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Fighting Brushfires with Batons: An Analysis of the Political Crisis in South Yemen

By April Longley and Abdul Ghani al-Iryani

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Executive Summary

Since the spring of 2007, a series of protests have gripped Southern Yemen. The intensity of the recent protests, their grassroots origins, and their connection with similar grievances and potential instability in the North make the situation particularly dangerous for the Salih regime. The regime has three main policy options for solving the growing crisis: increased repression, a combination of co-option and divide and rule tactics, or an aggressive package of political and economic reform that has as its cornerstone meaningful decentralization. Of the three options, decentralization is the most likely to preserve unity, encourage economic development, and strengthen Salih's grip on power in the long term. Unfortunately, fear, greed, and old habits will likely guide the President's decision, and he will choose a combination of targeted repression, co-option, and divide and rule tactics. This choice will aggravate the conflict and most likely result in a prolonged period of instability in the South, which may destabilize a tenuous political balance in the North.

About the Authors

April Longley is a Ph.D. candidate in the Department of Government at Georgetown University. She holds a Masters Degree in Arab Studies from Georgetown's Center for Contemporary Arab Studies. Ms. Longley is the author of "The High Water Mark of Islamist Politics: The Case of Yemen" (Middle East Journal, Spring 2007) and she is currently writing her dissertation on the dynamics of autocracy in Yemen.

Abdul Ghani al-Iryani is a businessman and a political consultant. He received a B.A. in Political Science from Portland State University and earned a Masters in Public Health from Boston University. His consulting work focuses on issues of fighting corruption, institutional reform, and improving the investment climate in Yemen.

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1761 N Street, NW
Washington, DC 20036

Tel: (202) 785-1141
Fax: (202) 331-8861

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Yemen is ablaze with small political fires. Only seven months after President 'Ali 'Abdullah Salih and his party, the General People's Congress (GPC), won a victory in the 2006 presidential and local council elections, a disgruntled group of military pensioners from the Southern governorate of Dala'a began to organize peaceful rallies and sit-ins to protest their forced retirement and inadequate pensions. Their actions marked the beginning of a storm of protest across the South¹ in which soldiers, civil servants, unemployed youth, teachers, lawyers, and academics mobilized against what they see as institutionalized economic and political discrimination against Southern citizens. While the majority of protests are peaceful, an impoverished group of former soldiers, led by General Saed Shahtoor in the governorate of Abyan, are armed and engaged in open insurrection.²

The state's reaction to Southern discontent has been increased repression. Peaceful protesters face tear gas, rubber bullets, live rounds, imprisonment, and even death. The government has actively tried to prevent citizens from gathering, and it has interfered with international press coverage of events. Repression from the state, however, has only strengthened citizen resolve. It seems that Southerners have reached their limit with what many there call the "Northern Occupation."

Southern discontent with the Salih regime is nothing new, yet the intensity of the recent protests, their grassroots origins, and their connection with similar grievances and potential instability in the North make the situation particularly dangerous for the Salih regime. The grievances of Southerners represent a larger well-spring of national discontent, and even desperation. Angered by rising commodity prices, corruption, and unfulfilled campaign promises, citizens in the Northern governorates of Ta'iz, Ibb, Hudaydah, Hajja, 'Amran, Ma'rib and Sana'a are also engaged in anti-regime protests and pro-reform demonstrations. With a growing tide of civil unrest in the South, rallies and protests festering in the North, and a looming fifth conflict with al-Huthi in Sa'ada (see sidebar), the Salih regime is in a precarious position, at risk of losing one of its most touted achievements, unity and stability.

This *Policy Brief* will attempt to illuminate the current crisis in the South and its broader implications for Yemeni stability and unity. First the authors will outline the specific grievances and demands animating the protest movement. Then, they argue that demands have reached a critical mass, which mandates immediate government action to avoid prolonged instability, guerilla style insurrection, and even a fractured state. Following an analysis of demands and grievances, the paper will then analyze the various policy options available to the Salih regime for solving the growing crisis.

1. The "South" refers to the former People's Democratic Republic of Yemen (PDRY). The PDRY was an independent state from 1967 until unification with North Yemen, the former Yemen Arab Republic (YAR), in 1990. The former PDRY constitutes roughly two-thirds of the territory of unified Yemen and a little over one-fifth of the population (it receives 58 seats in the country's 301 seat Parliament). It includes the governorates of Abyan, Aden, Dala'a, Hadramawt, Lahj, Mahra, and Shabwa.

2. General Saed Shahtoor, a shady character with a terrorist past (including the hijacking of a Saudi passenger plane in the 1980s), comes from a powerful and historically independent tribe in the South, the Bakazem. In Early 2007, Shahtoor announced from his stronghold in the Mahfad region of the governorate of Abyan that he had started a war of liberation against "the Northern occupation." He continues to harass government forces until today. In fact, *al-Nedaa* newspaper labeled Mahfad as an "independent fiefdom" with firefights occurring between government troops and Shahtoor's forces on a daily basis. "Pictures of the President at the entrance to Zunjubar and an Independent Emirate in Mahfad- security and services collapse in Abyan," *al-Nedaa*, January 3, 2008.

The Al-Huthi Conflict

The war in Sa'ada began in the summer of 2004 as a conflict between government troops and a small Zaidi militia, lead by Hussein al-Huthi. On September 14, 2004 Hussein al-Huthi was killed by government forces and the cause was taken up by his father, Imam Badr Addin al-Huthi. (Imam Badr al-Huthi received the bay'a as the Imam of Yemen's Zaidi sect in 1972.) Violence in Sa'ada has cost the lives of thousands of Yemeni citizens, and it continues to lay bare inter-regime conflicts, the inability of the state to control its own territory, and the desperate need for development in the geographic periphery. The war has been marked by periods of intense fighting, followed by fragile ceasefires.

In the latest round, the Qatari government was able to broker a ceasefire between the two factions in June of 2007. Yet during the first weeks of January 2008, fighting was reignited in several areas. For more information on the war in Sa'ada, see: Sarah Phillips, "Cracks in the Yemeni System," *Middle East Report Online*, July 28, 2005.



We will conclude by venturing a brief political forecast based on Salih's likely policy decisions.

GRIEVANCES AND DEMANDS IN THE SOUTH

In order to address the Southern problem effectively, it is critical to first identify precisely what Southerners want from the regime. The frame of protest in the South is one of injustice. Injustice, and with it themes such as equal citizenship, marginalization, and occupation, motivate the protest movement. For purposes of simplification, the immediate demands of Southern citizens can be organized into four inter-related categories: equal access to government jobs, services, and benefits; political and economic decentralization; establishment of the rule of law; and finally, improved stewardship of the national economy, and particularly natural resources such as oil.

Equal access to government jobs, benefits, and services is at the heart of the demands expressed in recent demonstrations. Groups of Southern military officers and soldiers, as well as former bureaucrats, demand that they be reinstated to the positions they held before the civil war of 1994. These individuals feel that they have been forced into early retirement, often without adequate pensions, primarily because they are Southerners. In addition to demanding government jobs, Southerners also demand equal access to government benefits and services, including: scholarship opportunities, business licenses, hospitals, roads, and clean water. Protestors are making these demands in the context of rising commodity prices, dismal living conditions, and little hope of finding employment in a stagnant private sector.

Secondly, Southerners demand real political and economic decentralization. Decentralization has been repeatedly promised by the regime, but never delivered. In fact, since 1994 political and economic power has become progressively centralized. Once the political capital of the South, Aden is now the political periphery. While Salih strategically appoints Southerners to prominent positions in the central government, especially cabinet positions, these posts are largely symbolic. The key to political power in Yemen has little to do with formal institutions and everything to do with direct access to the President. Indeed, even at the local level, they are subject to a governor and military leaders who are directly appointed by the regime in Sana'a.³

Economic centralization is equally dramatic and definitive. Businessmen operating in the South must have strong connections in Sana'a if they wish to obtain important licenses, protect their assets, or win government contracts. Since 1994, all Aden based oil companies, including Canadian Nexen, have moved their central offices to Sana'a to be closer to the seat of economic power. Southerners are asking for an end to this centralizing trend. They demand the political and economic efficacy denied to them by the current system.

Third, Southerners demand the establishment of the rule of law. The legal system in the South is in disarray. It does not protect property rights nor does it guarantee

3. All Southern governors and the vast majority of the top military/security personnel in the South are Northerners.



basic civil liberties. Adenis in particular now live in a virtual police state in which the right to assemble is severely curtailed and citizens are subject to arrest and abuse at the hands of state authorities. In addition to violating basic civil liberties, the absence of a strong legal system is wreaking havoc on the economy. Disputes over property rights, and the notorious corruption scandals that accompany them, are one of the most volatile issues animating Southern hostility towards the Northern regime. Without the protection of private property, economic development in the South is virtually impossible. Thus far lawlessness has prevented businessmen, both inside and outside of the country, from providing much-needed investment.⁴

Finally, Southerners demand better stewardship of the national economy, and particularly the country's natural resources. Better stewardship of natural resources is intimately connected to demands for decentralization. The majority of the country's oil is located in the Southern governorate of the Hadramawt.⁵ Yet, only 1% of Hadramawt's oil revenues accrue to the local government.⁶ While citizens of oil-rich governorates are willing to share oil wealth, there is currently no equitable revenue sharing arrangement. All resources flow from the periphery to the center, with little or no local control over profits. Southerners are demanding that a larger percentage of oil revenue remain at the governorate level. In fact, a prominent Member of Parliament and the leader of Islah in the Hadramawt, Muhsin Basurrah, is collecting signatures for a petition to grant Hadramawt 20% of its oil revenues.⁷

Many of the specific demands explored above, particularly decentralization and rule of law, are the subject of a popular text known as the Document of Pledge and Accord. The Document of Pledge and Accord was written by a wide cross-section of Yemeni elite in an attempt to prevent the civil war of 1994. The document proposed three main constitutional changes at the time, including: a bicameral legislature in which the upper house would contain equal representation from each governorate, a limited executive, and decentralization. It also proposed a number of specific steps to address the rule of law crisis in the country. In particular, it made provisions for strengthening an independent judiciary and encouraging civilian control of the security apparatus.⁸ Now prominent Southern leaders, including Haydar al-Attas, Ali Nasser Mohammad, Abdullah al-Asnag, Mohammed Ali Ahmed, and Abdul Rahman al-Jifri are demanding a return to the principles of the Document of Pledge and Accord as a first step in addressing the growing crisis in the South.⁹ The call to re-examine the Document of Pledge and Accord indicates an enduring, but conditional commitment to unity. In

4. Since the April 2007 Yemeni Investment Conference in Sana'a, the government has announced investment promises of over \$260 billion. The absurdity of this figure is matched only by the almost complete absence of credible investment.

5. Hadramawt is the largest governorate in terms of land mass. It, along with the adjoining governorate of Mahra constitutes one-third of Yemen's total area. The Hadramawt boasts a small population, a wealth of natural resources (particularly oil and fish wealth), a long mercantile tradition, and strong sense of regional identity.

6. A prominent member of the Joint Meeting Parties, interview by April Longley, Mukulla, Yemen, August 2006.

7. Muhsin Basurrah, interview by Abdal-Hakim Hilal, *al-Sahwa Weekly*, December 5, 2007.

8. Sheila Carapico, *Civil Society in Yemen: The Political Economy of Activism in Modern Arabia* (Cambridge: Cambridge University Press, 1998), pp. 178-179.

9. Haydar al-Attas, interview by Jamal Amar, *al-Wasat Weekly*, November 18, 2007. Ali Nasser Mohammed, interview by Iskandar Shaher Saad, *al-Wasat Weekly* (*alwasat-ye.net*), reprinted in *marebpress.net*, December 14, 2007. Abdullah al-Asnag interview, *al-Nass Weekly*, reprinted on *altageer.com* on December 12, 2007. Mohammed Ali Ahmed, interview by Iskandar Shaher, *altageer.com*, January 9, 2008.



Leadership and the Military

The emergence of leaders from the ranks of the military establishment is related to the history of the former South. During the early 1970s, the National Liberation Front (NLF), the organization which gained control of South Yemen after the British occupation, orchestrated a peasant uprising against the “enemies of the working class.” A campaign of terror targeted former sultans, tribal shaykhs, religious scholars, and other notables. Those who escaped death or imprisonment fled the country. The peasant uprising effectively decapitated the traditional Southern leadership. Since that time, leadership in the South has come from the ranks of institutions that have maintained a tradition of leadership, the NLF, and particularly the army.

other words, unity is still desirable, but it is ultimately negotiable if Southern demands are not addressed.

Despite growing frustrations and heightened calls for reform, there is still an emotional and practical appeal for unity in the South. Immigration, family ties, economic bonds, shared history, and a common sense of Yemeni identity bind the North and South together. But, the window for reform within the context of unity is closing, and will close, if the regime in Sana’a does not listen and act on the Southern call for change.

WHY TAKE THESE GRIEVANCES SERIOUSLY?

The Northern regime has been quick to deny and de-emphasize the growing crisis in the South. Yet, there is indeed a growing domestic crisis, a crisis which demands immediate attention in order to avoid escalated violence and even the fragmentation of the Yemeni state. Several factors make the current situation particularly volatile.

First, the political landscape has changed in the South in a way that has made coordinated confrontation with the central government possible. In contrast to 1994, the movement of opposition in the South is now located squarely with the population. The civil war was primarily a conflict between Southern and Northern regime elites. In fact, many Southern politicians and military men, as well as the majority of Southern citizens, did not actively fight on the side of Southern secession.¹⁰ At that time, many Southerners strongly supported unity and they harbored deep distrust of the former socialist leaders in the South. Soon after the war, however, the regime in Sana’a began to take more and more of the political and economic pie. Centralization of power in the capital, coupled with failed promises of reconciliation, caused many Southerners to view the regime as conquerors rather than partners in unity. Southerners have now experienced over 13 years of what they consider institutionalized discrimination, growing corruption, and the theft of national resources. They are organized and united in a call for reform and justice, even in the face of government repression.

Equally important, this movement is guided by a new crop of local leaders, many of whom are former military commanders. Hassan Ba’aum, Nasser al-Noubah, and Dr. Abdo al-Maatari are becoming household names for their organization of grassroots protest (see sidebar). These new leaders live in the South and suffer with the population. In addition to their close connection with the populace, they possess military and organizational experience that makes them particularly threatening to Sana’a.

Thus far, the strength of grassroots discontent has served to unify a notoriously fractured Southern leadership. The majority of Southern politicians, both those located in Sana’a and in the South, support the continued use of peaceful protests and demonstrations in pursuit of change. In fact, Southern elites have recently formed the

¹⁰ Seven Southern brigades fought alongside the Northern army against the South. These brigades included the forces of Ali Nasser Muhammad, who fled to the North after his faction lost in the 1986 civil war in the South. Moreover, halfway through the civil war, Abd Rabo Mansoor, a talented Southern military strategist who is currently serving as Yemen’s Vice President, was given the position of Minister of Defense in the North. Many credit Mansoor with the ultimate victory of the Northern army.



Forgiveness and Reconciliation Committee, which seeks to address past differences. On January 13, 2008, the Reconciliation Committee organized a rally in Aden to commemorate the civil war of 1986, in which factional infighting within the YSP cost the lives of thousands of civilians and resulted in the expulsion of Ali Nasser Mohammad and his faction from the state. At the rally, Central Security forces reportedly opened fire on citizens, killing four and wounding others. Dozens of protestors were arrested, including five military leaders.¹¹ Following the arrests, Ali Monassar Mohammed, a YSP leader and organizer of the rally, threatened to escalate protest in Aden and other Southern governorates. In fact, as a group, the leadership of the YSP strongly criticized government aggression and stood behind continued protest. A party meeting, chaired by the YSP General Secretary, Yaseen Sa'eed Noman, released a statement supporting peaceful demonstrations and labeling the current regime "bankrupt." The statement went further to claim that "the authority's project doesn't defend unity as it alleges... [The regime] only defends corrupt and influential persons, who obtain wealth illegally by looting public and private property and plundering lands."¹²

In addition to the changed political landscape in the South, a series of events in the North also has raised the stakes around the Southern problem. Discontent with the regime, particularly regarding corruption and the spiraling economic crisis, permeates the North as well. Tribesmen, opposition leaders, civil servants, teachers, farmers and others in the Northern governorates of Ta'iz, Ibb, Sana'a, 'Amran, Hajja, Ma'rib and Hudaydah have joined the wave of protest in the country. The situation in the North is far from stable politically as thousands of marginalized tribesmen and peasants in the countryside, as well as impoverished citizens in cities, are desperately seeking jobs, education, medicine, and other basic services promised by the regime.

While Southerners often claim their marginalization is the product of regional discrimination, if one examines the socio-economic situation in the North, it becomes clear that Sana'a is an equal opportunity discriminator. Rural peasants, tribesmen, and city dwellers in these regions beg the regime for basic necessities: sewage systems, clean water, electricity, agricultural support, and access to basic healthcare and education. After Salih and his party stood firmly against corruption and in support of development in the 2006 elections, their inability to deliver on campaign promises is pouring salt on old wounds in the North and South alike. In this context, the Southern problem is really a reflection of a larger failure of the regime to live up to its promises of economic and political reform. Demonstrations and protests in the South seem to have emboldened constituencies in the North and vice versa. While the Southern problem is certainly unique, given its history as an independent state, similar complaints in the North indicate a national crisis.

Finally, it is important to note that political protests across the country occur at a time when the regime is perceived as vulnerable both militarily and politically. Military vulnerability is the product of the ongoing conflict between the state and Huthi rebels in Sa'dah. After over three years of intermittent fighting, the Yemeni army is still unable to subdue the small group of insurgents. Politically, the latest round of presidential elections confirmed Salih's hold on power, but it raised anew, in a state

11. "Infejar La Yahtaweeh Tarmeem Manzel Al Beedh," No. 610, *al-Attagumo*, January 14, 2008.

12. Mohammed Bin Sallam, "Security authorities crack down on rally activists," *Yemen Times*, Issue 1121, Vol. 15, January 17-20, 2008.



The Al-Ahmar Brothers

Hameed al-Ahmar, a businessman and member of Islah, began to flex political muscle in the 2006 elections. During the elections, he stood firmly against the President and in support of the opposition candidate, Faysal bin Shamlan. In an unprecedented move, Hameed threw his personal wealth and influence in the Hashid tribal confederation (Hashid is the tribal confederation of the President) behind Shamlan's candidacy.

Hussein al-Ahmar, Hameed's half brother and member of the ruling party, took a strong stance against the regime after the elections. In late July of 2007, Hussein established the National Solidarity Council, an organization composed primarily of tribesmen, which attempts to unite the tribes of Yemen behind a national project of socio-economic reform. This tribal grouping was a powerful demonstration of Hussein's tribal influence, both in Hashid and throughout the country.

run by personalities and not institutions, the sensitive issue of succession. Observers report an internal battle developing within the President's family, and therefore within the ranks of the military-security apparatus, over who should rule after Salih's term. Moreover, the sons of Shaykh Abdullah bin Hussein al-Ahmar, the late shaykh of shaykhs of the Hashid tribal confederation, have come of age and are flexing their political muscles in an attempt to protect their political inheritance from the sons and nephews of Salih (see sidebar). Now that Shaykh Abdullah has passed away, the struggle for control within the new generation is likely to intensify.

SALIH'S POLICY OPTIONS

The ruling regime in Sana'a must act quickly to extinguish political strife and maintain control of the country. Given that the regime would never consider a referendum allowing the South to choose between unity and independence, it seems that there are three main policy options available. This section will review each option, their repercussions, and the likelihood that Salih will choose each one.

The first policy option is increased repression. Salih could unleash the full force of the military-security apparatus to brutally crush the opposition. Salih has tentatively pursued this option as protests have gained popularity. Police officers shot and killed several protesters in Radfan, Aden, and Hadramawt. The regime also has arrested key opposition leaders as well as dozens of civilians. The army and police have engaged in aggressive efforts, when possible, to prevent citizens from assembling by blocking roads and entrances to key cities. Finally, protestors have accused the government of trying to incite peaceful demonstrators to violence so that the state would have an excuse to exert maximum force.

While the regime has used violent repression, it has not yet utilized the full weight of the army and security apparatus. If Salih chose to do so, he would certainly be successful militarily, at least in the short term. The South no longer has an organized army, nor does it have the weaponry to match the Northern forces. Moreover, unlike the guerilla war in Sa'ada the Southerners have a larger land mass to defend, and much of their land is flat, making it difficult for rebels to hide and easier for a traditional army to gain control. Even now, Salih's army is in full control of all major Southern cities, including Aden and Mukallah.

Yet, force alone will not solve this conflict. If current events are any indication, repression is not going to squelch the Southern resistance. After the slaying of "martyrs" in Radfan, the men's funerals became the rallying call for increased protest. In fact, the continued neglect of Southern grievances is shifting the movement of protest from demands within the context of unity to demands for independence.¹³ Killing more innocent victims at this juncture would only strengthen the will to resist and raise demands for secession. While Salih and his army could lock down the

13. As evidence of growing frustration with unity, protestors in the South often carry posters of Ali Salim al-Bidh and Ali Nasser Mohammed, both prominent politicians in the former PDRY. Dr. Mohammad Ali al-Saqqaf, a law professor and prominent columnist, openly called for secession in a presentation organized by the Association of Retiree Committees in the governorate of Dal'a (for coverage of Saqqaf's statements see Abdul Rageeb al-Hedayani, www.news-yemen.com, January 10, 2008). Several organizations operating outside of Yemen explicitly call for separation, most prominent among them the Southern Democratic Assembly, or TAJ (visit TAJ's website at: www.tajaden.org).



major cities in the South for a time, it would pour fuel on the fire of resentment. Aden in particular would become a hotbed of urban-style insurgency. Aden has a history of armed resistance against occupation, and the Northern regime would do well to remember the fate of the British before imposing any long-term martial law in the city. In addition to Aden, the army would have a difficult time subduing the tribal hinterland of the South, including Yafa, Dala'a, and Shabwa. Given their diverse terrain and strong tribal affiliations, these areas will not be defeated easily.

Increased repression is a likely policy choice for Salih; however, he is unlikely to unleash the full weight of the military-security apparatus. When possible, it is Salih's preferred style to combine the threat of force with more subtle forms of persuasion, such as co-option and divide and rule tactics. In addition to this stylistic preference, Salih also must consider the consequences of committing the majority of his troops to the South while there is considerable risk of escalated conflict in Sa'ada. Given these constraints, the only way Salih would choose overwhelming force is if Southerners gave him a suitable pretext for overwhelming aggression, including actively fighting for independence or turning violent on a large, organized scale.

The second policy option available to Salih is a combination of co-option and divide and rule tactics, or in other words, a continuation of the *status quo*. Co-option and divide and rule tactics have characterized Salih's tenure since he became the President of Northern Yemen in 1978. He is an expert at pitting various factions against one another, and of strategically co-opting, through patronage ties, important elite actors. Co-option in the current context would probably entail incorporating popular Southern leaders, who have been in exile, into top positions in a unity government. Salih would likely seek the incorporation of leaders such as al-Attas and Ali Nasser.¹⁴ These leaders have recently spoken out in favor of Southern rights and reform, but they have stopped short of calling for independence. Equally important, unlike the Southern officers on the ground, these leaders are outside the country with no direct contact with the masses.

Salih's recent actions indicate that he is considering a strategy of symbolic inclusion. In public speeches he has called for the Southern leadership in exile to return to the country. Even before massive demonstrations shook the South, Salih enticed former leaders of the PDRY, including Salem Salih Mohammed and Abdul Rahman al-Jifri, to return to the country. He even appointed Salem Salih as a Presidential advisor and the head of the Presidential Commission to Deal with Negative Phenomena that Harm Social Peace and Unity. This committee is charged with investigating land misappropriation in Aden and a host of other Southern grievances. It is widely viewed as a sham by most Southerners.¹⁵

14. Ali Nasser recently claimed that he was the victim of an assassination attempt organized by Salih. Ali Nasser's neighbor in Cairo, Shaykh Sinan Abu Luhum corroborated these allegations. See Shaykh Sinan Abu Luhum, Interview by Sami Ghalib, *al-Nedaa*, December 12, 2008. This allegation aside, if Salih intends to use co-option to squelch southern discontent, given Ali Nasser's popularity, his co-option seems necessary.

15. Salem Salih refers to the commission as: "The Commission with the Long Name." The commission with the long name is actually the latest of several independent commissions charged by the President with investigating issues of land misappropriation in Aden. The first commission was headed by a prominent Southern politician, Salih Bassurah. Bassurah's commission produced a list of 10 regime insiders responsible for the majority of land misappropriation cases in Aden. When presented with the list, the President ignored the findings and instead formed a new committee in the hopes of obtaining more favorable results. Nabeel al-Sofi, "Salih Basurrah to NewsYemen: Problems of the people should be solved, and the majority of the people are



In addition to co-opting elites into a power sharing arrangement, Salih also could continue to use divide and conquer tactics to fracture the opposition and maintain his grip on the country. He could divide leaders on the ground by temporarily providing economic favors and relief to some areas, while excluding other localities. True to character, the President also could ignite tribal conflict in the South in order to keep powerful tribes preoccupied with revenge killing, development feuds, and land rights instead of focused on the inadequacies of the government in Sana'a.

Unfortunately for the Salih regime, the current political crisis may prove too much for old tactics. Again, Southern angst is located squarely with the population: former military, civil servants, teachers, farmers, etc., who are desperately seeking ways to improve their quality of life. Strategic incorporation of Southern leaders, even popular figures such as Attas into networks of patronage will do little to alleviate organized grassroots discontent. Moreover, divide and rule tactics will have limited impact given the strong consensus among Southerners that the regime is not serious about improving conditions in the South or in the country at large. While Salih is likely to use a combination of the first and second policy options, these old tactics will plunge the country deeper into discontent and chaos.

The third and only policy option capable of achieving a long-term solution is to pursue an aggressive package of political and economic reform, which has as its cornerstone meaningful decentralization. Unlike the policy options above, this approach addresses the root cause of grievances throughout the country. The underlying malignancy of the Yemeni political system is the centralization of power around the President. Salih rules Yemen based on a complex web of patron-client relations. Democratic institutions, both local and national, are part of the political landscape, but they are not the locus of power. Instead, the transfer and production of power is highly personalized and directly related to an elite's relationship with the main patron, the President. This authoritarian power structure has facilitated, encouraged, and perpetuated a cycle of corruption and abuse, which enriches a core group of elites, while leaving the majority of Yemenis politically marginalized and economically impoverished. The concentration of power has neutralized institutional checks and balances, making it possible for destructive patterns and policies to continue unabated. The system has supported President Salih for nearly 30 years, but in light of the current crisis, it is becoming less tenable. At this juncture, Salih must relinquish some authority if he wishes to maintain control of the country.

The President cannot directly attenuate networks of patronage and privilege around the military-security complex. These networks are the lifeblood of his regime and tampering with them could result in a coup. However, Salih is capable of implementing an aggressive decentralization plan. Decentralization would certainly limit the President's authority and access to material resources. As a consequence, it also would curtail networks of patronage for technocratic and political clients in the capital. However, the benefits far outweigh the costs. First, decentralization would directly address Southern grievances and in doing so it would prevent a spiraling decline into guerilla-style resistance and protracted conflict. In addition to stabilizing the South and preserving unity, decentralization would provide a mechanism for



sharing the burden of economic and political reform. Sharing responsibility and, at the moment, blame for the dismal economic situation in the country should be a priority of the Salih regime. Finally, over the long term, decentralization would grow the economic pie for the country as a whole, providing lucrative benefits for the regime in Sana'a while also benefiting average Yemenis

If the regime is serious about decentralization, it must take four immediate steps that directly respond to Southern grievances. These measures will stabilize a rapidly deteriorating political situation in the South, and they will convince the opposition, both the JMP and the grassroots movement in the South, that the regime is serious about reform. These four steps include:

1. The withdrawal of appointed governors from all Southern governorates

All governors in the South are Northerners. This fact has become a symbol of Northern dominance and the removal of appointed governors would be a powerful indicator of the regime's commitment to reform. The Yemeni Constitution grants the local councils full authority over local government and by law if an appointed governor is absent or otherwise incapacitated, the chairman of the governorate level local council becomes the acting governor. The central government in Sana'a should immediately withdraw its governors and allow the elected local councils to carry out their constitutional mandates.

2. The resolution of outstanding land disputes

The President should immediately instruct the Commission for the Resolution of Land Problems to work with the local councils in the South to develop sensible solutions to the problem of land ownership and allocation. Given that a successful plan for the resolution of land disputes will be costly, the President should allow the Commission to use the half trillion Yemeni Riyal discretionary slush fund in the 2008 Federal Budget to finance necessary restitutions.¹⁶

3. Reigning in military/security abuses

Unruly soldiers and commanders, mostly from the North, are a common source of complaint in the South. Strict enforcement of military discipline is necessary to alleviate the perception of occupation that now prevails in the South.

4. Resolving unemployment grievances

The regime must honor its commitments to pay pensions in a timely manner and to re-instate unlawfully retired military and civilian

16. The 2008 federal budget contains discretionary allocations of nearly half a trillion Yemeni Riyals. That discretionary fund can be used to resolve land disputes.



Solving Yemen's Unemployment Problem

This is a potentially costly proposition, but one that is necessary to quickly stabilize the situation in the South. As a temporary solution, funds from the 2008 Federal Government discretionary fund also should be made available to cover costs of additional wages and pensions. The government also could attempt to cover costs by cracking down on diesel smuggling. The government spends approximately 300 billion (as per the official budget) to 600 billion Yemeni Riyals (as informally estimated by government officials), on petroleum, mostly diesel, subsidy each year. Much of this subsidized diesel is smuggled to the Horn of Africa.

Ultimately, however, a sustainable solution to Yemen's unemployment problem will only come with comprehensive economic reforms, which fight corruption, stimulate the national economy, provide jobs in the private sector, and eventually streamline the bureaucracy. Civil servants in Yemen are already severely underpaid, partially because the bureaucracy is overstaffed. Moreover, Yemen's military spending is one of the highest in the developing world, draining critical funds away from education, services, and development projects. In this situation, the state ultimately needs to trim government payrolls.

Over the long term, decentralization will help to solve the unemployment crisis by allowing local

personnel. The regime should honor its legal commitments, but it must not seek to swell the bureaucracy further by extending employment beyond existing obligations. It is important to note that legal commitments must be honored in both the North and South. Otherwise, the perceived benefits given to Southerners will be a source of tension and a broader conflict in the future. Decisions regarding employment and pensions should be made in consultation with civil society groups representing the unemployed, including the powerful Association of Retirees Committees, and in consultation with governorate level local councils (see sidebar).

After these four stabilization measures have been taken, the regime must build a national consensus around a program for substantive political and economic decentralization. These reforms may start in the South, but they should eventually apply to the entire country. Yemen already has the institutional framework for decentralized governance. In both 2001 and 2006, citizens elected both governorate and district level local councils. In theory, local councils are financially viable and administratively independent, but in reality they are only window dressing for a highly centralized system. The central government routinely interferes with their financial and administrative rights. Furthermore, the autonomy of governors and local councils are compromised by a system of appointment. In effect, local government is manipulated from Sana'a and does not provide for local autonomy in practice.

Any successful decentralization strategy must contain the following elements. First, all local officials must be locally and directly elected, not appointed by the President or top officials in Sana'a. By implementing a policy of direct local elections, the lines of accountability would shift from Sana'a to the local constituencies. Local leaders will be more likely to understand the specific needs of their constituents and will therefore be more likely to produce or implement sound policy. Moreover, direct election is more likely than the current system to combat rampant corruption. Currently, governors are unaccountable to local populations and they are notorious for acts of favoritism, theft, and corruption.

Secondly, a decentralization plan must provide for the fiscal viability and administrative independence of local government. Currently, the central government is notorious for denying local councils their lawful, meager share of national revenues and for interfering in their administrative tasks. The central government must cease in micromanaging local government affairs, and governorate local councils should be guaranteed broad rights to negotiate investment contracts within their territory. Additionally, these councils should have auditing rights over contracts and agreements signed by the federal government regarding local resources.

As for financial viability, the central government must be held accountable for delivering a share of federal funds to each governorate. This may be achieved by hiring an outside auditor to collect and then redistribute funds to the governorates. Currently, local councils are funded by three sources: local taxes, governorate taxes, and monies from the federal budget. Given that local taxes may be inadequate to fully



fund local government, especially in the short term, the amount of federal funds allotted to the local councils should increase. As such, insuring the fiscal viability of local government is intimately related to the third aspect of a sound decentralization plan: revenue sharing with the federal government.

A sound decentralization plan must include a clear and transparent plan of revenue sharing between the central governorate and the local authorities. In particular, the plan must develop a formula for sharing natural resource wealth, especially oil. One way to approach the revenue sharing dilemma is to make the amount of oil or natural gas revenue given to each governorate a function of both population size and ownership of the natural resource. Under this arrangement, all governorates would get a share, but the governorates with oil would receive a greater portion. It is important to note that the amount of federal revenue earmarked for the local councils only can be determined after the government has produced an accurate estimate of natural resource revenues and after it has estimated the minimum portion of this amount that is required to run the federal government. Given the corruption surrounding the oil and gas sectors, it is unlikely that localities will trust the central government to produce these figures. For transparent revenue sharing to work, the government must hire an outside entity, possibly an international bank, to act as the auditor of these sensitive sectors. Ultimately, real revenue sharing will require greater transparency, less corruption, and a reduction in the size of the federal bureaucracy so that more revenues can flow to local government.

Fourth, a sound decentralization plan also must include strengthening the autonomy and authority of local courts and a local police force. Currently, local courts are underfunded, overstretched, and ineffective. With a fair revenue sharing plan, and less central government involvement with local administration, the governorate level local councils should be able to effectively fund local courts. Local judges must be appointed and rotated under the authority of governorate level local council and not the central authority in Sana'a. Equally important, the local police force must be given the authority to enforce the rulings of local courts. The police force should be composed of civilians, and the hiring and firing of police officers should fall under the purview of local councils. It is critical that Sana'a return the military to the barracks and allow a local, civilian police force to patrol the population.

Lastly, any effective decentralization plan must institutionalize regional interests at the federal level. It must establish an upper house in the Yemeni Parliament with legislative powers. Like the United States Senate, this chamber should be composed of an equal number of representatives from each governorate. Establishing a bicameral legislature is the only component of the measures listed above that will require a constitutional amendment.

Despite the potential benefits of decentralization, Salih and many regime elites are wary of this solution. In fact, the regime is unlikely to move beyond promises to action when it comes to decentralization for two main reasons: fear and greed. The regime fears decentralization because it threatens to fundamentally alter the organization of power in the country. A decentralized system would reduce Salih's monopoly of political and economic resources. It would create alternative centers of economic vitality and political power that could check the central authority. Moreover, the decentraliza-

economies to grow the size of the economic pie and expand the size of the private sector. Moreover, in the short term the decentralization plan discussed in this section will create more jobs in local government. Currently appointed local government officials often avoid hiring locals in favor of hiring members of their own clan or constituencies from other districts. If local officials were locally elected, this would create more jobs for local residents.



tion plan outlined above will strengthen national level institutions, particularly the parliament. Power sharing, accountability, and institution building are frightening prospects for a regime that was built on patronage, corruption, and personalism.

In addition to fearing a sea change the organization of power, the regime also fears the possibility of Southern secession. The Salih regime depends almost completely on oil revenues to pay the military and government bureaucracy. The majority of the country's natural resources are located in the South, and without the revenue from these resources the regime would fall. In other words, for Salih, unity is more than a sentimental attachment or a historic achievement; it is the cornerstone of his survival. Salih and his regime fear any policy that could encourage Southern secession. By opening the door to Southern autonomy, even within the context of unity, some fear that the floodgates would be opened for an independent South to emerge. Finally, the regime is also motivated by raw greed. Southern real estate, fish wealth, and oil, have made political power players in Sana'a outrageously wealthy. Decentralization would necessarily limit their direct access to these recourses.

CONCLUSION

Of the three policy options available to the Salih regime for addressing the growing crisis in the South, decentralization is the most likely to preserve unity, encourage economic development, and strengthen Salih's hold on power in the long term. Real political and economic decentralization is a radical departure from the Salih regime's preferred style of rule, and pursuing this strategy would require innovative thinking, even enlightened self-interest. A small number of regime insiders already support aggressive decentralization. It is their task to convince the regime that decentralization is not a zero sum game. By relinquishing some authority, the central government will actually gain politically and financially in the end.

Unfortunately, fear, greed, and old habits will likely guide the President's decision. While decentralization is the best option, it is not the likely policy choice. Salih will choose a combination of targeted repression, co-option, and divide and rule tactics to address the growing political crisis in the South and in the country writ large. These tactics will not solve the problem. In fact, they will only aggravate the conflict and most likely result in a prolonged period of instability in the South, which may destabilize the tenuous political balance in the North. At worse, these policies could provoke guerilla-style insurgency in the South. This insurgency would quickly destroy the economy and drain state coffers, leaving the state unable to co-opt powerful tribal elites in the North or pay the army. If a Southern insurgency corresponded with a military coup or significant tribal uprising, Yemen could fracture.

In a more likely scenario, the continuation of the *status quo* will create a destructive holding pattern in which protests continue to flare periodically throughout the country, leading to more civilian deaths, imprisonment, and human rights abuses. Pockets of armed insurgency may flare, but they will be contained at great cost to the state. Over time the economic costs associated with co-option and political instability will gradually drain state coffers, creating a slow slide into state failure. If Salih survives in office, he will simply transfer an aggravated set of political and economic grievances on to the next regime.