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THE CURRENT

The Public Policy Journal
of the Cornell Institute for Public Affairs

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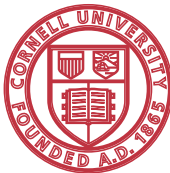
Interview: Marc Garlasco Human Rights Watch

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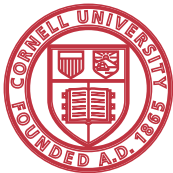


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Mission Statement

As the academic journal of the Cornell Institute for Public Affairs (CIPA), *The Current* provides a platform for public policy discourse through the work of CIPA fellows and their mentors, with contributions from the public affairs community.

Editor's Note

We are proud to present this Spring 2006 edition of *The Current*. In continuation of past changes, the creation of the Business Manager position, complementing the rest of the newly-minted staff positions, has streamlined the journal's operations. In addition, the launch of *The Current's* new website will facilitate the submission and subscription processes, while allowing an electronic archive of past issues. Finally, this edition contains contributions from faculty and fellow graduate students from the nation's leading public affairs programs.

Featured are contributions on a range of topics, both domestic and international. Exciting perspectives in international development are presented, including infrastructure in the Occupied Palestinian Territories by John Davis and Brian Doench of the Fletcher School, information technology districts in Romania by Ph.D candidate Marcel Ionescu-Heroiu of Cornell's City and Regional Planning program, and a new approach to Amartya Sen's capacity development by CIPA's Enoch Lambert. Among the domestic policy issues, Lauren M. Kennedy of Georgetown's Public Policy Institute explores the challenges faced by minorities in home ownership and Kimberly Lehmkuhl of Columbia University School of Law and SIPA reviews the developmental stage of United States drug courts. Within the Views & Reviews section, Peggy Arcadi of the Cornell Public Service Center presents research on poor working mothers in our very own Tompkins County, Human Rights Watch's Mark Garlasco sits down with senior editor H. Aaron Levy, and Matthias Brown reviews Jeffrey Sach's popular title, *The End of Poverty*.

The commitment of both our dedicated senior editorial staff—adapting to several changes and an vastly expanded edition, and our executive and research editors—finalizing the selected articles, and finally, the cooperation and keenness of all contributors, has made the polished final product possible.

Special thanks to Faculty Advisor Dr. Jerome M. Ziegler and the CIPA staff for their support and guidance in addressing the expanding needs of the journal. Our sincere gratitude CIPA alumnus Jeremy Allen for agreeing to share with us his fond memories of late Professor of Government and Director of CIPA, Arch Dotson, who passed away on April 6th. Finally, *The Current* would like to congratulate its graduating senior editors for a job well done, with the journal and beyond.

Ahmad Maaty

The Current reflects the diverse political, cultural, and personal experiences of CIPA fellows and faculty. The views presented are not necessarily the opinions of *The Current*, the Cornell Institute for Public Affairs or Cornell University.



In Memoriam

**Arch Dotson
1921-2006**

Director, Cornell Institute for Public Affairs (1989-1996)

I first met Professor Dotson when I was a senior at Cornell, finishing up my degree at the School of Industrial and Labor Relations. Like many college seniors, I was unsure about what I wanted to do with the rest of my life. Fortunately for me, I came across a flyer highlighting the opportunities available to Cornell undergraduates to earn their MPA through CIPA during a 5th year of study. Intrigued, I set up an appointment with Professor Dotson.

After meeting with him, I was certain that CIPA was the perfect place for me. In my mind, Professor Dotson was a professor right out of "central casting" -- wise, intellectually challenging, but eminently approachable and someone every CIPA fellow valued spending time with. I immensely enjoyed the CIPA course he taught -- a group project I did on the Kennedy administration's actions during the Cuban Missile Crisis was one of the most stimulating and enjoyable endeavors I undertook while a CIPA fellow.

My work at CIPA helped me qualify as a Presidential Management Intern, which enabled me to start a career in public policy that I've found to be highly rewarding. I truly believe that whatever successes I have I owe in large part to Professor Dotson's tireless work in establishing CIPA as a high-level public affairs program.

He was an accomplished scholar and a good man who lived a rich, full life. I'm reminded of a quote by Joseph Conrad that captures how so many Cornellians will remember Professor Dotson -- ". . . not in the vivid flush of a short day that comes and departs for ever, but in the august light of abiding memories."

Jeremy Allen is currently the Director of Federal Affairs at Johnson & Johnson. Jeremy began his career as a Presidential Management Intern with the Centers for Disease Control and Prevention, where he worked to prepare the agency's annual budget submissions to Congress. Thereafter, he served as a health policy advisor to Chairman Michael Bilirakis, where he advised the Chairman on all aspects of healthcare policy, and as the Health Policy Coordinator for the House Energy and Commerce Committee. Jeremy received his B.S. in industrial and labor relations and M.P.A. from Cornell University.

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I

The Gaza-West Bank Infrastructural Link *Balancing Palestinian Economic Development and Israeli Security*

John Davis, Brian Doench
Tufts University

ABSTRACT

Recently completed Israeli disengagement from the Gaza Strip has provided an important opportunity to design a dedicated infrastructural link between the discontinuous Palestinian regions of the Gaza Strip and the West Bank. Since both Gaza and the West Bank are integral parts of the Palestinian economy, an unfettered flow of people and goods between these two regions could help stimulate economic recovery and growth following four years of conflict and increased poverty during the second Intifada. The link would provide both a short-term labor-intensive employment project, which could temporarily reduce Palestinian unemployment by 11 percent, and create a long-term asset which will reduce transaction costs associated with the normal movement of labor and goods. The sunken road option, as opposed to the rail, would not only be cheaper and faster to construct, but could also, more significantly, reduce wait times at the border crossing with additional flexibility of movement en route. Yet the rail option more directly satisfies Israeli security concerns and will likely have a longer effective lifespan.

The recently completed disengagement of Israeli military and civilians from the Gaza Strip provides an important opportunity to design an infrastructural link between the discontinuous Palestinian regions of the Gaza Strip and the West Bank. Since Gaza and the West Bank are integral parts of the Palestinian economy, an unfettered flow of people and goods between these two regions could potentially make an important contribution to economic recovery and growth following four years of conflict and increasingly severe poverty during the second *intifada*. Among other things, a dedicated link could create a larger effective internal market, increase opportunities for labor and production, provide a pathway between the economy of the West Bank and future sea and airports in Gaza,¹ and reduce the transaction costs

currently associated with the transport of people and goods within the Palestinian territories.²

Options for creating a dedicated link, however, are technically challenging and would require the construction of permanent infrastructure stretching across approximately 30 miles (63 kilometers) of Israeli territory.³ The primary challenge lies in permitting Palestinians and their products to move freely between Gaza, the West Bank and the outside world, while addressing valid Israeli security concerns regarding terrorism. Various parties have suggested numerous alternatives for an infrastructural link including a rail connection, an elevated road, a fenced road, a tunnel and a “sunken road” (essentially a large ditch that would compromise Israel’s contiguity less significantly), but the sunken road and railroad options have emerged as the two alternatives most popular with significant players in the debate.

The objective of this paper is thus to address a twofold question: How would the creation of an infrastructural link between Gaza and the West Bank contribute to poverty alleviation in the Palestinian territories? Of the two most realistic alternatives, a rail connection or a sunken road, which policy option best contributes to Palestinian economic development while satisfying Israeli security needs?

Policy Description

The primary goal of creating a dedicated link between the West Bank and the Gaza strip is to increase the long-run income generating capacity of Palestinians by: 1) facilitating an unencumbered flow of people and goods between the two discontinuous regions; 2) uniting the two micro-markets into a single, larger market; and 3) constructing a conduit between the economy of the West Bank and future sea and airports in Gaza. An additional objective of the link construction is to raise the living standards of participating poor Palestinian laborers through a short-term intensive employment program.

Nature of the asset

As mentioned above, considerable debate has ensued about which type of infrastructure should be developed to link the two separated territories. The “back-to-back” convoy system which was established during the Oslo period, but abandoned with the onset of the second *intifada*,⁴ required the unloading of Palestinian trucks at the border onto Israeli convoys driven by Israeli drivers which were then again unloaded and reloaded into Palestinian trucks at the next border. These procedures, while satisfying Israeli security needs, were extremely inefficient, requiring tremendous wait times for Palestinian trucks trying to move goods between the two markets (anywhere from an hour to two days),

and often resulted in the ruination of perishable goods⁵ (see Table 1 on page 11).

Figure 1. Map of Gaza and West Bank with potential link from Erez to Tarqumiya.



The international community, led by the World Bank, the US and the EU, is already involved in researching the issue and would likely support the creation of a link by mediating negotiations between Israelis and Palestinians and funding the initial construction of the infrastructure (Israel has also expressed a willingness to provide financing)⁶. These major players, however, continue to debate which type of asset would provide the best solution. The World Bank has proposed the creation of a new, multilane road crossing Israel in a deep trench between the Erez checkpoint in northern Gaza and the Tarqumiya checkpoint near

Hebron, which would prevent Palestinian vehicles from straying into Israel. The Palestinian Authority has voiced support for a sunken road concept, claiming it would be cheaper to operate and would allow for greater flexibility than a rail line, since cargo would not have to be loaded onto and off of trains.⁷ Yet Prime Minister Ariel Sharon and the Government of Israel, citing Israel's security concerns, have supported a rail connection that prevents exit from the passage and thwarts travelers from stopping or deviating en route.⁸ Although a sunken road inhibits drivers' ability to deviate from the route, Israelis may perceive the drivers' ability to freely stop and go as a security threat. The RAND Corporation has also proposed a rail connection that would ambitiously extend throughout Palestinian territory and contribute to the development of growth centers.⁹ Growth centers at the entry and exit points of the link, such as at the Erez checkpoint and at Tarqumiya in the West Bank, would be a natural result of the new infrastructure and secondary development, such as small businesses and settlements, that accompanies new transportation routes (see Appendix II).

Kinds of connections allowed

The parties continue to debate which Gazan and West Bank cities will be linked and what route the corridor will follow. The shortest and most natural connection would be between the Erez border crossing from northern Gaza into Israel and crossing east into Tarqumiya, near Hebron, in the West Bank (see Figure 1 on previous page). This link would be approximately 63 kilometers (about 30 miles) and would take roughly 45 minutes to an hour to traverse by car.¹⁰

Other connections that have been discussed include a link between Erez and the northern West Bank crossing of Tulkarem.¹¹ In addition, the RAND report proposes a transformative rail connection arcing from southern Gaza through all of the West Bank on a south to north trajectory. Negotiations currently underway between Israel, the Palestinian Authority, the World Bank and USAID appear to be focused on a more modest, politically and economically feasible corridor such as Erez-Tarqumiya.

Security

While the link is considered by the Palestinians to be essential for the economic survival and development of the Gaza Strip and will help to ensure that the Palestinian territories remain politically united, any connection between the West Bank and Gaza necessarily violates Israeli territorial contiguity and therefore presents a security risk. Given Israel's determination to construct a security barrier hindering the free movement of potential terrorists across its border with the West Bank and Gaza,¹² the link will need to be designed in such a way that prevents its users from exiting en route and entering Israeli territory.

To accomplish this, the World Bank advocates use of modern technologies to guarantee security without imposing transaction costs on the movement of people and goods. Both a sunken road and a rail connection--which would require loading and unloading containers of cargo--could integrate some combination of container scanning and sealing technologies at the exit border.

These systems are costly and data intensive, however, and given the short distance and transit time, the World Bank has also advocated an alternative procedure that includes recording the times of departure and arrival and sanctioning shippers that exceed acceptable norms. Since vehicles and rail cars would undergo security inspection when departing and then be sealed, merely a cursory examination of the transit documents and seals at the end of the journey is necessary. As a practical measure, it is proposed to pilot such an arrangement on one designated route as soon as the border crossings have been equipped with the required technology.

Concerning security during construction, reports suggest that the Israeli government would permit Palestinian laborers to construct the link, albeit with appropriate background checks and other security measures such as supervision by the Israeli army and required daily commuting back to Palestinian territory.¹³

Responsibility

The issues of sovereignty and security make responsibility for maintenance and oversight of the corridor politically challenging. These issues have not yet been negotiated and therefore no legal precedent exists; however, based on the expressed interests of politicians, one can speculate on their resolution. In either policy option, both parties prefer Palestinian responsibility over maintenance of the link, collection of the user fees, management of its rules for use and monitoring of compliance with those rules.¹⁴ Israeli politicians have expressed willingness to concede immediate responsibility over security restrictions to the Palestinian Authority, but they insist upon some remote monitoring of the link by the Israeli government to ensure compliance with security standards. A similar arrangement was recently negotiated by U.S. Secretary of State Condoleezza Rice concerning Israeli monitoring of the Rafah terminal at Gaza's border with Egypt.¹⁵

User Fees

While the actual construction of the infrastructure will be funded primarily through foreign aid, the government ultimately needs to recoup the cost of maintaining the link once it is created. At this point, it is unclear whether the Palestinian government will impose a user fee and what methodology will be used for billing and collection. No estimate has been publicly disclosed for any potential toll structure that users

could face; however, a recent report suggests that should the convoy system be reintroduced, a user fee of \$15 per crossing would be necessary.¹⁶

Infrastructure-Specific Parameters – Sunken Road

The uncovered sunken road is proposed to be five-ten meters deep and 100 meters wide. Construction time has been estimated at a minimum of three years, and the basic technology for construction of the link itself will require excavating the trench and determining the specific paving material (asphalt vs. concrete).

Travel time for a sunken road will obviously vary based on congestion and usage levels (such as times of day and year), but we estimate it to be 45 minutes on average. The total time required to ship goods across the link will be higher; however, due to the time consumed scanning trucks and the subsequent sealing of on-board cargo before entering the link.

Properly equipped tractor trailers could travel on their own initiative rather than in convoy by using a GPS system or transponder to monitor movement along fixed routes and to detect any attempts of Palestinians to exit the passage. In addition, Israel would probably demand rules governing approval of entry into the passage and possibly with Israeli oversight.

Infrastructure-Specific Parameters – Railroad

A medium-sized rapid rail line is recommended as the basic technology for construction of the link, since a “light rail” or trolley system is probably not fast enough or capable of carrying adequate loads over the long term. Yet, on the other hand, very high-speed rails (such as the TGV system in France) are unnecessary given the relatively short distance to be covered.¹⁷

A rail system offers expediency with limited flexibility, thus travel times will be shorter once in transit but dependant upon train schedules. In addition, the requirements for readying cargo to enter and exit the link on a rail are more complicated and time-consuming than for the sunken road. Although trucks entering the sunken road could have their cargo scanned on-board,¹⁸ train cars would need cargo to be loaded from trucks at entry to the rail link and unloaded onto trucks at exit.

Under a rail system, the security measures for preventing exit from the passage are simpler, as the course is fixed and the potential for vehicles to enter Israeli territory is eliminated.

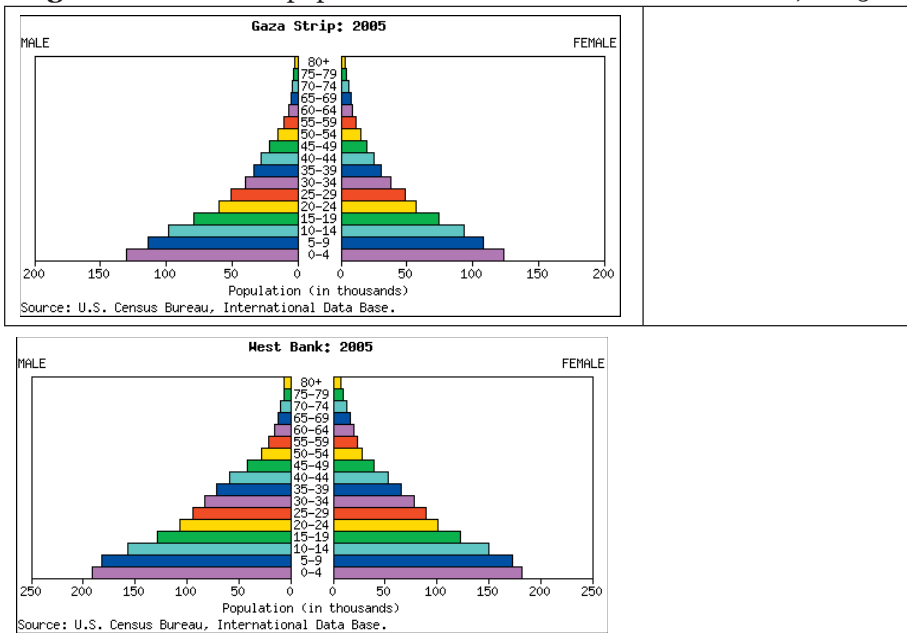
General Benefits of the Link

In the following two sections of the paper, we will attempt to address the first goal of the paper: to assess the impact on Palestinian poverty of creating a Gaza-West Bank link. Therefore, we will describe what the benefits and costs are of creating a link in general. In the section following, we will look specifically at how the benefits and costs might differ depending on which type of infrastructural asset is created--sunken road or railroad.

Short-term Economic Benefits of Employment Program

The construction of an infrastructural link generates new Palestinian employment opportunities by introducing a labor intensive employment program which, with an appropriate wage selection, can attract poor workers. Estimates place the total number of jobs created through such a program at 33,000 over a five-year construction period.¹⁹ The labor force in Gaza is comprised of 725,000 workers (agriculture 14%, industry 19%, and services 66%) and in the West Bank of 364,000 workers (agriculture 15%, industry 25%, and services 60%) with a combined unemployment rate of 27.2 percent, predominantly from the construction sector.²⁰ Construction unemployment is exceptional due to an Israeli policy that prevents Palestinian construction laborers from working in Israel, resulting in a restricted and largely unemployed Palestinian construction labor force. For these reasons, a well-designed and implemented labor intensive employment program stands to temporarily decrease Palestinian unemployment by roughly 11 percent.²¹

Link construction can increase Palestinian household incomes for those who have able-bodied workers and choose to participate in the construction project, but several potential barriers exist that may limit participation of certain poor groups. For example, male workers aged 20-64 account for only 21 percent of the Palestinian population living in the West Bank and Gaza Strip (see Figure 2 below).²² It is unclear how many of these are poor and would be attracted to the employment program. Nevertheless, households lacking an able-bodied worker would be excluded from the employment program and its benefits.

Figure 2. Palestinian population data in Gaza and the West Bank, 2005.

About half of the Palestinian poor live in localities with nearby access to the employment program – Khan Yunis and Gaza City in the Gaza Strip and Hebron in the West Bank²³ – which implies that many of these poor will not be prevented from participating due to excessive transportation costs. Yet due to Israeli security concerns, workers would be prohibited from camping on-site as construction progresses, therefore a required daily commute is an additional participation cost of time and money that may preclude some of the Palestinian poor. However, transportation will likely be provided for laborers and incorporated as an added cost to construction.

Finally, if this project were contracted to the domestic private sector in full or in part, an additional benefit would be the development of private Palestinian construction firms. Mixed foreign and domestic management of construction could facilitate the transfer of project management skills and construction technologies, augmenting the domestic construction industry.²⁴

Long-Term Economic Benefits of Infrastructural Asset Creation

One of the primary long-term benefits of creating an infrastructural link between the West Bank and Gaza Strip is the potential reduction in transaction costs for movement of people and goods between the two discontinuous Palestinian territories. Currently, Israeli regulations

require Palestinian haulers to completely unload their cargo and reload it onto Israeli trucks at each border crossing for passage through Israeli territory. This policy has added significant transaction costs to Palestinian commerce due to delays and additional shipping expenses as shown in Table 1 below.²⁵ Waiting times that can be up to 24 hours, as in the case of Tarqumiya, can lead to the spoilage of fresh produce and flowers traveling from the greenhouses in Gaza to markets in the West Bank.²⁶

Table 1. Waiting times for crossing borders out of the Palestinian territories.

Passage	Description of Activity	Duration	Remarks
Kafti	Waiting time for approval to enter the passage	Up to 24 hours	Depends on establishment of a unified ordering center for coordinating and synchronizing
	Waiting time for entry of trucks into passage		
	fresh products other cargos	Up to 2 hours 3-4 hours	
	Service time for import/export truck at passage including loading/unloading and scanning	2-3 hours	
Lrez	Waiting time for entry of people into the passage	1 hour	Not including exceptional cases
	Service time from entry into the passage	~5 minutes	
	Service time per container/ truck for export	Up to half an hour	Based on storage area in passage
Ports	Waiting time from offloading at port to release of containers	Within 2 days	Queue management
	Offloading time	1 hour	
	Container scanning time	Half an hour	
Rafah	Manual inspection time	Up to 2 hours	
	Waiting time for approval to enter the passage	24 hours	Waiting time prolonged due to security concerns (location of the passage)
	Handling at passage (per truck)	Up to 1 hour	
Handling of outgoing passenger	~ 0.5 hour		
Jalane	Handling of incoming passenger	1-1.5 hours	
	Waiting time for approval to enter the passage	24 hours	
Tarqumiya	Service time per truck at passage	Up to 2 hours	
	Waiting time for approval to enter the passage	24 hours	
	Service time per truck at passage	Up to 2 hours	
Allenby	Waiting time for approval per truck	Up to 24 hours	Depends on upgrading the queue management system to allow "appointment" to be set by hours (currently – by days)
	Waiting time for entry of trucks into passage	1 hour	
	Service time at back to back passage	~ 0.5 hour	
	Departure time per passenger	~ 0.5 hour	

Source: *Lebanon: Aspects of the Israeli Disengagement Plan, Meeting with the World Bank, INSC, November 14, 2004*, PowerPoint.

Furthermore, a study in 1998 (before the second *intifada* which led to more severe movement restrictions) by the Federation of Palestinian Chambers of Commerce, Industry and Agriculture estimated that transaction costs were 30 percent higher and time delays 45 percent longer for Palestinian companies than for Israeli ones.²⁷

Prolonged interruption in the movement of goods and people through Israeli security checkpoints inevitably leads to increased transport costs. Various studies have assessed the impact of these obstacles as commonly adding between 50-100% (and sometimes more) to the transport costs of goods traveling between Gaza and the West Bank.²⁸ Table 1, which outlines approximate waiting times for trucks that ship goods from the Palestinian territories through Israeli checkpoints,²⁹ makes clear that any reduction in wait times would lead to reduced transaction costs. This is because producers would incur fewer losses of perishable goods and less pay to drivers as driving time would decrease. A recent estimate of the cost of trucking for Palestinian traders was about US\$3 per kilometer; if transport costs can be reduced by 50-100% as stated above, Palestinian traders could save up to US\$1.50 per kilometer on shipping.

Furthermore, connection of the two discrete territories also creates a larger effective internal market by combining the two smaller micro-markets into one, promoting regional specialization.³⁰ This connection could then reduce the price that Gazan consumers pay to import the West Bank's main exports of olives, fruits, vegetables and limestone and increase the profit margins that Gazan producers receive for their main exports of citrus, flowers, and textiles. The Palestinian economy is largely strapped by a lack of natural resources and arable land prone to droughts (only 17% of the land is arable). Yet despite deficient natural capital, Palestinian producers – particularly in the West Bank highlands – manage to grow citrus and olives that are needed in Gaza and Egypt. In addition, more than 3,000 Gaza greenhouses were purchased from Jewish settlers with \$14 million in private donations from Americans in order to boost Palestinian-run agriculture.³¹ Although post-disengagement looting left about 30 percent of the greenhouses damaged according to PA officials, exporting the vegetables and flowers produced in Gaza to the West Bank and beyond could promote a lucrative export market. By specializing in what each region is efficient at producing, the net effect will be to transform each region's resources into a greater total value of goods.

A dedicated link would also connect the economy of the West Bank to a future Gazan seaport and airport, allowing goods from the West Bank to access external markets via the Mediterranean. The Palestinian economy is highly dependent on trade; in fact, the total value of traded goods and services (both imports and exports) is equal to its GDP,³² which stems from the small size of its economy and its limited resources.

However, Palestinian merchandise trade is characterized by a chronic deficit, resulting from low or negative exports growth around four times less than that of imports. In 2002, the Palestinian trade balance was -\$876,000,000 (US\$).³³ Exports to Israel accounted for 90% of Palestinian exports, while only 6% of Palestinian exports reached neighboring Arab countries and only 4% reached the EU.³⁴ Clearly, a chief reconstruction task for the Palestinian Authority is the expansion of trade and a redressing of the trade balance away from Israel towards other countries.³⁵ Such expansion of trade and reduction of dependence on Israel will result in less Palestinian vulnerability to political shocks and security policy changes from Israel.

As noted above, the Gaza-West Bank link can not only provide the economic benefits of reduced transaction costs and creation of a larger, more effective and more diverse internal market, but also improve the flow of goods for export. For example, the recently opened Rafah crossing provides Gazans with access to Egypt's Port Said for shipments to and from Europe, but without an effective link, West Bank producers are denied access and depend on sending goods via Israeli ports. Similarly, West Bank producers can export by land through Jordan, with connections to the Gulf and Asia through the port of Aqaba for sea freight, and Queen Alia airport for airfreight. But while the Prince Mohammed/Adam Bridge is used for exports such as citrus and fresh products, exporting such products to Jordan from Gaza is not viable without a dedicated link to the West Bank.³⁶

Social Benefits of Infrastructural Asset Creation

In addition to reducing transaction costs and catalyzing productivity and trade, the link could also reduce risk and uncertainty faced by Palestinian consumers and suppliers. As shown above, a dedicated link will establish shorter waiting times and allow for an increased volume of movement between the two territories. This new efficiency can also create a more reliable transportation schedule that will benefit Palestinians planning to make the journey themselves or for their goods. In fact, a more efficient and reliable schedule will save Palestinians valuable time that can be used for other income-generating activities. Furthermore, integration of the two territories and free movement between them will increase the extent and timeliness of available information. Such enhanced access to information, in addition to more reliable and efficient transportation schedules, could reduce both the risks and uncertainty Palestinian consumers and producers now face.

Since the completion of the Gazan pullout, the Erez Checkpoint has been almost hermetically sealed to Palestinian traffic. Although approximately 6,500 people passed through Erez daily prior to the disengagement, that number dropped to 100 on average in September

2005, and to zero at the beginning of November. Furthermore, the Karni cargo crossing has also been either closed or predominantly sluggish.³⁷ The creation of a dedicated link would not only drastically reduce the waiting times documented in Table 1, but would also encourage those who previously found the inconvenience insurmountable to now make the trip.

Another possible social benefit of the link is increased access for Gazans to higher-quality schools and hospitals in the West Bank, helping to further reduce vulnerability. For example, recent students from Gaza petitioned the Israeli High Court of Justice for entry to Bethlehem University in the West Bank. Since 2003, the students have had to study by means of video, the Internet and random lessons given by foreign lecturers permitted into the Gaza Strip.³⁸

Upon connection of the territories, Palestinians could also freely visit family and friends in the discontinuous territories; a significant emotional benefit that would contribute to easing the current hardships experienced by Palestinian households. In an interview discussing passage between Gaza and the West Bank, Mohammad El-Samhoury, a Palestinian economist and former senior economic advisor to the Palestinian Minister of Foreign Affairs, referred to both the “economic and human” need for the link.³⁹ Although it is unclear precisely how many families and friends are separated between the two territories, the reunification of thousands of relatives and friends in the towns of Egyptian Rafah and Gazan Rafah, which were separated by the Israeli withdrawal from Sinai in 1981 and reunited a month ago, indicates that there are likely to be thousands.⁴⁰

Although many Palestinians would clearly use the link to stay connected to friends and family on an infrequent basis, the percentage of Palestinians who are neither producers nor consumers--and who therefore may not use the link frequently--is ambiguous. However, calculating this number is important to understanding the potential impact of the link and the coverage of its benefits. Only 31 percent of the Palestinian labor force is characterized as an “employer” or “self-employed”, implying that a limited percentage of Palestinians would actually be interested in consistently moving goods between the territories.⁴¹

Unfortunately, high costs, such as the \$15 user fee necessary for the convoy system recently called for in the Rafah deal brokered by U.S. Secretary of State Rice,⁴² could prevent the poor from using the link. While non-poor large-scale producers profit from the overall reduction in transaction costs, the poor and especially the most severely poor may not benefit. Annual GDP per capita (PPP) is US\$600 in Gaza and US\$800 in the West Bank⁴³ indicating that a \$15 user fee would constitute a significant expense for the average Palestinian. This would greatly discourage frequent commuting to work or school, although

perhaps not occasional trips to visit family. For the 16 percent of the Palestinian population that lives below the subsistence poverty line of US\$280,⁴⁴ even infrequent trips would be extremely expensive.

Finally, Israeli security measures may potentially exclude some Palestinians from using the link. As it did in the Rafah deal, Israel may demand the right to prevent certain individuals it suspects of belonging to terrorist groups from accessing the link, permitting broad latitude in stereotyping Palestinians. Even if a Palestinian Ministry is granted responsibility for permitting access, Israel may still require approval of a list of names for those who can access it. However, some parties have proffered that increases in Palestinian living standards may translate into a reduction of support for terrorism and suicide bombing; thus, the link may actually have spillover effects which are beneficial to Israeli security. Indeed, Quartet envoy James Wolfensohn declared, "I believe that economic activity is the greatest contributor to security for both sides."⁴⁵

Potential Secondary Effects on Labor

In addition to the short-term benefits provided to labor by the construction of the link, the reduction in transaction costs may lead to a positive spillover effect in labor markets by expanding local demand for labor, which could also increase local wages. The greater economic activity due to reduced transaction costs and increased incentive to invest in citrus and olive farming creates greater employment opportunities for local laborers. Greater labor demand can increase both wages and employment levels. The increased trade and agricultural exports mentioned above would also create greater employment opportunities for laborers.

Potential Secondary Effects on Tourism and Investment

The infrastructural link could potentially enhance access to Gaza for tourists visiting the West Bank. The Palestinian territories are potentially a highly attractive tourism destination with numerous religious and historical sites, especially in Arab East Jerusalem and in the West Bank cities of Bethlehem and Jericho. When the Palestinian Authority was established, tourism infrastructure development became a priority and between 1996 and 2001 the number of guests in Palestine exploded by 52 percent⁴⁶ until the renewed outbreak of violence in 2000 destroyed the Bethlehem 2000 tourist development plans and closed the Oasis casino in Jericho. The link would grant tourists greater ease and security in visiting hotels and resorts on the Mediterranean in Gaza in addition to the religious sites of the West Bank.

The creation of the link also involves some potential for increased secondary investment, such as small businesses and settlements, due to the increased traffic and commerce (see Appendix II). However, a

potential cycle of investment may only be relevant at entry and exit points to the link and not within Israeli territory due to the fact that travelers will not be permitted to stop en route.

General Costs of the Link

Short-Term Costs of Construction

The primary short-term cost of the link is the expense of its construction: estimates based on the average construction cost per mile of similar infrastructure projects range from \$13.41 million per mile for the road to \$21.27 million per mile for the rail. A 30-mile corridor would thus total between approximately \$402.3 million for the road and \$638.1 million for the rail. Construction of the rail would require special engineering skills, including the technical ability to perform the laying of track, track gauging and leveling, and installation of switches and crossings.⁴⁷ The sunken road would require special backhoes to dig the trench and then the equipment to lay the asphalt road.

Part of the estimated construction expenses mentioned above includes the wage costs paid to laborers.⁴⁸ Typical salaries for Palestinian construction workers are reported to be \$330 per month.⁴⁹ Cost estimates will need to include the expense of transporting workers to and from the construction site since Palestinian laborers will be required to leave the construction site when not actively working for security reasons. The above cost estimates also exclude the potential costs of land acquisition, which are difficult to ascertain due to fluctuations in value, particularly during times of conflict.⁵⁰ At the time of construction, site surveys can be conducted to assess precisely the cost of land acquisition. However, the legal implications of obtaining land in Israeli territory may complicate this process.⁵¹

Another significant cost is purchasing the necessary security technologies including container scanning and sealing at the exit border, and vehicle tracking devices using GPS or transponders. According to the World Bank, there are presently two technologies capable of addressing tracking concerns, both of which are currently commercially available.⁵² The first is a GPS/GSM system, which uses the Global Positioning System to pinpoint the vehicle's position, and communicates this data via one of the local GSM cellular systems to the control center. Such technologies are currently used by companies to track trucks in their private fleets and cost approximately \$730 per vehicle.⁵³ The second technology is Radio Frequency Identification (RFID), which is currently in use by the New Delhi police force.⁵⁴ This technology uses a small short-range cellular-like transmitter and small cell site equipment along the designated roadway to constantly communicate location and timing information to the control center.

Long-Term Costs of Maintenance

Maintenance of the link is a critical investment as it promises significant returns by prolonging the life of the infrastructure and its benefits. We estimate this cost to be \$6,850 per km of road annually (or \$431,550 in total annually) based on data from Jordan, which spends US\$50,000,000 annually (15% of its national budget⁵⁵) on 7,300 km of roads.⁵⁶ Maintenance costs and effective life will differ depending on the type of asset selected.

Long-term costs must also include the expense of administering the link and collecting user fees, however estimates for what these costs are currently difficult to obtain. Recurrent costs would include the necessary security measures (the cost of the technology and its maintenance) as well as the labor involved in monitoring traffic across the link. It is important to note that these costs will be offset by any tolls collected. As a representative example, the US\$15 user fee proposed in a recent report for the convoy system⁵⁷ multiplied by the approximately 6,500 people who were crossing the Erez checkpoint daily prior to the Israeli disengagement from Gaza⁵⁸ would produce adequate revenues of US\$97,500 daily (or US\$35,587,500 annually). Yet, as detailed above, this user fee may be sufficiently high as to prevent some Palestinians from using the link. A more modest user fee in the range of \$5 to \$7 would increase access to more Palestinians and would meet the estimated needs of US\$431,550 for annual maintenance as detailed above.

Impact on Israeli Security

By increasing the effective length of the Palestinian border with Israel by approximately 30 miles, the link necessarily increases Israel's vulnerability to the threat of a suicide bomber breaching the boundary and attacking Israelis. Due to this increased vulnerability, Israel may not approve link construction until terror attacks by Palestinians on Israelis effectively cease. Recent successful efforts, however, by Quartet representative James Wolfensohn and U.S. Secretary of State Condoleezza Rice to open the Rafah border crossing with Egypt and re-establish the convoy system of transport between Gaza and the West Bank suggest that diplomatic progress can be made despite an incomplete cessation of terror and continued Israeli vulnerability.

A proposal which may expedite diplomatic progress on this issue is to exchange an Israeli concession on passage between Gaza and the West Bank for a Palestinian concession on Israeli intrusion into Palestinian airspace.⁵⁹ In any permanent status relations between the two states, reciprocal intrusions into each state's sovereign space will exist. Israel's security desire to maintain control over Palestinian airspace and utilize an electromagnetic spectrum in the West Bank could be exchanged for the link's intrusion through Israeli soil.

Environmental Costs

Environmental impact of both options is clearly significant in the direct area of the link, as with most large-scale infrastructure projects, yet the differences between the two possible options are noteworthy (see comparison of the two types of infrastructure below). In contrast, due to Israeli security concerns, many of the secondary environmental impacts such as new settlements and farms within the link proximity will be minimal.

Comparison of Road vs. Rail

The purpose of this section is to address the second goal of this paper: to compare and contrast the two options available for the link and provide distinctions in the costs and benefits of each, paying particular attention to the tradeoff between Palestinian economic development and Israeli security concerns.

Distinctions in Benefits

Construction of either type of infrastructure involves differences in the skills required of the laborers and therefore the wages to be paid and the extent to which the poor may find employment in the program. Unfortunately, data concerning the exact nature of the technical skills of the construction sector of the Palestinian labor force are currently unavailable. Yet the skills required for laying track and installing crosses and switches to construct a railroad are more specialized. Resultant labor stratification may lead to a potential targeting failure for the employment program aspect of the rail infrastructure if such specialized skills are less likely to be pre-existing among Palestinian laborers.

In terms of reduced transaction costs, the sunken road would likely be a more efficient means of transporting goods by eliminating the costs of loading and unloading containers onto a rail car for transport. Although the railroad may actually have a shorter transit time, the time saved on a short trip is unlikely to be greater than the time used for loading and unloading cargo.⁶⁰

Distinctions in Costs--Security

The primary difference between the two options lies within the security measures inherent in each. The rail would, by nature, follow a prescribed pathway across Israeli territory. Any attempts by Palestinian passengers to disembark from the train mid-route would, in theory, be too dangerous to attempt or logistically unrealistic. Since all cargo would be loaded off of trucks and onto the rail cars, their scanning could be easily integrated into this process. Furthermore, the rail connection would not require the GPS monitoring of trucks moving freely across the road in Israeli territory or tracking that all trucks which enter Israeli

territory do, in fact, depart on the other side. However, the construction of the road in a deep trench would also provide a similar structural obstacle to Israeli incursion en route and the greater reduction in transaction costs illustrated above have convinced some that the sunken road is the preferable option.⁶¹

Distinctions in Costs--Construction

The two options differ significantly in their costs of construction. Estimates for the rail are based on construction costs of the Tel Aviv-Jerusalem railroad, which was constructed at an average cost of \$21.27 million per mile.⁶² Estimates for the road are based on Yitzhak Rabin cross-Israel highway (Highway 6), constructed at an average cost of \$13.41 million per mile.⁶³ However, given that Highway 6 was not constructed as a "sunken" road, these estimates do not include the costs of digging the 5-10 meter deep trench necessary for Israeli security provisions. Including such costs would bridge a portion of the estimated cost gap between road of approximately US\$402.3 million and rail of US\$638.1 million. Furthermore, in the context of foreign aid disbursements to the West Bank and Gaza which totaled US\$2.78 billion dollars during the Oslo period⁶⁴ of 1994-1999, such cost differences appear significant, but unlikely to deter Israel's demand for the rail option.

Another significant difference lies in the fact that the effective lifespan of the railroad is likely to be far greater than the effective lifespan of the sunken road. While roads can typically survive for twelve to fifteen years,⁶⁵ railroads can sometimes last over fifty years. Some estimates report a three year construction period for sunken road construction⁶⁶ versus a three-five year minimum construction period for the rail.⁶⁷ Because the desperate status quo bears almost no movement and trade between the two Palestinian territories, there is a clear advantage to abbreviated construction time leading to an efficient permanent solution, as emphasized in a recent letter by Quartet envoy James Wolfensohn.⁶⁸

From an environmental perspective, the rail generally is considered the least obtrusive to the natural environment since railroads do not disrupt the integrity of the topsoil and underlying earth as much as a 5-10 meter deep sunken road. A sunken road inherently involves the reshaping and removal of an extended tract of land therefore creating a larger impact on the environment. For these reasons, environmentalists in the region appear to support the rail option as opposed to a sunken road.⁶⁹

Conclusion

Upon analysis, whichever policy option is eventually chosen, it will clearly need to balance Palestinian economic development goals with Israeli security concerns. Such considerations render either option viable, with rail more fully satisfying security issues while a sunken road eases the flow of goods through entry and exit points. Both options stand to significantly reduce transactions costs to Palestinian producers and consumers, while providing a three to five year labor-intensive employment program potentially reducing Palestinian unemployment by 11 percent. Although specific household level effects of such an employment program are difficult to predict, this document has sought to outline various primary and secondary effects of a large-scale infrastructure project.

Provision of a dedicated link between the Gaza Strip and West Bank that could potentially benefit thousands of Palestinians is just one of many pieces necessary to solve the profound and persistent Palestinian economic puzzle. Yet the creation of such infrastructure linking the two discontinuous territories is a significant victory for Palestinian economic progress, a precondition to sustained peace in the region.

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¹⁹ We have estimated the potential number of construction jobs generated by the program by dividing the total value of projected construction spending in dollars by an estimate of gross construction output per worker in dollars derived from statistics on employment in construction and gross output of the construction industry from Jordan's Department of Statistics. This was based on the methodology employed by the RAND Corporation report. We then divided the total value of projected construction spending by this number to compute person-years of employment likely to be generated by the project. The average of our high cost estimate (\$638.1 million) and our low cost estimate (\$402.3 million) is \$520.2 million. With a total investment of \$520.2 million, roughly 531,500 person-years of construction labor would be needed to complete the projects described here, according to Jordanian data. Given

the typical amount of hours a laborer works in one year, this investment would employ approximately 33,000 Palestinians.

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²¹ We arrived at this estimate by calculating the total number of unemployed in the two territories. The combined Palestinian workforce (1.1 million) multiplied by the unemployment rate (.272) results in 294,030 unemployed total in both territories. Since our estimate for the project is the creation of 33,000 potential jobs (as calculated above) divided by the total number of unemployed workers (294,030) results in a reduction of unemployment by 11.2%.

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²⁴ “Building a Successful Palestinian State,” RAND Corp, 2005, 144.

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II

Small Arms Proliferation *A New Way Forward*

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ABSTRACT

Communities destroyed by intrastate warfare face reconstruction prospects that cannot begin without a minimum of human security. Small arms proliferation prevents that process from beginning. Arms transfer policies between states need to be proactive and redefined to increase the safety of civilians. New regulations need to restrict individual arms brokers. These efforts can be coordinated efficiently through the creation of an international agency that centralizes efforts, purports standards, and shares arms trafficking information. This article first gives a background on the international arms trade, then discusses the current policies and their weaknesses, and finally gives recommendations for a way forward.

Since the end of the Cold War, the developing world has seen a drastic increase in intrastate conflicts, causing once relatively stable political and governance systems to collapse. Development assistance and humanitarian relief from industrialized nations are only temporary solutions if conflict reignites. When the threat of violence persists, the basic building of human and social capacity cannot begin and countries fall into cycles of aid dependency and heavy foreign debt. In communities under the threat of rebel groups armed to kill, small arms are a direct threat to security. Although community reconciliation and development take years, the international community can expedite the reconstruction process by limiting the number of small arms and light weapons that fall into the hands of rebel groups.

Specifically, the international community should modify international norms, centralize communications and operations to limit arms proliferation, punish individual arms brokers, and expand and improve bilateral programs that reduce export arms sales. This paper analyzes what action can be taken by the international community collectively and what measures individual governments can enforce. First, a brief contextual introduction to the issue of small

arms proliferation is given. Next, measures currently being taken to limit the illicit trade of arms are outlined. Three general areas that impact small arms transfers are explored – multilateral institutions and treaties, bilateral sales by states, and individual arms brokers – and the weaknesses in current practices are identified. Finally, recommendations are made for measures that should be taken in the future. Per each proposal, the recommendation is defined and explained in relation to other arms control efforts, potential funding sources are described, and, finally, its overall purpose is noted.

I. Context

Small arms and light weapons continue to reach all parties in conflict zones and are responsible for the majority of deaths in intrastate and cross-border conflict. The attempts to reduce weapons proliferations through sanctions, embargoes, and disarmament programs have been limited in their impact. While the threat of weapons of mass destruction may seem greater, illicit arms trafficking has resulted in millions of deaths and disabilities. The UNDP estimates that 500,000 people are killed each year by light arms and over two million have died in the Great Lakes and the Horn of Africa region. As a continent, Africa has been hit hardest by hand gun-related violence.¹ The UNDP's Human Development Report identified 52 armed conflicts in 42 countries between 1989 and 1995 alone and another 32 countries that had political violence under the threat of small arms.² Long term development cannot begin without a minimum degree of human security and certainly not with the threat caused by readily available small arms.

The danger posed by small arms proliferation stifles human and social development. Of all the conflicts that have erupted between 1989 and 1995, 95% occurred in developing countries claiming millions of lives particularly in Angola, Burundi, Guinea-Bissau, DRC, Liberia, Rwanda, Sierra Leone, Somalia and Sudan.³ Weapon proliferation hampers the political development of emerging democracies, economic growth and infrastructure construction, and most importantly the human development of communities and their access to healthcare and education. Small arms have a long-life span and cycle through multiple conflicts over time due to their ready availability and low accumulation cost. For instance, AK-47s and M-16s have been uncovered in Nicaragua and El Salvador that were used 30 years prior by unrelated armed groups in the Vietnam War.⁴

The proliferation of small arms and light weapons impedes development efforts despite international aid. In FY06, President Bush requested \$8.25 billion in the budget for development assistance for the U.S. Agency for International Development and joint department

programs, \$325 million for transition initiatives in fragile states, and additional funds for State Department programs and humanitarian relief.⁵ Small arms hinder the chances of development by undercutting development aid. Additionally, conflict was rated the number one factor preventing foreign direct investment by 69 companies in the *World Development Report* by the World Bank in 1997.⁶ Indirectly, gun violence causes internal displacement and criminality to rise, disrupts the delivery of social services and healthy economic activity, and breaks down the social and cultural fabric in societies. Disarmament is thus the first phase of post-conflict reconstruction. In a world in which international security has become the focus of diplomatic and defense relations, limiting arms trafficking is a necessary prerequisite for strengthening state capacity. The alternative is the crumbling security of states that breeds corruption, drugs, arms, and human trafficking, tribal lord control, and a terrorist safe-haven.

The problem of small arms trafficking spans from over-production in the supply of weapons from industrialized countries to the lack of development fueling the demand for arms by fragile and transitioning states. On the supply side, arms trafficking is an unregulated highly profitable business intertwined with black market sales. For instance, an intercepted shipment of arms and drugs heading to the Revolutionary Armed Forces of Colombia (FARC) from a Russian criminal gang via Peru in 2001 contained AKM assault rifles worth an estimated US\$50 million.⁷ Small arms are legally produced by more than 600 companies in 95 countries and at least 550 million small arms currently in circulation.⁸ Those weapons legitimately sold are later illegally exchanged to non-state insurgent groups through individual arms brokers. On the demand side, guns are an economic asset. When guns are used to generate income – either by looting, banditry, or the threat of violence – trading as little as a goat, a camel, or a bag of sorghum for a weapon is quite a bargain.⁹ For communities living in poverty, people resort to using small arms out of desperation.

Current measures aimed to limit the illicit trafficking have not been sufficiently effective in stopping the exchange of weapons. A more comprehensive strategy on both the national and international fronts is necessary in order to reduce the negative impact of small arms on political and human development.

II. International Response

In July 2001, the UN held a Conference on the *Illicit Trade in Small Arms and Light Weapons in All Its Aspects*, which resulted in the outcome document Programme of Action (PoA).¹⁰ The UN has held two follow-up meetings, the first in 2003 and the second in July 2005,

to monitor state implementation of the recommended measures. Both outcome reports have illustrated the lack of progress by individual states to implement the terms of the agreement. Although the international community established this politically-binding instrument delineating agreed upon measures to limit arms proliferation, it lacks the jurisdiction and the enforcement capacity to monitor and evaluate international trends, much less to regulate the trade of small arms.

The international community is limited by the lack of an international system that shares information on embargo violations, end-use monitoring, marking and tracing, and stockpile management. It also lacks stringent measures to deal with intrastate individual arms brokers. The international community must build on the collaborative norms set out at the UN Conference, and it must have a central location to coordinate all activities dealing with small arms proliferation.

Collective International Efforts

Arms Embargoes

The international community has attempted to institute several mechanisms to limit and deter the proliferation of small arms and light weapons. The first such mechanism is the issuance of an arms embargo by the United Nations with multilateral backing upon a given country where arms have been accumulated and used against the civilian population. The benefit of an arms embargo is that it brands the particular country unsuited to import arms safely and informally declares the country a weak state. It also indicates an international recognition and agreement to limit the flow of arms into the country accused of using them for human rights abuses and impeding other development efforts.

Arms embargoes have been successful at limiting the trade of arms to conflict zones by credible sellers. However, secondary parties, either arms brokers or corrupt and weak states, violate these embargos.¹¹ Currently, the embargoes have weak monitoring and enforcement structures and small arms continue to reach those who use the weapons in violation of international humanitarian law. Embargoes are ineffective because small arms are difficult to track at borders. In addition, embargoes are difficult to enforce, making it extremely unlikely that violators will be caught.¹² Current embargoes often come in to effect too late, that is, when there is already a concentration of weapons in a conflict zone.¹³

Marking and Tracing Weapons

Currently, there is no internationally recognized system that marks and traces the flow of weapons within and between states. Such a system could compliment other efforts to limit the illicit sale of small arms. Standards and procedures for handling arms vary from government to government, which lead to the trade of arms to weak states that are

unwilling or unable to enforce regulations. The different standards and procedures weaken efforts to reduce the weapons trade.

A UN Working Group has attempted to establish an international instrument for marking and tracing that would introduce improvements to strengthen customs systems, establish standards for export controls and end-use certificates, and increase international cooperation. This instrument has been criticized because it is not legally binding; however, it failed to address the marking and tracing of ammunitions, and it does not mention any financial or technical assistance to weak states to build capacity for implementation.¹⁴

The greatest obstacle to the marking and tracing instrument is the that fragile states simply do not have the capacity to enforce procedures in line with the international norms. Capacity building measures from bilateral development aid must include security sector reform to enhance the capacity of weak states to monitor arms transfers.

Individual State Efforts

The international community has agreed to implement national legislation to prevent the illegal trade of weapons under the UN Conference on the Illicit Trade in Small Arms and Light Weapons. Such measures include passing laws and regulations on the end-use of weapons sales and better stockpile management and safety precautions.

End-Use Monitoring Regulations

The purpose of end-use monitoring and control regulations is to ensure that government and foreign recipients of military weaponry are using these materials in accordance with the policies and procedures delineated under arms exporting laws. The goal is to prevent the material from being stolen or sold to third parties who do not comply with the regulations. The US currently has the most stringent regulations in place. However, even the US system is flawed: end-use certificates can be easily falsified and there is a lack of follow-up checks to verify the authenticity of the certificates.¹⁵ EU members and other arms producing countries lack the basic monitoring and enforcement measures despite the lead of the US.¹⁶ Additionally, there is no international set of rules to govern a unified and cohesive import-export regulatory framework to prevent the unauthorized sale of small arms and light weapons to third parties.

US policy may be the most comprehensive, but the process of implementation is failing. The problem lies not in the system itself, but in the lack of operational capacity that ensures the end-use monitoring system is properly working. The US government has three programs to

verify compliance with regulations overseeing military export sales. The first is run by the State Department which oversees 'direct commercial sales;' the second is run by the Pentagon and monitors 'government to government' sales; and the third is directed by the US Commerce Department.¹⁷ The heart of the failure of the State Department's program, titled the Blue Lantern, is that it has been under-resourced and chronically understaffed.¹⁸ The Defense Department's program on government to government sales has also run into problems following-up on its end-use checks and complying with reporting requirements.¹⁹ The problem is therefore that the system to regulate end-use compliance is not a political or budgetary priority for the US nor is it an international priority for arms-exporting countries.

Stockpile Management and Safety

The burden of stockpile management and safety precautions for small arms and light weapons falls on national authorities to secure their weapons and ammunitions. Stockpile management is the responsibility of all nations collectively and each individual government must take a certain number of actions to maintain the safe handling of arms so that they do not end up being illegally sold onto the black market. Specifically, each state has the responsibility to assess its own stockpile capability, determine the risk posed by the weapons and ammunitions, implement good accounting practices, conduct regular monitoring of the stockpile management programs, complete proper destruction if necessary, and fully secure the arms from third party hands.²⁰ States with strong governmental capacity, like the US and other industrialized countries, have extensive programs to manage their own stockpile safety and physical security. The real threat to the management of small arms occurs in weak states where governments in fragile or transitioning countries are slow to build their capacity to effectively manage their arms.

The US State Department's program, the Defense Threat Reduction Agency (DTRA), provides international assistance and technical advice to help secure weapons through bilateral development assistance.²¹ In addition, the UN has established the Stability Pact for Southeastern Europe in 2001 to target weak states in Southeastern Europe, which have been the source of many third party illegal transfers of small arms and light weapons. Other countries who have allegedly sold to third party markets in conflicts zones, such as South Africa, continue to have weak systems of stockpile management. Transitioning states do not have the ability to enforce management regulations and policies. Additional capacity building measures through multilateral institutions and bilateral aid are needed to build states' capacity to manage arms accumulation. However, while the development of stockpile management programs can secure the long-term needs for state capacity, short-term measures must be taken to prevent stockpiles from ending up in the wrong hands.

Individual Entrepreneurs

Independent Arms Brokers

Finally, measures to regulate individual arms brokers are an additional step needed to limit the proliferation of small arms. Some of the bloodiest conflicts in Africa, South America, and South East Asia have been fueled by individual arms brokers seeking personal profit. Many of the most notorious brokers have come from Eastern Europe after the fall of the Soviet Union, most notably Victor Bout, Sarkis Soghanalian, Jean Bernard Lasnaud, and Leonid Minin, to name a few.²² The danger persists where individual arms brokers will continue to sell weaponry as long as there is a demand. Apart from government regulations, attempts to limit or reduce the sales of small arms by individual arms brokers have been ineffective. The risks to individual entrepreneurs associated with illegal arms trading must be increased.

Moreover, there is no international system to prosecute arms brokers and consequently cross-border violations run into sovereignty disputes. A regulatory system for the prosecution of arms brokers must be established. Such an enforcement instrument would require that all states register individual arms brokers within that country to obtain a license for their arms transfers. Alleged violators would be flagged if they have contributed to crimes or third party sales in conflict zones.²³ The penalty for illegal trade must more stringent. Additionally, the laws governing extraterritorial controls need to be agreed upon, implemented, and enforced by international actors so that violators can be prosecuted even when they move from country to country. States need to create national brokering controls in accordance with new multilateral standards to link government actors in their approach to prosecuting and penalizing illegal arms brokering.²⁴ Too often do individual arms brokers turn a profit in the developing world and later live in luxury in Western countries. Judicial systems must have sufficiently broad jurisdiction to prosecute violations that occurred outside their territory if the broker is registered and lives within their state borders.

III. Recommendations

The international community needs a broad means to coordinate its efforts to combat the illicit arms trade through a coherent framework. The most effective measure to accomplish that goal is to create an overarching International Small Arms Control Agency where current efforts can be strengthened, new procedures can be created and utilized to coordinate functions, and enforcement is mandatory.

International Measures for Arms Control

Create an International Small Arms Control Agency (ISACA)

Definition: The agency would serve as the central body to coordinate all small arms nonproliferation efforts for international, regional, and national actors. It would operate as an independent body but partner with multilateral institutions and individual member states. To oversee the global arms control efforts, ISACA would compile, record, and distribute information linking arms transfers to enhance the efforts to prevent the illegal trafficking of arms and the resulting human rights abuses. It would also publish recommendations for the international community.

Relation to Other Efforts: The agency would be responsible for centralizing and enhancing the exchange of information with the cooperation of its member states. It would work closely with the UN and arms-exporting countries. ISACA would work closely with the UN Sanctions Committee to support arms embargo efforts. The agency would support member states by monitoring end-use regulations. It would also be responsible for sharing information between states on illegal cross-border activities of arms brokers and flag violations. Additionally, it would maintain and update a database for marking and tracing small arms and light weapons.

Funding: The agency would be a voluntarily funded, independent organization not unlike the International Atomic Energy Agency (IAEA). It would have a central headquarters with regional offices throughout the world. Its budget priorities and program operations would be established by a Board of Governors. It would also have an independent audit board with which it would submit regular reports about its actions. It would have an operational budget established through an Arms Control Trust Fund as well as receive voluntary contributions based on the needs of its members.

Overall Purpose: ISACA's purpose would be to set small arms regulation-related policy. It would coordinate international and national efforts and centralize the information on arms transfers. It would also provide a forum for arms violations penalties as well as arms control enforcement. From within the agency, all other collective activities would take place.

Strengthening Arms Embargoes

Create a UN Arms Embargo Monitoring Unit

Definition: The arms embargo monitoring unit, located within the UN

Secretariat and reporting jointly to the Security Council, would act as an advisory body to the Sanctions Committee that requires member states to implement and comply with international standards of arms trafficking. A UN Arms Embargo Monitoring Unit must be structured and given authority as an oversight committee on arms monitoring. The unit would be responsible for detecting the early build-up of weapons in a region or country before conflict breaks out. The monitoring unit would examine not only the marking and tracing of where the weapons are coming from, but the civil aviation and transport sectors to identify how weapons enter the country and from which country they originated.

Sub-Units/Missions: The arms embargo monitoring unit would contain sub-units which carry out individual missions to monitor the adherence of arms embargoes in given regions, in the fashion of the UN Panel of Experts. The UN Panel of Experts has been an effective model for monitoring the arms transfers within a country already in conflict,²⁵ and a similar group of monitors should be assembled to track the embargoes. The unit would recommend embargoes against secondary parties including individuals, companies, and governments who break the embargoes. It would also target regions or countries that are known for breaking sanctions, specifically countries in Eastern Europe and Sub-Saharan Africa (specifically South Africa). These efforts would be linked to other regulatory efforts attached to illicit human trafficking, drugs, and the exploitation of natural resources. Moreover, the illicit small arms trade would need to be elevated into the jurisdiction of the International Police Office (INTERPOL).

Relation to Other Efforts: The strengthening of the current arms embargoes would allow for the punishment of illegal arms trafficking at the multilateral level. The proposed ISACA could strengthen the current embargo enforcement efforts by providing the necessary monitoring data and paper trail on illegal arms transfers. The agency would act as a source of evidence to illustrate when embargoes are broken and to help identify where legal transfers go awry.

Funding: The UN Arms Embargo Monitoring Unit would be funded out of the Sanctions Committee budget. This budget would need to be expanded and staffed with top managerial personnel to oversee the unit and additional staff to monitor arms trade activities and put forth policy recommendations. The current UN Panel of Experts could adjoin with the monitoring unit to coordinate efforts. New missions may need to be created in the future.

Overall Purpose: Arms embargoes against states are used to limit the influx of arms into volatile regions where conflict exists and human rights abuses have been reported. However, arms embargoes are violated with frequency and violators walk with impunity. ISACA would be able to track violations and the UN Security Council would be able to punish offenders. The overall process of limiting illegal arms trafficking would be strengthened by ISACA and the Arms Embargo Monitoring Unit to fortify current efforts.

Establish International System for Marking and Tracing

Definition: The system for marking and tracing would be established at the international level in accordance with UN standards that stand as a legally binding framework inclusive of all small and light weaponry as well as ammunition transfers. ISACA would establish the standards and member states would be required to comply with the regulations to track the illicit flow of arms. The system would thus identify where arms originate and for what purpose they are being used once they reach a destination. An internationally recognized system for marking and tracing is needed to better track where *legal* arms sales go, whose hands they pass through, identify where the illegal sale takes place, and to help punish illegal brokering.

Relation to Other Efforts: ISACA would be responsible for creating the marking and tracing system. The agency would also promote the regulations and compliance with the standards. It would contain a central data base where governments could access information to aid in their prevention of selling arms to questionable buyers. ISACA would also serve as the central database compiling information on monitoring the marking and tracing system.

Funding: The system for marking and tracing would be established by ISACA's member states and generated at an international conference. ISACA would run the data base as part of its operational costs. Enforcement will be monitored by the agency while program costs for adhering to the standards would fall on individual governments. Bilateral and multilateral development aid should be specifically earmarked to include tracing measures and border control for weak states. Capacity building programs should assemble methods and best practices to limit the influx of weaponry, human trafficking, drugs and interstate organized crime, and natural resources exploitation with security sector reform. Each small arm or light weapon produced and released into circulation would now need to be marked according to the international standards. All weapons should also be marked and records kept when collected from conflict zones as part of disarmament programs.

Overall Purpose: An international system to mark and trace weapons should operate under ISACA should be used to share information with national programs for end-use monitoring and to prevent illicit arms brokering. The international system for marking and tracing could have the greatest impact by assisting UN Arms Embargoes to trace violations, aiding in the monitoring of end-use mechanisms to verify where weapons come from, and by helping to prosecute illicit arms brokering with substantiated evidence.

National Measures to Strengthen Arms Control

Expand End-Use Monitoring Programs

Definition: End-use monitoring programs must be expanded in the US and created in other industrialized arms-exporting countries. End-use monitoring is enforced by countries who sell arms in order to regulate the final destination of their sales. Healthy functioning end-use monitoring programs are necessary for governments to stringently enforce the restriction of sales to negligent buyers or parties who have committed human rights abuses. Funding should be adequately appropriated.

US Arms-Exports Regulation: Since the United States is a major arms-exporting country, its programs need to be enhanced. Specifically, the State Department should increase its staff for the Blue Lantern program and ask Congress to earmark more funds in its annual budget to elevate end-use monitoring as a higher priority. The Defense Department should also increase its staff for the government-to-government sales program and concurrently ask Congress to earmark the program with increased funds in its annual budget. Additionally, the Defense Department needs to enforce the end-use checks and complete the reporting requirements demonstrating progress in its annual congressional budget justification. Overall, the US needs to ramp up its end-use monitoring programs and Congress needs to hold the department heads accountable for not effectively managing the programs, which will set an international example on regulating arms exports. Program operations can be coordinated through ISACA and information shared between governments to strengthen national program capacity.

Other Arms-Exporters: Other industrialized countries have weak or no end-use monitoring and need to create arms export controls. The US should use diplomatic relations to influence other nations to adopt more stringent and comprehensive national legislation to enforce end-use monitoring regulations. Arms suppliers and exporting countries must develop mechanisms to effectively monitor and evaluate where their arms exports are ending up and to regulate their sales to illegitimate sources. The US should lead the way for the international community

to establish global international standards of regulating and monitoring end-use sales with binding enforcement measures for violations.

Funding: The cost to the US would be an increase in program budgets and new personnel to enforce and monitor the current programs. This would require making small arms regulations a budget priority. The cost to other arms exporting countries will encompass initiating new programs and operational costs to regulate, authenticate, and follow-up monitoring of end-use certificates and documentation. Monitoring the compliance of programs and end-use sales could be part of the operating budget located within ISACA and disseminated to member states.

Overall Purpose: By expanding national programs and strengthening end-use monitoring, legal arms suppliers can improve their ability to prevent their arms ending up in the hands of human rights abusers. US programs have been effective where used, but their capacity is limited by under-funding and under-staffing. These programs need to be enlarged and fully enforced as well as coordinated with those of other arms exporting countries under ISACA. Since arms continue to end-up in illegal third-party hands, there is a clear need to expand the current programs.

Strengthen Stockpile Management and Safety

Definition: Stockpile security and management must be strengthened in arms importing countries to prevent small arms from being looted and sold onto the black market, possibly making their way to fragile states recovering from conflict. Governments need to take responsibility for securing arms stockpiles and collecting weapons after conflict. This could be achieved by implementing capacity building programs in target countries to enhance security. Governments would also need to sponsor anti-small arms and light weapons campaigns in target areas and support international standards to create stockpile management.

Relation to Other Efforts: Development assistance is needed to initiate new programs for stockpile management, disarmament, resource mobilization, and import-export control systems in weak states. Bilateral and multilateral aid are also needed to increase international disarmament initiatives and unilateral destruction programs in fragile states to help reduce the accumulation of small arms before large scale violence occurs.²⁶ Encouraging stockpile management safety acknowledges the responsibility of arms-recipient countries and adds to the overall security of the arms trade cycle. If stockpile security is increased, fewer weapons will end up on the black market.

Funding: Arms-exporting countries should fund stockpile management programs for weaker states that they sell to in order to ensure safety measures will transfer from one geographic location to another.

Arms suppliers should be held criminally negligent if they sell to human rights abusers under their own judicial systems. Both governments recovering from conflict and the donor community that supports them need to negotiate capacity building aid for stockpile management as part of peace processes, to prevent arms from landing in the wrong hands and destabilizing the country.

Overall Purpose: Stockpile management is important to prevent the illegal supply of light arms moving from legitimate buyers to third-party abusers. Since management is weakest in underdeveloped countries, capacity building measures addressing weak enforcement and monitoring abilities, development programs for state capacity and governance should include programs addressing stockpile safety in fragile states. Human security is a prerequisite of development and preventing illegal brokering must be incorporated into development programs more vigorously. Stockpile management programs need to be increased and expanded so that legal transfers remain in legitimate hands and small arms are not illicitly traded.

Increase the Risk for Individual Arms Brokers

Initiate a Conference on Arms Brokering

Definition: A conference is necessary to expand and strengthen the current provisions on brokering regulations. The conference should convey the consensus on creating a more extensive record-keeping, monitoring, and tracing mechanism to regulate individual arms brokers at the national, regional, and international levels. The conference should advocate for heightening the penalties for illicit brokering and the violations of international regulations. The conference should also create an international standard on the registration and licensing criteria as well as the appropriate regulations and prohibitions. The conference should encompass a new mechanism to share information between governments. The international standard on arms brokering needs to create extraterritorial controls on third party brokers who violate embargoes, national legislation, and international commitments. The extraterritorial control should furthermore establish the laws for governments to prosecute arms brokering across borders.

Treaty to Enforce Conference: An International Arms Trade Treaty must be established under the UN in order to enforce the conference's provisions on arms transfers that include individual arms brokers.²⁷ National legislation and controls should align with the standards on arms brokering laid out in accordance with the General Assembly resolution 59/86 entitled *The illicit trade in small arms and light weapons in all its aspects* adopted on 3 December 2004 and implemented under

the Programme of Action (PoA). The treaty would be legally binding to all signatories and convey international standards as a minimum for what measures to enforce.

Relation to Other Efforts: The conference seeks to set internationally recognized standards for how individual arms brokers should conduct business to prevent small arms from ending up in the hands of abusers. The treaty then supports the norms by providing a means to punish violations and make illegal arms brokering more risky. Both the conference and the treaty reinforce the efforts of ISACA and UN arms embargoes by targeting individual brokers who sell to human rights abusers. ISACA could head the conference and treaty to coordinate and channel efforts between member states.

Funding: The conference would need to be funded by individual member states within ISACA. An additional conference fund should be set up with voluntary contributions to sponsor developing countries to participate. The conference itself is a one time event and does not have operational costs. For the treaty to be enforced, member states would be responsible for punishing arms broker violations under national jurisdiction.

Overall Purpose: Currently, there are no internationally recognized standards with which to deal with individual arms brokers. Both the Conference on Arms Brokering and the International Arms Trade Treaty would set the standards and give states the jurisdiction to punish violators. These efforts seek to target individuals and acknowledge that states are not the only actors in the international arms trade.

IV. Conclusion

The findings explored in this article indicate that there are many efforts currently being taken to limit small arms and light weapons from ending up in the hands of human rights abusers. However, those efforts are disjointed, sometimes conflicting, and lacking coordination. The fragmented nature of small arms control ultimately causes resources to be wasted, efforts duplicated, and under-funding of current programs. The key to international arms control thus lies in the creation of an International Small Arms Control Agency that brings all of the efforts together in one central body. Resources could be channeled into the agency and arms control measures would be efficiently coordinated to work with all levels of government. The agency would serve as the backdrop to UN embargoes, national programs regulating end-user certificates, and bilateral development assistance in weak states. From the agency, the international system for marking and tracing could

be distributed and promoted. Information could be compiled and disseminated on individual arms brokers and an International Arms Trade Treaty would allow for the punishment of violators. Clearly, individual states are slow to strengthen their national legislations on their own. But an international effort by many states who would become members of the agency is more likely to be politically feasible. Such membership would simplify the administrative burden of arms control. Therefore, international efforts on small arms control need to move in a new direction to secure the future of individual lives and the stability of the international state system.

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III

The Making of an Information Technology District

The Case of Cluj-Napoca, Romania

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ABSTRACT

The main purpose of this article is to broaden the perspective on industrial districts, and to propose policy recommendations for emerging economies that have a competitive advantage in the information technology (IT) industry. Two concepts will be dealt with within this framework: a spatial concept (the industrial district) and an economic concept (the IT industry). An analysis of the IT market in Cluj-Napoca, Romania reveals that it is evolving within the context of an industrial district, and policy measures are recommended to capitalize on the strengths of the district and the industry as a whole.

The main purpose of this article is to broaden the perspective on industrial district theory, and to propose policy recommendations for emerging economies that have a competitive advantage in the information technology (IT) industry. Two concepts will be dealt with within this framework: a spatial concept (the industrial district) and an economic concept (the IT industry). The reason I chose to look at the IT industry, embedded in the context of an industrial district, are the practical consequences that naturally emerge from this analysis for emerging economies all over the world. The IT industry, especially the software industry, is one of the few industries that allowed developing countries to gain a competitive advantage on the global market. The industrial district, as will become evident in my further analysis, allows an incipient industry to quickly achieve economies of scale and scope without massive influxes of capital. The costs of starting a software company are minimal, and coupled with the power and synergy of an existing network of other IT companies can, in time and numbers, not only launch an industry but also help the national economy advance a series of developmental steps.

What is an industrial district?

Undeniably, Alfred Marshall is the initiator of regional development theory and the father of the industrial district concept. His observations are not only accurate and poignant, but also surprisingly timeless—some of his ideas are more valid today than they were in his time. Marshall is considered by some to be the preeminent marginalist¹, and his creed is succinctly and effectively outlined at the beginning of his two major works—*Industry and Trade* and *Principles of Economics*. Thus, the following line greets the reader on the first page of *Industry and Trade*: “The many in one, the one in many”. This could easily pass as the first description for the industrial district (although it is abstract enough to fit some of Marshall’s other concepts). Many firms form an industrial agglomeration; one in many firms specialized in a distinct economic activity creates a series of links and economic and social dependencies between the “one” firm and the “many”. This agglomeration of specialized firms, and the linkages and dependencies that exist between them represent the industrial district. The first page of *Principles* boasts the line: “Natura non facit saltum”—Nature makes no sudden leaps. This seems to suggest that economic development is an intrinsically organic process that involves all facets of society and economy. Consequently, encouraging a particular economic sector (whether the sector is within the realm of an industrial district or not) will not bring the desired results if the context in which these changes are made is not taken into consideration.

A few decades latter, Giacomo Becattini took over the industrial district discourse as he studied such patterns of development in Italy. He considers that industrial districts, more than an object of study, are a way of studying a particular industry in relative isolation from other industries. He warns however that “it is necessary to define what is inside the boundary as well as what remains outside”². Although he fails to offer a concrete definition of the industrial district, he argues for a definition of industry based on technological similarity. Such a definition would look at industries from the point of view of production processes and the way these are linked through a set of similar skills, or a certain type of raw materials. Technologies change however very fast and “a whole block of firms can shift from one sector, defined in technological terms, to another, while continuing to serve the markets.”

Ann Markusen considers ‘the Marshallian district’ to be a business structure that is dominated by small and medium sized enterprises (SMEs). These firms are connected by trade relations and long-term contracts and commitments between, and have a strong tie to the region. There is a high level of labor in-migration, and workers are usually committed to the region, more than they are to individual firms.³

The characteristics of the industrial district

Marshall identifies four crucial factors that drive a region to specialize in the production of a particular good: transportation; global trade; physical conditions; and the patronage of a court (or government in today's world). A good transportation infrastructure means that goods and services produced in a particular region can easily be made available in other areas where there is a demand for those goods. Globalization, although considered to be a fairly new concept, has been around since ancient times, aiding certain areas to achieve economies of scale by means of growing localized industries. Physical conditions attract industries to a particular location by virtue of the natural resources available there (e.g. the presence of coal in a particular region will naturally attract an agglomeration of coal companies; access to the oceans and inland rivers can attract the shipping industry; a beautiful area will attract the tourism industry).

Within localized industries Marshall identified two different sources for increasing returns to scale: internal economies and external economies. Internal economies are dependent on the resources, organization, and efficiency of individual firms. External economies are drawn from the network of dependencies created between individual firms (enabling economies of scale without the presence of large firms).

Furthermore, Marshall talks about localized industries as industries that are concentrated in certain localities. These localized industries, in turn, fuel the division of labor regionally, rather than at the organization level. Thus, people working in the same field would perform a certain aspect of the production flow, but as part of different firms. Every firm is responsible for one or more steps of the production flow, and is in turn dependent on the performance of the other firms in the region. A firm that weaves textiles, for example, relies on a "down-stream" firm to provide the fiber needed for weaving, and on an "up-stream" firm to buy the textiles for further manufacturing into clothes or other end/intermediary goods. In addition, this firm is interested to have firms on the horizontal (even potential competitors) perform well, because these firms ensure the healthiness of the vertical chain (the "down-stream" suppliers and the "up-stream" buyers) and often complements its activities. In addition to the lateral and vertical connection existent in an industrial district, Bellandi, more recently, talks about diagonal connections (connections that involve service processes such as repairing, trading, collecting).⁴

Marshall considers that an industrial district draws its force from existence and interplay of three factors: trust and mutual knowledge, the industrial atmosphere, and inter-firm co-operation. Industrial districts are basically self-reinforcing entities offering not only numerous

advantages for the people located there, but also attracting other people with similar skill sets. In Mashall's own words:

"The mysteries of the trade become no mysteries; but are as it were in the air, and children learn many of them unconsciously. Good work is rightly appreciated, inventions and improvements in machinery, in process and the general organization of the business have their merits promptly discussed: if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas."⁵

By focusing on a specific part of the production process, firms in an industrial district are capable of acquiring and maintaining expensive machinery. They are however dependent on other firms for filling in the gaps left in the production process. Industrial districts, especially those that cater to niche markets, act in turn as magnets for both employers and employees. Employers look for a place where they can easily find the specialized labor they need; employees are looking for a place that caters to their skill set and that offers them a social and economic safety net should they lose their job. In an industrial district social forces cooperate with the economic ones:

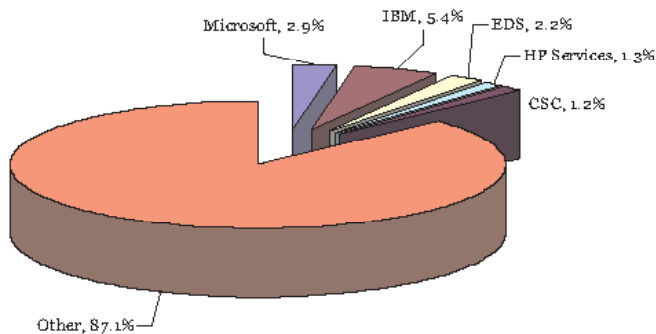
"...there are often strong friendships between employers and employed; but neither side likes to feel that in case of any disagreeable incident happening between them, they must go on rubbing against one another: both sides like to be able easily to break off old associations should they become irksome."⁶

From the descriptions above it is easy to see why industrial districts are a viable alternative for developing regions. A self-sufficient economic and social entity is dependent on the existence of a set of firms and institutions, and on the linkages that are formed between those. Obviously, it is easier, and more efficient, to create an industrial district rather than a vertically integrated mega-plant within an underdeveloped region. The resources of the people and entrepreneurs living in the area are more easily directed toward a set of SMEs (small and medium sized enterprises), than toward a big company. Marshall warns however of regions that specialize in only one industry. These run the short-term danger of providing employment for only one segment of the population (e.g. strong iron workers), and the long-term danger of leaving the area economically depressed should that industry fail at any point in the future. Supplementary and complementary industries are therefore a

must if sustainable growth is to be achieved. “Different industries in the same neighborhood mitigate each other’s depressions.”⁷

Why the Information Technology industry?

Figure1. Software and Services Market Share: %Share, by Value, 2002



Source: Datamonitor

Industrial districts traditionally serve a highly specialized market, and are usually made up of small and medium sized enterprises (SMEs)⁸. In much the same way, the IT industry (especially software production) tends to be highly fragmented⁹, with numerous SMEs serving an assortment of niche markets. The world’s largest software and services company is IBM, which accounts for 5.4% of the market. As can be seen in figure 1, the market is highly fragmented, unlike the common misconception that big players like Microsoft and IBM totally dominate the industry.¹⁰ This similarity between industry and regional development patterns led me to believe that an IT development strategy would best be fitted within the context of an industrial district.

Characteristics of Information Technology Districts (ITDs)

One of the most interesting accounts of the inner workings of, what I call, first tier ITDs (districts that are global players in the IT market) is given by AnnaLee Saxenian in *Regional Advantage*. She outlines how one region, Silicon Valley, specialized in the production of IT products, managed to out compete the former market leader, Route 128, by shifting from exclusive business strategies to increasingly tighter regional

strategies. In the late 1950s, following military investment flows, IT firms started to cluster in these two prolific regions.

Silicon Valley and Route 128 adopted divergent development strategies. Route 128 firms went with vertically integration – the strategy that gave IBM its edge in the 1950s. Traditional hierarchical structures, secrecy and territoriality, were the norm among Route 128 firms. Strong ties to local institutions (especially research universities like MIT) were not considered a priority, and cooperation with other IT companies was strongly discouraged.¹¹

Silicon Valley firms were formed by young entrepreneurs not accustomed to the vertical integrated model. These were mostly small companies that had limited capital and that relied heavily on federal contracts and on cooperation with other companies.¹² In the 1950s and 1960s, Route 128 was the leader in semiconductor production, while Silicon Valley was a pastoral area with a lot of orchards and a handful of IT companies. By the late 1970s and early 1980s, Silicon Valley took over as leader in semiconductors. The recipe for success of Silicon Valley firms is given by Intel cofounder Andy Grove:

Anything that can be done in the vertical way can be done more cheaply by collections of specialist companies organized horizontally.¹³

While Route 128 firms drew distinct boundaries between themselves, firms in Silicon Valley were enmeshed in a mix of competition and cooperation. They acknowledged that it is hard to be competitive internally unless you specialize in a particular field, and it is difficult to be competitive externally unless you can rely on adjacent companies to complement your activities. The vertical integrated model that was practiced at an organizational level in Route 128, was adopted at a regional level in Silicon Valley. Firms relied on each other to meet production quotas and dead-lines, and trust and cooperation were just as important as the bottom line. Route 128 was also characterized by a patriarchic organization, with employees that had strong family ties in the region, and that made a clear separation between work and social life. Silicon Valley, on the other hand, was a place where young entrepreneurs came to seek their fortune; their “new families” were the people that worked in the same industries, people with which they could easily use the professional lingo.

Why Romania?

Romania has been tagged, by different sources, as being one of the future global IT players, with an IT market that is rapidly growing and diversifying. Brainbench, one of the leading institutions in software accreditation with an extensive database on trends in different parts of the world presents Romania as being one of the countries with the highest absolute number of computer programmers¹⁴. Even if the data they provide is not totally fool proof (certainly not all programmers take their tests) they do provide certain tendencies across the globe. Thus, in 2005, Romania was ranked 4th in the world in terms of total skill certifications, up from the 6th spot in 2003. (A study done by eWeek Romania¹⁵ showed that the number of information technology and communications specialists grew from 60,372 in 2002, to 63,685 in 2001, and 68,056 in 2002 – a trend that was most certainly continued in previous years.) As a matter of fact Eastern Europe as a whole seems to be very strong in this field – Russia, Romania, Ukraine, Bulgaria, Latvia, and Belarus are among the first eleven countries with the highest accreditation numbers. (These are all countries where third tier ITDs are currently flourishing, waiting to become global players.) In addition, the countries that are considered to be regional leaders in IT also have a larger number of Brainbench certified IT professionals. The U.S., India, Israel, the Russian Federation, Romania, the U.K., Brazil, Australia and South-East Asia seem to have the highest potential in this field.

Table 1. Brainbench Total Skills Certifications

	2003	2005
1	U.S.	U.S.
2	India	India
3	Russia	Russia
4	Canada	Romania
5	UK	Ukraine
6	Romania	Canada
7	Australia	UK
8	Ukraine	Bulgaria
9	Pakistan	Philippines
10	Bulgaria	Latvia

Source: Brainbench “2005 Global Skills Report”

A report done by the Economist Intelligence Unit ranks Romania 14th in terms of attractiveness as an offshoring location. Nine criteria were used when scoring each country: labor costs, labor skills, labor regulation, proximity to major sources of investment, political and security risk, macroeconomic stability, regulatory environment, tax regime, and infrastructure. You can also see that six out of the top

15 countries are situated in Eastern Europe. In fact, Eastern Europe was found in this report to be the second most desirable region for offshoring.

In 2003, the 9,000 Romanian IT companies reported revenues of over \$1 billion, a 35% increase over the previous year. Almost three-quarters of these figures were realized by the software and services sector, and the other quarter went to the hardware producers. From 1997 to 2003 sales in the Romanian IT industry grew 4.8 times over, production increased 4.3 times, its contribution to the overall GDP was 8 times higher, and it employed 3 times as many people, who received salaries that were 2.2 times higher. In 2004, overall revenues were expected to exceed \$1.4 billion.¹⁶

A study done by Pierre Audoin Consultants (PAC)¹⁷ shows that the software and services market in Romania grew from under €250 million in 2003, to around €400 million in 2005, and is expected to expand to €500 million in 2006, and over €650 million in 2007. These rates of growth far outweigh the growth rates for the GDP, indicating that IT can be a future growth engine for the Romanian economy. Also, PACs findings show that the growth rates of the Romanian IT market will outweigh the European and regional averages. Some of the strengths of the Romanian IT market include:

- Highly qualified human resources
- Company productivity comparable to that of developed countries
- Advanced technology
- High mobility and flexibility of manpower
- Presence of IT companies from US and Europe
- Low cost of human resources (as seen in the table below, Romania offers highly qualified labor at almost one tenth of the expenses in a Western country).

Table2. Average Yearly Salary in the IT Industry, in 2003

Country	Dollars
U.S.	80,286
UK	81,553
South Africa	30,055
Singapore	43,058
Romania*	3,442
India	8,593
Europe	68,218
Canada	56,599
Brasil	19,982
Australia	62,257

Source: eWeek Romania. Nr. 94. September 17th 2003

Agora Media Data from Compendiu de Afaceri Tehnologia Informatiei si Comunicatii. Romania 2004. Agora Media.

Are Industries Concentrated in Romania?

In this sub-chapter I will provide evidence that shows a specialization

tendency in certain industries for regions in Romania, and a tendency of industries to concentrate in certain regions. This is a dual causal process that bridges the gap between the spatial concept (the industrial district) and the economic one (the industry).

A study published in 2003¹⁸ shows that increased regional specialization and manufacturing concentration has been taken place in Romania between 1990 and 1999. Other findings of this study showed that industries with large economies of scale are highly concentrated, and they usually employ high technologies and pay higher salaries than the national average.

The IT industry was also highly concentrated in 2003, and polarized between a few big companies and a vast majority of SMEs.

Table 3. The Distribution of IT Companies based on Personell, 2003 (CAEN 30 and 72)

Number of employees	Nr. of firms	% of total firms	% of total revenues	% of total personell	Revenues: \$/firm
Micro 0-10	8474	95%	16%	15%	35,839
Small 11-50	380	4%	21%	21%	764,474
Middle >50	83	1%	62%	64%	5,771,084

Source: Sintetic: Compendiu de Afaceri Tehnologia Informatiei si Comunicatii. Romania 2004. Agora Media.

As can be seen in the table above, 95% of IT companies are small and contribute with only 16% to the overall revenues. The 83 biggest companies, on the other hand, accounted in 2003 for 62% of total revenues. It has to be noted here though, that a lot of SMEs undercount their yearly revenue and the number of their employees by either hiring “temp workers” or employing people on the grey market. This is partly due to the structure of the Romanian legal system: in order to encourage the nascent IT industry, the government offered a lot of incentives to start-up companies (like the possibility of paying a small tax on overall revenues – not profits – for two years, provided the number of employees did not exceed 10).

Outlook of Romanian IT market

On the whole the Romanian market has grown at very high rates in previous years, and is expected to be one of the most dynamic in Europe in upcoming years. As can be seen in the tables below, revenues for the software and services sector more than quadrupled from 2000 to 2004. A similar dynamic was registered in terms of exports, production sold, and added value. The number of em-

ployees in this field more than doubled, from 13,100 in 2000, to almost 30,000 in 2004.

Table 4. Software and services (CAEN 72), 2000-2004

	2000	2001	2002	2003	2004e
Revenues					
(\$ mil)	233	350	533	767	1060
Production sold					
(\$ mil)	162	233	317	468	664
Added Value					
(\$ mil)	81	134	192	296	436
Export					
(\$ mil)	68	98	130	180	243
Average number of employees	13100	16530	17900	25300	29600
Number of companies	4025	4864	6071	8438	

Source: Sintetic: Compendiu de Afaceri Tehnologia Informatiei si Comunicatii. Romania 2004. Agora Media.

The hardware sector, while not as large as the software and services sector, also made significant progress in previous years, growing revenues from \$91 million in 2000 to an expected \$360 million in 2004. Exports for this sector also increased, and some of Romania's biggest hardware producers (Flamingo and Brinel) expanded in surrounding countries – a move that not many Romanian firms have been able to do.

Table 5. Hardware (CAEN 30), 2000-2004

	2000	2001	2002	2003	2004e
Revenues					
(\$ mil)	91	99	265	306	360
Production sold					
(\$ mil)	41	43	110	125	143
Added Value					
(\$ mil)	11	13	40	44	48
Average number of employees	1746	1778	4189	5185	5900
Number of companies	232	288	413	499	

Source: Sintetic: Compendiu de Afaceri Tehnologia Informatiei si Comunicatii. Romania 2004. Agora Media.

Why Cluj-Napoca?

Cluj is the county with the highest incidence of IT companies after the capital, Bucharest (see table below). The research I conducted in the summer of 2005 revealed that there were 500 IT companies in Cluj-Napoca alone – a rate of growth that indicates a very dynamic industry, and one that can be a primal economic growth engine in the near future. The total number of IT companies in Romania in 2003 was over 9,000 (a growth of 2,500 firms over the previous year, and more than double the number of firms from 2000)¹⁹. Thus, while Cluj has only 1.4% of the Romanian population it has more than 5.5% of total IT companies.

Table 6. New Romanian IT Companies Registered in 2001

County	Hardware Production	Software Development	Consulting	Service	Total
Bucuresti	43	523	52	49	667
Cluj	4	50	9	14	77
Brasov	0	42	8	5	55
Timis	2	27	5	5	39
Iasi	3	27	7	5	42
Mures	2	17	4	3	26
Sibiu	2	15	3	6	26
Dolj	2	18	3	0	23
Hunedoara	2	14	3	1	20
TOTAL	60	733	94	88	975

Source: www.arobs.com (not available anymore)

Cluj-Napoca is also the second largest financial center and the second largest university center in the country, after Bucharest. A study of the Cluj region would be more revealing than a study of Bucharest, because the capital has a large population (2.1 million) and is the administrative and political center of the country, which draws a lot of companies and makes a pure economical analysis harder. There are several other regions, in Eastern Europe and elsewhere that resemble Cluj (what I call third tier ITDs) and where similar dynamics are underway. A study of Cluj can answer a lot of questions that social scientists and policy makers were looking for.

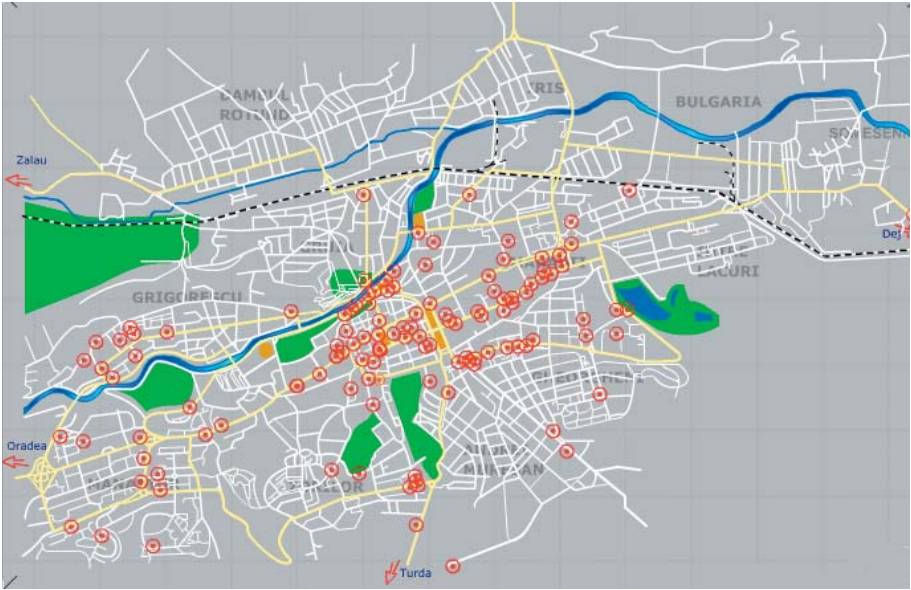


Figure 2. Map of the larger IT companies in Cluj-Napoca

Is Cluj-Napoca an ITD?

There were over 500 IT companies in Cluj-Napoca in 2005 (the larger ones, and their distribution, are depicted in figure 2). Most of these companies were very small (micro-firms with less than 10 employees); few companies that had more than 100 employees. On the whole however, the local market seems to be very dynamic, and with an increase in the number of IT companies I have also witnessed an increase in linkages forged between these companies. In general, networking within the Cluj-Napoca IT market happens in three directions:

- vertical networking* – between clients, suppliers, and distributors;
- horizontal networking* – between competing and cooperating companies;
- institutional networking* – between firms and universities, industry associations, or government institutions.

Vertical Networking

A key element in the success of an IT company is identifying the right client(s) for the right product(s). The most technological advanced computer program can wither away if the producer fails to convince another entity of the product's economic viability. Since the Cluj-Napoca IT market is mostly export driven, firms more aggressively pursue clients from abroad. There are however increasing ties between IT firms and local clients, as managers realize that it is more sustainable to have

a locally embedded business strategy and that ultimately, the success of the firm is directly related to the success of the region.

Horizontal Networking

One of the important traits of an ITD is the presence of a mix of competition and cooperation between individual firms. Enterprises, through their decision makers, realize that they are often better off when they have a long-term strategy of cooperation. Firms that do not respond positively to cooperation attempts find themselves shunned away from the existing network, and placed in a more uncertain economic position.

In Cluj-Napoca, one of the first coordinated attempts to enforce potential synergies offered by an ITD was materialized through the establishment of the Transylvania Cluster – an association of five firms clustered close together that embody a “synergy of IT power, resources, know-how and technologies devoted to creating the best integrated IT solutions”²⁰. The manager of one of the Transylvania Cluster firms mentioned that the long-term goal of this association is to include as many firms from Cluj-Napoca as possible, and consolidate the resulting network as a regional, and potential global player.

Institutional Networking

Unlike other industries, the IT industry is very dependent on its relationship with public and private institutions. Universities, for example, play a crucial role in providing workforce that is up-to-date with the latest developments in the field. Research centers have the liberty of conducting research that does not necessarily serve an economic goal – firms often contact independent research centers to find out about new developments and their possible market application. Local and national government implement policy measures that can come to the aid of the industry, while industry associations give firms a common voice and help them tap a wide variety of resources.

The main supplier of IT specialists in Cluj-Napoca are the Technical University, and the “Babes-Bolyai” University. Several professors teaching at these universities have established firms of their own and manage to balance academic and professional lives, with added benefits for both worlds. Working in the real world means that they know what the markets asks for and can therefore accordingly modify their curricula. They also often hire their students and offer them invaluable pre- and post-graduation work experience. Several firms, recognizing the importance of local universities, have established connections with these institutions. One firm, for example, has a direct contact with the Technical University, and several of its employees work both within the firm and at the university. A firm-university flux is thus created, enabling the firm to potentially hire the most promising students while

the university has access to the firm's latest software developments. Numerous firms are created by graduates of these universities and often old student friendships transform into business partnerships. The managers of two firms I have interviewed have known each other since high-school and now share a common work space, and cooperate on individual projects.

In addition to firm-driven networks, there are two national industry associations (ARIES – The Romanian Association for the Electronics and Software Industry, and ANIS – The National Association of Software Industry and Services), whose mission statement is to enable, strengthen, and consolidate linkages between Romanian IT companies and national and foreign business partners. Industry associations also mediate the discourse between firms and the government. Especially in the case of small firms, the need for a common voice is realized through such an overarching institution.

Specialization

Specializing in a particular field is one of the main sources of strength for industrial districts, and often the determinants of the district's success. Being able to serve a niche market, albeit at a global level, by providing a particular type of product is what gives coherence and stability to the economic region.

Cluj-Napoca has yet to find this coherence, with firms producing whatever brings in fast returns. Several managers I have interviewed mentioned that despite the relative rapid growth of the IT market, Romanian IT firms, for the most part, are still immature – while they can easily achieve technological excellence, few have economic and marketing expertise that will allow them to adopt a long-term strategy and maximize their business potential. As one of the managers put it: “Experience is built in time. No one is born with the qualifications needed to lead a firm. Continuous learning is part of this process, especially in the IT industry.”

Most start-ups in Cluj-Napoca don't get off the ground unless they have a client to finance the initial stages of the development process. Although the costs of starting an IT company are low, not even the smallest firm can survive without a constant source of revenue. Obviously, landing a contract with a foreign client provides a much more generous source of revenue than working with a domestic one. For this reason, Romanian firms usually start by producing whatever their initial client requires, and then, as time progresses, they tend to specialize in their original field.

However, almost every manager and IT specialist I have talked to expressed a deep desire to make the shift outsourcing production to the development of in-house products. Some firms even had plans of

splitting in two – with one side focusing on outsourcing, and the other focusing on their own products. Western companies take advantage of the cheaper labor force in Romania and outsource work that they have contracted on their respective markets. This offers local firms a constant source of cash-flow, but also makes them dependent on their Western business partners. One manager observed: “An IT company cannot survive doing only outsourcing. In-house innovation is crucial. Every IT company has to create new products for the niche market it serves.” He cautioned however that “venturing in activities that are completely strange to you can be faulty”. Thus, we can infer that the first contract job that sets a firm afloat often determines the future course of that firm.

Personnel Politics

Software companies are among the most innovative in terms of the way they devise labor strategies. The unique nature of their products, the fact that a lot of software firm managers do not have a proper business educational background, the speed at which the market is changing, means that labor relations often have a volatile and ad-hoc character, making them hard to track down (unless one was deeply involved in the industry).

Although Romania has one of the largest IT labor markets in Europe, the strong growth in the local IT industry, coupled with the brain drain of IT specialists, has created a dearth of qualified labor force. Local firms find it difficult to match the high wages that an IT specialist would get in the West. On the other hand, salaries offered by IT companies are much larger than the median wage in Romania, and enable their recipients a very high standard of living.

All of the firms I have talked to have initially started with less than 5 employees, who usually knew each other either from school, or from working at another firm. All of the firms employed a wide range of labor practices, as a way of dealing with the changing legal framework and the changing market dynamics. Thus hiring often occurs on a free-lance basis, as a way of responding to larger-than-usual workloads or as a way of profiting from legal loopholes (e.g. lower taxes for firms with fewer than 10 employees). Several firms had on-going connections with free-lancers they trusted, and to which they resorted when they were working on big projects.

Some firms had a strict policy regarding punctuality, some were more lax (especially when they were dealing with their most talented programmers). One programmer I talked to said that he was allowed to come work at whatever time he chose to, but he had a certain number of hours he had to put in. He also worked on the side as a free-lancer and the firm he was employed with had every interest to keep him.

Most software programmers supplement the knowledge they acquire in school with knowledge they acquire by interacting with their peers, or with programmers that work for other companies. Almost all of them dedicate a significant portion of their free time to stay up to date with the latest developments in the field, or thinking about ongoing projects they have.

One of the biggest problems IT firms are facing is the retention of qualified IT specialists. Small firms complained that their most talented programmers leave for bigger local companies, or for companies from abroad. Even big companies said that their usual retention rate for highly-skilled programmers is a year. The reason most often quoted for leaving a firm was the higher wage offered by another private entity. This flux poses several problems to employers as new hires have to go through a training period and get accustomed to firm policy and internal dynamics. As a result, every company attempts to offer wages, or retribution packages, that are as competitive as possible. One manager I have interviewed mentioned that his firm's best qualified employees receive salaries of up to \$1,800—six times higher than the average Romanian salary.

At the opposite end however, Cluj-Napoca acts as a big workforce magnet for IT specialists from all over the Transylvania region. Lured by high salaries (Cluj-Napoca firms offer some of the highest wages in Romania), and by a growing and dynamic labor market, people from surrounding areas move to Cluj-Napoca in search of better opportunities. Often they graduate from one of Cluj's universities and they decide to look for a job locally, or they start their own firm; some are brought in from surrounding areas after firms have worked with them on individual projects.

On the whole people working in Cluj-Napoca have a strong commitment to the area. Most of the IT specialists I have interviewed said that they wouldn't move out unless they could get significantly greater pay somewhere else. The bohemian atmosphere, the large student population (Babes-Bolyai University is the largest university in South-East Europe, and there are 12 other public and private higher education institutions in the city), the network of friends established in the area, and the relatively high wages, are all factors that contribute to the stickiness of the Cluj-Napoca area.

Conclusions and policy recommendations

Cluj-Napoca does indeed seem to display the characteristics of an ITD, although not to the extent present in some of the more established ITDs. There seems to be a strong network of SMEs, and this network is adding members and building new linkages every day. There are high levels of labor in-migration (although the rates of out-migration, or brain-drain, are also significant), and workers are usually committed to the region. Firms also have a strong tie to the district, although levels of cooperation with other local firms are not as high as they could be. On the whole, Cluj-Napoca is one of the most attractive labor markets in Romania, offering high wage levels and good quality of life.

Still, there are areas that can be improved upon, and in what follows I will offer a series of policy recommendations that also have application in other third tier ITDs. One of the weakest links present in the Cluj-Napoca ITD was those between individual firms and the government. The legal framework is rather unstable and haphazard—this, coupled with an ominous bureaucracy, keeps firms entangled in paper pushing and draws them away from their daily production activities. Better communication lines have therefore to be established between firms and government officials. Since most IT companies are small, the best way to do this is through industry associations—organizations that represent the interest of all the member firms. The two Romanian IT industry associations (ARIES and ANIS), have so far focused more on promoting the Romanian industry outside the country and less on smoothing out the industry legal framework.

Several policies passed by the Romanian government have the goal of keeping Romanian IT specialists in the country, and they brought significant benefits to IT firms. They include tax deductions for small IT start-ups (e.g. micro firms can opt for a 2% tax on their overall revenue, instead of the usual profit tax system), tax deductions for IT workers, and incentives for students that want to start a company. However, these policies have to be doubled by policies that are taken at the local level—policies that would both look to improve the standard of living in the region, and that would encourage an open dialogue and stronger ties between IT firms and local institutions (universities, research centers, etc.). Since private enterprises can only venture in activities that are marketable, they often rely on research centers and universities for pure research that might not have immediate prospects, but could be of use in the future. Also, there is a mutual dependency system between firms and universities. Companies want to hire students that have the skills that the market asks for, and universities want their students to get hands-on training (through internships with local companies) during their study period and good jobs once they finish.

The state could pass legislation to improve the financial system (e.g. laws regarding access to credit for small firms), and local governments could encourage the establishment of a local network of banks and other financial institutions. One of the biggest hurdles for start-ups, regardless of the field they are in, is initial access to capital. Many companies fail to launch because in their critical forming stages, they do not have the money necessary for daily operations. Also, a network of flexible local financial institutions is important for helping companies that are in an expansion phase.

City governments and the Chamber of Commerce can facilitate industry meetings that would bring IT firms together and encourage them to cooperate on bigger projects. One of the strengths of an ITD is its structural flexibility—firms, regardless of their size, know they can rely on other local firms if they have a difficult task to accomplish. This allows the district as a whole to better adjust to periods of economic boom, or of economic downturn. Untapped synergies can thus be fostered as the knowledge of one firm becomes the knowledge of all.

Also, the city can assist recent graduates in finding and financing appropriate housing. One of the first priorities for IT specialists I interviewed was the need to secure a place to live for themselves and their families. Unfortunately, a booming market also drives up rents and real estate prices. It is therefore difficult for fresh starters to get settled and make a decent living without paying a significant amount of their income on housing.

Finally, Cluj-Napoca seems to offer a good quality of life to its residents, and has ample entertainment venues. These should be encouraged and amped up in the future in unison with industry developments. People chose to move to locations that are exciting and that offer them an abundant array of alternatives for spending their free time. Although, remuneration seems to be the main driver when deciding to move some place or the other, quality of life is next on the list—especially when financial security has been established. The city can be active in promoting a vibrant downtown, with restaurants, bars, and pubs where IT specialists, financiers, and venture capitalists can meet, mingle, and greet. Also, yearly events (like beer fests, film festivals, trade shows, etc.) can add, to quote Richard Florida, to the “coolness” factor of the region.

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[Endnotes]

¹ Marginalists consider that the past is behind you, and every action should start from where you are at the moment. See for example Todd G. Buchholz, *New Ideas from Dead Economists: An Introduction to Modern Economic Thought* (New York: Plume, 1999).

² Giacomo Becattini, *Industrial Districts: A New Approach to Industrial Change* (Cheltenham: Edward Elgar—is this the publisher? (Yes)), 7.

³ Ann Markusen, “StickyPlaces in Slippery Space: A Typology of Industrial Districts”, *Economic Geography* 72 (1996): 293-313.

⁴ Marco Belandi, “The industrial district in Marshall,” in *Small Firms and Industrial Districts*, ed. Edward Goodman and Julia Bamford (London and New York: Routledge, 1989).

⁵ Alfred Marshall, *Principles of Economics*, 8th ed. London: MacMillan and Co. London, 1998), 271.

⁶ *Ibid.*, 272.

⁷ *Ibid.*

⁸ Firms within an industrial district are conditioned to stay small and specialized. There’s actually a double conditioning: an external one, imposed by large companies who dominate the mainstream markets; and, an internal one, determined by the make-up of the district – suppliers, partners, competitors, etc.

⁹ There are, of course, a few IT sectors that are polarized - the disk operating system, for example, is clearly dominated by Microsoft.

¹⁰ It should be noted however that there are certain sectors within the software industry that are dominated by the above mentioned companies. In the application software segment, for example, Microsoft is the leader with 30% of the market, followed closely by IBM with 20%.

¹¹ AnnaLee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Cambridge, Massachusetts, and London: Harvard University Press, 1994).

¹² David Packard, *The HP Way : How Bill Hewlett and I Built Our Company* (New York: Harper Business, 1996).

¹³ As quoted in AnnaLee Saxenian, *Regional Advantage, Culture and Competition in Silicon Valley and Route 128*. (Harvard University Press, 1994), 142.

¹⁴ Brainbench, *2005 Global Skills Report*, (Brainbench 2005). <http://www.>

brainbench.com/globalskills2005/ (accessed 29 April 2006)

¹⁵ Mircea Vuici. "Specialistii IT ai Romaniei." *eWeek Romania* 111, (June 2004): 14.

¹⁶ Agora Media, *Sintetic: Compendiu de Afaceri Tehnologie Informatiei si Comunicatii* (Romania: Agora Media, 2004).

¹⁷ *Ibid.*, 95.

¹⁸ Iulia Traistaru, Peter Nijkamp, and Simonetta Longhi, "Specialization of Regions and Concentration of Industries in EU Accession Countries," in *The Emerging Geography in EU Accession Countries*, eds. Iulia Traistaru et al. (Hampshire, England: Ashgate, 2003).

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IV

Forest Law Enforcement and Governance

Resolve Needed from All Sides

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ABSTRACT

Illegal logging and trade of illegal wood products account for billions of dollars of lost revenues for governments and local communities. Forest crime and commerce in illegally harvested wood also fuel corruption, and hurt the wellbeing of forest-dependent peoples, particularly in developing countries. Many countries have therefore become participants in one or more Forest Law Enforcement and Governance (FLEG) processes that are dedicated to raising the political will to fight illegal logging. These regional agreements have encouraged ministers to speak candidly about illegal logging and inspired further dialogue and agreements among governments, both consumer and producer. Key next steps for FLEG processes include follow-up by both state and non-state actors to advance indicative lists of actions developed in various FLEG ministerial conferences.

In 1996, the Intergovernmental Panel on Forests—a UN-sponsored coalition of countries—made a political commitment to assess “the nature and extent of illegal trade in forest products”.¹ This was an important moment in the international forest dialogue because illegal logging and illegal trade had never been enunciated in formal multilateral forest negotiations. The negotiated language on illegal trade helped set the stage for further high-level commitments. In 1998, countries of the Group of 8 (G8) agreed to address a range of forest policy and management problems, including combating illegal logging in a “G8 Action Program on Forests.” Heads of State pledged to help strengthen the rule of law, especially in those countries with failing or non-existent institutions for forest law enforcement and governance. These actions were the genesis of what would eventually become regional Forest Law

Enforcement and Governance (FLEG) processes—multilateral endeavors involving scores of national governments, nongovernmental organizations (NGOs), donor institutions, and the private sector.²

This article takes stock of the FLEG processes to date and finds worthy accomplishments, including countries' public admissions about the pervasiveness of illegal logging within their own borders—a problem that many governments would not concede previously—and the identification of a menu of specific ameliorative actions with a commitment to select and implement those actions based on national priorities. The Ministerial Declarations clearly express ministers' concerns about illegal logging, the associated trade in illegally harvested forest products, and corruption. The Declarations also highlight the need for good governance and effective law enforcement. For many countries, these admissions of shortcomings in the rule of law are unprecedented. The Ministerial Declarations and their associated “indicative” actions that the governments committed to provide a promising foundation for action. What remains, however, is the serious business of moving forward on these commitments. As we urge in the title, accomplishments on the ground that take advantage of the political commitments made at the ministerial meetings will require determined action by all sides.

In taking stock of the FLEGs, we weigh the accomplishments and shortcomings of the various regional processes, exploring the roles of key actors, the commitments made at FLEG meetings, and participants' efforts to move from political commitment to meaningful action. The second section considers the general problems of illegal logging and forest crime and state and non-state actors' growing concerns about these problems. The G8 countries' call for stepped-up forest law enforcement and good governance and the emergence of the FLEGs in Africa, Asia, and Europe/North Asia are considered in section three. Key early outcomes from the FLEGs and the need for follow-up actions are examined in the fourth and fifth sections, respectively. The final section lays out next steps.

Background

Every day, in rural areas around the world, people fell trees for timber, fuel and other uses, much as they have for thousands of years. For centuries, the sheer abundance of trees preempted any need for people to control how quickly or how much they harvested. Attitudes changed in areas where overharvesting—driven by population growth, industrialization, and agricultural expansion, among other factors—began turning a renewable resource into an exhaustible one. Case studies tracking peoples' use of forests, from ancient times to the present, reveal that communities making and enforcing conservation-

oriented rules tend to survive, indeed thrive, over the long term.³

Unfortunately, in many rural areas around the world, that lesson has not been heeded, to the demise of forests, forest-dependent peoples, and national and regional economies. There is considerable evidence that unsustainable harvesting of forests is the norm, rather than the exception. Unsustainable forest management techniques are often coupled with illegal practices in harvesting timber and forest products. Not all overharvesting is illegal harvesting: bad forest management does not necessarily mean laws are broken. However, the law *is* broken in many instances, and where we find illegal logging and forest crime, fragile institutions are likely part of the equation. To wit, if forest law inspection is weak—if inspectors are spread too thin or are corrupted—forests are at risk. Similarly, when forest crime is discovered but not prosecuted, or is prosecuted but not sternly punished, illegal loggers and timber smugglers continue to exploit forest resources at unsustainable levels and in contravention of national laws.

There is considerable uncertainty as to the geographic scope and frequency of illegal logging. The World Wildlife Fund estimates that trade in illegally harvested wood products occurs in more than 70 countries “in all types of forests, from Brazil to Canada, Cameroon to Indonesia, and from Peru to Russia”.⁴ Governments are not always forthcoming about forest crime, nor is detailed crime information readily available to governments, since these acts are often clandestine and difficult to detect. Intelligence on illegal logging, forest smuggling, illicit trade, and their impacts are found most frequently in media reports and the investigative work of environmental organizations and from international organizations, such as the World Bank. Reliability of reportage varies.⁵ The World Resources Institute estimates that 20 to 80 percent of all globally harvested timber may come from illegal sources.⁶ The wide range of this estimate underscores the imprecise nature of the data on global-scale illegal logging. Still, even at the lower end of this scale, the scope of illegal harvesting amounts to many millions of cubic meters of wood. We can also infer that a comparatively few are enriched at the expense of the many, and in particular, the many poor people who depend directly on forests and who number in the tens of millions. Poor people, who live in and near forests also participate in illegal logging; many depend on it for their livelihood. In fact, these artisanal scale illegal loggers hurt their own long-term interests by degrading the resource base they rely on.⁷ The World Wildlife Fund observes, “While illicit forest practices may be a sole means of survival in the short term, the long-term impacts are crippled economic growth and lost public revenues which result in declining health-care, sanitation and education opportunities”.⁸

Local communities suffer, but state interests are hurt too. Governments, which are usually the largest forestland owners in

developing countries, lose revenues, royalties, and tax receipts that might otherwise fund public services and social wellbeing. On a global scale, the World Bank estimates that, each year, governments lose \$5 billion in revenue to illegal logging and another \$10 to \$15 billion are lost to the economies of developing nations.⁹

Illegal logging and associated trade also dampen market prices for wood and give illegal exporters a comparative advantage over legal producers. One recent study estimates that, were “suspicious” roundwood eliminated from global trade, domestic roundwood prices in the United States would rise two to four percent. US exporters, relieved of competition from illegal trade would increase their exports by \$460 million per year.¹⁰

The profound environmental, social, and economic consequences of illegal logging and associated trade were apparent to many nations by the 1990s, inspiring some donors to invest heavily in forest conservation, particularly in the tropics. However, when the G8 pledged to combat illegal logging in their Action Program on Forests in 1998, some experts opined that large, externally-funded grants or loans for forest conservation, by themselves, would not address the underlying problems of illegal logging and forest crime. Experience shows that externally-funded forest aid projects are subject to distortion by the very factors that lead to illegal logging. Projects are often implemented on the ground by low paid officials (for example, local park rangers) who are susceptible to corruption.¹¹ In many instances, external actors (e.g., donors), and not host governments, provide the lion’s share of financing for these projects. Other projects have inadequate monitoring and enforcement, particularly in cases where the majority of funding—and hence, a sense of project ownership—comes from external actors (donors) rather than host governments or communities.¹²

Compounding the problem, in many parts of the world, decentralization of authorities over forests is expanding opportunities for corruption and forest crime. For example, researchers in Kalimantan, Indonesia found that decentralization led to an uptick in graft and increased pressure on forests. With discretion devolved to greater numbers of officials in the bureaucracy and at various levels of government, decentralization makes it less costly for illegal loggers to bribe officials because there are more points of contact and power is diffused. In many cases, weak local governments can not muster the power that central authorities once exercised over illegal loggers.¹³

Accomplishments of the FLEGs

It took many decades for governments, especially those in developing regions of the world, to acknowledge the scourges of illegal logging and the corrupt practices that often abet overharvesting. Mass media

and research institutes drew attention to illegal logging as early as the 1980s¹⁴, but meaningful dialogue at the intergovernmental level did not occur until the late 1990s.

After the Intergovernmental Panel on Forests (IPF) introduced the general subject, the G8 countries launched an Action Program on Forests in 1998, committing, among other aims, to combat illegal logging. The program called for actions in countries that were major producers and major consumers of forest products. A convergence of interest among the US Department of State, UK Department for International Development (DFID) and the World Bank catalyzed the first Forest Law Enforcement and Governance Conference in 2001 in East Asia. That meeting attracted 150 participants from 20 countries, representing governments, international organizations, NGOs, and the private sector.

The most important outcome of this conference was a Ministerial Declaration, negotiated by government representatives, expressing political commitment to strengthen forest law enforcement and governance. The Ministerial Declaration committed participating countries to, *inter alia*, intensify national efforts and strengthen bilateral, regional and multilateral collaboration to address violations of forest law and forest crime. The Declaration also presented a list of indicative actions that countries could implement to advance forest governance. Finally, governments invited the creation of a regional task force on forest law enforcement and governance to advance the Declaration's objectives, as well as the launching of an advisory group of NGO and private sector representatives.

The East Asian FLEG helped spur an intergovernmental Ministerial Conference on forest law enforcement and governance in Africa (AFLEG) which attracted an even greater number of participants than the Asia conference. AFLEG produced a comparable non-legally binding Declaration and agreed-upon indicative actions by the participating governments.

A third regional FLEG process got underway in 2005, culminating in a ministerial conference in St. Petersburg, Russia and 43 countries' endorsement of the St. Petersburg Declaration on Forest Law Enforcement and Governance in Europe and North Asia (ENA FLEG). Three hundred participants attended the St. Petersburg meeting, representing governments, the private sector, civil society and international organizations including the World Bank. There was broad support for the commitments to combat illegal logging, associated trade, and corruption. Participants expressed optimism that the FLEG would catalyze real results on the ground.¹⁵ Both Russia and China, two key countries with significant illegal logging and associated trade, endorsed the Declaration.

The ENA-FLEG was striking in the intensity of the engagement

of non-state actors. Not only was there a major preconference for NGOs, industry and other representatives of civil society, but close to 100 non-governmental representatives negotiated in parallel with the intergovernmental negotiations, meeting several times daily with governmental negotiators and facilitators. Civil society participants had the opportunity to scrutinize and comment on the draft negotiation text as it was developed, helping shape several parts of the final Ministerial Declaration.¹⁶

The stepped-up participation of industry and NGOs in the ENA-FLEG demonstrates these groups' significant interest in the process. For years, NGOs, particularly environmental organizations, have pressed governments to issue a clear condemnation of illegal logging and to take action. Meanwhile forest industry, particularly in North America and Europe, has advocated for intergovernmental commitments that assure a "level playing field" for lawful producers of wood products. Such commitments would force unlawful competitors to internalize costs for forest protection and regulatory compliance that law-abiding companies incur in industrialized countries.

Drawing on perspectives voiced in nearly two dozen interviews of direct participants and observers, the accomplishments and shortcomings of the FLEGs are analyzed in remaining passages of this article. The interviews were conducted in June and July of 2005 with officials in the US federal government, NGOs, international organizations, and private industry. While there was wide agreement among the participants about the political significance of the FLEGs, concerns about the need for concrete next steps were equally pronounced.

Increasing Political Commitments

The FLEGs are widely viewed as having achieved a primary aim of the Ministerial Conferences: to draw attention to and to create high-level political commitments for action to eliminate illegal logging and develop capacity to enforce forest laws. The East Asian Ministerial was deemed particularly successful at setting the tone for a regional process of like-minded countries who understand the need for better forest governance. That conference's Declaration was embraced as an "historic document" in a World Bank press release.¹⁷ Moreover, the East Asian meeting produced sufficient political momentum to hasten the Africa and Europe/North Asia FLEG Ministerial Conferences.

Interviewees also noted the significance of having ministers and their emissaries speak openly about the problems of illegal logging and forest crime. In contrast, in the 1990s, in intergovernmental meetings such as IPF, the Food and Agriculture Organization's Committee on Forestry, and the semi-annual International Tropical Timber Council, some countries refused to acknowledge illegal logging, even in the face of compelling evidence. Participants in the FLEGs were decidedly

more forthcoming, largely because the venues were unattached to any existing political processes. The US and the UK governments, along with other partners, used diplomatic contacts and a pre-negotiation process to secure high-level participation from across the region at each meeting. With safety in numbers, ministers acknowledged the scale of the problem.

Catalyzing International Attention and Activity

Some interviewees praised the role of the FLEGs in catalyzing or reinforcing other diplomatic processes dealing with forests, including for example, forest-related issues raised at the G8 Gleneagles Summit in 2005 as well as on-going regional activities such as the Congo Basin Forest Partnership, the Asia Forest Partnership, and the Liberia Forest Initiative.

Interviewees pointed out that the FLEGs have influenced the behavior of consumer countries, and even of commercial retailers of imported wood products. The European Union, for example, approved an Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT) in 2003 which calls for helping partner countries verify that timber has been harvested legally, promoting transparency of information, enhancing policy reform, and building capacity of both state and civil society in combating illegal logging and illegal trade.¹⁸ In the fall of 2005, the Council of the European Union approved a licensing scheme for imports of timber into the EU. Partner countries, i.e., those who establish partnership agreements with the EU to implement the FLEGT, will henceforth ensure that specified wood exports arriving into EU countries are licensed. The license must declare that the timber products have been produced from domestic timber that was legally harvested or from timber that was legally imported into a partner country in accordance with national laws laid down in the partnership agreement.¹⁹ Bilateral activity has been inspired by the FLEGs, too. In 2002, Indonesia and the UK developed a memorandum of understanding “to reduce, and eventually eliminate, illegal logging and the international trade in illegally logged timber and wood products” between their two countries.²⁰ Both the EU Action Plan and the UK-Indonesia MOU make direct reference to the enabling role of the FLEG Ministerial processes.²¹

Though not directly tied to the FLEG processes, there are examples of partnerships between states, NGOs and the private sector that advance the goals of the FLEGs. For instance, the World Wildlife Fund and furniture giant IKEA jointly sponsor an anti-poaching brigade in the Russian Far East. The brigade’s small team of inspectors performed successful field raids against poachers in 2003, and in 2004 were responsible for 25 percent of all official reports of violations against nature conservation legislation in Evreiskaya Autonomous Oblast.²²

Looking to the future, the FLEG Ministerial processes may help pave the way for donors to become more active. The Ministerial Declarations represent political commitments by governments that donors can point to when programming aid resources. Having these explicit statements by governments is critical, especially because many donors rely on the priorities established by recipient countries to make lending decisions. Indeed, the FLEGs have produced indicative lists of activities that donors could invest or otherwise participate in.

At an even broader level, the FLEGs address issues that are priorities for the donor community, such as transparency, civil society participation, democracy, and institutional accountability. By emphasizing these cross-cutting issues and highlighting cross-sectoral payoffs, the FLEGs could help reverse what some see as waning donor interest in the forest sector.²³

Regional Approach

Interviewees praised the regional approach to forest law enforcement and governance as particularly constructive. FLEG participants tend to have common interests in various political and economic sectors, such as in the arenas of trade, security, and the environment. These shared priorities are not always present among participants at global level meetings. The FLEGs can complement existing regional processes dealing with forests: consider, for example, that there are existing Forest Partnerships (multi-stakeholder processes to promote sustainable forest management) in both Africa and East Asia. Interviewees pointed to progress in Asia on this front, noting that Malaysia and Indonesia had engaged in regional level dialogue following the East Asia Ministerial Conference.

Facilitating Domestic Activities

Interviewees noted that FLEG processes and outcomes can provide political cover to ministries that are striving to convince their own governments to address forest crime and weak forest governance. The Ministerial Declarations, with their clear exhortations to combat illegal logging and strengthen law enforcement reinforce domestic forest authorities' demands to be empowered. Some non-governmental groups have used the political commitments and indicative lists of actions to pressure governments to maintain a candid dialogue on illegal logging and to select priority national actions. For example, Ghana and Cameroon have used their conference's indicative list of actions to engage civil society and to prioritize law enforcement and forest governance activities. Elsewhere in Africa, the US—under its President's Initiative Against Illegal Logging—has led a partnership which includes Liberia, other governments, and donors to put in place a legal and sustainable basis for timber harvesting and international trade in Liberia. This Li-

beria Forest Initiative is a key program in a country currently under UN sanctions for corrupt and illegal actions in the forest sector.

Shortcomings of the FLEGs

While interviewees laud the political attention garnered by the FLEGs, many recognize that the recent Ministerial conferences are only first steps, and that much more must be accomplished before the FLEG processes can be declared successful. Some respondents expressed concern about how the FLEGs will catalyze actions on the ground and how these activities will be coordinated. Respondents differ in what the FLEGs should focus on in the future: some urge concentrating on what already works; others call for mending flaws in the current approach or taking the FLEGs in new directions.

Implementation and Coordination

The lack of tangible results and shortcomings in advancing the indicative list of actions from the FLEG conferences are frequently voiced concerns. Some query whether non-binding commitments are sufficient to motivate national governments. This is coupled with complaints that donors, both bilateral and multilateral, are failing to help governments translate outputs from FLEG conferences into national-level declarations and actions.

Some interviewees complained that, in general, strong, direct links between the Ministerial Declarations and national and subnational actions have not been forged. Information-sharing and coordination were deemed to be especially weak links. So far, donor funds have been essential to the FLEG Ministerial processes. The US, UK, and the European Community have sponsored, via the World Bank's Forestry Program, all of the FLEG meetings. Smaller commitments have been made by some Western European countries. The World Bank's Forestry Program has emerged as the coordination center among the various FLEGs. Some interviewees suggest, however, that the Bank has not built a robust network of participants from host countries, the donor community, NGOs, and the private sector. The existing network is more akin to a loose aggregate of interested parties who are not always up-to-date on the FLEGs' progress and are unaware of potential opportunities. In East Asia, for example, a task force and civil society advisory committee have been in place since mid-2002. Some believe that due to the poor financial and logistical support for these committees, there has been little concrete action. It remains to be seen whether these subsidiary bodies can promote meaningful collaboration among FLEG participants. Of course, the subsidiary bodies are not solely responsible for the success or failure of steps taken at national and sub-national levels. In-country actors need more resources, including

contacts, timely information, technical assistance, and other tools.

According to some respondents, another consequence of poor coordination and communication is an inability to evaluate the FLEGs beyond the proceedings of the regional conferences. Without a transparent “reporting mechanism” in place, the critics complain, it is not evident what countries are actually doing to foster better implementation and enforcement of laws and to root out corruption in the forest sector. Moreover, it is difficult to link actions on the ground directly to the FLEG ministerial conferences. It is unclear whether the declarations and lists of indicative actions have inspired significant policy changes at national and subnational levels. Lastly, when participants fail to communicate, lessons learned are missed. When experiences are shared, successful law enforcement and governance activities in one country could be passed on to others, and mistakes in implementation identified.

Ownership and Participation

According to the critics, the lack of clear and convincing direct results and the confusion over coordination point to a fundamental question of ownership of the FLEG processes. By ownership, we mean taking responsibility to realize the objectives of the Ministerial Declarations and taking control over next steps, such as implementation of actions deemed priority concerns in each national context. Developed countries such as the US and the UK have been vocal political and financial supporters of the FLEG processes. However, not all countries feel the same sense of ownership—their commitment may be somewhat hortatory, rather than action-oriented. Fostering ownership is especially important to the extent that key countries—both producer and consumer—are enrolled in the process. For example, the East Asian FLEG depends on leadership from countries like Singapore, which is a major transshipment point for timber products, and China, a major consumer of internationally-traded forest products.

Many interviewees observe that it is vital for formal authorities to be fully committed. There is no substitute for the resolve of government officials at the highest levels, especially in countries that are major exporters or re-exporters of illegally harvested wood. Ownership can be nurtured among and by external actors as well. In Ghana, workshops and meetings at the national level with government, NGOs, and industry have been effective in creating action plans and stakeholder buy-in.

Participation of stakeholders means not just attending meetings. Civil society actors can participate directly in implementation, an approach that offers rich possibilities for public, private, and NGO partnerships. Consider, for example, the anti-poaching work of WWF/IKEA as well as a recently formed partnership between the American Forest and Paper Association (AF&PA) and the environmental NGO Conservation

International to fund projects that combat illegal logging in protected areas. Moreover, civil society actors could conceivably help overcome shortcomings in monitoring and reporting by helping producer and consumer countries document efforts to advance the FLEGs' various non-binding commitments.

Unfinished Business

That NGOs and industry associations (like AF&PA) are getting involved indicates that the FLEGs are successfully raising awareness. Private sector actors, including vendors of forest products that are harvested overseas, are likely to play an increasingly important role as advisers and investors. They have an interest in doing so, particularly if their own customers demand forest products that are legally-sourced and sustainably harvested.²⁴

Illegal logging is surreptitious—it occurs out of plain view and sometimes literally under the cloak of darkness. Stopping these activities can involve costly monitoring and inspection activities that the private sector, large NGOs, and donors can help underwrite. But these investments will not bear fruit without meaningful cooperation from producer countries. Indeed, no external actor would be wise to invest in the absence of serious-minded host country commitment. In some countries, this requires not merely stepped-up law enforcement, but the cultivation of law-abiding institutions generally, including functioning courts and accountable governments. Until corruption is addressed, some recently proposed solutions for the forest sector are probably unrealistic, particularly those that map out elaborate roles for external actors but dodge the problems of transparency and accountability in host countries.²⁵ External investment in forest protection is unlikely to work without the strengthening of the rule of law in the forest sector and beyond. Indeed, the most constructive financing for forest protection might be for law enforcement and good governance.

Illegal logging and illegal trade of forest products are complex problems. Tackling these problems requires the courage and cooperation of many actors, but it is primarily a role for governments to enforce the laws within their own countries. The FLEGs have a vital role to play in significantly improving forest governance, by strengthening cooperation and coordination among participants in international forest research organizations, international financial institutions, bilateral donors, NGOs, business and industry, universities, and key actors at national and sub-national levels in both producer and consumer countries. One indelible lesson from the first five years of the FLEG experience is that no single participant in the current processes can assure the FLEG's ultimate success. The problems of stopping forest crime, ending trade of illegal wood products, and remedying lax forest law enforcement

are too complex for governments, intergovernmental organizations, or other parties to address by themselves. The way forward is to strengthen cooperation among all key actors, consistent with the consensus reached at the World Summit on Sustainable Development held in 2002 in Johannesburg. The FLEGs have created the basis for such cooperation, but there is much left to do.

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V

Closing the Gap *Homeownership and Racial Inequity*

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ABSTRACT

Despite the growing number of homeowners in the United States, minorities, especially Blacks and Hispanics, are far less likely than Non-Hispanic Whites to own a home. This discrepancy can be attributed primarily to two factors caused by systemic discrimination, diminished wealth and geographic concentration, neither of which has been adequately addressed through legislative or judicial reforms to date. Expansion of minority homeownership demands a three-part strategy: increased access to the housing market, sustained financial support, and meaningful consumer education. This approach has the potential to not only address housing inequities, but also foster greater investment in communities across the nation.

For millions of Americans, home ownership represents both present day success and a valuable investment in one's future. A home symbolizes one's status in society, with which comes stability and security for oneself and one's family. Furthermore, the pride that accompanies property ownership often results in greater willingness to invest in one's community, ultimately creating better schools and public services.¹ From a long-term perspective, home ownership is an investment in one's future that will typically increase in value over time. A house can serve as a way to transfer wealth between generations and as collateral that can be used to finance other expenditures, such as higher education or emergency expenses.²

Despite the increasing number of homeowners in this country, a closer look at this privileged population reveals a significant racial disparity. The following data, collected by the U.S. Census Bureau's 2003 Housing Vacancy Survey, highlights the fact that minorities, especially Blacks and Hispanics, are far less likely than Non-Hispanic Whites to own a home.³

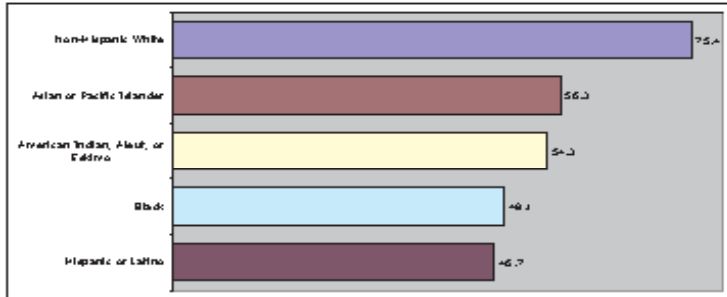


Figure 1. Homeownership rates by race (in percentages) and ethnicity of householder (2003)

This discrepancy can be attributed primarily to two factors caused by systemic discrimination: diminished wealth and geographic concentration. Prior to the enactment of modern civil rights laws, minorities were long deprived of property ownership rights that would have allowed them to amass wealth that could have been transferred down through generations. Statistics also show that minorities tend to have lower education levels and lower earning power than Whites. As a result, minorities have access to less capital with which to purchase a home. Furthermore, the impact of residential segregation has caused minority communities to concentrate in lower-value urban areas dominated by rented (rather than owner-occupied) properties, resulting in a slower minority migration to suburbs with higher property values, as compared to Whites who already dominated these regions upon arrival of minority families and often resisted their entrance into the community.⁴

Existing policies, most notably the Fair Housing Act, have sought to protect minorities from blatant discrimination but have done little to proactively address the housing-related racial disparity that exists here. Case history on this topic represents an incremental approach, often on the basis of the Fourteenth Amendment's Equal Protection Clause, which has helped to refine housing policy but still falls short of resolving the discrepancy that exists between minority and White homeowners.

As Section III of this document will discuss, expansion of minority home ownership demands a three-part strategy, which will increase access to the housing market, sustained financial support, and meaningful consumer education. Together, these three elements have the potential to create new opportunities for minorities who have previously been unable to purchase their own homes and to ultimately improve the quality of life for all Americans, as a result of increased investment in communities across the country.

Policy Review

Legislative

Though various states and municipalities have established housing regulations of their own, this review will focus on the development of federal policy, which ultimately supersedes local ordinances and is therefore most widely applicable.

Universal property rights first appeared in U.S. legislative doctrine in the Civil Rights Act of 1866 (Section 1982), which declared that, “All citizens of the United States shall have the same right, in every State and Territory, as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property.”⁵ This statement captured the spirit of equality alive in the post-Civil War era, as the country was forced to contend with minority rights in a substantive manner. Unfortunately, despite its progressive intent, this Act was rendered virtually useless for nearly a century. It was only in the Supreme Court’s 1968 opinion in *Jones v. Alfred H. Mayer*, which established the Act’s applicability to both public and private discrimination as related to property, that the Act was finally afforded the means to serve as an effective anti-discrimination tool.⁶

Also in 1968, the Fair Housing Act was passed under the auspices of that year’s Civil Rights Act (Title VIII) and has since served as the key reference document for anti-discrimination in housing. These protections were broadly defined, so as to apply not only to racial bias, but also to sex, age, disability, and familial status through various amendments. Key provisions regulate the refusal to rent, sell, show, or negotiate for housing; failure to provide equal terms of sale/rental, services, and facilities; and discrimination in “real-estate related transactions,” brokerage services, and advertising.⁷

While the FHA is critical in terms of establishing clear guidelines for discriminatory housing practices, its effectiveness is questionable. Though incidents of housing bias against minorities have decreased in past years, they have by no means been completely halted. A recent study by the Department of Housing and Urban Development reports that, “Discrimination still persists in both rental and sales markets of large metropolitan areas nationwide.”⁸ The number of cases before the courts on related issues also indicates that the problem is still a significant one. FHA’s reach is limited and may be more commonly used as a tool for judicial evaluation, rather than a means of pre-empting discriminatory practices from occurring in the first place.

The FHA’s weakness can be attributed to confusion at two levels of the process. First, many victims of housing bias are completely unaware of their rights as a home buyer. Particularly in minority communities, lack of familiarity with real estate practices and regulations leave victims unable to identify the unequal treatment they have suffered. Secondly,

for those who are cognizant of their rights, a lack of awareness often exists about the resources available to rectify such situations.⁹ Together, these two conditions leave minorities relatively powerless to oppose the discrimination with which they are faced, indicating a greater need for both public education and enforcement of FHA's provisions.

Finally, a more fundamental critique of the FHA could be offered, in that its intent falls short of that which is necessary to truly address the problem described. While it may be useful as a reactive tool by which past incidents can be measured, this Act does virtually nothing to proactively address the racial disparity that exists among this nation's home owners. Its approach neglects the historical conditions surrounding minority property rights and fails to acknowledge that compensatory support, financial or otherwise, may be critical to closing the housing gap. Conditions are simply too dire to expect resolution without deliberate efforts to ensure equal opportunity as best as possible, with greater equality of result as the ultimate goal.

Recently, more narrowly defined legislative acts have sought to address this need for proactive efforts to diversify American's home-owning population. In December 2003, President George W. Bush signed the American Dream Downpayment Act, which is intended to provide "grants . . . for downpayment assistance and related home repair to low-income, first-time home buyers."¹⁰ This is a step in the right direction, but must occur within the context of a much more comprehensive program in order to be effective. The current administration has also proposed additional incentives, such as tax credits, to encourage home ownership, but the impact of these proposals has yet to be realized.

Judicial

The legal system has sought to rectify housing inequities, frequently on equal protection grounds. The Fourteenth Amendment of the U.S. Constitution, ratified in 1868, declares, "All persons born or naturalized in the United States and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside No state shall . . . deny to any person within its jurisdiction the equal protection of the laws."¹¹ Having finally overcome the barriers to citizenship, minorities – and their allies – could now begin to challenge the social conditions under which they had previously lived. In addition to the aforementioned *Jones v. Alfred H. Mayer* opinion, the following cases represent a selection of key decisions with regard to establishing guidelines for race-related housing activities.

As early as 1917, the Supreme Court relied on the Fourteenth Amendment in *Buchanan v. Warley* to strike down a Kentucky ordinance prohibiting Blacks from residing on any block with a majority of White residents, asserting that, "This attempt to prevent the alienation of the property in question to a person of color was not a legitimate

exercise of the police power of the State, and is in direct violation of the fundamental law enacted in the Fourteenth Amendment of the Constitution preventing state interference with property rights except by due process of law.”¹² Though they recognized the state’s desire to prevent civil unrest, the Court carefully noted a boundary between a legitimate public interest and covert racial bias.

In *Shelley v. Kraemer* (1948), the Court proclaimed the State’s inability to enforce “restrictive covenants based on race or color,” once again on Fourteenth Amendment grounds, although they failed to condemn the private action at the heart of this dispute.¹³ Here, the Court’s opinion emphasized the legislative intent of this amendment, recalling that, “It is clear that the matter of primary concern was the establishment of equality in the enjoyment of basic civil and political rights and the preservation of those rights from discriminatory action on the part of the States based on considerations of race or color.”¹⁴ This decision underscored the important point that all Americans, regardless of their race, were entitled to identical privileges, as outlined by the Constitution.

The Court’s 1972 opinion in *Trafficante v. Metropolitan Life Insurance Co.* was the first to invoke Title VIII’s Fair Housing Act as the basis for legal decision-making. The decision refers to the Act as “broad and inclusive” and generously awards standing, stating, “We can give vitality to § 810 (a) [of the Civil Rights Act of 1968] only by a generous construction which gives standing to sue to all in the same housing unit who are injured by racial discrimination in the management of those facilities within the coverage of the statute.”¹⁵ The breadth of this decision’s relevance affirmed the importance of equal treatment with regards to race in housing allotment and extended the claimant rights of discrimination to non-minority defendants.

Though each represents an individual step towards closing the housing gap for minorities, it is as a collective ideology on race-based property discrimination that these decisions are meaningful. They narrow the scope of the problem over time and, while resolution is still outstanding, offer an incremental approach to interpreting legislative doctrine on this subject and effecting positive social change.

Policy Recommendation

Three-Part Strategy

According to Franklin D. Raines, “The legacy of slavery, segregation, and discrimination . . . systematically kept the formerly enslaved out of the formal property system.”¹⁶ In order to combat this history of discrimination and expand minority homeownership, a three-prong strategy must be employed, to include unfettered access to the housing market, comprehensive financial assistance, and meaningful consumer

education. As this section will discuss, these goals will require significant legislative initiative, in conjunction with agency enforcement and judicial support.

First, it is critical that minorities have ample access to prime real estate opportunities, in order to avail themselves of the same asset-building strategies as Whites. As the case history has made clear, the FHA has failed in numerous instances to prevent racial discrimination by property managers. By maintaining residential segregation, the current hierarchy of property values will be perpetuated, with minorities more likely to move into lower-value neighborhoods, where homes will appreciate less over time. The ultimate effectiveness of minority homeownership will be diminished without a more equitable distribution of property than currently exists.

Secondly, in order for minorities to take advantage of the opportunities just discussed, they will need financial support to compensate for their decreased earnings, as reflected in the wealth gap that persists between the races. While recent efforts to provide downpayment assistance to low-income home buyers is an admirable starting point, we would be naïve to think that this will have a sufficient impact to address the disparity in homeowner rates when one compares the races for which data is available. This policy would examine each step of the home buying process, consider the financial resources to which a typical minority home buyer has access, and compare these to the typical demands placed on a home buyer in selected, representative regions of the country. Financial support may be necessary at multiple stages, from the downpayment to the mortgage to home improvement once a residence has been purchased. A critical ally in the effort to implement financial assistance for minority home buyers will be third-party brokers (e.g. Fannie Mae, mortgage lenders, etc.), with whom plans to address the financial challenges faced by minorities should be developed. A report published by The Brookings Institution supports this point: “The most successful initiatives promoting homeownership have been federal – rather than local – and mostly in the form of the pressure government has placed on lenders and secondary market institutions to meet the financing needs of historically underserved groups.”¹⁷

Finally, it is critical to implement a meaningful education program that will prepare first-time home buyers for the lengthy, often confusing real estate searching and financing process. While the process is similar regardless of one’s race, minorities are more likely to face a situation where they lack family knowledge that can assist them on this topic or personal support when buying a home. Furthermore, minorities face unique challenges in this regard, particularly for those with a language barrier. This objective could be achieved through multiple avenues, including direct-to-consumer contacts and informative publications

disseminated through members of Congress to their home districts. The latter approach would offer a distinct advantage in gaining Congressional support, which will be necessary to enact these proposed reforms. By offering the members of Congress a service that could be provided to their district, for which they would likely take credit, they now have a greater incentive to support this policy as it advances through the many levels of the policy-making process. Education also offers another opportunity to work with lenders and real estate agents to develop and implement programs that will encourage minority home ownership, thereby expanding the number of people who are aware of the resources available to this population.

These objectives are ambitious yet reasonable, provided that the necessary investment is made. From a policy standpoint, legislative initiative, agency enforcement, and judicial support will all be necessary to ensure any degree of success here. Congress will need to take determined action on the policy, despite the obstacles it will face as it moves toward final passage, and it will be important to find Congressional champions for this purpose. These individuals must be wholeheartedly committed to the policy and willing to work tirelessly to “sell” it to their colleagues. Furthermore, enforcement of the policy by both federal and local agencies will be critical to its effectiveness. One of the most severe failings of the FHA is its weak backing, and there must be a commitment to ensuring that a similar situation will not occur with this policy. By writing the policy in such a way that intent is explicitly clear, it should require minimal judicial interpretation. However, the judicial branch must be cognizant of this policy’s desired function in order to enforce it productively.

Method

Based on analysis of advocacy efforts to date and these ambitious goals moving forward, the most effective method for increasing minority home ownership will be a legislative approach. Specifically, a politically viable bill must be constructed that incorporates the three areas discussed: education, finance, and real estate access. This plan represents a deliberate departure from the pattern of judicial involvement that has shaped fair housing doctrine to date. A legislative approach offers numerous benefits that the current judicial strategy lacks, as it:

- offers policymakers the opportunity to create meaningful legislation that includes enforcement provisions, thereby resolving the Fair Housing Act’s failings and eliminating the need for judicial interpretation, while increasing the policy’s immediate effectiveness
- addresses issues beyond the scope of judicial reach by

expanding the discussion outside the narrow question raised by a particular case

- increases predictability of outcome, thus eliminating the inherent risk in a judicial approach of an unfavorable result or one incompatible with the original intent of the legislation.

Initial development of the bill should include senators and representatives who possess a specific, vested interest in this issue, which may arise from the benefits their district will receive from this legislation, a personal stake in housing equity (perhaps based on their own experience), or Congressional authority (e.g. committee chairmanships). The future trajectory of this bill would benefit from a groundswell of support in its nascent stages, represented by a large number of co-sponsors from both the Senate and the House of Representatives, who are diverse with respect to political affiliation, race, and gender. Extensive backing also increases the likelihood that the issue will be explored further through such mechanisms as Committee hearings and GAO studies.

Executive alignment must be obtained early in the process, and the most effective means of doing so is by engaging the President and the White House advisors, especially the Secretary of Housing and Urban Development, in the discussions that occur as this legislation develops. By involving them in the process and ensuring that their unique concerns and questions are amply addressed, this legislation will face much higher odds of receiving a rapid, favorable response when it reaches the President's desk.

President George W. Bush has already expressed an interest in expanding minority home ownership and has announced his intention to increase the number of minority homeowners by 5.5 million households by 2010.¹⁸ His support was signaled in his signing of the American Dream Downpayment Act in 2003, which assists with the costs of buying a home, and his administration has initiated a variety of other related ideas, including tax credits and additional funding for home ownership programs. With this in mind, it is likely that the White House will be receptive to this legislation, with one caveat: funding.

In light of the increased security and overseas-combat-related expenses faced by the U.S. and the budget restrictions with which Congress has been charged, concerns will undoubtedly be raised over the cost to the nation in enacting this bill. Domestic spending has suffered as funds have been directed elsewhere, and it will require a great deal of persuasion, not to mention creative financing options, to ensure passage. Possible solutions include the use of tax credits (which will decrease tax revenue but avoid incurring new costs), cooperative financing plans with state agencies, and private sector funding, which will be discussed later. Most importantly, advocacy efforts must

demonstrate not only cost control, but also an appreciable benefit to the nation as a result of the programs created.

Two non-governmental sectors, non-profit groups and business, offer additional resources that will bolster the progress of this legislation. Non-profit groups, such as the National Fair Housing Alliance, have developed procedures for issue advocacy (e.g. media campaigns, personal narratives, direct mail) that can be employed to raise public awareness, which, in addition to increasing visibility of these organizations and their concerns, will raise the pressure on Congress to act on this issue. Furthermore, the evolution of the non-profit sector has seen greater specialization over the last few decades, enabling these groups to serve as an authoritative voice on this issue to both the public and to the legislators who will rely on their expertise in shaping this bill.

Business interests can also assist by encouraging legislators to push forth this bill. Specifically, industries with a direct link to this issue (e.g. real estate, mortgage banking) should be tapped to lobby Congress on behalf of both their home districts and their industry. A recent ranking of the nation's most powerful lobbying groups lists the American Bankers Association, the National Association of Realtors, and the National Association of Homebuilders all among the top 25, emphasizing the leverage that these organizations have within Congress.¹⁹ Beyond their capacity to advance the legislative strategy, corporate interests may be enlisted to sponsor particular aspects of the legislative program, an arrangement that would reduce the costs incurred by the government and offer an incentive for corporations to maintain their involvement with home ownership equity. For example, one could envision aspects of the educational program being underwritten by individual corporations or professional associations, giving them direct access to a new client base, while participants would enjoy the benefit of programming designed in conjunction with industry experts.

Though a successful legislative strategy will require coordination of many constituents with diverse interests, its corresponding breadth has the potential to effect meaningful change in closing the home ownership gap among minorities in the U.S. Inclusiveness throughout this process will serve as a model for the manner in which these programs will be implemented across the country.

Socially, implementation of the policy may take some adjustment but is possible from a long-term perspective. Education and financial support are less controversial in this respect than the expansion of minority home ownership in high-value areas, which requires integration of communities that may currently be homogeneous. We live in a society that has adjusted to integration in many aspects of life, and there is no reason to believe that further progress is not possible. As time has shown, one of the most effective means of deconstructing

racial biases involves personal experience and exposure to people unlike oneself, and while the transition may prove difficult for the trailblazers in particular communities who are forced to “break the color barrier,” the ultimate result is likely to be positive for all concerned.

Next Steps

The following table outlines the preliminary steps that may be taken to move forward on this proposal, as well as benchmarks that can be used as measurements of the success of this attempt to close the home ownership gap.

Topic	Preliminary Activity	Success Criteria
<i>Public Education</i>	<ul style="list-style-type: none"> ▪ Develop nationwide public education campaign to disseminate information about the home-buying process (e.g. selecting and financing one’s first home) and relevant housing policies, especially anti-discrimination regulations as outlined by the Fair Housing Act 	<ul style="list-style-type: none"> ▪ Work with relevant state offices to implement program in all fifty states ▪ Pass legislation to ensure continued administration and funding for programs
<i>Financial Support</i>	<ul style="list-style-type: none"> ▪ Conduct study of home buying and initial ownership costs for selected regions across the U.S.; compare findings with average minority assets 	<ul style="list-style-type: none"> ▪ Pass federal legislation designed to reduce financial burden of home ownership (through tax credits, etc.)
<i>Access to High-Value Real Estate</i>	<ul style="list-style-type: none"> ▪ Create incentives and safeguards to ensure vigorous enforcement of existing fair housing laws 	<ul style="list-style-type: none"> ▪ Monitor rate of increase in average value of minority-owned property

Impact Analysis

The remarkable depth of the housing inequity crisis demands a policy solution that recognizes and accounts for historical conditions. Research indicates that, “Policymakers may hope to design and implement “color-blind” housing policies, but if the realities of segregation and ethnic inequalities are ignored, these policies are unlikely to work as intended.”²⁰ With that in mind, the fact that this policy takes the U.S.’s history and current situation into account signifies its potential for substantial impact in addressing the problem of racial inequity in homeownership.

While these goals represent no small feat, exclusion of any of the three aspects of this plan would severely threaten the likelihood of achieving the long-term goal of housing equity. The degree to which these three elements are related demands that all be addressed in

order to ensure success; consideration of any one component without the other two would render the entire advocacy effort fruitless. Real estate opportunities are meaningless if the intended audience lacks the finances or knowledge to access them. Similarly, financial incentives offer no true benefit if the real estate market does not embrace the buyers for whom these programs have been tailored. Education is crucial because, even with means and opportunity, one must have the capacity to make informed decisions in order for long-term benefits to emerge. Though this necessitates an extremely ambitious strategy over the next few years, the interaction of these elements requires such an approach in order to achieve success in raising minority homeownership rates.

It is also important to note that these goals are all designed to address not only the existing distribution of housing, but to gradually eradicate the root causes of inequality that have created the dire circumstances with which we are faced. Fundamental inequities in home ownership will likely persist for years to come, as a problem of this nature takes time to resolve. However, by beginning to equalize the resources with which buyers enter the market (both monetary and informational), we have launched an asset-building strategy that will eventually rectify the imbalance that currently exists.

It is difficult to provide a quantitative analysis at this stage in the policy process, short of setting two goals: continuing to increase overall minority homeownership and closing the gap between White and minority home ownership, as depicted in the table on page one. These two measurable factors, both of which are included in current Census Bureau data collection efforts, will serve as the numerical assessment of the policy's overall success, the latter being most critical to achieving the proposal's intended goal. Once a reasonable amount of time has passed for the impact of this policy to have taken effect, change should be reflected in these values.

Qualitatively, this policy will affect the housing inequity crisis by including more minorities within the nation's home-owning population, enabling these citizens to enjoy the same sense of security, safety, and investment in the future experienced by those who have the privilege of owning a home today. In doing so, a transformation begins, literally in our own backyards, that joins years worth of civil rights legislation in chipping away at the discrimination that minorities have faced throughout U.S. history. The benefits of this pluralist approach will be reflected in more vibrant communities, more committed neighborhood organizations, and the gradual elimination of the false belief that the color of a neighborhood determines the quality of a neighborhood. This restoration of civic involvement is critical to the health of our society and has the potential to revitalize the ways in which communities operate.

Naturally, one would expect the impact of this policy to be less effective in the short-term for the minority groups who are currently

suffering more than others, particularly Hispanics. Their unique challenge may be attributed to the fact that they are among the more recent immigrants to this country and require more time to amass the wealth that is necessary to become a home owner.²¹ Though their resolution may take longer, the quantitative measures described above should indicate whether this policy has placed them on an effective path towards attaining this goal. Over time, this policy should be equally effective for all minority groups.

When evaluating public policy, we often ask whether the policy is devised for the good of the institution or the individual. In this case, we are fortunate to be able to serve both of these constituencies with this proposal. Ultimately, this recommendation will benefit not only the minority homeowners who will be the direct recipients of this policy's improvements, but also all Americans who will benefit from the increased standard of living that will occur as a result of increased homeownership.

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VI

Toward a Reevaluation of the Respective Roles of Economic and Cultural Values in International Development

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ABSTRACT

Two general approaches to international development are contrasted—a dominant economic approach that places emphasis on instrumental values, and an alternative approach that places emphasis on intrinsic values. Sen's capabilities approach to development is taken as a starting point for developing an alternative to the economic approach. It is critiqued and revised through the introduction of the notions of cultural integrity, capacity, and commitment. Finally, it is argued that the revised model is supported by empirical research.

Many of the debates, both public and academic, over international development concern the respective roles of economic and non-economic factors in policy implementation. On the one hand, there are those who tend toward an economic frame of mind who want to measure development in terms of indicators such as economic growth, per capita income, etc., and would influence policy measures accordingly. There is a strong tradition of this perspective among economists in the academy, policy makers, and some government agencies (call it the “economic approach”). According to the economic approach, some economic indicator is a primary *goal* or *end* of development. Alternatively, there have recently been many strong reactions against this view of development, both in and outside of the academy. Proponents of these alternative perspectives think that non-economic factors are essential to development and that other values and ends besides purely economic ones need to be taken into proper consideration. According to these views, goals like protection of human rights, equal-

ity, and strengthening of cultural values trump certain economic ends. The infamous riots at the 1999 WTO Ministerial Conference in Seattle were a public expression these alternative perspectives and of the growing dissatisfaction with traditional economic approaches. However, there have also been prominent academic figures that have proposed alternatives to the traditional account.¹ Recently, some proponents of the economic approach have moved toward adopting some of the concepts of the alternative approaches in their total measurements of development, rather than just wealth, income, or economic growth.² Perhaps this is an attempt to reach a compromise between the two kinds of positions mentioned above, and to incorporate insights from the kinds of critiques mentioned. However, in this paper it will be argued that such a move does not go far enough. Instead, an approach to development will be promoted that takes non-utilitarian cultural and individual values as primary ends, and then the relationship between such an alternative approach and the traditional economic one will be explored.

The position argued herein is not meant to be such a radical one that it completely rules out traditional economic indicators. Rather, the point is to return them to their appropriate place as *indicators*—diagnostic tools meant to measure the progress of more important things, such as capability expansion.³ The alternative approach advocated here takes Amartya Sen’s work on “development as freedom” as its starting point. However, Sen’s work will be considerably expanded, and other concepts and ideas with which Sen might not agree will be advocated and incorporated into the framework. The alternative framework will then be used to make a set of specific, empirical claims. In particular it will be argued that the proper framework with which to analyze agricultural and rural development at the present juncture is one that incorporates the concepts of cultural integrity, cultural capacity, and commitment. In addition, empirical data will be presented both in support of this thesis and in opposition to models exclusively focused on economic growth and well-being. The argument begins with a consideration and critique of the more traditional economic perspective.

Primarily Economic Views of Development

In the neoclassical paradigm of economics, humans are seen as essentially self-interested rational actors disposed to maximize utility. A classical utilitarian ethics underlies this approach. Utilitarianism is a consequentialist account of right actions that sets moral rules thus: act so as to promote the greatest good for the greatest number. Since what exactly the “good” is supposed to be is constantly a source of controversy, classical utilitarianism has settled on some form of the pleasure principle in order to define its moral rule. Whatever *results*

in greater pleasure than pain is the right course of action to take, according to a utilitarian ethic. Thus, when economic actors are said to “maximize utility”, it means that they maximize their amount of pleasure, happiness, etc. Quantitatively, a neo-classical approach to economics measures such utility in terms of money—money earned, money spent on consumption, etc. Non money making and spending activities are defined as “leisure”, and measured in terms of money foregone, or monetarily measured forms of consumption foregone.⁴ Neoclassical economists have tended to define, measure, and judge economic development in terms of indicators such as economic growth, Gross National Product (GNP), productivity, income levels, and wealth.⁵ Despite some critiques and counter-movements during the second half of the 20th Century, this general approach to international development had a resurgence in government and policy beginning in the 1980’s, resulting in what has been called the “Washington Consensus”.⁶ This “consensus” is supposed to include the World Bank, the IMF, the United States government, and high-income OECD governments.⁷ Some of the major policy approaches advocated by the Washington consensus include government deregulation, trade liberalization, advocacy of foreign direct investment (FDI) by multinational corporations in developing nations, savings and capital formation, elimination of price controls, standardization of exchange rates, financial liberalization, and so forth.⁸ Considering the size and power of the players in the Washington Consensus, it is reasonable to assume that this approach is the de facto hegemony in the guiding interests of international development.

With the basic framework of neoclassical economics and its embodiment in the Washington Consensus in mind, what sort of agricultural and rural development can one envision. First of all, for proponents of the dominant approach, agricultural livelihoods cannot be seen as “ways of life”, nor basic/foundational to an economy or society. That is, there is no intrinsic value to agricultural practice as such. Agricultural livelihoods are not viewed as the basis on which other economic activities depend, nor as the foundation of political democracy as in, say, a Jeffersonian model. Rather, the dominant approach views agriculture as just *one* sector of the economy and as such, its value to the economy is measured in terms of its contribution to the gross economic product of that economy as a whole. The success of agriculture is evaluated in terms of how it emulates other industrialized, mass-producing sectors of the economy. Its success is not judged primarily in terms of values intrinsic to its own long range viability, or other cultural values that grow out of its practice. According to the neo-classical paradigm, agriculture, as just one component of the economy, could cease to function at all. If it is to stay alive, on this

account, it must meet the same criteria of success that apply to other sectors in contemporary capitalist economies, such as the information technology (IT) sector.⁹

Obviously, it is absurd to think that agriculture could cease to function without widespread starvation and economic collapse. It is doubtful (hopefully) that any neo-classical economist or member of the World Bank or U.S. government explicitly thinks otherwise. However, in principle, this is exactly what is implied by the neo-classical paradigm, and there are empirical demonstrations of its effect in practice. Throughout the world, farmers have a tenuous and poor livelihood. In developed nations, small farmers are continually being pushed out of business, and the only viable farms left are run like industrial corporations.¹⁰ Such farms employ the latest in mechanized agricultural technology, engage in monocropping of vast areas of land, and generally manage the inputs and harvesting as a manufacturing plant would manage its products.¹¹ The kind of lives led by most farmers around the world would never lead one to expect that their work and its product are of such importance that all other sectors of the economy would cease to function without them. How are small farmers and rural communities supposed to both survive and thrive in this context? Is there any way to incorporate other values into our approach to international development so that values intrinsic to the agricultural and rural way of life can be accommodated and sustained?

Considering Alternatives

In a series of articles and books written over more than a decade, Amartya Sen has developed an alternative theory of human development that is based on people's freedoms and capabilities. The theory receives its most thorough treatment in Sen's 1999 book *Development As Freedom*. Sen has collaborated with philosophers to expound this theory, and has worked to make its use more widespread in the social sciences and policy. In fact, the capabilities-based model of development has had a growing impact both within the social sciences and in development agencies such as the UNDP, influencing both academic debates as well as the use and measurement of alternative indicators of development.¹² Sen's basic thesis is that freedom is both the end and best means of development, and that development consists in the expansion of freedoms and capabilities. In contrast to utility and subjective well-being, Sen has developed the concepts of *functionings* and *capabilities*. Functionings are defined in terms of people's actual "beings and doings"—the identities they have, the activities they engage in, etc.¹³ Capabilities, however, are defined in terms of the "beings and doings" that people *could*, in principle, engage in.¹⁴ While defining

and measuring development in terms of functionings would be an improvement on classical utilitarian notions since the achievement of such functionings is considered an end in itself, Sen (and others) have deemed the concept insufficient, and argue that capabilities are the proper metric on which to define and measure development.¹⁵ The expansion of capabilities is, thus, an expansion in what Sen calls “positive freedoms”, which are defined in terms of the freedom to be and to do certain things.¹⁶ The kinds of capabilities and positive freedoms Sen has in mind range from those that overlap with the Basic Needs approach to development (ability to be healthy and obtain adequate food, clothing, and shelter), to wider ones such as cognitive capacities (e.g., literacy), engagement in reasoning and choice about the direction of one’s own life, the ability to enjoy community affiliations, the “ability to achieve valuable functionings”, etc.¹⁷ Now, on Sen’s account, functionings and capabilities can be both intrinsically and instrumentally valuable. What is most relevant for this discussion, however, is that Sen emphasizes that the primary end of development ought to be seen in terms of the intrinsic value of the achievement of functionings and the availability of capacities—irrespective of the level of pleasure and pain experienced by those that have them.

Sen’s capabilities approach to development is clearly at odds with the neoclassical model. The latter is almost entirely concerned with instrumental value, with the only possible end of such value being some kind of positive subjective state (such as pleasure). One might say that the neoclassical model is *stasis*-oriented, with the final attainment of positive subjective *states* being the primary value. Alternatively, Sen’s theory more fully approaches a concept of human goods in terms of ongoing, fulfilling, and skillful activity, as well as the expansions of possibilities for action and achievement. While Sen’s general model will serve as the framework for the argument that follows, some critiques and revisions need to be made so that the model can be applied specifically to agricultural and rural development. In particular, the capacities model needs to be extended to the level of culture, rather than just the individual. With this accomplished, some empirical evidence on development indicators of rural farm communities becomes highly relevant, and suggests an alternative *cultural capacities* model.

Critique and Revision

Sen’s approach as it stands overemphasizes the individual. Throughout his writings he seems to continue the methodological individualism of neoclassical economics. Capabilities and capability sets are always defined in terms of individuals and individuals are always treated as the locus of freedom and development. However, individuals are insufficient for the establishment and maintenance of capabilities.

Individual freedoms and capabilities take place within a context of culture, and are embedded therein.¹⁸ Society and culture are partially constitutive of the possibilities and freedoms available to individuals. In recognition of this constitutive component of individual's freedoms and capabilities, the concepts of *cultural integrity* and *cultural capacity* are proposed as additions to the development as capabilities framework.¹⁹ They are defined below:

Cultural Integrity: the ability of a culture to remain viable and reproducible.

Cultural Capacity: the ability of a culture to offer its individual members public identities worthy of pursuit.

Certain freedoms and capabilities are open to individuals only so long as their cultures remain viable and reproducible. But a culture is only worth reproducing if it offers its members life projects worth pursuing. Thus, a culture's integrity and capacity are interdependent. Furthermore, they are necessary conditions on individuals being able to be the targets of development in terms of increased freedoms and capabilities. Finally, the introduction of these concepts implies new directions for research. The research and policy questions pertaining to these two concepts concern how to evaluate cultural integrity and the diversity of cultural capacities, as well as how development might promote both where appropriate, rather than undermine them.

Cultural integrity and cultural capacity, then, serve as corrective additions to Sen's capabilities approach which is overly focused on individuals. Before considering concrete examples and empirical evidence in support of the need to add these concepts to the capabilities approach, however, another criticism of Sen's approach needs to be made. This criticism concerns another attitude which Sen seems to share with neoclassical economics, namely, a lack of concern for limits. Expansion of capabilities needs to be explicitly distinguished from expansion of consumer choice. Once this distinction is made, a third concept, that of *cultural commitment*, will be introduced to round off the proposed revisions to the capabilities approach to development.

With Sen's emphasis on choice as a key capability in his model, it is easy to assimilate his claims to one of the problems with contemporary development models. For example, one of the mantras of the neoclassical paradigm is that the expansion of consumer choice is a key indicator of development. The developed countries are wealthy, according to this paradigm, because their economies offer consumers an unprecedented level of choice—both in the variety of consumable goods, and in the number of brands available for each one. In the

“developed” world, one can go to the grocery store, car dealership, video rental place, hardware store, etc., and be faced with more options than one could ever feasibly exhaust. Not only that, one has similar choices of grocery stores, car dealerships, video rental places, etc., themselves. Recently, however, in *The Paradox of Choice: Why More is Less*, the psychologist Barry Schwartz has argued that the plethora of consumer choice in the developed world is largely an illusion that degrades people’s powers of real, meaningful choice.²⁰ He makes the case that virtually limitless options in consumer choice lead to the inability to make decisions (decision paralysis), dissatisfaction with choices that are made, and guilt over perceived failures to make the absolute best possible choice.

To a certain extent Sen’s capabilities approach can avoid the problems that Schwartz outlines. The natural limitations of individual capability are more readily apparent today than the extent of consumer choice (e.g., one cannot attempt to learn languages the way one attempts to try out the different restaurants around town). However, even this is changing due to new technologies and the breakdown of cultural limitations on what kinds of activities people can pursue. The wealthy in developed nations can change careers multiple times, dabble in various sports and hobbies, etc., in ways that were unthinkable even one hundred years ago. However, just as Schwartz argues that the extent of consumer choice is largely an illusion threatening the ability to make real, meaningful choice, so is the current state of “capability choice” in wealthy nations an illusion that erodes the true value of capability expansion. When individuals are not committed to the development and maintenance of the realization and expression of capabilities (such as, say, painting) such capabilities are eventually lost. The maintenance of capabilities available in a culture depends on the commitment of individuals to those capabilities.

A third item missing from Sen’s capabilities account of development, then, is a notion of *cultural commitment*, which can be defined accordingly:

Cultural Commitment: the level of dedication solicited by the capabilities open to members of a culture.

To what extent do the positive freedoms and capabilities of a culture solicit true, long-term commitment from its members? What do those commitments demand of the people who make them? Ultimately, capabilities are only meaningful if people are willing to sacrifice other, lesser capabilities for their sake—if people are willing to stake their identities on them. Here, then, is another effect of Sen’s privileging of reason over identity. On the modern account of reason, reason needs choices in order to operate. The more choice, the better. Commitments,

then, stand in the way of the operation of reason. But if capabilities do not ultimately demand commitment, they are just another form of the consumer choice that Schwartz argues against. A measure of my notions of cultural integrity and cultural capacity, then, can be found in the extent to which the capabilities on offer in a culture demand commitment and allegiance from its members. The relationship is not entirely direct, of course. Commitment *can* negatively stifle freedoms and capabilities. Thus, there must be a harmonious balance struck between capabilities and commitments.

With the concepts of cultural integrity and cultural capacity, as well as the capabilities-commitments balance approach, in hand, we can apply this new model to the case of agricultural and rural development. We can also consider some empirical research that supports it.

Applying the Revised Capabilities Model

Just as Sen thinks that the expansion of capabilities is both the primary end and best means of development, so it is that meaningful commitments can serve as both a goal and means for agricultural and rural development. If a cultural sense can be renewed for the fact that agriculture makes all other activities possible, it can become a livelihood to which people can be meaningfully committed rather than one in which they engage for mere survival. When people see their primary functionings and capabilities as intrinsically valuable to society, they become better motivated to improve and preserve them. Today, the need and capacity to make agriculture more sustainable can help serve as a new means for developing a cultural sense of the importance of the work farmers and rural communities do. However, the role of cultural integrity and capacity in rural communities in maintaining the kinds of capabilities and skills needed to establish and maintain more sustainable agriculture is both essential and fragile. This can be seen in the importance of local farm management *skills* for small holders in developing countries—and the way in which new technologies can undermine them. The essential role of practical farm management skills in the ongoing viability of smallholder agriculture will be the next topic, and to effectively convey the importance of this role, some terminology from the anthropology of agricultural systems must be introduced.

Stone²¹ argues that agricultural “skilling” is important for the viability of small farmers in developing nations, endorsing the contention of Netting²² that for small farmers without industrial technology or large swaths of land, “skill replaces scale”. He defines agricultural skilling as “the processes of acquiring information and adopting management practices based on that information”.²³ Such skilling is based on ongoing practice and adaptive response to local environmental conditions. As practice-based, it is largely unformalizable. As such, disruption of skilling

practices can bring permanent loss of the knowledge embodied therein. Stone argues that the recent introduction of genetically engineered cotton into India is further disrupting agricultural skilling processes and making them more “susceptible to political manipulation”.²⁴

However, to reemphasize, Stone is not a romantic about indigenous knowledge—in that he thinks there are basic, time-tested skills that ought never to be lost. Rather, he has a more dynamic conception of the skilling process: “...the real question is not if GM crops may affect otherwise static current agricultural practices, but how they may alter ongoing processes of agricultural change”.²⁵ One of the ways Stone identifies in which GM crops have already begun to disrupt agricultural skilling in India is through the non-GM “refuges” that farmers are told they are supposed to plant. Initial studies have shown that farmers do not know why they are supposed to plant refuges and that this can lead to counterproductive practices such as spraying the refuges with pesticides. Furthermore, asking farmers to plant refuges (five rows of non-GM crop surrounding the GM crop) is itself a practice that disrupts agricultural management practices. Stone’s argument is not meant to be a blanket condemnation of GM crops. Rather, it is just meant to raise the issue of how they affect processes of agricultural skilling.

Discussions about development have come to recognize the need for incorporating appropriate technology. Stone’s research suggests that such technology needs to take into account the importance of the dynamic and ongoing skilling practices of small farmers in developing countries. This process of skilling is an essential part of the cultural integrity and capacity of rural communities and needs to be protected in order to maintain their viability as well as their members’ commitments. However, in order to protect these processes, economic growth is not sufficient. This is demonstrated by some recent empirical research which will be reviewed in the following paragraphs.

There is some recent research supporting the idea that, as the article’s title suggests, “(economic) growth is not enough”.²⁶ This research studied the level of poverty in the state of Gujarat in India (incidentally, the state where GM crops were first introduced in India and where they first became widespread). Gujarat was picked because of its tremendous economic growth rate during the 1990’s which was in excess of 9 percent per year. The authors of the paper surveyed 36 villages in northeastern Gujarat, expecting to discover widespread ascent out of poverty. This, however, is not what they found. According Krishna et. al., more than two-thirds of households remain in poverty, and while 9.5 percent of households had escaped poverty in the preceding 25 years, 6.3 percent descended into poverty during the same time period.²⁷ The authors argued that policies of economic growth do not even begin to touch the reasons that people fall into poverty.²⁸

Notice that the authors in this study surveyed rural villages and

expected to find “the fruits of industrial progress” to have spread among them.²⁹ From their discussion of city jobs, it seems that the authors primarily had urban “industrial progress” in mind. But notice also that agricultural progress had apparently not helped out here either—neither the continuing fruits of the Green Revolution nor the more recent GM movement. If the results of this study can be extrapolated to agriculture, not only is economic growth insufficient for development, but so is increased agricultural productivity. Perhaps such increases do not address, and may even exacerbate, disintegration of cultural integrity and capacity that make rural livelihoods worth pursuing.

Finally, there is some positive empirical evidence, this time from the United States, that cultural integrity and capacity promote development in both its economic and non-economic aspects. This evidence comes from Walter Goldschmidt’s famous study of two small agricultural communities in the Central Valley of California in the 1940’s.³⁰ Before presenting his findings, it is necessary to mention one thing about the revised capabilities approach and its application to rural development. Earlier in the paper allusion was made to the idea that viable rural life has some intrinsic and necessary values that grow out of it. Some of those values include the fact that farms should be relatively small, diverse, and managed by present owners committed to the success of the farm. Thus, the revised capabilities approach to development would hypothesize that many small farmers are more conducive to the integrity and capacities of rural culture than a few extremely large farms that require less diversity and full fledged industrial management to be viable (note that this is supposedly the ideal of neoclassical economics as well—many small, competing producers as opposed to a few large ones). Goldschmidt’s study confirms this hypothesis.

Goldschmidt found two agricultural communities in the Central Valley of California, Arvin and Dinuba, which, while similar in many respects, had the following crucial differences—average farm size and style of operation. Arvin, on the one hand, had mostly large factory-like farms, while Dinuba had smaller family-style farms. According to Goldschmidt, both towns produced roughly the same volumes of agricultural produce. Goldschmidt found striking differences between Dinuba and Arvin on a number of development indicators. Dinuba outperformed Arvin on a number of economic and cultural measures: in number of business establishments (nearly twice as many in Dinuba); in the volume of retail trade (again close to twice as much); number of people supported per dollar volume of agricultural production; standard of living; entrepreneurial activity; community infrastructure, education; recreational parks; voluntary civic organizations; religious activity; and local political decision making (this is not an exhaustive list).³¹ Thus, according to Goldschmidt’s research, rural development goes hand-in-hand with a non-corporate, non-industrial model of agriculture.

This conclusion provides support to the hypothesis that small family farms are more conducive to the cultural integrity and capacity of rural communities than are large, factory-like farms. Furthermore, the cultural categories listed above (such as civic involvement, local political control, better schooling, etc.) suggest that the capabilities available to rural cultures organized around the family farm model are more solicitous of real commitment from people.

It is not entirely clear just how Goldschmidt's work should be applied to current issues in agricultural development around the world. Many other cultures do not share the United States history of property rights and small family farms. However, it is also certainly the case that they do not share the United States' corporate culture either. The general implication that small family farms would be better for rural development than corporate ones can be extended beyond the confines of the United States setting. Just how to implement policies to do that remains to be figured out. This will have to stand as a topic for future research.

Conclusion

This paper has argued somewhat against the neoclassical approach to development. However, that approach is not meant to be discounted entirely. Both the revised capabilities approach and the neoclassical one would endorse the kinds of economic benefits measured in the Goldschmidt study cited above. On the other hand, the main focus has been on how cultural values can be incorporated into a more holistic approach to development—rural and agricultural development in particular. To do this Amartya Sen's influential account of development in terms of freedoms and capabilities was initially appealed to. While endorsing his basic framework, the paper criticized some points on which it is weak and offered some augmentations. These suggestions included the concepts of cultural integrity and capacity, which extend the capabilities model beyond the realm of the purely individual. A further addition was the notion of commitment and it was argued that development does not reside in an endless supply of choices (either consumer or capability choices), but must include intrinsically valuable choices that people are willing to commit to and so sacrifice the availability of other choices. Finally, some empirical evidence was considered that weighs in favor of the revised capabilities position—that is, a position which both opposes a primarily neoclassical approach to development as well as critically and constructively revises Sen's basic capabilities framework.

Thus, it is not the intention of this paper to banish economic values and approaches from development. Indeed, development is impossible without the economic realities of life. Instead, what is needed is to

find a proper balance between the cultural and economic aspects of development. The argument of this paper has focused primarily on the cultural aspects (since the economic aspects are in no danger of receiving a lack of attention), but has also tried to show evidence that certain cultural values can have a large impact on economic variables. In the end, cultural values are no silver bullet for development, just as economic ones were not. What is needed is the striking of a harmonious balance between the two for the sake of the world's poor who long to lift themselves out of poverty and toward development.³²

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[Endnotes]

¹ In this paper I will be focusing on the alternatives proposed by Amartya Sen in: Sen, A. 1999. *Development as Freedom*. New York: Alfred A. Knopf; and Sen, A. 1990. "Development as Capability Expansion". In K. Griffin and J. Knight (eds.), *Human Development and the International Development Strategy for the 1990's*, London: Macmillan. For some other, more philosophical accounts, see: Nussbaum, M. C. 2000. *Women and Human Development: The Capabilities Approach*. Cambridge: Cambridge University Press; and Clark, D. A. 2002. *Visions of Development: A Study of Human Values*. Cheltenham, UK: Edward Elgar. For other social science perspectives, see: Beus, C. E., and Dunlap, R. E. 1990. "Conventional Versus Alternative Agriculture: The Paradigmatic Roots of the Debate". *Rural Sociology*, 55(4): 590-616; Kloppenburg, J. 1991. "Social Theory and the De/reconstruction of Agricultural Science: Local Knowledge for an Alternative Agriculture". *Rural Sociology*, 56: 519-548; Lyson, T. A. 2004. *Civic Agriculture*. Medford, MA: Tufts University Press.

² For examples see Eicher, C. K., and Staatz, J. M. (eds.). 1998. *International Agricultural Development*, 3rd ed. Baltimore: The Johns Hopkins University Press; and Nafziger, W. E. 1997. "Theories of Economic Development". Chapter 5 in *The Economics of Developing Countries*, 3rd ed. Prentice Hall, NJ.

³ Sen 1990.

⁴ Blank, S. C. 2002. "Is Agriculture a 'Way of Life' or a Business?". *Choices*, 17(3): 26-30.

⁵ See Eicher and Staatz 1998, and Nafziger 1997.

⁶ Nafziger 1997.

⁷ Ibid.

⁸ Ibid.

⁹ See Blank 2002, and Blank, S. C. 1999. “The End of the American Farm?”. *The Futurist*, 33(4): 22-27.

¹⁰ Lyson 2004.

¹¹ Ibid.

¹² Clark 2002 and Clark, D. A. 2005. “Sen’s Capability Approach and the Many Spaces of Human Well-being”. *The Journal of Development Studies*, 41(8): 1339-1368.

¹³ Sen 1990.

¹⁴ Ibid.

¹⁵ Clark 2002

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Granovetter, M. 1985. “Economic Action and Social Structure: The Problem of Embeddedness”. *American Journal of Sociology*, 91: 481-510.

¹⁹ Though this is a topic for another time, I think that my concepts of cultural integrity and capacity can and should replace the notions of social capital. The phrases “social capital” and “human capital” turn even the cultural values into economic ones and so I think my alternatives can augment and replace them.

²⁰ Schwartz, B. 2004. *The Paradox of Choice: Why More is Less*. New York: HarperCollins.

²¹ Stone, G. D. 2004. “Biotechnology and the Political Ecology of Information in India”. *Human Organization*. 63: 127-140.

²² Netting, R. M. 1993. *Smallholders, Householders: Farm Families and the Ecology of Intensive, Sustainable Agriculture*. Stanford: Stanford University Press.

²³ Stone 2004

²⁴ Ibid.

²⁵ Ibid.

²⁶ Krishna, A., et al. 2005. “Why Growth is not Enough: Household Poverty Dynamics in Northeast Gujarat, India”. *The Journal of Development Studies*, 41(7): 1163-1192.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Goldschmidt, W. 1978. *As You Sow*. Montclair, NJ: Allenheld, Osmun & Co. Publishers.

³¹ Ibid.

³² The author would like to thank Micah Gell-Redman for comments and suggestions that greatly improved this paper. Remaining deficiencies, of course, are the sole fault of the author.

VII

Have Drug Courts Outgrown their Experimental Phase?

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ABSTRACT:

Drug courts evolved as states experimented with innovative responses to massive drug case backlogs and the failure of purely punitive measures to curb recidivism. Facilitating collaboration among social and medical scientific as well as legal professionals, drug courts have been hailed as the prototypical “problem-solving courts,” models of “democratic experimentalism” that subvert the adversarial system in pursuit of more fully-informed and adaptable approaches to increasing the public good. This paper suggests, however, that such courts are myopically underinclusive in determining their stakeholders, sidelining the central issue of defendant welfare and even undermining hugely popular democratic initiatives to raise performance standards and increase accessibility.

A confluence of two criminal justice policy decisions in the mid-1970s signaled the beginning of a long, hard road for defendants with drug addictions that only began to receive significant public scrutiny some twenty years later. State legislatures began passing statutes to dramatically increase the penalties for substance abuse, and many states enacted legislation limiting plea bargaining in an attempt to curb inequities caused by previous abuses in judicial discretion. Further constraining such discretion and encouraging an inordinate amount of defensive litigation, the federal sentencing guidelines and concomitant increased mandatory minimum sentences for a host of federal crimes were enacted ten years later. Federal funds were directed to subsidization of local drug enforcement efforts so long as they ensured a high arrest rate, and drug-related arrests climbed throughout the 1990s until they constituted “the overwhelming majority of cases in the criminal justice system.”¹ Today “nearly half a million people are behind bars on drug charges—more than all of western Europe (with a bigger population) incarcerates for all offenses.”²

With little access to treatment, drug abusers typically “simply repeat the pattern of drug use, arrest, and incarceration.” As David Lewis, M.D., Project Director for Physician Leadership on National Drug

Policy (PLNDP) and Director of the Center for Alcohol and Addiction Studies at Brown University has said, “The good news is that when drug treatment is available in the Criminal Justice System [sic], it works.... The bad news is that it’s usually not available.”³ “Extensive in-prison drug treatment programs” are accessible to only approximately 2% of inmates and “cuts in funding for such programs continue despite their proven ability to reduce recidivism rates by as much as 42%.”⁴

In an innovative attempt to ease the logjam of drug cases in the courts while reinventing the time-tested but perennially undervalued therapeutic role of the justice system, the Eleventh Judicial Circuit of Florida established the nation’s first modern drug court in Dade County in 1989.⁵ “Supervised by a sitting judge, a drug court is an intensive, community-based treatment, rehabilitation, and supervision program”⁶ that allows certain drug defendants to avoid prosecution. Drug courts are typically not “courts” in the sense of physical facilities or rosters of separate, specialized judicial officers; rather, they are one or more series of protocols incorporated into the normal workings of sentencing courts for processing a subset of defendants that the state legislature, or in some cases the county government or court system itself⁷ has decided to divert from incarceration. Drug courts vary in structure and in processes, but essentially utilize the coercive authority of the traditional criminal justice system, typically the threat of jail time for non-compliance, to ensure that drug-dependent defendants receive therapeutic treatment to overcome their addiction in the hopes of reducing future drug-related crime.

Drug courts as experimentalist democracy in action

So-called “problem-solving courts,” of which drug courts are perhaps the most prominent example, have garnered significant scholarly interest in recent years for their “cooperation with lawyers and the network of social problems and services in which legal problems are embedded.”⁸ Such courts “have found a toehold where existing social or legal institutions have proven woefully inadequate or have failed altogether;”⁹ they enlist the expertise of social and medical science and other relevant professions to present what often seem like long-overdue alternatives to the traditional criminal justice system approach. This “new public good” is ultimately about “customising [sic] public services to the needs of individual users,”¹⁰ in the way that drug courts “treat nonviolent crimes committed by drug addicts as symptoms of the addiction, rather than merely as violations of the criminal code.”¹¹ “The court gathers the interested parties together and, at times, acts as a steerer of interests, creating barriers to some desired outcomes in order to align the interests of all of the parties in creating a workable and adaptable solution to the problem.”¹²

This benign, “democratic experimentalist” view of drug courts assumes that all stakeholders—judge, prosecutor, defense attorney, probation officer, treatment provider and defendant—are able and willing to suspend self-interest in pursuit of the greater good, or that somehow their pursuit of competing self-interests actually serves to facilitate a collaborative “social learning”¹³ process that is in the end, beneficial. Professors Dorf and Sabel focus on the feedback loop of *treatment program assignment : success or relapse : reassignment or sanction : success or relapse* repeated over endless defendants, in combination with the central authoritative figure of the drug court judge, to persuade us that this “stern parental figure”-cum-“cheerleader” has at her fingertips “the kind of information necessary to decide whether and how treatment may be more appropriate than prison,” to ensure “that addicts continue their prescribed treatment, and that treatment facilities serve their assigned functions.”¹⁴

Complicating the picture

Not only does current research not reassuringly bear this thesis out, but larger issues surrounding drug court trends and drug court stakeholders’ influence on the treatment versus incarceration debate, with its very real impact on hundreds of thousands of human lives, suggests that the “democratic” experimentalism concept as applied to drug courts is realistically of quite limited descriptive and even aspirational utility. The following sections provide further exploration of the actual operation of drug courts throughout the country, interventions via direct democracy and other legislative means, drug courts’ self-defeating defensive posturing in the face of such interventions, and the practical limitations of experimentalism theory.

Drug courts in practice

The nature, structure, and jurisdiction of drug courts vary widely. Given the many variations in operation across the country, the National Association of Drug Court Professionals (NADCP) and the U.S. Department of Justice (DoJ) have identified the following key elements in an attempt to foster consensus on the definition of a “true” drug court:

- Integration of substance abuse treatment with justice system case processing;
- Use of a nonadversarial approach, in which prosecution and defense promote public safety while protecting the right of the accused to due process;
- Early identification and prompt placement of eligible participants;

- Access to a continuum of treatment, rehabilitation, and related services;
- Frequent testing for alcohol and illicit drugs;
- A coordinated strategy among judge, prosecution, defense, and treatment providers to govern offender compliance;
- Ongoing judicial interaction with each participant;
- Monitoring and evaluation to measure achievement of program goals and gauge effectiveness;
- Continuing interdisciplinary education to promote effective planning, implementation, and operation; and
- Partnerships with public agencies and community-based organizations to generate local support and enhance drug court effectiveness.

Most drug courts attempt to integrate these components, particularly since federal funding is contingent on a plan that incorporates them all.¹⁵ “The original and continuing authorization for federal funding of drug courts was the result of a classic instance of logrolling,”¹⁶ and the ability to make nice to funders plays a role of paramount importance in drug court life expectancy, a fact that is internalized by drug court stakeholders and that colors studies on the highly nebulous topics of treatment success rates and cost-effectiveness, many of which are self-reported.¹⁷ Though “virtually every drug court that has ever served a drug-involved offender has been evaluated in some way, and many have been evaluated multiple times....[t]he research pool is broad, but shallow,”¹⁸ ultimately lacking in scientific rigor. “In an ongoing Urban Institute review of more than 70 local drug court evaluations submitted to the federal Office of Justice Programs (OJP) in 2002 and 2003, fewer than five identified an appropriate comparison group. And even those evaluations that do have a comparison group often use it as little more than a straw man. Researchers who have undertaken reviews of drug court evaluations find very few strong designs in the sea of drug court research.”¹⁹

Aside from their ties to funding and program evaluation quality, the NADCP/DoJ guidelines are also noteworthy for their silence on both the efficacy of actual treatment protocols and the accessibility to defendants of the drug courts themselves. While eligible participants must have “access to a continuum of treatment, rehabilitation, and related services,” there is no requirement that such services must be licensed or accredited in any way, and it is certainly possible for participants to graduate from subpar treatment courses without decreasing the “achievement of [drug court] program goals” that prioritize, for instance, graduation numbers over meaningful addiction recovery. The guidelines also create a class of “eligible” defendants without defining who is ineligible, opening the door to abuse of judicial discretion, and in the face of immense need

and ever-dwindling treatment alternatives effectively barring a huge population from receiving any intervention whatsoever. As the DoJ's National Institute of Justice has pointed out:

In identifying target populations, drug courts need to be sensitive to class and race bias, real or apparent. Unless care is taken, diversion courts may tend disproportionately to work with white and middle-class substance abusers. In Delaware, the client demographics of the diversion and probation revocation tracks were at first virtual opposites. Participants in the latter were disproportionately minority group members from disadvantaged backgrounds; those in the former were more likely to be white and middle class.²⁰

According to the NADCP, nearly 1,200 drug courts are currently in existence or being planned throughout the United States.²¹ The DoJ's Bureau of Justice Statistics has found that two million probationers—or two-thirds of all people on probation nationwide—may be considered drug and alcohol involved;²² however, no more than *one or two percent* of drug-using probationers are in drug court programs.²³ For individuals in custody, 65% of jail inmates,²⁴ 75% of state and 80% of federal prisoners may be characterized as alcohol- or drug-involved,²⁵ but since drug courts typically don't administer in-custody treatment programs, these populations are not served by drug courts at all. Individuals in custody for drug-related offenses may simply have been unlucky enough to have been arrested in a jurisdiction without a drug court program or may have failed to meet any one of a wide range of discretionary eligibility requirements for drug court participation.

Drug courts are highly localized, maintaining wide variation in the standards used to determine which defendants may participate. Some standards conflict from county to county, which in practice often means from one court to the next.²⁶ Looking just at drug courts operating in the state of California, the following table captures some of the disparity of access faced by otherwise eligible defendants due to physical location:

Drug Court Eligibility Limitations	Counties
Accepts first-time drug offenders only	Glenn Los Angeles (SE Drug Court) Madera
History of arrests for drug possession required	Santa Clara Santa Cruz Solano
Extensive drug abuse history required	Contra Costa San Joaquin
Some low-level sales offenders accepted	Los Angeles Mendocino
Requires supportive family who display “willingness, sincerity and interest”	Sonoma
No “developmentally disabled” defendants accepted	San Luis Obispo
No alcoholics or “dual-diagnoses” (mental health and drug problems)	Plumas
No felony conviction in the past five years	Madera
No “identified gang members”	San Diego
County residents only	Placer

While it is important to note that most of the treatment programs affiliated with drug courts are outpatient and nominally accept clients from remote jurisdictions, patients’ financial constraints, including lack of access to reliable transportation, as well as work and family commitments often make commuting long distances to treatment facilities and court dates unfeasible. The very nature of addiction and the serious physical and psychological challenges it poses to the most willing of rehabilitation participants counsels a focus on ease of accessibility to treatment.

Even when a defendant meets a drug court’s criteria, *and* there is space available in a local treatment program, final approval is almost always at the discretion of the district attorney.²⁷ Reviewability is often limited and appeals courts are proving highly deferential, with the New Jersey Supreme Court for instance recently upholding a “patent and gross abuse of discretion” standard in that state.²⁸ This situation mirrors the larger problem with today’s effectively unfettered prosecutorial discretion in non-drug cases and the effect it has on vulnerable defendants and their families. “Almost 96% of all federal cases end in pleas based on deals negotiated and entered by prosecutors behind closed doors, out of public view,” and “all else being equal, whites d[o] better than African Americans and Hispanics at getting charges dropped, getting cases dismissed, avoiding harsher punishment, avoiding extra charges, and having their criminal records wiped clean.” Prosecutorial decisions overwhelmingly simply dictate the sentences of poor people, women,

and people of color; “prosecutorial decisions based on gender, race, and class have been identified by several sources, particularly in the context of prosecutions of women for prenatal substance abuse.”²⁹

The Ninth Circuit Court of Appeals’ dismissal of any notion that “one who becomes addicted to narcotics has a ‘fundamental right’ to rehabilitation at public expense” was affirmed by the U.S. Supreme Court in the mid-1970s and has not been seriously questioned since,³⁰ despite Justice Marshall’s thoughtful dissent explicating “a growing awareness of the Eighth Amendment questions raised when criminal punishment is imposed for activities which are the symptom or direct product of the disease of narcotics addiction.”³¹ More recently, the Washington State Supreme Court has explicitly held that “drug offenders prosecuted in counties without drug courts have not been denied any right to participate in drug court because no constitutional due process right exists.”³² Seeing no fundamental right to participate in a drug court program and no support “to find drug offenders are a suspect or semi-suspect class,” the court also dismissed equal protection claims, finding a rational basis for the Washington state legislature’s less than comprehensive establishment and funding of drug court programs.³³

This reasoning fundamentally rests on courts’ unwillingness to question legislative budget allocations, even when it comes to legislators purposely or wantonly gouging operational costs for new or existing public services that their constituents’ lives depend on. Funding, or the lack thereof, is ultimately what underpins questions of access and efficacy—courts will not require public services, including drug courts, to actually or effectively serve the public so long the state claims it is a matter of resources. As the Washington Supreme Court uncomfortably allowed itself to be spoonfed in *State v. Harner*, *supra*:

As the State argues, if counties were required to uniformly administer their pretrial diversion programs, they would no longer be able to *uniquely tailor* their programs to respond to that county’s specific needs and resources. [E]stablishment of a drug court could effectively promote frugal use of state and local resources in one county but drain local and state resources in another. (Emphasis added).

The court here makes a substantial leap of faith to assume that what the state is doing with the money it isn’t spending on drug courts, which would have demonstrably helped the instant plaintiffs by keeping them out of jail, is *uniquely tailoring* the rest of its expenditures to respond effectively to the *rest* of its constituency’s needs. The court is willing to bend over backwards in deference to the state so that it does not have to recognize a fundamental right on behalf of drug defendants,

even though in the interests of justice it should (while in the interests of collaborative experimentalism the drug courts should already have been trying to identify and protect defendant rights without being told to do so).

While “avoiding the creation of a new constitutional doctrine is...a common desire of cautious judges,” courts’ recognition of rights often obscured and abused, joined with their encouragement of experimentation on how to implement those rights by all the stakeholders involved, is a cornerstone of democratic experimentalism theory.³⁴ “The central premise holds that a flexible, fully informed and democratically administered standard is preferable to the imposition of a standard by a court,”³⁵ but here, where the courts refuse to impose or consider any standards at all, drug court stakeholders are essentially like the proverbial inmates running the asylum—self-interest, often a sense of self-preservation, of the most powerful stakeholders (judges and prosecutors) easily becomes the overriding instinct when no external authority exists to maintain the focus on defendant welfare. In response, many of those who would like to be stakeholders in the drug court system but have thus far been shut out, have taken matters into their own hands and headed to the state capital.

Advent of California Proposition 36

In the November 2000 general election, 61% of California voters approved the ballot initiative known as Proposition 36, or the Substance Abuse and Crime Prevention Act.³⁶ According to the official legislative summary prepared by the state Attorney General’s office in advance of the election, Prop. 36 requires probation and drug treatment, not incarceration, for *all* convictions of possession, use, transportation for personal use, or being under the influence of controlled substances and similar parole violations. Prop. 36 does not apply to convictions relating to the sale or manufacture of any controlled substances.³⁷

Defendants convicted of the aforementioned “nonviolent drug possession offenses” are to be sentenced to up to one year of drug treatment in their community (as with drug courts, as opposed to any in-custody treatment program) and up to six additional months of aftercare. All of the receiving treatment programs must be licensed and certified by the California Health and Human Services Agency’s Department of Alcohol and Drug Programs and may include various types of treatment methods, including residential and outpatient services and replacement of narcotics with medications, such as methadone. Courts may require defendants to participate in vocational training, family counseling, literacy training, or community service, and may impose other probation conditions short of incarceration. Courts may also require that defendants who are reasonably able to do so

help pay for their own drug treatment.³⁸ Participants who successfully complete treatment may petition to have their charges dismissed and arrest records expunged.

Before Prop. 36 became effective on July 1, 2001, a defendant convicted of drug use or possession could be sentenced to county probation supervision instead of jail or prison, or to probation supervision after a term in custody.³⁹ Where a trial court judge, district attorney, and public defender had agreed in writing to establish a *preguilty plea* drug court program, criminal proceedings could be suspended without a plea of guilty for undefined “designated defendants” at the discretion of the district attorney.⁴⁰ Otherwise, *ad hoc* drug court proceedings operated as a deferred entry of judgment program for first-time simple drug or drug paraphernalia possession defendants only;⁴¹ participants were required to plead guilty and courts dismissed the charges rather than entered judgment if defendants completed an assigned treatment program within three years.⁴²

Prop. 36 applies solely to post-conviction sentencing, allowing defendants the benefit of a full trial without prejudice as to availability of treatment for those who want to exercise their right to self-defense before a full court. This is a particularly important development in light of concerns that drug courts may put excessive pressure on vulnerable defendants to forego an opportunity to challenge the constitutionality of an arrest in exchange for being offered drug treatment.⁴³ The state’s two preexisting drug court programs, which preempt or stand in for a trial on the merits, are therefore still functioning⁴⁴ and available to prosecutors who prefer to utilize them. At the same time, the drug courts (or more accurately the Superior courts administering *preguilty plea* and deferred entry of judgment programs) are now regularly handling Prop. 36 clients in addition to their traditional caseload.

California’s first adult drug court was established in Alameda County as early as 1991, and its programs have grown rapidly enough that as of January 2005, 206 drug courts were operating throughout the state with at least one adult drug court in 54 out of 58 counties.⁴⁵ However, after ten years of operation and before the passage of Prop. 36, the state’s drug courts still served less than 5% of California drug offenders.⁴⁶ Before Prop. 36, drug courts offered treatment to about 3,000 drug offenders per year; Prop. 36 currently averages 36,000 new participants per year.⁴⁷

Out of 53,697 drug offenders eligible for Prop. 36 placement in its first year after passage, 44,043 or 82% chose to participate rather than face regular sentencing. 30,469 ultimately entered treatment, and UCLA’s Integrated Substance Abuse Programs researchers, tasked with in-depth reporting on Prop. 36 to the state Health and Human Services Agency, noted that “to have 69 percent of offenders who opt for it in court actually enter treatment is a good ‘show’ rate compared

to other drug treatment referral studies.”⁴⁸ Some individual drug courts “graduate” a greater percentage of offenders than Prop. 36, while many graduate a similar or lower percentage. In an average year, Prop. 36 graduates 12,000 people and drug courts graduate 1,100.⁴⁹

Prop. 36 appropriates \$120 million annually in treatment funds through 2005–2006, and despite the best efforts of former Governor Gray Davis to “realign” that money to other state budget items in 2003,⁵⁰ the Prop. 36 trust fund cannot be legally altered before July 2006. In addition to a one-time savings of \$450–\$550 million that would otherwise be spent on new prison construction, California’s Office of the Legislative Analyst has predicted that Prop. 36 will garner an annual net savings to the state of between \$100 million and \$150 million after several years due primarily to lower costs for prison operations, with as many as 24,000 nonviolent drug possession offenders diverted to drug treatment rather than state prison each year. These figures also take into account reduced trial court caseloads due to fewer offenders contesting drug possession charges and an accompanying decrease in the number of offenders subject to post-prison state parole supervision.⁵¹ While of course nothing in state budget battles is ever guaranteed, a strong case can be made for putting some of those savings back into expanded treatment alternatives and improved treatment outcomes, either through Prop. 36 programs or the traditional drug courts as is most needed.

Drug Reform War

Since all treatment-based alternatives to incarceration focus on the public health implications of addiction and the recovery of addicts while selling themselves as more rewarding financial investments than building new prisons, it is perhaps counterintuitive that some of the most vehement opposition to initiatives like Prop. 36 comes from practicing drug court professionals. Judge Stephen V. Manley of the Superior Court of Santa Clara County, President of the California Association of Drug Court Professionals (CADCP), has said that Prop. 36 “cripples California’s successful drug courts.... t[ying] the hands of judges” who would like to impose jail time when clients fall off treatment.⁵² Many ardent drug court supporters, like Manley and former federal Drug Enforcement Agency chief Asa Hutchinson, argue that less punitive attempts at drug reform are actually a back-door push for legalization.⁵³ “[C]learly disturbed” by the drug reform movement’s theoretical effect on their programs, CADCP and its parent organization the NADCP mounted impressive opposition to proposed diversion initiatives in Florida, Ohio, and Michigan,⁵⁴ ultimately succeeding in killing all three at least for the foreseeable future.

The CADCP's own promotional materials cite the horrifying statistic that "an individual who has an out-of control addiction commits about 63 crimes a year,"⁵⁵ so if the Association is serious about trying to cut crime by reaching out to addicts, why doesn't it want all the help it can get? Why would it be willing to spend its own limited resources undermining democratic initiatives, often hugely popular democratic initiatives, that bring with them an influx of funding and visibility, not to mention vastly expanded accessibility to clients and more oversight of treatment program efficacy? After all, until the passage of Prop. 36, many in "the California legislature had been reluctant to fund treatment programs for fear that it would be perceived as being soft on drugs," but the initiative's overwhelming popular support means that "now legislators can see that there's a public mandate for treatment."⁵⁶ And by way of comparison with a neighboring state, there are far more drug courts in Arizona today than there were before Proposition 200, a similar ballot initiative, passed in November 1996, when just one drug court was operational. Today, 20 drug courts are active, and eight more are planned.⁵⁷

The intransigence of many drug court officers in the face of Prop. 36 and its brethren is unlikely to prove a winning battle. Efforts to take drug court programs "to scale," or to institutionalize diversion systems at a state level, are underway across the nation "through special judicial branch-led efforts (as in New York), legislation (Indiana), [and] collaborative efforts that bring together the heads of statewide agencies like corrections, courts, and social services (Utah)."⁵⁸ The Center for Court Innovation has highlighted that,

...while the first phase of the drug court movement was dominated by individual judicial leaders at the grassroots level and the second phase by drug courts' success at attracting the attention of decision makers at the federal level, the action seems to be shifting more and more to the state level. All across the country, states are increasingly assuming fiscal and programmatic authority over drug courts. Along with this new authority comes the pressure to document results—and to identify best practices, enforce quality standards and determine eligibility criteria (including whether drug courts should handle higher level offenders).⁵⁹

Perhaps drug court advocates might argue that the blunt hand of state-wide direct democracy as it expresses itself through ballot initiatives like Prop. 36 inevitably tips the balance in favor of "bureaucratization" rather than mere "institutionalization," in that it is less sensitive to "the

imperative to preserve local flexibility.”⁶⁰ However, nearly 15 years after the inception of California’s drug court system, “local flexibility” sounds about as sincere as Washington state’s “unique tailoring” apologia in State v. Harner.

It is worth noting here that one function that drug courts have been especially well-placed to incorporate into their routine operations that would have been a tremendously publicly-minded application of “local flexibility” is monitoring of treatment providers, though this has not materialized. “Moreover,” as noted by Professors Dorf and Sabel in their study of New York programs, “evaluations of drug courts seldom ask whether they are systematically evaluating treatment providers. Drug court officials with whom we spoke were attentive to the problem, but few had concrete ideas about how to solve it.”⁶¹ Pointing out that “treatment programs in the field [have also been] slow to catch up with emerging best practice standards,” University of Maryland researcher Faye Taxman has suggested that “one obstacle to change [is] that these new treatment models appear to ‘threaten practitioner discretion.’”⁶² While this may indeed be symptomatic of territoriality issues, cronyism and favor, or sheer institutional inertia, it is equally likely to be due to limited resources, financial and human, problems that at least in California can be ameliorated through acceptance of and cooperation with Prop. 36 programs, which bring their institutionalized oversight mechanisms and the full weight of public opinion to bear.

Indeed in discussing the proper approach to drug court institutionalization, Professor Dorf, for one, has said that the creation of “an intermediary entity that would provide the technical assistance and support necessary to ensure the quality of implementation at individual sites” would help drug courts “move from a system based on charisma to one based on standards and principles.”⁶³ Arguably the California state Department of Alcohol and Drug Programs more than adequately performs this role under Prop. 36 and could extend its oversight to traditional drug court programs with a minimum of disruption.

As such, the impasse between the so-called “problem-solving” or “democratic experimentalist” drug courts and the populist drug reform movement exemplified by statewide ballot initiatives like Prop. 36 appears to remain a matter of style rather than substance. In the case of California, drug court stakeholder “democracy” has proved less solicitous of drug defendant welfare despite 15 years of pooled expertise and on-the-ground experience than the much less well “informed” general public, much of whom has no reason to think they will ever be a drug defendant or other drug court stakeholder but who is concerned with a general sense of justice and public good.

Though popular ballot initiatives don’t fit comfortably into the democratic experimentalist model, particularly because a vote is a one-time event and “stakeholders” deal with each other, if at all, only from

afar, it might be argued that the Californian tradition of populist ballot initiatives, over countless elections within the state and influencing the growing importance of such initiatives throughout the rest of the country is equally an “experimentalist local institution within an experimentalist national framework.”⁶⁴ If this application stretches the experimentalist concept almost to unrecognizability (as I suspect it does), I would then question the continued application of the model to drug courts, where the failure to evolve or even to function in a democratic fashion continues to be well documented. Some question whether the “problem-solving court” is long for this world anyway: Adele Harrell, a researcher at the Urban Institute who has written extensively about drug courts, recently suggested that “success for advocates might lie in drug courts fading ‘out of existence as their tenets become embedded in practice,’”⁶⁵ emphasizing the preeminence of the public good “ends” over even the most promising-sounding means.

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Perspectives and analysis on current public policy discourse

Low-Income Working Mothers in Tompkins County, New York: Who Fills the Gap When the Ends Don't Meet?

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The Mothers At Work project was designed to look at problems faced by low-income working mothers in Tompkins County, New York during 2005-2006, through discussions with low-income working mothers, human service professionals, and employers. Combining work and parenting is challenging, especially for low-income mothers who often lack safety nets, information, support, education and jobs with opportunities for advancement, and who suffer from financial stress. Managing poverty is a third job, in addition to parenting and paid work.

Community responses to these problems are necessary, but must take into account the impact of state and federal policies on human services, and a growing global economy, in which employers are increasingly based nationally or internationally and have little accountability to their local employees and communities.

The project focused on low-income working mothers for several reasons. First, welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, established work requirement for public assistance. My work with low-income families suggested that people were not doing as well after welfare reform; several factors contribute to making compliance with the new regulations difficult. Second, welfare reform took place in the context of losses in manufacturing jobs, increases in low-paying service sector jobs, and an increasingly global marketplace, with devastating consequences for workers here. Third, in both the academic and popular literature, attention has been paid in the last several years to motherhood and work, but issues of low-income parents have not been well-represented. Finally, national and local data indicate that overall, more women than men live in poverty, and that single mothers and their children in particular are among the most poor.

Local and National Indicators

In discussing low-income workers in Tompkins County, it is necessary to consider both those who live in the county and those who commute in for work. Tompkins County is a metropolitan statistical area: roughly

10,000 workers commute into Tompkins daily.¹ It is one of the fastest-growing counties in the New York, and has the lowest unemployment rate.² It is prospering, but is also becoming less affordable: property costs and school taxes are increasing. Schuyler County, to the west, experiences a daily population decrease of its working adults.³ Commuters have higher commuting times and costs and more complicated childcare arrangements. It is hard for them to access human services in their home counties, return to their children in emergencies, or engage in the civic life of their communities. Low-income workers from rural areas of Tompkins County have similar issues. Others struggle to make ends meet in the city as the cost of living in Ithaca increases. These are the low-income employees that the thriving economy of Tompkins County depends on.

Various income thresholds are used to define poverty. The federal poverty level for a family of three is \$16,600. It is based on an equation devised in the 1960s using the cost of food, then calculated to be about one third of a family's total expenses, to determine a subsistence-level income. A better measure is the Self-Sufficiency Standard, which takes more variables into account in determining what a family needs to make ends meet. The Self-Sufficiency Standard for a family of three in 2000 was \$29,052.

Nationally, 10% of all families were "officially" poor in 1999, but nearly 30% had incomes below the self-sufficiency standard.⁴ In Tompkins County 8% were below poverty and 29% below the self-sufficiency standard.⁵

A significant percentage of mothers work. In the 1990s, nationally, 59% of mothers of infants were working, and 73% of women with children over age 1 were employed. In Tompkins County, in 1999, 64% of all mothers worked.⁶

Nationally in 2003, poverty among single mothers was 35.5%, up 5.5% from 2002.⁷ In Tompkins County in 1999, 15.2% of all families with children under five were in poverty, but in single-mother families, 47.4% with children under 5 were below the poverty level, about 1400 families.⁸ Nationally, 60% of all single-mother households, or 3.7 million families, earn less than \$20,000/year.⁹

Thirty-eight percent of all women in the U.S. labor force work in low-wage occupations and nearly 60% of the low-wage workforce is female.¹⁰ Poverty among adult working women has been rising every year, faster than poverty for men, to 12.4% in 2003, compared to 8.9% for men.¹¹ Women earn less than men, even for the same work.¹² In Tompkins County in 1999, the per capita median income for men was \$35,420, for women, \$27,686, or 78% of men's.¹³ Motherhood tends to lower a woman's wages whether or not she returns to work after having a child.¹⁴ Women are more likely to lack health insurance than men, or

to be a dependent on another's health insurance.¹⁵

In 1999 the Tompkins County Department of Social Services reported that half of all newborns in the county were eligible for public assistance. That is a clear indicator of need in the county, and does not take into account the fact that many more babies were born into families meeting higher measures of need.

Talking With Low-income Mothers

It is immediately obvious that low-income mothers need the same things as all parents: a decent income with the flexibility to meet the anticipated and unexpected needs of children, reliable transportation to work, good child care, and savings, credit, or some other form of safety net for emergencies.

Lacking any of these, they can seek assistance. I want to assert very strongly that for low-income mothers, poverty is a third job, in addition to parenting and paid work. Applying for assistance requires access to information and a phone, time, transportation, employer flexibility, and either childcare or the ability to meet the needs of children while traveling to appointments, passing time in waiting rooms, learning about options and filling out forms. Additionally, recourse to community programs can bring parenting styles under scrutiny and expose applicants to inappropriate and invasive judgments.

Pursuing the range of available services can mean contact with as many as ten service providers in different locations. Managing poverty can mean moving more often than those more financially secure, experiencing more car trouble and repairs, paying for taxis, spending more time waiting for public transit, changing jobs more often, and negotiating late rent, unpaid utilities, and other late bills, and shopping for bargains.

Low-income working mothers who seek assistance are subordinate and vulnerable in two worlds: at work and in the public assistance system. A low-wage job with no safety net makes negotiating work issues difficult. Low-income mothers described how in asking for help or applying for loans they were subject to judgments directed at them because of their income levels. They described feeling exposed and diminished. The first human services worker I spoke with for this project (who fortunately was alone in expressing this thought), said in reference to her clients, "These people shouldn't be allowed to have children if they can't afford them." Yet many financially secure parents receive financial assistance, such as student loans, car loans, mortgages, credit cards, pre-tax savings accounts, and nonrefundable tax credits, only this is considered a form of attainment rather than an expression of dependence.

The work of mothers I spoke with including food service, clerical work, laundry, health aide, retail clerk, day care provider, student, lab worker, human services provider, teacher aide, and bank teller. I also spoke to some who "opted out," although they didn't call it that. They felt that working would be too costly with child care, clothing, and transportation expenses, and relied on the income of spouses or partners. Some felt that being home with their babies was best for their families despite the lost income.

The Issues

The following are some of the issues raised by low-income working mothers in Tompkins and Schuyler Counties, organized loosely by topic, though all are interconnected.

Work, assistance, and families

Mothers report that they do not get paid time off and are unable to meet their children's needs and attend their events. Inflexible work can negatively impact children's health: several mothers described sending their children to school sick, getting a call to come and get them, and being unable to leave work. Some avoid bigger employers because even though they offer benefits, smaller employers seem more flexible. Several reported temporary lay-offs during college vacations, with no options for making money in those gaps. Some described choosing between their job and benefits. Others described this as a choice between benefits and time with their children.

**Sara works for a big employer. She described having to stay late at her food service job during busy times. She is scheduled to leave work at 5:00, when her station is typically very busy, so she is frequently kept late. Her day care provider charges extra when she is late picking up her child. Her child becomes anxious and as a result their evenings are more difficult.*

**Anisa works as a clerk for an employer with six employees; when she needs to leave work on short notice, the owner fills in. She does not get paid for time off but prefers this flexibility to working for a larger employer, which she perceives as more impersonal and bound by inflexible rules.*

**Raye, a single mother of a two-year-old, gave up public assistance benefits for fear of losing her job when she had a recertification appointment. She reasoned that she wouldn't be able to get benefits without working anyway, and it would be hard to find another job*

that allowed her some flexibility when she needed it to meet her child's needs. She said that during the month her recertification appointment came up, she had taken time off when her child was sick, and that she "couldn't ask for any more favors."

**Kelli, a mother of five children whose father lives in another state, had a job-training session scheduled for a Saturday. She felt she was already away from her children too much, working and searching for more work, and that the issue for her was not the need for training but finding a decent job. She also did not want her children to spend more time with a babysitter. She decided to not attend the training, give up her benefits, and try to get by until she could find more work.*

**Beth, who lives in Schuyler county, quit her job in Tompkins and her husband took a low-paying farm job so that they could live in a farm trailer, giving them more family time, with less time and money spent on commuting, housing, and child care.*

Transportation

Many low-wage jobs start too early for public transportation. Some parents chose their jobs based on the transportation available, including car-pooling. Parents report limited and unreliable public transportation from Schuyler County. Parents have problems with day care because of transportation delays. Several reported the difficulty of using public transportation when they had to get their kids to one place, like day care, and themselves to another. Some commute to Ithaca for work while their children are bussed in another direction to school. They described having no option for returning home or to child's school or day-care if need arises when using public transportation. Many low-income parents cannot afford or have unreliable cars. The cost of bus fare is a significant portion of their income, and the funding for a program assisting low-income parents with public transportation to work ended in September 2005. Some reported difficulty in accessing services when working out of their home county, or even in-county when relying on public transportation. Some spend two to three hours' pay a day on taxis to work.

**Carla has to catch her bus to work before her young child's school bus comes; she worries about leaving him home alone and is concerned that she could get into trouble.*

Housing, cost of living

Despite many subsidized rental and home-buying programs, there is still a lack of decent, affordable housing. School and property taxes in

some areas are too high for low-income families, some of whom were raised in those areas themselves and now are unable to raise their children there. Expenses such as sales tax and fees for paying bills in installments are examples of other costs that impact low-income households.

**Amira relocated to Schuyler County to get Section 8 there, and now faces more difficult childcare arrangements and a longer commute to work.*

**Deborah had a lease on an apartment requiring her to pay the utilities. She discovered that the windows didn't shut completely in the winter. She stuffed the three-inch gaps with blankets and asked her landlord to fix them. She found her landlord unresponsive but thought if she broke the lease she would not get her security deposit back.*

**Margaret, who is divorced with three kids, grew up and lived in a town where she couldn't afford the latest increase in school taxes. She couldn't find an affordable rental so she moved to a cheaper district, at a distance from her mother who provided some care for her youngest child; her older kids can no longer walk to school, had to readjust, lost friends, and she lost what might be termed her social network*

**A services worker described a rural trailer park where ten families share one phone.*

Loss of right to personal dignity, self-esteem, pride

Applying for loans and assistance can expose low-income mothers to inappropriate criticism. Mothers cite low-self esteem and lack of confidence as barriers to progress, essentially blaming themselves for economic and cultural realities beyond individual control. Several mothers said they would not ask for help as a matter of pride.

**When Ann applied for a car loan was told she had "no legitimate reason for needing a car." Milla, being considered for a different loan, was described as being a "good risk - she has good middle-class strategies for dealing with life." Thea was described as deserving of assistance because she was "capable, wholesome, honest, and decent."*

**Allison tried to use the public computers at the library to look for work and housing assistance while caring for her baby, who was occasionally restless. Other users made rude comments, including judgments of her ability to parent.*

Economic literacy, cost of poverty

The Earned Income Tax Credit (EITC) is currently the most direct way of getting a substantial amount of money into working families' pockets: the average EITC a Tompkins County family gets is \$1,400,¹⁶ yet many parents I spoke with found taxes complex and did not know about the credit. Unpaid credit and utility bills lead to bad credit, setting the stage for more difficulties. Loan and credit terms can be difficult to understand. Some mothers felt they couldn't devote the time to classes about consumer and tax issues.

**A local tax assistance program employee described a mother who went first to a paid preparer, and then to the free tax assistance program for additional advice, and learned that the paid preparer had overlooked one of her dependents, costing her \$5,000 in additional deductions and credits.*

**Tracy moved 17 times in the first six years of her son's life. She accumulated unpaid credit card and utility bills with a total debt of about \$1,200. At one rental she discovered that she couldn't get propane for heat delivered because the landlord contracted with a supplier she owed money to. He made her leave, and she incurred more debt moving to a more expensive rental with utilities included in the rent.*

**Li is a refugee who works in food service. Her husband is enrolled in college. They took out a small car loan for a cheap used car that failed irreparably after only three weeks. Her husband has quit school because of lack of transportation and they are working to pay off the loan before they can purchase another car, and can pursue in turns the education they feel is their best route to economic security.*

**Clem went to a money management workshop and came away depressed: "The people were nice, but it just made me feel like I don't have enough money to manage."*

Childcare, family time

Several families stagger shifts, giving up family time: three mothers described going out to work evenings after their husbands get home. Mothers of adult mothers continue to combine work and parenting, caring for grandchildren so their daughters, often single mothers, can work and save on childcare. Several mothers were unaware of a childcare grant for Cornell employees. Two parents expressed desire for night care. Many cited their distance from children while at work, because they do not want their children to have long commutes to the babysitter. Some gave up an employer subsidy for day care because of

what they found to be the exclusiveness of the day care community. Others gave up subsidies because they want the care they believe is best for their children.

**Denise changed jobs so her mother, at end of her workday, could provide care for grandchildren while their mother went to work.*

**Rose works in an institutional daycare, and could get a discount if she enrolled her daughter there, but she felt the institutional setting was not right for her child, so she chose a small daycare and paid more.*

Education

Parents said they did not have time to seek the GED, or money for higher education; some parents said they want to set an example for their kids in getting more education, but they cannot afford to go to school, and others were postponing education to raise children. Some said that education is not their goal; while they have been advised that more education would improve their job opportunities, they feel that they are already hard-working adults, and they should be able to earn enough for their families at their current jobs. Others feel that more education would not pay off, especially in Tompkins County where a relatively high percentage of residents have college educations.

**Raye quit college when she had a child, then applied to a new four-year school, but deferred, and then put off college altogether, because she felt juggling parenting, work and education would be too much. She still has a student loan debt for three semesters.*

Language barriers, immigrant status

Immigrants who had a local contact to assist them when they arrived here were generally better off than those who did not. Several immigrants who came as refugees reported the loss of support due to the closing of a refugee assistance program.

Healthcare

A lot of working adults simply do not have health insurance and do not seek care. No one I talked with had dental insurance. Parents were concerned about their children aging off of Medicaid. Many were unaware of the Child Health Plus program. Others felt guilty because they provided unequal care for siblings.

**Mary, a day care provider, kept going in to work sick because her employer discouraged taking time off and stressed the difficulty of finding substitutes, and she preferred saving time-off requests for*

when her children were sick. Finally she felt too sick to work and found out she had strep throat; her primary concern was that she had exposed the children at the day care to illness, not that she had felt unable to seek care.

**Rosa said that she felt bad because her younger children had coverage and she took them to the doctor while she hoped the older one wouldn't get sick.*

Community involvement

Several mothers want to contribute more to their communities and do more with their kids, but cannot because of transportation, work, fatigue, and a sense of not belonging.

Access to services, lack of information, difficulty in maintaining contacts and services

Programs in Tompkins County are physically scattered, which some people seeking aid described as a barrier to getting help. There is a lack of awareness about assistance, and reliance on informal, sometimes incorrect information. Many parents said they assumed one had to be unemployed to get assistance. Several were enrolled with one service provider without being aware of other programs. In an attempt to contact low-income participants in one program, I sent out 59 letters. Twenty-one were returned with no forwarding address. Thirty-four of 58 phone numbers had been disconnected.

How knowledge helps

**Patsy had worked in human services with homeless people and knew the system fairly well. She and her husband had a baby and a combined income, with two full-time jobs, of \$27,300 when they applied for home purchase assistance, which included a 5-year interest-free loan and a down payment grant. She gets WIC for her younger child; both of her children are on Medicaid, and when her older one ages off Medicaid this spring, she will try to enroll him in CH+. After her second child was born, she decided the cost of working was too high and decided to stay home with her kids. They now earn about \$19,000, but she hasn't sought other benefits; she said she never wants her children to see the inside of a food pantry or DSS. She said that she doesn't think choosing what's best for your children should be a choice only for parents with more money.*

Local Solutions: Human Services Priorities and Responses

I spoke with employees at agencies concerned with day care, housing, planning, transportation, financial assistance, education, nutrition assistance, workers' rights, youth services, employment and training, and emergency assistance.

In my conversations, transportation emerged as the top priority. The Tompkins Consolidated Area Transit (TCAT) has conducted an extensive needs assessment. There is national evidence that welfare to work programs are failing because transportation services are not set up for customers to access or use easily.¹⁷ TCAT's developing priorities are: expanding service on six major employer routes, including shuttles for shopping; weekend shuttles for workers; improved service on routes with working poverty; individual service for working parents with emergencies during work hours; coordination and shared funding with other agencies; allocating money for low-income workers to participate in car share programs; and outreach and marketing about these services. Schuyler County is also reviewing transportation needs: and has formed a transportation committee that is looking at how to provide reliable, affordable transportation, because of many problems with transportation for commuters.

The need for GED programs was also prioritized, especially for rural tutors. An employment worker felt job-seekers need education more than entry-level jobs.

Without exception, workers in several Department of Social Services programs said that they want working parents to tell them about difficulties accessing services, including when appointments conflict with work schedules. They offer some appointments outside of traditional work hours. Many parents do not know that appointments are automatically issued and can be rescheduled.

Tompkins County has several subsidized housing programs but still needs more affordable housing. Lower-income families are being forced out because of rising property and school taxes. The state government offers incentives for landlords to make energy efficient improvements, but tenants are unable to apply on their own. Schuyler County is considering the development of subsidized housing; meanwhile, the county stands to lose 20% of its Section 8 money because not enough housing is up to code.

The Brookings Institute computed that in Tompkins County in 1999, 55% of families did not claim their EITC, costing them a total of \$1.4 million.¹⁸ Also, childcare subsidies can make a real difference in the incomes of low-wage workers. In 2005, high-work, low-income families spent about 12% of their income on daycare.¹⁹ The director of an onsite workplace daycare, which offers care to employees and others

in the community, said that despite the fact that the care is onsite and that employee costs are subsidized by both the employer and the day care provider, no employees use it; it is used mainly by professionals employed elsewhere. She surveyed employees and learned that most are lower-income parents with long commutes who don't want to bring their children so far for care; one said that she felt excluded by the parents using the care.

A loan fund operates locally to assist immigrants and refugees with small, zero-interest loans, and has been successful helping immigrants move toward greater security. A group of service providers is currently meeting to build an assistance program for immigrants in Tompkins County.

Schuyler County and Ithaca both have free health clinics staffed by volunteers.

The community loses when needs are unmet, resulting in what amounts to the segregation of public space. A daycare director observed that currently income differences lead to segregation in daycare facilities. This may also be true in public schools. One parent described a poorer rural school district as "starting to have a real inner-city influence." A well-off professional who had been very involved in her district decided to move because it did not offer Advanced Placement classes. One district cut sports, so children cannot participate in sports through school now, and many parents do not have the time or money to involve their children in community-based programs. One parent, looking for somewhere cheaper to live, told me, "forget Trumansburg - Trumansburg is the new Lansing." As more low-income workers are forced out because of rising costs, whole municipalities will become in essence segregated by income.

One service provider reported that her program has no funding to conduct outreach for a health care program even though they are the county enroller for that program. Another said that mothers she works with resisted applying for assistance because they found it embarrassing, and she felt outreach could not overcome this.

Schuyler County has implemented the Families First program, with the goal that anyone accessing any service learn in that visit about all the services available to them.

The income limits for some programs approach middle-class earning levels, such as housing assistance based on up to 80% of the county's median income. I spoke with several parents who did not have a family history of poverty and had college or professional educations who received such assistance. All had easy access to information about these programs. Some did not report the income of live-in partners when applying. Some described their income level as a choice, in keeping with their preference for what one called a "low cost" lifestyle. One sold a home bought with assistance after a couple of years for a substantial

profit. Certainly many college-educated people in Tompkins County do not earn enough to make investing in a home possible without assistance. But while the middle class is clearly affected, like those with lower incomes, by lack of health insurance and rising costs, their level of risk is much lower than that of low-income individuals with lower earning potential and a history of poverty. Agencies with higher eligibility guidelines are working within their missions when they assist those who are income eligible, but while their programs serve the "privileged poor," it is necessary to consider whether those most at risk for the hardships of poverty are as able to learn about and benefit from services designed to assist them.

The Role of Government

When a mother is poor, her child is more likely to be poor.²⁰ In this country, families bear the burden of combining work and family. The title of the welfare reform act, with its emphasis on personal responsibility, reinforces this. But many advocates and economists make the case that children are a social good, and studies show that children raised in security grow up to contribute to the economy.

I don't want to overstate the importance of welfare: the income of the typical two-parent family getting assistance from TANF, including their assistance, is still only 63% of the federal poverty standard. Only 5% of all low-income families with a full-time, full-year worker receive TANF benefits.²¹ Nationally, fewer than 50% of those eligible for Temporary Aid to Needy Families get benefits.²² I would argue that this is in part because of the difficulty in complying with regulations while holding down a job. Before welfare reform, 80% of those eligible for AFDC received benefits.²³

Several years into welfare reform we have statistics that indicate that it has not improved conditions for working families. Employed welfare recipients experienced a decline in access to health insurance through work after welfare reform, from 21% to 14%.²⁴ They are less likely to be in college, and are concentrated in low-wage occupations with no opportunity for advancement.²⁵ Incomes of low-income single mother families decreased after welfare reform. From 2002-2003, the severity of poverty increased.²⁶ The average amount by which the incomes of those who are poor fall below the poverty line was greater in 2002 than in any other year on record, with these data going back to 1979.²⁷ Locally, as nationally, there were decreases in DSS cases in the years after welfare reform. A decline in caseloads is used as a measure of the success of welfare reform.

As conditions get worse, public support is declining. In January 2005 the federal budget reconciliation spending bill passed, cutting vital services to families and freezing spending levels for many programs at

five-year-old levels. At the same time, the federal government changed the compliance levels for the "work participation rate" of two-parent households receiving assistance, subjecting states not in compliance to financial penalties. The new regulations makes it much more difficult for states to help two-parent families, even with non-federal funding.²⁸ In New York, one current budget proposal would require that families who can't pay their co-payment when they seek health care be refused treatment. Another would exclude those working for employers with more than 100 employees from participation in Child Health Plus and Family Health Plus regardless of income eligibility. Federal and state dollars do come into communities specifically for childcare, housing, and transportation assistance for low-income families. It is important to be aware of that money and to make sure it is accessed by low-income families. For instance, nationally, childcare subsidies are very underused; less than 15% of families eligible for childcare subsidies get them.²⁹

The Role of Employers

If the government will not provide adequate social programs, will it regulate employers? The 8-hour workday, the 40-hour work-week, health and safety regulations are all the result of government regulating business, which is virtually impossible to do at the local level. New York state is currently considering a proposal which would require businesses with over 100 employees to provide health insurance or pay a \$3 per hour tax for each employee.

Under welfare reform, low-income individuals are viewed as workers rather than people in need of temporary public support. The responsibility, or lack of it, for their well-being has shifted from the government to the employer, and this has happened in the context of an increasingly global marketplace. As one researcher commented, "whatever one thought of America's welfare poor, few people were making money off of them."³⁰ With globalization, a few profit from the low-paid work of many. Competition in global markets has made it costly for employers to assume the social costs that might be imposed in a democracy.³¹

Economists suggest that business probably won't share the wealth in the form of bigger paychecks, but could in the form of a social safety net. The Marriott Corporation hired social workers in the late 1990s when managers saw how poverty affected employees' performance and ability to work. It may be that employers have to be approached in terms of their own interests, not the needs of workers. So-called family-friendly solutions, such as on-site dry-cleaning and take-out dinners, telecommuting, and pre-tax savings accounts for child or health care aren't options for low-income families: dry-cleaning and eating out are

luxuries on a limited budget, one can't telecommute to clean a dormitory bathroom or serve food, and to take advantage of pre-tax accounts, one has to have some extra money to set aside.

Local Accountability

I asked employers what they think the issues facing low-income workers are, what they offer workers, and if they would undertake some form of worker education about programs such as the EITC. In seeking to speak with local businesses for this project, I have been referred to regional and national offices, because, local managers of corporations say, they aren't permitted to answer questions or apply changes locally. It is difficult to come up with local solutions when there is no local accountability.

The first employer I talked with said, "I don't think we have any low-income working mothers here. None of them make under \$8 an hour." That is \$16,640 a year.

The human resources director of the locally-based fourth largest employer in the county happily reported that his organization offers great benefits. I asked if he would be willing to provide information about the EITC to employees in their pay envelopes at tax time. He said that it would be impossible to offer information on one topic, such as the EITC, to employees without "doing it for every organization that wanted to give out information," so he wouldn't do it for any. I suggested that tax information is directly related to employment and not meant to benefit any particular agency. He then said he would take action only if directed to do so by a statewide professional organization.

The HR director for another large employer told me that she isn't authorized to answer questions and directed me to the head of media communications at corporate headquarters, who told me, "I'm afraid I'm going to have to say no . . . we get so many requests like yours and we've had to say no to so many people, that we don't want to be in the position of picking and choosing, so we are being a little more loyal to our policy of not participating in research projects as a result of the number of requests we've received."

One division head told me, "having kids is a personal choice." Her employer is required to offer parental leave, and she felt people ought to get leaves for other personal reasons. She felt that if the employer subsidized, as she put it, health insurance for the families of workers (she was unaware that workers in fact pay for family insurance), non-parents ought to have access to funds for other reasons. She described two employees who had taken maternal leave and requested returning half-time to work for three more months. She felt that if they were half-time, their priorities would always be outside the workplace.

When is onsite child care not a benefit? One of the county's largest

employers does not offer on-site care, but does allow employees to bring sick children to onsite sick child care. I asked the HR manager if this makes it harder for parents to opt to stay home with sick children, and he said he couldn't address my question. There could be a coercive element in this kind of benefit.

A manager at the county's largest employer said that she had been trained, when reviewing job applications, to ignore women's resumes with gaps in them, on the assumption that they were mothers who had taken time off to raise children, and thus would always prioritize their children over work.

Better Practices

Several smaller local employers were apologetic about their inability to provide benefits, though many were paying employees more than minimum wage. They reported more flexibility in permitting parents to leave when necessary without prior notice. They said they couldn't pay more, but they would like families to be better off. All thought that providing information about the EITC and other services was a good idea.

One small employer told me she doesn't limit sick days but works with employees as needs arise. She observed that this would be hard to reproduce in a bigger organization or one providing a direct service. She also, contradictorily, suggested that low-income workers are wrong in assuming that large employers would be less flexible.

Cornell University provides door-to-door transportation for employees with emergencies during work. Cornell subsidizes bus fares for out-of-county commuters and provides a bus pass to Tompkins residents. The Cornell childcare grant provides assistance for child care to Cornell employees earning up to \$150,000 who apply for it.

At least two local employers use the Living Wage as their base salary. The Living Wage, at \$9.18 per hour for a single adult, approximates the Self-Sufficiency Standard. In theory the Living Wage model includes increasing costs for additional family members; locally these increased wage levels have not been achieved.

Grassroots efforts

Low-income parents should not bear the burden and the risk of undertaking action for better government or workplace policies alone. It is even harder for low-income workers to organize than it was for people on welfare; the government could refuse to change its policies, but it couldn't fire you for asking. A workers' movement could attract working parents of all income levels, because issues like flexibility, child care and transportation affect all workers.

Some models for low-income activism exist, such as Working for Equality and Economic Liberation in Montana, which involves

low-income parents in voter registration, school boards, and local government, and Lifetime, a California program to support low-income mothers in college. The Living Wage Coalition of Tompkins County takes applications from local businesses, non-profits and local government to be certified as living wage employers, seeking to publicly recognize living wage employers and to provide assistance and incentives for businesses that would like to pay a living wage.

Who Fills the Gaps?

Low-income families are affected by many variables beyond their control, and even beyond the control of the communities where they live and work. While we need to let the government know that we want more comprehensive social policies that provide a real safety net for citizens, under current policies low-income people are primarily workers: they are citizens of the workplace. Thus one priority locally at the moment must be to educate employers, and to encourage them to share information that will benefit low-income employees. It is up to the community to assert a vision for what life should be like for the people working here, and not accept external standards for what constitutes a decent quality of life.

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The Rising Influence of the “Serious” Video Game Medium

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The video game industry has often been regarded solely as a source of entertainment, and has recently come under attack for generating inappropriate games that cater to mature audiences. This current assault on the video game industry illustrates that many within society continue to regard video games simply as a source of entertainment for adolescents and children. However, in the past few years, the video game industry has undergone the beginnings of a substantive change that can be viewed as reflective of the rising influence of the alternative media. Just as alternative media sources such as blogs and podcasts have begun to dramatically increase interactivity and influence the news selection function of the elite media, the serious video game medium is beginning to generate products that are not simply entertainment, but also simultaneously provides a highly-interactive learning forum that may contribute to ongoing social and policy debates. This revolution within video games is feasible due to expanding possibility spaces - the unspecified, user defined shape to the underlying world within the game. The revolution is also possible due to the opportunity for participants to fail softly - to repeatedly fail without serious consequences, thus, allowing for an enhanced problem solving and learning ability within the game.

A Brief Introduction to Recent Video Game Trends

The belief that video games simply provide a form of entertainment stems from the collective imagery of stereotypical gamers, which is presented in both the media and current legislation debates about protecting minors from mature entertainment games such as *Resident Evil* or *Grand Theft Auto*. While the entertainment aspect of gaming cannot be denied, this view of gaming does not account for recent trends in entertainment simulation games (SIMs) and Massively Multiplayer Online Games (MMOs), which have begun to change the use of video games within this market. The advent of SIMs such as *Flight Simulator* and *The Sims* allowed for the expansion of an interactive gaming genre that fully allowed players to experiment and fail softly. Through retaining the ability to store mistakes, the players are able to work backward and

understand what actions caused what results, thereby improving their responses to future challenges within the game.

In addition to this ability to fail softly, there is a change in the possibility space within video games. While many games on the market are still linear in nature in that they start at a well-defined state and end when a specific state is reached, a growing number of video games are beginning to present fundamentally different versions of problem solving than the linear approach. These new possibility space games encourage players to build a model of the underlying game based upon empirical evidence collected through trial-and-error play. This rapid cycle of hypothesis, experimentation, and analysis is best evidenced through MMOs in which a weakly defined goal exists and players are able to rapidly shape the underlying game based upon previous actions within the virtual environment and interaction with other players.

In a continuation of this growing interactivity trend within video games, the advent of MMOs such as *World of Warcraft* and *America's Army* allowed for the generation of highly interactive virtual worlds that began to unexpectedly reflect the real world. For example, *World of Warcraft*, which engages over six million unique players, recently experienced an unexpected plague that ravaged the online game and caused players to react as would be expected in the real-world.^{1,2,3} The plague, which resulted from a programming bug, allowed for an easy player-to-player propagation of a disease and resulted in a variety of player reactions. These included shunning unknown players, attempting to quickly heal those infected, and the barricading of virtual towns to prevent contraction of the disease. Individuals outside of the video game industry have not overlooked this ever-increasing interactivity and reality of video games, and video games have thus begun a shift into the realm of "serious games" as the demand for training and advocacy games has increased.

Serious Games

This relatively new gaming genre can best be described as utilizing a highly interactive form of entertainment to enhance the education process of an individual. This education process may be defined either as the enforcement of a real-world skill set, or as the advancement of specific policy and issue debates. To facilitate an understanding of this new genre, games will be divided into two categories: Simulated Training Games and Protest/Advocacy Games.

Simulated Training Games

Simulators have been used for decades as a means of training individuals for specific tasks and skill sets. For example, in *World*

War II, the U.S. military used the Link Blue Box Flight Simulator to train thousands of pilots.⁴ However, the military has recently begun to use highly realistic, interactive virtual simulations such as *America's Army* to supplement real-life training. This use of entertainment simulations to enhance training efforts is based upon the soft failure and expanding possibility space aspects of serious games. Training soldiers through the use of entertainment simulations not only saves the military significant amounts of money, but also has enticed an increase in training time due to the very entertainment aspect of video games.⁵

While the military was an early adopter of video games for training purposes, a wide variety of training simulation games have begun to appear on the market. For example, New Jersey commissioned the creation of a video game that addresses issues of racial profiling. With this game, police officers are trained to prevent racial profiling through the soft failure capacity of video games.⁶ Similarly, political campaigns are in the beginning stages of adopting video games for training purposes. For instance, the *Howard Dean for Iowa Game* allowed supporters of Howard Dean to prepare for neighborhood canvassing in Iowa through playing this video game.⁷ Additionally, non-violent resistance training and planning has been enhanced through the release of the simulation video game *A Force More Powerful*. This game allows activist groups pushing for democratic and human rights changes in their native countries to plan real-life non-violent actions to achieve their goals through the use of the new possibility space of simulation games and the soft failure aspect of the game.^{8,9}

Protest/Advocacy Games

Advocacy games may be defined as serious games that do not attempt to simulate the real world for training purposes, but which simply utilize the interactive and entertainment aspect of video games in order to advance a particular policy or issue debate. Many of these games have been aimed at government programs, such as *MassBalance*, a game intended to educate players about some of the nuances of the Massachusetts budgeting process and advocate changes in this process. Likewise, games such as *Wild West Bank*, an anti-settlement game intended to highlight the problem of Jewish settlers colonizing Palestinian land, and *Special Force*, a game created by Hezbollah to enhance its elaborate anti-Israel propaganda efforts, attempt to promote specific policy positions.^{10,11,12} Similarly, other advocacy games highlight perceived problems within corporate organizations such as McDonald's and FedEx Kinko's. These games attempt to use the video game medium to expose perceived organizational and business model problems within corporations. For instance, *McDonald's Videogame* takes players through a gaming experience where they must exploit underdeveloped countries and low-wage workers while attempting

to keep domestic shareholders happy.¹³ Thus, this new genre of video games has given protestors and advocates a new method of spreading their message.

Potential Policy Ramifications

Policymakers regularly intervene in systems of such complexity that no one can fully understand the interconnections and feedback loops that will be influenced by enacting new policies. Through providing policy makers with the ability to fail softly within an expanded possibility space, serious games may be able to help improve understanding of complex systems, accelerate learning, and prepare for previously unexpected policy outcomes. However, while serious games provide policymakers with a highly interactive virtual environment in which they may rapidly test hypotheses and explore complex systems, serious games may intentionally simplify systems or may unintentionally discount factors that influence policy outcomes. Thus, while serious games may provide policymakers with the ability to experiment repeatedly and fail softly before enacting proposed policies in the real world, users and programmers must remain aware of limitations inherently found in attempting to create a virtual representation of the real-world for testing purposes.

Conclusion

The serious games genre within the video game medium is still a young genre with relatively crude tools of implementation. As society accepts games as new media that can teach rather than destroy, more refined serious games will be generated, leading to even further influence by this medium. While this is a relatively new genre, as serious games integrate themselves into the media ecology, they may become a powerful tool for politicians and policy advocates to communicate with a younger audience in a language that can clearly speak to them. Thus, while video games will not replace other forms of training or protest, they will allow for an ability to rapidly test hypotheses, run multiple experiments, and fail softly without a loss of life or face, thereby improving public policy and management.

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Interview with Marc Garlasco

Human Rights Watch

March 4, 2006

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Marc Garlasco is a senior military analyst for Human Rights Watch (HRW), an international organization dedicated to defending human rights around the world. He has contributed to a number of HRW reports including, *Leadership Failure: Firsthand Accounts of Torture of Iraq Detainees by the 82nd Airborne Division*, and *Off Target: The Conduct of the War and Civilian Casualties in Iraq*. Before joining HRW, Mr. Garlasco spent seven years in the Pentagon as a senior intelligence analyst covering Iraq. *The Current Views & Reviews* Editor, H. Aaron Levy, talked with Mr. Garlasco during the Understanding Community, War and Peace in the 21st Century conference hosted by the Cornell Institute for Public Affairs on March 4, 2006. The opinions expressed by Mr. Garlasco are his own and do not necessarily reflect those of HRW or any other organization.

The Current (TC): You worked for almost seven years at the Pentagon and your last position was chief of high-value targeting during the Iraq War in 2003. What was your role during the Invasion of Iraq?

Mr. Garlasco: I was chief of high value targeting during the war, which basically means that leading up to the war I was making [target] recommendations.

People need to understand that the decisions were truly made at CENTCOM forward, which is in Doha, Qatar. CENTCOM rear is in Tampa, Florida. And so, [my cell at the Pentagon] had an advisory role. It was a strong advisory role because a number of us were real experts in the field. They put the CENTCOM people, the bombing types up there [near the combat zone], and they rely on people who know what the targets are back stateside. There were a number of cells, one was at the Pentagon which is what I was running on the joint-staff. The J-2 is the intelligence portion of the joint staff. I was supporting that, and then there was a cell at the Central Intelligence Agency (CIA), a cell at the National Security Agency (NSA), a cell at the Defense Information Agency (DIA), and everybody kind of fed this process.

Everybody knows who the expert is on a certain issue, because we

had all worked together for many years, really since Desert Fox back in 1998¹ and so you get to know all of your different colleagues. My real strength was the Iraqi security forces that were supporting Saddam Hussein and the facilities they were operating out of, and also where Saddam and his family were known to be operating out of.

I had really focused on locations, and so that is why I was called on to be part of the actual war plan. We finished the war plan in January of 2003 down at Shaw Air Force Base, and it was a week long conference where we all sat down and literally went from the early hours of the morning to the wee hours of the night. Just target after target, you know, looking at thousands of targets. Does this one need to be on the list? Yes? No? Maybe? Where can we rank it? How do you figure out when it needs to go down? Is this a top ten target? Is this a relocation site? What can you tell us? It was really quite a process. So yes, I was definitely part of making target recommendations.

You've got a responsibility to the pilots who are flying the missions and to the civilians who are on the ground so that they're protected as well as possible, and you don't want to send a pilot in to do something that shouldn't be done or could be done by a pilotless weapon. You certainly don't want to hit a target that is high collateral damage if you don't have to, if you can change the time, the place, the setting, or the location of the weapons to minimize the casualties--that was always something that was very much at the center of the war effort.

TC: I understand that there is something called “the magic number” for collateral damage, which is 30 civilian casualties for a target. Please explain the significance of this number, what it means and where that number came from?

Garlasco: Collateral damage, is a really poor term because it doesn't convey a human element, it sounds like you're worried about some building that shouldn't be destroyed, and you're turning people into a statistic but that is the term and I think we just have to deal with it. There is a collateral damage estimate done for every single bomb that hits a target, which is really incredible if you think about it, that the U.S. goes to such lengths, but its part of their responsibility as the belligerent power to do so, and they take it very seriously.

It was decided during this war that any target which had an expectation of 30 civilian casualties had to either go to the President or the Secretary of Defense for authorization. When I go talk sometimes at Universities I will say to students, what do you think is the number of civilian casualties for a target that if [that number of civilian casualties is expected that target needs to go to the President for authorization? I'm really astounded sometimes when students say 100 or 1,000 or something like that, and I think they kind of have this World War II

model in their minds, and I think we do and should do much better than that.

Why 30? I have absolutely no idea, it [is terrible] if you are number 29 and you never reach that threshold. Interestingly, as we were approaching the war we had well over 200 targets that were high collateral damage targets, meaning that at least 30 civilian casualties were expected for that target. There are a lot of mitigating things that you can do to lower [the estimated number of civilian casualties, and we were able to bring the over 200 high collateral damage targets down to something like 20 to 30 targets eventually that went for Presidential authorization, and of those, almost all were authorized. I think there were maybe two that didn't get authorization.

TC: How did you go from recommending targets at the Pentagon to being a Human Rights Watch Analyst?

Garlasco: I will be honest with you, I didn't support the war in Iraq. I thought that it was taking away important resources from the war against terrorism. I saw Saddam as a side show, unnecessary. I didn't see a real clear and present danger to the U.S. We could have attacked him in 2003 or in 2005 or in 2008. I really don't think there were too many things that would have been different, and I think there is something to be said about his stabilizing force. His existence was a stabilizing force in the region. So, I just didn't really see the need for the U.S. invasion.

So that was kind of like the grease that helped me get out. When the opportunity at HRW came up it was just really a new different and interesting challenge. It is still a challenge for me. I don't agree with everything that we do at HRW, but I try to bring a balancing perspective, as someone who has an understanding of military operations. While I don't have a problem with us being critical of the U.S. where we need to be, I do think we need to focus on other countries, because the U.S. does a fairly good job of concerning itself with human rights. It's imperfect and there are still a lot of issues out there, but conferences like this (Understanding Community, War and Peace in the 21st Century) show that military and humanitarian concerns can coincide, and when we realize that I think we can make a difference.

So, as we got closer to the war and HRW offered me a job I said you know you've got to wait because I've got a responsibility to go in to the Pentagon and work the war. I knew the target set very well after working it for many years. I felt responsible to the pilots and to the soldiers there and to the civilians and I knew that if I wasn't there they were just going to take some green analyst and throw him in a spot just to occupy a position, so I felt I needed to stay there. I stayed there through the war and I left on April 11th shortly after Baghdad fell, and

then HRW took me, hosed me down, cleaned me off, and sent me off to Iraq.

TC: *National Public Radio's This American Life* quoted you as saying that you don't "see the move from the Pentagon to HRW as a 180 degree flip, because all you ever wanted to do was fight bad guys and both organizations do that, just in different ways."² Would you please explain further what you meant in that statement?

Garlasco: Well you know the military fights "bad guys" kinetically and largely it is through military operations. HRW does not have any power to sanction, so we are the voice for those who can't speak, the voice for those who have no voice, and we raise issues that normally wouldn't be raised, because we have the ability to speak on an international platform to an international audience.

There is this whole shaming idea, where if you don't have any troops you can always embarrass somebody to deal with a problem. For me it's a novel approach that I hadn't used before, but you are still fighting the good fight. Certainly the intention and audience is different. Hopefully the military is also our audience. If we can get them to change when they need to then that's great. And it is not just the U.S. military that I am talking about. I'm talking about world militaries.

I will say one thing. I was shocked at how very similar the day-to-day work is at HRW and at the Pentagon, and in intelligence in general. At HRW instead of meeting with sources of intelligence information or with a defector, you are meeting now with a victim, and it is similar. It is someone who has a story, who has seen something or heard something. You are using maps and satellite imagery still and are trying to understand and analyze something. You draw conclusions and try to see what needs to be done. It is really the same work. It is just that your audience is different.

TC: *You have completed HRW reports on civilian casualties in Iraq,³ the razing of homes in the Gaza Strip,⁴ and about torture at Camp Mercury.⁵ In general, what have you been focusing on most recently?*

Garlasco: I really focused in the last year on meeting with soldiers and trying to talk with them about what concerns they have about returning from Iraq, and what was happening there, and also in Afghanistan. I have been writing and researching on torture and also on renditions—the secret moving of prisoners from the war on terrorism to facilities worldwide where they are held incognito and treated G-d only knows how—and why that is happening and how its happening and what we

can learn from it, and how it can be changed and hopefully ended, and how all of this can be brought to international legal standards and norms, so that hopefully the U.S. will stop operating “outside of the box”.

TC: *On December 16, 2005 President Bush signed the McCain Amendment banning the use of cruel, inhumane and degrading treatment by U.S. personnel anywhere in the world, and prohibiting U.S. military interrogators from using interrogation techniques not listed in the U.S. Army Field Manual on Intelligence Interrogation.⁶ Are you satisfied with this legislation? Do you think it goes far enough? Do you think it is having the desired effect?*

Garlasco: Well, first of all, I was very fortunate to have direct contact with Senator McCain on this issue, and I wrote a report called *Leadership Failures*⁷ that is about Captain Fishback and his experiences going from West Point to Afghanistan to Iraq and what he saw as far as prisoner treatment that he believed was in violation of the Geneva Conventions. I went with Capt. Fishback to meet with Senators McCain and Warner and others just prior to the vote on the legislation and I think that that story helped to really bring to the fore that this is not the night shift doing something that they are just dreaming-up. It was the 82nd Airborne having some problems and it is an elite well trained unit and if at this one facility it is going on then potentially it is much more widespread and systemic and it needs to be understood and looked at and investigated. I think that helped to get the legislation going from barely passing to where we had 90 votes in the Senate and pushing it through.

I will say I don't really think we needed the McCain legislation, because torture cruel and degrading treatment has always been illegal and prohibited. It's just that I think the reinterpretation of international law by the Bush Administration has lost the way and the understanding of all of the vast history of international law that banned and outlawed these types of treatment.

⁸I am happy that the legislation has been passed. I'm happy that it was a strong statement, but I'm greatly concerned that President Bush then added a signing statement to it, stating that as commander-in-chief he would still exercise his, as he sees it, right to do what needs to be done to defend this nation. I think the implication was that if there are certain instances where we need to torture then we will do that. Happily, Senator McCain then added his own signing statement which in effect stated that we will hold the U.S. to the letter of this law. We will be watching you, is basically what he said.

I think that the military has learned a deep and valuable lesson

here, but the problem is with the CIA and what is going on with these black sights and areas that are not transparent to us. How do we hold them accountable if there is no regime to go in and inspect where no one knows things are going on? In the end the actions of the U.S. are extraordinarily important, because so many nations look to the U.S. and will follow the lead that the U.S. takes. People are sometimes critical of HRW and say, why are you always complaining about America? And our answer is because so much of the world looks up to the U.S. and follows what they do and right now we are facing a grave situation where we are critical of other nations treatment of people, and they say to us well don't criticize us until you get your home country's laundry clean.

TC: Leaving aside the CIA for the moment, from what you found, has the U.S. military changed its training procedures and have they taken significant steps that you think will go a long way to preventing shameful situations like Abu Ghraib?

Garlasco: It's an iterative process and it's ongoing and I think the military has begun the first steps of taking serious action on this. Part of it is most evident in the re-drafting of the Army Interrogation Field Manual, and how they have really internalized some of the issues that have come up from Abu Grhaib and Camp Mercury and other places, and how they are seriously looking to bring those experiences into the Field Manual. My concern is that there is a classified section to the Field Manual. While I understand and accept that the Field Manual needs a classified section, if there is no transparency at all, if there is no ability for us to understand what the specific methods are that ought to be used then I think there is some concern there.

Hopefully, we will be able to work with the military to get some kind of accountability in the future, but they are taking serious steps and I think it is most evident when you look at the detention facilities. The Abu Ghraib model, as far as we understand it, has changed drastically as far as prisoner handling goes. There are concerns that some things are not being addressed as rapidly as they could be, such as the length of stay that people have in these facilities before it is discerned whether or not they should be there. So I do believe the U.S. military has taken some strong steps and made changes, but there is work that needs to be done. The relationship that we now have between the human rights community and the military shows that there is a willingness to be open and to change.

TC: So, I take it that you are more concerned with the CIA right now?

Garlasco: Well, our greatest concern is the actions of the CIA because they seem to be the most incongruent with international law at this point. It's of grave concern, and they all need to realize that it's going to reflect on U.S. actions and policy. If there is this war on terrorism and we don't want to breed more terrorists then we need to treat the civilian population in a legal manner. By acting in a manner that is perceived as being illegal or in violation of international conventions, whether it is true or not, perceptions are reality, and the U.S. needs to understand that. I think they have taken some significant steps but there is work that needs to be done still.

TC: *You have talked about how the treatment, or mistreatment, of prisoners affects the so-called war on terror and international perceptions. Please talk more about how significantly that hinders the U.S. in reaching other goals in the Middle East?*

Garlasco: I think it is important to understand that by and large the U.S. military knows how to act properly and legally. The soldiers, the airmen, the marines, they don't want to do things that are illegal or are in violation of the Geneva Conventions. Policy decisions can impact them in many ways. I think the early policy decisions by the Bush Administration on the interpretation of the Geneva Conventions had the huge detrimental effect of clouding the military's understanding of how they need to treat prisoners. That was the single largest contributor to any of the illegal actions that we have seen. We have to understand that while we need to be concerned with the actions of the military, the primary actor here has been the policymaker. We shouldn't beat up on the soldier for the mistakes of the policymakers.

Now, how is the war on terrorism and the actions of the U.S., writ large, affecting Middle Eastern policy and really the global war on terrorism? I was really shocked when we started the war in Iraq. Maybe shocked is too strong, because there was a slow percolation at the Pentagon where you knew something was coming, but it is kind of this wonder of why are we doing this? Why is this going forward when we know that Osama Bin Laden was at the heart of this attack? I was in the Pentagon when the plane hit, and so I always thought that was a legitimate fight, and I think we've really been sidetracked. A lot of the world is completely unsupportive of U.S. military action in Iraq and have been from the beginning of the war in Iraq, and it has been really detrimental to the war on terrorism. You look for example to what happened in Spain with the train bombing. They pulled their troops out of Iraq, and that has had an affect on the war on terrorism. We need to understand that our actions in one area have a ripple effect. People look at what's going on (prisoner mistreatment, the war on terrorism,

and pulling out families in Iraq and Afghanistan and incarcerating them while you are trying to figure out if they are part of an insurgency) and they are thinking this is just wrong. And then this leads people to think the U.S. is not the paragon of democracy that it has always been believed to be.

TC: We have talked at length about the treatment of prisoners. I am sure you understand that it is important for us to acknowledge that there is a reason to interrogate prisoners, because there is valuable information that can be gained. The Vice President, for example, talks about the hypothetical situation where we know there is a plan for an attack and we have ten minutes to find the details. This raises the question of how to strike a balance between valid points on both sides of the prisoner treatment argument. Please comment on how we can strike that balance, and also what you think about the value of information obtained from torture.

Garlasco: That is a great question. It is important to realize and understand that there is nothing wrong with interrogating prisoners, in fact that is something that you should do. If you have someone that has information that could save lives, you need to get that information. In fact within the Geneva Conventions interrogation is obviously allowed and there are Field Manuals that the military has that tell you what you can and can not do while interrogating. But it is important to understand that there is a line that can be crossed as far as legal and illegal interrogation, and that line is torture, cruel and inhuman and degrading treatment. The reason is, plainly, that when you do torture someone you get incorrect information, and that is dangerous on two levels.

One, it is dangerous to your own troops and forces, because you are potentially sending them into a dangerous situation where perhaps the individual knows about some potential ambush. The second dangerous thing is that if the information is completely patently false and leads to incorrect conclusions then you keep walking down the wrong road and torture leads to more torture and more prisoner mistreatment, and there is this domino effect.

Now, where do you strike the balance? Let's be honest, it is really not easy. When the guy in the field is in a 130 degree tent and he is concerned about his troops, and his friends have been shot, and and he doesn't know what is going to happen next, we need to understand that. We need to try to put ourselves in his position, and then know that he is going to do the right thing, because information that is gained through illegal means is often wrong and pointless.

Finally, I want you to realize that the whole notion of the ticking time bomb hypothesis is so utterly arrogant and ridiculous. Just because you are saying, “well there is this one hypothetical scenario out there.” The bottom line is how do you know? Because people say that I know this guy has information. I say bullshit. How do you know? There have been so many instances when I was doing targeting where I thought I knew--and I was wrong--and so civilians died. And when I look back on some of those strikes that we planned during the war I would still do the same thing, because at the time, it was the best information that we had. We were trying to protect lives the best we can, and I know now that we didn’t always know. You take your information and you make the best shot that you can. You make the best determination, and do what you can.

I always go back to what I learned from the heads of DIA when I was there. The last Admiral that I worked for was Admiral Jacoby, and he always said “dare to be wrong!” What he meant was dare to make a call. Don’t just sit back as an analyst and say, since we don’t have perfect intelligence then we are not ever going to come to a conclusion. He said dare to be wrong, dare to draw a conclusion and take your best shot.

Looking back there were situations where civilians died because we were wrong, and I draw the parallel with this whole ticking time bomb scenario. You don’t know, but in the ticking-time bomb scenario you can’t dare to be wrong, you can’t just say well maybe he’s got something so let’s just take a shot. It is important that you are restrained in that situation, because it is so very different. You have got total control over someone. You know what the outcome is going to be. They’re at your mercy and it is important to know then that you have to show utter and complete restraint. So, whereas there are some times when you can dare to be wrong there are other times when that is just not good enough. It is important to realize that not all things are equal. I hope that makes some kind of sense.

H. Aaron Levy will earn his Masters of Public Administration degree from Cornell University this Spring, 2006. He has an undergradutate degree in economics from University of Wisconsin-Madison. This summer Aaron will begin working for the U.S. Environmental Protection Agency’s Stratospheric Protection Division as a Presidential Management Fellow.

[Endnotes]

¹ Operation Desert Fox was a major bombing campaign from December 16-18, 1998 on Iraqi targets by the U.S. and the United Kingdom. It was ordered by

President Clinton in response to Iraq's failure to comply with United Nations Security Council Resolutions and its interference with United Nations Special Commission Inspectors.

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⁵ Human Rights Watch, *Leadership Failure, First Hand Accounts of Torture of Iraqi Detainees by the U.S. Army's 82nd Airborne Division*, September 2005, <http://hrw.org/reports/2005/us0905/index.htm>

⁶ Senator John McCain's Amendment added to a Defense Appropriations bill is known as the Detainee Treatment Act of 2005.

⁷ See footnote 6

⁸ For more information see, Human Rights Watch, "CIA Whitewashing Torture: Statements by Goss Contradict U.S. Law and Practice", Human Rights Watch Website, November 21, 2005, Accessed March 12, 2006, <http://hrw.org/english/docs/2005/11/21/usdom12069.htm>

The End of Poverty ***Economic Possibilities for Our Time***

By Jeffrey D. Sachs

Penguin Books, 396pp \$27.95

The Current:

“The Soviet Union wanted cancellation of debt, and the first Bush administration refused. Can one use donor aid for geo-political purposes to force certain countries to take a particular geo political stance?”

Jeffrey D. Sachs:

“It’s not a surprise that donor aid has been a political and politicized instrument for as long as there has been donor assistance. Far too little has been used for development as opposed for attempted foreign policy manipulation. A lot of former donor aid was used for Cold War purposes and lot is currently used for the War Against Terror. This is not the best use of this aid in my view. There has to be a development focus.”

-Interview with Jeffery D. Sachs on April 21, 2006.

Cornell University, Ithaca, NY.

Review by Matthias Amiel Brown, Cornell University

Throughout human history, poverty has besotted the notion of equity. For various reasons, some human beings fall through the cracks of the social contract’s supposed safety harness and become phantasms of human existence. Yet, Jeffrey D. Sachs believes that our generation can finally achieve what previous generations could not achieve: the elimination of poverty. To Sachs, “extreme poverty” is the type of poverty that warrants eradication on a global scale.

“Extreme poverty means that households cannot meet basic needs for survival.” (p. 24) Accordingly, Sachs’ book the *End of Poverty* lays a plan of attack on how to eliminate extreme poverty.

Sachs initiates his game plan to end world poverty by first trying to understand the causes of poverty. To Sachs, the world is bifurcated between rich and poor countries. Yet, this economic dichotomy was not always the case. At some point, the world diverged between rich and poor countries. In Sach’s opinion, there are many causes for this divergence with some being natural and some being man-made.

As for natural factors, Sachs makes the bold pronouncement that the geography was deterministic for economic development. Throughout his book, Sachs argues that some countries could never engender

economic development because they faced geographic obstacles such as being land-locked. For example, Sachs thinks that Africa's stunted economic development was primarily due to the fact that much of Africa's interior lacked navigable rivers. With navigable rivers, Africa's interior populace could not only communicate with the world but could not trade with world. With river trade, interior African societies could have gained an economic foundation for development. To prove this point, Sachs looks at England's 19th century economic history and believes that England's numerous navigable rivers helped engender England's economic development.

However, it is debatable whether geography could be considered a form of economic determinism, especially when one considers Russia. Apparently, Russia has Sach's supposed economic antecedents of development: Russia has numerous navigable rivers. Yet, Russia was of the few Western countries that lagged behind its European counterparts in economic development in the 19th century.

Besides geography, Sachs believes colonialism also played a role in consigning certain countries to extreme poverty, especially African countries. The colonial model concentrated in extracting raw materials from colonial holdings and importing the finished goods back to that particular colonial territory. Sachs is particularly sanguine when discussing Africa's economic evisceration by colonial rule. However, Sachs fails to discuss a particular episode of African colonial rule. The Belgians were known for being one of the cruelest African colonizers. In contrast, the French abstractly regarded their African colonial subjects as French. Arguably, these two extreme colonial philosophies had an impact on how their African colonial holdings would fair after colonization ended. When colonization finally ended, "Africa [was] bereft of educated citizens and leaders, basic infrastructure, and public health facilities" (p. 189). In other words, many African countries entered independence without the skills to become economically self sufficient. Such a discussion could have been insightful since African colonial rule differed among the countries.

Resultantly, Africa became a continent besmirched with human degradation. Besides Africa, Sachs reports that Southeast Asia also became a groundswell of extreme poverty. To alleviate Africa and Southeast Asia's extreme poverty, 191 countries ratified the Millennium Development Goals (MDG) in 2002. The Goals envisioned eliminating poverty by 2015. In aiding the MDG, rich countries would significantly donate a part of their GDP to help eliminate poverty. Specifically, rich countries are required to commit 0.7 % of their GDP to help end world extreme poverty. Sachs argues that this is a small sacrifice for rich countries to pay.

He writes "the task can be achieved . . . 0.7 percent of the gross national product of the high income world, a mere 7 cents out of every

\$10 in income.” (p. 288) Sachs champions this approach of donor countries taking on the financial responsibility of helping extremely impoverished break from the shackles of poverty.

While the approach is sound, the approach does have potential pitfalls in that donor countries could use their donor status to influence the recipient countries into undertaking internal and external actions. Donor countries could simply take advantage of extremely impoverished countries weak bargaining and demand concessions from these countries. Throughout the Cold War, the West and the Soviet Union both used donor aid to force impoverished countries to align with either the Western or Soviet geo-political camp. Ironically, this strategy came to the surface when the Soviet Union collapsed in 1991. Sachs gives a poignant personal account of trying to persuade the United States to forgive the Soviet Union loans so the newly independent Russia could start independence on firm economic footing. Yet, “Russia’s quick recovery was viewed as inimical to U.S. interests by the White House of George H.W. Bush and the defense establishment.” (p. 140) In other words, donor aid (debt forgiveness) was used as a geo-political weapon, even after the Cold War ended. As a result, Russia defaulted in its loans and inflation ensued. To raise cash, Russia literally sold its vast mineral natural reserves at fire sale prices to the new Russian oligarchs in the infamous “loans-for-shares program”. (p. 142) The Russian episode is instructive in that donor aid may not remove itself from the machinations of geo-politics.

Despite such shortcoming, Jeffrey Sachs’ the *End of Poverty* is a noble endeavor that outlines a path to global economic equality. While analyzing the causes for extreme poverty, Sachs tries to harvest workable solutions to end world extreme poverty that is still with us today.

Matthias Brown is a first-year MPA student at Cornell University focusing on International Relations. He holds a B.A. from UCLA and a J.D. from Syracuse University. Matthias Brown has traveled to places such as India, Japan, and the former Yugoslavia.

Letter from New Orleans: *The Vernal Wood*

Clayton Fuller
Cornell University

*One impulse from a vernal wood
May teach you more of man,
Of moral evil and of good,
Than all the sages can.*

-William Wordsworth "The Tables Turned"

Backed by a bayou breeze you step into oblivion. The symmetrically arranged street lights hum in contrast to the apocalyptically silent and empty night streets. This is the Ninth Ward of New Orleans, a place just down river from the debauchery and revelry of the French Quarter but it seems much more distant. Perhaps it is the street names that give you this feeling. As you pass by hovel after hovel Katrina-crushed, you notice the street names and their mocking irony. Piety. Abundance. Industry. Treasure. Desire. Crossing these streets you are saddened to think that for the first time they are aptly named. You wonder about the unseemly use of the street names with no residents and no life in the Desire Street Neighborhood. Then you remember what the employees of Desire Street Ministries told you upon your arrival in Desire. This was a neighborhood that was once the murder capital of the United States, but, "it has never been safer," they said. As you walk back to the Desire Street Ministry crossing Piety, Humanity, and Benefit, you cannot help but repeat it. Desire has never been safer. Never been safer. Never safer.

I offer this stream of consciousness tableau because it is the indelible experience from my first night at Desire Street Academy. My sleepless walk at that odd-even hour of the night left me hauntingly connected to the Desire Street Neighborhood. It was as if I saw the neighborhood bare, revealed, and naked. And in that compromised position, I realized that I will never understand that, no matter how much I help, the neighborhood can never be helped.

Kevin Rooney, my friend and colleague in Cornell Institute of Public Affairs, and I arrived at the Desire Street Academy (DSA) on Sunday the 19th of March. DSA is located just west of the Industrial Canal in the Upper Ninth Ward. DSA is the academic component of Desire Street Ministries which was founded by Mo Leverett in 1990. Leverett, a white

Seminary graduate, moved into the all black Desire Street Project in order to form an incarnational ministry that sought to transform the neighborhood from the inside out. DSA, a recent addition to the Desire Street Ministry, was completely devastated by Hurricane Katrina. For Kevin and me, this completely gutted and without-power facility, along with the neighborhood surrounding it, would be our vernal wood.

Day breaks and it is 6 am. I uncoil myself from the cot placed in one of the former classrooms of Desire Street Academy. Breakfast, an array of cereals and fruit, is served in what used to be the basketball gymnasium. There are roughly 40 student volunteers representing three schools: Elon, Georgia Tech, and Cornell. We all sit excitedly waiting to start our recovery work. Jeff bearded and a man of slight stature, supervises the Desire Street "Workcrews." At around seven, he organizes us into groups; we load our tools into trucks and head to that day's job site.

Each day's work was pretty consistent. The first step was to rid the house of all belongings and pile them out on the street for the infamous Federal Emergency Management Agency (FEMA) to collect and dispose. Our crew would then proceed with various methods of demolition. Houses had to be completely gutted, which meant removing walls, ceilings, doors, windows, appliances, toilets, showers, floor boards, kitchen cabinets, and insulation.

The most challenging of all the houses on which we worked was the first. Upon entering the home we were consumed by the overpowering odor of decay. The smell was so powerful that it permeated my mask and left a rotten scent on the clothes that I wore. It was assumed that before the storm the house was a day care, and it literally had hundreds of books that had to be removed. The worst experience for Kevin and me was removing a freezer full of putrid meat that had been underwater for several weeks and remained in the house for several months before we happened upon it. By lunchtime, we were all fairly worn out and probably a little uncertain of what we had gotten ourselves into. But it was comforting when our supervisor said that this was one of the most demanding houses he had encountered.

Kevin and I continued this type of demanding work for four full days. We are both former collegiate athletes, but we were humbled by the experience and developed a term to explain away our soreness and weariness. We'd say that we were simply not in "construction shape." Regardless of how weary our bodies became, however, it paled in comparison to the strain that the trip put on our hearts and minds.

Each afternoon we attended a meeting called Urban Institute. Urban Institute is designed "to help train and equip future urban ministry leaders" and during these sessions we discussed such loaded topics as race and poverty. One of the most moving sessions was when we all watched the movie *Mississippi Burning*, a film released in the 1980s

about the FBI's investigation into the murders of three young civil rights workers in 1964, one of whom was a Cornell student. Near the end of the movie Agent Alan Ward, played by Willem Dafoe, states that the entire nation is guilty of the murders because it is complicit in allowing this type of murderous racism to exist. It is a powerful statement to consider, and I raised the point during the discussion of the movie that we should all be wary of the evils to which we are complicit.

One impulse from our vernal wood taught us of the moral evil of poverty. We learned that no amount of money, war on the subject, or panacean policy will make amends. We cannot mask it by calling poverty's streets Treasure, Piety, Industry, or Abundance. Poverty is inherent in our world, but not inherently hopeless. We must keep the Desires of our world from becoming into oblivion, and must not wait for the whims of Mother Nature to bring our fellow citizens' plight to the fore. On that sleepless night I stepped out into oblivion and I will never forget. Will you?

Clayton Fuller, a native of Sautee-Nacoochee, Georgia, will complete his Master's degree in Public Administration this spring. Clayton graduated from Emory University with a Bachelor's degree in English. Clayton will be attending law school in the fall.

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The goal of *The Current*, the public policy journal of the Cornell Institute for Public Affairs, is to present timely, relevant research and analysis on contemporary issues in public policy. Articles and views presented generally emerge out of a range of fields and disciplines while holding in common the scope of policy examination and consequent recommendations. While many of the contributions presented comprise the original research of CIPA Fellows, contents are supplemented by contributions from other scholars at Cornell University and other academic institutions, along with those of practitioners in the public and non-profit sectors. Shorter pieces with more of a policy paper format are welcome under the Views & Reviews section, as are book reviews. Statements of fact and opinion appearing in the journal are the author's sole responsibility; publication does not imply the endorsement of the editors or publisher. The journal does not publish communications to the editor or rejoinders to specific articles. Scholars or practitioners who believe they have been challenged are encouraged to submit an article that will advance the scholarly debate.

Style

Articles and views should be written in clear, jargon-free English with adequate documentation. We aim to be accessible to a variety of readers ranging from scholars to policymakers both foreign and domestic. Textual style generally follows the *Chicago Manual of Style*. References and citations should be included as endnotes presented at the end of the text.

Format

Article text should be preceded by a maximum 100-word abstract setting forth the topic under discussion and the public policy dimensions in view. The author should indicate the central thesis of the article and how particular arguments will be presented in its support.

Submissions should be approximately 12-18 pages double-spaced. An 11-point Georgia font is preferred. Pages must be numbered. Please prepare your submission with appropriate subheadings if applicable. Consult recent issues of *The Current* as a guide.

Authors are encouraged to submit tables, figures, maps, and other illustrations with their manuscripts. Please number such items consecutively in the order in which they appear in text. Each table should have a caption.

Biographical paragraphs should be included with each submission.

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