

The Transition Process in Africa: The Effects of Regime Change on Economic Performance in Libya

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ABSTRACT

In 2011, a wind of change blew across the Middle East and North Africa (MENA), this wind of change was the unprecedented revolutions that demanded for regime change in the region thus pushes for regime change. Libya, whose economy had been at an advanced stage of development compared to the other countries of the region was not left unaffected. Libyan citizens accepted regime change with high hopes of bettering their conditions, but years after the revolution, the situation in the country has not proven to be of a brighter future for the Libyan people who though presumed to be free as a result of the absence of a dictatorial leader like in the past, has yet plunged into chaos with its Human Development indicators being highly unpredictable following the country's present situation. However, the transition in Libya is agured to be producing undesirble developmental failures. Thus due to the shortcoming of the change in regime in securing a serene environment for development, this thesis aims to research and provide answers to the question "How has regime change affected economic development in Libya?."

Providing alternative approaches to establish a relationship between regime type and substantial development, this study analyses development in Libya both under the authoritarian regime and the present trasitional regime and comes to the conclusion that though the nature of a regime, be it democratic transitional or authoritarian does not permit us to predict if or not it will be developmental. Findings from this researck reveals that stable autocratic regimes have however proven to be more development oriented than uncertain transitions resulting from violent regime change. It is important again to note the fact that though we cannot define between

which regime type will be more developmental than the other, transitions to democracy is however difficult to sustain in low income countries.

Keywords: Regime change, Transition, Authoritarianism, Human Development Indicators

ÖZ

2011 yılında Ortadoğu ve Kuzey Afrika’da (MENA) bir değişim rüzgarı esti ,bu değişim rüzgarı dolayısıyla bölgedeki rejim değişikliği için baskılar dolayısıyla görülmemiş rejimler oldu.Libyanın ekonomisi diğer ülkelere kıyasla daha ilerlemiş olamsından dolayı soldan fazla etkilenmeyen bir bölge oldu. Libyalı halk rejim değişikliğini kabul ederek yüksek umutlar ile kendi koşullarını iyileştirmeyi düşündüler fakat devrimden yıllar sonra ülkenin içinde bulunduğu durum için parlak bir gelecek olduğu kanıtlanmış değildir , bu tahmine rağmen Libya halkının geçmişteki gibi diktatör bir lider olmaması sonucu serbest olduğu kabul olsa da Libya halkı henüz insani gelişme göstergeleri ülkenin mevcut durumu ,kaos içine düştüğünü ve şu an büyük ölçüde tahmin edilemeyen bir durumdadır.Bununla birlikte ,Libyada geçiş olması tartışması istenmeyen gelişimsel hataları üretmiştir.Böylece kalkınma için sakin bir ortam sağlanmasında rejim eksikliği nedeniyle bu tezin amacı araştırma ve sorusuna yanıt vermektir.’Rejim değişikliği Libyadaki ekonomik gelişmeyi ne kadar etkiler’?

Alternatif yaklaşımlar sağlanması rejim tipi ve önemli kalkınma arasında ilişki kurmak , bu çalışma analizi Libyadaki gelişmeleri tüm otoriter rejim ve şimdiki geçiş rejimi altında gelişimini analiz eder ve bir rejimin doğası olsa da , demokratik geçiş ya da otoriterde gelişimsel olması durumunda tahmin etmemize izin vermez sonucunu doğurur. Bu araştırmada elde edilen bulgular istikrarlı otokratik rejimler ancak şiddetli rejim değişikliğinden kaynaklanan belirsiz geçişler daha fazla gelişme odaklı olduğunu ortaya koymaktadır. Bu gerçeği unutmamak gerekir ,biz bunların

arasında rejim tipini diğlerlerinden daha gelişimsel olarak tanımlayamayız, bununla birlikte demokrasiye geçişi sürdürmek düşük gelirli ülkelerde zordur.

Anahtar Kelimeler:Rejim Değişikliği, Geçiş , Otorite ,İnsani gelişme Göstergeleri.

DEDICATION

I dedicate this thesis to God Almighty for all the strength and success through out my life

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LIST OF ABBREVIATIONS

DI	Democracy Index
ENPI	European Neighborhood and Partnership Instrument
EU	European Union
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMR	Great Manmade River
GPC	General Peoples Committee
HDI	Human Development Index
IMF	International Monetary Fund
ITNC	Interim Transitional National Council
LSM	Libyan Stock Market
LYD	Libyan Dinar
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
NATO	North Atlantic Treaty Organization
OPEC	Organization of Petroleum Exporting Countries

SAP	Structural Adjustment Programme
UN	United Nations
UNDP	United Nations Development Programme
UNSC	United Nations Security Council
WB	World Bank

Chapter 1

INTRODUCTION

The outbreak of an extension of the Arab Spring revolutions that began in Tunisia, in Libya, that saw the ousting of an aged long tyranny under which the country has been for more than four decades is a struggle that has long been dreamt of by many Libyans. The Libration of Libya from the cruelty of Col. Muammar Gaddafi marked the beginning of Libya's transition period. Regime change in Libya could only be secured through martyrdom. Few years following the rise of the Arab Spring and the democratization process of the MENA region, many media outlets such as The Economist who in January 8th 2015 pronounced Libya as the "next failed state", Garikai Chengu of Global Research who also on February 22nd 2015 wrote that "Libya has left from being Africa's richest state under Gaddafi to failed state after NATO intervention"¹, Horace Campbell, (2013) equally condemned NATO actions in Libya in his book, "Global NATO and the Catastrophic Failure in Libya" and international organizations have sound trumpets on the current situation that characterizes the aftermath of the uprisings in the developing world. Libya for about a decade before the rise of the Arab Spring propelled and pronounced itself as

¹ Garikai Chengu, 2015, "Libya: From Africa's Richest State Under Gaddafi, to Failed State After NATO Intervention", *Global Research* <http://www.globalresearch.ca/libya-from-africas-richest-state-under-gaddafi-to-failed-state-after-nato-intervention/5408740>

Africa's most developed country under the leadership of Colonel Muammar Gaddafi. A controversial figure, his visions for development are being considered and praised by many and some see him as a tyrant. It may however seem evident to regard both as being at least partially true. Despite the toppling of the authoritarian regime thus bringing an end to dictatorship in Libya, its situation still remains uncertain years after the revolution, a situation Mark Bracher (2013) describes as "the beginning of the beginning" ²

Substantive economic growth and development recorded in authoritarian regime in China and Hong Kong, Taiwan, Singapore, provoked many scholars such as Hasset, Kenneth, (2007), who basing his findings on specifications of Freedom House and Frasier Institute concluded that autocratic regimes which are more politically repressed countries outperform democratic ones, which are countries with more freedom, also in this line of thought are Przeworski and Limongi³ who noted that authoritarian regimes outgrew democratic ones because they possess "state autonomy" which prevents state objectives from particularistic pressures thus favors growth, thus concluded that development authoritarianism was the ideal model for development, but authoritarian regimes in Africa at one time were considered disastrous and not associating to the style in Asia. Looking at the aftermath of the revolution in Libya and the current transition government coupled with its toppled

² Mark Bracher, 2013, "Evaluate the NATO intervention in Libya. What impact did it have upon the region?" Academia.edu, p. 2

³ Przeworski, A., & Limongi, F. (1993). Political regimes and economic growth. *The journal of economic perspectives*, 51-69.

autocratic administration, it would be tempting to conclude however that Libya's development could be better preserved under its autocratic regime than any other, thus a focus of thoughts towards the Asian Model, Authoritarian capitalism

It has been a norm postulated by many scholars such as Siegle, Halperin, and Weinstein⁴ that not autocratic regimes, but democracies are more capable of securing higher economic growth and being able to sustain this growth, but this work strives to provide a counter norm that authoritarian regimes which are non-democratic are viable of producing and promoting economic growth even to some levels higher than those of transitional states with a stateless state. These autocratic regimes by comparison have within them some unique characteristics such as "state autonomy" as identified Przeworski and Limongi (1993:56) that help promote their economic growth.

This thesis examines Libya's economic development under the former authoritarian regime of Gaddafi and the present transitional government. The wind of change that blew in Maghreb Africa and Sub-Saharan Africa created hope for improved freedom and democracy throughout these countries, but it is rather unfortunate that Libya's situation has been marred by controversy due to the lack of a clear cut transition, thus arousing much debate on the successes of future transitional struggles. The ability to square elements of Libya's divided militia and factions to develop within a

⁴ Siegle, J. T., Weinstein, M. M., & Halperin, M. H. (2004). Why democracies excel. *FOREIGN AFFAIRS-NEW YORK*-, 83(5), 57-71.

democratic society with respect for humanitarian rights, political decisions and democratic governments represents a tremendous pace towards answering these questions.

1.1 Research Questions

The unstable nature of the newly created ‘democracies’ in Africa which formerly were authoritarian regimes has aroused a series of questions as to whether the change in regime in Libya and the transition in government particularly is really something worth investigating. The present situation in Libya is a quasi failed state because the internationally recognised government has not been able to establish a consolidated democracy and enact strong economic policies that will stimulate economic growth and development as seen in its human development indicators. However, this thesis aims to investigate the impact of regime change on economic development in Libya. The thesis then shows how the newly transitional government due to the violent regime change has been unable to initiate substantial policies to ensure substantial economic growth and development in Libya. The case of Libya in particular due to the violent form in which it has taken has accounted for nothing but lack of stability, unified and inclusive government in Libya following the change in regime. This work argues that state weakness, their low capacity reach and social and cultural resonance is a key factor in Africa’s relative developmental failure. Such state weaknesses render state developmental programs including those most committed or well-insulated of regimes, difficult to realize thus the following questions.

”How has regime change affected economic development in Libya?.” The study seeks to investigate the effects of violent regime change on Libya’s economic development indicators specifically economic and human development indicators.

The preference of this thesis is however not only to look at the democracy versus authoritarianism” debate but also to focus beyond it by strengthening state institutions that best enables economic development in Libya.

1.2 Theoretical Framework

This dissertation seizes the opportunity of the current power tussle in Libya following the change of regime and government to bring about a framework deemed conducive to ascertain further development in the country. Considering the fact that the maintenance of national unity with economic growth is often considered imperative, the authoritarian development model or authoritarian developmentalism, a form of political regime that has the capacity to tackle this situation is deemed essential. Such a regime type is “characterized by an autocratic leader who is ready to pursue economic growth at any cost, aimed at breaking the poverty trap”⁵. This thesis more specifically explores with evidence, the debate on the possibility of more development in African states (most of which are rentier states) under the form of authoritarian democracy, which works in line with the principles of the modernization theory. These frameworks thus uphold a hybrid of limited liberalism under a system of government characterized by semi-autocracy, which selectively as seen in East Asia and Rwanda have proven worthy of some tutelage instead of rejecting them absolutely and unconditionally.

⁵ Kenichi Ohno, 2007, “The East Asian Growth Regime and Political Development”, National Graduate Institute for Policy Studies, Tokyo, Japan (Revised edition)

1.3 Hypothesis

Information from the above theoretical framework shows that the main aim of this research is to investigate on the various institutional traits in Libya before and after the regime change, to be able to determine on which policy option is better for political and economic development in Libya than the other, based on the fact that Libya is a country made up of a multitude of tribal and militia factions that need a strong leader to be able to bring them together for the overall development of the country.

Our hypothesis then shall be that more economic development is expected to be seen in authoritarian regimes than an economy undergoing transition. There is no distinction between autocratic and transitional regimes in determining development outcomes (Null Hypothesis)

1.4 Methodology

Adopting a case study research method in administering and executing this research, this research makes use of the “positivist paradigm”⁶ based on the fact that the world is objective, the survey method will be used in my goal to provide an empirical in-depth and detailed examination of the development process in Libya during its ousted authoritarian regime and the current stateless transitional regime that can neither be characterized as democratic nor autocratic.

In an attempt to investigate and analyze the effects of regime change from authoritarian regime to an ‘uncertain transitional’ regime in Libya’s infant economy, while evaluating the shortcomings of both policy options, this case study research

⁶ Hughes, P. (2001a)

will emphasis on both quantitative and qualitative research methods and a combination of secondary sources to attempt to answer the aforementioned hypothesis. Analyses will be derived from experts in political economy on issues concerning regime change and their effects on the infant economies, while bringing forth an analysis of both authoritarianism and transition to democracy as development options. This research shall make use of data from international organizations concerning the selected case study like the United Nations Development Programs, the International Monetary Fund, African Development Bank, World Bank , and also data from the Libyan Central Bank. Congress reports, articles, academic journals, publications, books and reviews from the above relevant and reliable sources shall equally be implemented from different academic fields like theories on global economy that may in one way or the other account for the effects of regime change in Libya's infant economy.

Taking the independent variable to be the transition to an uncertain and failed regime and its related policies, while the dependent variable being economic development, this study will aim to establish a causal relationship or aims to show how change in regime or a transition from a stable authoritarian to an uncertain and failed government has affected economic development in Libya, defined in terms of economic growth in GDP. Hence, this study will further ascertain if the relationship between the independent and the dependent variables is positive or negative, are they correlated or are there any confounding factors that will make the relationship between the independent and dependent variables spurious.

1.5 Limitation and Scope

This thesis covers the time space from 1999 until 2014, focusing on the period when the Libyan government initiated economic reform programs to curb the country's dilapidating economic situation, to encompass the period when the United Nations and United States lifted sanctions against the economy, leading to its restoration of diplomatic relations with the external world, to the Arab uprising and revolutions which led to the ousting of the authoritarian regime and finally the period covering the current transitional government. The study's analysis shall center on the economic policies types introduced and how such policies have impacted on the economic development of Libya.

1.6 Thesis structure

This thesis is made up of five chapters;

1.6.1 Chapter one

This covers the introductory section of the research and consists within it the structure of the thesis, and a general outlook on the procedure of the research. Herein, we also some background information on the thesis, introducing the questions of research and hypothesis, data on the research methods and procedure. It also has with it a justification of the study, situating it in a time span.

1.6.2 Chapter Two

A clear understanding of the various policy options as provided by scholars or philosophers in the fields of autocratic development and democratic development paradigms as seen developing states is imperative to enhance adequate understanding of the topic in focus. This chapter provides a comprehensive review of diverse literature by expert scholars and policy makers and professionals in the field of international political economy on regime change and its implications on the

politics and economies of the developing African economies like Libya. It also looks up for distinctive neoliberal approaches adopted by proponents of democratization and further examines the functioning of new democracies like Libya to be able to compare both regimes.

1.6.3 Chapter Three

Analyzing the various policy options supporting either the democratic development model or authoritarian development model that seem to be characterizing Libyan development represents a difficult task. This chapter thus presents a historically informed evolution of the Libyan economy from the year 1999 up till the aftermath of the transition process (which was carried out with external support of France, US and Britain, violating its internal integrity and sovereignty) particularly to 2014.

This chapter further investigates on the Nature of Foreign Direct Investments in the Libyan economy following the regime change process by providing a comparative investigation of the stream and development of Foreign Direct Investments during the old autocratic regime and the present transitional regime.

1.6.4 Chapter Four

In an attempt to sufficiently rationalize the above given hypothesis and provide eminent answers to my research questions, this chapter analyses the various policy options characterizing development in developing economies seeking to provide an understanding of the implications of violent regime change on the politico-economic development of the Libyan fragile economy. It further provides some arguments on the effects of violent regime change on developmental states. This section therefore tries to answer the question how has violent regime change from a stable and well to do authoritarian government to a failed and uncertain regime affected political and economic development in Libya? It also evaluates the viability of both stable

democracy and authoritarianism in the promotion of development in a strictly divided and fractionized country.

1.6.5 Chapter Five

Chapter five concentrates on the conclusion and suggestions of this research, it further gives answers to the above questions of research and the hypothesis that have been provided to guide the research.

Chapter 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

A couple of years following the ascent of the Arab Spring and the regime transition process of MENA countries, many media outlets and international organizations have sound trumpets on the current situation that characterizes the aftermath of the uprisings in the developing world. Libya for about a decade before the rise of the Arab Spring propelled and pronounced itself as Africa's most developed country under the leadership of Colonel Muammar Gaddafi. A controversial figure, his visions for development are being considered and praised by many and some see him yet as a tyrant. It may however seem evident to regard both as being at least partially true.

The 2011 violent uprising in Libya characterized by armed violence from the beginning to the end, championed by the NATO led intervention whose consequences have proven conventional wisdom to be wrong, as it was not an intervention aimed at protection of civilians but rather a regime overthrow campaign even at the expense of leaving behind suffering to the Libyans.

What has characterized this NATO championed operation is that it magnified the death toll, while at the same time exacerbating huge human rights abuses and also

increased the human suffering and time lapse of the conflict, not leaving out the incentives for Islamic radicalism and high proliferation of deadly weapons to the many rebel and militia groups it created and also neighboring states. NATO's so called "model intervention" in Libya probably did not achieve the normal results expected but rather the inverse. The transition process of Libya in particular has been a transformation from certain authoritarian regime to something else whose certainty is still not known⁷. The restoration of new and more severe forms of authoritarianism may ensue, or a political democracy can be instituted, but what matters is the outcome of each of these regime types, which most often turn out to be confusing, as power endlessly rotates from government to government as they cannot meet up with or provide any enduring and predictable remedy to the underdevelopment problems of their country. This thus ushers us in for an analysis and overview of both authoritarianism and transition to democracy as development options in an attempt to examine Libya's politico-economic development under the former authoritarian regime of Gaddafi and the present 'uncertain transitional' regime. The wind of change that blew in Maghreb Africa and Sub-Saharan Africa created hope for improved freedom and regime change throughout these countries, but it is rather unfortunate that the hurricane brought along mud that covered and blurred development, thus arousing much debate on the successes of future democratization struggles. The ability to square elements of Libya's divided militia and factions to

⁷ Guillermo O'Donnell and philippe C. Schmitter. "Transitions from Authoritarian Rule Tentative Conclusions about Uncertain Democracies", 1989. The Johns Hopkins University Press Baltimore and London.

develop within a democratic society with respect for humanitarian rights, political decisions and democratic governments represents a tremendous pace towards the answering these questions.

2.2 Conceptualization and Operationalization of Variables

The following pages will present an array of certain key concepts that are going to be constantly appearing in this piece. Reason for this conceptual display is to avoid the instances of misunderstanding because many words here continue to be used diversely, thus the significance of some key concepts used here shall be examined so as to expose their shared assumptions.

2.2.1 Regime Change

Regime change is a term that is often associated to the transition from one political regime to another, especially after the use of concerted action which involves political or military action.

A regime here stands for a method or system of government, especially one that has not been elected in a fair way.⁸

2.2.2 Authoritarian regime

An authoritarian regime could be referred to as an administration where in a single political party applies authority either through the use of force or propaganda and there is the absence or almost absence of political parties, and control over state affairs is by one or more persons, making instances of elections nonexistent or

⁸ Oxford Advanced Learner's Dictionary, New 7th Edition.

meaningless if at all there is any. The case stated above with few political parties or elections can be termed semi-authoritative or semi-competitive governments and such have a major political party which from all indications wins all elections which it conducts as a time to time strategy to legitimize its stay in power. There exist under this semi system, minor political parties, whose influence are often unnoticeable.

2.2.3 Transition

By transition here, I mean the change, movement, or passage from one position, stage, subject or concept, etc to another. It simply means change. Transition here in this piece refers to the interval between one political regime and another, looking and paying attention to the aftermath of this process. It seeks to account for the nature or type of the new system or regime. A transition may be either from authoritarianism or authoritarian rule to democratization or democratic system of government, or a revolutionary alternative. But what is certain about it is that one regime type or system is being replaced by a different one. The period of transition represents a very crucial moment in political games for during such processes, the rules of the game of politics are not defined but in constant instability and highly contested. A period during which the actors strive first to secure their own immediate personal gains and those of their followers and most importantly set the rules and procedures for the new future system. These new rules and procedures portray the winners and the losers in the new system.

2.2.4 Democracy/Democratization

Democracy is a term that has been very frequent in political science lexicon as it is used in several contexts and its meaning has been severally contested. Many as the question as to whether there is a model of democracy? Or is it a purely western issue

that developing countries cannot fully practice? Scholars who often raise this argument believe that democracy is characterized by certain essential universal standards that developing countries are yet to achieve and thus consider it a luxury for them. Others equally challenge its applicability, arguing that it varies from place to place. Others go as far as establishing a link between it and development as we shall later discuss in this thesis. Others again try to establish a relationship between the concept and good governance as to asking whether democracetic systems are fundamental for good administration. Or whether good governance is adequate for democracetic rules, or asking whether democracy guarantees good governance?

Despite these however, the concept of democracy is worth understanding for the purpose of this research and taking from the classical meaning of the word, it can hence be characterized with the two Greek words *demos* which means people and *kratos* which stands for rule. We then consolidate the two words to bring about the word democracy which implies “rule by the people”. This word in its established nature is elaborated by Beetham (1993:55) to mean a

“model decision-making about collectively binding rules and policies over which the people exercise control, and the most democratic arrangement to be that where all members of the collective enjoy effective equal rights to take part in such decision making directly-one, that is to say, which realizes to the greatest conceivable degree the principles of popular control and equality in its exercise...”⁹

⁹ Beetham (1993:55), taken from S.W.R. de A. Samarasinghe, 1994, “Democracy and Democratization in Developing Countries” Series on Democracy and Health, The American University and Institute for International Research Washington, DC and International Center for Ethnic Studies Kandy, Sri Lanka.

The notion of citizenship remains the building principle of democracy, which involves the right of citizens to be treated by fellow humans as equal with respect to collective decision making, and obligations on the implementations of these decisions.

Democratization then again alludes to the procedure of political change along which the government of society moves to, that guarantees a quiet competitive political participation in a situation that ensures political and common freedoms. The changing nature of democratic evolution in any community is defined by this concept. This entails the process of change of government from a mode of dictatorial rule to democratic rule. Houtington, 1993 describes this situation as “Third Wave” of democratization; where in 30 countries had transformed from autocratic regimes to democratic regimes.¹⁰ This thesis by Houtington conveys the megatrend which the process of democratization usually takes as can be seen from the recent democratization process of the Middle East and North African (MENA) region which Libya was not an exemption. Democratization thus can be summarized in the best way suited for this study in the words of Bingham P. and Eleanor N. Powell (2005:2-3), to mean “the process of change from a nondemocratic administration to a procedural democracy to a substantive democracy, either as the first government in a recently free nation or by supplanting a tyrant framework in an older one.” They do not end their analysis here, but go further to note that “a nation may stagnate or stop

¹⁰ Huntington, S. P. (1993). *The third wave: Democratization in the late twentieth century* (Vol. 4). University of Oklahoma press

through and through at some halfway stride in this procedure and that the change to a substantive democracy may take years or even decades to be complicated or may never be completed”¹¹

2.2.5 Development

This paper presents development as to refer to the transformation of the economy and personal well-being expressed through a positive change in economic growth, income per capita, life expectancy, access to education, healthcare, clean water, etc. Changes in political freedom is being left out from the definition I found by Amartya Sen in Development as Freedom, or the UNDP’s Human Development Index (A Sen 2001: United Nations Development Programme). It is worth noting that I intentionally off marked changes in political freedom not because it is unimportant but because it will become exceptionally difficult to disentangle the relationships that exist between development and authoritarianism if changes in political freedom are embedded in the definition of development. The option here is treating politics and development as separates, while measuring development by reference to economic growth based on a range of some indicators (social) like the Millennium Development Goals (MDG’s). Development, coupled with political freedoms and political liberties here in this thesis is regarded as a desirable but not inviolable consequence of regime type, either democracy or authoritarianism.

¹¹ G. Bingham Powell, Jr. and Eleanor N. Powell, 2005, “Comparative Government and Politics: Democratization Briefing Paper” CollegeBoard Advanced Placement Program,

2.3 An Overview of the Authoritarianism as a Development Option

Other things being equal, democracy is preferable to authoritarianism. In this present reality anyway, other things are not always equal and it is not always possible for all good things to go together.¹² The authoritarian regime in China, Venezuela, Russia, Taiwan Hong Kong and Singapore spurred a strong debate as to whether development authoritarianism was the ideal model for development, but authoritarian regimes in Africa at one time were considered disastrous and not associating to the style in Asia. The aftermath of the fall of the autocratic regime in Libya has however stimulated up this debate thus initiating a new line of thinking to focus on the Asian model, development authoritarianism.

The end of the 1960's and the outbreak of the 1970's saw many countries abandoning democratic governments and becoming authoritarian regimes a situation that provoked Samuel P Huntington¹³ to conclude that democracy is yet to prove itself as the world's most preferred system. Authoritarian development was an option that many deemed necessary for neo-imperialism. With the dawn of the 1980's this phenomena began to die down, with a good number of countries abandoning authoritarianism to adopting an increase popular participation in political activities, a system that led to the revival of many theories as stirred up by scholars such as

¹² Tim Kelshall. Authoritarianism, Democracy and Development. November 2014, Developmental Leadership Program Birmingham, UK.

¹³ Huntington, S. P. (1991). Democracy's third wave. *Journal of democracy*, 2(2), 12-34.

David LeBlang¹⁴, who advanced that property rights are better protected under democratic regimes than autocracies, thus democracies grow faster than autocracies thus adopting democracy as the ideal panacea and outcome of socio-economic development and modernity in general. Time has passed, but the new forms these states adopted as democrats still wait to prove themselves as most of them remain fragile, a situation that has led to most of these states becoming quasi failed states.

With regards to circumstances where the government apparatus has been confiscated by the army and power resides in the hands of the army who believe in themselves to be the superior leaders in the state structure (as it is the case in present day Libya after the violent regime change process), the hopes for the country becoming fully democratic become farfetched. This situation where violent regime change portrays it self as a failure due to inability to consolidate democracy then ushers in tremendous consequences ranging from civil war to sectarian conflicts, thus plunging the country in total turmoil. The case of Libya has just provided credence to the fact that indigenous conditions first should be studied before the process of transition is introduced, and also, the introduction of possibly a well measured and protracted process of liberalization is essential before an overt transitional process.

The Bureaucratic authoritarian model as it is also called is constructed on the aim of establishing a good argument on the social realities of developing countries.

¹⁴ Leblang, D. A. (1996). Property rights, democracy and economic growth. *Political Research Quarterly*, 49(1), 5-26.

O'Donnell utilizes the concept of social reality to greatly analyze the trend he noticed in Latin America. Footing his arguments on this, he made consideration to the impact of political factors on social change as well as economic change¹⁵. This impressive populist/post-populist presentation by O'Donnell is of great attention in referencing the functioning of the bureaucratic authoritarian paradigm on development in the developing world. This is going to serve as the base line or the starting point for most arguments in this piece.

O'Donnell's writings present three distinct points of focus, one talking about the structure which the national political regime adopts , which includes freedom of interest association, and freedom of electoral competition and level of repression; the second deals with classes in the society, and sectoral composition of the dominant political coalitions; the third focuses on certain crucial public policies which include policies relating to the distribution of resources among the diverse groups of classes and economic sectors. His analysis provides a combination of the concern for political structure with a concern for who rules and who benefits¹⁶.

The authoritarian development paradigm takes a good look at the social repercussions of social life of developing countries, by seeking to reduce the degree of intensified political infighting associated with weak democratic regimes which

¹⁵ Taken from David Collier's "Industrial Modernization and Political Change: A Latin American Perspective" World Politics, Vol.30, No.4 (Jul, 1978)

¹⁶ Ibid

had become unbearable in weak states living under the canopy of democracy. The authoritarian development model thus strives to make sure that politics does not absorb all of the nation's resource energy and attention. The goal here is to authoritatively expand the economy at all cost and gain insertion into the world market.

The internal vulnerabilities of developing country economies and the global pressure on these administrations are generous, the answers for them, strikingly economic liberalization, dictate the adaptive pluralization of autocracy, but deters democratization, making the iron law of oligarchy apparently inseparable. Many scholars like Robert Heilbroner propound holding the strong believe that a strong central planning under the protection of a socialist or better still a dictatorial administration is fundamental to safeguard the progress of economic development for third world countries in their desire to attain rapid economic growth. In support of this view, Heilbroner 1963 noted the importance of "political leadership of the most forceful kind as being able to carry the developmental state along towards growth"¹⁷. This he continued by adding that "in a large proportion of underdeveloped nations, the choice of command post of development is adept to lie between a military autocracy and a left wing regular tyranny..."¹⁸"the rationale of occasions focuses on the formation of financial systems and political administration which will look to impose development on their peoples. Moderate communist and

¹⁷ Robert Heilbroner, 1963 pp. 132, 135

¹⁸ Robert Heilbroner, 1963 pp. 138

authoritarian regimes like Southeast Asian countries, China, Equatorial Guinea, Rwanda, Libya etc in Africa have been great examples of this.

The unsupported precepts of development authoritarianism also holds that this worldview is particularly fundamental during particularly the early phases of economic development.¹⁹ The fact that most of the third world economies are emerging economies demands that their growth policies be re-examined based on the notion as advanced by J Gerring et al that causality of the prevalence of democracy in most rich and advanced countries today remains unclear and we should bear it in mind that many of these rich countries today “became rich under authoritarian auspices”.²⁰ Evans (1995), advances that authoritarian rule creates patterns of political power that allows technocratic elites to direct the course of industrialization through the mobilization of domestic resources towards development.²¹

Historical experiences have tended to influence the pattern of policy options adopted by many underdeveloped countries. The pattern of colonial rule and the nature of the decolonization experience have been important influences on the form of post-colonial politics that policy makers in developing countries in East Asia, Africa and Latin America have come to reflect about concerning the drafting of developmental

¹⁹ Ann Sasa List-Jensen, 2008, “Economic Development and Authoritarianism” Aalborg University, Denmark

²⁰ J. Gerring, P. Bond, William T. Barndt, and Carola Moreno, Democracy and Economic Growth: A Historical Perspective. Taken from *World Politics* 57 (April 2005), p. 324

²¹ Evans, P. B. (1995). *Embedded autonomy: states and industrial transformation*(Vol. 25). Princeton, NJ: Princeton University Press.

policies. As Beeson and Bellamy, 2008 and Sidel, 2008 put it, the continual prevalence of ‘strong man’ and/or military rule in these countries can be explained partly in large by the combined challenges of nation-building and economic development.²² It will not therefore be surprising to see that most of the post colonial history of these countries has constantly been dominated by despotic rulers who look up to the military to help them stay in power. As Przeworski et al 2000 would put it, continuing economic development established a good foundation for the consolidation of democratic rule, and thus any of these countries’ democratic experiment needs to be fortified by a stable economy. The Indonesian case as pointed out Beeson, 2008²³ clearly shows this relationship. The East Asian case which is very unprecedented and unambiguous in its successful economic development and growth can be linked to nothing but authoritarianism. Authoritarian regimes in the newly industrializing countries establish crucial policy reforms.²⁴

Authoritarian development arises as the inapplicability of transitional governments in almost all developing countries could be linked to the given political heterogeneity that characterizes these countries especially African states. Beeson (2009a) talks of the inherently arbitrary, fluid and contested nature of regional borders, a tendency in which development is often considered as a regional

²² Beeson and Bellamy (2008; Sidel, 2008)

²³ Beeson, M. (2008), ‘Civil-Military relations in Indonesia and the Philippines: Will The Thai coup prove contagious?’ *Armed Forces and Society* 34 (3): 474-490

²⁴ Haggard, 1990, 256

phenomenon.²⁵ This situation makes absent the means compelling democracy inducing links between economic development and political liberalization in Africa as can also be visible in East Asian and China's economy.

Authoritarian rule in Africa is something that cannot disappear just like that, because taking a closer look at the life in the developing world, there is a complex array of intractable problems that place a question mark even on whether life itself can continue, from which these countries suffer. The transformation of life to the Western standards remains a dream that is farfetched. The highest populations of poor people reside in the developing world, majority of who live on less than \$2 per day. Authoritarian Libya is a country in Africa that is known arguably to have distinct itself by making the most radical and effective attempts to address these problems. Libya's autocratic leaders in adopting draconian measures proved their capability in initiating serious environmental policies than their 'democratic' or pluralist counterparts in Africa. Figures from the 2009 Libyan Millennium Development Goals Report suggested that Libya is well placed to attain the MDG's by 2015, though this information's reliability cannot be verified due to the lack of standardized and validated development data, it however shows how development oriented Libya's state was.²⁶ Also, the UNDP report about Libya under the Human

²⁵ Beeson, M, (2009a) 'Geopolitics and the making of regions: The fall and rise of East Asia', *Political Studies*, 57: 498-516

²⁶ Human Development Report 2014, *Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience*. Explanatory note on the 2014 Human Development Report Composite indices Libya HDI values and rank changes in the 2014 Human Development Report. For additional

Development Index program shows the state of development of Libya has gone through under both autocratic rule and present ‘democratic’ regime. The 2010 figures placed or ranked Libya 53rd out of 163 countries, classifying Libya on the highest human development index among the Middle East and North African countries.²⁷ though it is often considered to be misleading by comparing values and rankings of HDI’s for current and previous years, in an attempt to justify the notion of development authoritarianism under which Libya has been operating before producing the highest results in Africa it has been achieving, it is worth mentioning and examining the 2013 report which showed how Libya’s position shrunken after the regime change process and up, rising to 55th position among 187 countries. Details of these shall be clearly examined in chapter four of this thesis.

The search for a model for growth and development especially economic development and political opening by states has been channeled to the Southeast Asian authoritative model and former socialist economies which have become of greater political relevance. The relationship between regime type and economic development has been aroused by the increasing developments scored by countries like South Korea, Singapore, China, etc, who have recorded miraculous growth in their economies under authoritarian rule. And as Lipset(1959; Johnson 1982a, 1982b) have it to say, dictatorship is pretty much unavoidable for economic success

information on indices, indicators and composite indices calculations visit the following web page <http://hdr.undp.org/en/data>

²⁷ UNDP About Libya, <http://www.ly.undp.org/content/libya/en/home/countryinfo.html>

and a democratic political setting can only come in after a certain level of development is attained.

The retreat of democracy due to the failure of the new democracies to maintain stability led to their dissolution between democratic and authoritarian regimes. Seymour M. Lipset and Smelser²⁸ in theorizing the modernization theory emphasized on the importance of a country attaining a certain level of economic development before democratizing. This notion as well understood conveys to the fact that the developmental state in Africa is not ready for democracy until a considerable level of economic and social development coupled with a degree of political tutelage to ensure a sustainable institutionalization of democracy could be enshrined (Lipset 1959, 1960)

With the dissolution of democracy in East Asia from the mid 1980's, scholarly literature on the economic performance of these states began investigating the rationale behind their relative rapid and often miraculous development. The answer to this was found in the increasing government intercession and more so the synergistic relationship between the state and the private sector²⁹. The centralization of power in authoritarian regimes gives it a powerful force to wipe out and suppress all centers of countervailing power that leads to slow decision making in

²⁸ Smelser, N. J., & Lipset, S. M. (Eds.). (1966). *Social structure and mobility in economic development*. Transaction Publishers.

²⁹ Johnson 1982b, Taken from Ann Sasa List-Jensen. *Economic Development and Authoritarianism: A Case Study of Korean Development State*, 2008.

democracies. Sasa List-Jensen³⁰ identified some three reasons why authoritarianism could be considered as a necessary condition for economic development; suppression of consumption and effective mass mobilization for industrialization, an idea by Johnson (1987: 145) who advanced that authoritarianism may be better at regimenting a nations populace for the gigantic sacrifices required for early industrialization in areas lacking of successful economic development; secondly, she mentions of technocratic rationality, to call together to the importance of authoritarianisms efficiency in the achievement of goals like setting up strong infrastructure, a lot of capital, incredible volumes of imported technology, furthermore the determination and extension of the industrial base producing moderate manufactures at low costs (Deyo 1987; Yun 2003; Pirie 2005, 2007); thirdly, with the capacity of reducing policy fluctuations by insulating from various forms of pressure by various socially interested groups and also avoid any form of critical influence from an electoral cycle, authoritarian regimes are better at securing developmental states (Chang and Shin, 2003; Lee and Han, 2006); the ability of an autocratic administration to fashion and impose a typical developmental philosophy for the state requesting diligent work and sacrifices for economic prosperity cannot be minimized for it presents the desires of a revolutionary authority to transform the economy of his country. As explained Johnson 1999; Kim 2001; Kang 2003; Kim 2003, these leaders lay much emphasis on the importance of national unity, discipline and stability for the state or nation to overcome underdevelopment.

³⁰ Jensen, A. S. L. (2008). *Economic Development and Authoritarianism: A Case Study of the Korean Developmental State* (No. 5). DIPER Research Service Working Paper.

2.4 An overview of democracy as a development option

Political regimes or institutions are said to be the driving force behind a country's successful development and growth. Several debates by policy analysts proliferate in the field of democracy that opines the overriding significance of democracy for economic development and advancement. The stand of many academics is as strong against authoritarianism as a development paradigm because they argue as in the Modernization theory regarding development that democracy and modernization walk hand-in-hand.

Before engaging into any discourse on democracy as a development option, I will like to add a quote by Gerring et al who assert that "...although most of the rich countries in world are democratic, the direction of causality is unclear... and one must keep in mind that many rich countries have become rich under authoritarian auspices..."³¹ The authoritarian development model is however not without its critics for many like Przeworski, et al., 2000, LeBlang, 1996, and Weinstein, Siegle and Halperin, 2004, argue that it is unsustainable, unjustifiable and morally wrong, and thus marred by contradictions.

Treating authoritarianism or democracy as a panacea for development is very ambiguous and questionable but it should be treated as a more or less important cause of development. Before concluding however, it is important we present an

³¹ John Gerring, Philip Bond, William T. Barndt, and Carola Morena, "Democracy and Economic Growth: A Historical Perspective" *World Politics* 57, April 2005, pp. 324

analysis of the understanding of democracy's relationship to development especially economic development. As we viewed authoritarianism as a development paradigm from the lens of features or factors that can influence economic performance as measured by GDP per capita growth, so too shall the overview of transition to democracy be examined. Examples and illustrations from Human development Index and UNDP figures shall be used to establish the basis for a comparative analysis later, and also the Democracy Index. Capital as used here refers to the creation of stocks or the creation or accumulation of fungible resources over time with promising increased returns in the future.

Proponents of transition to democracy hold on to many extravagant claims of the role 1980's and early 1990's calling for all-round development advantages of neo-liberal 'free' markets, thus insisting on researching on the role of institutions in the promotion and obstruction of development and also the distribution of benefits of growth. It is most reasonable that any person will affirm to the question whether a transition to democracy is a good thing or not, but when asked whether democratic institutions facilitate economic development, it becomes a question to be answered empirically because much is to be said concerning especially the effects of electoral democracy on development. Proponents of transition to democratic development argue that democratic institutions only are best in giving any guarantee of tilting economic development approaches towards the interests of the poor.

Recent studies on the importance of democracy for development like that by Masaki and Van de Walle, who use ordinal measures of democracy to find a strong proof on how democratization of Africa since the 1990's, has been associated to foster economic growth since then and that with the consolidation of democratic

practices.³² Their analysis discovered at least a clear democratic advantage in the long run in these countries.³³ Writings of Masaki and Van de Walle, however, caught my attention as they noted, however, on the importance of distinguishing the effects of ‘stable democracy’ for they did not provide any clear data on the destabilizing effects of transitional democracies.

Transition to democracy as argued many scholars establishes indeed evidence for a ‘political Kuznets curve’³⁴ in which there is a demonstration of how immediate effects of a transition to democracy will be to exacerbate inequality and the long run effect will be to eliminate it.³⁵ The question here becomes, how, transition to democracy can account for continual inequality that instead of reducing, with the increase in democratization throughout the globe, instead is on the rise. This is however a question that advocates of this view remain to answer because they suggest that prolonged democratic rule experiences should bring about positive ramifications on wealth and income distribution.³⁶

³² Masaki and Van de Walle 2014;1)

³³ Ibid, 10

³⁴ Developed by Simon Kuznets in the 1950’s and 1960’s, it is a political economy theory curve that illustrates that inequality resulting from development induces political instability thus calls for democratization on the political elites, which subsequently leads to institutional changes that then encourages redistribution and reduces inequality. (Note that it holds more for democracies) Taken from ‘The Political Economy of the Kuznets Curve’ Daron Acemoglu and James A. Robinson, *Review of Development Economics*, 6(2), 183-203, 2002

³⁵ Alberto Chong, “Inequality, Democracy, and Persistence: Is there a Political Kuznets Curve?” *Economic and Politics* 16 (July 2004).

³⁶ Mark Gradstein and Branko Milanovic, “Does Liberte= Egalite? A survey of the empirical links between democracy and inequality with some evidence on the transition economies” Working Paper

It should be noted that analysts of regime and their effects on development treat regimes as historically informed experiences thus construct legacies of regimes for several years, decades and even centuries, coupled with the present-day regime. The functioning of state institutions is then however, very vital for such analysis. Democratic institutions are considered a plausible factor for development. Determinants of human capita, like improvements in education, public health, life expectancy, and declining fertility rates are features claimed by advocates of the democratic development model as being possible only under this model. They hold the claim those political elites in democratic settings posse's electoral incentives to help improve the quality of life for the disadvantaged, and also reduce the hunger gap. The common conclusion of this view has been that these incentives are practically inexistent in or present to a very small degree in authoritarian settings.

The flourishing of bureaucratic capacity, stability, legitimacy, low levels of corruption, political consensus, trust and also the foresightedness of political leaders are features of what Gerring et al, consider as political capita,³⁷ which for them, contributes to economic growth over the long run. Political capita for them brings about market augmenting policies, the rule of law, and political stability; which is a good incentive for economic certainty, and an efficient public bureaucracy. This can

series No 201 (CESifo, 2000), Jose Tavares and Romain Wacziarg, "How Democracy Affects Growth" *European Economics Review* 45, August 2001

³⁷ John Gerring, Philip Bond, William T. Barndt, and Carola Morena, "Democracy and Economic Growth: A Historical Perspective" *World Politics* 57, April 2005, pp. 330

be secured more under democracy than authoritarianism and recently democratic countries, thus more development.

Decision making is known to be streamlined in authoritarian settings but the democratic development paradigm argues that the monopolization of this power to decision making by a few elite groups leads to loss of accountability and democracy engages more elites, which enhances the quality of decision making. Surowiecki calls this “the wisdom of the crowds”³⁸

The role played by institutions is among the most highly valued standpoints of democratic development paradigm, based on the principles of good governance. Here, considerable funds are devoted to public sector reforms, civil society strengthening, multi party elections and private sector support.³⁹ These organizations in a general public diminish uncertainty in the light of the fact that they set up a steady environment for good human association. Economic certainty is thus guaranteed via these institutions. This theory is constructed based on views of how democracy serves the west. Daniel Kaufmann et al and the World Bank in 1999 made a good endeavor to factually build up the positive liaison between good

³⁸ James Surowiecki, “The Wisdom of Crowds: Why the Many are Smarter than the Few and How Collective Wisdom Shapes Business, Economics, Societies, and Nations”, New York: Doubleday 2004

³⁹ Williams, David and Young, Tom, “Governance, the World Bank and Liberal Theory” Political studies, XLII, 1994, pp. 84-100

governance (democracy) and development.⁴⁰ It is true that democracy serves truly only the west, because, looking at evidence from the developing world and Africa particularly, traces of democracy are few and the few countries who preach to be democratic do not show any great deal of better development.

Authoritarianism again became the order of the day in developmental states as the miraculous transformations of Southeast Asian countries like Taiwan, Cambodia, Vietnam, Singapore etc and China; all of whom were authoritarian and some are still, grew spontaneously, thus challenging the above assertion. The failure of the Structural Adjustment Program in developing countries, whose one important principle was transition to democracy, opened grounds for debates as to making a choice between the neo-liberal principles of the Washington Consensus or to follow the China model under the tenets of the Beijing Consensus. Tim Kelsall documented on the growing encroachment of authoritarian regimes in Africa⁴¹, a situation earlier identified through a World Bank research⁴² in 2008, which proved that only two countries (Japan and Malta) out of a thirteen (13) country survey of sustained growth for a period of twenty five (25) years were democratic.

Joseph Schumpeter's conclusion of the democratic development option in searching for possible cases of how transition to democracy affects development (economic)

⁴⁰ Daniel Kaufmann, Kraay, Aart and Zoido-Lobon, Pablo, "Governance Matters", (1999) World Bank Policy Research Working Paper 2196, Washington DC: World Bank

⁴¹ Kelsall, T. (2013). *Business, politics, and the state in Africa: Challenging the orthodoxies on growth and transformation*. Zed Books.

⁴² World Bank's Growth Commission (Spence Commission)

asserts that ‘democracy is a form of institutional course of action for arriving at political choices in which people gain the ability to choose by means of a competitive struggle for the general population’s vote’.⁴³ The competitive nature of the system provides for it first, a push factor for development, which is lacking under authoritarianism.

2.5 An Overview of the Regime Change Process of Libya

The aim of this section is to sketch out discourse on contemporary writings on the current process of transition in Libya, by bringing out the prevailing trends and arguments within the leading scholars in the field. In doing this, the aim is to gradually demonstrate how discourse on the transition of Libya has been incorporated with analysis of developmental authoritarianism and modernization.

Looking at the effects (if any) of the current transitional setbacks on the process of the Libyan developmental state, the debate on modern democracy shall be analyzed to see if it has any ideological challenges, why democracy is needed now or not in Libya’s developmental state. Democracy became advocated by a handful of scholars such as Le Blang⁴⁴ and Francis Fukuyama who wrote the “end of history”⁴⁵ in which hanging to the claim that because democracy has become the undisputed political system by defeating fascism, monarchial, feudalism and lastly communism, meant

⁴³ Joseph A. Schumpeter, “Capitalism, Socialism and Development” New York: Harper and Bros, 1942/1950, 269.

⁴⁴ Leblang, D. A. (1996). Property rights, democracy and economic growth. *Political Research Quarterly*, 49(1), 5-26.

⁴⁵ Fukuyama, Francis, 1992, *The End of History and The Last Man*, New York: Free Press.

nothing will hold it back again as the only dominant principle of political legitimacy following the end of the Cold war, which saw the emergence of a handful of countries emerging as democratic and the situation in Africa was not left out though it remains a mystery to be proven if most of these states are really democratic as they claim to be. Despite this situation however, many of these countries in Africa have remained under authoritarian reign. The rise of the Arab spring revolution following the crisis situation in Tunisia in 2010 brought in a new wind of “change” into Africa, particularly north of the Sahara or Maghreb Africa touching Libya by February 2011. Huntington had talked of a third wave of global democratization⁴⁶, a process that gained credence in the 1970’s and early 80’s but died down with the dawn of the 90’s⁴⁷, it resurfaced again in the MENA region in 2010.

For a lucid understanding of the overview of the transition process of Libya, it is worth noting that the state of affairs in the country remain in uncertainty and the internationally recognised government has thus far been unable to successfully incorporate democracy to be the ruling principle in Libya thus leaving the transition process fluid. It is worth adding here a piece from Huntington, who pessimistically wrote that “The West differs from the other civilizations... in the distinctive character of its values and institutions. These include most notably its Christianity, pluralism, individualism, and rule of law... In their ensemble these characteristics

⁴⁶ Huntington, S. P. (1991). Democracy's third wave. *Journal of democracy*, 2(2), 12-34.

⁴⁷Ibid, Also in Huntington, S. (1991) *The Third Wave: Democratization in the late Twentieth Century*. Norman, OK and London: University of Oklahoma Press

are peculiar to the West”⁴⁸. Finding for some hidden meaning of this affirmation, it is logical that he was giving out an advice against exporting Western values like democracy to non-westerners because the future is oblige.

Africa/Libya and especially North Saharan countries have made the debate on globalization very questionable because most of the countries in the continent are either characterized by some so-called hybrid or semi or pseudo-democratic regimes, which show no signs of full democracy in the continent. This has made the region to seem to be known for its cultural resistance to democratization. Democracy without reasonable doubt has proven to be the most preferred model of development especially in the West, a very good example to emulate, but only a few African nations have successfully incorporated it into their system. The year 2010 saw an increasing demand for transition to democracy, but the results of these transition processes have been chaotic. Gurses and Mason have elaborated on the instances of ‘post-conflict transitions’⁴⁹, thus marking issues of consideration as regards violent revolutions and civil conflicts. Focusing on the destructiveness of violent revolutions like those which are characterising Africa/Libya’s transitional process, Gurses and Mason assert that ‘loss of life, damage to the economy and fraying of the fabric of

⁴⁸ Huntington, S. (1996: 311) *The Clash of Civilizations and the Remaking of World Order*. London: Simon and Schuster.

⁴⁹ Gurses, M., & Mason, T. D. (2008). Democracy Out of Anarchy: The Prospects for Post-Civil-War Democracy*. *Social Science Quarterly*, 89(2), 315-336.

social trust⁵⁰. They equally talk of the manner in which the process ends, that is as to who wins in the conflict, is it the rebels or the government or it is a negotiated settlement.⁵¹ The reality about the current transitional process in Libya is in fact, more complicated than official Western discourse would present it, or even as just a simple analysis of the very concept of democratization would reveal it. The bloody and violent turnout of the current transitional process in Libya and the unstable situation thereafter presents serious threats to the whole issue itself. Sorensen asserts that transition to democracy must be viewed to encompass two distinct and separate issues; increasing competitiveness, which is to say political liberalization or pluralization and; political equality, which means inclusiveness.⁵² From his argument, it can be deduced that a full process of transition to democracy must entail inclusion and competitiveness. It is however very possible for transition to democracy to bring about political competitiveness to some places, but without inclusiveness, a situation where political liberalization leads to just mere oligarchy. Post revolutionary regimes in present day African transitional process have demonstrated nothing less than this situation, which brings the society back to more chaos. A

⁵⁰ Ibid

⁵¹ Ibid

⁵² Sorensen, G. (2007). *Democracy and democratization: Processes and prospects in a changing world*. Westview Press.

situation that can be described by borrowing the Hobbesian ‘heresy’ that the alternative to tyranny (democratization) is even worse, called Anarchy.⁵³

Using debates from early Modernization Theory particularly of the 1950’s and 1960’s that strive to bring about requisites for democratization in developmental states, the reasons for the recent North African revolutions could be comprehended. This theory holds that incidents from developed countries prove that societies turn out to be too excessively perplexing and socially assembled beyond specific thresholds of economic development to be governed by authoritarian means.⁵⁴ The current rift in Libya and other countries in the region like Egypt’s transitional process is a point to note here that these countries probably haven’t attained that threshold level of economic development that will facilitate its demands for democracy. The weakness of the modernization theory has been proven in the current backdrop of a bandwagon characterizing the state of MENA region’s democratic transitional process characterized by fragile economies. Modernization theorists in explaining moves for transition to democracy thus failed to account for when or threshold levels of modernization which a transition must not wait for, nor did they tell us the conditions under which authoritarianism remains the viable option. The transitional process of Africa characterized by mostly failing processes of democracy, leading to

⁵³ Thomas Hobbes, *Leviathan*, first published 1651

⁵⁴ Issawi, ‘Economic and Social Foundations of Democracy in the Middle East’, *International Affairs*, Vol. 32, No 1 (1956), pp. 27-42

semi, or pseudo, or hybrid regimes has been similarly explained by John Waterbury as “Democracy without Democrats”,⁵⁵ his attempt at explaining why democratization has failed in the Middle East.

⁵⁵ John Waterbury, *‘Democracy without Democrats? The potential for political liberalization in the Middle East’* from Salame, 2001; 23-47, I.B.Tauris publishers, New York

Chapter 3

THE EVOLUTION OF LIBYAN ECONOMY AND POLITICS, 1999-2015

Desires to transform the economy into a market economy following an economic plunge for about a decade before 1999 made the Gaddafi government to decide to undertaking firm economic program so as to reform the economy. The desire to transform importation sectors of the economy began here in 1999, following this economic reform scheme, aimed at training more labor, finding and creating new jobs through encouraging investments, and also the privatization of public enterprises so as to reduce government expenditures⁵⁶. Deficiencies like inflation, low rates of employment and growth, balance of payment deficits, etc, had been the major characteristics of the Libyan economy before the implementation of the economic reform program in 1999, resulting from lack of technology and efficient workforce in its oil sector, coupled with the economic downturn that the international oil market was facing.

⁵⁶ Masoud, Najeb MH. "A Review of Libyan's Economy, Structural Changes and Development Patterns." *Bus Eco J* 4.083 (2013): 2.

This work focuses on this time lapse because it is a period from which United Nations and the United States sanctions over Libya were frozen and from this year (1999), Libya began the implementation of economic reform measures⁵⁷. This date saw a gradual kick off of reforms implementation, which entered into full force by 2003/4 following the United Nation's lifting of the sanctions from Libya. Libyan economy from this time was directed at enhancing the role of the private sector in the economy. It is worth noting that Libya's economic transformation and growth from 2003 is not a result of its application of Structural Adjustment Program under the Washington consensus principle drafted for developing countries by the World Bank and International Monetary Fund (IMF), for Libya has proven that there is no correlation between SAP application and economic success, alongside South East Asian Countries and China⁵⁸. Hakimian, maintains that, there exist "no clear dividing line" separating the followers of IMF and World Bank SAP package and their opponents⁵⁹. Oil boom and the lifting of sanctions by the United Nations and the United States were a major contributory factor for this instantaneous growth, not the application of SAP policies as enshrined in the principles of the Washington Consensus.

⁵⁷ IMF International Monetary Fund (2005) International Monetary Fund Country Report No. 05/83, IMF, March, Washington, D.C, USA

⁵⁸ Thomas Oatley, 'International Political Economy: Interests and Institutions in the Global Economy' Longman, New York, 2002, p. 141

⁵⁹ Hakimian, H. (2001: 86). Lessons of Globalization, Crisis and Economic Reform. *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa*, 80

3.1 Initiation of the Economic Reform Program

This new economic reform scheme based upon an open door policy took effect from 1999, with the Libyan government aiming to change the country's state controlled economy to a more market oriented economy as practiced in South East Asia and China, so as to integrate it into the global economy. It also aimed at rebuilding the economic mechanisms for central administrative planning to some kind of market-driven pricing and in this way presenting the economy to the world through expanding trade. With the institution of these reforms, laws were passed to encourage private investments, both foreign and domestic, the abolition of custom duties exemptions enjoyed by public enterprises, and reducing custom duties for private goods. These reforms as Masoud NMH, (2013) writes, led to an increase in Libyan real per capital GDP, 4.7% times during this period, while increasing Libyan economic openness, which boosted oil exports. These reforms saw a progress in exports of an average annual growth rate of 13% and also a gradual change in production pattern from primary products to the production of manufacturing goods. This growth in export by the year 2004 had reached over 20, 8483 million Libyan Dinars (LYD), which by 1999 was only at 36, 822 million Libyan Dinars. The growth pattern was equally witnessed in the import sector as figures changed from the 1999 recorded figures of 19, 286 million LYDs to 82, 552 million LYDs by 2004⁶⁰. The implications of the lifting of United Nations sanctions and also that of

⁶⁰ CBL Central Bank of Libya. (2004), "Research and Statistics, Economic Bulletin, 48th Annual Report", Tripoli, Libya, also, Bertelsmann Stiftung, BTI 2012- Libya Country Report. Gütersloh:

the United States (which saw the restoration of diplomatic relations between both powers in 2008), coupled with the economic reforms being put in place from this period (1999), opened Libyan economic doors to the world economy and the benefits of this could be greatly seen especially regarding the implications of these on growth. GDP per capital which determines a country's level of growth can be used to demonstrate the implications of this growth. It should be noted that Libya recorded a miraculous transformation and growth in its economy as compared to other countries of Africa, even oil producing countries. This was highly seen as the 2003 GDP recorded at 15.4% on its external current account surplus, but rose greatly by 2004 to 25%. This rise in GDP was accompanied by an increase in its gross international reserves as the 2003 figures stood at \$US 18.9 billion, but by 2004, it recorded \$US 24.6 million, statistics which by 2002 stood at only \$US 15 billion⁶¹. Libya in the wake of these economic successes coupled with a strong progress in its macro-economic reforms by 2008, had begun developing its non-oil sector as international investors benefited from the good economic climate to enter en masse to take advantage of the varied opportunities offered by its high-valued hydrocarbons and

Bertelsmann Stiftung, 2012, also, Masoud Najeb, M.H (2013) A Review of Libyan's Economy, Structural Changes and Development Patterns. Bus Eco J 4: 083 Vol 4 Issue 2 and Masoud Najeb, M.H (2009) Libya's Economic Reform Programme and the Case for a Stock Market" University of Huddersfield Business School, Provide a detailed account of economic development in Libya.

⁶¹ Ibid

other sectors of the economy like manufacturing, construction sectors, agricultural products processing, to include also the production of petrochemicals, aluminum, iron and steel which all accounted for 20% of GDP in 2007. Large scale public work schemes were started as a result of the increasing surpluses in its budgets resulting from its increasing exports, thus spurring development beyond its oil and natural gas sectors.

3.1.1 The Normalization Phase

Libya's entry into the normalization phase following the end of the international sanctions in 2003 signifies a new starting point for its reintegration into the international community. The start of an active foreign policy after a long period of inactivity meant new opportunities as other successful emerging nations like China, Russia, Brazil, India etc quickly established economic and diplomatic ties with Libya and the Italian government arranged its age long colonial enmity with Libya by March 2009, which also drew in Italian investors into Libya⁶².

The economic reform strategy with the proposition of maintaining a strategic policy on the country's macro-economic performance stability and also the good use of its oil wealth by laying a solid foundation for the development of the non-oil sector was supported by the IMF which provided technical assistance in the various areas concerned. Libya's economic reform program consisted of 3 distinct phases,

⁶² European Neighborhood and Partnership Instrument (ENPI): Libya Strategy Paper and National Indicative Program 2011-2013: 7)

deregulation, privatization and liberalization and shall be examined below. These phases all are geared towards breaking down barriers to foreign participation thus serving as a pull factor for foreign investors.

3.1.2 The Deregulation Scheme

Libya's deregulation program had been initiated some years before the economic reform program that followed the lifting of UN sanctions. However, these programs continued after the institution of the economic reform programs as instituted from 1999. Under this program, the government of Libya began passing new laws and regulations in a bit to organize activities and also promote private and cooperate sectors and again encourage the acquisition of shares by individuals in the various operating sectors. The deregulation laws provided very impressive contributions to the economy of Libya. These regulations began since 1988 but for the sake of the limitation of this study, we are going to concentrate on the laws that took effect from the year 2000. These laws include amongst others, laws passed with the intension of expanding and directing the role of the private sector in the Libyan economy following its new economic reform program. The desire to attract foreign capital and also the desire to achieve a good financial stability in the economy also motivated the enactment of these laws.

The 2001 law no. 21 defined the minimum limit of shareholder companies, limiting the creation of a company to a minimum of 25 shareholders, a modification on law no. 8 of 2001 which called for a minimum of 500 shareholders. This task facilitated the creation of shareholder companies. We also had in 2001, law no. 9 which was based on the organization of trade along the borders and also free zones. In 2002, there was the People's Committee Decree 70, which stipulated on the protection of owner's rights and people's entities which are not administered by its owners. 2003

saw decree no 17 which was on the re-adjustment of the price of the Libyan Dinar; closely followed still in 2003 was the General People's Committee Decree 313, which was based on the transfer of public companies (360) to shareholders and cooperative societies amid the time frame of January 1st 2004 to December 31st 2008. 2004 saw law no. 11 based on income tax; law no. 1 on addition and adjustment of a number of rulings carried out in 2001 concerning different economic practices. We also had in 2004, the General People's Committee Decree no. 100, a regulation based on privatization. Then came 2006, with the General People's Committee Decree no. 134, which emphasized on the establishment of the Libyan Stock Market (LSM) and also the issuance of asserts system. This law was of great importance especially in the path of developing Libya's financial resources through a good capital market which is possible only through a stock market⁶³. Libya's deregulation scheme had as main aim through the above resolutions to establish and increase shareholding companies through issuance of stocks in the names of these private individuals.

3.1.3 Libya's Privatization Program

Privatization became a dominant phenomenon in the 80's following the Structural Adjustment Program (SAP) instituted by the IMF and World Bank in their aim to restructure world economic order especially in the third world to decipher their

⁶³ Masoud, N. M. (2009). *Libya's economic reform programme and the case for a stock market* (Doctoral dissertation, University of Huddersfield). and Masoud, N. M. (2013). A Review of Libyan's Economy, Structural Changes and Development Patterns. *Bus Eco J*, 4(083), 2..

economic situation, which were really deteriorating. The economic reform program had as one of its major tenets, the transfer of ownership of traditionally state owned companies and institution (economic) to cooperative societies and private individuals under some sort of partnership or joint stock companies. The responsibility to ensure and draft the principles for the transfer of ownership process was vested upon the General People's Committee no.447 and this kicked off in 1987 with a decision to share returns or profits from investments with employees as instigated in a chapter in Gadaffi's Green Book. This program was further strengthened after it had died down for some time, by another decree in no.313 and 13 in 2003, by GPC which approved the restructuring scheme and strengthening of the ownership laws and further produced a list of the companies whose ownership will be transferred while specifying the time frame and the process of transfer. Production units such as the agricultural sector, livestock, marine fisheries, and industrial, whose total assets valued 8 million Libyan Dinar, were in the process of privatization.

Libya's over reliance on the oil sector had made its economic base very streamlined and other sectors such as the agriculture, live stock and industrial sectors suffered from competition capabilities with foreign companies and the tendency was loss in revenue, low investment returns. Privatization was thus seen as the best possible solution to these problems. This process was in 2003 supported by Gadaffi who proclaimed the previous system as a failure thus called for the privatization of the private sector to private individuals and co operations, which included the oil sector that accounted for the greatest part of the economy and also the banking sector.

3.1.4 Liberalization Program

It should be noted that Libya's economy before the institution of the economic reform program was characterized by little or no private sector and foreign entities

were practically inexistent since foreigners could not own property, as individuals could not lease property. Everything in the economy was state controlled. Foreign trade with less or no custom duties entered or began in the Libyan economy only by 1998 following the governments signaling of the great free Arab market based on the elimination of customs on all goods coming from the Arab world. Libya in 2001 officially in its pursuit of its trade liberalization scheme submitted an official appeal to join the World Trade Organization, which is a continuation of the General Agreement on Trade and Tariffs (GATT). The GATT agreement stipulates the rules and regulations governing the liberalization of global commerce⁶⁴. The Liberalization scheme opened Libyan doors for commerce with the external world, and Libya's manufactured goods could be sold outside now. This initiative led to the encouragement of its non-oil sector to boom and face the growing into the market of similar foreign goods. The tendency was thus increase in efficiency of foreign facilities to be able to sustain the competition here.

3.2 Early Indicators

Knowing full well the uncertainty surrounding the international oil market, the government of Libya increased its measures aimed at transforming the economic system, and also redefined the roles of the public and private sectors in an attempt to diversify the economy through the development of the non-oil sector. These Economic objectives were revealed in 2006 when the government released the

⁶⁴ Tomz, M., Goldstein, J. L., & Rivers, D. (2007). Do we really know that the WTO increases trade? Comment. *The American Economic Review*, 2005-2018.

National Economic Strategic Vision for 2019, and since then, a recorded increase in GDP per capita has been noted. The ENPI⁶⁵ paper shows that increased support for the non-oil sector demonstrated an accelerated growth of 8% by 2008, while the oil sector which between 2005 and 2007 witnessed a real GDP growth of more than 7.2% on average, during periods of high oil prices, fell to 3.8% in 2008 following the fall in oil prices.

Hydrocarbons, which contributed for more than 71% of the country's nominal GDP, accounting again for more than 97% of exports and 90% of government revenue, is Libya's very significant economic booster which only took effect following its normalization of relations with EU members. Libya after 2003 was EU's fifth largest external supplier of gas and wealth from these hydrocarbon sales made Libya one of Africa's richest nations.

High prices for oil, buoyant external and internal demand for Libyan exports and increasing imports boosted by an expansionary fiscal policy, led to an acceleration of Libya's real GDP growth between 2005 and 2007 to more than 7.2% on average. The 2008 global financial crises however did not give a blind eye to Libya, for the fall in oil prices led also to a fall in Libya's real GDP growth to 3.8%, while the non-oil sector grew on an average of 8% in 2008 and government spending on construction and infrastructure increased to 45%. Libyan Central Bank recorded that

⁶⁵ European Neighbourhood and Partnership Instrument, Libya Strategy Paper & National Indicative Programme 2011 - 2013

Libya as a result of exceptionally unprecedented oil revenues recorded very vital fiscal surpluses which amounted to almost 25% of GDP in 2008 even at the expense of the fiscal account deficit that was facing its non-oil sector⁶⁶. Though this figure was predicted to fall to about 14% of GDP in 2009, Libya's favorable position in the external world market, the increasing import rate, transfer balances and current account surpluses and balances amounted to more than 40% of GDP in the period between 2006 and 2008. This was posted in the balance of payment records of \$US 37 billion of surpluses in 2008, by the Central Bank⁶⁷.

3.3 An Evaluation of Economic Reform Program

Libya's economic reform program was very fruitful for its miraculous transformation of the economy which had crumbled during the sanctions era to a very gigantic economy in Africa. Macro-economy indicators like exchange rates, inflation rates, GDP growth rates, interest rates, budget deficit rates, per capital income rates are used to determine the extent to which this reform program under its authoritarian regime brought the Libyan economy to light and on a good footing.

To begin with, the IMF Country Report on Libya in 2005 demonstrated some dramatic changes in the above variables as per the Libyan economy between 1999

⁶⁶ Taken from Mousbah Ahmouda, 2014, "The Impacts of oil Exports on Economic Growth- The Case of Libya" Doctoral Thesis at Czech University of Life Sciences Prague, p. 69.

⁶⁷ Ibid.

since the institution and implementation of the economic reform program to 2004, presenting a rise in Libya's GDP by 32% largely due to the implementation of reforms like privatization of state owned and controlled companies to private individuals. The table below greatly shows these changes.

Macro-economic Variables	1999	2004	Change
Exchange Rate (Million LD)	3.1	1.31	0.81
Interest Rate (Per cent)	2.7	5.5	2.8
Inflation Rate (Per cent)	3.5	-1.1	-4.6
Budget Deficit (Billion LD)	3.1	2.4	-0.7
Per-capita Income (thousand LD)	3.1	4.2	1.1
GDP Growth Rate (per cent)	1.1	4.3	3.2

Figure 1: Measuring the Macro-economic Reform Program in Libya, 1999 to 2004
Source: IMF, Country Report no.05/83, Washington D.C. March 2005.

Its liberalization scheme opened up Libyan markets and the result was that the relatively very small 1999 exporting figures of 36.822 million LYD moved to over 208.483 million LYD by the year 2004, and Libyan imports which in 1999 stood at 19.286 million LYD also increased to 82.552 in the year 2004 as Masoud, NMH (2009) explained⁶⁸. The abolition of custom duties and sanctions on Libya by the UN and the US coupled with Libya joining the WTO and the free market for the Arab World had opened up its economy for diversification thus growth. Production

⁶⁸ Masoud, N. M. (2009). *Libya's economic reform programme and the case for a stock market* (Doctoral dissertation, University of Huddersfield)

during this period moved from traditional agricultural products to manufactured goods including petrochemicals, aluminum, iron and steel.

Libya's oil dominated sector during the period of the initiation of the economic reform program particularly from 1999 to 2007 when oil prices in the world market provided a very significant contributions to Libya's GDP, contributing 74% in 2007, which by 2001 contributed only 62.5% of the total GDP.⁶⁹ Increased oil prices coupled with improvements in infrastructure and increasing Foreign Direct Investment (FDI) were the major contributors to Libya's new mixed economy, which however, continues to be dominated by the oil producing sector. This over reliance of the Libyan fiscal policy on oil revenues is due to face serious problems in case of a fall in world oil prices. It is however worth nothing that Libya's real GDP growth rate between 2005 and 2007 averaged 7.5%, which between 2000 and 2004 stood at 3.2%.⁷⁰ This shows the level at which Libya's new economic reform scheme was productive. The chart below shows this growth pattern in the Libyan economy.

⁶⁹ African Development Bank, Jan 2009, "*Country Engagement Note: The Socialist People's Libyan Arab Jamahiriya*"; Regional Department North (ORNA)

⁷⁰ Ibid.

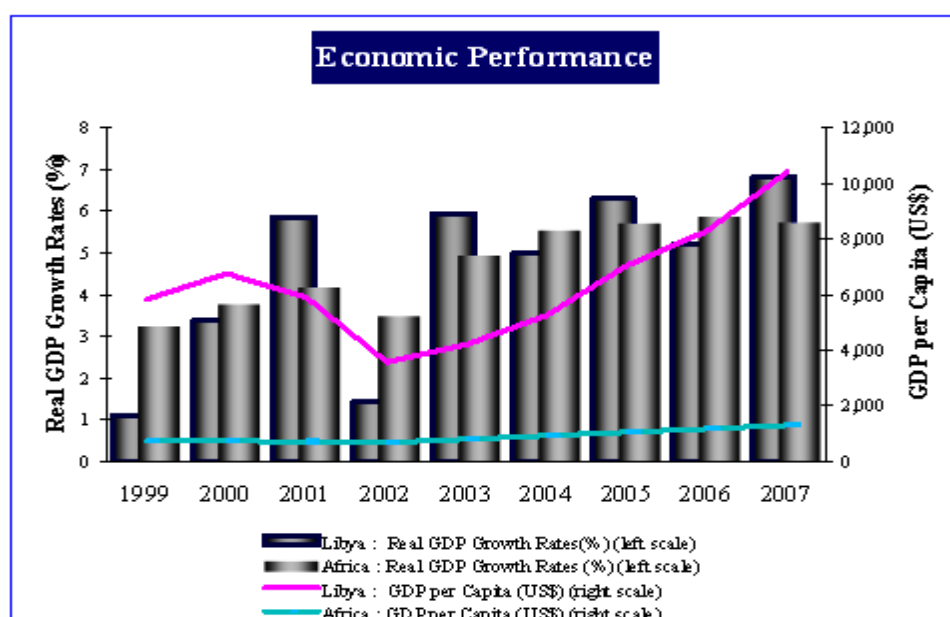


Figure 2: Libya's Economic Performance 1999-2007

Source: Economic Indicators: AEO, ADB Statistics Department, April 2008 (Reprinted without Permission)

Though Libya's capital market was not directly linked to the world markets, the over dependence of its economy on oil and gas revenues faced the downturn of the 2008-2009 global financial turmoil. This is because global demand for oil fell and oil prices equally fell and Libya's fiscal policy was greatly altered following the global crisis, coupled with the increasing government expenditures to finance its reform projects. Ahmad M (2012) notes that Libya and Algeria, members of OPEC during the 2008/2009 financial crisis, "reduced their production shares... thus a great reduction in their total exports"⁷¹ He further notes that this economic downturn was

⁷¹ Ahmad M. Mashal, 2012, "The Financial Crisis of 2008-2009 and the Arab States Economies" International Journal of Business and Management, Vol. 7, no. 4

only faced in the oil producing sector because the “non-oil sector witnessed remarkable growth”⁷² This is to show how Libya’s economic reform scheme had successfully diversified the economy to include agricultural production and manufacturing which were doing great as far as attracting better infrastructure thus foreign direct investment.

3.3.1 Inflation

IMF 2008 reported that inflation rates in Libya had increased in 2007 by 6.2%.⁷³ The cause of this was increasing food prices due to increase in government expenditure to finance the various reform projects. This figure however following the global economic downturn in 2008 increased to 10.4%. it is worth noting that data from Trading Economics supplied data from the Bureau of Statistics and Census in Libya that in September 2014, inflation rate of Libya recorded 2.40%, with the highest figures recorded in 2011 at 29.60%, while the lowest being -4.20% recorded in December 2004 as shown on the following curve.

⁷² Ibid.

⁷³ IMF: Libya, Staff Report for the 2008 Article IV Consultation (Taken from African Development Bank, Libya: Country Engagement Note 1, 2008)



Figure 3: Libya inflation rate

Source: Tradingeconomics.com/ Bureau of Statistics and Census Libya. (Reprinted without Permission)

3.3.2 Other Indicators

Libya's economic reform program and its consequent openness to the world market and also its privatization scheme that ceded most of the state owned co operations to private individuals led to a fall in unemployment rates. Unemployment in 2003 stood at 17.3% but by 2006, it was at 13.5%.⁷⁴ Though these figures were greatly reducing, it was yet a task to be fulfilled by employing the whole active population.

This report equally noted that infant mortality rate for Libya had dropped to 18 per 1000 live births as regards to the rest of the African countries which recorded 85.3, thus increase in life expectancy at birth to an average of 74 years. The Great

⁷⁴ African Development Bank, Country Engagement Note, Libya, 2009

Manmade River (GMR) project of desalination was a rare realization in the African continent.

The provision of extensive social support in the form of subsidies like food stuffs, cheap electricity, water, petrol (particularly below world prices), high pensions, free education, etc, led to the reduction in income disparities. The United Nations Development Program (UNDP)'s Human Development Report in 2007 ranked Libya 56 on the Human Development Index indices, with an index of 0.818, highest ever in the African continent, which had an average total of 0.514. it is worth noting that Libya's index in 2010 was even greater than that of Saudi Arabia and on July 24th 2014, UNDP again published another set of indicators on human development and this time again, Libya came first in Africa, with an index figure of 0.784, occupying a global rank of 55. Though this figure is lower than the 2010 record index, it holds true for the fact that Libya's policy options in Africa are really fruitful. The table below shows this progression from 1980 to present. This human development indicator has been known for its progressive upward curve in Africa, which is all linked to Libya's economic welfare foundation.

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1980	64.2	12.5	2.2	44,124	0.641
1985	66.6	13.1	2.9	27,903	0.654
1990	68.5	14.0	3.8	24,922	0.684
1995	70.2	14.9	4.7	24,134	0.715
2000	71.9	15.8	5.6	23,969	0.745
2005	73.5	16.1	6.4	27,159	0.772
2010	74.7	16.1	7.5	31,218	0.799
2011	74.9	16.1	7.5	11,967	0.753
2012	75.1	16.1	7.5	24,266	0.789
2013	75.3	16.1	7.5	21,666	0.784

Figure 4: Human Development Index for Libya, 1980-2013

Source: UNDP, Human Development Report 2014: Libya (Reprinted without Permission)

3.3.3 The Period 2011 Revolution and the 2013 Economic Recession

After the 2011 revolution that led to change of regime in Libya, oil production and revenues were highly contracted and as a consequence, “Libya’s oil provided only 60% of real GDP in 2011”⁷⁵ With the dawn of 2012 however, economic recovery set in partly and greatly due to resumption in the production and export of hydrocarbons and “boosted real GDP growth to 104.4%”⁷⁶ in the same year. However, the economy was fast footing its tracks for recovery, Libya’s economy was struck with turmoil by mid 2013 due to a series of protests and fighting around the major oil fields in the country. This led to a great slash in the number of barrels of oil produced daily below the average 1.6 million barrels per day, to even as low as 200.000 to 300.000 barrels daily in October 2013. This had an estimated cause of about \$US 130 to 200 million.⁷⁷ These protests held by workers demanding better working conditions and the fighting by armed groups, who demand greater economic and political autonomy put the Libyan economy in a downturn, blurring the country’s projections to fulfill its oil production capacity to 1.53 million barrels per day in 2014. The implications of these were that revenues from the oil and gas sectors which contributes about 90% of the country’s total revenue greatly decreased

⁷⁵ African Development Bank, 2014, Libya, Country Engagement Note, 2014-2016

⁷⁶ Ibid

⁷⁷ African Economic Outlook, “Libya, 2014” African Development Bank, United Nation Development Program, 2014, p. 5

as government expenditure was on the rise, costing the Libyan economy about \$US 10 billion in 2013, a fiscal deficit of about 9.3%⁷⁸.

3.3.4 The Closed Air and Sea ports

Following the continuation of fighting in the Libyan major cities and towns between rival units, Libya's economy sags as the airport in Tripoli closes and became a targeting point by the rival forces fighting for control of the airport and town. Benghazi airport also faced these attacks and the consequent decision was the suspension of flights. This infighting as reported CNBC Africa (February 12, 2015) has continued with the militia tightening control of the airport in Tripoli⁷⁹. The Libyan town of Misrata as reported the Reuters (January 2015) equally faced series fighting. This major shipping town's activities have like the airport towns been disrupted, leading to a fall in exports and imports of Libya's major produce and imports, because major airlines operating in these airports and shipping companies have been scared away by these continual fighting. It is reported that "container volumes at the Misrata's commercial port fell in 2014 from 225.929 (recorded in 2013) to 174.340 twenty foot equivalent units"⁸⁰. This has led to a fall in the annual

⁷⁸ African Development Bank, Libya, Country Re-engagement Note, 2014-2016

⁷⁹ CNBC Africa, February 2015, "Libyan Militia Tighten Control of Tripoli Airport" <http://www.cnbc africa.com/news/special-report/2014/07/16/libyan-militia-tighten-control-of-tripoli-airport/>

⁸⁰ Reuters, 2015, "Misrata feels economic pinch as Libyan infighting spreads" <http://www.reuters.com/article/2015/01/29/libya-security-idUSL6N0V72H720150129>

GDP growth of Libya to fall from 104.5% in 2012 to a forecasted rate of 4.3 in 2015⁸¹

3.4 The Nature of Foreign Direct Investment (FDI) in Libya

Following the Regime Change Process

Incentives to attract Foreign Direct Investments have always been an aim worthy of pursuit by the Libyan government in its desires to realize economic development. Despite the fact that the economy of Libya faces constraints to its economic growth like over dependence on oil and natural gas sectors as its main source of revenue, limited internal market due to small population (6,733,620)⁸², the high revenue inflows from its huge hydrocarbon potentials provide a reliable source of capital to sustain its infrastructural projects thus an impetus for Foreign Direct Investments (FDI).

FDI in Libya has a long history beginning from the amended Law No. 5 of 1997 which stipulated on the encouragement of foreign capital which became practicable by May 1997, and further amended in 2003 by Law No. 7, enabling the use of capital

⁸¹ The World Bank, 2015, Global Economic Prospects- Forecasts

⁸² World Population Report, 2014, taken from The CIA World fact book estimates, 2012

<http://worldpopulationreview.com/countries/libya-population/>

in Libyan Dinars by local businesses in their activities with foreign companies.⁸³ Desires to transfer modern technology to the Libyan technical system thereby contributing to the development of the national products to compete in internal markets, and also diversify the sources of income are the main goals behind the push for the encouragement of FDI in Libya. These desires pushed the government in 2003 to create a website, *www.investinLibya.com*⁸⁴, to advertise the country's resource wealth and attract foreign investors. It is worth noting that Libya started attracting foreign investors mostly only after 2003 when the UN sanctions were lifted. FDI provides opportunities to integrate the domestic economy with the global economy by linking the globalization of capital inflows. With FDI, the government offers the most appropriate atmosphere for investment to Multi National Corporations (MNC's) so as to magnetize their investment. It is worth noting that though FDI brings development, the conditions offered first by the host country like domestic growth related factors, policy reforms, political stability, and increased domestic entrepreneurial skills must exist in the host country to attract FDI.⁸⁵

⁸³ Sallem Abdulla, 2014, "Libya and Foreign Investments: Using SWOT Model to Evaluate the Libyan Business Environment" The Macrotheme Review 3(7) http://macrotheme.com/yahoo_site_admin/assets/docs/13MR37sa.19350354.pdf

⁸⁴ Masoud, Najeb M. H. (2009) Libya's economic reform programme and the case for a stock market. Doctoral thesis, University of Huddersfield.

⁸⁵ Nahidi, M. M., & Badri, A. K. (2014). The Effect of Foreign Direct Investment on Economic Growth. International Journal of Management, Accounting and Economics, 1 (2), 175-184.

Najeb Masoudi presents Libya's total FDI from 2000 to 2005 to be growing at an annual rate of 143.9%, which haven registered 189,150 million Libyan Dinars in 2000, registered 521,333 million Libyan Dinars in 2005,⁸⁶ and a further report by Investment Enhancement Agency on the nature of FDI in Libya presented the industrial sector as occupying the first position in creating a center of attention for FDI during this period while agriculture came last as detailed out on the table below.

Sectors Years	Industrial		Agricultural		Tourism		Health		Service		(Million LYD) Total
	Value	%	Value	%	Value	%	Value	%	Value	%	Value
2000	65,000	34.4	NA	NA	124,125	65.6	NA	NA	NA	NA	189,125.0
2001	14,763	100	NA	NA	NA	NA	NA	NA	NA	NA	14,763
2002	73,636	60.7	0,650	0.5	NA	NA	29,636	24.4	17,401	14.4	121,323.0
2003	33,979	18.2	NA	NA	112,498	60.3	30,175	16.2	3,557	3.3	108,209.0
2004	155,047	83.4	4,960	2.7	NA	NA	10,556	5.7	15,190	8.2	185,753.0
2005	399,136	76.6	4,725	0.9	NA	NA	65,600	12.6	51,872	9.9	521,333.0

Figure 5: Development in the Size of Foreign Direct Investment in Economic Sectors, 2000-2005

Source: Investment Enhancement Agency, Annual Reports (2000-2005) (Reprinted without Permission)

FDI net inflows for Libya as presented World Bank Data, was at 938,000,000 in 2010, dropped to 131,000,000 in 2011 following the revolution, increased to 2,508,800,000 in 2012, but fell again to 881,800,000 in 2013 following the economic

⁸⁶ Najeb Masoud, 2013, "Libya's Step towards Change". *Journal of World Economic Research*. Vol. 2, No. 4, pp. 75-81

depression that faced the economy in 2013,⁸⁷ while its FDI net outflows on % of GDP equally dropped from 3.6% in 2010 to 0.4% in 2011, rose to 3.1% in 2012, but however, fell again to 1.2% in 2013.⁸⁸ It is however worth noting that though Libya has many opportunities for development and attraction of FDI like great natural resource reserves especially in oil and hydrocarbons, good geographical location, relative wealth on non-oil resources, etc, its economic bases for the attraction of FDI are however challenged by political instability (especially after the democratization process), inconsistent decision making concerning investment laws, challenging business environment, high level of bureaucracy and limited entry and exit points due to the close down of air and sea ports. The tendency has been the looming around of an uncertain economic situation coupled with Libya's position in the 2013 Index of Economic Freedom which has been suspended,⁸⁹ till date, thus totally oblique's the future of further FDI in Libya.

⁸⁷ The World Bank Group, 2015, "Foreign direct investment, net (BoP, current US\$), World Development Indicators <http://data.worldbank.org/indicator/BN.KLT.DINV.CD>

⁸⁸ The World Bank Group, 2015, "Foreign direct investment, net outflows (% of GDP), World Development Indicators <http://data.worldbank.org/indicator/BM.KLT.DINV.GD.ZS>

⁸⁹ Terry Miller et al, '2013 Index of Economic Freedom' The Heritage Foundation, Wall Street Journal, 2013, p. 291. http://www.heritage.org/index/pdf/2013/book/index_2013.pdf

Chapter 4

AN EVALUATION OF THE PROCESS OF REGIME CHANGE IN AFRICA/LIBYA'S DEVELOPMENTAL STATE

Refraining from investigating the objectives of NATO led campaign in Libya, this section aims to focus on facts on the ground in the aftermath of the intervention to explain or examine why as humanitarian optimists and neo-liberals celebrate the application of what they call a model intervention following the Responsibility to Protect (R2P) principle, anti-western intellectuals have championed anti-imperialist views against this act of NATO. This is as a result of the repercussions of this intervention on Libya, the MENA region and Africa in whole. The UN Department of Public Information (March 2011) announced that UNSC resolution 1973 has been passed over Libya, thereby giving the go ahead to what Mark Bracher calls the “Fantastic 4”⁹⁰ comprised of Nicholas Sarkozy (France), Barack Obama (U.S) David Cameron (U.K), and Susan Rice (U.S), who took hold of this UN decision which was voted for by 10 members of the UNSC while 5 abstained⁹¹. This resolution as it

⁹⁰ Mark Bracher, 2013, “*Evaluate the NATO Intervention in Libya, What Impact did it have upon the region?*” Academia. Edu.

⁹¹ UNSC, “Security Council authorizes ‘No Fly Zone’ over Libya, authorizing ‘all necessary measures’ to ‘protect civilians’”, UN Department of Public Information, March 2011

is known requested for the interveners to adopt ‘necessary measures’ to protect the vulnerable Libyans⁹²

NATO led intervention in Libya was faced with strong resentment from government troops and the result was the ‘unprecedented switch of government, following the death of Col. Muammar Gaddafi in October 2011. The context of this NATO led regime change process however remains fluid as many anti-interveners consider it as the return of colonialism. The course of regime change in Libya has been characterized as highly unconventional because NATO’s real intentions into intervening became questionable. Judging the NATO led campaign in Libya from actual actions, it was an unprecedented course, that only the interveners (Britain, France and the United States) knew their hidden agenda as Rinke writes that Sarkozy, the French President did not previously announce nor coordinated any plans for intervention thus his actions according to German policy makers were doubtful and suspicious which made them to abstain from voting to joining the intervention team.⁹³ Sarkozy’s actions could be linked to his desire of impressing his voters for the then approaching presidential elections, by portraying his activists attitude regarding the Arab autocracies. because UNSC resolution 1973 passed in March 2011 requesting for an intervention mainly to protect the civilians and enforce a ‘no fly zone’, became an administration uprooting operation. The ‘Pincer assault’ as

⁹² Ibid, Res 1973, Para 4 and 6

⁹³ Rinke, “*Eingreifen oder nicht*”, p.47. Interview with Senior Foreign Office official, July 10, 2012, Berlin.

reported the Washington Post (August 22, 2011) was successful due to ally aid to the Tripoli rebels, through the provision of strategic intelligence, and advice used stepping up air strikes that led to the downfall and death of Gadaffi regime.⁹⁴ DIIS Policy brief (2011) describes this situation as an “infringe on the principle of state supremacy, which is indispensable in global politics”⁹⁵. It is of important significance noting that though Libya’s long ruling dictatorial regime was finally toppled by October 2011 following the death of Muammar Gadaffi, Libya’s transformation to some sort of democratic rule has been marred by several issues, which have aggravated the state of Libya’s developmental state.

Initially known as the Libyan Interim National Council formed in Benghazi on February 27 2011 Interim Transitional National Council (ITNC), the National Transitional Council was given the responsibility to lead the transition period in Libya under UNSC resolution 2009(2011)⁹⁶. Since its establishment, the NTC has been constantly disputed by the “Revolutionary Brigades”, the non-state militia and others, who have increasingly sought to assert themselves into the political arena. On August 8th 2012, when the NTC finally handed power to the National Congress, Libya’s newly elected assembly⁹⁷, and insecurity, a fragile leadership, whose

⁹⁴ Karen DeYoung and Greg Miller, 2012 “Allies guided rebel ‘pincer’ assault on Tripoli”, The

⁹⁵ Danish Institute for International Studies, 2011 October, Copenhagen, Denmark

⁹⁶ Susan Power, 2012, “The role of the NTC in the Economic Reconstruction of Libya- Some Legal Challenges”, Vol 1

⁹⁷ BBC News, 9th August 2012, “Libya’s NTC hands power to newly elected assembly” <http://www.bbc.com/news/world-africa-19183300>

capacity and sovereignty to act remains highly limited, was being transferred to the new administration. Mohammed El-Katiri (2012) characterizes the ongoing situation as leading to “fragility or undeniably an unsuccessful state”⁹⁸. The end product of regime change has thus been the transformation of power from a stable autocratic regime to an unstable and uncertain democracy. Libya’s transitional state is void of the functioning of effective democratic institutions, thus the pervasiveness of a stateless state, which is detrimental to economic development of any kind, even worse than stable tyranny.

4.1 The Implications of Violent Regime Change on a Developmental State

Examining events, the quick and disorderly nature of transitions by rupture often, bring about minimal genuine institutional changes. Levitsky and Way contend that post transitional governments are often led by leaders who possess no strong commitment to democracy.⁹⁹ Having a closer look at Libya’s regime change, it should be noted that involuntary or forced regime change no matter which society it is, is going to leave behind severe consequences not only within the country witnessing the change in regime, but neighboring countries are going to face spillover effects of this violent process.

⁹⁸ El-Katiri, M. (2012). *State-building Challenges in a Post-revolution Libya*. ARMY WAR COLL STRATEGIC STUDIES INST CARLISLE BARRACKS PA.

⁹⁹ Steven Levitsky and Lucan Way, *Competitive Authoritarianism: Hybrid Regimes after the Cold War*, New York: Cambridge University Press, 2010, pp. 25-26.

The failure of successive governments after the process of regime change to legitimize the use of force and control these armed militias thereby restricting the risks of insecurity like the current situation in Libya, leads to the spillover of insecurity to neighboring countries. the security of neighboring governments have been greatly undermined by the failure of reconciliatory measures between armed militias and government authorities, which jeopardize efforts aimed at state building, due to clashes between these groups.

The passing of the “Law on Political Insulation” by Libya’s ministries of justice and Foreign Affairs under the current government, which excludes officials who have worked for Gadaffi in the past decade before the ousting of the regime, from holding public offices¹⁰⁰, is a very strict law that is again contributing to the weakening of Libya’s developmental state. These officials are well experienced technocrats and this has further created division in the new government thus further weakening the state institutions.¹⁰¹

Nicolai Due-Gunderson (2013), emphasizing on the resilience of Libya’s tribal history between for example the Cyrenaica and Tripolitania, concludes that the violent removal of Gadaffi marked the removal of a very significant actor to curb

¹⁰⁰ Alessandro Bruno, “The ‘Somalization’ of Post-Qadhafi Libya” Geopolitical Monitor, November 20th 2013 <http://www.geopoliticalmonitor.com/the-somalization-of-post-qadhafi-libya-4886/>

¹⁰¹ Alessandro Bruno, “ The “Somalization” of Post-Gadaffi Libya”, Nov. 20, 2013, Geopolitical Monitor <http://www.geopoliticalmonitor.com/the-somalization-of-post-qadhafi-libya-4886/>

this chaos of division going on in Libya¹⁰². Zak Rose (2013) concludes that the factionalism facing Libya now is not new but had been well managed by Gaddafi through the use of a “series of strategic coalitions and pacts”¹⁰³, which had reserved relative tranquility in Libya till his death. Calling for the need for an Iron Fist, Alessandro Bruno suggests that “it seems then that Muammar Gaddafi’s infamous eccentricities and seemingly strange decisions were the panacea for the maintenance of stability in Libya.

Bruno (2014) notes that the gap between the rich and the poor in Libya has widened since Muammar Gaddafi’s demise, and Heba Saleh writes that salaries of workers have dropped very low since the ousting of the Gadaffi regime.

Concerning the effects of the war in Libya on neighboring countries, it has had enormous effects on countries like Chad, Niger, Algeria, Mali Mauritania and Nigeria. Revolution in Libya led to the proliferation of ammunition and weapons, to these countries. These weapons emanating from the loose arsenal that mercenaries acquired in the fighting in Libya fell into the hands of extremist groups in the MENA region especially North Africa, who seek to expand their influence in the region. The Tuareg terrorist group and its activities in Mali increased significantly after the

¹⁰² Nicolai Due-Gundersen, “Division or Attraction: An Overview of Libya’s Future after Gadaffi”, May 20th 2013, Geopolitical Monitor <http://www.geopoliticalmonitor.com/division-or-attraction-an-overview-of-libyas-future-after-gaddafi-4813/>

¹⁰³ Zak Rose, “Libya: Still waiting on a Viable State” March 4th 2013, Geopolitical Monitor

Libyan revolution¹⁰⁴. This has had significant implications on the MENA region ranging from the increase in migration, refugee crises, looted weapons that have fallen in the hands of Boko Haram sect in Nigeria, increase in transnational criminal networks across the Sahel, kidnappings for ransoms, etc.¹⁰⁵. Again, Ruth Sherlock and Colin Freeman (February 2015) reported in the Telegraph that ISIS was organizing to utilize Libya as a passage to wage war across Europe.¹⁰⁶

4.2 Democracy's Viability in the Assurance of Economic

Development in a Strictly Divided and Factionalized Polity

There is one thing that connotes to democracy in under developed nations, which is the strength of the people to choose their own leaders through elections. This has been adopted however by many African countries, majority of whose democracies have become what Eric X Li (2013), describes as are “becoming a perpetual cycle of elect and regret...”¹⁰⁷, trying to explain how electoral democracies are going through dismal performance, many of which are afflicted with acute poverty and civil strife, thus constant re-elections without any significant change occurring to remedy the situations of its citizens. It remains a tears shedding story to notice economic development in retreat in many of these countries like Cameroon, Libya, Egypt,

¹⁰⁴ BBC News Africa <http://www.bbc.co.uk/news/world-africa-13881370>

¹⁰⁵ Prince Marin George, “The Libyan Crisis and the Western Sahel: Emerging Security Issues” The Backgrounder Institute for Defense Studies and Analysis, August, 2012

¹⁰⁶ Ruth Sherlock and Colin Freeman, “ISIS planning to use Libya as ‘gateway’ to wage war across Europe: militant’s document”, The Telegraph, February 17, 2015 <http://news.nationalpost.com/news/world/isis-planning-to-use-libya-as-gateway-to-wage-war-across-europe-document>

¹⁰⁷ Eric, X. Li, (2013) “A Tale of Two Political systems”, TED Talk <https://www.youtube.com/watch?v=s0YjL9rZyR0>

Nigeria, Chad, etc and Zambia, who constantly hold democratic elections but development wise, these governments do not fulfill their developmental promises, while poverty is on the rise to even as high as 70% in Zambia¹⁰⁸.

Nobody will trade democracy for anything, because each country's people desire to make democracy as part of its self appointed historical mission guiding its course of development. The values attached to democracy if well applied in all societies will stand as the ideal panacea for development any country will follow. It is however worth noting that each country has its historical developmental route that determines the course of its present development and as Jacobs and King emphasize, "politics is increasingly polarized, and has been captured by special interests and still paranoid"¹⁰⁹. There exist nuances of growing cynicism especially concerning politicians and the nature of political processes to adopt in dealing with issues affecting societies which due to their sheer complexities have been greatly undermined further by the lack of democratic legitimacy. The MENA region and most parts of Africa and the third World have little to be noted as its history of political liberalization, yet many can be pointed to as having a recorded history of some sort of successful authoritarian development like the case of Southeast Asia and China, Rwanda, Tunisia etc.

¹⁰⁸ Mary Morgan, 26th September 2013, "Can Democracy Deliver for Africa?" BBC News Africa, Freedom House, (2015), Freedom in the World 2015, "Discarding Democracy: Return to the Iron Fist" <https://freedomhouse.org/report/freedom-world/freedom-world-2015#.VXW-8dLtmkq>

¹⁰⁹ Jacobs, L. R., & King, D. S. (Eds.). (2009). *The Unsustainable American State*. Oxford University Press.

It is therefore highly unlikely that democracy will successfully entrench itself into such hybrid regions characterized by strictly divided and factionalized polities. Democracy's practice in Africa and the MENA region as can be seen is highly infected with poor performance, which is visible from the fact that though many economies especially in Africa are pronounced as democratic, their performance in the promotion of economic development especially has not been encouraging at all. The tendency is that a government comes to power after when millions have been spent on campaign, promises to change the status quo, but few months after it takes power, it does nothing and the population yet again demand for a change of government, wherein another election is organized just after some few years, which is very uncertain as to whether change will come because most often, the incumbent rigs elections and remain in power. The process continues again after its tenure expires and democracy keeps promising but never delivers. As Case (2002) notes, it becomes a tendency of extensive uncertainty particularly within individuals in nations in East Asia to challenge the capacity of democratically elected politicians to keep the development project on track, however even where democratic structures have been grasped, there are real aspects of questioning about the distinction of the democratic process itself¹¹⁰.

As earlier mentioned, the African continent for example has a large number of democracies, but a great deal of persistent questioning exists concerning the

¹¹⁰ Case, W. (2002), "*Politics in South East Asia: Democracy or less*" London, Routledge Curzon

competency and honesty of the leaders of these democracies. This is because most of these democracies are illeberal democracies. It will however sound paradoxical to learn that recent developing in countries like Libya who just tried to embrace democracy through its recent regime change have proven that support for and trust in the ousted authoritarian regime is much more, compared to the present fragile democracy (the internationally recognised government), quasi failed state, that has promised little and yet again stands very slim chances of survival.

With the present circumstances in Libya, it is very possible that other countries in Africa and Middle East will succumb to the sort of democratic transitional rollback that has afflicted Egypt, Libya as also did afflicted Thailand, which became prone to instability and military coups following their regime change, reminding us of how fragile democracy can be vulnerable to such situations especially sectarian and fractionized societies. It will not be wise concluding that democratic rule in Africa has no hopes for consolidation, but it can also be argued that neither is safe democratic transition assured given the challenging atmosphere of the region, which has made it almost impracticable to deal away with authoritarian rule.

4.3 The Rationale for Development Authoritarianism in Africa/Libya

Africa is a continent where poverty is prevalently rooted in its population but Western presumption have sought to promote liberal democracy embodied in the adoption of private capitalism and political rights over economic rights, but this view however has been of very relevance to many countries in the developing world who seek instead for shelter, food, healthcare and education in the place of political freedom. The above western options are very essential but many underprivileged

people in under developed and developing economies would tell you that they are good for those who can afford it. Survival remains the driving principle for the populace found in the developing world which accounts for about 70% of the world's poor, majority of whom live on less than 2 dollars per day. What citizens of these countries worry about is where their living standards improvement will come from and also how their government can provide for their needs other than thinking on how the government came to power. Not wishing for any country to become autocratic because of the desires for development, it cannot be denied that many countries under despotic regimes like China, Hong Kong, Taiwan, Libya, Tunisia, had registered more sustainable growth and development than their democratic counterparts. These countries recently from 2010 witnessed a series of revolutions aimed at changing these countries from a system of state capitalism, de-emphasized democracies, and prioritized economic rights, than having private capitalism, more political privileges over economic rights. These revolutions as could be seen in the "Umbrella Revolution" in Hong Kong-China yielded little or no fruits, and most of these countries like Libya, moved from stable well to do authoritarian regimes to unstable, fractionized democracies or quasi failed state that stand very slim chances of sustaining and maintaining growth in their economies to pre-revolutionary levels. Referring back to the views of the Modernization theory by Lipset (1959) thesis, its worth commenting that the collapse of moves for democracy in these countries proves that they were not or are not yet well to do to enjoy democracy, also accounting for the numerous coup d'états characterizing Africa's transition process, thus the conclusion that economic growth is a pre-requisite for democracy, which can be attained only through the promotion of economic policies by a prudent middle class, mostly common in authoritarian than illiberal democratic regimes in Africa.

Africa's developmental problems should not be attributed to authoritarianism, but rather, the continent is divided by numerous and polarized societies often of ethnic loyalties, made up of societies too diverse to form nations especially under the banner of democracy, lacking appropriate skills to become effective states despite their tiny economies.

Dambisa Moyo, anticipating upon the nature of illebral democracies especially in Africa quotes that “what poor countries need is a decisive benevolent dictator, who could push through required reforms to keep the economy advancing”¹¹¹. Democracy remains a very desirable thing for every community, but the type of democracy Africa experiences is so unreal, so unpatriotic and paranoid wherein there is no opposition, there exist weak, corrupt and unstable institutions which in reality, cannot be attained in many African societies like Libya, especially if it forcefully introduced in these communities. Democracy as it is known should be something that develops on its own out of self consciousness, organically as a relic of economic development. Not like formally endorsing authoritarianism or dictatorship, this piece opts for a consensus to be reached among state leaders to help build a strong state to secure economic growth which is reflected in high per capita GDP, before any transition to democracy can take hold.

¹¹¹ Dambisa, M. (2009). *Dead Aid: Why aid is not working and how there is a better way for Africa*. New York: Farrar, Straus and Giroux.

4.4 The Effects of Transitional Insecurity on Economic Development in Libya

This paper here interprets security as human security, and inside this classification, concentrates on political violence as a critical wellspring of insecurity. From this standpoint therefore, three associations can be established: that human security forms a critical part individuals' wellbeing and is along these lines a goal of development; that absence of human security has negative results on financial development and poverty and thus on development as a whole; and that the absence of development or unequal and imbalanced development that potrays clear instances of inequality, are inportant causes of conflicts. Security should be seen as an intrinsic aspect of development and again, the development cause of insecurity cannot be minimized in Libya for the rate of destruction of public and private goods that enhance human security has created further developmental backturns for the nation. The lack of security in Libya means the government needs to increase the amount of military spending thus reducing the percentage of GDP that could be used in the development of other sectors of the economy. Heavy developmental costs are incured in instances of insecurity as the various types of capital are subject to destruction such as human resources, land, physical plants, also the states social and organisational capital and again, there is reduction in investments from both the government and foreign and private investments.

Chapter 5

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The 17 February revolution that broke out in Benghazi, Libya, to demand for basic human rights and freedoms was not a call for Gaddafi's removal thus regime change, but however, resulted in the unintended change of regime, which led to Libya organizing its first nation-wide elections in 2012. The transition process of Libya from its aged long autocracy into a law-respecting state has been so bloody, with grave human rights encroachments, committed by all those partaking in the conflict.¹¹² It is worth noting that though there exists an internationally recognised government in Libya, the state of its democracy remains contested due to the fact that this government has been unable to consolidate a democratic government in Libya, thus leaving the country in a quasi failed state. Evidence from the above analysis of economic development in the former authoritarian regime and the present transitional regime however reveals that regime change in Libya had negative effects on economic development of Libya, because of the unstable state of the transitional regime thus accepting the above hypothesis that that more economic development is expected to be seen in authoritarian regimes than an economy undergoing transition.

¹¹² Human Rights Watch, 2014, Human Rights in Libya

In no way has torture ever been justified for it is widely denounced. The former Gaddafi regime in Libya considered torture equally as a crime, even though it was practiced, with impunity and in a way some how very efficient, as well as other human right enfringements like frivolous and inconsistent arrests and detention, enforced disappearances and extrajudicial manslaughter. Anyone caught guilty of such crimes or commanding them must be held accountable in any country having a respectable constitution. Libya today under the transitional structure stands a very good possition to make a clean break concerning the violation of human rights in the past under an unchecked regime (authoritarian) and construct a solid foundation for a society free of violations of human previledges. The human rights position of Libya has however remanined increasingly alarming with fears of torture bcoming institutionalized into the new Libya, but on the foundation of a revolution against these same human rights violations in the past.

The paranoid and uncontrolled nature of countervailing powers in some societies have resulted in them adopting autocratic regimes inorder to curb the sources of countervailing power thus political stability with a superior force so as to achieve a desirable level of growth. This system as advanced Chalmers Johnson (1987) leads to long term predictability of the system.¹¹³ The strengthening of democracy in Libya appearss to have become further entangled, complicated and constrained by internal

¹¹³ Chalmers Johnson, 1987:143 "Political institutions and economic performance," taken from Richard Sandbrook et al's "Social Democracy in the Global Periphery; Origins, Challenges, Prospects" Cambridge, p. 23.

instability resulting from the let loose countervailing centres of power thus political insecurity.

Evidence from the above tells us that outstanding developmental successes and failures have been witnessed in authoritarian regimes, while democracies tend to be less extreme in their developments, with at least an exceptional case. This therefore tells us that the nature of a regime, be it democratic or authoritarian does not permit us to predict if or not it will be developmental. It is implausible to anticipate that a nation will turn instantly from a closed corporatist economic system to an open competitive business sector, or from a dictatorial one-party state to a genuinely open, competitive, and comprehensive democracy. In the meantime, Libya has now been on these ways for some years following the regime change process, and in a worldwide world, time may be running out as it records relatively low economic growth. Libya now is at crossroads, and the enquiry is which way it will take. This is due to the fact that its transitional process has been marred by so many difficulties and controversy thus no clear cut transition.

It is important again to note the fact that though we cannot define between which regime type will be more developmental than the other, democracy is however difficult to sustain in low income countries. The diversity in developmental studies has however removed the importance attached to regime type on development because when looking at both modern and ancient era developmental histories, they seem to stipulate less on whether the regime type has been democratic or authoritarian, but have tend to focus more on developmental factors such as internal stability, the benevolence of state leaders, on the positive relations with giant world economies, the level of infrastructure and bureaucratic competence and also on the

degree of corruption.¹¹⁴ Looking at the hypothesis above, evidence based information from the data above has provided enough knowledge on how regime types like the government in Libya before the revolution which was authoritarian and the present transitional government impact on the country's development. A lucid evaluation of the Gaddafi regime in Libya before 2011 will reveal that though the regime is criticized for its authoritarian nature accruing to the absence of basic human rights and freedoms, it can be however seen that the leaders of the regime due to some knowledge of some sense of legitimacy and benevolence, were able to substantially provide peace and stability for the people, thus creating a stable and conducive business situation thus growth, compared to the preprevailing transitional government whose future remains unpredictable, due to the prevalence of political volatility and insecurity that has jeopardized the efficiency of the economy and even endangered more the human rights and freedoms which formed the foundations of the revolution.

5.2 Recommendations

Development whether in the economy or in human rights and privileges is highly dependent on the character of the state seeking the development itself or otherwise known as the developmental state, and equally on the nature of the developmental elite. The construction and organization of the developmental state, how reliable it is, the level of unity of its bureaucracy and also the efficacy of its coercive institutions emphasizes the efforts of the state at its technical capability thus pushing statesmen

¹¹⁴ Kihl 2005; Pirie 2005, 2007

to be committed to developmental roles. The duty of any government or its impact is felt upon the structures it puts in place to direct its developmental roles. Associating these two (structures and roles), this study refers to Peter Evans (1995: 77) who lucidly generalizes that “structures create the potential for action: playing out roles translates the potentials into real effects”,¹¹⁵ which in our case here is sustainable growth.

Emphasis should be accorded to Middle Eastern and African values and cultures as its own unique roles in securing growth, thus nation-wide growth and development in this region should be implemented differently from that practiced abroad, and this will explain more to us why there is the practice of illiberal democracy and thus authoritarian democracy here and the practice of full democracy in the west. Xizhen, (2008) defines autocratic democracy as a merger of both authoritarianism and democracy, which forms a strong regime with electoral legitimacy.

¹¹⁵ A quote taken from Tuong Vu's "Paths to Development in Asia. South Korea, Vietnam, China, and Indonesia" Cambridge University Press, Tokyo, 2010, p. 5.

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