recovered to its 1989 levels. Some 62 percent of the labor force was employed in the private sector. Trade was reoriented toward the West. Polish voters had enough confidence in the new democracy to vote a national icon—President Lech Walesa, the former Solidarity leader—out of office.

Sign of the times: Poland's central bank in Warsaw now occupies the former headquarters of the Polish Communist Party.

The economic boom continued, as output grew by more than six percent annually between 1994 and 1997. By 1997, "up to 65 percent or even 70 percent of the economy" was in the hands of the private sector. Unemployment was down to 12 percent, inflation to 14 percent. In the 1997 election, Balcerowicz, the architect of the shock therapy, was vindicated. His Freedom Union party won 13 percent of the vote and joined in a coalition government headed by the new Solidarity Election Action (AWS).

In less than a decade, writes Pond, the Poles "have invented instant governments, parties, civil society, watchdog media, parliaments with the wit and integrity to pass responsible budgets and legislate for an unfamiliar world, judiciaries independent of politics, subordination of security services to elected officials, ombudsmen, functioning civil servants, local self-government, civilian control of the military, and the habits of individual initiative and risk. . . . Their initial faith that democracy brings affluence has been requited."

Asia's Other Giant

"Taking India Seriously" by James Manor and Gerald Segal, in *Survival* (Summer 1998), International Institute for Strategic Studies, 23 Tavistock St., London WC2E 7NQ England.

Foreign investors rushing to take advantage of economic opportunity in China in recent years have barely paused to notice Asia's other population giant, India. That neglect is not likely to last, contend Manor, a Professorial Fellow at the Institute of Development Studies, University of Sussex, Brighton, and Segal, director of studies at the International Institute for Strategic Studies, London.

With a population (900 million) three-fourths the size of China's, India has an economy that is still only a little more than half as large: $225 billion in gross domestic product in 1993, compared with China's $425 billion. In 1996, India received slightly more than $2 billion in foreign direct investment—while China raked in $38 billion. Eighty-five percent of the money poured into China from abroad comes from ethnic Chinese, and India has no equivalent diaspora.

However, India's foreign investment total is roughly what China's was in the early-to-mid-1980s. After China launched its economic reforms in 1979, the authors point out, it took five to seven years of sustained economic growth before the outside world saw "that China was serious about reforming its domestic economy and opening to the rest of the world." Much the same, they say, may prove true of India, which—after decades of socialism and of shunning foreign trade and investment—embarked in 1991, under then-prime minister P. V. Narasimha Rao, on a path of economic reform.

Liberalization has not gone as far as free-market enthusiasts would like, the authors say, but their modesty has made the reforms politically sustainable. "Major progress has been made in industrial deregulation, in

removing impediments to domestic and foreign private investment, in liberalizing trade, in reforming the exchange-rate system, in raising energy prices, and in promoting partnerships between private firms (Indian and foreign) and Indian state-owned enterprises in certain key sectors." Over the last three years, India's economy has grown about seven percent annually.

"When the West views India in proper perspective," Manor and Segal write, "it will focus on a wider range of reasons for the country's long-term success." Unlike China, India "already has a working democracy and a federal system for governing the decentralized system necessary in large market economies. India has a well-established system of law—not least commercial and contract law—and (albeit slow-moving) judicial institutions." When McDonald's in Beijing ran into problems with local authorities in 1996, it had no recourse to a court of law; but when Kentucky Fried Chicken had similar difficulties in Bangalore that year, it eventually was able to get legal satisfaction. If India can keep up the economic reform and manage the political fallout, conclude the authors, the world before long will be beating a path to its door.

Where All Politics Is Local

"Somalia: Political Order in a Stateless Society" by Ken Menkhaus, and "Somaliland Goes It Alone" by Gerard Prunier, in *Current History* (May 1998), 4225 Main St., Philadelphia, Pa. 19127.

Ever since the outside world gave up its efforts to re-establish a central government in Somalia three years ago, it has been widely assumed that this country in the Horn of Africa fell back into chaos and violence. This is not the case, writes Menkhaus, a political scientist at Davidson College. "While Somalia today is stateless, it is not anarchic."

Local communities have moved to take up the slack. In most of Somalia today, he says, the basic political functions "are carried out at the village, town, or (in Mogadishu, the only large city) neighborhood level. Law and order is ensured either by clan elders, by sharia [Islamic law] courts springing up in urban neighborhoods, or in a few instances, by local police forces."

Somalia's northwest—which seceded in 1991 but has failed to gain international recognition—"is at peace," notes Prunier, of the National Center for Scientific Research in Paris. Since the end of fighting there in 1995, the self-proclaimed Republic of Somaliland has created a written constitution and a two-chamber assembly and other viable institutions of government. It has combined traditional Somali culture with Western democracy—and without foreign help of any sort. Somaliland's modest progress, he believes, deserves something better than "the international cold shoulder it has received so far."

Somaliland president Mohammed Ibrahim Egal, notes Menkhaus, has overseen "a revitalization of the commercial economy." Somaliland's Red Sea port of Berbera has become "a booming entrepôt for regional livestock exports. Profits from this commercial renaissance have brought a prosperity to the northwest region that exceeds prewar levels."

Less spectacular but still impressive progress, Menkhaus says, has been made in Somalia's northeastern region—a stronghold of the Mijerteen clan and the only part of the country spared the destruction of civil war. Another active seaport, Bosaso, has fueled an economic recovery.

In southern Somalia, from Mogadishu to the Kenyan border, however, most areas remain in political and economic crisis, Menkhaus says. "Political authority is fragmented and contested and lawlessness—most often manifested in looting, kidnapping for ransom, and vehicle theft—continues to plague residents and the few remaining international organizations."

Fighting in the area remains "localized and sporadic," Menkhaus says, mostly the product of intraclan conflicts. General Mohammed Farah Aidid's Somali National Alliance, "once the largest and most powerful faction in the country, has been shattered by rivalries in the Habr-Gedr clan," and by the death of Aidid himself from gunshot wounds in August 1996.

For the near future, Menkhaus concludes, "Somalia is likely to remain a mosaic of localized polities that collectively add up to something less than a conventional state"—and far more than anarchy.