The political economy of resource wars

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On an afternoon in July 1998, standing on the hilltops above Luanda, an Angolan companion commented on the view. Steep muddy gullies rolled down amongst the slums towards the bay, where an oilrig was slowly being towed to the off-shore oil fields. Soon, he remarked, the rig would contribute to the growing flow of oil that makes Angola the 'hottest market in the world' for the petroleum industry and contributes some US $3 billion in annual revenue to the *Movimento Popular de Libertação de Angola* (MPLA) controlled government.

Yet, all around us was destitution: four million lives seeking refuge from war and hunger in the *musseque*, the overgrown slums of the derelict capital city. In the interior, the situation was no better. Eight million people living in abject poverty despite favourable agricultural conditions. Fields were mined, crucial inputs and transport to markets were lacking. Some of these people lived close to the diamond fields that provided the *União Nacional para a Independência Total de Angola* (UNITA) with about US $500 million a year to keep its war against the government going throughout the 1990s.

In the opinion of this Angolan, the more riches, the more war, and the more suffering for the people. Indeed, while most commentators on Angola refer to the "great economic potential" of this country "blessed by the wealth of its natural resource endowment", others cannot but question this 'blessing' by contrasting this wealth to the poverty and despair of most Angolans.[1] Angola's oil and diamonds have indeed sustained one of the longest conflicts in the world and provided little but suffering for its population. After a failed peace process in 1992, and a second attempt in 1994 following a short but bloody war, the conflict flared up again during 1999. At the time of writing – mid 2000 – the government had the upper hand over all major cities but a significant part of the countryside remained under the control of UNITA.

The link between violence and Angola's wealth has a long history. Over the last 500 years of Angola's integration into the global economy, violence has indeed been mostly associated with the abundance of resources. Slavers plundered Angola's numerous and geographically accessible people and shipped them to Brazil's plantations. Colonialists expropriated Angola's fertile lands to provide an agricultural surplus for Portugal and an outlet for its impoverished population. Eventually, the industrial economy of the 20th century and the spread of luxury consumption provided a demand for Angola's oil and diamonds that fuelled four decades of war. However, while war might have close links with Angola's wealth, can it be characterised as a 'resource war'? The usual definition of a resource war is that of an armed conflict waged to control valuable natural resources. While resource control may be the main factor driving a conflict, wars are too complex to be attributed to a single motivation. In this chapter the term 'resource war' will be used to define an armed conflict in which the control and revenue of natural resources are significantly involved in the economy of the conflict and/or the motivations of the belligerents.

This chapter details some of the major dynamics of resource wars in order to provide a conceptual and comparative framework for the Angolan case. Following this introduction, the second section examines the links between resources and the occurrence of conflict. The third section describes the impact of resource exploitation on the course of conflicts. The fourth section analyses the resistance to reform and transition to peace that often characterises resource rich countries. The final section concludes.

Links between resources and wars

At the risk of simplifying a complex issue, this chapter will focus on the extent to which need and greed causes conflict between people. This argument provides the basis for analysing links between resources and wars. So far, the majority of researchers have concentrated their attention on need, with the view that armed conflicts are related to the *scarcity of resources*. In contrast, another set of researchers has focused on greed and argued that the *abundance of resources* increases the likelihood of conflict.[2] The following section examines these two basic arguments while the rest of the chapter concentrates exclusively on the political economy of 'abundant resource wars'.

Scarce resource wars

The first argument is that 'scarce resources equals more conflicts', meaning that people will fight each other for the resources they need to survive. To put it in a more sophisticated way, resource poor societies are confronted by the capture of resource rents by the elite and are unable to adapt to the scarcity of resources. According to this neo-Malthusian argument, voiced at a time when environmental concerns were high on the international agenda, the degradation and depletion of renewable resources in the context of population growth motivates the capture of resources by powerful groups. Cases include the appropriation of irrigated lands on the Senegal/Mauritania border, scarce forest and agricultural lands in the Philippines or Mexico, grazing areas in Sudan associated with a displacement of local populations to marginal lands. These distributional conflicts take place when societies in environments with scarce or depleted resources are unable to innovate and mobilise sufficient capital in order to generate sufficient wealth. Grievances by the powerless against resource allocation and the inability of the government to address such problems can undermine the legitimacy of authorities and social structures, resulting in open conflict.

From this perspective, a resource war is the violent expression of a distributional conflict associated with the paucity of resources, the lack of capacity to innovate, the greed of powerful groups, and the grievances of marginalised groups. There are three major counter arguments to the 'scarcity-driven violence' thesis.[3] *First*, resource scarcity and population pressure can result in socio-economic innovation, including a diversification of the economy, which also results in a more even distribution of power across society. *Second*, the state itself is more dependent on financial inputs from society, so is more likely to be representative and accountable towards it. *Finally*, the economic agenda of a resource poor country is to develop and harness human capital, rather than protect the weak resource rents of elites. As human capital develops (e.g. through education and institutions on resource management), the economy diversifies, and governance becomes more representative and accountable, the likelihood of violent conflict decreases. Indeed, even if specific cases support this 'scarce resource war' argument, a systematic examination of resources and conflicts through multivariate models has indicated that the level of endowment in renewable resources – those concerned by the 'greenwar' argument – are not associated with the risk of conflict. In contrast, countries with abundant non-renewable resources – those with a high proportion of their Gross Domestic Product (GDP) consisting of mineral exports – are more likely to face conflict.[4] Table 1 provides several examples of conflicts involving abundant and valuable resources.

Abundant resource wars

The second basic argument is that 'abundant resources equals more conflicts', meaning that when wealth depends on state or territorial control, competing groups will resort to non-cooperation or violence to control revenues. Here again, a more sophisticated approach argues that a wealth of resources can result in less democracy, poor economic growth, and greedy behaviour by competing elites. All these factors are generally associated with a greater likelihood of conflict.[5] The wealth of natural resources deeply influences the political economy of a country and its type of governance.

Economically, an abundance of natural resources is generally associated with poor economic performance and greater socio-economic inequalities. Resource poor economies often grow faster than resource rich economies. The economy of a resource rich country can be affected by 'Dutch disease', where the non-resource sector shrinks because talent and investment is ploughed into the resource sector and into rent seeking activities (most non-tradable) rather than into productive activities.[6] The resource sector and associated rent-seeking activities – such as the manipulation of foreign exchange, imports, public budget, and subsidies – offer higher private returns than non-resource sectors. Incentives to invest in the latter (especially in their tradable components) are usually undermined by the adverse effect of the currency appreciation associated with the large foreign-exchange inflows arising from the resource sector. State attempts to support the non-resource sector through subsidies often prove unsustainable when they fail to address long-term competitiveness.

Table 1 – Examples of key resources involved in wars during the 1990s

Country	Integrated resources	Prospective resources
Afghanistan	Opium / heroin, emeralds	Natural gas and oil route
Algeria	Oil	
Angola	Oil, diamonds, timber, ivory	Oil, uranium
Burma / Myanmar	Rubies, timber, heroin	Oil
Cambodia	Timber, rubies, sculptures	Oil
Chad	Oil	Oil, uranium
Chechnya		Oil route
Colombia	Oil, heroin, cocaine, gold, coal, emeralds	Oil
Rep of Congo	Oil	
DR Congo	Copper, cobalt, diamonds, gold	Uranium, Oil, minerals
East Timor		Oil
Indonesia / Aceh	Oil	
Iraq / Kuwait	Oil	Oil
Lebanon	Hashish, heroin	
Liberia	Iron, diamonds, timber, rubber, drugs	
Mozambique	Hydropower, shrimps, ivory, timber	Gas
Papua New Guinea (Bougainville)	Copper	
Peru	Cocaine	
Philippines	Timber, marijuana	
Senegal (Casamance)	Marijuana	
Sierra Leone	Diamonds, rutile, bauxite	Diamonds
Somalia	Bananas, camels	
Sudan	Oil, cattle, timber	Oil, gold
Turkey / Kurdistan	Heroin	
Western Sahara	Phosphates	
West Papua / Irian Jaya (Indonesia)	Copper, timber	Oil, hydropower

Note: Integrated resources are currently exploited and directly involved in the conflict. Prospective resources are not yet, or not anymore, exploited, but can be indirectly involved in the conflict as belligerents and their backers hope to exploit these resources in the future.

Perverse economic and institutional effects of resource abundance include:

- poor economic growth;
- neglect of non-resource sectors and low level of economic linkages;
- high level of inequalities;
- corruption of state institutions;
- high economic inefficiency and subsidisation of politicised schemes;
- budgetary mismanagement;
- high level of debt due to overoptimistic revenue forecast and use of future revenues as collateral for loans; and
- high vulnerability to external shock, especially on resource prices.

Politically, resource rents provide leaders with a classic means for staying in power by establishing a regime organised through a system of patronage that rewards followers and punishes opponents. Clientelist networks linked to the resource sector thus shape power politics. Such regimes can divest themselves of the need for popular legitimacy by eliminating the need for broad-based taxation of a diversified formal economy, finance a repressive security apparatus, and reward a close circle of supporters and/or the general population. Populations or interest groups which are lightly, or not taxed at all by the government may be less concerned by its lack of accountability, legitimacy and representativeness than heavily taxed ones. When resources guarantee sufficient rent, there is little incentive for the leadership to develop a diversified economy that could give rise to alternative sources of economic power, which may strengthening political competitors. In this regard, the resource rent can be deliberately used to avoid the emergence of a class demanding political change (e.g. by impeding the growth of a middle class independent from the resource rent). The risk of domestic political competition can even be further curtailed by devolving the exploitation of the resource sector to foreign firms (e.g. through privatisation schemes); a measure that also offers the advantage of satisfying international financial institutions and consolidating external political support.

The dominance of the resource sector in the economy and its political control by the ruling elite leaves little scope for accumulating wealth and status outside state patronage. As the wealth and power gap between the ruling and the ruled increases, so does the frustration of marginalised groups, who see political change as the only avenue for satisfying their aspirations or expressing their grievances. Such groups may include competing elites (e.g. marginalised politicians or military officers), disenfranchised groups (e.g. unemployed youths), or an association of both. In the absence of widespread political consensus – which cannot be maintained only through a distribution of rents and repression – violence becomes the main if not only route to wealth and power for these groups. Developing countries with abundant resources tend to have predatory governments serving sectional interests and so face a greater risk of violent conflict. Even if not overtly predatory, benevolent governments "must manage contests for resource rents … and trade off a coherent economic policy that maximises long-run welfare against the management of social tension."[7] This trade off results in inefficient investment and low growth, which – if the resource rent proves insufficient to dampen conflictual demands for reform – increases social tensions, lowers the cost of joining criminal gangs or rebel groups, and heightens the likelihood of conflict.

Violence as a political instrument of economic control

Societies confronted with specific environmental circumstances – scarcity or abundance – are often unable to address the problem of resource management without using violence. This is because in many cases, this resource endowment has a debilitating effect on economies and governing institutions that result in a violent distributional struggle. These two arguments have been supported by case studies and modelling. From a neo-Malthusian perspective, conflicts in 'over-populated' areas such as Rwanda or drought-prone regions in the Horn of Africa provide evidence about 'ecoviolence' or 'greenwar' linked to resource scarcity. Similarly, violence is seen as a result of a distributional struggle over abundant resources.

An alternative perspective is that violence allows groups to create and sustain profitable patterns of resource exploitation and wealth distribution. In other words, 'resource wars' are conflicts in which violence, or the threat of it, becomes an intrinsic part of the political economy of resource exploitation. Whether a resource is scarce or abundant is not that relevant. These two notions are relative. For example, in Angola, there is a local abundance of globally scarce diamonds. Beyond their scarcity or abundance, natural resources represent a *value*. The combination of violence and value can take two forms.

On one hand, the creation and distribution of this value – its political economy – can prove conflictual. Indeed, the transformation of nature into tradable commodities is a deeply political process; involving the definition of property rights, the organisation of labour, and the allocation of profits. While this process can be peaceful and cooperative, it is often conflictual and violence may be either in the form of physical force or through coercion and domination. The nature of violence will change whether resources involve production or extraction. With extractive resources (e.g. minerals), violence will take the form of a battle for state or at least territorial control. With productive resources (e.g. crops), violence will take a structural form, such as coercing labour or controlling trade. This structural violence will give rise to grievances and everyday forms of low-key resistance (e.g. pilfering, foot dragging); occasionally resulting in peasant uprisings, urban riots, and strikes. These two forms of resource war are not mutually exclusive, as some resources can involve territorial control and the coercion of labour to concentrate profits (plantations, cattle raising). On the other hand, the value of a resource can be used to win or sustain a conflict that is not directly related to the control of the resource itself. This value can be used for commercial exchanges, mostly arms purchase, or to gain broader forms of support from business associates (e.g. diplomatic support from importing countries and their multinational corporations).

In short, conflict can be motivated by the pattern of resource exploitation, or *vice versa*. What matters is how specific groups are able to use violence to secure control of *valuable resources* and translate this control into greater power. In either case, the perpetuation of violence – either in the form of war or coercion – will depend on the distribution of power across society and the level of consensus over that distribution. When the state, as a governing body, is itself weakened by corruption, failing patronage politics, and growing illegitimacy, this consensus might prove impossible to achieve, making conflict over this distribution more likely. Abundant natural resources can motivate conflicts to secure state control or to secede, and involve foreign intervention.

Conflict over state control

Abundant valuable resources are 'the prize' for controlling the state and can lead to violent bids for the government, such as coup attempts by populist movements wanting political redress. An example of this was the failed coup attempt in Venezuela by military officer Hugo Chávez in 1992. His later election as president demonstrated the level of grievances felt by the majority of the population against the corruption and mismanagement of the considerable oil revenue of that country. Alternatively, bids for state control can be motivated by the greed of competing elites. In Liberia, Charles Taylor's bid for power in 1989 first targeted the seat of power in the capital Monrovia. Failing to do so, he nevertheless succeeded in establishing his rule over most of the country by taking control of lucrative sectors, not only in his country (rubber, timber and iron ore), but in neighbouring Sierra Leone (diamonds) as well by supporting a rebellion by the Revolutionary United Front. In Congo Brazzaville, the coup of Denis Sassou Nguesso (the previous president) against elected president Pascal Lissouba in 1997 was closely related to the control of the oil rent. In Algeria, although the political and religious agendas were predominant, the conflict over state control between the politico-military regime and Muslim 'fundamentalists' was also linked to the petroleum rent. On one hand, popular grievances against the regime were largely associated with its mismanagement of the revenue from oil and gas exports. On the other hand, the Algerian oligarchy was reluctant to devolve power to the election-winning Muslim party, as the main source of wealth was the state controlled petroleum rent.

Conflict over secession

Resources can also motivate secessions in resource rich regions. In this case, the capture of the prize does not require the control of the country but only the *de facto* sovereignty of the territories necessary for resource control and trade. Similar to conflicts over state control, popular political agendas or more personal greed-driven initiatives can motivate secessions. The likelihood of political secession increases when 'outsiders' are perceived to extract 'local' resources without sharing the wealth, and when local populations are displaced by the extractive industry or suffer from its environmental costs. The distribution of benefits and externalities has fuelled the Biafra secession and rebellions in the Delta region of Nigeria, Aceh in Indonesia, and Cabinda in Angola, to name but a few examples of conflicts in oil-rich regions. While many of these secessions have an indigenous political base, some are also motivated by domestic or external actors manipulating local political identities for commercial interests. The most glaring example is that of the secession of Katanga in the Democratic Republic of Congo (DR Congo). Belgium and Anglo-Saxon interests first politically invented this region in order to secure a hold on the copper mines. In the wake of independence indigenous political leaders used it to distance themselves from Kinshasa. The fear of secession can also lead to severe repression by the central government. Southern Sudan, with its conflict over oil and grazing land, is an example of how far repression can go in forcing people to rebel. The war over copper revenues in Bougainville (Papua New Guinea) is another.

A number of wars are now characterised by a high degree of territorial fragmentation. These are not so much secession conflicts in a political sense, but rather the expression of a phenomenon of warlordism as well as of geographical circumstances (see below). Warlords are strongmen who control an area by their ability to wage war, and who do not obey higher authorities. The warlord's power and his ability to keep weak central authorities and competing groups at bay largely depends on his ability to organise a war economy, which often includes external commercial activities. In the former Yugoslavia, for example, the self-proclaimed 'republics' in Croatia and Bosnia were highly fragmented. On the Serb side, the personal economic agendas of local strongmen in the main towns prevented the centralisation of a war economy. This fragmentation reduced the efficiency of the 'Serb republics' (but probably not war crimes) and corrupted local politics; thereby preventing the consolidation of a 'Greater Serbia'. Similarly, on the Muslim side, a western Bosnia based faction that was financed – and partly motivated – by its commercial activities with Croats and Serbs opposed militarily the Sarajevo based government of Izetbegovic.

Foreign intervention

Finally, abundant natural resources can motivate foreign intervention. Foreign states, domestic politicians, private corporations and mercenaries can come together as a diverse coalition to pursue commercially motivated interventions. These interventions can take the form of assistance to *coup d'etat* and electoral fraud, support to local insurrections, or annexation by military force. In most cases, foreign powers and commercial associates hide the geopolitical and commercial agendas motivating such meddling by the need to restore 'order and stability', if not democracy and international law. In many cases such 'order and stability' refers to a relation of dependence benefiting Southern ruling elite and foreign interests. Examples of foreign intervention tied to the exploitation of abundant natural resources include the military invasion of Kuwait by Iraq and the ensuing Gulf war in 1991 or the association of a private Thai banker and British security firm in planning a coup to reinstate an elected president in Sierra Leone in 1997. The war in Congo Brazzaville involved French interests – including those of Elf Aquitaine – as well as a direct military intervention by the Angolan government. Foreign interventions were probably most conspicuous during the war in the former Zaïre/DR Congo. The French-supported Mobutu troops allied with the Rwandan Hutu militias opposed Laurent Kabila and his Ugandan and Rwandan allies; while all were benefiting from the support of foreign commercial interests eager to secure mining concessions.

The role of the private sector in abundant resource wars is crucial as belligerents rely on its capacity to exploit and/or commercialise local resources. A wide variety of foreign commercial actors can intervene, from migrant workers, individual smugglers, small companies in neighbouring countries, to junior and large transnational corporations. Their intervention also varies from economic intermediaries to fully integrated operations, including political support and arms procurement as well as the involvement of mercenaries.[8] The involvement of mercenaries – or private military companies – has become widespread in unstable mineral rich countries, particularly in Africa.[9] Their role mostly involves the protection of areas of strategic economic interests for 'recognised' governments, with the risk of leaving the populations of resource poor areas without public services and at the mercy of predatory rebel groups.

The course and political economy of resource wars

Natural resources can contribute to the likelihood of armed conflicts as well as influence the duration, course and impact of the conflict upon populations. This influence is articulated through the financial and political interests generated by resource exploitation, the criminalisation of the conflict, and the effect on civilian populations.

Financing conflicts

The exploitation of resources to finance conflicts has been conspicuous in the history of wars. From cattle raiding, merchant capital and imperialist wars to contemporary conflicts, natural resources have financed the violent activities of many different types of belligerents.[10] With the end of the Cold War and the resulting sharp drop in foreign assistance to many governments and rebel groups, belligerents have become more dependent upon mobilising tradable commodities, such as minerals, timber or drugs, to sustain their military and political activities.[11] As local resources gain in importance for belligerents, so the focus of military activities becomes centred on areas of economic significance. This has a critical effect on the location of conflicts, prompting rebel groups in particular to establish permanent strongholds wherever resources and transport routes are located, moving away from their traditional strategy of high mobility and location along international borders. War economies, including commercial activities, tend to shift from an economy of proximity, to an *economy of networks*. These diffuse and extensive networks involve mostly private groups (including international organised crime groups, transnational corporations, and diasporas), as well as the leadership of foreign countries (especially regional or former colonial powers), and – mostly unintendedly – consumers in importing countries.

Abundant resources provide armed groups with a source of cash, or collateral for credit lines, to purchase military equipment and support from the private sector. Beyond financing a conflict, the exploitation and commercialisation of natural resources can also help armed groups to develop an extensive and diversified support network, which integrates all people having an economic stake in the exploitation of resources. Such networks include private companies and middlemen involved in resource exploitation and trade, but also foreign political leaders. For example, UNITA's diamonds not only allowed the rebel movement to buy arms, but also to gain diplomatic and logistical support from regional political leaders whose 'friendship' for Savimbi partly rested on business interests (e.g. Compaoré in Burkina Faso, Eyadema in Togo).[12] Networks can also extend to national authorities in exporting and importing countries. In the case of Cambodia, the network of support of the Khmer Rouge rebels included the leadership of the Cambodian government, its adversary in the war, but the authoriser for its timber exports to Thailand.[13] Similarly, lax controls on export licensing allowed UNITA to sell diamonds through government controlled channels, with handsome profits for officials and middlemen facilitating this laundering. In this type of relation, opposing parties may have an interest in prolonging a profitable military stalemate in order to preserve economic interests that could be threatened by a total victory and subsequent peace.

Finally, the network of commercialisation involves consumers in importing countries. While international trade ethics represent a difficult problem to address because of its pervasiveness, action can be taken concerning specific commodities financing conflicts. For example, investigations into marketing networks can reveal the actors and mechanisms linking natural resources exploitation in countries at war and consumption in rich countries. When these networks are somewhat obscure and/or highly diversified, as in the case of diamonds produced in Angola or Sierra Leone, a responsible management of the supply-chain by the industry should ensure that no commodity ending up on the international market has participated in funding these conflicts. The diamond cartel De Beers, has pledged to take such steps and there is increasing pressure within the diamond industry to reform its practices.

The same could be argued about oil produced under repressive and corrupt regimes. While legitimate governments have a right to allocate oil revenues to address military threats, military expenditures have commonly provided a cover for embezzlement, occasionally with the complicity of foreign oil companies. In Angola, some foreign oil companies are directly involved in domestic political and financial matters and participate actively in helping finance arms purchases, including through extra-budgetary channels.[14] Most prominently, Elf Aquitaine has reportedly acted as a facilitator in oil for arms deals and supported both sides in the conflict. Allegedly, such deals have been made with eastern European arms dealers associating Angolan officials (General Vieira Dias 'kopelipa'), arms brokers (Pierre Falcone and Arkadi Gaidamak), oil companies (Elf), and oil traders (Glencore). In 1998, oil shipments from Elf's 'Palanka' fields were circumventing normal national accounting procedures to pay for such deals.[15]

While, it is not in the short-term interests of private corporations to blow the whistle on such practices, it certainly is in their longer-term interest to address the problem as 'dirty' industries and commodities may suffer from consumer boycotts. Private corporations, either domestic or international, need to assume their political role and to take a moral stand by demonstrating their 'citizenship'. Such positions should, however, not be cynically used by first world companies to exclude competitors in the third world; for example by characterising African diamonds in general as 'dirty', and those of developed countries (e.g. Australia and Canada) as 'clean'. Nor should diamonds produced by multinationals be systematically considered 'clean' and artisanal ones 'dirty', with the risk of undermining local small-scale producers.

Criminalising conflicts

The economic agendas associated with the exploitation of resources can also influence the course of conflicts through their criminalisation, as financial motivations may come to override political ones.[16] Financial self-interest may motivate individual soldiers, local commanders, and their political backers to sustain profitable conflicts thereby securing their stake in the resource wealth. Such 'freelancing' and the attendant anarchy usually results in violent competition. Yet, it can also involve accommodation between opposing factions who find a mutual benefit in a 'comfortable military stalemate', leaving the territory and its population under a no-war-nor-peace situation.

War economies, generally involving valuable (illicit) commodities such as gems, drugs, and hardwood, circumvent regulations and taxation, contributing to the growth of the informal economy. The deregulation and internationalisation of trade through globalisation, has greatly facilitated external commercial links. Criminalisation occurs especially when the marketing of illicit commodities requires armed movements to develop downstream partnerships with criminal networks to facilitate international trade or retail sales. In these circumstances the imposition of sanctions may actually extend criminalisation by making normal economic activities illicit and pushing the state to engage with criminal gangs to run smuggling operations. This criminalisation is not exclusive to conflict countries rich in natural resources. It is observed – at least in the form of a 'political economy of disorder' – throughout most of Africa.[17]

Impact on populations

The influence of resource wars on populations varies considerably. In some cases, local populations can be closely involved in, and profit from the exploitation and commercialisation of resources. This is true of the cocoa producers in Colombia or heroin producers in Afghanistan and Burma. Without a situation of conflict, the production of these lucrative but illicit products would not be possible. In a way, rebel groups play a protective role for such populations. In other cases, belligerents can see local people as a hindrance to resource control, resulting in forced evictions or massacres, such as in the diamond fields of Sierra Leone. Local populations can also be forcibly enrolled to exploit resources (e.g. rubber harvest in Liberian plantations, gas pipeline installation in Burma), in addition to other uses such as logistics, food production, or sex. Finally, governments and rebel groups can simply neglect populations by focusing exclusively on resource control and exploitation, leaving the rest of the economy and public services in total disarray.

In Angola, the oil rent has been of little benefit to the population because it has been spent mostly on military activities and distributed to the 'oil *nomenklatura*' – a number of state and private companies and privileged sections of the population. In a continuation of the practices of the former socialist state, civil servants – in particular high-ranking officials – receive personal privileges from the state or parastatal companies.[18] Such privileges include access to subsidised goods and services, as well as opportunities to generate easy profits. For example, in 1995, 36% of the education budget was allocated to overseas scholarships and US $400 million to subsidies on petrol, electricity, municipal water, transport and housing accessible only to a privileged minority within the population.[19] The bureaucracy within the state oil company Sonangol (about 5 000 people) benefits from a range of advantages, including special schools and overseas medical care, that are then deducted from the taxes paid back to the Treasury. The offices of Sonangol in London, Boston, and Liberia are reported to organise such assistance. A 1997 audit calculated that such 'taxation leakage' amounted to US $180 million for the previous 15 months. [20]

With regards to direct profits, a dual currency exchange scheme allowed privileged individuals and companies to access foreign currencies at an artificially low official rate. Mostly linked to import licences, this scheme was in place until 1999 and could secure profits of about 300%. The overvaluation of the official currency in turn contributed to import dependence, generating a 'virtuous' circle for beneficiaries. The privatisation of state assets and access to subsidised loans from the National Bank of Angola's 'affiliate' banks are another means of rewarding clienteles. Foreign oil companies also directly provide goods and services to prominent figures, which are then deducted from the companies' tax bills in Angola. Finally, the highest levels of government allegedly embezzle part of the oil rent. World Bank staff estimate that in 1993 about US $1 billion was 'floating' between the national accounts figures and the government's budget figures' and had been allocated to a parallel military budget and to transaction commissions. Since 1996, the share received by the presidency from signature bonuses on oil concessions is officially set at 55%. Signature bonuses for three blocks awarded in 1999 to Exxon, TotalFinaElf, and BPAmoco would thus represent about US $480 million in revenue for the presidency, the remaining share having been supposedly attributed to Sonangol and oil producing provinces. Most of the bonuses would have in fact been allocated to military expenditures.

The state of poverty and distress of most Angolan people demonstrates that they have not been considered as relevant to the political economy of the conflict and the interests of belligerents. On the governmental side, the oil windfall should have provided social services and support for livelihoods. Yet, official government revenue from oil has been erratic, representing between 35–60% of gross revenue (variations are in part due to oil prices and maturity in field exploitation), and budgetary allocation non-transparent, with unrecorded expenditures reaching 30%. Social expenditures have been declining since the early 1990s. The end of Soviet block development assistance and the rise of corruption and misallocation have aggravated this decline; resulting in a dismal level of governmental services to the population. Furthermore, the supply of foreign currency at a (low) official rate to selected importers is supposed to subsidise imports of food and essential goods, in particular for the fast-growing urban population. However, in practice, food is mostly imported with foreign currency at the parallel market rate, while luxury consumption goods are imported at the subsidised rate. Finally, the dualism of the economy was reflected in the uneven budgetary allocation between Luanda and the provinces, the latter receiving only 13,5% of the executed budget in 1996 for two-thirds of the population.[21]

On UNITA's side, civilians were 'mobilised', or rather kidnapped and forced to grow crops in its 'liberated' areas during the 1980s. Now, the movement uses migrant labour from DR Congo or even as far as Senegal, to dig for diamonds – its main source of revenue. Similarly, despite early efforts to mobilise the population economically through large scale agricultural schemes soon after independence, the government as well as international donors have since put little effort in development schemes. The government is now attempting to return urban refugees to the agricultural sector with the main objective of reducing the population of Luanda and its dependence on food imports. This links of course to the indirect effects of the mineral sectors, the bias of the government in favour of coastal areas, and the perception of populations as 'backward subsistence farmers' and *deslocados* (internally displaced people) representing a social threat. While it is true that the Portuguese regime left the black population largely unprepared to integrate into a modern economy (except as agricultural labour), there was room for manoeuvre even during the conflict.

While the war has had a dramatic impact on many people, it is worth noting that the vast majority of the population has been sheltered from the direct consequences of the war. Most of their suffering arises from economic mismanagement and a lack of employment opportunities. Aside from subsistence agriculture, many survive through informal trading. Repression against this sector is relaxed when the oil price drops in order to broaden economic opportunities and ease social tensions. In this context, rising social inequalities – resulting from rent seeking and the 'partial and uneven movement to a market economy' – have undermined the legitimacy of governmental rule and lowered the opportunity cost of joining UNITA. This has not provided, however, a political advantage for UNITA. As a popular slogan during the 1992 elections campaign said "MPLA steals, UNITA kills". So far, the MPLA has been sheltered from a democratic political reversal. Yet, the ruling elite is fearful of popular uprising, especially in the capital Luanda where a third of the population is concentrated. In addition to military force, the government has established a feared and predatory security apparatus and has jailed some of its critics.

To sum up, resource wars result in the domination of the economy by the military and resource sectors. The former is associated with destruction and underdevelopment; the latter corrupts politics and undermines the economy. As the non-resource and non-military sectors decline, wealth and power become increasingly dependent upon controlling rents from the resource sector and transfers to and within the military apparatus. This political economy motivates those already in control of the resource rents to protect their privileged access to rents at all costs, including through continued fighting against those contesting control. Alternatively, opposing groups may reach compromises with each other to advance their mutual interests, while maintaining a level of conflict that preserves their individual interests. If the wealth generated by the resource sector is sufficiently large, then the system can be perpetuated even as the non-resource economy collapses. On the contrary, the collapse of the economy can result in a military endgame. In the case of Angola, a crucial factor in the perpetuation of the conflict beyond the Cold War and South African regional hegemony agendas was that both contenders had access to a resource that was very difficult for the other to control. Oil requires large-scale investments and is submitted to international regulation, while alluvial diamonds can be dug with minimal investment and easily avoid regulation. Aside from the nature of the resources themselves, the geography of the resources is of great importance.

The geography of resources wars

Central to the integration of natural resources into a conflict is their *geographical location*. In short, the greater the distance or difficulty of access from the centre of control, the greater the cost of control and the higher the risk of losing the resource to the adversary. In other words, a resource close to the capital is less likely to be captured by rebels than a resource close to a border. Here are a few examples. Grazing lands in the immediate suburbs of administrative capitals and army barracks are over-used by pastoralists to avoid confrontation with cattle raiders (e.g. Uganda). Gem mines and forests in remote or border areas tend to be overrun by rebel groups and integrated into their war economy, such as in Cambodia and Sierra Leone. Offshore oil, while being apparently distant from the centre of control, can be monopolised through international contracts and naval enforcement (e.g. Gulf of Guinea). The higher the availability of valuable resources at the periphery of control, the greater the likelihood of prolonged conflict.

The case of Angola is an excellent example. If UNITA wanted to control offshore oil, it would have to control the state and gain the recognition of petroleum companies. However, UNITA could not even inflict major damages to the oil revenue of the government, as the overwhelming majority of the oil fields were offshore. Similarly, if the government wanted to control diamonds, it would have to secure a monopoly of access over a vast territory. Even though the major mines are concentrated in one single province (Lunda Norte), alluvial diamonds can be found in many riverbeds over a huge territory of bush facilitating guerrilla activities. If diamonds had been found only in kimberlite pipes, as in Botswana, or on the seabed along the coast, as in Namibia, access to diamonds by UNITA would have been complicated, not to say impossible.

The second geographical dimension is that of *concentration*. Two categories have been identified: 'point' resources (or 'point source' resources) and 'diffuse' resources.[22] The former is concentrated in an area and mostly includes non-renewable resources exploited by extractive industries (i.e. mining). The latter is more widely spread and mostly includes renewable resources exploited by productive industries (i.e. agriculture, forestry, and fisheries). Aside from the purely physical aspect of this spatial concentration, the mode of exploitation can determine the social aspect of this concentration. For example, western agriculture has generally become a point resource as agribusiness uses mechanisation and enclosures to concentrate profits, while most agriculture in developing countries remains a diffuse resource exploited by smallholders.

The effect of resource concentration on conflict is complex. A point resource may be more easily monopolised than a diffuse resource but its desirability usually makes it more expensive to defend. Rewards from resource control are thus maximised when resources are sufficiently accessible and valuable. Such resources include (alluvial) gems, timber and drugs, which are among the resources most integrated into the war economies of rebel groups. With regard to Angola, oil is a point resource with a spatial concentration (oil platform), a small workforce, a very restricted number of firms, and a high concentration of profits. Alluvial diamonds, on the contrary, are a rather diffuse resource spread over a large territory, employing a large labour force, and accessible to a large number of firms, even individual freelance diggers (*garimpeiros*). Yet, the tight control exercised by UNITA over mines in some regions and *garimpeiros* is such that diamonds can also be considered as a point resource with regard to the concentration of profits.

Another geographical dimension of conflicts with particular relevance to resource wars is that of *fragmentation*. During conflicts, society and economic activities are affected by a phenomenon of fragmentation – or contraction and circumscription – that is most visible in the distribution of population. Populations tend to regroup in the safest areas and vast regions become depopulated. This leads to a reconfiguration of economic activities and socio-political structures. Peacetime economic activities contract and are circumscribed both geographically and structurally, with a shift from production to services, resulting in the growth of informal activities. The effects on political and social control are ambiguous. Local political structures lose their force as people from unrelated communities are concentrated together (leading to anonymity and impunity), resulting in a loss of social control. Alternatively, this may allow authorities to tighten control over populations by using coercion in the absence of social cohesiveness.

This fragmentation has an important impact on war economies based on resources as leaders face difficulties in keeping their allies and controlling their subordinates. Unless the leadership is able to monopolise the links of exchange (vehicles, airports, roads, bank accounts, export authorisations, importers) between a resource and the open economy, an economic space is available for their allies and subordinates to become autonomous through commercial or criminal activities based on local resources. This is likely to weaken discipline and chains of command unless leaderships are able to hold them together through coercion and/or sufficiently strong ideologies, including that of ethnic hatred. In contrast, when resources are fed into the conflict from outside – the case during the Cold War – leaders can maintain the coherence of their armed movements through the tight control of the flow of foreign resources to their allies and subordinates. In order to prevent the loss of foreign support and sanctuaries, armed movements may adopt radical measures, such as strict discipline, harsh sanctions, forced recruitment (especially of children), indoctrination inside the movement, and violent repression of the population. The leadership may also use these measures to counter other effects such as corruption and greed developing within the movement. UNITA, which has few, if any, foreign allies, is finding itself increasingly isolated, as it experiences diminishing control over diamond resources and a tightening of sanctions, which extends to the freezing of financial assets, diamond trade, international travel and representation. While the resumption of large-scale conflict in late 1998 – at the initiative of the government – enabled UNITA to re-mobilise its troops and conduct a counter-offensive, it is now losing ground. A radicalisation of the movement due to dissidence or the defection of many moderates as well as its loss of resources could result in an even more brutal control of the population, thus following the route pursued by the *Resistência Nacional Moçambicana (*RENAMO) in Mozambique.

The fragmentation of a conflict is associated with the *peripheralisation* of economic networks as internal trade becomes increasingly risky and is replaced by transborder trade. This in turn aggravates capital flight and import dependence, characteristic of resource rich economies. Border towns and internal trading gateways take on a new importance, leading to a peripheralisation and fragmentation of political power. This peripheralisation also affects populations. Diasporas (including ruling elites and their relatives) and refugees can be considered as ‘satellite populations’ resulting from this peripheralisation. The pre-existing pattern of population distribution (and its ethnic and class identity) is critical to the form that this peripheralisation takes. Poor people are geographically constrained in their choice of a ‘safe’, yet sufficiently close, destination. In Angola, the great distance between areas with large populations and international borders has limited UNITA’s opportunity to benefit from large ‘humanitarian sanctuaries’ in Namibia, Zaïre or Zambia (e.g. unlike the Khmer Rouge in Thailand, the Rwandan Hutu militias in Zaïre/DR Congo, or the Mujihadeen in Pakistan). Instead the vast majority of displaced Angolans moved to government-controlled towns on the coast.

Finally, as mentioned earlier, there is a risk that belligerents will break into self-interested groups competing among themselves for territories, resource exploitation, and trading networks. In the case of drugs, for example, controlling production areas and populations can become an end in itself for either rebels or government units. This can affect the nature of conflict itself as greater control over territories and key exchange links can become more important than control over populations or key sites of state power. The military strategies of armed groups can change from highly mobile ‘hit and run’ combat targeting urban areas and infrastructures to defensive combat involving the creation of a ‘space of insecurity’ protecting key production areas and trading routes from rival groups. These spaces are defined by the military capabilities of armed groups v*is à vis* each other and the nature of the terrain. The best example is provided by the existence of more than 100 guerrilla fronts spread across Colombia’s broken topography.

Alternatively, alliances between rival groups can be dictated by geographical constraints. Isolated from the world economy, armed groups can secure mutually beneficial deals with rivals to produce or market their resources. The overall effect of such accommodation between conflicting parties is ambiguous. In such circumstances, the exercise of local authority through violence – bringing material rewards – leads to a *materialist* idea of local power. This then feeds again into the fragmentation and perpetuation of the conflict when nominal leaders sign a political agreement but fail to rally their ‘subordinates’ to a ‘national’ political project. On the other hand, it can also favour a local transition to peace when local commanders lower the intensity of conflict and even negotiate their individual disengagement from the conflict without approval from their supposed leaders (e.g. Khmer Rouge defectors in Cambodia). The fragmentation of a conflict – and its role in perpetuating or reducing violence – thus has a geographical dimension in addition to political and economic ones.

Resources, reforms and transition to peace

Aside from their effect upon the likelihood and course of the conflict, natural resource wealth – whether actual or perceived – often prevents successful political and economic reforms and a rapid transition to sustainable peace. Entrenched interests associated with the capture of rents, together with the difficulty of reversing perverse economic effects can result in a lack of political consensus for reform. In extreme cases, the influence of the commercial agendas associated with resource exploitation on the structure of authority in armed groups and their motivation for violence can impede a transition to peace as even leaders committed to a peace agreement cannot control their 'followers' in order to enforce it.

Furthermore, the resource wealth weakens the leverage of external peace initiatives. The international community often lacks cohesion, willingness, or leverage to forge a consensus. The resource stake acts as a divisive factor among international players. Bilateral actors are inclined to accommodate domestic anti-reform interests in order to secure commercial benefits, particularly for their transnational corporations. In addition, the ability of the belligerents to draw on private capital decreases the potential leverage of multilateral agencies (e.g. United Nations, International Monetary Fund) exercised through grants and loans. In many contemporary wars, private capital inflows assume a greater importance than foreign assistance, especially in comparison to Cold War conflicts. Such private capital is largely unaccountable in the current international political system since it gives more weight to the commercial interests of transnational corporations than to the victims of conflict.[23] The current lack of influence of multilateral institutions plays to the advantage of international business corporations, private security firms, and bilateral actors with stakes in resource exploitation. In turn, most of these private groups are unwilling to take a stand to promote reforms and peace, preferring to maintain a 'neutral' attitude that perpetuates the status quo.

This is particularly the case when political power has become highly personalised, such as with President dos Santos and Savimbi in Angola. Here, the relations of authority and allegiance have come to rest in part on the use of patronage and corruption made possible by the manipulation of the resource rent and the (tacit) complicity of corporations. As this rent makes the exercise of power very lucrative, it makes unattractive the risk of democratic political change associated with peace. While both Angolan parties accepted the principle of elections, the elections themselves did not jeopardise their hegemony and internal structure. Rather, the electoral process further consolidated the exclusivity of these two armed parties over the political scene and the logic of war in case of defeat.[24] To some extent, the acceptance of a peace agreement leading to democratisation depends on a preliminary agreement on resource sharing, if not power sharing. The success of the peace process then hinges upon the outcome and respect of such a sharing agreement. This creates additional uncertainty and risk of failure in the transition to peace, as local commanders may not regard it as being in their interest. In the case of Angola, such sharing agreements on diamonds were initiated between the two parties, but governmental attacks on UNITA's mines in 1995 to 1997 may have put the peace process in jeopardy.

As mentioned earlier, the domestic political leadership can remain largely unaccountable and unresponsive to actors in the non-resource sectors. The leadership is not dependent upon a diversified economy for its fiscal revenues, but rather receives revenues from a restricted number of corporations involved in resource extraction, mostly transnational corporations or crony companies. Political support can be obtained through clientelist and populist strategies, rather than through democracy and sound economic management. This consolidates the status quo and thereby impedes a transition to peace.

Conclusion

The influence and importance of local economic agendas during conflicts grew throughout the 1990s as a result of decreased external patronage and the relative absence of political ideology able to mobilise popular support.

While nationalism and other forms of identity politics remain key factors in conflicts, power is increasingly gained through the successful control of local resources and the development of commercially driven global networks of support. The political economy and geographical distribution of resources thus significantly influence the likelihood and course of wars. This influence is played out through local resource exploitation schemes, involving territorial control and access to labour and capital, as well as through global commercial networks. To some extent, many contemporary wars resemble the merchant capital wars of early colonial times. Privately financed to serve economic objectives, these wars are now aggravated by the scale of the unregulated global economy, the initiatives of local authorities, and the availability of modern weaponry. While it would be an error to reduce the Angola conflict to such a type of war, the opposing alliances of foreign companies and local elites, as well as the availability and localisation of oil and diamonds have influenced both the mode of governance in Angola and the history of this conflict. The impact of these resources on the prolongation of the war throughout the 1990s, the involvement of foreign actors, and the use of capital intensive armaments has been particularly significant.

In terms of political and military impact, foreign support generally provides a means of consolidating and centralising armed groups as leaders channel assistance from the top to their supporters. This has clearly been the case for Angola, even though internal political opposition has been harshly repressed on both sides and many footsoldiers have relied on looting to survive. By contrast, the commercial activities involved in resource wars generally result in a fragmentation of armed groups – between the leadership level and local commanders, or even down to individual soldiers – as resources flow from the bottom to the top through a variety of quasi-autonomous channels. Very small rebel groups without a political agenda can emerge from this fragmentation and be assimilated into 'criminal' gangs gathering marginalised and impoverished youths seeking empowerment through the use of violence. Furthermore, the localisation of authority and motives for violence can be deeply influenced by economic considerations to the point of impeding a transition to peace, as even committed leaders cannot control their 'followers'. Despite attempts by the UNITA leadership to ensure a total control of diamonds, this has to some extent been the case. Oil, on the other hand, provided an easily centralised resource for the government, with very limited risks of fragmentation. Given the financial importance of oil over diamonds and the increasing international isolation of UNITA, the issue of the conflict is set to favour the MPLA. Yet, the legacy of a political economy concentrating revenues from a profitable war economy (through arms deals, public revenue embezzlement, importation, and dual exchange rate) will be difficult to overcome. Peacemaking processes need to understand the role of resources in conflicts and challenge the concerned actors, whether they are foot soldiers, warlords, domestic and foreign politicians, or multinationals. It is the whole political economy of southern resource rich countries and their relations with the north that needs to change if inequalities and recurring conflicts are to be avoided.

Endnotes

1 See for example: J Hare, *Angola's last best chance for peace: An insider's account of the peace process,* USIP, 1998; Human Rights Watch, *Arms Trade and Violations of the Laws of War since the 1992 Elections,* Human Rights Watch, New York, 1994; Human Rights Watch, *Angola Unravels: The Rise and Fall of the Lusaka Peace Process,* Human Rights Watch, New York, 1999; P Le Billon, A Land Cursed by its Wealth? Angola's War Economy, 1975–1999, *Work in Progress,* no 23, World Institute for Development Economics Research, Helsinki, 1999; S McCormick, *The Angolan economy: prospects for growth in a postwar environment*, Center for Strategic and International Studies, Washington DC, 1994; B Munslow, Angola: the Politics of Unsustainable Development, *Third World Quarterly*, vol 20, no 3, 1999, pp 551–68; LA Pereira da Silva & A Solimano, The Transition and the Political Economy of African Socialist Countries at War (Angola and Mozambique) in JA Paulson (ed) *African Economies in Transition*, vol 2, 1999, pp 9–67.

2 On scarce resources, see: O Bennett, (ed) *Greenwar: Environment and Conflict,* Panos Publication, London, 1991; T Homer-Dixon, *Environment, Scarcity and Violence*, Princeton University Press, Princeton NJ, 1999; N Myers, *Ultimate Security: the Environmental Basis of Political Stability*, Norton, London and New York, 1993; World Commission on Environment and Development, *Our Common Future*, Oxford University Press, Oxford, 1987. On abundant resources, see: P Collier, *Justice-Seeking and Loot-Seeking in Civil War,* Washington, World Bank, Unpublished manuscript, 1999; J Fairhead, The Conflict over Natural and Environmental Resources, in EW Wayne, F Stewart & R Vayrynen (eds), *The Origins of Humanitarian Emergencies: War and Displacement in Developing Countries,* Oxford University Press, Oxford, 2000.

3 For a detailed analysis of these arguments, see: E Boserup, *The Conditions of Agricultural Growth*, Allen and Unwin, London, 1965; M Tiffen, M Mortimore, et al, *More People, Less Erosion. Environmental Recovery in Kenya*, Jon Wiley, Chichester, 1994; G Ranis, *Towards a Model of Development for the Natural Resources Poor Economy*, Discussion Paper 529, Yale Economic Growth Center, Yale University, Yale, 1987.

4 The relation, however, is non-monotonic. The risk of conflict increases with the proportion of primary commodity exports until it reaches 28% of GDP (the risk of conflict is then 4,2 times greater than for a country with no primary exports). The risk then drops as states with a very high proportion of primary exports are supposedly rich enough to defend themselves or deter armed opposition (Collier, 1999, op cit, footnote 2). Another explanation is that a very large proportion of primary exports may be associated with a small population and little non-resource activities making equitable forms of development or rent-sharing possible, which may result in greater social peace. Two examples are Brunei (oil) and Botswana (diamonds).

5 On the subject of the curse of abundant resources, see: RM Auty & AH Gelb, *Political Economy of Resource-Abundant States*, World Institute for Development Economics Research, Helsinki, Unpublished manuscript, 1999; RM Auty, *Resource Abundance and Economic Development: Improving the Performance of Resource-Rich Countries*, Research for Action no 44, World Institute for Development Economics Research, Helsinki, 1998; AH Gelb, et al (eds), *Oil Windfalls: Blessing or Curse?* Oxford University Press, New York, 1988; ML Ross, *The Political Economy of the Resource Curse*, World Politics no 51, 1999, pp 297–322; JD Sachs & AM Warner, *Natural Resource Abundance and Economic Growth*, National Bureau of Economic Research Working Paper no 5398, 1995. For its implications on conflict, see: I de Soysa, *The Resource Curse: Are Civil Wars Driven by Rapacity or Paucity?* in M Berdal & D Malone (eds) *Greed and Grievance: Economic Agendas in Civil Wars*, Lynne Rienner, Boulder CO, 2000.

6 The term 'Dutch disease' itself refers to the effect of the development of North Sea oil production on the rest of the Dutch economy.

7 Auty & Gelb, 1999, op cit, footnote 5.

8 On operations by French interests, see FX Verschave, *La Françafrique*, Stock, Paris, 1998.

9 See for example: J Cilliers & P Mason (eds), *Peace, Profit or Plunder?: The Privatisation of Security in War-torn African Societies*, Institute for Security Studies, Pretoria, 1999; AF Musah, & JK Fayemi (eds), *Mercenaries. An African Security Dilemma*, Pluto Press, London, 2000.

10 See: M Berdal & D Keen, Violence and Economic Agendas in Civil Wars: Some Policy Implications, *Millenium: Journal of International Studies*, 1997, vol 26, no 3, pp 795–818; AH Westing, Global Resources and International Conflict: Environmental Factors, in *Strategy Policy and Action*, Oxford University Press, Oxford and New York, 1986.

11 On war economies and economic agendas of conflicts, see Berdal & Malone, op cit; D Keen, *Economic Functions of Violence in Civil Wars*, Adelphi Paper no 320, IISS, London and Oxford University Press, Oxford, 1998; J François & JC Rufin (eds), *Economie des Guerres Civiles*, Paris, Hachette, 1996.

12 Report of the Panel of Experts established by the Security Council pursuant to resolution 1237, on violations of Security Council Sanctions against UNITA, S/2000/203, 10 March 2000. Cited as *The Fowler Report*.

13 See P Le Billon, The Political Ecology of Transition in Cambodia 1989–1999: War, Peace and Forest Exploitation, *Development and Change*, vol 31, no 4, 2000; as well as the web site of Global Witness www.oneworld.org/globalwitness.

14 See Global Witness, ibid, footnote 13.

15 Interview with Ministry of Finance official, Luanda, July 1998.

16 The term criminalisation should not be taken in a moral sense and simply be related to the shift of war economies from foreign assistance to commercial resources. Resource wars may appear more criminal than proxy wars because they are not politically motivated or legitimated by one part of the 'international community'; yet, in a moral sense, it is the use of violence as an instrument of power against civilians which is criminal. In this respect both resource and proxy wars share a common criminal character.

17 On these perspectives, see: JF Bayart, S Ellis & B Hibou, *The Criminalisation of the State in Africa*, James Currey, Oxford, 1999; P Chabal & JP Daloz, *Africa Works – Disorder as Political Instrument*, James Currey, Oxford, 1999; C Clapham, *Africa and the International System: The Politics of State Survival*, Cambridge University Press, Cambridge, 1996; W Reno, *Warlord Politics and African States*, Lynne Rienner, Boulder, CO, 1998.

18 For an analysis, see: R Aguilar, The Evolution of the New Private Sector: the Case of Angola, in T Addison (ed) *Underdevelopment, Transition, and Reconstruction in Sub-Saharan Africa*, Draft mimeo, UNU/WIDER, Helsinki, 1999; ME Ferreira, La Reconversion Economique de la Nomenklatura Pétrolière, *Politique Africaine*, no. 57, 1995, pp 11–26; T Hodges, *Angola: from Afro-Stalinism to Jungle Capitalism*, Fridtjof Nansen Institute, Oslo, 2000; Human Rights Watch, 1999, ibid, footnote 1; K Maier, *Angola: Promises and Lies*, Serif, London, 1996; Pereira da Silva, 1999, ibid, footnote 1; K Somerville, *Angola: Economics and Society*, Frances Pinter, London, 1986.

19 S Kyle, *Angola: Current Situation and Future Prospects for the Macroeconomy*, CAER Paper no 25, HIID, Cambridge, MA, 1998.

20 Interview with Sonangol official, Luanda, July 1998.

21 The provinces do not include Cabinda, where transfers were 26 times higher than the average for all provinces due to a share on oil earnings. Hodges, 2000, ibid, footnote 18.

22 Auty, 1998, ibid, footnote 4.

23 That action can be taken at the international level is demonstrated by the relative success of international sanctions and NGO pressure on the timber and gem trade sustaining the Khmer Rouge and the corruption of the Cambodian government.

24 C Messiant, *Angola, les voies de l'ethnisation et de la decomposition*, Lusotopie, 1994, pp 155–210.