



War and famine. Peace and milk.

– Somali proverb

The Africa Issue

“With the current instability in the Middle East, Chinese policymakers see the need to diversify the sources of China’s oil imports, so as to avoid over-reliance on Persian Gulf oil.”

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The Economics of Intrastate Conflict: Observations from the Case of Sierra Leone

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The conflict in Sierra Leone (1991 - 2002) involved more than 45,000 combatants from Sierra Leone, West Africa, and around the world. Many parties involved in the conflict have been accused of human rights abuses, including the use of more than 10,000 children for military and paramilitary tasks, such as sexual services, and the looting of diamonds, other resources, and private property. The war resulted in the death or displacement of most of the rural population, and thousands of amputees whose limbs were lost to machetes wielded by traumatized and



Single Leg Amputee Football Club during practice, 2003
photograph by Peter Andersen

drugged children and adolescents. The lasting psychosocial trauma endured by non-combatants along with former child soldiers and paramilitaries, including young mothers and countless orphans, presents serious post-conflict challenges in the country. Now in the middle of the first decade of post-conflict reconstruction and peacebuilding, the case of Sierra Leone can offer many insights into the political economy of violent conflict, helping economists to understand war and write post-conflict policy.

Economic Literature on Intrastate Conflict

The World Bank unit on Conflict Prevention and Reconstruction has produced a large body of research on intrastate wars, including the 2003 book *Breaking the Conflict Trap*, which summa-

rizes and synthesizes findings of earlier papers. The paper “On Economic Causes of Civil War” (Collier and Hoeffler, 1998) provides a good example of the World Bank approach to the study of conflict, using cross-country panel data to develop a model where “rebel utility” is the dependent variable - there will be a war,

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the authors suggest, when it is rational for individuals to rebel. The incentive for rebellion in this model is increasing in the probability of victory and the gains conditional upon victory, while decreasing in the expected duration of warfare and the costs of rebel coordination, such as the difficulty of communication with potential recruits.

The significant variables reported in *Breaking the Conflict Trap*, a subset of variables found to be statistically significant in earlier papers, are:

1. Income and income growth - negatively related to the chance of conflict;
 2. Ethnic dominance (where one group comprises between 45% and 90% of the population) - positively related to the chance of conflict;
 3. Percentage of GDP from natural
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resources - related to the chance of conflict in a quadratic relationship, where states with mid-range values of natural resource-dependence have the highest risk. States with a high percentage of GDP from natural resources may experience lower conflict risk because they are oil-producing countries with large military capacity (Collier and Hoeffler, 1998), or they may be agrarian societies not producing lootable natural resources.

Quantifiable measures of grievance, such as the presence of repressive regimes and income inequality, are found to be statistically insignificant: the motive for conflict, as proxied in the models, is neither necessary nor sufficient for a war to ensue. When it is very difficult to form and finance a rebel army, the opportunity for conflict is absent and Collier et. al suggest intense political conflict is more likely than war.

This assertion provides important insights into the complex reasons why political conflict might occur in one country and violent conflict in another. However, as the World Bank authors themselves state, grievance factors are important to understanding war. An understanding of motive and opportunity as intricately linked helps reconcile these two statements and can lead to better policy approaches to prevent war.

Motive and Opportunity for Conflict

Just as lack of opportunities for violence may make political conflict more likely, the reverse may be true as well: when there is no opportunity for political conflict, motives for conflict that also provide opportunity for conflict - such as lack of effective, fair property rights or lack of empowerment opportunities for youth - may lead to violent conflict, exploding in a struggle that may or may not be directed at addressing the grievances.

The Revolutionary United Front (RUF) in Sierra Leone professed a revolutionary ideology in the pamphlet "Footpaths to Democracy" and in notes left by retreating child soldiers, critiquing the patron-client networks of Sierra Leone, controlling resources including diamond wealth and education. However, their policy of terrorizing the people they

claimed to represent, along with the use of violent and drug-addled patronage systems to control their own fighting forces, is at odds with their philosophy. Further, there is little evidence that RUF leadership had any plan of governing the country should they seize the state. Using the language of Sierra Leonean scholar Ibrahim Abdullah, the RUF is

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better named "rebellious" than "revolutionary." Had there been channels for political conflict available, the rebellion might have taken a more productive, political form. The role of two of Sierra Leone's important resources - diamonds and young people - illustrates the conflation of motive and opportunity in this conflict.

Prior to the conflict, the large alluvial diamond deposits were governed through a combination of commercial mining, dominated by the Sierra Leone Selection Trust (SLST) with links to DeBeers, and the Alluvial Diamond Mining Scheme (ADMS), employing approximately 30,000. As discussed by Alfred Zack-Williams, the ADMS used non-capitalist forms of labor - a system of "supporters," who owned mining permits and minimal equipment, and "tributors," who dug diamonds and were typically paid 2/3 of the carats they were able to mine. The tributors needed to sell these diamonds to supporters, who also acted as dealers in the diamond market. The chain of diamond industry middlemen is very long; the value of finished gems is upwards of nine times the value of rough diamonds, possibly more when traced to informal economy roots. The tributors, "subsistence" miners, had no real share of ownership over the dia-

monds, and this lack of popular control over resources was a legitimate grievance, echoed in the RUF anthem: "Where are our diamonds, Mr. President?"

Taking control of the diamonds is one of the few ways the RUF followed through on their stated goals - within one year of the start of their rebellion - though they did not distribute the revenues from the gems to the population. The lack of effective property rights over diamonds was a grievance and motive for the conflict, becoming an opportunity for the RUF to fund their force and enrich their leaders.

Economic dependence on lootable resources is one of the most significant predictors of conflict, and the World Bank unit on conflict suggests that the way to break this relationship is to lock rebels out of the market and ensure resources flow through legitimate channels (see policy number 9, on page 9). The policy recommendations in Breaking the Conflict Trap, however, do not acknowledge that the governance of the resources should be scrutinized or altered, such as fostering community-based governance of the alluvial diamonds in Sierra Leone. The hierarchal, exploitive nature of the property rights regime governing the diamonds in Sierra Leone has provided both a motive and an opportunity for conflict, making these stones more of a "curse" than a "blessing." If the aim of post-conflict policy is to prevent future war, the case of Sierra Leone illustrates the necessity of democratizing the governance of natural resources themselves in addition to controlling the revenues they generate.

Like tributors, young people in Sierra Leone had many grievances, including the abolition of free government schooling just prior to the outbreak of war. At this time, President Momoh of the All People's Congress (APC) one-party state made an infamous speech stating that education was a privilege, not a right. Lacking opportunities for empowerment that would initiate them into productive adulthood, many impoverished young people became what William

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Darfur. However, in a very recent turn of events (April 2007) a visiting Chinese senior official has reportedly persuaded the Sudanese government to accept a UN peacekeeping force in the region to supplement the AU forces.

In pursuit of energy security

China is actively exploring ways to strengthen its cooperation with Africa, chiefly through foreign direct investment (FDI), trade and aid, often packaged together. Backed by generous government support including preferential loans, China's "heavyweight" state-owned enterprises have been encouraged to look for strategic investment opportunities beyond national borders, marking a shift away from a purely export-led strategy toward an emphasis on outward FDI, mergers and acquisitions by Chinese enterprises. In 2004 more than half of Chinese FDI went to the extractive industries, and primarily to oil and gas exploration. In pursuing its so-called "Go out" policy, China is fostering ties with oil-rich countries all over the world, but especially with countries where Chinese oil companies have a chance to compete with the multinationals. Chinese firms have thus increased their presence across Africa, even in remote and politically unstable locations that have previously attracted little investment. It is evident that Chinese companies are willing to take relatively high risks when dealing with repressive regimes, but it could also be argued that they are forced to do so for lack of better alternatives. As noted by Global Witness

in their recent report *Oil Revenue Transparency*, developing oil-producing countries still prefer Western multinationals over Chinese or Indian oil companies, for the better technology and higher oil extraction potential they can provide, especially when it comes to deep off-shore oil and gas extraction.

China has been condemned for its provisions of unconditional aid and investment, and its policy of "non-interference" in African countries where government accountability is weak and human rights are frequently violated. Some of China's aid projects have sparked criticism from Western donor communities for being inappropriate to the needs of recipients. China has also been criticized for tying its aid to the purchase of Chinese goods and services, and to oil deals. China's unconditional aid has no doubt made it possible for some African countries to refuse conditional aid from other countries and international organizations.

Is China guilty of promoting corruption and ignoring transparency in its African ventures? Figures from *Transparency International* reveal that most resource-rich African countries receive low scores on perceptions of corruption and bribery, whereas other African countries receive more favorable scores. It is worth noting, however, that these scores have remained stable in recent years despite a stronger Chinese presence in already low-scoring countries such as Angola and Nigeria. This suggests that rather than blaming Chinese oil companies for lowering global standards, the focus of

attention should be on the role of the extractive industries in general, the vulnerabilities that accompany a heavy reliance on oil revenues and the particular challenges of combating corruption and mismanagement in developing oil-producing countries.

Global energy security ultimately means providing sufficient energy from renewable sources, which we can only hope to achieve through a massive technological development effort. In the meantime, energy security can best be safeguarded by universal acceptance of and adherence to transparency standards such as those promoted by Global Witness and the Extractive Industries Transparency Initiative (EITI). For the extractive industries, this means to "publish what you pay," whereas for the governments of oil-producing countries it means to "publish what you earn" from oil and mineral revenues, as well as to "publish what you spend." These standards are of no less importance to the energy security of China and other emerging oil importers as they are to our own. Revenue and budget transparency is vital to the promotion of good governance and social stability in developing countries. There are no good excuses for opposing transparency standards, not even the "China threat."

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Murphy called "lumpen youth," who formed a large part of the youthful fighting force. Youth in Sierra Leone had a motive for conflict, and additionally, their "lumpen" status became an opportunity for the RUF and "sobel" (soldier-rebel) groups of the Republic of Sierra Leone Military Forces (RSLMF). Adult officers were able to build their armies through a combination of terror, addictive drugs, access to basic resources such as shoes and food, and a lack of any "next best alternative." This extremely low "opportunity cost" of joining a fighting

group was only heightened in areas overrun by rebels and sobels where solitude meant death.

Informal Economies: Patrons, Clients, and Resources

These two types of "resources" in Sierra Leone - diamonds and youth - also illustrate the importance of informal economies, specifically patron-client relationships. World Bank-sponsored empirical studies exclude informal economies, which are important in poor countries but are absent in reliable

cross-country data. "Patrons" are able to exert power over "clients" by doling out resources through personalized favors. In the ADMS, for example, supporters are patrons with tributors as clients. Patrons must continue the flow of resources in order to maintain the system, but no formal mechanism ensures an egalitarian or otherwise fair distribution of resources in this hierarchical system. Patrons need obedient clients to perform the tasks they do not wish to do themselves - such as digging diamonds

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or leading dangerous military charges - but clients need access to the right patron to get the right kind of resources. The resources distributed thus, which may include practical gifts that raise a bureaucrat's salary above subsistence level, are clandestine and part of the informal economy. These relationships are common in many African countries with "weak states" such as Sierra Leone, a legacy of both traditional forms of power and colonialist relationships. William Reno, for example, suggests that the post-Cold War disappearance of unofficial resources from the US and the USSR, previously used to maintain patrimonial networks, has been blamed for contemporary African conflicts.

Although there are many other examples, I describe here three ways informal patrimonial networks were important in the conflict in Sierra Leone:

1. *Maintaining child armies:* William Murphy theorizes that children recruited into fighting forces remain because they become enmeshed in patron-client relationships with their officers, providing them with the only available means of securing resources and placing the civilian population in the powerless position of "subject" vis-à-vis the client child soldiers.

2. *Soldiers becoming "sobels":* Ibrahim Abdullah suggests that the conversion of RSLMF soldiers into "sobels" can be partially explained by the miles of unpaved roads that separated the army from their patrons in Freetown. The breakdown of these patron-client relationships meant that fighting units were forced to supplement their non-existent or meager supply trains (and paychecks) in the field - through looting and sometimes colluding with the RUF. In 1997, the Armed Forces Revolutionary Council (AFRC) faction of the military publicly aligned itself with the RUF and captured Freetown.

3. *The "comprador state":* William Reno suggests states may turn to multinational corporations to provide government functions outside patron-client networks to avoid the expense of maintaining these informal relationships, which cannot be accounted for in the government budget. In Sierra Leone this has included contracts with foreign firms to manage customs collection, fisheries, the Central Bank, the National

Development Bank, the national lottery, and, most importantly, fighting the RUF. Executive Outcomes mercenaries were paid between four and five million dollars per month to wage war, mainly in the form of post-conflict mining deals, perpetuating the cycle of multinational corporations profiting from Sierra Leone's mineral wealth.

These three examples do not offer a theory of patrimonialism in conflict, but they do illustrate that patron-client relationships were important in many ways in the conflict in Sierra Leone - and suggest such forms of informal economic activity should be included in the study of the economics of intrastate conflict.

Post-Conflict Policy

As Collier and co-authors state, violent conflict is "development in reverse," and post-conflict countries are in critical need of institutional capacity building and development resources. The policy recommendations in *Breaking the Conflict Trap* (2003) can be summarized as follows:

1. Reducing military spending and avoiding regional arms races.

2. Demobilizing and reintegrating former combatants.

3. Maintaining positive relationships with diasporas, channeling such energy to productive rather than destructive uses.

4. Supporting existing democratic institutions rather than conditioning aid on new, potentially unstable institutions.

5. Deploying peacekeeping forces from parties that "have a direct and long-term interest in sustaining peace in the country" (p. 185), are not a party to the conflict, and have some "teeth" (p. 164).

6. Managing health crises such as HIV/AIDS, malaria, ongoing damage from landmines, and, in Sierra Leone, large numbers of amputees.

7. Reviving economic growth through a "cocktail" combining "policy reform, aid, and improved access to global markets" (p. 153).

8. Directing aid to the right countries (those with the most need), at the right time (the middle of the post-conflict decade), and in the right amount (enough to make a difference).

9. Improving the international governance of natural resource revenues.

As the policy recommendations from the World Bank are offered at a general level and are in addition open to debate, there is a need for in-depth case studies of post-conflict countries, using both quantitative and qualitative research, in order to interpret and carry out these recommendations in a way appropriate to the individual conflict situation. The case of Sierra Leone suggests several important additions to this policy list. "Lootable" diamonds implies that improving the governance of natural resources themselves, in addition to resource revenues, is important; "lootability," I would argue, is a social relationship in addition to a set of physical characteristics. The conflict also highlights the importance of addressing grievances against the government, as failing to address these grievances may result in increased opportunity for conflict. This case also illustrates the importance of bringing patron-client relationships out of hiding so that resources may be distributed in a more transparent, egalitarian fashion; furthermore, it suggests that the importance of informal economies remains largely unknown in conflict situations. Sierra Leone is currently in the middle of its post-conflict decade, the time Collier et al consider crucial in terms of development and reconstruction, and so these policy considerations are important now more than ever.

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