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# Are Losers Funny or Is It the Funny Who Lose? Jokes on *The Daily Show* and *The Colbert Report*

Meredith Rees and Shea Hack, Purdue University

*Political humor has a very visible and important role in the way citizens gain information and form decisions. Previous research indicates that shows such as* The Daily Show *and* The Colbert Report *influence viewers' perceptions of politics and political candidates. Our research focuses on these shows' coverage of the 2008 presidential election. By coding for distribution and content of jokes told about each campaign, this article presents important and timely data about the relationship between 'fake' news and the perception of presidential candidates. Our data suggest that* The Daily Show *and* The Colbert Report *are motivated by many of the same incentives that drive conventional news sources. The research conducted in this study will also provide useful information for future analyses of political satire and its influence on how viewers perceive candidates.*

Humor has never been absent from political discourse. Satire, as a specific form of political humor, has played an increasingly important role. Satire has a long and varied history throughout human society. In ancient Roman and Greek civilizations, satirists were considered to be magicians because of the power of their words to shape opinion. The satire of today has much the same power. As opposed to general political humor which simply aims to make the audience laugh, satire also "encourages critical debate, sheds light on perceived wrongs within society and government, points out hypocrisy, and makes political criticism accessible to the average citizen" (Caufield 2008, 4). Satirists do this by using tools such as ridicule, irony, sarcasm, parody, and exaggeration. *The Daily Show with Jon Stewart* and *The Colbert Report* easily fall into the category of political satire. Jon Stewart and Stephen Colbert use their weapon of wit to highlight and attack what they view as political, societal, and/or individual follies, shortcomings, and abuses. From the political cartoons of Thomas Nast to the modern political comedy news programs of *The Daily Show* and *The Colbert Report*, satire has been and still is significant in shaping political dialogue.

The importance of political satire during campaign seasons has become increasingly important to political scientists because of the proliferation of such media sources as well as their increasing popularity among the public. In our research, we study political jokes on *The Daily Show* and *The Colbert Report* during the 2008 presidential campaign. Specifically we are looking at how jokes are distributed among the two major party presidential candidates and the content of those jokes. We hypothesize that more jokes will be made about the Republican candidate for President, John McCain, than his rival Democratic candidate, Barack Obama. In addition, we hope to be able to touch upon the validity of widely held public opinion that these shows have a liberal bias. However, our research will only allow us to speculate on this issue and further research is needed to draw adequate conclusions. This study is groundbreaking in its timeliness and because most research in this area is focused on political knowledge gained from comedy news programs rather than a possible biased distribution of satirical jokes.

## Literature Review

Political satire today is thriving and appears in almost all types of media. This type of political humor appears in the form of television programs like *The Simpsons*, *South Park*, and *Family Guy*; in movies including *Team America* and *Thank You for Smoking*; in print media like *The Onion;* and on websites such as JibJab.com. The phenomenon of "fake" news is also a form of political satire and includes shows like *The Daily Show* and *The Colbert Report*. Under the guise of "fake" news (i.e., news satire that parodies mainstream news media), these sources are free to violate traditional journalistic standards of objectivity by claiming to be comedy rather than legitimate news sources. They are able to offer harsh criticism to a much greater extent than traditional journalists (Baym 2005).

The label "fake" news, however, is somewhat misleading. While comedy provides the initial appeal, discourse on these shows provides a forum for serious political discussion and criticism (Baym 2005). An increasing number of the public, especially younger people, report watching "fake" news programs like *The Daily Show* and *The Colbert Report.* Americans between the ages of 18 and 29 watch the program more than any other age group. Data from the Pew Research Center (2008) show that almost half of those surveyed in this age group (42 percent) watch *The Daily Show* regularly and a similar percentage (43 percent) report watching *The Colbert Report* regularly. The percentage decreases with each increase in age group. However, a surprising 34 percent and 37 percent of those between 30 and 49 years old regularly watch *The Daily Show* and *The Colbert*

*Report*, respectively (Pew Research Center 2008). The fact that a large portion of the public watch these programs is significant, but what makes these shows even more important is that as youths increase their viewing of comedy news media, they are relying less and less on mainstream political news sources such as network news and newspapers. A full 25 percent of the 18 to 29 year old cohort reported that they pay no attention at all to hard news sources (Baumgartner and Morris 2006).

Fake news becomes especially significant during election seasons as candidates are the focus of a multitude of negative jokes that can influence viewers' perceptions. In a November 2004 Pew Research Center survey, 48 percent of adults regularly or sometimes used entertainment media such as *The Daily Show* as a source of campaign news and 17 percent of voters reported that they regularly learned something about candidates or issues from those programs (Kim and Vishak 2008). In addition, a Pew Research Center December 2003/January 2004 Poll suggests that people under the age of 30 cited comedy shows as regular sources of campaign and candidate news almost as often (21 percent) as newspapers or evening network news (23 percent) (Brewer and Cao 2008).

Although it has been established that young people are watching *The Daily Show* and other comedy news programs, research has been mixed on whether viewers actually learn from these shows. The December 2003/January 2004 Pew Research Center poll asked respondents who said they regularly or sometimes watched late night or comedy shows, "Do you ever learn things about the candidates or the presidential campaign on these shows that you haven't heard before?" (Brewer and Cao 2008, 272). Of those that received this question, 40 percent (15 percent of the entire sample) said they had (Brewer and Cao 2008). This poll shows that viewers at least think they are learning something from comedy shows; however self-reports can be unreliable. Therefore, a National Annenberg Election Survey completed in September 2004 asked viewers which late night or comedy show they watched and compared their answers with their scores on a basic political knowledge test. The study showed that viewers of *The Daily Show* tended to know more about the campaigns than viewers of any other late night show even when factors such as gender, party identification and education were held constant (Brewer and Cao 2008). Other studies have expanded upon this, finding that viewers of T*he Daily Show* are even more informed than those who watch cable and evening network news (Caufield

2008).

On the other hand, Compton (2008) argues that people may not be actually learning from the show. Instead, he argues that those with more initial knowledge are drawn to political satire shows because they can appreciate the humor and consequently they reinforce their knowledge while watching. Moreover, research by Kim and Vishak (2008) indicates that entertainment media including comedy programs are not especially effective for acquiring factual information. Rather, they find that these sources were more effective in impression formation of candidates. Other research also supports this finding. Analysis of data collected from the 2000 presidential election campaign illustrates some potential for comedy to sway audience members' perceptions of the candidates, particularly in terms of character traits in their overall candidate evaluations (Kim and Vishak 2008). Since these programs are apt to turn any political gaffes into entertaining punch lines, the overall tone toward candidates can become overwhelmingly unflattering. Other studies have also shown that the content of jokes in late night comedy shows is overwhelmingly negative and targets personal characteristics rather than issues (Niven, Lichter and Amundson 2008). Baumgartner and Morris (2006, 361) found that during the 2004 election, "exposure to *The Daily Show*'s brand of political humor influenced young Americans by lowering support for both presidential candidates and increasing cynicism."

In light of existing research, it is apparent that political satire in the form of television shows like *The Daily Show* and *The Colbert Report* can have a significant impact on viewers in the information they receive about political campaigns and their evaluations of candidates. Therefore, our goal in this study is to find out which candidates are more likely to be the focus of satirical jokes and what the content of those jokes is.

## Research Design

For the purposes of this study, we watched and coded Comedy Central's *The Daily Show with Jon Stewart* and *The Colbert Report with Stephen Colbert* which are aired Monday through Thursday at 11:00 p.m. and 11:30 p.m., respectively. We selected these shows because they are considered political satire and primarily focus on news and politics, more so than other late night comedy programs. Thus, these shows have a high volume of political and campaign-related jokes. In addition, they are two of the more popular comedy shows. According to a Pew Research Center survey (2008), 23 percent of the public reported watching *The Daily Show* regularly or sometimes, and 19 percent reported watching *The Colbert Report* regularly or sometimes.

We chose to investigate the episodes that were aired during the two weeks prior to the November 4, 2008 presidential election. Therefore, we watched and coded these two shows during the weeks of October 20, 2008 and October 27, 2008. We also included the show that aired the night before the election, Monday, November 3. In total we coded nine episodes of *The Daily Show* and nine episodes of *The Colbert Report*, for a total of 18 episodes. We accessed these television shows through Comedy Central's online database.

Our unit of analysis was the individual joke made by Stewart and/or his correspondents and Colbert. The guest interview portion of the both shows was largely omitted from the study except when they were directly related to the presidential campaign. We coded every joke related to the presidential campaign in both shows and indicated whether the joke was directed toward Barack Obama or John McCain. Jokes made about Joe Biden or Sarah Palin were also coded and were placed in the category of their respective running mates. Jokes about the vice presidential candidates were analyzed as part of the Democratic and Republican tickets and as separate entities. Jokes about any candidates other than those seeking the presidency or vice presidency were ignored.

In addition to recording which candidate was the target of jokes, we also noted the topic of the jokes. Our first thought was to categorize jokes into three categories: issues, characteristics, and appearance. However, while coding, we quickly learned that Stewart's and Colbert's jokes were not fitting neatly into these preconceived topics. In light of this, we decided to write on our coding sheet a few words describing the content of each joke. After our coding was completed we compiled the jokes into six different topics. These included: Issues, Gender/Age/Race, Appearance/Image, Campaign, Poor Wording/Gaffes, and General Mockery. The topics of Issues and Gender/Age/Race are explanatory in their name. Jokes about Appearance/Image included clothing, facial features, and personality/character traits (experience, temperament, "Maverick") but excluded gender, age, and race. Poor Wording/Gaffes included jokes about misstatements in speeches and/or debates as well as any other gaffes or political embarrassments. General Mockery served as our catchall category and included a wide variety of jokes that did not appropriately fit into the other topics.

We also decided it would be important to note the audience reaction to these jokes. A joke was considered positive if it elicited laughter, negative if it was followed by booing, and neutral if there was minimal or no reaction from the audience. In addition, notes were made about special observations during the shows that we found useful in our analysis.

After all coding was completed, we compiled the data. We used this information to analyze the coverage of the 2008 presidential election on *The Daily Show* and *The Colbert Report*. The following sections present our research findings.

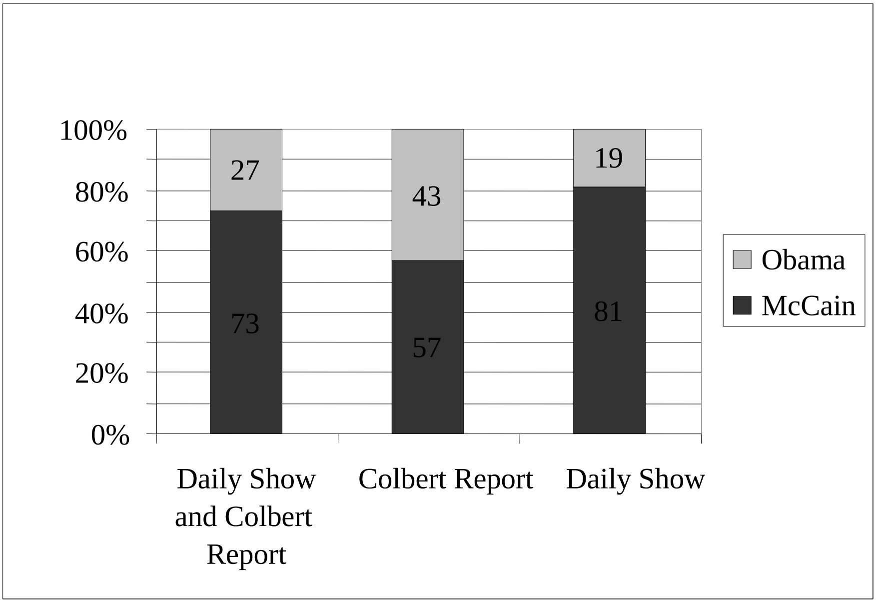
## Distribution of Jokes

A total of 170 jokes were told in the time period we extracted data. Of these 170 jokes, 73 percent (124 total jokes), were about the McCain/Palin ticket (these included all jokes about McCain, Palin or both), while 27 percent (46 total jokes), were directed toward the Obama/Biden ticket (these included all jokes about Obama, Biden or both). This distribution of all observed jokes is displayed in Figure 1.

Stephen Colbert proved to be a little kinder to the McCain/Palin campaign than was Jon Stewart. Only 57 percent of those were directed toward McCain/Palin while 43 percent were about Obama/Biden. *The Daily Show*, however, showed much more criticism of the McCain/Palin campaign with a full 81 percent of the total jokes about McCain/Palin and only 19 percent about Obama/Biden.

These data clearly show that Stewart and Colbert were far more likely to make jokes about McCain and/or Palin than about Obama and/or Biden. It is not surprising, however, that *The Colbert Report* showed more criticism of the Obama/Biden campaign than did *The Daily Show*. We assume that because of Stephen Colbert’s ultra-conservative character on the show, based largely on Bill O’Reilly and his show *The O’Reilly Factor*, Colbert would be more prone to criticize Democrats.

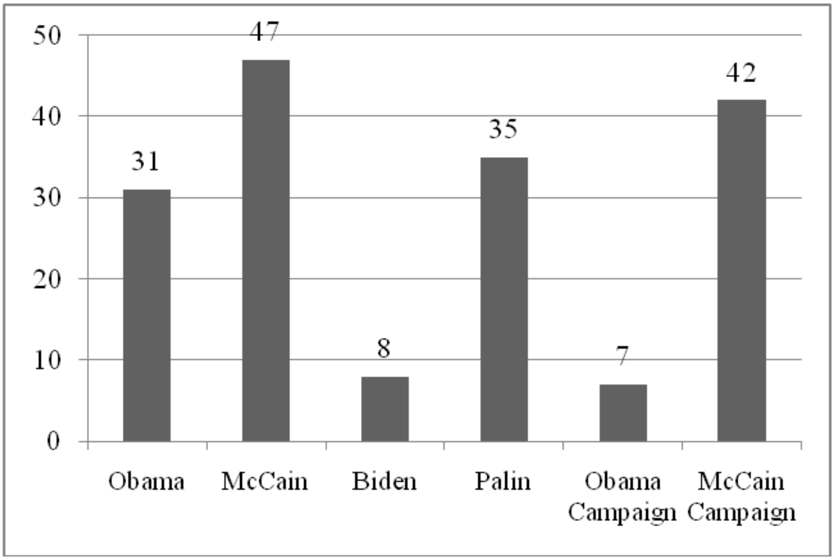
**Figure 1**: Joke Distribution




It is interesting to note that during our coding of *The Colbert Report*, we found that many jokes were more complex than they initially appeared. On the surface, jokes seemed to be about Obama; however, when one could recognize the sarcasm in Colbert's humor, it became clear that, on a deeper level, his jokes were actually targeted at McCain. For example, Colbert frequently joked that Obama is a socialist. But in doing so, he made the claim sound so absurd that it became a mockery of those in the McCain camp who actually endorse this claim. This humor was especially difficult to code for and its subjectivity is one of the greatest limitations in our research. Because of the difficulty in correctly identifying sarcasm and the host's true intended target, we chose to code these types of jokes as about the target on the surface; i.e., the Obama campaign in the above example. But if we had decided to interpret the jokes in a different way, that is taking his sarcasm into consideration, virtually all the Obama jokes would move into the McCain column. This observation is significant because it may be possible that some viewers do not understand Colbert's nuanced humor and therefore may be more likely to believe his absurd claims and not correctly interpret them as mockery. This particular phenomenon could be an important factor in viewers' evaluations of candidates and should be addressed in future research.

Figure 2 displays the number of jokes about Obama, Biden, McCain, Palin, the McCain campaign (i.e., refers to the Republican campaign staff and general campaign strategies) or the Obama campaign (i.e., refers to Democratic campaign staff and general campaign strategies ) in *The Daily Show* and *The Colbert Report*. This graph also highlights the massive difference in number of jokes about McCain/Palin versus Obama/Biden.

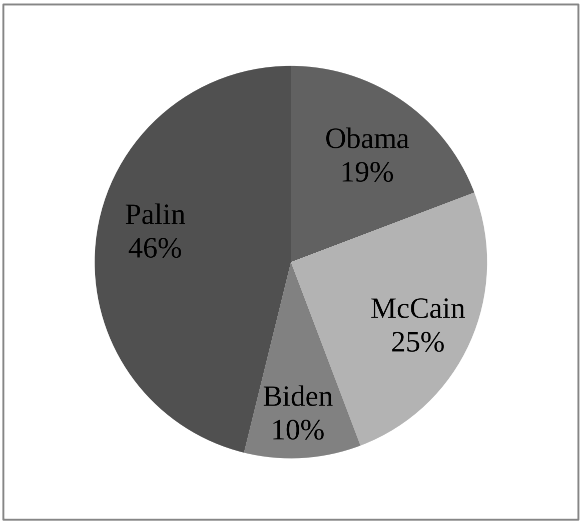
**Figure 2**: Number of Jokes per Individual/Campaign for Both Shows




The important finding from Figure 2 is that McCain took the brunt of political jokes on these two programs, receiving more humorous criticism than any other entity we studied. The McCain campaign as a whole came in second, with Palin close behind. Interestingly, Palin, as the vice presidential candidate, was the target of more jokes than her rival party's presidential candidate. Moreover, Palin was more than four times more likely to be the target of political jokes than her counterpart on the Democratic ticket, Joe Biden. Much like in the traditional news coverage of the campaign, Biden was largely absent.

Figure 3 displays the percentage breakdown of jokes about individual candidates on *The Daily Show*. Palin was most likely to be the target of jokes receiving almost half (46 percent) of all Stewart's jokes. Her running mate John McCain came in second, receiving 25 percent of the total number of jokes. The Republican candidates were followed by Obama, with 19 percent, and Biden, with ten percent.

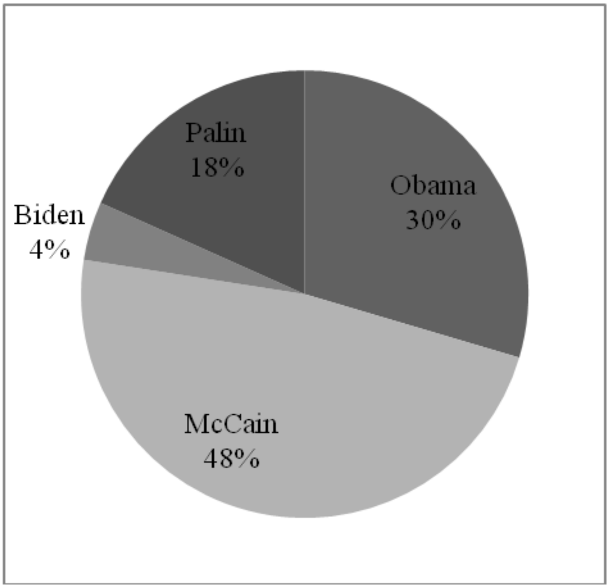
**Figure 3**: Jokes per Individual on *The Daily Show*




The fascination with Sarah Palin was not distinct to *The Daily Show*. During the campaign she was covered extensively by traditional news media and was frequently ridiculed on other comedy programs like *Saturday Night Live*. Her high volume of coverage may be because she was basically an unknown official and therefore, everything we learned about her was news. Issues surrounding her candidacy, including delving into her public records, her encounters with the press and her new wardrobe financed by the Republican National Committee, accounted for a large number of jokes targeted at her.

The distribution of jokes on *The Colbert Report* was quite different (see Figure 4). Colbert targeted John McCain more frequently than any other candidate. McCain received a full 48 percent of his jokes. Obama came in second with 30 percent, Palin was third with 18 percent, and Biden rounded out the bottom with only four percent of the jokes about the individual candidates on *The Colbert Report*.

**Figure 4**: Jokes per Individual on *The Colbert Report*



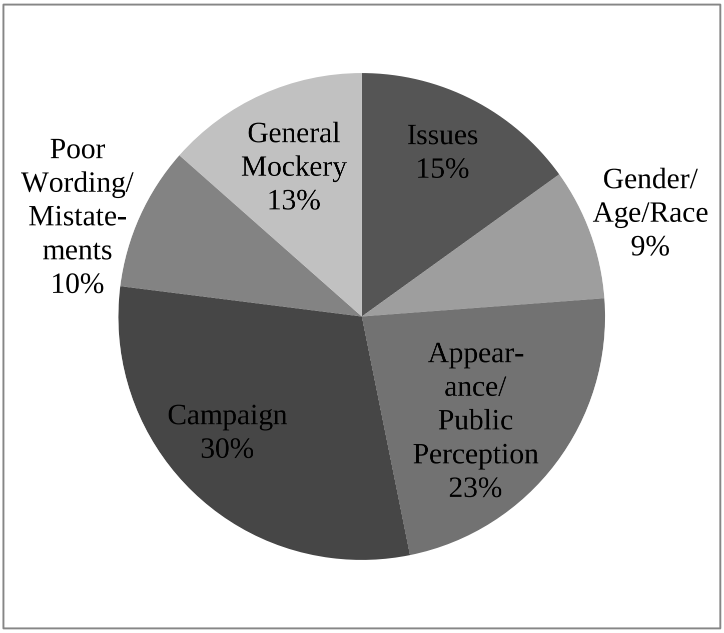

These data reiterate our previous findings that the Republican ticket was far more likely to be the target of jokes on both shows than the Democratic ticket. It also displays what was stated previously: Colbert was more likely to joke about Obama than Stewart.

## Content of Jokes

After our coding, we categorized jokes into six different topics. These included: Issues, Gender/Age/Race, Appearance/Image, Campaign, Poor Wording/Gaffes, and General Mockery. Figure 5 shows the breakdown of joke topics on both *The Daily Show* and *The Colbert Report* for the Republican ticket, including jokes about the McCain campaign, McCain, Palin, or both candidates.

These data show that the most common topic of jokes about McCain/Palin was their campaign. These jokes included jokes about campaign strategies, advertisements, rallies, and anything relating to standings in the polls. It is not surprising that this topic was prominent given the fact that McCain was down in the polls during the two weeks we coded. Our data indicate that comedy news programs are as guilty as traditional news sources in focusing on the horserace. Our study found that jokes about campaigns, when Obama and McCain jokes were combined, were the most frequent of all the topics, with 44 of the total 170 (25 percent) jokes told about both candidates.

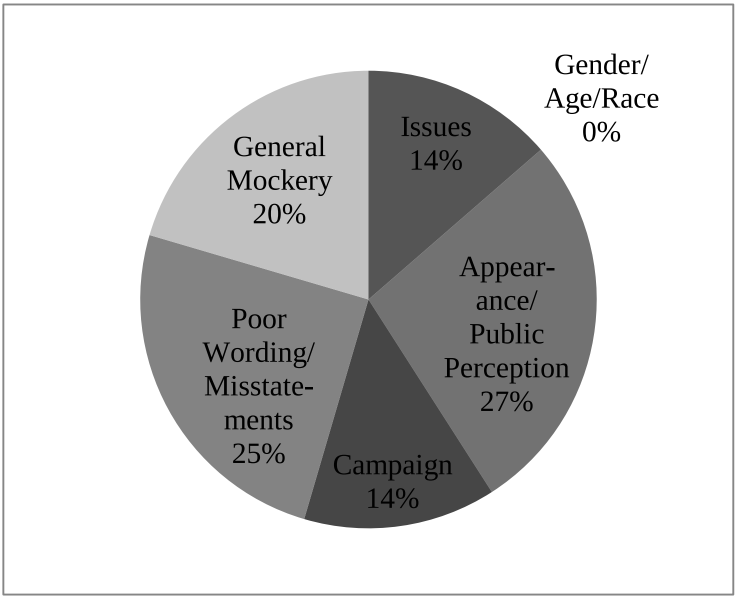
**Figure 5**: Joke Topics, McCain Campaign




Surprisingly, the Gender/Age/Race topic had the fewest number of jokes. This is particularly unexpected because of the media's and the public's fixation on McCain's age and Palin's gender. This category would seem to make for easy jokes; however, Stewart and Colbert largely refrained from these jokes. A reason for this may be that the sophisticated humor on *The Daily Show* and *The Colbert Report* is more characteristic of political satire than stand up comedy. Therefore, Stewart and Colbert may have been less willing to resort to these easy jokes simply to make their audience laugh. This is possible for these programs because, as we have previously established, viewers of these television shows are relatively knowledgeable about politics and therefore can appreciate more complicated jokes. Also, types of jokes about age, race, and gender do not necessarily add to the critical discussion about political candidates and institutions which characterizes the primary goal of political satire.

Figure 6 shows the percentage breakdown of joke topics on both *The Daily Show* and *The Colbert Report* about the Obama campaign, including Obama, Biden or both, by topic. The topic with the most jokes (27 percent) was the Appearance/Image category. This percentage was almost the same as for the McCain campaign (23 percent). Coming in a close second was Poor Wording/Gaffes with 25 percent of Obama/Biden jokes. This percentage was significantly more than the same topic for McCain/Palin. Much of this difference was because a large portion of jokes about Biden, six out of his eight total jokes, were in this category. In fact, there were more jokes about Biden than about Obama in this topic. Given Biden's history of gaffes, this does not come as a surprise. The Issues category was very similar for both campaigns. However, the remaining topics, Campaign and Gender/Age/Race, were quite different between the two campaigns and warrant discussion.

**Figure 6**: Joke Topics, Obama Campaign




Campaign jokes about the Obama ticket were much less frequent than jokes in the same topic about McCain/Palin. As suggested above, this may be a result of Obama's lead in the polls during our coding period. While campaign jokes about McCain focused on his lack of money, endorsements, and increasingly small chance of winning the election, campaign jokes about Obama were more benign and likely to be about his campaign slogan and logo. This demonstrates that *The Daily Show* and *The Colbert Report* are just as preoccupied with horserace coverage as traditional news media. Previous research indicates that the candidate down in the polls generally receives more negative coverage (Lichter 2001). This is supported by our findings.

There were no jokes about Obama and/or Biden that fit in the Gender/Age/Race category. That is, there were no racial jokes made on *The Daily Show* or *The Colbert Report* during our two weeks of coding. One reason for this may be the same as was previously described for McCain jokes about age and Palin jokes about gender. Another explanation, though, may be an unwillingness of *The Daily Show* and *The Colbert Report* to make light of race, given that it is potentially a controversial subject. It may also be the case that Stewart and Colbert avoided such a loaded subject as Obama's race so as not to appear prejudiced or racist in any way. One or a combination of these reasons may explain the complete absence of racial jokes on *The Daily Show* and *The Colbert Report* during our coding period.

Of interest was the relatively few jokes made about issues for either campaign. By neglecting to focus on this topic, viewers were exposed to a small amount of useful knowledge about candidates on their policy positions. Therefore viewers that use these programs to judge candidates are forced to evaluate candidates based on their standings in the polls, appearance, character traits, and/or political gaffes rather than issues. This finding supports existing research that comedy shows lend themselves to impression formation of candidates and not factual knowledge.

## Audience Reaction

While coding jokes on *The Daily Show* and *The Colbert Report*, we discovered that audience reaction was always positive. During our two weeks of coding, there was not a single negative reaction by the audience to any joke, regardless of who the target was. The audience, however, was far from docile. In some parts of the show that were not necessarily jokes, reaction was more varied. In *The Colbert*

*Report*, excessive cheering accompanied Colbert's endorsement of Obama in his signature segment, "The Wørd." The sole example of negative audience reaction came when Colbert stated that Palin may run for President in 2012. Our findings suggest that while the audience may have been exposed to a biased distribution of jokes against the McCain/Palin ticket, they were not particularly picky about who they laughed at.

## Discussion

Our results have shown that there is a definite bias in the distribution of jokes on *The Daily Show* and *The Colbert Report*. These comedy shows were far more likely to direct their jokes at the Republican ticket than the Democratic ticket. There are several possible explanations for the biased distributions. One which has already been mentioned is the preoccupation with the horserace and the tendency to devote more negative coverage to the candidate down in the polls. Another possibility, more specific to this particular election, could be that McCain was simply a funnier caricature and Obama ran a relatively mistake-free campaign that did not lend itself well to mockery. Based on this explanation, it would be possible that during a different election if the Democrat was down in the polls and was more gaffe-prone than his/her Republican rival, our findings would be reversed.

Our last possible explanation, and maybe the most compelling, has to do with the demographics of typical viewers of these shows. We have already established, based on data from the Pew Research Center, that viewers of *The Daily Show* and *The Colbert Report* are younger than the general population. According to a weekly Gallup poll, during our two weeks of coding, 18 to 29 year olds, the same age group that is most likely to watch these comedy programs, supported Obama over McCain 64 percent to 32 percent for the week of October 20$^{th}$, and 63 percent to 33 percent during the week of October 27$^{th}$ (The Gallup Organization 2008). Furthermore, a 2008 Pew Research Center poll indicates that regular viewers of *The Daily Show* and *The Colbert Report* are more liberal than the general public. Almost half (45 percent) of *The Daily Show* viewers report that they have liberal political views as do over one third (36 percent) of *The Colbert Report* viewers, as opposed to the 20 percent of the public at large that reports liberal views (Pew Research Center 2008). Therefore, we conjecture that in order to appeal to their viewers, Stewart and Colbert may be more inclined to make jokes about Republican/conservative candidates because these jokes are most likely to be well received by the audience. If this explanation were true, we would not see a reversal in the trend of targeting Republican candidates more than Democrats over different election cycles. It is entirely possible, however, that liberals flock to these shows because their writers already have a legitimate liberal bias. To determine if a static bias is the case, it would be helpful to compare jokes about Republican and Democratic administrations. If a true bias exists, we would expect to see harsher criticism of a Republican administration than a Democratic one. Unfortunately, the scope of our research makes it impossible to determine which came first, the demand for jokes about conservatives or the supply of jokes about them. Therefore, further research should be conducted to explore these hypotheses.

## Strengths and Limitations

One of the strengths of our research was its timeliness. Only a few weeks following the 2008 presidential election we were able to analyze a small, but important, part of media attention to the campaign. Another strength was that our study is one of the first research studies to address the distribution of political jokes toward candidates and their campaigns. While most existing research focuses on political knowledge gained and evaluations of political actors and institutions, ours is groundbreaking in that it takes a specific look at the difference in number and content of jokes toward different political parties and candidates. In addition, our research is one of the first to study *The Colbert Report* because this is a relatively new comedy program and has yet to be the subject of much analysis.

However, our study was not free from flaws. Some of the limitations to our research include the limited time period we coded as well as the limited sample of comedy shows used. We were only able to code the two weeks prior to the election, and only evaluated two out of the many comedy programs. In addition, our coding technique was highly subjective. Due to the nature of the shows, sarcasm and irony made it difficult to determine the intended target of a joke and even which phrases were jokes and which were not. This was especially the case for most of Colbert's humor. Although we attempted to alleviate this by comparing coding results, additional inter-coder reliability tests could have improved our results. Another weakness was that our study cannot prove the causes of the trends we discovered or how our findings might directly affect viewers' evaluation of candidates. Therefore, future research is warranted on this topic.

In order to better understand the causes of the difference in distribution of jokes, it would be interesting to expand our study to include a broader time frame that would include several campaign seasons. This may determine whether these comedy shows have a consistent liberal bias or if our findings were based on special circumstances during this election cycle. It might also be relevant to compare the number and content of jokes made about the Bush administration to jokes about the Obama administration. In addition, future research should include a survey or experimental design to determine whether a biased distribution of jokes does, in fact, have a negative impact on viewers' evaluations of a party or candidate.

## Conclusion

Our findings have confirmed our hypothesis that *The Daily Show* and *The Colbert Report* would target the Republican ticket of John McCain and Sarah Palin more often than the Democratic ticket of Barack Obama and Joe Biden. This research has important implications for the future of the political environment. Because so many young people are flocking to these comedy news programs, they are becoming increasingly inundated with negative criticism of political candidates and institutions. This could be especially significant given that one party is baring the brunt of these humorous attacks. The long and short term consequences of these jokes are unknown. With the completion of future research it may be possible to understand exactly how these negative criticisms affect viewers and their evaluations of candidates, campaigns and political institutions.

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# Hamas: Social Welfare and Community-Based Politics

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*Hamas has witnessed a veritable rise in popularity over the past two decades, emerging as one of the foremost contenders for leadership of the Palestinian people. This rising popularity has manifested in the unexpected electoral victory in the 2006 Palestinian elections and the subsequent takeover of the Gaza Strip in 2007. Contrary to conventional wisdom, the increase in support for Hamas has not been representative of an increase in religious extremism and declining support for peace and a two-state solution, nor is it wholly the result of political dissatisfaction with Fatah and the failure of the Oslo Accords. Moreover, the increase in support for Hamas is not representative of an increasing desire for armed struggle and violence against Israel. Ultimately, Hamas' popularity has its nexus in the ability to provide extensive and unrivaled social services to Palestinian society fairly and efficiently.*

Over the past two decades Hamas has emerged as one of the foremost contenders for leadership of the Palestinian people, transforming from a politically marginalized group in the Gaza Strip to the largest threat to the Palestinian Liberation Organization's hegemony as the sole legitimate representative of the Palestinians. Hamas emerged as an Islamic resistance movement during the first *Intifada* and has since established itself as the main voice of opposition to Fatah, the Palestinian Liberation Organization (PLO), and secular nationalism. The second *Intifada* had startling results for the Hamas regime as it experienced a veritable rise in popularity culminating in electoral victory in 2006. The results of the 2006 Palestinian legislative election and the subsequent takeover by Hamas of the Gaza strip in June of 2007 solidified Hamas' viability as a contender for representation of the Palestinian people. Contrary to conventional wisdom, the increase in support for Hamas has not been representative of an increase in religious extremism and a declining support for peace and a two-state solution, nor is it wholly the result of political dissatisfaction with Fatah and the failure of the Oslo Accords, although the increasing revulsion towards Fatah and the Palestinian Authority has provided the opportunity for Hamas to ensconce itself as a legitimate contender for leadership of Palestinian society. It is also not attributable to a preference among Palestinians for the use of violence. Ultimately, the persistent and widespread support for Hamas is attributed to its unique ability to provide extensive social welfare services cleanly and effectively to the Palestinian population. As Mishal and Sela (2006) contend, Hamas is first and foremost a social movement that prioritizes the provision of social services to its constituency. Hamas acts on a local scale, permeating all levels of society, providing unrivaled and, in many cases, unmatched social services. After the creation of the Palestinian Authority in 1994, Hamas' deeply rooted social welfare and assistance programs provided an alternative to the government-run programs of the Palestinian Authority. As Palestinian Authority state building failed in the wake of Oslo to provide institutions and became increasingly corrupt and venal, a large portion of society began to shift towards the Islamic charity groups and NGOs run by Hamas. By providing daycare centers, schools, medical facilities, summer camps, religious festivals, and many other services, regardless of political affiliation or faith, Hamas has been able to reach a constituency far beyond its stated ideological goals and religious symbolism, mobilizing people at the sociocultural and communal levels.

Much of the literature on Hamas' social welfare and charity institutions tends to concentrate on its relationship to the funding of militant activities (Gray and Bennett 2008; Levitt 2006); any impact these institutions may have on society are treated as epiphenomenal and deemed irrelevant to the Arab-Israeli conflict and its peace processes. This particular atomistic approach to social welfare and charity tends to view Hamas-affiliated mosques, daycare centers and schools exclusively as areas to store weapons, harbor leaders, and indoctrinate children. While many of these arguments are empirically correct – and in particular cases politically salient – they ignore the scope in which these organizations operate and the extent to which Palestinians rely on Hamas' services for everyday needs. In a society with deep economic problems and high unemployment rates, social services play a crucial role in the daily lives of Palestinians. Hamas' ability to provide clean and efficient services to a public that desperately depends on such assistance has been extremely rewarding. Additionally, while scholars such as Khaled Hroub (2000), Ziad Abu 'Amr (1994), Shaul Mishal and Avraham Sela (2000), Are Knudsen (2005), and Azzam Tamimi (2007) offer tacit recognition of the importance of Hamas' social services, they do little to examine the complexities of this network within Palestinian society. By examining the social gaps and problems created by the

Palestinian Authority and Hamas' ability to fill this social vacuum, it becomes clear that the viability of Hamas in Palestinian society and politics has its nexus in social welfare activism and the provision of services effectively and efficiently.

Another downfall of the literature on Hamas is that some scholars have argued that increasing support for Hamas is due to the utilization of violence, particularly suicide terrorism, and Hamas' ability to inflict casualties against Israel and present itself as the vanguard of armed resistance (Bloom 2004; Moghadam 2003); however, while these operations may have been strategically used by Hamas in an attempt to derail the Oslo peace process (Kydd and Walter 2002), they do not directly translate to increasing political endorsement. Additionally, although Palestinian society supported violence against Israel during the second *Intifada*, these hostile actions were utilized by numerous groups including the PFLP, Fatah, and Islamic Jihad, producing mixed results; Fatah perpetrated a number of suicide attacks while at the same time experienced a decline in support. Therefore, it is not clear that such operations provide a causal link in increasing political support. Furthermore, these arguments do not explain the continuing endurance of Hamas. Islamic Jihad experienced an ephemeral rise in power during the second *Intifada* but has subsequently resided as a marginal political party, garnering only a small portion of Palestinian support.

The 2006 elections provide remarkable insight into the relationship between Hamas and Palestinian society and reveal the general dynamics behind Hamas' support and Palestinian priorities. Despite its vocal opposition to the peace process, its antipathy towards the state of Israel, and its uncompromising charter, which calls for an Islamic state in all of Palestine, Hamas was an extremely appealing option for Palestinians in the 2006 elections. Moreover, Hamas performed well in local municipal elections in 2005, gaining a clear majority in many districts, particularly those in the Gaza Strip (Balawi 2006). While Hamas won 44 percent of the popular vote in the 2006 elections, only 17 percent of voters opposed the peace process (Palestinian Center for Policy and Survey Research 2006; hereafter PCPSR). Additionally, it has been estimated that between 32 and 40 percent of Palestinians who voted for Hamas supported the peace process, a two-state solution, and the official recognition of Israel (Shikaki 2006). A 2008 poll conducted by the Palestinian Center for Policy and Survey Research found that 71.1 percent of respondents supported the peace process, while only 14.6 percent believed that Hamas could reach a peace agreement with Israel; however, in that same poll, 21.7 percent supported Hamas as the preferred political party. These poll results suggest that the relationship between a rejection of the peace process and support for Hamas are not directly correlated. One of the most startling findings has been the relationship between Hamas' ultimate goal of an Islamic state in all of Palestine and the general distaste for such a polity among the Palestinian population. According to a poll in September 2001, fewer than three percent of Palestinians desired an Islamic state based on Sharia law, while over 21 percent of Palestinians supported Hamas as the preferred political party (Jerusalem Media and Communications Center 2001). Furthermore, there has been consistent endorsement of a two-state solution, which is explicitly rejected by the Hamas Charter. Perhaps the most revealing result shedding light on Hamas popularity in the 2006 election lies in the political priorities of voters: 26.6 percent of voters polled in the 2006 election placed poverty and unemployment as their main concern; this number was slightly higher in the Gaza Strip with 30 percent claiming poverty and unemployment as their main priority (PCPSR 2006). Overall, these public opinion survey results reveal that short-term parochial interests prevail over long-term goals in Palestinian society. As peace is seen as a distant hope, economic and social concerns are likely to dominate the hearts and minds of Palestinians. Under these circumstances Hamas' social institutions provide the central means of support in domestic Palestinian politics while the divisive issues of the Hamas Charter and its political rhetoric regarding the eventual desire of an Islamic Palestinian state is largely subordinated.

While Hamas officially emerged as a resistance movement during the first *Intifada* in 1987, its roots as a social movement began with the establishment of the Muslim Brotherhood's branch in Gaza during the 1940's (Baumgarten 2005). The Muslim Brotherhood, with its focus on reforming society through social institutions and charity, became very effective and efficient at reaching all levels of Palestinian society. By 1947 the Muslim Brotherhood had established 25 branches in Palestine. Although this coterie of religious-minded individuals faced varying levels of oppression under Egyptian and Jordanian rule, after Israel took control of the West Bank and Gaza Strip in 1967 the Muslim Brotherhood and other Islamic groups were granted much more freedom to operate and establish societal organizations. Initially, Israel viewed Islamic activism as a productive tool in countering the secular nationalist movement of Fatah and the PLO and therefore allowed extensive institution building throughout the 1970's and 1980's. The backbone of Hamas' social welfare network was established during this initial period. For example, from 1967 to 1987 the number of mosques in the Palestinian territories more than doubled (Abu 'Amr 1993, 6). Mosques are vital centers of support in Palestinian society providing aid and assistance to many of the underserviced and disenfranchised communities in the West Bank and Gaza. These centers often run numerous charity networks and social programs and serve as centers for aid distribution (Knudsen 2005). Additionally, one of the most important parent organizations of Hamas, The Islamic Assembly (*Jamʿīyat al-mujammʿ al-Islāmī*), was established by Sheikh Ahmed Yassin in 1973. This organization, now headed by prominent Hamas member Sheikh Ahmad Bahr, oversees an extensive network of kindergartens, orphan centers, food banks, sports clubs, and summer camps (International Crisis Group 2003; hereafter ICG). Two other prominent Hamas organizations, the Islamic Society (*al- Jamʿīyah al-Islāmīyah*) and Al-Salah Society (*Jamʿīyat al-Ṣalāḥ al-Islāmī*) were both established under Muslim Brotherhood auspices. This long history of Muslim Brotherhood activity and extensive background in social welfare has shaped and fashioned a Hamas organization that is extremely well trained and organized in providing social services to the public outside of government institutions.

Given that many of Hamas' organizations, services and social welfare institutions have been around since the 1970's and certainly had a significant presence when Hamas emerged in the late 1980's, why did Hamas' support increase dramatically with the outbreak of the second *Intifada*? This is the central inquiry in understanding Hamas' political and social popularity. To answer this question one must consider the social and political environment in which Hamas operates. Changes in Palestinian society have been profound on both the economic and political level, resulting in Palestinians moving away from state-run institutions of the Palestinian Authority and Fatah towards a network of non-state and sub-state organizations offered by Hamas.

The transformation in Palestinian society over the past 15 years has been dramatic and unfortunately negative on economic and humanitarian levels. The Palestinian economies in the West Bank and Gaza Strip are deeply underdeveloped and dependent on Israel. This dependence particularly stems from the overwhelming number of Palestinians who relied on work in Israel for their livelihood prior to the outbreak of the second *Intifada*. This dependence on Israel for employment and a lack of domestic economic development has led to what Sara Roy (1987, 1999) terms economic de-development. Furthermore, the second *Intifada* has crippled the Palestinian economy leading to over 500,000 Palestinians becoming reliant on food aid while poverty rates rose over 60 percent (ICG 2003, 14). Just four months after the *Intifada* Palestinian poverty rates increased 50 percent. By 2003, roughly two-thirds of the Palestinian population lived below the poverty line and approximately 80 percent of Gaza's residents were dependent on aid and assistance making up a significant constituency in need of basic assistance (ICG 2003, ii). Today, in the Gaza Strip nearly 98% of factories are now closed and much of the economic infrastructure has been destroyed (World Bank 2008). Since the second *Intifada* Israel increased its closure policies for security reasons, effectively cutting off the Palestinians from their main source of income. This has resulted in increasing unemployment rates and a decrease in economic and social mobility. From the outbreak of the second *Intifada* in September 2000 until 2002 unemployment rates jumped 17.2 percent. By the third quarter of 2009, unemployment hovered just above 25 percent of Palestinian society (Palestinian Central Bureau of Statistics 2009). While these economic factors have affected both the West Bank and the Gaza Strip it is important to note that the Gaza Strip has experienced far more economic destruction and devastation than the West Bank. The Gaza Strip has consistently had higher unemployment and poverty rates as well as lower average levels of income than the West Bank. This has translated into higher support for Hamas amongst Palestinians in Gaza than those in the West Bank. Gaza also maintains a higher refugee population than the West Bank, which is increasingly turning towards Hamas for support. This dire economic situation along with the political environment, characterized by the public opinion data, has placed Hamas in a unique position to mobilize the deprived and impoverished segments of Palestinian society. A closer look at the institutional framework of Hamas' social welfare network reveals the depth and complexity with which it operates in Palestinian society.

Plumbing through the sources on Hamas social welfare infrastructure, it becomes clear that there are two problems in identifying Hamas-affiliated organizations in the West Bank and the Gaza Strip. Primarily, Hamas-run or affiliated organizations do not share the Hamas name and moniker; this is partly because they are attempting to distance themselves from the onslaught of Israeli and Palestinian Authority closures and partly because many of these organizations actually antedate the official existence of the Hamas regime. The vast network of Hamas social welfare services was established, as previously noted, under the auspices of the Muslim Brotherhood and in many cases the connection to Hamas is on a local or communal level, which does not reach the political leadership. In certain cases Hamas affiliation does not necessarily translate into total Hamas control; however, for the purposes of political support, as long as these organizations are believed to be Hamas associated, and are run effectively and smoothly, the degree of control is irrelevant. Despite these constraints, knowledge of Hamas affiliation is considered common knowledge within Palestinian society (ICG 2003, 11). Hamas ventures can generally be divided into two groups: those that provide services, and those that provide assistance and charity. The former consists of kindergartens, daycare centers, universities, and hospitals, while the latter consists mostly of charities, *zakāh* committees, and assistance programs. These two categories, however, are not mutually exclusive, and many Hamas organizations provide a multitude of services. Below are the largest and most well-known Hamas organizations, many of which have been labeled terrorist organizations by Israel, the United States, and to a lesser extent the European countries. Hamas affiliation has been determined based on international recognition and the composition of an organization's leadership; therefore, the organizations referenced below comprise the most overt Hamas establishments, and the Hamas link is all but official. Additionally, while an exhaustive examination of all Hamas organizations is beyond the scope of this study, it suffices to state that below is merely a portrait of Hamas' social institutions; the overall system of services offered by Hamas operates on a much larger and local scale. Finally, it should be noted that the information gathered from Hamas-affiliated websites and publications is unverified, and therefore susceptible to self-aggrandizement and exaggeration. Despite these limitations and concerns, it will become clear from the following analysis that Hamas' social welfare network provides a significant basis of support.

*Zakāh* (alms giving) committees make up the core of Hamas' assistance programs providing thousands of Palestinians with valuable support in the form of financial subsidies and direct aid. Not all *zakāh* committees are Hamas-affiliated and the link between Hamas and these committees is often inchoate; however a large number of *zakāh* committees do have Hamas members on their councils and have implicit Hamas affiliation. *Zakāh* charity organizations are founded on religious principles and channel extensive amounts of money to the poor, disabled, orphaned, and disadvantaged segments of Palestinian society. Additionally, *zakāh* committees play a role in nearly every aspect of the Hamas service structure, subsidizing health care and education in addition to its social relief programs. The Gaza *Zakāh* committee, generally considered by the international community as affiliated with Hamas, provides over 5,000 individuals with cash and food assistance as well as medicine, free healthcare, and interest free loans for housing and university education (ICG 2003, 8). In 2006 The Gaza *Zakāh* committee, now titled the Islamic *Zakāh* Society, distributed 7.4 million dollars to 2,850 orphans as well as sponsored numerous religious celebrations during the month of Ramadan. According to their website, the Gaza *Zakāh* committee also provided 2,480 poor families with food and clothing throughout the year. The Nablus *Zakāh* committee in the West Bank, where a majority of its committee members are Hamas affiliates, manages an orphan program, eye hospital, and a day clinic (Benthall 2008). Ultimately, *zakāh* committees operate on a community or district level and are generally controlled, distributed, and administered by community mosques. Much of the funding for these committees is generated locally from individual donations; however, support is also generated from the surrounding Arab states and Islamic charities in the West. While information on the majority of *zakāh* committees is not readily available, they are occasionally mentioned in the media and appear to engage in very similar activities as the Gaza and Nablus *zakāh* committees mentioned above. Additionally, after the advent of the Palestinian Authority, many of the *zakāh* committees were forced to register with the ministry of Endowments and Religious Affairs government, which maintains a listing of committees under its monitoring. Many of these committees have been recognized as Hamas-affiliated organizations by Israel and the United States and have increasingly come under scrutiny for financing terrorism. While these claims may be valid, it is clear that *zakāh* committees also offer extensive and largely unrivaled social services and assistance to Palestinian society.

In addition to *zakāh* committees, there are numerous other charitable organizations that provide extensive financial aid and assistance to Palestinians. The al-Salah Society, one of the largest Hamas charity organizations, sponsors several hundred orphans providing them with 25 to 50 dollars a month for subsistence and education. Al-Salah also offers seasonal services providing cash subsidies for food during Ramadan and distributing backpacks to students at the beginning of the school term (al-Salah 2009). Additionally, according to its website, al-Salah runs numerous emergency programs and provides tents and blankets to Palestinians whose homes have been demolished or destroyed. The Hamas-affiliated Islamic Assembly of Gaza provides cash assistance to over 5,000 orphans and hundreds of poor families, and distributes food, school bags, and winter clothing to students. The Islamic Assembly of Gaza also runs numerous emergency programs, including the rental programs for those who have lost their homes, as well as programs to restore and rebuild destroyed homes. The Islamic Society, a separate organization from the Islamic Assembly, operates nine branches in the Gaza Strip concentrating in areas that lack services or are overly crowded and underserved (Islamic Society 2009).

Hamas has increasingly incorporated itself into the health care industry in Gaza becoming one of the primary providers of medical services. Many Hamas leaders are doctors by training and work in hospitals in the Gaza Strip, most notably, Mahmoud Al-Zahar and Abdel-Aziz Rantisi. The Islamic Assembly of Gaza coordinates efforts at health centers throughout the Gaza Strip providing charitable health care to the sick. According to their website, the Islamic Assembly sponsored four days of free health care in the *Shijā`īyah* neighborhood of the Gaza Strip and treated more than 8,000 sick Palestinians during those four days. Furthermore, the Islamic Society claims to have opened the first cooperative medical center in Gaza and operates 28 emergency centers distributing over 200 bags of aid (Islamic Society 2009). The Al-Salah Society states on its website that it runs an ambulance program which purchases ambulances and donates them to hospitals throughout the region; this program aims to increase response time and accessibility to the sick and injured. Al-Salah also runs medical centers of its own throughout the Gaza Strip, including one in Dayr al-Balah, which claims to treat over 80,000 people yearly (al-Salah 2009). Additionally, the *zakāh* committees provide supplementary medical assistance by subsidizing health care for those who lack medical insurance or cannot afford care. The Gaza *Zakāh* Society's website states that it allocated 1.3 million dollars to 545 families for medical purposes in 2006 as part of its medical assistance program. There is a fully operational *zakāh* hospital in Tulkarem as well, which provides services to Palestinians regardless of political and religious affiliation (Tulkarem Zakat Committee 2009). Today, international humanitarian aid organizations such as the UNRWA, which provides health care to classified refugees, and the World Health Organization are the main competitors to Hamas' system of health care; however, according to Benoît Challand (2008) these organizations operate within a relatively limited number of major population centers and fail to reach the periphery of society. This problem was further exacerbated by the closure policy implemented by Israel following the second *Intifada* that made it much harder and time-consuming for Palestinians to travel long distances, thus isolating many segments of society from reaching major health centers. International aid organizations largely failed to play their intended role during the second *Intifada* and provided Hamas a great opportunity to carve out its role as the major aid distributor of the Palestinians. Furthermore, international aid organizations are seen as reinforcing certain political agendas and much of their funds fail to make an indelible mark on Palestinian opinions (Birzeit University 2004). Much of the international aid was funneled through the Palestinian Authority as well and often failed to permeate Palestinian society. Hamas, on the other hand, lives among the people engaging in a bottom-up process of health care provision having strong ties to the community. Hamas programs are strategically distributed so as to not overlap in any given area allowing them to reach extensive areas. This has relatively shielded Hamas' social service sector from Israel's closure policy. As Challand (2008) claims, the Islamic health care and charity sector are much better at adapting to changing situations on the ground providing health care much faster than international NGOs. Prior to the June 2007 takeover of the Gaza Strip Hamas also faced competition from the Palestinian Authority-run health centers. These centers, however, were constantly mismanaged and inefficient and experienced extensive shortages in medicine and manpower. Furthermore, the Ministry of Health controlled only 30 percent of hospitals in the West Bank and Gaza Strip in 2002 (Hilsenrath and Singh 2007, 3). This left an emerging Islamic charitable system, pioneered by Hamas, to take over as one of the major providers of health services to the Palestinian people, particularly in the Gaza

Strip where its health care services are nearly unchallenged.

Hamas currently successfully operates an extensive network of schools from daycare centers and kindergartens to vocational schools and universities providing much needed educational support in the West Bank and Gaza. The Al-Salah society, considered one of the largest operating Hamas institutions, claims to operate 34 Quranic memorization schools with 1,581 students and seven kindergarten schools throughout the Gaza Strip; it also claims to provide education to 1,150 orphans through two other school systems (al-Salah 2009). The Islamic Assembly runs more than 27 Quranic recitation schools with over 2,000 students as well as sponsoring and establishing a number of other educational services such as providing school bags, clothing, and new shoes for students in Gaza (Islamic Assembly 2009). The Islamic Society also contributes to the educational sector, listing 42 kindergarten centers with over 6,000 students on its website. The Gaza *Zakāh* committee and Nablus *Zakāh* committee provide an additional 260,000 dollars to over 350 students every year (Gaza Zakat 2009). Prior to the second *Intifada*, approximately 65 percent of all education below the secondary level was provided by Islamic organizations (Roy 2000, 25). While Hamas is not the only provider of Islamic education, it is by far the largest Islamist organization and makes up a considerable portion of the Islamic school network. Additionally, former Hamas leader Ahmed Yassin founded the Islamic University of Gaza in 1978. The Islamic University was the only institution for higher education in the Gaza Strip until 1991. Today there are 20,591 students enrolled in the Islamic University and it is the largest provider of continuing education in the Gaza Strip. The importance of these school networks in Hamas' popularity lies in Hamas' ability to garner support and encourage student activism on behalf of Hamas. Hamas routinely wins the majority of student elections at the collegiate level and university campuses played an extremely important role in Hamas' 2006 election campaign. Additionally, education is one of the central and most important services in society and the ability for Hamas to provide high quality education to peripheral areas of society has resulted in general goodwill and political support towards Hamas.

While the education, health, and financial aid charities make up the bulk of Hamas' social welfare structure it is worth mentioning the additional cultural social programs and services that these organizations also provide. These services make up a smaller portion of organizations' overall budgets but play a significant role in Palestinian society. They are less concerned with immediate care and function largely to increase the perceived affluence of the Palestinians and generate good will. As a result Hamas is able to provide services to the underserved segment of Palestinian society that does not need assistance and aid, thus increasing Hamas' constituency and support. According to its website, the Islamic Assembly operates summer camps, sports clubs, and women's committees, in addition to its above mentioned activities. Likewise, according to the Islamic Society website it operates sports clubs in tennis, football, volleyball, and running among others; publishes a cultural magazine; and offers training courses in all fields of culture for the benefit of society. These programs, aimed at generating good will, also increase the penetration of Hamas' social welfare network in society creating a link between Hamas and Palestinians on a person-to-person basis.

While these organizations are only a portion of the vast network Hamas operates, many smaller and more distantly affiliated organizations provide the same services as those above with extensive coordination and cooperation; however, the organizations mentioned in this paper accurately portray the manner and methods Hamas' organizations implement. The synthesis between assistance, charity, and services creates a Hamas network that penetrates all levels of society and garners support from an increasingly bankrupt and underserved community.

The nexus between these social welfare, service, and charity organizations and popular support for Hamas is not always readily apparent and often operates on many levels, which perhaps accounts for why these institutions have largely been ignored in political considerations and are only granted tacit recognition amongst academics. A combination of public opinion data, political developments, and empirical analysis helps provide a clear picture of the role social welfare institutions play in Hamas' support and popularity. The economic link between Hamas and Palestinian society is the most readily apparent. The economic situation is dire, and Hamas provides services cleanly and effectively to help alleviate Palestinian suffering. These services operate on a local level and outside the bounds of the Palestinian Authority and Fatah. This relationship increases with the general inefficiency and dissatisfaction with the government-run institutions of the Palestinian Authority.

Negative perceptions of government-run institutions established after the creation of the Palestinian Authority in 1994 have been overwhelming, and Hamas has effectively established itself as the main alternative to these organizations. Evaluations of the Palestinian Authority are exceptionally negative in areas of social welfare and provision of services. According to a Birzeit University 2004 poll, the Palestinian Authority receives its worst ratings in providing assistance to the poor and providing for Palestinians' daily needs, receiving 14 and 12 percent approval respectively. While survey data in the Palestinian territories is somewhat problematic, these results reveal an important development in Palestinian society, as Hamas appears to offer a viable and valuable alternative to the services of the Palestinian Authority. According to a Birzeit University poll conducted in 2004, *zakāh* committees and educational institutions, including schools and universities, are the most trusted establishments in Palestinian society; as noted above Hamas maintains an extensive presence in both of these sectors. Additionally, only 14.4 percent of Palestinians mentioned resorting to government institutions for medical assistance in a Birzeit poll conducted in 2004.

Overall, the general trend since the creation of the Palestinian Authority in 1994 has been a shift in Palestinian society away from government-run organizations towards non-governmental institutions such as those provided by Hamas. The Palestinian Authority was highly corrupt and failed to reach many segments of society that desperately needed aid and assistance. This resulted in an almost immediate loss of public support for Fatah beginning near the end of 1994 (Abu Zayyad 2005). The general attitude of Palestinians towards the Palestinian Authority can be characterized by a statement from an anonymous Palestinian interviewed in 1999: "What are we supposed to do? If we don't pay a bribe, we don't get a phone, a license, health insurance, or a job" (Roy 2001, 8). Hamas, however, does not discriminate amongst recipients of its social welfare services, and it runs these organizations effectively and smoothly, easing the burden on Palestinian society.

These social service and welfare organizations are clearly an integral aspect of Hamas' popularity and therefore must be considered in the context of the Palestinian-Israeli conflict. International political considerations regarding Hamas need to account for the role of social service provision in Hamas' popularity in order to adequately address the social and political concerns of

Palestinian society. Ultimately the nexus between the Hamas regime and popular support lies in the provision of basic services and needs during a time of economic devastation. This is representative of Palestinian society, particularly the Gaza Strip population, turning away from state-run institutions which had become characterized by a patronage system in the post-Oslo era. According to Sara Roy (2003), the Palestinian Authority was plagued by economic mismanagement as state-run monopolies were controlled by Fatah members. Hamas on the other hand ran effective, coordinated, and comprehensive programs that were locally administered and controlled.

Since Hamas' success in the 2006 elections, Israel, the United States, and much of the West have implemented policies to weaken Hamas by isolating Gaza and instituting periodic force against the Hamas regime including assassinations and reprisal attacks. These efforts were increased after Hamas ousted Fatah forces in 2007 and nearly all international aid was subsequently halted. These policies, contrary to their intended result, have actually strengthened Hamas' rule in the Gaza Strip. Isolation policies have increased the economic devastation of the Gaza Strip resulting in an increasing portion of the population in need of assistance; likewise, Hamas has been able to increase its interior control of the Gaza Strip becoming the sole provider for the Palestinian population. According to the March 2008 International Crisis Group report Hamas has been helped by the Israeli isolation policies because it has "denied resources to its competitors and facilitates its [Hamas] control." Hamas began to achieve nearly universal control of imported goods into the Gaza Strip, the majority of which came through the tunnels with Egypt. Hamas controls at least 90 percent of these tunnels, through which nearly 35 percent of all imports into Gaza pass, and operates them judiciously with 24 hour security and security cameras (ICG 2008b, 14). As a result, Hamas controlled the inflow of medicine, food, and other essentials of daily living. Hamas is exceptionally cognizant that its support base lies in social welfare and the provision of services. Since seizing power in June 2007, Hamas has repeatedly raided and shut down NGOs in Gaza including those run by the World Health Organization and United Nations Relief Works Agency (ICG 2008a). It has also raided the offices of Fatah and other parties effectively marginalizing any political opposition in the Gaza Strip. Hamas has distinguished itself as the sole provider for the Palestinians in Gaza and is solidifying its political viability as the leader of the Palestinian cause. Isolation policies created a political vacuum in the Gaza Strip, which Hamas quickly filled, becoming the only game in town when it comes to assistance and aid. Additionally, policies of force rely on the misguided principles of Hamas as a military organization. Hamas is not a top down organization in the way Fatah and the Palestinian Authority have been; Hamas engages in local level politics with deep and direct penetration in the Palestinian community. This social welfare activism has created an extensive network that has become intertwined in Palestinian society. This makes it extremely unlikely for policies of isolation and force to have their intended effect. It is impossible to achieve wholesale elimination of Hamas institutions without pulling the territories, particularly the Gaza strip, into a severe humanitarian crisis. In actuality, force is likely to have a negative effect on Palestinian society and positive effect for Hamas' popularity. The numerous civilians killed by Israeli military operations produces resentment amongst the Palestinian population and leaves numerous civilians homeless, orphaned, or injured, all categories which would benefit from Hamas-affiliated institutions.

The Israeli military operation Cast Lead in December 2008 and January 2009 proves the ineffectiveness of force and isolation against Hamas. The war resulted in more than 1,300 Palestinians dead, 5,300 wounded and more than 80,000 Palestinians lost their jobs because of the overall destruction of infrastructure, producing many likely candidates for Hamas charity, service and support (Zuhur 2009, 40). Indeed, in response to the war in Gaza, Hamas claims to have distributed over 65 million dollars to people whose homes were destroyed, people who were injured, and those who lost their jobs as a result of the hostilities (ICG 2009, 9). These funds were allocated to municipalities and distributed on a local level to those in need. This stands in stark contrast to a previous government that engaged in top-down patronage politics where many funds were concentrated in relatively few areas and corruption was rampant. Additionally, many newly orphaned children are likely to receive help from the *zakāh* committees and charity organizations of Hamas. The military operation also failed to significantly weaken Hamas' support; according to recent public opinion polls the support for Hamas actually increased after the Israeli offensive (PCPSR 2009).

Finally, Hamas' future in Palestinian politics, as is the case with all political parties, is far from guaranteed. While the results of the 2006 elections appear to have surprised everyone including Hamas, the shift from opposition and alternative to leader and advocate creates many challenges for Hamas' future. Additionally, Hamas' social welfare institutions, which have largely been overlooked by politicians and academics, play a profound role in Hamas' future and political viability in Palestinian society. As has been shown, the increasing support for Hamas has largely been the result of its ability to provide social services both cleanly and effectively to extensive segments of society; however, now as the controlling power in the Gaza Strip, Hamas' organizations have become the de-facto institutions of the Palestinian nation. Taking control of the Gaza Strip, a decision 73 percent of Palestinians rejected, produced the expectation that Hamas deliver change and progress to Palestinian society. This has yet to manifest and Palestinians may grow increasingly distrustful towards Hamas' government as happened with Fatah after the creation of the Palestinian Authority. Hamas now maintains a near monopoly on these social institutions in the Gaza Strip and if Hamas is not able to remedy the economic situation and provide tangible results to the Palestinians in Gaza its support is likely to wane. As of now there is no alternative in the Gaza Strip and Hamas has been effective at marginalizing any potential opposition to its rule; however, if such an opposition were able to appear, or if Fatah is able to reform the Palestinian Authority from its current position as the institutional anathema in Palestinian society towards an organized and effectively run organization, Hamas' social institutions would be challenged and it would face a serious threat to its popularity. Nonetheless, at this point in time, no significant decline in support for Hamas has occurred, nor has there been a considerable increase in support for Fatah or any other potential opposition. Ultimately, Hamas' future political viability in Palestinian society lies above all else in its ability to continue to provide social services and assistance to Palestinian society fairly and effectively. Just as these institutions have characterized Hamas' political history and rise to power, so too will they continue to determine Hamas' future political destiny in Palestinian society.

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# International Land Acquisitions in Sub-Saharan Africa and the Threat of Neocolonialism

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*On the heels of the 2007-2008 world food crisis, countries lacking stable food supplies adopted new approaches towards food security. Accordingly, the last two years have witnessed a growing trend of agricultural land deals, particularly in Sub-Saharan Africa. While investors have worked in Africa for decades, this trend differs in the target investment: land for food production and immediate export. With government backing, land leases are being provided by poor, often hungry, Less Developed Countries to investing Gulf and Sino states in exchange for promises of jobs and development aid. Despite such promises, African land acquisitions, now amounting to fifteen to twenty million hectares, have raised fears that a revived form of neo-colonialism threatens the continent. This article introduces international land acquisitions, or "land grabs," in Sub-Saharan Africa, describes basic tenets of neo-colonial theory, and explores whether or not land deals represent neo-colonialism.*

> Africa is a paradox that illustrates and highlights neo-colonialism. Her earth is rich, yet the products that come from above and below her soil continue to enrich, not Africans predominantly, but groups and individuals who operate to Africa's impoverishment.
>
> –Kwame Nkrumah

In African regions often marked by violence and economic depression, extensive underdeveloped land recently has been thrust into production by Saudi, Kuwaiti, Chinese, Syrian, Qatari, and Indian-backed investment groups.[1] Some dormant fields in troubled Sudan now produce crops where political violence and societal upheaval has kept only two percent of arable land under production (Keen and Lee 2007; Smaller and Mann 2009). The jarring juxtaposition between massive food aid deliveries necessitated by a refugee population and the productivity of some Sudanese ground reflects a growing trend in Sub-Saharan Africa: international land

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[1]Ama Biney, "Africa Land Grabs: Another Scramble for Africa," *Pambazuka News*, 17 September 2009. Accessed: 10 May 2010 <http://allafrica.com/stories/printable/200909180570.html>.

acquisitions in net-food importing states for the purpose of agricultural production and export. Gulf and Sino states with marginal soil have turned their attention to swaths of fallow African land in an attempt to secure access to a reliable food production locale.[2] States such as Sudan, Tanzania, Ethiopia, Angola, Mozambique, and Kenya have been in discussions with governments and investment groups over land deals, with 2,492,684 hectares in land allocations approved within just five countries since 2004 alone (Cotula et al. 2009).

Yet, the turn to land investment has not occurred out of a humanitarian desire to propel Sub-Saharan African states towards greater domestic agricultural yields. Rather, international land acquisitions arise out of a strategy by investing countries to achieve their own food security (via the cultivation and export of crops back to their country) and by investing capital groups to profit from agricultural production and sales. Largely a result of the panic induced by the severe cereal and rice shortages of the 2007-2008 world food crisis, international land deals offer investing countries a way to avoid duplicating the earlier crises' skyrocketing food prices, riots, and plunge of an additional 115 million people into severe hunger (De Schutter 2009; Diouf 2009). In most of the intended projects, crops will be shipped back to the investing state in order to bypass a competitive international food market (GRAIN 2008). Projections that the world will have to feed an additional three billion people by 2050 when global population reaches nine billion also means that world food production will have to increase by seventy percent in the next forty years—compounding the current questions of supply and spurring import dependent states towards international land acquisitions (World Summit on Food Security [WSFS] 2009a).

Sub-Saharan Africa has emerged as a destination for land investment due to its underutilized arable land and water resources. Sixty percent of the region's population relies on agriculture for their livelihood, yet their production exists at the smallholder level apart from commercial markets and development (Organisation for Economic Co-Operation and Development [OECD] 2008, 13). Zambia exemplifies the lackluster condition of African agricultural output with crops produced on less than fifteen percent of arable land and irrigation occurring in only ten percent of suitable areas (OECD

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[2]Carl Rubinstein, "China's Eye on African Agriculture," *The Asia Times*, 2 October 2009. Accessed: 10 May 2010 <http://www.atimes.com/atimes/China_Business/KJ02Cb01.html>.

2008, 106). Recognizing this untapped potential, investor states have moved to secure acreage via leases, rental agreements, and treaties.

Initially, Bretton Woods Institutions and the United Nations Food and Agriculture Organization (FAO) offered support for foreign land acquisitions and production, given the largely unsuccessful record of foreign aid to African agricultural sectors in the last thirty years ("Cornering Foreign Fields" 2009). Yet, after the violent overthrow of Madagascar President Marc Ravalomana, induced by his support for a sweeping one million acre land deal with South Korea's Daewoo Logistics, caution has characterized the international evaluation of deals.[3] Most significantly, the angry response of the Madagascar populace to the proposed land deal reminded all parties of the touchy subject of land in Africa. Due to a long history of land injustices, the African state still plays a defining role in property, sometimes banning private land ownership outright (Cotula et al. 2009). Accordingly, the bilateral natures of proposed deals, the potential power leveraged by the investor, and the feared impact on land distribution amongst farmers have generated warnings of a renewed form of neo-colonial domination in Africa.

In particular, many vitriolic Western critics contend that expansion into African land constitutes a new form of "agro-imperialism" with the leasing of key land resources in many former colonies occurring at the expense of local access to acreage (Petras 2008). Pan-African activists and critical theorists argue that a future shortage of food could mean political strife, warring over lands, and starvation in African states constrained by limited access to food sources (Mersha 2009). On the surface, land deals purport to provide poor African nations with a boost in government revenue; in reality, deals have involved secretive negotiations between government parties, a lack of input from affected local citizenry, and displacement of populations from historical grazing lands (Von Braun and Meinzen-Dick 2009, 3-4).

The criticisms above initially surfaced only in media reports of early 2008. Prominent international leaders such as Jacques Diouf, Director-General of FAO, later expressed concern that land deals in Africa could evolve into a form of neo-colonialism: "The risk is of creating a neo-colonial pact for the provision of non-value-added raw

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[3] "Daewoo Leases African Plantation," *BBC News*, 19 November 2008. Accessed: 10 May 2010 <http://news.bbc.co.uk/2/hi/business/7737643.stm>; "Madagascar Leader Axes Land Deal," *BBC News*, 19 March 2009. Accessed: 10 May 2010 <http://news.bbc.co.uk/2/hi/africa/7952628.stm>.

materials in the producing countries and unacceptable work conditions for agricultural workers."[4] Yet, other figures, including Kanayo Nwanze (2009, 1), President of the International Fund for Agricultural Development (IFAD), have expressed optimism about land deals as a form of foreign direct investment: "Properly handled such large foreign investments have the potential of supporting broader agricultural development in African countries by providing resources for investments in better roads, irrigation, technology and training." The Final Declaration of the November 2009 WSFS echoed this favorable stance towards land deals, calling for foreign direct investment in land, albeit in accordance with investment frameworks still to be created (WSFS 2009b). Disagreement thus continues internationally over whether African land acquisitions should be viewed as a boon or as "land grabs," a pernicious development in international relations with the potential to threaten African political independence through a revived form of neo-colonialism.

With this evolving context in mind, this study discusses whether the trend of international land acquisitions in Sub-Saharan Africa can be understood as a form of neo-colonialism with corresponding economic and political repercussions for the region. In exploring the nature of land deals in Sub-Saharan Africa, the study discusses neo-colonialism as a theory, examines whether some of its key tenets appear to be at work in international land deals, and draws conclusions for future research. Ultimately, this study argues that the presence of specifically non-Western investors, the eagerness of African states to invite land deals, and the occasional overthrow of established deals make describing the trend as neo-colonial imperialism too simple when considering the nuances of neo-colonial theory. This paper focuses on the Sub-Saharan African region because of the prevalence of land deals documented there.

## Overview of Neo-Colonial Theory

In order to understand the gravity of labeling Sub-Saharan land acquisitions "neo-colonialism," neo-colonialism as a political theory must be understood. Often used generally to refer to imperialistic

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[4]Javier Blas, "U.N. Warns of Food 'Neo-Colonialism,'" *The Financial Times*, 19 August 2008, paragraph 3. Accessed: 10 May 2010 <http://www.ft.com/cms/s/0/3d3ede92-6e02-11dd-b5df-0000779fd18c.html>.

moves by wealthy Western states in Less Developed Countries (LDCs), the term evokes visions of capitalist powers seeking to exert their economic clout in former African colonies. Yet, neo-colonialism holds deeper meaning beyond mere economic influence held by capitalist countries; rather, it exists as a theory of international relations delineating a particular political and economic relationship between former colonial powers and their old territories. A brief overview of neo-colonialism's theoretical history and development follows.

*Establishment of Neo-Colonial Theory*

First articulated fully by Ghana's inaugural President and Pan-African political leader, Kwame Nkrumah, neo-colonialism details the purported stage of economic imperialism exercised indirectly by former colonial powers after the direct colonization of a territory has ended. Nkrumah defined his theory in the tumultuous African political context of the 1960s, with the bulk of his work occurring before his overthrow in a military coup in 1966 (Agyeman 1992). The Third All-African Conference (March 1961) had recognized neo-colonialism as a grave threat for the whole Third World, while the Organization of African Unity (formed May 1963) had recognized neo-colonialism as something being perpetuated on the African continent (Barongo 1980). As Nkrumah surveyed the African landscape, he observed that unequal linkages between countries evidenced a new form of state relations which yoked former colonies to the dictates of world powers. In 1965, Nkrumah produced *Neo-colonialism: The Last Stage of Imperialism* which defined and opposed this malignant force retarding African development.

According to Nkrumah (1965, ix), "The essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside." Neo-colonialism appeared in exploitative mining and manufacturing practices, which stripped African natural resources while leaving states dependent on investors for the import of processed goods (Nkrumah 1965, 14). Nkrumah (1965, 18-36) pointed to detrimentally structured "aid" policies which bound African states in inequitable trade exchanges for which they suffered (through market distortion and an inability to industrialize) while donor states benefited (through a place to unload surplus goods). Neo-colonialism also evidenced itself in the domination of African finance systems by Western powers where their clout intentionally held back the progress of LDCs (Nkrumah 1965, 53). Though its aims often involved solidifying economic power, neo-colonialism could also exert control through the promulgation of capitalistic ideals in the social and cultural arenas (Nkrumah 1965, 239). According to Nkrumah (1965), wherever neo-colonialism appeared, states lost cultural independence, floundered in an inability to develop their resources, and remained subservient to core international powers.

Nkrumah wrote from a perspective critical of capitalism's promises to alleviate Africa's development woes. For him, only a total embrace of socialism could fuse the downtrodden African states and enable them to resist subtle forms of capitalist oppression (Nkrumah 1965, 253). As the supposed world-wide worker's march for socialism grew in power, Nkrumah saw the end of neo-colonialism's display of economic imperialism. His writings labeled the persistent efforts of capitalist states to invest in Africa as a betrayal of their need for a continuous supply of raw resources. He argued that:

> At its imperialist stage, finance capital's primary need is to find spheres of overseas investment which will return profits at a greater rate than can be obtained at home. The export of capital, therefore, becomes the dynamo of imperialism which turns the export of commodities and leads to the capture of colonies as the means of assuring monopolist control (Nkrumah 1965, 83).

Though part of the Non-Aligned Movement (thus not allied with the Soviet Union), Nkrumah (1965, 37, 77) refers often to the writings of Karl Marx and Vladimir Lenin in the context of the expansionist drive of capitalistic states. He relies upon Lenin's description of imperialism as the highest point of capitalism to describe the inequalities of investment on the African continent; not surprisingly, later advances in neo-colonial theory would occur in large part due to the work of Soviet and Communist thinkers. The early 1980s produced key additions to neo-colonial works as Soviet scholars assessed neo-colonialism in investment, technology, and foreign aid programs. The international debt crisis that occurred in the developing world in the early 1980s seemed to illustrate the tremendous power of international economic frameworks to shape the policy movements in the developing world (Haynes 2002). The literature from this period illustrates the evolving nature of neo-colonialism as it changed along with fluctuations in the world economy. Hoogvelt (2001, 34) notes neo-colonialism's features of this era as "resource bondage, technological dependency, and subjection to informal imperialism."

Soviet writer Nodari Simoniya expounds upon the realities of economic neo-colonialism in his short pamphlet, *Neo-Colonialism: New Trends*. He critiques the foundational role of the "financial-economic monopoly" to neo-colonialism's focus on "easy-term loans" (often from institutions such as the World Bank) and on private capital flows to LDCs (Simoniya [1981] 1981, 48-52). Ghosh (1985, 11) echoes Nkrumah's accusation of capitalism's ulterior motives by pointing out that the "[B]asic desideratum of neocolonialism is to sustain a method of 'dependence type' of development which can influence the domestic policy of a country and also the formation of international relationship." Subsequent theorists would illuminate the apparent authority of the neo-colonial powers more specifically by pointing to capitalism's control of technology, harmful foreign aid policies, and exploitation of natural resources.

*Neo-Colonialism and Development*

With the information revolution, the global transfer of technology became a new area for criticism by neo-colonial scholars. Some interpreted strict patent policies and intellectual property rights as moves by powerful states to control the technological progression of LDCs (Volkov and Zimenkov [1986] 1986). By making LDCs dependent on investors for finishing technology, domestic profits never grew while investing entities extracted impressive profits. Access to information technology became contingent upon openness to capitalist industrial enclaves, creating "non-equity patterns of investment" (Volkov and Zimenkov [1986] 1986). Agencies such as the United States Agency for International Development purported to transfer needed knowledge to LDCs; yet, work by U.S. experts really served to curry favor for capitalism and American hegemonic interests, according to such thinking. Similarly, foreign aid became a strategy by which a state could "break its way in" to alter the economy of a LDC (Woddis 1967, 68). In neo-colonialism, foreign aid utilizes political, military, and cultural requirements in order to sway state policies and foster dependency on the donor (Vakhrushev [1973] 1973). According to theorists, while the control exerted by donors did not necessarily translate into robotic responses by African states to "external inputs," the extent of industrialization did determine the degree of dependence on foreign powers (Shaw 1982, 241).

Within the economic development which did occur in the early years of neo-colonialism, a focus on the exploitation of natural resources predominated. The colonial legacy in Africa showcased this type of relationship specifically: raw minerals and crude oil flowed back to Western companies with minimal benefit to the country (Smith 1974). Such investments, while initially contributing to some economic growth, usually "failed to provide any stimulus for solving the real problems of underdevelopment" (Amin [1973] 1974, 76). In a more recent discussion of neo-colonialism, Douglas Yates builds upon its basic function of resource exploitation to set out a new understanding of resource use in the modern oil-producing African states (articulated fully in his work, *The Rentier State in Africa: Oil Rent Dependency and Neocolonialism in the Republic of Gabon)*. His rentier theory consists of "a complex of associated ideas concerning the patterns of development and the nature of states in economies dominated by external rent, particularly oil rent" with characteristics defining the relationship between external rent and the government (Yates 1996, 14). The rentier state can continue to be controlled by neo-colonialism because a type of dependence results where states become subservient to "the massive influence wielded by export revenues on the national income and public finance" sector (Yates 1996, 41; Yates assesses the case in Gabon specifically). With the potential influx of capital in Sub-Saharan governments leasing land to external investing states today, Yates' rentier theory gives insight into the national malaise which can result from a dependence on dominant powers for rental income (Yates 1996, 6, 41-44).

In the most recent evolution of neo-colonial literature, Hoogvelt (2001) underscores the fracturing of critical development theories since the 1990s. Hoogvelt (2001, xiv) asserts that the fading of post-imperialism and the demise of formal language discussing the "exploitative economic relationship between core and peripheral economies" have resulted in the rise of globalization as a force in political economy and state relations. While acknowledging the initial emergence of neo-colonialism as related to the nascent material rise of newly independent states, Hoogvelt (2001) emphasizes the evolution of development studies past its original conception. Specifically, what she terms "postimperialism" consists of interactions such that "relations of capitalist domination and exploitation are conceptualized in terms of global class relations, which transcend national class structures" (Hoogvelt 2001, 57). For Hoogvelt (2001), the era of neo-colonialism as defined by Nkrumah is over, but a world order of globalized capitalism has substituted one form of economic imperialism for another.

Neo-colonialism as a theoretical framework thus has been "continuously evolving" since "neocolonialism['s]…colour changes according to situations" (Ghosh 1985, 10). Yet, for this study's brief assessment of international land acquisitions in light of neo-colonialism, the above discussion of neo-colonial theory can be condensed by pointing to two theoretical themes. Specifically, the recent trend of land deals in Sub-Saharan Africa will be evaluated in light of neo-colonialism's emphasis on the following: 1) indirect political domination by a core power in the policy formation and operation of a LDC; and 2) the establishment of unequal economic relationships, in bilateral state relations and between African states and their local citizens.

## Evaluation of International Land Acquisitions as a Form of Neo-Colonialism

### *Indirect Political Domination by a Core Power*

Critics of neo-colonialism eschew any entrance of capitalist powers into LDCs' domestic affairs while also taking a critical stance towards free trade and the development of a wealthy, elite core. Out of this stance grows opposition to economic linkages which bind developing states to external capitalist powers in a negative dependent relationship. More specifically, the economic maneuverings by external powers often appear as indirect moves to dominate the political decision making of an LDC. Such maneuverings operate on an inherently two-level plane—the wealthy, developed player can impose its cultural or policy dictates because of the weaker political structure of the resource-rich LDC.

Understood strictly this way, neo-colonialism as a mechanism for the spread of capitalist propaganda does not appear to undergird the recent trend to snatch-up land in Sub-Saharan Africa. Most investing powers come from the Global South—from the Middle East (Saudi Arabia, Kuwait, Jordan) or from Asia (China, South Korea, India)—and have not introduced political aid into their negotiations or overridden the policy preferences of governing elites in the same way as earlier neo-colonial powers. However, though the current phenomenon may not embody the entire original shape of neo-colonialism, the opportunity to exercise indirect economic domination and unequal, bilateral political relations in land acquisitions mirrors to a certain extent the earlier displays of neo-colonial hegemony on the African continent. As such, accusations that investors exercise subtle domination over Sub-Saharan LDCs in their initial embrace of land deals shall be explored in the context of land usage, the displacement of local citizens at the behest of external powers, and the lack of transparency characterizing land deals.

In evaluating the threat of an indirect form of domination arising in Sub-Saharan Africa whereby core powers push African states to adopt land deals thus gaining a foothold for additional policy influence, the historical background of land abuses during colonization must be recalled while examining the control of traditional pasturage and fields. During de-colonization, most African states assumed state ownership of lands, often banning private property in an attempt to combat large land accumulations in a plantation pattern. Often, vaguely defined land-use policies still exist while herdsmen and planters alike utilize land, regardless of state ownership or boundaries. In an environment of non-existent individual "property rights," the propensity for land to be reallocated to suit the state's purposes is thus strong (DeSoto 2000). Access to land is compounded as a political, legal, and social problem by the fact that many Africans still rely on subsistence agriculture for their livelihoods.

Within this context comes the trend of international "land deals" whereby strategic investment groups such as Jarch Capital, Emergent Asset Management, and Rothschild move to secure agreements with African leaders for access to land (Emergent 2009; Jarch Capital, LLC 2009).[5] Private financiers, encouraged by entities such as the Corporate Council on Africa and the U.S.-Africa Business Summit,

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[5]Simeon Kerr, "Financiers Scent Food Security Deals," *The Financial Times,* 17 August 2009. Accessed: 10 May 2010 <http://www.ft.com/cms/ s/0/42090644-8b45-11de-9f50-00144feabdc0.html?catid=76&SID=google>.

have recognized the profit to be had in cultivating basic crops, moving to lease government-allocated land (DeCapua 2009). Yet, investors also acknowledge the risk inherent in these investments as Rothschild's Dubai Director Christopher Hawley notes amidst his enthusiasm: "Because of the food requirements of the [Gulf] region, and the capital requirements needed for developing countries, both sides can benefit; the issue isn't going away, but there is a real need for responsible investors. The political backlash could be very significant."[6] Despite concerns, promoters of investment, such as Emergent Asset Management's Susan Payne, say their fund's cultivation of underutilized land is benefitting communities by providing "access to new farming techniques, new seeds and technologies, as well as the above-average wages."[7]

What their optimistic projections for development ignore is the underlying reason for local backlash in the first place: subsistence farmers facing eviction from their land and thus the source of their livelihood in the aftermath of land deals. Long-standing research has associated foreign investment in land with political conflict in developing countries, often because politicians sign personally-beneficial deals while overlooking the impacted citizens (Rothgeb, Jr. 1995). With minimal to non-existent compensation, investing parties backed by the host government and political elites stand poised to profit at the expense of the domestic population. Such moves reflect neo-colonialism's emphasis on enriching a controlling power at the expense of a territory's income (Nkrumah 1965). The FAO emphasizes that the perception that plots of empty land wait to be put into production is erroneous. Cotula et al. (2009, 6) notes:

> In many cases land is already being used or claimed—yet existing land uses and claims go unrecognized because land users are marginalized from formal land rights and access to the law and institutions. And even in countries where some land is available, large-scale land allocations may still result in displacement as demand focuses on higher value lands (e.g. those with greater irrigation potential or proximity to markets).

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[6]Kerr, "Financiers Scent Food Security Deals."

[7]Katie Hunt, "Africa Investment Sparks Land Grab Fear," *BBC News*, 5 August 2009. Accessed: 10 May 2010 <http://news.bbc.co.uk/2/hi/business/8150241.stm>.

Despite variation in land deal arrangements (Cotula et al. distinguish between five types of government-backed land deals, ranging from direct land acquisition by government agencies to sovereign wealth fund investments), underlying elements such as the long term nature of deals, smallholder displacement, and a lack of transparency in negotiations have prompted concerns that the recent trend could allow for indirect control by outside political entities in a neo-colonial pattern. Tampering even slightly with the control of African land can give rise immediately to political upheaval; when combined with the elements above, land acquisitions appear to give credence to accusations of neo-colonialism. Under the surface of promising land-for-development-agreements lies the reality that the control of a country's natural resources undergirds its sovereignty—and the longevity of its political independence. When a state signs over access to its natural resources, it not only signs away independence in that sphere but also the potential to develop those resources for its own domestic benefit.[8]

In particular, the long-term nature of the land deals under negotiation across Sub-Saharan Africa adds to fears of neo-colonialism since investing powers obtain more leverage in a country the longer they are present as a significant economic force. Cotula et al. (2009) inventoried land deals across the Sub-Saharan states and documented dozens of minimum fifty-year (usually renewable) leases in states including Ethiopia, Mali, and Mozambique. Staking long-term claims in the teetering state of Sudan, the soils of Tanzania, and in the well-watered forests of the Democratic Republic of Congo now gives investing powers an edge over other food import-reliant countries. Additionally, building a presence in a country allows the investing power to expand their access to further resources in the host country in the future. Such control appears to be inherently subtle and indirect currently given the secrecy of most land deals.

In spite of the relative permanence in land deals sought by investors, the open invitations to invest from host countries (i.e., Sudan, Ethiopia) complicate accusations of neo-colonialism since many government authorities publically welcome the monetary infusion external states and groups appear to bring.[9] In the context of

[8]Andrew England and Javier Blas, "Wealthy States Look Globally for Fertile Soil," *China Dialogue*, 12 September 2008. Accessed: 10 May 2010 <http://www.chinadialogue.net/article/show/single/en/2391>.

[9]Xan Rice, "Ethiopia—Country of the Silver Sickle—Offers Land Dirt Cheap

Ethiopia's eight million rural poor, Esayas Kebede, the Director of the Agricultural Investment Support Office, sees "large scale foreign commercial farming" as a "way to end poverty and hunger."[10] Kebede states, "It's not land grabbing, we are looking to generate foreign currency to support our development effort," and "It's better than begging."[11] Such acknowledgments bring to the fore the willing participation of every host country in deals under negotiation. Ultimately, no investing state has invested against the wishes of key government authorities. While some political elites, government agencies, and local citizenry often remain excluded from negotiations, this lack of good governance proceedings is not the fault of wealthy foreign investors willing to leverage large amounts of capital in exchange for land access. Though even with these apparently "open" invitations to invest, the benefits to a host country appear minimal and likely to dissipate over time. Leases do not reflect international market rates, rent income frequently does not extend beyond the initial date of the deal establishment, and enforcement power for building infrastructure and creating local jobs evaporates after investors gain control of land. Yet, again, poorly structured deals do not make agreements completely neo-colonial in nature; rather, deals which fail to provide development benefits constitute shortsighted agreements signed by myopic host government officials.

What has been reported about today's murky deals indicates that they are vague in intent, sparse in protections for local access to water resources, without standards for environmental sustainability, and up to this point, limited in securing jobs or training local farmers in modern farming techniques.[12] Cotula et al. (2009, 68) note that a

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to Farming Giants," *The Guardian*, 15 January 2010. Accessed: 10 May 2010 <http://www.guardian.co.uk/world/2010/jan/15/ethiopia-sells-land-farming-giants>.

[10]Argaw Ashine, "Ethiopia: Hunger-Ridden Country Defends Land Grabs," *Nairobi's Business Daily*, 14 August 2009. Accessed: 10 May 2010 <http://allafrica.com/stories/200908140576.html>.

[11]Ashine, "Ethiopia: Hunger-Ridden Country Defends Land Grabs."

[12]"Africa: Tractored Out by 'Land Grabs?,'" *IRIN*, 11 May 2009. Accessed: 10 May 2010 <http://allafrica.com/stories/200905110991.html>; Busani Bafana, "Could Regulation Ease Fears Over Land Grabs?" *Inter Press Service News Agency*, 23 October 2009. Accessed: 10 May 2010 <http://ipsnews.net/africa/nota.asp?idnews=48982>; "Mauritius Leads Land Grabs for Rice in Mozambique," *GRAIN*, 1 September 2009. Accessed: 10 May 2010 <http://www.grain.org/hybridrice/?lid=221>; Nasir Imam, "Africa: New Agribusiness Colonialism Threatens Africa," *Daily Trust*, 27 October 2009. Accessed: 10 May 2010 <http://allafrica.com/stories/printable/200910270295.html>.

lack of transparency marks the negotiations of land deals and that the "actual contracts between host governments and incoming or domestic investors are not public." Where information is available, it may appear only in limited measures in national land registries. The FAO's survey of 184 deals in five countries (Ethiopia, Sudan, Ghana, Madagascar, and Mali) showed that basic details about proposed or enacted land deals could not be accessed by NGO officials or even certain domestic government agencies without extraordinary measures (Cotula et al. 2009). Fundamentally, the shadowy nature of deals excludes input from civil society: "Lack of checks and balances and of transparency in negotiations creates the breeding ground for corruption and for deals not in the best public interest" (Cotula et al. 2009, 69).

Indeed, the presence of corruption and culpable government officials has already been witnessed across Sub-Saharan Africa in matters pertaining to agriculture. Amidst the current hunger extending to twenty-five percent of Kenya's population, cartels within the Kenyan Agriculture Ministry have conducted illegal maize trading and export against state policy, thus contributing to spring crop shortages.[13] In Sudan, where outside land deal investors have been courted, government corruption "is perceived as rampant," reflecting the fact that "Sudan ranks 172nd out of 179 countries in Transparency International's Corruption Index for 2007."[14] Government kickbacks and payouts to colluding officials in order to secure business deals characterize many transactions at the outset, clouding today's land negotiations with questions of legitimacy.[15]

The present muddled nature of land acquisition agreements extends back to the funds received for leasing acreage in the first place. In Ethiopia, where China has contracted for sesame production, funds for land use never appeared in the records of the government treasury department (Mersha 2009). Some deals become known only through leaked statements or rumors—no government agency has records of the purported deals. For instance, Ugandan President Museveni reportedly signed a deal with the Egyptian Minister of Agriculture to allow Egypt access to two million acres of land for wheat and corn production. Yet, the media reported that

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[13]"'Food Graft' Row Splits Kenyans," *BBC News*, 13 January 2009. Accessed: 10 May 2010 <http://news.bbc.co.uk/2/hi/africa/7826034.stm>.

[14]James Melik, "Sudan Beckons for New Investors," *BBC News*, 28 January 2009. Accessed: 10 May 2010 <http://news.bbc.co.uk/2/hi/business/7855327.stm>.

[15]Melik, "Sudan Beckons for New Investors."

other Ugandan officials (i.e. the Uganda Investment Authority) had no knowledge of the deal when approached with questions.[16] Poor understanding of the ramifications of land deals makes it even more likely that governmental safe-guards will not be able to check expansionary acquisitive tendencies by outside investing entities, leaving open the possibility for external control over raw resources to grow. Additionally, with a lack of widespread civic input, state officials negotiating deals fail to consider the long-term threats to worker employment and domestic food supply induced by such land deals.

In government environments that lack regulation, strong ministerial oversight, and no overriding code of conduct to rope-in zealous investors, the likelihood that external powers will be able to exert undue influence, secure access to a country's most productive land, and evict domestic farmers thus seems strong. However, the opportunity for external investors to establish power in a key sector of a state's economy to the detriment of local populations does not necessarily demonstrate the clear mechanistic force of neo-colonialism. The systematic nature of the theory presupposes that an external, amorphous force shapes the economic realities of a state against its will, defaulting to the conclusion that an imperialistic force has driven all elements of baleful land deals overlooks the corruption and inefficiency present in many African governments inviting the deals. All the same, the threat that external investors will be able to shape realities on the ground in neo-colonial fashion rightly has prompted calls for transparency. Alexandra Spieldoch (2009, 2), the Director of the Trade and Global Governance Program at the Institute for Agriculture and Trade Policy, states that to avoid the threats inherent in the murky environment of land deals, "All investment measures should be transparent, participatory and accountable to those who will be most impacted, such as smallholder producers."

Without swift embrace of government-instituted oversight measures designed to protect local populations and long-term national interest, new land deals could embody the subtle and indirect workings of an altered form of neo-colonialism by which investing powers can establish a dominating presence and ensure political and economic developments favorable to their investments

[16]Ali Balunywa, "Egypt Claims 2.2% of Uganda Land," *All Africa News*, 28 September 2009. Accessed: 10 May 2010 <http://www.africanews.com/site/list_messages/20731>.

in a LDC. While investing states mostly come from the Global South and do not associate their investments with a desire to propagate Western capitalism, free-wheeling investors still can display elements of neo-colonialism in their unchecked ability to control the agricultural production and raw exports of a state via their long-term, loosely defined land leases.

For even if the investing group currently expresses good intentions to increase local agricultural skills while at the same time benefiting their own government's food security, conflict appears inevitable. With an impending water crisis and shortage of staple crops looming in the next forty years, investors will be thrust into political struggles between the food needs of their constituencies and the immediate hunger of the state hosting their crops. Already, locations for investment reveal the foundation for this type of conflict: Kenya revealed its intention to lease 154 square miles of its prime Tana River delta to Qatar; yet, the deal likely would remove access to key water and grassland sources for 150,000 families.[17] Ethiopia's announcement that 2.7 million hectares will be delivered to investors (chiefly Gulf States and India) contrasts with its need for emergency food aid for 5.2 million people.[18] With no provisions that land deals will redirect crops to domestic populations in times of need, the weaker domestic population could come to exist at the mercy of the external investing powers and colluding officials.[19]

In his book, *Neocolonialism and African Politics*, Nigerian scholar Yolamu R. Barongo (1980, 16) warned of positioning the African state in the positions hinted at above where an economic relationship is "[I]mposed on the weaker state by a stronger power and that benefit[s] the interests of such power." Barongo (1980) feared a complex system of forces which would override African state power in order to impose capitalism on the political economy; of course, the deals under question occur *in response to invitations* issued by host countries—a fact which undermines the Pan-African community's consensus that capitalists again seek the control of weak African states through land deals. Rushing to adopt an all-encompassing critical framework which pits core powers against the dependent periphery allows African states to blame external powers

[17]"Africa: Tractored Out by 'Land Grabs?'"

[18]Ashine, "Ethiopia: Hunger-Ridden Country Defends Land Grabs."

[19]Bill Law, "The Price of Developing Kenya's Tana River Delta," *BBC News*, 4 February 2010. Accessed: 10 May 2010 <http://news.bbc. co.uk/2/hi/programmes/ from_our_own_correspondent/8496762.stm>.

for their struggling economies when some realities stem from national mismanagement and corruption by self-serving government heads. The trend towards international land acquisitions still should cause concern, but in the economic coercion of local populations affected by land deals, host governments must be held liable. Indeed, if Sub-Saharan states continue to rush into shortsighted land agreements, the resulting growth of indirect, subtle power over local food markets exercised by external investors with the complicity of domestic governments will alter the political realities and sovereignty of such states.

*Establishment of Unequal Economic Relationships*

Another aspect of the subtle control appearing to undergird land deals in Sub-Saharan Africa deserves brief discussion since it reveals a second facet of potential neo-colonial elements at work in international land acquisitions. Specifically, land deals in Sub-Saharan Africa foster the establishment of unequal economic and political relations with one-sided benefits in agreements between a greater and a lesser power. The inequality characterizing burgeoning land deals can be witnessed in two spheres: in bilateral deals between investing states and host states and in the relationships between host states and their populations. Wealthy investor states have the economic and political capital necessary to secure advantageous deals in African states hungry for money. Because of their established ties to global finance and trade networks, external investors can leverage power over the host country in the bargaining process. Deals are by definition “top down” and benefit the investing power exponentially more than the host country—even if the host country receives some percentage of production profits for its own infrastructural development (Von Braun and Meinzen-Dick 2009). Additionally, Cotula et al. (2009, 70) observe the unequal power relationships extending from the host country’s government to the affected local population:

> There are major concerns in some countries about the weakness of provisions within national law for local people to steer development options and defend their own land rights. In other countries such rights are in theory substantially more secure, but concerns remain around implementation of the law and voluntary good practice on

the part of investor companies.

Here, Cotula et al. point out an important reality of the recent land deals: the partnership between investing entities and the host governments trickles down to the exertion of disproportionate power over the local citizens actually affected by land leases. In a normal trade or liberal economic relationship, the interaction would be seen as mutually beneficial to both parties. In today's trend of land deals, the investing power appears to have positioned itself to accrue lopsided wealth, control, and power in the weak political environment of hungry, developing states. In their International Food Policy Research Institute (IFPRI) Report, Joachim Von Braun and Ruth Meinzen-Dick (2009, 2) echo this reality:

> The bargaining power in negotiating these agreements is on the side of the foreign firm, especially when its aspirations are supported by the host state or local elites. Smallholders who are being displaced from their land cannot effectively negotiate terms favorable to them when dealing with such powerful national and international actors, nor can they enforce agreements if the foreign investor fails to provide promised jobs.

While developing states have seen potential in the influx of foreign funds, the very promise of outside aid, infrastructure development, and the training of nationals seems to embody the neo-colonial process of an entity offering promises in order to "break in" to establish economic control (Woddis 1967, 68).[20] Rather than engaging African states as trading partners or equal political powers, external players are able to secure advantageous deals because of the weaker governance systems in the host country. In actuality, the structure of land deals allows domestic government officials to have roles similar to the function of political elites in Yates' (1996) rentier theory. Just as a rentier state's bureaucratic officials become part of a multinational company or operation absorbing foreign dollars and controlling local oil economies, African officials are facilitating the process of external powers establishing control over key natural resources today.

[20]Ashine, "Ethiopia: Hunger-Ridden Country Defends Land Grabs"; "Mauritius Leads Land Grabs for Rice in Mozambique."

Indeed, the explicit purpose of recent land deals between governments and outside states or private investors has been to secure access to raw materials. Contrary to the earlier dominance of oil in exploitative economic relationships on the African continent, today's deals prioritize prime agricultural land. Wealthy investor states see Sub-Saharan Africa as a source for the investing country's own production, biofuels supply, and food security. Through the lack of transparency in land deals, investing powers in conjunction with local government authorities have bypassed critiques by powerless residents who may be displaced after the contract goes into effect. With scant legal protection (due to merely customary property rights) in most countries or in countries where legal protection hinges on the "productive use" of the land, opportunities for abuse abound (Cotula et al. 2009, 91). Highlighting the disproportionate power amongst players involved in land deals is the fate faced by displaced citizens who have few avenues for recourse if their land is suddenly deemed "unproductive" and given to an investor by a development board.[21] Compensation requirements written into land leases (e.g., in Tanzania and Mali) have not yet been worked out in practice and often remain unclear or inaccessible to those displaced.

The threats of political backlash following the signature of unequal land deals in this fashion became very real in the minds of investors after the overthrow of the Madagascar government in early 2009. South Korean firm Daewoo Logistics had yet to take possession of their leased land, but the local backlash at the promised plantation deal caused a political crisis. The outrage of soon-to-be displaced citizens and uninformed local government officials resulted in the overthrow of President Marc Ravalomanana and the installation of opposition leader Andry Rajoelina for a time. His condemnation of the deal built upon the threat the leases held for historic land usage by smallholder farmers; additionally, the opposition specifically labeled the deal "neo-colonialism" because of its attempt to give Daewoo Logistics one million acres of land.[22] If completed, the contract would have supplied a third of South Korea's corn demand; yet, the Malagasy people would have been subjected to further basic food import requirements. Perhaps, some agricultural development could have occurred in lands under Malagasy control as

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[21] John Vidal, "How Food and Water Are Driving a 21st-Century African Land Grab," *The Guardian*, 7 March 2010. Accessed: 10 May 2010 <http://www.guardian.co.uk/environment/2010/mar/07/food-water-africa-land-grab>.

[22] "Madagascar Leader Axes Land Deal."

a result of the deal, but limited revenue after the initial lease fees and uncertain future world-wide food supply would likely have left the state worse off than before.

The scenario in Madagascar provides the most vivid example of the danger inherent in elites colluding with eager investors to provide access to land. While foreign investment in principle could do much for the woeful state of African agriculture, the current trend feeds political unrest by cobbling together ineffectual governance structures, political elites willing to jeopardize the livelihoods of subsistence farmers, and eager investors—creating a dire economic reality for poor farmers and rural laborers. Above all, the underlying concerns over the creation of unequal economic relationships with local communities constitute only smaller elements of the deeper reality that states are moving to assert "ownership" over food production rather than to "increase supply to the international market."[23] It is this subtlety asserted ownership that reflects seemingly imperialistic moves by powerful states in relationships eerily similar to the economic exploitation that occurred in the African mining and oil industries in the 1960s. Granted, the investing powers come from the Middle East and Asia, yet their behavior, economic leverage, and power achieved with minimal legal and domestic development commitments appears to give them the ability to unduly sway policy and contracts within vulnerable Sub-Saharan states both now and in perhaps more perilous years to come.

## Future Research

In the preceding sections, the themes of subtle, indirect political domination and unequal economic linkages between host countries and external investors have been seen to offer some evidence of neo-colonial elements surfacing in Sub-Saharan Africa. However, despite the obvious forging of powerful commercial linkages between wealthy investors and weak African states, the recent phenomenon of international land acquisition cannot be decried as a total resurrection of neo-colonialism. Critics of land acquisitions have defaulted to the theory of neo-colonialism to explain some unfortunate developments on the African continent, without assessing neo-colonialism's established theoretical weaknesses. B.C. Smith (2003, 105) outlines the harm of applying this inherently generalized theory on the micro-

[23]England and Blas, "Wealthy States Look Globally for Fertile Soil."

level; he argues that "It is too static and unhistorical to explain successfully the distinctive elements of economic and political development." Even Barongo (1980) acknowledged the difficulty in discerning the true outworking of neo-colonialism in contexts where economic linkages appear genuinely to benefit both the weaker and the stronger state at the same time. He comments:

> [T]he problem of definition arises from the complexity of relationships that exist among nations and the difficulty of isolating from the various interstate relations those relations that are predicated on pure motives of exploitation and domination of the new states by Western capitalist powers. Thus, it has proved difficult to say whether relations of economic exchange that exist between Western industrial countries and the primary producing countries are neocolonial in character or whether they should be regarded as relations that arise out of mutual interdependence of nations and that are therefore beneficial to both sides rather that [*sic*] exploitative (Barongo 1980, 83).

Castigating today's foreign investors as "neo-colonial" for the domestic turmoil and undeniable economic inequities brought about by land deals wrongly blames investors for the outworking of unique policy and governance weaknesses in some African states. Doing so obfuscates the challenges and opportunities latent in foreign investment-driven agricultural development in Africa, while fueling those who see every failure of the African state as the fault of some external power, not the actual domestic political elites (Obadina 2000; Smith 2003). Indeed, it is important to note that the most vocal critics of the recent trend in land acquisitions come from outside the continent, rather than from within the host countries that have sought investors. If jobs, promised infrastructure, and training actually materialize, such investment may well represent a way forward for African food production. Thus, it would be hasty for the international community to denounce foreign direct investment in African agriculture. Reflecting this more balanced view of land deals, the FAO has recently backed off its condemnations of land deals as embodying "neo-colonialism." It has assumed new language in describing the trend, emphasizing its potential to spur growth as direct foreign investment operating under safeguards.[24] Importantly, this reflects the fact that stigmatizing investment may prevent any development in African agricultural sectors, where a long history of underinvestment and neglect consistently has undercut growth in production.[25]

In addition to these theoretical cautions, the recency of land deals and the lack of transparency in deal negotiations inhibit a full assessment of the trend at present. The scarcity of contract information constrains the legal analysis which can be conducted regarding ramifications for local access to land after deals are signed (Smaller and Mann 2009). Moreover, while mainly journalists have speculated on whether land deals are representative of "neo-colonialism," no serious scholarly assessment has been conducted in the field of political science. Though the sponsorship of discussion at global forums has helped to attract some interest in the ramifications for African food security and international relations, scholars must now work to form cohesive assessments of the phenomenon in regards to its consequences for state-building, inter-African relations, foreign aid policies, and long-term political stability (Byerlee 2009; Kugelman and Levenstein 2009).

Moreover, the brevity of this paper has precluded evaluation of the differences between government-negotiated deals as compared to private investments, an in-depth look at the role of promised development projects pledged by investors, and assessment of interactions between investment boards and government ministries in coordinating the deals. Future study should investigate these elements of international land acquisitions in order to give a more complete picture of the trend in Africa. Additional research should also investigate the beginnings of a movement within the larger trend of land deals whereby African states have negotiated agricultural agreements amongst themselves.[26] Understanding how African-to-African deals differ from the wider trend of land deals will help scholars assess the promises and threats found in the commodity

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[24] Javier Blas, "U.N. Set to Regulate 'Farmland Grabs,'" *The Financial Times*, 18 November 2009. Accessed: 10 May 2010 <http://www.ft.com/cms/s/0/be986784-d3a4-11de-8caf-00144feabdc0,dwp_uuid=a955630e-3603-11dc-ad42-0000779fd2ac.html?nclick_check=1>.

[25] Paul Virgo, "Development: To Grab, or To Invest," *Inter Press Service News Europe*, 19 November 2009. Accessed: 10 May 2010 <http://ipsnews.net/news.asp?idnews=49317>.

[26] "South Africa Farmers to Rent Land in Congo," *BBC News*, 20 October 2009. Accessed: 10 May 2010 <http://news.bbc.co.uk /2/hi/8317186.stm>.

boom of food and water.

## Conclusion

Despite some of this study's limitations, analyzing international land acquisitions remains imperative if a political crisis over access to food and water resources in Sub-Saharan Africa is to be forestalled. Underscoring the urgent need for faster, more efficient agricultural development, the U.N.'s Committee on Food Security announced in October 2009 that the ranks of the malnourished now equal an estimated one billion worldwide (Committee on World Food Security 2009). Wealthy, food-importing states are likely to continue turning to LDCs rich with natural resources when they cannot meet their own population's food needs. Thus, extending the research begun in this article must continue in order to evaluate the risks of resource exploitation harming Africans and depriving them of their most precious land resources.

Whether international land acquisitions can be negotiated in a manner which benefits the host country without giving the investor undue political leverage over local stakeholders remains the key question. With the slight similarities to an earlier era of neo-colonialism presently seen, it is essential that safeguards which ensure the demands and needs of Africans materialize. Fortunately, with the attention called to land deals at several recent international forums, including at the 13th Session of the U.N. Human Rights Council in March 2010 (Wakessa 2010), feasible steps for maintaining economic sovereignty while actively encouraging investment in African states have been discussed. Most promising, defining guidelines for private and public agriculture investment has topped the agenda of some African Union meetings and the November 16-18, 2009 meeting of the United Nation's World Summit on Food Security. It pointed to the work of the Global Partnership for Agriculture, Food Security and Nutrition (which sponsors the Committee on World Food Security) as an example of bodies working to bolster global governance, build on "existing institutions" and foster "effective partnerships" (WSFS 2009b).

Additionally, calls for an international code-of-conduct for land leases have increased. Japan's former Prime Minister, Taro Aso, argued at last year's July meeting of the Group of Eight that a "co-ordinated global response" to land deals would assist developing countries in producing "growth strategies with renovated agroindustries."[27] He laid out a list of principles for investors, including standards of transparency, respect for the "rights of local people affected by investments," integration with host country's environmental policies, and acknowledgment of the host country's food supply.[28] Documents and organizations addressing resource usage in other contexts such as the Kimberly Process and the World Commission on Dams may constitute useful starting points for policy recommendations (Mycoo 2005; Von Braun and Meinzen-Dick 2009). Of course, for the trend in international land acquisitions to benefit a state's long term national development, host countries must shoulder responsibility for protecting the interests of their own local smallholder farmers and rural populations. IFAD's Kanayo Nwanze (2009) casts a hopeful vision for future foreign investment efforts in a contribution to the OECD's Blog:

> Innovative forms of collaboration between the large commercial farms and smallholder farmers should be encouraged. Foreign investors can provide investments for infrastructure, including roads and irrigation, the provision of fertilizers, seeds and other inputs, to enable the farmers to increase their production sharply. In return, in a medium-term arrangement, the farmers would provide assured supplies on agreed market-related prices.

If his optimistic vision can be translated into reality and the outworking of neo-colonial elements bypassed, African agriculture and, indeed, a larger, hungry world will benefit.

The ongoing reverberations felt from the world food crisis of 2007-2008 continue to shape the scramble for resources in an increasingly dry and hungry world (Viatte et al. 2009). As population levels approach nine billion, securing maize, rice, and water supplies becomes all the more urgent for resource-poor nations.[29] Ownership of fertile soils and well-watered fields lies at the heart of this

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[27]Taro Aso, "The World Must Learn to Live and Farm Sustainably," *The Financial Times*, 5 July 2009. Accessed: 10 May 2010 <http://www.ft.com/cms/s/d6e93cf6-6995-11de-bc9f-00144feabdc0,dwp_uuid=a955630e-3603-11dc-ad42-0000779fdzac.html>.

[28]Aso, "The World Must Learn to Live and Farm Sustainably."

[29]Douglas Waughray, "The Pending Scramble for Water," *BBC News*, 2 February 2009. Accessed: 10 May 2010 <http://news.bbc.co.uk/2/hi/business/7790711.stm>.

simmering crisis (“Parched Planet” 2010). Yet, ultimately, access to property also constitutes a key criterion for political independence and self-sufficiency. Without attention to the consequences of foreign direct investment and land purchases delineated above, some Sub-Saharan African states led by shortsighted government officials run the risk of entering binding deals which could exploit their state’s resources for the good of only external populations.

Fundamentally, international land acquisitions constitute an issue of “image and reputation risk;” in food-insecure countries, investors utilizing large swaths of land for external markets chance being perceived as contributing to the malnutrition and suffering of a population—a population which may erupt in political unrest and riots over access to food (Cotula et al. 2009). Or, they may be seen as “dealing with or propping up corrupt regimes and human rights violators; [t]hey may also be perceived as land grabbers in food-insecure countries” (Cotula et al. 2009, 103). Even if external investors do not act in neo-colonial fashion, accusations to that extent threaten to sow political unrest, hamper agricultural investment, and ultimately, retard Africa’s food supply. That reality has severe consequences for international relations, other forms of foreign investment, and Africa’s future development as a continent. As access to water and food becomes more difficult, today’s relatively civilized jockeying for land may translate into even more sinister national conflicts in the future.

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# The Politics of Euro Adoption in Slovenia and the Czech Republic

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*This article analyzes the divergent paths of post-communist European states towards adopting the euro, specifically comparing the policy outcomes of the Czech Republic, which has not yet adopted the euro, and Slovenia, which adopted the euro in 2007. Through an analysis of the Maastricht Criteria, this article argues that policy outcomes in the field of euro adoption are a result of the interplay between a state's central bankers and its domestic politicians. In both states, central banks encouraged euro adoption; this article argues that this support is a result of elite socialization with Western norms. Democratically elected domestic politicians, however, were more inclined to support the euro in Slovenia than in the Czech Republic due to a variety of economic and historical factors. The combination of these two elements is responsible for the divergent policy outcomes of the two countries; however, this dichotomy is beginning to fall apart for a variety of reasons.*

Most Europeans have embraced the core ideas behind European integration. However, projects to expand integration, such as the establishment of a single currency, have yielded mixed results. These mixed results are especially notable in the post-communist countries of Central and Eastern Europe. For example, Slovenia, one of the most advanced countries in the post-communist world, was the first of the post-communist states to embrace the euro, adopting it as its official currency in 2007 (European Commission 2009c). However, many other emerging countries in Central and Eastern Europe, such as the Czech Republic, remain outside the reach of the euro. This article analyzes the reasons behind the divergent paths of post-communist countries in regard to euro adoption, specifically comparing the paths of Slovenia and the Czech Republic. Ultimately, it will be argued that policy outcomes in regard to economic and monetary union in post-communist European states require broad support from both the central bank of a state and the general public, as manifested through the domestic politicians whom the public elects.

This article will begin by providing some essential background information on the history of the euro and the path by which a state proceeds to adopt the euro as its national currency, placing specific emphasis on how this process requires both central bank and general public support. Particular emphasis will be placed on how Slovenia and the Czech Republic have acted in this process. Then, the article will analyze the attitudes of post-communist central banks towards early euro adoption, highlighting the fact that both the Bank of Slovenia and the Czech National Bank pushed for quick adoption of the euro in the early 2000s. As will be shown, these banks advocated rapid euro adoption as a result of intense socialization with Western central bankers. Next, the article will analyze the domestic political environment of each country in regard to euro adoption, with the underlying argument that the Slovene people were more willing to adopt the euro than the Czechs. Finally, this article will combine these findings, explaining how this synthesis has resulted in divergent outcomes in terms of euro adoption, and explaining how this central bank-public relationship has, over the past few years, fallen apart in the analysis of the likelihood of euro adoption in the Czech Republic.

## Background on the Euro

Europe began the process of creating a single currency when the Treaty on European Union, popularly referred to as the Maastricht Treaty, entered into force in November 1993 (European Commission 2007b). The euro officially went into circulation on January 1, 1999, as the official currency of eleven European states (European Commission 2009c). Most of these states were Western European states with strong histories of economic cooperation and democratic tradition. However, since this time, the EU has expanded the reach of the euro into areas with less profound traditions of capitalism, specifically the emerging capitalist states in Central and Eastern Europe.

To enter the eurozone, an EU member must comply with five stringent requirements. These requirements, outlined in the Maastricht Treaty, are called "convergence criteria." An understanding of these convergence criteria is essential to understanding some of the political battles that arise as a result of the debate on adopting the euro. Two of these requirements are associated with fiscal policy, which is regulated by a state's parliament and therefore guided by a state's domestic environment. These requirements state that the government deficit must not exceed 3% of GDP, and the public debt must not exceed 60% of GDP

(European Commission 2009a). The other three requirements are associated with monetary policy, which is regulated by a state's central bank. The Maastricht Criteria state that countries must have inflation rates within 1.5% of the three lowest rates of inflation in the European Union, long-term inflation rates within 2%, and exchange rates kept within "normal" fluctuation margins of Europe's exchange-rate mechanism (European Commission 2009a). Since 1999, a state must demonstrate that it can maintain "normal" fluctuation margins through two years of participation in ERM II (the European Exchange Rate Mechanism). In ERM II, a central exchange rate between the euro and the country's currency is agreed. The currency is then allowed to fluctuate by up to 15% above or below this central rate, supported by central bank intervention—buying or selling—when necessary (European Commission 2009e). ERM II, in a sense, helps states prepare for the euro. Since European monetary policy is centrally run by the European Central Bank, countries that adopt the euro cannot devalue their currency in order to encourage exports and discourage imports. By pegging the exchange rate within set limits, ERM II helps mimic these restrictions (European Commission 2009e). However, because ERM II is so constraining, it is a controversial policy.

These requirements have caused challenges in both Slovenia and the Czech Republic. Slovenia had some initial trouble keeping its inflation rate within EU standards, despite the fact that it had been declining since 1995 due to the actions of previous governments. However, it met the other convergence criteria and joined ERM II in June 2004 (Dandashly and Verdun 2009). In 2007, Slovenia met all convergence criteria and was allowed to join the eurozone (European Commission 2009c). The Czech Republic, however, has been less successful. Though it was seen as a pacesetter in the 1990s, the Czech Republic failed to meet the convergence criteria for several reasons, most of which involved fiscal policy (Dandashly and Verdun 2009). The main reasons for this include the past failure of the domestic Czech government to keep its public finances in EU compliance and a populist hesitance to enter ERM II (Bönker 2006). An early constraining factor was the Czech Republic's deficit. From 2000 to 2003, the Czech deficit increased from 4.2% of GDP in 2000 to 7.0% in 2003 (Johnson 2006). Since then, however, the Czechs have made significant strides in reducing their budget deficit, staying below the EU requirement of 3.0% since 2006 (European Commission 2007a, 2009d). However, the current financial crisis has forced the Czech Republic to resume deficit spending, and therefore the Czech Republic has failed to set a target date for euro adoption.[1] According to some analysts, the earliest time that the Czech Republic will be able to adopt the euro is 2014 or 2015; however, this assumes that, after the pressures of the financial crisis are largely gone, the Czech government continues to pursue a stable fiscal policy and commits to meeting the Maastricht Criteria, including compliance with ERM II.[2] The success of Slovenia in adopting the euro so early, and the failure of the Czech Republic to quickly embrace the reforms necessary to enter the eurozone, are predictable outcomes, given an analysis of the interplay between central banks and the public.

## The Politics of Central Banks in Slovenia and the Czech Republic

A trend seen in virtually all post-communist countries in the early years of this decade was the emphasis of their independent central banks on adopting the euro as soon as possible. This trend, visible in both Slovenia and the Czech Republic, existed in each country despite the domestic political climate at the time, and despite the substantial economic risks that the early adoption of the euro would entail. To fully understand the politics of euro adoption in the early 2000s, a deconstruction of the attitudes of the central banks versus the general public and domestic politicians is necessary. This section of the article will begin by explaining how politically independent central banks came to prominence in all of the post-communist accession states. Then, this section will show examples of central bank support of euro adoption in both countries, arguing that such support was rooted in socialization, a desire to adhere to Western ideals, and the perceived need to force fiscal restraint upon their respective governments.

The emergence of the politically independent central bank was a similar process in both Slovenia and the Czech Republic, as it was in most post-communist countries after the fall of the Soviet bloc (Johnson 2006). One reason for the mass emergence of independent central banking was that it was a requirement for accession into the European Union. The existence of an independent central bank helps to fulfill the EU criterion that a state must demonstrate the "existence

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[1]"Analysts: Year 2015 a Realistic Date for Euro Adoption in ČR," *Prague Daily Monitor*, 2 November 2009.

[2]"Analysts: Year 2015 a Realistic Date for Euro Adoption in ČR."

of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union" (European Commission 2009b). However, another reason, and the reason which helps to explain the post-communist countries' interest in joining the European Union in the first place, was the desire to emulate Western democracies, partly as a symbol of progress and as a tangible achievement that each state had successfully broken ideological ties with its communist past (Johnson 2006). These more sentimental reasons differed from the reasons that Western democracies granted their central banks autonomy; the Western states generally established central banks as a historical development to respond to instances of incredibly high inflation.

This desire for Westernization had intriguing political effects, as central bankers became increasingly intertwined with other banking professionals in the established Western democracies. Juliet Johnson (2006, 365), a scholar of central bank emergence in the post-communist world, illustrates this relationship:

> A transnational policy community of central bankers, possessing a shared ideology and significant material resources, actively guided the transformation of post-communist central banks. This network encompassed the central banks in the advanced industrial democracies (engaging both current and former central bankers), the Bank for International Settlements (BIS, the 'central bankers' bank'), and the departments responsible for working with central banks within the international financial institutions (e.g. the IMF's Monetary and Exchange Affairs Department). By the early 1990s, these bankers had effectively coalesced into an epistemic community capable of delivering massive, coordinated assistance to post-communist central banks.

After the central banks had formally established their political independence, the continued assistance that the Western economists gave, as well as the appeal of post-communist central bankers to become a part of the mainstream central banking epistemic community, resulted in a peculiar relationship among the central bankers that contributes to their unilateral support for rapid euro adoption, regardless of domestic support. Johnson (2006, 367) argues that the terms of interaction among central bankers encouraged "constant transnational interaction and ideological reinforcement among the individual nodes in the central banking network, but [did] not engage domestic actors outside of these central banks." Therefore, the post-communist central bankers "became deeply socialized through this transnational integration process, accepting the causal beliefs and norms of the transnational central banking community. As a result, they grew to have more in common with central bankers abroad than with other political and economic actors in their own states" (Johnson 2006, 367).

Specific examples of this socialization are visible in both Slovenia and the Czech Republic. In Slovenia, bankers became socialized through technical and financial assistance programs set up by the EU, such as PHARE, and the United States government, which gave technical assistance under the Support for Eastern European Democracy Act (Dandashly and Verdun 2009). In the Czech Republic, these programs were supplemented by assistance from international financial institutions such as the Deutsche Bundesbank, Bank of England, International Monetary Fund, and the World Bank (Dandashly and Verdun 2009).

Therefore, as Western economists began to promote the use of a single currency in Europe, post-communist central bankers, socialized with the "norms and forms" of Western political economy, promoted the integration of their home countries into the eurozone (Johnson 2006, 362). Evidence of this is seen in the rhetoric used by both the Bank of Slovenia and the Czech National Bank. Even before the accession of Slovenia to the European Union was completed, the Bank of Slovenia wanted "an early entry into the ERM II, so that the currency union can be acceded as soon as possible," arguing that the problems caused by a lack of freedom to affect monetary policy would be well surpassed by the trade gains achieved by entering the eurozone (Kozamernik 2004, 7-8). Despite stronger public opposition, the Czech National Bank used similar rhetoric, speaking "in support of the Czech Republic's fast entry into the eurozone" (Johnson 2006, 371).

Johnson provides an interesting perspective for how socialization explicitly resulted in the central banks' support for early euro adoption. Johnson (2006, 363-364) writes:

> The central bankers wanted to adopt the Euro quickly in order to tie the hands of their own increasingly unsupportive governments, forcing the governments to first

> cut their fiscal deficits enough to meet the Maastricht criteria, and then to cede control over monetary policy to the more powerful ECB. The post-communist central bankers took this position out of weakness, not strength, viewing the external constraint of Euro adoption as the only way to ensure conservative fiscal and monetary policies in their own countries.

This type of reasoning is only possible in a context of intensive socialization, in which central bankers focus less and less on domestic interests, such as the power of both their domestic counterparts and of themselves, and are instead focused on narrow, technocratic goals such as long-term price stability, as dictated by the Western banking establishment. Evidence of this "hand-tying" is also visible through an analysis of central bank rhetoric, especially in the Czech Republic, which had a more difficult time with fiscal management than did Slovenia. A paper delivered by Jan Frait, a board member of the Czech National Bank in 2003, shows how Czech banking officials applied pressure to its democratically-elected government in order to enact fiscal reform and enter the eurozone. In response to the decision by the Czech government to take a gradual path towards enacting the fiscal reforms necessary to comply with the Maastricht criteria, Frait (2003) writes that "the opinion of the CNB is nevertheless different. We understand deep structural reforms in public finances as a way of promoting growth and convergence." Frait also sees the institutions of the European Union, such as the mechanisms in the Stability and Growth Pact, as a way in which the Czech government can be forced to exercise fiscal constraint. According to Frait (2003), "the Stability and Growth Pact cannot be viewed as an obstacle, but as a reasonable framework for constraining fiscal policies in the monetary union."

The Bank of Slovenia and the Czech National Bank sought for the early adoption of the euro, often dismissing the significant political and economic risks that such an adoption would entail. Despite similarities in central bank rhetoric, however, Slovenia and the Czech Republic carved dramatically different paths towards euro adoption. The reason for these different outcomes is due to the drastically opposing contexts of public opinion and domestic politics in which the central banks sought to implement their policies. These different contexts are the subject of the next section of this article.

## Public Opinion and Domestic Politics in Slovenia and the Czech Republic

As said earlier, the Maastricht Criteria requires broad support from both central banking authorities and the domestic government, as given through public opinion. However, Johnson (2006) argues that the socialization effect that led central banking figures to support the euro was impossible to replicate with the public, who were much less immersed in the ideas of Westernization in which the elite were engaged. Therefore, an alternative explanation for explaining domestic support is needed. Instead of referring to the process of elite socialization, it is better to explain the degree to which the Slovenian and Czech citizens became persuaded to adopt the euro by analyzing the political and economic climate of each country. First, this section will elaborate on some of the economic factors that were being considered in the euro debate in both countries. An analysis of these factors will show that the early adoption of the euro was practically a better fit for Slovenia than the Czech Republic. Secondly, this section will elaborate on some of the greater undertones occurring in the political climates of both nations. This analysis will show a greater sense of euro-skepticism present in the Czech Republic versus Slovenia. Together, these factors helped contribute to the divergent policy outcomes.

The economic feasibility of euro adoption faced differing degrees of difficulty in the Czech Republic and Slovenia. The Czech Republic, despite strong trade integration and foreign direct investment penetration, had several problems that reduced its incentive to enter the eurozone. As Frank Bönker (2006, 163) notes, “the Czech Republic has featured a relatively weak correlation of supply shocks and a relatively limited synchronization of GDP growth within the Euro area.” In other words, there are persistent differences in economic structure between the Czech Republic and the mainstream countries in the eurozone—most notably, the large industrial sector present in the Czech economy relative to other European nations. The limited alignment of the Czech economy has, therefore, brought concern that the integration of Czech monetary policy with the rest of Europe would have substantial economic costs (Bönker 2006). This misalignment was so great that even the European Central Bank urged the Czech Republic to delay euro adoption. ECB president Jean-Claude Trichet once stated that countries such as the Czech Republic should not rush to adopt the euro until their compliance with the Maastricht Criteria could be done in a truly sustainable manner (Johnson 2006).

The economic history of the Czech Republic provided yet another hurdle to the prospect of early euro adoption. In particular, the 1997 currency crisis was a stark warning to many people about the economic dangers of entering the eurozone too quickly. In 1997, the Czech koruna was a pegged currency. This pegging, very similar to the demands required by ERM II, required the Czech National Bank to implement a very tight macroeconomic monetary policy. These policy constraints hurt the Czech Republic as it entered a period of economic recession, causing its currency to be unstable. The memory of the 1997 currency crisis made many Czechs very hesitant to embrace ERM II, which required a similar tightening of monetary policy (Bönker 2006). This hesitance has been only further aggravated by the poor fiscal conditions brought about by the current financial crisis.

In contrast to all of the problems faced by the Czech economy, Slovenia had a much better time justifying the euro as a net positive for its economy. It did not share many of the problems seen in the larger, more economically complex Czech Republic. For example, the structure of the Slovenian economy was very similar to that of the eurozone, and its business cycle fluctuations were generally synchronized with the European Union (Kozamernik 2004). Slovenia's success is also attributable to the conservative path towards economic liberalization which it carved after it gained independence. According to Andrej Kumar, professor of economics at the University of Ljubljana, the changes that Slovenia made to its economic structure were more moderate relative to other post-communist states in similar situations. For example, Slovenia did not aggressively court foreign investment, but rather was highly selective about which companies it let in. Additionally, government maintained a presence in key market sectors, such as telecommunications, energy, and transportation, which kept prices steady relative to other post-communist states which often privatized these industries.[3] This economic situation, with its inherent stability, was conducive for compliance with the Maastricht Criteria and smooth integration with the rest of the eurozone. The only serious problem that was foreseeable with the adoption of the euro was

[3]Jeffrey White, "From Communism to the Eurozone: Slovenia Emerges," *Christian Science Monitor*, 14 December 2006.

higher inflation, although economists have often attributed high inflation in Slovenia to other causes.[4] As a whole, comparative economic analysis shows that Slovenia was overall a better fit for the euro than was the Czech Republic.

Aside from the direct economic implications that euro adoption would entail, the overall political climate towards European integration made a significant contribution to each state's decision on whether or not to adopt the euro. Obviously, a country with high levels of skepticism towards the idea of European integration would be less likely to embrace one of integration's most ambitious projects, the euro. To better highlight the connection between public opinion and policy outcomes, this section will make two important assumptions. First, this section will assume that the opinion of the public on the issue of Europeanization has a substantial impact on the decisions of domestic policymakers in the field of Europeanization. While this assumption may be subject to some criticism, it seems obvious that the connection between public opinion and the decisions of democratically-elected leaders be useful to some degree in explaining policy outcomes. This section will also make a second assumption: countries whose citizens have high levels of "euro-skepticism," which is skepticism towards the project of European integration as a whole, also tend to have high levels of "EMU-skepticism," which is skepticism towards the specific project of economic and monetary union. Therefore, evidence of euro-skepticism can be used as evidence of EMU-skepticism. With these assumptions in mind, this article will now look at the level of skepticism each country had towards euro adoption and European integration, first in the Czech Republic and secondly in Slovenia.

In comparison to other countries in the region, the Czech Republic had a high level of both euro-skepticism and EMU-skepticism in the past several years. For example, 22.2% of Czech citizens rejected the referendum over accession to the EU, which was a high figure relative to other accession countries (Beichelt 2004). In addition, many observers in the Czech Republic merely had "positive, but shallow" feelings towards EU entry, in contrast to many other small countries, whose citizens felt that EU membership would be a strong policy achievement (Kopecký 2004, 233). This euro-skepticism has carried over into specific issues relating to the single currency project. A 2004 poll showed significant public

[4] "Slovenia Blames Inflation Surge on Euro," *EUbusiness*, 7 January 2008.

hostility towards the expansion of the euro in the Czech Republic. It asked, “Generally speaking, are most people you personally know more in favour or against the idea of introducing the euro in (the Czech Republic)?” A plurality of participants replied in the negative—40% for the euro, 48% against the euro, and 12% without a response either way (Bönker 2006, 168).

The general sense of pessimism among Czechs has manifested itself into the platforms of two of the Czech Republic’s leading political parties. The first of these parties is the Communist Party of Bohemia and Moravia (KSČM), which yields a substantial minority voice in Czech politics. In the elections of 2002, the Communists had a big success in gaining 18.5% of the popular vote and more than 20% of the seats in parliament. With these results, the KSČM was able to consolidate its role as the most important non-reformed communist party in Central Europe; the party has never fallen below 10% of the vote (Beichelt 2004). Timm Beichelt (2004), a German professor of European Studies, argues that communist parties such as the KSČM oppose European integration for a mix of reasons. Though they do appreciate the social welfare support that the EU provides during periods of economic transformation, often integration is seen as an expansion of privatization and competition in fields they suggest should be in state hands.

The presence of this strong communist minority, however, does not explain the main thread of euro-skepticism in Czech society. Mainstream Euro-skepticism is reflected by the views of the Civic Democratic Party (ODS), a right-wing party that currently dominates the Czech parliament (Bönker 2006; Civic Democratic Party 2009). The current Czech president, Václav Klaus (2005) of the ODS, is a euroskeptic, outspoken in his criticism against elements of European integration which he finds undemocratic, collectivist, and illiberal.[5] Klaus (2005) opposes the idea of Europeanism, calling it a “substitute [ideology] for socialism.” A 2009 *Time* magazine article described Klaus as “a dogged critic of all things E.U.,” reporting on a time when Klaus “likened the [EU] to the Soviet Union” (Zachovalova 2009). Pursuant to our second assumption, Klaus’s

[5]Relative to other countries with parliamentary systems, the Czech Republic has a very powerful president, who shares many of the responsibilities of governance with the Prime Minister. Therefore, the views of the Czech president are significantly linked to Czech policy outcomes. For an in-depth look at the powers of the President of the Czech Republic, please refer to the Constitution of the Czech Republic.

euro-skeptic rhetoric extends to the issue of economic and monetary union. Reflecting Czech populist dissent against the euro, Klaus (2008) has been extremely critical of the single currency project, saying that "the existence of euro, [by] forcing an economically disparate Europe into a homogeneous entity through… political engineering… [is] far from beneficial for all countries concerned." Skeptical of the sentimental and political value that a single European currency would provide, Klaus (2008) attacks the euro on primarily economic grounds, claiming that the euro is responsible for increasing inflation, stymieing economic growth relative to EU countries outside of the eurozone, and for making possible pro-market, liberalizing reforms which he claims hurts the economic well-being of post-communist countries. Czech skepticism towards international projects that lessen the power of domestic states, of course, plays a vital role in Klaus's hesitance to push for euro adoption.

The history of skepticism towards European integration and the implementation of a single currency was not nearly as prevalent during the accession period of Slovenia. For example, fewer than ten percent of citizens opposed the EU accession referendum in Slovenia, in contrast to the 22.2% figure in the Czech Republic (Beichelt 2004). The strongest euro-skeptic party in Slovenia, the Slovenian National Party (SNS), is a nationalist party that opposes European integration, specifically due to its threat to Slovenian sovereignty. However, the party is nothing more than a marginal force in Slovenian politics, receiving less than one percent of the vote in the 2000 elections (Beichelt 2004). All of the other parties embrace European integration and supported Slovenian efforts to adopt the euro (Beichelt 2004).

A variety of reasons explain Slovenia's support for the euro relative to other post-communist countries. A key factor regards the motivations behind the process by which Slovenian political and economic institutions were formed. According to Assem Dandashly and Amy Verdun (2009), the Slovenian public had for a long time advocated for Westernization. According to Dandashly and Verdun (2009, 20), Slovenia's break with socialist past "was not exogenous," unlike the Czech Republic. They further explain the differences between the Czech and Slovene economic transitions, claiming that the Slovene transition was "mainly directed from the inside by 'forces within the old system'… and did not follow the West and international institutions blindly" (Dandashly and Verdun 2009, 20).

This had unique effects on the Slovenian path towards EU accession and the adoption of EU norms. Dandashly and Verdun (2009, 22) explain:

> [Being] a newly independent country, [by] creating most of the necessary institutions and being eager to be part of the Western world (by joining the EU and later EMU), helped increase the trust of the Slovenes in their country and solved the problem of the lack of trust in their newly established institutions. This also led to strengthening the democratic rule and the development of the country. It also blocked the way on having unnecessary problems that might face euro accession such that in the Czech Republic or the constitutional problem in Poland.

Therefore, Slovenia used Westernization as a technique to improve legitimacy in its domestic institutions. This response was different from the techniques of the Czech government, which attacked Europeanization because it weakened its already powerful domestic institutions.

The Slovenian quest to build legitimacy in its institutions through allying with the West explains much of the public support for the euro. The tolar, which was introduced as Slovenia's currency in 1991, had the perception of being potentially unstable due to the infancy of Slovenian institutions. As a whole, the Slovenian people were not very attached to their currency, and thus had little trust in it (Dandashly and Verdun 2009). The well-backed euro thus became a popular alternative. Finally, public support for the euro was strongly related to the strong relations Slovenians have with Italians and Austrians, making the euro a favorable currency for the purposes of foreign trade (Dandashly and Verdun 2009).

For a variety of reasons, Slovenians tended to strongly advocate for the adoption of the single currency, while Czechs tended to be more hostile to the matter. According to our first assumption, this public opinion was reflected in the domestic parties of both countries. The Slovenians were easily persuaded of the benefits of allying with EU institutions and norms, while the Czechs were not so persuaded and thus saw the euro in a more critical lens. In the first several years of this decade, the synthesis of public attitudes and central bank pressure led to divergent outcomes in regard to early euro adoption. Due to the Maastricht criteria, both central bank and public support is required in order to be eligible for euro adoption. Cooperation among these sectors occurred in Slovenia, albeit for differing reasons, which led to Slovenia's adoption of the euro by 2007. In the Czech case, increased hostility towards euro adoption in the domestic sphere, along with a lack of cooperation by the Czech Government with its central bank to meet the Maastricht criteria, led to the continued delay to commit to euro adoption.

## The Future of the Euro in the Czech Republic

However, does this imply that the Czech government is destined forever to remain outside the eurozone? In the final section of this article, this question will be further explored, analyzing three trends that prove that the significance of socialization in Czech monetary policy is declining, and that public opinion towards euro adoption is destined to improve. First, the dichotomy between the opinions of the Czech National Bank and the Czech government has fallen apart in the last several years, as public pressure has changed the backgrounds of people serving on its bank board. Second, public opinion towards euro adoption is almost destined to improve, as the Czech Republic becomes increasingly isolated on integration issues. Finally, the financial crisis has changed the rules of the game, making future euro adoption more attractive to the Czechs.

The importance of socialization has become less important to the bankers who constitute the bank board of the Czech National Bank, and the direct correlation between public opinion and monetary policy has become increasingly significant. This is due to the ability of the President of the Czech Republic to appoint members of the Czech National Bank board. In February 2005, President Václav Klaus exercised this authority, revising the board's membership when three members' terms ended (Johnson 2006). In an insult to the notion that a central bank should embody a sense of political independence, Klaus immediately added three close allies and fellow Euroskeptics to the board (Johnson 2006). Klaus made clear that his intentions were politically related. At the time of the appointments, Klaus said, "A change is necessary, and I am convinced that quite a big one is needed. I would like to see more pragmatic and mature people among the CNB management" (Johnson 2006, 378). Presumably, this implies the appointment of people who are less socialized in EU norms, thereby being more willing to wait on euro adoption. By weakening the significance of socialization and the independence of central banking, Klaus has made the policy outcomes of the central bank merely a derivative of the domestic political will. This, in turn, simplifies our analysis of Czech political economy. If public opinion towards the euro improves, the euro will be adopted.

Fortunately for euro-enthusiasts, there are several signs that public opinion towards the euro in the Czech Republic will improve after the financial crisis runs its course. First, the Czech Republic is becoming increasingly isolated on issues of European integration, and is becoming increasingly forced to synchronize with EU norms. The overall decline in deficit spending, promulgated in part by pressure from the European Union, is one example. A more public example of this, however, is based on the recent controversy over Klaus's delay to sign the Treaty of Lisbon. This treaty, passed in 2009, is often portrayed "as an attempt to streamline EU institutions to make the enlarged bloc of 27 states function better," ultimately making the EU "more democratic, more transparent and more efficient" (BBC 2009). However, many Europeans, including Klaus, see the Lisbon Treaty as a threat to national sovereignty. Klaus does not consider the Lisbon Treaty "to be a good thing for Europe, for the freedom of Europe, or for the Czech Republic." Nevertheless, Klaus has received considerable political fallout for derailing efforts to further the extent of European integration. This has pressured him to give in to many integration programs, including ratifying the Treaty of Lisbon. In a follow-up to Klaus's remark that the Lisbon Treaty would be a bad thing for Europe, he hesitantly remarked that "the train has already travelled so fast and so far that I guess it will not be possible to stop it or turn it around, however much we would wish to."[6] The impossibility to turn around the Treaty of Lisbon, however, does not seem to be based in any constitutional concerns that would obligate him to sign the treaty, but is rather based on political pressure. As the eurozone continues to grow, the Czech Republic will face increasing pressure to adopt the euro in order to remain a viable trading partner. Already, Slovenia and Slovakia have adopted the euro, and more of the Czech Republic's neighbors are expected to join the eurozone in the coming years as well (European Commission 2009c). This, along with the growing power of EU norms, will increase the likelihood of euro adoption.

[6]"'Too Late' to Stop Lisbon Treaty, Concedes Last EU Leader Left to Sign," *Daily Mail*, 17 April 2009.

Finally, the likelihood that states such as the Czech Republic will be persuaded to adopt the euro has been increased due to the strength of the euro in the current financial crisis. While many accession states, such as Slovenia, have encountered high inflation in the eurozone, many states outside the eurozone have experienced currency shocks and other economic instabilities that, according to many economists, they would not have experienced had they joined the eurozone.[7]As a result of the financial crisis, interest in the euro has increased in economies as diverse as Sweden, Hungary, Iceland, and even Great Britain, all of whom remain outside of the eurozone.[8] The benefits of the euro to the Czechs should become more evident as time progresses.

## Conclusion

In the earliest years in which countries in the post-communist world had the ability to join the eurozone, they did so at varying paces. Some countries, such as Slovenia, took a rapid approach to euro adoption. However, to this day, some countries, such as the Czech Republic, lack even a clear timetable towards euro adoption.

Up until the last few years, the process by which a state carved a path towards euro adoption depended on the level of support of both the state's central bank and the state's general public. A general trend among post-communist central banks in the early years of euro adoption was to unilaterally support the adoption of the euro in as rapid of a fashion as possible. This trend, visible in both Slovenia and the Czech Republic, was due to the powerful effect of Western socialization in which the post-communist central bankers were immersed. However, the general public has expressed varying degrees of interest on euro adoption, which has led to different levels of support among the post-communist countries. In Slovenia, the economic structure and the low level of euro-skepticism, as a result of its institutional formation, have led to high support for the euro. In the Czech Republic, however, there was higher euro-skepticism, as well as an economic structure that was more at risk as a result of

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[7]"2008 Financial Crisis Gives Euro New Europe-Wide Popularity," *New Europe*, 5 January 2009.

[8]"2008 Financial Crisis Gives Euro New Europe-Wide Popularity." Iceland is not a member state of the European Union; however, Iceland has increased interest in joining the EU, in order to join the eurozone, partially as a result of the economic benefits illustrated by the financial crisis.

euro adoption. Therefore, negotiations to adopt the euro fell apart.

This bank-public relationship was apparent through the entire process of Slovenian monetary convergence. However, this relationship has fallen apart in the last few years in the Czech Republic as the political independence of the Czech National Bank has declined. As the Czech National Bank became increasingly politicized, it succumbed more and more to public opinion. Fortunately for euro-enthusiasts, there are many signs in the Czech Republic that show a potential improvement in future Czech public opinion. These signs include the growing isolation faced by Czech euro-skeptics, as well as the strength of the euro during the recent financial crisis. These political battles are intriguing, as they affect both the future sustainability of monetary convergence, as well as how European political economy will operate in the 21st century.

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