



# THE CHOICE

| Neema Kwamamlaka

*[...] he intends only his own gain, and is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.*

*Adam Smith. The Wealth of Nations, 1776*

# The Choice

## I

### A Beautiful Kingdom

South of the Great Desert and east of the Impenetrable Forest, bordering the Great Ocean lies a country of stunning beauty. The country is rich in mountains with fertile lands on which tea and coffee of the finest quality grow. The country has plains in which the strongest of cattle graze. There are fresh water lakes with the tastiest of fish, and rivers with water throughout the year. The country has ample gold and silver, and precious stones are found in many places. In one location, a blue stone, not found anywhere else in the world, is mined.

The people of this beautiful country are warm and welcoming. They are also poor and they frequently go hungry. Opportunities to earn a living are limited and many people spend their time idle. Children go to school but learn little. Farmers tend their farms but when it is time to sell their harvest, they receive a pittance for it. Doctors and nurses are few and health services are abysmal. Despite all this, complaints are rare, as these are the ways of the land.

A handsome King rules the country. The King is a man of gestures who likes to inspect his government's departments and to tell his ministers what to do. The King regularly goes to the countryside and, moved by his people's troubles, promises a school here, a bridge there. This makes him feel good, though in his heart the King realizes it will make little difference. More than improving the lot of his subjects, the King is interested in remaining in power and commanding the respect of other Kings and Queens. Oh, how the King loves that. To solicit resources for his country and to attract foreign traders, the King travels often to faraway destinations. When the King is not traveling, he likes to organize big meetings to please his foreign friends.

## II The King's Reign

The King had been in power for a long time. Initially, remaining in power was hard, but with time the King mastered the art of political survival. When the King first came to power, he had to unite his people, as his country was comprised of many groups with different languages and traditions. The King succeeded: not only did he bring unity, he even managed to make his subjects speak one language. The King also befriended the key traditional leaders and convinced them to become his supporters. At the same time, he created a system of controls from which there was no escape. Thus the King established his leadership.

The country had no administration to officially register when or where someone was born, or to record what property belonged to whom. The only people who could reliably tell what was yours were those who knew you well. The King made this the essence of his system of controls and devised a regime in which many licenses were needed. To sell one's crop in the market, to buy land, or to run a small business, a license was required. The only person who could officially testify to the correctness of the facts on the license was the ten-household leader.. Ten-household leaders were member of The Kings Party (TKP) and they were expected to keep an eye on the households under their command. Ten-household leaders reported to street leaders, who reported to ward leaders, and so forth, all the way to the region leaders, who reported to the King.

The license regime worked well. TKP leaders were happy to do as they were told as long as their positions allowed them to make some money. They could easily spot dissenting voices and because of this, most people did not speak their mind in public. When people did protest, it could easily be addressed; often just the tacit suggestion that future licenses were at stake was sufficient. In more serious cases, the planting of a bit of marijuana in one's field or the discovery of a gun in one's home, combined with the suggestion of judicial action, was enough to silence someone.

The citizens of the Kingdom did not like the repression that came with the license system but, ironically, they learned to appreciate it, as it helped maintain peace and quiet. After violent eruptions destabilized neighboring countries, the citizenry became especially susceptible to the 'stability' argument. The shrewd King was happy to exploit that every time workers threatened to go on strike, or when newspapers brought juicy stories about corruption. In such instances, the King would go on television and state with a grave voice, "Do not threaten our peace and stability." That would usually settle the matter.

To further strengthen his position, the King gradually extended the system of controls. He supported the creation of a militia who reported to TKP officials and who helped 'solve' problems. In return for their loyalty, the King tacitly permitted the police to use the law to control citizens at will. Bureaucrats and party officials were allowed to check whether licenses were valid or, for a small fee, to waive the need to comply. For a fair share of the proceeds, businessmen were given tax exemptions and concessions to exploit the country's abundant natural resources. The King made sure there existed few opportunities to advance in life outside the realm of the TKP. Those who were not TKP members were excluded from higher level positions in the public sector; newspapers, researchers and civil society organizations who were critical about official policies were excluded from future funding; and businessmen who did not financially contribute to the TKP were excluded from Government contracts.

People in the Kingdom were free to organize and express themselves, but the system of controls was so effective that even this rarely posed problems as most preferred to be construed as 'constructive.' Some critical voices remained nonetheless, but they were few, had little influence and helped legitimize the King's rule. Organizations that did overstep the invisible line demarcating what could and could not be said did so at the risk of having their licenses revoked. Rarely did the King have to resort to such dramatic measures.

The system of controls kept the King and the TKP firmly in charge. At the same time, it contributed to a hugely inefficient administration. Nepotism was rife, and jobs were allocated based less on merit and more on age, loyalty to one's boss, and at times, the size of a bribe. Civil servants were paid little but were able to augment their salaries by soliciting favors and by taking allowances that could be earned by going on trips or by attending workshops and 'training and capacity building' events. This kept civil servants loyal to their bosses, who decided who could attend which workshop. It also ensured that few were actually working.

The system of controls suppressed economic initiatives as well. Markets were distorted and so many people were taking a cut that many activities became unprofitable. As a result, many citizens had retreated from the formal economy into informal and subsistence activities. The King did not mind, except that it reduced opportunities to collect revenue. In the end, most revenue came from import duties and some 200 large-scale enterprises that operated under the King's protection.

### III

#### **Assistance from outside**

High levels of poverty induced foreign Kings and Queens to offer support to the Kingdom. The foreigners came with all sorts of proposals to help reduce poverty. The King made it a point to always respond positively to whatever was suggested, though at times he worried about the consequences. So when the foreigners suggested that all children should be allowed to go to school for free, the King wondered whether too many learned children might eventually upset the prevailing equilibrium, in which a small educated elite ruled the country. Usually these things resolved themselves, though. In the case of schools, it turned out that the foreigners were mostly interested in construction. The King supported this wholeheartedly, as it created opportunities to award lucrative contracts to his supporters. On top of that, it allowed him to appoint additional teachers who could represent the TKP in rural areas. And as long as he kept teacher salaries low

enough that they had to supplement their income by engaging in other activities, the King could be reasonably assured that teachers would not spend too much time teaching, and that children would not learn too much.

Occasionally, the foreign Kings and Queens would ask the King for something in return. Often they requested him to make gestures to satisfy their own voters, such as the creation of an Anti-Corruption Bureau, or the establishment of a Better Business Environment agency. The King happily agreed, knowing full well that these agencies would not amount to much. Some, such as the Anti-Corruption Bureau, even turned out to be useful in dealing with his adversaries.

Sometimes the foreign Kings and Queens requested favors that had more to do with their own foreign policy concerns than with relieving the plight of the poor. In these instances too, did the King try his utmost to accommodate his friends. Thus he generously hosted refugees from neighboring countries, an easy decision as the foreigners paid for the expense. To help trace terrorists, the King handed over all information collected at the Kingdom's ports of entry to the Secret Services of his foreign friends. And when pirates attacked his friends' ships, he responded positively to their request to lock the pirates up in the jails of his country, even though his country had little to do with the matter. These small deeds really helped to smooth international relations.

#### **IV**

#### **The King's democratic masterstroke**

The one time the King truly worried about the demands of his foreign friends was when it became fashionable to be democratic. The King felt obliged to comply, even though he had no intention of putting his reign at risk. He set about his task masterfully.

First, the King introduced a 'first past the post' electoral system, in which the winner of a constituency became a member of the newly

formed Parliament. He then encouraged the formation of many political parties. Since many people associated more parties with a more mature democracy, this was a smart thing to do, especially as the King knew they were wrong. Learned people in other countries had demonstrated that two parties were optimal in a 'first past the post' system, and that more parties only split the opposition, giving the incumbent an advantage. Luckily for the King, though, most of his citizenry didn't know that.

Next, the King appointed the leadership of the National Electoral Committee and made sure that TKP candidates received support from the state bodies during their campaigns. Those who thought that the King would leave it at that underestimated him. When demands came for representation of women and people with disabilities, the King created a large number of Special Seats in Parliament, and reserved them for these groups. It was a great move, because these Special Seats, though proportionally allocated to each political party, diluted the importance of the elected Members of Parliament (MPs). And because they were selected instead of elected, Special Seats MPs were extremely loyal to the King.

To top it all off, the new electoral system required that all Ministers and Deputy Ministers had to be MPs. The King turned this to his advantage by expanding the number of Ministers in his Cabinet and by successfully arguing for the introduction of Presidential Appointees in Parliament. He claimed this was needed to deal with situations where a qualified Minister could not be found amongst the prevailing Parliamentarians. By these means, the King established another sizeable contingent of loyal MPs in Parliament.

When the King was finally done, all of the traits of a democratic system were in place. At the same time, the King and the TKP maintained full control of the political system. To no one's surprise, the elections were comfortably won by the King and his party. The new democratic system legitimized his power and the foreign Kings and Queens rewarded him amply for it: after the introduction of democracy, almost half the treasury's coffers were filled with foreign tax payers' money.

## V

### The Meeting of Great Kings and Queens

One day the King was asked to attend a meeting to which only the Kings and Queens of the richest and most powerful of nations were invited. How proud the King was! He was received with all the pomp due a Great King, and at the dinner table he was allowed to sit next to the King of Kings. After they had all wine and dined, one of the Great Kings asked for silence.

“King,” he said. “Many of us have visited your Kingdom, admired its stunning beauty, and enjoyed your hospitality. Many of us also appreciate how loyal you have been to us; you are always prepared to accommodate our requests. You have introduced the institutions we asked you for, you have assisted us in fighting pirates, and your Kingdom has been a haven of stability in an otherwise unstable region.”

The King was glowing after so much praise. It was true what they said! Oh, how delightful a moment this was.

“For our part,” the Great King continued, “we have been loyal to you and have given you ample money. We paid for the schools your friends built, financed your roads and turned a blind eye when such was appropriate.”

Yes, thought the King, this was how Great Kings worked. How well he understood their ways.

“Unfortunately,” the Great King continued, “the world has changed. No longer can we afford to give the money we used to give. We are facing our own financial crises and have to tighten our belts. Moreover, our people complain about your friends getting richer; about poverty not being addressed; about tax money going to waste. Personally I feel little sympathy for these grievances; I care more about our foreign policy interests and appreciate the way we do business. But I cannot

ignore my voters. They are voicing concerns, and I need to be seen as responsive. If I don't react, I may not get re-elected. Therefore, to maintain my country's support, or that of the other Great Nations, you will need to change your ways and improve the business climate, ease the license regime, improve the educational system, and above all, reduce poverty."

## VI

### The three doors

Upon return to his country, the King went for a walk in his garden. He was deep in thought, as the foreign Kings had given him much to ponder. The King was annoyed by the way he had been treated at the meeting, as if he were a toy tossed away when no longer favored. He, King of a sovereign nation, Guardian of regional stability! His pride was hurt. At the same time, he realized how much he depended on the foreigners' money to sustain his reign. Still, he wondered whether he really had to accept being treated this way.

The King was so deep in his thoughts that he failed to spot a tree in front of him. He bumped his head hard against a low hanging branch and fell, tumbling down what seemed like a deep black hole. He found himself in a corridor with three doors, each with a different sign. 'Return to where you are from,' the sign on the first door read. 'Advance to where you might want to be,' the second door's sign read. The sign on the last door stated 'You choose.'

"What a strange place this is," the King mumbled to himself as he pushed open the door reading 'Return to where you are from.' The moment the King stepped through the door, he found himself in his palace in a room with the advisors of the Great Nations. It was all very puzzling, but it also provided an opportunity to find out whether he had correctly understood the Great Kings and their thinly veiled threat to withhold money. "Do I really have to change the way my Government operates?" he asked the advisors.

“You do,” the advisors responded. “Our finances are constrained and our voters are becoming critical about development, so there is a serious possibility that we will have to reduce the amount we can give you. On the other hand, our Great Kings like using aid money to support their export industries, they appreciate your collaboration on foreign policy, and they recognize the importance of keeping your country stable, so all is not lost.”

The King thought for a moment about how he could help his foreign friends deal with their voters. “What if I told the Statistical Agency to generate numbers to show how well the economy is doing, to prove that poverty is reducing, and to enumerate that many children are going to school? That should keep the voters happy, demonstrating that the business environment is improving, and that your tax money is well spent.”

The foreign advisors responded smugly, “King, this is what we have been doing all along and it would indeed be prudent to continue. But our voters expect more. What can you do in addition?”

“We could prepare a homegrown plan to develop the agricultural sector, and prepare a strategy for private sector–led growth in rural areas. After all, the majority of poor people live there.”

“Your Highness, this is a great idea,” the foreign advisors said. “It allows us to report to our Parliaments that you take the business environment seriously and that you care about poor people. Possibly you can also include opportunities for our export industries in your strategy?”

The King smiled. “You are reading my mind. To develop agriculture, we need to mechanize. The Kingdom will need tractors, irrigation equipment, improved seeds, and fertilizer, all of which we will have to import. The question is, can you help finance this?”

“We can,” the foreign advisors said. “If your plan looks robust, we can finance it.”

The King had been dealing with the Pretentious Kings long enough to know how to proceed. He instructed the Business Council to develop a strategy for private sector–led agricultural development; what it produced far exceeded his expectations. The strategy talked about the need to make markets more efficient, about the role the state had to play in addressing market failures, about the significance of access to finance, and the importance of improved seed, fertilizer and irrigation. At the same time, the strategy masterfully avoided discussing the need to make agriculture profitable by easing the license regime.

Superficially, the strategy had all the elements of a sound development plan. Upon closer scrutiny, it mostly offered benefits to the King’s supporters. Once adopted, his financial backers and business friends would benefit from tax breaks and low interest loans, while special laws would be enacted to facilitate large scale expropriation of land. The King’s political supporters would benefit because they were assigned to address market failures by strengthening state controlled cooperatives and marketing boards. And local leaders would benefit from a large, not–so–fool–proof fertilizer voucher scheme. The only people who were unlikely to benefit were subsistence farmers. But they had little choice but to be loyal in any case.

The new agricultural strategy became the cornerstone of the Kingdom’s How We Will Fight Poverty Plan (HWWFPP). It was a favorite document amongst the King’s foreign friends. Some even called it visionary. With their stamp of approval, foreign funds were guaranteed and the King continued as before. Economic activity remained stifled and poverty levels stayed high. Bureaucratic incompetence persisted and economic growth remained limited. Meanwhile, official statistics suggested all was well: inflation, though high in reality, was reported to be in the single digits; GDP growth, though hardly above population growth, was reported to be 6% to 7%. The production of poverty numbers was frustrated by incompetence and the exorbitant fees

demanded by the Statistical Agency. In the absence of reliable statistics, it was almost impossible to know what was happening.

As long as the King kept his country stable, the King's foreign supporters would find excuses to bring money: a new development strategy, a civil war in a neighboring country, a climate change facility that needed to succeed, the discovery of uranium. This money eased any pressures for reform and allowed the King to continue as before.

Occasionally the Great Kings would invite the King to their meetings. The King accepted every invitation, knowing full well that as long as he accommodated the whims of the Great Kings, he would receive the resources he needed to keep his supporters satisfied.

## VII

### The second door

At their next meeting, the Great Kings placed more new demands on the King. The King was wondering how to best accommodate them. To think it all over, the King locked himself up in his office, and when he finally stepped out, he failed to notice the cleaners mopping the hall. He slipped on the wet floor, fell and tumbled down the same black hole until he found himself again in the corridor with the three doors. He recalled the strange place and remembered how, previously, he had opened the door that said 'Return to where you are from,' that had led him to the room with the foreign advisors.

"Let me try the 'Advance to where you might want to be' door this time," the King thought as he pushed it open. As before, the King found himself in a room with the advisors of the Great Kings. "Not very different from the first door," the King muttered. "Let's hear what they have to say this time."

"We'd like to see reforms in your Kingdom," the advisors said. "Our people expect evidence of progress in poverty reduction, they want children to learn in school, and they need to see the business

environment improve. If that does not happen, your Kingdom is likely to lose our support. This time we are serious!"

"There must be something wrong with that door," the King whispered to himself, "as this is not where I want to be." Annoyed, he sent the advisors away.

After the advisors left, the King's thoughts twisted around in circles. Reform would be difficult as there would be much opposition from his supporters. But if he didn't change, he might lose the foreign money that helped sustain his reign. The King wondered whether there might be a way to bring about change *and* keep his supporters satisfied.

"We're going to grow," the King told the foreign advisors during their next visit to his office. The advisors looked at the King and said, "Sir, this is wonderful. Can we report back home that you will reduce license requirements, introduce competition, promote markets, improve the business environment, ensure learning in schools and create an efficient public service?"

The King smiled and said, "Let me explain how my reign works. I stay in power because I rely on supporters who help me get votes. These people are not loyal to me because they like me or my policies. Some do, but most provide support because of the benefits it brings them. They owe their jobs to me, even if they pay little, their import licenses, their high level positions, their access to allowances, their land, their mines, their trading monopolies, and at times, their impunity from the justice system. If I follow your suggestions and create an efficient economy and a well functioning public service, many would lose those benefits. Naturally, my supporters will resist the reforms you seek. And if I persist nonetheless, they will stop being loyal. In other words, the reforms you are requesting may destabilize the country, and in fact, amount to demanding a complete regime change. I am not prepared to commit political suicide. The real question is, can you help me bring about growth and poverty reduction while maintaining stability and accommodating my supporters? I will need your ideas and money for roads, electricity and a better port."

“We cannot, Your Highness,” the foreign advisors said. “We believe, based on our own experience, that your country needs institutions that function properly. Our voters expect us to promote an efficient civil service, a competitive business environment without unnecessary regulations, and a free and fair political system. Instead, you ask us to support a bloated bureaucracy that fails to deliver services, an economic system that favors one person over another, and an education system in which children hardly learn.”

It was evident that the advisors lacked the mandate, imagination or competence to be of any help to the King. Disappointed, he sent them away.

After the advisors left, one remained behind in the room. It was the advisor from the Empire of the East. “Sir, why don’t you do in your Kingdom what we have done in our Empire? Not long ago, our Empire was as poor as your Kingdom, but it is no longer so. If it is growth that you desire, growth that does not distance your supporters from you, we can help. We know how to bring this about. What you seek is a Pareto superior solution.”

The King looked puzzled, so the advisor from the East said, “Let me explain with a story.”

*Once upon a time in a remote corner of the Empire, farmers had to bring their maize harvest to a lazy but well-intentioned Chief. The Chief would distribute the maize he received according to need, and keep the remainder for himself. This system of sharing initially ensured that not a single person went hungry and that the Chief got plenty. But over time harvests got smaller, so small that even the Chief went hungry. What have I done? thought the Chief. Even when the rains are good and there are no locusts to destroy the crop, there is too little to eat.*

*One day, a bold young man visited the Chief and said, “Sir, what did you expect? Regardless of how hard we work, we get the same share of the harvest.” The Chief thought long about this*

*remark. It was true; his people had little reason to work. Then he announced an experiment. He indicated that next year, all households had to give him the same number of bags of maize they had given him initially. "In return, those who produce too little to sustain themselves will get maize from me," he promised. "And when you produce in excess of what you are supposed to give me, it is yours to keep."*

*The experiment was hugely successful. The next harvest was much bigger. There was enough for everybody to eat and the Chief remained with ample maize. Because farmers could keep what they produced over and above what they had to give the Chief, they were motivated to work hard. Following this success, the Chief announced that the experiment would become permanent. From that day onward, the villagers worked so hard that insufficient harvests became a thing of the past. Everybody was better off. The Chief probably benefited most as he had to redistribute very little of the maize he received.*

"Advisor of the East, you have spoken wisely. This is exactly where I want to be and what my Kingdom needs: approaches that make everybody, leaders as well as citizens, better off."

## VIII

### The choice

From that day forward, the Kingdom was transformed. The King made clear that growth was the overarching objective, and he personally oversaw that growth policies were implemented. Much emphasis was placed on incremental learning, and small scale policy experiments were encouraged. After the evidence of success, the most successful experiments were scaled up and implemented nationwide. Unsuccessful experiments were ruthlessly stopped. Once the decision to scale up was made, the power and controls inherent in the ten-household system were exploited to ensure implementation.

To make sure that TKP leaders focused their efforts on growth, the King introduced a strict scheme of promotions. Those who delivered saw their careers advance. Those who didn't remained stagnant or were demoted. When the King introduced this scheme, he made it clear that he would not stop his supporters from using their positions to their own benefit. "As long as you deliver growth, I will leave you alone," the King told them. After all, he did not mind whether his supporters gave lucrative construction contracts to their friends or whether farmers had to sell their crops through the Government monopoly trader, as long as growth was achieved. In practice, it meant that the worst forms of graft were replaced by smarter, more elegant forms that allowed the King's supporters to take a share from the growing production.

With these reforms, an energy not seen before in the Kingdom was released. License regimes were adjusted and production became much more profitable; electricity supply was revamped and expanded; the port was made more efficient; roads were improved; bridges were built; and large enterprises that formerly benefited from special privileges were told to grow and expand or lose their market protection.

In the civil service, salaries were raised. Allowances that did not contribute to better service delivery were abolished. And when it became clear that better trained workers were needed, teachers' salaries were increased and learning improved. Innovativeness blossomed and as more activities became profitable, production increased year after year, just as in the Empire of the East. Exports expanded and new investment opportunities arose, bringing yet more trade, jobs, profits and innovations. From these changes, the King's supporters benefited heavily, and they became the most ardent supporters in the land for the new approach.

Over time, the country grew richer, and poverty became a thing of the past. When the Kingdom became more powerful economically, the foreign advisors invited the King to yet another meeting with the Great Kings. But this time the King declined. He no longer needed their

money as his tax base had expanded. What had they offered him when he truly needed their advice? Nothing. Instead, the King called the advisor from the East and invited him to dinner.

As the King entered the restaurant where they would meet, he tripped and hit his head against a table. Again he tumbled down the deep, black hole until he found himself in the corridor with the three doors, which read as before.

“Not again,” he said. “I want to go back and have my dinner.” As he opened the door reading ‘You choose ,’ he heard a weak voice.

“King ... King ... Why are you on the ground? Please tell us you are all right.”

The King was not amused. Could his people never leave him alone? Why were they suggesting he was lying on the ground, when he was about to have dinner with the advisor from the East? At that point he opened his eyes, only to discover that he was indeed on the ground in his garden. He felt a large bruise on his forehead.

Slowly, the King remembered what had happened. Upon return from the meeting with the Great Kings, he had gone for a walk in the garden to soothe his anger about the way he had been treated. He recalled how he had bumped his head against the branch of a tree and fallen into a black hole. He must have been unconscious. But how lucid his thoughts had been! How much he had learned! How quickly those memories were fading!

As the King was helped up by his assistants, he wondered in which direction he should take his Kingdom ...

