

Introduction to the Political Marketplace for Policymakers

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Introduction

This policy brief is an introduction to the core concepts of the framework of the ‘political marketplace’ as a system of governance.

Any kind of politics that involves monetary transactions has an element of a political market. In consolidated democracies and ordered authoritarian systems, the political market is subordinate to the rule of law and the rules of institutions. But in other parts of the world—many countries in Africa and the Greater Middle East—that hierarchy is reversed: government is dominated by monetized transactional politics. This is not changing—we are not seeing the emergence of institutionalized states. Rather, we are seeing the entrenchment of political marketplaces, well-adapted to the political survival of skillful political business managers, in a turbulent world.

Dominant political science frameworks for weak and fragile states address the question, ‘how can these countries make a transition to orderly, institutional states?’ The political marketplace framework deals with the questions, ‘how do these governance systems function today? How do external interventions effect the actual political system over the short term?’

What is a political marketplace?

The political marketplace characterizes a system of governance, and also a way of analyzing how power works within that system. The framework therefore not only categorizes particular societies—especially those commonly described as fragile states—but also provides a set of tools for understanding how those countries actually function and how they are likely to respond to external interventions and other political and economic changes.

The political marketplace is a system of governance run on the basis of personal transactions in which political services and allegiances are exchanged for material reward in a competitive manner. A ruler bargains with members of the political elite over how much he needs to pay—in cash, or in access to other lucrative resources such as contracts—in return for their support. They exert pressure on him using their ability to mobilize votes, turn out crowds, or inflict damaging violence.

This is an updated, internationally integrated form of patrimonial politics. Older systems involved slow-paced bargaining and used non-convertible currencies and symbolic rewards involving social prestige. The political market is monetized with hard currency—dollarized—and negotiations are fast-paced. This political marketplace competes with and may displace or reverse processes of state-building and institutional development.

A political market is run according to the ‘political budget’, ‘the price of loyalty’ and the political-business models and skills of politicians. It may be tightly regulated—for example an authoritarian regime run by a commercial-political elite. It can be deregulated—an auction of loyalties with multiple armed groups jostling for access to resources. Or it can be variants in between. Political markets are increasingly regionalized and can no longer be constrained within a single country. Indeed, the ruler of a weaker country is likely to be a supplicant vis-à-vis more powerful neighbours.

How did the idea originate?

The concept of the political market arose from engagement with political elites in the Horn of Africa. The key concepts derived from the vernacular used by the Sudanese political elites, especially when dealing with conflict-affected peripheries such as Darfur. The framework was immediately recognized, as consistent with their experience, by politicians and political commentators from a number of other countries in north-east Africa. This experience was written up in Alex de Waal, [*The Real Politics of the Horn of Africa: Money, War and the Business of Power*](#) (Polity Press 2015).

The framework of the political marketplace draws upon a rich tradition of political-economic analysis of Africa and the Middle East, which includes neo-patrimonialism, clientelism, kleptocracy, political settlements, developmental patrimonialism and the deep state. It differs from these frameworks in that it focuses especially on the monetized and competitive nature of patron-client relations, the temporary and changing nature of the bargains struck, their adaptation to a turbulent environment, the dynamism of the overall system, and the integration of systems of patronage within regions and internationally.

What are the key concepts for a political market analysis?

Political budget. This refers to the funds possessed by a politician which he or she can dispense without needing to account for them, and which is usually spent on renting allegiances or buying political services, but which may also be used for personal enrichment or vanity projects. This may overlap with the official (public) budget,

representing a margin of corruption. A political budget is, however, distinct from corruption, principally in that the funds are recycled through the patronage system, and also in that this is considered legitimate by the political class. We are developing methods for identifying the sources of political funding (and the political constraints that are associated with those sources) and for estimating and tracking the size of political budgets.

Price of loyalty. This refers to the prevailing price demanded for political allegiance, cooperation, or a particular political service, by a member of the political class. This price can vary according to market conditions: it will rise if there are more claimants on a ruler, or more buyers competing in the market, and fall if political competition reduces. The principal task of a political business manager is to utilize his or her political budget as efficiently as possible to secure sufficient political loyalties to sustain power or pursue a political project. Knowing political budgets and the price of loyalty allows us to predict the viability of political operators.

Political business plan and skill. Some political business operators have wider networks, greater political skills, and better reputations, than others. They have different political objectives. Political entrepreneurs’ and business managers’ strategies can be modelled by adopting standard (commercial sector) business schools models of industry competition and business strategy, such as Michael Porter’s ‘five forces’ that shape industry competition. And—lastly—while an unskilled political entrepreneur is likely to fade quickly, a high-level political CEO who loses his touch can cause havoc. Perhaps the commonest causes of armed conflicts and political crises are errors by top-level political managers.

Political market structure and regulation. Political markets are structured and regulated in different ways. Key elements include the regulation of entry, the extent of regional integration, the structure and frequency of bargaining, and networks and circuits of information. Knowledge of these factors, combined with analysis of the prevailing political market conditions, can allow us to make assessments of political trajectories, how a political system will respond to shocks and interventions, etc.

Turbulence. The apparently chaotic quality of a system, which fluctuates over short periods of time, but nonetheless maintains a recognizable structure over longer periods of time, and responds in broadly foreseeable ways to external and internal shocks. The political marketplace framework is designed to explain how governance systems function in a regional and global environment characterized by persisting turbulence, rather than one that is stable and ordered.

Hegemonic masculinity. The political market is hegemonically masculine, in the sense that its dominant players are almost all men, and also in the sense that non-elite people—including almost all women and youth—are valued only as commodities.

The political marketplace, moral populism and public mutuality

The political marketplace is one of the ‘three logics’ developed by the Justice and Security Research Programme. The other two are ‘moral populism’ and ‘public mutuality.’ *Moral populism* is the social and political role played by exclusivist and morally imbued identities and values. Episodes and movements of moral populism are usually rooted in highly local, specific repertoires but also draw upon contemporary, global cultural manifestations, including militant extremism. *Public mutuality* is the discourse and exercise of public life based upon norms and rules that exemplify the values of respect for persons. This is manifest in diverse ways including individual practices that sustain integrity, and social values of justice, civility, inclusion and dialogue.

Moral populism emerges from a crisis of mutuality, often associated with a major societal trauma such as conquest and subjugation, civil war, economic collapse to the point where institutionalized governance breaks down, or a tyrannical or revolutionary government that unleashes mass atrocity. In almost all the countries of sub-Saharan Africa and the Greater Middle East, there have been societal traumas of these kinds, and moral populist scripts have emerged in their wake.

In the aftermath of these massive traumas, fundamental societal relations are reconfigured. Forms of mutuality that existed previously are not

reconstructed: people contest fiercely over social norms, symbols and practices, and new populist political movements emerge. Institutions that have been shattered are reconstituted, perhaps with the same outward form but animated by different socio-political relations. Typically, we see moral populism and a political marketplace flourishing hand-in-hand. The two feed off one another: political entrepreneurs call on moral populist scripts to mobilize support and exclude others, while moral populists utilize political business strategies to survive and prosper. For example, it is striking how much Al-Qaeda and ISIL are explicit in their marketplace-based organizational strategies.

In such circumstances, re-invigorating public mutuality demands sensitivity to the traumas recently undergone and how they have been experienced, as well as attentiveness to how efforts to rebuild institutions can be coopted by the logics of the political marketplace and moral populism, and repurposed to other ends.

How violent is a political marketplace?

Political markets are usually violent, in several ways. Violence is a mechanism of bargaining, whereby a subordinate player can stake a claim, or try to bargain his price up, and a ruler can dispute his claim, or drive the price down. Violence can be used to try to damage or destroy the constituency of a rival or claimant, thus reducing his value in the market. Violence can also arise from error: a political business manager can misjudge the market or misread his rivals.

Armed conflict in the political market does not spring from deep enmity or irreconcilable difference. Enemies are adversaries of circumstance. Just as today’s friend might be tomorrow’s enemy, so too today’s adversary may be tomorrow’s ally. For this reason, members of political and military elites may be cordial or friendly outside the arena of the battlefield.

Some of the violence witnessed in a political marketplace, including forced conscription of youth and children, the expendability of fighters in combat, and the rape and abduction of women and girls, arises from this commodification of people who are not members of the elite.

Historically, the major episodes of large-scale war or mass atrocity have been associated with state-building or revolution, not with political markets. For example, the levels of violence during what Eric Hobsbawm called the ‘age of extremes’—from World War One to the Cold War—were higher than those experienced in almost all political marketplace systems today. Often, state-building and revolutionary or counter-revolutionary violence followed a logic of exterminating enemies and purging mass movements. In the political market logic, violence is principally a means of bargaining. But violence is a currency whose exact value is unknown until it is cashed. Extreme cases of violence in political markets often arise because of errors by political business managers. The errors are revealed when large-scale violence generates its own logic of escalation and retaliation, with unpredictable and usually adverse outcomes.

It is remarkably difficult to eradicate violence in a political marketplace. Peace agreements and security pacts will reconfigure violence rather than end it, turning violence against those excluded from the bargain. Political entrepreneurs will face incentives for using violence to claim a better stake.

Can a political marketplace achieve stability or state-building?

Political markets can be highly unstable. This can be for a host of reasons. In a poorly-regulated market, new entrants with money or guns can make a claim that destabilizes existing relations. In a tightly-regulated market, dominated by a single political CEO, the transition to another CEO can be highly destabilizing.

Rulers can face crisis if their political budgets are insufficient, either because they are running out of money, or because the price of loyalty has risen beyond what they can afford. The price could be bid up by new external bidders entering the auction room (neighbouring governments perhaps, or it could be an international patron).

A political market based on rents—such as oil revenues or foreign assistance—can turn into a centralized, highly-regulated political system, when those funds are plentiful. Or it can seize up if those funds dry up.

Stability can also arise if the political financiers club together. For example, if the system relies on businessmen to provide the political funds, if those suppliers create a cartel and insist on a set of rules, they are likely to be able to press politicians to confirm.

Peace agreements can provide a stable share-out of rents—but only for as long as current market conditions persist. If the market value of the signatories to an agreement changes, then there will be a strong incentive to renegotiate the deal. Moreover, most peace agreements exclude some actors, and they can only work if those excluded actors accept their status—or are repressed.

Under the pressures of competitive monetized politics, transitions from authoritarian rule are not likely to lead to institutionalized democracy. They are much more likely to lead to a deregulated and potentially violent political marketplace. The regulated clientelism within an ordered patrimonial system becomes an unregulated auction of loyalties in a collapsing state.

Usually, if we espy a functioning institution in a political market system, it is because political market conditions protect that institution. Typically, this will arise when there is a well-placed patron, who for whatever reason—personal belief or goodwill, or a political ambition that involves a reputation for technocratic integrity—seeks to promote public goods rather than factional advantage. But this arrangement will last only as long as those conditions persist. If the patron or the individual is moved to another post, or loses his clout, the bubble of integrity will pop.

How does it relate to corruption, kleptocracy and war economies?

A political marketplace is closely related to systemic corruption, state capture by criminal cartels, kleptocratic rule, warlordism and war economies. Corruption facilitates the penetration of a political market into an institutionalized system. But a political marketplace analysis emphasizes different features and entails different policy prescriptions.

Corruption overlaps with political finance. But they are distinct phenomena. Most sources of funds for political budgets are lawful (oil rents, security

cooperation, business donations). Most political spending is either legal expenditure or the recycling of illicit finance into patronage payoffs. Analyzing political finance illuminates the nature of corruption in a country, and what may be done to engage with it.

The commonplace definition of a kleptocratic system of governance is the rule of thieves. The political market definition is the application of market mechanisms of supply and demand to the functioning of organs of public authority, which enables theft.

Economic criminals are driven by greed alone, and use political office solely for self-enrichment. Political entrepreneurs pursue political aims, within a system that forces them to compete in a political market, or fail. Their goal is power and their 'profit' is their political budget, which is (mostly) reinvested in their political project, especially patronage payoffs. They can also accumulate private wealth—and in some cases that may be their primary motivation for entering politics. But a political market framework allows us to understand why a politician who has an agenda of promoting the public good, or an ideological aim, or defending a community, ends up operating as a political entrepreneur nonetheless—or falling by the wayside.

The traditional definition of a war economy is a centrally-planned economy devoted to production for a war effort. In the era of 'new wars' it was expanded to include the conduct of hostilities in

such a way as to enrich the principal belligerents, for example through collusion among the warring parties and the integration of political factions and criminal gangs. This second type of war economy is a kind of political marketplace. But some, not all, wartime political marketplaces are war economies in the strict sense of being run for the personal enrichment of the belligerents. A mismanaged political marketplace can collapse into war that bankrupts the economy and impoverishes the belligerents.

The significance of these distinctions lies partly in the fact that technical tools to deal with corruption will not dismantle the political marketplace itself. A crackdown on corruption, illicit financial flows, gangsterism or war profiteering, using instruments such as sanctions or prosecutions, may catch criminals, but will reconfigure the market rather than transforming it. In fact there is a danger that a selective crackdown will destabilize a political marketplace, which could lead to violence.

Policy Implications

The political marketplace framework does not provide a simple template for policy or programming. Instead, it generates a different set of analytical and measurement tools for understanding a particular situation, or a particular intervention, making it possible for policymakers to examine the likely scenarios and the impacts of policy measures.

About the author

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The Justice and Security Research Programme (JSRP) is an international research consortium that produces primary evidence about the constellations of public authority that govern the everyday lives of people in fragile and conflict-affected contexts. It aims to understand how public authority is shaped and how it conditions access to justice and security. Through rigorous, community-based fieldwork, primarily in the Democratic Republic of Congo, the Central African Republic, South Sudan and northern Uganda, the JSRP explores three logics of governance:

The political marketplace: the transactional politics whereby political loyalties and political services are exchanged for material reward.

Moral populism: the social and political role played by exclusivist identities and values in mobilizing communal sentiment in support of political projects.

Public mutuality: the discourse and exercise of public life based upon norms and rules that exemplify the values of respect for persons.

The London School of Economics and Political Science is the lead partner, working with the Conflict Research Group at Ghent University, the Social Science Research Council, the World Peace Foundation, the South-Eastern European Research Network, Justice Africa, and the VJ Movement.

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