Military Rule & Economic Growth in Post-Independence Uganda: A Synthetic Counterfactual Approach

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Abstract

This paper examines the effects of variation in military rule on economic growth in East Africa by examining post-independence Uganda under Milton Obote and Idi Amin as a case study. Specifically, I construct a synthetic counterfactual model based on weighted combinations of relevant predictor variables in the neighboring and relatively analogous countries of Kenya and Tanzania, and designed to closely estimate the true path of Uganda’s real per capita GDP prior to 1966, when Obote suspended the constitution and began a period of military-backed rule that would be significantly augmented under Amin after 1971. I then compare the relative trajectories of the actual and synthetic per capita GDP plots during the treatment periods (military rule) to see if and when a divergence occurs, the size of which indicates the cost of the particular treatment period. My analysis aims to isolate the economic impact of military autocracy in Uganda between 1966 and 1979, and uses both quantitative and qualitative factors to distinguish between the two regimes, their relative effects on the Ugandan economy, and what elements of each may have contributed to a greater or lesser impact on economic growth than the other.

I observe an approximate loss of 71% per capita GDP over the period 1966 – 1979, 99% of which is attributable to the reign of Amin post-1971. Despite isolating the impact of Obote’s military autocracy by varying the treatment period to include both Obote and Amin, and then solely Amin, I observe a negligible difference between the two models and can largely conclude that the characteristics of Obote’s regime were less conducive to economic shocks than Amin’s regime. This is not surprising given the historical events that took place during Amin’s time in power, but it does suggest at least one central principle that can be gleaned from my analysis: military officers can be drastically unsuitable to execute the administrative and operational tasks necessary to continue the proper functioning of a particular country, whether due to incompetence or corruption and deliberate expropriation and profiting off government revenue. Furthermore, the severity of political and economic institutional shocks, as well as the specific nature of military rule, seems to play a key role in determining growth patterns. Future research should further expand the selection of countries studied, develop and utilize the Synth function, and consider studying transitions from military rule or autocracy to democracy, in order to provide cross-validation for other researchers in the field.
1 Introduction

The fundamental inquiry of development economics is why certain nations, and groups of nations, grow faster than others. The depth of the field, including numerous and often conflicting theories, is a testament to the complex and often unanswerable nature of the question; countless factors, such as history, politics, culture and law influence the economic trajectory of countries that ultimately become disparate from one another, and no single theory can explain how the confluence of these factors has resulted in our contemporary global landscape. Political economy, however, provides an arena in which research of trends and factors at a micro level supplies a certain explanatory power, even if at a regional or sub-regional scope. Instead of asserting tenuous commonalities between all 196 recognized states, political economy explores the influence of specific factors on variables in one or several nations, leading to insight that continually demystifies the puzzle of economic development one piece at a time.

Perhaps the most common factor stringently tested by social scientists to determine a causal connection to development is democracy. In a world dominated and driven by ideology — including political, social, economic, cultural and religious — and freshly emancipated (though still experiencing the residual consequences) from a bi-polarizing fifty-year ideological “war”, the question of whether democracy is superior to non-democracy in producing economic growth is an eminent one in the minds of scholars around the globe, and has been so since the onset of the Cold War. Interestingly, although various studies have concluded relative truths concerning particular aspects of democracy or autocracy — the relations between the elite and citizenry being an important one — there is no definitive proof that
democracy sustains economies better than autocracy (Przeworski & Limongi 1993). Although this may seem surprising to the common Western observer given the perceived relative stability of democratic states versus non-democratic ones, there is some logic to the trend: non-democracies have “state autonomy” that lends the opportunity for rigid consistency in economic and political policymaking, which ultimately affects output and quality of life standards, whereas democracies can suffer from short-term decision horizons and incentives to reallocate investment spending to consumption spending in order to gain a short-term economic boost and secure re-election for the governing coalition. But as with all studies of human behavioral patterns, these theoretical trends are defied nearly as often as they are followed in reality. Although this has given rise to frustratingly contradictory results with regards to universal “democratic growth” predictions, it has also opened the floodgates of case analyses and studies about sub-national trends and patterns. Deferring to the expertise of professional social scientists, this paper avoids global generalizations about military rule and growth, and instead focuses on a particular case example that may illuminate previously under-considered theories and patterns regarding this topic.

Another key variable that is often associated with economic growth is the law. Legal systems, and the efficiency of legal institutions within such systems, directly affect the economic behavior and perceptions of citizens as well as economic policies of the government. For example, regimes that have consolidated legal and economic power into political power can stray from moderate, long-term-oriented economic policies without concern for balancing actions by other branches of government. Furthermore, businesses and individuals are far less likely to engage in extensive or functionally efficient financial transactions if property and contract
rights are not strictly protected and enforced by independent courts. In fact, contract enforcement institutional strength is a core component of robust and equitable legal systems although many states do not possess this quality, whether officially or practically. Studies have demonstrated an association between credible contract enforcement and economic outcomes, including the effect on financial transactions, consumption and entrepreneurship. More specifically, they have identified a positive correlation between contract enforcement and economic growth in certain countries, but causality is difficult to determine because of the possibility of reverse causation: do contract enforcement institutions promote economic growth or does economic growth lead to the development of these institutions? Again, looking at large sets of nations confounds the ability to provide meaningful evidence of influence — examining one single nation over the course of its legal history or comparing small regional sets of countries and their relative legal development will be more useful in quantifying the effect of contract enforcement institutional strength on economic vitality. When the sea of causality is murky, it helps to look beyond numbers and consider history and political culture.

This is particularly true in the case of East Africa. The countries of Ethiopia, Kenya, Uganda, Rwanda, Burundi and Tanzania have an interesting and unique set of development trajectories, many of which are interconnected with those of neighboring East African states. All 6 nations have had varying levels of post-independence economic growth, partly due to variance in regime types in different decades, but the categorization of reasons for these differences tends to be problematic for several reasons. Foremost in the mind of the author is the stark inaccuracy or outright absence of economic data, particularly prior to the 1980s. This is not surprising given the lack of international organizations dedicated to record-
ing economic data before 1970 in this developing region, as well as the inherently problematic nature of data collection in a nation that is in a state of political and economic flux, as Uganda was for some time after 1966. Indeed, results in studies such as these, which rely on potentially inaccurate data, must always be viewed with a greater margin of error than analyses with more robust data.

Therefore, although there is an inherent endogeneity and data problem when attempting to isolate the effect of a particular institution or set of institutions on economic development in this region, one useful frame of reference may be an analysis of varying shocks to the political-legal and economic infrastructure of a developing nation (such as Uganda) by a transition to dictatorship. Discerning any variation in subsequent growth trajectories would be extremely helpful in identifying the particular facets of a specific regime type that contribute to economic growth or decline. In keeping with the traditions of political economy, this analysis will not compare disparate nations or types of non-democratic rule. Uganda provides a perfect case example, as its initial transition to military-backed rule in 1966 was relatively gentle, with respect to institutional rupture; conversely, the rise of Idi Amin to power in 1971 saw a massive shock to the political, economic, legal and even social infrastructure that had developed during and after colonial rule. This natural variation in consecutive states of military rule provides a case study teeming with insights about different forms of non-democratic governments, institutions, and their relative importance in developing nations.

This paper thus examines the effects of variation in military rule on economic growth in East Africa by examining post-independence Uganda under Milton Obote and Idi Amin as a case study. Specifically, I construct a synthetic counterfactual model — like that used to study the effects of terrorism in the Basque
country (Abadie & Gardeazabal 2003) — based on weighted combinations of relevant predictor variables in the neighboring, and relatively analogous, countries of Kenya and Tanzania, and designed to closely estimate the true path of Uganda’s real GDP per capita prior to 1966, when Obote suspended the constitution and began a period of military-backed rule that would be significantly augmented under Amin after 1971. I then compare the relative trajectories of the actual and synthetic GDP per capita plots during the treatment periods (military rule) to see if and when a divergence occurs, the size of which indicates the cost of a particular shock — such as the rise of Amin in 1971, or his policy of ethnically cleansing the Asian population beginning in 1972. The Synth model allows me to establish a reasonably accurate synthetic counterfactual to the treatment variable (real per capita GDP in Uganda), and compare the two in order to make an argument as to whether military rule under Obote and/or Amin caused the economic downturn in Uganda in the 1970s, rather than some other exogenous factor like recession that would likely also have affected Kenya and Tanzania. My analysis aims to isolate the economic impact of autocracy and military rule in Uganda between 1966 and 1979, and will use both quantitative and qualitative assessments to distinguish between the two regimes, their relative effects on the Ugandan economy, and what elements of each may have contributed to a greater or lesser impact on economic growth than the other.
2 Historical Summary: Uganda 1962-1979

Like other African states, Uganda is an amalgamation of various and diverse ethnic groups whose geographic locations were little considered in the arbitrary process of delineating borders during British colonial rule, which began in 1894. And similar to many of its continental counterparts, this has resulted in a constant arena of conflict wherein neighboring, rival factions compete for political power — an asset that, as history has proved ad nauseam, is so desirable it compells individuals and groups to perpetuate unspeakable brutalities on fellow members of their species.

The political machinations that resulted in the compromise constitution of Uganda in 1961 also created a volatile environment that precipitated the utter collapse of democracy within half a decade of post-colonial independence. The agreement was a marriage of convenience between two distinct parties within Uganda — the Uganda People’s Congress (UPC), a modernist and relatively moderate alliance of parties led by Milton Obote; and the Kabaka Yekka (KY), an ethnic separatist party that demanded extensive autonomy for the Kingdom of Buganda, the largest and most influential of all subnational Ugandan kingdoms (Byrnes 1990). Traditionally ruled by kings entitled the “Kabaka”, Buganda (led by Kabaka Mutesa II) strongly opposed independence and feared forced integration with other kingdoms after the British departed (Kyemba 1977). An accord reached between Obote and the Kabaka recognized the significant autonomy of Baganda in return for its full participation in the national government. The UPC-KY alliance forged the initial path of Ugandan independence, which began on October 9, 1962 with Obote as executive Prime Minister and Mutesa II holding the quasi-ceremonial position of
President and head of state (Briggs 1996).

The relationship between Buganda and the other kingdoms and peoples in Uganda became the most significant post-independence challenge for the fledgling state, which enjoyed relatively prosperous growth in its initial years of freedom. The immediate manifestation of this problem was the question of the “lost counties”, a portion of formerly Bunyoro territory that had been appropriated by the British in the 1890s and awarded to the then Kabaka for his assistance in defeating the Banyoro people (Byrnes 1990). The Independence Constitution prescribed a referendum to be held within two years of independence, so the residents of the “lost counties” could self-determine whether they would be part of Baganda or Bunyoro. Correctly assuming that the Banyoro inhabitants of the territories would prefer to be governed by their own people, the Kabaka tried to sway Obote against holding the referendum; the latter refused and the counties voted to join Bunyoro in 1964. According to Henry Kyemba, a Ugandan bureaucrat, personal secretary to Obote, Minister of Health under Amin, and author of a 1977 book — which will be frequently consulted throughout this paper for qualitative explanations of quantitative trends — that describes this period of Ugandan politics and Amin’s tyrannical rule with the specificity of a true insider, the referendum became the “split between Prime Minister and President that eventually led to the end of democratic rule in Uganda” (Kyemba 1977).

At this time, Idi Amin was Deputy Commander of the Ugandan army and a close ally of Obote, who viewed the Army Commander as a potential supporter of the Kabaka. The two began an illegal smuggling operation with Congolese rebels, to whom Obote was sympathetic and who received significant military support in the form of arms and transport vehicles from Amin in exchange for truckloads of
gold and ivory, which they pillaged in their retreat from towns they once controlled (Kyemba 1977) (Mutibwa 1992). This considerably large operation exponentially expanded Amin’s personal wealth, and eventually became public knowledge when he reportedly walked into a bank in the capital city of Kampala and asked to exchange a gold bar, bearing the stamp of the Belgian Congolese government and worth 17,000 British pounds, for cash (Byrnes 1990). Dissatisfaction spread throughout Obote’s fellow party members in the Ugandan parliament, which held a “no confidence” vote in February 1966, while Obote was visiting a northern region of the country. Although the general perception was that Obote would resign in the face of nearly unanimous opposition from his own party and an inquiry into the smuggling operation, the undefeated Prime Minister vociferously denied the claims against Amin, and, in an extraordinary move to avoid losing power, executed a coup against his own government. Obote suspended the constitution, arrested the MPs who were most vocally supporting the charges against him and Amin, removed the Kabaka from his position, and assumed the title of President (African Studies Center 2014). He subsequently forced an interim constitution through Parliament that eliminated the federal autonomy status of all kingdoms within Uganda, despite the vehement objections of the Kabaka and Baganda politicians, who prepared to legally contest Obote’s actions (Kyemba 1977). Seemingly not wanting to bargain, Obote ordered Amin to storm the Kabaka’s palace and, after a lengthy firefight between Amin’s forces and Baganda loyalists, the Kabaka fled the country and would eventually die in exile in Britain within three years. This, along with a new republican constitution that was passed by Obote in 1967 and formally abolished the regional kingdoms, consolidated all political power in his — and Amin’s — hands (Byrnes 1990). The territory of the former kingdom of Buganda
was divided into districts and administrated through martial law by Amin, who was now Army Commander, and his forces — an ominous premonition of what would soon engulf the entire nation. Henry Kyemba characterizes the arguably unlikely alliance that developed between Obote and Amin in two illuminating passages:

For the second time [Prior to independence, Obote had decided not to prosecute Amin, then an ordinary officer, for allegedly massacring scores of civilians while on an army mission], Obote had saved the man who was eventually to overthrow him. He did so because, at the time, Amin seemed indispensable. He was needed for the showdown that was clearly at hand between the Kabaka and Obote. Amin was still only deputy commander, but Opolot [Army Commander] had by this time married a member of the Buganda royal family, and Obote would never trust him again. Amin was therefore the President’s only hope. (25)

[After the coup] Amin was now Obote’s undisputed favorite. Obote had little civilian political support left and would have to rely heavily on the army, which was a significant political force in its own right, supplied and trained as it was largely by Israel and Britain. It seemed safe to trust Amin. He was, after all, nearly illiterate and showed no signs of political ambition. (27)

I have therefore chosen the year 1966 as the start of the first section of my treatment period, as it was the year Obote suspended most democratic institutions and practices in Uganda. Although the period 1966-1971 is not a true military
dictatorship because Obote himself was not a member of the Ugandan armed forces prior to seizing power, I characterize it as one of “military-backed rule”, which fits under the broader category of military rule but is not the most extreme iteration. This brief historical survey should already have illustrated the generally accepted view that Obote had no alternative means of sustaining his power without Amin and the military. A member of the political elite but one who did not enjoy any political backing in 1966, Obote ruled the country for the next five years by force and made no attempt to characterize the situation otherwise.

In order to properly assess the results of the synthetic model between 1966 and 1971, it is critical to understand the depth of Obote’s military rule, particularly as it stands relative to Amin’s version. In addition to imposing martial law in Buganda, Obote declared the UPC the only legal political party in Uganda (and did not hold any elections during this period), and consolidated political, economic and legal power in his office. He decreed laws, and had the option of denying any dissidents their opportunity to be heard impartially. However, it is fair to say that Obote did not completely dismantle the existing institutional structure of Uganda during this period (Byrnes 1990) (Kyemba 1977). Indeed, the limbs of the government body were under the complete authority of the executive President, but they did continue to exist and function. The law was enforced by a secret police system called the General Service Unit (GSU), which routinely imprisoned opponents of the regime; however, other aspects of the law — namely contract and property — remained codified and not completely undermined in practice (Mutibwa 1992). The administration of the country’s operations continued in the general manner that had proceeded under Obote’s pre-coup tenure; thus, it is a compelling argument that Obote’s military reign was not an absolute rupture in
all sectors of the country, even though it was a relatively extreme political shock.

One other notable event during this time was the introduction in 1969 of Obote’s “Move to the Left” policy, which called for Uganda to become a socialist state and for Ugandans to reclaim their political and economic power, the obvious implication being that the country’s wealth was concentrated in the hands of the “Asian” (Indian, Pakistani, Bangladeshi, and other immigrants from the Southeast Asia region) population, a not untrue characterization of Ugandan society at the time. Indeed, Asian Ugandans formed a substantial majority of the middle and upper middle class, and this generated resentment in portions of the Ugandan population (Kyemba 1977). This tense economic environment was further stressed by the nationalistic overtones of the “Move to the Left” (Ryan 1973), which culminated in Obote’s decision in May 1970 to increase to 60% state ownership of 80 major corporations in Uganda — these firms would now be managed by the government, in the form of state corporations, municipal councils and cooperative communities. Obote declared a government monopoly on all products in the Ugandan import-export market besides oil, and announced a forthcoming consolidation of general economic power in the hands of the state (Chick 1972). Although Obote’s socialist vision was not fully realized due to his overthrow eight months later, it is important to recognize the economic gears that slowly began to shift after 1969.

Allies in 1966, Obote and Amin soon became rivals, a result of Amin’s physical domination of the entire nation and the mounting possibility that he would soon outgrow his role as Army Commander. In deferring to Amin on most military matters, Obote did not realize he was recruiting and promoting primarily Southern Sudanese soldiers (who were loyal to Amin) to the highest ranks of the Ugandan
army until it was too late. In September 1970, Obote tried to outmaneuver Amin while he was out of the country by planning to make a series of military appointments and arrest him upon his return for the killing of the army’s No. 2 officer, an Obote loyalist; Amin caught wind of the plot and returned to Uganda before it could be completely carried out, forcing Obote to make the appointments anyway and lose significant clout throughout the military ranks (Kyemba 1977).

In January 1971, Obote flew to Singapore to attend the Commonwealth Conference. Following allegedly misinformed reports from his ministers that Amin was planning an assassination attempt upon his return, Obote ordered Amin’s immediate arrest. The enormous influence that Amin had amassed throughout the government by now paid off in the form of a warning about the coming arrest. Henry Kyemba writes,

>Amin acted quickly. In the early afternoon of January 24, he contacted a few of his most trusted officers and ordered them to take immediate command of the armories, a few tanks and the radio station. There was no plan of attack, no meetings, no formal strategy — and nothing, therefore, for Obote’s men to fight against. Few people in the army even knew of the coup before it started. Again, Amin had proved a master of unpredictability. (34)

This moment marks the beginning of the second portion of my treatment period, which continues until Amin’s overthrow in 1979, and will be used to distinguish effects of Obote’s rule from those of Amin’s rule. Naturally, these assumptions are imperfect because certainly some of Obote’s policies would continue to influence the Ugandan economy in subtle ways throughout Amin’s reign; nonethe-
less, the extreme rupture of Amin’s regime from that of the previous autocrat signals the feasibility of assigning any and all economic “blame” subsequent to 1971 on Amin’s tenure — this includes all inadvertent externalities of his time in power, which may not have been immediately caused by his actions or policies but which arguably would not have manifested had he not assumed power. My analysis of the gap between the trajectories of the synthetic and treatment variables will seek to validate this tenet.

The reign of Idi Amin has spawned numerous articles, books and studies, and although an extensive knowledge of his actions and policies as President greatly supplement one’s understanding of this analysis, only a few are discussed here. Amin approached the management and administration of government operations in the same manner as he did military operations. Thus, his initial restructuring of the Ugandan government was a complete break from its functioning under Obote:

He renamed Government House “the Command Post”, instituted an advisory defense council composed of military commanders, placed military tribunals above the system of civil law, appointed soldiers to top government posts and parastatal agencies, and even informed the newly inducted civilian cabinet ministers that they would be subject to military discipline. Uganda was, in effect, governed from a collection of military barracks scattered across the country, where battalion commanders, acting like local warlords, represented the coercive arm of the government (Byrnes 1990).

The absolute dismantling of existing institutions and the rule of law, in favor of a pure military dictatorship, led the country into a state of total disarray.
Enforcement of policies became impossible because Amin ruled via oral decree to his closest ministers (Kyemba 1977), and the combination of decentralization and ethnic/regional heterogeneity meant that remote areas of Uganda were subject to the authoritative whim of whoever controlled the local military outpost. Amin thus represents a total rupture from the previous political authoritative hierarchy. Prior to 1971, orders were given by Obote and carried out by Amin; now, power had been unilaterally expropriated into the hands of a military commander. There was no distinction between lawmaking and enforcement bodies because the army controlled everything, and as a result the principal-agent problem that had previously impeded the total consolidation of power under Obote did not pose a threat to Amin. This shock to the Ugandan political (and subsequently economic) landscape is certainly a compelling potential explanation for any economic harm that was sustained during Amin’s reign.

Another notable component of the Amin regime is the expansive persecution of minority groups. He began a policy of systematically killing soldiers in the army he believed to be loyal to Obote (African Studies Center 2014), the criteria for which was largely dependent on whether the individuals belonged to the Acholi or Langi tribes, which generally favored Obote, or if they had been directly promoted by Obote. This resulted in an enormous turnover rate in the armed forces — inexperienced privates could move up the rank to lieutenant or major of a unit simply because everyone in between had been slaughtered by Amin’s loyal army officers or members of his secret police unit, the General Service Bureau (GSB) (Kyemba 1977). Amnesty International estimated the death toll to be as high as 300,000 by 1974, and academic commentators and international organizations seem to agree on an upper bound of approximately 500,000 (primarily Ugandans)
deaths caused by Amin during his eight years in power (Keatley 2003).

Two other instances of minority persecution by Amin seem to have contributed greatly to the economic downturn suffered by Uganda in the 1970s. In early 1972, Amin switched his foreign policy from pro-Western to deeply pro-Muslim and anti-Zionist, demanding that Israel turn over the territory it gained in its 1967 War, calling for the elimination of the Israeli state, and ordering the expulsion of Jews in Uganda. Similar to the Asian minority population, the Israelis belonged primarily to the middle or upper classes and controlled a significant proportion of Ugandan capital. When they were expelled from the country, they managed to dislodge most of the physical capital they owned and take it with them to Kenya (Kyemba 1977). This was a huge blow to Uganda’s capital stock, though it is questionable whether that capital would have been put to efficient use even if it had remained within the country’s borders.

Later in 1972, Amin announced to his troops that God had appeared in his dreams and instructed him to expel all 50,000 Ugandan Asians within 90 days, an order he acted on immediately. About this decision, Kyemba writes,

Asians almost totally controlled Uganda’s trade, factories plantations and industries. They were the managers, the bureaucrats, the accountants, the technicians, the doctors, the engineers, the lawyers. They formed an affluent middle class, a distinctive element in the population, with their own language, behavior patterns, names and occupations. On the whole they were not popular with the Africans. They have been described as the Jews of East Africa. They were, in other words, ideal targets (56).
After successfully ridding the country of its Asian immigrant population, the Ugandan government spent 1973 attempting to redistribute the extensive capital, assets and wealth left behind. In reality, disorganized “committees” expropriated property wantonly — officers and other friends of the regime were given lavish offices or businesses with which they had no prior familiarity to run on their own. Most often, the recipients of previously Asian-owned property pillaged the land or firm for all it was worth, and then disappeared (Mutibwa 1992). Entire industries and sectors collapsed as production ground to a halt, wealth and human capital left the country’s borders at a staggering rate, and the most basic of goods became increasingly scarce (Byrnes 1990). Inflation was rampant, investment was nonexistent, educational and vocational training disappeared, import/export and currency data was falsified, the black market flourished, and Uganda’s economy was brought to its knees (Kyemba 1977). Moreover, the extensive rate at which people were killed or persecuted because of their nationality or ethnicity, coupled with the mass expropriation of Asian property, contributed to the death of contract and property rights during this decade. Whether any of this economic damage would have occurred at the magnitude that it did had Amin not risen to power is what this analysis will seek to establish.

As the killings, human rights abuses, and nonsensical economic “policies” — if one can even classify them as such — perpetuated by Amin and his armed forces continued, the level of disillusionment created throughout the remaining residents of Uganda began to exceed their level of fear. In 1978, several units of the remaining Ugandan army mutinied; Amin sent his remaining loyal forces to hunt the rebels, who eventually fled to Tanzania. In his usual style of assigning blame for his failures to external forces, Amin accused Tanzanian President Julius Nyerere
of inciting war against Uganda and annexed a portion of Tanzanian territory in
November 1978. Nyerere mobilized Tanzanian and Ugandan rebel forces and in-
vaded Uganda — the remnants of the Ugandan army was organized into bands of
inexperienced thieves with guns, and the prospect of reckoning with a true military
force compelled them to flee. Despite enlisting his close ally Muammar Qaddafi to
send 3,000 troops to Uganda, Amin was defeated in April 1979 and fled to Saudi
Arabia, where he would live in exile until his death in 2003 (Byrnes 1990).

The preceding summary of post-Independence Ugandan history is admittedly
unsatisfactory. The motivations behind policies and rivalries, both during the
Obote and Amin regimes, are often so complex that it would require years of
familiarity with Ugandan politics and culture to fully comprehend them. The
atrocities committed by Amin are only cursorily covered here, in a description
that does not do justice to the extreme level of brutality that was felt by the
Ugandan people at the hands of their ruler. However, what the preceding summary
does cover is the basic sequence of events that will be analyzed in relation to the
synthetic counterfactual model in order to explain deviations in the overall trends.
Compartmentalizing the disparate actions and policies of Obote and Amin will be
important in qualifying the results that are obtained from running this analysis.
Rather than simply ascribing Uganda’s severe economic shock in the 1970s to the
effect of “military rule” in its entirety, I will attempt to quantify the level of damage
suffered at the hands of Obote and Amin, respectively, and make an argument as
to what elements of each man’s reign contributed to a larger or smaller effect on the
Ugandan economy. Readers interested in more specific causes or implications of
my analysis are encouraged to further familiarize themselves with Ugandan history
during this period.
3 Literature Review

It seems useful to preface my discussion of the academic literature surrounding my topic with a contextualization of military dictatorships in world history. Throughout this paper, the use of the term “military dictatorship” refers to a form of government in which the military possesses the political power of the state. It is important to distinguish between military dictatorships and military-backed rule, which (along with stratocracies) compose the umbrella term “military rule”. In this case, Obote’s government was military-backed because Obote still monopolized political power in Uganda, whereas Amin’s regime was the archetypal military dictatorship, complete with figurehead politicians and army-controlled political institutions. It can also be characterized as a “military autocracy”, because the power of the state was concentrated in the hands of one individual — the Army Commander.

The existence of military dictatorships dates back 4,000 years to Sargon the Great’s conquest of Mesopotamia (Gabriel & Metz 1992). History is rife with examples of military rule in all corners of the globe, but since 1945 these regime types have been largely concentrated in Africa and the Middle East, with several in Latin America. One theory behind this phenomenon is the significant historical presence of the military in countries within these regions, but Uganda provides a counterexample to this claim in that its military only developed into a formidable force a few years prior to seizing control of the government. Nonetheless, 32 African countries have seen some kind of military dictatorship in the last 60 years (Caruso et al 2013), a fact that illustrates a disturbing trend concerning military presence in African states. It is undeniable that the militarization of African politics has
had a negative and frequently devastating effect on the economic and social welfare of its constituents — most often the poorest among them. Individuals like Macias Nguema, Sani Abacha and Charles Taylor are notable not for their remarkable contribution to the advancement of the human condition, but rather their deplorable treatment of their own people. This is perhaps not surprising given that the primary instrument of domestic policymaking in the military state is violence, as opposed to political power in a democracy. Regardless, the relative frequency of these regimes on the African continent demands a closer examination of each instance and the social, historical, political and economic context surrounding it.

I begin my survey of the relevant literature with a broad academic arena — democracy and growth. Przeworski & Limongi (1993) conduct a “meta-study” of democratic growth theories, in which they evaluate 21 findings from 18 studies on the issue. They find eight in favor of democracy, eight in favor of authoritarianism, and five that discovered no difference between the two. The pair identifies arguments both for and against democracy being conducive to economic growth, but argues that “regime type” does not capture the relevant differences that may explain variation in growth trajectories. Furthermore, they argue that regime type should be treated as endogenous because it is possible that a certain minimal level of development is necessary to sustain a democracy or autocracy. In short, this paper compiles numerous studies with regards to democratic rule and economic outcomes, and finds no replicable and definite connection between regime type and growth. This indicates a need to explore beyond the general categorizations of regime types, and conduct analyses at the country level. As an example, Enu & Attah-Obeng (2013) study the macroeconomic determinants of growth in Ghana over the last 40 years and find that military rule had a negative impact on real
per capita GDP. Once an economic shock is shown to be associated with a period of military rule, the academic burden then becomes the process of examining the qualities of the particular regime or ruler to determine the relevant elements that particularly detracted from growth in that case.

Acemoglu et al (2010) delve deeper into the question of military dictatorships and how they arise. Specifically, they focus on the conditions under which a formidable military force may choose to support an authoritarian regime rather than stage a coup and establish a military dictatorship. They address the notion that “creating a powerful military is a double-edged sword for the elite. On the one hand, a more powerful military is more effective in preventing transitions to democracy. On the other hand, a more powerful military necessitates either greater concessions to the military or raises the risk of a military takeover.” In my analysis, both cases were true — as mutinies by army units increased in the mid-1960s, Obote continued to pay concessions to Amin and other Army Commanders in order to guarantee their support in his political ambitions. However, there was clearly a tipping point reached, at which point Amin and his supporters realized a military takeover was not only possible, but also able to be executed with limited losses. Acemoglu et al discuss the relevant agency problem inherent in military-backed governments — the elite can only resist a transition to democracy through the creation of a powerful army, which subsequently faces a moral hazard dilemma as it has an incentive to seize control of the government and allocate resources towards itself — and suggest that there are cases where the sum that the elite can offer the military is exceeded by the potential net gains to the military from staging a coup, accounting for the respective probabilities of success and failure. The rise of Idi Amin seems to be one notable instance in which this outcome is
observed.

In their book *Economic Origins of Dictatorship and Democracy*, Acemoglu & Robinson (2006) delve further into the incentives behind elite-military alliances and incentives: “Democracy can promise policies today to appease the elite, but cannot commit to pro-elite policies in the future, especially if the political power that the elite have is transitory. Hence, a change in political institutions again emerges as a way of shaping future policies by changing the allocation of (de jure) political power”. This was particularly true for Milton Obote, who saw the rapid diminution of his political time horizon with the impending publicity over the gold smuggling operation, and decided to co-opt Amin and the military to secure his success at altering the political institutional landscape fully in favor of himself and his coalition. Obote’s gamble therefore paid off for himself in the short run (and perhaps even the long run, considering his return to Ugandan politics after 1979), but arguably cost his country untold millions of dollars and lives. One other interesting application of Acemoglu and Robinson’s work to my analysis is their emphasis on the distinction between semi-consolidated and fully consolidated democracies. They argue that semi-consolidated democracies, such as the post-independence Ugandan government, live “under the shadow of a coup” and are likely to remain semi-consolidated until the level of income inequality is lessened, among other things. This lends credence to the assertion that the tension between the Baganda people and other (less affluent) groups kept Uganda in a volatile state, and easily susceptible to overthrow. It also holds larger implications for the outcome of distinct and/or rival ethnic groups competing for political power within one state, a ubiquitous occurrence in Africa.

There are also several academic papers written specifically about Uganda dur-
ing this period of time in its history. Several of them debate the motivations of each man’s overthrow of the existing government; Chick (1972) argues against the notion that Amin allied with the Baganda elite to overthrow Obote because both groups foresaw a threat to their status with the onset of Obote’s “Move to the Left” policies. He asserts that there was no coalition between the army and the Baganda elite: “The impression remains that this was a marriage of convenience, and that General Amin was no more sympathetic to the interests of the [Ba]Ganda elite than he was to those of the less powerful groups which he used and subsequently abandoned”. Chick points toward the issue of class as one lens to view this political transition but not the only one, and the general understanding of Amin’s rise to power was that it was sudden, unplanned and based on misinformation about an alleged assassination attempt (Kyemba 1977).

Much of the literature surrounding this period inevitably evaluates the significance of Idi Amin and his time in power. At the time, Richard Ullman (1978) published an article in Foreign Affairs, calling on the United States government to boycott Ugandan coffee exports, whose profits were being seized by Amin and used to bankroll his loans, luxury and payoff goods, arms and terror squads. Ullman argues against the perceived hypocrisy of Western governments denouncing the South African apartheid government while idly witnessing the Amin regime’s actions and remaining mute, and calls on American leaders to “wield the West’s large economic power against, rather than in support of, Idi Amin”. Interestingly, the US government initiated a trade boycott against Uganda three months later; although the full extent of this boycott was not felt because Amin would soon fall from power, Ullman’s argument about bystander responsibility in situations such as these is indeed compelling, and in 1994 the world finally understood the merit
of this view — albeit far too late — in Rwanda.

In contrast, Ali Mazrui (1980) formulates a less negative conception of Amin than is traditionally presented in the literature, including my contribution to it. While acknowledging the extent of Amin’s misdeeds in power, Mazrui argues almost as vocally for us to recognize his positive side, calling him a “symbol of the semi-literate standing up to the pretensions of sophistication, a symbol of the underprivileged standing up to the all powerful”. Crediting Amin with “a profoundly dialectical quality of heroic evil” and the “erosion of Western hegemony”, Mazrui views Amin as a symbol of moral disunity between the West and the rest, and a tyrant who strived to deconstruct the colonial structures left in his country. Although the point that there are layered causes of Amin’s rise to power is well taken, it seems extremely disingenuous to insinuate that the shortcomings of President Carter’s emphasis on global human rights coupled with Amin’s psychotic illusions of grandeur indicate that Amin was a force for good, who “was preaching the song of greater equality in global terms” — it seems indisputable that the eradication of 300,000 human lives outweighs any potential good in symbolizing resistance to an incomplete or hypocritical conception of protecting basic human rights.

One interesting point is brought up by Twaddle (1973), who writes, “the civilian bureaucracy was so much stronger in Uganda for various historical reasons, Ugandan soldiers [under Amin] had to smash their way through it before they could achieve the power that they desired”. This furthers my characterization of Amin’s rule as an absolute rupture from the previous institutional (and bureaucratic) structure within Uganda, and may also be a factor in explaining any potential divergence in growth under Amin. Goldsmith (1999) arrives at the interesting conclusion that rational-legal administrative systems are not a necessary
component of sustained social and economic growth, but are necessary for long-term capitalist development. This is interesting because capitalist development also likely necessitates a minimal level of credible and effective contract and property right enforcement, and it seems clear that any bureaucratic structures that could have retained some vestige of these rights in Uganda were eradicated during Amin’s consolidation of power.

One last part of the Uganda-specific literature worth considering is a critique by Nayenga (1979) of first-hand accounts of Amin’s rule, including A State of Blood by Henry Kyemba (1977). He writes, “Kyemba’s difficulty, of course, is his inability to write objectively about events in which he was personally involved in the unpopular Obote and Amin regimes”, referring to Kyemba’s admittedly close relationship to both autocrats. Nayenga criticizes Kyemba’s account for glossing over the expulsion of Asians by Amin, and attempting to quantify Amin’s total death count. However, Nayenga does credit Kyemba’s book with criticizing Western and African governments for not condemning Amin or taking action against him, calling for economic sanctions against Amin’s government, examining the closure of the British High Commission in Uganda in 1976, and accurately portraying the internal dilemma facing Ugandans of whether to flee during this time period (Kyemba’s own brother was killed by Amin’s secret police but he stayed in Uganda for several more years, feeling he had no other option). In sum, Nayenga brings up an excellent and highly relevant point — my emphasis on connecting historical events (some of which are derived from Kyemba’s book) to quantitative trends is indeed rendered vulnerable by the potential for inaccurate reporting. Unfortunately, this significant margin of error exists for both qualitative and quantitative data collection in developing regions, and Nayenga never actually challenges the
veracity of Kyemba’s account, which has certainly become the eminent first-hand narrative of Amin’s rule over the last 35 years.

As to the question of what effect law has on economic growth, there is a relative abundance of literature. The political economy of law is an extensive subject, and has been written about by many distinguished political scientists and economists. However, once we narrow the focus of the topic to Eastern African nations — specifically Kenya, Ethiopia, Uganda, Tanzania, Rwanda and Burundi — the available research diminishes considerably. In fact, there is no single study that examines the relative impact of varying degrees of contract enforcement institutional strength on economic growth in East Africa. This analysis will attempt to attribute, wherever warranted, the general principles extrapolated from large-scale law-economic growth studies to results from a case study of Uganda, in order to avoid overgeneralization and shed some insight into the impact that contract and property right enforcement may have had in determining economic outcomes in East African nations.

One core study at which to begin the analysis is by Haggard et al (2008), and concerns the relationship between the rule of law and economic development. There are older studies that develop the association between law and growth, but Haggard is particularly helpful because it critically examines the virtues and flaws of the existing debate. Specifically, it challenges the conclusions of the existing literature — namely, that improvement of the rule of law in any given country is correlated with economic growth — by identifying the rule of law complex: “the set of complementary institutions that support the rule of law as most broadly conceived”. Specifically, Haggard et al unbundle this set of institutions into smaller components, which include provision of security, courts and judiciaries, judicial
independence, legal origins and informal institutions, and argue that there is often a problem of complementarity and endogeneity when conducting large-scale analyses using all these indicators of legal health. They do not dispute that there is a link between contract rights enforcement and a better-functioning market system, but they question whether legal reform efforts actually improve the quality of contract rights enforcement or whether it is an endogenous result of some other variable (corruption, security, etc.). They caution researchers against conducting analyses using general indicators of both rule of law and economic growth, as the associational relationship is not particularly robust. This study is directly relevant to this analysis, as it preempts the tendency to take the broad variable of “rule of law” and attempt to correlate it with another vague variable (per capita GDP growth) over an extended period of time. Indeed, the analysis of Amin’s military dictatorship confers the advantage of observing the economic result when all the above-mentioned institutions are suspended, but the drawback is an inability to definitively conclude the relative weight of each factor (ex: suspension of political institutions vs. expulsion of Asians) and its quantitative contribution to economic downturns.

One interesting variable whose core is contract enforcement and which has been scrutinized for a link to economic growth is economic freedom. A paper by Berggren (2003) treats the importance of economic freedom with some skepticism but provides a useful basis for further research. In particular, Berggren does not dispute the holistic correlation between economic freedom — the degree to which a market economy allows the “entering into voluntary contracts within the framework of a stable and predictable rule of law that upholds contracts and protects private property, with a limited degree of interventionism in the form of govern-
ment ownership, regulations, and taxes” — and economic growth. Citing Jagdish Bhagwati, Berggren notes the extensive theoretical and empirical support for the notion of freer markets resulting in unconstrained and therefore more efficient economies. However, similar to Haggard et al, Berggren challenges the conclusiveness of linking two very broad variables together. He challenges further researchers to break down and examine the individual components of economic freedom (which include contract enforcement) and their relative importance in promoting growth. He concludes that further research of economic freedom should scrutinize the relative weights of the component indicators of the Economic Freedom Index, and use both contemporary and historical case studies to develop the theories surrounding the influences on economic freedom. Again, like Haggard et al, Berggren encourages a more nuanced understanding of an aggregate variable in order to garner any valuable insight. Nonetheless, the notion of “economic freedom” provides an interesting benchmark to analyze when comparing Obote and Amin.

Aldashev (2009) explores the research concerning legal institutions and development and arrives at the generally accepted conclusion that further analysis should incorporate specific elements of the legal system rather than substantive law processes, and move beyond specific analyses of particular success or failure stories to large-scale general analyses. This second conclusion is interesting because it contradicts Berggren’s suggestion to examine historical and contemporary case studies, as my own analysis sets out to do. Although Berggren’s note concerns economic freedom and Aldashev’s is about legal institutions, other studies of legal institutions recommend studying specific case studies, such as one country or a set of countries. Klerman (2006), for example, writes about the existing literature on the effect of judicial independence on economic growth, and while he arrives
at the now standard conclusion that existing analyses do not definitively prove a causal link between judicial independence and growth, the best way forward is to consider a specific country or region and conduct an analysis with historical context rather than simple empirical data from various indicators.

One final paper concerning institutions and economic performance is by Douglass North (1990), who first considers the historic origins of contracts: “By lowering information costs and providing incentives for contract fulfillment this complex of institutions, organizations, and instruments made possible transacting and engaging in long-distance trade”. He then argues that formal contract enforcement institutions are extremely necessary today because the impersonal nature of communication and financial arrangement makes it otherwise impossible to guarantee the adherence to a particular agreement. North also states that enforcing contracts is not simply the endpoint of these institutions — by objectively and successfully completing such a task, the institutions are in a better position to evolve in more “socially productive directions”. Indeed, much of a state is nestled in its bureaucracy, and whether its formal and informal contract enforcement institutions are successful in resisting political and other incentives to cheat/defect can speak to a larger institutional integrity of the entire nation.

The larger discussion of political institutions, and various degrees of contract and property right enforcement, is critical to my later analysis of the synthetic counterfactual model and any potential deviations during the treatment period 1966-1979. Although limitations in available data, time, and research expertise preclude me from drawing grand conclusions about exactly which institutions supported or minimized growth in Uganda under Obote and Amin, the existing literature should properly frame my discussion of Amin and Obote’s rises to power with
the contextualization of agency theory, democratic growth predictions, and the potential relevance of indicators within the broader terms of “economic freedom” or “contract/property right enforcement”, and set the stage for my own analysis.
4 Research Design

4.1 Background

This study attempts to quantify the economic cost of military rule in Uganda between 1966 and 1979, distinguishing between the diametrically opposed autocratic regimes of Milton Obote and Idi Amin, and assessing the relative effects of each on the Ugandan economy. Using a combination of relevant predictor variables from the neighboring East African countries of Kenya and Tanzania, I construct a synthetic counterfactual variable (measured in the dependent variable unit real per capita GDP) that closely resembles the treatment variable (actual Uganda real per capita GDP) in the pre-treatment period. I then observe the gaps between the treated and synthetic variables during the treatment period (military rule), as any divergence that occurs during this period indicates the relative effect of the treatment on the outcome variable. The discrepancies — or lack thereof — are then associated with specific historical events or trends that occurred at the same time, allowing for a reasonably compelling argument to be made regarding the effects of specific elements of military rule on economic growth.

Post-independence Uganda is a particularly salient case study because it is an infamous period of autocracy marked by political oppression and violence, racism, indiscriminate killing of civilians, and the consolidation of all political and legal institutions under Obote and Amin’s command. International observers were shocked — though not enough to act — at the violent overthrow of democracy because Uganda had initially been considered one of the more successful post-colonial African states. Furthermore, the effects of 13 years of military rule, which ended with a destructive war against Tanzania in 1979, were long lasting and damaged
the Ugandan economy for decades afterwards. Though military rule is not uncom-
mon in East Africa, Uganda (and Amin in particular) serves as the archetype of
devastation that can be wreaked by autocrats who control a powerful army over
a weak citizenry. It is certainly important, therefore, to ask exactly how much
military rule cost the Ugandan people? And what would have happened if Milton
Obote hadn’t seized control of the government in 1966, or if Idi Amin hadn’t exe-
cuted a coup in 1971? These questions provide a compelling basis for my research
analysis.

The research model I employ is used in “The Economic Costs of Conflict: A
Case Study of the Basque Country” by Abadie & Gardeazabal (2003). As men-
tioned, I estimate an approximation to the counterfactual by creating a synthetic
unit based on weighted predictor variables from Kenya and Tanzania, who were
relatively politically and economically stable during this period. Kenya, which
saw Jomo Kenyatta as its only president from independence in 1963 until 1978,
enjoyed a relatively stable post-independence period. President Daniel Moi came
to power in 1978, but this was through a democratic election and his totalitarian
tendencies did not manifest until a failed coup by a faction of the Kenyan army in
1982. Tanzania also achieved its independence in 1963, and was ruled by Julius
Nyerere until 1985. Unfortunately, Nyerere’s socialist policies resulted in economic
decline and widespread corruption in the 1970s, thereby somewhat distorting its
value as a benchmark variable. No other East African country was similar enough
to Uganda and had enough available economic data to be included in this anal-
ysis. The synthetic counterfactual unit acts as a fictional Uganda, in which the
coup(s) by Obote and/or Amin had not occurred — comparison between actual
and synthetic yields interesting results concerning military rule and growth.
4.2 Research Method

This section borrows heavily from the research design description of Abadie and Gardeazabal (2003), who are the progenitors of this research model.

Let \( C = 2 \), the number of available control regions (Kenya and Tanzania), and \( W = (w_1, w_2)' \), a \((C \times 1)\) vector of positive weights that collectively sum to one. The scalar \( w_C \) \((c = 1, 2)\) represents the weight of region \( c \) in the synthetic Uganda. Each distinct value of \( W \) produces a unique synthetic Uganda, and so the choice of a valid subset of control regions is embedded in the choice of the weights \( W \). The weights chosen by the Synth model are designed to allow the synthetic Uganda real per capita GDP variable to closely estimate the actual Ugandan real per capita GDP values prior to the treatment period — military rule. Let \( X_1 \) be a \((K \times 1)\) vector of pre-autocracy values of \( K \) (6) economic growth predictors for Uganda [seen in Tables 1 & 3, column (2)]. Let \( X_0 \) be a \((K \times C)\) matrix that holds the values of the same variables for the 2 possible control regions. Let \( V \) be a positive diagonal matrix; the values of the diagonal elements of \( V \) reflect the relative importance of the different growth predictors. The vector of weights \( W^* \) is chosen to minimize:

\[
(X_1 - X_0W)'V(X_1 - X_0W)
\]

. The vector \( W^* \) defines the combination of the Kenyan and Tanzanian control regions that most closely estimated actual Uganda in economic predictor variables prior to the onset of military rule.

Although Abadie and Gardeazabal were able to gather robust data on deliberately chosen variables for the Basque country and 16 other regions within Spain,
my research suffered from a consistent lack of available data. Multiple databanks were consulted and the predictor variables chosen (using the World Bank and Penn World Tables datasets) were the best possible given the lack of complete economic data during the 1960s and 1970s. Because of the somewhat random nature of selecting predictor variables, I chose to allow the Synth model to determine $V$ and automatically minimize the pre-treatment curves rather than pre-selecting weights, which can be done if enough is known about the relative importance of the predictor variables to the national economy — this is not true for the countries in this analysis.

It should also be mentioned here that I run two distinct analyses. The first optimizes the Synth function to minimize the distance between the Treatment and Synthetic units between 1960 and 1965, and treatment period $T_1 = 1966–1979$; the second minimizes the curves between 1960 and 1970, thereby making the treatment period $T_2 = 1971–1979$. This is significant because it allows me to consider two different military rule treatments — the first is both Obote and Amin, whereas the second is Amin only (the gap between curves from 1966 to 1971 is also synthetically minimized). Thus, if there is any difference between the two iterations, I can characterize it as the result of Obote’s military-backed rule using the equation:

$$\text{Effect}(Obote + Amin) - \text{Effect}(Amin) = \text{Effect}(Obote) \quad (2)$$
4.3 Hypotheses

**H1:** The effect of Idi Amin’s military dictatorship will be greater on the economic decline of Uganda during the treatment period than that of Milton Obote’s military-backed rule.

I believe that the severity of the political and economic shock (including the absolute erosion of contract and property rights) caused by Amin’s total financial mismanagement of the Ugandan state will manifest itself in my comparison of the treatment and synthetic units; specifically, I foresee insignificant gaps between the two curves until approximately 1972-3, when Amin forcibly removed the Jews and Asians, who comprised the foreigner middle class of the country, expropriated their property and businesses, and reallocated this capital based on patronage. I approximate a 50% welfare loss (as measured by per capita GDP) to the people of Uganda between 1966 and 1979, with at least 90% of this loss attributable to Amin’s reign.

**H2:** The impact of Milton Obote’s military-backed rule will not change significantly between \( T_1 \) and \( T_2 \).

My intuition is that Obote’s form of military rule, in which the armed forces enforced the autocracy of a member of the political elite, was less drastic in terms of institutional and financial dismantlement and therefore had less of a negative impact on the Ugandan economy. I suspect that the economic loss during Obote’s reign is so minimal that the gap between the treatment and synthetic units will be negligibly little even in \( T_1 \), when Obote is counted within the treatment period.
5 Results

5.1 T1

In $T1$, which counts 1966 – 1971 as part of the treatment period, the optimal weights $W^*$ are 1 for Kenya and 0 for Tanzania, indicating that only Kenyan economic predictor data was used to compute the minimization function. This was not particularly surprising, given the earlier acknowledgement of Tanzanian economic volatility in the post-independence period due to mismanagement and inefficiency stemming from Nyerere’s socialist policies (Byrnes, 1990). Furthermore, consulting Table 1 indicates a highly comparable 1961 – 1965 average real per capita GDP (the outcome variable in the pre-treatment period) between Uganda and Kenya, but not Uganda and Tanzania. Finally, the relative similarity between the pre-treatment actual (column 2) and synthetic (column 5, which is calculated by the equation:

$$X_{1^*} = X_0W^*$$ (3)

Uganda in both the outcome and various predictor variables assures us that depending on Kenya as the sole control region is not inconsistent with the best possible minimization of the two curves.

Let $Y_1$ be a $(T \times 1)$ vector whose elements are the values of real per capita GDP for Uganda during $T1$, which contains $T$ time periods. Let $Y_0$ be a $(T \times J)$ matrix that contains the values of the same variable for both control regions. The Synth model approximates the per capita GDP path that Uganda would have experienced had military rule not begun in 1966 and continued until 1979. This counterfactual real per capita GDP path is calculated as the real per capita GDP
of Synthetic Uganda,

\[ Y_{1*} = Y_0 W_* \]  

Figure 1 plots \( Y_1 \) and \( Y_{1*} \) for the time period 1961 – 1979, and is the visual representation of my basic results for \( T_1 \). We can observe that the Synthetic Uganda closely resembles actual Uganda, with some expected perturbations, up until and beyond 1966. In fact, the divergence between the curves does not begin until approximately 1970. After this point, however, the two curves separate sharply, indicating an economic shock well into the 1970s, which we know to be the period of Amin’s rule. According to this plot, Obote may have planted some of the seeds of economic stagnation — there appears to be a divergence appearing around 1970 that may have been a slowdown due to the enactment of new socialist policies — but it is clear that Uganda would likely not have fared much better economically had Obote not instituted a military-backed regime between 1966 and 1971. Conversely, it is abundantly clear that the Ugandan economy would have been much better off had Amin not come to power and no other major shocks affected the country. How large was the shock from Amin’s rule, exactly? Figure 2 plots the gaps between the Treatment and Synthetic curves, and we can observe a difference of approximately $400. Consulting Table 2, which lists the values of the gaps in each year, we see that the model ends with a gap of \(-430.48\) in 1979. This translates to a 71% loss in potential per capita GDP in this time period, a dramatic illustration of the costs of Amin’s military dictatorship. In essence, the average Ugandan could have been making $400 — an enormous amount considering Uganda’s actual per capita GDP was $600 in 1979 — more per year had the country
not undergone such a violent economic shock.

5.2 T2

In $T2$, which considers only Amin’s reign of terror as the treatment period, the optimal weights $W*$ are 0.988 for Kenya and 0.012 for Tanzania. There seems to be no obvious reason why Tanzania is now marginally considered in the optimization function, and I disregard this anomaly as an error and consider Kenya as the dominant control region. Furthermore, in this analysis, the predictor variables Capital Depreciation Rate and Crop Production Index take on a significant weight, which did not occur in the first analysis. There seems to be little explanation for this phenomenon as well, particularly after viewing Tables 3 & 4, and Figures 3 & 4, which are startlingly similar to the results in $T1$. Indeed, the variation between the Synthetic Uganda in the pre-treatment period for $T2$ differs negligibly from Synthetic Uganda in pre-treatment period for $T1$ in the average outcome variable and all predictor variables. It is important to distinguish here that in both $T2$ and $T1$, the predictor variables are only averaged between 1961 and 1965; however, in $T2$ the outcome variable, real per capita GDP, is minimized between 1961 and 1970, rather than 1961 and 1965 (which matches the time period during which I choose to compare and weight predictor variables) in $T1$. The distinction is critical to understanding the model because even though $T2$ involves the minimization of curves between 1961-1970, I do not include the values of the predictor variables between 1966 and 1971 in assigning the relevant weights to the predictor (and subsequently outcome) variables, assuming that these would be at least somewhat warped in Uganda at this time due to Obote’s consolidation of power.
Similar to $T_1$, the second portion of my analysis ends with a deficit of $425.58 in 1979. This translates to a 70% loss in per capita GDP over the period 1971 – 1979. Using equation (2) to isolate the impact of Obote’s period of autocratic rule, therefore, we can determine that his 5-year reign contributed a 1% loss to per capita GDP in Uganda.

To further analyze the implications of Obote’s milder military rule, we can also compare the total gaps between treatment and synthetic units between 1966 and 1970, in both $T_1$ and $T_2$. In $T_1$, the collective loss (i.e. gap between the curves) is $100.24. In $T_2$, the loss is $82.69; since $T_2$ represents the artificial minimization of gaps between the treatment and synthetic units, we estimate its loss to be the standard error of the optimization function, which leaves a total $T_1 - T_2$ difference (and therefore actual quantifiable loss) of $17.55 per Ugandan between 1966 and 1970. Although this amounts to a $157,950,000 total welfare loss (assuming a constant population of 9 million) over this five-year period, it seems evident Milton Obote and his reign of military-backed rule did not cause the economic (and certainly political and military) destruction that would come to symbolize the Ugandan state in 1979. This claim is particularly resounding after a cursory examination of the economic implications of Idi Amin’s time in power.

In $T_1$, the total economic loss between 1971 and 1979 is $1816.53; in $T_2$, the loss is $1777.53. It is favorable that the loss calculations are similar (exhibiting a mere 2% difference), as both $T_1$ and $T_2$ included Amin as part of the treatment period — this speaks to the close resemblance of the $T_1$ and $T_2$ Synthetic Uganda curves. Furthermore, assuming a population of 11 million and an average $T_1/T_2$ loss of $1800 per Ugandan, the approximate economic cost of Idi Amin to his fellow countrymen over his eight years in power is $19,800,000,000, 125 times
greater than the cost of Obote’s 5-year autocracy and approximately equal to Uganda’s current GDP (World Bank). This staggering statistic is particularly illuminating of the devastating cost of Amin’s military dictatorship.
6 Conclusion

The preceding results shed an interesting light on the impact of Milton Obote’s flavor of military rule compared to that of Idi Amin, and allow me to confirm both of my hypotheses. Perhaps not surprisingly, the effect of Amin’s totalitarian, economically disastrous regime accounted for nearly all of the 71% welfare loss in Uganda. And despite isolating the impact of Obote’s military autocracy by varying the treatment period to include both Obote and Amin, and then solely Amin, I observed a negligible difference between the two models and can largely conclude that the characteristics of Obote’s regime were less conducive to economic shocks than Amin’s regime. This is not surprising given the historical events that took place during Amin’s time in power, such as the extensive killing of army officers and soldiers who belonged to the same tribe of Obote, the expulsion of Jews and Asians, the subsequent mismanagement of expropriation of the expelled minority groups, the overall domination of all political and legal institutions by military factions, the complete eradication of contract and property rights, and the general destruction of human and physical capital.

It is impossible to exactly determine how much each of these factors played a role in hampering real per capita GDP growth in the country, but certain themes can be distilled when comparing Obote and Amin. For example, even though Obote was an autocrat, his effect on the Ugandan economy was negligible; this supports Przeworski & Limongi’s assertion that regime type does not adequately capture the divergence in economic outcomes. The suspension of liberal political institutions, the imposition of a single-party system and a rule of law that was heavily military-enforced did not cause a major economic blow to Uganda for five
years — this could perhaps be due to the mild shock to contract and property rights, and economic freedom more broadly. This is also significant because it suggests that certain types of military rule (namely when political elites are backed by the military) are less destructive to national economies and could even be a sustainable\(^1\) form of government, compared to true military dictatorships. This seems logical because in cases of military-backed rule, individuals with political expertise and clout generally control the political and legal institutions of the country, meaning that usually these institutions exist in some shape or form, even if they are not particularly efficient or impartial. In contrast, military dictators such as Amin know no other form of organization than the armed forces and therefore transplant military structure into the social, political, economic and cultural sectors and institutions of the afflicted country. It doesn’t take a robust academic study to confirm that a military society is more prone to violence, repression and human rights abuses by the state, and greater inequality between the military rulers and everyone else.

This suggests at least one central principle can be gleaned from my analysis: military officers can be drastically unsuitable to execute the administrative and operational tasks necessary to continue the proper functioning of a particular country, whether due to incompetence or corruption and deliberate expropriation and profiting off government revenue. One could make the argument that military-backed rule of political elites is superior to military dictatorships, but as we see in this case study and the literature (Acemoglu et al, 2010), the military can often become too powerful for the elite to control, resulting in a coup not unlike that of Idi Amin in 1971. And once the elite has empowered the military enough to

\(^1\)Here denoting the ability of the regime to survive, even if not flourish
become vulnerable, there will always be a latent hostility between the rival forces. Clearly, military coups are not an uncommon outcome of this volatile situation.

In this analysis, I consider only a transition from democracy to military rule. Future researchers in this topic area may wish to study cases with a transition from military rule or autocracy to democracy, and further develop and use the Synth function to construct other compelling models. One example of this is the adoption of a Ugandan constitution in 1995, which is based on English common law (and, therefore, protection of contract and property rights) and which saw significant — though not complete — enforcement after 1995. It could be useful to consider an analysis using an approximation of the counterfactual had the constitution not been ratified and the chaos of the late 1980s/early 1990s continued into the late 1990s. Would any post-1995 growth still have occurred without the ratification of the constitution, and thereby a continuation of military rule and tenuous enforcement of contract rights in Uganda after 1995? This is an important question and could provide crucial cross-validation to theories of military rule and autocracy by other researchers in the field.

Another key element in increasing the accuracy and importance of studies using the synthetic counterfactual method is to use as many analogous control regions as possible. Although time constraints prevented this analysis from examining any changes that occur when adding predictor data from control regions outside of East Africa, such as Ghana or Zambia, it is undoubtedly important for future research to expand the usage of both economic growth predictor variables and control regions. As the case studies in question progress further along the timeline of modern history, the availability of accurate and detailed economic will increase, thereby allowing for more precise quantifications of political and economic shocks.
Indeed, as was the case with this analysis, it helps to move beyond general binary classifications of political economy variables as merely good or bad, and ask exactly how good or bad? It is the answers to these types questions that will shed the most light on what makes nations grow or stagnate; they also allow for some kind of relative classification to be made of historical events and individuals that seem to elude categorization, such as Idi Amin. The severe disparity in economic welfare costs between Obote and Amin speak to the need for researchers, political leaders and the general public to pay particular attention to the contemporary African military autocrats with the worst human rights records, and how they manage to hold onto power for such long periods. The African continent will never emerge from the depths of political and economic dysfunction and achieve its potential as the last great frontier of the planet as long as its states are administered by weapons rather than by words and votes.

The exact nature of the relationship between democracy, autocracy, the military, and economic growth is thus yet to be precisely specified, although examples such as post-independence Uganda shed light on trends and principles that may otherwise be eluded in the quest for grand pronouncements about the determinants of economic growth. Ultimately, it appears that the more cases examined by the academic community, and the greater the political, economic and geographic variety among them, the better we can sustain any claim about the fluctuations in economic growth in response to variations of military rule, particularly in Africa.
### A Results: Tables & Charts

#### A.1 T1: Optimize 1961-1965

<table>
<thead>
<tr>
<th>Predictor Variable</th>
<th>Uganda</th>
<th>Kenya</th>
<th>Tanzania</th>
<th>Uganda.Synth</th>
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Figure 1: Plot of Treated vs. Synthetic, Optimize = 1961-1965

Figure 2: Plot of Gaps between Treated and Synthetic, Optimize = 1961-1965
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A.2 T2: Optimize 1961-1970

Table 3: Pre-Treatment Data (1961-1965)

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