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How Can Africa Flourish with Ethnic Diversity?

Synopsis of the Fifth Kobe University / JICA Conference on Ethnic Diversity and Economic Instability in Africa

Edited by

Hiroyuki Hino
John Lonsdale
Taylor St. John

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The Research Institute for Economics and Business Administration

Kobe University

In Memory of Professor Gustav Ranis

Professor Ranis was a pioneer in development economics; his integrity and his insights forever changed both the study and practice of development. He was indeed a dynamic and dedicated scholar, but also an energetic supporter of students and colleagues. In addition, he guided policy and practice of a number of governments and international organizations over the course of his long, illustrative career. Most of all, Gus was a mentor, a motivator, and a dear friend to all of us who joined him in an attempt to untangle the cobweb of ethnic diversity and economic development in Africa, that kept us together for more than three years. Gus departed us on October 15, 2013. He will long be remembered and celebrated for fostering thoughtful, rigorous examination of the complex issues of economic development, and for being a warm and caring individual.

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Foreword

Nobuaki Hamaguchi
Director
Research Institute for Economics and Business
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Over the last two decades, Africa has achieved remarkable economic growth. Although expectations are high and Africa is generally recognized as the next frontier of the global economy, the persistence of some historically rooted socio-political problems is a source of some anxiety with respect to the stability of economic growth in the long run.

Extensive debate has taken place about ethnicity as a source of deep-seated social tension in Africa. Ethnicity is believed to have contributed to conflicts over land and political rents, sometimes causing violent clashes with widespread loss of life and property.

The Research Institute for Economics and Business Administrations (RIEB) of Kobe University, led by Professor Hiroyuki Hino and in collaboration with the JICA Research Institute, undertook a series of studies during the last four years under the theme of "Ethnic Diversity and Economic Instability in Africa." This book presents the proceedings of the fifth and final conference of this research project, which was held in Tokyo in July 2012. The book summarizes the debate on policy implications of having a multi-ethnic society in a nation, and is a companion of the earlier publication under this research project, *Ethnic Diversity and Economic Instability in Africa: Interdisciplinary Perspectives* (Hino, Lonsdale, Ranis and Stewart eds. Cambridge University Press, 2012). The Cambridge volume provides a highly analytical diagnosis of issues associated with ethnic diversity.

This research has benefited from the contributions of internationally renowned scholars from diverse disciplines, including economics, political science, history, and anthropology. This inter-disciplinary

diversity of the research team has enriched this research over the last four years. It is rare that such international research collaboration be undertaken in this scale on this subject. I am gratified that scholars of such prominence have worked together as a team for such a long time.

Professor Gustav Ranis, a core member of the research team, guided its work throughout the four years of intensive collaboration. Professor Ranis, Professor Emeritus at Yale University, passed away on October 15, 2013.

With his seminal contributions to development economics and immense experience in both academic research and development practice, Professor Ranis was instrumental in bringing together the historians, anthropologists, political scientists, and economists in this research, and thus deepening our understanding of the implications of ethnicity on economic development and the importance of trust in ethnically diverse societies. Gus was a mentor and dear friend to all members of our team. We will miss him.

This book is dedicated to his memory.

On behalf of RIEB, I would like to express our deep gratitude to the JICA Research Institute, especially to Dr. Keiichi Tsunekawa and Dr. Akio Hosono, who were Directors of JICA Research Institute during this period, for their continuous support and encouragement. The JICA Research Institute provided highly efficient administrative and logistical support throughout this research project.

This book is expected to help policy-makers in African countries and their development partners in formulating strategies for economic growth with social harmony. This book will also aid in designing institutions and democratic rules to foster nationhood. Critical comments from academicians' and practitioners' expert viewpoints are most welcome.

Preface

Hiroshi Kato
Director
JICA Research Institute

When the JICA Research Institute was founded in October 2008 as the research arm of JICA, it adopted African economic development as a priority issue. It facilitates policy-oriented research projects with prominent Japanese and international researchers.

In May 2012, we co-hosted the Global Consultation for Building the Post-2015 Development Agenda at the JICA-RI with UNDP and ILO to review the progress and to discuss the agenda after 2015. We found that the progress was uneven and that the poorest of the poor had largely been left behind. The key message was that we must re-emphasize inclusion and job creation. Jobs bring dignity and give life meaning; jobs are a key issue for social cohesion.

Economic development is insufficient on its own. The JICA-RI echoes Joseph Stiglitz in arguing that good growth in Africa requires fresh policies to transform the situation, perhaps to grow using the experience of Asia. We need to bring the state back into discussions of economic policy. We are of the view that agricultural development is also important. JICA has partnered with the Brazilian Agency for Cooperation (ABC) on a project in northern Mozambique, which prioritizes sustainable food security. This project was highlighted by Bill Gates in October 2011 to the G20, and again by Hillary Clinton at the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea, as a model of multilateral cooperation.

Therefore, JICA is proud to have supported the *Ethnic Diversity and Economic Instability in Africa* research project during the last four years. This volume presents the proceedings of the fifth and final conference

under this research project, which took place during July 23–24, 2012 in Tokyo. The conference theme was "Growth with Equity," namely, sustainable and inclusive development in Africa. This theme is most appropriate because we must have a greater focus on the social and political hurdles impeding inclusive growth.

From this conference we were able to learn implications of academic research for future policymaking. We hope these proceedings present viable policy options to readers who are working on inclusive and dynamic development of Africa.

Acknowledgements

Hiroyuki Hino
John Lonsdale
Taylor St. John

List of Conference Participants

Kojo Amanor	Deputy Director and Associate Professor, Institute of African Studies, University of Ghana, Legon
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Introduction

Hiroyuki Hino
Taylor St. John

Over the last three years, a team of scholars has conducted research on "Ethnic Diversity and Economic Instability in Africa: Policies for Harmonious Development", under the auspices of the JICA Research Institute and Research Institute for Economics and Business Administration (RIEB) of Kobe University. The team, which includes economists, political scientists, historians, and anthropologists, from Africa, Asia, Europe and North America, has held four conferences, at Kobe University (July 2009), Yale University (January 2010), Naivasha (November 2010) and the University of Oxford (July 2011). The first of the conference volumes, *Ethnic Diversity and Economic Instability in Africa: Interdisciplinary Perspectives*, has been published by the Cambridge University Press.

This book presents the proceedings of the fifth and final conference, titled "Growth with Equity: How Can Africa Flourish with Ethnic Diversity?" The conference was held to offer forward-looking analysis that would be useful to policymakers in Africa and elsewhere. As the following chapters make clear, all the discussions focused on how particular policies or institutions could help nations foster equity and social cohesion alongside economic growth.

Economic growth is necessary, but it is not sufficient for development. Growth must be inclusive. Furthermore, discussion of development must include social cohesion. Cohesion is inherently complex. Therefore, this volume does not provide a consensus definition or a comprehensive discussion of it—an issue addressed in a forthcoming volume from the project. This volume, in contrast, provides targeted, policy-relevant discussions about key components of social cohesion. The following chapters

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summarize these discussions. Each chapter extracts lessons from the academic literature and provides new, policy-relevant analysis for a different component of social cohesion. Analyzed individually or together, these are some of the toughest policy challenges facing African policymakers today: youth unemployment, natural resource revenue sharing, land tenure reform, and others.

Our work was motivated by these specific policy challenges, but equally, it was guided by a shared understanding that many of these challenges are interrelated and affect and are affected by ethnic diversity within a state. Economic growth and social cohesion result from many complex, culturally dependent and path-dependent processes. Yet even amid this complexity, lessons can be learned and policy changes can be effective. The literature in development economics is unambiguous: a higher level of inequality among *individuals* in a society is associated with a range of negative economic and social outcomes. Our work has focused more on wide disparities between ethnic or religious *groups* in a society, known as horizontal inequalities, which can also harm outcomes and foment discontent. Cross-cutting issues such as youth unemployment and low levels of gender equality exacerbate tensions between groups and negatively affect social cohesion.

Our research work, designed to inform evidence-based policies to foster inclusive growth in ethnically diverse societies was guided by the following questions.

- ✓ How can the present practice of ethnically based political contests and consequent ethnic divisions give way to policy-based contests, inter-ethnic harmony and social cohesion? Do majoritarian democracy rules need to be modified in a country composed of distinct ethnic communities?

- ✓ What form of horizontal and vertical devolution of political authority can best assure fair and efficient distribution of public goods in an ethnically diverse country? Should devolved administrative units be fundamentally ethnically homogeneous or be ethnically integrated?

- ✓ Is it advisable to dilute or suppress ethnic identity for the sake of fostering national unity or enhancing central authority? If not, what measures exist to bond ethnic communities together in a cohesive society while harnessing the unique character and heritage of each?

✓   How can unresolved historical cleavages over land be best addressed to alleviate the underlying ethnic tensions? How can communal land be best managed in a market economy?

✓   Is there really a trade-off between growth and equity? What measures are there to hold horizontal inequality in check, particularly among ethnic communities?

✓   What mix of economic policies is likely to produce growth as well as social cohesion?

Although definitive answers to all these questions should not be expected from one research project, we believe that the work presented at this conference provided suggestions to help policy makers chart a course toward inclusive growth and social cohesion.

Opening Remarks

John Lonsdale

Thanks to generous sponsorship from JICA, our four conferences—this is the fifth—have forced research scholars in all those human sciences with an interest in Africa to understand each other better. Economists, political scientists, anthropologists, constitutional lawyers or, in my own case, historians have learned from each other. We have had to modify some of our working hypotheses, our theoretical models, and our policy recommendations accordingly. We must hope this interdisciplinary learning process will also be helpful for all those policy-makers in Africa who make decisions about the continent's future.

Speaking for myself, I have learned much and will always be grateful to Professor Hiroyuki Hino for inviting me to be a member of his team.

I hope, too, that my efforts to present aspects of Africa's history over the past 200 years have been helpful to my colleagues in other disciplines.

Historians are interested, above all, in trying to explain change; and the chief purpose of our conference series has been to understand how Africa might be helped to grow economically, with greater political stability and social equity. The deeper the changes in society, economy, and state structures, the more difficult it becomes to explain them. There are many causal factors in play, and many competing human agencies in conflict. Model-making is difficult.

Historians do not much like models, or laws of history. We have a good reason: most historians agree that our most ambitious attempt to establish a general set of historical laws that explained fundamental

changes—Marxist history of one sort or another—was a failure, a brave one but a failure nonetheless. It was too single minded. It focused on a rather narrow causal argument, on the conflicts between social classes and interests associated with an *earlier* mode of economic production and the new social classes that either profited from new ways of organizing productive market forces or suffered from them.

Since this failure to establish a universal law of change, most historians accept that there are no *general* laws of history. Instead, we have to understand many *different* local histories within what we see as broader patterns of change—as from feudalism to industrial capitalism (from Tokugawa to Meiji Japan) and now from national capitalisms to globalization.

No economist on Professor Hino's team would call themselves Marxist. But I think some may have started on our enquiry with an unconsciously half-Marxist assumption. This assumption was that the old African interests and cultures of former 'tribal' modes of production were inherently resistant to new, non-ethnic, 'market' principles of economy and trust. I say unconsciously half-Marxist, since Marxists used to reach the same conclusion but by a different route. They assumed that ethnicity, or culture of any sort, was irrelevant to the class struggle that would transform exploitative colonial capitalism into a more equitable and productive post-colonial socialism. It was a 'false consciousness'. Ethnicity became important only because it was instrumental in Africa's class conflicts – as Africa's middle classes, its capitalists, called up *tribal* loyalties in order to break up and disarm the *class* consciousness that Africa's workers and peasants would have learned in the course of their struggles. So here we have the same conflict between tribe and progress but on different grounds.

But most of Africa's historians today would say that both the Marxist and post-Marxist assumptions as I have outlined them were too simple—and of course I *have* simplified them.

Both schools of thought, but especially the post-Marxists, paid or pay too little attention to three different fields of causation:
(i)   The specific *political* practices which support the exercise of power in post-colonial states, in which ethnic groups can be used as political constituencies that have been formed by the way in which their region has been, for more than a century, incorporated into *colonial capitalism*, a process that has shaped their economy in ways that bear very little resemblance to their former, pre-colonial, *tribal* modes of production;

(ii) They also underplay (ii) the *international* economic and strategic relations that can be very capricious in their *local* effects as different Africa regimes seek to exploit their role as gatekeepers between local and international interests.

I myself devote still more attention to (iii) the social, economic, political, intellectual and religious, one could also say moral, history of African societies. Each ethnic group is to different degrees *a moral community*, by which I mean a community that argues, often passionately, about how one makes a respectable reputation as a proper man or woman, about what obligations are owed between the genders and among generations, between rich and poor, about reciprocal relations between ourselves and our neighbouring strangers—matters which have too often been neglected in African history and matters which make Africans as human as everybody else.

But what conclusions do I draw from this insistence on African ethnicities as moral communities that might help us all in our enquiry into the relationship between ethnicity and economy?

1) One has to credit Africa's ethnic groups, like moral communities all over the world, with what I call 'patriotic thought'—that is, the capacity to argue the rights and wrongs of how one is governed, and with what social benefits and injustices. This way of thought at least gives members of ethnic groups the capacity to consider how far they will allow themselves to be used in political competition against other ethnic groups.

2) If economists rely on rational choice models, they must remember that the search for social respect is a rational choice, and that trust is generally (or has been generally) regarded as an essential element in any economic relationship. Again, this gives members of ethnic groups some ground on which to question how far they should trust their self-proclaimed ethnic champions.

3) The different markets in any economy are likely to develop different forms of ethnic consciousness and different propensities for inter-ethnic conflict or co-operation. Markets for labour, for land, for commodities, for services, and so on are all likely to have different effects, as I tried to demonstrate in the different case studies I presented in my chapter.

4) In light of all these cautions, historians of Africa conclude that, by itself, ethnicity explains nothing. If ethnic conflict appears

in any context, it has to be asked: Why? What particular *horizontal* inequalities *between* ethnic groups are there to be politicized? Have *vertical* social inequalities emerged within ethnic groups that anger different sections *within* their moral community? Who are appeased by putting the blame on ethnic others?

Above all, and finally, what *arguments* are raised by African agents, for and against different courses of inter-ethnic co-operation or antagonism? Inter-ethnic *structures* of competition are of course important, and they often have great historical depth, but only by conceding to Africa's human *agents* the power of critical thought, born within their different moral communities, can one hope for the kind of political will that will effect the changes that this enquiry has suggested are necessary.

I   Ethnicity in Africa: Overview of Issues
     and Prospects

I   Ethnicity in Africa: Overview of Issues and Prospects

Bruce Berman

Our contribution begins with general reflections on the analysis of ethnicity in Africa. Then it evaluates the impact of ethnicity on socio-economic and political development. These analyses provide the background for the discussion of institutions, policies, social practices, and other interventions that could mitigate the negative impact of ethnic politics and, if possible, transform ethnic diversity into a positive force for achieving development with equity in Africa. The discussion begins in this chapter and is continued in the rest of the volume.

Even though ethnicity is a given and often overwhelming dimension of life for people in many African countries, ethnicity is an open-ended historical process, and is not very old historically. It has European roots in the 19th century; European agents carried it into Africa. These European settlers believed that African communities were radically distinct from each other. These assumptions were false. They gave Europeans impetus to categorize and name according to tribal stereotypes, thereby provoking Africans to respond. Europeans named groups, Africans then lived up to these names.

In our paper's introduction, we explained evidence on ethnicity, both qualitative and quantitative. The fact of the matter is that both are based on impressionistic assumptions about what an observer thinks they are observing. The purposes of these assumptions are endlessly political. Censuses are political. In European censuses of the 18th century, it was understood that if the state was counting you, it was up to no good. The

state was either out to tax you or conscript you. The politics of numbers are crucial. A CIDA aid advisor in Kenya told me something about the Kenya government's statistical data on agricultural production. The ministry of agriculture kept three sets of statistics: one for cabinet, one for donors, and one for internal purposes. None of these three was accurate. All were produced for political purposes.

Counting makes possible the development of African states. It also turns land into an asset. How does counting affect the experience of ethnicity in Africa? Ethnicity is a continual process of constitution and there is continuing ambiguity over ethnic categories. There is no complete agreement over the number of ethnic groups in most nations in Africa. A search in Google for "ethnic groups/Kenya" will yield many very different calculations of numbers. The number of groups is a political issue, both between communities and within them. Counting is a crucial aspect of knowledge creation and of the creation of ethnic communities.

The instruments of the state shape ethnicity. Africans imagined ethnicities out of how Europeans started classifying them. The emergence of elites is very important in this process. What makes African ethnicity modern is how much of it is imagined in print, in texts written by African intelligentsia often using the knowledge created by missionaries, anthropologists and colonial officials themselves. These texts became important in the development of ethnicity itself. An example of this is Jomo Kenyatta's ethnography of the Kikuyu, *Facing Mount Kenya*. Only a few copies reached Kenya before World War Two, but they were passed hand to hand until they literally fell apart, and literates were reading the text to the illiterate, so the ideas got around.

The colonial experience introduced into these communities new horizontal and internal inequalities that challenged their moral economy over the responsibilities and elites and common people and their mutual relationships: Who is a real member of the community? Who gets access to marriage and land in this community? These inequalities were built on arguments that reflected traditional internal relationships of authority, particularly patron–client relationships; these relationships continue today under the surface of what we consider modern rational forms of social organization.

We conceptualize African ethnicity as open-ended processes (in contrast to most conceptualizations of it as an unchanging reality), in societies dominated by their elites in which the key issue is how the wealth generated in these societies is distributed. Control of state resources is key. This control was extended to African elites in the colonial period,

including the crucial issue of access to the markets created under colonial rule. A determining factor of horizontal inequalities between ethnic groups during the colonial period was whether the area they occupied was determined to be suitable for cash-crop production, mineral exploitation or white settlement.

The number of ethnic groups in a given state is not in itself the key issue. In 1976, an American encyclopaedia of ethnicities said 215 ethnic groups existed in America. That number has probably now grown considerably. In Canada, there were 200 ethnic groups in 2010. That is more ethnic fragmentation than any African country except Nigeria. Moreover, there are 600 native communities in Canada. So the diversity of the US or Canada is far greater than that of most African states.

This leads to the question of citizenship: What is the relationship of ethnicity and citizenship? In Europe in the 19th century, citizenship first became linked with ethnicity. Soon after that, citizenship and ethnicity became linked in Africa too. Today we have a situation in which ethnicity and citizenship are linked and expressed in conflicts between competing autochthonous groups, each claiming to be the original inhabitants of a particular area. Under such circumstances, in countries such as Ivory Coast and Kenya, the story of the nation is told differently in different groups, with each group arguing that they are the authentic people or peoples of the nation. This controversy is similar to and parallel to conflicts of autochthony that have been developing in Europe over migrants from Africa.

Understanding ethnicity in Africa and how to address its impacts on socio-economic and political development requires the placement of Africa in a global context, and taking Africa out of the 'ghetto' of being regarded as a continent apart from the rest, an area of unique developmental 'failure' caused by its idiosyncratic ethnic fragmentation. Some scholars of ethnicity have a misguided conception that African ethnicity differs from that in the rest of the world. In reality, our work at the Ethnicity and Democratic Governance Program at Queen's University reveals strong similarities across the different continents. To emphasize these similarities, I would like to conclude with six phenomena that define the contemporary global context of ethnicity and development. Ethnicity in Africa is an integral component in each phenomenon.

    a. All societies are increasingly diverse; migration and multiculturalism are growing issues in almost all states.
    b. Increasing levels of corruption and decreasing levels of trust are occurring in all national societies.

c. International networks of organized crime have grown relent-lessly, increasingly involving Africa.
d. National governments have largely proven incapable of dealing with the global (financial) crisis.
e. The destructive impact of unregulated markets is increasingly apparent.
f. Destabilizing inequality is now a global issue.

Motoki Takahashi

I would like to be forward-looking in this presentation, and quickly note a few things about recent developments in Africa. First, tremendous democratization has taken place since 1990. Many observers expected that the accompanying accountability and transparency would control the power elite. Strikingly, at least in some countries, democracy and market systems are apparently very compatible with ethnic conflict. The elites controlling national economic policies are using them as instruments for ethnic mobilization.

Constitutional reforms are needed to change the existing incentives to ensure that public policies cannot be used for ethnic mobilization. The modulating constitutional changes are not a panacea, but they might help. Reforms have often focused on the allocation of power among elites at the national level, and have neglected the institutions with the most direct contact with ordinary citizens, such as the civil service and the local government. Institutional reform at these lower levels can limit the ability of elites to perpetuate ethnic-based conflict. Civil service reform, particularly in the security apparatus, is crucial in this regard. Often the security apparatus is ethnically based and ethnically biased. In considering reforms, it is difficult but extremely important to balance ethnic representation with meritocratic policies.

In constitutional engineering, we have been particularly addressing the devolution of resources from the center to localities, which is the main arena of patronage. Controlling patronage at the local level is an extremely important issue because unbalanced public goods provision can be an important means by which elites perpetuate ethnic-based conflict.

I somewhat courageously propose that we use Japan's experience as a model for public goods provision. By that I mean setting a national standard that each local community must meet, to ensure certain standards of public resource allocation. This system would reduce discretionary allocation of resources to local governments.

Another finding I would like to mention is that we are quite concerned about the loss of local-language media and education. We do not support extending Tanzania's prohibition on indigenous language media to other countries. Local language media could make local languages grow, and contribute to richer national citizenry. Additionally, in a geographic area where ethnic bias is pronounced, local-language teaching in the classrooms can weaken perceptions of bias of this kind.

Land issues are also prominent in ethnic relations across localities. It is important here to differentiate two dimensions. Often there is a very limited sense of citizenship in a particular locality. The issue is the land on which people are living. Misguided allocation of land or the hasty application of western land title systems has created numerous social tensions. There are severe risks of marketization in Africa. In many rural communities, many people are losing their land and simply becoming providers of labor. Land issues are very much related to food security. When land becomes an asset that can be traded easily, it leads to loss of land by poor people. Land grab issues have arisen. Here, international development partners in Africa are complicating the problem.

Lastly, I would like to draw attention to the issue of natural resources. The natural resource curse is a well-known contemporary problem, and Nigeria presents a famous example of it. Nigeria was trying to distribute resources from oil to contain ethnic cleavages, but this transfer scheme became a structure for grand theft and corruption. We need to think of ways to abolish or alter natural resource distribution systems that encourage corruption and inefficiencies. Foreign investment is spreading in Africa. There is support for free trade movement on the continent. We must prioritize the development of effective institutions to control rent-seeking activities. International resource flows in this case should be used to ensure active policymaking, not just to create an enabling environment, but to ensure that policies are beneficial for citizens and appropriate for local conditions.

Discussion

Thandika Mkandawire: I have a comment on numbers. Numbers matter for democracy. It turns out we do not know the percentage shares of different groups in all populations in many countries. In Malawi, 18 ethnic groups exist; each claims they are 20% of the population. This situation leads to claims by each group that each election is rigged. Since the government has no numbers, the rigging claims are not followed up.

Daniel Posner: Whether there are 43 or 53 groups in a country depends

on how you define a group. The real issue is relative sizes of the large groups. The total count is irrelevant because that total count could be about very small, marginal groups. It is the relative size of large groups that matters.

Bruce Berman: On the size of groups, the issue is who is accepted as part of them. Large groups have internal divisions and subgroups. In Kenya, there is, for example, the recently manufactured super-ethnic group of the Kalenjin. What we need to watch are relations between component groups within this one group. There is also the general notion that there are distinct ethnic groups with clear boundaries. This idea of boundaries is a fiction that comes with colonialism. In reality there is intermarriage and exchange. The boundaries between groups were often very hazy. Particularly in the past, people could move across these boundaries. In the late 1960s, a Kenyan anthropologist discovered poor groups of Kikuyu who were migrating into the Rift Valley and becoming Maasai. The absolute, firm doctrine of the Kenyan government was that the Kikuyu and Maasai were quite different and had strikingly different cultures. Evidence suggests otherwise. George Saitoti (a leading Maasai politician who was recently killed) started out as a Kikuyu. In the Rwandan genocide, some of the major Hutu leaders were of mixed ethnicity.

In 1989 John Lonsdale and I interviewed an elderly Kikuyu who said that in 1914, the British conscripted him for labour service and sent him to a compound in Nairobi. He escaped and avoided service by going to live with Maasai relatives during WWI. Communities and the linkages between them were often like this before the modern construction of ethnicity. This situation illustrates why we have the politics of authenticity, and conflicts of autochthony. These claims of who is 'authentic' are impossible to sort out, and are therefore the basis of endless conflicts.

Ernest Aryeetey: The issue of ethnicity has always been the elephant in the room in debates on rational development. My worry is how strongly the conclusions are drawn from Bruce's presentation. It is extremely difficult to see in Africa one uniform approach to how various groups have evolved over the years. Ethnicity is not simply an outcome of the colonial engagement. I am speaking especially about West Africa, about groups of people who speak the same language and occupy the same region of the country. Before colonialism, they engaged in wars and belonged to different language groups. The colonial government took advantage of groups and maybe fostered them, but we cannot pretend they did not exist before colonialism.

The most important question is: how has the modern state prepared itself

to accommodate different groups? There is an absence of commitments for bringing different groups together and for ensuring that language and land do not separate groups. In Tanzania, they were driven by a need to build institutions that would bridge or transcend different groups. In Ghana, this did not happen. Institutions were not built to bridge the different groups. I know who is going to resist an idea that I bring up among my university colleagues based on language or religion or which school they went to, because these different groups matter. We have to learn how to acknowledge these differences and build institutions that bridge them. We must ensure that the governmental structure is strong enough to contain fights for resources. Then we must find a structure that works for distribution of resources.. This structure must constrain larger groups and provide ways for all groups to participate. Modern African states do not pay enough attention to providing these structures. When 80% of the cabinet comes from one ethnic group, this is a problem. How do you show parties that this does not make sense? This is the point on which we must focus. Ethnicity is not a fiction. We must figure out how to foster beneficial relationships among ethnicities within the structure of states.

Ciraj Rassool: To sort out the implications of what I'm hearing, it might be helpful to consider that multiple concepts of ethnicity exist simultaneously. Elites use these conceptions selectively for ends of different kinds. The very powerful older notions of moral community are recognized for certain things; colonial notions of fixed administrative units are used; and certain post-colonial or post-apartheid states might be identifying rulers based on traditional chieftaincy. There are also, however, very powerful post-ethnic conceptions of community and society in African states today. These conceptions might be open to more fluid boundaries around ethnicity. We are seeing growth in the number of ethnic groups because those previously contained by certain definitions of ethnicities are being freed to reinvent themselves. These fluid notions exist. There is an argument for a post-ethnic society.

Arnim Langer: I take the point that the definition and boundaries of ethnicities evolve over time, but in countries where ethnicity is used in the political realm, ethnicities are not as fluid as they are being described. The in-fluidity of these numbers is what makes the study of ethnicity in politics important, and makes it very tricky. It is the relative size of the groups and their fluidity that matters. It is when these groups are not fluid anymore, when you cannot move groups, that ethnicity really becomes a problem. When fluidity is curtailed, ethnicity becomes a larger issue.

Gustav Ranis: So colonial governments might have encouraged war

among ethnicities, and modern governments are not doing much better. What would you have done as president, Ernest (Aryeetey)?

Ernest Aryeetey: When I talk to planning commissioners about how we allocate resources to different regions of Ghana, I have to ask myself— As a Ghanaian, how do I feel about devoting almost 60% of all resources to one area? This question is especially relevant after calculating regional GDPs. There is no discussion about allocating resources based on productivity or need, so fostering those discussions is a first step.

More fundamentally, I think we need to see what it is that holds us together. I advocate for more Ghanaians to speak more languages. By this I do not mean declaring one Ghanaian language as standard, I mean encouraging more people to learn more languages. In Parliament, there should be rules that require proposals and policies to have multi-ethnic support. Additionally, we must find ways to talk about issues that involve ethnicity. How come we never talk about land issues in parliament? Because land discussions mean discussing ethnicity, which means that any reform will require a discussion of ethnicity.

Benno Ndulu: The whole purpose of the discussion of ethnic diversity is to identify ways of removing the negativity that stands in the way of creating social harmony: not necessarily obliterating pre-existing cultural identities. The social engineering experiment in Tanzania has been focused on removing the negatives, and has taken the form of creating a national identity, and minimizing social conflict and ethnic identities in political engineering. As long as that pays off, I do not mind the investment our country made in creating that identity. In Tanzania, we still have cultural groups and language groups, but if you want to succeed in politics, you have to enter on national grounds. You must receive support in at least 10–12 regions merely to register yourself as a contester. You cannot rely on your ethnic group alone to be an MP, and there are virtues in that.

Just to make sure I was not misunderstood, creating national identity through a single language does not mean obliterating other languages. It is possible for other people to learn languages, but I do not regret that I do not put my tribal language or interest first. I put national engineering first. This practice is effective for development. In the absence of that engineering, I am sure we would be back in a conflict between ethnicities. We must avoid losing focus on the ultimate aim of building nations.

Bruce Berman: I am not reconstructing a vision of 'merry Africans'— there was enormous pre-colonial conflicts between groups as well. This

conflict is closely linked to the development of political institutions. If you look at Ghana, for instance, a political unit like the Ashanti emerged and incorporated numerous Fanti chiefdoms into the empire. Only in the 20th century do the Ashanti become a distinct ethnic group in themselves. Groups that claim today to be different from one another are actually often very closely related historically. It is the process of differentiation that makes modern groups.

If you look at intermarriage, unless it is politically policed and punished, it is going to happen if you have a society with fundamental freedom of movement. In the earliest part of the Kenyan conflict in 2008, women who had married across ethnic lines protested, demanding police action in Rift Valley province. Yet there is a move to define ethnic groups with great rigidity and clarity, allowing people to belong to only one group. We need to pick up on the discussion about how groups define themselves. I come from the new world and its characteristic ethnic diversity, so I see no problem with people having multiple identities.

Frances Stewart: There is a big difference between Europe and America. In Europe there is a sense that there is a local people who have been there for centuries. There is no local population in America; they were almost all killed. This local population issue is a problem that is never solved; local populations are always being formed and reformed.

Hiroyuki Hino: For our purposes, it is important to know that ethnicity matters. Our driving question then is: how do we deal with it? Is it wise to deny that differences exist among ethnic groups? Is it wise to try to dilute the identity of each ethnic group? I think what is emerging from our discussion is that it is sensible to respect uniqueness of the identity of each ethnic group, but not to make it rigid. We need to recognize that ethnicity is fluid, and find policies that bind the ethnic groups together as a harmonious nation.

II Designing Democratic Rules to Foster Nationhood

II   Designing Democratic Rules to Foster Nationhood

Abdul Raufu Mustapha

I would like to begin with a comment on the title: politics is never by design, it is always messier in reality. My starting point is that if we are talking about ways of designing states, then this suggests that there are certain challenges to nationhood. We must undertake design in a way that takes account of the challenges we face because we do not design in the abstract, on a blank canvas. This designing takes place on interactions that are there already. So what are the challenges to nationhood? And what are the constituent elements of nationhood?

There are four key challenges to nationhood:

1. Ethnic Structures. No matter what the histories of these ethnicities, whether they were already well-defined or were constructed during colonial times, today they are fairly well-defined competitive units. This is the ethnic structure. This ethnic structure matters; for example Nigeria's is very different from Tanzania's. The structures of politics are different because the ethnic structure is different. In Tanzania, 120 ethnic groups exist. The largest group is about 12% of the national population. The logic here is to construct pan-ethnic alliances at the national level. By contrast, in Nigeria, three large ethnic groups exist, any two of which can combine to dominate the country. Within the big three groups, therefore, there is always the fear of being shut out of the scheme of things by the other two working in concert. In Nigeria, this has created a collective action problem among competing ethnic elites. Na-

tional politics is therefore focused on examining defensive actions to protect perceived ethnic interests. The ethnic structures of Tanzania and Nigeria tend to propel their national politics in opposite directions.

2. Lack of social citizenship. Research we conducted at the Centre for Research on Inequality, Human Security and Ethnicity (CRISE) showed that a child in Lagos has much better odds of surviving childhood than a child born in north-eastern Nigeria. Where a person is born has material consequences for their life-chances and opportunities. As a consequence, this affects how they define themselves in the system. This definition suggests that there are material foundations to ethno-regional competition. There is something objective in the structures of ethno-regional competition; they are not just the product of the whims of an unscrupulous elite.

3. Patterns of institutionalization of power. It is worth looking at how democracy functions and what this has meant for patterns of patronage and the institutionalization of power across different African countries. One comparing Senegal and Ivory Coast, for instance, finds that their patronage systems are different. In Senegal, there is a bureaucratized patronage structure. The President is never powerful enough to obliterate these structures. In Ivory Coast, the president was powerful enough to personalize existing structures of patronage. These differences matter in the operationalization of the politics of each country. Another example is Liberia, where President Ellen Sirleaf Johnson is accused of concentrating patronage among 16 members of her immediate family, including three sons planted in strategic state institutions. This is an example of familial patronage. How power is institutionalized will affect the ability to design inclusive structures.

4. Political cultures. At the core of political cultures are certain values toward which these societies are oriented. These values lead to different designs of political structures. Every one of these values helps shape the possibilities for designing political structures in that society. In Nigeria, there is consensus on federalism. This consensus is entrenched among elites and among non-elites, for historical and other reasons. By contrast, in South Africa, the African National Congress (ANC) resisted calls for federalism, for historical reasons. So South Africa ended up with a weak federalist system. The dominant value

orientations in any country will affect the possibilities for inclusive politics.

In every particular instance, each of these four characteristics must be understood before we can begin to talk about which political designs make sense in different situations. What then do we do when we want to target a design, to make it open to different ethnicities? The recent experience of creating and implementing democratic rules in Africa suggests some lessons.

First, territorial sub-divisions of the state matter. Federalism is one way to create political subunits. Nigerian federalism is territorial. Ethiopian federalism is ethnic. Regionalism is another design that has been implemented in South Africa. Ghana is an example of decentralized design, which is yet another viable way. When we talk of the ethnic design, we should not forget the sub-ethnic structures. These smaller units can run their own show in districts, which changes the way we imagine the state.

Second, the way we institutionalize power matters, particularly the constraints we build into the state. There needs to be clear separation between the party and state. We also need a clear distinction between the executive and legislature. We need deliberately clear democratic rules. A two-tiered legislature is also a good structure to balance population size, on the one hand, and equality of group representation on the other. Institutional considerations of these types must be put on the agenda, and must be modified as appropriate given the particular trajectory of any specific country.

We must also devote attention to the rules governing the party system. This effort should not be undertaken to dictate how parties are formed, but to dictate what parties can and cannot do. In Nigeria, for instance, you cannot form a party on ethnic or religious lines. Parties must have a spread of various ethnicities. The party headquarters must be located in the national capital. These necessities illustrate that rules can be made to ensure that parties do not play to an ethnic or religious agenda. Another way to ensure that politicians do not play to an ethnic or religious agenda is to institute minimum thresholds that a President or party must cross to get elected, as parties must do in Nigeria and Tanzania, for instance. Politicians are compelled to speak to many interests in the system – not just to their own narrow constituency.

Third, common citizenship must be made meaningful. We must clarify what basic rights are guaranteed to all citizens, irrespective of ethnicity.

It does not matter how many abstract rights we give to people if those rights are not implemented. It is the basic rights that must be delivered. National youth service, health care, and education are also useful to build national identity. Financing these programs can be a struggle. The resource dimension must be addressed up front. In the Nigerian experience, the state has taken on an obligation to fund social programs, but there have been struggles to raise the needed funds, particularly over VAT revenue. The Nigerian state is also obligated to foster nationhood through other means, including through the promotion of interethnic marriage. Interethnic marriages take place in Nigeria, but not because the state mandated it! There are many such organic processes of inter-ethnic inclusion which the state may wish to foster through the creation of enabling environments.

To date, what are the outcomes of using democratic rules in Africa to foster nationhood? The experience of Africa shows that excluding certain groups from the presidency is dangerous. The dispersal of power and the creation of multiple jurisdictions is key to any design of inclusion. Whether this is done through federalism, regionalism, or decentralization is immaterial. One must have areas of self-rule for groups as well as areas of shared rule for the commonwealth. Groups must be granted some voice and the wherewithal to make things happen the way they deem fit, but without threatening the collective. We need a clear definition of jurisdictions and powers, and of how to resolve conflicts among different jurisdictions clearly from the start.

Yet in devolving power to subunits, we must be mindful not to weaken the centre. The centre must maintain sufficient strength to do some things; it must keep an eye on the common good and the national project. There must be an emphasis on common citizenship. People must have a stake in the way they are governed. Institutional complexity of this type is likely to cause problems down the line; so mechanisms for resolving disputes must also be part and parcel of the design of political structures from the very beginning.

Nahomi Ichino

My presentation is about proportional and majoritarian electoral rules in diverse societies, and the degree to which these rules affect nationhood. This analysis is preliminary. I am going to consider a proposition suggested by several authors: that more proportional ways of representing people in governments would be helpful. The argument is that having more groups of people and different interests represented and participating in government would lead to various better outcomes. However, be-

fore we make a recommendation to adopt some policy X such as proportional representation, we should believe that if we do policy X, we will get result Y. We should have a general idea of what might happen. A small, limited model might be useful in making such an assessment.

First, let us step back and consider nationhood. Is the lack of nationhood a problem for development? Nationhood could be defined as overall identification with, common interest in, and regard for, other citizens of that country. Is this what we really want to address? The implicit premise is that a greater sense of nationhood is the antidote to ethnic chauvinism, which is associated with more conflictual politics. However, it might be that the lack of nationhood is just a side symptom of some deeper underlying issue. If the lack of nationhood is just a symptom, then working for inclusiveness and increasing a sense of nationhood might not help development because it does not address the underlying problems. Taking this approach, the question becomes this: Can political institutions that create inclusiveness in ethnically diverse societies decrease political instability and improve economic performance? The question is not directly about whether inclusive political institutions increase the sense of nationhood.

My focus and independent variable is electoral rules, which is a type of political institution. The outcomes I am interested in are corruption and the rule of law because these affect economic development.

The main idea is that more-proportional systems of representation should lead to a wider sharing of resources. There should be less of a sense of exclusion and wider access to the privileges and protections of the state. For example, Reynal-Querol (2002) argues that more proportional representation leads to less rebellion because more people are sharing in resources. When there is less clarity over where such resources go, there is more corruption. Constituencies in a proportional representation system are likely to be larger than in a majoritarian system. With more people watching and participating in government, a proportional representation system might generate more transparency and less corruption. However, a proportional representation system with its greater number of parties elected might encourage more side deals in the sharing out of resources, which appears as corruption.

There are a number of methodological issues we confront when we ask whether electoral rules affect corruption and the rule of law. Electoral rules are determined by politics and are set at the national level, which means that we must in some sense rely on counterfactual reasoning: what would have happened if a country had the same ethnic composition, but

different electoral rules? It is impossible to observe this counterfactual case for a given country, so my approach was to identify countries to stand in for these counterfactuals. So my approach is to create matched pairs: for each proportional system country, I found a similar country that had a majoritarian electoral system to stand in as its counterfactual. We want to compare what happened under different electoral rules (proportional and majoritarian) in otherwise similar countries.

I did this based on country characteristics at the time of elections or political liberalization. The characteristics I focused on were: level of democracy, ethnic fractionalization, French colonial history, language, unitary or federal system, and log population. Note that whether a country has proportional or majoritarian electoral rules is affected by colonial history. No countries have perfect matches, but I think this is a reasonable approach.

(Referring to slide) You might be concerned with some of these pairs, but if you're going to look for countries that actually exist, instead of hypothetical counterfactuals, the matches will be imperfect. Particularly the Burkina Faso – Djibouti pair might be a concern. There are differences; the characteristics on which they differ do not influence the results here. The relative size of the largest groups is what matters.

The dependent variables of corruption and rule of law are difficult to measure, as are the ethnic composition and diversity of a country. An individual's ethnicity is widely understood to be multiple and malleable, and the boundaries of groups are not well defined; moreover, they can change substantially over time. However, for whatever point in time at which new institutions are introduced, we can treat the ethnic picture as pre-existing and fixed. We need to develop better methods to accommodate the changeability and malleability of ethnic boundaries for macro-level studies of ethnic diversity, but here, some of the difficulties that come from this malleability are ameliorated because ethnic configurations are not the outcome here. I am talking only about the effect of the electoral system on other outcomes, and holding the ethnic configuration constant. I have used non-parametric statistics, specifically the signed rank statistic, to address measurement problems with rule of law and corruption that quantitative scholars might point out. This type of statistic also incorporates the idea that a larger difference between the paired countries counts as stronger evidence. Statistical inference is conducted within a randomization inference framework.

The results suggest that a proportional system is bad for the rule of law. We might have other compelling reasons to move to the more inclusive

proportional framework, but we should be aware that the rule of law might suffer. My caveat bears repeating: these results are preliminary. At this stage, we cannot be particularly confident that the differences we observe here are actually different from zero. Yet we can draw some preliminary conclusions: proportional systems are probably worse than majoritarian systems for rule of law, although they do not appear to increase corruption or weaken property rights.

So should we recommend more inclusive electoral systems? When we answer this question, we need to think about interactions. These results suggest that proportional representation may not lead to better outcomes, and that there is a chance of changing to proportional representation which might generate outcomes that are worse. So the overarching conclusion is that we should be careful, and be aware that reforming electoral rules might have unanticipated effects.

Discussion

John Lonsdale: There are some African texts that predate political science and reinforce the point made by Raufu, for instance one by Chief Awololo in 1947. Countries need to take their national histories into the prescription for reform. Politicians should take note of the traditions in their country. History also comes in one's approach to Nahomi's thoughts—if we look at the pairings, it would be difficult to find countries that would be more different. Politicians act according to their histories more than the measures used here. Without those kinds of questions added to these models, they lead one to conclusions that are difficult to interpret.

Frances Stewart: Raufu, why did you not move into economic policy as well? If you leave huge areas of the country deprived in economic terms, the social policies will not matter. In addition, why did you not specifically examine legal systems? Legal systems can play a huge role in making people feel included. Additionally, should we not be thinking about religious differences as well as ethnicity? If we are going to be designing systems, we should think about religious differences as well.

In Nahomi's paper, I am worried about outcome variables. People choose proportional representation because they are thinking about preventing political violence, not about increasing the rule of law. We should use conflict as the outcome variable.

Thandika Mkandawire: I am intrigued by the pairings (in Nahomi's paper). Is the pairing itself endogenous? For instance, a particular state

just came out of conflict. For this reason, they chose proportional representation. When I think about proportional representation in the case of Malawi, I think of the number of ethnic divisions and how they are represented in parliament, the outcomes are if the country actually had a system of proportional representation. It is how the numbers are used and where they come from that is interesting. Each group is afraid that if we go to proportional representation, the other ethnic group will still exploit the structure to have cross-party ties along ethnic lines. Even if they came into power through party alliances, the other group, it is suspected, will break the rules.

In addition, there are historical taboos preventing the adoption of proportional representation. Once one ethnic group has raised an idea, the idea is tainted and cannot be raised again by a different ethnic group. Proportional representation was raised by one group in the 1960s and is now taboo. The people who raised the idea were from a particular group, so other groups assume it must be flawed.

Ernest Aryeetey: One of the things I like about Europe is the way institutions have evolved over centuries. Comparing European to African institutions, I am struck by how frequently we Africans change things. We very seldom allow them to evolve. In Europe, mistakes are made and then they are corrected, as part of an evolution. This evolution is not allowed to occur in Africa. If an institution does not solve problems very quickly, it is chucked away, and a new institution put in its place.

It occurred to me that for almost every country that runs a democratic electoral system, you find things enshrined in a constitution. The problem is these constitutional provisions often do not work the way we expect them to work. If they are not working, how can we tinker around the margins, instead of arguing about an overhaul? In Ghana, there is a very strong movement to change the constitution. I get worried about that. Is there not a need for us to think about how to improve things where they are not working, in particular to ask ourselves very specifically where they are not working? The answer might enable us to move faster, to make more targeted and meaningful progress.

On the issue of proportional representation, what I think about is the fact that one of the most dynamic developments in the last decade is very rapid migration. The ethnic composition of communities can change dramatically as people move, particularly into cities. What you have today in almost every African city is a collection of different ethnic groups fighting for control of resources, hardly any city or region is dominated by just one group. This lack of domination has many implications when

you decide to do representation along proportional lines. If you follow UK-type recommendations of devolution, it is difficult to follow proportional representation. One party can be dominant in one part of the country; in that region it can become one-party rule. So we have to be very careful in structuring proportional representation across different regions.

Arnim Langer: I have two questions. Raufu, you spoke about need for politically inclusive formal or informal rules. What do you do if there are no good data on ethnicity and countries are unwilling to collect them? Second, this is linked to what Ernest was saying about change in institutions. Given that we are talking about something that can change over time, how would you be able to include the needed flexibility in those institutions?

Abdul Raufu Mustapha: Frances, I left out economics because others will be addressing that here. I understand that social policy will have costs that have to be financed, and this leads to political negotiations, but beyond that there are issues of economic efficiency that I am not qualified to address. An example of what I mean by that is, on the bus from the airport, we were discussing a Belgian university that was split in two to enable both national groups in the country to be represented. There are certain inefficiencies built into such social policies.

We need political and religious pluralism as well. There are ongoing practices in countries that we can borrow from. Religion is an important issue that overlaps with ethnicity to the point that it sometimes seems that they are the same thing.

To Ernest, I am not suggesting a wholesale new constitution. In Nigeria, we have had 11 constitutions. By definition, you cannot design politics. It is messy. These are just little changes that can be done. If we do not do the right things, we must bear the consequences. The costs in terms of inefficiencies should be weighed against the potential for civil war and social breakdown, which suggests the value of these policies.

To Arnim, people have a pretty good idea of what numbers matter and what numbers do not matter. If you look at who has been governor of a particular Nigerian state, we have no census data to know exactly what percent is Muslim, but we know—as a matter of everyday reality—that a non-Muslim is not going to be elected in particular states. Even if we lack data, we have "native knowledge" to know it is this way.

Arnim Langer: When the President of Ghana was interviewed, he was asked about the composition of government because certain parts of the

population felt excluded. However, these parts of the populations were well represented, given their demographic size. They felt excluded because they did not know the demographic data. Misperceptions can feed into political tensions and political mobilization. If we would have more accurate data, would it not help formation of those rules?

Abdul Raufu Mustapha: When we talk of ethnic groups, we talk of numbers; we talk of how many millions of this or that. However, when we talk of politics, we talk of elites. Some groups have a disproportionate number of elites. Being conscious of this misrepresentation and the higher visibility of elites in military or government, we should be sensitive to certain groups having a higher number of "active" elites.

Bruce Berman: When we look at the question of designing institutions, we must look at where we are. The foundation of African politics lies in the virtual institutionalization of patron–client relations that were there before colonialism. Power was and is personal and based on those ties. It is a universal human phenomenon in even formal organizations. Modern times have not abolished those patron–client ties and they are often called "mentoring" in large corporations. In pre-modern Africa, this was not regarded as wrong; this was what power relations were. It is only in modern states these relations are defined as corrupt, as unauthorized personal appropriation and distribution of resources. Yet they have enormous ability to persist within modern institutions. I have gone back and looked at the reviled one-party states of young post-colonial Africa. Western observers called this a perversion of democracy, an excuse for authoritarianism. However, perhaps it is really just a case of what today would be called big tent parties – bringing people in using sophisticated allocation of resources and patronage to feed diverse patron–client networks among many ethnic communities.

What are the shares that were being allocated? The most important were jobs. If you were a political leader of a community, what was the best form of patronage you could get for that community? Jobs. The core of patronage is positions in government. Then come allocations such as infrastructure contracts and scholarships.

Daniel Posner: The focus of Nahomi's presentation was on the impact of formal institutional rules. This focus is appropriate because it is the focus of the conference. However, what about the impact of institutions on other aspects of people's lives? What about the effect of proportional representation or majoritarian representation on the link between people and the national government, on how close people feel to the government? Majoritarian systems do a much better job of linking people to

their legislators. Joel Barkan's project on The African Legislator looks at 18 different countries, collects data on rules, and interviews a random sample of legislators. Their key findings are that citizens expect MPs to act as representatives and do constituency services. Majoritarian systems are much stronger at this than proportional representation. The extent of legislative independence from the executive, which is very important to be able to check executive power, might also be better in a majoritarian system. There is evidence that MPs elected in a majoritarian system do a better job at checking executive power than those elected in a system of proportional representation.

Nahomi, matching is a great tool but we need to include all the relevant things that we can measure. The absence of these things led to the jarring response you got. Particularly with the outcomes you're measuring, you need to include natural resources, perhaps religious fractionalization as well, which might help the matches. You might only have 6–12 matches at the end of the day. What you're trying to do is difficult but worthwhile.

Frances Stewart: Not all proportional representation is the same. In the West, we have got proportional representation according to parties. The parties get voted in on platforms; then they allocate the seats to MPs. We need to know if the systems in these African nations are proportional to parties or to ethnicities.

Thandika Mkandawire: We must also ask if one method of representation is more receptive to equity concerns than the other. The argument in OECD countries is that proportional representation is better for equity or more receptive to equity concerns.

Daniel Posner: Barkan's response would be that in the context of poverty or an economy that relies heavily on agriculture, the links between government and the people are much different than in an OECD country.

Thandika Mkandawire: Yes, but at the same time we can only have universal policies because of proportional representation. Sweden illustrates this.

Benno Ndulu: We are not talking causality here, just correlation. No work shows causation that proportional representation equals more equity outcomes, or better social welfare outcomes.

Thandika Mkandawire: If you are designing systems, you should think about equity outcomes of system as well.

Hiroyuki Hino: The lesson from Nahomi's presentation is that we should just be careful because there might be side effects of policy design. She is not saying that there is clear causation between system and outcome. The conclusion is that we should be careful, and do more thinking before we make policy advice that advocates for one system or another. These electoral rules have many impacts.

Now I have some of my own questions:

In Kenya, people are arguing that parties should move to issues-based rather than ethnicity-based elections. Would it encourage more ethnicity-based politics if we moved to a proportional system? If this is the case, then we are moving to the opposite direction of what the Kenyans might be wanting to see.

There is also a question of incrementalism vs. big bang. What Kenya has done with its new constitution is a big bang, which was what people were wanting at the time. They were dissatisfied with incremental changes and it was time for a big change. If things are not working in Nigeria, then we need a big bang to give confidence to people.

Abdul Raufu Mustapha: Nigeria is moving away from a big bang approach. Nigeria is moving toward a system of continual negotiation, to give more space for deliberation, more negotiation and trying again to respond flexibly to changes. Nigeria is moving to an incremental approach.

Ernest Aryeetey: In Ghana we have to ask, what is the development problem that we are trying to solve? In parliament, people are worried about the quality of civil service, military, university, and different public institutions. How do we improve the quality of all these institutions? Can you use the constitution to address these problems? We have a constitution that says 70% of ministers should come from parliament, but half the parliament is sub-literate. So people say we need to take away the restriction of 70%. We must be able to appoint the best people. This is my argument about tinkering at the margins. We can make small changes to enable the President to pick the best people, thereby slowly raising the quality and making politics deliver better outcomes. How can this be formalized? These adaptations have to evolve with time. Then they can be formalized over time too. It is about helping governments adjust to get better. These issues do not call for a big change; they call for modulation and small changes to make things better. An example of a small change that really can make things better is more robust media. In the past, a President could approve a huge disbursement to a particular region. To-

day, a journalist would pick this up and use it against the President, so this cannot happen. People are more alert.

Hiroyuki Hino: I agree with you. In a country such as Ghana, where there is some confidence in the people who hold power, there is willingness for incremental changes. In a situation where people have little confidence, then what do you do? Maybe this is a more general point related to Raufu's presentation: what do we do in a situation where we have a constitution without constitutionalism?

What I see in Kenya also is that civil society has been empowered and is holding government to account. Pressure from civil society is making constitutionalism work. This pressure is a separate force from the rights that are written into the constitution. So the question becomes this: How do people grow to respect a constitution? How do we foster constitutionalism? Without this constitutionalism, none of the rules would mean very much.

Ernest Aryeetey: I'd like to give one example. Ten years ago, I was in a think-tank that wrote about how government was able to pursue extra budgetary allocation of resources. We exposed the mechanism of how this could happen. It was a large part of public expenditure, but no one took any notice. Recently, this has become a big discussion in Ghana. It is coming out now because a journalist has discovered it and made it a big issue. You cannot deal with this quickly through a big bang, it requires patience.

Daniel Posner: I caution us against calling it big bang. Even wholesale constitutional change does not deliver an automatic big bang. A constitution is just an institutional framework that creates an incentive structure. Changing the constitution changes these incentives, but it is wrong to think that changing formal rules is immediately followed by changes in actual practice. Practice is brought into alignment by a court system and judgments.

Hiroyuki Hino: In Kenya, under the new constitution, all judges had to go through a vetting process. The people wanted a wholesale change. Forty percent of the Supreme Court judges had to go. If you have a more limited approach, things would not change. Perhaps the meaning of big bang in my mind is different, but what is creating confidence in the Kenyan judiciary today appears to be this agreement on wholesale change. So how do we create this confidence in civil society, to get them to demand big changes? I argue the new constitution gives them this confidence. Everyone faces a choice, and must either line up with constitu-

tion or not. I am not suggesting that Ghana or other countries should do that, because their situations are very different, but it is working in Kenya.

Gustav Ranis: The judiciary gives a signal that something is possible, but it is not more than that.

Benno Ndulu: Kenya's neighbors will be watching to see if the judiciary behaves differently than it used to because there are many other factors driving the behavior of the judiciary. Maybe the media is what will create pressure on the judiciary to behave in a new way because other branches of government cannot provide a check on power.

Thandika Mkandawire: This point takes our conversation back to the media and NGOs. We must remember that these are elites too. They are all part of the conversation among elites.

Frances Stewart: The issues involving politics and how to get there are interesting. If people mobilize based on class rather than on ethnicity, then you have real political issues being debated. So how can you get that to happen in a situation when people are very divided by ethnicity? It has happened in Latin America. The question then is: what are the conditions in which this mobilization is likely?

Ciraj Rassool: Raufu, I would like you to expand on the notions of social citizenship and common civic citizenship. In what sense are you using the notion of citizenship beyond narrow political conception of citizenship?

Abdul Raufu Mustapha: I got the impression we were narrowing the argument to proportional versus majoritarian systems, but this is only one of many tools we can use. Big bang versus incremental change is again another small debate. We are not just giving people the right to vote and the abstract rights that come with citizenship. The quality of their lives has to be affected with social citizenship. There must be a certain minimum floor that comes with being a citizen of that country. We have today a situation where people's lives are radically different within countries, and often these differences map on to ethnic differences. So we need to find ways that correct the unequal distribution of these resources. That is my definition of civic citizenship. If you do not deliver this, then people generate common cause with co-ethnics to fight for these rights.

Nahomi Ichino: On Dan's point, let's just be more cautious about proposing proportional representation. Does proportional representation give

people more space for proposing ideas? Perhaps. It is easier for small parties to enter; this might be something we consider in the long run.

III   Promoting Devolved Government for Equitable Sharing of Public Resources

III Promoting Devolved Government for Equitable Sharing of Public Resources

Gustav Ranis

I would like to begin by distinguishing vertical from horizontal decentralization. Vertical, whether de-concentration or delegation or devolution, represents the central government relinquishing control over public resources and decision-making, extending it to lower *levels* of government. Horizontal decentralization is extending these things to other *branches* of government, generally away from the Ministry of Finance.

The main arguments for vertical decentralization are that it leads to better information and lower transaction costs. The local government learns by doing. Vertical decentralization lessens the chances of grand theft corruption at the center, but may not lower petty corruption. More vertical decentralization enhances the possibility of horizontal decentralization.

The main arguments against vertical decentralization are as follows. First, local governments have weak capacity. There also might be more corruption, particularly when there are more layers of government. Especially if a country has unevenly distributed wealth of natural resources, vertical decentralization can lead to more unrest.-Homogeneous local units produce more public goods. Heterogeneous units produce fewer public goods. Equity between regions is an important function of central government. The central government can assess taxes and spread resources, whereas local governments use immobile taxes. It is important to look at different ratios, in particular at the financial autonomy of the local government, when discussing decentralization.

I would also like to explore the relation between vertical and horizontal decentralization. In horizontal decentralization, decision-making moves from the finance ministry to other ministries. Or power moves from the executive branch to the legislative branch. There are three indicators of the strength of horizontal decentralization: (1) the percentage of the central budget allocated to the education and health ministries, (2) the existence of multi-party legislative branches at the center and locally, and (3) the prevalence and strength of NGOs. Democracy is an ingredient of horizontal decentralization. Some people argue that democracy does not matter for growth at any level of income. In contrast, Collier and Alesina found that democracy was helpful for growth in conditions of ethnic diversity. It is worth keeping in mind that one-third of African economies are natural-resource dominated; the resource curse is an important consideration in policy design.

Interactions between the levels of government determine the quality and quantity of public goods. Vertical decentralization increases the number of subunits. One important dimension of local democracy is: are the heads of local legislative bodies appointed, indirectly elected, or directly elected? Who controls technical cadres? Usually the technical cadres are still controlled by central government and this is crucial, although the local government or local legislative bodies could also control them.

My paper presents three country cases: Kenya, Uganda, and Indonesia. I am slightly unkind to Kenya in the paper. The Constitution calls for decentralization, but this has yet to be fully implemented. Mostly what has happened is still de-concentration, not yet devolution. Local finance is only 4% of local government expenditure. Grants from above are largely conditional: only 8% of them discretionary. Local expenditures on health and education are down from 2004. Kenya's ethno-linguistic fractionalization index (ELF) is .83, which is very high.

Uganda exhibits a gradual move toward both horizontal and vertical decentralization. Five levels of district councils were created, but most power rests with LC 5, which means it is fairly central. The center still supervises local officials. That said, district councilors are elected directly; 30% of their revenues are locally generated. Uganda's ELF is even higher than Kenya's, at .85. Only 15% of grants from the center are unconditional. More expenditure is decentralized than in Kenya, but the local levels are still weak.

Indonesia is an example of a big bang case of decentralization that was later corrected. The big bang in 1998 was a rapid vertical decentralization

that created five levels of government. Civil servants were transferred to local levels, but promotions stayed under the purview of the central government. Civil society was involved in these reforms. In 2004, the decentralization was reset because local governments were found to have been overstaffed. They were spending too much money locally. So the government resurrected the old system, and gave more power back to the center.

In the process of decentralization, many more units were created. Any time you create more units, you have more ethnic homogeneity, which is a good thing for public goods provision. In the Indonesia example, after decentralization, education and health expenditures increased; 34% of all government expenditures are on education and health in Indonesia, which is much higher than in Kenya or Uganda. In addition, the heads of two provinces were elected directly, which was a big step for Indonesian decentralization.

My conclusions are that vertical decentralization is necessary, particularly as a country becomes more complex. Horizontal decentralization is a necessary complement to make vertical decentralization work. Smaller units of government help deliver better public goods outcomes because they have more ethnic homogeneity. There is always corruption, whether at the local level or the center. There should be no more than three levels of government; otherwise there are too many hands out, too many opportunities for corruption. Corruption at the center is often difficult to spot, whereas corruption at the local level is easier to see and catch.

In conclusion, I have four policy recommendations:

1. Minimize the number of levels of government
2. Raise more revenue locally
3. Local government should not be allowed to borrow
4. Horizontal decentralization is necessary to support vertical

Daniel Posner

I took very seriously that this was brainstorming. I see our topic, public goods provision, as a more specific topic that complements the last panel on political institutions more generally. Here we are just thinking about one particular innovation, and I am looking at only one dependent variable: public goods provision. Gus's paper is much broader in scope.

My question is: in an ethnically diverse country, what kind of devolution of political authority ensures the most fair and efficient provision of

public goods?

As a starting point, there is a large literature that says diversity undermines the efficient provision of public goods. The conventional wisdom is that more homogeneous local units produce more local public goods. The policy implication is that one should try to devolve power to small, homogeneous units.

I suggest the answer might not be so simple, for several reasons. In many places, it is just not possible to create homogeneous subunits. People are often too intermixed. Absent massive population transfers (which we obviously cannot promote), ethnically homogeneous units might be impossible to create. Additionally, what about cities that are ethnically plural? We cannot make these places mono-ethnic.

Additionally, even when you think you have created ethnically homogeneous subunits, it might be a fool's errand because new cleavages will emerge. People have many different ethnicities at different levels. What ethnicity they choose is dependent on how the boundaries of the community are drawn. If smaller units are created, they will start defining themselves differently, and even smaller groups will emerge. Competition for control of new subunits will lead to incentives for exploiting new cleavages. Thinking we can create ethnically homogeneous subunits is convenient, but it just might not be so.

There are two channels through which public goods are provided. The first channel is government. There is one story that links diversity to poor public goods provisions because it is a context in which people want different things (Alesina, Baqir, Easterly 1999). There is a complementary story that links a collective action problem to public goods. The problem is not that we do not know what goods we want, the problem is that we have to lobby to get these goods, and it is harder to lobby if you are a diverse group.

The second channel is where the group itself provides public goods. Usually this happens when the central government has stopped providing goods, so the community steps in and starts providing them. In a diverse community there are lower norms of reciprocity, but in both situations (homogeneous and diverse), devolution might help.

It is crucial to remember that when you talk about devolution, you are devolving power to counties or large units. Yet most of the relevant academic studies that link social homogeneity to better outcomes are based on community-level analyses, where the community is defined at a much

lower level of aggregation than the units to which power is ordinarily devolved in a decentralized political system. Homogeneous counties or provinces might coincide with markedly more diverse local communities.

Another weakness of all these accounts is that they ignore politics. We must address politics, rather than a community's ability to lobby the government effectively. When we see inequality in distribution, it is usually because of favoritism on the part of people who control the allocation of resources. There is therefore a disconnect between the kind of local collective action these theories focus on, and the politics that control the distribution.

The degree of diversity might matter much less than the fact that one ethnic group controls power and the distribution of resources in the country. From the standpoint of equal access to resources, it does not matter if a country has two ethnic groups or 50 ethnic groups, if only one group controls resources and engages in ethnic favoritism. The focus of institutional reform efforts should therefore focus as much (or more) on how much authority is transferred to subunits from the center as on creating homogeneous subunits. To the extent that this is the direction our enquiry leads us, much of the existing literature on decentralization is not useful.

The answer to reducing ethnic favoritism would seem to be extreme devolution. To send the maximum resources down to the small community level, and then create mechanisms that ensure transparency at local levels. There would be an algorithm to determine how much each administrative unit gets, based on population and poverty rates. This algorithm might diffuse the extent to which fights happen at the center over resource allocation because the center would not be able to control huge resources. This inability to exert control is a major rationale for the devolved system in Kenya, which we have to read as a response to the 2007 violence. However, the viability of a devolved system depends on the administrative capacity of small local units. Bad units might result in worse public goods provision. Inequality among units might lead to unequal distribution as well.

Whereas a number of public goods are truly local, others (roads, electrification, security) require coordination across subnational units. So even if you maximally devolve power, some public goods still must be provided at the national level. So the door is still left open to the types of inequalities this plan is meant to reduce. The fairness of this system is going to be contested by the subunits that contribute more resources.

In conclusion, there is no free lunch. Devolution might seem like a perfect solution for improving efficiency and fairness, but there are tradeoffs that one must keep in mind. Getting homogeneous units in the first place is tricky, in part because people are mixed, and because the ethnic landscape is going to be endogenous to the boundaries of the units.

If the starting point of the literature is that homogeneous units lead to better public goods provisions, you realize this literature does not really apply because the literature is focused on an extremely local level, not on a regional or state level. Devolution is only a partial answer to unfairness at the center, with unfairness in this formulation meaning unequal distribution of resources between ethnicities. As a final caution, we should keep in mind that devolution might lead to problems of its own.

Discussion

Frances Stewart: In Gus's paper, he takes public goods as the sole criterion for devolution. What about the issue of conflict? It is not clear if homogeneous or heterogeneous units lead to more conflict. When Nigeria had homogeneous units, it increased conflict because they had separatist tendencies. Then Nigeria was redesigned into smaller units, but this put the conflict inside the units. It is a complex issue deciding homogeneous or heterogeneous units. I do not like the idea of putting people into little homogeneous silos.

Furthermore, taking the US as an example of much horizontal decentralization, can you avoid the gridlock that comes with this?

Bruce Berman: What actually happens in communities when you devolve power? Much of it is handing resources to elites in communities. Whereas we can talk about communities in an abstract way, really the changes only apply to a very small group. Lower levels, such as communities, might be more elite-dominated than other levels. When we are looking at how indigenous communities today lay claim to resources, for example pastoral people in Africa, shunted aside by colonial rulers, they often first make their claim internationally, and from there construct a narrative of being a disadvantaged ethnic community. An elite-led narrative is constructed by elites who live in the capital and see an opportunity to lay claim to more resources. This is how narratives for decentralization are started. Decentralizations do not necessarily mean more democracy. Then they may also mean less democracy. Robert Dahl argued that the smaller a unit, the more prone it is to elite capture. In addition, this reminds me of the book *Ethnicity, Inc.,* by John and Jean Comaroff which documents the commodification of ethnic culture by the elites and their

sale in the international market. For example, the Maasai have been masterful in marketing themselves. What they have done created an impression abroad that Maasai are the majority in Kenya, when they have only 2% of the population.

There is a different cleavage too, by class, which brings to mind Charles Beard's argument that the US Constitution was just an arrangement of handing resources to ruling elites in the 13 former colonies.

Ernest Aryeetey: The question is, how far do you go in delegating or devolving functions to lower levels? The Ghanaian example brings out many of the challenges you described. Homogeneous groups are not found in particular areas. Nobody thinks in terms of ethnicity in the decentralization agenda. For levels beyond the district, the political authority that goes with this has not been well defined. Is there a need for us to make these units politically stronger? The past 24 years show the difficulty of mobilizing resources at that level.

Whatever these districts have as resources comes as a transfer from the center. This means that much of their time is spent haggling over the resources they get. So the challenge is to make sure the rules by which resources are distributed are well defined; otherwise issues of negotiation and bargaining steal the spotlight.

Bruce's point about the likelihood of elite capture is valid. However, developments are taking place that suggest elite capture becoming less easy. In Ghana, the state's influence at the district level has declined as NGOs, the German government, and the Canadian government are all now serious players. NGO bosses in the districts might be more powerful than state bosses. Private schools might be more powerful than public schools. How do you make these NGOs more responsive to broader social goals?

John Lonsdale: One difficulty both presentations raised was administrative capacity. We have talked very little about civil service and how it is funded. Colonial officials became chameleons to speak for their people.

Nahomi Ichino: Dan, could you discuss what kind of incentives would be good for the civil service, to encourage better outcomes? Would non-partisan elections be useful?

Ciraj Rassool: In Limpopo province there was rampant failure on the part of the service providers to deliver textbooks to schools. In Western Cape or Gauteng province, a disaster of this type would be impossible to hide. Yet in Limpopo, this can be hidden. Why? In South Africa, consti-

tutional divisions are based on apartheid era Bantustans; labor reserves were turned into provinces.

Abdul Raufu Mustapha: If we locate the problem away from collective action and toward incentives, what should the response be?

Thandika Mkandawire: Dan, what is the specific problem that you are trying to solve? Nationalists used all sorts of policies to solve certain problems. For some problems, they were better off centralizing. For more targeted aspects of social welfare, they were better off decentralizing. Normally, when central governments have a lot of money, they do not like decentralization. When they're broke, they like decentralization. In Senegal, the argument was that they were empowering people by decentralization, but it was because there was no money, and the reforms left people worse off.

Hiroshi Kato: Under which type of system (majoritarian or proportional representation) are governments more willing to decentralize? Both presentations assume that capacity constraints at lower levels of government can be ignored. The provision of public goods, however, could differ from community to community based on capacity. This capacity is a serious issue, and means we should be very cautious about the sequencing of public goods provisioning.

How could national leaders be motivated to be fairer toward many groups in the society?

In high growth economies, national leaders have an incentive to be fair because there is a strong threat from certain regions. In contemporary Africa, there is not the same motivation for national leaders to provide goods more fairly, spread all over the nation.

Gustav Ranis: I accept the notion that homogeneous units might not be so easily created. However, whenever you have vertical decentralization, usually it means an increase in the number of units, and usually these units are more homogeneous.

The full devolution advocated by Dan is highly unlikely. The central government has important functions, including guaranteeing equity across units. Even in advanced countries, 60% of functions are still centralized. Homogeneous units need not be autarkic; they can trade with each other.

There is elite capture at the local level, but it does not look so bad when

compared with the possibilities for corruption at the center. There is a black box at the center, although a goldfish bowl exists at the local level. Local people know what resources are arriving, so there are limits to how much can be siphoned off at the local level. Comparing local and national corruption is an empirical issue, but there is an argument for the local level having the upper hand.

Often, even when on paper the civil service is turned over to local government, it does not really get handed over. The local government is never going to be ready unless you involve them. The same argument was made of peasants not being ready to farm on their own, but they were ready, once agriculture was devolved. So what is the objective? Ultimately, the objective is to create conditions where the right kind of public goods are created. You have decentralization in bad times, without sending the money. The ministry of finance does not like to decentralize, and they usually win, but we must take away some of the power from the ministry of finance. Pressure from civil society and NGOs can help to make the finance ministry responsive to what people really need and want.

Daniel Posner: The civil service is a really critical part of the development story because the civil service is formally insulated from politics, and civil servants are stationed in places outside their homeland. Even if the minister has no education credentials, if the permanent civil secretary is highly competent, the damage is minimized.

We must maximize the accountability of the local authority. It is important to make sure re-election is tied to service provision, and to invest resources in spreading information about service provision.

What are the implications of emphasizing ethnic favoritism versus collective action?

If the question is collective action, decentralization is the answer. If the question is ethnic favoritism, then the answer is to maximize the degree to which power is devolved from the center.

To what extent are leaders willing to decentralize? A willingness to decentralize is most common at founding moments, for instance in the shaping of the US Constitution, or following an extreme moment of conflict, for instance in Kenya in 2008, or as a response to a secessionist impulse. Apart from crisis moments, it can be difficult to decentralize because no one wants to cede power.

How do we motivate leaders to be less ethnically discriminatory?

Electoral rules are increasingly included in constitutions; it is written that a politician must have support from x, y, z, communities, which makes it difficult to be blatant about ethnic politics. There is a project that looks at ethnic favoritism in education. The data show that this became less acceptable over time.

Benno Ndulu: When trying to make a connection between devolution at the local level (which is usually organized as a geographic entity) and ethnic space, it is worth remembering that these units are not usually organized along ethnic lines. It is not necessarily true that local government represents the relevant local ethnic communities. It is a matter of how you bring accountability at the lowest level. It is difficult to make the link between ethnic community and local governments; there is not necessarily a clear overlap. So what is the ethnic part of this decentralization conversation?

Hiroyuki Hino: In Kenya, devolution was motivated by a fear of domination by one ethnicity. There is a large overlap between geographically based units and ethnically based units: the smaller the unit, the closer the correlation between geography and ethnicity. The assumption is that by devolving, the ethnic groups that are not in power are safer. I agree that imposing financial discipline on local units is key, but how can you do this without arousing the fear of choking off funding for certain groups? In Tanzania, this kind of fear does not exist, but in Kenya it is very real.

An answer might be to make it formula-based. Removing politics to the greatest extent possible is in the interest of everybody. Rules should be made for how money is distributed between the center and localities, and among the localities. By agreeing up front on the formula, the bargaining concerns are mitigated. In addition, certainly not everything can be devolved. How much of national government services can be devolved? These calculations form the basis of deciding how much revenue can be transferred. This value can then be adjusted as the capacity of local units rises, which is a matter of sequencing in a way. If you devolve without adequate capacity, then there will be a failure. There should be an impetus to start with capacity building. Then at least conceptually, the decision of how much money you transfer follows the capacity.

The question of elite capture is a related issue. If you fear elite capture by the center, you bring resources closer to your community where you can monitor them more closely. This argument is very much based on the assumption that moral ethnicity is at work. Where ethnic diversity is cre-

ating suspicion, devolution is a way to address the problem.

Gustav Ranis: As these new units are created with vertical decentralization, you often get a lot of ethnic homogeneity. That is how these units get formed.

We must be careful using the word devolution. What you have is delegation in most places. Devolution means the central government is fully letting go; this is rare. Devolution means hands are completely off the resources. This is not the case in Kenya; there is no way the local governments in Kenya can borrow without the central government.

Benno Ndulu: Even after resources are devolved, we still need a framework in which the nation as a whole can manage its debts.

Hiroyuki Hino: There has been a determination about how much the nation as a whole can borrow. It cannot be a decision of the center alone though – the local units must weigh in.

Benno Ndulu: In Kenya, each parliamentarian gets a fund to spend in its constituency. This fund, the Constituency Development Fund (CDF), is one of the most popular things in Kenya. MPs love it. Does this slush fund equal corruption? The CDF is an unconditional transfer to representatives of the central government; it is totally discretionary. Tanzanian civil society was horrified, but recently our parliament passed a measure to create the same thing in Tanzania.

Thandika Mkandawire: If there is a perception that central government favors one part of the country over another, there are problems. If the center is not enforcing these rules equally, it is a big problem.

Frances Stewart: It is important to remember the bargaining comes during the *making* of the rules.

IV   Bonding Ethnic Communities and
     Building National Cohesion

IV   Bonding Ethnic Communities and Building National Cohesion

Germano Mwabu

My presentation is on social cohesion, ethnic diversity, and development. It is a preliminary analysis with Kenyan data.

The context of the analysis is that in 2008, there was violence in Kenya; communities that had lived together in peace for a long time began fighting. So is there a way these communities can live together again? Is there a way to increase social cohesion in these communities?

In a low income country, the process of development can be proxied by absolute poverty. Here I define development as inclusive growth. Absolute income poverty cannot be sustained in an economy with growth that is widely shared.

Our research asks: is ethnic diversity good for development? One argument is that some communities can be a source of entrepreneurship and positive competition, which provides a natural argument for investment in all communities in the spirit of balanced development. The Kikuyu are known for having entrepreneurial skills. These entrepreneurial skills might have nothing to do with ethnic traits, and are likely to have been acquired over a long period of time through channels unrelated to ethnicity, such as earlier contacts with commerce and industry relative to other communities. Ethnic diversity implies that communities have different identity labels, which reflect attributes of communities such as common language or religion that could have distant origins in time. The labels on their own should have no effect on economic growth or on the

distribution of resources. Economic outcomes should be blind to people's ethnic titles. Although ethnic titles have no productive value, they can have an intrinsic value.

The Kenyan Constitution declares ethnic diversity to be a good thing. So what policies can be put in place to ensure that different communities live together in harmony? It is important to note that ethnic diversity can be bad for development when it is used as a criterion for resource allocation or political power. In that case, ethnic identity becomes a way for people to obtain political power, which can lead to inefficient and inequitable resource distribution and to greater poverty.

In Kenya, we have homogeneous communities that run into problems of social conflicts. It is also important to note that there can be social cohesion without development and vice-versa. There might not be causal mechanisms in situations where ethnic conflicts and ethnic diversity are observed together. Furthermore, any presence of causal mechanisms might require special tools and data to identify.

Social cohesion is not merely a means to improve economic outcomes; it is an end in itself, which should be promoted in its own right. Even if we cannot demonstrate an economic payoff from social cohesion, there are still good reasons to measure and enhance social cohesion. It is valuable to identify the factors that bond communities together.

We assessed several components of social cohesion: trust in other groups, satisfaction with life, and fairness in the allocation of public goods.

Using data collected by Kenya Institute for Public Policy Research and Analysis (KIPPRA) in 2010, we found that government expenditure, especially on infrastructure, is strongly correlated with poverty reduction and with national development: roads that are built and which are used by poor people lead to increased incomes and consumption.

The other result inferred from the data is that whether or not people believe they can trust ethnic groups is dependent (a) on where they live and (b) on their gender. Rural residents trust other groups more than urban people do. This trust contradicts our expectations because the degree of social interaction among different ethnic groups is higher in urban areas.

Another piece of evidence from the data is that the risk of suffering violence is elevated by membership in a major ethnic group. If you were

a member of one of the five major ethnic groups in Kenya, you were more likely to be affected by post-election violence in 2008 than if you belonged to a smaller group. We examined this correlation in several ways. The risk was higher for members of major groups no matter how we computed it.

We also had an interesting finding related to the link between education and national pride. As people progress from primary to secondary education, their pride in being a Kenyan increases. The more educated people are, the more pride they have in their national identity. Pride in being a Kenyan is also positively correlated with inter-ethnic trust.

Using secondary data, we showed that the shares of jobs (public appointments) held by five main ethnic groups did not differ substantially from their population shares. The discrepancy between the population percentage and distribution of jobs is small, even if statistically significant. Despite the country's two past Kikuyu presidents, the Kikuyu are not occupying a particularly disproportionately large share of government jobs. The public perception that job distribution among ethnic groups is unfair is exaggerated.

In conclusion, to elucidate the links between social cohesion and development we need a structural model and an appropriate dataset to estimate the model. We only have weak evidence that policies which reduce poverty are positively correlated with social cohesion. Policies that address perceived unfairness in government social spending are good for social cohesion. National pride and social trust are positively associated, but the degree of mutual correlation is modest.

Arnim Langer

My objective is to provide a cursory overview of the research on nation-building in Africa and to highlight some possible avenues for future research.

The challenge of nation-building that African states faced fundamentally resulted from the arbitrariness of the way states were created. For decades, a strong belief prevailed that nation-building was of the utmost importance. The rise in violent conflicts in the 1990s and the emphasis on 'post-conflict reconstruction' led to renewed interest in nation-building. More recently, with the international invasions in Iraq and Afghanistan, nation-building has also been on high the Western policy agenda. Academically, one can see a revival of interest in issues of nation-building during the last decade. Indeed, 'nation-building' is increas-

ingly used as an explanatory variable for many social, political, and economic phenomena.

When discussing issues of nation-building, we must talk also about ethnic diversity. Ethnic diversity has been linked to a range of negative social, economic and political outcomes, including higher risks of violent conflict, lower levels of growth and the likelihood of less public good provision. Nation-building is often regarded as a way of avoiding these negative outcomes. Although nation-building might be undertaken with good intentions, it might under certain circumstances also lead to a rise in tensions and even violence. In this respect it is important to remember that in many ways we are talking about the core identity of the state, which is often a politically sensitive issue.

In the academic literature, some scholars are very skeptical about the extent to which one can actually do away with ethnic differences via nation-building. Horowitz is arguably the most outspoken critic, stating that we must learn to live with ethnic differences instead of moving beyond them. Some scholars are in favor of very radical solutions, including modifying borders so that underlying ethnic demography fits better within them. Perhaps in this case though, the medicine is worse than the disease.

Most African countries tried different nation-building policies throughout their postcolonial period. Some nation-building policies are symbolic. Other measures involve ulterior motives. An example of this is the creation of a one-party state. Whereas the establishment of a one-party state was often justified by saying that multi-party politics would result in (ethnic) divisions and tensions, it was obviously very convenient for ruling regimes to have no opposition.

Some of these nation-building policies have dual purposes: they foster nation-building while at the same time having a more common or typical policy purpose. For instance, many social policies were designed to integrate the nation, but these policies clearly also aimed to achieve general social and economic development. However, in many African countries these social policies were a critical component of the nation-building efforts that different regimes undertook. An important part of the colonial legacy was the presence of inequalities among groups or horizontal inequalities. It was clear to African policymakers that these inequalities were hurdles to social cohesion and nation-building, and that social policy was a key tool to tackle these inequalities. One finds a direct and positive link between social spending and the state of national integration. In the early 1960s, when social spending was high, integration benefited.

Cuts in spending also affected national integration (Kpessa et al. 2011).

Much of the research which has examined integration has used a qualitative approach, which is mainly the result of the fact that nation-building is difficult to define and operationalize. In many ways the concept is intuitively clear, yet at the same time intangible. Some interpret it as an endpoint. Some see it as a process. Is this an ongoing or perpetual process or does it have an endpoint? Is it a spectrum? There are many opinions.

The variety of notions and definitions related to the issue of nation-building has been further expanded with the emergence of the post-conflict literature in the wake of the sharp numerical increase of violent intrastate conflicts in the early 1990s. The key question of this literature was: how do we rebuild the countries and societies which are coming out of conflict? Through this literature, nation-building became intertwined with concepts such as state-building, democratization, and post conflict reconstruction.

Nation-building is difficult to approach scientifically. However, more scholars are starting to use some operationalization of nation-building as an explanatory variable in their analyses. Although these studies are often very interesting, I argue that nation-building should not be used only as an explanatory variable, but should also be regarded as a dependent variable. Moreover, very little is known about which nation-building policies work, and why and how they work, which underscores the need for clarification of the concept and its operationalization. Are there indicators that tell us something about how social cohesion is evolving? That is the thinking behind the KIPPRA Social Cohesion Index. The index includes objective and subjective indicators. It is a very complex index that is not straightforward. One can debate how different indicators should be weighted. Additionally, data availability guided how we constructed the index. This is a second-best approach. A perfect index can be designed, but nothing can be said without data.

I would like to conclude with a research agenda. It is important to emphasize that a lot of insightful work has been done on nation-building, but we still know very little about how and why nation-building policies work. Therefore, many questions must be re-examined. Nation-building is not a fixed concept. What does that mean in contemporary Africa? How can we measure the outcome of nation-building, and how can we make cross-national comparisons? What is the actual impact of different nation-building policies on advancing national identities? Why do they work or not work?

I would like to end with a call for interdisciplinary work. It is very important to look at and engage with work of different types, particularly the contact hypothesis, from social psychology and sociology.

Discussion

Ernest Aryeetey: I want to situate the discussion in a slightly different way. Nation-building is a challenging topic. The difference between the post-independence period and today is that nation-building used to be framed differently. The previous framing was: now that we have gained independence, how do we mobilize against the oppressor, for faster development?

It was easy to bring people together when we were all working against a colonial oppressor. Now, the extent to which these bonding exercises can work is dependent on a number of factors. In communities that are self-defined, the nature of the self-definition will determine the bond that is possible. In what way does religion become more important than ethnic origin? In what way does the school I attended become more important than my ethnic origin? These various other social categorizations interact with ethnicity. Categories aside from ethnicity matter.

There is also urbanization. Africa is the fastest-urbanizing part of the world. How does this change ethnic identity or change how people use ethnic identity? It varies hugely from city to city and country to country. Another question is: how does civil society come to play a role in this? To what extent can civil society help create more solid bonds among groups?

Benno Ndulu: The call for more work on nation-building is extremely timely. We need to know how to do it more effectively. I want to call attention to work by Kessler on Tanzania in 2006. She tested the robustness of the results of nation-building in the context of a much more liberalized economy than Tanzania now has. Her subjects were a rising elite: final year students at the university. These students probably benefited intergenerationally from nation-building, but were not influenced by it directly. The question they were given tested their commitment to the peaceful resolution of conflict. The results showed that peaceful political culture has become ingrained in what it means to be Tanzanian. This is work worth taking further. More detailed work has been proposed testing the robustness of these findings. This work concludes with the fear that memory is apparently eroding too quickly; there is a need to refresh this memory in Tanzania. My pitch is that this is important, and it is impor-

tant to look at whether the impacts of nation-building endure or not.

Hiroshi Kato: Arnim, should nation-building be put on the left-hand side of the equation or right-hand side of the equation? From my perspective as a JICA participant, nation-building has always been placed on the explanatory (right-hand) side. Does this depend on how the term nation-building is defined? Maybe if it is just defined as cohesion, it could be put on the right-hand side, but if it is defined more broadly, nation-building must always be put on the left-hand side.

Motoki Takahashi: There are many difficulties in making international comparisons about nation-building. What about countries where you cannot differentiate ethnic identity from national identity (e.g., Swazi or Japanese)? This is related to Kato-san's comments about nation-building belonging on the right-hand side or left-hand side. Is social cohesion attributed to each individual if social cohesion is the dependent variable in the nation-building framework?

Frances Stewart: Social cohesion has many different parts. It is very difficult to be clear which parts we are talking about. In talking about social cohesion, all the components are on the 'supply side' so to speak. We are also leaving out politics. If you have political incentives for people to use ethnicity, then all the nation-building can disintegrate rapidly. The whole thing can explode.

Thandika Mkandawire: When did nation-building begin? I think it goes back to the period when the borders were drawn up. A lot of what we have as headaches today can be traced back to when the national boundaries were drawn. This is not strictly a post-independence phenomenon. It is also important to remember that nationalism itself changed with the events in Katanga, which led to huge changes in how Africans perceive nation-building. Even in those states that had advanced nation-building, Katanga convinced a generation of leaders that the colonialists were out to break up these countries. This was a powerful narrative. These sentiments were later used to justify one-party states.

Many politicians are nationalist by day and tribalists by night. African politicians do spend a lot of time managing tribal relations. It is not unique to Africa that politicians must spend energy in managing relations between groups.

On nation-building as a variable: once you can measure a variable, it can be on either side of the equation. The question is on what side of the equation does it fall? That is the endogeneity problem.

Arnim Langer: My argument for putting nation-building on the right (dependent) side of nation-building equation is that we want to understand which factors influence it. We need to test whether certain policies or programs have the desired effect. We must look into these things before we say we cannot do them. If we implement policies, we need to know they work. We need to develop frameworks to see if they work. We also need to define nation-building thoroughly and ascertain how it affects people's feelings of national identity. We need to test identity before and after policy intervention. We need to try to control this as much as possible.

Bruce Berman: The nation-building paradigm basically framed policy toward Africa from 1950–70. This paradigm came through aid agencies and represented the high-water mark of Keynesianism. It looked at Africa as somehow flawed, and it tried to make up for this somehow. What is lying behind this understanding is that this is in fact what happened in Europe in its post-war reconstruction. This approach also showed there was an implicit understanding that African societies were composed of tribes, which were antithetical to modern states.

Nation-building in Europe was a coercive and violent creation. It is particularly interesting that one of the models of this was Britain – in the 1700s England assumed marginal communities into its identity by constructing a fictional identity called "British." This identity worked very successfully with regard to the Scottish. The problem was that issues of class began to dominate in both Wales and Scotland. Ireland failed because of religious differences. In contemporary Europe, as minority rights become okay to talk about, we see these differences of submerged ethnic minorities emerge again.

Methodologically, we need to ask: what are we looking at and how do we look at it?

I am tired of being told I use anecdotes. We reconstruct what actually happened. To believe you can construct theories out of this [quantitative] evidence is nonsense. It does not happen. What emerges out of this [quantitative] methodology is in fact a simplistic caricature of what natural scientists do.

Germano Mwabu: Social cohesion is a societal concept, but it is measured at the individual level. The higher the proportion of trusting people in a community, the stronger the social cohesion is. The question is: can we aggregate it smoothly to get a meaningful overall index? There are

important links between social cohesion and government expenditure. Social cohesion can be linked to the variance in government expenditure across communities. We can think of government expenditure as an independent variable in a model that explains social cohesion. However, which of the two is an independent (or dependent) variable depends on the outcome we are trying to measure.

V   Addressing Cleavages over Land

V   Addressing Cleavages over Land

Ciraj Rassool

I would like to connect with the discussion yesterday about social cohesion. This panel is about one aspect of social cohesion. There was a tendency yesterday to limit our understanding of social cohesion to something that can be surveyed and aggregated, to something that is a developmental intervention. We overlooked the broader, deeper questions that must be asked about social cohesion and nationalism. We must ask: what is the story of the nation? Social cohesion occurs through the building of a national narrative, which is how people come to believe they are part of a nation, through storytelling. How do you implant a story of the nation into citizens?

Memory did not arise yesterday. Yet the way you reconstruct a society that has been damaged is by building a common memory. You engage in social reconstruction through processes of memorialization, which occur both from above and below. Many of the centralizing and overarching narratives of nations are constructed in museums and similar places, which is how a public national history is constructed. Citizens are conscripted into the new nation, and it is never without contestation. There are also forms of memory-making from below, which draw on the energy of the local community.

Social cohesion must also be understood in the context of social reconstruction. South Africa leads the way here; and the South African projects have been exported all over the world. There is in some senses

South African authorship of the discourse of transitional justice, all the way through the Latin American truth commission and the International Council of Transitional Justice. The mechanisms through which one can reconstruct the state must be understood. How did people go about building the discourse of reconciliation for South African society? The Truth and Reconciliation Committee is a discourse. Many people have erred in trying to measure the work of the Truth and Reconciliation Committee by forgetting that it is, at its core, a discourse. The other mechanism of reconstruction was the Land Restitution Act. This Act set the limit at 1913, so that no dispossession before 1913 was justifiable before this mechanism.

In my paper, I look specifically at restitution in District Six, which still stands as a scar at the foot of Table Mountain in Cape Town. District Six was the site of the first forced removal in South Africa. In 1901, some residents were moved to a township, and forced removals continued through the 1980s under the Group Areas Act, a mechanism of apartheid. This history must be understood as part of the wider history of rural and urban displacement. After apartheid, the land restitution movement made an argument but to move back to the District Six land in the city, instead of taking compensation. The District Six Beneficiary and Development Trust represented the claimants; it helped forcibly displaced residents to develop the skills to make claims. Land restitution represents the only mechanism to return the poor to the inner city in Cape Town.

Former residents eventually won the right to go back to reconstructed homes in District Six. This restitution cannot only be about rebuilding housing, however; it must be about rebuilding a community. How do you re-create community memory?

There are many ways in which civil society and institutions have mobilized and built civic resources to increase the agency of the local District Six community. The District Six Museum began as a memory project and became a museum by accident. The District Six Museum experience is representative of broader global work to think about physical places as landscapes or memory, and to redefine museums as mechanisms of social cohesion. UNESCO is currently being pressed to redefine the term 'museum' away from being merely a conservation of collections, to being more about the creation of civic forums, places that mediate communication.

The District Six Museum faced a challenge to extend its approach and introduce issues of memory into the redevelopment process at nearby Prestwich Place. Prestwich Place is an old slave burial ground in District

One of Cape Town. It is also right along the World Cup fan walk, which is a place of enormous interest to commercial developers. A bitter legal and moral contest was fought among developers, heritage authorities, and local groups over what to do about this centuries-old urban cemetery of slaves and poor people. Ultimately, the cemetery was disturbed and disinterred so the development could go ahead, but proposals for urban memorial inscription won widespread support and were adopted.

The overarching conclusion is that we need to devote attention to the sites of memory. In Cape Town, a contest has taken place over whether one should use the mechanisms of memory to prevent inappropriate development. In District Six, the resources of the market are beginning to take charge as the heritage committee delays. The easternmost part of District Six has become a hub of eco-friendly design, which means the land is on the market now. These are the kinds of contest in which it has become apparent that there might be limits to restitution. There are many other examples that illuminate the limits of restitution. For instance, in Cape Town, the black population was removed from the area near Kirstenbosch, which is the most valuable area in South Africa. The high value of the land might make it impossible to return to the past.

Kojo Amanor

I want to provide an overview of recent developments in land administrative reform throughout the African continent, and their implications for ethnicity and ethnic conflicts.

Since the 1990s, the land question in Africa has gained considerable attention. The majority of nations have developed new land policies. The exceptions are: Zimbabwe, the Democratic Republic of Congo, Central African Republic, Cameroon, Gabon, and the Republic of Congo.

Most of these reforms are concerned with harmonizing customary and statutory forms of land ownership. These different initiatives follow three steps. They start with a consultative process. Then they foster an evolution in land policies. Finally they change land laws to create formal recognition of customary land.

I argue that there is a tension in recent land administration policy because empowering local or customary authorities also ends up disempowering other people: usually the local poor. The empowerment of some leads to the dispossession of others.

Recognizing land ownership within a market framework leads to the

commodification of land. Land ownership is supposed to create security, but in practice, creating ownership often leads to insecurity and exacerbates conflict. It can affect gender, relations between youth and elders, relations between nobles and regular citizens, and relations between migrants versus those who make claims to being original settlers. Another source of tension is the conflicting patterns of land use, particularly fixed versus migratory land use. These insecurities and tensions over land are often represented as ethnic conflicts.

Recent reforms in land administration claim to build a more accommodating framework, one of social inclusion, in which it is argued that most people hold land under a customary basis. Recognizing the customary rights of these people is how the vast majority of Africans gain access to land. This recognition of customary land arrangements occurs alongside an expansion of markets and liberalization. Marketization is ostensibly to create more security and allow people to make their land a financial asset. The expansion of markets allows farmers to buy and sell land, which enables the transfer of land to those who can use it most productively. In the World Bank's framework, this ability to sell prepares the least efficient farmers to exit agriculture.

There are two dominant frameworks of land research: a communitarian and a market perspective. The communitarian perspective argues that the majority gain land under customary tenure, which is dynamic, flexible, and which can adapt to new circumstances. Cumbersome procedures have been established by the state for gaining formal recognition of land rights. Those procedures prevent the vast majority of rural people from registering their land. To overcome these obstacles, communitarians advocate for harmonizing statutory and customary tenure through the institutionalization of clear and simple procedures for titling communal lands.

In contrast to the communitarian perspective, a market perspective argues that past management of land has lacked transparency and led to widespread abuse in which land is misallocated to elites. Investors must negotiate access to land through the state rather than the market, which is cumbersome. The market perspective suggests that under state managed statutory tenure, there is often insecurity in gaining ownership, and that markets are a more efficient mechanism for the allocation of land in relation to demand and supply, enabling those with surplus land to transact what they have no use of, and enabling those with insufficient land to gain more.

In the present period, there is synergy between the communitarian and

market approaches. The successful development of markets requires that customary land rights be recognized since most land continues to be managed under customary systems. It is through the recognition and registration of customary rights that land enters the market. The recognition of land rights enables rural producers to be integrated into world markets. Moreover, it enables the development of contractual arrangements, which are common in agribusiness.

Recognizing customary rights also requires institutional arrangements that are capable of making ownership meaningful by facilitating functional ownership rights in land and resources. These institutional innovations engender synergic interactions between forms of communitarianism and market based reform. Decentralization, community empowerment, and participation co-exist with a commitment to building markets and rooting social equity in the development of markets.

These institution-building policy processes redefine land. They transform user rights into commodities. Customary tenure means that a user's right to the land must be constantly negotiated within a community and that individual users cannot transact their rights without undertaking social negotiation within their respective families and communities. Transforming these land rights removes the need for that negotiation. The user becomes a recognized owner in law. Therefore, redefining user rights as a commodity transforms relationships with land. It can be a threat to their claims or be a justification for additional control. The seemingly technical processes of land registration provoke political debates about rights and control, and provoke social conflicts over land and identity.

There are four types of contemporary land administration reform:

1. Decentralized land certification
   Customary land registers that map out and register customary holdings at the community or decentralized district level are institutionalized. For instance, in the 1990s, rural land plans in Francophone West Africa created a simple land register, mapped out all claims on land, and recorded disputes. Land certificates were then issued, which were convertible to titles. Ethiopia also had decentralized land registration, and communities participate in mapping out the land rights of various holders. Many techniques used in mapping land are simple but effective. They allow the rapid registration of land.

2. Developing Land Boards to recognize customary arrangements
   Institutions (Land Boards) are developed which recognize cus-

tomary arrangements, with customary representatives on the Land Board. The first Land Boards were established in the 1960s in Botswana. They in turn established state institutions in which local chiefs were given representation. The objective was to define customary rights within state administrative organs. The problem was that, in Botswana, majority rights had been registered but not minority rights. The lack of minority recognition created tension. Land Boards have facilitated the privatization of land.

3. Strengthening customary authorities
   The capacity of customary authorities to manage lands within their own institution is strengthened. In Ghana, the Land Administrative Project has been building Customary Land Secretariats, within the chief structures of offices, to manage land affairs. However chiefs have been known to use their powers to expropriate the land of farmers for new developments, and to renegotiate and redefine customary rights in land in their own narrow interests.

4. Devolution to elected village councils
   Land management is delegated to community councils who make decisions over what constitutes customary rights, and who adjudicate land disputes. In Tanzania, the Village Land Act of 1999 devolved land administration to councils. Decentralized land management in Uganda follows a similar approach, recognizing customary tenure as equal to other forms of tenure, and leaving it to the community to define these customary land rights. Mozambique also recognizes local communities as formal owners of land.

The central problem with all these types of administrative land reform is that they idealize the community. A tendency exists within communitarian approaches to create mythical essentialized communities. Communities are constructed as being defined by flexibility, equality, and negotiability, whereas the state is seen as opposite. In reality, the communities are characterized by inequality and social differentiation, with elites being tied into national political networks. Customary institutions have played a role in recruiting forced labor and in organizing the forced cultivation of cash crops. These idealized communities are constructed with all sorts of beliefs; they are seen as bounded territorial units and homogeneous groups. Then they are regarded as autochthonous groups with rights based on indigeneity. Communities are in fact integrated into national and global economies, and have been characterized for a long time

by movements of labor and social differentiation. Under colonialism, movements of labor from labor reserves to export-producing areas were institutionalized within native authorities. Historical patterns can have enormous consequences for current land reform. Recent events in the Fouta Djallon, Guinea, illustrate the manner in which serious social conflicts can stem from land restitution claims, particularly when the claims involve historical interactions of forced labor and migration.

If we look at the construction of land under colonial policies, chiefs were given the right to transact land with migrants. It was in the interest of chiefs to commoditize land, bring migrants into rural areas, and sell them land. When land became scarce, the youth in rural areas, who were often the first to experience the consequences of land shortage, became resentful. They began to blame migrants for taking their land. Those accusations led to conflict between migrants and local youth. The conflicts became more intense when migrants came from neighboring countries.

Another example of this conflict is the eastern Congo border. Initially, Banyarwanda migrants from Rwanda were welcomed, but then tensions erupted as land shortages emerged. The tensions led to a revolt against what was regarded as abuse of land arrangements by chiefs, which festered into violent ethnic conflicts against the migrants who were perceived to have taken the land at the expense of the autochthones. Another example is the Ivory Coast, which encouraged migrants to move into cocoa frontiers. Baoule and Burkinabe migrants were guaranteed land on the basis that those who developed the land would own it, irrespective of nationality. When a recession set in during the 1990s, land was perceived as an increasingly valuable commodity and tensions rose in the southwest between local youth and Burkinabe migrants, which erupted into violent ethnic conflicts and nationalist xenophobia.

Pastoralist land rights are often taken up in a simplistic form that does not recognize that pastoralist people are often highly mobile, socially differentiated, and multi-ethnic. Projections of indigenous communities by international NGOs shape who can speak for the community with legitimacy. These representations conflate ethnic identity with power and often lead to the marginalization of poor people who, through circumstances and economic hardship, often form multi-ethnic communities of dispossessed people.

A number of solutions to the land question have emerged. These tend to build upon notions of strengthening customary rights in land under community management or customary authorities. These solutions all rely on several assumptions about customary authorities and about com-

munities. The community is essentialized as democratic, consensual, flexible, and open to dialogue. Many of these solutions fail to problematize issues of inequality and complex social issues that underlie communities. In most rural settings, communities are ethnically plural and characterized by long histories of migration. These solutions fail to place land access and land control, as well as community management and participation, within a political economy framework. Failure to examine the wider political economy in which these communities exist results in unforeseen consequences. That failure also potentially exacerbates social conflicts.

The construction of privilege, indigenous rights, and the conversion of user rights into individual rights that can be transacted frequently on markets undermines some producers, which can result in grievances that generate 'ethnic' conflicts and the rediscovery of ethnic identities along the boundaries of exclusion and inclusion.

Discussion

Frances Stewart: I do not see an inconsistency between customary rights and the neoliberal model. The minute you give the right to sell the land, you create the right to commodify, which is the same as marketization. It is the same end.

Ernest Aryeetey: If it has been mostly just an attempt to document what exists, would it be right to call all of what we see in Africa actual land reform? These reforms hardly approach what I would classify as a reform of land tenure. This takes me to the point: What is the problem that the state is trying to solve with these land reform efforts? Is landlessness a problem? I see millions of poor farmers in West Africa who are unable to use their access to land, to transform their access to land into better income. I see poor farmers who cannot borrow against the land that they have. Their land is not used effectively, so their land values are low. The challenge for me as an economist is this: How do we make it easier for them to use their land more effectively? This matters when we begin to think about what is most appropriate for each group. Poverty can be addressed when farmers have better control of land, if they can use what they have. This is a worthwhile reason to reform land tenure, but if the reform is simply to guarantee access (potentially to be used by the political elite?), then the purpose is not clear. Most people who have pushed land reform have missed the point. These programs have not been designed to solve a problem.

Germano Mwabu: Kojo, you seem to be suggesting that there is an op-

timal mechanism for land administration and that it is not the market. Is that what your work is saying? Why should we stay with the customary framework?

Kojo Amanor: Frances, that is precisely the point. Once you begin to commodify the right to land, it is no longer a user right. It changes. The strengthening of customary rights as the right to sell land transforms it into a market right. Ironically, the strengthening of customary rights in the present is undermining customary rights in the future.

Germano, in reality, the land does not belong to anyone. To create a land market, you have to create a fiction that the land has an owner. Part of creating a customary right is creating conditions under which land can be transacted.

Germano Mwabu: In pre-colonial times, we owned the land. We lived there and could have sold it if we liked.

Kojo Amanor: But if you can sell it, then you are presuming that land is a commodity.

Ernest Aryeetey: The presumption is that when you get land, it belongs to you. Usually in urban Ghana it is just a 99 year lease, not a freehold. Still, the notion of ownership being fictional is weird.

Kojo Amanor: But that ownership, that thinking that it belongs to you, is a modern thing.

Ernest Aryeetey: But in traditional societies, the chief owns the land. He is holding the land in trust for the people.

Kojo Amanor: What do you mean by 'own' in that situation?

Ernest Aryeetey: The problem that we face is that there are major developments in land ownership that are taking place outside the state structure. We are refusing to acknowledge this. It is taboo for Ashanti chiefs to sell land, but we all know you can buy their land. Let's stop pretending. Let's structure the land market properly, to stop it from being abused.

Abdul Raufu Mustapha: I am not sure if posing customary ownership and market ownership as binaries is useful. Certainly in Nigeria these two are completely mixed. Market principles operate even in areas of community organization. The really critical points are demographic

change and inheritance patterns.

Kojo Amanor: The existence of land markets has nothing to do with population density or land scarcity. In northeastern Ghana, land has never been managed within a commercial system of agriculture. The problems with land generally occur with the closing down of a frontier. When land becomes scarce it acquires new value, and its new value is not yet reflected in institutional structures.

On the definition of land reform, the present initiatives are not about land redistribution. Land reform is now about land administration reform. Reform refers to administration rather than redistribution.

Ciraj Rassool: Obviously different disciplines have different answers to questions of social cohesion. Development economics is interested in measurability for developing policy. I approach social cohesion from the perspective of the humanities, which leads me to prioritize the question of personhood: of who people think they are after they have been through traumatic experiences. How do we develop institutions that deal with effects of these kinds? When designing institutions, we must be cognizant of issues and interactions of many types. We are witnessing multi-fold processes of the modernization of chieftaincy. Ethnic groups have become owners and stakeholders in some of the major mining and industries.

Farmland is a history of dispossession. These are multi-fold experiences if one takes into account histories of settler colonial economies.

VI Ameliorating the Trade-off between Growth and Equity

VI   Ameliorating the Trade-off between Growth and Equity

Thandika Mkandawire

Is there really a trade-off between economic growth and equity. and if so, what safeguards are possible to ensure equity and at what costs? I argue that however one answers the question, one must look at the seven 'I's:

    -Initial conditions
    -Ideas
    -Interests
    -Identities
    -Institutions
    -Industrialization patterns
    -International order

   I also think that it is important to ask: inequality or equality of what? There are all kinds of inequalities. We have chosen to discuss horizontal inequality, which has ended up being ethnic. There are many overlaps between inequalities of different types, but we will assume you can work on one of these inequalities on its own. Different inequalities work differently. They have different impacts on political stability. The most robust explanation is that horizontal inequality has an impact on political instability. The other impacts still need to be proved.

   I want to begin by emphasizing initial conditions. Different parts of Africa start off with very different levels of inequality. It would be interesting to do more work on how these historical inequalities have played out during different periods. I think we can separate the continent into

three Africas:

1. Africa of labour reserves—southern Africa. This region has very high levels of inequality; these inequalities have not changed much since independence. These are the result of both horizontal and class inequalities.
2. Africa of concessions—Congo belt. Inequalities are as high as in the case above.
3. Africa of cash crops—all others. Inequalities are not as high here.

When we looked at standard welfare indicators, the Southern African labour reserve economies appeared in one block. When we looked at a broader range of indicators, about 15 Millennium Development Goal-type indicators, these labour reserve economies still all have the same or very similar patterns of performance. They have services, but there is much greater difference along horizontal inequality lines. Colonial patterns of horizontal inequality are reproduced and are still present today. This point is important to place in our discussion. It says something that 40 years after independence, countries can still be classified by these colonial patterns of inequality.

The second 'I' is ideas: there have been major ideological shifts, which have shifted the discussion of political economy in Africa dramatically. The concern used to be about the nation, but now the original nationalist pacts and egalitarian ideologies have collapsed. The concern today is about kleptocratic leaders, neo-patrimonialism, rent-seeking, or related issues. There is much less concern today about welfare policies than there was in the 1960s. There is the rise of a new middle class that is much less linked to the countryside. This middle class relies on privately supplied social services, further distancing them from the impact of welfare policies and weakening egalitarian ideologies.

The political economy literature tends to discuss interests: the third 'I'. In reality, there are considerable overlaps and contradictions among national interests, class interests, rent-seeking interests, neo-patrimonial interests, and ethnic interests. To focus on only one of these interests might be misleading. For instance, Africans accept inequality when it supports national symbols and national pride. The national pride side of the story might accept growing inequality if inequality is growing because a country is developing national champions.

The interests of the 'elite' or even the 'new elite' might also include overlaps and contradictions. Elite coherence is very low and returning to

the role of ideas. It is important to note that the new populism in Africa is very neo-liberal in its approach. It discusses clientelism and jumps onto anti-statist rhetoric; it is an elite-led anti-elitism. It pits foreign elites against entrenched elites, which complicates our debates about inequality. It is important to bear in mind that elites are very divided, or at least still not coherent. Many conflicts reflect this lack of cohesion within the new elite, and also signal horizontal inequality in this new elite itself. This lack of cohesion is not just tribalism, it might reflect other social forces.

At the same time, it is important to emphasize that not all conflicts in Africa are engineered by elites, and that elites do not always manipulate the subaltern. Conflicts might genuinely start from below, from under-standable grievances. Many times the elites may not want those below to revolt. The elites found that the violence in Kenya could bring the whole house down. So for elites, maybe there is a happy medium of low-level ethnic conflict that does not explode into full-blown conflict.

This connects to the fourth 'I', which is identity. We should look at ethnic identity as more than manipulation by elites. There is a need to understand the complex role of elites in the management of conflicts. When conflicts are discussed, the discussion is often very aid-driven. There is an assumption that outsiders will come in and solve the problem. We must devote attention to strategies that exist within Africa to handle conflict. If one acknowledges the complexities in Africa, it is remarkable that there have not been more conflicts. We need to understand better what holds African states and elites together despite so many divisive problems.

Additionally, it is difficult to explain something as volatile as eco-nomic growth with something as stable as ethnicity. Regression results are very dependent on the years you include in your data. Today we see countries that were presumably affected negatively by ethnicity now do-ing quite well. It is difficult to make the link between growth and ethnic-ity. Although ethnic diversity has been used as a proxy for ethnic conflict, we know that diversity is not a good proxy. There is also always the risk of reverse causation. We should not forget the reverse side of the story. In fact, in many cases, growth can engender conflict. Particular patterns of growth are especially likely to engender conflict. Economic stagnation can also lead to ethnic conflict, as privileged groups insist on maintaining their standards in the context of stagnating or declining national income. Therefore, it is very difficult to state a clear relationship.

We should also look to industrialization. There is a whole language of how industrialization can engender conflict. Industrialization leads to a

working class, wage conflict, class consciousness, class cohesion, etc. We do not have that style of logical narrative on horizontal inequality. What is the relation between equity and industrialization? We do not yet have the same logical story there like we do with class and industrialization.

Institutional capacity is also an issue, particularly when the capacity of the state to distribute resources through social policies is weakened. The ability of the state to intervene in addressing inequality is much less than one might expect. Liberalization has given the middle class an "exit option", thereby weakening the coalitions behind public provision. Market institutions play an important role in how inequality is perceived and lived.

We must also worry about the labour market as an institution. Growth with low levels of employment is a very serious problem. Greater wage inequality and reduced protection of labour and more informalization can exacerbate inequalities. With rapid urbanization there is much informalization, which is ethnicizing urban life. Housing is an example: informal housing is more ethnicized than formal housing. Rapid urbanization and informalization need better attention. This might be a new horizontal inequality.

Finally, it is necessary to acknowledge the centrality of social policy. In the nation-building days, African governments quite consciously used social policies to build national cohesion. The norms of such provisions were universalistic. We should distinguish targeted policies from universal policies. Targeted policies might actually make things worse. The ethnic question arises more often in targeted policies than in universal policies. More universal social policies are a more effective instrument in the context of African countries.

Frances Stewart

I attempted to address the question directly: Is there a relationship, is there a trade-off between growth and equality?

The overarching answer is that no evidence exists to suggest that there is necessarily a trade-off. Therefore we can take policies toward lessening inequalities without worrying about harming growth.

As we address inequality, we must be very clear about what kind of inequality we are talking about. I want to address horizontal inequality, which is more critical for stability than vertical inequality. There is a

huge amount of research on the effect of vertical equality on growth. Each new regression produces new nuance on the relationship of vertical equality and growth. Much less is known about horizontal inequalities, or about inequalities between groups in a society.

Vertical and horizontal inequalities are not necessarily correlated. Therefore, conclusions from research on vertical inequality cannot be brought straight across to horizontal inequality. In my research, I focus predominately on societies with 2–3 large groups. These groups can be variously defined by ethnicity, race, and religion.

Framed in a more theoretical way, the question I am addressing is: Do high levels of horizontal inequality actually inhibit growth? We should have more efficiency with more equality. Additionally, conflict inhibits growth. These arguments lead us to believe that high levels of horizontal inequality do inhibit growth. The evidence is manifest most clearly in societies with horizontal inequalities between big groups.

We can look at the relationship between growth and horizontal inequalities from the other direction. Can growth make horizontal inequality worse? Yes, particularly when the educated gain the most from growth. On the other hand, growth might not enlarge horizontal inequalities because new opportunities may open up for deprived groups. As development proceeds, there might be labour shortages, which might improve inequality. So the effect of growth on horizontal inequality could go either way, but the evidence suggests some broad patterns. In the early stages, it is more likely that horizontal inequality will increase with growth. In the later stages of economic growth, it is more likely that inequality will decrease as things get better for all. This situation is never permanent though. In OECD countries for instance, there is lots of migration, and horizontal inequality is reproduced among different groups after migration.

I have four case studies:
  (I would like to note that the data availability is poor, so we cannot do econometrics.)
  1. Ghana—the important story here is the inequalities, which follow the North–South division. The government has recognized these inequalities and has invested quite heavily in the North, but recent economic growth has increased horizontal inequality. Social policy has been good, but insufficient to compensate for economic inequalities.

  2. Peru—the main gap is between those of indigenous heritage

and those of European heritage. There has been sustained economic growth, largely through primary production, which has been largely adverse for the poor group. Economic horizontal inequalities have widened, even while some social ones have narrowed.

3. Northern Ireland—there have been very systematic attempts to tackle horizontal inequalities through anti-discrimination laws and other social policies. Inequalities were greatly reduced during 1970–2000. There is no evidence that growth was affected by these policies.

4. Malaysia—systematic policies were effective at lowering inequalities among groups, and it is very difficult to argue there have been negative major side effects or that these policies have hindered economic growth.

In conclusion, horizontal inequality is not an impediment to growth, unless horizontal inequalities engender violent conflict. In each case where horizontal inequalities have improved, it has been attributable to explicit social and economic policies.

What does this mean for policy options? It suggests that one can have direct targeting policies. Indirect policies (such as anti-discrimination laws) are also effective against vertical inequality. The visibility of a policy is also important to address perceptions. If you have got a very deprived group, it might be better to take very visible action to assure stability. The approach to addressing inequalities must be comprehensive. Economic policies must be accompanied by policies that are liable to improve social cohesion. In Northern Ireland and Malaysia, social cohesion has remained very poor.

Discussion

Germano Mwabu: When we talk about elites in Africa, what groups are we talking about? The best educated are often not well paid. Or other people have a lot of money, but are not well educated.

Even if a trade-off exists between growth and equity, the same policies would still be called for because redistributive policies are needed to gain social cohesion. People value social cohesion; it is worth pursuing even if we get a loss in growth. For instance, if we break up a commercial farm, we might have a loss in growth, but important gains in social cohesion.

Ernest Aryeetey: This discussion of elites in Africa follows up on discussions we have had before about class in Africa. When we talk about it, what we see is that what we are talking about is just a particular group at a particular time. In many African countries, those whom we consider to be the elites in the 1960s were replaced by different elites in the 1970s. And today there is yet another group of political elites. How long can they stay in these groups? We need a middle class that can be around long enough to build change. Alternatively, we need to know the extent to which this middle-class group is necessary before we can talk about change?

I'd like to bring up Brazil as an example. Recently, Brazil has improved equality tremendously. The factors behind the improvement in Brazil are similar to the factors behind Malaysia's improvement in equality. There was very important structural change which led to new job opportunities and new agricultural development. At the same time, the so-called conditional cash transfer programs were a very effective social policy for poverty reduction in Brazil.

In summary, I am really interested in more comparative work, in expanding the number of countries for which we have data about inequality. More and better data will enable us to identify the most the most effective social policies and productive policies for improving equality. We know that jobs, opportunity, and capacity matter, but there are always several different options among social policies.

Daniel Posner: Horizontal inequalities pick up inequalities in wellbeing, but the link between horizontal inequalities and growth tends to be through resentment generated by distribution. So does one need to distinguish *de facto* resentment against upward mobility from indicators of well-being? Policy interventions that lead to changes in *perception* might be different from policy interventions that aim only at affecting *outcomes*. Sometimes, visibility might be more important than the actual share of the poor population that a policy helps.

Gustav Ranis: Frances, is there no correlation between vertical and horizontal inequality?
I have to question your point that in the early stages of economic growth and development, horizontal inequality might be worse than in later stages. What is the relation between the two inequalities at different stages?

Ciraj Rassool: There is a debate in South Africa over the effectiveness

of Black Economic Empowerment (BEE) policies. This debate leads precisely to the question: who are the 'elite'? The term can refer to so many different positions in so many different societies. I think the main use of the term refers to people who have access to the state or to crumbs of productive capital. What kind of elite do you need for growth? Is that elite immersed precisely in the productive capital that results in more investment or are we talking about older petty bourgeoisie?

Frances Stewart: I agree there is a great need for more comparative work. Malaysian bumiputra policies were designed to favour a particular group and to lessen horizontal inequalities. Bangladesh on the other hand, does not have sharp horizontal inequality; it is a different case.

I agree with Dan's point about perceptions of inequality, and the difference between absolute inequality and people minding about perceived inequality, which is important. The relation between perceptions of inequality and the actual inequality matters quite a bit for political conflict and inter-group relations. It also in many ways belies a US perspective in which actual mobility is assumed. The European perspective is that this mobility is impossible or that if one is in a particular group, upward mobility is more difficult.

On Gus's point about the relation between horizontal and vertical inequality, if you have no intra-group inequality, vertical and horizontal can be the same. However, of course there is intra-group inequality. We need more work on the relation between vertical and horizontal inequalities.

The visibility of Black Economic Empowerment policies and related policies is very important. Sometimes policies such as this are designed to create a new black elite. Income inequality among black South Africans (within-group inequality) has worsened. However, between-group inequality has got better. Is that a failure? Not necessarily. Maybe you need a black elite for political stability. However, you do not need to have worsening inter-group inequality.

Thandika Mkandawire: The term elite is difficult to define, but you know it when you see it. There are also different parts of the elite and hierarchies within the elite: it includes academics and bank managers, etc. Even defining the term 'elite' broadly, it is still a meaningful category to talk about. It is very important to ask if cohesion exists among the elites or not. Elite cohesion really matters. Class struggles in Africa have been much more restrained than ethnic struggles.

The indicators we have capture differences among the poor, but not

among elites. We talked about social cohesion, but a very important and understudied part of this is elite cohesion. We need to do more research on this. We talk about having the wrong processes, but we (the African elite) have yet to define the rules of the game—the proper institutions to act cohesively. In a sense, studying the elite should be an aspect of studying horizontal inequality.

VII   African Strategies for Growth with
       Equity

VII African Strategies for Growth with Equity

Benno Ndulu

The main theme of my presentation follows from the last discussion, but is more explicitly focused on looking forward.

The experience in many African countries suggests that growth by itself is not necessarily sufficient for reducing poverty—it must be inclusive. There are two main definitions of inclusive growth: shared growth, in which the benefits from growth are widely shared across the population; and poverty-reducing growth, in which the income earned by the poor increases faster than the income earned by the other segment of the population. Unlike the Asian experience, growth in Africa is happening without a commensurate decline in poverty. This is a policymaker's worst nightmare, to the extent that the population doubts we are growing as fast as we are claiming. Poverty remains a big challenge, notwithstanding the recent improvement in growth. To tackle poverty effectively, we must cross three key divides:

1. *The rural–urban divide*. Poverty in Africa remains substantially rural in nature.
2. *The demographic divide*. In particular, the challenge here is youth unemployment. Demography can be explosive, but having a young population can also pay a big dividend if young people are empowered.
3. *The regional imbalance*. Regional divides can be quite important in the sense that they might overlap with ethnic divides. In other cases, the divides might not overlap. We have seen that there are poverty pockets in countries that must be addressed if

social cohesion is to exist.

Before discussing each divide, I want to call attention to two channels through which we should look at poverty. The first is the usual channel, i.e., private consumption, which is the channel everyone talks about. The second is the government revenue channel: the impact of growth on government revenue mobilization indirectly affects household consumption. . For example, Tanzania has had a six-fold increase in revenue over the past decade. Around 59% of this increase in revenue collection is attributable to growth alone. Very often we ignore the contribution of growth to poverty reduction.

The policy choice of whether to use this extra revenue for private transfers or for public spending leads to different welfare outcomes. Private transfers, such as the Bolsa Familia program of Brazil, show up in private expenditure surveys: income poverty is shown to go down. If the same amount of revenue is spent directly on education and health, it shows up as public consumption, which does not enter the poverty metrics. Yet that revenue does usually reach the poor, who supplement private consumption with public consumption of basic social and infrastructural services. So you will get a different conclusion if you are looking only at private expenditure-based measures of poverty. As long as you use broader, Millennium Development Goal-type metrics to measure poverty, you must have both public and private transfers. Pro-poor public expenditure provides an opportunity for the benefits of growth to be shared by the majority of the population.

Policies must be designed to stimulate growth in those sectors and areas in which poor people earn their living. In most African countries, poor people depend on agriculture for their livelihood, making the first key divide to tackling poverty the rural–urban divide. Again, taking the example of Tanzania, we registered on average a 7% growth rate over the last 10 years, but 75% of population is still dependent on agriculture and the growth rate in rural areas is only 1%. This is the big distinction; this is the key disconnect. Politically, people see the plight of the 75%; and the rural population is the population that sends MPs to parliament. This is the group that doubts if we have been doing as well as we are claiming we have done.

We must focus on tackling rural poverty, which translates to focusing specifically on raising agricultural productivity. We must not attempt to raise productivity the same way we have tried and failed before, namely, with extension services only. In Tanzania, we are trying a new model, contract farming, which is anchored around clusters that partner small-

holders, commercial farmers, and agricultural processors. It considers the whole agricultural value chain. The smallholder farmers that are part of this arrangement are seeing their incomes going up 5–6 times relative to those not participating in the scheme. Over the next 20 years, this new model is expected to lift more than two million Tanzanians permanently out of poverty.

The demographic divide is the second key hurdle that must be crossed for poverty reduction and equity to occur. Specifically, youth and urban unemployment are crucial for both poverty reduction and stability. We need a mega-push to tackle youth unemployment. Africa's youth (age 15–24) make up 40 percent of the workforce and 60 percent of the unemployed. Youth in Africa hold great promise as drivers of economic growth through employment and consumption, but a large unemployed youth population can also be a liability and undermine growth prospects through increased crime and political instability.

To a large extent, young people have been streaming into cities. Jobs have not kept pace with immigration into the cities. Employment-intensive growth is necessary to absorb the growing number of migrants to the urban areas. The rate of job creation must be increased overall, and the main areas that need attention to resolve this problem include small and medium scale enterprises and informal sector businesses. Furthermore, in a natural-resource endowed economy, domestication of the supply chain is key to converting enclave mining into job-creating activities. Expanding labor-intensive industry to add value is critical for all areas. We must also enhance the capacity of young people to take advantage of these opportunities. Vocational training combined with apprenticeship can quickly help the continent build an industrial and service sector workforce. Increasing skills not only alleviates shortages of qualified workers but enables more people to participate in and contribute to the growth process.

The future landscape of African economies might not look like that of East Asia for two reasons. One, we increasingly are discovering many natural resources. Therefore, natural resource-based activities and revenues will form an important segment of our economies. How we manage this natural resource revenue will determine what our success will look like. Already there is agitation in Tanzania about where gas should be taken and who gets the benefits. We will have to manage the intergenerational issue as well. We cannot just consume today. We must invest productively for sustainable capacity although we put some of the revenue away. Unfortunately, we also have people on the ground proposing that the revenue from resources should be divided across all households. This

would increase consumption and does not mean more public spending.

It is also true that in Africa we are targeting labor-intensive industries that will become too expensive as incomes in East Asia rise. These are called sunset industries. We have already identified industries in China and India where we can have competitive advantages in labor costs. Then we are working to overcome other constraints. The geese are still flying. They will land in Eastern Africa next. These labor-intensive industries will be part of the answer to creating jobs and absorbing the youth.

Ernest Aryeetey

I want to make a brief presentation on strategies for growth with equity. Benno outlined problems to be tackled. As I see them, they are slow growth, widespread poverty, and horizontal and vertical inequalities. It is important to note that these are not new problems. Throughout the last 50 years, different approaches have been tried; these approaches have failed to different extents. For example, we have seen over the years that the adoption of import-substitution policies after independence did not produce good results. A later example is structural adjustment policies. Lots of improvements in African countries are associated with reforms of the 1990s. Now, today, there are inclusive growth policies.

Despite all these efforts, there is considerable discontent with the economic situation in Africa. Poverty is still widespread, and inequality is still a major problem. So how do you deal with these problems? I would like to use my experience as part of a team tasked with preparing a national development plan five years ago in Ghana. First, I would like to note that development plans have become obsolete in most parts of the world. Such development plans are not regarded as appropriate for dealing with complex contemporary problems. Our challenge was: how do you address growth and equity problems with a market that is not functioning well, with a state that has been demonized, and with people who might not have skills to do it?

One of the things we brought out in our strategy was that we must bring the state back. The state must be an effective part of transformation. But how? How do you do that without letting the state play the role it played in the 1960s? We had three recommendations:

> 1. Modernize agriculture. Bring poor farmers closer to the market. Have value chains in place. Structure these value chains in a way that gives farmers access to good information and prevents the abuse of farmers by corporations.
> 2. Industrial strategy. Like the state, this is not looked upon

with much favor. But how can you use the state's involvement to generate better outcomes, to generate jobs? There is no way you will get manufacturing without the state having a role. Banks will not give loans without the state having a role.

3. Effective social interventions. You are going to spend on health and education; so what type of health spending is most effective? Lots of unemployment is linked to young people not having the skills required by local firms. How do you use education to provide the skills that young people need for jobs? Apprenticeship is dead in African societies today because people remain in apprenticeships for years and years. This becomes a cover for unemployment. Instead we have gone into the mode of cash transfers. How do you use these transfers in a manner that enhances the productivity of the recipients?

With all of these issues, an overarching concern is: how do we deal with the North–South divide in Ghana? Ghana has been growing at 5+% for 25 years, so how do you make sure this ends up spread out? Growth has been driven by new trade taking place, and areas that are not part of this trade have been left out; in particular this means Northern Ghana. You need Northern Ghana as a part of the Ghanaian economy, so how do we bring it in? To bring in Northern Ghana, you need infrastructure and you need to integrate regionally. It cannot be about bringing goods to the Ghanaian coast, it needs to be about integrating north-eastern Ghana with Burkina Faso, Togo, and the whole region. All these countries have northern savannahs that are cut off from their southern economies.

Today, a quarter of Ghana's budget is being put into addressing the North–South divide. Is this worth it? Yes, if it goes according to plan and avoids elite capture. Otherwise it will be useless. In the 1970s, there was a World Bank loan to Northern Ghana, but the resources were captured by the elite, and agricultural productivity went down. How do you ensure this does not happen again? There has to be greater discussion of accountability—people are being taxed in the South to enable development in the North—so there must be structures overseeing this spending. The accountability structure is not acceptable to northern politicians, but those accountability structures are the only way you are going to ensure results.

In sum, solutions exist, but they have to be tried. In a paper written with Chris Udry, I wrote about land banks. How do you arrange institutions to mediate the interests of different groups? There needs to be some place you can go to and ask for land and pay money for the land, which

makes it possible for you to use the land more efficiently. We have not developed mechanisms for regulating land markets. Therefore, we need a different institution to take care of the issues that we are talking about.

Discussion

Arnim Langer: We heard Thandika speak about lack of cohesion among elites. Benno, can you expand on why elites in Tanzania were able to overcome this?

Additionally, when we are thinking about the North–South divide in Ghana, we are always thinking about a national poverty solution. To what extent would an international or cross border or regional solution be appropriate?

Gustav Ranis: You both talked about unemployment. We should talk about underemployment, not unemployment. You have the informal sector in rural areas and the informal sector in urban areas, and the government looks down upon both. Resources should be focused on encouraging the informal sector and on getting linkages between the urban informal sector and the urban formal sector. Most of the people we are talking about here are female or male youth. Are they getting the right kind of education to engage in more formal work?

In addition, natural resources were mentioned. Natural resources can be a benefit instead of a curse, but only Norway and Botswana have managed to avoid the curse component. The most important thing is to not let the resources go into the domestic consumption component of the economy.

Akio Hosono: Even though there have been instances of failure, as described by Ernest, we need investment in infrastructure; and scale matters. We should not abandon this traditional approach; we should emphasize the parts of this approach that work.

Thandika Mkandawire: Some of these large, state-supported schemes have been tried before. For instance in Malawi it was done with tobacco plantations and it worked. It led to one region doing very well, but there were large horizontal inequalities. The World Bank scheme that failed in Ghana actually failed everywhere. The failure was not just because of elite capture. It also had to do with the collapse of rice production. In Malawi, the same scheme failed not because of capture, but because elites avoided the scheme.

Frances Stewart: Benno, you described mechanisms by which growth

translates into decreases in poverty. Particularly since you face an infrastructure problem and an unemployment problem, why not do employment schemes?

Daniel Posner: You both described natural resources. In Ghana it is oil, in Tanzania it is natural gas. Could you talk about strategies that your countries are using to prevent natural resources from generating horizontal inequalities? What are ways in which natural resource exploitation can be structured so it will not increase horizontal equalities?

Furthermore, formal sectors in Africa give very high wages relative to other sectors. There needs to be a discussion of costs and wages. These wage systems should be reformed and modernized. The worry is that in East Africa, productivity is stagnant, making wage increases unjustified. To attract investors, wages must be straightened out and more investment should be made in infrastructure.

Germano Mwabu: What about growth where all incomes are rising, but the incomes of the poor rise faster? Where there is growth with increasing equity you need not worry about separate policies to encourage growth and to handle redistribution; we should be discussing strategies to encourage the right kind of growth. In the Asian experience, low labor costs were a crucial part of the success. A possible lesson of this experience for Africa would be to involve rural areas in manufacturing. Should manufacturing growth be located in rural areas to keep wage costs down, would this then be possible?

Benno Ndulu: On Arnim's question about how elite coherence came about in Tanzania: there was agreement whereby the country wanted to go in the long term, which translated to clarification in the vision documents. We had consensus about a long-term transformation, and getting to middle income country status. Subsequently plans for the medium term were created, which has helped reinforce that clarity of thought and purpose.

On Dan's natural resource question – the difference between what I see as the likely path of African development and the development pattern of Asian economies largely arises because in Africa there will be a whole series of industries that emerge because of natural resource comparative advantage. The effects of the resource curse are less severe than is commonly believed. The curse is reversed for Nigeria now. The number of countries that were hit by Dutch disease is much smaller than people think. There are 19 middle income countries in Africa, most of which are oil exporters, which shows that something somewhere went right beyond

Botswana. There will be considerable resource-based industrialization, which was not present in the Asian story. The resource curse can be managed. You need a very clear strategic investment program that will be the destination of resources. If you have clarity ahead of time, then you need not worry about the fight later. For us in Tanzania, the conversation has already begun.

The new agricultural solution is organizational. It does not mean you stop large extension schemes, but it means you emphasize smallholder agency. You create pathways for a smallholder to become creditworthy by being part of the scheme, and you ensure it gets better access to inputs and mechanization. These agricultural programs are about trying out of the box solutions to a problem we have struggled with for a long time.

On targeting labor-intensive industries as the cost of labor increases in Asia, or "the flying geese issue": Yes, we do need to invest in skills before we can bid for this manufacturing investment. Our strategy in Tanzania is to build pockets. In those pockets we try to address constraints to productivity in a much more focused way. We know we can deliver power and water in those areas and thereby make them that much more attractive. Rather than wait for entire country to become attractive, we will make pockets attractive and work from there.

Ernest Aryeetey: Let me first talk about Arnim's question about the Northern Ghana problem: Should solutions be regarded as international or regional rather than national? I believe they go together. We need national policy that embraces a regional approach. The infrastructure requirements are so great. Ghana cannot do it alone, so we are discussing how to do it in ECOWAS. There is a discussion at the African Development Bank about how to fund infrastructure requirements.

Gus, I agree that the informal sector is an important part of both rural and urban areas. How do you enhance the informal sector in both places? This might call for skills upgrading; people who currently work in the informal sector have to learn how to do more formal jobs.

On Thandika's suggestion that the rice market collapse contributed to the failure of the World Bank project in Northern Ghana, it is true that rice production was boosted for two years and then collapsed. There were structural issues involved that can be linked to elite capture. Five firms controlled all the production. Four of those firms were controlled by soldiers. The production was very concentrated and in the hands of well-connected elites, not expert farmers. When you lend money to a police commander to produce rice, you should not be surprised when he

quits after two years.

On Dan's point, the question we must ask about natural resources is: how do we guarantee that rents from oil get spread around and used effectively? Gus pointed out the rents must not be used for consumption. New oil economies in Africa have learned lots from the experiences of Nigeria, Cameroon, and Gabon. I will be surprised if the countries with recent discoveries behave the same way Nigeria did.

On manufacturing in rural areas, I agree there is a lot to be learned from countries in Asia, in particular about cluster manufacturing. How do you use clusters to bring together small groups of producers? How do you produce to scale, with a group of small producers? These are the questions that must be answered.

Video Presentation: Market Experiment on Ethnicity

Ken-Ichi Shimomura: I would like to show you a video of an economic experiment that we conducted in Kenya to test whether ethnic diversity adversely affects stability and the welfare quality of market economy. For this experiment, we constructed a model of a pure market economy where two groups of individuals trade two goods. We made up six teams of traders each consisting of individuals belonging to the same ethnic group. We had three ethnic groups with two teams for one ethnic group. Of the six teams, we had two teams engage in trade at one time, and repeated the exercise with different combinations of two teams selected. We compared outcomes of the trade to see, for example, if trading between two teams of the same ethnic group converge to equilibrium faster than trading between two teams of different ethnic groups. We also saw which combination would give rise to equilibrium with higher welfare than others.

We found that contrary to the conventional wisdom, ethnic diversity has stabilizing and welfare-enhancing effects on market outcomes. However, this finding is tentative and preliminary. Large and more rigorous experiments would have to be conducted before more definitive conclusions can be drawn. (VIDEO)

Arnim Langer: The stereotyping at the beginning was a bit much. I would recommend using attitude surveys to generate these stereotypes, rather than to have them assumed.

Daniel Posner: I am worried about how different your findings would be

if you just had regular people interacting in the market, instead of elites (university students) who are being filmed. The fact that you were interested in inter-ethnic interactions was built into the interaction. The kind of behavior you observed should be interpreted cautiously because everything was completely overt (they know you are watching and measuring their ethnic behavior) in a population maximally socialized against behaving in a tribalist way.

Ciraj Rassool: Would one be able to make a similar film in South Africa? No. I want to register a sense of discomfort. Is there an aspect to the film that is tongue-in-cheek? The way one gets to particular bodies inhabiting tribes is very complicated. Even among students who decide they are comfortably Luo and who decide to perform it.

Abdul Raufu Mustapha: The foregrounding of it seems jarring, too strong. The fact that it is a Kenyan academic presenting it does not make it any better. Did you incorporate or control for other variables such as gender or age?

Ken-Ichi Shimomura: We heard similar opinions. They advised us to pay particular attention to gender. Female and male behaviors were pretty different. They were not controlled in this experiment, but the ratio of female to male was equal.

Ernest Aryeetey: I share Dan's point about what the environment does to the results we can get. On the issue of the propriety of the way prejudice or bias were presented, I was wondering about the extent to which political correctness inhibit us from discussing the way ethnic groups differ.

I went to a boarding school, which brought together many different ethnic groups and classes. We enjoyed cracking jokes about ethnicities but after five years, the jokes were different. You learned how to survive in a multi-ethnic community. You learned to give and take. Today is this give and take missing because of political correctness? This issue is not unique to Africa. There are always jokes about different groups, which can be part of people learning to accept different groups. I am worried about what happens if we cannot joke; does this mean we have no way to negotiate give and take? In Ghana, political correctness inhibits you; so important issues do not get discussed in big groups.

Germano Mwabu: The tribal stereotypes shown in the film have a different meaning in Kenya because there is no racism. If you are South African, you think racism, but that does not register in Kenya. The dis-

tinctions made between the groups are uncontroversial. On the technical question: ethnicity was randomized. Everybody was subject to the same circumstances. The only problem seems to be that the control and experimental groups were in the same interaction setting.

Frances Stewart: First on the jokes, certainly in the UK people still tell jokes that are racist or anti-Semitic, but they are dangerous. Secondly, you must be cautious about the conclusions in the video because these things are delicate. These conclusions lead to generalizations about certain groups. These are political conclusions, so you must be very careful before you come to these findings. You must give a political warning at the end of the video. These conclusions could be political dynamite.

Kojo Amanor: A lot of trading relations are based on ethnic relations. I would argue that trade relations define the ethnic relationships, not the other way around. Jokes emerge from the bartering relations.

Thandika Mkandawire: Anthropologists have done much work on markets in Africa. It should not be surprising that ethnicity plays a role in trading because trust is crucial in trade. What is the point of the study in the video? Were you trying to discover the veracity of the stereotypes?

Bruce Berman: It is worth asking to what degree ethnicity has developed around markets and the negative stereotypes of ethnic behavior. Ethnic humor takes the stereotypes given to minority groups and satirizes them from the inside out. It was not until the 1960s in America that black comedians showed multi-racial audiences how they had used or turned around such stereotypes, and this was an important component in popular culture of the civil rights movement.

Arnim Langer: You can say 'yes we must be able to joke about ethnicity' but we need to see if this affects behavior. Does the popularization of these jokes affect my hiring policy? If I do not hire people because I do not want to work with people who are assumed to be lazy or otherwise, then we have a serious problem on our hands.

Ken-Ichi Shimomura: The motivation is purely scientific. We just want to say these are the results of our small experiment. The remarkable feature of this experiment is that Kalenjins stabilized the market. Their strategy was "my way or the highway." There was no talking before the experiment, so this strategy must have emerged organically.

Hiroyuki Hino: The experiment was to test the idea that ethnic diversity contributes to market instability—is it true that because greater trust

could be assumed among people belonging to the same ethnicity, market equilibrium is reached sooner when trading is done among them rather than between different ethnicities? The only objective was to test that hypothesis; it was not to talk about traits of particular ethnicities.

The experiment showed the opposite. What this experiment tells us is that we have to be careful in assuming that the market economy is affected negatively by the co-existence of different ethnic groups in a country. I tend to agree with Ernest that openness about ethnicity would help. Currently, Kenya is not releasing census data by ethnicity. If you keep talking about the same issue for five years, then it will become less controversial. If actual data are not published, perception prevails. So what do you gain by not publishing?

Daniel Posner: This is not actually an experiment about diversity. This experiment takes place at 0% diversity and 50% diversity, which might be indicative of a context of non-diversity vs. low-level diversity, but it is still possible to seek out co-ethnics. Those are just words of caution about interpretation.

Benno Ndulu: On the point of openness for the census and sensitive data – this has to be done in a very careful way. You do not want it to provoke tensions; this is still an issue. You do not want the opening up of the data to affect the data itself.

Ernest Aryeetey: The way to address the dilemma Benno set out is to have more open discussion of these issues. Before the most recent census in Ghana, we started with a rough idea of the size of most groups. The number of Muslims came out smaller than expected; the Muslim groups were angry. They required a thorough explanation of how the census was done. Gradually their anger lessened. Think in terms of entrepreneurship: Igbo in Nigeria, Kikuyu in Kenya, Ashanti in Ghana, Chagga in Tanzania—how do you make these groups, known for their dynamism, into the agents of change? Currently there are policies that stop groups from achieving their full potential. Some groups are good at entrepreneurship; other groups are good at bureaucracy. So how do we support these groups?

Arnim Langer: If you use the group as an instrument in policy, you must stimulate them to get richer—the reason why they are richer might be intra-ethnic trust. Should we be trying to disaggregate this group, and help other groups to build up inter-ethnic trust instead? It goes with building up the notion that we should not continue to use the group.

Benno Ndulu: The same people who are apparently entrepreneurial can also be called thieves. When that happens, the debate becomes much more significant then.

Abdul Raufu Mustapha: If we go down this road, we will hand over x ministry to one group, y ministry to z group. Then we will have no national project.

Ernest Aryeetey: If these groups have been known to be particularly great in a certain sector, and in the last 20 years or something have not been able to act as usual, then let's remove the obstacles and enable them to flourish. That is my argument. For example, the Chinese and Indians in Malaysia are minority groups that have been allowed to flourish.

Ciraj Rassool: I have a problem with this discussion. Let's look at the one powerful example in history. Jewish people were described as very good traders, etc., also thieves, and look what happened.

Bruce Berman: The Kikuyu are not necessarily inherently 'entrepreneurial.' These are not intrinsic traits. They result from historical decisions taken by British about where to base a railhead at the edge of Kikuyu country. These decisions then had consequences that led to different outcomes for different ethnicities. We should ask: where does the stereotype come from? The stereotype comes from certain contingent experiences; it is not an ethnic trait.

Daniel Posner: We are looking at average differences in business success across groups, when these might result from historical accidents, different educations, etc. The policy should be to support all the groups to make sure they have these opportunities.

Conclusion: Summing-Up

Hiroyuki Hino and Taylor St. John

During our previous meetings in this conference series, we have come to agree that ethnic diversity need not be an obstacle to economic development in Africa. In post-colonial Africa, ethnicity tended to be associated negatively with economic performance and instability. However, ethnicity only mediated state and economy through its political alliances. Some reports of the academic literature also neglect the mediation role of ethnicity.

The increasing scarcity of land and economic hardship, and the consequent psychological territorial confinement of ethnic communities might have created a vicious cycle between inter-ethnic relationships and economic uncertainty. However, these relationships are products of historical, political, geographic, and economic forces of that time. The essence of African ethnicities is that they are malleable and fluid. Mwabu proclaims that "Kenya is proud of her ethnic diversity."

Economists took ethnic diversity as an independent explanatory variable for analytical convenience. They found a negative correlation between ethnic diversity and economic growth, and concluded that ethnic diversity is part of the explanation for the so-called 'development failure' in Africa.

In our discussions today, the sentiment was expressed that this was unfortunate because it contributed to creating the perception in the West that there was something uniquely or inherently negative about African ethnicities. It contributed to the prevalence of Afro-pessimism at that time. However, their quantitative analyses were methodologically imperfect because they ignored the fact that ethnicity and the economy are interdependent. Consequently, a regression of economic growth on ethnic

diversity tells us nothing about the causal link between ethnicity and growth. As John Lonsdale always emphatically tells us, ethnicity explains nothing by itself. This is a strong hypothesis that stands in opposition to the empirical literature showing a negative causal effect of ethnicity on growth in Africa. We interpret the negative coefficient on ethnicity in this literature as a negative correlation between diversity and growth.

So then what can we do to accelerate development in Africa in the midst of these conflicting findings? What can be done to ensure that the negative association between ethnicity and economic development is not a hindrance to policy making and implementation in Africa? Or how can rapid economic development be achieved in ethnically diverse economies? The purpose of this workshop was to answer these questions. As Benno Ndulu clarified for us, the idea is to identify aspects in a country's political, economic and social interplay that give rise to "negative ethnicity" and transform them accordingly. A country cannot achieve robust inclusive growth unless it stays together as one nation. Therefore, we specifically examined three key spheres of nationhood:
    (1) political governance structure,
    (2) land, and
    (3) social cohesion.

Before we discuss our findings related to each issue, we must say that we were struck by the differences in how the issues of ethnicity are perceived among the researchers who represented African countries here today, i.e., Ghana, Kenya, Malawi, Tanzania, Nigeria, and South Africa. Clearly, a "one size fits all" approach does not work.

None of the following policy recommendations should be taken as general solutions; they are ideas offered with the view that careful abstraction and interpretation of evidence can provide useful policy lessons. The objective here is not to give advice as such, but to clarify the side effects and implications of particular policy choices so that policymakers can make more informed decisions. Our intention is to provide evidence and ideas related to implications of particular policy choices for harmonious or inclusive development.

Democratic Governance and Devolution

Regarding the desirable structure of governance of a nation which is characterized by ethnic diversity, we considered overall democratic rules, and within that context, devolution. This consideration is motivated by our observations that the application of simple majority rules and centralized authority have tended to produce an ethnically skewed distribu-

tion of political power as well as suboptimal and inequitable provisions of public goods. This caused inequalities among ethnic communities and regions, and a sense of exclusion by less-favored communities, which tends to breed social conflict. Mwabu presented a very interesting set of evidence on Kenya in this regard.

Raufu offered a well-structured and sensible roadmap for designing democratic rules. Such rules should result in (a) self-rule and shared rules, (b) clear definitions of jurisdictions and powers, (c) devolution of sufficient power, (d) a common civic citizenship built around a universal social policy, and (e) workable mechanisms for resolution of intra-government disagreements. Specifics of such rules depend on country circumstances.

One could perhaps presume that proportional representation would better assure more inclusive sharing of political power, as argued by Berman and Takahashi. Arguably, proportional systems engender a wider sharing of resources, and are thus more likely to prevent political instability when compared with majoritarian systems. Proportional systems create less of a sense of exclusion, and wider access to privileges and protections of the state. Yet Ichino cautions that we should consider the possibility that proportional representation provides more effective political governance but less-efficient economic governance. Moreover, majoritarian systems often provide better constituency services and foster a closer link between citizens and their legislators.

Design is of course important, but what is on paper is not necessarily what is on the ground. Constitutions are only a starting point for transcending ethnic politics; they do not automatically deliver on their promises. A constitution without constitutionalism is meaningless.

The question is this: How do you instill constitutionalism? One answer that has emerged is support: support for the development of civil society, defined broadly to include the media, think tanks, and members of the public. The growth of institutions that can stand up and demand the state to adhere fully to the constitution takes a very long time, of course. However, horizontal devolution, or passing power along to other branches of government and ministries, can help with almost immediate effect. Implementing policies that protect the freedom of the press helps similarly.

We discussed big-bang vs. incremental approaches in effecting desired changes. Considered views, advanced by Ernest and Benno, are to prioritize working at the margins. Instead of fighting for total overhaul, it

might be more useful to identify very specifically those pieces of government that are not working; then think critically about how to improve the things that are not working. This moves toward a system of continual negotiation, which gives more space for deliberation, and which provides more opportunities for governments to respond flexibly to changes. This incremental approach might be more appropriate for states where there is already a certain degree of stability and trust in institutions.

Ranis recommended, and we agreed, that horizontal and vertical decentralization are complementary policies that, on balance, help diffuse the concentration of power. Horizontal decentralization spreads power away from one ministry (typically the ministry of finance) into other ministries. Vertical decentralization pulls power from the center to the local units; decentralization advances as local units are able to raise their own revenue and have more autonomy. Posner also favored vertical devolution on the grounds that more homogeneous subunits deliver more public goods.

In implementing devolution, however, sequencing is important to ensure that the capacity of local units is in place before financial resources are devolved to them. Moreover, we are not suggesting extreme devolution where maximum resources are sent down to the smallest units, each of which consists almost entirely of one ethnic community. In such small units, it is more difficult to assure adequate capacity for sound fiscal practices. This could also be seen to be encouraging segregation, which might run against the spirit of inclusion.

Another consideration is that perhaps local units could be even more susceptible to elite capture than larger units. What policy interventions are useful to limit the spread of patronage politics? Moral ethnicity, as argued by Lonsdale, would constrain abuse of power by elites. Another suggestion is to support the development of a strong civil service at local levels. The civil service can serve as a bulwark against ethnic politics, and can raise the overall quality of government service.

However, the extent to which the civil service can increase the capacity of local government and thus increase the feasibility of decentralization is contested. Ultimately, civil service too is always answerable to their political authorities.

Land and Urbanization

No one disagrees with the centrality of land in considering ethnic conflicts or inter-ethnic harmony. Commoditization or marketization of land

has added an extra dimension as communal land gets sold off by political elites in central governments or within communities. This sell-off raises intra-community vertical inequality, which can provoke tensions and a serious disruption of the 'moral ethnicity' that binds groups together. This cohesion, together with widespread unemployment of young people in urban centers and the polarization of society as a whole by income levels, gives rise to class conflicts, adding additional dimensions to economic and political instability.

Kojo told us that the thrust of contemporary land reforms in Africa is customary land management, which involves the management of land ownership and long-term leases by communities. This policy is consistent with or goes in tandem with the devolution we advocated above. Customary land reform is also a policy tool that is useful to slow the speed of urbanization.

Customary land management might also be applied to management of oil and other mineral resources. This management would entail ownership of such resources by the communities residing where the resources are extracted, and thus remove the sense of exclusion and bring about more direct accountability.

Ciraj brought to life the complex issues involved in restitution, and the importance of memory in reconstructing states. He gave us examples of the ways in which the agency of local communities can be mobilized to build civic resources. He raised an important point when he argued that we cannot see these projects just as building housing or infrastructure; we must see them as rebuilding a community. Alongside building housing or infrastructure, we must begin to ask: how do you recreate community memory? This question and related concerns are important for social cohesion.

Social Cohesion

Mwabu argued, and we agree, that social cohesion has intrinsic value. It is both an instrument to enhance more stable economic development and a policy goal of harmonious development of a society. This cohesion might require moving away from measuring development predominantly in terms of growth, and toward measuring it in broader, multidimensional metrics.

Horizontal inequalities can be politicized and used to foment violence; vertical inequalities can outrage their moral communities and sow discord. Therefore, whereas social policies for inclusion might involve some

degree of inefficiency, this inefficiency needs to be weighed against the civil war or societal tension that such policies are designed to prevent. This fact does not suggest that economic policies should be designed without regard for their efficiency, rather that it might be worth trading off some economic growth for an increase in inequality.

Benno reminded us of the importance of particularly addressing specific problems and generating clear policy solutions. To tackle poverty in Africa, growth must be inclusive. To be inclusive, he argues, we must tackle three key divides. The first is the rural–urban divide, with the emphasis on rural poverty. The second is the demographic divide: grappling with youth unemployment. The third is to tackle geographic imbalance in development. The geographic divide might overlap with the ethnic divide, but it also might not.

Perhaps more specifically, policies should be designed to foster trust, both within and between ethnic communities. We agreed that education is crucial in this regard. We argued about whether greater openness toward one's ethnicity helps or hinders social cohesion, but on balance in our view, openness is the way to go. Is a policy of suppressing local languages desirable, or will it be better to foster ethnic identity, including languages? Views differed, but it appeared that a majority supported the latter.

A complementary tool in moving away from an ethnicity-based politics is the idea of civic citizenship. This means not just giving people the right to vote, but also linking abstract rights to citizenship. Quality of their lives has to be affected by being a citizen; there could be a certain minimum that comes with being a citizen of that country. It is in situations where lives of citizens are radically different within states, and in particular where these differences map on to ethnic differences, that trouble emerges. It is imperative to find ways to correct the unequal distribution of resources; otherwise people generate a common cause with co-ethnics to fight for these rights.

Finally, Berman and Takahashi reminded us that the issues arising from ethnic diversity in Africa cannot be addressed in isolation of developments in the rest of the world, be it the ideology advanced by the international institutions, immigration policies of the developed countries, or the forces of financial flows from China and other countries. Furthermore, the issue of the nexus between ethnicity and development is not unique to Africa. In other words, this is the challenge to which all of us in different corners of the world will have to meet and resolve together.

Although it is beyond the scope of our project to propose actions that international institutions and governments of non-African countries could take, it is nonetheless important that all of us keep this global context in mind. Perhaps for this reason, it is important that those of us from North America, Europe and Asia should continue to meet together with African colleagues to discuss the link between ethnicity and development as an issue that we share in common.

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