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RESEARCH ARTICLE **the rest** | *volume 10* | *number 2* | *summer 2020*

Three Ways to Explore the BRICS (Possible) Impact on the Future Global Order

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ARTICLE INFO **ABSTRACT**

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In a moment of great global uncertainty, the BRICS countries (Brazil, Russia, India, China, and South Africa) are increasing their standing worldwide. Despite several areas that still undermine their credibility on the world stage and which make them appear to seem irrelevant as a group in the view of some scholars, we try to analyze and evaluate if they are really accountable as a group and what impact they could have on global governance and, in general, on the global order. We depart from previous research accomplishments and, following certain classical theories of International Relations such as those of Critical and Dependence, we consider three aspects of the BRICS growth that could influence the current international framework: 1) the emergence of institutions outside the Bretton Woods system; 2) an interest in improving their "soft power" (for example, climate change may play a decisive role here); 3) the growth of their presence in different parts of the world which have so far experienced a subordinated or marginal role. The paper considers both the limitations of and the potential for BRICS countries in the reshaping of the international framework. Moreover, we provide some interpretations to the current situation, especially in light of the prospective impact that COVID-19 may have on these three fields.

Introduction

This article aims to propose an analysis of what form the influence of the BRICS will have on global governance (GG) in the future and, in general, on the global order. Continuing on from previous research conducted on the BRICS influence on the GG system (Petrone, 2017 and 2019), we further analyze the achievements and the potential impacts these countries may have on the international framework. Over the last few years, at an international level, these countries have been increasing their importance, so there is a great interest in what impact their *modus operandi* will have. At the same time, we wonder what consequences the current COVID-19 pandemic will have on the BRICS ambitions in increasing their influence.

In some cases, the BRICS are seen as a bloc which will not have much influence and whose limitations will soon become obvious (Brutsch and Papa, 2013). However, many of these criticisms come from Western political analysts, and reflect their biased and "Western-centric" vision, driven mainly by the possible danger that these countries could represent (Stuenkel, 2016).

Moving beyond this controversy about Western or non-Western theories (Stuenkel, 2016; Acharya and Buzan, 2009), it is interesting to respond to some questions on the BRICS growth, especially in light of recent events. To do this, we use the support of the Critical Theory of International Relations, and also the Dependency Theory in our analysis. To understand what is happening, it is useful to interpret it in the light of the center-periphery cleavage, elaborated by Wallerstein (1974), and question whether this paradigm is actually changing and in what form. Furthermore, we stress the role of international institutions, of the hegemonic "bloc" and of the economic-geopolitical structures, which are key topics of classical IR theorists like Cox (1983).

On the basis of these clarifications, we interpret the term (global) "hegemony" as a social, economic and political structure at the same time expressed with universalist forms which support the dominant model of production, in line with what is claimed by Keohane (1984) as a sufficient power to establish international rule. In this sense, the capitalist system as the dominant model of production is based on liberal dictates that so far have been a driving force especially in Western countries (i.e. the United States and the Western European countries that won the Second World War). According to these premises, we wonder whether the Western hegemonic model is still dominant or is changing.

There are theories that explain how the world is experiencing a decline of Western (US-led) order (Acharya, 2014) even if is not yet clear whether Western decline is inexorable (while BRICS have been reaching a more significant world standing in recent years). Although there is no decline in terms of "hard power", i.e. from a military coercion point of view, there are several signs that indicate a weakening of Western countries in different areas. In our opinion these areas are mainly: (1) "institutional", linked to the Bretton Woods institutions such as the International Monetary Fund (IMF) and the World Bank (WB), which are no longer able to reflect a world in which emerging countries like the BRICS have become increasingly important, (2) "soft power", in which, despite the Western countries (above all the Western-EU and the US) still having a strong influence, the BRICS are undergoing a "soft power war" that could also affect their weight from a cultural influence point of view. Furthermore, within the issue of soft power and the construction of an accountable image, the position taken with regard to climate change is of particular importance. This issue represents a benchmark for building an accountable image, and while some Western countries are assuming ambiguous positions, the BRICS countries, albeit with limitations and contradictions, seem more oriented toward finding decisive solutions, at least in words. At the same time, it seems that recent events, like the COVID-19 pandemic, could represent more fields in which the struggle to gain a more accountable image will take place (Morten and Gramer, 2020; Ninio, 2020).

Finally, we considered the (3) "geopolitical" sphere. Unless the US and its allies seek a consensus based on military force (which, although not impossible, could have unthinkable consequences, and therefore an option that we do not consider here), in the future we could see changes in paradigm based on a greater presence of the BRICS in areas of the world that have so far been dependent on the Western powers.

In this sense, although it is still too early to say, is it possible for us to hypothesize that the BRICS may one day replace the current hegemonic powers, overturning that center-peripheral paradigm theorized by Wallerstein? Will they look for a new form of hegemony or do they represent the cross-section of a reality in which multilateralism, or a "multiplex world" (Acharya, 2017), is already underway? Furthermore, if the BRICS are potential new hegemons of the global order, do they have any limitations?

We are aware that this paper will not be enough to provide an answer to these questions. However, we will try to explore these issues by analyzing those three areas in which we see a (prospective) weakening of Western countries.

For analytical purposes these three areas are more tangible in highlighting the progress made by the BRICS and to conjecture what the potential consequences on GG are. We could also have considered economic growth but, in our opinion, this gives importance to this aspect in the way that is projected from outside, and therefore in the areas we have considered. Furthermore, we could have also explored the role that civil society plays in the formulation of policy making, which is indeed an important aspect for the future of GG. However, it seems that its role does not have an effective value even in Western countries (Kroger , 2008) and we share the vision that Western civil society often reflects a neoliberal vision that uses transnational ties as a means of implementing a certain type of West-led governance (Friedrichs, 2005).

Institutional Aspect

First of all, regarding the "institutional" aspect, it is important to understand the role of the new financial mechanisms and institutions created by the BRICS, such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), but also by China, which can be considered as the BRICS' leader in terms of economic power, of the Asian Infrastructure Investment Bank (AIIB), for instance. The nature of these institutions is probably the consequence of a response to a system of international governance institutions (primarily IMF and WB) that did not meet the needs of reform required by the BRICS (BRIC, 2009). On this point, the critical theory supports us because international institutions have important functions with regards to the substratum that they represent for world hegemony (Cox, 1983). Probably the reason why these institutions arise cannot be read only as an expression of a new hegemonic order, but also as a search of other spaces in which to have a greater say (Liao, 2015). However, it seems that the emergence of these institutions is still an interesting aspect in understanding how the system of institutional governance under the aegis of the Washington Consensus has been deeply challenged, not only because of its malfunctions (Stiglitz, 2002) but also because of the decisive role of the BRICS in creating "parallel" institutions that can act independently and following different parameters from those of Bretton Woods.

The Critical Theory considers international institutions, and therefore the institutions of global governance, as the means by which a new form of hegemony can be established (Cox, 1983). However, the BRICS financial institutions can be considered more as an attempt to find new ways of escaping the restrictions and impediments that Bretton Woods institutions have imposed on them (Parízek and Stephen, 2017) than a desire to build a new form of hegemony. In fact, while the BRICS have not abandoned the Bretton Woods institutions, they have in all probability tried to seek new ways of projecting their growing economic power away from the Western-led international financial order represented by institutions such as the IMF, the WB, and the WTO (Weisbrot and Johnston, 2009 and 2016; Kaya, 2018).

The BRICS found themselves on the one hand dependent on the moods of the Western powers, with a feeling underrepresentation, and on the other hand, experienced economic growth that was in fact an expression of a changing world. Not surprisingly, one of the first statements they made during their summits was precisely to contribute to modeling the current system of financial governance to reflect changes taking place in the world (BRIC, 2009). In practice, it is an attempt to give voice to their now clear ability to influence.

However, how do we answer the question as to whether the BRICS countries are struggling to create a new institutional system? We believe that at the moment the bloc is certainly acting in the direction of the creation of new spaces, within the current global order, in which they can have greater decision-making power and a more specific possibility of gaining effective and practical access to loans and funds (Morse and Keohane, 2014) without depending on the Bretton Woods claims for debts payments. Thus, the emergence of new or "parallel" financial institutions seems to inaugurate a path on which the BRICS can pursue their economic interests freely, and at the same time maintain their membership of traditional institutions of GG. On this point, we can conclude that the BRICS are probably opening up new avenues in order to have a greater voice in several key areas, but at the same time they do not seem to be able to nor in the mood to change the course of workings of international institutions. Thus, at the moment the Critical Theory vision of the international institutions as a means of inaugurating a new international system (IS) does not seem to be applicable in this context. The BRICS do not appear to be in the mood to change the current institutional order completely by creating a bloc opposing the West. Indeed, there are some signs that they are trying to avoid isolation, as in the case of the Chinese AIIB that allowed other countries from the western world to become members, such as is the case of some European countries (Perlez, 2014). At the same time the group does not show particular interest in what happens in each individual country: a principle inspired by the concept of non-interference, where institutions like the AIIB and NDB only grant funds based on the validity of a project (Abdenur and Folly, 2015; Peng and Tok, 2016). This principle contrasts with the Bretton Woods institutions which require the compliance with liberal principles (respect of human rights, rule of law, etc.) in order to provide loans to member states in crisis.

These few examples can demonstrate how the BRICS' intentions, at the moment, seem more directed to finding solutions to problems such as underrepresentation and slow bureaucracy, rather than subverting the current order. Also, during the recent pandemic emergency, a speedy bureaucracy has worked to provide loans to member states of the NDB. Thanks to the establishments of an Emergency Assistance Facility, BRICS countries have adopted a quick tool to receive financial aid in the face of the COVID-19 crisis (New Development Bank, 2020; Financial Express, 2020). On the other side, the Bretton Woods institutions have been criticized for their slow and complicated economic mechanisms in reacting to this issue of global importance (Bretton Woods Project, 2020; Gross, 2020). Moreover, over the course of this pandemic, internal divisions between EU members states have emerged as a result of the debate on the European Stability Mechanism (ESM). This debate has exacerbated European fragility and fragmentation, while at the same time it has represented a slow response to the crisis.

Perhaps these situations further explain how the BRICS are providing an insight into how they will pursue a more active role and have quicker outcomes. Within the established order, these countries have inaugurated different ways of responding to their own necessities. As such, however, it seems that they have not created new institutions which would act as a vehicle for the diffusion of a new hegemonic order.

Soft Power

The second point concerns the scope of the so-called "soft power". In this area, theorized by the political scientist Nye (2004), the BRICS in recent years have tried to fill those gaps that undermine their credibility (Bruk, 2013; Wu and Alden, 2014). In this sense, their commitment to global issues such as climate change or cooperation in key sectors such as sustainability development could actually contribute to improving their international image. However, some limitations exist: the BRICS remain far from bridging certain gaps. We refer to dependence on coal, oil, etc., but at the same time issues such as Bolsonaro's election in Brazil, who has repeatedly stated that he wants to exit COP21 (Agencia Brazil, 2018) and move closer to the US. Under this point there are countless contradictions, but it is also true that the BRICS approach seems, despite its limitations, more concrete on this global issue: if the BRICS succeed in developing greater cooperation, despite their problems, rather than acting as rivals (Deepak, 2016), they will probably have the opportunity of acquiring greater power to influence, and thus build a more accountable image of themselves.

Another point is that populist policies have become rampant in Europe/US, as in some BRICS countries such as Russia and Brazil itself. However, while in Europe populism is leading to progressive fragmentation, leading to clashes on issues such as migrants, populism among the BRICS (with the exception of Brazil) is not preventing countries from continuing to seek ever greater cooperation between each other (during their summits, the BRICS always reiterate the necessity to strengthening cooperation).

In any case, before starting a deeper analysis on these issues, we have to wonder what "soft power" means. The meaning of "soft power" has been greatly debated in recent decades. Broadly speaking, it can be explained as the ability to influence others to get the outcomes one wants without the use of coercion**.** This, applied to the IS, means not using conventional means, namely hard power which refers to "the ability to use carrots and sticks of economic and military strength to make others follow your will" (Stuenkel, 2016:102), but the power of inspiration, emulation and attraction where one country influences others. In Nye's view (2004), one of the top representative examples could be the US and their great culture attraction and influence throughout the IS. It is thus a country's ability to get what it wants by attracting and persuading others to adopt its goals: the meaning of "soft power" involves the ability of leading by example.

In recent years a more decisive need of developing soft power and have more power to influence has taken hold. That is what Nye said about the US: these have been able, according to him, to maintain their role as leaders especially because of their soft power (Nye, 2004). However, there are critics of Nye's theory, underlining how this view does not take into account that the soft power exerted by the US (and West in general) has often been combined with the army: the US and, in general, western countries were models that inspired, but at the same time they were able to impose their power of attraction mainly thanks to military support or economic constraints (Stuenkel, 2016).

The Brics and Their Struggle to Boost Their Soft Power

Also, the BRICS, in recent years, have started to develop their soft power more decisively. The union of BRICS and its cooperation projects and actions are great tools of continuous increase of soft power, mainly because they are "emerging countries" in search of mutual development. In general, emerging powers, such as the BRICS, rely on soft power through cooperation – particularly among themselves – but are also interested in playing the role of regional power, especially since the BRICS is a geographically diverse group, adding this global reach to the group's power and interest (Buzan, 2004). But in the last years, there have been several initiatives to increase this "charm power" trying to enlarge their influence in a more global framework.

Here is a summary of some initiatives to boost their accountable image.

Despite having suffered a loss of image in recent months as a result of Bolsonaro's declarations (The BRICS Post, 2018), Brazil has always manifested an international position devoted to the respect and promotion of peace and security in dealing with international issues, and has also promoted multilateralism, the respect of international law, and the principles of non-intervention and sovereignty. At the same time, it has worked as a bridge between developed and developing countries (Chatin and Gallarotti, 2016).

In recent years, Russia has also suffered to a certain degree from its "bad image" due to multiple decisions taken at an international level (e.g. during the conflict in Donbass) but also nationally (for example, with regard to the so called gay "propaganda" ban). However, the country has tried to create several channels in order to fill this gap, with the aim of reversing the existing image of the country, and in which it is increasingly trying to spread its own ideas: such as through Russia Today (RT), an international television network funded by the Russian government. It has also launched "Sputnik", a government-funded network of news hubs in more than thirty countries, in order to challenge the US's power in this field. Moreover, Russia has inaugurated several initiatives to promote its cultural heritage, its language and its culture (Stuenkel, 2016; Chatin and Gallarotti, 2016).

China launched a project with a $6.58 billion budget called *waixuan gongzuo*, which can be translated as "overseas propaganda", while at the same time it has spent a significant amount on spreading its culture and language by means of the so-called 'Confucius Institutes' initiative (Beeson and Xu, 2016; Stuenkel, 2016), just to give some examples. At the same time, China often undertakes initiatives targeted at promoting its image as a global leader. In fact, with regard to the recent COVID-19 pandemic, after being the country most seriously affected, it has later been able to re-vindicate its global leadership in dealing with the virus. This could probably be interpreted as a means by which it can fight to reinforce its soft power and its accountability image (Morten & Gramer, 2020; Ninio, 2020).

India's bolstering of its image through the creation of Bollywood to challenge the US's power in the entertainment industry show its intent on expanding its charm power. At the same time, India has worked a lot on the expansion of digital media and internet.

Finally, South African commitment to human rights and solidarity, its multilateral foreign policy and nuclear disarmament, its fight against Apartheid and the hosting of major sporting events (i.e. 2010 FIFA World Cup), and its strength in supporting new regional institutions, such as the African Union and the New Partnership for Africa's Development (NEPAD), to promote Africa's weight in international forums, are significant examples of its interest in increasing its soft power.

Therefore, the BRICS are attempting to fill their gaps in soft power. However, although their interest is in increasing their soft power, there is still some way to go. BRICS have the potential to build a "large" soft power base, but in any event, as of yet, they are not playing a relevant role in this field at an international level, even if they are struggling to mold a more accountable image of themselves. In fact, the BRICS countries are not yet able to be a role model in soft power, as they still suffer from Western "superiority" in this field: Western countries still offer models which are more attractive than those of the BRICS, even if most of the time, especially considering the power influence of the US, this is directly tied to security guarantees (Stuenkel, 2016). On the other hand, the claim for more cooperation among BRICS countries (BRICS, 2018), their potential to make their cooperation more effective (Dixon, 2015), and at the same time the power influence that BRICS can have on the Global South, could have positive results in the future.

Given this, we consider that there is an important benchmark where BRICS could try to attain greater influence, establish a more accountable image of themselves and try to be leaders in dealing in this field, thereby improving their soft power. That field being climate change.

Brics and Climate Change

BRICS power to seduce from a cultural point of view, and consequently exert a more decisive influence from this side is still weak. In any case, soft power could undergo considerable developments if these countries actually become promoters of a GG that really wants to take into consideration global issues such as climate change. Climate change is a decisive benchmark to measure the real attitude and capacity of building a credible and accountable soft power leadership, and at the same time act as global models (Petrone, 2019).

Although the soft power concept is spreading in several cultural areas, in diplomacy, and in the way in which a country deals with global issues, climate change represents a significant threat and a most pressing issue to deal with. According to these considerations, we wonder if the BRICS can actually find a compact role in this area. Beyond their particular interests, if the BRICS were to become credible leaders in managing global issues such as climate change, could they also become leaders in soft power?

First of all, Western countries are experiencing a moment of discord from the point of view of leadership on issues of global interest such as climate change (Acharya, 2017). Despite publicly claiming the importance of taking action against global problems, in practice they pursue policies that deviate from a real will to reverse course. The most emblematic case is undoubtedly that of the US, and its attitude towards the COP21-Paris agreements, but also other Western countries are doing little to cope with this global threat. In fact, while European countries are all rated as "insufficient" in a report on their fulfillment of the Paris Agreement, the US, which abandoned the COP21 agreements in 2019, is classified as "critically insufficient" (Climate Action Tracker, 2020).

In this scenario, we wonder if favorable prospects are opening up for the BRICS to play a leading role given that Western countries are experiencing increasing fragmentation in this field.

There is no doubt that the BRICS industrial production processes still need energy sources, such as coal, which will remain so for a long time to come. However, despite their dependence on a fuel source related to the high rate of pollution, these countries have started to invest in sustainable resources. This is clearly a good sign. Among the investments of the NDB there are huge sums that are destined to the development of alternative energy sources of renewable energy (Esteves, Torres and Zoccal, 2016), and the AIIB has repeatedly been declared as "green" institution (Shengdun, 2018). We believe that in this context the BRICS can increase their credibility by trying to create a credible partnership in taking concrete action on climate change and within the field of renewable energy. This partnership could really play a decisive role in contributing to GG and increase their soft power (Petrone, 2019).

In any event, China, India and South Africa are still largely dependent on coal, which represents half of the total energy demand in all three countries, and both in Russia and Brazil oil and gas represent the main source for the primary energy demand: 73% in Russia and 62% in Brazil (Downie and Williams, 2018). At the same time, there are no encouraging answers when taking into consideration their shift towards alternative energies and the reduction of their emissions. In fact, four of the five members achievements are classified as "insufficient" (Brazil), "highly insufficient" (China and South Africa), and "critically insufficient" (Russia) on Climate Action Tracker (2020) web page. Only India is rated "2°C compatible". After adopting its National Electricity Plan (NEP) in 2018, India's climate action is considered to be on track to achieving the Paris COP21 Agreement (Climate Action Tracker, 2020). This means that for the BRICS, there is still a long way to go in order to fulfill their COP21 commitments, and above all to reach common targets. However, important steps in the improvement of their common strength in order to reach more "sustainable" objectives could be achieved by intensifying their cooperation in certain strategic areas related to climate change, such as energy efficiency and agriculture (Downie and Williams, 2018). At the same time, more accountable policies dedicated to mitigation and adaptation in each country would underline their real effort in reaching adequate and common goals in this sense. In this sense, if efficient and decisive action to cooperate in those areas is developed, soft power will in all likelihood also benefit. In fact, even if their commitments seem insufficient, they could play an important role in climate change through looking for greater cooperation to improve their image and to obtain a better emulation capacity.

Ultimately, given their soft power potential, and their still low ability to compete with Western countries, a shared and more concrete effort towards climate change could give them a very different image and especially fill the gaps with regard to the West's supremacy in this field.

However, on the other hand, ironically, it seems that in this field Western countries are losing ground (as we have seen), thus favoring a perspective growth in the BRICS soft power. This does not mean that nothing is being done in Western countries, but that there is more interest in following the capitalistic path of development, often seen as the main cause of the current climate situation (Klein, 2015), instead of trying to convert it or at least give it a more "human shape". This means that their actions to cope with COP21 promises, and in general with climate change issues, is weak compared to their potential responsibility, and above all the historical leading role that they have claimed worldwide. Also, in this field, the EU and the US ambiguous attitude could open up a way for the BRICS countries to gain a more central role.

BRICS countries could profit from this situation by gaining a significant boost to their soft power. In order to reach this, they should move beyond their rhetorical discourse and try to take effective action as their potential demonstrates in the above-mentioned areas. This means that they could contribute to a creating different scenario on the climate governance agenda and indeed shape it.

However, apart from the above-mentioned limitations, is this a realistic scenario (i.e. BRICS as leaders in global issues as climate change)? Are there further limitations?

First of all, to answer to this question, we have to consider that there are still some important issues that undermine the BRICS stability. We can consider several examples in this sense: the rivalry between China and India (Basile and Cecchi, 2018); the growing power of China compared to the rest of the group, which could represent an imbalance within the BRICS (see, for example, the growing importance of the "Belt and Road Initiative"); the difference in interests in reforming the United Nations Security Council (UNSC), where China and Russia are permanent members and do not seem to be all that interested in enlarging the UNSC to other members, included other BRICS countries (Abb and Jetschke, 2019); also the election of Jair Bolsonaro in Brazil, who has seriously threatened the unity of the group by taking a position of criticism against China and by declaring a greater closeness to the US partnership (Agencia Brazil, 2018; Casarões, 2018). Thus, this could represent a problem for BRICS which could undergo a serious fragmentation in turn. However, the realization of Bolsonaro's objectives seems difficult to achieve. In fact, in addition to having already begun to reverse course, after being elected, on some of his previous statements (BRICS, 2018), Brazil remains strongly dependent on the relationship with China since China is the country's primary commercial partner (Casarões, 2018). Moreover, the BRICS group is the only forum in which Brazil has important privileges, such as that of being part of the NDB, where Brazil has decisively more say than in the Bretton Woods institutions (Petrone, 2019). Thus, in terms of strategic convenience there is sufficient reason to believe that Brazil's negative attitude towards the BRICS group may be counterproductive for Brazil itself.

To conclude, we argue that the BRICS could really build a more accountable image of themselves in the future. However, they will undoubtedly need to face the above-mentioned challenges, which will probably also have a decisive impact on their "soft power" capacity-building, hegemonic power and more generally on GG.

Geopolitical Aspect

Regarding the "geopolitical" aspect, we want to highlight some attempts by the BRICS to increase the presence in the rest of the world. In this context, those countries which play a more decisive role are undoubtedly China, India and Russia, but it seems that the discourse here involves a separate treatment, because what the BRICS represent at the geopolitical level is above all their image of acting as a spokesperson for the Global South. It seems that if the BRICS are able to acquire a more credible image, they will (probably) position themselves as serious and decisive spokesmen for those who have so far represented the "periphery". At this point the question would become more complex because we would end up with a West that is undergoing a (presumedly) progressive decline, and the "rest" that, under the hegemonic push of the BRICS, could represent a strong substratum and, hypothetically, subvert the current order.

From a geopolitical standpoint, the BRICS have started initiatives in order to increase their presence in the Global South and probably act as its spokesperson. However, their ability to have a greater influence on the "periphery" depends on how BRICS manage to stay cohesive.

Some examples of BRICS countries initiatives to open up new ways to increase their influence include: the "Belt and Road initiative", increased cooperation among themselves, the inauguration of new policies in several Global South areas, where the presence of BRICS countries such as China and India is growing a lot and which is also having the effect of obscuring Western "domination" (Evans-Pritchard, 2018). China, for example, has adopted a specific strategy to increase its importance in several Global South areas: for example, by promising non-repayable loans (Shukla, 2018) but also by fostering its presence by building infrastructure and improving services. Also, Russia has grown its presence in Africa by inaugurating strategic partnerships (Klomegah, 2018; Ross, 2018), it has re-established its presence in the Middle East and offers itself as a potential partner of countries that are affected by the influence by of the West.

Furthermore, the recent COVID-19 pandemic seems to open up new opportunities for the BRICS to expand their presence worldwide through the form of aids in facing this global issue, but also by claiming the importance of multilateral cooperation, especially after US declared that they would stay away from the initiative launched by the World Health Organization (WHO) in April 2020 to face the pandemic. Thus, "BRICS is interested in both taking advantage of the emerging opportunities and dealing with the challenges. [...] Experts have argued that BRICS members meet to discuss various global issues, and plan its joint collaborative projects on the global landscape" (Klomegah, 2020).

Thus, in recent years the presence of the BRICS countries in the rest of the world has grown exponentially. Where does this interest come from? Certainly, they have understood the importance of creating a partnership with other "peripheral" countries and the potential to configuring themselves as the real voice of the Global South. Their behavior, together with historical and colonialist motives, could favor a greater rapprochement towards these emerging powers.

However, the BRICS must pay attention to the model they want to develop in the Global South, and keep in mind the real and concrete will to cooperate, as they could actually fall into the trap of creating new forms of imperialism or "sub-imperialism" (Nayyar, 2016) inaugurating a new dependency within the Global South that could ironically surpass Western (historical) colonialism to a new level under the dominance of the emerging powers.

It is still too early to understand what will happen, and also, everything depends on the future relations that will be established in the light of the current COVID-19 pandemic. The above-mentioned attempts by China to tackle this issue by acting as a global leader and helping other countries in facing the virus could probably have its benefits for the Global South. And this could be an important means for other BRICS countries to establish a more decisive presence in these areas.

However, we can surely state that in a chaotic world, in which there are multiple actors that fight for leadership, the *balance of power* is now under threat. As the theory of neorealism states, a world with multiple centers of powers is not stable (Waltz, 1979), and it could descend into direct confrontation thus leading to war. In any case, the reality is that future international relations will probably go through a series of crises (economic, migration, climate change, etc.) that will reshape the global order, in which emerging countries such as the BRICS will surely have more weight, and consequently the ability to shape GG architecture.

At the moment, the US's recent isolationist and protectionist policies do not lend themselves to promoting a multilateral world. In any event, the BRICS actions could contribute to putting into practice a world with many centers of power which now demands recognition. This situation seems more credible than a subverted central-peripheral paradigm, in which the BRICS become the center and the West the periphery. And at the same time, the BRICS seem more oriented towards a policy of appeasement, rather than one of war and confrontation.

Conclusions

On the basis of what we have described, many questions arise: will there be a change of hegemonic power at the international level? Would it be more realistic to say that the foundations are being created in the construction of a multilateral world order? With the emergence of new institutions, the need for the BRICS to improve their accountability through soft power, or their interest in spreading their influence to new areas of the world, must this necessarily be read as a threat to the global system? Is US unipolarity likely coming to an end?

The rise of emerging countries as with the BRICS is often seen as a threat, or even a chaotic event. However, we have the impression that this view reflects a Western-based vision which lacks objectivity and could generate more confusion. Commenting on this issue, Oliver Stuenkel stated:

> *Echoing a broad consensus in the West, The Economist in 2014 matter-of-factly stated, "Unfortunately, Pax Americana is giving way to a balance of power that is seething with rivalry and insecurity." While chaos and disorder are indeed possible scenarios, Western-centrism profoundly impoverishes our analysis of the dynamics that will shape global order in the coming decades (Stuenkel, 2016:7).*

On the other hand, the way in which Western countries are acting in relation to global issues would indicate that they are far from reaching a solution, above all because of the fragmentation they are undergoing. This produces even more uncertainty about how to deal with these issues and what shape future GG will take. Regarding GG, it seems that this paradigm is not experiencing its best moment. In addition to the current fragmentation, the Western mold that has shaped GG up until now has experienced certain intolerance on the part of those countries which are trying to reshape it.

This is the case of the BRICS, which are attempting, at least in words, to be an agent of change in the global paradigm. Certainly, the BRICS will have to improve and deal with several issues in order to truly represent a bloc of nations which is credible and open to new areas of influence within the international framework. There are both internal issues and external problems connected to the uniformity of their intentions. However, as emerged from their last summit (BRICS, 2019), these countries are trying to strengthen their cooperation and efforts to converge on certain areas. If they succeed in creating a greater affinity among themselves, the international order could probably take on a different shape in the near future.

Considering the crises that are afflicting the West, which has lost its historic "central role", we wonder if the BRICS will be able to fill the looming power vacuum. From a "soft power" point of view their influence is still not very incisive, and in this context the West is still in the vanguard. But the attitude that the West is taking towards global issues such as climate change and COVID-19 shows that their leadership skills are also suffering in this area.

If the BRICS wish to stand out as leaders on these issues and inspire changes to get out of the gridlock, they can also gain more importance in terms of soft power, and thus gain more credibility in the global arena. It is a difficult challenge, but the "decline" of the West could open up these paths. The process is already under way, so it is difficult to predict what effect such a scenario could have on the rest of the globe.

A decisive reshaping of GG will depend, in our opinion, on how the BRICS will be able to strengthen their proximity and cooperation in the three areas considered (Institutional, Soft Power and Geopolitics), by overcoming the above-mentioned limitations. However, it is certain that the BRICS are a decisive group and already exert an important presence on the world stage. Above all, as Paulo Esteves argues: "the world today looks much more like a world built in the image of the BRICS – in other words, a world that has multiple poles of power, rather than the image of the

West" (Andreoni and Casado, 2019). Thus, the BRICS have become the expression of this current (multipolar) world.

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The State at a Traffic Jam: Resource Endowment and the Challenges of National Development in Nigeria's Fourth Republic

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ABSTRACT

There is a nexus between the state, resource mobilisation and the national development of any nation. The capacity of the state is measured by its ability to effectively harness and optimally utilize and allocate the commonwealth of the nation. The Nigerian state has not been able to effectively convert the abundant human and natural resources to wealth for the people. This paper therefore interrogates the capacity and willingness of the Nigerian state to effectively explore and manage the abundance resources to improve the life of the people as a way of enhancing the national development of the Nigerian state. The paper adopted qualitative technique of research with extensive use of secondary data sourced from national and international data banks, the internet, the library and national dailies. The paper followed the logic of neo-Marxism to question the nature of capital accumulation in Nigeria with its attendant (under)development implications. It therefore recommends active state engagement with the private sector to ensure effective use of the abundant resources for the overall development of other critical sectors of the Nigeria's economy.

Introduction

Natural resource endowment ordinarily ought to be a basis for development. Generally, the disposition of states to the utilization of available resources can be responsible for the possibility or otherwise of achieving national development that will inevitably lead to guaranteeing of national security. This places the state at the centre stage in the management of the national economy. For instance, the Constitution of the Federal Republic of Nigeria, 1999 Chapter 2, Section 16 (a) clearly stipulates that the state shall "harness the resources of the nation and promote national prosperity and an efficient, a dynamic and self-reliant economy." The state is central to the question of resource mobilisation, distribution and overall development. This is so because, state by virtue of the resources available at its disposal to enforce rules and compel obedience is in a better position to effectively harness the resources needed for development. The possibility of resource – rich countries to achieve development is dependent on the capacity of the state to develop those resources and translate them into betterment of life for the people. To this end, it can be adduced that the "situation of some resource rich countries presents an antithetical situation where the supposed blessing has been turned to curse" (Peter and Ocheni, 2015**)**. The inability of the state to transform the available resources into tangible development that can emancipate the populace necessitated the resource curse analogy, in that prosperity and poverty has become a faithful companion. For instance, in support of the resource curse analogy, it has been argued that the existence of natural resources in developing countries (Nigeria inclusive) has been seen and become a source of conflict and, therefore, a threat to national security (Okogu, 2007). The 'resource curse' theory as developed by Professor Jeffery Sachs seeks to 'explain the seeming inability of resource rich states in Africa and Latin America to industrialise and prosper like their counterparts in South-East Asia' (Okonta cited in Peter and Ocheni, 2015).

It is important to look at the evolutionary process of the liberal state in third world societies. This will help to appraise the functioning of the modern state. There are diversities in the state formation process in different parts of the world. But what is critical in state formation in the third world is external influence, particularly that of colonialism, and military intervention, especially few years after the attainment of statehood by most of the third world countries. However, there is no uniformity in the pattern of state formation in third world societies as it was never also the case in Europe (Tilly, 1990).

Instead of harnessing the abundant natural and human resources at the disposal of the state in third world societies to develop the society and the people, the state has become deeply authoritarian. The authoritarian, draconian and dictatorial tendencies of the state necessitate the deployment of instruments of state to hijack state resources for personal and selfish purposes putting the citizens at the position of 'powerless spectators' totally disarmed of any capacity to drive economic development or participate effectively in the political arena. The state has become notorious for the high rate of poverty unleashed on the people, ever rising corruption profile, religious, ethnic and communal violence in many parts of the country. The Nigerian state and the people especially in the fourth republic, that is between 1999 to date has suffered monumental losses occasioned by diverse violent conflicts. Notable among them was the religious crises that broke out as a result of the adoption of the sharia legal code by some states of Northern part of the country, the ravaging Boko Haram terrorism and farmers/herders crises (Irefin et al., 2019; Ocheni and Jacob, 2019; Peter and Ocheni, 2015). All these add up to threaten the Nigerian national security and negate the quest for development (Ojione, 2010).

But authoritarian regimes (including civilian ones) have been able to engineer development in history as evident in the case of the Asian Tigers (Peter, 2012). This was corroborated by Evans (1995: 11) that Brazil, India and South Korea "are countries where state involvement in industrial transformation is undeniable." The presupposition is that the availability of natural resources is inconsequential as long as the state is not strong enough to harness the abundance potentials into tangible development.

There are therefore urgent need to look beyond the mere availability of resources and focus on the readiness and capacity of the state to transform these potentials for the betterment of the people. But when a state is hijacked or held up in a traffic jam (that is a situation of congestion of vehicles without any possibility of free flow of movement), what become of the quest for development? Potentials and resources will only waste away. This study is an attempt to examine the implication of a state held up in a traffic jam, which apparently lacks the capacity to transform the abundant human and natural resources for the development of the state and overall quality of life of the people.

Conceptual Clarifications: The State, Resource Endowment and National Development

The State and Resource Endowment

The relationship between the state and the society is central to the understanding of the economy. The interdependence and interaction between the state and the society is necessary to the appreciation of human history. For instance (Lambach, 2004: 3) notes that "though some ... states wield formidable military might, they are frequently unable to collect taxes, conduct a census or implement the most basic of policies at the local level." That brings in the need for a coherent, organized and strong society to facilitate the effective management of the institutions of the state. As Okolie (2008: 70) rightly opines, the state is seen as "that supreme power/authority in a given polity which represents group and interpersonal relations and enunciates, through governmental authorities, rules and represents an objectification of rural codes, normative economic practices and practical ethos and standard."

The liberal perspective on the state tends to project the neutrality of the state and justifies its capacity to defend the common man with the ultimate purpose of protecting the common good of the people. At the centre of the liberal conception on the state is the description of the state by Max Weber as "a compulsory political organization with a centralized government that maintains a monopoly of the legitimate use of force within a certain territory" (Hay, 2001: np). The categories of state institutions, which include administrative bureaucracies, legal systems, and military or religious organizations all these in according to the liberal paradigm worked collectively to guarantee the common good of the entire human population.

Besides, the social contract theorists see the state as a human creation and a product of a contract entered into by everybody in the society (Appadorai, 2004). The assumption of the social contract theorists is that the parties to the contract must keep its terms. In keeping with the terms of the contract, the state must defend the people, provide their basic necessities and give them reasons for living. When these fail, revolting becomes inevitable (Peter and Ocheni, 2015).

The different levels of the intellectual development of Karl Marx present different perspectives to the concept of the state. At the early stage of his philosophical interpretation of phenomenon, the 'innocent' Marx was a supporter of Hegelian Dialectical Idealism, making him to recognize and accept the neutrality of the state and its existence for the protection of common interest (Jessop, 1982). Marx's belief in the Hegelian perspective of the state at this point compelled him to extol the emancipatory status of the state and eulogise its capacity to liberate the common man. This is as Peter and Ocheni (2015) submit that his *conversion* to communism was after observing the exploitative posture of the state and its inhuman disposition to the poor in the society. This posture is worsened in Africa, where the post-colonial state represents the agent of oppression and repression, and a critical instrument for primitive capital accumulation.

The changing perspective of the Marxist assumption of the state propelled the writing of the Manifesto of the Communist Party, in which Marx and Engels defined the modern state as nothing but *an executive committee for managing the common affairs of the bourgeoisie* (Marx and Engels, 1848). The position presented by Marx and Engels in the Communist Manifesto equates the modern state with the bourgeois class, hence making it perpetually anti-masses and antithetical to the growing principle of populism. Peter and Ocheni (2015) opine that the controversy surrounding the Marxian view of the state necessitated the emergence of two perspectives on the Marxian state. They are the instrumentalist and structuralists' perspectives.

The instrumentalist perspective on the state derives mainly from the opinions of Ralph Miliband. His opinion is popularly referred to as the economic determinist perspective on the state. This is encapsulated in his book, "The State in a Capitalist Society". Miliband and his supporters derive their perspective from Marx and Engels discussion in the Manifesto of the Communist Party, where the state is seen as a mere instrument for the exploitation of the common people in favour of the bourgeois class. To this end, the instrumentalists questioned the relative autonomy of the state. It supports the notion of Marx and Engels that the modern state is nothing but an executive committee for managing the common affairs of the whole bourgeoisie. The proponents of this perspective assert that the policies and programmes of government are those that benefit the governing and ruling class. Judging from Althusser's ideological state apparatuses such as the media, the school, religious groups and a host of others, the instrumentalists assert that the message and psychology of these apparatuses are geared towards perpetrating the interest of the ruling class and furthering the status quo.

Ralph Miliband's position is called to question following his unnecessary pre-occupation with attacking the pluralist theory of the state which then dictated the logic of his argument. This deprived his position and analysis of the requisite theoretical rigor and scientific relevance. The consequence therefore is; the manifesto of the communist party which is Miliband's point of departure is polemical (Jessop, 1982).

The instrumentalist perspective was criticized by the structuralists represented essentially by Nicos Poulantzas. In his book "The State and Social Classes", Poulantzas recognized the relative autonomy of the state and extolled the virtue of the Marxist state in a sense that there are instances where the state project the interest of the masses. According to him, it is not in all cases, the state acts in the interest of the ruling class alone. Poulantzas and his collaborators took as their point of departure the Eighteenth Brumaire of Louis Bonaparte where Karl Marx referred to the state as being suspended in mid-air.

The controversy surrounding the Marxian perception of the state necessitated the conclusion drawn by Jessop, that there is "nowhere in the Marxists classics do we find a well-formulated, coherent and sustained theoretical analysis of the state" (Jessop, 1982: nd)

Jessop (1982) submits that the nature of the state differs in different societies. To this end, he is of the view that "since capitalism exists neither in pure form nor in isolation, states in capitalist societies will necessarily differ from one another" (Jessop, nd). The proposition therefore is that the character of the state differs from state to state. The character of the state in advanced capitalist states cannot be the same with the character of the state in post-colonial and less developed societies.

National Development

The significance of national development in any political system cannot be over-emphasised. Some of the indicators of national development are;

> *(1) Gross Domestic Product, this is one of the main measures of economic activity in a country. GDP is calculated without subtracting any allowance for capital consumption. It is the measure of activities located in the country regardless of their ownership. It is a*

> *measure of real output produced rather than output absorbed by residents (Black, 2003), (2) gross national product, and gross national income.*

This is one of the main measures of national economic activity. It is measured without subtracting any allowance for capital consumption. It includes residents' incomes from economic activities carried on abroad as well as at home and excludes incomes produced at home but belonging to non-residents. It includes real output produced (Black, 2003), and non-income indicators such as the human development index.

Development involves the general improvement in the welfare of the human population. This necessitated the use of the human development index as an indicator for measuring development by the HDR since 1990. Seers cited in Todaro and Smith (2009: 15) observes that

> *The questions to ask about a country's development are therefore: what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result 'development' even if per capita income doubled.*

The critical point to note about Seers' explanation is the fact that the three major issues raised are mutually reinforcing. Unemployment generates poverty and increases the gap between the rich and the poor in the society. As more employments are been generated, the possibility of gradually alleviating poverty and inequality will rise.

Accordingly, Todaro and Smith (2009: 16) describe development as "a multidimensional process involving major changes in social structures, popular attitudes and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty." It entails a general improvement in the quality of life and the ability of the people to enjoy unhindered freedom.

An Examination of Resource Endowment and the Challenges of National Development in Nigeria's Fourth Republic

The empirical indicators of national development are economic performance embodying; annual growth rate, national income, Gross Domestic Product (GDP), GNP per capita, poverty, unemployment, and inequality rate; and quality of life, embodying Human Development Index. The reality of development, however, is beyond statistics, people should be able to testify whether there is development or otherwise.

Nigeria is blessed with abundant human and natural resources. Every part of the federating units have sizeable natural resource deposit that if adequately tapped can accelerate the over – all development of the Nigerian people and the state. Some of the natural resource deposit in Nigeria are; oil and gas, rubber, iron ore, coal, ignite, cocoa, coffee, tin, ply wood, lead, gold, palm oil, among others. To this end, it can be conveniently conceived that resource endowment refers to the concentration of natural resources in a locality. The adequate and satisfactory exploration and adequate utilization of those resources often help to jump start development.

The Constitution of the Federal Republic of Nigeria, 1999 as amended empowers the federal government of Nigeria to harness the resources for the betterment of the Nigerian peoples and government. Section 16, subsections 1a – 1d of the constitution provides that the State shall, within the context of the ideals and objectives for which provisions are made in this constitution;

> *(a) Harness the resources of the nation and promote national prosperity and an efficient, a dynamic and self-reliant economy;*
>
> *(b) Control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;*
>
> *(c) Without prejudice to its right to operate or participate in areas of the economy, other than the major sectors of the economy, manage and operate the major sectors of the economy;*
>
> *(d) Without prejudice to the right of any person to participate in areas of the economy within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major sectors of the economy.*

This places enormous responsibility on the state with respect to efficient and effective harnessing and utilization of the resources of the state. To what extent has the state fared in the performance of this task? What are the implications of inefficient resource utilization for the spiralling cases of violence in Nigeria? These form the content of the discussion in this paper.

A strong and a responsible state will transform the available resources and potentials of its people for the purpose of the overall improvement of the populace. But in Nigeria and possibly in most part of Africa, the post-colonial state is unable to effectively perform the role of reconciling the differences between affluence of the country reflected in the abundant natural and human resources and affliction reflected in the worsening poverty condition, widening inequality and the galloping unemployment has been the bane of the crises rocking the Nigerian state. The state rather has been trapped in a traffic jam; its energy is being constantly expended without any tangible work done. The traffic jam analogy here explains the current stiffening of development and progress in Nigeria and many parts of Africa; as, in a traffic situation, the bus driver, conductor, passengers, other road users, and traffic officers are not exonerated from the uneasiness of such unpleasant situation. Criminal elements take advantage of such unpleasant situations to carry out their nefarious acts, quarrelling is not unlikely as cars are likely to batch other cars, situation which could worsen the situation.

The discussion below presents the justification for the hold-up status of the Nigerian post-colonial state. These manifestations are themselves antithetical to development.

The Nigeria's Post-colonial Resource Dependence Economy

The post-colonial state in Africa exhibits similar characteristics. The character of the post-colonial leaders in Africa, as captured by Fanon (1963) shortly after the independence of most of the African countries, appears prophetic as the argument has been plausible and relevant today after over five decades of the attainment of political independence. To Fanon (1963: 149),

> *The unpreparedness of the educated classes, the lack of practical links between them and the mass of the people, their laziness, and, let it be said, their cowardice at the decisive moment of the struggle will give rise to tragic mishaps.*

The character of the leaders automatically translates into the character of the state in post-colonial society. This was emphasized by Ake (2003: 1)'s assertion that in post-colonial societies, "the problem is not so much that development has failed as that it was never really on the agenda in the first place." It is possible to note that after nearly six decades of independence, Nigerian leaders are yet to lay foundation for the sustainable development of the country as it can be said development is not on the agenda of successive administration in Nigeria.

Following Nigeria's heavy dependence on oil for survival since its discovery in commercial quantities in 1956 and subsequent exploration in 1958, it has been the main source of foreign earnings and a major source of gross domestic product (GDP). The wealth from the surplus oil has not translated into improved quality of life for the people. This is probably because the affluence from oil has not been effectively invested into developing other critical sectors of the economy for the purpose of achieving overall development. The government has not been able to use the available affluence to wipe out affliction (Ibeanu, 2008), instead, what has become the case is the contradiction of wealth, national security and national development (Omeje, 2006), a situation that made prosperity and poverty, affluence and affliction, abundance and scarcity, wealth and weeping to move side-by-side. Instead of harnessing the resources for the overall development of the state and its people, what has prevailed in Nigeria is the wanton mismanagement of the resources – a situation that corroborated Acosta and de Renzio (2008)'s assertion that aid and rent dependent countries have a high tendency to mismanage the economy.

The condition of the post-colonial state in Africa is not similar with what happens to some resource-rich countries, which have become advanced technologically. For instance, the United States of America (U.S.) is a resource-rich state that was able to maximize the resources to attain the current level of development, emerging as the largest economy in the world. Investment of the proceeds of the abundant natural resources in the development of other sectors will gradually cumulate in diversification of the economy that can take the economy from a monocultural status. For instance, "the rapid growth of U.S. copper production illustrates the ways in which investment and technology can expand a country's resource base, effectively creating new natural resources from an economic standpoint" (Wright and Czelusta, 2004: 12). It is worthy of note that resource wealth itself is not necessarily bad. Indeed, "the common sense proposition that it is a good finds considerable support, including from examples like Australia, Canada and the United States, which have transitioned from resource-based countries to high-income diversified economies" (Gelb, 2010: 3). Infact, Wright and Czelusta (2004: 9) strongly note that "resource abundance was a significant factor in shaping if not propelling the U.S. path to world leadership in manufacturing."

The reality therefore is resource wealth ought to be a blessing to the country and the people. Going by this development, sub – Saharan African (SSA) countries should have been more advanced than any other region of the world. The contradiction therefore is that "the volume of recklessness and mismanagement of public funds through embezzlement, bribery and extra-budgetary spending in Nigeria" (Peter and Ocheni, 2015) and other African countries have been the undoing and the bane of poverty and underdevelopment in Africa. This made SSA a typical example of the resource curse analogy characterized with inherent crises of development and security.

The Budgetary Allocation and Economic Performance of Nigeria's Fourth Republic

A cursory look at the priority of Nigeria's spending in this fourth republic helps to validate the challenges confronting the Nigeria's post-colonial state and the difficulty of entrenching development. The argument has revolved around the need for increased spending as the parameter for boosting the welfare of the people. But the opposite has been the case. Increasing budgetary allocation between 1999 and 2018 has had divergent impacts on the economic performance of the country. In some cases, particularly between 2007 and 2009, parts of the money voted for capital and developmental projects were refunded at the end of the financial year as unspent fund.

Similarly, Usman (2008: 4-5) asserts that "effectively and efficiently implemented government spending on infrastructure increases private sector productivity by providing complementary public inputs (for example, through spending on roads and bridges that facilitate trade in rural areas)." Inability of Nigeria's budgets to satisfy these requirements is possibly responsible for the collapse of infrastructure and stifled development in Nigeria and the attendant cases of unemployment and accompanying poverty. Ineffective fiscal policy, fiscal indiscipline, economic wastage can harm the growth process of an economy (Acosta and de Renzio, 2008; Ibeanu, 2008; Peter and Ocheni, 2015; Usman, 2008).

Nigeria has been spending over 50% of its annual national budgets on payment of salaries, wages and overheads. The volume of money spent on wages and salaries of workers in sometimes unnecessary sectors of the economy could have probably been diverted into productive sector(s) that can drive development. There is a widening difference between capital expenditure and recurrent expenditure. Many aid and/or resource dependent countries particularly those of sub – Saharan Africa perform badly in the management of the economy (Acosta and de Renzio, 2008). To this end, they assert that "resource revenues create disincentives for good budget governance and compound weak government capacity to manage windfall revenues (Acosta and de Renzio, 2008: 16). This appears to be the attribute of rentier societies. The usual assumption is that it is free money and can be spent freely without inputs from the people.

The citizens' indifference despite the continual mismanagement of the resources of the state in resource-rich countries is, in the opinion of Tilly (1990), a function of the fact that the wealth is not accumulated through taxation. The citizen can easily interrogate the outlet of state resources and effectively checkmate the pattern of government's expenditure if bulk of the state's resources came directly from them. It is therefore plausible to assert that there is a correlation between source of income and its expenditure on one hand and between source of income and citizens 'assertiveness on the other hand.

To this end, as Ibeanu (2008) argues, the usefulness of annual national appropriation has repeatedly become a nullity owing to its persistent non-implementation, a situation that is largely responsible for the general failure of governance in Nigeria. Failure of the appropriation acts and policies also serve as a pointer to the general failure of other development policies and programmes of the government.

Regarding the implications of such a failure on human development, Table 1 gives the rundown of the performance of Nigeria on the HDI (Human Development Index) scale. Despite the seeming improvement in the HDI, as human development index of Nigeria shows a steady but marginal increase from 0.438 in 1990 to 0.532 in 2017, the country however Nigeria ranked 157 out of the 189 countries surveyed in 2017. This puts Nigeria at a dangerous point of human development particularly when looked at vis-à-vis the abundant human and natural resources Nigeria is endowed with.

Table 1: Human Development Index Trends of Nigeria

S/NO	YEAR	HDI
1	1990	0.438
2	1995	0.450
3	2000	0.466
4	2005	0.499
5	2010	0.484
6	2011	0.494
7	2012	0.512
8	2013	0.519
9	2014	0.524
10	2015	0.527
11	2016	0.530
12	2017	0.532
13	2018*	0.532

Source: *1. http: //assemblyonline.info/?p=1874. Retrieved 30 – 05 – 2010; 2. Human Development Report, 2010; 3. From Wikipedia, the free encyclopedia (2010) List of countries by HDI; 4. http: //hdr.undp.org/en/data. Retrieved November, 15, 2018; 5. http: //worldpopulationreview.com/countries/hdi-by-country/. Retrieved 25 – 09 – 2019. *The 2018 report is the last as the time this paper was written. The next edition is expected probably before the end of the year 2020.*

Poverty Rate in Nigeria

The failure to entrench development in Nigeria is further explained by the triple challenges of poverty, inequality and unemployment. The centrality of poverty in the measurement of the level of economic development of a country cannot be over-emphasized. In this context, poverty can be understood as "the lack of basic human needs, such as clean water, nutrition, health care, education, clothing and shelter, because of the inability to afford them" (cited in Peter, 2012). It is an income below which families would find it difficult to live without serious problems and which would place them in real danger when faced with any sort of economic crisis, such as a sick child or an injury at work.

It constitutes the entire measurement indicator of the quality of life of the people. In fact, in defining development, poverty is one of the central considerations. That is why Seers defined development by posing those three critical areas of the human society. In conceptualizing development, Seers opined that; what has been happening to unemployment? What has been happening to poverty? What has been happening to inequality? To him if two of those issues are on the increase, it will be wrong to say there is development even if the improvement in one doubled.

Poverty reduction or eradication though gradual cannot be achieved by mere policies. In most cases, these policies do not put into consideration the real victims of poverty. Its eradication must follow a practical and logical pattern. For instance, Ibeanu (2008) questioned the poverty eradication programme of the Nigerian government that does not incorporate the people that are really poor. Besides, its sustainability is not guaranteed thereby making him to justify the poverty of the whole poverty alleviation programme. To overcome poverty in Nigeria and most of the countries suffering similar fate, what is expedient is a return to the politics of development. When development sets in, poverty will inevitably give way. Lending credence to this assumption, Ake (2003) describes the Africa's experiences in which there was no emphasis on the politics of development, hence orchestrating the marginalization of development that inevitably results in the current state of poverty in the post-colonial African state.

Regime type has remained an ineffective factor in the issue of development. Nigeria has repeatedly had poor outings during undemocratic and democratic regimes alike. This goes a long way to supporting the assertion that what is most important is the level of poverty and the extent of poverty eradication is measured by the commitment of the leaders to aggressively pursue the kind of development agenda that can eliminate poverty on the long run. Poverty has no regard for regimes. People can be poor in democratic as well as undemocratic regimes. The fight against poverty is a serious one. What is critical is the capacity of the state whether democratic or not to improve the life of its people through a well-articulated human resource development programme that can make them relevant in the rapidly globalizing and competitive world.

The 2018 edition of the multidimensional poverty index indicates that 86.9 million Nigerians are now living in extreme poverty represents nearly 50% of its estimated 180 million population (UNDP, 2018). For example, in the early 1990s, 90.8 percent of the population lived on $2 per day or less (Yates, 2004, February). By the 2018 edition of the MPI, 86.9 million Nigerians representing about 50% of the population are living on less than 1$ per day. This is abysmal particularly when looked at vis-à-vis the enormity of the natural resources Nigeria is blessed with.

The possibility of getting rid of or probably reducing poverty may not be there since according to Yates (2004, February) it "coincides with large and growing inequality of both income and wealth, inequalities ingrained in the laws of motion of capitalism." Capitalism has been reckoned with to possess the capacity of increasing both poverty and prosperity. Abysmally, the activity that causes poverty at one end reproduces prosperity at the other end. While the workers and other category of the peasantry are being continually exploited through what is in the Marxian parlance described as surplus value, the capitalists increase their prosperity from the same process. This eventually widens the degree of inequality and correspondingly increases poverty.

In sum, it is instructive to note that a critical means of alleviating poverty is the aggressive pursuit of growth and development. The achievement of development is the panacea for sustainable poverty reduction. The logic is that as more industries spring up, the rate of unemployment will reduce, and poverty will gradually give way.

Rate of Unemployment in Nigeria

There is a linkage between unemployment, poverty and inequality. The possibility of an unemployed person to be below poverty line is high. This makes the gap between the rich and the poor wide.

The 2017 estimate puts the percentage of unemployed people in Nigeria at 13.9%. Based on the 1999 estimate, agriculture employed 70%, industry employed only 10%, while the service sector employed 20%. In similar development, agriculture contributes 21.1% (2016 est.), industry contributes 22.5% (2016 est.) and the services sector contributes 56.4% (2017 est.) to the GDP of

Nigeria respectively (All the values in percentages were gotten from CIA World Fact Book, 2020). Although agriculture employs about 70% of Nigerians, the state of agriculture in Nigeria has remained largely subsistent with poor storage and processing facilities. Nigeria is still in total obedience of the international division of labour architecture designed by international capitalism to favour the metropolitan capitalist societies. Nigeria has continued to stagnate on the periphery of the international capitalist structure with speciality in the production of raw materials. With industrialisation and the growing discoveries of synthesis, the need for Nigeria's raw materials has dwindled – hence aggravating poverty and mass exodus from the rural to urban area.

Degree of Inequality in Nigeria

The interconnectedness between poverty and inequality is indisputable. Yates (2004, February) notes that "poverty on a global scale is matched by an enormous and growing inequality of incomes." Poverty and inequality have diametrical relationship. They are both self-reinforcing.

At the root of the capitalist system is the issue of inequality. It is not very hard to see why. In capitalist economies, everyone is free to make money, but it is remarkable how few do. Capitalist economies espouse egalitarian values, but the consequences of their normal operations are extraordinarily inegalitarian. It was argued that, "among all the subtypes of political regimes, communist dictatorships had the highest level of social equality" (Antic, 2004: 23). This alludes itself to the capacity of state regulated economy to ensure proper re-distribution of wealth targeted at bridging the gap between the haves and the have not's in the society.

Inequality is still very prominent challenge in Nigeria's fourth republic. For instance, Milanović (2002: 60) reports that:

> *The richest 1 percent of people in the world gets as much income as the poorest 57 percent. The richest 5 percent had in 1993 an average income 114 times greater than that of the poorest 5 percent, rising from 78 times in 1988. The poorest 5 percent grew poorer, losing 25 percent of their real income; while the richest 20 percent saw their real incomes grow by 12 percent, more than twice as high as average world income. World inequality grew because inequality grew between and within countries. The rich nations grew richer and the poor nations grew poorer; the rich within each country grew richer at the expense of the poor.*

Confirmingly, the inequality in Nigeria has been one of the highest in the world, as the top 20% of the population controls the 65% of national assets and the extreme inequality "finds expression in the daily struggles of the majority of the population in the face of accumulation of obscene amounts of wealth by a small number of individuals", as the Oxfam report on *Inequality in Nigeria* shows (Oxfam, 2017: 4). The poverty and inequality in Nigeria, as the Oxfam report further shows, however have not been

> *due to lack of resources, but to the ill-use, misallocation and misappropriation of such resources. At the root there is a culture of corruption and rent-seeking combined with a political elite out of touch with the daily struggles of average Nigerians. (2017: 5.)*

The UNDP Human Development Report (2009) confirmingly asserted that

> *Between 1985 and 2004, inequality in Nigeria worsened from 0.43 to 0.49, placing the country among those with the highest inequality levels in the world. Many studies have*

shown that despite its vast resources, Nigeria ranks among the most unequal countries in the world. The poverty problem in the country is partly a feature of high inequality, which manifests in highly unequal income distribution and differential access to basic infrastructure, education, training and job opportunities.

The Commodification of Electorates

The operation of the rentier system, occasioned by excessive dependence on crude oil, has inadvertently led to undue wastage of resources. One of the manifestations of this is the huge sum of money usually made available for sharing. The chief executive of the country plays a very strategic role in determining who gets what, when and how. This makes access to the seat of power very lucrative and highly competitive. In the bid to achieve this, stakeholders in the Nigerian project have devised several dubious means, including flagrant abuse of people's rights and aggressive pursuit of injustice and the accompanying galloping corruption. Part of the predicaments confronting political succession in Nigeria is what Ibeanu described as 'primitive accumulation of votes' (Ibeanu, 2006). The struggle by political elites to win elections by overt or covert means because of the privileges attached to those offices. The implication is that votes hardly count. Despite the pursuit of electoral reforms, which analysts and political commentators are of the view may help in restoring peoples' confidence in the electoral process, vote buying has become prominent in the current political milieu of Nigeria. In fact, the country has even come to discuss the *legalization* of vote buying. For instance, in the previous Ekiti and Osun states gubernatorial elections, which was held in 2018, the governing party distributed the *tradermoni* just few days before elections. In the build up to the 2019 general elections, the governing All Progressive Congress (APC), this time activated the distribution of *tradermoni* as part of it social intervention programme – a move suggesting a tacit legalization and institutionalization of vote buying as part and parcel of the Nigerian electoral system.

Conclusion and Recommendations

It has been established that resource abundance is not an automatic guarantee for prosperity and development. The duo of prosperity and development will continue to be elusive as long as the abundant resources are continually wasted. The inevitable reality is that resource wastage is antithetical to development. Resource and/or aid dependent societies hardly achieve tangible development. Continual agitations for resource control and the question of ownership will continue to plague the Nigerian state. There are no evidences of any significant improvement in the quality of life of Nigerians. For instance, though the human development index of Nigeria showed a steady but marginal increase from 0.438 in 1990 to 0.532 in 2017, Nigeria ranked 157 out of the 189 countries surveyed in 2017. This puts Nigeria at a dangerous point of human development particularly when looked at vis-à-vis the abundant human and natural resources Nigeria is endowed with. Nigerians still die of common and preventable diseases; illiteracy is on the rise as access to quality education is still poor. Public schools are in comatose, the state is still bedeviled with incessant strike actions and other public facilities are either non-existent or grossly underfunded.

This has heightened several separatist and militia agitations that has plunged the country into perennial crises that often threaten the corporate existence of the Nigerian state. Government often responds to this with force and counter violence leading to the militarization of the Nigerian society.

As a pathway to national security, prosperity and development, there is need for the elimination of two related economic dependencies namely, dependence on global capital and dependence on crude oil exports. This may not necessarily imply a delinking from the international capitalist market as advanced by the underdevelopment and dependency theorists, but a re-think on the volume and nature of participation of Nigeria, in a way that crude oil can be locally refined. The current state of total dependence on global capital is unacceptable and unsuitable for autonomous development. So, the conduit to sustainable development is the aggressive use of the affluence of Nigeria as a result of the enormous wealth from the sale of crude oil to effectively and permanently wipe out affliction from the country by investing heavily in real sector and agriculture

The foundation for national development is the effective use of the resources from crude to develop other critical sectors of the economy such as agriculture, solid minerals, and the manufacturing sector; and massive investment in infrastructure so as to improve the standard of living of the people. As development sets in, poverty, misery and insecurity will be gradually ameliorated and/or eliminated.

The paper therefore proposes the following recommendations;

- The state must rise up to its responsibility in the proper harnessing and utilization of the abundant human and natural resources.
- The state should aggressively pursue the diversification of the economy as a way of driving the country away from its current dependence on crude oil.
- The political system should be restructured by the government with massive input from the civil society in a way that will provide avenue for the people to effectively interrogate mismanagement of the resources by the state.
- The state through its apparatuses of government should pursue a process of reform that is targeted at restructuring and unbundling the Nigerian state to give room to the federating units to develop autonomously.
- The people should be disciplined enough to make necessary sacrifices and contribute in any way possible to liberate the Nigerian state from the current hold-up status.
- Aggressive pursuit of electoral reform that will bring about transparency and credibility into the electoral system should be a priority of all the critical stakeholders. This will help to free the volume of money spent on vote buying during general elections for developmental purpose and the improvement in the quality of life of the people.

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The National Health Insurance Bill: A Critical Review within the South African Development Context

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ABSTRACT

This paper aims to provide a critical review of the proposed National Health Insurance Bill in South Africa with reference to the finance mechanisms and implications within the development context. This starts with a brief analysis of health coverage, looking at the international and local context and describes the development benefits of the NHI. The paper reviews the funding mechanisms with particular reference to the tax incidence of the different types of taxes that could be used to raise funds for the NHI. Fiscal policy implications of the proposed health care provision changes are also discussed, and the proposed NHI Fund evaluated, focusing on the impact on the achievement of a performance-based budgeting system. The paper concludes that the increase of income and consumption-based taxes could result in loss of welfare to society, as labour is discouraged from working and the poor are further disadvantaged through increases in taxes such as value-added tax.

Introduction

The National Health Insurance (NHI) Bill presents South Africa with an opportunity to restore the disequilibrium in access to healthcare services in the country. Basically, the NHI proposes to achieve sustainable and affordable universal access to quality healthcare services for all people living in South Africa. The proposed National Health Insurance programme is informed by the aims of the Universal Health Coverage (UHC) initiative, a global aspiration to provide quality health services to all irrespective of class, colour, age, gender and other attributes (World Health Organisation [WHO], 2018). South Africa as a signatory to the World Health Assembly's resolution (67.23) of 2014 entitled 'Health Intervention and Technology Assessment in Support of Universal Health Coverage', pledged to deliver quality health to all through the National Health Insurance mechanism.

In principle, the NHI should be welfare-enhancing, as it is aimed at providing access to quality healthcare for all citizens regardless of their income level or status. The present system in South

Africa fails to promote equal access to health services, as just over 16% of the population has health insurance and can easily access quality health services in the private sector (Mcleod *et al.*, 2008; Harris *et al.*, 2011; 25 Year Review Report, 2019). An estimated 21% of the population is actually not covered by health insurance but can afford to use private health services, while more than 63% are reliant on the public sector for their conventional healthcare services. The majority of the population has been relegated to the inefficient public sector healthcare system, which makes healthcare supply skewed in favour of individuals with high income. As elucidated in the NHI Bill and other studies (Harris *et al.,* 2011; Mayosi and Benatar, 2014), there is a need for a comprehensive public health framework capable of delivering equitable universal healthcare. Private health insurance systems tend to exacerbate inequalities and provide coverage only for the wealthy or well-off.

However, the success of the NHI in delivering equitable healthcare depends on the success of the proposed healthcare revenue mobilisation programmes, the health procurement system, and the macroeconomic implications of such decisions. The available literature on the NHI has not paid adequate attention to methods that will be used to deal with public sector challenges such as financing mechanisms and implementation for the development and provision of quality healthcare. This paper, therefore, is aimed at providing a critical review of the proposed National Health Insurance Bill with reference to the finance mechanisms and implications within the development context. The paper starts with a brief analysis of health coverage, looking at the international and local context, and describes the development benefits of the NHI. The following parts review the funding mechanisms, with special reference to the tax incidence of the different types of taxes that could be used to raise funds for the NHI, discuss the fiscal policy implications of the proposed healthcare provision changes, and evaluate the proposed National Health Insurance Fund focusing on the implications for achievement of a performance-based budgeting system.

Health Coverage as an Issue in the South African Context

The universal health coverage enshrined in the United Nations Sustainable Developments Goals (Number 3) aims to ensure that everyone has access to high-quality healthcare services and that no one becomes impoverished because of ill health (WHO, 2018). Section 27 of the Constitution of the Republic of South Africa (1996) also emphasises that everyone has a right to access to healthcare services. Two aspects covered in universal health coverage include adequate healthcare coverage and population coverage (healthcare for all). Despite the declaration of health as a fundamental human right by the WHO and other institutions, it is reported that half of the world's population is without full coverage of basic health services and countries devote only 10% of the general government expenditure to health (WHO, 2018). Further noted is the fact that about 12% of the world's population spends 10% of their household budget on healthcare. World Health Organisation (2019) also reports numerous challenges faced by the population in low-income countries, including South Africa, such as having less access to basic health services for prevention and treatment, experiencing a shortage of health professionals, and the fact that government expenditure in these countries tends to be lower despite the greater health needs observed.

Concern over access to healthcare in South Africa cannot be treated as a new phenomenon. In 1944, during the colonial era, a scheme for a national health service similar to the British model and comprising free healthcare and other health related benefits was proposed, though it was never implemented. The apartheid era saw an increased orientation towards the free market and insurance-only principles for private health insurance (Mcleod, 2008). However, the period after 1994 saw major transformative changes in healthcare, guided by the Constitution of the Republic of South Africa (1996), the 2002 Taylor Committee Report, and finally the newly formed comprehensive health plan in 2019 (which included a mandatory insurance system). Moreover, the South African Constitution, Section 27 (1) (a); (1) (c) and Section 27 (2), recognise the right of access to health by all, obliging the state to take reasonable legislative and other measures within available resources to ensure the progressive realisation of this right. Chapter 2 of the Constitution of South Africa, the Bill of Rights, encapsulates socio-economic rights that relate to housing, healthcare, food, water and social security. Outcome 2 of the National Development Plan, Vision 2030 makes provision for an integrated healthcare system aimed at serving the needs of all, free at the point of service, and paid for by publicly provided or privately funded insurance.

Considerable progress has been made during the democratic dispensation to reverse the discriminatory practices that prevented certain sectors of the population from gaining access to basic services. Health status has improved over the past 25 years because of key interventions aimed at strengthening the health system, and provision of other health related necessities such as clean water, housing and proper sanitation. The period before 1994 saw health issues being overshadowed by militaristic issues, yet health has gained pre-eminence as an issue of national security. Average life expectancy has increased to 65 years from 54 years, and the health of children, women and special groups has improved. The use of public sector health facilities also increased from 44, 7% to 71, 5% between 2004 and 2018. Household income has increased by 273,9% over the past 25 years (25 Year Review Report, 2019). The achievements and transformative arrangements noted are indicative of improved access to healthcare.

Despite the great strides that have been taken, most South Africans still remain plagued by disease, and persisting social disparities, including continued inequalities in access to and quality of prevention and treatment services. Other concerns having negative implications in access to healthcare include the number of people still living below the Lower Band Poverty Line, which increased from 36,4% in 2011 to 40% in 2015. Fluctuating inequality is also observed in terms of income, wealth and opportunity, while racial and gender inequalities also persist.

Development Benefits of the NHI

The 2030 Agenda positions health and well-being at the centre of sustainable development (WHO, 2016). The Agenda provides for strong political commitment to public health, arguing that socio-economic inequalities, though existing in all countries, have important implications for the health status of communities in the developing countries in particular. The lower socio-economic status could result in a higher risk of disease and death and poorer assessment of health among communities. Health systems also tend to be weaker in rural and remote areas, making rural communities the most vulnerable and disadvantaged. Poor social and living conditions characterised by inadequate access to health facilities and services, such as slums and informal settlements, also make people prone to health problems.

The World Health Organisation (2016) sees good health both as a precondition and an outcome for sustainable development. Health, together with education, housing, food and water, are also considered as part and parcel of constitutional rights that impact on the enjoyment of fundamental rights to life, equality and dignity. Mayosi and Benatar (2014) argue that a complex relationship exists between health and wealth and that this has implications for development and the well-being of people, suggesting that the life span and productivity of individuals become affected under conditions of extreme poverty for the majority in the country. The multiple determinants of health such as the social, economic, cultural and political aspects translate to availability of decent and adequate shelter, food security, and proper sanitation, and set the scene for improved health and the ability to make a living and contribute to the development of a country. A healthy and nutritious diet, adequate housing, availability of employment opportunities, and access to good quality education make it possible for people to realise their full human potential, which leads to productive and sustainable development. Tangcharoensatien *et al.* (2015) believe that sustainable development needs multidimensional and multisectoral policy interventions, which include paying attention to access to high-quality healthcare, employment, decent work, poverty, food insecurity and malnutrition, quality education and environmental protection or management. A healthy nation that has equality of access to quality health services characterised by health equity and protection is critical to the development of a country (WHO, 2016). This, however, requires the expansion of health coverage and having effective funding mechanisms for the health insurance system to ensure its long-term sustainability.

Funding Mechanisms of the National Health Insurance Initiative and Implications

Within the South African context, the state provides social security through tax funding. As McIntyre *et al.* (2009) demonstrate 40% of healthcare funding is derived from tax revenue for public sector services, whilst 85% of the population is dependent on public sector primary care services. For the proposed NHI, it is envisaged that there will be a single pool of funds coming from the general tax revenue and mandatory contributions by formal sector workers and their employers (McIntyre, 2009). The informal sector is automatically excluded due to inability to trace and tax accordingly. Government revenue is mainly raised through levying taxes on income, wealth and transactions. However, in principle, any method of government finance has to meet certain criteria including efficiency, equity, administrative ease and transparency. Hyman (2014), however, shows that these criteria are sometimes mutually exclusive. For instance, a trade-off exists between equity and efficiency, where the equitable distribution of resources may not be in line with the desired optimum taxation method. It is in the spirit of achieving these criteria that the proposed tax changes in the NHI proposals can be judged. It is also important to note that a universal healthcare system can only be based on the ability to pay principle, as opposed to the benefit principle which argues that tax is levied according to what one benefits.

Shah (2007) argues for a performance-based budgeting system in which budget allocations are tied to performance metrics. The premise of this approach is that policy decision- making should be informed by clear, achievable objectives. The shift to a performance-based budgeting system is supported by Hager *et al.* (2001) and Diamond (2003) whose work demonstrate that the focus on centralised budget allocation and input controls is not enough to ensure budgetary efficiency. Thus, major policy parameters should be linked to the key performance indicators (KPIs). Diamond (2003) suggests three main objectives for a modern budgetary system, namely, ensuring control over expenditure, stabilising the economy, and achieving efficiency in service delivery.

The proposed NHI Fund and the health insurance initiative itself can only succeed to the extent that clear objectives are articulated for the policy and measurements are provided that are able to inform decision-makers on the success of the implemented policy measures (Aristovnik and Seljak, 2009; Diamond, 2003). Furthermore, it is important for policymakers to engage with the affected population and derive enough input on the constituency's expectations, and also communicate expectations and the responsibilities that community members would be expected to bear. This function is currently being undertaken as the bill has been put in the public domain for debate. However, the success of this drive depends largely on the extent to which citizens are involved in the consultations. In addition, the government will need to formulate metrics for performance measurement clearly, and which can be used in future budget allocations. Whilst it might not be achievable to link every performance metric to the KPIs, Aristovnik and Seljak (2009) argue that designing a well-functioning performance budgeting system involves determining the vision, mission and objectives of the policy. In turn, these will determine the link between inputs and outputs (deliverables) of the proposed policy.

Direct Taxes

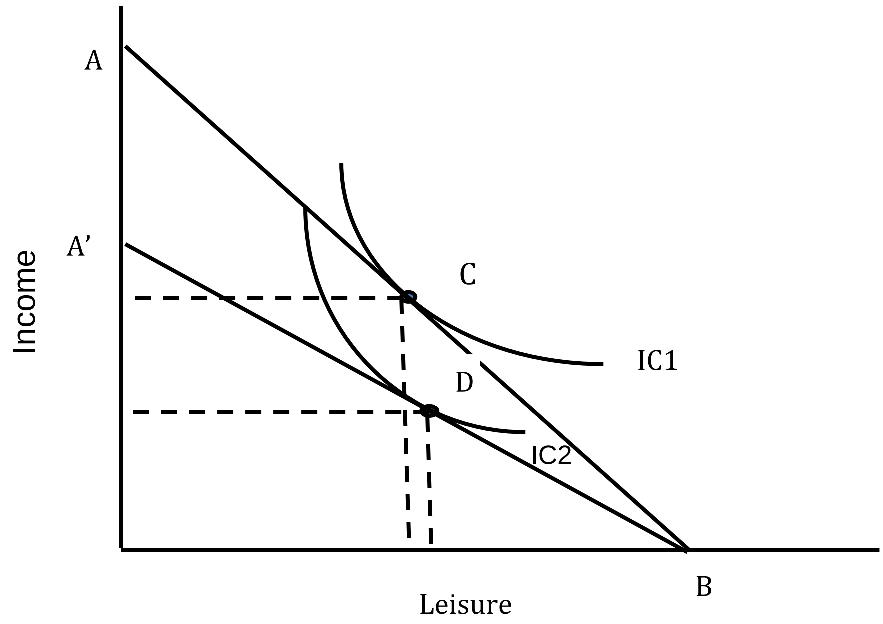
Income taxes comprise the largest contributor to Government revenue in South Africa. Personal income tax is the major source of income tax, followed by corporate income tax. Income taxes in South Africa are progressive and based on the ability to pay.

Personal Income Tax

The impact of personal income taxes on welfare can be analysed using labour-leisure trade-off analysis. Levying a general income tax on the populace results in welfare losses through negative effects on efficiency, as illustrated in Figure 1. In Figure 1, the line AB shows the income-leisure trade-off facing the consumer. If the consumer chooses to work and does not allocate any time to leisure, she will earn total income at A. At B, the consumer earns zero income but allocates all her time to leisure. However, due to the convex nature of the consumer's indifference curves, the equilibrium would occur at point C where the consumer's indifference curve IC_1 is in tangent with the budget line AB. Levying an income tax swivels the line AB to A'B and lands the consumer at a lower indifference curve IC_2 and a new equilibrium at D. At point D, the consumer derives less utility from their activities than before, signifying a loss of welfare.

Figure 1 illustrates possible efficiency losses that can emanate from an increase in income taxes through their effects on the incentive to work. Due to increased income tax, employees may reduce their hours of work and increase leisure time. The disincentive to work could impact on employee productivity and ultimately lower output. In addition to losses of efficiency that may result from increases in income tax, this type of tax is closely tied to the developments in the rest of the economy. Keynesian and Neo-classical theories of economic growth relate the rate of unemployment to the growth of the economy (Solow, 1988). On the other hand, endogenous growth theories also link health to economic growth, suggesting complex interrelationships between macroeconomic variables and health (Bloom et *al.,* 2018). The higher the growth rate of the economy, the higher the job creation and, consequently, lower unemployment can be achieved. Additional revenue needed for the NHI programme may be difficult to raise given the recent performance of the South African economy and the increases in the unemployment rate. In essence, the lower number of employed individuals in proportion to the whole population reduces the tax base. It is, therefore, imperative to pay attention to the slow rate of growth of the economy as it will inevitably result in lower income tax revenue, which may then inhibit the success of the NHI revenue mobilisation drive. The current rate of economic growth in South Africa is 1.3%, and the unemployment rate is reported at 29%. The statistics are not encouraging with regard to the NHI, as its implementation will require increased revenue collection from a shrinking tax base. This conclusion is supported by the slow pace of economic growth over the past ten years, leaving the economy vulnerable to economic shocks that may emanate from different economic sectors.

Figure 1. Effect of personal income tax on consumer work preferences



Source: Hyman (2014)

Corporate Income Tax

Corporate income tax is levied on the earnings of the business before dividends are subtracted. In Hyman (2014), corporate taxes are discriminatory as they only affect one form of business enterprise, leaving other forms such as partnerships or sole traders outside the tax bracket. In addition, not all firms are required to pay corporate tax in South Africa. In the new turnover tax regime in place, small companies with a profit of less than *R335 000* will not pay any taxes. Those which earn a turnover between *R750 001* and *R1 000 000* will pay the highest tax, *R6 650* plus 3% of the amount above *R750 000* (National Treasury, 2015). The reduction in these taxes can potentially increase investment as this is an incentive to promote small and medium enterprises. These facts underscore the notion that corporate income tax is not equitable.

Another argument raised against corporate income tax is that dividends paid to shareholders are double taxed. Hyman (2014) argues that double taxation of dividends can act as a deterrent to investors in corporate firms. A corporate tax results in a reduced return on capital for investors, leading to re-allocation of investment funds from the corporate sector to the non-corporate sector. In general, corporate taxes lead to a decrease in return in both the corporate business sector and the non-corporate business sector. The result is a disincentive to invest that can negatively influence the growth of the economy.

Indirect Taxes

The main indirect taxes used in South Africa make up the group of general taxes. These include value-added tax, excise duties and levies, transfer duty, and also import duties and levies tax. The proposal in the NHI documents is to increase general taxes to meet the revenue needs of the proposed public health insurance system. The amount targeted to be raised is equivalent to 3% of the country's GDP. The main general taxes covered can also be categorised as consumption taxes. In general, consumption taxes are price- distorting as they alter the ultimate price paid by the consumer or the amount received by the seller.

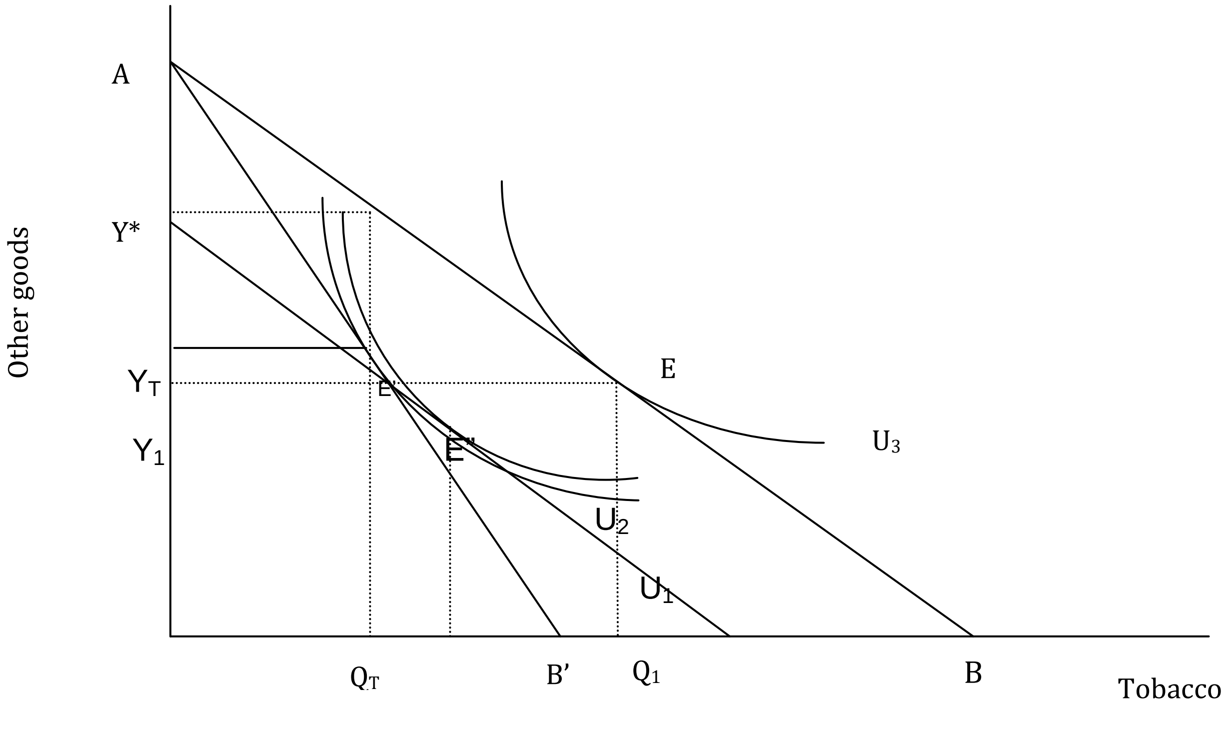
Value Added Tax

Value-added tax (VAT) is a form of consumption tax levied on all goods and services purchased by the consumer. VAT is argued to be regressive in nature as it collects a larger proportion of income from lower-income earners compared to high-income earners. Increasing VAT, therefore, harms low-income earners. In addition, VAT is not easy to implement and ensure compliance as businesses have to register as VAT vendors. It is likely that small and medium enterprises in some cases, may not collect and pay VAT.

Excise tax

The illustration below (Figure 2) shows the distortionary effect of an excise tax. Excise taxes are levied on goods that are undesirable for consumption by society, such as tobacco.

Figure 2. Tax incidence of a unit excise tax



Source: Hyman (2014)

In Figure 2 the original consumer budget line is AB. That is if no tax is levied on tobacco products, the consumer's equilibrium is point E, where AB intersects with indifference curve (U_3). Y_1 is the equilibrium expenditure on other goods and services, while AY_1 is the expenditure on tobacco products. The quantity of tobacco products consumed is Q_1. Consumer equilibrium is achieved at a higher indifference curve. Levying a unit excise tax on tobacco products will cause the budget line to swivel from AB to AB′. Consumer equilibrium becomes E′ where consumption of tobacco products reduces to Q_T, whilst expenditure on other goods and services increases to Y_T. AY* is the tax payable to the government. However, the consumer's utility has decreased because equilibrium is now attained at a lower indifference curve U_1 as compared to the original indifference curve U_3. The consumer's disposable income has also been reduced by tax T. Thus, to the extent that the decrease in consumption of tobacco products contributes to the health of South Africans, a unit excise tax can contribute to improvement in the health of South Africans whilst at the same time tax revenue raised can contribute to the NHI programme.

Fiscal Policy Implications of the NHI Proposal

The government of South Africa utilises fiscal policy to regulate economic activity in short to medium run. Fiscal policy involves the use of taxation, government spending and government debt to determine the level of economic activity and respond to economic shocks. For an economy in a downtrend, the stimulus could come in the form of reduced taxes or increased government expenditure. It should be noted, however, that the effect of adjustments in taxation on the economy depends on the elasticity of demand and supply. Lowering taxes increases the consumer's disposable income and can result in increased consumption, which in turn increases aggregate demand.

Given that the government is planning to increase general taxes, the effect on economic activity could be negative, as an increase in taxes results in lower consumption which, in turn, reduces aggregate demand. Thus, a contractionary fiscal policy through an increase in taxation could be detrimental to the economic growth objective of the government as the economy is already suffering from low economic growth. While an increase in taxes, assuming constant expenditure would result in the reduction of the budget deficit, it is not clear whether the increase in tax revenue would be enough to cater for the NHI programme. Given the lack of clarity around the expected total cost of the NHI (Naidoo, 2012; Sekhejane, 2013), the budget deficit may increase. An increase in the budget deficit is undesirable for several reasons. The current debt level of the central government is already higher than expected; the recent credit rating downgrades also mean that acquiring debt is now expensive for the country; and the slow rate of economic growth could imply that debt repayment will be difficult as revenue grows at slower rate than the national debt or the interest rates thereof.

The Financing Framework for the Public Health System

In the current national public finance framework, the minister is required to table the national budget in parliament before the beginning of a fiscal year. Provincial members of the executive council (MECs) are expected to table the provincial budgets two weeks after the national budget has been announced (Public Finance Management Amendment Act 29, 1999). Important aspects of both the national and provincial budgets are the total revenue, current and capital expenditures, and debt and interest payment schedules. The proposed NHI framework, however, proposes the allocation of funds to an independent parastatal that will distribute the funds to provinces, as opposed to following the present system in which funds are distributed to the provinces directly from the National Treasury.

The Feasibility of the Proposed Procurement System

The NHI proposes a procurement system in which the NHI fund will be created to distribute funds from the national level to different provinces, local government and the private sector. This proposal hinges on a well-functioning governance system in which public goods can be delivered efficiently. Any form of government financing should be evaluated according to its impact on equity, efficiency and administrative efficiency. In practice, however, there are constraints on efficient service and goods delivery by governments. Bureaucracy, corruption, rent-seeking behaviour, and information asymmetries are some of the problems associated with government provision of public goods. Although the South African government believes that the tax system is efficient and fair (National Treasury, 2015), it is also acknowledged that corruption and waste remain challenges in the system. Bloom *et al.* (2018) argue that for any procurement system to be transparent, there needs to be accountability and responsibility. In addition, value for money should be preserved, and the procurement system should have clear procedures that allow for a comprehensive audit.

Corruption Watch South Africa segment the types of corruption into the abuse of power, bribery, employment corruption, and procurement corruption. In their 2018 annual report, procurement corruption's share is 21% of total corruption in the country. This share is high and could be a major determinant of the success of the NHI programme if the attitude towards corruption is not changed. Furthermore, Corruption Watch South Africa's reports corruption by the institution and shows that local government, national government and provincial government contribute 23%, 27% and 35% respectively to the total corruption reports compiled. These numbers are significant, given that NHI funds are expected to be channelled through these levels of government to reach the ultimate benefactors.

In addition, the overall revenue received will depend on the ability to reduce the incidence of tax evasion and tax avoidance. Tax evasion refers to illegally withholding taxes that are due, whilst tax avoidance refers, inter alia, to a change in behaviour rising from the desire not to pay taxes. Tanzi (2000) argues that the administration of taxes is poor in developing countries, and this may lead to less revenue being collected. This is noted in the National Treasury (2015) and Benn (2013), and the South African government is set to address the problems of base erosion and profit shifting, which were identified as possible impediments to revenue collection. Thus, whether the centralised system of procurement will work or not depends largely on the efficiency of the governance system in overcoming impediments such as corruption and bureaucracy.

Conclusion

This paper has reviewed the feasibility of the changes in tax structure proposed in the NHI documents by analysing the tax incidence of both income taxes and consumption-based taxes. Increasing both taxes could result in loss of welfare to society at large as labour is discouraged from working and the poor are further disadvantaged through increases in taxes such as VAT.

Furthermore, distortions may arise within the fiscal policy framework, and instability could result from the tax increases. The paper also demonstrates the challenges arising from the centralising procurement of health services due to high levels of poor governance and service delivery inefficiencies. In conclusion, successful implementation of the NHI requires improved governance, a clear understanding of its policy implications, and continuous monitoring of its implementation to prevent any financial leakages and ensure efficiency in service delivery.

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Service Delivery with Wanton Protests in Megalopolises, South Africa

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ABSTRACT

One of the bequests of the current democratic dispensation in South Africa is the choice by the citizenry to express their feelings without let or hindrance. Since 1994, the people of South Africa have recouped much power as to expressing their grievances towards their government in some of the worst viciously known manners ever recorded among black Africans within the continent-. Since recent times, South Africans have aggravated their protest revolts over what they perceive as government's failure in the delivery of vital (basic) services, such as electricity, water and sanitation, with some other protests flanking on the provision of quality higher education at affordable cost or possibly no cost at all. With incidents of violent protests almost becoming frequent occurrences, the main aim of this article is to explore the main question that is still remaining "Do South African mega cities really stand to lose much more for not doing enough for their constituencies"? Attempts at providing answers to this question have resulted in an in-depth reviewing of literature into the antecedents of service delivery protests in South Africa. The article reveals that the cost of unaccountability by the failure of megalopolises' authorities to render adequate municipal services to their people, outweighs by far the very cost of remedying the situational consequences accruing therefrom. Therefore, South African cosmopolitan authorities must be able to deliver based on the expectations of their masses who elect them into power; they also need to put adequate security measures in forceful place to clampdown on civilian protestors in their megalopolises.

Introduction

Since the dawn of democracy in 1994, most especially after the iconic presidency of South Africa's democratic founding father, *late* Nelson Mandela, South Africans have always fathomed reasons to strike back at their government over what they perceive as its failing or insufficient capacity to deliver basic services to the people. Hardly would a full calendar year elapse without any incident of such mass revolt by the people against government at all levels, and the majority of these protests are as destructive as they are mostly understandable or unwarranted. The *culture* of "service delivery protests" in South Africa has, therefore, graduated to an orthodox level where most disgruntled elements in the society are more disposed to reproaching government at any slightest exasperation in order to find defaulting basis so as to incite their fellows and other members of their communities against it. According to Jili (2012: 1), this "phenomenon of violent confrontation against" [government over alleged] poor service delivery has become [so] problematic over the past several years", that the nation's Institute for Security Studies now reports it as "one of the highest rates of public protest in the world".

Notwithstanding the alarming state of these protests with the scale of damages arising therefrom, majority of South Africans vividly express little or no compunction with regards to their involvement in past protests, thereby raising fears over the tendencies for more violent demonstrations in near or far future. This fear is also expressed by Peter (2010) while observing that more South Africans have, "since 2004 ... experienced a movement of local protests amounting to a rebellion of the poor". With the protests becoming "widespread and intense, [and] in some cases reaching insurrectionary proportions" (Jili 2012: 29), Roelofse (2017: 2) attributes "poverty, poor performing municipalities, lack of state resources and more often, mismanaged funds [which] create budgetary constraints to fulfil elections promises", as their root causes. The above studies have shown that these service delivery protests affect the country and the people in more than fewer ways. Roelofse (2017: 1) continues to reveal that service delivery protests "have impacted South Africa in a [rather] significant way", leading to some worst-case scenarios where innocent lives went therewith. He opines that one of such incidents was so *gory* that the state television broadcasting corporation, SABC, issued a "policy statement that violent protests will not be screened" on national TV thenceforth (Roelofse 2017: 1). This has aroused so much concern over the increasing level of frustration-induced aggressions by the people towards their government.

The aim of this paper, therefore, is to analyse in details what South African megalopolises or (*mega* cities) stand to lose from wanton protests even as they are failing or faltering to deliver (much) for their constituencies. To achieve this, attempts are made in providing an adequate theoretical premise for service delivery protests, based on the precept that they are caused by municipal non-/underperformance. This might, perhaps, divulge more reasons as per why South Africans are most likely to end up in violent protests, the majority of which are regrettably deadly. Additionally, efforts are made in analysing the situational reports of service delivery protests in these megalopolises most affected across various provinces in the country, with particular reference to those *mega* cities which are considered as "hotspots" for service delivery protests. This article eventually reports the possible impact of these protests on the various municipal economies.

Conceptual Clarification of Service Delivery Protests

There are as many definitions as there are many cases of service delivery protests in South Africa, but the premise of popular definitions entails that service delivery protests are

> *communal demonstrations borne on agitations over inadequate or inexistent municipal services, development indices or governmental accountability.*

An attempt to render separate conceptualisation of the composite words might perhaps enhance proper understanding of the subject matter in this article. According to Samkange, Masola, Kutela, Mahabir, and Dikgang (2018: 1), "protests are defined as *social* movements in which people with a common purpose respond to policies set out by authorities". According to Van Vuuren's (2013: 15) reportage which alludes to University of the Western Cape's definition of the concept, 'social protest' embroils "any complaint or issue cited by protesters, whether related to service delivery claims or not, over which citizens decide to engage in protest activity". While Van Vuuren's definition emphasises the *subject* of these protests, instances abound where public attention can be drawn to the *object* or incident of these protests, or what they usually result into. This is probably the situation which Lancaster describes as proportional to a state of *unrest* (Lancaster 2018: 29a).

Deducing from the above; therefore, Matebesi and Botes (2017), Morudu (2017) as well as Jili (2012) render perspective accounts on what 'service delivery protests' are all about. Starting with Jili who defines the concept exclusively, 'protest' is "a formal objection, especially by a group ... [or] a collective gesture of disapproval, sometimes violent, to make a strong objection or to affirm something"; while 'service delivery' represents those things which "the municipality are (sic) responsible for ensuring that people in their areas have at least basic services they need ... in particular water, electricity, sanitation, houses and roads" (Jili 2012: 11). Concurring with Jili, Reddy (2016: 2) interjects that 'service delivery' is the "provision of municipal goods, benefits, activities and satisfactions that are deemed public, to enhance the quality of lives in local jurisdiction", while Morudu (2017: 3) recapitulates 'service delivery protests' as arising "due to changes in a number of service delivery indicators". But a more detailed explication of the concept is offered by Matebesi and Botes (2017: 82). According to them,

> "*Service delivery protests ... mean collective action by a group of community members against a local municipality because of poor or inadequate provision of basic services, as well as a wider spectrum of concerns including government corruption, rampant crime and unemployment*".

One of Alexandra's (2010: 25) classifications of service delivery protests is buttressed by Lancaster (2018: 29). In her opinion, "a society's preference for the use of conventional forms of political participation ... can, over time, transform into unconventional political participation like violent protest or political violence" (Lancaster 2018: 29), which is simply the case with most service delivery protests in South Africa. Consequently, it is neither easy to estimate the condition that makes the choice for each 'political participation' in a community, nor the appropriate period when the use of such approach is legitimate and therefore obtainable. This is, perhaps the reason Lancaster (2018: 29b) argues that the basis for a community's or society's choice of protest – whether peaceful or violent (conventional or nonconventional) – as well as the justification for the use of *any* protest action *whatsoever* in the first place, absolutely depend "not only ... on the period of time in which it takes place, but also on the geographical location, and that particular society's definition of what is socially acceptable", or not. By context, this provides some insight on the legal basis of protests within a state, as well as what these protestors might claim as the premise for their protest actions.

To this effect, this article argues that there is quite as much conjectural premise to substantiate service delivery protests in any society whose administrative system is adjudged to be nonperforming, inasmuch as there is hardly – regrettably – any substantive basis for the seemingly 'unreasonable' spate of protest-related destructions in South Africa, many times some civilian lives are lost thereby. So, are South Africans actually becoming too assertive by taking their protest actions to extreme heights? Before delving through some provincial situational analysis to get answers to the level of losses attributable to service delivery protests in the country's main cities, it is important to analyse the theoretic premise of these protests.

Theoretical Premise of Service Delivery Protests

With *sincere* regard to the height of destructive tendencies of service delivery protests in South Africa, it is not unlikely that these 'protests' are an indispensable practice in any democratic setting. But in as much as there is no justification for the majority of these extreme forms of service delivery protests in the country, there is in fact some Constitutional provisions for service delivery in South Africa. Section 152 of the Constitution of the Republic of South African (1996) provides the right to service delivery for all South Africans, as it also specifies that various governmental institutions at municipal or local government level be vested with such power to delivering equitable services to the people at a grassroots level. Writing on behalf of Afro barometer, a "pan-African ... research network that conducts public attitude surveys on democracy, governance, economic conditions and related issues in Africa", Sibusiso Nkomo specifies that the above Section of the South African Constitution charges the "Local government [to] ... among other things, with ensuring the provision of services to communities in a sustainable manner, promoting social and economic development, and promoting a safe and healthy environment" (Nkomo 2017: 2). Alluding further to the South African Organised Local Government Act of 1997, Nkomo captures the structural composition of the three types of Municipalities which wield such Constitutional power as local governmental institutions in the country, including "eight Metropolitan cities [or megalopolises], 44 district municipalities, and 226 local municipalities" (South African Government 1997, in Nkomo 2017: 2). "All these types of municipalities", according to him, "have a core responsibility for water, sanitation, markets, refuse removal, and land management" (Nkomo 2017: 2).

However, inasmuch as South Africa's Constitution acknowledges the people's right to service delivery in their communities, there is so much concern as per the level of exacerbated and destructive protests, many of which clearly leave the cities in much worse condition than they were even with the alleged *inadequate* or *inexistent* municipal services. However, Roelofse (2017: 6), aptly objects that *Cape Town* does somehow 'recognise' these *service delivery protests* as one major expressive way which the masses employ, apparently at breaking points, when it appears their 'patience' is running out. According to him, "the Parliament of the Republic of South Africa (2009: vi) notes that *violent service delivery protest* is caused by aggression that is fuelled by frustration" over the prolonged failure of these municipalities to respond to people's cries and meet their needs (Roelofse 2017: 6). While considering the extreme level of wanton destruction which always results from most of the protest actions, we are still unable to confirm if the same National Parliament could justify *their* means as ultimate and fairly responsible, in a situation where these protestors claim their needs are inadequately met (or not met at all). This is much like a quagmire wherein *two* wrongs are austerely contending to make *a* right. And whereas Salgado (2013: 17) argues mainly in favour of the protestors where, he says, always suffer "long standing alienation by large sections of [their] community", Roelofse (2017: 6) decries incessant marginalisation of the local communities generally by their local government as the principal reason why they go extreme:

> "*When such marginalisation becomes the norm, and communities are robbed of active citizenship, the resulting levels of frustration may lead to the notion that the only way to make their voices heard is through the use of headline-grabbing violence*"

Surprisingly, Lancaster (2018: 29b-30a) harangues that more and more South Africans appear to be participating in violent protests as a *leeway* to registering their grievances over what they perceive as anomalous in the social system, and they believe that it is *working* for them. She infers on Bohler-Muller's *et al* (2017) study which states that:

> *"Disruptive and even violent protest may be becoming more acceptable, given that a growing number of South Africans believe these forms of protest yield more successful results than peaceful protest action."*

Jili (2012: 66), on the other hand, registers on the futility of any hope that these protestors are relenting any time sooner, because the majority of the South Africans are still in doubt of their government's capacity and efficiency in delivering adequate municipal services to them (see Figure 1 below).

Perhaps, a more logical proposition of *why* protests do occur, and *how* frustration does 'fuel' such protest actions, is likely deducible from the field of Psychology, where human behaviour is studied. Social and behavioural scientists have, therefore, made crucial attempts in order to demystify this extant notion that frustration does actually lead to aggression, and the cause of this frustration, as well as the degree and trajectory of the consequent aggression, can be measured and most probably projected. Jili (2012: 4) suggests that the best hypothetical justification for violent service delivery protests in South Africa~~,~~ is John Dollard's "frustration-aggression theory". The theory, which originates from Dollard in 1939, is described by Barker *et al* (1941) as "a psychological factor underlying violence, [wherein] aggression [is] caused by frustration resulting (sic) from unfulfilled expectations" (see Jili 2012: 4). Alluding to Dollard et al (1939), Friedman et al (2014) state that aggression is the result of blocking, or *frustrating* a person's effort to attain a goal. Therefore, by its earliest formulation, the frustration-aggression theory states that frustration always precedes aggression, and aggression is the *sure* consequence of frustration (Dollard et al 1939). With cognitive regard to the South African scenario of service delivery protests, the underlying problem always manifests therefrom when "this frustration turns into aggression [as] *something* triggers it, for instance, a realisation by citizens that they have waited too long for the services to be delivered [or] promises of service delivery made by government are broken and the politicians, from the perspective of the people, are elitist" (Jili 2012: 4). Nonetheless any apparent concern for the kind of violent demonstrations as currently witnessed in South Africa with such inestimable and – most times – irreplaceable loses on both sides (government and the governed *alike*), and with no specious deference for *whose ox was gored* first, or what causes what which then vindicates what outcome, this study's nonaligned objection remains unequivocal over the untold socioeconomic quagmire which the government and people of South Africa are steadily grounding the country with its economy. The current situation has become so critical that it does actually appear that for every one major development step they take for the country to move forward; two or more retrogressive steps are incurred as a result of such vicious protests over poor service delivery in the country. Thankfully, the scholarly contributions of Hovland and Sears (1940), Barker *et al* (1941), Harris (1974), and Kulick & Brown (1979), are highly esteemed in providing the much-needed insight as well as necessary (re)examination of Dollard's *et al* (1939) 'frustration-aggression theory', as the justice of applying it to South African context is the prerogative of this article.

The interventionist contributions of Harris (1974) and Kulick & Brown (1979), attempt to further illustrate this *extent* unto which frustration could conceivably *mature* to aggression. Their "Refinements" efforts measure the degree at which frustration could ultimately determine both the prospect of aggression and the implications thereby. They, therefore, demonstrate that the greater the degree of frustration, the greater the likelihood of aggression which emanates therefrom. Put in simplest form, frustration is increased by being *thwarted*, when a need is left 'over-duly' dissatisfied or an expectation is *insolently* (unapologetically) violated or disappointed. The higher the amount of those expectations or the period over which the needs are left unmet, the tendency is they are most probably going to result in a state of *diffusion*, which occurs after a *boiling point* upon which the endurance thread of the individual or group is regrettably broken. This is a point of no return where the accrued aggression keeps *diffusing* spontaneously and randomly on impact at any available object or receptor; conventionally on the exact source or cause of the frustration when the aggression is directly projected, or unconventionally on a nearby object or 'scapegoat' when it is indirectly projected.

These theoretical expositions rightly unravel the situation of service delivery protests in South Africa, but they do not in any way justify the extreme or unconventional forms of most protest actions in the country. They do, as a matter of principle, illuminate that these protests have a basis or causative stimuli, which are quantifiable. And if ardent care is taken by means of tracking and cushioning their basis or the causes of frustration, the deplorable outcome that would have led to the state of *boiling point* when the frustration is readiest for diffusion, could have been barred, with normalcy *retrogressively* restored effectively. This is important and practicable considering the spate of wanton criminality and destructions arising from service delivery protests in South Africa. Morudu (2017: 3) testifies to the "proliferation of [these] service delivery protests in South African local municipalities, as regularly seen in the media". Public Servants Association (2015: 8), on the other hand, is still surprised that "service delivery protests are most common in major metropolitan centre like Johannesburg, Ekurhuleni and Cape Town"; while Jili (2012: 8) proclaims that since recent times, "South Africa has experienced a wave of violent protest action across most provinces". Therefore, at whatever level where these protests occur, their situational report is always too gory to behold. For the purpose of this article, the situation of these destructive protests across major provincial megapolises in South Africa will be taken into consideration.

Provincial Situational Analysis on Service Delivery Protests

Section 40 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996) recognises government at national, provincial and local spheres, as "distinctive, interdependent and interrelated". To this effect, there is one national government whose executive, legislative and judicial arms are stretched across countrywide in Pretoria, Cape Town and Bloemfontein respectively, nine provinces with their capital cities, and over 278 municipalities at local government level where most of the service delivery protests do occur, based on the reality that every part of the country is enumerated under *one* local municipality government.

Citing Bhardwaj (2017), Roelofse (2017: 9) observes that South Africa has witnessed *10 517* service delivery protests from 2012-2013, *11 668* service delivery protests from 2013-2014, and *12 451* service delivery protests from 2014-2015. Within these triple-phased periods, "there was thus an increase of *1 934* incidents or 18,39% (sic) over the three years" (Roelofse 2017: 9). Although "there is also a gradual increase in the [number of] peaceful [protest] incidents" (Roelofse 2017: 9), Bhardwaj (2017) argues that there were *1 882*, *1 907* and *2 289* unrest-related incidents *respectively* within those periods "which reflect an increase of 407 or 21,6% (sic)" in all violent protests in the country (see Roelofse (2017: 9). He, therefore, projects an "upward trend in protests" as the majority of "the 278 municipality in South Africa grapple with limited budgets and increasing demand for houses, water, electricity, and other services", resulting in inadequate or inexistent service delivery to the masses as "it [currently] affects 5 of the 9 provinces, namely Northwest, Limpopo, Mpumalanga, KZN and Eastern Cape provinces" (Roelofse 2017: 9).

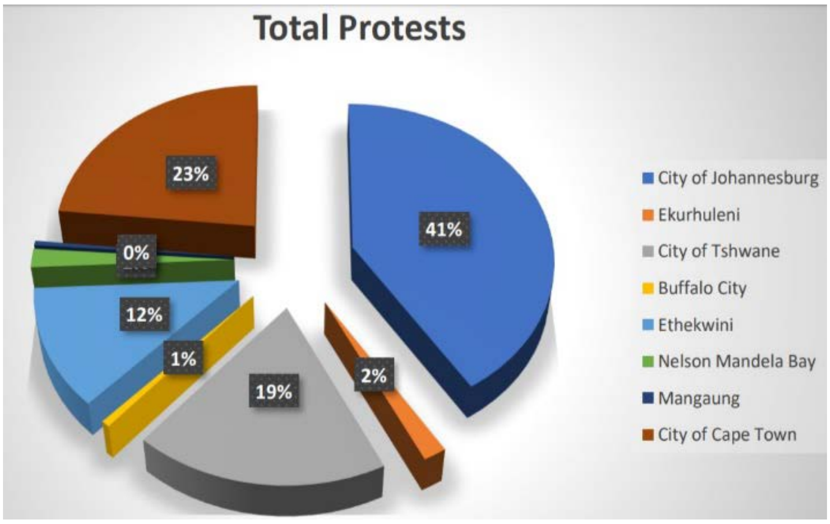
According to Roelofse (2017: 10), South African local “municipalities ... are [further] classified into Metros, District Municipalities and Local Municipalities”. Local municipalities are further categorised into four (4), including B1, B2, B3 and B4, in accordance with the Municipal Infrastructural Investment Framework (MIIF). The above categorisation means that B1 is made up of secondary cities and local municipalities with the largest budget; while B2 includes any local municipality with a large town at its core. B3, on the other hand, comprises of local municipalities with no large town at its core, but small towns with a relatively small population many of whom live in small urban areas; whereas B4 category is almost entirely rural with communal tenure and one or two small towns in their area (Municipal Demarcation Board 2012, in Roelofse (2017: 10). According to Roelofse (2017: 10), the Western Cape province, Free State province and Gauteng province do not have any B4 local municipality, whereas in the remainder of the provinces, the distribution of the B4 “poverty horseshoe” municipalities are as follows: Northwest – 2, Limpopo – 16, Mpumalanga – 5, KZN – 29, and Eastern Cape – 15. This analogy most accurately underpins the high incidents of service delivery protests in the abovementioned *hotspots*, but that does not mean that such protests have not or cannot take place in other provinces in the country.

Impact of Service Delivery Protests on Municipalities

The “status of service delivery” among municipalities, according to Roelofse (2017: 9-10), is somewhat steadily awful with most underdeveloped areas at local government level facing “the inability ... to raise income, be it through taxes, delivery of services and other modes, such as business levies and access to amenities”. And since “poor municipalities” generally translates to poorer populace within those municipalities, their tendency to wholly rely on the national government for their funding needs, becomes almost unavoidable (Roelofse 2017: 9). Their rampant state of poverty, with gradually failing service delivery capacity, has resulted in more chances of protests being recorded within those municipalities this article, therefore, acknowledges some typical cases of service delivery protests in selected municipalities. According to Bohler-Muller *et al* (2017: 82b), the bulk of South Africa’s protests actions emanate from “economically disadvantaged” members of the society who grapple with challenges relating to “municipal services and other material issues” including “poor state of wages and labour market opportunities.” Samkange *et al* (2018: 5-6) illustrate that the city of Johannesburg accounts for most of the protests in overall, with “approximately 41% of all protests during 2010-2017 period ..., [with] 23% in the city of Cape Town and 19% in the city of Tshwane” (See Figure 1). “This means that 60% of all protests occurred in the Gauteng province [as] Manguang metropolitan has the lowest percentage with 0.0047%~0% of all protests during the period under review” (Samkange *et al* 2018: 6).

Samkange *et al* (2018: 4) observe that the above municipalities were most affected in the areas of “impairment of plant, property and equipment as well as impairment of movable assets ... used as a proxy for protest-related” exercises, for which huge sums were budgeted to offset their loss or damage. Samkange’s *et al*’s (2018: 5) further report of service delivery protests in South African metropolitan municipalities reveals that these protests take the forms of both violent and non-violent. Whereas non-violent protests involve peaceful demonstrations during which the protestors array no or fairly agitated movements with placard displays to express their grievances, the violent protests, on the other hand, incur tense or agitated movements with more or less destructive tendencies.

Figure 1: Total protests in South African metropolitan *(mega cities)* municipalities (2010-2017)

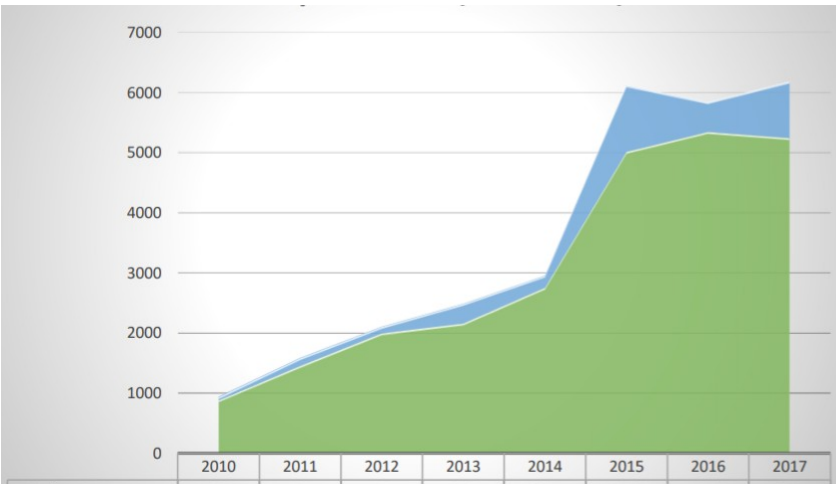


Source: Samkange et al (2018: 5).

In their special investigation for the Human Sciences Research Council (HSRC), Nomdo and Siswana (2020) report that this kind of violent protests occurred in Mandeni, a traditional manufacturing hub on the north coast of KZN, in 2016. According to their report,

> *"The town was rocked by [violent political] protests related to the election of a ward councillor and the inability of the local authorities to heed the community's demand. The protests [then] turned violent which led to the burning down of factories in the region, leaving more than 2 000 people out of work. As a result of the destructive protest, local residents lost sources of income and capital needed to send their children to school, access services and purchase food, which led to monetary deprivation".*

Figure 2: Violent Protests and Non-Violent protests in South African mega cities (2010-2017)



	2010	2011	2012	2013	2014	2015	2016	2017
Violent Protests	62	135	114	328	205	1100	488	932
Non-Violent Protests	880	1454	1996	2162	2753	5015	5347	5244

Source: Samkange et al (2018: 8).

According to Samkange *et al* (2018: 7-8), the above graphical representation of the evolution of service delivery protests in South African major metropolitan cities shows that the number of both violent and non-violent have also increased substantially from 942 in the year 2010, to *2 490* in 2013, with a drastic upward trend to *6 176* in the year 2017. "This shows an increase display of dissatisfaction by the South African public" (Samkange *et al* 2018: 8). In the same vein, the figure reveals that violent protests gained significant momentum from 62 in the year 2010 to 932 towards the end of the period under review, which translates into a staggering fifteen-fold magnitude increase of what it was in the year 2010 (see Samkange *et al* 2018: 8). By this analogy, evidence abounds to the certainty of intensifying incidents of service delivery protests in general, and more violent service delivery protests in particular. It further goes to state that there is no gainsaying the fact that the people of South Africa are not relenting in their choice ways by which they express their grievances towards their government. In another study conducted in 2011 on people who stay in the informal settlements of Khayelitsha, a partially-informal township in Western Cape, Nleya finds that 54% of the people (residing in informal settlements) confirm that they "would attend protests regularly [while] 36% of the people residing in formal houses say they would be involved in public protests regularly". More studies which were conducted in the same year, such as the study by Karamoko & Jain (2011), "found that 56.64% of protests that took place throughout the country were violent in 2010".

Conclusion

If the municipal authorities in South African megalopolises presume they can always smartly win their masses' support during their electioneering campaigns and subsequent votes during elections, like a miserly *satyr* who is counting on his wonted bedtime promises just to *win* yet another night's pleasure from his credulous spouse, then we assume in this article that they have bargained more than they could afford and are definitely *in* to count more losses. This is because the masses are now increasingly *angered by frustration* of inadequate cum inexistent service delivery within their megalopolises, and it is obvious that there are no worse ways they express it than through violent protests. After diligently perusing a popular survey which links "service delivery and protests in South Africa" and wherein we *still* hear that a whopping 54% of people who stay in informal settlements are warming up to "attend protests *regularly*" with as much as 36% of their counterparts in formal houses also signalling they are ready to "attend public protests *regularly*", we were almost *frustrated* by the sickening and unreasonable level of wanton destructions *akin* to these violent protests in the nation's megalopolises (but our own frustration won't lead to any aggression). That is why this article concludes that the gory pictures from these protest-induced destructions should better be kept in people's mind than explicitly represented in this article.

From the foregoing, it is crystal-clear that the *cost of unaccountability* by the failure of megalopolises' authorities to render adequate municipal services to their people, outweighs *by far* the very cost of remedying the situational consequences accruing therefrom. There is, therefore, no gainsaying the fact that the options before South African cosmopolitan authorities are twofold: either by *leading* up to the expectations of their masses who elect them to *power* or by putting adequate security measures in forceful place to *clampdown* on civilian protestors in their megalopolises. As it stands now in South Africa, the former option appears feasible and might be the painstaking choice for megalopolises whose political and administrative officeholders are notorious for corruption and unaccountability to their people. This is imperative since the consequences of the latter – which can result in enormous carnage – might be far worse costly for a continental leader like South Africa to subscribe, whose decades-old democracy is epitomic in Africa. To act otherwise, is to expect just too worse.

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BOOK REVIEW

John C Hulsman

To Dare More Boldly: The Audacious Story of Political Risk

(Princeton University Press, 2019, xiv+ 323 Pages, $29.95)

This discursive, interesting, insightful book draws on the claimed list of ten warnings underlying the Pythia's (never quite clear whether she is singular or plural) wisdom as the Oracle of Delphi in ancient Greece. These guidelines are offered as the basis of political risk analysis and by extension as the basis for wise policy. They are: "I. Know Thyself," "II. Nothing in Excess," and "III. Make a Pledge and Mischief is Nigh," and they are further broken down into 10 chapters covering know the world, your place, your geopolitics and game changers (under I); balance, lunatics, and chess players (under II); and the Las Vegas syndrome, the Promised Land fallacy, and Butterfly Effects (under III).

The chapters are illustrated by a number of historical vignettes, scattered non-chronologically and retrieved to fit the point, sometime personal and sometimes dealing with state policy. Hulsman summarizes his viewpoint at the end. The lessons add up to an engaged, conservative take on policy with penetrating judgments much like Cassandra (who was right much of her time).

Case 1 on "We are all at risk" uses the decline and fall of Rome, the role of Sejanus under Tiberias, the 2003 hot summer in France, the 2011 shame of the German defence minister, and the Ponzi scheme that is Europe's (and others') social security system to make the point, which is that modern societies are rotting from within. Jumping to mega-guideline II, Case 2, congenial to the Pythia(s), is that so-called madness can contain wisdom, citing the Assassins and the Third Crusade, the Manson family and the police, and ISIS and Iraq, although the three madmen do not seem to be similar in their madness. Case 3 on chess players—actors with long term strategic goals—uses Machiavelli, Putin, Cesare Borgia and Pope Julius II, Washington and Hamilton as its motley cast, with the mottled lesson that somebody will finish at last if one wait long enough. Case 7 continues mega-guideline I of knowing your country's place by invoking Lord Salisburg and the Meiji *Genro* who sensed their respective country's future and acted to seize it. Case 9 examines the fate of the Beetles and the Rolling Stones to illustrate, somehow, how to factor in time in understanding the world about.

Case 4 lauds game changers against odds, like Adams, Jefferson and Churchill, with Hitler as the bad better, with Venice and Napoleon throw in in case 5 as not knowing when is enough, and Gettysburg and Vietnam in case 6 showing the folly of throwing good resources after bad. Case 8 follows the theme, here termed the Promised Land Fallacy for some reason, citing von Tirpitz and Khrushchev. Finally, case 10 from mega-guideline III discusses the Butterfly Effect as an ability to meet the unexpected shown by

the rest | *volume 10 | number 2 | summer 2020*

Deng Xiaoping and Harold Macmillan and morphing into the challenge of China today.

As can be seen, the collections are diverse and often take a little shoehorning to fit. There is a lot of repetition in the text and incidents are revved to fit several cases as needed. Yet it is food for thought and right-headed in its risk analysis. It is good reading for college undergrad (assuming that they read) on up and enlightening afternoon fare for cooped up adults these days.

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BOOK REVIEW

Michael George Hanchard

The Spectre of Race: How Discrimination Haunts Western Democracy

(Princeton University Press, 2018, 280 Pages, Cloth $29.95)

Hanchard's book is a detailed discussion of the concept of race and its evolution, and how it underpins the debate on citizenship and democracy. In order to understand such a concept, the author starts from a discussion of citizenship and democracy in the ancient Athens, before and after the Greco-Persian Wars. Hanchard contends that lessons from this historical *excursus* are relevant "for a better understanding of the relationship between the practice of democracy and political inequality in the contemporary world" (p. 3). The relevance of this historical analysis stems from the political continuities that Hanchard detects: "Gender, nation ethnicity, and nationality mattered in the construction of Athenians citizenship and voting rights. Citizenship, like democracy itself, was not static, but underwent permutations and transformations in moments of crisis whether in the city-states of the ancient world now associated with the West or in the nation-states of the contemporary world system" (p. 3).

For Hanchard, the main question to address and explore is "how the practice of democracy produces – is affected – by political inequality" (p. 4). At the core of political inequality there is an organised system represented by "laws, norms, and coercive sanctions that delimited or outright prohibited non-citizen populations" (p. 5). Therefore, the formal or informal procedures, mechanisms, laws and institutions which tend to limit the political participation of some people rather than others are at the core of political inequality.

Hanchard's idea is that social inequality has political roots "insofar as exclusionary and inclusionary criteria for citizenship formation and participation inevitably emanate from the same source: state power" (p. 6). The different forms of distinction, which seem to categorise individuals in terms of gender, ethnicity, class, social status, and religion have enormously impacted the practice of democracy. Therefore, Hanchard argues "that such forms of political inequality are not anomalous features of certain Western polities, but rather are the modern manifestations of the combination of democracy, difference and inequality first invented and implemented in classical Athens" (p. 6).

The concept of race, therefore, is really prominent in Hanchard's book because it has "enabled political actors to project the need for homogeneity among a citizen populace, making race an organizing principle for governments and popular movements alike" (p. 6).

Based on methodologies and approaches of comparative politics, the book discusses the relevance of race as a tool of political inequality starting for the 19th century in

France, Britain and the United States. Chapter one focuses on the origin of comparative politics as a field of study from the 19th century, when the American scholar Freeman provided a "systematic approach to the comparative study of political institutions in the social sciences and humanities" (p. 12). As Hanchard contends, in Freeman's view, "the idea of race was central to political life; to the formation of a polis, commonwealth, and institutions … The power of race lay ultimately not in its biological provenance, but in commonly held beliefs and assumptions shared by groups of people who cojoin to form political communities" (p. 36).

Chapter two focuses on the evolution of comparative politics when "the race idea became the early 20th century example of a scientifically discredited assumptions that nevertheless retained popular appeal and mobilising power" (p. 41). For Western social scientists, culture "and ethnicity were the operative concepts deployed to identify potential obstacles to political modernity in Africa and Asia" (p. 13). The 20th century thus represented the turning point in comparative politics as a field of study because Western social scientists studied "political actors and institutions cross-spatially and cross-temporally" (p. 61).

Chapter three "examines the idea of difference as a form of political distinction in democratic polities, ranging from classical Athens to the contemporary period" (p. 14). This chapter is a historical *excursus* of difference, slavery, and democracy in classical Athens in order to understand the practice of democracy in contemporary world. The main argument of the chapter is that racial "and ethno-national hierarchies, once deployed in politics, have served as instruments of political inequality and exclusion in the majority of democratic polities" (p. 67).

Chapter four provides a different perspective of democracy in Britain, France, and the United States. For Hanchard, race and ethno-racial hierarchies are of primarily importance in order to understand democracy and political development. This chapter represents "a revisionist account of existing scholarship in political science, history, sociology, and anthropology" (p. 15), thus providing "evidence of how the three countries have incorporated ethno-national and racial regimes within democratic polities" (p. 16). As it results evident from Hanchard's discussion, the political development of some of the former colonies "of the United States, Britain, and France were structured, in part, by the ongoing economic, military and institutional interventions of these major powers" (pp. 166-167).

Chapter five is the final chapter of the book in which Hanchard focuses on the "relevance of history, local knowledge, and context in the study of comparative politics and to identify several research streams that could be developed in the exploration of political phenomena relating to ethno-national and racial regimes" (p. 168). The main question that the author addresses in the chapter is "whether it is possible to maintain, in the contemporary world, democratic polities within nondemocratic societies" (p. 169).

The book contains a Postscript in which the author tends to go beyond the historical and academic interpretations of democracy and political inequality in order to provide a key to reading what happens in people' everyday life. The Postscript is a discussion of recent events occurred after Trump's election "and the resurgence of authoritarian populism in both the US and Europe" (p. 207). The contribution of Hanchard's book relies on the idea that "population homogeneity, like the category of the foreigner and citizen, is a political artifact, not something we find ready-made in the world" (p. 212). This homogeneity seems "to eclipse the need for politics … Racial, religious, and ethno-national homogeneity will somehow beget unanimity and the obsolescence of politics" (p. 214). Hanchard's book seems against this essentialist view and advocates the need for a more realistic approach in which it would be closer to the truth to state "that most nation-states with histories of significant immigration have selectively accepted migration flows from certain parts of the world more readily than from other parts. Some immigrant groups have been more readily integrated into national societies than others" (p. 213).

Due to the topic, its relevance and discussion of democracy, inequality, and hierarchies, Hanchard's book is "intended for two audiences, one within the discipline of political science, and a broader audience interested in understanding the interrelationship of racism, institutions, and modern politics" (p. 1).

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BOOK REVIEW

Jason C Sharman

Empires of the Weak:

The Real Story of European Expansion and the Creation of the New World Order

(Princeton University Press, 2019, 216 Pages, $26)

This colourful work enjoys tackling the general acceptance of the "military revolution" and "fiscal-military" theses that claim European expansion over the 16th-19th century world came from military superiority derived from other countries' slowness in picking up the latest military technology and strategy. The book lays out its thesis and then focuses on its historical application in greater detail in three different periods and different parts of the international system. It examines the Iberian conquest of the Americas, laying its success to the disease that accompanied the *conquistadores* and the cultural acceptance of their invasion. It then analyses the European incursions into Asia, conducted by commercial companies rather than states, meeting sophisticated responses when attempted militarily and relying instead on negotiations. It then examines the reverse conquest of the Ottomans, who ruled a larger empire than Europe. The work then draws its conclusions, rich with hindsight.

The author points out, at every occasion that he can, that the world of the times was dominated by huge, contiguous states in Asia who allowed European nibbling around the shores because they gave little value to the one European military (and commercial) advantage, the maritime fleet. The tactics and fortifications growing out of the European internecine wars before and after 1648 were not used or useful in the colonial conquests, and in any case were already adopted by the Asian empires. But even through the 19th century colonial establishment, Europeans bargained rather than conquered territory for settler colonization. What then does explain the European colonial conquests and the rise of the modern state? Maybe "simply a coincidence" (126) or "largely shaped by cultural considerations" (148) with culture defined as just about everything (24).

The problem with unhorsing a reigning theory is that one has to supply a new one for the match to continue., A Syrian philosopher Al-Kawakibi has said, "Never overthrow a tyrant without having a replacement in reserve " and the same thing goes for intellectual authorities.. Removing a reigning explanation opens us to a myriad contenders, and Sharman decries the search for causal theories in general, which leaves us alone with idiosyncrasies, the bane of philosophers, Perhaps the most interesting effort at replacement is the European emphasis on negotiation, bargaining, intrigue, and deal making with lesser powers and states as an alternative to conquest. This was made possible by frequent disinterest of larger states and empire about the maritime field and their coastal fringes, and their positive interest in the trade opportunities that entrepot ports provided. The Ming, Qing, Mughal and Ottoman empires held off European settler colonization until the later nineteenth century, and beyond for China.

But the new thesis is arresting. International Relations are indeed taught Eurocentrically and World History as well. The existence of a tripolar international system of Mughal (and then Ottoman), Ming and Holy Roman Empires, with the third leg of the tripod the wobbliest, well before the first so-called World War, is a more accurate and more encompassing presentation of a global politics. The fact that colonization, in Asia more than in Africa or America, was carried out by national corporations (not multinational yet) only in the name of their home state throws the debate about international vs interstate politics into historical relief. The book draws on many scattered historical references large and small, and emphasizes the early development of non-Western military practices. In brief, the study tries to put Occidentalism in a global and historical perspective.

One problem that dogs attempts to theorize with a historical sweep is when to stop. Studies of European expansion tend to draw their pictures of the process with a final focus on the 18th century through World War II. But Sharman calls in his bets at the present day, concluding with "*Losing in the End: Decolonization and Insurgency from 1945,* the coup the grace on study of European expansion; it's a bit like saying the Roman Empire was a failure because of its ultimate decline and fall. The study decries looking at past events from a contemporary mid-century perspective but then uses a nearly century-later perspective as its vantage point (130). It makes its point, however, about the "military revolution" claims for colonization and "fiscal-military" thesis of war making states and does it repeatedly and persuasively. It needs to call up an alternative.

The work is intellectually challenging and makes observers think about where they stand before they call in their bets on the sweep of history. It also makes us realize that the world has been round for a long time. It has been explicitly written for a general readership (the introduction makes an emphasized point of it) and people who are willing to challenge their views (and the author's) should relish the book.

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