as they discredit an agreement between center and periphery over mutual respect of institutions and democratic mechanisms. Whether pre-2012 separatists or not, all explained in some form that the recent change is accounted for by Madrid's actions against Catalonia's democratically built institutions.

The Catalan independence movement is rooted in the belief that a culturally different region is entitled to determine its own rights as part of the Spanish entity. The results of the interviews as well as conversations had with members of civil society, politicians, and students show that the recent popularity of secession is dominated by a political reaction to the antagonism of the central government over the region's democratically supported claims to autonomy, whether this includes the use of Catalan in schools, renegotiation of the redistribution system, or even the right to hold a referendum on the region's future. These political grievances were largely a result of a ruling by Spain's Constitutional Court in 2010 on Catalonia's revised Statute of Autonomy. The 2009 and ongoing economic crisis played a pivotal role in catalyzing the sentiment by highlighting the outcomes of Madrid's regional redistribution policies.

CONCLUSION

By analyzing different possible causes of the recent surge in sentiment witnessed in Catalonia in the last two years through elite interviews, I reject my hypothesis. Economic disparities were not revealed as the sole primary cause of the change in sentiment. Rather, the recent popularity of the secessionist label in Catalonia should be seen through the lens of the center-periphery cleavage as an instance when the center of state power, Madrid, asserted a sudden political resolution over a region's valued self-governance. As a result, many in Catalonia judged the sudden change incompatible with their will for self-governance. Madrid's regional redistribution policies coupled with the continuing hardships caused by the ongoing Spanish financial crisis triggered newfound sentiment and helped expand the voting base for the secessionist platform. Growing separatism is not tied to Catalonia's long-standing economic superiority or to a frenzy of secessionist sentiment during times of financial hardship. Instead, the economic grievances lie in a political policy upheld by Madrid, which places Spanish unity and centralized decision-making ahead of sentiments of injustice in the periphery.

By using elite interviews as a method of data collection, this article provided a more advanced explanation of the 2012 and ongoing upsurge of separatist sentiment in Catalonia. Although media and some literature may advance economics as the primary driver of change, this study suggests that forces behind the sentiment have been building over a period of time as a result of political disagreements over demands for greater autonomy in Catalonia. Chiefly, this concerns the 2006 referendums which sought to revise the Statute on Autonomy and its demise in 2010 in a ruling by the Spanish Constitutional Court. Economics plays a role when synthesized with political clashes between Madrid and Barcelona during a time of crisis.

Further work on rapid changes in separatist sentiment should remain wary of immediate explanations and instead should use the lens of the center-periphery cleavage in a country to explore a more detailed explanation of factors that propagate a region to secession.

APPENDIX

INTERVIEW QUESTIONS

Note: Spanish interpretation, available during all interviews, was never requested. Participants also signed an informed consent form provided by The College of William and Mary Student IRB Board.

1) Do you agree with Catalonia's current status within Spain? If not, what do you believe should be Catalonia's position within Spain? Why?

2) Do you believe that Catalonia's history as an autonomous region of Spain has influenced your sentiment towards independence? How so?

Follow up: Through control/lack of control over economic, linguistic, education, and/or regional policy?

3) (If respondent answers full independence) What do you believe are the primary grievances or interests expressed by those who advocate for Catalonia's full independence from Spain?

4) To what extent and in what ways do you believe Catalonia's economic position relative to the rest of Spain has influenced current sentiment towards independence?

5) Do you believe the 2009 and ongoing economic downturn has changed current sentiment towards independence?

6) Do you believe the Catalan language has influenced current sentiment towards independence? If you believe that it has had an influence, then to what extent and in what ways are there other aspects of Catalan identity that have influenced the current sentiment towards independence?

7) Do you believe any other factors account for current sentiment towards independence? If so, please explain.

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The Hashemites' Headache: Syrian Refugees and Jordan's National Security

BY JOSLYN HEBDA
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ABSTRACT

Migrants currently make up nearly 46 percent of Jordan's population, which is due in large part to the mass influx of Syrian refugees entering the country as a result of the ongoing civil war. The population of Syrian refugees is growing by about 1-2,000 people per day, which is causing extreme pressure on the host state, forcing it to divert sparse and essential resources to non-nationals. However, it is becoming increasingly clear that the government cannot feasibly cover the massive costs of the refugees, even with the contributions from international funds, leading many Jordanians to resent both the Syrian refugees, for utilizing their limited resources, and also the government for failing to remedy the strain on their system.

This paper utilizes Neo-Malthusian theory to explain how demographic challenges threaten Jordan's stability. Jordan, with few natural resources, cannot sustainably support the refugee population. The Syrian refugees are mostly women and children in urban areas, meaning they are particularly reliant upon aid. Jordanian citizens resent the Syrians for consuming the little welfare available, creating societal rifts and mounting tension. These complications combine to compromise Jordan's regime stability, making the country susceptible to dissent and violence.

INTRODUCTION

Jordan's population is growing rapidly as hundreds of thousands of refugees and asylum seekers are flooding into the small country as a result of the violent civil war in nearby Syria. The Hashemite Kingdom of Jordan is aided in part by the United Nations High Commission for Refugees (UNHCR), but the majority of the costs of the refugees are borne by the government. These people require food, shelter, protection, education, healthcare, and water, which is a precious commodity in the arid Kingdom. Refugees also bring their own ethnicities and religious beliefs, which are often at odds with the views of Jordan's native population,

creating sectarian tensions. Moreover, this large influx of refugees brings violence in the form of military defectors fleeing to Jordan. Police focus their attention on the Jordanian citizens and not on the complaints of Syrian refugees, which creates an overall sense of lawlessness within Syrian communities. Combined with the emotional damage of escaping a brutal civil war, many youths take advantage of this lack of law enforcement to form gangs that vandalize property, control trade on the black market, and sexually assault girls who are out after dark.¹ All of these factors affect the government's ability to safeguard the security of its population, but none so much as the strain the Syrian refugees place on Jordan's economic, social, and political stability. Syrian refugees are causing the Jordanian people to doubt their government's ability to care for its own citizens.

Overall, Jordanians are chronically poor with a GDP per capita (PPP) of \$6,100 and 14.2 percent of the population living below the poverty line.² The country faces a 12.5 percent unemployment rate and a lack of adequate water, oil, and other resources that would serve to relieve the economy from its "heavy reliance on foreign assistance."³ Unfortunately for Jordanian citizens, the focus of the government is on the Syrian refugees, who consume resources without contributing to the system. The population of refugees continues to grow by 1-2,000 people each day.⁴ Nearly 46 percent of Jordan's population is now made up of migrants, who use the government-run programs like healthcare.⁵ Because the refugee population continues to skyrocket, the government is increasingly unable to cover the massive costs associated with them. Should the number of refugees grow and commodity prices continue to rise, Jordan could see massive protests and possible violence in the future.

This paper will rely on Neo-Malthusian theory to explain the threat posed by the Syrian refugees to Jordan's security. Neo-Malthusians believe that rapid population growth, as seen with the tremendous influx of Syrians into Jordan, increases rapid resource depletion and environmental degradation. Jordan, with little water or agricultural resources, cannot support the refugees without either exhausting all of its natural resources or importing all of the necessary supplies and spending its economic resources. Utilizing population controls would check the strain caused by the refugees and prevent violence from spreading. In countries with strong political regimes, populations are less likely to rebel over resource shortages as the government can either appease or suppress its citizens. However, as the legitimacy and power of the King are called into question by the Jordanian people displeased with the refugee situation, Jordan is becoming more and more susceptible to dissent and violence. This paper will argue that the demographic challenges posed by the mass influx of Syrian refugees into Jordan threaten Jordan's regime security, as the Syrians' resource consumption increase social

1 "The jungle: Syrian refugees endure crowded, lawless camp," *NBC News*, June 2, 2013, 2014, http://worldnews.nbcnews.com/_news/2013/06/02/18656741-the-jungle-syrian-refugees-endure-crowded-lawless-camp?lite.

2 "Jordan," Central Intelligence Agency World Factbook, accessed October 9, 2013, <https://www.cia.gov/library/publications/the-world-factbook/geos/jo.html>

3 *Ibid.*

4 "Jordan," UNdata, accessed October 14, 2013, <http://data.un.org/CountryProfile.aspx?crName=Jordan>.

5 *Ibid.*

tensions that lead to economic and political strain. Section II of this paper will outline the demographic challenges of the Syrian refugees as well as the Jordanian population. Section III will combine the empirical evidence in Jordan's economic, social, and political situations with Neo-Malthusian theory to support the hypothesis. Section IV will conclude the findings.

DEMOGRAPHIC DATA

Syrian refugees are entering Jordan at an extraordinary rate. In order to understand this phenomenon and its impact on the Jordan's stability, it is important to first understand the root of the problem, the Syrian civil war. Civil war broke out in Syria in March 2011, catalyzed in part by the chain of protest movements across the Middle East and North Africa known as the Arab Spring. Protestors demanded an end to the regime of Bashar al Assad as well as the dominant Ba'athist party. Assad deployed the Syrian Army to subdue dissidents, who were eventually met with armed rebellion. Since the fighting began in the summer of 2011, the conflict has turned extremely asymmetrical, sectarian, and bloody. Both sides have violated human rights, including the torture of women, rape, and the use of chemical weapons on civilian populations.⁶ The economy has imploded, hospitals run out of supplies on a daily basis, and international aid cannot reach those in need because of the fighting.

As of November 28, 2013, the total number of registered Syrian refugees reached 560,059.⁷ However, the UNHCR was unable to register many people entering Jordan between March 2013, when Syrians surged into Jordan after rebels gained control of a strategic airbase outside of Aleppo, and June 2013, when the border closed between Syria and Jordan.⁸ Before the Jordanian government decided to close the border, Syrians were entering the country at a rate of 1,000 to 4,000 people per day, according to the UNHCR.⁹ Simply too many people were rushing in for UNHCR and its partner NGOs to perform an accurate census. Thus, while the official UN report cites a figure just over 560,000 refugees, it is estimated that there are about 60,000 additional refugees already living in Jordan and awaiting registration in Amman. Even after the closing of the border, the most destitute Syrians continue to enter at a rate of 550 per day.¹⁰ Pregnancies are also skyrocketing in the refugee camps, as survivors wish to replace lives lost in the conflict, exacerbating the demographic problem.¹¹ Clinics in the Zaatari camp report that one-third of their patients come in for pregnancy-related issues.¹² As of October 10, 2013, UNHCR reported 13,021 pregnant registered and pending-registration

6 Stephanie Nebehay, "4-Syrian govt forces, rebels committing war crimes -U.N.," *Reuters*, August 15, 2012, <http://www.reuters.com/article/2012/08/15/syria-crisis-un-rights-idUSL6E8JFA3220120815?irpc=932>.

7 "Syria Regional Refugee Response - Jordan," accessed October 9, 2013, <http://data.unhcr.org/syrianrefugees/country.php?id=107>.

8 Tamer al-Samadi, "Jordan Shuts Down Border Crossings From Syria," *Al-Monitor*, June 13, 2013, <http://www.al-monitor.com/pulse/security/2013/06/jordan-closes-border-crossings-syria.html>.

9 "Syria Regional Refugee Response - Jordan."

10 *Ibid.*

11 Caritas Jordan, "Sitrep on Syria Crisis," *Situation Reports* (August 2013): 1-20, accessed September 9, 2013, <http://caritasjordan.org.jo/news/Sitrep%20on%20Syria/Sitrep%20on%20Syria%20Crisis%2035.pdf>.

12 *Ibid.*

Syrian refugees in Jordan.¹³ Eight percent of Syrian women in Jordan within childbearing ages are pregnant.¹⁴

Combined with a mortality rate around 0.1 percent, the 560,000 Syrian refugees alone increase Jordan's current 6.3 million population by three percent. Jordan's population of Syrians continues to grow unwaveringly from the 433,659 people living in Jordan at its independence in 1946.¹⁵ With a total fertility rate of 3.5 children per woman (down from 3.8 in 2010, 5.08 in 1993, and 8.06 in 1965) and a mortality rate around 2.74 per 1,000 population, Jordan will experience a natural growth rate of 2.2 percent, increasing the strain on Jordan's already struggling electricity and water supplies.¹⁶ Syrian refugees more than double this growth, totaling Jordan's population growth rate at 5.2 percent. Moreover, three demographic factors—age, sex, and density—amplify the effects of this booming population growth by further affecting the tensions between Jordanians and the Syrian refugees.

In terms of age, the Syrian refugees in Jordan are predominantly young. As demonstrated in the chart below, over half of the refugee population, precisely 53.3 percent, is in the 17-and-below age bracket. Of this extremely youthful population, 3.3 percent are ages 60 and above, 43.3 percent are ages 18-59, 14.3 percent are ages 12 to 17, 20.6 percent are ages 5 to 11, and 18.6 percent are ages four and younger.¹⁷ As both the Hashemite Kingdom of Jordan and the Syrian Arab Republic define the age of adulthood as 18 and the retirement age as 60, the age range of 18 to 59 is considered to be the “productive” population. Therefore, 56.7 percent of the Syrian refugees in Jordan are considered dependents of their parents, children, or another family member. If they cross the border alone or their caretakers are killed on the journey, then these refugees are dependent on the state for basic living needs, education, and healthcare.¹⁸

The Jordanian government has already spent \$1.7 billion on the Syrians with the Minister of Planning projecting another \$870 million of government capital to be invested in order to fund the nearly free access to public schools, government hospitals, and state subsidized products.¹⁹ Public schools have reinstated a double shift system to accommodate the Syrians. The annual cost of education for each primary student is \$877 and \$1195 for secondary level students. When combined with the \$135.5 million needed to build 120 new schools, this means that the bill for educating Syrian refugees adds up to \$216.9 million.²⁰ Likewise, the healthcare system in Jordan is heavily subsidized by the government (at more than nine percent of the public budget) and provided free of charge to the Syrian refugees. The Ministry of Health conducts

13 Ibid.

14 Ibid.

15 “Jordan's State Building and the Palestinian Problem,” Embassy of Jordan, accessed February 17, 2014, <http://www.jordanembassy.org.au/about-jordan/jordans-state-building-and-the-palestinian-problem>.

16 “Jordan,” The World Bank, accessed October 10, 2013, <http://www.worldbank.org/en/country/jordan>

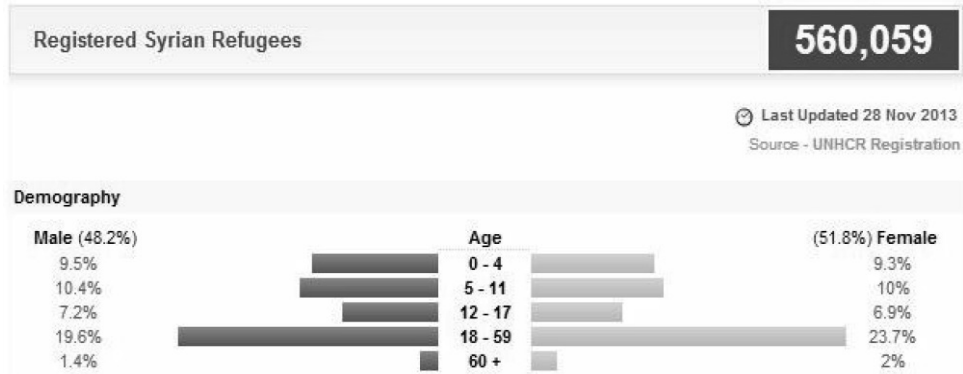
17 “Syria Regional Refugee Response - Jordan.”

18 Ibid.

19 The Hashemite Kingdom of Jordan Ministry of Planning and International Cooperation, “Impact of Hosting Syrian Refugees,” *IRINnews.org* (October 2013): 1-6, http://www.irinnews.org/pdf/jordan_impact_refugees.pdf.

20 Ibid.

bi-weekly vaccination campaigns reaching about 83,000 Syrian children in 2013 and costing the government \$58.1 million.²¹ The Ministry estimates that 192,000 Syrians received either primary or tertiary health services costing the government \$167.8 million.²²



While the members of the population below the age of 18 are officially considered “dependents,” this is not always the case. In 74 percent of the households that report an income, children are the primary earners.²³ Although Syrian refugees are not legally able to work (outside of menial jobs in the refugee camps that pay \$.30 an hour), many employers will hire child labor under the table at a reduced pay-rate.²⁴ While young boys comprise 85 percent of the child labor force, the young girls that work in Jordan are at risk for gender-based violence.²⁵ Four-fifths of Syrian girls working in Jordan are in agriculture or housekeeping, two fields known to be “high-risk sectors for physical abuse and sexual exploitation,” as employers know that the families are too desperate for income to protest.²⁶

In addition, refugee children in camps and urban areas often do not have schooling and end up joining street gangs. According to September 2013 UNICEF estimates, over one third of all Syrian refugee children were out of school, despite numerous agency outreach efforts.²⁷ UNHCR estimates that 22 percent of those in Zaatari are treated for anxiety, 16 percent for schizophrenia, and nine percent for Post-Traumatic Stress Disorder (PTSD).²⁸ Children

21 Ibid.

22 Ibid.

23 “SitRep on Syria Crisis.”

24 Ibid.

25 Ibid.

26 Ibid.

27 Gaelle Sundelin, “60-70% of Working Children in Jordan Are Syrians – Ministry,” *The Jordan Times*, November 30, 2013, <http://jordantimes.com/60-70-of-working-children-in-jordan-are-syrians---ministry>.

28 UNICEF, “Syria Crisis Bi-weekly humanitarian situation report,” *United Nations Office for the Coordination of Humanitarian Affairs* (October 10-24, 2013): 1-14, accessed October 11, 2013, <https://syria.humanitarianresponse>.

interviewed report that they cannot sleep because of their nightmares, in which they relive events from Syria. As they walk around the camps at night, they are compelled to join gangs and release their frustration and fear through riots and sexual assaults.²⁹ Even in school, the game of choice at recess is “Nirvam lut al Mutaridima,” loosely translated as “Regime against Rebels,” which involves mock torture and executions. When asked to draw their lives in Syria, most five-year-olds draw disturbing images while some can only manage angry scribbles blacking out the page.³⁰ These children are set to become a “lost generation,” characterized by violence and mental illness.³¹

Concerning gender demographics, the Syrian refugee population is mostly female. Despite the fact that men slightly outnumber women in Syria, there are five percent more adult refugee women than refugee men in Jordan.³² This incongruence is due to the men's responsibility to fight in the civil war, while women usually take the children and elderly to safety in nearby countries. The men that do flee to Jordan are often suffering from health conditions or injuries and cannot stay in Syria, where the healthcare system is crumbling. Thus, women are the heads of the households within refugee communities. Unfortunately, work is hard to come by for women. Many industries are considered unacceptable for women, especially among more conservative Islamic communities. Consequently, many single mothers have taken to marrying their daughters off as early as 13 in order to offset growing financial burdens. Caritas Jordan reported that 51.3 percent of Syrian girls are married under the age of 18.³³ Although Jordanian law does not recognize marriage until age 18 for both sexes, these young brides move in with their in-laws and immediately begin having children, often leading to health problems later on.³⁴

Lastly, the geographic distribution of these refugees is of particular importance. Despite the fact that Zaatari is the second largest refugee camp in the world, all of the camps in the country combined only account for two-tenths of the Syrian refugees in Jordan.³⁵ The rest are scattered within 12 of Jordan's largest cities, with a large concentration in Amman, as seen in the chart below. Over half of the Syrian refugees live in Jordan's three largest cities. Amman, Jordan's capital and largest city, is comprised of 1.055 million Jordanians packed into 649 square miles.³⁶ It also contains the largest number of Syrian refugees with 140,785 individuals (25.1 percent of the Syrian households).³⁷ Irbid, Jordan's second largest city, is also second in

info/system/files/documents/files/unicef_syria_bi_weekly_humanitarian_situation_report_131024.pdf.

29 Ibid.

30 Jodi Rudoren, “A Lost Generation: Young Syrian Refugees Struggle to Survive,” *The New York Times*, May 8, 2013, http://www.nytimes.com/2013/05/09/world/middleeast/syrian-refugees-in-jordan-struggle-to-survive.html?_r=0

31 Rudoren, “Lost Generation.”

32 “SitRep on Syria Crisis.”

33 “SitRep on Syria Crisis.”

34 “Born Into Crisis: Unwanted Pregnancies in Syria,” *IRIN*, May 29, 2013, <http://www.irinnews.org/report/98118/born-into-crisis-unwanted-pregnancies-in-syria>.

35 “Syria Regional Refugee Response – Jordan.”

36 “Jordan,” World Bank.

37 “Syria Regional Refugee Response – Jordan.”

housing refugees at 127,322 Syrians (22.7 percent of the households).³⁸ Mafrq and Zarqa, northern towns near the Zaatari camp, also bear large numbers of refugees. Less than one percent of refugees live in rural desert areas.³⁹

Region	Total Population	Individuals	Households	
Mafrq Governorate 28 Nov 2013	176,360 n/a	Individuals	Households	31.5 %
Amman Governorate 28 Nov 2013	140,785 n/a	Individuals	Households	25.1 %
Irbid Governorate 28 Nov 2013	127,322 n/a	Individuals	Households	22.7 %
Zarqa Governorate 28 Nov 2013	49,419 n/a	Individuals	Households	8.8 %
Balqa Governorate 28 Nov 2013	15,176 n/a	Individuals	Households	2.7 %
Jarash Governorate 28 Nov 2013	10,680 n/a	Individuals	Households	1.9 %
Aljun Governorate 28 Nov 2013	9,988 n/a	Individuals	Households	1.8 %
Karak Governorate 28 Nov 2013	8,776 n/a	Individuals	Households	1.6 %
Madaba Governorate 28 Nov 2013	8,001 n/a	Individuals	Households	1.4 %
Maan Governorate 28 Nov 2013	5,586 n/a	Individuals	Households	1 %
Dispersed in Jordan 28 Nov 2013	3,492 n/a	Individuals	Households	0.6 %

Source: UNHCR-Registration

Within these urban areas, most Syrian refugees are compacted in the poorest slums. As many as five families will move into one apartment together in order to afford the skyrocketing rent.⁴⁰ Those that cannot find available housing will live in UNHCR-issued tents set up on the side of the highway, between abandoned lots, or in shopping-mall parking lots. The unluckiest are forced to live in makeshift shelters in alleyways or under bridges. While more freedom and opportunities are available outside of the camps, education and other services are harder to come by in the cities. Many men will work 16-hour days while women and children take to begging in the streets. In Amman, 64 percent of school-aged children do not attend school

38 Ibid.

39 Ibid.

40 International Federation of Red Cross and Red Crescent Societies, "Syrian Refugees living in the Community in Jordan – Assessment Report," *United Nations High Commission on Refugees Data* (September 2012): 1-55.

and many families list healthcare as a major concern, because they have no information or access to medical facilities.⁴¹ Particularly in the slums, families live with increased violence and discrimination, without any police protection, incident reports, or legal support due to their "irregular status."⁴²

Jordanians, similarly, are young and densely located in urban areas but with a male majority. As of 2012, 36.1 percent of Jordan's 6.3 million people are ages 14 and below. Eighty-three percent of the total population lives in the 21 towns and cities that constitute Jordan's "urban areas," with an urban population growth rate of 2.2 percent.⁴³ Over one-sixth of Jordanians live in Amman. Men outnumber women with a ratio of 105:100.⁴⁴ Syrian and Jordanian youths live side-by-side in Jordan, but they face a significant space constraint, which exacerbates the social, political, and religious tensions established by the refugee crisis. Given the demographic circumstances, the Syrian refugees and Jordanian citizens could be on the brink of conflict.

THREATS TO NATIONAL SECURITY

All of these demographic issues are concerning taken on their own; combined, they pose significant risks to national security. Economic, social, and political issues cannot be compartmentalized, so Jordan must consider the effects the Syrians will have on all aspects of their society, from the poor, who cannot find employment, to the ruling elite, who could face dissent. The refugees' draining of natural resources causes economic strain, which in turn leads to social tensions that escalate into political pressure for the current regime. These issues threaten Jordan's regime security, particularly from the neo-Malthusian perspective. Neo-Malthusians believe that rapid population growth, as seen with the tremendous influx of Syrians into Jordan, increases rapid resource depletion and environmental degradation. Jordan, with little water or agricultural resources, cannot support the refugees without either exhausting all of its natural resources or importing all of the necessary supplies and spending its economic resources. Thus, this theory proposes the use of population controls to curb the depletion of a country's resources and prevent violence from spreading.⁴⁵ In countries with strong political regimes, populations are less likely to rebel. However, with the legitimacy of the King diminishing with every refugee that enters the country and demands aid, Jordan is becoming more and more susceptible to dissent and violence.

Many scholars have examined the political, economic, and social effects of refugees on host populations. Jenny Phillimore explains how refugees often have difficulties integrating into host societies, which can lead to psychosocial stress and overall tension between refugees

41 CARE Jordan, "Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman," *Rapid Participatory Community Assessment 5* (2012): 1-59, accessed October 13, 2013.

42 CARE Jordan, "Baseline Assessment of Community Identified Vulnerabilities among Syrian Refugees Living in Amman."

43 "Jordan," UNdata.

44 "Jordan," UNdata.

45 Stephen J. Scanlan, "Food Availability and Access in Lesser-Industrialized Societies: A Test and Interpretation of Neo-Malthusian and Technoecological Theories," *Sociological Forum* 16.1 (2001): 231-62, doi: 10.1023/A:1011000717740.

and the native population. Her study of refugees in the United Kingdom found that native populations often have “negative attitudes and discrimination towards both asylum seekers and refugees.”⁴⁶ In terms of Jordan’s accommodation of refugees, Basem Lozi concluded that 65 percent of the Jordanian population believes that the refugees have had an impact on political situation in Jordan, and 70 percent think they have had an impact on social life, as “inequalities between refugees and non-refugees [have given] rise to social tension.”⁴⁷ Unfortunately, none of these tensions are mitigated by the government’s attempts to intervene. Curtis Ryan’s examination of anti-government protests in Jordan during 2011 succinctly defines how the Jordanian population feels about the command of the King: “there is very little faith across Jordan that the regime will really embark on a path toward more meaningful change.”⁴⁸ The people are losing faith in their government to take care of them, an issue compounded by the Syrian refugee crisis. The King’s firm rule over the country has become a “shaky assumption,” according to Sean Yom, mainly due to Jordan’s “natural resource scarcity and demographic uncertainty.”⁴⁹

Currently, there are over 560,000 refugees in Jordan, a country with a population of only 6 million.⁵⁰ Between food, shelter, energy, and education costs, each refugee requires 2700JD (approximately \$3800) from the Jordanian government every year, which puts the cost of the Syrians’ basic needs at \$800 million since 2011.⁵¹ This population growth is particularly alarming considering how densely populated Jordan is in only a few small areas. Three and a half times as many people live in the northern cities than in the rest of the rural areas in Jordan.⁵² Whether it is the increased growth in already existing urban regions or new cities created in the middle of the desert, the areas where the refugees are living pose impossible challenges to the infrastructure. There are only two main highways in Jordan, the King’s Highway and the Desert Highway, which connect Amman to the Red Sea and the Iraqi border. Many of the other roads, particularly those leading to the Syrian border, are in need of repair. Two thousand refugees travel on these roads daily and are thus eroding the already-insufficient infrastructure.⁵³

The electric grid is also extremely strained by the Syrian refugees. Jordan relies upon foreign energy sources to supply 96 percent of the country’s energy needs, mainly in the form of oil and natural gas from neighboring countries in the Gulf.⁵⁴ However, Jordan’s greatest resource

46 Jenny Phillimore, “Refugees, Acculturation Strategies, Stress and Integration,” *Journal of Social Policy* 40.3 (2011): 598.

47 Basem M. Lozi, “The Effect of Refugees on Host Country Economy Evidence from Jordan,” *Interdisciplinary Journal of Contemporary Research in Business* 5.3 (2013): 123.

48 Curtis R. Ryan, “Identity Politics, Reform, and Protest in Jordan,” *Studies in Ethnicity and Nationalism* 11.3 (2011): 575.

49 Sean L. Yom, “Jordan: The Ruse of Reform,” *Journal of Democracy* 24.3 (2013): 127.

50 “Syria Regional Refugee Response – Jordan.”

51 Nikita Malik, “The Cost of Syrian Refugees,” *Carnegie Endowment for International Peace*, September 19, 2013, <http://carnegieendowment.org/sada/2013/09/19/cost-of-syrian-refugees/gnmy>.

52 “Jordan,” CIA.

53 “Harper Pledges \$105 Million Aid to Jordan,” *The Canadian Press*, January 23, 2014, accessed February 17, 2013, <http://globalnews.ca/news/1101582/harper-kicks-off-first-visit-to-jordan-meets-with-pm-king-abdullah/>.

54 OECD, “OECD Investment Policy Reviews: Jordan 2013,” (Paris: OECD Publishing, 2013).

challenge is its chronic water shortage. The country is classified as “Water Poor,” with one of the lowest levels of water resources percentages in the world.⁵⁵ Consequently, it is difficult for Jordan to adequately cover the needs of the Syrian refugees and deliver these services without receiving large amounts of financial aid from the international community. Jordan's economy has been faltering for years, and it takes a hit with every refugee. An estimation of costs indicates that Syria has cost Jordan as much as \$4 billion since the beginning of the civil war.⁵⁶ The Hashemite Kingdom cannot afford to take on the added expenses of the refugees. Despite numerous pleas for greater support, in September 2013 Prime Minister Abdullah Ensour stated that, “the foreign assistance extended to Jordan is not enough in the face of the extraordinary numbers of Syrian refugees.”⁵⁷

The economic strain has led to cutting social tension between Syrian refugees and the people already living in Jordan. Cincotta, Engelman, and Anastasion at Population Action International suggested that, “refugee movements and other cross-border migrations regularly evoke fears and anti-immigrant tensions in host countries,” and Jordan has confirmed this idea.⁵⁸ According to Lozi, 88 percent of Jordanians believe that the refugees place “increased pressure on economic resources and public services,” and 70 percent of the Jordanian population think they have given rise to social tension.⁵⁹ Many Jordanians resent the Syrians for taking jobs away from national citizens. With unemployment rates at nearly 13 percent, even the less than desirable labor jobs are fought over.⁶⁰ According to the Phenix Centre for Economic and Informatics Studies, Jordanians that demand higher wages, shorter hours, or accommodations for dangerous working conditions must now fear termination as employers have scores of Syrians willing to work long hours for little pay in the most abject conditions.⁶¹ Moreover, employers prefer employing Syrians over Jordanian citizens as they do not have to pay for health insurance or social security subscriptions.⁶²

Consequently, refugee neighborhoods are targeted for harassment and violence. Curfews are placed on Syrian communities to deter more refugees from moving from camps into urban areas. Corrupt landlords harass and demand sexual favors from their female tenants who live alone.⁶³ Some Syrians are ostracized, but in the areas with the most tension, the refugees are targeted and face threats of violence so that they cannot leave their homes without fear of

55 “Sustainable Agriculture And Water Management – Jordan,” USAID, last modified November 26, 2013, accessed February 20, 2013, <http://www.usaid.gov/jordan/sustainable-agriculture-and-water-management>.

56 Malik, “Cost of Syrian Refugees.”

57 Ibid.

58 Richard Paul Cincotta, Robert Engelman, and Daniele Anastasion, *The security demographic: population and civil conflict after the Cold War*, (Washington, D.C.: Population Action International: 2003).

59 Lozi, “Effect of Refugees,” 123.

60 “Jordan,” World Bank.

61 Hani Hazaimah, “Jordanians Losing Jobs to Syrian Refugees-Study,” *The Jordan Times*, February 14, 2014, <http://m.jordantimes.com/article/jordanians-losing-jobs-to-syrian-refugees---study>.

62 Ibid.

63 Rochelle Davis and Abbie Taylor, “Syrian Refugees in Jordan and Lebanon,” *Center for Contemporary Arab Studies* (2013): 1-24. <http://ccas.georgetown.edu/document/1242799693627/Syrian+Refugee+Report+Sept+2013.pdf>

bodily harm.⁶⁴

All of these factors add to the political strain facing the Kingdom today. Syrian refugees are igniting hostilities that the King cannot control. As a result, Jordanians are losing faith in their government. Lozi's study also found that 65 percent of Jordanians believe that the refugees have had an impact on political situation in Jordan.⁶⁵ Members of Parliament (MP) in the newly formed legislative body only represent a small portion of the country and even then they cannot reach a consensus on how to budget for the refugees. During a Parliamentary session in September 2013, one MP became so frustrated in budget talks that he pulled out an AK-47 automatic rifle to fire on the MP with whom he disagreed.⁶⁶ Unless the King develops a financial solution for the Syrians soon, the country is ripe for violence and possible uprisings.

This political tension, underpinned by economic and social problems, is severely threatening Jordan's regime security. Regime security, defined as the ability of the current regime to maintain the status quo, is key to Jordan's overall stability. The country was built on one political system, based on a single ruling dynasty. Jordan has a history of leveraging liberalization efforts as "products of the monarchy's efforts to strengthen and maintain its [dominant] relationship" with domestic constituencies.⁶⁷ The refugees, whose lives are defined by disruption, upset Jordan's delicate balance of political moderation in the face of increasing economic setbacks. Certainly, as Jennifer Dabbs Sciubba wrote, "economic strains and social discord between refugees and citizens of the host state can create regime insecurity."⁶⁸ King Abdullah II cannot placate his people when he must address the needs and issues of non-nationals. As a result, more conservatives are gaining support in the Parliament in the hopes of pushing the Syrians back into the camps and closing the border to any more asylum seekers. While Abdullah has promised moderate reforms to the Kingdom's electoral process, the slow turnaround caused the "opposition [to accuse] him of finding excuses to hold onto the monarchy's absolute power."⁶⁹ If the King does not find a solution to the demographic challenges facing Jordan, the conservative opposition could find enough political traction to challenge the King's authority. Yet, as seen in Egypt and Syria, the country could be thrown into violent chaos without the overarching strength of the 70-year-long ruling family. The Syrian refugees could undermine one of the last stable countries in the Middle East.

In short, the Syrian refugees pose a significant threat to the stability and security of Jordan. Just as neo-Malthusians would have predicted, mass influxes of Syrians are draining natural resources, stressing the economic situation in Jordan, increasing social tensions between

64 Ibid.

65 Lozi, "Effect of Refugees."

66 "Jordanian MP shoots rifle during parliament session," *Al-Arabiya*, September 11, 2013, <http://english.alarabiya.net/en/News/middle-east/2013/09/10/Jordanian-MP-shoots-rifle-during-Parliament-session.html>.

67 Scott Greenwood, "Jordan's "New Bargain:" The Political Economy of Regime Security," *The Middle East Journal* 57.2 (2003): 248-68.

68 Jennifer Dabbs Sciubba, *The Future Faces of War: Population and National Security* (Westport, CT: Praeger Security International, 2011), 89.

69 Jamal Halaby, "Jordan King Calls for Reform as Opposition Simmers," *Associated Press*, November 3, 2013, <http://cnsnews.com/news/article/jordan-king-calls-reform-opposition-simmers>.

nationals and refugees, and straining the efficiency of the government. Subsequently, neo-Malthusians would advocate Jordan's policies that curb the growth of the Syrian refugee population in Jordan. In May of 2013, the Jordanian government closed the border to all non-citizens wishing to enter the country. Syrian refugees have not been able to cross into Jordan, unless in extreme medical emergencies, so as to lessen some of the burden thrust upon the country.⁷⁰

In an August 2013 survey, the Centre for Strategic Studies found that nearly two-thirds of Jordanians favor the border closing to Syrians without exception. Sixty-five percent of the national sample reported that they were "against receiving more Syrian refugees."⁷¹ Concerning the refugees already past the borders, the majority of Jordanians believe that it is better to keep the Syrians in camps (80 percent) and that the refugees living outside of designated camps pose a threat to national security (74 percent).⁷² The Kingdom and its people recognize the economic, social, and political problems with accepting so many refugees, and the country appears to be moving towards a neo-Malthusian resolution of this issue. Closing the border and reducing the population of refugees who hurt the economy, bring violence, and compromise the government's ability to govern, would help alleviate many of the problems facing Jordan today.

CONCLUSION

Indeed, the Syrian refugees are causing quite the headache for Abdullah's regime. Initial economic costs quickly compound social tensions, which then threaten Jordan's political stability. Although refugees are not an automatic threat to a state's national security, the Syrian refugee crisis is what the UN has described as "the most challenging refugee crisis in a generation — bigger than the one unleashed by the Rwandan genocide and laden with the sectarianism of the Balkan wars."⁷³ The Syrians are particularly threatening because of their large numbers (Jordan is estimated to host over 1.2 million by the end of 2014), their composition, and the fact that there is no end in sight to the Syrian civil conflict.⁷⁴ Yet even if the war ended tomorrow, the refugees would not leave Jordan for months or even years before it is safe enough for them to return home. Some may never leave if they decide to set roots in the Kingdom, paving the way for more long-term social conflicts.

While there are problems with securitizing refugees—where the migrants become less the product of conflict and more the battle themselves—the challenges that the Syrians pose to Jordan's security are demanding. The refugee issue now permeates every aspect of Jordanian life, from electricity prices

70 Al-Samadi, "Jordan Shuts Down Border Crossings From Syria."

71 Khaled Neimat, "Majority of Jordanians Call for End to Syrian Refugee Influx," *The Jordan Times*, April 15, 2013, <http://jordantimes.com/majority-of-jordanians-call-for-end-to-syrian-refugee-influx>.

72 Neimat, "Majority of Jordanians Call for End to Syrian Refugee Influx."

73 Norimitsu Onishi, "Syria Seen as Most Dire Refugee Crisis in a Generation," *New York Times*, November 23, 2013, <http://www.nytimes.com/2013/11/24/world/middleeast/syria-seen-as-most-dire-refugee-crisis-in-a-generation.html>.

74 "Syrian refugee number to triple in Jordan by year-end: UN," *Agence France-Presse*, April 5, 2013, <http://www.unhcr.org/cgi-bin/texis/vtx/refdaily?pass=463ef21123&id=51626f8f5>.

to the electoral process. How the Kingdom handles this crisis could determine the future of the King. If the government manages to ebb the flow of Syrians coming in and alleviate the economic, social, and political stresses within the country, Jordanians could rally behind King Abdullah. If the Syrian refugees continue to enter and nothing is done to relieve this urging situation, the Jordanian people could look to another leader who will address the issue. With the current flood of refugees threatening Jordan, Abdullah's regime security sits on shifting sands.

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Salvaging Greece: How to Make the European Union Work for Europe

BY JAN JARO
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ABSTRACT

The economic collapse of 2008 left severe scars on the world economy, extending beyond the United States and into Europe. One of the most important consequences of the financial meltdown was the PIIGS sovereign debt crisis, which affected every level of the European economy.¹ Europe's leaders faced difficult decisions on austerity, governance, and the continent's degree of integration.

This paper analyzes some of the choices that European leaders made and why alternative policies were not followed. In particular, the effect of the European Union's fiscal and monetary policy tools as well as Germany's influence on the economic and legal structure of the Eurozone will be analyzed to understand why leaders struggled to solve the PIIGS crisis. Focusing on Greece in particular, this paper will illustrate that international organizations, like the International Monetary Fund (IMF), are insufficient to bring Greece back to fiscal health. In examining the region's future ability to manage a financial crisis, this paper demonstrates that the political economy of the European Union contributes to financial instability and needs to be resolved before Europe can take a collective step forward.

INTRODUCTION

The financial crisis of 2008 marked the end of the Great Moderation, a time of economic stability and nearly 30 years of reduced macroeconomic volatility, which had major implications for global markets. In addition to destroying \$50 trillion of wealth, the crisis caused the global economy to shrink over 2%, hitting developed economies the hardest.² Sovereign

1 As outlined later in the text, the term "PIIGS" refers to states that underwent sovereign debt crises, namely Portugal, Italy, Ireland, Greece, and Spain.

2 "Prospects Weekly: Global Economic Prospects report projects that world real GDP growth will moderate to 3.3% in 2011," Prospects for Development, accessed December 13, 2013, <http://blogs.worldbank.org/prospects/prospects-weekly-global-economic-prospects-report-projects-that-world-real-gdp-growth-will-moderate>.

debt crises, considered a problem of the past, resurfaced in Portugal, Ireland, Italy, Greece and, Spain (PIIGS) with the average debt-to-GDP ratio rising well over 100%. The problem of government fiscal irresponsibility was never eliminated during the Great Moderation, merely mitigated by a series of technocratic changes. For example, the introduction of neo-classical and neo-Keynesian economic frameworks improved central banking and budgetary decision-making. However, these policy models depend on stable political processes, because the constituent components—individual citizens and competitive firms—rely on clear rules to run efficient markets. In the absence of transparent goals and well-equipped financial institutions, as is the case in Europe, economic trajectories shift downward and have very real effects on the welfare of ordinary people.

Financial policy-making is an incredibly complex field, encompassing macroeconomic forecasting, industrial organization (microeconomic effects at the firm level), and individual preferences of consumption and investment in addition to the equity, bond, and derivative markets. This paper will focus on the political process of creating the institutions required to govern and fix fiscal policy choices in the European Union and Greece. These choices touch on the very essence of government. Before policy makers can adequately address social problems such as wealth inequality and intertemporal class mobility, they must first ensure that the country will not go bankrupt due to imprudent financial choices.

As the world liberalized financial markets and economic trade to increase growth, the gradual accumulation of destabilizing shocks, such as increased financial leverage and unregulated over-the-counter derivatives markets, crossed national borders and increased the possibility of sudden financial crises. While some advocate for policy balkanization to fix the current crisis, such action leads to decreased consumption for all. On the other hand, liberalization leaves no room to distribute unwanted effects in a timely fashion. The best solution calls for negotiations, in which some countries take responsibility for their choices in return for clemency from the international community.

However, the Eurozone (the 17 countries using the euro common currency) does not have the capacity to single-handedly grant clemency. The EU's budget is less than one-fifth the size of the United States' budget, and the European Central Bank's ability to relieve struggling economies through monetary means is essentially nonexistent. Substantial barriers exist to fixing the post-2008 financial crisis. Meanwhile, European peripheral countries face economic contraction and large-scale unemployment. For example, Greece's GDP shrank to 7.1% in 2011 and its jobless rate hit 27.6%.³

By examining the policy trade-offs made by the EU, ECB, and IMF (collectively known as the Troika), this paper will traverse the nuances of financial policy and discuss the short-term and long-term tradeoffs that Europe collectively made. This article demonstrates that there is no simple fix for Europe and advocates a path to political integration that might be more

3 "Greece Unemployment Rate," Trading Economics, accessed December 14, 2013, <http://www.tradingeconomics.com/greece/unemployment-rate>.

acceptable to its largest economic interests. The first section will analyze sovereign debt crises in the EU. Then the difficulties faced by international organizations (IOs) in solving the PIIGS crisis will be discussed. The penultimate section will shed light on the political challenges to enacting meaningful European reform. Finally, the last section will draw general lessons from the EU crisis and outline some paths to reform.

SOVEREIGN DEBT CRISES IN EUROPE

General characteristics of sovereign debt crises

Broadly speaking, sovereign debt crises do not mean that the government cannot pay its debts. Unlike corporations, countries almost never go bankrupt because they have the power to levy higher taxes and print currency to pay the nominal value of their debt. For instance, in 1923, the Weimar Republic printed marks to purchase foreign currencies and pay reparations to the Allied Powers under the Treaty of Versailles, resulting in the hyperinflation exchange rate of 4.2 trillion marks per US dollar.⁴ Debt crises occur because governments feel that the cost of servicing their debt, measured in the suffering of their citizens, is no longer worth the benefit of a pristine borrowing reputation.

Weighing the tradeoff between domestic struggles and international credit reputation is difficult, and most economists disagree on the pivot point. Reinhart and Rogoff's controversial paper "Growth in a Time of Debt" suggests that growth and financial stability trail off when the government debt to GDP ratio exceeds 90%, but there is no universal causal link in developed economies because slowing growth can bring on high debt.⁵ Moreover, government debt is only one component of total debt: corporate debt and household debt matter as well because they impact the possible amount of national investment.⁶ In another study, Daniel Rhodes and David Stelter of the Boston Consulting Group find that financial instability arises when the total debt to GDP ratio exceeds 240%, with one-third assigned to each component.⁷ This criterion is arbitrary: in 2012, Japan had a total debt to GDP ratio of 357% whereas, Greece had a ratio of 237%; yet, it was Greece that suffered a sovereign debt crisis, not Japan.⁸

While other theories provide plausible explanations, causal links cannot be established due to insufficient data points. Thus this paper asserts that certain actions increase the probability of debt problems but do not necessitate them. Governments are free to make their own

4 Judith G. Coffin, Robert E. Lerner, Joshua Cole, and Carol Symes, *Western Civilizations, Their History & Their Culture* (New York: Norton, 2002).

5 The authors left out several instances of high GDP growth with high debt levels in the post-World War II era. There may have been good reasons for doing this, although their reason is unclear. In the case of the PIIGS, there is a link between high debt and low growth through increased borrowing costs, but this does not apply everywhere.

6 Government debt is sometimes high because the government borrows heavily on behalf of its citizens, as in the case of Japan when its debt to GDP ratio rose above 200% in response to the 2011 earthquake.

7 David Rhodes and Daniel Stelter, "Stop Kicking the Can Down the Road." *bcg.perspectives*, August 12, 2011, https://www.bcgperspectives.com/content/articles/management_two_speed_economy_collateral_damage_10_stop_kicking_can/.

8 Ibid.

fiscal policy choices until lenders constrain them. In *This Time is Different*, Rogoff identifies lender valuation of risk—through economic composition and idiosyncratic policy choices—as a possible constraint on government decision-making.⁹ The trustworthiness of financial institutions is a key factor because it directly influences the effectiveness of crisis response. In defining sovereign debt crises as they pertain to Europe, we provide an overview of events, discuss each of these broad categories in turn for the PIIGS in general, and conduct an in depth analysis of the Greece crisis.

Formation of the debt crisis

The European crisis has roots in the financial crisis of 2008. Due to the general unavailability of credit after the failure of American banks, global GDP slowed and sharply contracted in Western countries.¹⁰ In 2009 Germany's GDP shrank by 5.1%, while the Eurozone's average GDP declined by nearly 3%.¹¹ Eurozone unemployment, which hovered around 7% before the onset of the crisis, soared to 10% by January 2010.¹² Finally, because the financial crisis adversely impacted growth and necessitated government spending to correct the economic trajectory, the Eurozone government debt to GDP ratio increased from 66% to 80%, concomitantly raising the likelihood of instability.¹³

Although the evidence that a high debt to GDP ratio directly leads to crisis is not perfect, strong evidence suggests that increased debt burdens increase output and consumption volatility. In an Organization for Economic Development working paper entitled "Debt and Macroeconomic Stability," the authors find that moderate changes in the debt to GDP ratio have little correlation to swings in real private consumption, but that changes above 20% have an undeniable impact on stability. Moreover, corporate sector warning signals like debt-to-equity ratios lag behind debt-to-GDP changes, masking the true volatility of the underlying financial system.¹⁴ As a result, years of pent-up instability accrued through poor policy-making can exacerbate recessionary effects, as economies attempt to readjust and make choices within their new constraints.

The missing explanatory link between high debt and sovereign crises is the bond market. Kellogg School of Management finance professor Arvind Krishnamurthy finds that lenders

9 Carmen M. Reinhart and Kenneth S. Rogoff, *This Time is Different: Eight Centuries of Financial Folly* (Princeton: Princeton University Press, 2009).

10 In discussing bank failures, it would be difficult to give justice to the issue without fully explaining the "shadow banking" system of overnight corporate loans. Due to its opaqueness, we will generally discuss the traditional banking system, even though significant research shows that the shadow banking system is systemically important to finance.

11 "Euro Area GDP Growth Rate," Trading Economics, accessed December 14, 2013, <http://www.tradingeconomics.com/euro-area/gdp->.

12 "Euro Area Unemployment Rate," Trading Economics, accessed December 14, 2013, <http://www.tradingeconomics.com/euro-area/unemployment-rate>.

13 "Euro Area Government Debt To GDP," Trading Economics, accessed December 14, 2013, <http://www.tradingeconomics.com/euro-area/government-debt-to-gdp>.

14 OECD, "Debt and Macroeconomic Stability," *OECD Economics Department Policy Notes* 16 (2013): 1-9.

are inherently risk averse because traders and bankers are required to keep a certain amount of capital in reserve to mitigate the risk of having more liabilities than assets on their balance sheet (known as insolvency).¹⁵ Almost all financial institutions use the “value at risk” (VAR) model by assigning probabilities to losing a given amount of money.¹⁶ Thus, there is a causal link between indebtedness and unexpected jumps in bond yields: when an exogenous recession hits an economy with relatively high debt, consumption volatility and financial leverage suddenly increase, thereby increasing the probability of losing a given value at risk and decreasing the amount of money lent.¹⁷ Not surprisingly, the cost of borrowing goes up and the vicious cycle starts anew as debt becomes more expensive relative to output.¹⁸

This is precisely the case with Greece and the PIIGS economies in general. Although most Western economies stabilized within three years of the onset of the crisis, the PIIGS only deteriorated further. In 2011, Germany’s GDP grew 3% and its unemployment began to stabilize at 7%. However, the PIIGS saw not just further contraction, but also extreme unemployment, with Spain, Portugal, Italy, and Greece hitting double-digit unemployment rates. Moreover, their deficit-to-GDP ratios began to spiral out of control as the average PIIGS figure reached 7.2% in 2011, well beyond any level that could be considered sustainable in the long run.¹⁹ Armed with a general theory of sovereign debt crises to explain the trends that the PIIGS face, this article examines their idiosyncratic traits to understand why they suddenly faced stiff borrowing constraints.

The PIIGS economies

Although the PIIGS are developed economies, they are part of the peripheral economies of Europe. With the exception of Ireland, the PIIGS are significantly behind Germany and France (the leaders of the core countries in Europe) in terms of GDP per capita. Spain, the wealthiest of the PIIGS in this measure, has a GDP per capita that is three-fourths the size of Germany’s; Portugal, the poorest, has a ratio of 60%.²⁰ Although many economic models predict that these peripheral economies’ GDP per capita and productivity should have converged with Germany and France upon joining the Eurozone, the evidence shows that convergence has not been uniform. Cristina Tatomir and Ileana Alexe of the Bucharest Academy of Economic Studies find that the rate of convergence in the PIIGS countries

15 Arvind Krishnamurthy, “How Debt Markets Have Malfunctioned in the Crisis,” *Journal of Economic Perspectives* 24.1 (2010): 3-28.

16 Generally, an acceptable value at risk percentage ranges from 1-5%, but during times of crises, the value may decline.

17 Higher volatility implies a larger range of values that a given distribution of outcomes may occupy. For a risk-averse investor, this decreases the desirability of lending because of the increased possibility of losing the investment’s value.

18 Krishnamurthy, “How Debt Markets Have Malfunctioned in the Crisis,” 18.

19 “A Closer Look at EMU Debt Data,” KBC Bank, accessed December 15, 2013, <http://www.fxstreet.com/analysis/kbc-flash/2012/10/24/>.

20 “GDP per Capita (current US\$),” World Bank, accessed December 19, 2013, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

varied greatly, with Ireland improving by 11% from 2000-2010, while Italy worsened by 2.7%.²¹

An examination of tax policy differences between Ireland and Portugal illustrates a possible cause of divergent economic performance. There are three important components of tax policy: corporate tax rate, payroll taxes, and unemployment benefits. For instance, Ireland has a maximum corporate tax rate of 12.5%, sets employer taxes at 10.75% for hiring workers, and caps unemployment benefits at roughly 25% of average wages for 12 months.²² Since the 1970s, Ireland's productivity has risen from two-thirds the euro-area average to greater than the same benchmark by 2002.²³ Portugal took a different route by levying corporate taxes at 15%, mandating employer taxes of 23.75% for employing new hires, and providing 65% of previous wages for up to 38 months.²⁴ Ireland's economic outcomes diverge drastically from Portugal's, whose productivity level is half of the euro area benchmark despite starting at the same level as Ireland forty years ago.²⁵

The economic differences between Ireland and Portugal have also led to very different perceptions in their respective debt markets. Due to the link between productivity growth and GDP growth, Ireland's bond yields (the amount that the borrower must pay to the lender to borrow money) are significantly smaller than those of Portugal (the 10 year yields are 3.48% and 6.03%, respectively). Debt markets have placed "softer" constraints on Ireland because lenders believe that its ability to pay is greater than Portugal's. However, Spain, Italy, and Greece are more like Portugal than they are like Ireland, and their 10-year bond yields are relatively high as well (4.12%, 4.08%, and 8.65% respectively).²⁶ Nevertheless, Greece is worse off than the rest of the PIIGS, meriting further analysis of its intrinsic qualities.

Corruption in Greece

Deeper investigation illustrates a divergence in policy regimes between Greece and the rest of the PIIGS. Despite its recent economic weakness, Portugal is a fairly institutionally transparent country to live in. Transparency International ranked Portugal as the 33rd least corrupt country in the world, with Spain and Ireland relatively close at 30th and 25th, respectively.²⁷ On the other hand, Greece is ranked 94th in the survey, worse than developing countries such as Burkina Faso, Panama, and Thailand.²⁸ A study by London School of Economics professors

21 Cristina Tatomin and Ileana Alexe, "Laggards or Performers? CEE vs. PIIGS Countries' Catch-up with the Euro Area in the Last Ten Years," *Theoretical and Applied Economics* 18.7 (2013) 33-42.

22 Deloitte, "Moving to Ireland Tax Guide," 2013, https://www.deloitte.com/assets/Dcom-Ireland/Local%20Assets/Documents/Tax/IE_Tax_moving_to_ireland_update_0712_Final2_WEB.PDF

23 David Sondermann, "Productivity in the Euro Area: Any Evidence of Convergence?" *ECB Working Paper Series* 1431(2012): 1-29.

24 Ibid.

25 Ibid.

26 "Government Bond Yields," Bloomberg Markets, accessed December 18, 2013, <http://www.bloomberg.com/markets/rates-bonds/government-bonds/us/>

27 "Corruption Perceptions Index 2012," Transparency International, accessed December 18, 2012, <http://www.transparency.org/cpi2012/results>.

28 Ibid.

Simon Deitz and Eric Neumayer reveals that lack of corruption, rule of law, and strength of bureaucratic institutions have strong correlations with a country's savings rate, which in turn leads to long-term growth in GDP and overall consumption.²⁹

Unlike most of its European peers, Greece does not exhibit these qualities. Greece has a reputation for tax evasion, bribery, and systemic misreporting of data by the government. An OECD report found that the Greek black market was roughly 25% of its GDP, contributing to roughly \$27.6 billion in lost tax revenues per year.³⁰ Moreover, even those legally employed in professional services are prone to lying on their tax returns. In 2012, the University of Chicago found that 49% of Greeks were involved in tax evasion totaling some \$38.6 billion in lost government revenue per year. Summed, the yearly losses in tax revenue would equal Greece's 2010 overall debt level in less than five years.³¹ Rational lenders imposed higher bond yields and tougher constraints on Greece after taking into account its economic weaknesses (low productivity growth and volatile GDP) and institutional flaws.

Regardless of the causes, the EU powers needed to come up with a solution for the PIIGS, and Greece in particular, at the onset of the crisis. With a significant portion of Europe's trade happening within the continent, the collapse of one country (or worse, a subset of countries in the same economic circumstances) could have led to the fall of the euro project itself. Nevertheless, combined factors, including historical economic underperformance, institutional deficiencies, and difficult lenders, created difficulties at the national level. These factors spilled over into the EU and the Eurozone and are some of the primary causes of the sovereign debt crises.

INTERNATIONAL ATTEMPTS TO FIX PIIGS DEBT PROBLEMS

Pre-emptive solutions to the problem

Although Europe was clearly unprepared for a crisis of the PIIGS magnitude, the founders of the EU were not blind to the possibility of sovereign debt problems. Acknowledging past mistakes, such as the hyperinflation episode during the Weimar Republic, the signatories of the Treaty of Maastricht in 1992 embedded accession criteria in the path to achieve full membership in the EU. First, it was mandated that inflation not exceed 1.5 percentage points of the average of the three countries with the lowest inflation. Second, the potential entrant could not be adjudged to have devalued its currency as based by a system of foreign exchange rates.³² Third, the nominal long-term interest rate could not be more than two percentage

29 Simon Deitz and Eric Neumayer, "Corruption, the Resource Curse and Genuine Saving," *Environmental and Development Economics* 12 (2007): 33-53.

30 "Greece at a Glance: Policies for a Sustainable Recovery," OECD, accessed December 17, 2013, <http://www.oecd.org/greece/44785912.pdf>.

31 "Greek Debt Clock," National Debt Clocks, accessed December 20, 2013, <http://www.nationaldebtclocks.org/debtclock/greece>.

32 This was before the Euro was officially introduced as a currency. Under the old Exchange Rate Mechanism, currencies could only fluctuate within a predetermined range of one another. This regime ended after the Black

points above the average rate of the three countries with the lowest inflation. Lastly, the Stability and Growth Pact (SGP) of the treaty limits the deficit-to-GDP ratio at 3%, while the debt-to-GDP ratio is capped at 60%.³³ These criteria were intended to preemptively eliminate the possibility of government financial crises from a supranational level, but the PIIGS crisis demonstrated that they failed to perform this task.

From the signatories' point of view, they imposed what seemed like two plausible requirements: central bank discipline and sustainable government spending.³⁴ Economist John Taylor, widely credited for the adoption of policy rules, rather than discretionary monetary decision-making, notes that short-run real GDP increases when inflation declines.³⁵ In addition, the fiscal rules ensured that governments could not live beyond their means. Together, these were predicted to ensure that the third criteria would be met, since low inflation and better behavior typically result in a low risk premium and a low nominal interest rate. The Treaty of Maastricht was designed to ensure that entrants to the EU would have stable economies that were similar to each other, promoting the goal of ultimately creating a single economic market.³⁶

However, there are clear problems with this line of thinking. Although short-term GDP does increase when inflation goes down, the process of artificially deflating prices cannot permanently sustain GDP growth. Rather, there is an optimal inflation rate that takes into account long-term stability rather than short-term gains. Kansas City Federal Reserve economists Roberto Billi and George Kahn believe that this rate is a small positive number because having non-zero inflation enables the central bank to act in the case of an unforeseen recession.³⁷ For stable, developed economies such as the United States, the optimal inflation rate is low, at around 1.5%. On the other hand, growing economies strain their resource markets, leading to a higher natural rate of inflation.³⁸ As we have seen earlier, each country has its own economic qualities that influence optimal policy choices and thus, having uniform inflation and interest rates may not promote regional economic growth.³⁹ Moreover, there are instances when governments are forced to temporarily increase their debt burden; in fact, Germany and France had to increase their deficits themselves in the early 2000s to cope with economic problems.⁴⁰

Wednesday crisis in the UK, spurred primarily by Bundesbank hawkishness, demonstrating the underlying conflicts within the mechanism.

33 "Stability and Growth Pact," European Commission, accessed December 5, 2013, http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm/.

34 The implicit assumption is that a strong currency leads to low inflation, combining the first two criteria. This needn't be the case, as one can imagine a scenario where there is weak aggregate demand prompting drastic monetary easing measures to revive the economy. However, these circumstances are extraordinary and seemed far-fetched at the time.

35 John Taylor, "The Inflation/Output Variability Trade-Off Revisited," *Boston Federal Reserve Journal* 38 (1994): 21-24.

36 "Stability and Growth Pact."

37 Roberto Billi and George Kahn, "What is the Optimal Inflation Rate?" *Kansas City Federal Reserve Economic Review* (2008): 5-28.

38 *Ibid.*

39 *Ibid.*

40 "The Ticking Euro Bomb: How the Euro Zone Ignored Its Own Rules," *Spiegel International*, October 6, 2011,

Realizing that the debt and deficit rules were counterproductive to the goal of strengthening the European economy, the EU revised the Stability and Growth Pact to take into account each nation's circumstances. Known as Reform 2005, the agreement established country-specific medium term objectives (MTOs) that outlined a minimum improvement requirement towards the original SGP rules.⁴¹ However, there were significant problems with enforcement. First, there were no punishments for missing the objectives. In addition, there was a lack of oversight from the European Commission (EC), whose role was limited to issuing opinions on the progress of a potential violator towards the mutually agreed upon rules.⁴² Having violated the original treaty themselves, Germany and France had little desire to enforce the new rules through the EC, and in any case, no serious action would have been taken had a violation been discovered. Thus, the PIIGS became "false positives" to the SGP regime because the benefits of EU membership temporarily outweighed the costs of bending the rules.

The structure of EU institutions is a response to the political realities of Europe. The fiscal rules of the Treaty of Maastricht generally avoid the issue of central oversight. In order to see why, this article first compares the pre-crisis response tools available to the Eurozone to the American fiscal and monetary system and subsequently analyzes the Troika's bailout of Greece.

Comparison of Eurozone and American policy tools

Although the Treaty of Maastricht constitutes an attempt at regulating the spending decisions of its constituent nations, poor enforcement mechanisms weaken its crisis prevention ability. Thus, the EU did not create fiscal or regulatory tools before the onset of the PIIGS debt problems. On the other hand, the United States relied on ad hoc arrangements, such as the automobile industry bailout and the Troubled Asset Relief Program lending program for banks. From one perspective, it would seem as if both should be equally incapable of responding to a financial crisis as it arises.

Nevertheless, there are important differences in the economic and legal structure of the United States compared to Europe that enable effective rapid action. First, the state economies of the US are more integrated than European economies, primarily achieved over two centuries of nationhood. Business law is also better defined in the United States, chiefly accomplished through the Commerce Clause. This constitutional entry stipulates that Congress has the ability to regulate interstate commerce. Since the precedent case of *NLRB v. Jones & Laughlin Steel Corp.*, the federal government has had substantial power in these matters, and from 1937-1995 the Supreme Court did not strike down any federal statutes as exceeding the powers

accessed December 17, 2013, <http://www.spiegel.de/international/europe/the-ticking-euro-bomb-how-the-euro-zone-ignored-its-own-rules-a-790333.html>.

41 "Stability and Growth Pact."

42 Ibid.

granted to Congress.⁴³ While Europe has a similar concept known as the supremacy of EU law, it does not have an explicit equivalent to the Commerce Clause; rather, the EU relies on the principle of “free movement of goods” preventing member states from erecting barriers to trade.⁴⁴

The long-established primacy of federal law in the United States had a major influence on corporate law, including bankruptcy statutes. In the EU, the Insolvency Regulation fails to harmonize bankruptcy law in cross-country cases in the same manner that Chapters 7, 9, and 11 of the US bankruptcy code provide uniform processes across state lines.⁴⁵ Moreover, the US grants extraordinary powers to clean up debt problems, as was the case with Kevin Orr’s position as non-elected emergency manager of Detroit in March 2013. After his appointment by Michigan governor Rick Snyder Detroit filed for bankruptcy and was granted the ability to pursue Chapter 9 protection, all in less than ten months.⁴⁶

America’s ability to react to financial crisis is also a product of stronger monetary policy tools. In the United States the Federal Reserve Bank (Fed) has two primary tools: open market operations and quantitative easing (QE). Open market operations are the Fed’s normal policy instrument and involve the outright purchases of short-term government securities (Treasuries) on secondary markets to influence long-term interest rates in the downward direction (this particular action is known as “loose” monetary policy).^{47, 48} Campbell Harvey of the Fuqua School of Management finds that these operations have a substantial and immediate impact on the trading of treasury securities, oftentimes comprising 10-20% of daily volume and sometimes surpassing the amount traded on the New York Stock Exchange.⁴⁹ When these actions are insufficient the Federal Reserve also uses QE to purchase long-term treasuries and financial assets such as mortgage-backed securities (MBS) in a manner that reduces externalities resulting from unwarranted risk aversion by banks and traders, relieving some of the debt constraints that the US might otherwise face.⁵⁰ In fact, according to the McKinsey Global Institute, QE has increased growth between 1-3% in the United States and

43 “Substantial Effect’ Commerce Clause Power,” National Paralegal, accessed December 19, 2013, http://nationalparalegal.edu/conlawcrimproc_public/CongressionalPowers/SubstantialEffect.asp.

44 “Free Movement of Goods,” European Commission, accessed December 19, 2013, http://ec.europa.eu/enterprise/policies/single-market-goods/files/goods/docs/art34-36/new_guide_en.pdf/.

45 “Bankruptcy,” United States Courts, accessed December 20, 2013, <http://www.uscourts.gov/FederalCourts/Bankruptcy.aspx>.

46 Matthew Dolan “Detroit Eligible For Bankruptcy,” *Wall Street Journal*, December 3, 2013, accessed December 19, 2013, <http://online.wsj.com/news/articles/SB10001424052702304579404579235761243772016>.

47 “Open Market Operations,” Federal Reserve Board, accessed December 4, 2013, http://www.federalreserve.gov/monetarypolicy/bst_openmarketops.htm.

48 The opposite is also possible: the Fed can sell short-term securities to influence long-term interest rates in the upward direction. This is known as “tight” monetary policy.

49 Campbell Harvey, “The Impact of the Federal Reserve Bank’s Open Market Operations” (Working paper, Fuqua School of Management, 2001), https://faculty.fuqua.duke.edu/~charvey/Research/Working_Papers/W3_The_impact_of.pdf

50 There are dangers to the policy, which mostly include distortions of specific financial assets should the Fed formulate an incorrect policy from faulty data or assumptions.

relieved its effective government debt burden by over \$1 trillion.⁵¹

The ECB has a diluted set of monetary policy tools. Rather than employing outright purchases of short-term treasury securities, the ECB uses repurchase agreements, which permit banks in need of liquidity to borrow via the main refinancing options (MROs, up to one month) or through the long-term refinancing options (LTROs, up to three years). However, LTROs only provide 20% of the ECB's liquidity to banks; thus, bringing down long-term interest rates across the Eurozone is much more difficult compared to the US.^{52,53} The ECB is also not permitted to engage in QE because Europe tends to view the practice as irresponsible government financing, which they fought hard to combat after the Weimar hyperinflation episode and several others that followed later.⁵⁴ Instead, the ECB is forced to resort to "sterilized QE," in which it purchases long-term euro treasuries but simultaneously sells short-term securities and keeps the money supply neutral, weakening the effectiveness of the loosening policy.⁵⁵ Although their actions correspond to credibility building under the principle of commonly accepted Taylor Rules for central bank interest rate choice and increase the future faith in financial markets in the competence of the ECB, its ability to react to short-term fluctuations is diluted.⁵⁶

The overall ineffectiveness of the EU's policy institutions, ranging from the Treaty of Maastricht to bankruptcy law and the ECB, encourage policy fragmentation across the Eurozone. While collective action is needed to fix the PIIGS crisis, pre-crisis adjustment mechanisms lacked the teeth to deal with sovereign debt or enforce the optimal solutions. As a result, the EU required additional international aid to fix the Greek sovereign debt crisis.

Troika Bailout of Greece

Although the EU wound up having to bail out most of the PIIGS (with the exception of Italy), the Greek bailout was by far the most involved in terms of its size, complexity, and long-term impact. The EU spent \$290 billion to reduce the debt burden of Greece, an enormous amount for a country with an overall GDP just over \$249 billion.⁵⁷ However, because the EU did not already have the means to deal with a crisis of that magnitude, it resorted to the IMF

51 Richard Dobbs, Susan Lund, Tim Koller, and Ari Shwayder, "QE and Ultra-low Interest Rates: Distribution Effects and Risks," *McKinsey Global Institute* (2013): 1-61.

52 "Open Market Operations," European Central Bank, accessed December 3, 2013, <http://www.ecb.europa.eu/mopo/implement/omo/html/index.en.html>.

53 Earlier, we challenged the notion that there should be one uniform interest rate across an entire economic regime. Taken this goal as given, however, using short-term lending to lower interest rates to provide liquidity across different economies is ineffective because the duration of short-term lending introduces significant uncertainty to banks.

54 Before the adoption of the Stability and Growth Pact, it was not uncommon to see low interest rates in tandem with high deficits. By printing money, governments can relieve their debt burden, which QE does in effect.

55 "Technical Features of Outright Monetary Transactions," European Central Bank, accessed December 3, 2013, http://www.ecb.europa.eu/press/pr/date/2012/html/pr120906_1.en.html.

56 Taylor, "The Inflation/Output Variability Trade-Off Revisited," 21-24.

57 "GDP per Capita (current US\$)."

in addition to making bailout facilities of its own.

At first glance, the IMF seems to be a powerful third party for fixing Europe's problems. Its goal is to "provide resources to help members in balance of payments difficulties or to assist with poverty reduction."⁵⁸ Nevertheless, there are severe limitations to what the IMF can do. As an international provider of bridge loans to the world, the IMF would create moral hazard in the absence of stiff conditions for financial assistance. Indeed, Ken Rogoff notes that requests for IMF bailouts have been steadily increasing through the years.⁵⁹ Moreover, the mission of the IMF is not to miraculously turn around economic performance in troubled countries. Instead, its task is to help those sovereigns stay within the international lending system, which Greece was in danger of leaving. Thus, the IMF was supposed to enforce fiscal discipline in Greece by conditioning loan disbursements on deficit reduction milestones, supposedly a win-win scenario.

However, a comparison of the Troika austerity measures with the economic problems in Greece reveals a fundamental mismatch between the tools available to IOs and the best solutions to the crisis. In May 2010 the Troika provided a \$150 billion bailout at a 5.5% interest rate, some \$40 billion of which was provided by the IMF.⁶⁰ To fill the rest of the gap, the EU created the European Financial Stability Facility (EFSF) and the European Financial Stability Mechanism (EFSM), which between them could collectively borrow \$690 billion with the backing of the German Finance Agency and the capital contributed by member states.⁶¹ In exchange, the IMF demanded deficit cuts including 20%, cuts in public sector pay, 40% pension reductions for retirees over 55, and suspension of industry-wide labor bargaining.⁶²

Not surprisingly, the terms were too strict for Greece, with measures such as youth unemployment skyrocketing over 50%.⁶³ IMF chief economist Oliver Blanchard admits that the short-term effects of austerity were harsher than he first thought and found that a 1% reduction in government spending led to an unexpected 1% loss in output in addition to the loss already forecasted before imposing cuts.⁶⁴ This occurs because at the zero lower bound (that is, interest rates near zero percent), the fiscal multiplier (the impact of government spending on output) increases rapidly from the "normal" figure of 0.6 to as much as 1.8.⁶⁵

58 "About the IMF: Overview," International Monetary Fund, accessed December 16, 2013, <https://www.imf.org/external/about/overview.htm>.

59 Reinhart and Rogoff, *This Time is Different: Eight Centuries of Financial Folly*.

60 "European Financial Stability Facility (EFSF)," European Financial Stability Facility, accessed December 18, 2013, <http://www.efsf.europa.eu/about/index.htm>.

61 "European Financial Stability Facility (EFSF)."

62 "Greek Government Austerity Measures," *BBC*, October 19, 2011, accessed December 18, 2013, <http://www.bbc.co.uk/news/business-13940431>.

63 "Greece Unemployment Rate," Trading Economics, accessed December 14, 2013, <http://www.tradingeconomics.com/greece/unemployment-rate>.

64 Olivier Blanchard and Daniel Leigh, "Growth Forecast Errors and Fiscal Multipliers," *International Monetary Fund* (2013).

65 Blanchard and Leigh, "Growth Forecast Errors and Fiscal Multipliers."

Thus, the 2010 Troika bailout was the result of destabilizing events that the EU had no internal capacity to respond to. Due to the financial crisis, central banks worldwide simultaneously lowered interest rates so much that they reached the zero lower bound. Since the EU and ECB were not permitted to take measures to alleviate the crisis, Greece was forced to ask for IMF help and accept its austerity medicine. Although there are certainly long-term competitive benefits to reducing unnecessary government spending (as will be discussed later in the case of Germany), the short-term pain was too much to bear for Greece, whose economy is unstable to begin with. Moreover, the problem could also have been fixed by increasing government revenue, possibly by clamping down on tax evasion. On the other hand, the IMF does not have the ability to enforce tax policy. While the EU should be able to carry out these tasks, its power is limited to issuing unenforceable solutions from the European Commission. The structure of the EU not only encouraged the crisis but also inhibited the cleanup.

To be fair, the Troika attempted to fix the problem by offering a second bailout in 2012 with much more generous terms, including a 53.5% reduction of the value of Greek debt by private bondholders worth \$138 billion.⁶⁶ Nevertheless, the slow, clumsy response of the EU and Eurozone to the sovereign debt crises will surely have undermined their credibility in not just financial and economic circles but political ones as well. Thus, the failure of the Troika to fix the Greek crisis raises more interesting questions about the political nature of cleaning up the European institutions themselves. The root cause of the problem lies in the conflict of interests between the various EU economies, affecting the calculus between short-term political concessions and long-term economic gains.

THE POLITICS OF FIXING EUROPE AND THE EUROZONE

While the EU is at least somewhat to blame for the PIIGS sovereign debt crisis and the efforts of the Troika have been insufficient to fix Greece's financial issues, we will consider other forces at play beyond policy decisions. First, this section will briefly examine the history and intent of EU formation. It will then identify the parties that have slowed down reform of the EU and what steps, if any, can be taken establish better policy regimes.

History and intent of the European Union

The European Union did not start as it is today but had its beginnings as a humble market for heavy industrial goods known as the European Coal and Steel Community (ECSC). Eventually, Europe progressed to include an exchange rate mechanism, a supranational legal body, and a common budget.

European citizens generally distrust supranational institutions, with only 33% fully supporting the EU project.⁶⁷ This lack of support has consequences for the strength and legitimacy of

66 Matina Stevis, "Euro-Zone Countries Sign Greek Bailout Deal," *Wall Street Journal*, March 14, 2012, <http://online.wsj.com/news/articles/SB10001424052702304692804577281053193863424>

67 "Public Opinion in the European Union," European Commission, accessed December 15, 2013, <http://>

European institutions. The EU made a conscious decision to limit economic integration to retain the sovereignty of its member nations precisely because of the preferences of its citizens. The politics of the EU can be described as a problem of coordination: many European technocrats want further integration, but powerful constituent nations and their citizens can block reform. We examine Germany to see one such example.

German resistance to reform

In 2012, Eurobarometer published a report on the attitudes of EU citizens asking about the three most important issues facing Europe. The vast majority of countries surveyed reported unemployment and the current economic situation as the most pressing issues.⁶⁸ Germany, however, was emphatically different: the problems concerning its citizens the most were government debt and inflation, the second of which should not particularly worry Germany as its internal inflation rate dipped as low as 1.67% in 2012.^{69,70} While it is not the only country that resists bolder courses of action (Finland is another), examining Germany in particular sheds light on the political negotiation necessary to achieve better policy regimes.

Although Germany's experience with Weimar hyperinflation somewhat explains their strident opposition to government debt and inflation, its economic issues are much more nuanced. One popular perception of Germany is that it has always been an economic powerhouse, yet this was not always the case. Germany has suffered large swings in GDP growth, and in 1999, *The Economist* dubbed the country as "the sick man of the Euro."⁷¹ Many of Germany's difficulties arose from the reintegration of East Germany (DDR) and West Germany (FRG) in 1990. At the time, the DDR was less than half as wealthy as the FRG, and ever since reunification, modern western Germany has transferred over \$300 billion to the former DDR.⁷² Nevertheless, GDP per capita remains 15% lower in eastern Germany. When combined with the net outlays to peripheral countries as part of the EU budget, western Germany has transferred roughly \$500 billion in the last 20 years, constituting a significant drag on growth considering the opportunity cost of lost internal investments.⁷³

Germany also suffered an economic crisis of its own under the chancellorship of Gerhard Schroder. In 2003, growth slowed sharply while unemployment reached 11.6%, prompting Schroder to institute a reform plan called Agenda 2010. Despite being a member of the left-leaning SPD party, his reforms slashed the basic tax by 25%, reduced medical coverage, and

ec.europa.eu/public_opinion/index_en.htm.

68 Ibid.

69 Ibid.

70 "Germany Inflation Rate," Trading Economics, accessed December 18, 2013. <http://www.tradingeconomics.com/germany/inflation-cpi>.

71 "The Sick Man of the Euro," *The Economist*, June 3, 1999, <http://www.economist.com/node/209559>.

72 "Germany's Federal States: Givers and Takers," *The Economist*, October 27, 2012, <http://www.economist.com/news/europe/21565253-germans-fear-european-transfer-union-because-they-hate-their-own-one-givers-and-takers>.

73 "EU Net Contributor or Net Recipient," *Deutsche Bank Research*, accessed December 19, 2013, http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000273546.pdf.

cut into unemployment and pension benefits. After Schroder's austerity measures were first implemented, the economy contracted. However, the benefits were eventually worth the costs, propelling Germany's GDP growth in future years and slashing unemployment to 5.2% as of 2013.⁷⁴

Nevertheless, its economic medicine is not the right solution for every country. A study by the University of Crete shows that EU accession increased the Greek trade deficit by 65%, or roughly 23% of Greek GDP.⁷⁵ Although these effects are extreme and are a product of Greece's dependence on Russian, German, and Italian imports of petroleum products and machinery, the imbalance shows that sustained austerity measures should result in an unbearable short-term squeeze for Greece.⁷⁶ Moreover, not every country in the Eurozone can be an exporter of high-tech manufactured goods as Germany is today. Therefore, it seems quite unreasonable to expect austerity measures to achieve long-term success without running the risk of destabilizing economies, as Oliver Blanchard found.⁷⁷ However, as a rational actor, Germany is unwilling to perpetually bail out Europe, and thus, the path to alternative policy regimes requires political considerations to appease German voters.

The merits of establishing alternative policy regimes

We first consider an important counterfactual: what would have happened had the EU acted as decisively as America and permitted quantitative easing and bailed out Greece without austerity measures. Presumably, the short-run benefits would have included a lower unemployment and higher growth; San Francisco Federal Reserve economist Oscar Jorda finds that austerity measures in the UK reduced GDP growth by 3%.⁷⁸ Although it is a stretch to say that the effects would have been the same for Greece, we consider it for the sake of argument. However, there are long-term considerations at play as well. Earlier, this article established that Greece's structural problems included overly generous unemployment benefits, a bloated public sector, and slack enforcement of tax laws. This article also found that Europe was generally unable to enforce better behavior on its member states due to the weakness of the European Commission. Therefore, purchasing Greek financial assets to spur lending while providing unreasonably cheap loans would have perpetuated the moral hazard problem, while only adding to the underlying volatility of the economic and financial systems.⁷⁹ Although this article does not present specific calculations because of the complexity of the economic models, it demonstrates that the trade-offs would most likely not have been worth it for the

74 "Wunderreform," *The Economist*, March 16, 2013, <http://www.economist.com/news/europe/21573583-ten-years-how-does-germanys-agenda-2010-package-rate-wunderreform>.

75 Minoas Koukouritakis, "EU Accession Effects on Trade Flows: The Case of Greece," *Southeastern Europe Journal of Economics* 2 (2004): 61-74.

76 This effect seems to be a good explanation for the need of a second, much more generous bailout from the Troika.

77 Blanchard and Leigh, "Growth Forecast Errors and Fiscal Multipliers."

78 Oscar Jorda and Alan Taylor, "The Time for Austerity: Estimating the Average Treatment Effect of Fiscal Policy" (Working Paper, San Francisco Federal Reserve, 2013). <http://www.frbsf.org/economic-research/files/wp2013-25.pdf>.

79 OECD, "Debt and Macroeconomic Stability."

Eurozone.

It is evident that the best solution for the Eurozone involves some kind of financial linkage with strong central oversight between supranational authorities and sovereign governments in order to break the cycle of national debt crises. One such possibility is to jointly raise debt in the Eurozone (called Eurobonds) while conditioning the amount of funds to be raised on European Commission approval. In fact, the EU has already made some progress on this front by adopting the Euro Plus Pact, which adds to the Stability and Growth Pact by coordinating on competitiveness initiatives, strengthening employment, stabilizing public finances and financial stability, and harmonizing tax policy and enforcement.⁸⁰ This Eurobond regime would open up additional policy tools such as quantitative easing, while permanently lowering borrowing rates for struggling peripheral countries because the moral hazard link between government financing and irresponsible spending can be removed by strong oversight and enforcement mechanisms. As University of Sheffield professor Benjamin Wilhelm finds, this leads to a positive cycle of political and economic benefits because Europe's institutions would have the power to enforce the policy goals of the EU.⁸¹

What are the challenges of adopting such a regime? First, Germany would implicitly subsidize the Eurozone by having to raise debt in tandem with other regional economies, thus raising its interest rate, while lowering the borrowing costs of other governments. Moreover, every country would have to surrender an integral part of what it means to be sovereign by allowing the European Commission to approve its spending choices. However, both of these things may occur anyway. Eurozone economies already free-ride Germany's good credit in the bond markets by using the common currency.⁸² Moreover, new members to the EU and Eurozone will be relatively weak economies such as Croatia who aspire to use the euro because of the trade benefits conferred by membership. In a process akin to adverse selection (from the German perspective), Germany would have to continuously increase its implicit subsidy as new members joined the Eurozone. Nevertheless, this represents a substantial improvement over the current balkanized policy regime of disjointed institutions and unenforceable laws. It would thus be up to the European powers to negotiate the gradual transition from sovereign debt raising to joint borrowing in financial markets through paired reforms that simultaneously appease net creditors such as Germany, while sufficiently protecting national self-governance.

LESSONS AND CONCLUSIONS

Oftentimes, comparisons are drawn between the EU and United States due to the similarities between the tiered governance structures of the two entities. However, research shows that

80 "Stability and Growth Pact."

81 Benjamin Wilhelm and Carlo D'Ippoliti, "Politicisation, Technocracy, and European Integration: The Political Economy of Eurobonds."

82 Fernando Martin and Christopher Waller, "Sovereign Debt: A Modern Greek Tragedy," *Federal Reserve Bank of St. Louis Review* 94.5 (2012): 321-39.

the policy regimes could not be more different in terms of fiscal, monetary, and legal tools. Thus, in the hypothetical case that multiple municipal or state governments default at the same time, the risk of disastrous outcomes such as Greece's is less likely. Nevertheless, drawing generalized conclusions about the political and economic ramifications from the Greek case is dangerous because the Eurozone is the first large-scale currency zone experiment of its kind.

What would seem to hold is that International Organizations (IO) outside of those created by the member states of a supranational union are ineffective in responding to crisis situations. The onset of a drawn-out crisis presumes that there were structural problems from the beginning, which only the sovereign government or the union itself could solve. True, the IMF and other institutions can step in to provide bridge loans and help negotiate payments between debtors and creditors. Nevertheless, the overarching issue is that there are coordination problems between the members of a supranational union, which other IOs would be hard-pressed to solve due to a lack of enforcement power. The case of the PIIGS, and Greece in particular, demonstrates the weakness of relying on external IOs to fix issues of financial self-enforcement.

To say that the Eurozone experiment has not been worth it to the EU is a purely normative statement that is impossible to quantify. There are trade benefits to economic integration that outweigh the potential costs of aligning policies for further integration. In addition, joining a supranational union has non-economic benefits that are impossible to quantify, such as increased political cooperation and conflict deterrence. The only concrete lesson to be drawn from the Eurozone's experience is that having a common currency without fiscal and legal oversight can lead to crisis. Without institutions to enforce good behavior, member countries can benefit from the reputation of the larger countries in the union without making necessary changes. The two new currency unions that will be in place by the end of this decade, including the West African currency union and the agreement between a consortium of East African nations, should heed this lesson and address the problems of unenforceable policies and asymmetric financial information.⁸³

The PIIGS sovereign debt crisis is nowhere near its resolution, and it may be decades before the storm finally passes. The EU must solve problems concerning supranational financial regulation, joint fiscal policy, and central banking tools in the near future. Fortunately, Europe seems to have taken several steps to prevent future crises from occurring. As the ongoing Greek debt crisis shows, political reform is a fiendishly difficult task; nevertheless, more integration, not less, is the key to resolving the current crisis and getting Europe back on its feet.

83 "Ever Closer," *The Economist*, December 7, 2013, <http://www.economist.com/news/finance-and-economics/21591246-continent-mulls-merging-currencies-ever-closer>.

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Coffee Price Shocks and Civil War Onset

BY JUSTIN T. EPSTEIN
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ABSTRACT

How do commodity prices affect civil war onset? Previous research has shown that the presence of commodities, with the exception of oil, has no significant impact on the likelihood of civil war onset. However, the existing literature has failed to demonstrate the effect of changes in commodity prices on civil war onset. Using changes in the international price of coffee, I show that price increases in Arabica beans lead to a significantly greater likelihood of civil war onset. This large-N study supports the theory that civil war participation is driven by an opportunity cost model. When the price of coffee increases faster than wages do, rebel groups receive larger amounts of funds to offer security, jobs, and selective incentives, all of which drive down the opportunity cost of participating in a civil war.

INTRODUCTION

Although scholars have studied causes of civil war onset, a general consensus has not been reached as to what factors contribute to conflict and civil wars. Economic shocks, for example, appear to reduce the onset of civil war.¹ Miguel et al's paper argues that strong economic conditions preclude the onset of conflict. The reduced possibility of conflict stems from the increase in the opportunity cost of waging war. However, is it possible that higher growth commodity prices may actually increase civil war onset? There are two arguments that persist. The first, as presented by Miguel, says that an increase in higher prices would probably lead to higher wages and a higher opportunity cost, which would ultimately drive down the likelihood of civil war onset.

1 Edward Miguel, Shanker Satyanath, and Ernest Sergenti, "Economic Shocks And Civil Conflict: An Instrumental Variables Approach," *Journal Of Political Economy* 112.4 (2004): 725-53.

But what if the opposite is happening? What if price increases in production-based commodities like cash crops can actually increase the risk of civil war? If rebel groups can extort taxes for transportation or even loot crops like coffee, then an increase in the price of coffee may lead to an increase in the funding for rebel organizations. Particularly if wages are not rising proportionally to prices, higher commodity prices may make switching to a criminal rebel organization seem like a profitable choice. If these groups can then use this money to recruit new members, then the opportunity costs of joining the war may actually decrease, and chances of an onset would ultimately increase. Essentially, a growth in commodity prices can help fund the startup costs of a civil war.

Investigating the effect of price increases in commodities on the likelihood of civil war onset requires a commodity widely produced so as to eliminate potential confounding geographic factors. The commodity must be produced in as many countries as possible to widen the sample. Furthermore, the commodity must be produced in large quantities. Since civil wars can impact the production of a good, this good must be so widely produced that losses due to conflict will not impact the good's price.

Coffee, one of the largest crops in the world and one of the most consumed beverages, will always be subject to large international demand. Because coffee is typically grown in regions that have experienced a fair share of civil wars, coffee prices can actually have a large impact on the daily livelihoods of hundreds of thousands of farmers. Coffee plantations are also located in mountainous regions away from major government centers, which may set the stage for rebel groups to use their influence to raise funds.

Through a large-N analysis, I will use the price of coffee to investigate whether changes in the coffee prices lead to a greater or smaller risk of civil war onset. I believe that, as the price of coffee increases and income does not change, the likelihood of civil war onset will increase. Rebel groups can extort taxes on transportation (or even loot the coffee itself to sell) and use the money to purchase weapons and pay for new recruits. This article will explain not only the relationship between the price of natural resources and civil war onset, but also the relationship between price, income, and onset, a topic that has not received substantial research.

LITERATURE REVIEW

Participation and Funding in Rebel Groups

Rebel groups need participation in order to get their fight against the state off the ground. Participation in rebel groups is thus paramount during pre-conflict preparation. Collier and Hoeffler note that participation in a rebel group requires forfeiting whatever current job the participant has. Abandoning this job is associated with the opportunity costs of forgone wages.² Gary Becker uses rational choice theory to frame civil war participation by directly

2 Paul Collier and Anke Hoeffler, "On Economic Causes Of Civil War," *Oxford Economic Papers* 50.4 (1998): 563-73.

incorporating wages into his explanation. Similar to Collier and Hoeffler, Becker argues that workers choose employment in either a productive or criminal sector. The individual will choose the criminal sector only if the return on investment of the criminal sector is higher than the wages of the productive sector. Thus, if wages are low, more people turn to criminal employment, and if wages are high, criminal labor is reduced.³

This suggests that if a civilian sees a profit from joining a rebel group, such as selective incentives in the form of wages or diamonds, security benefits, or the promise of future resources or jobs, then the civilian will join. Economic endowments, then, are crucial for rebel groups and civil war onset. With large endowments, rebel groups can pay salaries to attract fighters, provide food and security to villages, and purchase weapons.⁴ It seems fairly evident that when groups have more funding, the likelihood of civil war onset increases.

Collier and Hoeffler test their model by looking at the notion of “greed” and “grievance” in civil war. The greed argument states that participants join rebel groups because of minimal opportunity costs. Low income, lack of access to basic resources, and education can all factor into participation. The grievance argument states that participation in a rebel group comes from preexisting issues with the state or group targeted by the rebels. Ethnic identity, for example, can create long lasting grievances between the populations. Civil war provides civilians with an opportunity to air these grievances by participating in the war. Using regression analysis with a list of 78 civil wars between 1960 and 1999, the authors find that civil wars are most likely to occur with low GDP per capita, high reliance on commodity exports, and low levels of education, all of which proxy for “greed.”⁵

This suggests that civil war outbreaks are more common when income is low and opportunity costs for joining the civil war are very small. While the authors do not test the causal model for participation, they argue that increased likelihood of civil war is due to higher participation from the unusually low forgone income and wealthier rebel groups. Again, their findings can only be applied to increased participation if recruits voluntarily join the rebel movement.

Natural Resources: Presence and Price

If individuals participate in rebel groups because of economic deprivation and opportunity costs, rebel groups need to have access to wealth to lower that opportunity cost. Guns, vehicles, and food are needed to provide security and make credible promises of future jobs to participants. Wealth is needed to access these goods, and wealth often comes in the form of natural resources.

Michael Ross aggregates 14 studies that examine the effect of resource wealth on civil war

3 Gary S. Becker, “Crime And Punishment: An Economic Approach,” *Journal Of Political Economy* 76 (1968): 169-217.

4 Jeremy M Weinstein, *Inside Rebellion*, (Cambridge: Cambridge University Press New York, 2007).

5 Paul Collier and Anke Hoeffler, “Greed And Grievance In Civil War,” *Oxford Economic Papers* 56 (2004): 563-95.

onset. Looking at civil wars between 1960-2000, Ross finds that previous research indicates that the presence of oil increases the probability of civil war, while “lootable” resources—valuable and portable resources like gemstones and drugs—do not affect onset but increase the duration of civil wars. Most importantly, the previous research finds no effect of agriculture on onset.⁶

Ross contends that when a resource is obstructable (its transportation easily blocked), then its presence leads to longer and more intense conflicts.⁷ He also explains that lootable resources can increase funding for rebels. So, if a natural resource exists that is obstructable and lootable, then maybe its price can influence onset. Oil requires expensive machinery and state institutions to extract wealth from oil, meaning that rebel groups would profit substantially by controlling the state. The research argues that agricultural commodities do not require state institutions for wealth to be extracted from them. Distance from capitals, large rural areas, and lack of government oversight make extracting wealth from crops far easier than from oil.

Ross also explains that civil wars often occur in the poor, rural regions that are naturally dependent on agriculture. The fact that civil war onset is greater in those regions does not speak to the reliance on commodities but to opportunity costs and income. Rebel groups in these locations naturally exact taxes on agricultural products but receive a majority of their funding from other revenue streams.⁸ One example Ross cites is rebel group funding from cashew and cannabis crops in Senegal.⁹

Resources like crops, as opposed to extractive resources like oil and minerals, do not require large state institutions and machinery to farm and export. Rebel groups that form in areas rich in produced resources use structural violence to exact taxes, impede transportation, and coerce labor and trade. Philippe Le Billion uses Rwanda as an example to show how state dependence on coffee exports for wealth (and for farmers’ dependence on income) led to the rebel groups’ ability to use the coffee trade to increase their regional power.¹⁰

While the research has shown that dependency on agricultural products does not increase the likelihood of civil war onset, Le Billion’s analysis suggests that changes in price can very well affect onset. He further argues that dependence on these produced resources makes the state highly vulnerable to price shocks on the resource, which can debilitate the state and its farmers.¹¹ The price of resources can be particularly important in produced-resource areas if rebel groups can easily use the existing structure of agricultural exports to increase their

6 Michael L. Ross, “What Do We Know About Natural Resources And Civil War?” *Journal Of Peace Research* 41.3 (2004): 337-56.

7 Ibid.

8 Ibid.

9 Marcartan Humphreys and Habaye Ag Mohamed, “Senegal And Mali” (Working paper, Columbia University, 2003). http://www.columbia.edu/~mh2245/papers1/sen_mali.pdf.

10 Phillippe Le Billion, “The Political Ecology Of War: Natural Resources And Armed Conflicts,” *Political Geography* 20.5 (2001): 561-84.

11 Ibid.

funding.

Dube and Vargas produce the most in-depth research that looks at price changes in commodities, in their case oil and coffee, to determine if some resources increase violence while others decrease it. They look to Colombia, which experienced civil war and violence beginning in the 1960s. Dube and Vargas argue that armed rebel groups in Colombia targeted production directly, siphoning off royalties and kidnapping executives to help facilitate the extraction of wealth, as well as direct looting from oil pipelines.

The authors estimate the variation in intensity between low prices of coffee and oil and high prices. They argue that the increased price of coffee and production increase wages earned by farmers. Oil, they argue, has no significant correlation with wages. This provides the reasoning for their hypothesis that increases in the price of coffee lead to an increase in wages and a decrease in violence, as the opportunity cost of joining the rebels is significantly higher. Testing this hypothesis, they find that an increase in the price of coffee ultimately leads to fewer guerilla and paramilitary attacks, as well fewer casualties and fewer clashes. They find that increases in oil prices, however, lead to significant increases in paramilitary attacks.¹²

This suggests that coffee price increases are associated with increased wages and higher opportunity costs. With wages in the productive sector much higher, the criminal sector has far less human capital and thus cannot effectively carry out attacks. Increased prices in oil, which do not affect income channels, lead to more money for the state. The state can mobilize resources for paramilitary groups faster, leading to more attacks.

METHODOLOGY

It is clear that more research needs to be done on the impact of agricultural prices on civil war onset, and coffee is an excellent candidate to evaluate. Farm distance from major cities, the lack of machinery used to grow and pick coffee, and the fact that coffee production is almost entirely set by Brazil make coffee the perfect natural resource to test.

Coffee farms appear to be quite distant from major cities. High altitudes and large open spaces are typically found away from capitals and major urban areas. As Kalyvas notes, these also appear to be favorable conditions for rebel groups. Mountainous terrain and difficulty in navigating through dirt roads and trails makes these coffee farm regions breeding grounds for rebel groups.¹³ Arabica farms especially, requiring higher elevations, should be fairly easy for rebel groups to infiltrate and tax.

This distance also creates crude modes of transporting coffee, making it an obstructable good. Bannon and Collier explain that the RUF in Liberia extorted money from coffee initially

12 Oeindrila Dube and Juan Fernando Vargas, "Are All Resources Cursed? Coffee, Oil And Armed Conflict In Colombia," (Cambridge, MA: Center For International Development At Harvard University, 2006).

13 Stathis N. Kalyvas et al., *The Logic Of Violence In Civil War* (Cambridge: Cambridge University Press, 2006).

because of the relative ease, eventually moving on to diamonds once their funds were already established. Increases in the price of coffee should help rebel groups mobilize enough resources to get off the ground. Rebel groups can easily levy taxes by threatening to burn coffee farms. Since it takes five years before new coffee plants begin to flower, farmers have no choice but to pay these taxes. Bannon and Collier also mention that coffee has been smuggled by rebel groups in both Burundi and the Democratic Republic of the Congo.¹⁴

This paper operates on the assumption that rebel groups benefit more from increases in coffee prices than the state does. Since the state has far more resources and a far larger treasure trove of income, an increase in the price of coffee should only amount to a marginal increase in state revenue. Rebel groups, on the other hand, have far fewer resources, so small increases in revenue should have more of an impact. If the rebels are able to take control of the transportation of coffee and the area's infrastructure, then price increases should lead to a substantial increase in rebel funding.

Hypotheses

Coffee's high demand, variation in prices, arduous labor, and high numbers of corporate "middlemen" that are needed to turn green coffee cherries into a drinkable coffee lead to the first hypothesis:

H_1 : Coffee prices grow relatively faster than wages do, indicating that there is a growing disparity between the price of coffee and wages as price increases.

This hypothesis is important in understanding why price is not a good proxy for income. When coffee prices go up, slowly rising incomes mean that rebel groups have a larger pool of money to tax, which would allow rebels to pay wages in the criminal sector higher than wages in the coffee sector. Because there are so many other employees along the coffee supply chain (especially executives and more skilled workers), I do not expect farmer wages to rise proportionally to price. Other costs like equipment and trucks are fixed costs, and should have a relatively small change in lost income as price increases.

H_2 : As the price of coffee increases while income stays constant, the likelihood of civil war onset will increase.

Controlling for income will demonstrate that coffee price increases do give rebel groups more funding, which ultimately leads to lower opportunity costs for joining the rebel organization. The rebel groups do not own or seize the farms, but are extorting money from landowners or businesses. They may also be providing their own transportation of the coffee or looting the beans themselves. Separating income from coffee prices allows for a more accurate look at how coffee impacts rebel organizations.

14 Ian Bannon and Paul Collier, *Natural resources and violent conflict: Options and Actions*, (Washington, D.C.: The World Bank, 2003).

H_3 : The effects of increased coffee prices on civil war onset will be most robust for Arabica beans.

Arabica coffee beans are more valuable, less labor intensive, and grown at higher altitudes, which makes them easier targets than Robustas. Robusta beans are grown because of their resilience to disease, but they are grown in flat elevations, require far more labor due to their fickle and short ripening period, and have lower prices than Arabicas.¹⁵ I would expect rebel organizations to target Arabicas over Robustas.

Civil war onset data is a dichotomous variable that records if a country entered into an intra-state conflict that had more than 1,000 battle-related deaths in one year.¹⁶ Onset only measures whether or not a war started in a given year and not duration. The data recorded 27 civil wars between 1980–2010. Most years have either zero or one civil war. The maximum number of new civil wars in a given year, three, has only been recorded twice. This provides compelling evidence against civil wars drastically reducing global coffee supply.

Data on coffee prices records the annual international price in coffee from 1980 until the present.¹⁷ Using annual data as opposed to monthly data allows for a time difference between a change in coffee prices and the money rebel groups receive. Wage data is also available, which records the money farmers receive across each country for every kilogram of beans produced.¹⁸

Since the goal of this paper is to test the effect of the price of coffee on civil war onset at varying income levels, I will look at not just the share of income compared to the price of coffee. By dividing the income from farmers by the price of coffee, I can examine the percentage of money going to farmers. High income equality means that farmers are receiving most of the money from the sale of coffee, while low equality indicates that farmers receive almost nothing from the sale of coffee.

There is a very low likelihood that the dependent variable will influence the independent variable. Coffee prices are controlled almost entirely by international demand and production changes in Brazil, the largest producer of coffee for the past 150 years. Brazil produces roughly nine times more Arabica beans than Colombia, the second largest producer of Arabica beans, and roughly 60 percent of all Arabica beans grown worldwide. Furthermore, because most years have either zero or only one new civil war, it is unlikely that civil war could cause supply to diminish so low that the existing demand is able to raise the price of coffee. This makes

15 “Coffee Statistics,” International Coffee Organization, 2013.

“Monthly Trade Statistics,” International Coffee Organization, 2013.

16 “UCDP/PRIO Armed Conflict Dataset v.4-2013, 1946 – 2012,” UCDP Datasets, Uppsala Universitet Department of Peace and Conflict Research, 2013.

17 “GEM Commodities Data,” World Bank Group, 2013.

18 “Coffee Statistics,” International Coffee Organization, 2013. “Trade Statistics,” International Coffee Organization, 2013.

almost all other countries price takers, lacking the ability to influence global prices.

Civil war cannot over-value or under-value international coffee prices because it has a very marginal effect on the supply of traded coffee coming from Brazil. This also helps reduce environmental factors as an omitted variable that is biasing both coffee prices and civil war. Rainfall or other economic conditions promoting production of coffee cannot affect the price of coffee, unless that change is happening to both Brazil and most other countries at the same time. Since the countries are geographically separated, it appears as though coffee prices are largely set by demand and Brazil's supply.

Dependence on coffee can, however, signal a weaker state and an inability to defend against civil war. As Collier and Hoeffler show, dependence on resources usually leads to weaker state control. While this is very probable, it does not hinder the argument. Rebel groups are able to exist in countries where the government has far less control, but they're best able to mobilize resources and build up an army when their endowments are high. Export data will be used to control for export levels.¹⁹

ARGUMENT AND DATA

Most countries produce only one type of bean, either the Arabica or the Robusta, as coded by the International Coffee Organization (ICO). However, some countries, like Brazil, produce both beans. The ICO codes for four levels of bean production: all Arabica, mostly Arabica, mostly Robusta, and all Robusta. For countries that produce a mixture of beans, their income and price data have been coded with whichever bean is their main crop.

Table I, shown below provides the descriptive statistics for all variables looked at in this paper Arabica beans are priced at \$3.47 per kilogram, while Robusta beans are priced much lower, at \$2.46 per kilogram. Coffee Price, the aggregation of the price of each bean depending on whether a country produces mostly Arabica or Robusta, has an average of \$3.05 per kilogram. Farmers receive an average of \$0.274 per pound of kilogram produced. Income Equality, which measures the share of income farmers receive off each kilogram of coffee sold, is 11.6 percent. This means that farmers receive 11.6 percent of the price of coffee in wages. The change in coffee prices is slightly less than the change in income. Overall, the average change in the price of coffee falls 5.4 percentage points, while income falls 4.5 percentage points.

19 Ibid.

Table I:
Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Onset	1093	0.025	0.155	0	1
Arabica Price	1093	3.473	1.251	1.683	6.205
Robusta Price	1093	2.360	1.237	0.793	4.996
Coffee Price	1093	3.046	1.359	0.793	6.205
Income	393	0.274	0.141	0.020	0.835
Income Equality	393	0.116	0.041	0.008	0.318
GDP Per Capita Growth Rate	1010	0.019	0.201	-3.136	0.534
Coffee Price Growth Rate	1058	-0.054	0.272	-0.878	0.572
Income Growth Rate	366	-0.045	0.384	-2.784	0.910

While there are over 1,000 observations for most of the data, the data on income is limited to slightly less than 400 observations. Income data is reported from a third-party group and not reported from major international organizations like the World Bank. There may be an inherent reporting bias in income: perhaps the group only reported on countries that were easier to find data on. These countries may be less likely to enter a civil war and more likely to have higher wages. Still, the wage levels are quite low, and the number of observations should yield a wide enough variation in income to successfully estimate the effects of price and income on civil war onset.

Table II:
OLS Regression of Changes in Coffee Price on Changes in Farmer's Income

	1	2	3
	All Beans	Arabicas	Robustas
Change in Coffee Price	0.769*** (-11.81)	0.829*** (-14.05)	0.674*** (-4.76)
Constant	-0.0207 (-1.21)	0.00131 (-0.09)	-0.0653 (-1.55)
N	366	241	125
T statistics in parenthesis	* p<.1	** p<.05	*** p<.01

Units are reported in percentages. Regression of changes in the annual price of coffee, controlled for bean type in panels 2 and 3.

Table II shows a regression between the change in coffee price on the change in income. The regression is used to predict what occurs to the dependent variable, in this case change in farmers' income, when the independent variable, change in the price of coffee, varies. A one percent increase in coffee prices is associated with a 0.769 percent increase in wages across all beans, a 0.829 percent increase for Arabica bean farmers, and a 0.674 percent increase for Robusta farmers. The second variable, the constant, is simply the y-intercept.

The stars in the table indicate statistical significance. The legend for stars is listed in the last row of the table, with p representing the probability that the results are significantly distant from zero. The more stars, the more confidence can be given to the results. No stars indicate that there is too low of a confidence to be able to ascertain any relationship between the variables.

This data is highly significant, meaning that it can be said with certainty that changes in coffee price lead to the observed changes in income. Finally, N is the number of observations. Ideally, price and wages would rise proportionally to each other. A one percent increase in price should lead to a one percent increase in wages. However, this is not the case.

Because coffee prices rise faster than income, the first hypothesis appears to be correct. A larger disparity between wages and coffee prices means that rebel groups able to tax, obstruct, and extort enough money from coffee can offer higher wages in the criminal sector, leading to a higher likelihood of onset. These findings, however, may appear to complicate the Robusta vs. Arabica hypothesis. If Robusta prices rise far faster than farmers' income, then rebel groups will have a larger pool of money to siphon off. They would then be able to provide higher wages to farmers. However, the relatively low price of Robustas should counteract this.

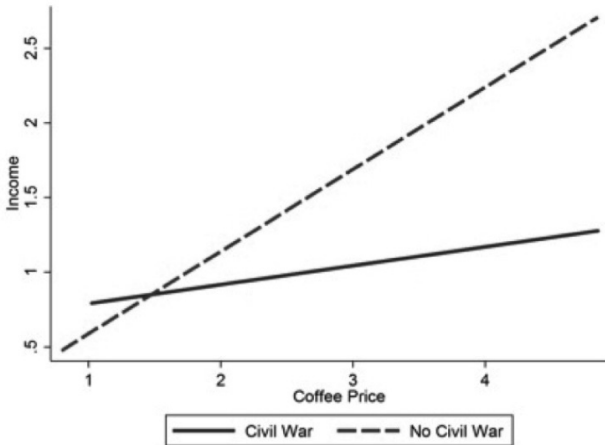
The second and third hypotheses will be tested across several indicators of income and opportunity costs. Farmers' wages, income equality, and GDP measures will all be used to see if, when controlling for measures of income, increased prices in coffee will lead to higher likelihoods of civil war onset.

Figure I looks at how price, income, and civil war onset are all related. The solid line indicates the effect of change in coffee price on farmers' income in countries that did not have a civil war begin in a given year. The dotted line indicates the effect of change in coffee price on farmers' income in countries that did have a civil war begin in a given year.

In countries with civil war onset, Figure I clearly displays that changes in price lead to almost no change in income. Countries that did not have a new civil war, however, see a much higher increase in income as price increases. This income inequality may very well be causing an increased likelihood of civil war.

Figure I:

Changes in the Price of Arabica Beans on Farmer Income by Civil War



Coffee Price and Farmer Income are both measured in \$/kg

I begin my analyses of the second and third hypotheses by running a regression of coffee price controlling for income. Controlling for the variation in income diminishes the potential for reverse causality; since variations in income are accounted for, there is little likelihood that civil war onset influences changes in the independent variable.

Table III:
Logit Regression of Changes in Coffee Price and Income on Onset

	1	2	3
	All Beans	Arabica	Robusta
Coffee Price	0.442 (1.05)	1.070** (2.16)	-1.466 (-1.22)
Farmer Income	-8.014** (-2.20)	-15.195*** (-2.89)	3.899 (-0.68)
constant	-2.600*** (-3.40)	-2.566** (-2.13)	-1.766 (-1.31)
N	393	258	135
T statistics in parenthesis	* p<.1	** p<.05	*** p<.01

Logit regression in the change of Coffee Price and Farmer's Income by \$1/Kg, controlled for bean type in panels 2 and 3.

Table III uses a logit regression to estimate the likelihood of civil war onset as the price of coffee increases, holding income constant. A positive value indicates a higher probability of the event happening, while a negative value indicates lower odds of the event happening.

When price increases as income remains constant, rebels have more money to siphon from while farmers' income remains unchanged. As Table III indicates, price increases in coffee appear to only have a significant impact on the probability of civil war onset if the country solely grows Arabica beans. Robusta bean regions and the aggregation of all regions show no significant effect of an increase in coffee bean prices and civil war onset, when controlling for farmers' income.

Another observation that can be made from this regression table is that farmers' income is also a measure of opportunity costs: when income is high, farmers are far less likely to join the rebel groups. In Arabica beans, an increase in farmer income leads to a drastically lower likelihood of civil war. However, in situations where income is not changing, increases in the price of Arabica beans does lead to a significant increase in the likelihood of civil war onset.

Table IV:
Logit Regression of Income Disparity Onset

	1	2	3
	All Beans	Arabica	Robusta
Income Equality	-6.835 (-.90)	-33.559*** (-2.68)	8.205 (1.11)
constant	-2.699*** (-3.15)	-.241 (-0.21)	-4.288*** (-3.84)
N	393	258	135
T statistics in parenthesis	* p<.1	** p<.05	*** p<.01

T statistics reported in parentheses. Logit regression in the change of Income Equality on onset, controlled for bean type in panels 2 and 3.

Table IV above uses the logit regression model to estimate the effect of increases in income equality for farmers on the probability of civil war onset, for both types of beans. When income equality grows, meaning that farmers are receiving a higher percentage of income relative to the price of coffee, civil war onset is far less likely for farmers that grow Arabica beans. This also means that when income equality is very low and farmers receive a miniscule share of income civil, war onset is very likely.

Figure II
Income Equality and Probability of Onset for Arabica Beans

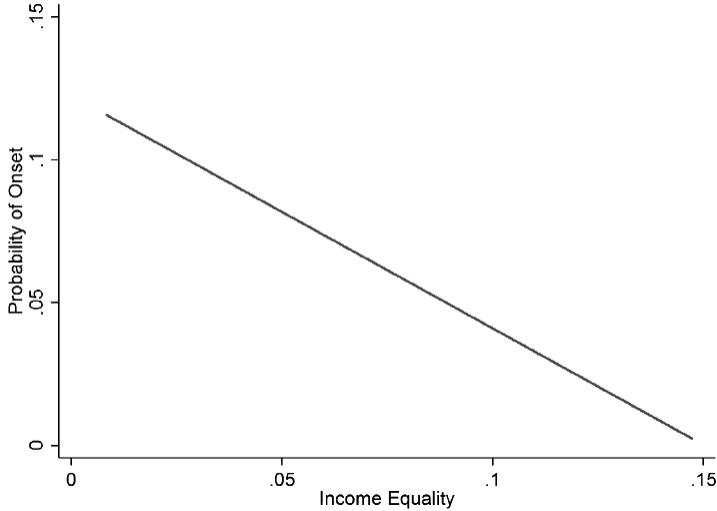


Figure II graphically displays the results from Table IV. Income Equality is on the x-axis and the predicted probability of onset is on the y-axis. The probability ranges from 0 (no likelihood of onset) to 1 (guaranteed onset). The graph demonstrates that when income equality is at its lowest, meaning that farmers receive a very small share of income, the predicted probability of civil war onset is around 12 percent. As income equality increases and farmers receive a higher share of wages relative to the price of coffee, the probability of civil war onset goes down to zero. This means that small shares of income received by farmers significantly increase the likelihood of civil war.

Table V below uses the same regression as Table III, adding a control for exports. It is possible that the coffee price only affects the likelihood of civil war onset in countries that export large quantities of coffee. Controlling for exports allows me to examine the effects of increases to the price of coffee (while still keeping farmer income constant) across countries with the same level of exports. Controlling for exports and farmers' income rather than just income also reduces the effect of controlling for variation in coffee prices accidentally. Larger exports would require harder work and longer hours, which should equate to higher wages to compensate for harder work. Table V also introduces controls for whether or not the country is in Africa to see if any effects are observed just within Africa.

Table V:
Logit Regression of Coffee Price, Income, and Exports on Onset

	1	2	3	4	5
	All Beans	Arabicas	Robustas	Arabicas Africa	Robustas Africa
Logit Onset					
Coffee Price	0.365 (-0.9)	0.911** (-1.73)	-1.121 (-1.01)	1.134*** (-1.99)	-0.299 (-0.24)
Farmer Income	-1.3* (-1.77)	-2.783*** (-2.46)	0.287 (-0.24)	-3.849*** (-2.50)	0.504 (-0.34)
Exports	0 (-1.29)	0 (-0.67)	0 (-1.06)	0 (-0.79)	0 (-0.18)
_cons	-2.376*** (-3.11)	-2.21* (-1.69)	-1.003 (-0.73)	-1.454 (-1.05)	-3.434 (-1.67)
N	393	258	135	114	75
T statistics in parenthesis					
* p<.1	** p<.05	*** p<.01			

Coffee Price and Income is reported in \$/Kg. Exports reported in thousands of bags (60Kg per bag). Panels 2 and 3 control for bean type, while 4 and 5 look only at countries in Africa.

Coffee price increases, when controlling for exports and farmer income, have a significant impact on civil war onset in countries that grow Arabica beans, both in Africa and across all regions. Robusta price increases have no effect on civil war onset. In addition, exports have zero effect on civil war onset. This implies that, even when restricting the analysis to only countries with the same export levels, price increases in Arabica beans, holding income constant, are still significantly correlated with an increase in the probability of civil war onset.

Finally, Table VI below introduces the GDP per capita growth rate. The previous literature indicated that civil war onset is more likely when the income of the population is low. It is possible then that the overall state of the economy is dictating the lack of income farmers receive. By controlling for GDP per capita growth, I can see how changes in income equality affect civil war onset across countries with the same growth rate. This diminishes the possibility for GDP per capita growth to be confounding the results.

Table VI:
Logit Regression of Coffee Disparity and GDPPC Growth on Onset

	1	2	3
	All Beans	Arabicas	Robustas
Income Equality	-5.914 (-0.76)	-30.483** (-2.34)	7.844 (0.97)
GDP Per Capita Growth	-3.914*** (-3.63)	-3.601** (-2.73)	-4.183** (-2.21)
Constant	-2.999*** (-3.38)	-0.644 (-4.37)	-4.472*** (-3.72)
N	384	257	129
T statistics in parenthesis	* p<.1	** p<.05	*** p<.01

Coffee Disparity is reported in \$/Kg, GDPPC Growth is reported in percentage. Panels 2 and 3 control for bean type.

Table VI above shows that when controlling for a country's per capita GDP growth rate, income quality has a very significant impact on civil war onset on countries that grow Arabica beans. This implies that income inequality is still highly correlated to civil war and is not being driven by countries' overall economic growth. Furthermore, GDP per capita growth is significant across all bean types, which furthers the notion of opportunity costs: when wages are low, the likelihood of civil war increases.

CONCLUSION AND DISCUSSION

The framing of civil war onset as an economic model of opportunity costs provides interesting insight on how onset can occur. If individuals see a higher return on investment from joining a rebel group than from working in the productive sector, then the individual will participate. High participation rates and large economic endowments are key for rebel groups to cross the barrier of 1,000 battle deaths in a year.

This article's research shows that percent changes in coffee prices are not correlated with an equal percent change in wages. Because there is a disparity between price growth and income growth, there is a larger pool of money for rebels to extract from. Furthermore, greater income equality leads to lower opportunity costs for joining the war. Figure 1 perfectly illustrates the relationship between price, income, and civil war: countries that entered into a civil war see far less income growth when the price of coffee grows.

Using regression analysis, I can control for variation in farmer income, something that may

be caused by civil war onset, to determine if price increases in coffee affect civil war onset. I find strong proof to argue that price increases in Arabica beans lead to significantly higher probabilities of civil war onset.

The other regressions in the paper tackle the same issue from different angles in order to strengthen the initial finding that price affects civil war onset. Using income equality, the share of a farmer's income on the price of coffee, I demonstrate a very strong relationship between high income inequality and high probabilities of civil war onset. When income equality grows just above its mean value, there is virtually no chance of civil war onset.

Using data on exports and GDP per capita growth, I further tighten the relationship between price and onset. Controlling for exports reduces potentially harmful variation in farmer income, which could lead to insignificant results. Controlling for per capita GDP growth further reduces the risk of reverse causality. If civil war weakens the economy, comparing price increases across similar growth rates means that any variation in the probability of civil war onset can be equated more with the observed increases in price.

Overall, the strong results observed confirm all three hypotheses. Growths in coffee prices do not yield proportional growths in income, as previous literature has suggested. This income gap between wages and prices drives the greater probability of civil war onset as the price of Arabica beans increase.

The results would seem to indicate that not much can be done to remedy the coffee price shock phenomenon. Because countries cannot really impact the price of coffee, the research may suggest that coffee farms are sitting ducks for rebel groups: when the price is high, the rebel groups strike, and a civil war may loom on the horizon. However, the international community has taken some preventative measures, although perhaps unintentionally, that may weaken a country's susceptibility to civil war as coffee prices increase.

The Fair Trade movement, which reduces corporate middlemen and promotes small farmers and increased wages, should narrow the income gap and prevent rebel groups from preying on coffee farms. Increased wages would also raise opportunity costs for joining the rebel group, which in turn should further reduce the probability of civil war onset. This movement has been adopted by many coffee roasters and buyers, like Green Mountain Coffee Roasters, the owners of Keurig.

When asked about the potential benefits of Fair Trade, Timothy Young, a founding member of the Domestic Fair Trade Association, said that,

“Today, by joining together in a Fair Trade cooperative, many [coffee] farmers have significantly increased their incomes, have access to health clinics and are sending their kids to school instead of the fields, be they

farm fields of battlefields. I came away convinced that the Fair Trade model is a good one for internationally traded commodities.”²⁰

With Fair Trade blossoming and specialty coffee shops becoming increasingly popular, there may come a day when farmers are not earning 5-10 percent of the price of coffee, but closer to 40 or 50 percent. Until then, however, the gap in wages will only continue to fuel civil war operations and startup costs for rebel groups.

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The Multinational in Brazil: Impacts on Brazilian Democratization

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ABSTRACT

This piece intends to establish the historical background of multinational corporations in Brazil since they first emerged in the 1950s. This study traces the historical presence of the multinational in Brazil during the 1970s and '80s in an effort to demonstrate how the economy, buckling under exogenous pressures, shifted towards primary product exports and technology imports. This period left the economy more vulnerable to multinational demands during the 1990s and early 2000s as it was forced to rely on foreign direct investment to fund much of its research and development. The process of democratization reopened the country to much-needed international financial support from MNCs, but ultimately undermined the state's ability to effectively regulate their actions, leaving the promise of becoming a 'developed nation' just out of reach. Privatization following periods of economic uncertainty in the late 1980s resulted in capital gains and growth, while costing the Brazilian government political control. This piece begins with a brief introduction, which is followed by historical background of the key eras: 1970s, 80s, and early democratization, and ends with a discussion that seeks to set the stage for contemplation of the current role of the multinational in Brazilian politics and economics as a study for other emerging powers.

“The tug-of-war between public and private power is far from settled. Indeed, it is just one symptom of far deeper shifts in global order that is still in the early phases of unfolding. With this complexity comes the need to re-assess, even supersede, some of the bedrock concepts of modern international relations, particularly the primacy of state sovereignty and territoriality. Instead, we need to appreciate how non-state actors are building global authority on the basis of wealth and resources, how loyalty can be horizontal to communities beyond vertical states, and how a wide range of players operate with increasing autonomy to pursue the own interests. Governance, both local and global, are open to all, and governments have to prove

their utility to matter.”¹

INTRODUCTION

Since multinational corporations (MNCs) became prevalent on the Brazilian economic scene in the 1950s, their role has slowly changed from a perceived threat to a necessity - whether threatening or not depends on whom you ask. During the 1970s and '80s, when much of the relevant literature on the subject was published, MNCs were thought to be crowding out domestic entrepreneurs.² Beginning as early as the 1970s, Brazil passed legislation to nationalize industries and enact strict regulations on the functioning of multinationals, making it increasingly difficult for companies to expand into Brazil. However, instead of pushing out multinational corporations, these rules have merely changed the way in which multinationals interact with the domestic market. Forming joint partnerships with domestic companies has become the main method of navigating the nearly insurmountable barriers to entry.³

As much of the existent literature states, while Brazil has the means and resources to modernize its industries, it still lacks the human capital to carry out such activities without the support of outsiders and this necessitates the partnerships between local and multinational corporations.⁴ However, contemporary interest in the empirical connection between MNCs and Brazilian domestic economic policy seems to be waning. What type of bargaining power do MNCs have today, and how is it different from the influence they exerted in the past? In order to address this contemporary question, this article discusses the historical roots of this debate, contextualizing the situation based on information about the relationship between multinationals and the Brazilian government at the end of the “Milagre Econômico Brasileiro” in 1974.

The modern version of foreign direct investment into Brazil in the form of transnational corporations, development aid, and infrastructure development began in earnest under the dictatorship of Médici in the late 1960s. During the so-called “Milagre Econômico” that lasted in Brazil from 1969-73, the economy boomed and foreign investment flowed into the country due to the political stability propagated by military rule. Countries vied for spots in the Brazilian market. The United States, for example, increased its foreign investment into Brazil from “\$400 million just after World War II to \$9 billion by 1976. In the sixties, German and Japanese investment grew even more rapidly.”⁵ When choosing investment opportunities

1 Parag Khanna and Ahmed el Hady, “Who’s to Blame for See-Through Yoga Pants and Horse-Meatballs? The Independent Republic of the Supply Chain,” *Quartz*, March 19, 2013, <http://qz.com/64560/whos-to-blame-for-see-through-yoga-pants-and-horse-meatballs-the-independent-republic-of-the-supply-chain/>.

2 Special Secretariat of Informatics of Brazil, *Transborder Data Flows and Brazil* (New York: United Nations, 1983), 1.

3 Joseph Leahy, “The High Price of Booming Brazil,” *Financial Times*, February 20, 2012, <http://www.ft.com/intl/cms/s/0/89e9e40c-5991-11e1-abf1-00144feabdc0.html>.

4 Andréa Novais, “The Brazilian Agribusiness,” *Brazil Business*, July 6, 2011, <http://thebrazilbusiness.com/article/the-brazilian-agribusiness>.

5 Peter Evans, *Dependent Development* (Princeton: Princeton University Press, 1979), 25.

in Brazil, foreign corporations inevitably chose industries and sectors with political power, such as petrochemicals, pharmaceuticals, and agriculture. These industries also require large investments of capital, research and development, and human resources in order to thrive. Brazil, realizing the need for these products, promoted a trade policy whereby “government policy explicitly favored foreign investors who would agree to import industrial equipment for the production of those goods given high priority by the government.”⁶ By the time of the World Oil Crisis in 1973, foreign firms controlled much of these major value-generating Brazilian export industries.⁷ Domestic industry began to partner with the state to receive aid and loans, which allowed local companies to compete economically with foreign competitors. While this plan may have stimulated the domestic economy, it inextricably linked the state to the industrial sector, forging relationships that would become politically significant in the future.

At the time of the world oil crisis, Brazil imported 80% of its oil.⁸ Brazil’s dependence on foreign oil, coupled with its overvalued currency which was due in part to the government’s involvement in industry, caused the country to spiral into a recession that left it economically weaker than before. As Cláudio Vicentino asserts, “The dependence in relation to foreign capital was incredibly prevalent and the foreign debt grew in alarming proportions.”⁹ Brazil realized its market vulnerability was due to its lack of domestic industry and reliance on foreign products for subsistence. The period of re-democratization in the aftermath of the Oil Crisis under General Ernesto Geisel promoted nationalization across many economic sectors and spurred on the regulation of multinational corporations. Brazil enacted some of its strictest laws during this period, considering “most technology payments as profit distribution and subject to the 40-60 percent supplementary tax on remittances exceeding 12 percent of registered capital. In addition, Brazil [did] not allow patents on pharmaceuticals, medical or food products or processes, or on chemical products.”¹⁰ This made it extremely difficult for multinational corporations to bypass the tax code to send profits back to the home country. Even with these strict regulations on technology and patents, Brazil still maintained fairly lax guidelines for repatriation privileges and foreign exchange access, allowing multinationals room to expand their practices.¹¹

It is these vacillating policies—shifting between regulating multinationals and creating space for their growth—which left Brazil without clear policy precedent when drafting the

6 Richard S. Newfarmer and Willard F. Mueller, *Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Noneconomic Power* (Washington, D.C.: U. S. Government Printing Office, 1975), 97.

7 Special Secretariat of Brazil, *Transborder Data Flows and Brazil* (New York: United Nations, 1983).

8 Nancy Potter, “How Brazil Achieved Energy Independence and the Lessons the United States Should Learn from Brazil’s Experience,” *Washington University Global Studies Law Review* 7 (2008): 331.

9 Cláudio Vicentino, “A Abertura,” *História para Ensino Médio*, (São Paulo: Scipione, 2001): 603. All translations are the author’s own.

10 Newfarmer, *Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Noneconomic Power*, 18.

11 *Ibid.*, 101.

Constitution of 1988.^{12,13} This study traces the historical presence of the multinational in Brazil during the 1970s and '80s in an effort to demonstrate how the economy, buckling under exogenous pressures, shifted towards primary product exports and technology imports, leaving Brazil more vulnerable to multinational demands during the 1990s and early 2000s as it was forced to rely on foreign direct investment to fund much of its research and development. The process of democratization reopened the country to much-needed international financial support from MNCs, but it ultimately undermined the state's ability to effectively regulate their actions, keeping the prospect of becoming a 'developed nation' just out of reach. Privatization following periods of economic uncertainty in the late 1980s resulted in capital gains and growth while costing the Brazilian government political control.

While this case study focuses primarily on Brazil, it also elucidates trends that affect many newly democratizing nations, regardless of the state of their politics or economics prior to democratization. Major MNCs control much more than just their own purse strings and profits—oftentimes, their fate is inextricably linked with the success of their host country.

THE 1970s IN BRAZIL: ECONOMIC HARDSHIPS AND CHANGING BEHAVIOR TOWARDS MNCs

The 1970s saw a flurry of academic and intellectual conversations surrounding MNCs, their behavior, and how to best curb their sometimes-deleterious actions in host countries. In order to understand this debate, it is crucial to understand the body of literature that informed the home states and the intellectual elite in the host states of the global presence of these companies. Fabio Giambiagi writes, "By 1972 fully 57 of the 100 largest economic entities were MNCs. This comparison includes only industrial corporations; had banks and other nonmanufacturers been included, another dozen or more MNCs would have joined the list of the world's top economic entities."¹⁴ Brazil, as one of the largest growing economies in the world at the time and the principal economy in Latin America, received plenty of attention. Foreigners conducted much of the research on the effects of multinationals in Brazil either as consultants for the MNC's home country government, the MNCs themselves, or other international organizations. The United Nations offered support to Brazil to conduct its own research, prompting the publication of a few texts in the early 1980s. During the 1970s, the social, economic, political, and environmental effects of multinationals were highly contested and explored using many different methodologies, but most often this occurred from the perspective of the outsider.

Originally, much of the research on the subject was conducted using a case study design, focusing on specific multinational corporations and their effects in specific industries. Blake, writing in 1976, chose to study two US paper and pulp companies that were active in rural

12 Fabio Giambiagi, *Brasil: Raízes do Atraso: Paternalismo Versus Productividade* (Rio de Janeiro: Elsevier, 2007). See also Gilpin and Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton: Princeton University Press, 2000).

13 Robert Gilpin and Jean Louise Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton: Princeton University Press, 2000).

14 Ibid., 6.

communities in Brazil. The design of Blake's *Social and Economic Impacts of Transnational Corporations* is a mix of qualitative and quantitative work, bringing together interviews with government documents and data analysis. He chooses to study both a subsidiary of a US-based multinational and a Brazilian company that provides the same services in the same region. Olinkraft Ltda., the subsidiary of the US-based Olinkraft, reported that at the time in 1974, "Of the total investment, 94% has been directly contributed by the parent company and the Brazilian subsidiary with only 6% of the investment from noncompany sources."¹⁵ While its operations were supported almost entirely by foreign capital, Blake and Driscoll do point out how Olinkraft was giving back to the local community by supporting training programs for local workers, engaging in technology transfers, and consciously protecting the environment and community from its practices. In comparison, Rigesa Celulose, Papel, e Embalagens Ltda. had domestic investors. Through the authors' interviews and statistical data, the company is shown to have had a "positive impact" on the communities in which it works. In the conclusion of the joint findings of these case studies, the authors note:

"It may well be that political pressures and governmental officials located in distant capitals may make policy that is contradictory to that which might be advocated by those who are more immediately and directly affected by the operations of the company. Whether policy decisions, theoretically speaking, are more or less beneficial for the nation as a whole varies from case to case, but the evidence presented here suggests an attitudinal tendency different from those close to the firm."¹⁶

While pulp and paper is not a major industrial sector, its quick proliferation in the late 1950s to 1970s mirrors much of the shifting trends in agricultural production in Brazil. In fact, it was during this period in the 1970s that Brazil shifted towards an export economy driven by soybeans, cotton, and ethanol over the historical coffee crop due to increased government funding for Embrapa, the Brazilian Agricultural Research Corporation.¹⁷ As evidenced by the pace of growth of corporations like Olinkraft Ltd., foreign direct investment into what host countries deemed "critical sectors" influenced the decisions made by policymakers concerning certain industrial tax schema. Furthermore, this body of work highlights a critical difference in perceptions of MNCs at the local, state, and national level. How were local workers in other industries affected by the government's changing legislation on multinational corporations?

The government took a favorable approach to legislation in the pulp and paper industry as compared to the automotive industry in the 1960s to 1970s. The automotive industry in Brazil during this same period was highly regulated, with the government favoring an import substitution model, leading to burgeoning domestic prices and a subsequent loss in export

15 David H. Blake and Robert E. Driscoll, "The Social and Economic Impacts of Transnational Corporations: Case Studies of the U.S. Paper Industry in Brazil," *Journal of International Business Studies* 10.1 (1979): 11.

16 Blake and Driscoll, *The Social and Economic Impacts of Transnational Corporations: Case Studies of the U.S. Paper Industry in Brazil*, 116.

17 Piauí Cremaq, "The Miracle of the Cerrado," *The Economist*, August 28 2010, <http://www.economist.com/node/16886442>.

potential due to the high costs associated with this autarkic behavior.¹⁸ Again, as presented in the Blake piece on the paper industry, the government's legal decisions about the economic trajectory of Brazil do not reflect the needs or reality of the industry to those companies working in it. Moore expresses this when he writes, "Three sets of interests—the government, assemblers, and suppliers—interact in the process of determining each country's policy toward regional integration of the automotive industry."¹⁹ Moore goes on to say:

"With the increased competitive pressure for investment in Brazil and the dominance of the sector by extrazonally controlled multinational companies, the assemblers are pushing for regional integration out of their desire to avoid facility duplication, but at the same time are prisoners of the competitive necessity for responding to government programs designed to develop the Brazilian industry without regard for regional integration."²⁰

As this author suggests, the Geisel administration in Brazil during this time supported legal measures to limit the spheres of influence of MNCs. This reflects one of the prominent discourses of the time: the lack of understanding or compromise between multinationals and the Brazilian government. Instead of a competition between national and foreign competitors within an industry, the system of nationalization started during the Geisel administration, which pitted multinationals against state-run companies: "...U.S. MNCs in Brazil, operating in concentrated markets denationalized through acquisition and rapid internal growth, are in a structural position to wield considerable economic and noneconomic power over the performance of the Brazilian economy."²¹ Not only did multinationals have economic power, but the perceived threat they posed to governments—even before the official switch to democracy—had now given the corporations political power as well.

A text compiled by Donald Paul Irish in 1976, in which authorities from the US and Brazil spoke, highlighted these changing perceptions regarding government behavior towards MNCs as catalyzed by the various economic and political changes occurring in Brazil and throughout the region during the early 1970s: "for the host countries, the MNCs have been a mixed blessing at best. Industrialization has not provided the increase in employment or reduced vulnerability to foreign influence as had been expected."²² Industrialization, various developed countries contended, should have led Brazil to further geopolitical integration while strengthening its economy domestically and abroad, but the government still feared losing control. This resulted in the maintenance of high tariffs and generally unfavorable barriers to entry for MNCs trying to expand their physical presence in the country. The investment of

18 Russell Martin Moore, *Multinational Corporations and the Regionalization of the Latin American Automotive Industry: A Case Study of Brazil* (New York: Arno Press, 1980), 4.

19 Ibid., 7.

20 Ibid., 18.

21 Newfarmer, *Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Noneconomic Power*, 144.

22 Donald Paul Irish, *Multinational Corporations in Latin America: Private Rights, Public Responsibilities: Edited Proceedings of Five Symposia, Associated Colleges of the Twin Cities February 18-March 17, 1976* (Athens: Ohio University Press, 1978).

foreign capital into established corporations was comparatively easier. The heavy reliance on foreign capital for the maintenance of inefficient domestic industries proved unsustainable during the early 1970s.

1980s IN BRAZIL: NOT A LOST DECADE, RATHER A DIFFICULT TRANSITION

Through the discussion of the texts noted above, one starts to see the competing actors within the socioeconomic system at the time and the varying bargaining capacities of each. Not only was the state trying to manage expectations at the local, state, and national levels in the private and public sector, but it also had to manage investor expectations from abroad, both regionally and internationally. The state's heavy involvement in the economic sphere made it a real stakeholder in the outcome of many of these business transactions. Instead of managing expectations from a more objective standpoint, its financial backing of many major national corporations heavily influenced its role in decision-making. Transnational corporations possessed greater resources, access to capital markets, and technology than domestic industries, and the lack of an institutional framework in place to deal with this new and quickly emergent threat led to "extensive and often indiscriminate use of the Governments or their public enterprises as hosts and partners of foreign companies; State corporations were, typically, the *ad hoc* instruments improvised to satisfy partial divestment regulations and joint venture policies."²³ Before fully understanding the forces at play, the actors involved, and the future outcomes of multinational involvement domestically, the Brazilian government acted to protect its domestic industry. However, the protectionist policies it created hurt the local and state actors, thereby weakening the legitimacy of the state's bargaining power in the eyes of the corporate elite and creating space in which MNCs were able to increase their negotiating power with the host government.²⁴

The growth of multinationals prompted regulation by the Brazilian government, which weakened domestic industry by closing it off to potential partnerships, capital, and technology transfers. Latin American governments sought to counteract this phenomenon by improving regional trade and integration. Yet, as the United Nations have explained:

"The LAFTA and CACM schemes were powerless to go beyond a commercial system of integration and to adopt measures for the treatment of international investment. Because of the strong pre-existing participation of subsidiaries of transnational corporation in the most dynamic sectors of the national economies, the mechanisms for intraregional trade and industrial specialization were dominated by the foreign subsidiaries located in the various countries."²⁵

23 "Measures Strengthening the Negotiating Capacity of Governments in Their Relations with Transnational Corporations," United Nations, accessed March 19, 2013. <http://unctc.unctad.org/data/e82iia6.pdf>

24 *Ibid.*, 3.

25 *Ibid.*, 38.

Seeing no alternative and realizing the inherent drawbacks of closing Brazil's borders to foreigners, Brazil sought to strengthen its domestic industry by promoting "foreign, state and domestic-private shares of ownership."²⁶ This model promoted the more equitable participation of multiple actors, creating a more stable bargaining environment.

The acknowledgement of the role of the state in creating an institutional environment that led to the increased power of multinationals in the political sphere during the 1970s was crucial in changing opinions about the role of multinationals in domestic matters. Instead of being seen as threats to domestic industrial stagnation, the role of the multinational began to resemble one that we might see today. For example, this comprehensive report published by the UNCTC in 1983 states,

"Through links with large foreign and international networks, the international data gateway will provide Brazil with electronic access to a wide range of information related to industrial technology, as well as to the economic data essential for governmental and corporate decision-making; this will, therefore, make an important contribution to the growth of the country's foreign trade and economy."²⁷

Within a few years, the government's official position on the role of multinationals practically reversed itself: "In 1980, transnational corporations controlled 99 percent of the motor-vehicle industry, 90 percent of the pharmaceutical industry, and 59 percent of the oil by-products industry."²⁸ This contributed largely to the surplus of petrodollars on the market at the time, allowing Brazil to expand through increased foreign direct investment but ultimately leading to the stark increase in its foreign debt, which ended in stagnation around the time these reports went to print. As Evans points out in his seminal work *Dependent Development*, "fascination with the power of the multinationals has tended to distract attention from the power of local capital to either maintain a degree of bargaining leverage while entering into alliances or discover niches in the economy where the multinationals are less likely to penetrate."²⁹ During the early 1980s stagflation, Evans' predictions proved true.

By interacting and relying on multinational corporations as almost equal actors in the Brazilian economic landscape, Brazil was forced to consider how the home countries of these corporations would shape the MNCs' perceptions of investment climates, policies, regulations, and so forth. As one historian put it, "the ability of a multinational to pressure its home government to take certain actions and follow specific foreign policies to influence host governments adds to the imbalance between southern governments and MNCs."³⁰ At this point, state-to-state interactions, relationships, and reputations mattered more than before—

26 Special Secretariat of Brazil, *Transborder Data Flows and Brazil*, 23.

27 *Ibid.*, 45.

28 *Ibid.*, 23.

29 Evans, *Dependent Development*, 41.

30 Joan E. Spero and Jeffrey A. Hart, *The Politics of International Economic Relations* (Boston: Wadsworth, 2010), 305.

they were no longer just an indicator for foreign policy or regional strength and security. Relationships between nations could determine the economic security between two countries.

SHIFT TOWARDS DEMOCRACY AND FURTHER PRIVATIZATION, LATE 1980S: “CLASSIC EXAMPLE OF FAILURE”³¹

Politically, Brazil was slowly returning to democracy during the late 1970s and early 1980s. This transition could be viewed as a product of international pressure from the state’s heavy reliance on foreign capital accumulation to fund its economy, the mounting protests driven by the growing political consciousness of the citizenry, and the diminishing threats of communism in the region. In addition, the administration’s inability to regulate the growing inflation problems of the late 1980s left the Brazilian government without much public support.³² The country’s debt crisis would lead to a wave of economic schema in the 1990s based on the Washington Consensus that was meant to stabilize the currency and limit inflation. However, denationalization and privatization across key industrial sectors, such as pharmaceuticals and petrochemicals, undermined the state’s ability to capture valuable revenue from these sectors that would bolster the economy during this crisis. As Dr. Leão of Universidade Estadual de Campinas states, during the Collor Presidency from 1988-90, “The State had reduced its capacity to plan, finance, monitor, [and] lend support to the competitiveness and distribution of income, ultimately leading to the deterioration of the economic and social infrastructure and that of the state-run enterprises...Furthermore, the foreign private companies decreased their levels of investment and did little technological training [of workers]”—all at a time when the government was privatizing and investing less in corporations in the name of neoliberalism.³³ Collor was subsequently impeached and Itamar Franco carried out the rest of the term, grappling with the aftermath of Collor’s rapid market opening and fledgling constitutional system, which lacked the economic policy strength to support the pressure of a nation that was newly privatizing, democratizing, and opening itself up to the global market.³⁴

The economic position of the multinationals during the 1970s and 80s would lead to issues that persist today, as the only companies that could survive in the difficult climate of Brazil were the largest multinationals. This led to a global quasi-monopolistic structure in which a few major actors control most industries. Additionally, the presence of these MNCs meant their political connections and importance were already cemented and intricately tied to the direction of Brazilian democracy and policy during the 1990s. For example, the partnership between Shell, a Dutch multinational, and Petrobras, Brazil’s national petrochemical company, has been often studied for the geopolitical ramifications it may have. The partnership these firms have today is a product of the 1970s version of the foreign-domestic partnerships

31 The World Bank, “Brazil: Prospects for Privatization,” *The World Bank* (1989): 1-139, <http://documents.worldbank.org/curated/en/1989/06/739299/brazil-prospects-privatization>.

32 Igor Zaroni Constant Carneiro Leão, “Crise Brasileira e Plano Real,” *Revista Parana de Desenvolvement* 89 (1996): 3-12, <http://www.ipardes.pr.gov.br/ojs/index.php/revistaparanaense/article/viewFile/324/278>.

33 *Ibid.*, 7.

34 *Ibid.*

outlined above, with the government controlling roughly 64% of the company's shares and Shell controlling a large portion of the remaining 36%.³⁵ It was after the 1973 oil crisis, in fact, that Petrobras began to expand its relationship with private industries, shifting slightly from the rigid, state-controlled autarkic structure it boasted of since its 1956 inception through a bidding process whereby foreign investors could engage in carefully controlled relationships with the state-owned enterprise.³⁶ From the late 1990s until now, Petrobras has continued to expand its relationship with foreign investors, having international involvement in all but one of its 21 exploration zones at the time of its discovery of major oil fields in the early 2000s. One of the concessions for foreign firms' involvement with Petrobras in these searches was that "the incoming party [had] to pay all of the costs of at least the initial exploration stage thus solving Petrobras' funding problem,"³⁷ and this relationship continues.

The relationship between Petrobras and multinationals is also reminiscent of leading agricultural corporate giants, such as the United States-based Cargill. It also has a long history of involvement in Brazil and has invested heavily into the country. In fact, the United States was heavily involved with the agricultural changes in Brazil in the 1970s. In his article in *The Economist*, Piauí Cremaq shed light on this relationship: "We went to the US and brought back the whole package [of cutting-edge agriculture in the 1970s]. That didn't work and it took us 30 years to create our own."³⁸ While the agricultural producers may have managed to create a demand for their products and their technological expertise with few government subsidies since the 1970s, other major industries that require advanced research and development, such as more service-oriented sectors, have not managed to create or implement systems as successfully. This evidence suggests that many of the political, economic, and social factors present during the initial phases of regulation in the 1970s still exist.

LESSONS LEARNED AND CONNECTIONS TO THE FUTURE

This study outlined the historical presence of multinationals in Brazil, emphasizing the impact they had on policies that still shape today's investor climate and explain the close relationship between politics and economics in the country, even after privatization. During this period from the early 1960s to the 1980s, major multinationals created a space for themselves in some of the most important sectors of the Brazilian economy. While the private sphere grew, the government increased regulations and its own control over the economy in order to ensure, as it said, that the domestic market could persist. Yet, upon the official adoption of

35 "Petroleo Brasileiro Petrobras," *Reuters*, accessed 11 April 2013, <http://www.reuters.com/finance/stocks/overview?symbol=PBR>.

36 Lauro P. Vieira, "Brazilian Bid Evaluation: Need More sales, More Domestic Firms, Withhold Restrictions," *Offshore*, 59.10 (1999), <http://www.offshore-mag.com/articles/print/volume-59/issue-10/news/exploration/brazilian-bid-evaluation-need-more-sales-more-domestic-firms-withhold-restrictions.html>.

37 George Hawrylyshyn, "Petrobras Provides the Opportunity, but Partners Help with Funding, Manpower" *Offshore*, 59.10 (1999), <http://www.offshore-mag.com/articles/print/volume-59/issue-10/news/exploration/petrobras-provides-the-opportunity-but-partners-help-with-funding-manpower.html>.

38 Piauí Cremaq, "The Miracle of the Cerrado," *The Economist*, August 28 2010, <http://www.economist.com/node/16886442>.

democracy as the political structure in 1988, Brazilian behaviors once again shifted drastically: privatization of major state-owned enterprises (SOEs) dramatically changed the country's economic climate. Due to the shift towards resource exports and technology imports driven by MNC growth and market participation in the 70s and 80s, opening the country up to the global economy while privatizing industry led to further growth retardation - in many cases, MNCs with the capital and resources bought former state-owned enterprises, spent less time training Brazilians, and took over industries where the government's infrastructure and regulatory measures were weak.³⁹

Brazil struggled, and continues to struggle, to break through as a developed country due, in large part, to the volatility of its economy and its heavy reliance on primary product exports. This can be traced back to the economic conditions that forced the government to adopt varied and sometimes contradictory policies from president to president, often relying on foreign capital for growth, inherently tying multinationals to the country's economic success. These powerful corporations were present in state politics during a time when many industries were still state run. This relationship inextricably linked the corporations to the democratic system that emerged in 1988. Before the country could establish itself as a democracy, big business in the form of MNCs was already there, putting political pressure on the government. This situation is not unique, as Gilpin and Gilpin argue in their book,

“Most investment is in capital-intensive and technology-intensive sectors. These firms have become central in the expansion of technology flows to both industrialized and industrializing economies. As a consequence, multinational firms have become extremely important in determining the economic, political, and social welfare of many nations. Controlling much of the world's investment capital, technology, and access to global markets, such firms have become major players not only in international economic, but in political affairs as well, and this has triggered a backlash in many countries.”⁴⁰

This new international paradigm is a direct result of the historical events that changed the relationship between politics and the market from the 1970s through the early 2000s. Brazil is a model for other emerging powers whose recent growth during the 1990s and early 2000s has spurred similar foreign investment: the relationship between the state, market, and citizen is changing due to growing consumer demand for goods and services, both domestically and internationally.

The role of MNCs in politics is greater in newly democratizing states than it is in established nations. This relationship needs to be explored more vigorously by authors when comparing

39 Armando Castelar Pinheiro, “The Brazilian Privatization Experience: What's Next?” *Textos para Discussão* 87 (2000): 10-12. http://www.bndes.gov.br/SiteBNDDES/export/sites/default/bndes_en/Galerias/Download/studies/td87i.pdf.

40 Gilpin and Gilpin, *The Challenges of Global Capitalism*.

Latin American and East Asian growth, debating the merits and pitfalls of IMF loan conditionality, as well as conditional agreements set by other investors. As for Brazil, if its history is any indication, it has the ambition to succeed globally: as a competitor touting its own major MNCs and as a balancer of foreign interests with Brazilian domestic concerns on its home turf.

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Defining Democracy in Algeria: The Continuity and Change of Post-Colonial Political Representation

BY LEILANI DOKTOR
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ABSTRACT

Algeria's democratic moment of 1988 and subsequent spiral into a brutal civil war illustrate the main dilemma for the North African authoritarian regime's attempts to transition to democracy. The continuing inability of political leaders to escape the western definition of a state and modernity as defined by the previous colonial powers has limited the prospects for an inclusive democratic society in the region. This predicament highlights the persistent exclusionary effect of imperial social constructs detailed by Patricia Lorcin and Todd Shepard. The Algerian regime's failure to recognize the historically subverted demos of the state preceding the election of 1991 created the ethos for the political instability that would later spiral into an exclusionary state. The Algerian State party's exclusion of its devoutly Islamic population led to the guerilla violence that would characterize the ensuing civil war, bringing into question the processes of state formation in post-colonial North Africa.

INTRODUCTION

The sounds of breaking glass, gunshots and rioting people fill the night as thousands take to the streets, fuelled by years of anger and frustration against a government viewed as unresponsive to their populist aspirations. The price of foodstuffs has increased sharply as the national economy has declined.¹ Angry mobs ransack state-owned supermarkets, political offices—any and all major symbols of the state. The initial police response is unable to halt the riots and stem the unrest that sweeps the country's major cities. The frustrated youth, pushed together

1 John Entelis, "Algeria: Democracy Denied, and Revived?" *The Journal of North African Studies* 16.4 (2011): 653.

in the growing urban slums, join organized student protests against the corrupt governing elite, bolstering the already growing numbers of public protests. In desperation to stem the protests, national army soldiers resort to shooting at the demonstrators, killing hundreds of unarmed protestors in the process.² But the demonstrations and riots would not be suppressed until the people achieve their popular demands. The authority of the one-party state is shaken, forcing the authoritarian regime to reevaluate the foundations of its political legitimacy.

While this story may seem familiar today, this revolution happened almost two decades before the famous Arab Spring. Described above is Algeria in October 1988, not the Egypt, Libya, Tunisia or Syria of 2011. The ‘food riots’ in Algeria in October 1988, in what would become known as Black October, ushered in an era of democratization, with the country transitioning from an authoritarian regime to an elected multiparty government, and marked the first successful popular uprising in the history of post-colonial North Africa. In less than a year, an amended constitution was promulgated that introduced a multiparty democratic system of rule that saw up to 60 different political parties register for participation in upcoming competitive elections. Evoking the image of the iconic ‘bread riots’ in France preceding the French Revolution, these riots brought forth a new political system, reminding the world of the imperial link between Algeria and France. But unlike the French Republic, a democracy was never established. Algeria’s revolutionary moment of 1988-91 ended in a military coup d’état staged by the army high command on January 11, 1992.³ Due to the confluence of major geopolitical events at this moment, few scholars have explored this historical period in depth, yet its dramatic timeline raises many questions. What prevented Algeria’s success at democratization? Do the Algerian events tell us something specific about the future of democratization and revolution in Islamic states or the post-colonial North African world? In order to address these questions we must understand how the long term process of ‘state building’ has been shaped by colonial state apparatuses, western ideologies of democracy and progress, and Algerians’ own definitions of the citizen in this decolonial moment.

This article analyzes the political discourse during the decolonial moment of 1988-1992 to reveal how democracy, progress, and the citizen were defined in Algeria. First, I will contextualize Algeria’s relationship with western ideologies, political systems, and social hierarchies. Then, I will use the political discourse collected in the interviews and video coverage of the documentary, *Algeria’s Bloody Years*, to illustrate how the state party, *Front de libération nationale* (FLN), and Islamic fundamentalists, *Front Islamique du Salut* (FIS), utilized the rhetoric of the western concepts of democracy, modernity and the primitive to forward their political agendas. Moreover, this paper will work with the decolonial and political theories of Todd Shepard, Walter Mignolo, and Frédéric Volpi to explore what democracy means for a former colony. Throughout this paper, I will argue that political actors’ inability to escape the western definition of modernity and the social constructions of the colonial moment created an exclusionary state that instigated the violence that defined Algeria’s civil war after 1992.

2 Ibid.

3 Ibid., 654.

IMPERIAL IDENTITIES AND POST-COLONIAL DILEMMAS

Since the declaration of Algeria's independence from France in 1962, Algeria has been confronted by the unrelenting problem of how to integrate the citizenry into the institutions of the state. Historically, the polity lacked a solid institutional framework that could effectively connect the demos of a state that had not existed before it was colonized and delimited by France. Furthermore, informal social institutions that had positioned themselves outside and in opposition to the state constantly challenged the official system.⁴ The foundations of this political predicament can be traced back through the genealogy of the state to the political strategies of colonial power that continue to impact the construction of identity and politics in Algeria today.

Historical Context

Between 1830 and 1962, Algeria was the focus of a process of colony formation under the supervision of a foreign state apparatus that was the most systematic in the region.⁵ French forces imposed political order on the formerly undefined area of fragmented populations in the form of a complex administrative bureaucracy designed to exclude mass participation from the management of the state institutions.⁶ As a colonial power in the mid-nineteenth century, France established a system of governance based on French-determined status rather than strictly the colonial policy of *divide and impera*. As historian Patricia Lorcin explains, these statuses were based on the evaluative system of the colonizer's *mission civilisatrice*, which dictated that the local population needed to be educated and civilized before receiving political representation.⁷ From this epistemological claim, the colonial administration drew clear demarcation lines between modern and primitive, European and indigenous, and created a category formation expressed as the Kabyle Myth that would transform Algeria socially, economically and politically.

The Kabyle Myth

The population indigenous to Algeria at the time of French conquest numbered about three million. "Spread over a large area its small size was emphasized by extreme fragmentation. Its principal components were Arabs and Berbers, but it also included Turks; Kouloughlis; Andalusian; blacks; Jews; and Infidels [the secular Algerian population]."⁸ The French chose to overlook this diversity, instead viewing the population as a dichotomy of Arabs and Berbers. They assigned socio-geographic definitions to this ethnic dichotomy, where Arabs were nomadic plains dwellers and Berbers were sedentary mountain dwellers, creating misleading

4 Frédéric Volpi, *Islam and Democracy: The Failure of Dialogue in Algeria* (London: Pluto, 2003), 19.

5 Ibid.

6 Ibid., 20.

7 Patricia M. E. Lorcin, *Imperial Identities: Stereotyping, Prejudice and Race in Colonial Algeria* (London: I.B. Tauris, 1995), 11.

8 Ibid., 2.

blanket qualifications.⁹ Furthermore, French attitudes viewed the Arabs negatively and the Berbers, especially the Kabyles, positively. The Kabyle myth was that the Kabyles were superior to the Arabs.¹⁰ The French used sociological differences and religious disparities between the two groups to create this mythological dichotomy.

The construction of the Kabyle and the Arab in French-Algeria defined who was worthy of becoming a French citizen. Initially, France adopted a policy of granting citizenship to small numbers of ‘civilized’ indigenous notables, *les évolués*, who were presented as the future of indigenous society. This governing elite fell prey to the idealized models, so that Algerians themselves began evoking the Kabyle/Arab dichotomy. This was demonstrated through the culturally hybrid political leaders that led the decolonization struggle after Algeria’s independence, who could not avoid reutilizing similar representations of society. Unable to dispel the French constructions of social hierarchies, the deep social divisions between the elevated Kabyle governing elite and the Arab masses created the political environment for the popular uprising of 1988. Yet, these social constructions did not simply disappear with the democratic revolution and political reorganization of the 1988-92 period, but instead manifested themselves in a renewed, and perhaps more violent form, as Algeria attempted to create a new democratic state.

A DECOLONIAL ALGERIA?

In 1962, the newly minted nation of Algeria had to navigate the murky waters of state building for a former colony, but rising divisions within the FLN leadership led to the destabilization of the state during this decolonization period. Decolonial theorist Walter D. Mignolo outlines that decoloniality stipulates a pluriversal world where there exists many loci of knowledge, production, and power.¹¹ Thus, in this rendering of a decolonial Algeria, the state would need to delink from its French colonial centered concepts of social hierarchies, statehood, and modernity. While the independent Algeria’s new leaders idealized a new nation that was “anticolonial,”¹² their inability to separate from their colonial conceptions of society, the state, and the French standards of modernity prevented Algeria from becoming decolonial.

The Algerian War of Independence (1954-1962) and its aftermath severely disrupted Algerian society and the national economy. In addition to the physical destruction, the exodus of the *pièdes-noirs*, immigrated French nationals, deprived the country of most of its managers, civil servants and skilled workers—all occupations which colonial policy had prevented or discouraged the Muslim population from pursuing.¹³ Some 70 percent of the work force was unemployed. Distribution of goods was at a standstill. Departing *pièdes-noirs* destroyed or carried

9 Ibid., 4.

10 Ibid., 2.

11 Walter D. Mignolo, *The Darker Side of Modernity: Global Futures, Decolonial Options* (Durham, NC: Duke University Press, 2011), xv.

12 John Ruedy, *Modern Algeria: The Origins and Development of a Nation* (Bloomington, IN: Indiana University Press, 2011), 110.

13 Ibid., 113.

off public records and utility plans, leaving public services in shambles.

In preparation for independence, the Conseil National de la Révolution Algérienne (CNRA) met in May 1962 in Tripoli to work out a plan for the FLN's transition from a liberation movement to a political party.¹⁴ The Tripoli Program called for land reform, the large-scale nationalization of industry and services, a strong commitment to nonalignment and anti-colonialism in foreign relations, and envisioned the FLN as the sole political party.¹⁵ The first election of the Algerian National Assembly was held in September 1962 where FLN leader Ahmed Ben Bella was elected prime minister. The FLN adopted the policy of 'Algerian Socialism' in nationalizing all agricultural, industrial and commercial entities previously owned by *pieds-noirs* and, most importantly, completely nationalizing oil extraction.¹⁶ In 1965, Houari Boumediene overthrew Bella in a coup d'état. Linking the FLN tightly to the national army, Boumediene continued to pursue a socialist and increasingly state-based program of industrialization, reinforcing the "certainty that 'decolonialization' was a stage in the forward march of history, of the Hegelian 'linear History with a capital H,'" ¹⁷ towards a modern Algeria.

Historian Todd Shepard argues that the decolonization of Algeria was a much "wider concept than the mere winning of independence or transfer of power. It entailed the explorations of dreams, the analysis of struggles, compromises, pledge and achievement and the rethinking of fundamentals."¹⁸ Decolonization supposed a post-colonial period, but it also made space for a decolonial Algeria. In breaking away from the linear march of history towards western modernity, Algeria could imagine a decolonization that would lead it to a new option. But increasing pressure from international institutions, such as the IMF, led Algeria back towards the western defined path of development.

As Algeria continued down this path of 'Algerian Socialism' and industrialization, its economy became increasingly dependent on oil. When oil prices plummeted during the 1980s oil glut Algeria fell into economic hardship. Simultaneously, its newest leader, Chadli Bendjedid reaffirmed the government's commitment to Arabization and the reliberalization of the economy.¹⁹ The universalized western ideas of progress grated against the Algerian struggle for self-determination. The growing discontent with the elitist regime, rising unemployment, and a faulty economy sparked a wave of protests and strikes that would be the precursor for the 1988 riots.

14 Ibid., 126.

15 Ibid., 127.

16 Henry F. Jackson, *The FLN in Algeria: Party Development in a Revolutionary Society* (Westport, CT: Greenwood Press, 1977), 75.

17 Todd Shepard, *The Invention of Decolonization: The Algerian War and the Remaking of France* (Ithaca, NY: Cornell University Press, 2006), 4. In the *Phenomenology of Spirit* Hegel argues that history is a constant process of dialectic clashes, where social progress is the result of reason's labor and triumph over the dialectic. This theory of history opened the door for budding theory of social evolutionism and the Enlightenment's ideal of progress.

18 Ibid.

19 Jackson, *The FLN*, 67.

Mignolo argues that one of the defining features of decolonial options is “the analytic of the construction, transformation, and sustenance of racism and patriarchy that created the conditions to build and control a structure of knowledge.”²⁰ This structure is known as the colonial matrix of power. Within the context of post-independence Algeria, the Tripoli program attempted to create a decolonial option without the necessary analysis of how France constructed the structure of knowledge that dictated Algeria’s social, political, and economic interactions. One of those constructions, the Kabyle Myth and its *mission civilisatrice*, convinced Algeria that “decolonization” and, in turn, colonization, were imperative steps towards progress and the modern nation of Algeria, codifying the colonial matrix of power.

REPRESENTATIONS DURING ALGERIA’S DEMOCRATIC MOMENT

Following the food riots and demonstrations of the 1988 Black October, Algeria descended into a simultaneous golden age of liberalization and tumultuous period of division. By February 23, 1989, Algeria had produced and voted on a new constitution that introduced political pluralism, redefining the political scene.²¹ Following the referendum, 14 new political parties emerged, but only two would charge forward in a battle for control of Algeria’s democratic future: the previous state party, National Liberation Front (FLN), and the Islamic Fundamentalist party, Islamic Salvation Front (FIS).

These two parties dominated the political discourse spanning the years 1988-1992, and their initial conflict pushed forward the issues of democracy and progress, sharpening Algeria’s internal struggle to define itself after the colonial period. It is through this struggle that the remnants of France’s imperial ghost haunted the discourse of statehood and citizenship. In order to retain political power, the FLN turned to colonial representations of the Arab and the Kabyle, using propaganda to associate the burgeoning FIS with the negative trope of the Arab. Meanwhile, the FIS initially evoked the populist call to arms reminiscent of the idealized French Revolution: through community organization in mosques, rural villages, and social welfare programs for the poor.

In order to divert the public attention from the worsening socio-economic crisis caused by the end of the second oil boom in 1985, President Chadli emphasized the reform of the problematic political system rather than the socio-economic factors and repression that had triggered the October riots.²² Chadli’s political comrades echoed the need for ‘democratization.’²³ The FLN Foreign Minister declared that the “Fundamentalists were, at the core of it, anti-western,”²⁴ echoing the French Foreign Minister’s opinion that “Muslim Fundamentalists were anti-

20 Mignolo, *Modernity*, xv.

21 Frédéric Volpi, “Democracy in Algeria: Continuity and Change in the Organization of Political Representation,” *The Journal of North African Studies* 5.2 (2000): 29.

22 Volpi, *Islam and Democracy*, 43.

23 *Algeria’s Bloody Years*. Videocassette. Directed by Thierry Leciere, Malek Bensmail, Patrice Barrat, and Samia Chala. London: First Run/Icarus Films, 2003.

24 Ibid.

Nasser, anti-democratic.”²⁵ These public statements codified the FLN claim that the FIS was decisively “anti-democracy and anti-western.”²⁶ Coupling French skepticism of Islam within the state with the image of anti-western or anti-modern policies, the FLN labeled the FIS as “orthodox, traditional and primitive,” the exact qualifications that had previously subjugated Arabs within French-Algeria.²⁷ By evoking the imagery of the Arab, the FLN could justify its less than human approach to repressing the FIS movement. Algeria wanted to move forward along the demanding western definitions of progress, not regress to what the FLN and France deemed “a primitive religious state.”²⁸

Although the Islamic leaders of the FIS appeared to orchestrate the public demonstrations, they had only a tenuous control over the crowd, determined by their religious authority through their local mosques. All over the country the most popular slogans in the demonstrations were always a mixture of Islamic, populist, and democratic demands. Calls such as “Allah Akbar [God is Great]” and “Islamic republic” shared the crowd’s favor with slogans such as “the People make the laws” and “reclaim your rights.”²⁹ The FIS movement was creating an imagined nation defined by the French ideals of liberty, equality, and fraternity, yet it was also reserved for Islam. ‘The People’ of Algeria could be defined as the Islamists, and the FIS rhetoric left little room for a definition of citizenship outside of that.

As the FLN and FIS used the propaganda of a ‘modern’ state and the populist calls for representation of ‘The People’ respectively, the utilization of the French Revolution slogan, “fraternité, liberté, égalité” pervaded the protestors’ rhetoric, inscribed banners, and headlined liberal newspapers, regardless of political affiliation.³⁰ Most popular with the highly educated student population, the slogan reinforced the public ideas of a ‘noble revolution’ and that a successful state would follow the French model. But the French definition of democracy specifically mandates secularism.³¹ Secularism, or *laïcité*, enshrined in national principle, plays out in modern politics, unveiling not so subtle French aversions to conspicuous displays of religion such as the hijab and stressing the conflicting tensions in Algeria’s move for a French modeled democratic statehood.³²

The conflict of Islam and democracy in Algeria goes beyond mandates of secularism. The colonial representations that linked Islam to the negative Arab stipulated that an Islamic state would negate modernity. Yet, from its independence, Algeria chose to define its fundamental identity as “Islam, Arabity, and Amazighity [the celebration of Berber culture and peoples]”

25 Ibid.

26 Volpi, *Islam and Democracy*, 40.

27 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

28 Ibid.

29 Ibid.

30 Ibid.

31 Volpi, *Islam and Democracy*, 43.

32 David Masci, “An Uncertain Road: Muslims and the Future of Europe,” *Pew Research Center Forum on Religion and Public Life* (2005): 8.

within the Constitution.³³ Thus, the political discourse during the period 1988-1992 exemplified Algeria's internal battle between its colonial past and postcolonial identity and definitions.

WHO IS DEFINING DEMOCRACY?

Following the turbulent period of demonstrations and protest, the 1991 general election provided Algeria the opportunity for its first genuinely democratic election, by international estimations. The FIS had been gathering support through the municipal elections, staging its overthrow of the FLN regime. During the first round of voting, the FIS won nearly half of the parliamentary seats by a straight majority vote.³⁴ The results shocked many domestic and international actors. Several Algerian political leaders called for the cancellation of the elections, even demanding the military to stop the Islamic party.³⁵ The FLN's Director for Human Rights posited, "A second election would mean an Islamic State or a real civil war... Do you stop the electoral process or do you let power go to a party, which claims: One man, one vote, but only once! Because democracy is nonreligious."³⁶ Meanwhile, new socialist and democratic party leaders advocated for the importance of continuing the democratic experiment, rallying to "save democracy" rather than "interrupt the electoral process [signifying] the endorsement of the ruling institution," being, in this instance, the FLN old guard and the military establishment.³⁷

On January 9, 1991, an Algerian newspaper journalist interviewed Mohammed Boudiaf, a former leader of the independence movement living in exile in Morocco, and asked whether the military could and ought to stop the electoral process. Boudiaf, who was soon to become a key leader in Algeria, declared:

"Now the FIS is here, they have the majority, they have to lead the country... either it is a democracy, or we turn against the FIS and jeopardize everything... To argue that we can stop the FIS experiment and still keep on being a democracy is to contradict oneself... For what should we do next? Are we to dissolve the FLN? The other parties? Are we to leave them as they are? In 1988 it was time for change and we did not do it."³⁸

Boudiaf identified the dilemma that confronted the Algerian political elite and the military establishment at that crucial juncture. Any type of political reorganization would jeopardize all the democratic political practices and understandings that had been fostered since the 1988 riots. If such a political change were to be made, the entire political transition would have to be rethought and restarted differently.

33 Algeria. The Algerian Parliament. *Constitution of the People's Democratic Republic of Algeria*. 1989.

34 Volpi, *Islam and Democracy*, 44.

35 *Ibid.*, 45.

36 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

37 Volpi, *Islam and Democracy*, 54.

38 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

Until this moment, Algeria was working solely with the western model of democracy, but now, at this crucial juncture, a few political and intellectual leaders were realizing that in order for Algeria to achieve the democracy the country called for, its definition of democracy would need to be rethought and reimagined.³⁹ This posed a challenge to the emerging political leaders, who now needed to answer the question: What would Algeria's decolonial option for democracy look like?

Western universalism had propagated democracy as one of the imperative steps for the modern state,⁴⁰ but the French definition that democracy is intended to be a secular, elected, and representative government by the citizens of the state, had failed the Algerian republic. Trapped within the confines of the historical negation of Arabity and Islam⁴¹ and the French definitions of a modern democracy, Algeria longed to reject these constraints in search for a new option. However, the inability of the political actors in power to find an option froze Algeria's transition. Moreover, the fear of an overturned status quo, revealed within the FLN leaders' statements on the shifting political scene,⁴² forewarned the 1992 military coup d'état that would destroy any movement for a democratic Algeria and established the military regime that ruled over Algeria for the entirety of its civil war.

THE DARK SIDE OF DEMOCRACY⁴³

Military rule ensured that the FIS and any other uprisings would be disbanded and silenced. The state had now rejected the "primitive"⁴⁴ notion of Islamic fundamentalism. Immediately following the 1992 elections, all of the leaders of FIS were exiled, and known members were arrested at random, taken from their homes, and sent to prison camps in the rural south Algerian desert.⁴⁵ One former FIS member's testimony recounts, "we [the prisoners] were never tried in court, they would tie us on a bed frame and electrocute us, and throw water on us to conduct the electricity well, they would do this over and over, it was torture.... Some of us just disappeared."⁴⁶ These state-mandated arrests and disappearances delineated that, in the new state of the military regime, the definition of Algerian did not include FIS members. Although democracy had failed to create a representative government, it had succeeded in building a state with intimate control of who belonged: who was a citizen and who was the 'other.' This binary allowed for the dehumanization of those who were not 'citizens,' corroborating the state's ability to inflict widespread violence.

39 Mohamed Harbi, "Culture et La Démocratie En Algérie: Retour Sur Une Histoire," *Le Mouvement Social: Culture et Politique* 219 (2007): 28.

40 Michael Mann, *The Dark Side of Democracy: Explaining Ethnic Cleansing* (New York: Cambridge University Press, 2005), 16.

41 Frantz Fanon, "On National Culture" *The Wretched of the Earth* (New York: Grove Press, 1963), 219.

42 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

43 This phrase was popularized by Michael Mann in *The Dark Side of Democracy*.

44 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

45 Ruedy, *Modern Algeria*, 177.

46 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

Michael Mann theorizes that, while the West believes that murderous ethnic and political cleansing is a regression to the primitive, it is distinctly modern.⁴⁷ In Algeria's case the routine torture, killing, and disappearance of people was a "deliberate instrument of the modern state's design for a new order."⁴⁸ Mann states that, especially following the revolution, institutional instability mandated that 'The People' be defined and delimited, resulting in the exclusion of opponents.⁴⁹ Thus, the Algeria of 1992 excluded the FIS, Islamic Fundamentalists, and ultimately the negative trope of the Arab from the national identity of Algerian.

Terrorism and Guerilla Violence

The systematic exclusion of FIS members created an unanticipated reaction in Algeria. The state was supposedly protecting the people of the nation, but "they had made a crucial mistake."⁵⁰ They had congregated over 10,000 FIS members in these prison camps.⁵¹ Although they were in the middle of the Sahara, these camps became a breeding ground for Islamic fundamentalist militants.⁵² As FIS became more outlawed, more radical extremists were created. This reaction to the exclusionary tactics of the state created a denationalized space for terroristic activity for what would become one of the most brutal civil wars in recent history.

After motivating the radicalization of these former FIS members, Algeria as a nation became plagued by extremist terrorists. The scenes of terror stretched from the rural villages to city centers like Algiers. Militant Islamic fundamentalist groups became more and more extreme in their targets. One horrific scene captured on film displays the immediate aftermath of a mining bomb in a rural primary school playground on a cloudy day in 1994.

"Parents frantically search for their children, screaming and wailing pierces the scratchy videocassette audio, the camera shot jolts from one lifeless toddler's body to the heaving chest of a young boy, as he listlessly stares into the camera while blood pours from his dismembered legs. Finally, the camera rests on the face of a grieving parent screaming 'Legs blown off! Such *horror!* Even the French extremists never did this! What did these children do?!"⁵³

This scene brings to reality the violence that grates along the edge of a modern nation and democracy. Although there is no excuse for this type of random violence, the reasons for it can be traced back through the creation of the Algerian nation under democracy.⁵⁴ This guerrilla violence became the hallmark act of rebellion for the Islamic fundamentalists, exemplifying

47 Mann, *The Dark Side of Democracy*, 19.

48 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

49 Mann, *The Dark Side of Democracy*, 20.

50 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

51 Mann, *The Dark Side of Democracy*, 20.

52 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

53 Ibid.

54 Mann, *The Dark Side of Democracy*, 23.

the theories put forth by Talal Asad that terrorism and its violent endings become the only way for these denationalized people to gain political legitimacy and agency outside the law and state oppression.⁵⁵

International actors originally described this violence as “vengeful reciprocation” or “the creation of a new nation of jihad,”⁵⁶ but the extreme militants were actually acutely aware of their position in the state.⁵⁷ One FIS intellectual leader recalls, “no one mourned our deaths, in fact everyone applauded” even though these people, regardless of political affiliation, were Algerians as well.⁵⁸ As violence escalated, the military regime began a campaign identifying the FIS and its corollary extremist groups as terrorists. The bodies of slaughtered “terrorists” were “displayed like hunting trophies.”⁵⁹ Almost ironically, the Chief of Staff of the Algerian Army during the 1990s joked during a press conference, “the only insult the ‘terrorists’ didn’t throw at us [was] that we weren’t Algerians,”⁶⁰ thus inadvertently underscoring how citizenship was the defining feature of the violence that pervaded the civil war. Defining the nation required the delimiting of ‘The People.’ In Algeria, the violence of denying citizenship manifested itself in military, terroristic and guerilla violence, requiring the nation to first resolve the question of what it means to be Algerian before addressing how Algeria can move forward.

CONCLUSION: BEYOND FRENCH-ALGERIA

“They had no future, because they were already dead in the eyes of the state.”⁶¹
-Pro FIS demonstrator, 1994

The question of statehood and citizenship continues to be a primary cause of violence in the modern state. The Algerian democratic transition and civil conflict vividly illustrate several of the most intractable dilemmas of political transitions involving autocratic regimes, Islamic fundamentalist movements and state building in fragmented civil societies.⁶² When Algeria embarked on the very first democratic transition induced by popular uprising in contemporary North Africa, it challenged the classic French principles of universalism, democracy, and modernity. Unfortunately, this original effort to redefine the relationship between the state and society never came to fruition. While this political liberalization permitted the Algerian citizens to rediscover their own agency, it did not contribute to resolving the latent social constructions that had driven the socio-economic and political inequities.⁶³ On the contrary, democratization aggravated the social tensions, revealing that putting democracy into practice

55 Talal Asad, *On Suicide Bombing* (Chichester, NY: Columbia University Press, 2007), 90.

56 Leciere, Bensmail, Barrat, and Chala, *Bloody Years*, 2003.

57 Ibid.

58 Ibid.

59 Ibid.

60 Ibid.

61 Ibid.

62 Volpi, *Islam and Democracy*, 137.

63 Ibid., 136.

actually demanded the denial of a large population's rights to citizenship and personhood,⁶⁴ and in this case, costing an estimated 150,000 lives. Algeria's example of the continuity of imperial political representations in post-colonial nations shows the complexities of applying western universal values of modernity and democracy to a post-colonial Islamic state and perhaps more importantly, the heavy consequences.

Specifically, the depth, length, and reach of Algeria's colonial occupation have largely excluded it from the most recent wave of democratic uprisings in the region. The Arab Spring called for a revision of explanations for authoritarian resilience in the region, since most regimes have in some form been deeply and adversely affected by revolutionary uprisings. But, unlike its neighbors including Morocco, Tunisia, Libya, and Egypt, Algeria has hardly deviated from its methods of authoritarian governance even throughout North Africa's most tumultuous periods.⁶⁵ This aversion to political revolution can be attributed to the fact that since colonization, Algeria has remained a troubled polity where social order remains elusive. The public memory of the violent military force during the democratic uprising of 1988 and its even more brutal civil war further discourage popular uprisings. Moreover, the clear social divisions of the population propagated by the civil war and current regime continue to divide anti-regime movements, exhibiting the pervasive effect of those imperial identities. Thus, it would seem Algeria's democratic moment of 1988-1991 actually worked against its involvement in future uprisings, effectively teaching the Algerian regime how to dissuade revolutionary uprisings through the decoupling of social unrest from political mobilization, pseudo democratization, and a visible and active military apparatus.⁶⁶

Although the Arab Spring showed one combination of factors conducive to regime failure, it hardly provides a comprehensive account of all the causes that can lead to regime change in the region. Therefore, there remains the question: Could Algeria have a successful democratic revolution today? While a strong enough opposition to mount an institutionalized political challenge to the authoritarian regime is unlikely now, it is bound to happen. But only after Algeria resolves its latent imperial social divisions.

If Algeria wants to move forward, it must look back. As Mignolo stresses, the defining feature of finding decolonial options is "the analytic of the construction, transformation, and sustenance of racism and patriarchy that created the conditions to build and control a structure of knowledge."⁶⁷ Thus, if Algeria is to find its own decolonial option, break off the linear path of western modernity and delink its definition of democracy, it must first deeply analyze the French imperial identities, concepts and constructions that have and continue to influence it today. From there, Algeria may be able to build political institutions that reflect the true *demos* of the state, satisfying its most fundamental post-colonial identity to represent, meld, and perpetuate "Islam, Arabity, and Amazighity" with democracy, as declared during its

64 Shepard, *The Invention of Decolonization*, 272.

65 Frédéric Volpi, "Algeria versus the Arab Spring," *Journal of Democracy* 24.3 (2013): 105.

66 Ibid., 104.

67 Mignolo, *Modernity*, xv.

original colonial Independence in 1962.⁶⁸

A BRIEF CHRONOLOGY OF MODERN ALGERIA 1962-1994⁶⁹

18 March 1962 - Referendum in France backs Evian accord for independence.

3 July 1962 - Algeria gains independence from France. Some 250,000 were killed over eight year independence war.

1963 - Ahmed Ben Bella elected as first president.

1965 - Colonel Houari Boumedienne overthrows Ben Bella, pledges to end corruption.

1976 - Boumedienne introduces a new constitution, which confirms commitment to socialism and role of the National Liberation Front (FLN) as the sole political party. Islam is recognized as state religion.

December 1976 - Boumedienne is elected president and is instrumental in launching a program of rapid industrialization.

1978 - Boumedienne dies and is replaced by Colonel Chadli Bendjedid, as the compromise candidate of the military establishment.

1986 - Rising inflation and unemployment, exacerbated by the collapse of oil and gas prices lead to a wave of strikes and violent demonstrations.

October 1988 - Serious rioting against economic conditions known as “Black October”

1989 - The National People’s Assembly revokes the ban on new political parties and adopts a new electoral law allowing opposition parties to contest future elections.

1989 - Islamic Salvation Front (FIS) founded and over 20 new parties licensed.

1990 - The FIS wins 55 percent of the vote in local elections.

1991 - Government announces parliamentary elections in June 1991 and plans changes to electoral system including restrictions on campaigning in mosques. FIS reacts by calling general strike. State of siege declared, elections postponed. FIS leaders Abassi Madani and Ali Belhadj arrested and jailed.

68 The Algerian Parliament, *Constitution*, 1989.

69 “Algeria Profile: Overview and Timeline,” BBC Africa, last modified October 25, 2013.

December 1991 - In the first round of general elections the FIS wins 188 seats outright and seems virtually certain to obtain an absolute majority in the second round.

4 January 1992 - The National Military stages a *coup d'état*. The National People's Assembly is dissolved by presidential decree and on 11 January President Chadli, apparently under pressure from the military leadership, resigns. A five-member Higher State Council, chaired by Mohamed Boudiaf, takes over.

February 1992 - Street gatherings banned, violent clashes break out on 8 and 9 February between FIS supporters and security forces. A state of emergency is declared, the FIS is ordered to disband and all 411 FIS-controlled local and regional authorities are dissolved.

29 June 1992 - Boudiaf assassinated by a member of his bodyguard with alleged Islamist links. Violence increases and the Armed Islamic Group (GIA) emerges as the main group behind these operations.

1994 - Liamine Zeroual, a retired army colonel, is appointed chairman of the Higher State Council.

1994 - Islamic Extremist groups engage with national military in violent guerrilla warfare claiming an estimated 150,000 lives.

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The Effects of Urbanization on Water Security in Indian Slums

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ABSTRACT

Urbanization is a growing phenomenon in numerous developing countries. It is a trend that is putting increasing stress on the water resources of urban slums in India. Although direct causal relationships between urbanization and water scarcity are difficult to identify, many researchers recognize key mediating factors between the two. Factors that are identified and discussed in this article are: 1. The environment (climate change, ecological degradation, and seasonal variation), 2. The failures of political systems, governance, and public policy, 3. Economics of pricing structures and cost-efficiencies, and 4. Macro vs. micro-level water sustainability and sanitation practices. Despite there being numerous studies that consider the influence and effects of each of these factors individually, there remains a need for additional integrated development research that identifies how these factors are interrelated, which primary actors are involved in the sale, distribution, regulation and consumption of water, and how long-term, sustainable solutions can be implemented through collaboration between multiple players.

While understanding the environmental, governmental and economic processes and communal versus household level of measurement can lead to alleviation of urban water scarcity in developing and rapidly urbanizing countries, it is also necessary to consider area specific nuances that create the need for efforts that are designed especially for Indian slums. This article will explore the Indian context and discuss implications for other urban settings around the world.

INTRODUCTION

Since 2006, the number of people living in urban areas around the world grew to equal those living in rural areas. This is a trend that is predicted to continue; it is expected that 70% of the human population will inhabit urban areas by 2050.¹ Much demographic transformation occurring, particularly in developing countries, is progressively unsustainable. An increasing amount of resources are used as people settle down in poor urban areas, which are often located on the outskirts of major cities. Precincts such as these are especially problematic in India, where urban slums house approximately 93 million people.² As urban centers increase in size and density, so too will their use of water. This understanding of urban growth—that an increase in consumer population leads to an increase in resource demand—remains relatively inelastic in the sense that the resources being consumed in poor areas are basic goods such as water, food and energy. Academic literature surrounding this problem is greatly multifaceted and varied in approach. Most researchers acknowledge that meeting the water needs of those in poor and urbanizing areas requires the consideration of numerous fields of study, including urban planning, development, public policy, economics, and environmental studies such as hydrogeology, climate studies, and ecological design.

Although a direct causal relationship between urbanization and water scarcity is difficult to clarify or to predict, most agree that increasing rates of urbanization affect the ability of city residents, and especially those living in slums, to access sufficient quantities of clean water. While water availability is certainly an issue, and will continue to be an issue that informal settlements in urban India must confront, the need for more efficient methods of water extraction, distribution, and use is becoming increasingly prevalent in rapidly urbanizing communities all over the world. Therefore, the purpose of this article is not only to examine the particular case of Indian urban peripheries, but also the ways in which lessons from this context can be applied elsewhere. While the connection between urbanization and water scarcity is generally accepted, there are numerous ways in which researchers and social theorists have explained the major reasons for urban water scarcity as a large portion of today's development issues. This article will proceed by examining differences between urban, 'peri-urban,' and slums. It will then discuss multifaceted approaches to water vulnerability and will provide information on four major approaches that are used by current literature to explore the topic: 1) the environment (climate change, ecological degradation, and seasonal variation), 2) the failures of political systems, governance, and public policy, 3) the economics of pricing structures and cost-efficiencies, and 4) macro vs. micro-level water sustainability and sanitation practices. This will be followed by a discussion of global implications.

Some key terms are worth discussing: 'urbanization' is generally thought to mean the movement of human residency from rural to urban areas and is often manifested by land that has become

1 United Nations, *World Urbanization Prospects of Population Growth: The 2001 Revision* (New York: Population Division, United Nations, 2001).

2 Ministry of Statistics and Programme Implementation, *Some characteristics of urban slums: Data from the 65th round of the National Sample Survey 2008-2009* (New Delhi: Government of India, 2010).

non-arable (i.e. it can no longer be used for agricultural purposes) through the introduction of buildings, roads, etc., which accommodate increasing human settlement.³ ‘Informal’ infrastructure or economic systems are those created outside immediate government oversight and on local, community-based levels.⁴ Socioeconomic causes and effects of water scarcity, or ‘social equity’ indicators, include the percentage of water produced that reaches customers, age distribution, household size and rate of ownership, proportion of migrants, and infant/maternal mortality rates.^{5,6}

‘Peri-urban’ is a term that generally means city areas that are significantly less developed and closer to rural areas; they are often comprised of migrants and described as slums or shantytowns because of their struggling economies and lack of infrastructural development. It is for this reason that most researchers identify two primary characteristics of peri-urban areas to be an amalgamation of different backgrounds, occupations, and values and the transient nature of resources such as building materials and sources of energy.⁷

Half of all Indian slums are “non-notified,” meaning that the government does not recognize them as legal places of residency. As a result, they are not supplied with access to municipal water or other supposedly “public” goods and services such as the maintenance of infrastructure. Furthermore, different states within India categorize slums as “notified” or “non-notified” based on varying criteria, making it difficult for researchers to accurately assess these areas.⁸ While notification may be one of the most important distinguishing factors determining poor urban areas’ abilities to access water resources, many researchers fail to acknowledge its significance because it is difficult to modify legal frameworks instead of implementing various other development strategies. For this reason, much literature focuses on the difficulties of urban water supply in India without considering the differences between marginalized communities that do not receive government-subsidized water and those that do.^{9,10,11}

3 M.K. Pandit, Vinay Bhardwaj, and Naveen Pareek, “Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India,” *Environmentalist* 26.3 (2009): 341-347.

4 Ramnath Subbaraman et al., “The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and Reliability,” *BMC Public Health* 13 (2013): 173.

5 David McKenzie and Isha Ray, “Urban Water Supply in India: Status, Reform Options and Possible Lessons,” *Water Policy* 11.4 (2009): 442-460.

6 Ramnath Subbaraman et al., “Off The Map: The Health and Social Implications of Being a Non-Notified Slum in India,” *Environment and Urbanization* 24.2 (2012): 643-663.

7 R. Ducrot et al., “Articulating Land and Water Dynamics with Urbanization: An Attempt to Model Natural Resources Management at the Urban Edge,” *Computers, Environment and Urban Systems* 28.1-2 (2004): 85-106.

8 Subbaraman et al., “Off The Map: The Health and Social Implications of Being a Non-Notified Slum in India,” 643-663.

9 Pandit, Bhardwaj, and Pareek, “Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India,” 341-347.

10 Saleh and Dinar, “Preconditions for Market Solution to Urban Water Scarcity: Empirical Results from Hyderabad City, India,” 119-131.

11 Urvashi Prasad and Semonti Basu, “A New Approach to India’s Water Sanitation Crisis: Part 1,” *Stanford Social Innovation Blog*, March 29, 2013, http://www.ssireview.org/blog/entry/a_new_approach_to_indias_water_sanitation_crisis_part_1.

Understanding these differences is fundamental if solutions for informal settlements are going to be implemented in a slum with any type of notification, especially with regards to policy options for infrastructural development. For instance, non-notified slums sometimes extract water by tapping into old supply systems or groundwater reserves, often rendering supply inadequate and inconsistent.^{12,13} Most studies agree that improving pipelines and distribution networks will improve sanitation and allow more continuous supply, which would thereby boost consumer confidence and lessen the need to store water in households over long periods of time.¹⁴ Others argue that communities should abandon pipeline systems and rely instead on wells or private supply.¹⁵ The few who argue this usually proceed by asserting that private water vendors can become beneficial to the system by applying profit-driven, cost-efficient techniques to public municipal networks.

Other infrastructural problems related to urban water supply include the increasing distances of water source from point of consumption, which amplifies transportation costs and can be attributed to environmental degradation close to some informal urban settlements.^{16,17} Furthermore, failures in water infrastructure are often compounded by a lack in efficiency of other public services, including electricity, transportation, and especially waste removal.^{18,19}

MULTIFACETED APPROACHES TO URBAN WATER VULNERABILITY

Studies that utilize multifaceted approaches to addressing urban water scarcity are not very common, which is likely a result of the extensive knowledge needed to cover such a wide array of social, scientific, and developmental processes. However, research that is carried out from initial stages, using a method specifically designed to cross disciplines, applies to multiple sectors that affect or are affected by resource scarcity. The idea that solutions to urban water scarcity should be a result of collaboration amongst many disciplines comes from the observation that there is tension between different urban uses of water, namely domestic, industrial, and commercial. Supply systems depend on numerous factors including infrastructure for transportation and distribution, demographic rates of growth and expansion,

12 Subbaraman et al., "The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and Reliability," 173.

13 McKenzie and Ray, "Urban Water Supply in India: Status, Reform Options and Possible Lessons," 442-460.

14 S.R. Basu and H.A.C Main, "Calcutta's Water Supply: Demand, Governance and Environmental Change," *Applied Geography* 21.1 (2001): 23-44.

15 Veena Srinivasan et al., "The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India," *Global Environmental Change* 23.1 (2013): 229-239.

16 Saleth and Dinar, "Preconditions for Market Solution to Urban Water Scarcity: Empirical Results from Hyderabad City, India," 119-131.

17 Shu-Li Huang, Chia-Tsung Yeh, and Li-Fang Chang, "The Transition to an Urbanizing World and the Demand for Natural Resources," *Current Opinion in Environmental Sustainability* 2.3 (2010): 136-143.

18 Ducrot et al., "Articulating Land and Water Dynamics with Urbanization: An Attempt to Model Natural Resources Management at the Urban Edge," 85-106.

19 Pandit, Bhardwaj, and Pareek, "Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India," 341-347.

storage and use at the household-level, and local environmental processes.²⁰

There are many examples of original research done in Indian slum areas that analyze collected data using cross-subject methods. For instance, one study combined the knowledge of engineers, hydrologists, development practitioners, and academics in order to incorporate expertise from all necessary fields. The research was conducted in Calcutta and looked at the natural groundwater supply, the price structures, and the governing policies that cause inefficiency and inequity in distribution. The study concluded that water supply can be improved not only by taking into account pricing and policy, but also by exploring integrated approaches in lieu of perspectives from multiple disciplines.²¹

A 2004 study conducted by Ducrot, Le Page, Bommel, and Kuper created a tool called Cormas which would enable them to understand the interplay between environmental and social factors through various simulations. This study highlights the need for a system of connecting seemingly unrelated variables such as legal structures, environmental stress, government regulation, and city planning in order to solve the issues surrounding urban resource deficiency.²² It argues that conflict occurring in non-notified areas is often attributed to decentralized water management policy, implementation, and legislation.²³

Another study done in 2013 by Prasad and Basu also highlights the benefits of approaching structural community change with tools from many different approaches. Their strategy is called ‘systems mapping,’ whereby complex problems that involve multiple players are segmented into key actors with the most potential to solve the situation. Prasad and Basu emphasize both the primary strengths of the actors and the ideal relationships that would develop between them to most effectively address urban water scarcity. The study identifies local governments, community-based organizations, microfinance institutions (MFIs), lenders and funders, technical assistance providers, and a mediator to address concerns between them as the ideal network of water scarcity-solving institutions.²⁴

These studies can be compared to those that take a more cause-specific approach. These often have less applicability to other subjects, but nonetheless contain greater detail and more practical solutions to issues surrounding urban water scarcity.

20 Srinivasan et al., “The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India,” 229-239.

21 Basu and Main, “Calcutta’s Water Supply: Demand, Governance and Environmental Change,” 23-44.

22 Ducrot et al., “Articulating Land and Water Dynamics with Urbanization: An Attempt to Model Natural Resources Management at the Urban Edge,” 85-106.

23 Ibid.

24 Urvasi Prasad and Semonti Basu, “A New Approach to India’s Water Sanitation Crisis: Part 1.”

FOUR MAJOR APPROACHES TO CONCEPTUALIZING AND OPERATIONALIZING URBAN WATER SCARCITY

1. The Environment: Climate Change, Ecological Degradation, and Seasonal Variation

Sources of Water

There are numerous environmentally sustained processes that are subject to vulnerabilities, such as climate and seasonal changes, which contribute to point-of-source contamination of either freshwater sources or groundwater and aquifer reserves. However, literature on water extraction often fails to address the means by which it takes place and the energy that is wasted in inefficient methods of identification of the water source and its delivery to municipal treatment plants, intermediary suppliers, or directly to poor households. Most studies also do not cite the historical events that have influenced how water is extracted.

Nevertheless, point-of-source contamination, which occurs when pollutants enter water as it is extracted, has been identified as a major source of water contamination. Problems associated with extracting water often involve unsafe sources themselves, such as groundwater that has been polluted, even before removal, by pollutants that have sunk into the soil.²⁵ Furthermore, groundwater overextraction has become a major issue, as long-term water security is depleting at a much faster rate than it is being naturally replenished. Also, dropping reserve levels can consume groundwater by lowering pipe leakages into the soil.²⁶

Seasonal Variation

The drop in groundwater levels can be a result of erratic rainfall and climate patterns.²⁷ ‘Seasonal variation’ and its effects on rainfall can be used to identify the interdependence of numerous natural processes. This term is used to describe varying weather patterns that can become extreme in many geographical settings around India. This adversity occurs particularly during monsoon season, which usually lasts from mid-June to August. The effects of monsoon season vary largely depending on geographical location; India in particular is a very large country, spanning many different topographies. Much infrastructure in urban slum areas, which includes housing, drainage pipes, and public facilities, such as toilets and water pumps, is very fragile and susceptible to damage from extreme weather.

Thus, there are many harmful effects of monsoon on poor urban communities. Studies that consider monsoon find it to be very costly on both the quantity and sanitation of water being supplied and consumed, with significant variances in their data from season to season.²⁸ The

25 Satish Yadav, *Water, Problems and its Management* (Gurgaon: Hope India Publications, 2004).

26 Srinivasan et al., “The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India,” 229-239.

27 Pandit, Bhardwaj, and Pareek, “Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India,” 341-347.

28 Subbaraman et al., “The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and

research conducted by Subbaraman, S. Shitole, T. Shitole, Sawant, O'Brien, Bloom, and Patil-Deshmukh in 2013 found that not only is water more likely to be polluted during monsoon, with 50% of point-of-source water containing contaminants, but also that it is during monsoon season when households tend to spend more money on obtaining water than they do during other parts of the year. Additionally, the flooding of households in slum areas during monsoon increases water contamination.²⁹ This occurs especially throughout slum areas that border bodies of water such as lakes, rivers, or oceans—places where open defecation takes place. This study takes into account several environmental factors that negatively impact water supply and are worse during the monsoon season, a consideration that many other studies do not take into account.

Intense patterns of rainfall exist in many parts of the world and frequently adversely affect access to clean water in urban poor communities. This occurs for numerous reasons and is often attributed to insufficient infrastructure, waste and disposal systems, and disaster risk management and relief.

It is interesting that various researchers take different, but not necessarily dichotomous, stances on intense distributions of rainfall due to monsoon. This is a nuance that may be the result of dissimilarities in methods rather than results. While some studies emphasize the importance of teaching residents of slum areas how to collect rainwater and sanitize it themselves, others focus primarily on the negative effects of monsoon.^{30,31} Although both methods are relevant, the researchers who support them fail to recognize that they could have a more powerful impact if combined. This is true despite the fact that each contains inherent flaws. First, while solutions suggesting that collecting rainwater in buckets and other storage devices are practical, they overlook problems involved with storing water long-term at the household level. Numerous studies point to contamination entering domestic water storage because of inadequate storage techniques.³¹ Furthermore, the adverse effects that sporadic and fierce monsoon storms have on poor communities are explained in current research and could potentially be implemented preventively against vulnerability to extreme weather, instead of just relief management after the damage has occurred.

Climate Change

Climate change is an important factor in considering how urban water scarcity affects a community's ability to access sufficient clean water. While short-term solutions are cheaper

Reliability," 173.

29 Pandit, Bhardwaj, and Pareek, "Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India," 341-347.

30 McKenzie and Ray, "Urban Water Supply in India: Status, Reform Options and Possible Lessons," 442-460; Srinivasan et al., "The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India," 229-239.

31 Srinivasan et al., "The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India," 229-239; Pandit, Bhardwaj, and Pareek, "Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India," 341-347.

and faster to implement, research should point towards how long-term solutions can be achieved, even if they are more expensive. For instance, Seto and Satterthwaite consider the direct effects that climate change may have on rates of urbanization by mentioning that rural to urban migration patterns can increase as a result of shifting temperatures, thereby taxing already limited resources.³² Although climate change indeed creates unfavorable conditions in rural areas and is a major cause of migration, it is necessary to consider that the environment can serve only as an amplification of, and not as an explanation for, migration trends. Individuals and families must either adapt to external conditions or be geographically and/or culturally displaced.³³

Another perspective on the relationship between climate and urbanization is the ability of urbanization to impact changing climate. Urban temperatures may increase and escalate the amount of water and energy resources needed in such areas. This is particularly true in slums with more vulnerability to changing climate and weather conditions, as discussed previously. The result is 'urban heat islands' that are caused by increasing urban settlement and population density.³⁴ This concept should be explored in more detail specifically in the context of Indian slums, which, with their vast amounts of waste buildup, may compound the effects of shifting temperatures that other settings do not experience to such high degrees.

Interestingly, the study conducted in 2006 by Jeneratte and Larsen concluded that urbanization is not as large of a detriment to water supply as is climate change, even though their original research problem focused on the relationship between population density and water vulnerability.³⁵ This result is provocative because the investigation primarily examined relationships between urban populations and nearby natural environments by measuring the ecological impact these communities have had on water supply and sanitation. This is known as the 'ecological footprint' approach. Essentially, the study assesses how an increasing population affects the consumption of natural resources. In this case, urban regions and water were the focuses. Jeneratte and Larsen compiled data on hundreds of major cities and concluded that shifts in water supply from environmental changes had a greater effect on sustainable urban water consumption than did increasing population density.

A weakness of the study is that it models the relationship between urban populations and their impacts on surrounding natural environments for developed and developing countries, focusing on only the United States and China, respectively. The economic, political, and development processes within each country are different and not necessarily easily categorized into developed or underdeveloped. It is wrong to assume that the relationship between human

32 Karen Seto and David Satterthwaite, "Interactions Between Urbanization and Global Environmental Change," *Current Opinion in Environmental Sustainability* 2 (2010): 127-128.

33 Black et al., "The Effect of Environmental Change on Human Migration," *Global Environmental Change* 21.1 (2011): S3-S11.

34 Huang, Yeh, and Chang, "The Transition to an Urbanizing World and the Demand for Natural Resources," 136-143.

35 Jeneratte and Larsen, "A Global Perspective on Changing Sustainable Water Supplies," *Global and Planetary Change* 50.3-4 (2006): 202-211.

communities and their environments in China is extremely similar to all other developing countries, and the same is true for the United States and developed countries. This is not to say that studying conditions in one country is not useful in understanding those of another. However, more effective solutions can be found by examining the needs of specific communities as opposed to regional or national generalizations.

Nevertheless, approaching water scarcity with an urbanization-affects-environment model instead of an environment-affects-urbanization or even an environment-affects-water model is worth noting because most research does not take it into account. Worldwide climate change is an especially complicated factor to examine. One reason is because the causes and effects of shifts in global temperature are widely contested. Second, activity in one area of the world can be traced to an alteration in weather patterns in a completely separate region. A third reason is that in any given urban center, informal settlements can be influenced by a variety of both direct and indirect climate or climate-induced factors such as temperature, rainfall, groundwater, migration, agriculture, etc. Nevertheless, India is certainly no exception to the relationship between climate change and water scarcity in urban areas.

Environmental Degradation and Land Use

Environmental degradation is often prioritized as a major cause of urban water scarcity. The research in Jeneratte and Larsen's ecological footprint approach is largely based on data concerning the land area that each city finds necessary to provide water supply and purification (among other resources and services including food, raw materials, and atmospheric gas regulation).³⁶ While this study is unique in that it compares numerous cities with each other instead of focusing just on one or two specifically, Jeneratte and Larsen's research is similar to that conducted by Srinivasan, Seto, Emerson, and Gorelick in 2013.³⁷ Their research suggests that the relationship between urbanization and water scarcity is quite nuanced and that it is difficult to draw distinct connections between forces of population growth and unsustainable consumption, storage, transportation, sale, and extraction of water. This 2013 study looked at environmental degradation specifically in the form of changes in land use (i.e. the land that is converted from ruralized to urbanized usage). The research showed that shifts in land use cause a reduction in evapotranspiration and groundwater recharge due to infrastructure buildup and a decrease in permeable land. One strength of this study is that, by looking specifically at poor communities in Chennai, India, it identified both short-term and long-term demographic and environmental processes that influence water vulnerability.

2. The Failures of Political Systems, Governance, and Public Policy

Literature surrounding urban water scarcity in Indian slums draws much attention to the inefficiency of public policy. While there is not one researcher mentioned in this article that

³⁶ Ibid.

³⁷ Srinivasan et al., "The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India," 229-239.

supports the current governance over water supply and sanitation in poor urban areas in India, there is much disagreement over how public governance should improve. For example, there is debate over whether or not the supply of water should become privatized or to what extent it should be privatized. The literature that identifies flaws in the government's mode of operations concerning water provisions to urban areas is extensive but non-specific. Furthermore, there are numerous researchers who criticize local Indian governments but do not emulate on the administrative internal or external processes that have led to ineffective public and political processes.

Argument 1: The Government Should Control Water Supply, but it Needs Improvement

Despite the failures of water regulation in India, especially in poor urban areas and slums, many studies identify the government as an integral part of improving the water supply. Prasad and Basu employ the 'systems mapping' method and argue that the government's role is key for several reasons.³⁸ They explain that the government maintains and builds new infrastructure and subsidizes household-level costs of obtaining and cleaning water. The government can also support community projects to improve infrastructure such as treatment plants, public toilet facilities, and distributional pipelines.

Another way local governments can become more effective in urban water supply management is by improving involvement in both community-centralized mechanisms of supplying and sanitizing water and decentralized processes that occur at the household level of consumption.³⁹ There is also a need to collaborate with small vendors that distribute and sell water for profit to urban slum areas that do not receive municipal water.⁴⁰ Such cooperation could lead to the improved distribution of water, as well as the regulation of prices and sanitation standards. Even though awareness amongst the Indian public on current water regulations and the inefficiency of water systems has the potential to influence policy, a policymaker's improvements in water supply and sanitation are not generally political tiebreakers in elections.^{41,42}

Local governments can also improve water supply functions by improving operational and financial transparency. McKenzie and Ray cite a government pricing policy that charges more money for additional water used, thereby allowing poor households to be subsidized by the wealthy, who use more water.⁴³ While this policy might seem equitable and financially streamlined, half of all slums in India are not supplied with municipal water. As a result, this subsidy would not apply to these communities even though they arguably have the most

38 Urvashi Prasad and Semonti Basu, "A New Approach to India's Water Sanitation Crisis: Part 1."

39 Srinivasan et al., "The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India," 229-239.

40 Vishal Narain, "India's Water Crisis: The Challenges of Governance," *Water Policy* 2.6 (2000): 433-444.

41 Seto and Satterthwaite, "Interactions Between Urbanization and Global Environmental Change," 128.; Dyson, Cassen, and Visaria, *Twenty-First Century India: Population, Economy, Human Development, and the Environment* (New Delhi: Oxford University Press, 2004).

42 McKenzie and Ray, "Urban Water Supply in India: Status, Reform Options and Possible Lessons," 442-460.

43 Ibid.

financial disability. In a similar study, it is estimated that the Indian federal government spends 0.5% of the country's GDP on subsidizing water, but that 70% to 80% of these subsidies do not actually reach the poor.⁴⁴

Much of the current government's inability to supply adequate amounts of water stems from the country's political history, particularly during British colonialism.⁴⁵ Current inefficiencies and inequities surrounding water supply and distribution that come from decades-old processes, as Basu and Main explain in the Calcutta context, can be solved through increased government-community collaboration. As they argue, achieving more effective water policies is a matter of involving community-based and non-governmental organizations as well as private water supply companies in planning a more productive distribution system. The impact of colonialism on water supply can also be linked to the formation of national legal structures that shape water policy and disputes today.⁴⁶ This returns to the arguments brought forth by Ducrot, Le Page, Bommel, and Kuper, which advocate for the use of multifaceted approaches to water scarcity.⁴⁷

The colonial issue is one especially worthy of further exploration, since it was during the British Raj that many Indian cities built the infrastructural systems that still exist today. This is not only true in India, but also in many parts of the world. For example, Njoh and Akiwumi find that in African cities with historically longer periods of colonial presence, the quality and availability of water is greater than in cities that were colonized for less time.⁴⁸ In Jakarta, the water network that was built in 1920 served primarily European residents and continued to be used even in the decades following independence.⁴⁹ Both the infrastructural and legal legacies of colonial histories are integral in the formation of today's policies concerning water distribution and supply in India and abroad.

Argument 2: Water Supply Should Be Privatization

Numerous researchers suggest that water supply in urban India should become privatized, at least to a certain extent. Subbaraman, S. Shitole, T. Shitole, Sawant, O'Brien, Bloom, and Patil-Deshmukh's 2013 study on the Kaula Bandar slum in Mumbai explains how private supply has already become a prominent form of water attainment in poor urban areas, especially those which are not recognized by the government.⁵⁰ The main water supply in Kaula Bandar

44 Foster, Pattanayak, and Prokopy, *Tariff Subsidies in South Asia: Do Current Water Subsidies Reach the Poor?* (Washington, D.C.: World Bank, 2002).

45 Basu and Main, "Calcutta's Water Supply: Demand, Governance and Environmental Change," 23-44.

46 Radha D'Souza, "At the Confluence of Law and Geography: Contextualizing Inter-State Water Disputes in India," *Geoforum* 33 (2002): 255-269.

47 Ducrot et al., "Articulating Land and Water Dynamics with Urbanization: An Attempt to Model Natural Resources Management at the Urban Edge," 85-106.

48 Ambe J. Njoh and Fenda A. Akiwumi, "The Impact of Colonization on Access to Improved Water and Sanitation Facilities in African Cities," *Cities* 28.5 (2011): 452-460.

49 Karen Bakker and Michelle Kooy, "Governance Failure: Rethinking the Institutional Dimensions of Urban Water Supply to Poor Households," *World Development* 36.10 (2008): 1891-1915.

50 Subbaraman et al., "The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and

is comprised of old emergency fire brigade pipes that run underground, through the ocean, and through various trash sites, on which holes in the pipes are clearly visible. Residents of Kaula Bandar purchase their water from vendors, who extract water from these pipes using motorized pumps. Government officials often remove these hand pumps, thereby forcing consumers to go long distances in search of water. Kaula Bandar is not only an example of contamination and over-pricing, but also a failure of public-private collaboration. This case study is useful in understanding why governments and private vendors should work together for optimal water supply and quality.

Public-private partnerships can enforce water sanitation controls and price regulations, as well as repair the government's municipal inefficiencies while simultaneously investing money into poorer areas. Several researchers highlight the importance of private vendors themselves. For instance, in their work, McKenzie and Ray emphasize the integral role that private suppliers could have in either reselling municipally obtained water or distributing water directly from natural sources such as groundwater.⁵¹ Similarly, Prasad and Basu identify microfinance institutions as key players in the interplay between local governments and poor urban communities.⁵² These institutions have the potential to act on household and small-scale community levels by supplying residents with water, as well as sewage and toilet connections.

Like McKenzie and Ray, Basu and Main highlight the fact that if private vendors carry on supplying water unchecked by the government, it is possible that prices will rise significantly because of these suppliers' profit motives.⁵³ However, as they point out, an outcome's rationale is beneficial in that it reduces municipal cost inefficiencies by improving distribution and waste management. In other words, government operations can learn from private supply models that seek return instead of just distribution. Basu and Main's research, along with many other studies, highlights the importance of involving community members and organizations in the process of improving urban water supply. The implementation of market solutions can have a positive affect on residents, who will be empowered to manage their own distribution more efficiently and cost-productively.^{54,55}

A weakness in the research that addresses the interplay between government, public policy, and private suppliers is that in these more politically centered studies, less focus is placed on water adequacy and quality. Although this may be a result of the decrease in hydrogeological research, water adequacy and quality should nevertheless be explored in greater detail. This is particularly important for slum areas that border both large cities and natural environments.

3. Economics: Pricing Structures and Cost-Inefficiencies

Reliability," 173.

51 McKenzie and Ray, "Urban Water Supply in India: Status, Reform Options and Possible Lessons," 442-460.

52 Urvasi Prasad and Semonti Basu, "A New Approach to India's Water Sanitation Crisis: Part 1."

53 Basu and Main, "Calcutta's Water Supply: Demand, Governance and Environmental Change," 23-44.

54 McKenzie and Ray, "Urban Water Supply in India: Status, Reform Options and Possible Lessons," 442-460.

55 Subbaraman et al., "The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and Reliability," 173.

Economics is an additional major approach that many researchers use to understand and suggest implementations to alleviate urban water scarcity. Although it is highly theoretical, it is also very interconnected with both environmental and public policy issues. Viable pricing structures and more equitable and cost-efficient distribution systems are integral to ensuring future water security.⁵⁶

One of the major flaws in the current system of water distribution is that it is not supplied as a public good to all areas, including non-notified slums. In these areas, water costs far more than it would in average, municipally supplied settings. While charging money for water based on a neighborhood's ability to pay is certainly more equitable, many researchers do not consider the possibility of corruption if the sale and distribution of water is entirely controlled by private dealers. As Mehta points out, an ability-to-pay cost structure might end up taxing the poor, even if the government is in charge.⁵⁷

Other studies argue that the poor have the financial capacity to pay more for both adequate quantities and qualities of water, especially if accompanied by additional services.⁵⁸ Also, when overseen correctly, pricing policy can be used to improve the equity and efficiency of water systems.⁵⁹ However, those who suggest that poor communities do have the financial capacity to increase their spending on water are, not surprisingly, few in number. It is likely that ability-to-pay structures will be received better than the continuation of supplying municipal water while trying to extend it to more areas. However, both arguments claim to simultaneously improve distributional efficiencies and offset current government failures. Many identify the financial unsustainability of current public operations in addition to failures of sanitation.⁶⁰ The most convincing solutions focus instead on increased government-independent collaboration, where private vendors are restricted to certain price ceilings on water but charge based on ability-to-pay scenarios.

Very few studies are completely devoted to exploring how water supply and distribution can be improved through economic means, but those that do are highly theoretical and focus almost entirely on tradeoffs between equity and efficiency. Research published by Saleth and Dinar in 2001 provides a deeper explanation of water scarcity.⁶¹ Like other economically inclined analyses, it concludes that redesigning price structure is integral to water security. However, this also acknowledges that government intervention is necessary to incentivize the

56 Basu and Main, "Calcutta's Water Supply: Demand, Governance and Environmental Change," 23-44.

57 Lyla Mehta, "The Manufacture of Popular Perceptions of Scarcity: Dams and Water-Related Narratives in Gujarat, India," *World Development* 29.12 (2001): 2025-2041.

58 McKenzie and Ray, "Urban Water Supply in India: Status, Reform Options and Possible Lessons," 442-460.

59 Peter Rogers, Radhika de Silva and Ramesh Bhatia, "Water is an Economic Good: How to Use Prices to Promote Equity, Efficiency, and Sustainability," *Water Policy* 4 (2002): 1-17.

60 Piyush Tiwari and Manisha Gulati, "Efficiency of Urban Water Supply Utilities in India," *International Journal of Water Resources Development* 27.2 (2011): 361-374.

61 Saleth and Dinar, "Preconditions for Market Solution to Urban Water Scarcity: Empirical Results from Hyderabad City, India," 119-131.

public to respond to new economic strategies and to provide support for institutions involved in the water supply and distribution process. Saleth and Dinar come to their conclusions by recognizing that marginal cost curves for water are increasing at a higher rate than average costs. This means that the more water is allocated, the more costly it becomes. They also discover that both average and marginal cost curves are significantly higher than their predicted matched revenue, meaning that at whatever level supply exists, the government revenue for supplying that water is not adequate to maintain current distributional processes. Like the aforementioned researchers (Basu and Main, Mehta, and McKenzie and Ray), Saleth and Dinar conclude that financially weak neighborhoods are willing to pay higher prices for increased water distributional efficiency. A weakness of this study is that it predicts that with increased revenue due to changes in water supply pricing structures in urban areas, the government will be able to finance larger-scale water transfer projects. While increased revenue will logically enhance the government's ability to supply water more efficiently, the ways in which allocation of these new financial resources would be most effective should be assessed.

While most economically inclined research argues that poor communities have the ability to pay more for water, this assertion is impractical in most Indian slum contexts. Even though lack of supply and sanitation in many areas is a significant problem, few residents will spend more of their income on improved water when they have already learned to live in adverse conditions. Additionally, residents of non-notified slums often already pay more for their water than do residents of government-recognized urban areas in general, even though they are economically worse-off. One study estimates that residents of non-notified slums spend 52 to 206 times more than those of notified slums.⁶²

In order for the feasibility of the sale and transportation of water through different systems to be successful, slum areas have to be examined on a case-by-case basis. Both local governments and private water vendors should assess the conditions under which certain water supply and demand scenarios take place, as well as varying conditions that are created by different policies. A review such as this should also identify the ways in which different social parties could collaborate and the effects that different inputs from each would have on overall water wellbeing.

4. Macro vs. Micro-Level Water Sustainability and Sanitation Practices

While some cities are moving away from micro-level managed water supply it is worth shifting focus to small-scale effects of depreciating water security.⁶³ Small-scale approaches look specifically at how households affect their communities' supply of water and how vulnerable they are to changes in water sanitation, supply, and pricing. Individual residences can improve their water security by investing in, for example, private wells and in-house storage. They may

62 Subbaraman et al., "The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and Reliability," 173.

63 Pandit, Bhardwaj, and Pareek, "Urbanization Impact on Hydrogeological Regime in Jaipur Urban Block: A Rapidly Growing Urban Center in NW India," 341-347.

also purchase from private vendors.⁶⁴ Most of the focus on these internal household processes is inclined to look at sanitation and how to preserve and improve water quality.

Another important factor is inter-household activity taking place in communities, involving individuals collaborating to organize water transfers and neighborhood supply systems, sharing between families, and investment in community-wide infrastructure.⁶⁵

In 2013, Srinivasan, Seto, Emerson, and Gorelick conducted another study that distinguishes between micro and macro-level factors. They highlight the importance of focusing on micro systems, where the ‘real’ impacts of water vulnerability are felt. The study points out that while household-level investments may bring short-term benefits, they will not be sustained unless accompanied by community-wide changes to support them.⁶⁶ A weakness of the study lies in its prediction that urbanization naturally increases demand for water as individual households become increasingly wealthy; higher incomes allow residents to invest more into micro-level improvements and to consume more water. However, they do not recognize that urbanization does not always cause all households to improve financially. In other words, urbanization causes an increase in water demand simply because there are more bodies requiring water, not because those bodies have more money for consumption.

The study conducted by Subbaraman, S. Shitole, T. Shitole, Sawant, O’Brien, Bloom, and Patil-Deshmukh further emphasizes the importance of shifting focus onto individual households in slum communities.⁶⁷ Their research shows that the largest proportion of contaminants in water do not enter at the point of source or in transit, but while stored in households. They attribute this to the fact that most buckets and other containers used for storage have wide mouths, increasing the potential surface area for bacteria to enter the water. Furthermore, many residents remove water with their hands instead of clean containers. Improvements in safe storage methods at the micro-level, whether in the type of storage or method of extraction, can significantly improve water quality.

Conceptualizing the varying factors of water scarcity in urban areas by differentiating between macro and micro-level components can be useful for almost any context. Examining the relationships between varying influences can lead to a more comprehensive understanding of the issues at hand and to how larger, societal-wide processes are interconnected. For instance, a study in 1989 argues that large-scale water scarcity can be analyzed in the context of urbanization in African countries that are experiencing significant seasonal fluctuations.⁶⁸

64 Saleth and Dinar, “Preconditions for Market Solution to Urban Water Scarcity: Empirical Results from Hyderabad City, India,” 119-131.

65 Urvashi Prasad and Semonti Basu, “A New Approach to India’s Water Sanitation Crisis: Part 1.”

66 Srinivasan et al., “The Impact of Urbanization on Water Vulnerability: A Coupled Human-Environment System for Chennai, India,” 229-239.

67 Subbaraman et al., “The Social Ecology of Water in a Mumbai Slum: Failures in Water Quality, Quantity, and Reliability,” 173.

68 Malin Falkenmark, Jan Lundqvist, and Carl Widstrand, “Macro-Scale Water Scarcity Requires Micro-Scale Approaches, Aspects of Vulnerability in Semi-Arid Development,” *Natural Resources Forum* 13.4 (1989): 258-267.

The interconnections it identifies between micro-scale processes and approaches enabled the study to take into account numerous additional factors, such as climate and food availability.

It is worth noting that insight into sanitation problems occurring in households as well as the impact that collaboration between households can have on local communities is increasing. A transition to household-focused research paves the way for the development of more water supply and sanitation methods that residents can use and maintain themselves. In many ways, community-wide changes in supply networks cannot take place until water is addressed at the smallest level, while macro-level processes help residents realize the full impact they can have on their communities.

GLOBAL IMPLICATIONS

Although increasingly prevalent in the Indian urban context, the question of water scarcity is highly relevant in numerous other developing areas around the world that share similar environmental, governmental, and economic conditions. The following are some key considerations this article addresses, which can be applied elsewhere as well.

1. Multi-Disciplinary Study

The major approaches discussed in this article (environment, governance, economics, and macro vs. micro-level sustainability) are only four of numerous disciplines that both influence and are influenced by water scarcity. These include, but are not limited to, law, education, health, poverty, agriculture, waste disposal and other infrastructure, international cooperation, and disaster risk management. The consideration of multiple disciplines is integral in understanding the multiple causes and effects of water scarcity in urban areas around the world. This is especially true in its applications to collaboration and implementation of strategy amongst numerous community actors.

2. Integrated Approaches

Applying long-term, sustainable solutions for urban communities necessarily requires the integration of multiple actors throughout local, regional, national, and international arenas. While there is no formula for integration, and while it becomes increasingly difficult to collaborate amongst actors with varied expertise and intentions, holistic resolutions are best designed when numerous drivers of social processes and norms gather for a single purpose.

3. Bottom-Up Community Development

The analysis of a community's ability to mobilize existing resources is in many ways the future of development practice. Sustainable livelihoods frameworks, for instance, focus on the decentralization of development works, the enabling of community partners, and the building

upon local assets for growth.⁶⁹ Although asset-based community growth can exist in various forms in any level of society, it is through collaboration amongst numerous actors, including individuals, community groups, organizations, and policy-makers, that existing strengths are integrated with the knowledge and practice of the aforementioned contributors.

CONCLUSIONS

Many approaches to urban water scarcity in India can be centered around four major areas: environmental processes, political systems, economic theories, and differentiations between micro and macro-level operations. The greatest change should take place in these areas if vulnerability to water security, especially in poor urban settlements, is to be alleviated. While diverse and varied even within themselves, these four fields of research are certainly not mutually exclusive; each researcher relies on a multitude of diverse factors to reach said conclusions. The need for these different, yet not necessarily incompatible, approaches is largely a result of the numerous institutions, biological and hydrogeological processes, political entities, economic speculations, and micro-level storage and usage options and their interactions. These factors both affect and are affected by urban water security in India. The operations involved in the extraction, treatment, transport, sale, storage and use of water in urban Indian slums is so multifaceted that not one subject or focus would be able to reach implementable conclusions that are practical for all parties involved. The future of research surrounding this branch of development depends on understanding how these parties interact best with one another in settings that are understood to be socially and geographically unique.

A significant gap in literature addressing urban water scarcity in India concerns direct, legal solutions for non-notified slums. While many researchers appropriately mention the legal differences between notified and non-notified slums, almost none have explored why these differences exist or how they can be changed.

Furthermore, urbanization and water vulnerability are often addressed, but discussions concerning direct relationships between the two are rare, despite the many factors rendering them greatly interconnected. In addition, the research as a whole is lacking information on how water scarcity is affected by rising population density rather than just rising population (measured by increasing per capita water use). The number of people living in a slum is a significant challenge. However, the number of people living in a slum per square kilometer incurs many of the same struggles, but also potentially numerous additional issues that require further research. For instance, a slum that is growing in general population might have more issues with environmental degradation, but a slum that is growing in population density may have fewer issues specifically concerning environmental degradation and more problems with access to wells and spatially specific groundwater over-extraction trends.

It is therefore necessary to distinguish the point at which increasing population density

⁶⁹ The World Commission on Environment and Development, "Our Common Future," (New York: United Nations Publishing, 1987).

happening as a result of rural to urban migration and urbanization becomes a direct cause for water vulnerability. This vulnerability should be identified in both macro and micro-level scenarios, taking into account the need to find interdisciplinary and realistically implementable suggestions resulting in long-term solutions.

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The Global Land Rush and China

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ABSTRACT

*Land grabbing refers to the large-scale acquisitions of land in developing countries. This colonial pastime takes various forms today including direct land sales, credit assurances, leases, and informal agreements by state and non-state actors. This paper focuses on the neocolonial debate initiated by China's Going Out, *zou chuqu*, policy and its land grabs. Despite the media hype, China is one of the more modest "land grabbers." South Korea, the Gulf States, South Africa, Brazil, and India all actively purchase land in the Global South. While some experts and policymakers encourage China's initiative, many remain skeptical about the implications of China's land acquisitions. Some claim that China's land acquisitions benefit local communities since they increase agricultural efficiency and provide a stable food supply. However, others claim that China's land acquisitions hurt local communities, ecosystems, and national sovereignty. This paper aims to deconstruct misconceptions of China's land grabs through a close analysis of China's involvement in the Brazilian and Zambian agricultural sectors, where China's activities evoke a combination of hope and unease. Although it is too soon to tell what aggregate effects land grabbing by foreign entities will have, it is clear that the global land rush will come at the expense of local communities. As long as land is divided and operated by the market's forces, marginalized and vulnerable communities will bear the costs of today's land rush.*

INTRODUCTION

Although the land grab trend has received much attention recently, it is not a new phenomenon. Land grabbing refers to the large-scale acquisitions of land in developing countries by foreign

governments, corporations, or private individuals.¹ Today, this colonial pastime takes various forms including direct land sales, leases, credit assurances, and informal agreements by state and non-state actors. Land grabs have always been a part of history—the Scramble for Africa being one of the most prominent examples. Colonial settlers of the 19th century ventured off to unknown lands and claimed them for their home country, believing that the land was uninhabited. Today we continue to see this misconception in practice where areas targeted for large-scale investments are “portrayed on paper as empty, marginal, idle or degraded land, largely unpopulated, unused, unproductive, and unlikely to compete with local food production.”²

Land grabbing is currently “unfolding at a relatively fast pace, set by changing dynamics in the global food regime, in energy security responses to ‘peak oil’, in environmental protection in the context of climate change, and in the international flow of finance capital.”³ Another important distinction in contemporary land grabs is the inclusion of new actors. More states have joined the global land rush. Some see the rise of new players in the land rush as a response to the rise in food prices and the food spike in 2008, which alarmed insecure states.

One of these emerging actors is China. A critical component of China’s Going Out policy, a set of guidelines that encourages Chinese enterprises to invest overseas, includes securing access to food sources and raw materials. This search for stable access to food supply creates serious concerns in the Global South, as it often leads to land grabs. The focus of this paper centers on the neocolonial debate initiated by China’s Going Out, *zou chuqu*, policy and its land grabs. While some experts and policymakers claim that this initiative can improve agricultural efficiency in the Global South, many remain skeptical about the implications of China’s land acquisitions in Africa and Latin America. Before delving into China’s activities in Africa and Latin America, there are several misconceptions about China’s involvement in land grabs that must be deconstructed. Headlines often sensationalize China’s “appetite” for lands in the Global South and often provide inaccurate figures on its acquisitions.⁴ Despite the media hype, it must be made clear that China is only one of many players involved in today’s global land rush. South Korea, the Gulf States, South Africa, Brazil, and India all actively purchase land in the Global South. Despite international and domestic pressures to engage in the land grabbing trend, China appears to be one of the more modest “land grabbers.”

China’s land grabs can be better understood through an analysis of the role land plays in the Chinese economy. “Land, broadly understood, has become one of the major new needs of advanced capitalism—for food and industrial crops, for underground water tables, for

1 Saturnino M. Borrás Jr., Cristóbal Kay, Sergio Gómez and John Wilkinson, “Land Grabbing and Global Capitalist Accumulation: Key Features in Latin America,” *Canadian Journal of Development Studies* 33 (2012): 402.

2 TNI Agrarian Justice Programme, *The Global Land Grab A Primer*. Transnational Institute, (2013): 5.

3 Ibid., 10.

4 Deborah A. Bräutigam, *The Dragon’s Gift: The Real Story of China in Africa*. (New York: Oxford University Press, 2009), 289.

traditional and new types of mining,” these being all key needs of China’s booming economy.⁵ Agriculture is a rapidly growing area of focus for China’s economic engagement in the Global South.⁶ With a population of 1.3 billion people, food shortages pose serious threats to China’s stability and economy. For this reason, “the Chinese government emphasizes safeguarding food security as its top priority.”⁷ Deborah Bräutigam and Tang Xiaoyang discuss the Chinese state’s claim that food security is crucial for China’s stability and growth. Furthermore, Helen Sun explains how and why land grabs have become one of the initiatives to ensure China’s food security.

One of the ways China secures its access to food is through land grabs and investments in agriculture in the Global South. However, the impacts of these endeavors remain unknown because China’s activities are multifaceted and adaptive in response to global trends. Some claim that China’s land acquisitions benefit local communities because they lead to agricultural efficiency and provide a stable food supply. However, others believe that China’s acquisition of land hurts local communities and marginalized people. These claims will be examined by analyzing China’s involvement in Brazil’s and Zambia’s agricultural sectors.

CHINA AND BRAZIL’S AGRICULTURE SECTOR

Brazil and China’s relationship has developed significantly over the last few years. Both Brazil and China look to each other as a source for continued growth as they accumulate economic and political power. China markets itself as an alternative source of development to Brazil in an effort to build a stronger economic partnership.⁸ In 2009, China became Brazil’s largest trading partner; however, this relationship contains significant imbalances. Raw materials composed nearly 84 percent of Brazil’s exports to China in 2010, but roughly 98 percent of China’s exports to Brazil were manufactured products.⁹ This imbalance concerns Brazilian policymakers who worry about a possible neocolonial relationship. These concerns have led Brazilian policymakers to mitigate China’s land grabs through various legal measures. Despite this, China remains persistent on finding a stable food supply by buying lands in Brazil.

The growing demand for food in China puts significant pressure on the government and state-owned enterprises (SOEs). The “meatification of diets” in China and India has created “major shifts in how much and what kind of food crops are produced, and how...with direct consequences for land use.”¹⁰ The growing demand for meat in China makes soybeans from

5 Saskia Sassen, “Land Grabs Today: Feeding the Disassembling of National Territory,” *Globalizations* 10 (2013): 27.

6 Deborah A. Bräutigam and Tang Xiaoyang, “China’s Engagement in African Agriculture: ‘Down to the Countryside,’” *The China Quarterly* 199 (2009): 686.

7 Helen Lei Sun, “Understanding China’s Agricultural Investments in Africa,” Occasional Paper *South African Institute of International Affairs* 102 (2011): 12.

8 Niu Haibin, “Emerging Global Partnership: Brazil and China,” *Revista Brasileira de Política Internacional* 53 (2010): 185.

9 Alexei Barrionuevo, “China’s Interest in Farmland Makes Brazil Uneasy,” *New York Times*, May 26, 2011, <http://www.nytimes.com/2011/05/27/world/americas/27brazil.html?pagewanted=all>.

10 Transnational Institute, *The Global Land Grab A Primer*, 17.

Brazil central to China's rising agricultural-industrial complex.¹¹ Bloomberg reported that global soybean consumption will increase 3.8 percent to 262.24 million metric tons in 2012, and demand in China, the world's biggest user and importer, will rise 8.6 percent to 71.6 million tons.¹² For these reasons, China focuses on increasing agricultural ties with Brazil.

China's growing agricultural investments in Brazil evoke a combination of hope and unease. In Brazil, China does not engage in outright imperial land grabs through force. Instead, the Chinese state and Chinese firms use mechanisms that include foreign direct investment in agriculture and direct buying and leasing of lands. The Brazilian Minister for Agricultural Development, Guilherme Cassel, said, "There is a lot of land speculation on the part of China, Japan and even the United States. There are many countries that want to buy [land] in Brazil, in Latin America, in Africa and this worries all of us." Brazilians constantly describe China as aggressive and recognize its "appetite for Brazil."¹³ Brazilians worry that China intends to create a colonial relationship by holding land in Brazil—potentially affecting Brazil's sovereignty. Former Brazilian Finance Minister Antonio Delfim Netto warns about the emerging Chinese neocolonialist trend. He claims that Chinese companies are among the most active in rushing to buy land in Africa and that Brazil may be the next target: "The Chinese have bought Africa and are trying to buy Brazil."¹⁴ However, China is not the most active state purchasing land. In fact, its involvement in direct land grabs is minimal compared to its competitors, including Brazil, which buys lands of its own in Africa. The aforementioned statements depict the hypocrisy, complexity, and misconceptions surrounding land grab claims.

After multiple attempts by the Chinese to purchase tracts of land, Brazil's attorney general used a 40-year-old law to make it harder for foreigners to buy land. Although the Brazilian government has placed limitations on access to land by foreigners, "the limitations currently imposed upon access to land by foreigners in Brazil are, in many cases, innocuous due to the use of Brazilian figureheads."¹⁵ Attempts to limit foreigners' access to land stimulate strategies geared towards indirect control over land. For example, Chinese firms provide credit to farmers since Chinese efforts to buy land have failed because local officials refuse to sell land. Chinese banks get indirect control over land by funding long-term commercialization contracts in Brazil's soybean sector. While these practices are distinct from common land grabbing, in which foreign companies and governments have direct control over the land, it remains uncertain whether these alternatives will override land grabs.

11 John Wilkinson, Bastiaan Reydon, and Alberto Di Sabbato, "Concentration and Foreign Ownership of Land in Brazil in the Context of Global Land Grabbing," *Canadian Journal of Development Studies* 33 (2012): 435.

12 Bao Chang, "CGG is Setting Up a Soybean Base in Brazil," *China Daily*, November 24, 2011, http://www.chinadaily.com.cn/business/2011-11/24/content_14153948.htm.

13 Diana Renee, "China Brings Ups, Downs for Brazil," *The China Post*, January 17, 2011, <http://www.chinapost.com.tw/china/2011/01/17/287890/China-brings.htm>.

14 Tom Phillips, "Brazil's Huge New Port Highlights China's Drive into South America," *The Guardian*, September 15, 2010, <http://www.theguardian.com/world/2010/sep/15/brazil-port-china-drive>.

15 Wilkinson, Reydon, and Di Sabbato, "Concentration and Foreign Ownership of Land in Brazil in the Context of Global Land Grabbing," 436.

Aside from governmental barriers to China's land acquisitions, China also faces resistance from locals. In 2011, the Chongqing Grain Group, one of China's largest state-owned grain corporations, agreed to build an industrial complex for soybean processing in Brazil's Bahia state, where it reportedly plans to invest up to \$2.4 billion.¹⁶ Two-thirds of the Chongqing Grain Group deal was to be financed by loans from the China Development Bank, a government-owned bank that specializes in financing foreign investments by Chinese companies.¹⁷ Experts claim that China's agricultural needs can translate into gains for developing countries; "appropriate" land acquisitions can create jobs, boost salaries, and improve infrastructure. However, it is extremely challenging to ensure that land acquisitions are "appropriate." While domestic governments have a role in negotiating land sales, most of the time locals are left out at the negotiating table. The land donated by the mayor to support Chongqing Grain Group's project contains a nature reserve. This, along with a social movement by Brazil's landless rural workers' movement, the MST, has slowed the project down. Across the road from the intended site of the soy plant, members of the MST movement have pitched their tents and intend to squat there until the government expropriates the land and redistributes it to them.¹⁸

The Chongqing Grain Group project is only one of the many projects initiated by the Chinese state and Chinese firms in Brazil. China's Sanhe Hopeful Grain & Oil announced plans to put \$7.5 billion into soybean processing facilities in the state of Goias in exchange for an annual supply of 6 million tons of legumes from Brazil, a deal that reportedly includes building a railroad to move products out of the facility. Chinese agricultural giant, Helionjiang Beidahuang, the China National Agricultural Development Group Corp., and Chongqing Grain Group have clear intentions to buy Brazilian land in coming years; the Chongqing-based group plans to invest 5.8 billion yuan (\$914 million) to plant 600,000 tons of soybeans on 200,000 hectares in Brazil annually.¹⁹ The Brazilian Institute for Colonization and Agrarian Reform (INCRA) found that foreigners own about 4.5 million hectares, but the government admits that this figure is low and that the real area may be more than twice as large.²⁰ These discrepancies demonstrate that the state of land grabs in Brazil is currently unclear and unpredictable. Likewise, Chinese strategies and investments in Zambia remain unclear.

16 Kelly Hearn, "China Plants Bitter Seeds in South American Farmland," *The Washington Times*, February 1, 2012, <http://www.washingtontimes.com/news/2012/feb/1/china-plants-bitter-seeds-in-south-american-farmland/?page=all>.

17 Dim Sums, "Chongqing's Brazil Deal," *farmlandgrab.org*, May 29, 2011, <http://farmlandgrab.org/post/view/21593>.

18 Dawn Powell, "The Dragon's Appetite for Soy Stokes Brazilian Protectionism," *Financial Times*, October 10, 2011, <http://blogs.ft.com/beyond-brics/2011/10/10/the-dragon-s-appetite-for-soy-stokes-brazilian-protectionism/#axzz2SUr8i7kl>.

19 Kelly Hearn, "China Plants Bitter Seeds in South American Farmland."

20 Marcela Valente, "Curbing Foreign Ownership of Farmland," *Aljazeera*, May 20, 2011, <http://www.aljazeera.com/indepth/features/2011/05/2011517133358914599.html>.

CHINA AND ZAMBIA'S AGRICULTURE SECTOR

Similarly, in Africa, China's overseas farming investments comprise two key categories of enterprise management: private enterprises and state-owned enterprises. However, China's involvement in African agriculture is more multifaceted than its involvement in Latin America. China diversified its agricultural investment in Africa through multiple approaches, including aid projects and investments in infrastructure, technology demonstration, and training programs. China can offer Africa various lessons based on its own success in agricultural growth and alleviating poverty. China's current small-scale projects can help address Africa's low agricultural productivity rates which result from poor water irrigation systems and infrastructure, lack of financial and human resources, outdated agricultural technology, and inadequate access to markets.²¹ This alternative to large-scale projects ensures the independence of local communities by safeguarding community ownership and focusing on production for local markets. An example of this is Chinese companies' construction of 12 major grain storage facilities in Zambia that will enhance the country's storage capacity and food security. Also, Chinese enterprises have built numerous agricultural infrastructure facilities and irrigation facilities in Africa in order to enhance agricultural efficiency. Furthermore, from 2007–2009, China sent 104 senior agricultural technology experts to 33 African countries to assist in the creation of agricultural development plans, and in 2009, China provided training for 568 African agricultural officials and technicians.²² China's investment in agricultural research and development can have tremendous impacts on African agriculture and poverty reduction, whereas land grabs risk threatening the independence and livelihoods of local farmers. We will explore China's role in African agriculture more closely by analyzing its initiatives in Zambia.

China's involvement in Zambia's agricultural sector stems from a long relationship that traces back to 1970. This relationship has evolved over time. Agro-socialist cooperation defined the period that lasted from 1970 until the late 1980s. Agro-capitalist engagement characterized the period since the 1990s, and today, it appears that a potential agro-imperialist era is developing.

The socialist phase incorporated a not-for-profit model. This model included cultural sensitivity training programs, a system called *dui deng shang ban* that guaranteed that Chinese and local employees work together on a daily basis, and small scale projects focused on sustenance farming.²³ The current agro-capitalist phase includes Chinese investment in SOEs and private farms that “vary greatly in scale ranging from a few ha (hectares), the average size of a Zambian small family farm, to a few hundred or thousand ha, the size of commercial farms.” Nearly all of these farms still produce for the local market, demonstrating that Chinese investments help to enhance Zambia's food security. China's present agro-capitalist phase in Zambia requires SOEs to seek profits and encourages Chinese ownership of enterprises

21 Yan Hairong and Barry Sautman, “Chinese Farms in Zambia: From Socialist to “Agro Imperialist” Engagement?” *African and Asian Studies* 9 (2010): 307-33.

22 Sun, “Understanding China's Agricultural Investments in Africa,” 19.

23 The *dui deng shang ban* system prevented the manager hierarchy prevalent today. The management hierarchy refers to the lack of locals in management positions in projects in the developing world. Locals often criticize this hierarchy for hindering qualified, local candidates from leading projects.

created abroad, including long-term leaseholds on land. This shift from Zambian ownership to Chinese ownership reflects the changes in China's growing capitalist economy. Although these SOE farms increased agricultural efficiency in Zambia, "they behave in typical agro-capitalist fashion and employ wage labor and pursue profit maximization." These agro-capitalist strategies create tensions between employees and SOEs. Farm worker unions strike once a year at the Johnken farm and demand better pay and benefits since their wages are slightly below Zambia's minimum wage.²⁴ Often, though, SOEs do not give into workers' demands. SOEs like Johnken argue that since they provide lodging and subsidized utilities for long-term farm workers, wage increases are off the table.²⁵ However, workers at SOEs complain that their wages barely allow them to support their families and that they are vulnerable to dismissals like casual workers. This conflict illustrates the complicated, multifaceted relationship between Chinese SOEs and local communities.

Currently, Chinese engagement with Zambian agriculture has had positive effects on the local food market in Zambia by providing a stable food supply, but an emerging agro-capitalism phase can bring significant changes. The agro-capitalism phase now involves production for the market and sometimes leads to the exploitation of workers.²⁶ This market-oriented focus also encourages an increase in land grabs, which could threaten the livelihoods of impoverished farmers. Approval of the New Alliance proposal by the United Nations and World Bank may also compel more Chinese land grabs. The New Alliance initiative encourages the purchase of large tracts of land and the privatization of food production in Africa. If the initiative comes to fruition, then Chinese leaders may encourage Chinese firms to join the global land rush and usher in the agro-imperialist era in Zambia. An agro-imperialist era threatens Zambian farmers' livelihoods and Zambia's access to a stable food supply.

Several signs of a possible transition to an agro-imperialist phase in Zambia have emerged. A 2008 draft policy from China's Ministry of Agriculture encouraged Chinese firms to lease or purchase land abroad for farming, but this policy has been put on hold. Furthermore, several Chinese farmers settled in Zambia, and there could be an increase in this migration pattern with the emergence of an agro-imperialist phase. The head of the China Export-Import Bank suggested that Chinese immigration to Africa could alleviate unemployment.²⁷ This increased immigration could create conflict between locals and immigrants. It must be noted that the agro-imperialist phase is not an experience but rather a speculation: "One possible future based on the Chinese state's potential to allow Chinese firms to join in the large-scale, export-oriented "land grabs" by transnational firms and governments that have occurred since food crises in the developing world in the late 2000s."²⁸ An agro-imperialist phase has the potential to increase immigration into Africa, lead to the exploitation of workers, shift production for the global rather than the local market, and propel an increase in land grabs—all of which

24 Hairong and Sautman, "Chinese Farms in Zambia: From Socialist to "Agro-Imperialist" Engagement?" 319.

25 Ibid.

26 Ibid.

27 Ibid., 324.

28 Ibid., 307.

could have detrimental effects on the continent.

DISCUSSION

China's land grabs represent a global trend. To adjust to today's global markets, foreign firms, governments, and individuals are rapidly accumulating land. This global land rush phenomenon was explored through a close examination of China's efforts to find a stable food supply in Brazil and to make profit in Zambia during the agro-capitalist phase. Although China is a modest land grabber compared to the West, the Gulf States, India, and South Korea, China's land grabs could increase due to possible emerging global trends, which occur as a result of rising demand for resources. The increasing demand for biofuels and agricultural commodities, combined with expectations of increasing return rates in agriculture and rising land values, may make land grabs more appealing.²⁹

China's current involvement with the Global South is a complex topic that must not be characterized as pure colonialism. China's land grabs—including initiatives by the government, Chinese firms, or a mixture of the two—must be analyzed in the context of transnational economic trends. Karl Polanyi warned about a continuously expanding unregulated market.³⁰ The global economy now encompasses the purchase of land by foreign entities and the possible privatization of food, which are bound to have disastrous effects on society. Polanyi writes that, “the dynamics of modern society was governed by a double movement: the market expanded continuously but this movement was met by a countermovement checking the expansion in definite directions.”³¹ The countermovement to the land grab phenomenon is evident in Brazil's legal attempts to limit acquisition of lands by foreign entities and in local communities' desperate attempts to keep control of their land. One could also consider China's continuous support of small-scale agricultural projects that benefit and empower local communities as another possible countermovement.

We can also see Robert Owen's prophecy embodied in today's land grabs, “[the] market economy if left to evolve according to its own laws would create great and permanent evils.”³² “Investment de-regulation and trade liberalization are what underpin and have helped to make possible the cycle of land grabbing we see today.”³³ The radical changes in the use and ownership of land marginalize more and more people.³⁴ Saskia Sassen adds that this “simultaneous privatizing and globalizing of market economies is producing massive structural holes in the tissue of national sovereign territory. And one instance is, precisely, that of massive foreign

29 Annelies Zoomers, “Globalisation and the Foreignisation of Space: Seven Processes Driving the Current Global Land Grab,” *The Journal of Peasant Studies* 37 (2010): 435.

30 Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*. (New York: Beacon Press, 1944), 129.

31 Ibid.

32 Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, 130.

33 Transnational Institute, *The Global Land Grab A Primer*, 10.

34 Zoomers, “Globalisation and the Foreignisation of Space,” 440.

land acquisitions that re-purpose that acquired land for their own aims.”³⁵ China’s current agricultural investments should evoke both hope and unease as these investments indicate agricultural improvements. However, Chinese investments are slowly shifting to meet the demands of the market, which often leads to the exploitation of workers as Yan Hairong and Barry Sautman highlight. Furthermore, investments that focus on production for the market rather than for the local economy could affect Zambian food security. Chinese investments may encompass a more market-oriented approach if the G8 implements the New Alliance initiative.

The New Alliance initiative, announced at the 2012 G8 Summit by President Obama, focuses on the global supply of food and seems to mark the future of land grabs. The New Alliance for Food Security and Nutrition is a commitment by G8 members, African countries, and private sector partners to achieve sustained and inclusive agricultural growth.³⁶ The New Alliance offers “a broad and innovative path to strengthen food security and nutrition.” This “innovative” path encourages African countries to improve investment opportunities and private sector partners to increase investments, while the G8 ensures accountability for the New Alliance policies. According to Feed the Future, the United States Government’s Global Hunger and Food Security Initiative blog, “these African countries have committed to major policy changes that open doors to more private sector trade and investment, such as strengthening property rights, supporting seed investments, and opening trade opportunities.”³⁷ The New Alliance seems eerily similar to neoliberal policies of the 1990s, which left developing states with massive debts and vulnerable to the market’s forces. However, the stakes are higher because this initiative risks giving corporations increased control over the supply of food. We may be approaching a new era of colonialism if the world will let multinational firms control lands and food supply in Africa.

CONCLUSION

China is the contemporary global power on the rise that could potentially follow the land grab trend. China’s immense potential, geopolitical power, history of disregard for human rights, incessant focus on growth, and massive projects focused on the extraction of raw materials from the Global South are indicators of a rising colonial power. We have witnessed the group of most developed economies, labeled by some as today’s neocolonial powers, expand from G6 to G7 to G8 over the past few years, and China may soon join this club.

Karl Polanyi notes that the market transformed human society into an accessory of the economic system.³⁸ Countless experts, scholars, CEOs, and government leaders persistently

35 Sassen, “Land Grabs Today,” 26.

36 “Fact Sheet: G-8 Action on Food Security and Nutrition,” The White House, accessed May 18, 2012, <http://www.whitehouse.gov/the-press-office/2012/05/18/fact-sheet-g-8-action-food-security-and-nutrition>.

37 Tjada McKenna, “Five Questions about the New Alliance for Food Security and Nutrition,” Feed the Future, accessed May 23, 2012, <http://feedthefuture.gov/article/five-questions-about-new-alliance-food-security-and-nutrition>.

38 Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, 74.

defend the land grab trend and advocate that foreign acquisition of land will benefit host countries by increasing agricultural efficiency. Although this may be true to a certain extent, entities strip land away from the most vulnerable populations, thereby increasing the number of landless individuals. This is evident in Brazil, Ethiopia, Mozambique, Philippines, China, and countless other places where local communities are subjugated by foreign and domestic firms and sometimes even their own governments.³⁹ In China, urbanization and industrialization resulted in the confiscation of collective land areas. Nearly 50 million farmers have lost their cultivated land with 3 million farmers losing land every year.⁴⁰ “By 2030 the total number is expected to reach 110 million.”⁴¹ These domestic land grabs resulted in violence and the displacement of millions of poor citizens.

Furthermore, ensuring transparency in land negotiations, which requires that existing local landholders be informed and involved in negotiations over land deals, is challenging.⁴² The support for “appropriate land grabs” is extremely risky because such initiatives may violate their jurisdictions, considering developing states’ lack of institutional maturity. The complexity surrounding land grabs emerges from the fact that prior to privatization, globalization, and neoliberal policies (key features of the New Alliance initiative), there was some element of democratic decision-making in land policies. But this element is now “opaque transnational networks that control the land.”⁴³

Although it is too soon to tell what aggregate effects land grabbing by foreign entities will have, it is clear that the global land rush will come at the expense of local communities. China’s agricultural projects in Zambia during the 1980s show that small-scale projects aid local communities by providing employment, increasing agricultural efficiency, and helping to build infrastructure. However, minimal concrete evidence exists that large-scale land acquisitions benefit local communities. Instead of large-scale land grabs creating employment opportunities and building new social and economic infrastructures, locals are displaced from their land, “and what often follows if promises have been made, is a trail of broken agreements around such issues as payment for damages, resettlement in improved conditions, and compensation.”⁴⁴

We can use history to forecast the future of land grabs. History provides us with countless examples of how global powers have subjugated weaker states through geopolitics and the market economy. We must recognize that the global land rush by foreign entities signals the disassembling of national territory, creating serious consequences. According to Sassen, “Such disassembling can enable the rise of a new type of global geopolitics, one where national sovereign territory increasingly is subject to non-national systems of authority.”⁴⁵ Monitoring

39 Kate Geary, “Our Land, Our Lives: Time Out on the Global Land Rush,” *Oxfam International* (2012): 11.

40 Sun, “Understanding China’s Agricultural Investments in Africa,” 14.

41 Ibid.

42 Zoomers, “Globalisation and the Foreignisation of Space,” 442.

43 Sassen, “Land Grabs Today,” 27.

44 Transnational Institute, *The Global Land Grab A Primer*, 15.

45 Sassen, “Land Grabs Today,” 25.

China's land grabs and agricultural investments is crucial to make sure they continue focusing on making improvements for local communities rather than on solely making profit. Furthermore, we must be cautious of the media's claims and must not single out China because there are several other players that may contribute to this phenomenon on an equal or larger level than China.

There is no doubt that developing countries possess abundant resources with the capacity to feed their starving populations. However, constant occupation and subjugation of the developing world by neocolonial governments and transnational corporations prevents the South from developing. China, like several developed countries, is guilty of flooding the developing world with goods, buying and controlling land, and fostering dependent relationships with the South. These neocolonial tendencies must be closely scrutinized. Furthermore, the global land rush must be curtailed in order to prevent citizens in the developing world from losing their access to land and a stable food supply. Today there are more players fighting for economic growth and power, and land grabs are one of the ways states seek to maintain their competitive advantages. Chinese investments that focus on improving agricultural efficiency constitute the Global South's only hope unless it succumbs to the forces of the market economy and pursues investments focused on land grabs.

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ABOUT THE AUTHOR

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GRADUATE CORNER

The 2014 Sigma Iota Rho Journal of International Relations Graduate Corner contains two articles that demonstrate a different level of scholarship in the field of international relations. The first piece, written by University of Pennsylvania graduate Rachel Levin, is an abridged version of her senior thesis that examines the motivations behind child suicide terrorism. The second piece is written by Johns Hopkins University School of Advanced International Studies student Marina Tolchinsky, who studied International Relations at the University of Southern California. It analyzes the potential for post-conflict growth in Rwanda and the lessons for other post-conflict states in the process of rebuilding. The Editorial Board chose to include two pieces of more advanced research to portray the next degree of scholarship in the field of international relations.

An “African Lion” Emerges: Post-Conflict Growth in Rwanda

BY MARINA TOLCHINSKY
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ABSTRACT

In 1994, genocide tore apart the core of Rwanda’s fragile society and growing economy. Nearly 12% of the population was wiped out, and the country faced the seemingly insurmountable challenge of reconstruction.¹ Yet, Rwanda has recovered at an impressive rate. Economic activity reached pre-genocide levels only five years after the genocide and Rwanda continues to maintain one of the highest GDP growth rates in the world. President Paul Kagame has been determined to bring the country’s economy into the ranks of the Asian Tigers, modeling Rwanda’s development after countries like Singapore. This has led many analysts to term the small, densely populated country in East Africa an “African Lion.”

INTRODUCTION

Since 2000, the Rwandan government’s main priority has been transforming the impoverished country into a middle-income state by 2020. Rwanda has attracted high levels of foreign direct investment (FDI) and has aggressively pursued privatization, decentralization, and liberalization policies. Conforming to neo-liberal prescribed reforms and showing a commitment to fight corruption, the Rwandan leadership has attracted billions of dollars in international aid, and Rwanda is increasingly seen as a model for economic development. This transformation is quite remarkable because less than two decades ago the country underwent one of the

1 Kladoumadje Nadjaldongar, “Lessons Learned from the Post-Conflict Reconstruction in Rwanda” (paper presented at the Regional Workshop on Post-conflict and Development, Abidjan, Côte d’Ivoire, June 3-5, 2008), 3.

bloodiest genocides in history. This paper will explore Rwanda's post-conflict recovery and economic development, seeking to understand the key factors that have led to its high growth rate.

Since 1994, Rwanda has gone through several phases of recovery: emergency response, strategic planning, and development. After the genocide, an influx of humanitarian aid from the international community addressed the immediate needs of the population. Once Rwanda's economy stabilized and societal reconstruction commenced, the government began to plan for economic development and published several roadmaps for reform. President Paul Kagame aggressively pursued these neoliberal reforms and Rwanda's economic and social indicators improved substantially over time. Throughout these phases, Rwanda has maintained a cohesive-capitalist regime - best described by Atul Kohli as a government that has central authority, a close alliance with the private sector, and is often repressive and authoritarian. Kohli identifies many Southeast Asian countries that are known as "Asian Tigers" as cohesive-capitalist regimes, focusing on South Korea as an example of a successful cohesive-capitalist government. Rwanda has quite effectively modeled its development after these Asian Tigers, both in its economic policies and governance. Through wise macroeconomic management and private sector development, the government has managed to sustain high growth rates, while drawing on foreign aid to build infrastructure and improve human capital. However, the sustainability of Rwanda's cohesive-capitalist regime is questionable.

BACKGROUND

Throughout the 1970s and 1980s, Rwanda attracted large amounts of foreign aid and investment.² Rwanda was seen as the "darling" of Africa with its good roads, reliable electricity and water supplies, and a government committed to stability.³ During the Juvénal Habyarimana regime, foreign aid grew and reached 22% of GNP by 1991. Instead of developing the domestic sector, however, the government diverted much of this money to the military, as the Hutu government fought a civil war against the Tutsi Rwandan Patriotic Front (RPF).⁴ This war led to the 1994 genocide, during which 800,000 Tutsis and moderate Hutus were massacred in just 100 days.

This bloody conflict pitted neighbor against neighbor in Central and East Africa and adversely affected Rwanda's society and economy. The conflict produced two million internally displaced persons, two million refugees, and millions of people with physical and/or mental traumas relating to the genocide.⁵ The genocide also destroyed Rwanda's ability to attract private investment in the way it had prior to 1994 and devastated the small country's fragile economy.⁶

2 Anyango Reggy, "Post-Conflict Reconstruction and Women in Rwanda, 1994-2008" (PhD diss., Howard University, 2009), 101.

3 Mark Naftalin, "A New Rwanda?" *The World Today* 67.7 (2011): 22-24, <http://www.chathamhouse.org/publications/twt/archive/view/176463>.

4 Reggy, "Post-Conflict Reconstruction and Women in Rwanda, 1994-2008," 100.

5 Nadjaldongar, "Lessons Learned from the Post-Conflict Reconstruction in Rwanda," 3.

6 International Development Association, "Rwanda: From Post-Conflict Reconstruction to Development," *World*

In 1994, Rwanda's real GDP decreased by 50% and, as in most post-conflict scenarios, inflation increased and peaked at 64%.⁷ About three-quarters of the population fell into poverty during this period.⁸ The impact on education was just as devastating, as over two-thirds of Rwanda's primary and secondary school teachers (mostly Tutsis) had been killed or forced to flee.⁹ While the conflict lasted a short time, Rwanda's infrastructure was heavily damaged. The war left health facilities, community centers, and schools destroyed, and the new government lacked the capacity to deliver basic services to the people.¹⁰ As a result, the government had to rely on international aid for reconstruction.

PHASE I: EMERGENCY RESPONSE

Immediately after the genocide, the international community called on donors to provide aid for Rwanda. As stories of the horrific nature of the genocide emerged, aid donations increased and humanitarian NGOs flew to Rwanda to help with reconstruction. Since the genocide had destroyed the government's capacity to manage the economy, public health, and education, international aid was essential to addressing the immediate needs of the population.¹¹ The international community contributed an estimated US\$ 1.4 billion dollars in total aid response.¹² Urgent tasks included consolidating the government, restarting basic institutional functions, reviving the economy, resettling refugees and internally displaced persons, ensuring legal procedures, implementing programs for reconciliation, and rebuilding the infrastructure necessary for all of this.

The most immediate necessity after the genocide was the consolidation of the Rwandan government to ensure stability. As the genocide ended when the Tutsi RPF took control of the country, the RPF established a government and chose Pasteur Bizimungu, an ethnic Hutu politician, to be president. Fellow RPF member Paul Kagame, an ethnic Tutsi, was selected as Vice President. The government was based on the 1993 Arusha Accords, which ended the civil war but were never implemented due to the outbreak of genocide. Leaders from five former opposition parties were included in the governing elite.¹³ The first task for the nascent government was stabilizing the security situation. After the RPF's takeover, about 1.5 million Hutus from the Federal Armed Forces and Interahamwe fled in a mass exodus to the neighboring Democratic Republic of Congo (DRC). These forces continued to launch attacks

Bank (2009): 1.

7 Vinoli Thampapillai, "Legal and Economic Institutions for Private Sector Growth in Post-Conflict Economies" (PhD diss., University of Toronto, 2003), 120.

8 World Bank, *Budgeting for Effectiveness in Rwanda, 2003-07: From Reconstruction to Reform*, ed. Prosper Musafiri, World Bank Working Paper no. 205 (Washington, D.C: World Bank, 2010), xviii.

9 Nathan Associates Inc., "Patterns of Postconflict Economic Recovery," *US Agency for International Development* (May 2009): 37.

10 Severine Rugumamu and Osman Gbla, "Studies in Reconstruction and Capacity Building in Post-Conflict Countries in Africa: Some Lessons of Experience from Rwanda," *The African Capacity Building Foundation* (December 2003): 6.

11 *Ibid.*

12 World Bank, "Budgeting for Effectiveness in Rwanda," 9.

13 Thampapillai, "Legal and Economic Institutions for Private Sector Growth," 113.

on Rwanda in an attempt to destabilize the country.¹⁴ The government engaged in war with the Hutu forces, occupying part of the eastern DRC, in order to keep the fighting outside of its borders.¹⁵ While this move had severe consequences, for the DRC the occupation helped maintain peace and stability within Rwanda's borders so that the government and international organizations could begin the enormous task of reconstruction.

The new government undertook several strategies to address post-conflict reconstruction. In terms of reconciliation and justice, the government created local courts on the basis of a traditional cultural justice system called Gacaca. Through the Gacaca court system, citizens spoke about their experiences at local community courts.¹⁶ These courts were more restorative than punitive, and the main goal was to provide a space for reconciliation within the community. The use of Gacaca was essential for the rehabilitation of Rwandan society, as the genocide had torn communities apart, with perpetrators often committing atrocities against neighbors, friends, and even family members.¹⁷ The government also rebuilt the national legal system, which was inundated with cases. The International Penal Tribunal for Rwanda (IPTR) helped take the caseload off the domestic legal system and addressed the more serious cases involving the organizers of the genocide. The government then eliminated identity cards and established educational programs to promote human rights and responsible citizenship.¹⁸

Women played a key role in the Gacaca process. After the genocide, Rwanda was left with a population that was 60% female and 40% male.¹⁹ Thousands of Rwandan women were raped during the genocide and many were affected by HIV/AIDS. Rape was used as a weapon of war, and Hutus raped many Tutsi women within their communities. Gacaca helped rebuild trust within communities and empower women to take a role in the country's peace building.²⁰ Prior to the genocide, Rwandan women were discouraged from participating in the public sphere due to various restrictive property ownership laws and a discriminatory legal system. The post-genocide government reformed the legal system, giving women the right to be involved in the legal process and to inherit land from deceased husbands and fathers.²¹ Women also played a significant role in Rwanda's economic recovery. Women took over farms and businesses and became involved in politics, both at the local and national level. International organizations came to the aid of these women, offering support for economic activities. Many analysts believe that Rwanda has become an example of how women's empowerment can rebuild post-conflict economies. Currently, Rwanda has the highest ratio of female entrepreneurs in

14 Rugumamu and Gbla, "Studies in Reconstruction," 5.

15 Nadjaldongar, "Lessons Learned from the Post-Conflict Reconstruction in Rwanda," 3.

16 *Ibid.*, 4.

17 Patricia Crisafulli and Andrea Redmond, *Rwanda, Inc.: How a Devastated Nation Became an Economic Model for the Developing World* (New York: Palgrave Macmillan, 2012), 5.

18 Nadjaldongar, "Lessons Learned from the Post-Conflict Reconstruction in Rwanda," 4.

19 Hope Mbabazi, "Rwanda: Women's Post-Genocide Success," *Visionews*, 2010, <http://www.visionews.net/rwanda-women%C2%B4s-post-genocide-success/>.

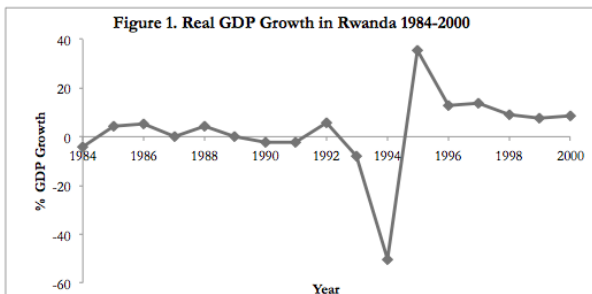
20 Reggy, "Post-Conflict Reconstruction and Women in Rwanda, 1994-2008," 11.

21 *Ibid.*, 81.

the world at 44%.²²

While Rwandan women helped to reinvigorate economic activity at the local level, international development assistance helped rebuild Rwanda's economy at the national level. This aid, however, came with conditionalities. Western governments imposed neoliberal reforms on Rwanda, similar to the Structural Adjustment Programs (SAPs) of the 1980s. The SAPs were extremely unpopular in Rwanda, as they led to a severe economic decline that many believe precipitated the 1990 civil war. The new liberal reforms in Rwanda were met with skepticism. However, because the Rwandan government lacked the funds needed to support reconstruction activities throughout the country, the government had no choice but to accept the conditionalities. As a result, the government removed price distortions in its foreign exchange, tightened fiscal discipline, eliminated state controls and market monopolies, and reformed the civil service.²³

It is difficult to tell if Rwanda's economic growth during the emergency phase of development was a result of these policy reforms or simply an effect of reconstruction. In the first year after the genocide, real GDP increased 35.2%, followed by stabilized growth rates of 8% in the subsequent years. This is referred to as the "rubber band effect," where an early surge in growth rates is followed by stagnation. A similar effect can be seen in value-addition in agriculture, which increased from US\$ 147 per worker during the genocide to US\$ 186 after the genocide and has since remained steady.²⁴ Overall, Rwanda's GDP had recovered to its pre-genocide level by 1998 and poverty decreased from 78% in 1994 to 60% in 2000.^{25,26} Regardless of whether economic success can be attributed to the government's forced neoliberal reforms or the spurt in foreign aid and reconstruction activities, it is evident that Rwanda had managed to stabilize its economy by the end of the emergency phase from the World Bank's raw data on Rwanda's GDP over time.²⁷



Source: "Rwanda Overview," *The World Bank*, accessed 2013, <http://www.worldbank.org/en/country/rwanda/overview>

22 Mbabazi, "Rwanda: Women's Post-Genocide Success."

23 Rugumamu and Gbla, "Studies in Reconstruction," 7.

24 Nathan Associates Inc., "Patterns of Postconflict Economic Recovery," 5.

25 International Development Association, "Rwanda: From Post-Conflict Reconstruction," 1.

26 World Bank, "Budgeting for Effectiveness in Rwanda," xviii.

27 Nathan Associates Inc., "Patterns of Postconflict Economic Recovery," 16; World Bank, "Budgeting for Effectiveness in Rwanda," xxi.

PHASE II: STRATEGIC PLANNING

In 2000, after President Bizimungu resigned, Paul Kagame became the President of Rwanda. Rwanda's emergency reconstructive phase had succeeded in bringing the economy and standard of living back to pre-genocide levels. The next step for Kagame was to bring Rwanda into the global market. There was controversy over corruption and inefficient aid policies during Bizimungu's reign, which Kagame immediately addressed by cracking down on corruption and impunity, and reforming aid policies. Foreign aid continued to flow into Rwanda, as the country's reconstruction success increased donors' confidence in the government.²⁸ However, foreign aid during the emergency phase lacked coordination and conditionalities severely hampered the government's ability to manage its distribution. Having gained the international community's trust in the government, Kagame began to take a leadership role in the coordination of aid and request that donors provide budget support as opposed to earmarking aid for specific purposes. Donors such as the World Bank, Swedish International Development Cooperation Agency, the UK Department for International Development, and European Commission agreed to provide Rwanda with budget support aid.²⁹ This type of aid allowed the government considerably more flexibility and the chance to begin implementing its own programs for social and economic development. Budget support was important, as the government's budget in the early 2000s heavily focused on increased spending for the development of human capital and community reconciliation.

During the strategic planning phase, the government created several influential documents to guide reforms. The most ambitious and well-known is "Vision 2020," a document that notes Rwanda's status as an impoverished country and outlines reforms needed to transform into a middle-income country by 2020. There are six pillars of Vision 2020: good governance and a capable state, human resource development and a knowledge-based economy, private sector-led development, infrastructure development, productive high value and market-oriented agriculture, and regional and international integration.³⁰ These fairly neoliberal reforms are similar to ones undertaken by cohesive-capitalist regimes in the "Asian Tiger" countries, with the main difference being that Rwanda places little emphasis on industrialization. Unlike South Korea and Singapore, Rwanda does not seek to rapidly industrialize and focuses instead on private sector development and productive agriculture.

Since the creation of Vision 2020, Rwanda has tailored reforms to address the six pillars. In 2002, Rwanda published its Poverty Reduction Strategy Paper (PRSP) with IMF coordination. This paper expanded on certain Vision 2020 aspects and emphasized the development of human capacity and sectors outside of agriculture. The paper focused on gradual structural transformation. The reasoning followed that as Rwanda grew in agricultural productivity, farmers' income would increase and so would demand for products from secondary sectors, which would allow these secondary sectors to grow and reduce Rwanda's

28 Ibid., xix.

29 Ibid.

30 Republic of Rwanda Ministry of Finance and Economic Planning, *Rwanda Vision 2020* (Kigali, July 2000).

economic dependency on agriculture.³¹ The paper called for the development of the service, manufacturing, information and communication technology (ICT), and tourism sectors. Similar to Vision 2020, the paper heavily emphasized foreign investment and privatization as a means to develop these sectors.³² Where the Asian Tigers emphasized rapid industrialization and development of a manufacturing industry in their development path, Rwanda has focused more on developing economic diversity.

In 2003, the new Rwandan constitution created laws and a bureaucratic structure to implement the reforms discussed in the roadmaps. The Rwanda Revenue Authority, Office of the Auditor General, and the Financial Accountability Review and Plan were born out of the new constitution to ensure Rwanda’s financial stability.³³ Additionally, the constitution granted universal suffrage and enumerated presidential and legislative election policies.

After the constitution was passed, Kagame was re-elected in an election that was far from free and fair.³⁴ In his second term, he began to vigorously implement the planned economic policies. Three key reforms that were pursued in the early 2000s were decentralization, privatization, and liberalization. Decentralization addressed the first pillar of Vision 2020, which called for a “capable state.” Societal reconstruction remained a major challenge for the government, as fractures during the genocide required time and care to heal. Privatization and liberalization reforms addressed economic growth and attracted much attention from the West. The World Bank and IMF praised the government’s efforts to open up its economy and promote the development of a private sector. These policies brought in more development assistance, particularly for budget support as donors were encouraged by Rwanda’s neoliberal reforms. Moreover, investors began to see Rwanda as a new and expanding market in East Africa. Foreign investors took an interest in the country’s development and FDI began to increase during this phase.

Following the ideology behind the Gacaca courts, Rwanda’s decentralization reforms aimed to implement participatory mechanisms to involve citizens at the local level and empower communities. The government introduced administrative reforms that strengthened local political institutions with elected district officials.³⁵ In addition to increasing community participation in policies, (or at least increasing the perception of participation, as policies all came from the Kagame government in Kigali) decentralization increased accountability and transparency.³⁶ Local elected officials had to submit goals and progress reports to the government in Kigali. This helped crack down on corruption at the local level, as the

31 Richard A. Jones, “No Alternative: Post-War Poverty Reduction as Structural Transformation in Rwanda,” *Conflict, Security & Development* 6.2 (2006): 168.

32 Tim Short, “Sustainable Development in Rwanda: Industry and Government,” *Sustainable Development* 16 (2007): 60.

33 World Bank, “Budgeting for Effectiveness in Rwanda,” 20.

34 Naftalin, “A New Rwanda?” 22-24.

35 Paul Rugambwa, “Policy Reforms in Rwanda: Decentralization, Governance and Economic Development” (Master’s thesis, Tufts University, 2009), 71.

36 World Bank, “Budgeting for Effectiveness in Rwanda,” 8.

government had a means of checking up on local officials and evaluating progress. Moreover, this helped create a forward-thinking mentality, as local officials and community members were required to consider steps needed to accomplish both short-term and long-term goals.³⁷ The participatory mechanisms that were used within the communities were often based on cultural traditions. Similar to the way Gacaca was built off a traditional village justice system, these other programs allowed villagers to participate in governance through a familiar system.

In conjunction with community-level reforms, Rwanda was also working to implement national economic policies through private sector development. In Vision 2020 and the PRSP, the government clearly stated its belief in private sector driven development. Kagame believed that a vibrant private sector would increase revenues and decrease Rwanda's dependence on foreign aid.³⁸ Rwanda wanted private businesses to grow the agricultural, ICT, manufacturing, and tourism sectors. The government actually created a private sector and export promotion strategy before Vision 2020 and started a Privatization Secretariat within the government that began selling government enterprises in 1996.³⁹ However, as the majority of Rwandan people still lived in poverty, most Rwandans lacked the finances to purchase these companies and they were mostly sold to foreign buyers. From 1996 to 2003, the secretariat sold over 20 government-owned enterprises to foreign buyers.⁴⁰ The state telecommunications company, along with several major coffee exporters, tea factories, and commercial banks were all privatized.⁴¹ The sale of these businesses increased FDI flows into Rwanda as foreign investors now had a stake in the country's economy. Rwanda's liberalization reforms complemented privatization well, as the government decreased barriers to trade and loosened laws regulating financial flows in and out of the country. In addition, the government decreased corporate tax rates and reformed interest rates and exchange rates to be market-driven and competitive.

Rwanda's economic policies are the driving factors behind its success in attracting FDI. The small and resource-poor country has few of the factors that tend to bring in foreign investors. The government's neoliberal reforms, reputation of low corruption and crime, and stable government, however, have resulted in massive influxes of FDI over the past decade. After coming to a halt in 1994, net inflows of FDI grew to US\$ 7.6 million dollars in 2004 and US\$398 million in 2010.⁴²⁻⁴³ Rwanda now has one of the highest rates of FDI in Africa and foreign investors see the small country as a potential regional hub for the East African market.⁴⁴

37 Crisafulli and Redmond, *Rwanda Inc.*, 93.

38 World Bank, "Budgeting for Effectiveness in Rwanda," 21.

39 Ibironke Odumosu, "Towards Mechanisms for Assessing the Impacts of Foreign Direct Investment Law and Policy in Post-Conflict Rwanda," in *Foreign Direct Investment in Post Conflict Countries*, ed. Virtus C. Igbokwe et al. (London: Addonis & Abbey Publishers, 2010), 166.

40 Thampapillai, "Legal and Economic Institutions for Private Sector Growth," 123.

41 World Bank, "Budgeting for Effectiveness in Rwanda," 22.

42 International Development Association, "Rwanda: From Post-Conflict Reconstruction," 1.

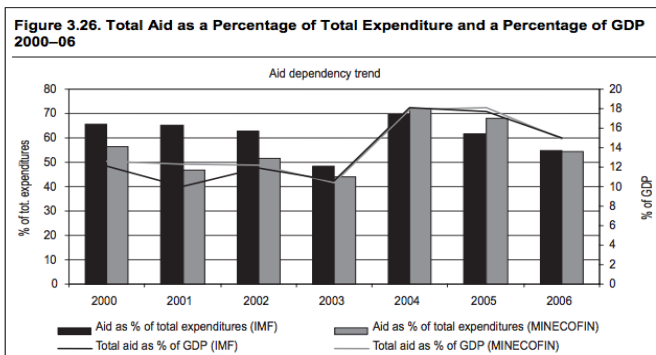
43 Economic and Commercial Department of the Embassy of the United States in Rwanda, *Investment Climate Report 2013* (Kigali, 2013).

44 Odumosu, "Towards Mechanisms for Assessing the Impacts," 161, 163.

Despite increases in investment and Rwanda’s emphasis on developing secondary sectors, its economy remains mostly agrarian with low agricultural productivity and increasing pressure on the land. During the strategic planning phase, it appears that the government spent more time attracting foreign investors and selling domestic enterprises to foreigners than it did on the agricultural sector. Nonetheless, exports increased in 2005. Coffee and tea accounted for the majority of the increase in exports; however hides, skins, cassiterate, and coltan were also exported. Tourism and the ICT sector improved as well, and the state telecommunications enterprise was privatized. Overall, Rwanda’s economy averaged a growth rate of 5.4% from 2000 to 2005.⁴⁵ Sustaining high growth rates was essential for this period, as it marked the beginning of Rwanda’s transition from a post-conflict economy to a developing economy.

Similar to the emergency phase, Rwanda continued to rely on foreign aid to supplement its spending during the strategic planning phase. However, the government’s attempts to increase revenues were moderately successful. Taxes increased 28% from 2004 to 2007 and domestic resources increased 34%. While aid continued to account for a large percentage of the budget, it is evident that domestic revenues were increasing. Moreover, the government undertook a fiscal expansion policy during this period, using increasing aid to fuel spending. From 2003 to 2004, Rwanda’s fiscal expansion increased by 200%.⁴⁶ World Bank reports have concluded that, although aid represents a large portion of GDP, Rwanda’s stable macroeconomic framework and efficient allocation of spending to priority sectors has maintained economic stability and the country has avoided the pitfalls of aid dependency. The increases in Rwanda’s spending mostly went towards education, health, agriculture, infrastructure, and land and resources, with each of those bureaus receiving a budget increase of 50-100%.⁴⁷

Figure 2. Total Aid as Percentage of Total Expenditure and a Percentage of GDP from 2000-2006



Sources: IMF (2002-07) and MINECOFIN Flash Reports (2002-06).

Source: World Bank, “Budgeting for Effectiveness in Rwanda,” 58.

45 World Bank, “Budgeting for Effectiveness in Rwanda,” 22, 6.

46 Ibid., xix.

47 Ibid., xxi.

The government's use of aid to fund programs to improve education and health was very effective during this period. Social indicators had improved substantially by 2006. School enrollment rates increased at an impressive rate, especially considering that schools had been decimated during the genocide and the majority of teachers had fled. Classrooms were repaired, new schools built, and teachers trained and integrated into the teaching force. In 2003, gross enrollment rates in Rwanda were 107%, exceeding the average for low-income countries in Africa, and the number of students who continued on to secondary education grew by 20%.⁴⁸

Rwanda made equally impressive strides in public health. In the period after the genocide, child mortality reached over 300 deaths per 1,000. By 2007, this number had returned to its pre-genocide level of around 103. Child mortality numbers are important indicators of public health conditions within a country as they reflect the level of care and access to services for both mothers and children. Additionally, the immunization rate in 2007 was an astonishing 96%, among the highest throughout sub-Saharan Africa. These improvements in health statistics are a result of the government's emphasis on rebuilding health infrastructure and implementing a universal health insurance program. Access to health services increased from 7% in 2003 to 75% in 2007, and a health insurance program called Mutuelle that had been piloted in the late 1990s covered 75% of the population by 2007.⁴⁹

Table 1. Selected Economic and Social Indicators

Economic Indicators	1990	1994	2005
GDP per capita (US\$)	251	152	258
GDP growth (%)	-2	-50	5
Fiscal deficit (% of GDP)	-5	-11	-1.6
FDI net inflows (US\$ million)	8	0	3.6 (2004)
Social Indicators	1990	1994	2005
Poverty incidence (US\$)	40	78	56.5
Gross primary school enrollment (%)	67	n.a.	92
Under-five child mortality rate (per 1,000)	150	209 (1995)	103
Immunization rate (measles, %)	83	25	96

Source: World Bank, "Budgeting for Effectiveness in Rwanda," 8.

PHASE III: DEVELOPMENT

Since 2006, Rwanda has continued to make great strides in improving its social indicators, as

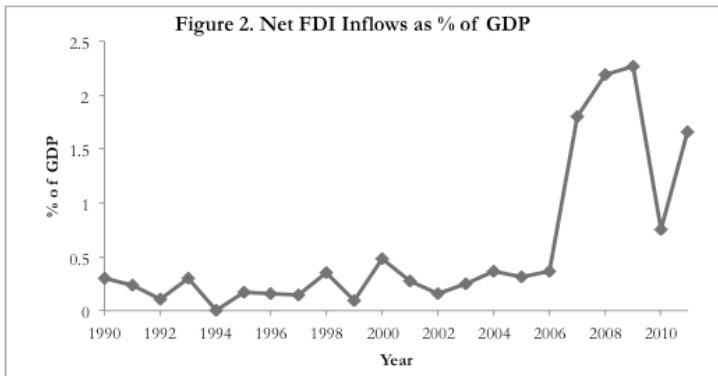
48 World Bank, *Education in Rwanda: Rebalancing Resources to Accelerate Post-Conflict Development and Poverty Reduction* (Washington, D.C: World Bank, 2004), 3.

49 World Bank, "Budgeting for Effectiveness in Rwanda," xviii, 17.

well as its economy. Currently, Rwanda ranks amongst the highest GDP growth rates in the world, with an 11.2% growth rate in 2008.⁵⁰ The government has continued to vigorously pursue its goal of becoming a middle-income country by 2020. However, certain aspects of Vision 2020 have been more heavily emphasized than the others.

Rwanda has made investment a priority, both from FDI and the government. The government committed to investing 5% of its GDP annually into science and technology.⁵¹ These investments have helped develop the service and ICT sectors. For example, the government invested \$95 million to improve broadband speed and access in the country to attract investment by constructing a telecommunications network across the country.⁵² Additionally, the government has invested in foreign enterprises, including a \$16 billion investment in a U.S. pharmaceutical company headed by a Rwandan expatriate.⁵³

In addition to increasing domestic investment, Rwanda has continued to draw in considerable amounts of FDI. The most visible impacts of the FDI can be seen in the tourism sector, where international hotels such as the Kigali Marriott and Radisson were built with funds from foreign investors and are now run by Rwandan businessmen.⁵⁴ Rwanda's deregulated investment regime attracts many foreign companies such as Marriott Hotels, and Rwanda is now ranked as the 10th easiest country within which to start a business.⁵⁵



Source: "Rwanda Overview," *The World Bank*, accessed 2013, <http://www.worldbank.org/en/country/rwanda/overview>

Privatization policies have also worked to transform the economy, particularly within the agricultural sector. Coffee mills are now either owned by private investors or community cooperatives.⁵⁶ In the past, Rwandan farmers sold home-processed coffee beans, which

50 International Development Association, "Rwanda: From Post-Conflict Reconstruction," 1.

51 Jeff Chu, "Rwanda Rising," *Fast Company*, April 2009, 82.

52 Crisafulli and Redmond, *Rwanda Inc.*, 10.

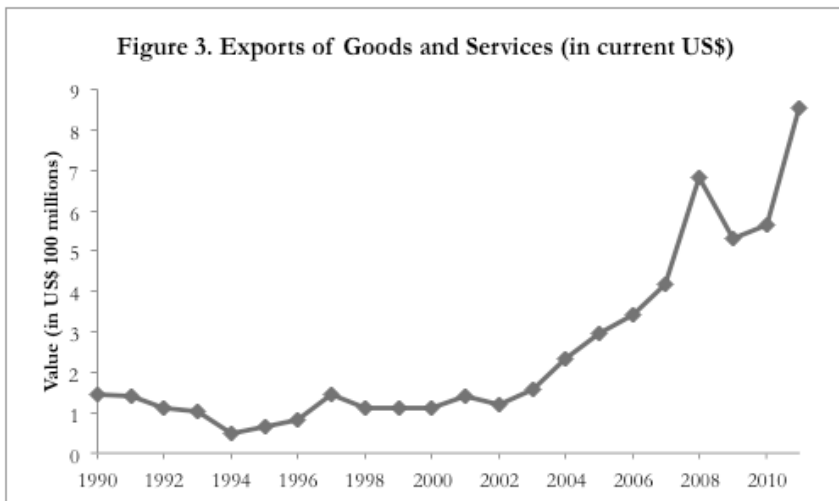
53 *Ibid.*, 101.

54 *Ibid.*, 175.

55 Naftalin, "A New Rwanda?" 22-24.

56 Jutta M. Tobias and Karol C. Boudreaux, "Entrepreneurship and Conflict Reduction in the Post-Genocide

resulted in poorer quality coffee and a lower price on the international market. In recent years, investors have built coffee-washing stations, which allow farmers to process beans in a way that retains quality and draws a much higher price. This increase in the value added to coffee has substantially improved the industry. In the zones with coffee-washing stations, incomes for farmers have increased by between 50% and 100%. Private investors such as Scott Ford, a U.S. businessman who founded the Rwanda Trading Company, built some of these stations. Other stations have been built through international development assistance from organizations such as USAID.⁵⁷ The value added to coffee beans has increased exports in the industry, and American-based companies Starbucks and Costco are now the two largest buyers of Rwandan coffee beans.⁵⁸ In addition to coffee, Rwanda's exports of mineral ores and services have increased. However, increased value-addition in the coffee industry has only impacted a small percentage in the Rwandan population and the mineral ore industry continues to have a low level of value added in the country.



Source: "Rwanda Overview," *The World Bank*, accessed 2013, <http://www.worldbank.org/en/country/rwanda/overview>

When looking at Rwanda's foreign business partners, there are many large multinational corporations, with a substantial number from the U.S. How has such a small country, lacking resources, attracted so many multinational corporations? Part of this question can be explained by Rwanda's neoliberal reforms and deregulated investment climate; however, part of the explanation can also be found in Rwanda's leadership. President Paul Kagame has utilized a network of relationships with powerful businessmen throughout the world to attract FDI and find profitable ventures for government investment. According to Jeff Chu, reporter at *Fast*

Rwandan Coffee Industry," *Journal of Small Business and Entrepreneurship* 24.2 (2011): 217-242.

57 Ibid.

58 Chu, "Rwanda Rising," 82.

Company Magazine, "Rwanda has no oil and few minerals. But it does have one abundant asset: well-placed friends."⁵⁹

President Kagame has had a Personal Advisory Council (PAC) comprised of high-level international experts in various fields since 2007. The PAC meets twice a year, once in Kigali and once in New York, and helps Kagame come up with strategies for Rwanda's economic development. The PAC has included the leaders from Starbucks, Costco, JP Morgan Chase, Google, and Walmart, along with prominent international businessmen such as Joe Ritchie and Christian Angermayer, and former UK Prime Minister Tony Blair.⁶⁰ From this network of powerful advisors, several business ventures have been launched. Christian Angermayer, a German financial expert, founded an East African private equity fund and has invested in several Kigali banks and a Rwandan banking-IT company. Members of the PAC often have a key role in shaping Rwanda's economic policies. For example, Joe Ritchie, the founder of Chicago Research and Trading, suggested condensing Rwanda's development bureaucracy into just one agency. Kagame not only took Ritchie's advice, but also made him CEO of the new agency, called the Rwandan Development Board.⁶¹ PAC members have also started programs to improve training and education for Rwandans. Arkansas investment banker Dale Dawson created a scholarship for Rwandans to attend college in the U.S., and Tony Blair established a program to send UK civil servants to train workers in Kagame's presidential office.⁶²

Bill Clinton, Tony Blair, and Time Magazine have also hailed Kagame as a visionary leader. According to U.S. Undersecretary of State for African Affairs Jonnie Carson, "much of the credit [for Rwanda's development] must reside with him [Kagame]: his discipline, his focus, his persistence, and his dedication to reversing the old order in Rwanda."⁶³ Kagame's leadership has been compared to that of a CEO of a company, hence the nickname "Rwanda Inc." His tight control of the government makes him both feared and respected among his associates.⁶⁴ This helps Kagame promote accountability and keep corruption at bay. His personality and CEO-like leadership of Rwanda are likely additional factors that attract foreign investors to Rwanda and foreign aid from the West.

CONCLUSION

The sustainability of Kagame's cohesive-capitalist regime is questionable. Will Kagame face the same fate as South Korea's Park Chung-hee, who was assassinated after almost two decades of an oppressive regime that oversaw rapid economic growth and industrialization? While Kagame was re-elected with 93% of the vote in 2010, observers say the election was "marred by intimidation, exclusion of opposition and critical voices, and a climate of fear."⁶⁵ Kagame

59 Ibid.

60 Crisafulli and Redmond, *Rwanda Inc.*, 97.

61 Chu, "Rwanda Rising," 88.

62 Ibid., 84.

63 Crisafulli and Redmond, *Rwanda Inc.*, 92.

64 Ibid., 122.

65 Naftalin, "A New Rwanda?" 22-24.

risks inciting backlash from the population and sparking another conflict, especially since his regime has not avoided the several pitfalls of a cohesive-capitalist government. Income disparities remain high in Rwanda, with a GINI coefficient of 0.49 in 2011. Some analysts have claimed Rwanda's income inequality has decreased over the years, however changes have been minimal, with the coefficient decreasing only 0.04 over the past five years.⁶⁶ Further, Kagame's close ties with the international private sector could fuel social unrest if Rwandans do not see the benefits of economic development trickle down. Increasing FDI levels and pursuing profitable investments with government funds are successful at boosting economic indicators, but may not necessarily confer economic opportunities upon ordinary Rwandans.

Though Rwanda's economy has shown high growth rates, it remains questionable if the majority of Rwanda's rural population is seeing their income increase. As of 2009, 90% of Rwandans engaged in subsistence farming.⁶⁷ Despite improvements in the value added to coffee beans from field to market, only a portion of Rwanda's farmers is affected. Agricultural production is still erratic in much of Rwanda and irrigation is a challenge that government programs have not addressed.⁶⁸ Moreover, most of Rwanda's economic growth has been in the services sector, which now accounts for 52.9% of GDP although it employs less than 10% of the population.⁶⁹ Agriculture accounts for 33% of GDP, which is fairly low considering that the majority of Rwandans are farmers. The lack of increases in farmers' incomes can further be seen in Rwanda's limited tax base. While revenues have increased slightly, government investment accounts for the majority of the increase. In theory, because of Rwanda's macroeconomic stability and development of secondary sectors, revenue will increase as the economy grows. The World Bank concluded that, thus, Rwanda will eventually reduce its dependence on foreign aid.⁷⁰ However, unless secondary sectors begin to draw workers from the subsistence-farming sector, revenues from taxes will not increase significantly.

President Kagame's efforts to develop Rwanda's private sector and attract investment seem to only impact the elite in the country. High-income inequality, economic policies benefitting urban elite, and high rates of poverty have caused civil strife in countries throughout Africa. Rwanda risks the same unless policies start targeting improvement in economic indicators for the majority of the population. The government has done well with social indicators; however, the younger generation of educated and healthy Rwandans will need jobs. The next phase for Rwanda's development should be a strategy focusing on job-creation and the development of domestic industries.

66 "Gini Index in Rwanda," Trading Economics, accessed 2012, <http://www.tradingeconomics.com/rwanda/gini-index-wb-data.html>.

67 Chu, "Rwanda Rising," 82.

68 World Bank, "Budgeting for Effectiveness in Rwanda," xxiii.

69 "The World Factbook: Rwanda," Central Intelligence Agency, accessed May 9, 2013, <https://www.cia.gov/library/publications/the-world-factbook/geos/rw.html>.

70 World Bank, "Budgeting for Effectiveness in Rwanda," 55.

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Human Bombs and Child Martyrs: The Transformation of Martyrs into Suicide Terrorists

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ABSTRACT

Suicide attacks emerged as a popular tactic for terrorist groups in the 1980s and have been used increasingly since that time. Although it is virtually impossible to define the archetypal suicide terrorist, s/he is, in most cases, a young adult. However, the last two decades have seen a rise in the use of children as human bombs, and, in nearly every instance of suicide bombing, a terrorist organization played the crucial role of recruiting and training the bomber. This detail raises the question: how and why do terrorists transform children into suicide attackers? Terrorist groups exploit four main factors – religious, personal, psychological, and national – in developing bombers, but a deep analysis of child suicide terrorists in Palestine, compared to those in Afghanistan and Sri Lanka, demonstrates that recruitment tactics and ultimate strategic goals vary considerably within and between countries and conflicts.

INTRODUCTION

In 2004, terrorism expert Ariel Merari commented, “in the Palestinian refugee camps, [teenagers] heroes are the shahids (martyrs) and when they grow up, which they won’t, they want to be a shahid like their heroes.”¹ Insurgent, rebel, and freedom fighter groups globally have increasingly used suicide terrorism as a modus operandi. As children grow up in societies that glorify martyrdom, the age of suicide bombers has fallen. Although suicide terrorism is not particular to the Israeli/Palestinian conflict, terrorist groups in the region have popularized

1 Jerrold M. Post, *The Mind of the Terrorist: The Psychology of Terrorism from the IRA to Al Qaeda* (New York: Palgrave Macmillan, 2007), 228-9.

this tactic and forced the issue of child suicide bombers onto the agenda of security and intelligence officials.

In the quest to better understand the understudied phenomenon of child suicide terrorism, this article answers the following research question: how and why do terrorist organizations transform children into suicide bombers? More specifically, what factors do terrorists emphasize to convince a child to become a suicide bomber? What strategic or tactical goal do terrorists hope to achieve by using children?

This research focuses on children recruited by Palestinian terrorist organizations, and the central hypothesis stipulates that:

Palestinian terrorists emphasize religious factors more than personal, psychological, or national/social/political factors when recruiting children to become suicide bombers.

This argument is based on empirical evidence that more Palestinian terrorists above the age of eighteen fit into the typology (discussed below) of religious fanatic than any other category and on the reasonable assumption that this would be the most frequent classification given the culture and glorification of martyrdom associated with Palestinian society.² This hypothesis also argues that the main recruitment tactics are country or conflict specific.

Researchers have previously looked at the role of gender in suicide terrorism while generally failing to consider age as a unique aspect. Understanding how and why children become involved in suicide terrorism is as important for counter-terrorism strategies as knowing the motivations of male and female adult suicide bombers. The role children play in an ongoing conflict, such as the one between Israel and Palestine, has significant repercussions for the future of the conflict and for the possibility of peace. Better comprehension of children's role in the violence can lead to more successful policies and programs that counter violent extremism. Government institutions globally have partnered with each other and with civil society groups to share best practices, implement new programs, and support community-based initiatives to mitigate and prevent radicalization that can lead to extreme violence. In general, these efforts aim to provide alternative opportunities to those most vulnerable to this kind of radicalization, such as children, as well as to present counter-narratives and address the causes of violent extremism.³

Furthermore, the significance of this research lies in the implications it has for the children as much as for their potential victims. The Universal Declaration of Human Rights (UDHR) entitles children to special protection, and various international agreements, including the

2 Shaul Kimhi and Shemuel Even, "Who Are the Palestinian Suicide Bombers?" *Terrorism and Political Violence* 16 (2012): 824-825.

3 U.S. Department of State, "Countering Violent Extremism," accessed February 6, 2013, <http://www.state.gov/j/ct/programs/index.htm#CVE>.

United Nations Convention on the Rights of the Child (UNCRC), have attempted to restrict the age at which children partake in hostilities.⁴ The UNCRC forbids the recruitment or use in hostilities of any person under the age of eighteen – the age at which a person legally reaches adulthood according to the UNCRC – by armed groups other than the state’s armed forces, which legally problematizes the use of Palestinian children as suicide bombers by terrorist groups.⁵ The same article of this protocol also encourages state parties to prevent and criminalize such recruitment and use of children.⁶

DEFINING “SUICIDE TERRORISM”

Counterterrorism expert and professor Assaf Moghadam explains: “suicide attacks are an operational method in which the very success of the attack is dependent upon the death of the perpetrator.”⁷ The primary intent of the perpetrator has to be to kill him or herself in order to kill the target, thus excluding missions or incidents in which the survival of the attacker is highly improbable but possible.⁸ Jeffrey Lewis, a specialist in terrorism studies and professor at Ohio State University, also claims that “remote-control martyrs,” or those transporting a bomb that is detonated without their prior consent, are identical cases to suicide bombers. Both have knowledge of the bomb, access to the target, and their death is necessary for the success of the mission; the only difference is intent.⁹ Various authors describe suicide bombers as “smart bombs”¹⁰ and argue “the use of human beings by other human beings is the defining characteristic of suicide bombing,”¹¹ providing a theoretical basis for the research question regarding the use of children by terrorists.

Despite the current lack of literature on child suicide terrorism, the existing knowledge on suicide terrorism emphasizes the role of the recruiter, the trainer, and the user. Merari noted that:

There has not been even a single case of a person who carried out a true terrorist suicide attack for a political cause on an independent, personal whim. In every case it was an organization that decided to use this tactic... and arranged the logistics necessary for getting the human bomb to the target.¹²

4 United Nations General Assembly, *Universal Declaration of Human Rights*, (A/25) (New York: December 10, 1948).

5 United Nations General Assembly, *Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict (A/24)* (New York: February 12, 2002).

6 Ibid.

7 Assaf Moghadam, “The Root Causes of Suicide Terrorism,” in *Root Causes of Suicide Terrorism: The Globalization of Martyrdom*, ed. Ami Pedahzur (London: Routledge, 2006): 82.

8 Kimhi and Even, “Who Are the Palestinian Suicide Bombers?” 816.

9 Jeffrey W. Lewis, *The Business of Martyrdom: A History of Suicide Bombing* (Annapolis: Naval Institute Press, 2012): 19.

10 Ibid., 6.

11 Ibid., 3.

12 Ariel Merari, “Psychological Aspects of Suicide Terrorism,” in *Psychology of Terrorism*, ed. et al. (Oxford:

DEVELOPMENT OF A SUICIDE BOMBER

This concept of “use” recalls two models of the development of a terrorist – Ariel Merari’s production line analogy and the staircase metaphor theorized by Fathali Moghaddam, the director of the Conflict Resolution Studies program at Georgetown University.¹³ Both models incorporate the role of the terrorist organization in recruiting and indoctrinating the suicide bomber, as well as training him for his specific mission. After recruiting the child, the group uses propaganda, repetitive displays of violent videos, and other methods to alter the child’s worldview into that of a soldier or terrorist and to transform the child into a loyal member of the organization, willing to carry out any action the group demands of him or her.¹⁴

Merari’s production line model asserts that indoctrination, group commitment, and a personal pledge are the “three main elements in the preparation of a suicide bomber.”¹⁵ Respectively, these elements include the work of the terrorist organization to strengthen the motivation of the individual to the cause, joint preparation for a mission by multiple soon-to-be bombers, and the creation of a public record, usually a video, to solidify and finalize past the point of no return the individual’s intent to carry out a suicide attack.¹⁶

The production line analogy begins with an individual already believing in the “justification of the cause for which they are willing to die,”¹⁷ but Moghaddam’s staircase metaphor begins at an earlier stage in the development of a suicide bomber. This progression mimics the journey of an individual from the ground floor of a building up five flights of increasingly dark and narrow stairs to the top floor, which represents the terrorist attack. How or when a person moves from one floor to the next depends upon the doors – the opportunities – that he perceives as open to him at any given point in time. That person may not come into direct contact with the terrorist organization until the metaphorical fourth floor, which, posing “little or no opportunity to exit alive,”¹⁸ is equivalent to Merari’s point of no return. While the sources for terrorism abound in the ground and lower level floors in many societies, most people never start climbing the staircase.

These two models focus on the evolution of the individual and on the essential role of the recruiter in forcing a youth to engage with and commit to the morality of the terrorist group, indoctrinating him until he is devoted to the group and his mission above all else.¹⁹ Other researchers, however, emphasize the need to understand the evolution of suicide bombers

Oxford University Press, 2007), 111.

13 See Merari; Fathali M. Moghaddam, *From The Terrorists’ Point of View: What They Experience and Why They Come to Destroy* (Westport, Conn.: Praeger Security International, 2006); Fathali M. Moghaddam, “The Staircase to Terrorism,” *American Psychologist* 60.2 (2005): 161-9.

14 David H. Gray and Tom Owen Matchin III, “Children: The New Face of Terrorism,” *International NGO Journal* 3.6 (2008): 111.

15 Merari, “Psychological Aspects of Suicide Terrorism,” 109.

16 Ibid.

17 Ibid., 110.

18 Moghaddam, “The Staircase to Terrorism,” 165.

19 Ibid.

within a broader social context.

CULTURE OF MARTYRDOM

The culture of martyrdom, an important component of suicide terrorism, is created when “rituals elevate jihad and self-sacrifice into something higher than core beliefs of faith; they turn them into *performative* traditions and *redemptive* actions through which the faithful express their devotion.”²⁰ Jihad literally means “struggle” or “effort.” It encompasses the struggle to live as a faithful Muslim, as well as the holy war to defend Islam, the latter feature of which is employed by Hamas, Islamic Jihad, and the Taliban.²¹ Although Islamic law forbids suicide, martyrdom – sacrifice for others and for Allah (the Arabic word for “God”) – is considered noble.²² This paradigm grants power to organizations that sponsor suicide attacks; bombers always work through organizations in order to clearly signal their intent to commit an altruistic act (martyrdom) as opposed to a selfish one (suicide).²³ The culture of martyrdom developed in Palestine in the 1990s as Islamist groups sought to “break down the barriers between life and self-sacrifice.”²⁴

Social, financial, political, and religious support, education for suicide terror, and commemoration together form a culture or cult of martyrdom. Palestinian extremists, as well as the Sri Lankan Liberation Tigers of Tamil Eelam (LTTE), had rituals, celebrations, and holidays to celebrate and venerate martyrs, particularly when suicide bombings were a more frequent occurrence in their respective environments.²⁵ Furthermore, both groups prefer the concept of martyrdom over the term “suicide bombing,” as the phenomenon is referred to by researchers and the media. Local television networks repeatedly broadcast video farewells from the bomber, as well as footage of the attack, interviews with the family, and videos from marches and celebrations to deepen the glorification of the dead.²⁶ In interviews conducted after the attack, parents are shown lauding their child’s courageous act, but this is often a show for the cameras, forced by the terrorist organization.²⁷

The Palestinian Authority (PA) used its governmental platform to televise its support and praise of martyrdom. The lyrics of one children’s song broadcasted thousands of times between 2001 and 2004, up to three times a day, are as follows:²⁸

20 Lewis, *The Business of Martyrdom: A History of Suicide Bombing*, 39.

21 “Islam: Jihad,” BBC, last modified August 3, 2009, http://www.bbc.co.uk/religion/religions/islam/beliefs/jihad_1.shtml.

22 Lewis, *The Business of Martyrdom: A History of Suicide Bombing*, 187.

23 Ibid., 188.

24 Ibid., 158.

25 Ibid., 102, 158.

26 David Brooks, “The Culture of Martyrdom,” *The Atlantic*, June 1, 2002. <http://www.theatlantic.com/magazine/archive/2002/06/the-culture-of-martyrdom/302506/>.

27 Lewis, *The Business of Martyrdom: A History of Suicide Bombing*, 186.

28 Palestinian Authority TV, *Martyrdom is ‘Sweet,’* Video, (2004; Jerusalem: Palestinian Media Watch, 2004), Television.

Don't be sad my dear [father], and don't cry over my parting.
 My dear father, for my country, I sacrificed myself.
 With determination and desire, I will keep my promise.
 How sweet is Shahada [Martyrdom], when I am embraced by you, my land!
 How sweet is Shahada [Martyrdom], when I am embraced by you, my land!
 My beloved, my mother, most dear to me,
 be joyous over my blood, don't cry for me.²⁹

While each child has a different story, growing up in Palestinian society has meant maturing amidst celebrations of the martyr, which indoctrinate the children and normalize suicide terrorism. These children learn from a young age that dying for the national cause is praiseworthy. At the turn of the millennium, children attended summer camps, frequently named after martyrs, and widely known as “Paradise Camps,” where they learned about suicide bombers, attended rallies wearing bomb belts, and recreated past suicide attacks.^{30, 31} These paramilitary camps were hosted by Islamic Jihad, Hamas, and Fatah in both the Gaza Strip and West Bank.³² In schools, children continue to study from textbooks praising martyrdom. An eighth grade textbook, “Reading and Texts Part II,” published by the PA in 2006, includes the following passage:

O heroes, Allah has promised you victory... Don't talk yourselves into flight... Your enemies seek life while you seek death. They seek spoils to fill their empty stomachs while you seek a Paradise as wide as are the heavens and the earth... Death is not bitter in the mouth of the believers.³³

These camps, schools, and television programs present martyrdom as an Islamic concept. Martyrdom is known as “shahada,” which means “death for Allah.”³⁴ Schoolbooks teach that shahids live with Allah in Paradise. Furthermore, the death of a shahid is considered a “wedding” to 72 virgins awaiting him in Paradise, a heavenly reward, promised in the Quran that terrorist groups utilize as bribery.³⁵ The related word shahadat means “to bear witness;” one who dies for a cause testifies to that cause while others bear witness to his testimony to God.³⁶

TYPOLOGIES OF TERRORISTS

29 Ibid.

30 David Brooks, “The Culture of Martyrdom.”; “Promoting Violence for Children,” *Palestinian Media Watch*, July 10, 2012. <http://www.palwatch.org/main.aspx?fi=844>

31 Ibid.

32 Julie Stahl, “‘Paradise Camps’ Teach Palestinian Children to be Suicide Bombers,” *cnsnews.com*, last modified July 7, 2008. <http://cnsnews.com/news/article/paradise-camps-teach-palestinian-children-be-suicide-bombers>.

33 “Schoolbooks,” *Palestinian Media Watch*, last modified January 1, 2010. <http://www.palwatch.org/main.aspx?fi=122>.

34 Itamar Marcus and Barbara Crook, “From Nationalist Battle to Religious Conflict: New 12th Grade Palestinian Schoolbooks Present a World without Israel,” *Palestinian Media Watch*, last modified February 2007. http://www.palwatch.org/STORAGE/special%20reports/SchoolBooks_English_Final_for_web.pdf.

35 Ibid.

36 Faisal Devji, *Landscapes of the Jihad: Militancy, Morality, Modernity* (Ithaca: Cornell University Press, 2005), 94.

Although many researchers agree on the impossibility of creating a single psychological profile of a terrorist, researchers Shaul Kimhi and Shemuel Even developed typologies of Palestinian suicide terrorists. They created four categories of bombers – religious fanatic, exploited, avenger, and nationalist fanatic – based on “the main motive of the perpetrator and different trajectories which each suicide bomber undergoes from recruitment to detonating the bomb.”³⁷ Acknowledging that terrorists can have multiple motivations, Kimhi and Even maintain that terrorists usually fall into one grouping more than another. Here are brief but detailed explanations of each of the classifications at the core of this project’s research design:

Religious fanatic – “... suicide terrorists whose main motive is religious: achieving an act of martyrdom, Jihad, a place in paradise.”³⁸

Exploited – “... individuals exploited by terror organization leaders and recruited for suicide missions,” including minors, people with personal problems, and people looking for redemption from sins.³⁹

Avenger – “... suicide terrorists whose motive is psychologically based: the desire for revenge. Revenge can take place on a personal level – for a family member or friend, or in general – against Israel and its actions towards the Palestinians.”⁴⁰

Nationalist fanatic – “... suicide terrorists whose main motive is social, national, or political. Members of this group explain their actions, first and foremost, citing a desire for national liberation, the failure of the peace process, the Israeli occupation, and the struggle for a Palestinian state.”⁴¹

Based on these established typologies, the recruitment tactics used by terrorist organizations have been categorized into religious, personal, psychological, and national/social/political factors. Kimhi and Even classify every child terrorist as “exploited” because of their youth and vulnerability, but recruiters could emphasize factors that would lead a child to believe he is undertaking a suicide mission in support of a religious, nationalist, or revengeful cause.⁴² In other words, a terrorist can be categorized as “exploited” without the recruiter having used an explicitly exploitative approach.

RESEARCH AND ANALYSIS

To answer the research questions, keywords (see Table 1) were extracted from these typologies and factors, and a variety of sources containing information on suicide attacks conducted by Palestinian children were examined accordingly.

37 Kimhi and Even, “Who Are the Palestinian Suicide Bombers?” 815.

38 Ibid., 824.

39 Ibid., 825-26.

40 Ibid., 827.

41 Ibid., 828.

42 Ibid., 826.

Table 1 illustrates how the content analysis will be performed to answer the research question: what factors do terrorist emphasize in persuading children to become suicide terrorists?

Kimhi and Even's Typologies of Terrorists ⁴⁴	Factors Emphasized by Terrorist Recruiters	Preliminary Keywords
Religious Fanatic	Religious	God's will, Allah, Islamic Jihad, martyr, martyrdom, shahada, shahid, heaven, paradise, 72 virgins, reward (in afterlife)
Exploited	Personal	Group loyalty, identity, family, [names of family members], reward (in this life – e.g. financial)
Avenger	Psychological	Revenge, retribution, suffering
Nationalist Fanatic	National, Social, Political	Israel, Israeli occupation, [names of Israeli leaders], Palestinian state, peace, America, the West, the United Nations

One particular case scrutinized for the aforementioned factors elicited sensational media coverage and demonstrated to the world the potentially dangerous involvement of children in the Israeli/Palestinian conflict. On March 24, 2004, Israeli soldiers apprehended 16-year-old Hussam Abdu at the Hawarra checkpoint in the West Bank.⁴⁴ The world would later watch on international news networks what soldiers and camera crews saw right then – the tense and frightening moments as Abdu struggled to cut 15-20 pounds of explosives off his body with a pair of scissors sent to him by a robot controlled by soldiers from the Israeli Defense Force (IDF) as they crouched behind barriers.⁴⁵ Luckily for the bystanders, Abdu surrendered rather than carry out his suicide mission. However, Abdu was neither the first nor the last Palestinian minor to attempt a suicide attack against Israelis.

In the First and Second Intifadas, from 1987-1993 and 2000-2005 respectively, Palestinians staged uprisings against the Israeli occupation, which began after the Six-Day War in 1967. Both times, Palestinians rebelled against the normalization of the occupation and the generally humiliating and oppressive manner in which they claimed IDF soldiers treated them.⁴⁶ Israeli and Palestinian actions and reactions fed into an intensification of the struggle throughout this time period. Civil disobedience and stone-throwing by the Palestinians characterized the First Intifada, whereas the Second Intifada involved significantly more violence, including the use of small arms, Molotov cocktails, and suicide attacks.⁴⁷ Israel frequently responded to

43 Ibid., 815.

44 "Israelis Thwart Palestinian 'Boy Bomber,'" *ABC News*, last modified March 25, 2004. <http://abcnews.go.com/International/story?id=84626>

45 Ibid.

46 Lewis, *The Business of Martyrdom: A History of Suicide Bombing*, 143.

47 Ibid., 167.

these suicide bombings by demolishing the home of the bomber and by carrying out targeted assassinations against leaders of terrorist groups.⁴⁸

Since the start of the Second Intifada in 2000, there have been at least 165 suicide attacks perpetrated by Palestinians against Israel.⁴⁹ These attacks have been sponsored by Fatah, a secular organization, as well as Islamic Jihad and Hamas, both of which were founded with religious tenets at their core. The mean age of these attackers is 22, but Human Rights Watch reports that at least 10 minors carried out suicide attacks between 2000 and 2004, and the IDF claims 29 under-18-year-olds perpetrated attacks in the same time period.^{50,51} Furthermore, between 2001 and 2004, Israeli security forces have apprehended more than 40 minors for their involvement in planning suicide attacks.⁵²

This section proceeds with an analysis of suicide bombings committed by Palestinians against Israeli targets in the Second Intifada. Thirty-eight overall cases of child recruits were collected and the 15 with sufficient available data, presented in Table 2, were analyzed in depth. More than one source was consulted per incident, where possible, to counteract source bias.

Table 2 Information on Children Recruited as Suicide Terrorists in Palestine

Date of Attack or Arrest	Name of Child (if known)	Age of Child	Terrorist Group Claiming Responsibility	Factors Emphasized by Terrorist Recruiters	Was Attack Successful?
July 2001	Jihad Gawdat Mohammad Jarrar	17	Islamic Jihad	National	No ⁵⁴
February 2002	--	16	Hamas and Fatah	Religious	No ⁵⁵
March 2002	Bilal Wagia Kamel Walid-Ali	17	Islamic Jihad	Personal, Psychological	No ⁵⁶
March 2002	Ayat al-Akhras	17	Hamas	Psychological	Yes ⁵⁷

48 “Analysis: Palestinian Suicide Attacks,” *BBC*.

49 Bassem Eid, “Suicide Attacks: A Case for an End to an Egregious Means,” Palestinian Human Rights Monitoring Group, accessed January 30, 2013. www.phrmg.org/PHRMG%20Suicide%20Attacks.pdf.

50 “Child Suicide Attacks ‘Must Stop,’” *BBC News*.

51 Margot Dudkevitch, “11-Year-Old Boy Used as Human Bomb,” *Jerusalem Post*, March 15, 2004, www.amitiesquebec-israel.org/texts/boy.htm.

52 *Ibid.*

53 “Participation of Children and Teenagers in Terrorist Activity During the ‘Al-Aqsa’ Intifada,” *Israel Ministry of Foreign Affairs*, January 30, 2003, http://www.mfa.gov.il/MFA/MFAArchive/2000_2009/2003/1/Participation+of+Children+and+Teenagers+in+Terrori.htm.

54 *Ibid.*

55 *Ibid.*

April 2002	Ismail Soubh Ibrahim Abu Nada	12	Hamas	Religious	No ⁵⁸
April 2002	Wael Ghazi Moustafa Hamarna	13	Hamas	Religious	No ⁵⁹
April 2002	Yousef Bassam Yousef	14	Hamas	Religious	No ⁶⁰
May 2002	Issa Badir	16	Al-Aqsa Martyrs Brigade	Religious, Psychological, National, Personal	Yes ⁶¹
June 2002	--	17	Islamic Jihad	Religious	No ⁶²
March 2003	Sabih Abu Saud	16	Al-Aqsa Martyrs Brigade	Psychological	Yes ⁶³
January 2004	Iyad al-Masri	17	Islamic Jihad	Psychological	-- (bomb exploded prematurely) ⁶⁴
March 2004	Hussam Abdu	16	Al-Aqsa Martyrs Brigade	Personal, Religious	No ⁶⁵
March 2004	Abdullah Quraan	11	Al-Aqsa Martyrs Brigade	Personal	No ⁶⁶
March 2004	Tamer Khweirah	15	Islamic Jihad	Psychological, Religious, Personal	-- (did not agree to carry out attack) ⁶⁷
April 2006	Sami Salim Mohammed Hammed	16	Islamic Jihad	Psychological, Personal	Yes ⁶⁸

The overall data includes 15 “successful” suicide bombings, 19 in which the child was arrested or otherwise thwarted before carrying out the attack, two recruits who were arrested on charges of unrelated crimes, one 17-year-old whose bomb exploded prematurely, killing no one but himself, and one child who confessed his recruitment to his family before committing to a specific mission.^{68,69} No successful attacks were carried out by youth younger than 16, but the ages of the arrested recruits suggest that older teens are recruited more frequently than younger children, not that they are necessarily more capable of carrying out attacks.

Age was considered in this study because it is the legal differentiation between a minor and an adult. However, there is no noticeable correlation between the age of the child and the use of a particular factor by the recruiters.

Three breakdowns of the data follow in this paragraph: number of factors per case, frequency

56 “Child Suicide Attacks ‘Must Stop’”; Rebecca Leung, “The Bomber Next Door,” *CBS News*, February 11, 2009; Elizabeth Jensen, “To Die in Jerusalem,” *The New York Times*, October 24, 2007.

57 “Participation of Children and Teenagers in Terrorist Activity During the ‘Al-Aqsa’ Intifada”; Palestinians Exploit Children for Terror – Background,” *Israel Ministry of Foreign Affairs*, March 10, 2004. <http://www.mfa.gov.il/MFA/Terrorism+Obstacle+to+Peace/Terror+Groups/Palestinians+exploit+children+for+terror+-+March+2004.htm>.

58 Ibid.; Ibid.

59 Ibid.; Ibid.

60 Ibid.; “Child Suicide Attacks ‘Must Stop’”; Tamara Traubman, et al., “16-Year-Old Rishon Letzion Bomber Youngest To Strike in Israel,” *Haaretz*, May 25, 2002, <http://www.haaretz.com/news/16-year-old-rishon-letzion-bomber-youngest-to-strike-in-israel-1.44277>.

61 “Participation of Children and Teenagers in Terrorist Activity During the ‘Al-Aqsa’ Intifada.”

62 “Child Suicide Attacks ‘Must Stop’”; Greg Myre, “Israel Says Children Enlist Children as Suicide Bombers,” *The New York Times*, June 13, 2004, www.nytimes.com/2004/06/13/world/israel-says-children-enlist-children-as-suicide-bombers.html.

63 “Child Suicide Attacks ‘Must Stop’”; Myre; Chris McGreal, “Bomber’s Family Hits Out at Islamic Jihad,” *The Guardian*, January 15, 2004, www.guardian.co.uk/world/2004/jan/16/israel; Ilene R. Prusher, “As Life Looks Bleaker, Suicide Bombers Get Younger,” *The Christian Science Monitor*, March 5, 2004, www.csmonitor.com/2004/0305/p01s04-wome.html. “Palestinians Exploit Children for Terror – Background.”

64 *The Making of a Martyr*, Documentary, directed by Brooke Goldstein and Alistair Leyland (2006; Canada; Film Option International), DVD; Efrat Weiss, “‘Explosive Boy’ to Soldiers: I Came to Explode Because I Was Promised Sex,” *Ynet*, March 24, 2004, <http://www.ynet.co.il/articles/1,7340,L-2893762,00.html>; “Israelis Thwart Palestinian ‘Boy Bomber,’” *ABC News*, March 25, 2004, <http://abcnews.go.com/International/story?id=84626&page=1>.

65 Margot Dudkevitch, “11-Year-Old Boy Used as Human Bomb,” *Jerusalem Post*, March 15, 2004; www.amitiesquebec-israel.org/texts/boy.htm.

Joshua Mitnick, “Children Used as Pawns by Terrorists,” *The Washington Times*, March 17, 2004, <http://www.washingtontimes.com/news/2004/mar/16/20040316-112941-7200r/>; Chris McGreal, “Israel Says Boy, 11, Used as Bomber,” *The Guardian*, March 17, 2004, www.guardian.co.uk/world/2004/jan/16/Israel.

66 Ali Daraghmeh, “Militants Recruit Boy, 15, as Bomber,” *The Associated Press*, March 30, 2004, http://staugustine.com/stories/033104/wor_2232004.shtml; “Another Palestinian Teen Suicide Recruit Promised Heaven, Arrested,” *Take a Pen!*, March 2004, www.takeapen.org/Takeapen/Templates/showpage.asp?DBID=1&LANGID=1&TMID=84&FID=925.

67 “Suicide Bomber Kills Eight in Tel Aviv,” *China Daily*, April 17, 2006, www.chinadaily.com.cn/world/2006-04/17/content_569838_2.htm.

68 Prusher, “As Life Looks Bleaker, Suicide Bombers Get Younger.”

69 Daraghmeh, “Militants Recruit Boy, 15, as Bomber.”

of each factor, and use of each factor by specific Palestinian terrorist groups. In most of these cases, one motivating factor played the principal role. Two factors appear in two cases, three factors in one case, and all four factors in one case. As seen in Table 3, religious aspects emerged most frequently, followed closely by personal and psychological, then national motivations. Grouping the data by the sponsoring terrorist organization shows no clear indicator that an organization favors a specific recruitment tactic, as seen in Table 4. Fatah has used personal and psychological factors individually, has combined personal and religious factors, and in one case, has used all four factors. Islamic Jihad has employed national, religious, and psychological factors separately, as well as jointly utilizing personal and psychological factors in one case, and personal, psychological, and religious in another. Hamas has drawn more heavily on religious factors, applying them in four cases, and psychological in only one.

Table 3 Frequency of Factors

Factor	Frequency
Religious	8
Personal	6
Psychological	6
National	2

Table 4 Use of Each Factor by Each Terrorist Organization

Organization/Factor	Religious	Personal	Psychological	National
Hamas	4	0	1	0
Fatah/Al-Aqsa Martyrs Brigade	4	3	3	1
Islamic Jihad	2	3	3	1
PFLP	0	0	0	0

Table 5 illustrates the frequency with which each factor played a role in successful and unsuccessful attacks. Of the 15 cases, four were successful and nine were thwarted attempts. The two cases mentioned above, in which one boy's bomb exploded prematurely and one child did not commit to a mission, were not classified as either successful or unsuccessful.^{70,71} Based on the research methods used, the strength of each factor as a recruitment tactic is not quantifiable; therefore, no conclusions on such can be made. However, it is interesting to note that psychological impetuses were apparent in all four of the successes and in only one instance of failed recruitment. Furthermore, psychological factors were also present in a non-designated case; although Iyad al-Masri died as a suicide bomber, he may have been arrested or reconsidered before reaching his target if his bomb had not exploded early.⁷²

70 Prusher, "As Life Looks Bleaker, Suicide Bombers Get Younger."

71 Daraghmeh, "Militants Recruit Boy, 15, as Bomber."

72 Prusher, "As Life Looks Bleaker, Suicide Bombers Get Younger."

Table 5 Frequency of Factors Associated with Successful and Unsuccessful Attacks

Success/Factor	Religious	Personal	Psychological	National
Yes	1	2	4	1
No	7	4	1	1

In seven of the cases associated with religious factors, the children spoke about their aspirations to become a martyr and to be celebrated as a hero. For example, Issa Badir had written “God willing, I will be a martyr” on the cover of one of his school notebooks.⁷³ Some of these children articulated their desire for the 72 virgins awaiting them in heaven, and the child in the eighth case admitted that he had been promised sex with seventy-two virgins in Paradise.⁷⁴ Both Hamas and Islamic Jihad have video recorded final farewells, last wills and testaments of the children, and in at least six cases, the minor held the Quran as he expressed his wish to die a martyr’s death.⁷⁵ The three youngest teenagers attempted a suicide attack to “perpetrate jihad against Jews.”⁷⁶ This data indicates that even children who are not religiously observant can be incited to act by a religious belief in paradise and rewards of the afterlife because of the pervasive use of this religious imagery in the culture of martyrdom.

The use of personal factors was more varied in its expression. In four of the six cases, the child was paid money to carry out the attack. Abdullah Quraan collected a day’s wages, about \$4.50,⁷⁷ and Hussam Abdu received 100 shekels,⁷⁸ approximately 20 US dollars. Tamer Khweirah was given \$45, a cell phone, new clothes, and the promise of \$35,000 to his family to rebuild their house after Israel demolished it, as is “standard Israeli reprisal.”⁷⁹ Issa Badir was also paid an unknown sum in order to carry out an attack.⁸⁰

Sometimes terrorist groups fail to account for important personal concerns; one teenager was arrested in July 2002 after he failed to carry through with his suicide mission for fear of what might happen to his family in retaliation.⁸¹ Abdu similarly disconnected the battery on his bomb belt because he was concerned about “his life, his sisters, his parents, his house.”⁸²

Terrorists used psychological factors to manipulate the child’s desire for revenge. Three teenagers desired to take revenge on Israel for the suffering of the Palestinian people in general.⁸³ Sami Salim Mohammed Hammed dedicated his attack to Palestinians in Israeli

73 Shragai Traubman and Ben-Aroya, “16-Year-Old Rishon Letzion Bomber Youngest To Strike in Israel.”

74 Weiss, “‘Explosive Boy’ to Soldiers: I Came to Explode Because I Was Promised Sex.”

75 16-year-old in February 2002; Ayat al-Akhras in March 2002; Ismail Soubh Ibrahim Abu Nada, Wael Ghazi Moustafa Hamarna, and Yousef Bassam Yousef in April 2002; Sami Salim Mohammed Hammed in April 2006.

76 “Palestinians Exploit Children for Terror – Background.”

77 Joshua Mitnick, “Children Used as Pawns by Terrorists.”

78 Weiss, “‘Explosive Boy’ to Soldiers: I Came to Explode Because I Was Promised Sex.”

79 Daraghmeh, “Militants Recruit Boy, 15, as Bomber.”

80 “Participation of Children and Teenagers in Terrorist Activity During the ‘Al-Aqsa’ Intifada.”

81 Ibid.

82 Goldstein, *The Making of a Martyr*.

83 Issa Badir in May 2002; Sabih Abu Saud in November 2003; Sami Salim Mohammed Hammed in April 2006.

prisons, demonstrating his desire to take revenge for the suffering of the Palestinians.⁸⁴ Two other attackers, Ayat al-Ahras and Iyad al-Masri, carried out their suicide bombings to avenge the deaths of one or more people whom they knew personally. Al-Akhras blew herself up in a Jerusalem supermarket shortly after Israeli soldiers had shot her neighbor and a few years after IDF soldiers had wounded her brother.⁸⁵ Al-Masri carried out his attack after both his brother and his cousin were shot by the IDF within a few hours of each other.⁸⁶ Khweirah was recruited because of “the need to avenge Yassin,”⁸⁷ one of the founders of Hamas, shortly after his assassination by Israel.

The case of Jihad Gawdat Mohammad Jarrar exemplifies the profile of a nationalist fanatic. He expressed his long-held dreams of shooting Israeli soldiers.⁸⁸ His desire to kill Israelis was rooted in the aspiration to achieve something for the Palestinian people rather than a longing to punish the Israelis, although the two are not always disentangled. Issa Badir, also striving to achieve national goals, committed a suicide attack as the “sole weapon to end the occupation of Palestine.”⁸⁹

In partial support of the hypothesis that Palestinian terrorists emphasized religious factors more than personal, psychological, or national factors, the above analysis demonstrates that religious factors were used frequently without constituting an overwhelming majority. Personal and psychological factors were each emphasized in six cases, which is not a sizeable divergence from the eight cases in which religious factors were present.

The results of this case appear to be more generalizable than previously anticipated. Had the original hypothesis been strongly supported, the conclusions would not be generalizable; terrorist groups in a religious society would use religious factors, whereas in a non-religious society they would not because the nature of the culture automatically precludes their use. However, the data indicates that personal and psychological factors, which could appear in secular contexts, were utilized frequently even in a religious society. Moreover, the fact that the secular group, Fatah, emphasized religion most frequently, but the religious group, Islamic Jihad, did not, indicates that organizations may exploit the factors most readily available in society or most convenient for achieving their ends, rather than the factor most characteristic of their group.

The culture of martyrdom in Palestinian society has lessened the distance that a child needs to climb on the metaphorical staircase to become a suicide terrorist. Other underlying conditions include a sense that Palestinian lives are not valued in the international community.⁹⁰ Religious ideas and symbols could be present in a child’s life before and after his decision to undertake

84 “Suicide Bomber Kills Eight in Tel Aviv.”

85 Leung, “The Bomber Next Door.”

86 Myre, “Israel Says Children Enlist Children as Suicide Bombers.”

87 Daraghmeh, “Militants Recruit Boy, 15, as Bomber.”

88 “Participation of Children and Teenagers in Terrorist Activity During the ‘Al-Aqsa’ Intifada.”

89 Traubman and Ben-Aroya, “16-Year-Old Rishon Letzion Bomber Youngest to Strike in Israel.”

90 Eid, “Suicide Attacks: A Case for an End to an Egregious Means,” 16.

a suicide mission, but they are not necessarily the most persuasive factor in making that choice. The social acceptance and celebration of shahada are the background conditions for a child who has been otherwise manipulated. The frequency with which religious, personal, and psychological factors appear indicates that Palestinian terrorist groups exploit the most expedient factor on a case-by-case basis.

STRATEGIC SIGNIFICANCE

After analyzing assorted cases to understand how terrorist groups conscribe children to become suicide bombers, the question remains: *why* do these extremists use children? Through an examination of statements by terrorist organizations, national security forces, and other studies of the psychology of suicide terrorism, answers begin to emerge to that inquiry. A comparative review of the motivations underlying the recruitment of minors in Palestine, Afghanistan, and Sri Lanka follows a brief background look at the use of suicide bombings and the involvement of children in the latter two cases.

Afghanistan has been war-torn for the past 30 years, and in the early 2000s, suicide bombings spread to Afghanistan and Pakistan as a modern weapon of war.⁹¹ Afghanistan experienced 518 suicide attacks between 2001 and 2010, and the Taliban frequently relied on children to carry out those attacks.⁹² At least six incidents involving children as young as six occurred in the first half of 2011.⁹³

The Taliban uses two drastically different recruitment methods. On one hand, the majority of recruits are from religious schools, where they spend hours a day for weeks, months, or years learning from the Quran, spending time with older insurgents, watching videos, discussing the necessity of targeting infidels, and learning from books such as *Justifications for Suicide Bombing*.⁹⁴ These videos, filled with images of torture and death, are meant to desensitize the children and turn them against infidels.⁹⁵ They are then trained with military equipment and given a specific mission. On the other hand, some children are picked up off the street, fitted with bombs, and instructed to push a button.⁹⁶ Some of the children in the latter category receive training and indoctrination for the duration of a few days, but many are sent out with no

91 United Nations Assistance Mission to Afghanistan, "Suicide Attacks in Afghanistan," September 1, 2007.

<http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Afgh%202007SuicideAttacks.pdf>

92 Lewis, *The Business of Martyrdom: A History of Suicide Bombing*, 224-5.

93 "Afghanistan: Taliban Should Stop Using Children as Suicide Bombers." Human Rights Watch, August 31, 2011. <http://www.hrw.org/news/2011/08/31/afghanistan-taliban-should-stop-using-children-suicide-bombers>

94 Sharmeen Obaid-Chinoy, "Inside a School for Suicide Bombers," *TED: Ideas Worth Spreading*, May 2010. http://www.ted.com/talks/sharmeen_obaid_chinoy_inside_a_school_for_suicide_bombers.html

95 Frank Crimi, "Jihad's Child Suicide Bombers," *Daily Mailer*, May 11, 2011.

96 Brian Glyn Williams, "Mullah Omar's Missiles: A Field Report on Suicide Bombers in Afghanistan," *Middle East Policy* 15.4 (2008); Ben Farmer, "Afghan Boy Suicide Bombers Tell How They Are Brainwashed Into Believing They Will Survive," *The Telegraph*, January 13, 2012. <http://www.telegraph.co.uk/news/worldnews/asia/afghanistan/9014282/Afghan-boy-suicide-bombers-tell-how-they-are-brainwashed-into-believing-they-will-survive.html>

training other than the drugs and lies fed to them. Many are not told what they are doing or what will happen to them.⁹⁷

In Sri Lanka, the LTTE became the most lethal and famous of various insurgent groups fighting the Sinhalese government.⁹⁸ This group was the first to make suicide bombings its trademark,⁹⁹ carrying out its first suicide attack on July 5, 1987.¹⁰⁰ The Black Tigers were the elite unit of the LTTE that carried out suicide missions, and they have been viewed as heroes and martyrs.¹⁰¹ “The LTTE has mastered the suicide bomb attack and the recruitment of the Tamil child,”¹⁰² and both women and children were used as suicide bombers until the LTTE was defeated in 2009.

As in Afghanistan, Sri Lanka saw widespread induction of children into the militant group. Children were most often conscripted into the LTTE by threat and brute force, and bombers came from within the organization. One highly effective recruitment video, shown to the youths after their enlistment into the ranks of soldier, highlighted the joyful transformation of a teenage boy into a suicide bomber.¹⁰³ The children utilized by Palestinian and Afghan terrorists are important as a means of transporting the weapon to the target without arousing suspicion at security checkpoints because of their youth and innocent appearance.¹⁰⁴ Children in these two cases are also economically viable because they are willing to accept smaller payments for their actions than adults and because they are abundant in society (in 2008, nearly half of the Afghan population was under 14 years old).¹⁰⁵

Given the plethora of child soldiers readily available to undertake these attacks – more than 6,000 between 2002 and 2007¹⁰⁶ – it is somewhat striking that the Black Tigers did not employ children as suicide bombers more frequently than they did. This fact illuminates that expediency is not the sole consideration in the decision to dispatch a child on a mission; other

97 United Nations Assistance Mission to Afghanistan, 76; Cassandra Clifford, “Use of Girl Child Suicide Bomber in Afghanistan Causes Outcry from UN,” *Foreign Policy Association*, July 2, 2011; “Afghanistan: Taliban Should Stop Using Children as Suicide Bombers.”

98 Gray and Matchin, 109.

99 James Ross, “Tiger by the Tail,” *The New York Times*, May 21, 2009, <http://www.hrw.org/news/2009/05/21/tiger-tail>.

100 “Suicide Attacks by the LTTE,” South Asia Terrorism Portal, accessed December 16, 2012. http://www.satp.org/satporgtp/countries/shrilanka/database/data_suicide_killings.htm.

101 “Tamil Tigers,” *Encyclopedia Britannica*, last modified January 19, 2014; A. Jeyaratnam Wilson, *Sri Lankan Tamil Nationalism: Its Origins and Development in the Nineteenth and Twentieth Centuries* (Vancouver: UBC Press, 2000), 164.

102 Gray and Matchin, “Children: The New Face of Terrorism,” 109.

103 Tim McGirk, “Boys and Girls Come Out to Die,” *The Independent*, February 26, 1995.

104 “The Exploitation of Children for Terrorist Purposes – January 2003.” Israel Ministry of Foreign Affairs, January 15, 2003. http://www.mfa.gov.il/MFA/MFAArchive/2000_2009/2003/1/The+Exploitation+of+Children+for+Terrorist+Purpose.htm.

105 “Population Ages 0-14,” *The World Bank*, accessed March 3, 2014, <http://data.worldbank.org/indicator/SP.POP.0014.TO.ZS>.

106 Child Soldiers International, “Child Soldiers Global Report 2008 - Sri Lanka,” May 20, 2008. <http://www.unhcr.org/refworld/docid/486cb131c.html>.

issues, such as the type of target and importance of the operation, are also concerns. The targets of the Black Tigers differed markedly from the targets of Palestinian groups and the Taliban. Whereas Palestinian groups target civilians and the Taliban targets foreigners, the Black Tigers frequently targeted powerful politicians. In order to carry out attacks on such well-protected targets, the perpetrator needed to be someone truly committed and capable. A child kidnapped off the street and fitted with a bomb vest is less reliable and less likely to succeed. Unlike in Palestine/Israel or in Afghanistan, the suicide attack in Sri Lanka was about reaching the exact target rather than inflicting the most damage. This difference in strategic goal affected how the terrorist group exploited children.

This information on Sri Lanka has interesting implications. Similar to the Palestine/Israel and Afghanistan cases, it demonstrates that terrorists do not use children particularly to attract the attention of the media or the international community. The Sri Lanka case exemplifies the fact that recruitment strategies differ from conflict to conflict, and it indicates that the reason terrorists exploit children might not be as universal as the other two cases imply. While children, who are not fully developed psychologically and who are vulnerable to recruitment, may be used out of convenience, convenience in and of itself is not enough to motivate every terrorist group to send a child on a suicide mission. Further research should be conducted to determine whether Sri Lanka is an exception to the rule, or if it is the case that disproves the rule.

CONCLUSION

The findings of this study confirm that specific recruitment tactics differ between cases of child suicide bombers. Between and even within countries, there is no consistency in the factors emphasized by terrorist groups recruiting these children. Religious factors were utilized more frequently than personal, psychological, or national factors in the Palestine case. However, such factors were not as pervasive as one may expect given their frequent mention in the media. Organizations utilize different tactics based on the child's particular vulnerability, which stems from the interplay between the child's personal history and the views imparted to him by a society shaped by years of conflict.

Even though the LTTE has been defeated and Palestinian groups do not use children as bombs as frequently as they did in 2002, the threat remains that children will be exploited for violent purposes. Exploration of this matter can be used constructively to change it. A deeper understanding of how and why can lead to effective methods of countering violent extremism. Knowing that groups recruit children differently in various countries indicates that unique solutions need to be enacted in each case. Understanding that terrorists exploit children because of their vulnerability and innocent appearance allows policymakers, NGOs, and other institutions not only to generate more stringent security measures, but also to create programs to empower children to see beyond their immediate environment, and to perceive potential and opportunity outside of a dark and narrow world embittered by conflict and bloodshed.

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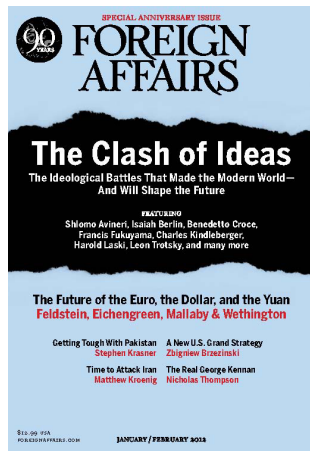
Rachel Levin is a 2013 Summa Cum Laude graduate of the University of Pennsylvania, where she studied International Relations and Jewish Studies. She wrote her senior thesis on the phenomenon of child suicide bombers in various conflicts around the world, focusing on the recruitment strategies and tactical goals of terrorist organizations. Rachel has previously interned at the Ministry of Justice in Jerusalem and at the U.S. Department of State in Washington, DC in the Bureau of Democracy, Human Rights, and Labor. She has traveled widely throughout Europe and is currently spending the year in Israel.

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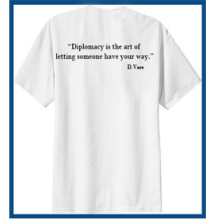
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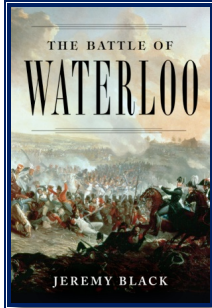
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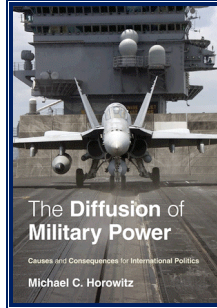
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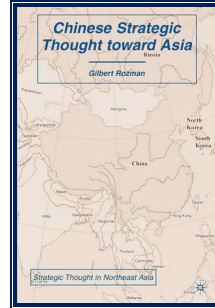
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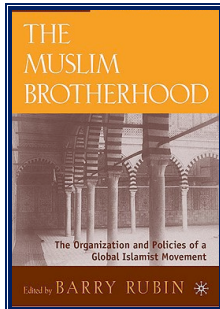
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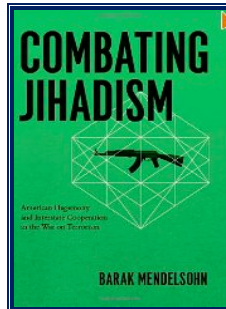
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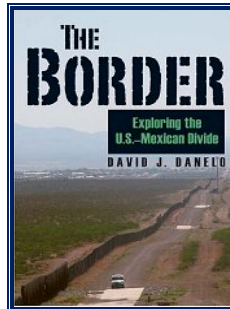
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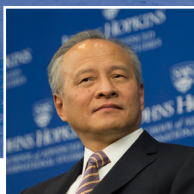
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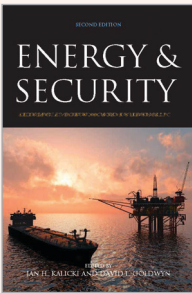
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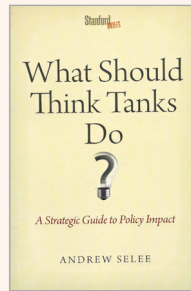


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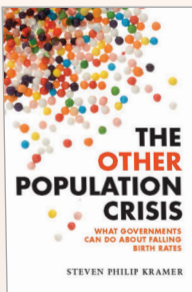


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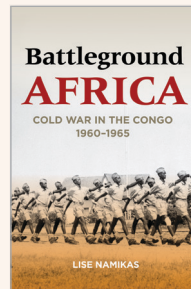


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