

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

UNIVERSITY OF CAPE TOWN
FACULTY OF THE HUMANITIES

**A Critical Evaluation of the 'Greed versus Grievance'
Theory in the Analysis of Civil Wars- the Case of Angola**

Khanyisa Fatyi

FTYKHA001

2007

**A minor dissertation submitted in partial fulfilment of the requirements
for the award of the degree of Master of Social Science in Political Studies
(Democratic Governance)**

Declaration:

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

signature removed

Signature: _____

Date: 26/02/2007

Abstract

With Angola preparing for elections in 2007, it is a fitting time to reflect on its tumultuous past. Having succeeded in attaining independence from Portuguese colonial rule in 1975, the war of independence evolved into a prolonged and bloody skirmish between the MPLA and UNITA that also made Angola a stage for international tensions between the USA and the Soviet Union during those historical Cold War days. After the Cold War, the war metamorphosed into what was referred to as a 'resource war' - wars where natural resources play a salient role in the conflict.

Because of its long duration and evolving nature, the war in Angola provides us with a classic case study of intrastate war from which tools of analysis can be drawn, policy lessons learnt and theories tested. This dissertation embarks on the latter, whereby the 'Greed versus Grievance' theory- devised by World Bank economists Paul Collier & Anke Hoeffler- is evaluated. The 'Greed versus Grievance' theory explains contemporary conflicts as an outcome of greedy belligerents who seek self-enrichment through war. This theory disputes Social Science explanations which attribute war to grievances, claiming that the pursuit of self-enrichment through resource exploitation is a more salient motivation in today's wars. Since Angola's conflict involved natural resources exploitation by all parties, it provides a fitting case to evaluate Collier & Hoeffler's theory, and is used to elucidates both the strengths and the weaknesses of the 'greed versus grievance' theory.

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION.....	4
1.1 INTRODUCTION AND LITERATURE REVIEW	4
1.2 PROBLEM STATEMENT AND METHODOLOGY.....	6
1.3 CASE STUDY.....	7
1.4 ORGANISATIONAL STRUCTURE	8
CHAPTER 2: THEORY OVERVIEW AND CRITIQUE.....	10
2.1 INTRODUCTION.....	10
2.2 THEORY OVERVIEW.....	10
2.3 NATURAL RESOURCE PROFILE: DIFFERENTIATING BETWEEN TYPE AND FORM.....	15
2.4 THE ABUNDANCE OF NATURAL RESOURCES AS INCENTIVES.....	19
2.5 DISCERNING MOTIVES: GREED AND GRIEVANCES.....	20
2.6 CONCLUSION	21
CHAPTER 3: CASE STUDY: HISTORICAL BACKGROUND.....	22
3.1 INTRODUCTION AND COUNTRY PROFILE.....	22
3.2 THE COLONIAL ECONOMY	23
3.3 DEVELOPMENT OF A RESOURCE ECONOMY.....	25
3.4 THE POST INDEPENDENCE ECONOMIC CRISIS.....	30
3.5 EMERGENCE OF NEW POLITICAL ECONOMIES.....	31
3.6 CONCLUSION	34

CHAPTER 4: THE RESOURCE WAR.....	35
4.1 INTRODUCTION.....	35
4.2 DIAMONDS AND THE DEVELOPMENT OF UNITA’S WAR ECONOMY	36
4.3 UNITA’S TRADE CHANNELS	38
4.4 DIAMOND DIVIDENDS: DOING WELL OUT OF WAR?	40
4.5 THE ELITE ECONOMY	42
4.6 THE END OF WAR: NATURAL RESOURCE ONCE AGAIN.....	45
4.7 CONCLUSION	47
CHAPTER 5: LESSONS FROM ANGOLA: ANALYTICAL MECHANISM.....	48
5.1 INTRODUCTION.....	48
5.2 THE GREED THEORY IN ANGOLA: RELEVANCE FOR POLICY AND CONFLICT ANALYSIS 48	
5.3 LESSONS: OTHER ANALYTICAL MECHANISMS OF CONFLICT.....	51
5.3.1 <i>Globalisation and The Political Economy of Conflict.....</i>	51
5.3.2 <i>The Conflictual Nature of Oil-basedEconomies</i>	53
5.3.3 <i>Greedy Others: The Profitability of Violence</i>	55
5.3.4 <i>Foreign Intervention: Commercial Diplomacy and The New Politics of Intervention</i>	57
5.3.5 <i>The Importance of Grievances</i>	59
5.4 CONCLUSION: ANGOLAN HINDSIGHT.....	61
CHAPTER 6: CONCLUSION	62
6.1 SUMMARY: OVERVIEW OF JOURNEY AND ORIGINAL OBJECTIVES	62
6.2 KEY CONCLUSIONS	63
6.3 AREAS FOR FUTURE RESEARCH	64
BIBLIOGRAPHY	67

CHAPTER 1

Introduction

1.1 Introduction and Literature Review

In a monumental study, titled '*Justice-Seeking and Loot-Seeking in Civil War*', World Bank economists Paul Collier and Anke Hoeffler (1999) sought to answer an age-old question addressed by many other scholars as well: 'why do men rebel?'. They sought to understand the motivation of rebels embarking on the insurgent path and pursuing war.

The popular views that have emerged in answer to this question in literature mostly stem from Ted Gurr's classic Relative Deprivation (RD) theory. Gurr (1971) claims that when men have perceptions of being deprived of goods or conditions to which they are entitled and have the capabilities of attaining or maintaining these, they develop a discontent that makes them prone to violence. Such 'goods or conditions' can include physical well-being, security, status, political participation, the right to self-realization and more. "Relative deprivation disposes men to violence" (Gurr, 1971: 13). The RD theory has thus formed the basis of many 'grievance' explanations of war, whereby war is attributed to political, economic or social discontent stemming from a deprivation of sorts.

Collier and Hoeffler, however, reject 'grievance' explanations of war, and argue that war is a result of greedy economic agendas in the context of abundant natural resources (1999; 2001). From their empirical study, they conclude that it is not grievances, but the opportunities to exploit abundant natural resources that inspire rebels to initiate and perpetuate war. They identify a combination of three factors that lead to greed-motivated violence, namely, an abundance of natural resources, a large proportion of young men and low levels of education in society. The rapacious behaviour of uneducated young men who seek to control valuable abundant natural resources therefore forms the basis of Collier's rebel-greed thesis.

Collier's rebel-greed approach was, however, quite different from other economic explanations of war which emphasised resource *scarcity* as a cause of war. Homer-Dixon and other development experts, such as Amartya Sen for example, attribute conflict to the scarcity of resources or to poverty. Environmental degradation, lack of industrialisation and other such factors are perceived to play a role in impoverishing people to the point of seeking to control - through war - whatever little resources remain. Collier and others in the 'rebel-greed' camp, however, emphasise the *abundance* of natural resources as a cause of conflict (see other studies by De Soysa, 2000; Fairhead, 2000). The presence of abundant natural resources has become a very common feature of most modern-day conflicts, to the extent that these conflicts are referred to and categorised as 'resource wars'. 'Resource wars' are wars where the role of natural resources is particularly salient and where resources are ends and/or means. According to Cilliers (2000), 'resource wars' occur when the disorder brought by war is utilised for the purposes of personal, economic gains.

These wars are said to have emerged as an expression of developments in the post-Cold War era¹, which have compelled belligerents towards a quest for alternative forms of funding conflicts (Kaldor, 2001; Cilliers, 2000). As a result, it has been argued that these wars are fought for the sole purpose of resource exploitation. Many authors on 'resource wars', in fact, reject the popular notions in political science that view war as 'irrational' or 'senseless' (Berdal and Malone, 2000; Keen, 2000). They argue that war can be a rational and even strategic move for those who engage in it, whereby violence can serve economic, security and psychological functions. Keen goes so far as to define contemporary conflicts as an "alternative system of profit, power, and even protection" (2000: 22). Collier's theory about 'greed' falls squarely within the 'resource war' paradigm, where warfare is seen as "an instrument of enterprise and violence as a mode of accumulation" (Reno, 2000b: 57). In this view, violence is portrayed as appealing, strategic and certainly profitable.

Of course, the pursuit of economic agendas in wartime is as old as war itself. The history of imperialism, colonialism and even Germany's 'expansionism' policy that

¹ Cilliers (2000), Kaldor (2001) and others identify these developments as the loss of Cold War patrons, the weakening and failure of nation states, the increased importance and rise of the informal polity, and the world-wide phenomenon of interconnectedness called globalisation.

led to World Wars One and Two are just some of the many historical events that point us to the deliberate pursuit of war for the purpose of resource exploitation. Armies from past civilizations have been known to plunder and pillage through banditry, to tax civilians, to use exploitative labour and slavery, to charge protection taxes, to control land, trade routes and aid supplies. These are just some of the economic 'benefits' that can be accrued in wartime (Keen, 2001b; Pigou, 1940; Etherington, 1984; Milward, 1977). The observed characteristic of economic agendas in contemporary wars is thus not a new phenomenon.

However, unlike wars of the past which mainly occurred between nation states, the arena in which contemporary warfare takes place is primarily at the sub-state level (Reno, 1999, 2000; Cilliers, 2000; Kaldor, 2001). The key actors in these wars are rebel groups, paramilitary groups, breakaway units of armies, arms traders, money launderers, mercenaries, warlords, government soldiers operating in private capacity and other individuals vying for political power or economic gain. Thus Collier and Hoeffler do well in exploring rebel motivations in their study since contemporary wars are no longer confined to the state level.

1.2 Problem Statement and Methodology

Collier and Hoeffler's studies were indeed pioneering and ground-breaking, and their theory has been used as an analytical tool by researchers and peacemakers alike in seeking solutions for conflicts. However, a mono-causal explanation of war raises questions and caution, given the very complex nature of wars. One such question is whether the rebel-greed explanation is a sufficient tool to analyse natural resource conflicts. Is the theory practical, relevant and applicable to real-life conflict analysis? Can the rebel-greed causal explanation be generalised to all conflicts involving Collier's variables (natural resource abundance, plentiful young men, low education levels)? In seeking to answer these questions, this dissertation will be a critical evaluation of the 'greed' theory. A critical analysis of the 'rebel-greed' theory is important in order to firstly, contribute to more accurate policy making, and secondly, to contribute to the broader analysis, discourse and understanding of contemporary civil wars.

The case of Angola will be utilised as a case study to depict both the strengths and gaps in the theory. This dissertation will thus take the shape of a theoretical case study. Since natural resources are a central variable in the discourse, the dissertation will look at greed theory and the Angolan case primarily through the natural resource lens.

Two key texts underpin this analysis: Collier and Hoeffler (1999) (summarised in Collier, 2000) and Collier and Hoeffler (2001). Both studies test greed and grievance motivations. The first version places emphasis on *motivations*, whilst the latter emphasises the *opportunities* that make rebellion feasible. Both, however, come to the same conclusions. Below we introduce the case study and justify its selection.

1.3 Case Study

Angola provides a compelling case to depict the arguments brought forth in the greed theory for a number of reasons. Firstly, the Angolan war was one that involved two valuable natural resources - oil and diamonds. The war was classified as a resource war by some (Cilliers, 2000) and was viewed to be primarily driven by the belligerents' quest to control Angola's key natural resources of oil and diamonds (Cilliers, 2000; Dietrich, 2000a-d; Hodges, 2004). "Angola appears to reflect the political-economic agendas of a new, evolving mode of violent political-economic interaction at the sub-state level" (Cilliers, 2000: 1). This interpretation of UNITA and the MPLA's management of resources in the course of the war integrates well with Collier's theory of 'greed', making Angola a fitting case to analyse the theory.

Secondly, the Angolan war features prominently in the discourse on natural resource conflicts in both literature and in policy circles. The war is referenced in the coining of terms such as 'blood diamonds', for example. There has been extensive research and investigations into Angola by policy-making and civil society spheres. Organisations such as Global Witness, for example, have published extensively on both UNITA's use of diamonds in the war and the Angolan government's management of oil and state resources. The United Nations has also had a spotlight on Angola, particularly on UNITA's use of resources over the years, producing a

number of resolutions and reports on the matter (e.g. UN Fowler Report, 2000). There is thus no shortage of data on the natural resource aspect of the Angolan war, making it a suitable case study for the purpose of this dissertation.

A third reason for selecting this case is that the complexity of the Angolan war has raised many unanswered questions: Was the war really caused by resource exploitation and private profiteering or by long-term grievances? Should we differentiate between what the *causes* versus what the *sustainers* of the war were? Could resource exploitation be an *unintended* or *intended* consequence of war (Cilliers, 2000)? This study hopes to use this case to elucidate the strengths of the 'rebel-greed' theory, whilst also highlighting its gaps.

Fourthly, Angola is one of the few wars in Africa and globally whose duration spans both the pre and post-Cold War era. It is therefore a valuable case study when analysing causal factors of war, as we are doing with the greed theory, as it compels us to analyse from a linear perspective, rather than a 'point-in-time' analysis. Finally, Angola also provides us with the benefits of hindsight, since hostilities ceased in 2002 with the death of UNITA leader Jonas Savimbi. With hindsight, one is able to assess the loopholes, relevance and appropriateness of the greed theory.

1.4 Organisational Structure

This dissertation is organised into 5 chapters including the current Introduction. Chapter 2 begins with a detailed overview of Collier's rebel-greed theory, also touching on their method used in the empirical study. The theory is then dissected and analysed, questioned and critiqued, drawing on other scholars who have interrogated and disputed some of their findings.

Chapter 3 provides a background to the case study of Angola. It is hoped that the historical background will not only contextualise the 'resource war' discussed in Chapter 4, but also aid in the comprehension and analysis of the complex factors that came to shape Angola's so-called 'resource war'. To be relevant to our analysis, Angola's history is viewed through the 'natural resource' lens, starting with the management of resources during the colonial era, then following political and

economic developments that lead up to the resource war. Chapter 4 then discusses the resource war, looking at the exploitation and use of diamonds and oil by UNITA and the MPLA respectively. Chapter 5 is dedicated to the lessons that can be drawn from Angola in the analysis of natural resource conflicts. We identify other mechanisms in which such conflicts can be analysed, stemming from the Angolan history of war. Finally, the concluding chapter will capture both the summary and key findings of the dissertation.

University of Cape Town

CHAPTER 2

Theory Overview and Critique

2.1 Introduction

This chapter provides an overview and critique of the 'greed' theory. The chapter is divided into two major sections. The first section is an overview of Collier and Hoeffler's study and theory. The second section deals with the analysis and critique of the theory, along the following variables: relevance for policy and analysis, methodology and approach in deducing the causal relationship between natural resource abundance and conflict, the role of natural resources in conflict, and finally, the rebuttal of grievance explanations. We begin with a summary of the theory.

2.2 Theory Overview

In a comprehensive econometric study of over 150 intra-state wars between 1965 and 1995, Collier and Hoeffler (1999; 2001) sought to predict the outbreak of civil war by understanding the motivations of belligerents. Their study and findings focused on rebel groups specifically and thus other parties or belligerents are not encompassed in the theory. They made a conceptual distinction between wars that are motivated by grievances² - a common social science explanation - and those motivated by greed.

'Greed versus grievance', as their study is commonly referred to, is a comparative approach that was used to show the weaknesses of one social science theory, 'grievance', whilst at the same time advancing a case for the 'greed' argument. They refute 'grievance' explanations of war as obsolete, and formulate an explanatory framework suggesting that a combination of abundant natural resources, a large proportion of young men in a society and low levels of education inspire and enable greed-motivated rebellion. These three conditions form the basis of Collier's greed theory.

² The 'grievance' explanation refers to political, social or economic grievances that are so acute that people engage in violence. Grievance-based violence is said to be a response to gross injustices and is sometimes associated with historical hatreds between groups (Collier, 2000).

2.2.1 Collier's Case for Greed Motivation

The basis of Collier and Hoeffler's rebel-greed argument lies in a set of *conditions* (referred to as '*opportunities*' in a later version of the study) that they identify as leading to greed-motivated rebellion. They claim that greed manifests in "the atypical circumstances that generate profitable opportunities", as found in societies with large numbers of young men with little education and an abundance of valuable natural resources (Collier and Hoeffler, 2001: 2). Collier and Hoeffler define 'abundant natural resources' as the monetary value of primary commodity exports as a proportion of a country's GDP. A country's dependence on primary commodity exports is deemed so significant, that if 25% of a country's national income came from such exports, the risk of war is four times more likely.

A second war-inducing condition that Collier and Hoeffler put forward is that of plentiful young men. They argue that economic prospects afforded by abundant natural resources invite rebellions from young men, who have few other options of earning material wealth. Since rebellions require young, able men to fight, large numbers of men in a society thus reduce the costs of attracting military recruits and provide a rich human resource pool for rebels. Collier and Hoeffler's study finds that a high proportion of young men in a society increase the likelihood of civil war.

Interlinked with the above is the level of education in a society, particularly the education levels of the young men, who are the typical targets for military and guerrilla recruitment. The study finds that education levels inversely affect the risk of war (i.e. high levels of education means less likelihood of war). Their explanation is that education provides other alternatives for young men, such as employment, and thus reduces the opportunity costs of joining a rebellion. Education is said to be such an important factor that it can offset the 'number of young men' factor. A small increase in levels of education (e.g. one year) can reduce the likelihood of civil wars by as much as 20% even if the young male population remains large (Collier and Hoeffler, 1999; Collier, 2000). Therefore Collier's conclusion is that countries with an abundance of natural resources and unemployed young men are at high risk of war.

2.2.2 Collier's Case Against Grievance Explanations of War

Collier (2000) questions explanations of civil war that place emphasis on grievances. People may have grievances, he concedes, but would not rebel, because of the costs of rebellion and constraints related to 'collective action'. He identifies the "free-rider" problem as one such 'collective action' barrier to grievance-induced rebellions. He argues that people may have a grievance, but find the opportunity-costs of participating in a rebellion too high, and 'hope' for others to participate on their behalf. The obvious outcome of this behaviour is that the rebellion never starts as everyone expects the others to act first.

Secondly, he identifies the problem of "co-ordination" in rebel movements as another hindrance to grievance-motivated rebellion. This is a case where rebel leaders face various challenges in mobilising and co-ordinating sufficiently large numbers of recruits, especially so in fractionalised societies. Collier then finally points to "time-consistency" problems as a third factor that dissuades people from participating in grievance-based rebellions. In this case, the deferral or delay of rewards is unappealing to potential recruits who would prefer instant rewards. In this respect, Collier eliminates 'grievance' explanation of civil wars. The only time he concedes that grievances may amount to rebellions is when there are opportunities for personal economic gain. In such circumstances, Collier argues that collective action problems are overcome by the emergent opportunities for individual reward. Rebellions, in other words, arise primarily out of opportunity, rather than motive (Collier, 2000).

In their study, Collier and Hoeffler embark on testing for 'grievance' motives, and find their evidence to be consistent with their hypotheses. The authors select four proxies of commonly narrated grievance explanations to test for the 'grievance' motivation in their study. These are income inequality, ethnic and religious fragmentation, political repression, and poor government macro-economic performance or mismanagement. They claim that the results from their selected grievance proxies disqualify the 'grievance' explanation, although the results are rather mixed.

From the results, 'economic inequality' proves to have no effect on the possibility of conflict, whether measured by asset ownership or income levels. 'Ethnic and religious fractionalisations', on the other hand, have the opposite effect of what is often predicted in that it reduces the risk of conflict (Collier and Hoeffler, 1999). The third proxy, 'political repression', is found to have ambiguous effects on the risk of conflict in that a fully-fledged democracy lowers the risk of conflict. Equally, and ironically, severe political repression *also* lowers the risk of conflict. It is partially democratic or mildly severe regimes that are found to have a *higher* propensity towards conflict (Collier and Hoeffler, 1999; Collier, 2000).

The one proxy whose results cannot 'disprove' the grievance theory is 'poor government economic performance'. This is the "only result that supports the grievance approach to conflict" in that a preceding period of rapid economic decline *increases* the risk of conflict (Collier, 2000: 97; Collier and Hoeffler, 1999). Despite this latter inconsistency and generally mixed results on the 'grievance' study, the authors do not backtrack from, or modify, their overarching argument about 'greed'. They still come to the conclusion that "conflicts are far more likely to be caused by economic opportunities than by grievance" (Collier, 2000: 91).

2.2.3 Motivations: Greed or Grievance?

Collier's theory dismisses grievance-based explanations of war and even asserts that they are "seriously wrong" and "perverse" (2000: 96). Others, who argue that grievances can be genuine, but often mutate into economic agendas, have rebutted this view. The political aim of seizing or seceding from a state can be the primary cause of war for example, but one which then transforms into economic agendas such as looting or land seizures (Adebajo, 1999). Collier (2000), however, highlights a genuine problem: that of ascertaining the *true* motivations of people.

He argues that true motivations of belligerents are often concealed and that the 'grievance' motivation is a convenient rhetoric for rebels. The grievance narrative can be useful for rebels not only for public relations purposes, he says, but also for recruitment and for propaganda purposes. Both greed and grievance motivated rebel movements are therefore likely to explain their behaviour on account of grievance.

He therefore makes his own deduction for motivations by pointing to the contrasts between the behaviour of belligerents and their attested motivations. He argues that the true motivation of belligerents can be better determined from their actions, rather than the “discourse of grievance” they purport, using an example of someone who consistently eats chocolates yet professes to hate chocolates. In such cases, the chocolate-eater’s behaviour is inconsistent with their pronouncements and can thus only mean that they do enjoy chocolates (2000: 105). Collier and Hoeffler (1999; 2001), therefore, eliminate grievance-motivation as a causal factor, and identify the economic perspective of greed as the sole causal explanation.

In light of the opportunities brought by war, Collier also argues that there are certain parties who ‘do well out of war’. He identifies four groups who are beneficiaries of conflict: rogue businesspersons, traders, common criminals and soldiers. Businesspersons are said to be more careless and callous in their practices during wartime because of the uncertain social dynamics that war brings. They are thus more likely to engage in unscrupulous business practices and activities, which can result in great profits for them. Likewise with traders, the disruption of markets during war time may mean some traders can create monopolies or put up barriers to entry and information, leading to monopolistic profits during war. The third group, criminals, can find the anarchic situation created by war an opportune environment for theft. Because of diverted resources from the police to the military, criminal activities tend to increase during wartime, according to Collier. The final group, soldiers, are said to be interested in creating violence so as to exploit the predatory opportunities that become available in war time, such as the taxation of civilians and traders or looting (Collier, 2000). In the context of the multiple commercial opportunities that war brings, Collier would claim that it is greed, not grievance, which is the key causal factor of war.

As is consistent with social science theories, Collier and Hoeffler’s method in establishing the greed theory is to take many cases of war, to find commonalities between them and make generalizations about their origins. Their hypotheses can, however, be falsified, the causal relationships that they make can be refuted, and the dependent and independent variables that they select can certainly be questioned. The remaining sections are a scrutiny and critique of the rebel-greed theory.

2.3 Natural Resource Profile: Differentiating between Type and Form

Significantly, 60% of the world's alluvial diamond producers have never experienced conflict (See Table 4 below). In Africa, 5 of the 10 alluvial producing countries collapsed into civil conflict, whilst the other 50% did not (Snyder and Bhavnani, 2005). If primary commodities dispose countries to civil war, as the greed theory states what, then, explains these contrasting outcomes? The answer lies in the intricate and complex factors in the analysis of the role of natural resources. We argue below that the relationship between natural resources and conflict is dependent upon a number of factors, including their lootability, location, proximity and density. In making a causal link between natural resource abundance and conflict, a natural resource's profile needs to be taken into account, and Collier and Hoeffler have failed at this.

Table 4: Alluvial Diamond Producers and the Occurrence of Civil War, 1990-2005

Civil War	No Civil War
Angola (1975-2002)	Brazil
DRC (1991-2005)	Central African Republic
India (1984-1994)	Ghana
Ivory Coast (2002-2005)	Guinea
Liberia (1989-2005)	Guyana
Sierra Leone (1991-1999)	Indonesia
	Namibia
	South Africa
	Venezuela

Source: Adapted from Snyder & Bhavnani, 2005: 565

2.3.1 Types of Natural Resources: Lootable and Unlootable Resources

Collier (2000) suggests that the types of natural resources, which are attractive to rebels for exploitation, are 'lootable' resources. 'Lootable' resources are those that rebels are able to access during conflict (Lujala, Gleditsch and Gilmore, 2005) and that can be expropriated for payment or reward, such as alluvial diamonds, timber,

gemstones and gold. These types of resources are said to offer several advantages to rebels in that they are easy to mine and to expropriate, they have simple production processes that require minimal labour or technology, they can be easily traded, and the means of exchange can be through trading or bartering. These resources are often portable, enabling ease of transport and are also easily taxable by rebels. Finally, it is important that their origin can easily be concealed where they are traded in international markets. Conflict-linked resources include both legal and illegal substances (such as narcotics) and their trade can be both licit and illicit (such as trade across borders without permits or licences) (Duffield, 2000; Dietrich, 2000b; Feil and Switzer, 2004).

The greed theory makes a causal link between resource abundance and conflict on the basis of the appeal of 'lootable' resources to rebels. In the econometric study from which the 'greed' theory emerges, however, Collier and Hoeffler "make use of resource variables that lump together lootable and non-lootable resources" (Lujala, et al., 2005: 539). This is problematic for a number of reasons. Firstly, different resource types play different roles and have differing impacts on conflict. A non-lootable resource, such as oil, affects conflict in a very different way than a 'lootable' resource, such as diamonds (Lujala et al., 2005).

A study by Michael Ross (2003) on this subject finds that rebels are most likely to exploit 'lootable' resources whereas states/governments or large corporations, rather than rebels, often exploit 'unlootable' resources such as oil or gas. Ross's study also finds that 'lootable' resources tend to elongate conflict because of a rebel leadership's inability to control 'looting' rebels who are often ill disciplined and act outside of the realm of the organisation. The involvement of 'unlootable' resources in conflict, on the other hand, could both elongate and shorten a war. 'Unlootable' resources can provide important revenues for governments that could lead to military victory and thus bring a quick end to hostilities or they could be used to feed corruption and to sustain patronage networks of shadow state rulers, thus elongating conflict.

A second critical point has to do with geography. Le Billon (2001) distinguishes between natural resources and their varying impact in war, based on geographic location. He refers to 'point' resources (those found in clusters) and 'diffuse'

resources (those scattered across the geography) and explains how each of these types appeals to a different set of actors and affect conflict in a different manner. The importance of the location of a resource is related to the extraction method of the resource, which in turn can determine the likelihood of conflict. Natural resources that fall in the 'diffuse' category, such as alluvial diamonds, are likely to be extracted by difficult-to-tax-or-regulate artisanal diggers or what Snyder and Bhavnani refer to as 'wildcat miners' (2005: 568). Unlootable or 'point' resources, on the other hand, are likely to be extracted industrially by firms with expertise and capital. Rulers can regulate the latter form and since it can also be taxable, it can provide favourable revenue opportunities that contribute in strengthening state capacity, even against insurgents (Snyder and Bhavnani, 2005). Differentiating between resource type and location is thus a critical component in the analysis of war, particularly when making direct causal assertions as Collier does.

Thirdly, and linked to the above factor, is that Collier and Hoeffler (1999; 2001) have used 'oil' as one of the primary commodities in their sample - a resource that leads to a strong bias in the data. Fearon (2005) finds that the inclusion of oil as a variable in their data skews their findings considerably. Oil is associated with civil war, not because of rebel access or greed, but because oil producers typically have little state capabilities. This is a factor we touch upon in more depth in Chapter 5. The link between resource abundance and conflict that Collier and Hoeffler make is thus probably explained by 'oil abundance', a non-lootable resource that cannot usually be accessed by rebels. Therefore the inclusion of oil does not fit their broader hypothesis about rebels. In fact, using Collier and Hoeffler's 2001 data, but adjusting it for the oil variable, Fearon (2005) emerges with completely different outcomes and does not find a causal link to conflict.

Finally, Collier and Hoeffler (1999; 2001) also *exclude* other critical 'lootable' resources such as diamonds in their sampling. Their theory makes causal claims on 'lootable' natural resource abundance, and yet is dominated by the unlootable resource of oil and none of the typical 'lootable' resources. This omission weakens the explanatory power of their study when referring to 'resource wars' which tend to be dominated by that particular 'lootable' resource.

2.3.2 Defining Natural Resources

Collier and Hoeffler (1999; 2001) define 'natural resources abundance' as primary commodity exports which make up a certain percentage of a country's GDP. Fearon (2005) notes, however, that primary commodity exports are more useful to governments than to rebels. The revenues of exportable commodities - lootable or unlootable - such as cash crops (e.g. coffee, sugar), minerals (e.g. gold, iron ore, phosphate) or even oil tend to be accessible only to governments, who would have the means and capacity to both produce and trade them on international markets. Most rebel organisations do not have the resources, capacity or ability to capture export commodities. Furthermore, rebel groups go beyond the confines of 'primary commodity exports' in seeking revenue-making means. They also exploit other 'unnatural resources', including the trafficking of women and children, the illegal sale of arms and ammunition, narcotics and more. It is thus not so much 'primary commodity exports' that can be used in conflict, but any resource which can be traded easily, which requires minimum production processes, and which can be easily concealed etc. (i.e. 'lootable').

Finally, Collier and Hoeffler's definition of natural resources in primary commodity terms ignores the reality that in many parts of Africa the state itself is viewed as a resource worth fighting over. Two things can be said about the relationship between the state and natural resources. The first is that the state could provide access to resources and thereby state capture can become the end to the war. The state, in many parts of Africa, represents power, prestige and, oftentimes, a means of livelihood in the absence of other viable sectors in the economy. Like a 'lootable' resource, the state can also be 'exploited' and provide patronage capacity, thus making state capture the primary goal of many wars (Harberson and Rothchild, 2000; Chabal and Daloz, 1999; Bayart, Ellis and Hibou, 1999). "Where the state has already been extensively penetrated and privatised by particular patron-client relations, state capture can be both a political and an economic goal. In the above instances, political and economic agendas of combatants appear to be mutually reinforcing rather than mutually exclusive" (Ballentine and Nitzschke, 2003: 13).

A second aspect of the relationship between state and resources is that capturing the state could be unnecessary, but war may be, for the capturing of resources. Linked to

this is that conflict may arise over the *total control* of resources. Resources in other words, can be a motivation for secession (Ross, 2003). Collier and Hoeffler's work fails to define or differentiate between the forms and types of natural resources involved in conflict, a factor that undermines their studies. Their mixing of 'lootable' and 'unlootable' resources renders the robustness of their causal assertions questionable and reveals a wide gap in the theory.

2.4 The Abundance of Natural Resources as Incentives

Collier's theory emphasises the 'incentivizing' role played by natural resources for rebels. He claims that natural resources provide selective incentives to recruits that may ultimately overcome the 'collective action' deterrents that he identifies. Weinstein (2005) elaborates on the role that natural resources can play for rebel organisations. Natural resources can provide a "looting mechanism" - where their exploitation can provide start-up costs for the organisation - or a "financing mechanism" - where the resource rents can help to sustain the organization (Weinstein, 2005: 600) or individual rebels. Thus, consistent with Collier's assertions, natural resource rents can meet rebels' needs by enabling them to purchase arms and ammunition, to recruit and retain soldiers to mount and maintain the insurgency, to make commercial transactions, to finance the organization and more.

The role played by natural resources for rebel organisations is however more complex than that. Rebel organisations draw on a number of endowments within their environment to survive and to operate. They draw on social and political endowments, such as ethnic allegiance, class, nationalistic sentiments or a shared grievance. Of course they also need economic endowments to sustain themselves, thus relying on avenues such as diaspora remittances, funding from external patrons and, in some instances, natural resources (Weinstein, 2005; Lujala et al., 2005). However, rebel groups employ a *mix* of both socio-political and economic endowments for recruitment and retention. Natural resources are thus but one form of endowment upon which rebel groups draw.

Weinstein (2005) admits that relying solely on an economic endowment such as natural resources for recruitment can attract opportunistic joiners who do not have

long-term commitment to the organization's goals - referred to as the '*rebel resource-curse*'. Collier's theory hinges on this latter point whereby his approach is that resources are not in any way a 'curse' for the rebels, but an opportunity to get rich. Thus, true to the greed theory, economic endowments are a necessary part of rebel recruitment, but they form part of multiple endowments upon which rebels draw. O'Neill, Heaton and Alberts, 1980) also note that there are certain conditions that make rebellion feasible or unfeasible: environment, cohesion, popular support, organization, external support and (in)effectiveness of government. If these are favourable towards the rebel group, discontent can be turned into collective violence. It thus takes much more than financial incentives to begin a rebellion and a host of other factors are necessary for the survival of the rebel movement.

2.5 Discerning Motives: Greed *and* Grievances

Through the 'greed' theory, Collier and Hoeffler have moved away from the popular group-level explanations of war such as ethnicity, towards the individual level of private motivations. They make a case for the greed theory by contrasting and comparing it with the grievance theory, thus elevating one by demoting another. However, the weakness of one theory does not make for the strength of another. Collier (2000) gives reasons why grievance-based rebellions do *not* start by applying the psycho-sociological explanation of collective action, co-ordination and time-consistency problems. Collier, however, does not explain cases when grievances *have* lead to rebellions, as many examples in history have shown. He claims that because of collective action limitations "the remaining strategy for a rebel leader is to rely upon greed", thereby focussing on rebellion only in financial and economic terms (2001: 100).

Furthermore, Collier and Hoeffler (1999; 2001) do not find any evidence for three of the four grievance proxies that they identify, namely, 'political repression', 'economic inequality' and 'identity fragmentation'. Most of these are discussed in Chapter 5 with reference to the Angolan case, but looking at political repression it is disconcerting that in the period 1965 to 1995, which their study covers, Collier and Hoeffler can not find sufficient grievance-based rebellions. This is a blatant contradiction with history, since this is the period of liberation wars in Africa and the Third World.

Having discovered the economic potential of Angola, further investments were channelled into agriculture and other industries incrementally over the years. Angola soon became a strong agricultural economy, with significant produce for both local consumption and exporting (Birmingham, 1999). The colonial economy also diversified into other sectors, including manufacturing - becoming “the most developed manufacturing sector(s) in Sub-Saharan Africa”- and also into the fields of forestry, mining, fisheries and stock breeding which also became significant exporting sectors in their own right (World Bank Country Study, 1991:5; Olivier, 1984).

The Portuguese also tapped into Angola’s mineral wealth with the discovery of diamonds, gold, manganese and other minerals. Although the state-owned diamond company, DIAMANG⁵ was formed in 1917, concerted development of diamond mines was only made during the coffee-boom revolution, encouraged also by global demand for diamonds in the fashion and jewellery industry. Economic investments between 1940 and 1960 boosted this once obscure sector into one of Angola’s economic pillars. After coffee, diamonds became Angola’s second main export until the mid-1970s. Diamond output reached its peak in 1973, with production levels of over 2 million carats (World Bank Country Study, 1991).

The “most spectacular” discovery for the colonial government, however, was oil that was discovered in the late 1950s off the Cabinda coast (World Bank Country Study, 1991: 4). During the colonial years, exclusive exploration concessions were granted to PETRANGOL⁶ in 1956 and later to CABGOC⁷ (Kaplan, 1978; World Bank Country Study, 1991). The oil returns from the two companies were dramatic and only sought to reveal the gross potential of Angolan reserves. In a matter of years, oil became by far the largest source of revenue and the principal commodity export.

By 1973, a year Minter refers to as colonial Angola’s “last and best year”, Angola’s economy was one of the most powerful in Sub-Saharan Africa, comprising of oil, diamonds, coffee, manufacturing, agriculture, fisheries and forestry (1994: 259). Table 1 illustrates the top ten primary commodity exports and their monetary value

⁵ Diamond Company of Angola/ Companhia de Diamantes de Angola

⁶ PETRANGOL comprised of Belgian PETROFINA, American TEXACO and the Angolan state.

⁷ Cabinda Gulf Oil Company - a subsidiary of American Gulf Oil (currently Chevron).

Collier also examines motivation by using an inference approach - that is, deducing motivation from behaviour. The line between motivation and behaviour, however, is never as linear as he tries to reason with his chocolate-eating example. There may be any number of reasons to explain observed behaviour other than the assumption that the action serves utility. "The alternative approach of imputing motive from behavior has its own shortcomings. The mere fact that combatants engage in predatory economic activities is seldom a reliable guide to their central dispositions. Such activities may indeed be evidence of pure "lootseeking," but they may also be undertaken as a means for financing wars being fought for other reasons or to redistribute wealth among those who combatants claim to represent" (Ballentine and Nitzschke, 2003: 13). This teaches us that motivations can be mixed - greed-based and grievance-based, and that an eclectic approach can be far more helpful in understanding the complexities and nuances of conflict.

2.6 Conclusion

This chapter looked at Collier and Hoeffler's explanation for war that claims that the abundance of lootable resources and an abundance of young, uneducated men are critical ingredients for conflict. The chapter outlined Collier's greed theory, and offered a critical commentary on it. The theory is indeed fallible as some of its gaps and loopholes, both in method and approach and in arguments, have been identified. The following two chapters, which are dedicated to the case study, illuminate the critique and limitations pointed out in this chapter. With the 'rebel-greed' theory in mind, Chapter 3 introduces Angola's history, whilst Chapter 4, looks particularly at the management of resources during the civil war.

CHAPTER 3

CASE STUDY: Historical Background

3.1 Introduction and Country Profile

Angola's so-called 'resource war' in the 1990s is preceded by decades of violent conflict interrupted by only momentary breaks of peace. As such, some have come to view the 'resource war' as a continuation of one conflict, which has evolved over a life span of over four decades, under different political climates (Cilliers, 2000). This chapter paints a historical background of Angola in order to contextualise the 'resource war' discussed in the next chapter. Setting the background is important because it is argued later that the 'greed' that Collier refers to emerges out of a context that can, in part, be explained by Angola's complex history.

Cases such as Angola - with a high youth population, low levels of education, and an abundance of 'lootable' and 'unlootable' resources - would be sure-fit cases of war under Collier's theory³. The society is highly fractionalised, with multiple ethno-linguistic groups, including the Ovimbundu, the Mbundu, Bakongo, and various smaller groups such as the Lunda Chokwe, Nganguela, Nyaneka-Humbe and Ovambo. There are also those of mixed European and African descent and a few Europeans (Library of Congress, 1989).

Regarding natural resources, Angola has unrealised potential in a host of minerals, including iron ore, phosphates, gold, manganese, mica, uranium, quartz, marble, granite and copper. More importantly, Angola is rich in lucrative resources that have come to be a characteristic feature of today's wars, namely oil and diamonds. Over 70% of Angola's oil lies in the geographically separate enclave of Cabinda near the Democratic Republic of Congo (Hodges, 2004), an area which has been the subject of secessionist fighting since colonial times and with continued political instability to date (Economist Intelligence Unit, 2005). Oil revenues have constituted over 90% of export earnings since the 1980s and Angola is currently the second largest producer of

³ The median age was 17.5 years in 1988 shortly before the start of the 'resource war'; 50% of children do not attend school, population literacy rate estimated at 20% in 1987 (Library of Congress, 1989).

crude oil in Africa (Economist Intelligence Unit, 2005) – reflecting their critical importance in the country's economy.

Due to disruptions from the war, Angola's diamond potential was not realised for the most part of its history. Diamond exports contributed 7% to GDP at their peak during the 1980s and dropped to less than 2% in the latter years (World Bank Country Study, 1991). The only significant diamond mining activity has been that of alluvial⁴ diamonds found in the Lunda Norte Province and controlled by the rebel group UNITA for the duration of the wars. Angola's real diamond potential, however, is said to lie in the yet unexplored Kimberlite mines (McCormick, 1994; Economist Intelligence Unit, 2005).

Evidently, Angola's profile seems consistent with Collier's thesis on abundant natural resources and uneducated young men. This thesis, however, takes a more in-depth look at Angola's profile. Angola's history is traced through the lens of natural resources, and uses this as a constant variable as the thesis navigates through different political climates. Their role is examined historically, spanning from the 1940s colonial era to the beginning of the 1990s.

3.2 The Colonial Economy

Angola was colonised by Portugal, then Europe's poorest country, from the 15th century in an oppressive and largely parasitic regime (Birmingham, 1999; Library of Congress, 1989). A coffee boom in the 1940s sparked an economic revolution that propelled Angola into one of Portugal's more important colonies. Portugal invested heavily in developing the coffee industry, which soon became the primary commodity export. By the 1960s Angola was the second largest coffee producer in Africa and the fourth largest in the world. Coffee accounted for 30% of total foreign exchange earnings in 1950 and was the principal export until the early 1970s (World Bank Country Study, 1991; Olivier, 1984).

⁴ Angola has three types of diamond deposits: in gravel near rivers (alluvial), in conglomerates called kimberlites and in volcanic pipes (kimberlite). Alluvial diamonds can be mined by artisanal diggers, whilst the latter forms require industrial methods of extraction (McCormick, 1994; Global Witness, 2005).

during the latter colonial years, depicting the bullish and diversified nature of the colonial economy.

Table 1: Principal Commodity Exports, 1969-73 (in millions of Angolan escudos⁸)

PRODUCT	1969	1970	1971	1972	1973
Crude petroleum	485.1	1,397.4	2,157.4	3,535.4	5,755.6
Coffee	3,234	3,880.6	4,028.2	3,847.3	5,090.1
Diamonds	1,843.2	2,340.1	1,532.2	1,583.1	1,999.6
Iron Ore	1,098.7	1,422.5	1,187.5	1,011.7	1,210.8
Fish Meal	347.2	288.7	211.6	530.7	740.1
Raw Cotton	329.8	421.7	649.2	284.2	619.6
Sisal	197.1	237.6	221.5	338.9	467.9
Fresh Fish	20.4	50.1	115.0	228.0	349.0
Bananas	75.2	118.4	174.8	264.1	313.1
Logs and sawn timber	224.1	198.7	171.0	176.1	269.7

**Source: Kaplan, 1979: 256*

Two decades later, however, Angola was exporting only oil and an insignificant amount of diamonds, whilst importing most of its goods and foodstuffs. The shifts in the economy and the causes that affected it are explained below.

3.3 Development of a Resource Economy

A number of local and global political events gradually shifted Angola's economy from a diversified one to a resource-based economy that relied largely on oil. The first of these was the War of Liberation between 1961 and 1975 and the resultant decolonisation process that brought disruptions to the economy and a general slow-down in critical industries. The second factor was the MPLA's failed socialist policies and the war between the three liberation movements in the post-independence period. Finally, global political and economic trends boosted the importance of oil in the economy, but also entrenched it as an enclave industry at the expense of a diversified economy. These three factors in are considered in more detail below.

⁸ Currency during colonial times.

3.3.1 *Economic Disruptions during Liberation War and Transition to Independence*

Revolts by workers in agricultural plantations in 1961 led to a low-key conflict between the Portuguese and the indigenous population of Angola. Civil unrest soon became widespread and this prompted the emergence of Angola's liberation movements who, until then, had operated underground as informal social groups. The *Movimento Popular de Libertacao de Angola* (MPLA) was formed in 1956 with its origins in a Marxist-Leninist club in Portugal. Its initial support base was amongst the Mbundu peoples in the north, but later shifted to the elite, intellectual urban populace of Luanda. It became a party concentrated in urban centres, dominated by *assimilados*⁹ and *mesticos*¹⁰ (Chabal, 1983; Gibson, 1972).

The oldest party in Angola, the *Frente Nacional de Libertacao de Angola* (FNLA), led by Holden Roberto, began as a separatist party for the Bakongo people of the north but, by 1962, sought a nationalist form of independence. As the strongest party at the time, the FNLA poised itself to assume leadership in Angola once independence was attained and thus formed a government in exile - GRAE¹¹. Jonas Savimbi, a Minister of Foreign Affairs in GRAE broke ranks with the party in 1964 to form the *Uniao Nacional por la Independencia Total de Angola* (UNITA). UNITA later became the most powerful contender for power in Angola, even when the FNLA dissipated from factionalism after independence (Bridgland, 1986; Tvedten, 1997).

In the myriad of groups that formed after the 1961 revolts, FLEC is the other party that survived to date. FLEC's sole aim was, and is, for the secession of the geographically separate enclave of Cabinda from Angola. With increasing exploration and the growing importance of oil in the economy and no accompanying socio-economic benefits to Cabinda, FLEC continued to pursue its goal even in the post-independence era (Gibson, 1972; Tvedten, 1997)

⁹ Angolans who were educated and whose way of life and mannerism resembled the Portuguese. (Birmingham, 1999).

¹⁰ Angolans from mixed African and white descend. (Birmingham, 1999)

¹¹ Revolutionary Government of Angola in Exile/ *Governo Revolucionario de Angola no Exilio*

The guerrilla movements were largely disorganised and were wrecked with infighting, factionalism and administrative challenges, which led to multiple splits, assassinations of leaders and attempted internal *coup d'états* (Gibson, 1972; Ciment, 1997). For these reasons, the Portuguese had the upper hand during the liberation conflict and managed to buffer the full economic impact of the unrest. The real damage to the Angolan economy began when the winds of change set in. A military *coup d'état* in Portugal ushered in a new administration that granted independence to all the colonies. A decolonisation process was begun in 1974, with an agreement signed between Portugal and the MPLA, FNLA and UNITA. All other groups were excluded. However, having failed to create nationalism even during the colonial war, tensions between the three parties during this one-year process were high. There were differences and divisions among them along ethnic, class and locality lines due to a legacy of colonial missionary education (Birmingham, 1992; 1999).

The elite competition and tripartite division of Angola culminated into a war as the parties entered into a fierce and bitter rivalry over the control of the state. In the midst of the Cold War, each movement resorted to foreign allies. For the next fifteen years Angola became a field in which an international war by proxy was conducted, involving Cuban and South African soldiers, backed by the Soviet Union and America respectively. In a botched and partisan process in December 1975, the Portuguese handed power over to the MPLA who had managed to militarily capture Luanda, the capital city.

Fleeing for their lives in the imminent war, departing Portuguese left behind a damaging footprint on the economy. As the ones who had held over 90% of administrative posts, the mass exodus of Portuguese left a critical skills vacuum that nearly paralysed the economy. Many Portuguese settlers also destroyed, burnt and sabotaged factories, businesses, farms and other infrastructure at their departure (McCormick, 1994; World Bank Country Study, 1991). The events during decolonisation left the economy in a near-collapsed state for the party that was to take over.

3.3.2 Post Independence Economic Collapse

The second factor that influenced Angola's shift from a diversified to a resource economy was, ironically, the events that transpired after the attainment of independence in 1975. Already faced with the mammoth challenge of reviving the faltering economy, the new ruling party's efforts were diluted by the insurgencies against it from UNITA and the FNLA that sought to disrupt the entire economy. The UNITA insurgency became notorious for its landmines which were indiscriminately strewn across the countryside, which made not only commercial agriculture impossible, but also subsistence farming. Sabotages of transport infrastructure resulted in the closure of road and rail networks, the worst impact being on the strategic Benguela Railway line that runs from Angola's coast to the interior countries such as Zambia and Zaire. UNITA attacks also led to the shutdown of gold and diamond mines and the industrial and manufacturing sector as well (Guimaires, 2001; Minter, 1994; Seegers, 1996).

The MPLA's own mismanagement of the economy and failure of its Marxist strategy created inefficiencies that exacerbated the situation. Its socialist policies failed to create institutional structures capable of supporting either public or private economic initiatives, thus hampering innovation. Attempted liberalisation reforms in the late 1980s failed multiple times, as economic governance was marked by corruption, self-aggrandizement by those in powerful positions, the lack of distinction between party and government, and the centralisation of power in the presidency amongst other factors (Hodges, 2004; McCormick, 1994; Minter, 1994; World Bank Country Study, 1991).

Thus, the economy went into a downward spiral that shaped the nature of future politico-economic dynamics as many of Angola's major industries shut down. Between 1973 and 1978, coffee production declined by 68%; all other agricultural crops declined by 80-90% whilst the manufacturing sector declined by 72%. Once a food exporter, Angola now relied on food aid and food imports (World Bank Country Study, 1991; Olivier, 1984; McCormick, 1994). Global demand and continued economic injection in the diamond sector had maintained Angola's production impetus until the mid-1970s (World Bank Country Study, 1991) but concerted attacks

on mines by UNITA and South African forces led to stagnation in this sector. Diamond production had declined by 85% by 1988, worsened by pervasive thefts and smuggling in the mines (World Bank Country Study, 1991). Due to the fifteen years of war and poor economic policies, the economic landscape by 1990 had altered significantly from that of colonial times.

3.3.3 Impact of Global Events: The Politics of Oil

Global economic trends and events were the third reason that affected and altered Angola's economy in a number of ways. Firstly, rising oil prices propelled the industry to importance and prominence in the Angolan economy. OPEC's oil price increase in the early 1970s led to significant revenue boosts for oil producing economies such as Angola. After the price increase, oil overtook coffee as the leading export commodity, accounting for more than 30% of export earnings in 1973, whilst coffee dropped to second position at 27%. Production stood at 144 000 barrels per day (bpd) in 1973 (World Bank Country Study, 1991; Minter, 1994).

The growth of the oil sector led to the involvement of foreign companies and investors, which gave a further boost to the oil industry. Lacking critical skills needed to tap into the industry's potential, the MPLA opened the oil industry to foreign firms to partner with SONANGOL, the state oil firm, so as to assist in the exploration, processing and synthesis of oil (Kaplan, 1978). Because of its enclave and offshore position, the oil industry was able to function in spite of the wars, as guerrilla forces could not easily reach it. FDI flows of millions of dollars came almost exclusively to this industry during the 1980s, even as the number of foreign exploration companies increased (Library of Congress, 1989; World Bank Country Study, 1991). The MPLA strategically invited foreign oil firms in the oil industry to fully develop this sector - the last under its control and the only viable one in the economy. Oil revenues were necessary for its consolidation of power and in its military struggle against UNITA and South African attacks. The strategic significance of oil for the Angolan government came to entrench the oil industry as an enclave sector, with a narrow development focus that excluded other industries.

So important was this sector for the MPLA that it was willing to defy its Marxist, centralisation strategy by co-operating with foreign companies. It was also willing to rise above global politics when it came to oil. For example, despite hostile foreign policy relations and American involvement in Angola's battlefields, the United States and Angola managed to build strong economic relations. The USA remained Angola's key trade partner - both for imports and exports - throughout the course of the war whilst no Russian oil companies operated in Angola, despite Russia being the key provider of arms and ammunition to the MPLA in the midst of the Cold War (Crocker and Lewis, 1979; Bender, 1981; Mandaza and Magubane, 1988; Guimaires, 2001; Kaplan, 1978). The MPLA's ambivalent foreign policy during this time is revealing. Even at this stage of Angolan political history, the diplomacy of oil was kept separate from political diplomacy - an issue teased out in Chapter 5. Global politics thus shaped the development of the oil industry. Below the changed economic landscape and society's response to these developments between 1975 and 1991 are discussed.

3.4 The Post Independence Economic Crisis

Whilst every other sector in the economy had shut down, the oil industry experienced continual annual growth over this period. Output stood at over 500 000 barrels per day (bpd) between 1988 and 1990, compared to the 144 000 bpd in 1973.

Table 3: Major Export Earnings, 1980-1988, percentage of total

	Oil	Diamonds	Coffee	Other
1980	79.2%	12.1%	8.7%	0
1981	78.1%	9.7%	5.3%	6.9%
1982	80.2%	11.6%	5.8%	2.4%
1983	90.4%	5.5%	3.9%	0.2%
1984	92.1%	3.2%	4.0%	0.7%
1985	90.9%	3.3%	2.4%	3.4%
1986	94.2%	0.6%	4.1%	1.1%
1987	94%	4.5%	1.5%	0
1988	90.9%	7.1%	1.5%	0.5%

Source: Adapted from World Bank Country Study, 1991: 349

By the mid-1980s, over 90% of export earnings came from oil whilst exports of other goods during this period made up less than 2% of exports. Even falling oil prices in the 1980s failed to dampen this industry (McCormick, 1994; World Bank Country Study, 1991). See Table 3 above.

The growing oil industry was important for Angola because it gave a semblance of normality and prevented total economic collapse (Minter, 1994). Oil revenues created the façade of a ‘normal’ economy whilst the reality was that the economy was almost exclusively import-based and catered for selective beneficiaries. As Minter so aptly puts it, “[o]il monies were sufficient to maintain a minimum level of imports for towns, but little more. Consumer demand was not satisfied” (1994: 262). The closure of most industries resulted in a severe shortage of consumer goods and food, particularly in the rural areas that were subject to regular military attacks.

Prices were fixed from 1975 until the 1990s, whilst consumer rationing of goods and services was applied. The official exchange rate remained pegged at 30kz¹²/\$ (US) from 1975 until the mid-1990s, thus overvaluing the currency. Goods sold in the state shops were subject to price controls and only salaried employees could access these supplies. Moreover, the inaccessibility of rural areas, due to sabotaged transport networks, meant that millions were trapped in the countryside without access to goods, amenities or resources. These circumstances spurred a massive migration of people from the rural areas to urban centres as they sought to escape the war and poverty but this only redistributed the centres of poverty as massive slum areas emerged in the cities (Library of Congress, 1989; World Bank Country Study, 1991). Thus, despite the thriving oil industry socio-economic conditions declined rapidly for most Angolans.

3.5 Emergence of New Political Economies

As the economic cords unravelled, two major developments took place: the emergence of an enclave economy relying on oil revenues that served senior political

¹² Kwanza (kz) = the Angolan currency (post-colonial).

figures and their families; and a parallel informal economy that served ordinary Angolans.

3.5.1 The Elite Oil Economy

Oil revenues were crucial in sustaining the MPLA's defence effort against UNITA, although Cuban and Russian aid minimized the financial costs of war. The most significant role played by the oil industry at this stage was, therefore, supporting the MPLA elite. The success of the oil industry buffered the MPLA from the consequences of the economic malaise and collapse that were transpiring in the midst of the war during the 1980s. In the face of the massive shortage of goods, oil-bought imports provided to the elite a lifestyle that was inaccessible to ordinary Angolans. The ruling party political elite and their families were sustained by favourable economic policies, tailored specifically for this small group.

Special shops selling imported goods and providing specialist services were created where it was possible to obtain goods at special prices and at different exchange rates than elsewhere (Library of Congress, 1989; World Bank Country Study, 1991; Hodges, 2004). Those who were politically connected could receive subsidized credit from state banks or obtain foreign exchange at favourable rates or be subsidized in the opening of import businesses. Senior government and SONANGOL officials also received medical aid and bursaries for education of their children in other countries (Library of Congress, 1989; Hodges, 2004). These were just some of the benefits for the elite.

With time, political power came to be entangled with oil and its revenues, and the distinction between party and state gradually became blurred. The MPLA's organizational structure began to change in the 1980s to reflect the current centralized, presidential system whereby all power resides with President Eduardo Dos Santos and his select group of political and military aides. Increasingly, political, military, and economic decisions came to be taken at *Futungo*, the presidential palace, leaving many within the party marginalized. Angolan politics came to be defined by largess and patronage, whilst cronyism and nepotism became the order of the day. Those disenfranchised and marginalized within the party simply turned their attention to

business and to managing the economic opportunities afforded to them through oil, diamonds, private security, and import businesses. These new sectors, all of which were intricately linked to war or the continuation of war, thus came to define the elite economy (Minter, 1994; Hodges, 2004)

3.5.2 Emergence of an Alternative (War) Economy

With many impoverished and unable to transact in the official economy, many Angolans sought alternative means of survival. In these desperate circumstances a large parallel, informal economy slowly emerged¹³ - “illegal, and unregulated but tolerated by the state, where free enterprise and corruption ran rampant” (Minter, 1994: 262-3). Almost anything could be sold, traded or bartered in this economy, at 200 to 300 times the official prices at times. There were established black markets in cities such as Luanda that sold anything from bread to imported refrigerators and currency. McCormick (1994) notes that over 90% of average household income was spent on the ‘black market’.

Unlike the official market, free-market rules were exercised in the parallel market, with some degree of competition amongst players (World Bank Country Study, 1991). The overvalued kwanza became obsolete for ordinary Angolans and bartering came to replace cash as the new form of exchange in this economy. With paltry wages, even salaried workers and bureaucrats could not afford to transact in the formal economy. As such, many workers refused to earn their wages in cash, preferring instead to be paid in goods (McCormick, 1994; Library of Congress, 1989). The ‘wage goods’ could then be exchanged or bartered in the informal market, thus ensuring a perpetual flow and exchange of goods and services, transferred from the formal economy.

In the alternative economy described above, grafting and pilfering also became more widespread, particularly at points of entry (Library of Congress, 1989). Because wages were so low, many substituted incomes through bribery, nepotism and

¹³ For a good discussion on the emergence of alternative economies during wartime see Chingono (2001) on the Mozambican case. Describing a situation similar to what developed in Angola, he refers to the term ‘grass-roots war economy’, where the virtual collapse of the formal economy necessitated creative means to sustain livelihoods. ‘Black market’, informal economy’, ‘parallel market’ and other such terms are all used herein to denote the same.

embezzlement, which festered into a general culture of corruption in Angola (Hodges, 2004). By 1990, Angola's political landscape was that of two exclusive economies with little congruencies except that they had both been born out of war.

3.6 Conclusion

We have seen how Angola's economy changed over different political periods: from a diversified economy during the colonial era to a resource economy reliant on oil by the 1990s. The historical background has provided evidence of how Angola's economic potential, which had begun to be unleashed during the colonial era, was not only bluntly stunted by wars but also altered into a two-pronged entity comprising of an oil-based economy and an informal parallel economy.

As a result of the dual economies, the levels of income inequality increasingly widened over the years (Hodges, 2004) - a reality on which UNITA capitalised in the mobilisation of its support. Once foreign players made their exit in 1990, each party used the respective economies to generate income for war. The next chapter focuses on the further development and evolution of the formal and informal economies as the political climate once again changes in Angola.

CHAPTER 4

The Resource War

4.1 Introduction

The intention of this chapter is to review how Angola's resources were managed during the civil war from 1990, with the intention of using this as a lens to look at Collier's theory in a later chapter. The 'resource war' period in Angola began when foreign funding, supplied by Cold War patrons, ran dry due to the historic events of the fall of the Soviet Empire in 1989. Compelled to find new means by which to wage war, the belligerents turned to the use of natural resources (Cilliers, 2000). In this regard, UNITA found a niche for itself in the diamond-mining sector that was resuscitated after a short-break in hostilities. Likewise, the MPLA used proceeds from its large oil reserves in a disproportionate way to fund its war effort.

MPLA's use of oil revenues, however, is not so much associated with the military effort, which ultimately eliminated Savimbi and thus ended the war in 2002, as with its preposterous degrees of corruption and scandals that rocked the global political corridors of power. UNITA and the MPLA's use of Angola's natural resources incited opinions that the war was no longer a classic conflict fought over the control of the state but one in which natural resource exploitation was the goal. Such a view falls squarely within the 'greed' interpretation of war, where natural resources are said to inspire rapacious behaviour and thus conflict (Cilliers, 2000). This chapter begins with a brief chronicle of politico-military events after 1990.

4.1.1 Political & Military Developments: War and Peace Episodes

The end of the Cold War in 1990 carried with it prospects of peace for Angola, with the exit of the superpowers and the democratisation of South Africa in the region. The end of hostilities between the United States and Russia led to the forging of a peace process between UNITA and the MPLA - the Bicesse Accords, signed in Portugal in 1990. After a two-year period of preparations, elections were held in September 1992, which were relatively peaceful and deemed free and fair by the

United Nations. The MPLA won the parliamentary elections by 54% whilst UNITA received 34% of the votes. Dos Santos received 49.57% of the votes in the presidential elections and Savimbi 40.7% (Department of Public Information, 1995). Savimbi rejected the election results almost immediately on the grounds of election rigging and fraud, and having never completed the demilitarisation programme set out in the Bicesse accords, returned to the bush to wage war (United Nations Security Council, 1993).

The following two years were ones of quasi peace as attempts were made to bring UNITA back to the drawing board, including the application of UN sanctions on its senior members. Another peace accord, the Lusaka Agreement, was signed in 1994 improving the weaknesses that had been evident in the Bicesse agreement (Department of Public Information, 1995). This agreement, however, proved to be futile as Savimbi demonstrated his position by not even attending the signing ceremony, sending instead his secretary-general, Eugenio Manakova. A faction of UNITA, led by Manakova, decided to remain in the government of national unity (GURN) that was formed after the Lusaka Agreement, whilst Savimbi remained in the bush (United Nations Security Council, 2000b). The UNITA split did nothing for peace as years of continued unrest followed the Lusaka accords. The MPLA formally declared war on Savimbi's UNITA in 1998, announcing that the only way to peace was war (The Economist, 1998a; Global Witness, 2002). Fighting continued until the historic death of Savimbi from MPLA soldiers' fire in 2002.

4.2 Diamonds and the Development of UNITA's war economy

Socio-economic events triggered by the peace process, led to opportunities for UNITA to capitalise on the new strand that had developed in the informal economy, namely artisanal diamond mining. A window of peace offered by the Bicesse peace process and a particularly dry season (which suits alluvial diamond mining) led to a surge of informal diamond mining in the diamond-dense Lunda region in the northeastern parts of the country near the DRC. Small-scale artisanal diggers, called '*garimpeiros*' (many from the DRC) came to prospect for diamonds on Angola's riverbanks.

The ease with which fortunes could be attained led to a prospecting explosion that was further exacerbated by favourable government legislation in December 1991 that legalised the possession and sale of rough diamonds. The number of artisanal diggers increased from approximately 10 000 in 1991 to 50 000 in 1992. There were over 400 000 *garimpeiros* by 2004, accounting for most of Angola's diamond production during the 1990s (Global Witness, 2005). After 1994, Angola saw an influx of over 17 000 refugees from Rwanda, thus adding to the number of foreign artisanal diggers, who later became incorporated into the war. Despite government legislation to formalise diamond mining, the illicit market continued to expand with smuggling revenues growing from US\$ 300 million in 1991 to US\$ 600 million by 1992 (Dietrich, 2000c; 2000a:146).

Although mining by *garimpeiros* was conducted by independent and lay individuals, UNITA managed to capitalise on it once it decided to return to war later in the same year. It attempted to control *garimpeiro* mining by militarising diamond production (Dietrich, 2000c). UNITA took over mining fields and made its revenues by offering 'protection' to *garimpeiros* in exchange for a share of their profits. UNITA and other armed groups vying for control of diamond fields made it impossible to mine without protection. A *garimpeiro* would be 'taxed' in order to be protected from the threats of violence, robbery and taxation that could come from any other armed group that operated in the diamond fields, including FAA (government) soldiers and senior military officials, national police, local strongmen, and the Katangese, to name but a few (Dietrich, 2000c). In these mafia-like operations, "artisanal miners shared profits with any armed group that provided protection from both real and potential threats" (Dietrich, 2000c: 175). UNITA's tax fee was 20% of proceeds, paid in diamonds, from each *garimpeiro*.

UNITA moved from labour-intensive *garimpeiro* mining towards an industrialized form of mining at the peak of its activities in the mid-1990s. It captured government and private mines that were fully equipped with appropriate machinery. Savimbi also trained divers, sorters and evaluators in South Africa, to build internal skills capacity, and co-opted foreign miners operating under its protection to transfer skills. This is said to have made it possible for the rebels to fully exploit the capacity of diamond reserves (Dietrich, 2000d).

Government efforts to curb UNITA's diamond economy and to formalise artisanal mining were unsuccessful, both militarily and legislatively. The range of 'clean-up' operations embarked upon in the mid-1990s resulted in expulsions and deaths of many *garimpeiros* at the heavy-handedness of FAA forces, but failed to curb UNITA's market (Dietrich, 2000a, c). By the turn of the millennium, the government began to co-operate with the international community, and particularly De Beers, to try and curb the easy flow of UNITA diamonds into the mainstream diamond market. One of the major initiatives was the introduction of a certification system whereby all 'clean' diamonds (i.e. those not coming from UNITA areas of control) would be accompanied by a government Certificate of Origin. In spite of sureties and guarantees regarding the cleanliness of Angolan diamonds, corruption on the MPLA side still allowed UNITA diamonds to leak into the official market (Dietrich, 2000b; Africa Confidential, 2000; Global Witness, 2002b; 2005)

4.3 UNITA's Trade Channels

4.3.1 The Informal Economy & Trans-border trade

UNITA capitalised on Angola's large informal market, particularly its cross-border nature, for the trade of its diamonds. After the rejection of the 1992 elections, Savimbi retreated to the northeastern parts of the country, where the diamond boom was taking place. The diamond-dense Lunda region was also strategically located near the DRC, which made for easy smuggling routes. Being good friends with Mobutu Sese Seko, Savimbi was allowed to make use of DRC ports for military supplies, fuel and diamond exports.

The economy generated through the DRC is said to have been substantial enough to stall the peace process (The Economist, 1997). The UN Fowler report of 2000 noted how easy it was for illicit diamond trade and smuggling to take place on Angolan borders. The economies of the entire Lunda region are interconnected with those of the DRC and Zambia, which made it easy for UNITA to infiltrate this market with its illicit diamonds and to use it to transport its goods and supplies (Duffield, 2000; Global Witness, 1998). Since ordinary Angolans in the DRC and Zambia also made many commodity purchases such as clothing and livestock, human porters were

sometimes used to transport diamonds or traded goods (Global Witness, 1998; Dietrich, 2000b, d).

There were various other methods UNITA used to sell diamonds and to purchase weapons and commodities. UNITA sellers would sell to dealers in the DRC border towns of Tshikapa and Andulo, who would then sell to De Beers or other buying offices in the DRC (Global Witness, 1998). Regular UNITA diamond auctions were also held in the DRC where Belgian dealers and other expatriates could make their purchases. Alternatively, *diamantaires* could fly directly to UNITA bases inside Angola or purchase from individual, lay sellers (Dietrich, 2000d; Duffield, 2000).

Zambia and Rwanda acted as 'importing' agents to absorb UNITA diamonds and as bases for further exporting or resale to diamond polishing centres in Europe, Israel, the USA, or India (Dietrich, 2000b). United Nations sanctions on the importing and exporting of UNITA diamonds did little to curb the flow, as UNITA found creative means of circumventing the system (Global Witness, 1998; United Nations Security Council, 2000a).

4.3.2 Commercial Support

There was a range of individuals and groups who supported UNITA's war economy and created fortunes in the process. It is said that former servicemen from Portugal, the Soviet Union and South Africa filled the gap left by their governments in Angola to service the needs of the belligerents, especially for war supplies and services (Peleman, 2000). Peleman identifies some of the players who supplied services to UNITA (and to the government) during the war to include apartheid soldiers and airmen, old intelligence agents of NATO countries, and the expatriate community in the DRC (especially during Mobutu's reign).

These ex-servicemen capitalised on their knowledge of Angola and its needs. With their high levels of skill and expertise gained from a previous era in Angola's history, some of these agents found niches as pilots, mercenaries, courier agents and other similar commercial enterprises. New private players also got involved in the business opportunities provided by the war. These include commodity traders, diamond dealers

and criminal gangs. At times, new entrants into the market were said to partner with established foreign merchants in the region to maximise profits whilst gaining from their partner's indigenous knowledge (Peleman, 2000). Money could also be made in the retail sector, particularly in rebel-controlled towns where consumer goods, including food, was sold to *garimpeiros* at exorbitant prices (Dietrich, 2000d).

4.4 Diamond Dividends: Doing well out of war?

This section concludes by looking at how UNITA spent its funds. UNITA is said to have earned revenues worth an average of US\$ 500 million per year during the war years. So vast was the trade of UNITA diamonds in the global market that it threatened to destabilise world prices. Between 1992 and 1998 the rebel movement controlled 60%-70% of Angolan production, earning a total of US\$ 3.72 billion in that time period (Global Witness, 1998). This equated to over 10% of global production by value (Dietrich, 2000d). Below we look at the various ways diamond revenues were expended.

4.4.1 *Diamonds for War*

Diamonds helped UNITA to finance its war effort when Cold War patrons left (Le Billon, 2000) and resuscitated the organisation after those historical events of the early 1990s (Le Billon, 2000; Malaquias, 2001). As a result of diamond revenues, UNITA was able to evolve from a bush-straddled guerrilla movement to a semi-conventional army that was able to function within a military and politico-administrative capacity.

It moved from guerrilla tactics of warfare towards conventional tactics during the 1990s and is said to have spent much of its diamond revenues on heavy artillery and arms purchases (Malaquias, 2001). The war between 1992 and 1994 is said to have led to the highest number of casualties in Angola's post-colonial history, testimony to the intensity of the war and UNITA's mightier military position (Hodges, 2004; Malaquias, 2001).

Besides war, UNITA's diamond income was also used to pay for foreign representation, the travel of its officials, arms purchases, and commodities, amongst other things (Dietrich, 2000d). Diamond income was also useful in maintaining Savimbi's thinning support base outside of Angola, in light of continued UN sanctions, and to make friends with regional political leaders. Savimbi's relations with the likes of President Eyadema of Togo and President Compaore of Burkina Faso is said to have "partly rested on [diamond-related] business interests" (Le Billon, 2000: 30).

UNITA funds were mostly stashed in foreign bank accounts, and the SADC region is considered to have been the preferable haven - deemed to be a more convenient and accessible location than banks in Europe. UNITA is reported to have had bank accounts across Southern Africa, including Zambia, Rwanda and Namibia, amongst others (Dietrich, 2000b).

4.4.2 Diamonds for soldiers: Recruitment & Retention

Diamond revenues were also used for the functioning of the rebel organisation. UNITA had diamond headquarters in Luzamba to which all its diamonds were taken for sorting and evaluation for further exporting and sale. Luzamba was the financial nucleus of the organisation in latter years, from where its leadership operated and where soldiers from various mines brought diamond cargo on a weekly basis.

When the MPLA embarked on concerted military incursions that targeted diamond mines after 1998, it became difficult to maintain the centralised system of operations that channelled UNITA diamonds to Luzamba. It became particularly difficult to co-ordinate satellite mines outside of the main Lunda region, thereby reducing Savimbi's control over labour and production (Dietrich, 2000d). With central control problematic, UNITA leadership decided to decentralise the diamond system, including the rebel cell structures and the collection of proceeds (Dietrich, 2000d). However, this decentralised system failed to channel revenues to the party centre resulting in a semi-autonomous system, where individual soldiers and officers in peripheral mines acted in their individual capacity and pocketed the proceeds from diamonds rather than forwarding them to the organisation.

The breakdown in command structure was worsened when the MPLA embarked on the deliberate scorching of civilian fields and plantations, forcibly removing all rural populations in trucks to nearby cities, so as to cut UNITA support bases. UNITA became incapable of rendering provision of supplies and commodities such as food to its soldiers. Therefore peripheral mines were taken over by junior-ranking soldiers as they sought a means of survival. Having to fend for themselves, many of these soldiers became merely gun-carrying diamond smugglers. Through what Dietrich calls “diamond democracy”, individual soldiers were now said to be able to ‘profit’ in the course of the war. UNITA seniors at Luzamba lost a tremendous source of income because of this and the headquarters ultimately shut down (Dietrich, 2000d).

4.5 The Elite Economy

It is mentioned in chapter 3 that the emergent elite economy comprised of MPLA members participating in oil, diamond, private security and import businesses. These sectors continued to thrive in the midst of the ‘resource war’ and the following section touches on those that pertain to natural resources.

4.5.1 *Diamonds and Security*

Whilst UNITA revenues were soaring, formal diamond mining went in the inverse direction to the illicit market. Official Angolan exports were worth a mere US\$ 35 million in 1993 (compared to over \$600 million made by UNITA). So minimal were its revenues, that formal diamond mining is not considered to be part of the ‘resource war’ (Dietrich, 2000a). Instead, what little activity transpired in formal diamond mining is mired with allegations of MPLA corruption and misdemeanours in tendering processes, particularly in the area of tenders and contracts. The few mines that were in operation in Angola were owned by senior military and party officials of the MPLA (Dietrich, 2000a; Hodges, 2004; Global Witness, 1998). There were also allegations that Angolan army generals and politicians colluded with UNITA with mining sites ‘shared’ between FAA soldiers and UNITA. In some instances, UNITA diamonds could be exported through official state channels. Government officials and middlemen could make great profits through the latter example (Le Billon, 2000; Africa Confidential, 2000; Hodges, 2004).

The MPLA's real economic opportunity in diamond mining, however, came through security ventures. Protection is said to have been "one of the most expensive commodities for sale in the Lundas" (Dietrich, 2000c: 180). Since formal diamond mining sites were frequently subjected to military attacks, FAA generals seized upon the opportunities provided by the insecurity regarding the diamond mining areas. These senior army personnel were no longer on military business alone at the diamond mines, but on commercial business as well. Already having access to military resources, not to mention political clout and power, many entered into the private security business by closing down foreign security companies or entering into partnerships with them (Dietrich, 2000c).

They not only engaged in private security ventures, but extended their business ventures to what is called 'personal consultancy' services: that is, being paid by foreign miners attempting to break into the diamond industry to use one's connections for a variety of tasks such as speeding up bureaucracy in Luanda, timely delivery of equipment, and the validation of work permits, to name but a few (Dietrich, 2000c). MPLA corruption in diamond mining is, however, but one aspect of its reach. The oil industry, which brought in the greatest revenues, testifies to astronomical degrees of such aggrandizing activities, as we explore in the following section.

4.5.2 The Oil Economy: Corruption, Patronage and Power

The oil industry ballooned after 1990, when massive amounts of investments that had taken place during the 1980s (World Bank Country Study, 1991) began to bear fruit. Direct income from oil was estimated at between US\$ 2-3 billion per year between 1990 and 1999 (Global Witness, 1999), generating significant revenues for the MPLA during the war. The use of oil revenues is mired with corruption, patronage and mismanagement.

A series of international media exposés in the late 1990s put a spotlight on the Angolan oil industry, exposing murky relationships between it, multinational energy and financial firms (Global Witness, 1999; 2002). One of the major qualms about Angola's oil industry concerns the lack of transparency regarding tax payments and

signature bonuses¹⁴ made to the state by oil firms (Hodges, 2004: 167). These discretionary amounts can reach up to hundreds of millions of dollars, yet, there have proven to be inconsistencies between figures quoted by companies and those by government with regards to the amounts for signature bonuses. Global Witness also identifies backhand payments, such as bribes, made by oil firms to garner the favours of relevant officials.

The MPLA dedicated a significant proportion of oil rents to the war effort against the UNITA insurgency with defence spending consuming an average of 40% of the budget since the late 1980s (World Bank Country Study, 1991). The area of procurement and defence spending, however, is also littered with corruption and aggrandizing behaviour that once again engulf the oil industry. Oil companies in Angola are said to be directly involved in the war effort by assisting the MPLA in its arms purchases. Firms, such as Elf Aquitaine and other oil traders, reportedly facilitated oil-for-arms deals for the government (Le Billon, 2000). Senior politicians and officials of country-of-origin of these oil firms were also embroiled in scandalous deals, as became evident in a global arms-deal scandal that was exposed in 2000, implicating senior politicians such as Presidents Francois Mitterand and, later, Jacques Chirac of France and President Bush (junior) and his Defence Secretary Dick Cheney of the USA (Global Witness, 2002).

The allegations of corrupt use of oil revenues are also accompanied by general mismanagement and abuse of state resources. There was over US \$1.4 billion of missing revenues in the 2001 budget, for example (Global Witness, 2002). When questioned by a journalist over this missing odd billion, Angola's Minister of Finance, Pedro de Moraes, attributed it to lost receipts, claiming that "[t]here is no missing money whatsoever; there is an accounting problem." ('Rich and Poor', 2005).

The state oil firm, SONANGOL, is identified as the 'golden calf' that has sustained much of this corrupt activity. Oil firms paid their taxes to SONANGOL rather than to the Treasury. But since SONANGOL accounts "have never been independently audited", it is near impossible to confidently verify or account for the tax revenues

¹⁴ Signature bonuses are non-refundable amounts paid by oil companies when bidding for contracts.

(Hodges, 2004: 167). Fiscal revenues from SONANGOL's production also do not necessarily go to the Treasury and neither are they recorded in the budget because SONANGOL services the state's debt from oil-backed loans. Its revenues are paid directly into designated overseas bank accounts or into the Cabinda Trust and Soyo-Palanca Trust - the latter of which are offshore accounts administered by foreign banks. Angola's oil revenues are said to be filtered scrupulously through such "parallel budgets" (Global Witness, 1999; 2000).

It is members of the ruling party, often inter-related either through marriage or political allegiance, who are players in this system - sometimes referred to as the '100 families' by locals. They are said to be part of a system of patronage controlled by the current President Dos Santos to award or withhold favours "for the consolidation and conservation of political power" (Hodges, 2004: 161; Global Witness, 1999). "This is a process which has been intimately tied to the conduct of war in Angola and perpetuated by the highest-level elites for personal and political gain" (Global Witness, 2002: 10).

4.6 The End of War: Natural Resource Once Again

Thus far, the focus has been on the role of natural resources in the war - a role that has largely been facilitative of conflict. Natural resources in Angola, however, were used in attempts to *end* the war, twice. When Savimbi reneged on the peace agreement after the failed 1992 elections, a lucrative diamond deal was offered to him in the negotiations of the 1994 Lusaka Protocol. An influential US *diamantaire* close to the Clinton family in the USA acted as an intermediary between Dos Santos and Savimbi in negotiating a deal that was hoped to 'sweeten' Savimbi to end the war. The government offered Savimbi several diamond-mining concessions and even a joint venture with ENDIAMA, the state diamond company, in return for UNITA's military withdrawal from the remaining diamond mining areas it occupied.

A company called *Sociedade Geral Mineiro* (SGM) was registered in Luanda as a UNITA front. After over two years of negotiations, the deal was finally signed in 1997 and approved by the United States, a troika member of the "peace for diamonds" deal. Regarded as the "worst possible example of resource management and an

incentive for future rebels to seek mining rights the same way” – this attempt at ending war ultimately failed as Savimbi once again returned to war (Hodges, 2004: 192).

Having demobilised its military during the peace attempt, the MPLA was caught unawares by UNITA’s diamond-funded strength on the battlefield. In an attempt to turn the situation around, Dos Santos pursued a revised military strategy that later led to the demise of UNITA. Supported by buoyant oil prices that saw record revenues coming in, the government was able to purchase new state-of-the-art military technology and even retrain its soldiers. It pursued multiple offensives on UNITA territory in the diamond-mining areas of Lunda Norte and Lunda Sul provinces, which succeeded in pushing UNITA out of its commercial bases (Dietrich, 2000c).

The government was able to recapture vast amounts of territory whilst cutting off UNITA’s income-generation lines. Furthermore, the MPLA entered into bilateral understandings with its neighbours and succeeded in ‘sealing’ the DRC border after a military coupe in the DRC ushered in a regime favourable to the MPLA (United Nations Security Council, 2000; The Economist, 1997). International pressure on UNITA also took its toll after the release of a UN name-and-shame report¹⁵ in 2000 which led to further global boycotts of UNITA diamonds. As a result, many of UNITA’s trade networks were disrupted. Its fighting capacity gradually diminished as it experienced political and financial isolation.

Furthermore, the government played its political cards by granting amnesty to those UNITA soldiers who voluntarily surrendered. Already starving and not taken care of by the rebel organisation, thousands of soldiers deserted and responded to the call between 1999 and 2000 (United Nations Security Council, 2000). The final step that eliminated UNITA came when the government moved large groups of people into the cities by truck and burnt their farming fields. The aim of this deliberate displacement and scorching was to empty the countryside so as to cut off the last strands of UNITA support and to ‘starve its soldiers out of the bush’. Deprived of resources and lacking

¹⁵ The UN Report exposes a host of actors, including governments and criminal gangs, who violated UN sanctions against UNITA. The report identified the loopholes in the international system that had cushioned the effects of UN sanctions against UNITA and proposed measures to deal with them (United Nations Security Council, 2000a).

food and amenities, bands of rebels were captured by the government (Hodges, 2004).

The war officially ended with the deaths of Jonas Savimbi, in ambush, and Antonio Dembo, his deputy, a few days later in April 2002 due to lack of access to medication for his diabetic condition (Hodges, 2004). “By ‘oiling the wheels of war’, the rent from petroleum eventually created a situation in which the government had a decisive military edge, bringing about paradoxically the restoration of peace in 2002.” (Hodges, 2004: 161). Ironically, the very natural resources claimed to have caused the war were used in ending it.

4.7 Conclusion

So far it has been explained how diamonds were used in the war by UNITA and, to some extent, senior government and military officials of the MPLA. It has emerged clearly that diamond mining became the defining feature of Angola’s informal economy and one on which UNITA capitalised. With its characteristic features of bartering and trade, easy transport channels, and its uncontrollable nature, it was an opportune environment for a rebel group. Its militarising slowly turned what was a regular informal economy into what is regarded as a ‘war economy’. Having looked at the evolution of the informal economy, the focus has also been on how the elite ‘oil economy’, mentioned earlier in Chapter 3, altered during this phase of the war. Here, too, the use of natural resources was an integral part of the war.

Resources certainly helped to fund the war for both sides but resource exploitation also helped feed individual appetites, perhaps justifying its classification as a ‘resource war’. The last two chapters have demonstrated that the Angolan war contains both variables - ‘greed’ and ‘grievances’. The following chapter will analyse the Angolan case in light of the greed theory, highlighting lessons for analytical use.

CHAPTER 5

Lessons from Angola: Conflict Analytical Tools

5.1 Introduction

The last two chapters have provided empirical substance to the critique of the rebel-greed theory that was made in Chapter 2. It becomes evident from the Angolan case that historical factors, grievances, leaders, third parties and environmental factors are just some of the many factors that usually have a bearing on war and some are more prominent than others. Angola has proven that the notions of dubious economic agendas in the 'rebel-greed' theory seldom arise in a vacuum, but within a socio-political context that can in itself be a motive. There are thus certainly many lessons that can be drawn from the Angolan cases that can contribute to a better understanding of natural resource conflicts.

This chapter highlights those lessons by identifying various mechanisms other than the rebel-greed approach by which natural resource conflicts can be analysed. This chapter begins with a general analysis of the rebel-greed theory's relevance to the Angolan case.

5.2 The Greed Theory in Angola: Relevance for Policy and Conflict Analysis

The 'greed versus grievance' theory has been beneficial for policy-making in a number of ways. In the past, civil wars were analysed in a framework of inter-state wars (Kaldor, 2001) or, at best, using the Cold War explanatory framework. 'Greed versus grievance', however, has provided a different, more useful, lens of analysis that is particular to intra-state wars. This is an important contribution, since theories influence policy and law making. As it is, "many of the international laws on war crimes were drafted with inter-state wars in mind and are more controversial when applied to the more common intra-state wars of the 1990s" (Adebajo, 1999). The theory has thus enabled different, more suitable, policy approaches where resource wars truly do exist, such as was the case in the successful peace process and elections in Liberia and Sierra Leone. It also allows for international laws and prosecuting

mechanism to be reshaped to accommodate the new phenomenon of 'resource wars'. There are, however, a number of shortcomings.

Firstly, Collier's theory dismisses other explanations of war (grievance) before propagating the greed explanation. The use of one-dimensional analysis to explain conflicts is problematic when one considers the very complex nature of wars, as Angola's case demonstrates. Even as Cilliers (2000) notes, the 'resource war' interpretation should not obscure 'origin' factors of the war such as cultural, sociological and historical.

Secondly, by juxtaposing greed and grievance motivation, the theory has served to polarise the debate rather than finding commonalities and congruencies in the vast expanse of determinants of war. Ballentine and Nitzschke (2003: 3) caution that mono-causal and resource "reductionist" explanations must be avoided. They tend to lead to narrow policy interventions that focus on resource control, overlooking other important features in war. This can have grave consequences for policy effectiveness and the duration of the war.

Thirdly, Collier and Hoeffler's analysis of the motivations of rebels also focuses on the incentives or opportunities of war, and does not take into account the costs of war. The very real costs of war, which are dominantly negative, are categorised or portrayed as "sunk or past costs, compared to the potentially massive gains possible through victory" (Cilliers, 2000: 2). The 'war benefaction' lens clouds the possibility that other motivations may induce war, overlooking other important components of war.

A fourth problem for policy that emanates from Collier and Hoeffler's study is that it focuses on rebel groups. Although limiting the scope of their study may make it more feasible it immediately widens the distance between theory and reality. The study does not cater for, or consider that, civil wars are started and perpetuated by two or more parties. Their 'rebel-centric' approach does not consider that those with state power can exhibit rapacious behaviour or that other third forces can induce or perpetuate a war (Ballentine and Nitzschke, 2003). The exploitation of oil and other state resources by the MPLA is a case in point, and one that could not be disregarded

in the attempts to find solutions for peace in the Angolan war. Omitting to examine other players' motivations certainly limits Collier and Hoeffler's theory, and can be misleading for policy intervention.

Fifthly, although the greed versus grievance debate has done a lot to bring the spotlight on dubious agendas, it also tends to portray rebel groups as criminal, commercial units rather than the insurgencies that they are. This lens complicates peaceful resolution of wars and policy intervention, as it removes the issues from the political table to a criminal arena, leading to solution outlooks that are legalistic or military, often elongating the duration of the war. This can easily lead to the mischaracterization of rebellions, whilst it also lends "de facto legitimacy to state actors, regardless of their behaviour and role in the conflict" (Ballentine and Nitzschke, 2003: 2).

Finally, Collier's assertions about resource abundance in conflict assume that natural resources are there to be used solely for personal gain. There is, however, some difficulty in distinguishing between resources that are designated for warfare and those that are designated for exclusive, personal gains (Keen, 2001b). "In practice, it may be difficult to distinguish between actions that are designed to reap economic benefits *per se* and actions designed to provide resources for the prosecution of war" (Keen, 2001b: 59; De Soysa, 2000). The use of natural resources in war is therefore never as clear-cut and obvious as Collier implies.

We know from the Angolan parties' large defence budgets and procurements that they were committed in out-doing each other in military attire. This casts a shadow on the 'rebel-greed' suggestion of a pseudo-war that is solely about personal gain. Resource exploitation may thus be a means to an end, rather than a deliberate pre-conceived goal (Cilliers, 2000). Angola also shows us an example of where natural resources were used to end war, teaching us that natural resources can be used for altruistic and noble ends in conflict. This view prompts us to consider once again the different roles and functions played by different types of resources and the impacts that they have on conflict duration and intensity, as discussed in Chapter 2. Collier's theory, though useful, requires that some of the above considerations be taken on board by policy makers and other stakeholders in the analysis of conflict.

5.3 Lessons: Other Analytical Mechanisms of Conflict

Thus far the dissertation has sought to highlight that the greed explanation of war is limited. Angola proves that “there are many possible mechanisms underlying the relationship between natural resources and conflict that need not imply that civil war is typically a result of greed” (Humphreys, 2005: 513). Some of these mechanisms are identified below as the ‘globalisation and political economy perspective’, the ‘oil economy’ perspective, the ‘greedy outsiders’ perspective, the ‘foreign intervention’ perspective, and finally, the ‘grievance’ perspective.

5.3.1 *Globalisation and The Political Economy of Conflict*

Collier’s study has established that the success and sustenance of rebel organisations depend on incomes that they source from valuable natural resources. The markets in which these natural resources are exchanged means that a political economy exists in which violence is said to be a central characteristic, referred to as ‘war economies’. The players in Angola’s ‘war economy’ include *diamantaires*, pilots, multinational oil companies, private security agents, mercenaries, importers and traders of consumer goods, political and military advisors, arms and weapons manufacturers and traders, currency traders, and the like. As was discussed in Chapter 4, the trade of both legal and illegal goods by legal or illegal means by all parties took place in this market (Keen, 2000).

A central variable that enables the transactions and networks in these so-called war economies is ‘globalisation’ - the phenomenon of technological developments that allow greater inter-connectedness of the world (Kaldor, 2001; Duffield, 2000). Globalisation can facilitate war, and in Angola, this transpired in a number of ways.

Firstly, globalisation has brought about a surge of trans-national and international commerce within domestic political economies, thus providing a fiscal source of revenue for states that might also be engaging in violence. The oil revenues contributed by multinational firms for the MPLA state are a case in point. Secondly, globalisation has also eroded state boundaries and brought about trans-border economic linkages. As a result, most contemporary intra-state wars are not only

within, but across, borders as well. The cross-pollinating effects of conflict in Angola, the DRC and even Rwanda are evident in the Angolan case study.

Globalisation also provides trade channels and markets for rebels, whilst enabling their purchase of supplies and equipment (Duffield, 2000; Reno, 2000). UNITA's control of diamond-mining areas, for example, came at a time when arms-purchasing was substantially less complicated, since the international market was flooded with arms from the former Soviet Union, which were easily found in the informal market (Malaquias, 2001: p.313). The globally expanding links, which were exposed in the UN Fowler Report on UNITA sanctions-busting, revealed the extent of the interconnectedness of markets and traders through technology. Globalisation has therefore allowed the commercialisation of conflict, facilitated war, and enabled the transformation of peace-time economies into war economies.

It is worth noting then, that so-called 'war economies' - supposedly created by 'greed' or resource exploitation - are embedded within normal social and economic relations of their regions. Societies have a relationship with resources that precedes conflict (Chingono, 2001; Bruck, 2001). What Collier defines as 'opportunity' for war is in fact often the 'normal' (peacetime) state of affairs in many parts of Africa. The extraction of alluvial diamonds by *garimpeiros* in Angola's riverbeds, for example, is an activity that began in peacetime. The presence of Congolese and other nationals who comprised *garimpeiro* mining was indicative of the cross-border nature of markets in Africa. Trans-border trade, bartering, resource extraction, and the likes are all activities found in peacetime, and were features of Angola's informal economy for decades. This form of an economy certainly cannot be attributed to war, as is often the case. 'War economies', in other words, emanate from particular existing political economies (Keen, 2000). The incidence of war merely "modifies" it.

In conclusion: a key lesson that can be drawn from Angola is that people have a relationship with natural resources outside of conflict and create economies which reflect those relationships, such as depicted by the Angolan parallel market. But, because of the unregulated nature of these informal markets, the peacetime relationships therein can be infiltrated and can ultimately facilitate war. This is a

considerably vast perspective in the analysis of wars, particularly in Africa, whereby informal economies are the dominant markets.

5.3.2 The Conflictual Nature of Oil-based Economies

Thus far, we have primarily looked at the features of the informal economy and how it enabled and facilitated the war. Angola's formal 'oil economy', however, also certainly contributed to the war - a factor missed by Collier's rebel-centric approach, and this perspective is explained below.

Oil economies have the ability to benefit from the resource extraction made by oil firms through taxation. The tax generated from these companies provides low-cost opportunities for governments to extract revenue - an act that can enhance state capacity and capability. Oil revenues can enhance a government's coercive capacity - both regulatory and militarily - thus providing a deterrent for, or capacity to, deal with rebellion. Oil revenues also enable government spending in crucial social sectors such as welfare, education, health - all of which diminish the need for rebellion over the lack of provision over these goods ('grievances').

In a sense then, oil economies can contribute to stability rather than conflict, explaining the 'stable' nature enjoyed by many oil-producing regimes such as Norway and Saudi Arabia (Snyder and Bhavnani, 2005; Dunning, 2005). Even post-war Angola is a depiction of this stabilizing nature that oil revenues can bring. Oil revenues were able to end the war, and have contributed in reconstruction and stability since. As one writer puts it, "UNITA can never again seriously threaten a government whose oil industry could double its present 900 000 barrels per day in seven years" (Africa Confidential, 2002a: 7).

Yet, state capacity varies widely between resource-rich countries. For most of Angola's history, the pendulum had swung to the other side whereby oil-dependency weakened the state and contributed to the four-decade conflict. Oil-reliant economies tend to be weak and vulnerable to conflict in a number of ways: Firstly, economies that are dependent on one particular resource tend to exhibit the 'Dutch disease' phenomenon, whereby an enclave industry is developed exclusively, at the expense of

other industries (Dunning, 2005). Angola experienced the Dutch disease where the MPLA was unable to develop non-oil sectors due to war and failed economic policies.

By 1990, Angola suffered the typical but grave social consequences of an enclave economy, which was further exaggerated by war (Minter, 1994). The scarcity of goods and shortages of basic needs such as food and water entrenched abject poverty in the society, with Angola consistently having one of the lowest scores in the United Nations' Human Development Index (Hodges, 2004). This form of socio-economic failure is grievance inducing and forms the basis of many UNITA followers' experiences of marginalization by the MPLA's neglect. Angola's socio-economic failure also stalled the attainment of peace even when opportunity presented itself. The fragile peace between 1990 and 1994 was ultimately unsustainable largely because of slow economic and social reforms, as the experts' analysis of the failed 1992 peace talks indicates (Department of Public Information, 1995).

A second factor that makes oil-reliant economies prone to conflict is that they tend to be incapable of collecting taxes and revenues from civilians re-enforcing dependency on the oil firms, who are typically the sole source of revenue. The absence of tax-collection from civilians, often due to war and rampant unemployment, provides a disconnect between the rulers and the ruled, weakening the coercive capacity of the state and enabling 'warlordism' or competing leaders who are connected to civilians. This weakens the state and makes oil-based economies vulnerable to conflict (Snyder & Bhavnani, 2005; Reno, 200b; Bayart et al., 1999) as UNITA's capitalisation and lording of the unregulated informal economy during the 1990s depicted.

Thirdly, oil-based economies tend to exhibit 'shadow-state' characteristics, which provide a breeding ground for conflict. Sometimes referred to as 'weak states' or 'quasi-states', shadow-states resemble statehood in form, but not in substance. They enjoy international sovereignty but are characterised by corruption, minimal bureaucratic state capabilities and strong informal political networks (Reno, 1999; 2000b; Bayart et al., 1999). Political administration and the state in general are typically under the personal ownership of the ruler. State functions are dispensed at the ruler's discretion where favour is adorned according to whether the inhabitants share the interests of the ruler.

Rulers of shadow states exercise political control through market channels rather than embarking on the “risky and costly project of building effective state institutions” (Reno, 2000: 44). They, therefore, rely extensively on foreign firms to provide services that cannot be sourced domestically. Because these governments are run like a “private commercial syndicate” (Reno, 2000b: 47), through extra-state power networks, there are great financial gains for their leaders (Kaldor, 2001; Ballentine, 2004). As with President Dos Santos and the MPLA, shadow state rulers operate a tightly controlled patronage system that is organised around the ruler’s control over resources.

Through this control, shadow state rulers can bind potential rivals to themselves in exchange for loyalty and make payouts to ‘strongmen’ to buy their support, without the need to create a strong bureaucracy (Reno, 2000b). For Angola, this need for total control of the state meant that power sharing and democracy - which the election period of 1990-1992 required - were undesirable for, and ultimately unfeasible to, the MPLA. The ‘winner-takes-all’ approach of the Bicesse Accords in 1990 is testimony to the MPLA’s equally aggressive quest for (the continuation of) state control and thus UNITA’s return to the bush cannot be viewed in isolation.

Moreover, the MPLA’s shadowy characteristics such as financial mismanagement, corruption, patronage, cronyism, and financial embezzlement further entrench ‘grievances’, providing fodder and substance to UNITA’s rhetoric about injustice. After four decades of war, Angola demonstrates the propensity of oil-based economies to war. This is a significant perspective in the analysis of natural resource conflicts.

5.3.3 Greedy Others: The Profitability of Violence

Although Collier and Hoeffler’s econometric study focuses on rebel behaviour, Collier (2000) also concedes that there are many more people who benefit in wartime and identifies four categories of beneficiaries, mentioned in Chapter 2. In line with Collier, the literature on resource wars points us to the myriad of state and non-state actors who engage in violence for private commercial benefits. Others who write in the same vein note that soldiers (government or rebel forces) find the opportunities in

war especially favourable. Since they are often poorly paid or not paid at all, they can engage in aggrandizing behaviour such as looting, thieving, land-seizures and rent seeking from civilians. Warring parties sometimes even collude with each other towards such economic ends (Collier, 2000; Keen, 2000) and it can be seen in Chapter 4 how FAA soldiers worked hand-in-hand with UNITA in diamond mining sites.

Political elites (including military leadership) are also said to benefit in special ways from war. Rebel leaders have been known to use their power to accrue wealth, operating as businessmen and even enterprising with international firms in the areas under their control. Angola provides us with examples of senior political and military figures engaging in high-level business deals in the security, diamond, and oil sectors. Keen (2000) also notes that government officials can equally exploit wartime conditions for personal ends, because war confers legitimacy on actions that would otherwise be punishable in peacetime. As such, state administrative systems and laws can be overlooked or undermined, corruption can become pervasive, rulers may create certain economic privileges for themselves and are able to expropriate and exploit state resources for personal gain without civil oversight (Keen, 2000; Adebajo, 1999). The lack of oversight regarding oil revenues enabled MPLA senior aides to amass fortunes for themselves, whilst President Dos Santos and his family are known to live grandiose lifestyles with multiple assets and businesses acquired through political power.

Foreign businesses are also identified in literature as beneficiaries during wartime. Doing business in conflict zones carries its risks, but can offer great commercial opportunities for those who can mitigate or bypass the challenges (*The Economist*, 2000). During wartime, there is a range of services that are often needed to substitute bureaucratic institutions and systems that have failed or collapsed. These include private security, mining, engineering, freight, and cargo services, importing systems, and air chartering (*The Economist*, 2000; Reno, 1999).

In Angola, the large number of foreign business players, from the former South Africa and Russia to new prospectors in areas such as aviation to food retail or imports. International businesses can circumvent the risky war situations in a number of ways, including investing in enclave sectors or locations. Since they are not trying to create

markets in the countries in which they invest, foreign firms need not concern themselves with overall security and state of affairs nationally, but only in their immediate sphere of operation (Reno, 2000b). The oil firms that operated in Cabinda in the midst of the war provide a classic example of the profitable nature of enclave economies. In the context of the multiple commercial opportunities that war brings, it is therefore not only rebel-greed that may be pervasive but the greed of others as well. The role of 'greedy' outsiders in causing or perpetuating conflict is thus a significant view in the analysis of conflict, as the following section highlights.

5.3.4 Foreign Intervention: Commercial Diplomacy and The New Politics of Intervention

The intervention of foreign governments in domestic situations has the propensity to start or elongate conflict, as Angola once again demonstrates. The post-Cold War years witnessed the rise of trans-national commerce in Africa, particularly in resource-rich countries. Between 1991 and 1997 the continent received the highest foreign direct investment, higher than any other zone in the world (Callaghy, 2000; *The Economist*, 2000). This development is reflective of a new trend in the conduct of business and foreign policy in the West in relation to the developing world, observed also in the post-Cold War years.

Reno (2000c) notes how international diplomacy and Western foreign policy in Africa has shifted from the political sphere to the commercial. The United States' 'trade, not aid' campaign during the Clinton administration is a classic expression of this policy shift from political to commercial diplomacy. Similarly, the current 'Aid for Trade' debate in the multilateral institutions (World Trade Organisation, OECD, and the World Bank) reflects growing prominence of commercial diplomacy. For reasons related to good governance and accountability, investment in Africa has come to be conducted through multinational companies rather than directly through governments.

Multinational companies are not apolitical institutions, however, and significant political activity takes place between business and nation-state, sometimes more than nation-state to nation-state. Multinational companies are part of the interaction "between their countries of origin and the host countries in which they operate" and

can thus find themselves vehicles of their governments-of-origin's foreign strategy. They have thus come to represent the dependency relationships between the powerful post-industrialized nations and the less developed segment of the world (Osterberg and Ajami, 1971: 460).

Osterberg and Ajami (1971) note that foreign firms can play a role in the security matters of their host nation. They are able to sustain, support and strengthen vulnerable governments through the rents generated by their business. In Angola, the ambiguous concessionary payments by oil firms and the facilitation of defence procurement deals assisted the MPLA in continuing the war, whilst the involvement of presidents and senior political figures of host countries is perhaps the best example of the intricate nature of commerce and politics in these countries. Angola also includes the well-documented role of the De Beers multinational firm "in purchasing rough diamonds from networks which benefited state and non-state groups...in the mid-1990s" (Ballentine, 2004).

The political benefits of commercial diplomacy can be the opposite as well, accruing to the resource-rich country. Reno (200a) describes the politically inclined nature of relations between the MPLA and the multinational oil firms and makes reference to what he calls the 'private diplomacy' of the MPLA government during the 'resource war' that reduced interstate relations to the level of the private sphere. Through its dealings with the foreign firms invested in Angola, the regime is said to have gained access to the greater global world of politics and commerce, and even foreign aid (2000c). Angola is currently the largest recipient of FDI in Africa with a value nearly eight times of that entering South Africa (Economist Intelligence Unit, 2005). When President Mbeki of South Africa failed in a mediation attempt during the 'resource war', a local Angolan politician accurately remarked that Angola's politics were determined by oil, and that Western diplomacy mattered more than African diplomacy (Africa Confidential, 2000).

Where foreign diplomacy is conducted through multinational firms, commerce becomes a continuation of politics by other means as First World countries pursue their strategic objectives through their multinational firms (Reno 2000c; Callaghy,

2000). Elbadawi and Sambanis (2000) note that the pursuit of outsiders' strategic interests through foreign intervention tends to exacerbate and elongate conflict.

Angola's foreign relations with the West historically and currently demonstrate this. In search of secure sources of oil since the mid-1990s, due to escalating instability in the Middle East, Angola has become increasingly important for the United States. In the pursuit of this strategic interest it is said to have been a US-inspired military strategy that won the MPLA its victory over UNITA in 2002 - a war it could have won in the early years of the Cold War if US interests were so geared. As it is, the United States remains the largest destination of Angolan (oil) exports to date whereby 47% of Angolan oil is dispatched to the United States annually (Economist Intelligence Unit, 2005). The United States also plans to increase the proportion of its oil imports from Angola from 5% to 20% by 2008 ('US Search for Alternative Oil', 2004), once again portraying that countries which were of no importance in the past can suddenly be found to be of strategic importance, caught up in the whirlwind of international politics that is driven by the developed world (Callaghy, 2000).

The power which multinational firms wield and their ability to be vehicles of foreign strategy thus raises an important variable to consider when establishing the causes of war. Natural resources are no longer of commercial value only, but of political value as well to first world countries. Collier and Hoeffler's focus on rebel behaviour and actions implies a completely internally driven war, free from foreign influence, yet the significance of 'third-parties' in starting and perpetuating war is a matter that can not be underplayed or undermined.

5.3.5 The Importance of Grievances

Out of the four grievance proxies in Collier and Hoeffler's study, only one is found to support the grievance explanation of war: 'government economic performance'. Poor economic performance by government was found to lead to grievance-induced rebellions because of the rapid economic decline that typically follows such mismanagement. Although it was the only proxy that unequivocally concurred with the 'grievance' position, the proxy is probably one of the most important in the discourse on wars where resources are involved.

Government's poor economic performance can be translated into the misallocation of resources, inappropriate and ineffective policies, resource misuse, inequitable distribution, corruption, nepotism and the lack of resource revenue sharing, amongst other things. The effects of such poor performance are evident in the downward spiral of Angola's economy between 1974 and 1994. Government's poor economic performance impacted the livelihoods of citizens, depriving them of the core values mentioned by Gurr (1971), such as the ability for self-realization, physical well-being and welfare, and more.

Chapter 3 showed how rapid economic decline led to the growth of an alternative market in Angola, which ultimately became a war economy. Concurrent with this trend was the growth of another market - the oil economy - which sought to further entrench the class dichotomies as it benefited only a few. The discontent in Angola over government economic performance was further exaggerated by the lack of revenue sharing of oil proceeds, which led to gross economic inequality. UNITA certainly did not fail to capitalize on these economic-related grievances - having also the agreeable means (international support), terrain, leadership, etc. to do so.

It can be said, therefore, that the politicisation of economic discontent (poor economic performance and economic inequality) led to rebellion in Angola. As Ballentine and Nitzschke note, "poor economic governance and state weakness are the critical mediating factors between resource abundance and vulnerability to armed conflict; the first engenders popular grievances, the second makes separatist and non-separatist insurgencies politically and militarily feasible" (2003: 2). Thus, even in the context of rapacious behaviour by all parties during the 1990s, grievances cannot be easily dismissed, as Collier's theory does, particularly those that are resource-related. Instead, this highlights the importance of distinguishing between *primary* causes and *secondary* causes of war and between '*causes*' and '*fuellers*' of war. Angola also demonstrates that motivations can evolve over time and also overlap. In many cases, the 'grievance' perspective is thus the primary basis of war, an important mechanism in understanding the causes of natural resource conflicts.

5.4 Conclusion: Angolan Hindsight

If the Angolan conflict were to be approached with assumptions based on Collier's rebel-greed paradigm, the analysis would ignore the realities of gross economic inequality, a failed economy, abject poverty, a corrupt and weak state, the role of third parties, and a host of other factors raised in the course of this chapter. This chapter provides alternative mechanisms or perspectives in which to analyse and understand conflicts involving natural resources. The case of Angola helps to cast a light on the loopholes in the theory, but also provides us with important lessons for conflict analysis.

University of Cape Town

Chapter 6

Conclusion

6.1 Summary: Overview of Journey and Original Objectives

This dissertation critically evaluates the ‘greed’ explanation of war using the Angolan case study. The work of Collier and Hoeffler on the topic of ‘greed versus grievance’ is used as the primary text through which the analysis and critique takes place. Collier and Hoeffler’s theory stresses the abundance of natural resources as a key factor that induces rebels to war making. They argue that natural resources provide opportunities of self-enrichment to young men who are otherwise opportunity-less due to lack of education. There is plenty of evidence for the ‘abundant natural resource’ causal link to conflict, as research and evidence from wars such as Sierra Leone, the DRC, and our own case, Angola, demonstrates. In some cases, violence can be a deliberate choice made by belligerents in pursuit of personal economic agendas. For this reason, Collier and Hoeffler’s key arguments and studies are summarised in Chapter 2.

Chapters 3 and 4 have focused on how natural resources can be inconsequential at one point, and instrumental in war under different circumstances. This demonstrates that there is no linear relationship between natural resources and conflict, but other factors determine the conflict propensity of a natural resource. One such fact is the profile of a natural resource - whether it is lootable or non-lootable. Another is the geographic location of the resource - whether it is a ‘diffuse’ or a ‘point’ resource; located offshore like Angolan oil, or near a border like its alluvial diamonds. Another war-determining factor is the method of extraction of the resource - is it extracted by difficult-to-regulate artisanal diggers or by industrial firms who can be taxed by the governments? These are some of the factors pointed out in the critique in Chapter 2.

Angola’s war also demonstrates that the *role* of natural resources in war is never as obvious as the war-inducing role that Collier and Hoeffler suggest, and that motivations can be mixed. Natural resources can genuinely be used in the war effort, as a means rather than an end, for example, and not necessarily for aggrandizement.

Natural resources can also be used in the building of the rebel organisation, for recruitment and retention purposes, along with a range of other endowments that rebel movements draw upon. It is interesting to note that natural resources also ultimately facilitated peace in Angola, and thus cannot be bound to conflict use. Finally, natural resources can be the resource over which war is fought, particularly in separatist calls such as those of FLEC, or in attempts to capture the state.

6.2 Key conclusions

Despite the apparent logic of Collier and Hoeffler's case for greed, and their arguments against grievance-explanations, the rebel-centric and one-dimensional analysis has great limitations in the analysis of war. Angola demonstrates, for example, that the plunder of natural resources arose in the context of the absence of foreign funding, a failed economy, the resurgence of diamond mining and the spillover effects of regional wars, to name but a few factors. Moreover, historical factors, personal ambitions, ideological differences, and ethnicism are just some of the other divisive factors. Some of these factors are touched upon in Chapter 5 as alternate perspectives in the analysis of war.

Learning from Angola, a ruler- and state-centric perspective is proposed in analysing war, particularly where oil economies are concerned. Angola demonstrates that the exploitation of oil and other state resources by the MPLA government is a factor that cannot be disregarded in the analysis of that war. The rebel-centric approach also omits to examine other players' motivations in war. Once again, Angola exposes the myriad of players whose role in war cannot be ignored. Thus a mechanism that views the greed of others - such as businessmen, government soldiers and senior officials, servicemen, private security agents, and more - is proposed as important as a causal factor of war as the greed of rebels.

Linked to the above is the role of foreign governments in meddling in domestic affairs. The sophisticated use of multinational firms in pursuing foreign diplomacy and strategy used by the First World in dealing with Third World resource-rich countries are demonstrated. A fourth focal point regarding Angola is the role of globalisation in war, particularly in contexts where there are thriving parallel,

informal markets. Chapter 5 describes in depth how this is a significant perspective when analysing war. Finally, the mechanism of ‘grievances’, which Collier dismisses, is once again brought to the table as a crucial mechanism in understanding wars. Given a history of economic and political injustice in many cases, such as Angola, these factors of ‘origin’ cannot be overlooked in the evolution of war. Greed-motivation can, therefore, not be the sole or *conclusive cause* of war in all cases where there are natural resources.

6.3 Areas for Future Research

The evaluation of the ‘greed versus grievance’ theory highlights some questions regarding the entire discourse about resources and economic agendas in war. The areas identified below pose questions for future and further research:

- In light of the role of the Angolan state in the course of the country’s conflict, the first question that arises from this evaluation is: under what theoretical framework do we analyse government resource exploitation? Do we confine it to the ‘weak states’/ ‘shadow states’ debate? If so, is this in itself a sufficient analytical framework?
- Secondly, the nature and definition of natural resources that are involved in war is constantly evolving. In the research, how *the state* could become a type of resource over which wars are fought, a dimension which has not received much attention in the understanding of ‘resource wars’, is identified. In recent times of global warming, there has been increasing alarm and attention brought to *water* as a form of resource over which future wars will be fought. ‘Resource wars’ in the future, therefore, may not be easily classified under the clear rubrics of ‘lootable’ and ‘unlootable’ resources, but may warrant rethinking what constitutes ‘resources’ and conflict-promoting resources.
- A third area that warrants further examination in scholarship is the role that globalisation can play in halting wars, versus promoting them. As it is, war-related transactions, such as cross-border trade, smuggling, weapons purchasing, and others, are said to facilitate this phenomenon of global inter-connectedness,

and the discourse surrounding resource wars places much emphasis on these negative effects. However, that same interconnectedness has been able to bring under the global spotlight incidents that transpire in remote places of the world that would otherwise not be on the global radar screen. The exposure of the dealings in the diamond and oil industry in Angola by Global Witness and others, for example, has had significant impacts on the termination of that particular war. Because of globalisation, there have been global initiatives, such as sanctions, name and shame advocacy, pressure on foreign firms and their governments, the Kimberly Process (diamond certification and control), and the Extractive Industries Transparency Initiative (EITI) currently underway. An examination of the ways in which globalisation can promote peace needs to be expanded in conflict theory.

- Finally, the roles that multinational firms play in foreign policy and international politics requires further scrutiny. The increasing use of multinational firms as ‘proxies’ by the developed world in developing countries contrasts with the traditional understanding of ‘intervention’ and ‘diplomacy’ in political science. In a post-9/11 world of heightened global security, what role will trans-national commerce play? What consequences does the mixing of commercial enterprise with high-level politics have for security? And what does the pursuit of private business interests by politicians in the global market mean for global and intra-state security?

Overall, the Angolan case provides us with useful examples on which to draw in evaluating Collier’s theory. Angola, today, still offers some lessons to be learnt for the ‘greed versus grievance’ debate. In the post-war era after Savimbi’s death, corruption and mismanagement of resources by the MPLA, now joined by UNITA-Renovada, are still rife. Transparency initiatives by oil firms succumbing to international pressure are frowned upon (Global Witness, 2002). SONANGOL continues to be unregulated and the government remains “lukewarm” about global transparency initiatives in the oil sector, not even attending a signatory meeting of the EITI, where the world’s major oil producers were present (Economist Intelligence Unit, 2005). All of this demonstrates that resource exploitation (greed) can transpire even in peacetime and need not be accompanied by war.

'Resource wars' could be a passing phenomenon - an indication of the times or fleeting withdrawal symptoms due to the exit of superpower support. Perhaps the positive changes in the Afro-political scene in recent times could lead to their demise and to long-term peace and stability in Africa, as has been gradually transpiring. What the world may witness next is perhaps yet *another* 'new' type of war that depicts a different socio-political and economic context. Regardless of the future, the 'greed versus grievance' theory has provided useful insights and exposed contemporary conflicts and motivations of belligerents, which have led to successful policy interventions. In spite of all the loopholes and gaps identified in the theory by this dissertation, it remains a groundbreaking endeavour for modern-day conflict analysis.

University of Cape Town

BIBLIOGRAPHY

Books

Bayart, J-F, Ellis, S & Hibou, B. 1999. **The Criminalization of the State in Africa.**

James Currey: Oxford

Ballentine, K. and Sherman, J. (eds.) 2003. **The Political Economy of Armed Conflict: Beyond Greed and Grievance.** Lynne Rienner Publishers: Boulder

Berdal, M. & Malone, D. M. (eds.) 2000. **Greed And Grievance: Economic Agendas in Civil Wars.** Lynne Rienner Publishers: Boulder.

Birmingham, D. 1992. **Frontline Nationalism in Angola and Mozambique.** James Curry: London.

Birmingham, D. 1999. **Portugal and Africa.** Macmillan Press Ltd: London.

Brigland, F. 1986. **Jonas Savimbi.** Macmillan Publishers: Braamfontein

Bruck, T. 2001. Mozambique: The Economic Effects of the War in Stewart, F., Fitzgerald, V. and Associates (eds.), **War and Underdevelopment Volume 2.** Oxford University: Oxford. p. 56-76.

Callaghy, T. M., 2000. *Africa and the World Political Economy: More Caught Between a Rock and a Hard Place* in Harberson, J. W. & Rothchild, D. R. (eds.) **Africa in World Politics- The African State System in Flux.** 3rd Edition. Westview Press: Boulder. p. 43- 82.

Chabal, P. 1983 **Amilcar Cabral: Revolutionary Leadership and People's War** Cambridge University Press: Cambridge

Chabal, P. and Daloz, J-P. 1999. *Africa Works: Disorder as Political Instrument.* James Curry: Oxford.

Ciment, J. 1997 **Angola and Mozambique: Postcolonial Wars in Southern Africa**
Facts on File: New York.

Chingono, M. F. 2001. *Mozambique: War, Economic Change, and Development in Manica Province, 1982-1992* in Stewart, F, Fitzgerald, V. and Associates (eds.) **War and Underdevelopment Volume 2.** Oxford University Press: Oxford. p. 89-117.

Cilliers, J. 2000. *Resource Wars- A New Type of Insurgency* in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria. p. 1-19.

Cilliers, J. & Dietrich, C. (eds.) 2000. **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria

De Soysa, I. 2000. *The Resource Curse: Are Civil Wars driven by Rapacity or Paucity?* in Berdal, M. & Malone, D. M. (eds.) **Greed And Grievance: Economic Agendas in Civil Wars.** Lynne Reiner Publishers: Boulder. p.113-135.

Dietrich, C. 2000a. *Inventory of Formal Diamond Mining in Angola* in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria. p. 141-171.

Dietrich, C. 2000b. *Porous Borders and Diamonds* in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria. p. 317-345.

Dietrich, C. 2000c. *Power Struggles in the Diamond Fields* in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria. p. 173-193.

Dietrich, C. 2000d. *UNITA's Diamond Mining and Exporting Capacity* in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria. p. 275-293.

Duffied, M. 2000. *Globalisation, Transborder Trade, and War Economies* in Berdal, M. & Malone, D.M. (eds.) **Greed and Grievance: Economic Agendas in Civil Wars.** Lynne Rienner Publishers: Boulder. p. 69- 89.

Etherington, N., 1984. **Theories of Imperialism: War, Conquest and Capital.** Croom Helm: London.

Fairhead, J. 2000. *The Conflict over Natural and Environmental Resources* in Nafzinger, E. W; Stewart, F. & Vayrynen, R. (eds.) **War, Hunger and Displacement: The Origins of Humanitarian Emergencies Volume 1: Analysis.** Oxford University Press: Oxford. p.147- 178.

Gibson, R. 1972. **African Liberation Movements: Contemporary Struggles Against White Minority Rule.** Oxford University Press: London

Guimaraes, F. A., 2001. **The Origins of the Angolan Civil War.** Palgrave: New York.

Gurr, R. T. 1971. **Why Men Rebel.** Princeton University Press: Princeton.

Harberson, J. W. & Rothchild, D. R. (eds.) 2000. **Africa in World Politics- The African State System in Flux, 3rd Edition.** Westview Press: Boulder. p. 286-307.

Hodges, T. 2004. **Angola: From Afro-Stalinism to Petro-diamond Capitalism.** James Curry, Oxford.

Homer-Dixon, T. F. 1999. **The Environment, Scarcity and Violence.** Princeton University Press, Princeton.

Kaldor, M., 2001. **New & Old Wars: Organised Violence in a Global Era.** Blackwell Publishers Ltd: Oxford. (first published 1999)

- Kaplan, I. (ed.) 1978. **Angola- A Country Study.** The American University, Washington, D.C.
- Keen, D. 2000. *Incentives and Disincentives for Violence* in Berdal, M. & Malone, D.M. (eds.) **Greed and Grievance: Economic Agendas in Civil Wars.** Lynne Rienner Publishers: Boulder. p. 19-42.
- Keen, D. 2001a. *Sierra Leone: War and its Functions* in Stewart, F., Fitzgerald, V. and Associates (eds.), **War and Underdevelopment Volume 2** Oxford University: Oxford. p. 155-175.
- Keen, D. 2001b. *The Political Economy of War* in Stewart, F., Fitzgerald, V. and Associates (eds.), **War and Underdevelopment Volume I** Oxford University: Oxford. p. 39- 66.
- Le Billon, P., 2000. *The Political Economy of Resource Wars* in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds.** Institute for Security Studies: Pretoria. p. 21-42.
- Mandaza, I. & Magubane, B. 1988 **Wither South Africa** Africa World Press: New York
- McCormick, S. H. 1994. **The Angolan Economy- Prospects for Growth in a Postwar Environment.** Center for Strategic and International Studies: Washington.
- Minter, W. 1994. **Apartheid's Contras: And Enquiry into the Roots of War in Angola and Mozambique.** Zed Books: London.
- Milward, A. S., 1977. **War, Economy and Society 1939-1945.** Penguin Books: Middlesex.
- Olivier, B. J. 1984. **The Strategic Significance of Angola.** Institute for Strategic Studies: Pretoria.

O'Neill, B. E., Heaton, W. R. and Alberts, D. J. 1980. **Insurgency in the Modern World**. Westview: Boulder

Peleman, J. 2000. The Logistics of Sanctions Busting: the airborne component in Cilliers, J. & Dietrich, C. (eds.) **Angola's War Economy: The Role of Oil and Diamonds**. Institute for Security Studies: Pretoria. p. 295-316

Pigou, A. C., 1940. **The Political Economy of War**. Macmillan & Co. Ltd: London.

Reno, W. 1999 **Warlord Politics and African States**. Lynne Rienner Publishers: Boulder (first published 1998)

Reno, W. 2000a. *Africa's Weak States, Nonstate Actors and the Privatization of International Relations* in Harberson, J. W. & Rothchild, D. R. (eds.) **Africa in World Politics- The African State System in Flux, 3rd Edition**. Westview Press: Boulder. p. 286-307.

Reno, W. 2000b. *Shadow States and the Political Economy of Civil Wars* in Berdal, M. & Malone, D.M. (eds.) **Greed and Grievance: Economic Agendas in Civil Wars**. Lynne Rienner Publishers: Boulder. p.43- 67.

Reno, W. 2000c. *The Real (War) Economy of Angola* in Cilliers, J. & Dietrich, C. (eds.). **Angola's War Economy: The Role of Oil and Diamonds**. Institute for Security Studies: Pretoria. p. 219- 235.

Ross, M. L. 2003. *Oil, Drugs and Diamonds: The Varying Roles of Natural Resources in Civil War* in Ballentine, K. & Sherman, J. (eds.) **The Political Economy of Armed Conflict: Beyond Greed & Grievance**. Lynne Rienner Publishers: Boulder. p. 47-70.

Seegers, A. 1996 **The Military in the Making of Modern South Africa**. Tauris Academic Studies: London.

Sen, A. 2001. **Development As Freedom**. Oxford University Press: Oxford.

Tvedten, I. 1997. Angola: Struggle for Peace and Reconstruction. Westview Press: Colorado.

Newspaper, Journal and Primary Source Documents

Africa Confidential. 4 August 2000. 'Masters of War'. 41(16): 1-3.

Africa Confidential. 19 April 2002a. 'Angola: An Edited Peace'. 43(8): 7.

Africa Confidential. 14 June 2002b. 'Blood from stones - De Beers' diamond empire want to polish its reputation- and its product'. 43(12): 4-5.

Bender, G.J. 'Angola: Left, Right and Wrong', *Foreign Policy Journal*. 43 (Summer 1981).

Crocker, C. & Lewis, W. H. "Missing Opportunities in Africa", *Foreign Policy*. 35 (Summer 1979): 142-161.

Department of Public Information. 1995. *The United Nations and the Situation in Angola: May 1991-February 1995*. (Reference paper for information purposes only - not an official record).

Dunning, T. August 2005. 'Resource Dependence, Economic Performance, and Political Stability'. *Journal of Conflict Resolution*. 49(4): 451-482.

Economist Intelligence Unit. June 2005. 'Country Report - Angola.' Economist Intelligence Unit: New York.

Fearon, J.D. August 2005. 'Primary Commodity Exports and Civil War'. *Journal of Conflict Resolution*. 49(4): 483-507.

Feil, M. and Switzer, J. 2004. 'Valuable Minerals and Conflict', *Policy Briefing for USAID*. Washington, DC: Adelphi Research.

Global Witness. 1998. *A Rough Trade: The Role of Companies and Governments in the Angolan Conflict*. London: Global Witness Ltd.

Global Witness. 1999. *A Crude Awakening: The Role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Asset*. London: Global Witness Ltd.

Global Witness. 2002a. *All the Presidents' Men: The Devastating Story of Oil and Banking in Angola's Privatised War*. London: Global Witness Ltd.

Humphreys, M. August 2005. 'Natural Resources, Conflict & Conflict Resolution: Uncovering the Mechanisms'. *Journal of Conflict Resolution*. 49(4): 508-537.

Lujala, P. Gleditsch, N.P. and Gilmore, E. August 2005. 'A Diamond Curse? Civil War and A Lootable Resource'. *Journal of Conflict Resolution*. 49(4): 538-562.

Malaquias, A. 2001. 'Diamonds are a Guerrilla's Best Friend'. *Third World Quarterly*. 22(3): 311-325.

Osterberg, D. and Ajami, F. December 1971. 'The Multinational Corporation: Expanding the Frontiers of World Politics'. *The Journal of Conflict Resolution*. 15(4): 457-470.

Snyder, R. and Bhavnani, R. August 2005. 'Diamonds, Blood and Taxes: A Revenue-Centred Framework for Explaining Political Order'. *Journal of Conflict Resolution*. 49(4): 563-597.

The Economist. 6 July 1997. 'UNITA's end?' 8020(343): 44.

The Economist. 9 May 1998a. 'Plunging Back to Sorrow'. 8084(348): 41-43.

The Economist. 22 August 1998b. 'De Beer's Worst Friend'. 8032(348): 52-53.

The Economist. 20 May 2000. 'Risky Returns: Business in Difficult Places: Ricky Returns Bogotá, Lagos, Luanda'. 355 (8171):85-88 .

United Nations Security Council. 2000a. *Report of the Panel of Experts on Violations of Security Council Sanctions Against UNITA*. S/2000/03: 10 March 2000.

United Nations Security Council. 2000b. *Report of the Secretary General on the United Nations Office in Angola (UNOA)*. S/2000/23: 14 January 2000.

United Nations Security Council. 1993. *Resolution 864*. S/RES/864: 15 September 1993.

Weinstein, J.M. August 2005. 'Resources and the Information Problem in Rebel Recruitment'. *Journal of Conflict Resolution*. 49(4): 598-624.

World Bank Country Study. 1991. *Angola: An Introductory Economic Review*. The World Bank: Washington, D.C.

E-Resources

Adebajo, A. (ed.) 1999. *Economic Agendas in Civil Wars: A Conference Summary*. (Conference held in London, 26-27 April 1999) International Peace Academy. www.ipacademy.org [Accessed 12/06/05].

Ballentine, K. April 2004. *Economic Agendas in Civil Wars: Principal Research Findings and Policy Recommendations*. www.ipacademy.org [Accessed 12/06/05].

Ballentine, K. and Nitzschke, H. October 2003. *Beyond Greed and Grievance: Policy Lessons from Studies in the Political Economy of Armed Conflict*. www.ipacademy.org [Accessed 12/06/05].

Collier, P. and Hoeffler, A. 17 February 1999. *Justice-Seeking and Loot-Seeking in Civil War*. www.worldbank.org/research/workingpapers [Accessed 12/06/2005].

Collier, P. and Hoeffler, A. 21 October 2001. *Greed and Grievance in Civil War*. www.worldbank.org/research/workingpapers [Accessed 12/06/05]

Elbadawi, I.A. and Sambanis, N. September 2000. 'External Interventions and the Durations of Civil Wars'. *Policy Research Working Paper 2433*. www.worldbank.org/research/workingpapers [Accessed 12/06/2005].

Global Witness. 22 December 2000. *Arms and Corruption with Angola: President Chirac and President Dos Santos have a lot of explaining to do*. http://www.globalwitness.org/press_releases/display2.php?id=73 [Accessed 15/07/2005].

Global Witness. 25 February 2002b. *Savimbi death offers peace and chance for reflection on natural resources that fund conflict in Angola and across Africa*. http://www.globalwitness.org/press_releases/display2.php?id=92 [Accessed 15/07/2005].

Global Witness 2005. *Rich Man, Poor Man: Development Diamonds and Poverty Diamonds- The Potential for Change in the Artisanal Alluvial Diamonds Fields of Africa*. <http://www.globalwitness.org/reports/> [Accessed 15/07/2005].

Library of Congress, 1989. *Angola Country Study*. <http://catalog.loc.gov> [Accessed 12/06/2005].

Video Recordings/ Documentaries

'Rich and Poor'. 15 September 2005. *Storyville: The Curse of Oil*. (3 part series) Reported and narrated by K. Lagan. BBC 4.

'US Search for Alternative Oil: America's New Frontier'. 23 October 2004. *Unreported World*. Reported by Sam Kiley. Channel 4.