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The Impoverished Island: Development Intervention in Madagascar

Taylor Eubanks

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Madagascar, an island nation in Africa, is mired in poverty; approximately 76.5% of its population lives below the national poverty line of less than \$1 per day.¹ Instances of extreme poverty cannot be explained by single dimension, clearly delineated, universally applicable causes and solutions; rather, extreme poverty must be analyzed as a multi-dimensional phenomenon created and perpetuated by conditions specific to individual societies and communities. To speak broadly of poverty and its causes fails to provide an accurate depiction of why a country is poor. The extreme impoverishment found in Madagascar is the result of cumulative conditions specific to the country, none of which can be fully ascertained without first examining factors relevant to Madagascar and its poverty; these factors are its geography and climate, its population and quality of life, its economy and political structure, as well as its history. It is only through this understanding that workable solutions to the challenges facing Madagascar can be established.

Located off the east coast of Africa, Madagascar is the fourth largest island nation in the world. Due to its geographical isolation from the mainland of Africa, Madagascar holds unique species of flora and fauna; in fact, an estimated 75 percent of the wildlife is indigenous to the island.² As fragile as it is distinctive, the ecosystem of Madagascar has suffered dramatic deterioration.³ Once teeming with flora, Madagascar's barren plains can be attributed to widespread deforestation caused by slash-and-burn agriculture and clear-cutting for firewood.⁴ Deforestation is a serious impediment to the country's economic development.⁵ In addition, the warm waters of the Indian Ocean make the island extremely vulnerable to cyclones and tropical storms, which frequently cause destructive flooding and torrential rain.⁶ The interaction of geography and climate in Madagascar simultaneously enriches and imperils the island through its biodiversity and its vulnerability to natural hazards respectively.⁷

The population of Madagascar is approximately 22 million with a stable annual growth rate of roughly 3% over the past decade.⁸ As previously mentioned, the most recent data reveals that 76.5% of the population is below the poverty line, with a per capita income of just \$1,000.⁹ While the majority of Malagasy over the age of 15 are literate, 31.1% of Malagasy are still unable to read and write. Illiteracy is more prevalent among women in Madagascar with 37.5% of women unable to read and write,

whereas

only 24.5% of men are illiterate.¹⁰ Madagascar provides mandatory schooling for boys and girls aged six to fourteen, which includes five years of primary education and four years of secondary education.¹¹ Since its implementation, mandatory education has greatly affected the overall percentage of Malagasy children enrolled in school; almost 90% of all children in Madagascar were enrolled in school in 2008.¹² However, since the coup d'état in 2009, national budgetary cuts have undermined the progress in education achieved in the past decade. Down from almost full enrollment in primary school in 2008, 14% of children between the ages of six and ten are no longer enrolled in school.¹³ The cuts in funding for education have also affected completion rates of primary education, in which only a meager 60% of Malagasy children complete their primary education. Of those that do complete their primary education, less than 35% continue on to enroll in secondary education; of those that do, only 54.3% complete the secondary level of education. At the tertiary level, only 11.6% enroll and just 8.3% complete their tertiary education.¹⁴ However, because mandatory education is coeducational, girls and boys have similar enrollment ratios. As education levels ad-

vance, a small gap emerges between enrollment levels of girls and boys; the ratio of girls to boys attending school is 97% in primary, 94% in secondary, and 89% in tertiary education.¹⁵

While these numbers indicate a higher level of structural equality in Madagascar than in other similarly impoverished nations, there is still a discrepancy between men and women within the workforce in both position and pay rate. Men are typically paid more and given better positions than women; this gap has diminished in recent years, but the disparity persists.¹⁶ Women earn just 71% of what men earn and comprise only 8% of Parliament.¹⁷ Women do have the same legal rights as men in Madagascar, but customs frequently restrict women from exercising these rights.¹⁸ High fertility rates of 5.02 children born per woman serve as another indication of the limitations on Malagasy women.¹⁹ Poor nutrition is another serious human capital impediment in Madagascar; the caloric intake of more than two-thirds of the population in Madagascar is below the minimum standard of what supports normal functioning.²⁰

Madagascar's GDP is \$20.73 billion; for scale, this places Madagascar's GDP as lower than 122 other countries. Agriculture accounts for a quarter of Madagascar's GDP and the employment of 80% of the

Malagasy population. The unemployment rate in Madagascar is at a low 2.6%, though many Malagasy are self-employed in the agricultural sector.²¹ The primary export of Madagascar is textiles, which constituted 39% of the country's total exports in 2009. The latest figures from 2008 show that foreign aid counts for 8.3% of total GDP; however, since 2009, foreign aid has decreased due to internal political turmoil. Economic growth has been mostly inconsistent with occasional dramatic fluctuations. Since the coup d'état in March of 2009, the economic growth rate has plummeted.²²

The poverty found in Madagascar cannot be explained quantitatively with an additive approach because poverty is caused by many dynamic factors which intersect and influence one another. Malagasy poverty is best explained by focusing on the conditions that trap Madagascar, their impacts on the different types of capital, and how each of these intersects. The major types of capital that the poor lack are human capital, business capital, infrastructure, natural capital, public institutional capital, and knowledge capital. Human capital refers to what a person needs to be economically productive such as nutrition and education. Business capital refers to the equipment and facilities that enable and promote industry. Infrastructure consists of

amenities like roads, water, and sanitation. Natural capital refers to fertile land and biodiversity. Public institutional capital refers to government institutions and law. Lastly, knowledge capital refers to skill in science and technology. While Madagascar does lack many of the components of the major types of capital, these do not lock the country in poverty. Madagascar is caught in a series of traps, which interact with and shape one another; these are the geography trap, the conflict trap, and the demographic trap.²³

Geography Trap

The distinctive geographical location and features of Madagascar in conjunction with its climatic conditions contribute to both the immense significance of its land and the extreme impoverishment of its people. Because of geographic and climate conditions, Madagascar is prone to natural disasters; the three natural hazards which pose the greatest risk to the island and its impoverished inhabitants are cyclones and tropical storms, floods, and drought. Cyclones and tropical storms are the leading causes of disaster in the country, with an average of three passing through every year.²⁴ Nineteen cyclones have made landfall on the island since January of 2000.²⁵ Madagascar is exposed to more tropical cyclones than any other African country.²⁶ Flooding is a common consequence of

cyclones and tropical storms, which exacerbates the destruction of the storm. The water and sanitation problems caused by extended flooding play a key role in the spread of infectious diseases. Long-term droughts are also common in the southern regions of Madagascar and often lead to the failure of crops. While seasonal food shortages are common, continued droughts exhaust alternative

sources of sustenance, leaving those in the affected areas with no food or sanitary drinking water.²⁷ The unyielding series of natural disasters prevents any real form of recovery. As one of the poorest countries in the world with 70% of its population below the poverty line, it is beyond the resource capability of the Malagasy to repair the damage of these natural disasters without assistance; economic growth becomes a distant fantasy. The geography trap leaves Madagascar exposed to destructive natural disasters, which can have devastating impacts on human capital, business capital, infrastructure, and natural capital.²⁸

Conflict Trap

Since the time of French colonial rule, a pattern has developed in the political history of Madagascar; exposed to a series of corrupt politicians marked by illegitimacy and abuse, political unrest is a recurring theme

among the impoverished Malagasy population who suffer the consequences of the government's corruption. Since independence in 1960, a series of resignations caused by political crises and power seizures by the military have occurred. In 1975, the military appointed a

The unyielding series of natural disasters prevents any real form of recovery.

naval officer, Didier Ratsiraka, to the presidency, which he maintained for 17 years. Due to political unrest, Ratsiraka resigned and consented to a referendum in 1991, which produced a new constitution and called for democratic elections in the upcoming year. In 1993, democratically elected Albert Zafy quickly overstepped the bounds of his position, completely disregarding the limitations of executive power set out in the constitution, a fact which led to his impeachment in 1996.²⁹ Elections were held the following year, and former dictator Ratsiraka was democratically elected.³⁰ The 2001 elections caused a political crisis in Madagascar when the results were disputed between the two candidates, incumbent Ratsiraka and Marc Ravalomanana. This led to Ratsiraka staging a six-month blockade of the capital city Antananarivo where Ravalomanana's government was based. By June, Ravaloma-

nana was finally able to end the blockade with growing military support, but the blockade had a lasting damaging effect on civilians who faced bankruptcy, severe malnutrition, and death.

During Ravalomanana's presidency, Madagascar was seemingly improving as evidenced by stronger institutions, a drop in the percentage of Malagasy under the poverty line, increased

political accountability, a more involved civil society, moderately successful anti-corruption efforts, and improved international relations. However, in December of 2008, the closure of an opposition television station by Ravalomanana prompted violent protests in the capital. In response, the mayor of the capital, Andry Rajoelina, demanded Ravalomanana's resignation.³¹ In absence of Ravalomanana's acquiescence, Rajoelina declared himself President in January of 2009, effectively staging a coup d'état. With the military backing Rajoelina, Ravalomanana was forced to abdicate authority and flee.³² Since failed attempts to establish a democratic resolution to the political struggle in Madagascar in the fall of 2009, Rajoelina has served as the illegitimate interim president of the country.³³

According to Freedom House, which ranks political and civil freedom of countries on a scale of 1 (highest degree of freedom)

to 7 (lowest degree of freedom), Madagascar is ranked as partly free with a political rights score of 6 and a civil liberties score of 4.³⁴ According to the scale provided by Transparency International, Madagascar is very corrupt with a score of 2.6; out of 178 countries, Madagascar was 123rd with the same corruption perception score as Niger, Eritrea, and Armenia.³⁵ These low scores can be attributed to the events surrounding the coup in 2009; prior to this political upheaval, Madagascar was ranked higher in transparency, political rights, and civil rights.³⁶ While the coup that stripped Marc Ravalomanana of his executive power and placed Andre Rajoelina as President is the most recent political upheaval in Madagascar, illegitimate politicians, violence, and abuse are clearly common themes in Malagasy society.³⁷ Beyond the obvious charges of poor governance, the political conflict and social unrest itself carries with it economically disabling consequences for the country. When economies are already impoverished, political instability intensifies the situation, reducing and sometimes completely devastating the already limited supply of human capital, infrastructure, natural capital, and public institutional capital.³⁸ By tracing the political leadership since Madagascar became an independent state in 1960, a strong pattern of coups, violent power changes, and political turmoil is

very apparent.³⁹ The economic consequences of Madagascar's long-term political strife are apparent through the drops in both economic growth and GDP per capita in the years these political upheavals occur. For instance, during the removal of the dictator Didier Ratsiraka in 1990-1991, GDP per capita dropped by almost 6% while the total GDP dropped by over 300%; similarly, during the political struggle of Ratsiraka and Marc Ravalomanana in 2001-2002, GDP per capita dropped by almost 14% while the total GDP again dropped by over 300%. Since the coup in 2009, GDP per capita has declined by approximately 9% and total GDP has declined by over 300%.⁴⁰ Cyclical political turmoil is evident by the recurring prevalence of political upheaval within the Malagasy political system. Locked into the conflict trap which not only creates cyclical poverty, but also cyclical political turmoil, Madagascar suffers the depletion of already scarce capital.⁴¹

Demographic Trap

While the number of women taking advantage of the availability of education in Madagascar is comparable to the number of men, the fertility rate in Madagascar is still high at 5.02 children per woman.⁴² High fertility rates are strong indicators of poverty; as fertility rates drop, poverty declines, partially because

more children born into an impoverished family means fewer resources for each individual in the family. If a family has only one child, all resources can be invested into the education and livelihood of one child rather than being split amongst many children, which increases human capital. This dynamic causes an overall decline in standard of living by reducing the supply of resources per capita, undermining the development of human capital, weakening natural capital, and placing additional burdens on infrastructure. Fertility rates are also strong indicators of poverty because they provide insight into the social position of women; women in countries with high fertility rates typically have less access to educational and economic opportunities. The absence of half of a country's potential labor force is a severe impediment to economic growth. For these reasons, it is apparent that high fertility rates exacerbate poverty by diminishing human capital and knowledge capital.⁴³

Development Intervention

While Madagascar is severely impoverished and caught in the geography trap, the conflict trap, and the demographic trap, it is also a country fortunate enough to have plentiful coasts, biodiversity, natural resources, varied climates, and a population pursuing education and economic growth. Each of these factors offers hope that

the extreme poverty in which Madagascar has been trapped for decades is but a phase, that the Malagasy may find their way out of poverty. At present, the traps locking the country into a downward economic spiral are interwoven, securely gripping Madagascar and its people. With time and tailored development intervention efforts, the clutch of these traps on Madagascar can be weakened if not entirely removed. Like the multi-dimensional factors that contribute to poverty, which are specific to each society and community, the solution to poverty is not

found in a universally applicable package. The eradication of extreme poverty in any

society is a complex process, which must take into consideration how each independent variable contributes to impoverishment and how these variables intersect and influence one another. The impoverishment found in Madagascar is the result of a chronic lack of the major types of capital and a series of poverty traps.⁴⁴ To develop workable solutions to poverty in Madagascar, the poverty traps and the absence of the major types of capital corroding the Malagasy economy must be addressed independently and collectively. Poverty allevia-

tion in Madagascar will be best achieved through a five-stage process of development intervention in conjunction with an ongoing program that responds directly to the interactive nature of the poverty traps and capital shortages afflicting the nation.

While recognizing the challenges that face the Malagasy is a necessary component of a solution to their impoverishment, there are certain approaches that will be more effective than others. Many approaches to development undermine the confidence of the impoverished by treating them as “half-devil

Once political order is maintained in Madagascar, the development of voluntary non-state organizations should be widespread in order to mobilize citizens against any future coup attempts.

and half-child,” responsible for their situation and incapable of contributing to the solution. To implement developmental intervention under these assumptions is self-defeating and results in continued poverty and the discouragement of both donors and the poor because confidence in individual agency within impoverished communities is correlated with greater individual and communal economic success. For this reason, participatory and community-driven approaches are the favorable option. The utilization of these approaches

is essential to empowering the impoverished and ending their economic destitution. However, structural inequality is pervasive in developing economies and exceptionally debilitating to the poor. External efforts are therefore required in some sectors to allow the impoverished fair access to initiatives, positively influencing their socio-economic status.⁴⁵

Stage 1: Resolving the Conflict Trap

Since the coup d'état in 2009, Madagascar's economy has dramatically contracted; the political

crisis has depleted aid funding, private investment, and fiscal spending. For this reason, it is of paramount

importance that the conflict trap is resolved in Madagascar. Until political security is restored in Madagascar, its economy will continue to decline and further impoverish its population.⁴⁶ The resolution of the current political crisis in Madagascar is the most pressing issue. Because there is evidence that elections can pose a greater threat to unstable governments in developing countries than their absence, an interim consensus government should take the place of the illegitimate leadership of Andry Rajoelina. All actions in responding to the conflict trap

should focus on strengthening public institutional capital. Madagascar needs the focus of the international community to place pressure on the current regime to facilitate the necessary power change. If international pressure is ineffective, the mutual efforts of the African Union and United Nations need to provide external military intervention; the African Union provides legitimacy to this cause, while the United Nations provides military equipment and financial support.⁴⁷ The goal of this military intervention is to restore authority to the presidency and to maintain a military presence to prevent future coups; peacekeeping forces should not remain in Madagascar for longer than a decade. During this period, the Malagasy government should reduce its own military spending and devote the resources towards other areas.⁴⁸ This approach does have a potential downfall: the actions of the United Nations and African Union in this intervention could be perceived as a neocolonial occupation of the country; if the operation lacks public support from the Malagasy population, long-term success is unlikely. However, safeguards can be put in place to reduce the likelihood of this occurring. For instance, the African Union's military presence holds more legitimacy than that of the United Nations and is less likely to be perceived as an exercise in neocolonialism from the West. In addition,

limiting the duration of the intervention to a maximum of ten years provides enough time to establish a political security base upon which to build and destroys the indefinite military intervention timeline frequently found in nation building interventions.

Once the current political crisis is resolved, further measures can be taken to prevent future coups. Madagascar's susceptibility to political upheaval and high coup risk is a reflection of structural conditions that have followed the country since independence. Primary explanations for this susceptibility are a weak civil society in Madagascar and a history of effective coups.⁴⁹ While nothing can be done to alter Madagascar's political history, the military intervention provided by the international community can change the political future of the country; in the long-term, this is the most effective way to reduce Madagascar's coup risk. Once political order is maintained in Madagascar, the development of voluntary non-state organizations should be widespread in order to mobilize citizens against any future coup attempts.⁵⁰ This sort of mobilization would require every community in Madagascar to form at least one organization; all members of the community must be required to register in their respective organizations. The communities would then select council members to represent

and manage the organization. The government would be required to provide every organization with documentation of any actions taken by the state as well as any plans or proposals through its council. The government would also be required to provide organizations with documentation of its aid budget and aid dispersal plan. In taking these steps, communities would be able to track adherence to these plans as well as monitor the activities of the government. Council heads would attend a monthly meeting with the leaders of the country to discuss community concerns, and transport would be provided to ensure that all communities are fairly represented. In this way, the non-state organizations would be able to hold the state accountable for any detected corruption and to mobilize in the event of a coup.

Stage 2: Human Capital Investment and the Demographic Trap

The next stage of the Malagasy development intervention should focus on empowering the poor in Madagascar through human capital investment. Human capital refers to the economic productivity of an individual in a society as well as contributing components like nutrition, health, education, and skills.⁵¹ The types of human capital are interrelated and interactive; the presence of one serves as a collective reinforce-

ment, while the absence of one results in their shared deterioration. For example, malnutrition leads to depleted health, increasing susceptibility to illness and parasitic disease, while lower levels of health result in higher nutritional needs, unlikely to be met in impoverished communities.⁵² Malnutrition also causes extensive damage to cognitive ability, which limits intelligence and learning capability; thus, the efficacy of education and attainment of skills is reduced.⁵³ In addition, poor health causes lower attendance at work and in school, which lessens productivity and diminishes the effect of education. This dynamic illustrates that lack of one type of human capital creates a downward spiral of total human capital. Consequently, the Malagasy development intervention should first target the shortage of human capital in Madagascar. This would be achieved through several simultaneous initiatives that improve education, increase agricultural production, stimulate economic productivity, and ensure adequate nutrition and health care to all of the Malagasy. To meet this need, conditional cash transfers should be implemented; conditional cash transfers provide households or individuals with financial incentives for investing in human capital.⁵⁴ There should be two conditional cash transfer programs in effect in Madagascar: one to provide cash incentives to households

for their investment in the human capital of their children (Child Investment Scheme), the other to provide cash incentives to girls and women who invest in their own human capital by not having children (Women's Investment Scheme). These programs would address the shortage of human capital in Madagascar as well as overcome the demographic trap.

The Child Investment Scheme (CIS) would provide weekly reimbursements to eligible impoverished households who achieve all of the benchmarks set up in the program. Because the Malagasy possess a greater understanding of their communities and challenges than external assistance representatives do, the CIS program would be established as a communal project with only a few external regulations. This structure would acknowledge the superior insight provided by the communities of Madagascar and strengthen the collective confidence of the population. Every community would form a CIS committee comprised of approximately 30 local members; these committees would be responsible for determining the standards of eligibility as well as the benchmarks households must meet to stay in the program. Each community would select its committee members, and women would comprise at least half of every committee. A CIS Program Administrator would be present at the initial

tee meetings to offer assistance and provide insight into the program capabilities and benefits. After the CIS program is established, a CIS Program Administrator would return once every four months for a review meeting with each committee; these meetings would celebrate the progress of the program, address any shortcomings of the program, and make adjustments as deemed necessary by the community. To determine which households are eligible for this program, the committee would create a relative measure of poverty for the community and determine a community poverty line. Each committee would provide a list of eligibility requirements based on their conclusions, which households within that community would need to satisfy to be eligible for the program. Next, committees would determine the most effective strategies of investment in human capital in their community. By using this approach, the Malagasy would have significant influence over their own communal progress, thereby fostering independent agency and stronger community ties.⁵⁵ There would be some external regulations for the program. Students who receive failing marks for one term would be placed on probation, which requires an individual assessment of what areas need to be addressed for improvement and a plan of action to meet these needs. This period would grant the student

an additional term to improve his marks before discontinuing his participating in the CIS program. If he meets the requirements established by his local committee and improves his marks in any subsequent terms, he would be eligible for reentry into the program. In addition, high scores would be rewarded with a bonus at the end of each term.

Lastly, to increase community interest in the success of the program, the

CIS program for Madagascar would reward the community with a monthly development grant if over 90 percent of participating households meet all of the human capital benchmarks each month. The community would have the option to put the grant in communal savings for later use or to make a communal investment in a development project, for which advisement would be offered through the CIS Program Administrator.

The Women's Investment Scheme (WIS) would be part of the multifaceted approach to solving the demographic trap in Madagascar. To reduce Madagascar's high fertility rate of 5.02 children per woman, the WIS program would be available for all females from the age of 12. The WIS program would create a women's group for all women of reproductive

age in the community. Two women from each group would be trained to provide information to their group about contraceptives, birth control pills, and sexually transmitted diseases; these women would also be responsible for distributing contraceptives, specifically birth control pills. Groups would have mandatory meetings every

month. During these meetings, the women would be educated on topics related to their reproductive health. Upon enrolling in the WIS program, any woman of reproductive age who does not get pregnant would receive financial imbursement for their effective utilization of the program. The rationale behind the WIS program is to reduce the number of unplanned pregnancies as well as the high fertility rate in Madagascar. By providing women with a financial incentive to use contraceptives, they are more likely to break out of the poverty cycle. In addition, women's groups strengthen the collective voice of women in communities, which is conducive to achieving greater gender equality. When women take control of their reproductive lives and begin to make

themselves, they become economically independent.⁵⁶ This process is critical to a strong development intervention program.

Stage 3: The Green Revolution

While the CIS and WIS programs are being implemented, a widespread public information initiative would be introduced

to the country focusing on agricultural intensification, aiming to increase the

yield of already cultivated land. The Green Revolution has still not made its way to Madagascar, a fact that has prevented the Malagasy from transitioning away from subsistence farming. The Agricultural Intensification Initiative (AII) would teach farmers better techniques and provide access to necessary technology. This initiative would also address the concern of environmental degradation in Madagascar by promoting soil conservation and reforestation. Madagascar's agricultural history provides a salient example of the environmental cost of unregulated, uninformed, and unsustainable farming techniques. With an ecosystem as diverse and valuable as Madagascar's, further environmental destruction is not in the best interest of the country's future growth.⁵⁷ Because improved agricultural

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techniques and access to affordable inputs increase productivity, the AII would provide necessary fertilizer, seeds, and technology at an affordable cost to farmers.⁵⁸ To ensure that farmers are able to take advantage of the AII, payment plans would be offered. The AII would place farmers into groups of five with other farmers from their communities; these farmers would work together to ensure that all succeed. Like the community-driven model provided by Grameen Bank, the AII would only allow one member of the group to take advantage of the payment plan option at a time,⁵⁹ thereby encouraging payment and promoting resource sharing for greater productivity. In addition, the AII would be the best method to eliminate the threat of deforestation in Madagascar. By increasing knowledge and crop yields, farmers would no longer partake in shifting cultivation or slash and burn farming.

Stage 4: Infrastructure and Local Markets

For continued development in Madagascar, investments in infrastructure are necessary. Funding for infrastructure in Madagascar would come from a combination of aid, government investment, and foreign direct investment. Investments should focus primarily on providing roads, safe water, electricity, and communication technology. With the Green Revolution and

increased agricultural output achieved, infrastructure would serve as the logical next step in alleviating poverty in Madagascar. All aid and government funded projects should be led and implemented by Malagasy citizens through social business; giving the population a stake in the success of infrastructure development serves as a tool of empowerment and increases the likelihood of program success.⁶⁰ Constructing roads in Madagascar would serve as a catalyst for economic activity; roads provide opportunities to the poor through lower transport costs and access to new occupations. Furthermore, roads would save time for the Malagasy, which can be spent pursuing other economic activities. In addition to roads, providing a secure, sanitary water supply is a critical step towards development in Madagascar, especially since its main source of livelihood is agriculture. Permanent irrigation structures are necessary for farmers whose dependence on rain serves as a great disadvantage. However, a secure, sanitary water supply is also needed for human consumption. When there is no stable water supply, the people of Madagascar spend hours searching for water and frequently resort to drinking water that is unsafe for human consumption, a fact that results in waterborne diseases. Electricity is another valuable resource for development. Electricity provides

access to technology, which can create livelihood opportunities for the poor and allow work to continue after the sun has set. In addition, telephones would assist in alleviating the poverty in Madagascar by saving time and money for workers who no longer have to travel for communication purposes. Lastly, providing computers and internet access to communities in Madagascar would expose the population to new technologies, provide new financial opportunities, and offer an abundance of information; all of these steps would serve to empower the Malagasy population.⁶¹

In addition to infrastructure, local markets are easy and effective ways to increase income in communities. These markets would provide space for people to set up shops to sell their goods without having to pay travel expenses to reach markets in other areas. When farmers and traders must travel to distant markets, they are forced to carry products long distances. Not wanting to carry these items back, they settle for prices below market value. Because local markets do not pose this problem, vendors are able to secure better prices. Furthermore, creating local markets increases the demand for new products and provides the incentive for locals to meet those needs. Local markets are strong community builders and provide further economic opportunities to those that need them most. The es-

establishment of weekly or daily markets is a project that would increase economic prosperity in rural communities in Madagascar. Furthermore, because the communities are entirely responsible for the implementation of these local markets, communal participation in the markets is more likely.⁶²

Stage 5: Diversification and Industrial Transition

It is commonly believed that there is a natural resource curse, which plagues countries with economic instability due to the inherent volatility of export prices. However, the abundance of natural resources in a country is not what leads to low growth; rather, it is the dependency on a single primary export that limits the ability of a country to prosper.⁶³ In 2009, textiles comprised 39% of Madagascar's total export sector; the concentration of trade on a single export leaves Madagascar vulnerable to any cyclical variations.⁶⁴ While the transition from an agriculturally based export market to a manufactured good market is a positive step towards development, with no other substantial exports in the sector, a country as impoverished as Madagascar is not equipped to cope with the bust phase of the boom and bust cycle of a primary export market. The volatility of the primary export dependent economy of Madagascar also creates macroeconomic uncertainty, which discourages for-

eign direct investment. For this reason, the Malagasy economy needs to diversify; economic policy should place an emphasis on export diversification and the creation of new sectors that produce more value-added, manufactured goods for export.⁶⁵ Structural models of economic development show that diversification from primary exports into manufactured exports is a route to sustainable economic growth.⁶⁶ This move would create additional sources of revenue for the country, encourage foreign direct investment, and provide some protection from the bust phase of the boom and bust cycle.

Once Madagascar has transitioned beyond subsistence farming, investments should be refocused to the development of manufacturing. With infrastructure in place, foreign direct investment would increase and allow industrial growth.⁶⁷ As industries are forming in Madagascar, cheap imports pose a great threat to continued growth. Unable to compete with international industries in the early stages of the transition from agriculture to industry, the home industries in Madagascar would need some protection to prevent closure. During this transition, the government of Madagascar should implement industry specific protectionist-trading policies so that home industries are able to develop. A common critique of protectionist economic policies is that the

removal of competition results in industrial inefficiency and low-quality products at higher prices. However, to encourage innovation and increased efficiency in home industries, the government of Madagascar would set industry-specific tariffs so that competing products are of comparable value to the Malagasy versions. Through this system, home industries would be able to participate in market competition and thereby yield higher levels of productivity and innovation. This policy would protect Madagascar's new industries from the damaging impact of international competition while maintaining the benefits of market competition.⁶⁸

Ongoing Development Intervention: Recovery from the Geography Trap

Because there is no method of influencing the prevalence of natural disasters in Madagascar, the geography trap does not have an obvious remedy. There are methods to minimize the devastating consequences of natural disasters in Madagascar, however. While the risk of natural disasters cannot be eliminated, the geography trap can be overcome.⁶⁹ Japan is an example of an island nation with a high risk of natural disasters that is equipped to cope with the geography trap because of its economic development.⁷⁰ For this reason, it becomes clear that until Madagascar has de-

veloped its economy, it will be unable to recover from natural disasters without external assistance. The geography trap recovery must therefore be an ongoing project in Madagascar; reducing the devastation of natural disasters and responding to the needs of those impacted by them would allow Madagascar to continue developing.⁷¹ The most effective approach to the geography trap is to be prepared for natural hazards; this means that systems should be set up in advance to meet the needs of the Malagasy impacted by natural disasters. The primary concerns in the wake of a natural disaster are malnutrition, infrastructure damage, and economic ruin. While malnutrition is a continuous problem in Madagascar, nutrition deprivation is intensified during the lean season in January and February when one million additional Malagasy fall beneath the poverty line, but it is especially devastating to the drought-laden south.⁷² The most effective approach to ensuring access to nutrition in the south of the island is through increased agricultural productivity throughout the year, specifically rice, maize, and cassava crops. Through this approach, the Malagasy would be empowered because they would be serving as the catalyst for their own success; this approach would also increase income for farmers.⁷³ Concerns over damaged infrastructure and financial loss are especially valid in an impover-

ished society; however, excess loss insurance coverage would take the economic burden of recovery from the victims and the Malagasy government. Excess loss insurance is the most common tool of risk transfer used in response to natural disasters; this policy spreads the risk to the world capital markets so that the financial shock is absorbed by an entity capable of handling the bill. Through this program, of which the government of Madagascar would take advantage, the citizens of Madagascar would be protected from financial ruin, and damaged infrastructure could be repaired.⁷⁴

Why It Matters

Alleviating poverty in Madagascar is an important task for the global community for many reasons; the most compelling of these is humanitarian relief. Even during an economic downturn in the developed world, the standard of living enjoyed by the West is extravagant luxury to what many of the citizens of Madagascar experience. The standard of living in the developed world is frequently taken for granted; the vast majority of Westerners do not worry about where their next meal will come from or where they will find safe drinking water. These are not concerns that plague Western society, but they are the norm for many Malagasy. With so much excess in the West, the severe deprivation found in Madagascar is

inexcusable. While financial capabilities of the West may have suffered because of the economic downturn, the ability of developed countries to do what is ethical has not diminished. The high levels of poverty found in Madagascar is but one example of the failures of the modern world, and the West has not only the ability but also the obligation to work towards its eradication.

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