

Resource Wars in Africa – Roundtable

ASA-ACAS roundtable, sponsored by the Association of Concerned Africa Scholars (ACAS), Saturday, November 18, 2006, 11:15-1:15, at the African Studies Association meeting.

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1/ What is the history of resource wars?

Kalevi J. Holsti, "Political Causes of Humanitarian Emergencies," in Nafziger, Stewart, & Väyrynen, 2000, I, pp. 239-81, in a survey of wars since 1960, with the major focus on Africa, indicates that wars are more likely to occur in relatively new states in the third world. A disproportional number of these states are also weak or failing (Holsti, 2000, pp. 243-50), a trait that interacts as cause and effect of their relative poverty. A failed state is a state that provides virtually no public goods or services to its citizens.

These states tend to be low-income and economically slow-growing states, suggesting a threshold above which civil war and massive state violence rarely occurs. States with stagnation in real GDP per capita and a breakdown in law and public services are more likely to suffer from relative deprivation, the actors' perception of social injustice from a discrepancy between goods and conditions they expect and those they can get or keep. This deprivation often results from vertical (class) or horizontal (regional or communal) inequality (Stewart 2000, p. 16), where the actors' income or conditions are related to those of others within society. Relative deprivation spurs social discontent, which provides motivation for collective violence (Gurr, 1970). War and state violence have major catalytic roles, adding to social disruption and political instability, undermining economic activity, spreading hunger and disease, and fuelling refugee flows. Tangible and salient factors such as a marked deterioration of living conditions, especially during a period of high expectations, are more likely to produce socio-political discontent that may be mobilized into political violence.

Slow or negative per-capita growth puts pressure on ruling coalitions. Ruling elites can expand rent-seeking opportunities for existing political elites, contributing to further economic stagnation that can threaten the legitimacy of the regime and increase the probability of regime turnover. To forestall threats to the regime, political elites may use repression to suppress discontent or capture a greater share of the majority's shrinking surplus. These repressive policies may entail acts of direct violence against or withholding food and other supplies from politically disobedient groups, as in Sudan in

the 1980s (Keen, 2000, pp. 292-94). Moreover, repression and economic discrimination may generate relative deprivation and trigger socio-political mobilization on the part of the groups affected, leading to further violence, worsening the humanitarian crisis.

Competition for resources (especially minerals but not natural resources generally as Collier from the World Bank argues) is an important contributor to war. Similar to Collier, Nafziger and Auvinen found that in shadow states, some rulers, warlords, soldiers, and traders benefit from war. Those who profit from war have an incentive to start and continue wars. Indeed the agents of failed states have powerful motives to maximize violence in lieu of the state provision of public order (Reno 2000b, p. 55). Since some interests derive economic advantage by war and humanitarian emergencies, stopping this violence requires changing the benefits and costs among rulers, their allies, and the general population.

Greed for resources has a major role in driving war and state violence, as Liberia, Sierra Leone, Angola, and Zaire demonstrate. But grievance based on income inequality and discrepancy and predatory rule is also important, a major contributor to the increase in war and state violence in Africa and other developing countries (Nafziger and Auvinen 2003, especially p. 198). (See appendix).

Does political power ensure monopoly control over natural resource wealth? Who benefits?

Yes, in weak or failed states and low-income states, military and political power can ensure monopoly control over natural resource wealth.

In a weak or failed state, some rulers, warlords, and traders profit more from war and violence than in peacetime. War may be rational and may provide cover for crimes that benefit the perpetuator economically, so that the objectives of the war are not winning but economic benefits. The major question we should ask in wars and state violence in Africa is not only who benefits but what economic (and political) benefits belligerents receive.

Often the ruler is that of a predatory state. A predatory state involves rule by a personalistic regime ruling through coercion, material inducement, and personality politics, a regime that tends to degrade the institutional foundation of the economy and state.

And because the resources are shipped overseas, what is the role in outside powers in fomenting and continuing resource wars?

The demand for resources internationally, by Western powers, regional powers, or China, enables predatory rulers to rule without development of a bureaucracy or other institutions. In fact, predatory rulers may benefit more when they don't depend on a bureaucracy to maintain suzerainty.

Rulers, such as those in Sierra Leone, Liberia, and Congo, with diamonds and other resources, may prefer not to have a well functioning planning machinery or even a national army. If such are controlled by professionals, bureaucrats, and officers not oriented toward the interests of the rulers, this undermines a system by which they stood to profit. The best strategy is for the strongman to have all-encompassing control over military force and bureaucratic competence; thus a private army dependent on the strongman and clients subject only to the ruler are preferable. The lack of department reports, the secrecy of official information, and the paucity of program evaluation, together with political intervention, allows rulers to keep control of the instruments vital for the maintenance of their influence. Of course, an emphasis on socioeconomic development for the low-income classes was no priority to ruling regimes preoccupied with the struggle to retain their power and perquisites.

In Africa, conflicts in Congo, Angola, Sudan, Ethiopia, and others spill over to affect neighboring countries. As Bach, ed., *Regionalisation in Africa*, 2000, p. 7, argues, “assumptions that boundary lines are costly impediments to free movements . . . ignore the fact that large groups of the population – at times whole states – owe their survival to semi-clandestine transactions across boundaries.

Has Africa's wealth in minerals and biodiversity become a misfortune -- increasing inequality, precluding development, and reducing sovereignty?

Oil (and other resource) booms have proven a blessing for many oil-exporting countries, such as Norway (rich country) and Indonesia (poor country), which invested in other sectors, increasing long-term sustainability. Is there, however, a paradox in that resource-abundant economies grow slower than other economies (Sachs and Warner 1999:13–38; Lal and Myint 1996; Auty 2002:3–16), labeling this underperformance a “resource curse.”

In 1976, Nigeria’s head of state, General Olusegun Obasanjo, responding to political unrest and an overheated economy, pointed out that petroleum revenue was not a cure-all. “Though this country has great potential she is not yet a rich nation. . . . Our resources from oil are not enough to satisfy the yearnings, aspirations and genuine needs of our people, development and social services” (Rake 1976:1263; Nafziger 1983:187).

Oil revenues increased average material welfare, widened employment opportunities, and increased policy options. But they also altered incentives, raised expectations, distorted and destabilized nonoil output, frequently in agriculture. Nafziger, *Economic Development*, Cambridge 4th edition, 2006, pp. 196-199, indicated exchange-rate, pricing, investment, and incentive policies that Indonesia undertook, but that Nigeria failed to take, to counter successfully the adverse effects of resource distortions. (I indicate this without setting Indonesia up as an example of economic development and political stability, although compared to Nigeria they managed their economy and polity well.)

Likewise, during the 1990s, Angola's oil boom contributed to an overvalued currency, shifting production incentives away from agriculture and other exports to nontradable activities including commerce. Angola's agricultural production, hurt by war and currency overvaluation, fell 36 percent from the beginning to the end of the 1990s. Moreover, the resource curse created a budget trap, as most recurrent expenditures, including the government wage bill, were in local currency, with the fiscal deficit monetized, contributing to runaway inflation (Aguilar 2003:133–134).

For a top Nigerian economic official, striking it rich on oil in the 1970s was “like a man who wins a lottery and builds a castle. He can't maintain it, and then has to borrow to move out” (Lewis 1988:7). Dependence on one or two exports makes these countries especially vulnerable to external price shocks.

Is the resource curse valid? Do resource abundant economies fail to reinvest their rents productively and divert resources away from innovative sectors (Barbier 2003:253–272)? Lal and Myint (1996:214–215) find that resource abundant countries are more likely to suffer a growth collapse than other countries. They attribute this collapse to higher wages from primary product exports obstructing industrialization. Auty (2001:317–318) thinks that resource-poor countries are more likely to start earlier on competitive industrialization, undertaking needed structural change.

Eric Neumayer (2003) finds that the resource curse is substantially less if you measure gross national income (GNI) accurately. The net savings component of GNI requires that you subtract capital depreciation, natural resource depletion, and damage from carbon dioxide and particulate emissions from national savings, as the World Bank (2003:119, 174-175) does. Neumayer then surmises that the “curse” is partly a result of unsustainable overconsumption in resource-abundant economies. Indeed, he agrees that Nigeria was living beyond its means during its oil boom.

Furthermore,, an abundance of exportable minerals and other resources is more likely to be associated with poor governance or even a failed state. These resources enabled warlords or predatory rulers (Liberia's Charles Taylor and Zaire's Mobutu Sese Seko) to support private armies without providing public services. Indeed, predatory economic behavior is possible in resource abundant economies but less viable in resource-poor Tanzania, whose resources are too limited for extensive rent seeking (Nafziger and Auvinen 2003). [Rent seeking here refers to unproductive activity to obtain private benefits from public action and resources, or Joseph's prebendalism.]

Africa's biodiversity (and climate) are global public goods, as nations cannot exclude other nations from the benefits of their conservation or from the costs of their degradation. We cannot expect global public goods to be provided in sufficient quantity by an African tropical country on the free market, because many benefits spill over to other countries. Global public goods provide a strong argument for foreign aid by NGOs and rich countries, who benefit.

Are there any success stories in stopping such wars?

Clara De Sousa, “Rebuilding Rural Livelihoods and Social Capital in Mozambique,” in Tony Addison, *From Conflict to Recovery in Africa*, Oxford University Press, 2003, pp.

52-72, indicates that after the 1992 peace accords in Mozambique, the country has “enjoyed [more than] 10 years of peace after a 16-year war that massively damaged the economy, caused over a million deaths, and displaced more than 3 million people. . . . The 1992 Peace Accords laid the basis for reconstructing the economy, a process enhanced by the peaceful democratic elections of 1994 (and sustained in the elections of 1999). This has provided a favourable political background for the continuation of the economic transition that began in the mid-1980s. Successive reform programmes have been undertaken, including price liberalization, privatization, and fiscal reform together with considerable institutional change. . . . Rural people have been able to rebuild to an extent not yet possible in Angola or Guinea-Bissau. . . . Although the 2000 floods ravaged rural Mozambique, the society is resilient and the longer-term outlook remains broadly positive.” (p. 51).

Of course, South Korea, at war from 1950 to 1953 and poorer than Ghana in 1955 but now a member of the OECD, could be considered a success story. Korea’s real per-capita growth since 1960 has exceeded 6 percent yearly. Korea systematically intervened to further economic development, building infrastructure, providing tax incentives and subsidized credit for export manufacturing and other selected industries, investing heavily in primary education and other human capital, and maintaining macroeconomic stability during external shocks (for example, from oil price increases in 1973-74 and 1979-90 and American dollar depreciation in the late 1980s), thus restraining inflation and avoiding external debt crises (See World Bank’s 1993 “miracle report” and its critics in World Development 1994). Korea’s policies were partial to private conglomerates such as Hyundai, Lucky-Goldstar, and Daewoo. Korea, like Japan, had a high quality of economic management provided by the civil service, with merit-based recruitment and promotion, compensation competitive with the private sector, and economic policy making largely insulated from political pressure.

Success is relative. Despite political instability, a setback in economic growth, and widespread environmental degradation near the turn of the 21st century, and various setbacks in the development of high-yielding varieties (HYVs) of rice, Indonesia has had faster growth and more rapid development of the Green Revolution than African countries since 1975. Moreover, in contrast to African oil exporting countries, Indonesia used its petroleum revenue to develop agriculture.

I resist classifying Ghana and Uganda as successes, despite past efforts by the World Bank and International Monetary Fund to designate them as such. Both countries have had negative per-capita growth in the last 25 years, a contrast to Indonesia, with all its flaws.

Since African success stories are limited, I have cited some Asian case studies.

Appendix I

While during the twentieth century, some 200 million people were killed in war or state violence (Rummel 1994), but only a small proportion of these deaths are from insurgent

action or fighting between belligerents. Kalevi Holsti (2000, pp. 250-267) demonstrates that the policies of governing elites are at the root of most humanitarian emergencies, a fact not recognized in most research on war (cf. Collier, 2000a and Collier and Hoeffler, 1998a).

Since economic deceleration or collapse can disrupt ruling coalitions and exacerbate mass discontent, we should not be surprised that since 1980, Africa has especially been more vulnerable to war and humanitarian emergencies. This increase in intrastate political conflict and humanitarian emergencies in Africa in the last two decades of the twentieth century is linked to its negative per-capita growth in the 1970s and 1980s and virtual stagnation in the 1990s. Indeed in Africa, which had the highest death rate from wars, GDP per capita was lower in the late 1990s than it was at the end of the 1960s (World Bank, 2000, p. 1).

This stagnation and decline was often associated with, and exacerbated by, a predatory state, driven by ethnic and regional competition for the bounties of the state. Predatory rule involves a personalistic regime ruling through coercion, material inducement, and personality politics, tending to degrade the institutional foundations of the economy and state. Elites extract immediate rents and transfers rather than providing incentives for economic growth. In some predatory states, the ruling elite and their clients “use their positions and access to resources to plunder the national economy through graft, corruption, and extortion, and to participate in private business activities.” (Holsti, 2000, p. 251). Ake (1996, p. 42) contends that “Instead of being a public force, the state in Africa tends to be privatized, that is, appropriated to the service of private interests by the dominant faction of the elite.” People use funds at the disposal of the state for systematic corruption, from petty survival venality at the lower echelons of government to kleptocracy at the top.

Humanitarian crises are more likely to occur in societies where the state is weak and venal, and thus subject to extensive rent-seeking, “an omnipresent policy to obtain private benefit from public action and resources.” (Väyrynen 2000b, p. 440). Cause and effect between state failure and rent seeking are not always clear. State failure need not necessarily result from the incapacity of public institutions. Instead, while “state failure can harm a great number of people, it can also benefit others,” (ibid., p. 442) especially governing elites and their allies. These elites may not benefit from avoiding political decay through nurturing free entry and the rule of law and reducing corruption and exploitation. Instead political leaders may gain more from extensive unproductive, profit-seeking activities in a political system they control than from long-term efforts to build a well-functioning state in which economic progress and democratic institutions flourish. These activities tend to be pervasive in countries that have abundant mineral exports (for example, diamonds and petroleum), such as Sierra Leone, Angola, Congo - Kinshasa, and Liberia (section 4), while predatory economic behavior has a lower pay-off in mineral-export-poor economies such as Tanzania and Togo.

The majority of countries with war or humanitarian emergencies have experienced several years (or even decades) of negative or stagnant growth, where growth refers to

real growth in GNP or GDP per capita. Widespread negative growth among populations where a majority is close to levels of subsistence increases the vulnerability to humanitarian disasters. From 1980 to 1991, 40 of 58 (69 per cent of) Afro-Asian countries experienced negative growth, according to the World Bank's *World Development Report* (1993, pp. 238-9). In contrast, from 1960 to 1980, only 9 of 53 had negative economic growth, according to the earlier World Bank annual (1982, pp. 110-1). In addition, the positive growth of Latin America and the Caribbean during the 1960s and 1970s also reversed to negative growth in the 1980s, according to the same World Bank sources. The interrelationships between growth and emergencies suggest that the increased emergencies in the early 1990s are connected to the developing world's disastrous growth record of the 1980s. This disastrous growth was accompanied by state decay, as ruling elites, facing limitations in dispersing benefits to a wide-ranging coalition of ethnic communities and economic groups, struggled for control, allied with other strongmen, and strengthened their military capability to repress potential rebels and dissidents.

Econometric and country evidence indicates that, holding other variables constant, slow real GDP growth helps explain humanitarian emergencies. Humanitarian emergencies also contribute to reduced (often negative) growth (Stewart *et al.*, 1997, pp. 11-41), although, according to econometric tests by Auvinen and Nafziger (1999), the direction of causation is weaker than from growth to emergencies. Contemporary war and humanitarian disaster is rarely episodic but is usually the culmination of longer-term politico-economic decay over a period of a decade or more. Negative per-capita growth interacts with political predation in a downward spiral, a spiral seen in African countries such as Angola, Ethiopia, Sudan, Somalia, Liberia, Sierra Leone, and Zaire (Congo).

Economic stagnation, frequently accompanied by chronic trade deficits and growing external debt, intensifies the need for economic adjustment and stabilization. A persistent external disequilibrium has costs whether countries adjust or not. But non-adjustment has the greater cost; the longer the disequilibrium, the greater is the social damage and the more painful the adjustment. Most developing countries face frequent international balance-of-payments problems, which reduce the ability of political leaders to maintain control. But, abundant exports, such as minerals, together with a strong military, can provide the ruler or warlord with a modicum of security.

More than a decade of slow growth, rising borrowing costs, reduced concessional aid, a mounting debt crisis, and the increased economic liberalism of donors and international financial institutions, compelled LDC (especially African) elites to change their strategies during the 1980s and 1990s. Widespread economic liberalization and adjustment provided chances for challenging existing elites, threatening their positions, and contributing to increased opportunistic rent-seeking and overt repression. Cuts in spending reduced the funds to distribute to clients, and required greater military and police support to remain in power.

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Appendix II – Panel Members

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