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RESOURCE CONTROL AND POLITICAL DEVELOPMENT IN AFRICA: THE CASES OF THE DEMOCRATIC REPUBLIC OF THE CONGO AND THE REPUBLIC OF BOTSWANA

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ABSTRACT

Ironically, it appears that the countries with the greatest resource wealth have often had the hardest time achieving political and economic stability. Is there a direct correlation between the way in which natural resources are controlled within a country and its democratic process? How do other factors come into play, such as MNC involvement or the level of natural resource revenue dependency? This study compares and contrasts two resource-rich countries: the Democratic Republic of the Congo and the Republic of Botswana between 1885 and 2012. To address the problem under investigation, three hypotheses have been formulated: 1) the higher the level of involvement of multinational corporations within a country, the less likely that country will successfully transition to democracy; 2) the higher the level of dependency a country has on revenue from natural resources, the less likely that country’s leadership will manage those resources responsibly; and 3) the way in which resources are managed is likely to affect a country’s transition to democracy. This study finds that high levels of MNC involvement and resource dependence have a variable effect on democratization but should always be observed and questioned. Only the third hypothesis was confirmed: resource management is a critical factor affecting democratic outcomes.

Key Words: Resource control, resource management, Democratic Republic of the Congo, Botswana, democracy in Africa, MNCs, transitions to democracy, political development
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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ACHAP</td>
<td>African Comprehensive HIV/AIDS Partnership</td>
</tr>
<tr>
<td>AFDL</td>
<td>Alliance of Democratic Forces for the Liberation of the Congo</td>
</tr>
<tr>
<td>ANC</td>
<td>African National Congress</td>
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<tr>
<td>ARVs</td>
<td>Anti-retroviral medicines</td>
</tr>
<tr>
<td>BCDI</td>
<td>Banque de Commerce, de Développement et d’Industrie</td>
</tr>
<tr>
<td>BCP</td>
<td>Botswana Congress Party</td>
</tr>
<tr>
<td>BDF</td>
<td>Botswana Defense Force</td>
</tr>
<tr>
<td>BDP</td>
<td>Bechuanaland Democratic Party (later known as the Botswana Democratic Party)</td>
</tr>
<tr>
<td>BNF</td>
<td>Botswana National Front</td>
</tr>
<tr>
<td>BONELA</td>
<td>Botswana Network on Ethics, Law and HIV/AIDS</td>
</tr>
<tr>
<td>BPP</td>
<td>Bechuanaland People’s Party (later known as the Botswana People’s Party)</td>
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<tr>
<td>CEI</td>
<td>Commission Electorale Indépendante</td>
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<td>CKGR</td>
<td>Central Kgalagadi Game Reserve</td>
</tr>
<tr>
<td>CNDP</td>
<td>National Congress for the Defense of the People</td>
</tr>
<tr>
<td>DIS</td>
<td>Directorate of Intelligence and Security</td>
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<tr>
<td>DTCB</td>
<td>Diamond Trading Company of Botswana</td>
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<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiatives</td>
</tr>
<tr>
<td>FAP</td>
<td>Financial Assistance Plan</td>
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<td>FAR</td>
<td>Forces Armees Rwandaises</td>
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<td>FDLR</td>
<td>Forces Démocratique de Libération du Rwanda</td>
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<tr>
<td>FNLC</td>
<td>Front National pour la Libération du Congo</td>
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<tr>
<td>ICC</td>
<td>International Criminal Court</td>
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<tr>
<td>ICGLR</td>
<td>International Conference of the Great Lakes Region</td>
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<td>IDI</td>
<td>International Diamond Industry</td>
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<td>IDP</td>
<td>Industrial Development Policy</td>
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<tr>
<td>LPA</td>
<td>Lusaka Peace Accords</td>
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<td>MLC</td>
<td>Mouvement pour la Libération du Congo</td>
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<td>MNCs</td>
<td>Multinational Corporations</td>
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<tr>
<td>MONUC</td>
<td>United Nations Organization Mission in Democratic Republic of the Congo</td>
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<tr>
<td>NDPs</td>
<td>National Development Plans</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>RCD</td>
<td>Rassemblement Congolais pour la Démocratie</td>
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<tr>
<td>RPF</td>
<td>Rwandan Patriotic Front</td>
</tr>
<tr>
<td>SADCC</td>
<td>Southern African Development Coordination Conference</td>
</tr>
<tr>
<td>SAESSCAMÉ</td>
<td>Service d’Assistance et d’Encadrement du Small Scale Mining</td>
</tr>
<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
</tr>
<tr>
<td>SGM</td>
<td>Société Générale des Minerais</td>
</tr>
<tr>
<td>SPRDP</td>
<td>Selebi-Phikwe Regional Development Program</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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LIST OF NON-ENGLISH TERMS

Alliance des Forces Démocratiques pour la Libération du Congo-Zaïre-Alliance of the Democratic Forces for the Liberation of the Congo

Banque de Commerce, de Développement et d’Industrie-Bank of Commerce, Development and Industry

Commission Electorale Indépendante-Independent Electoral Commission

Forces Armées Rwandaises-Rwandan Armed Forces

Forces Démocratique de Libération du Rwanda-Democratic Forces for the Liberation of Rwanda

Front National pour la Libération du Congo-National Front for the Liberation of the Congo

Mouvement National Congolais-Lumumba-National Congolese Movement for Lumumba

Mouvement pour la Libération du Congo-Movement for the Liberation of the Congo

Rassemblement Congolais pour la Démocratie-Rally for Congolese Democracy

Service d’Assistance et d’Encadrement du Small Scale Mining-Small Scale Mining, Technical Assistance and Training Service

Société Générale des Minerais-General Society of Minerals
ACKNOWLEDGEMENTS

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in my skills, he was always that voice who helped me believe in myself and I am incredibly blessed that he is in my life. I love you.
CHAPTER I

INTRODUCTION

Africa, with a population of 900 million people, is the second largest continent. It is a continent of enormous size and great diversity in terms of its human populations, geography, climate, culture, social and political institutions. The colonization of Africa brought about the creation of the current African states, whose independence came about mostly during the 1960s. These independent states which were created by the colonialists were conglomerations of ethnic groups that were often culturally, socially, and religiously incompatible. Since independence, the sub-Saharan region of Africa has been plagued with a variety of problems. These problems range from military dictatorships, one-party systems, civil wars, ethnic cleansing, genocide, and conflicts over mineral resources.

Africa is noted not only for its historical and strategic significance but also for the abundance of mineral deposits in almost every state. However, the fight for the control of these resources is one of the thorniest problems facing the continent. How to control, manage, and utilize the gains from these resources has created bloody wars between groups in many African countries. This has resulted in ethnic domination, military dictatorships, and one-party systems, all of which have hurt the establishment and sustenance of democratic institutions. Glaring examples are Mobutu Sese Seko, who ruled Zaire (today’s Democratic Republic of Congo) with an iron fist and appropriated the gains of the Congo’s resources for himself and his cronies, leaving the country practically living in the Stone Age. This is the story of many developing nations today, including those located in Africa which are endowed with an abundance of natural resources.

Many of these developing nations display the effects of what is known as the “resource
Macartan Humphreys, Jeffrey D. Sachs, and Joseph E. Stiglitz (2007) define countries as having the resource curse if those countries have large amounts of natural resources like, oil and diamonds and yet are very poor economically and contain unstable governments. Therefore, the major factors/mechanisms identified in the conventional theory of the “resource curse” are an abundance of resources, combined with reckless economic behavior and an unstable and corrupt government.

Statement of the Problem and Variables

Are countries that have natural resources destined for the resource curse? Furthermore, how does natural resource endowment or control affect transitions to democracy in Africa? For this research, the independent variables are resource management (also referred to as resource control), the involvement of MNCs, and resource revenue dependency. The dependent variable is democratization. To address the problem under investigation, three hypotheses have been formulated and they are as follows:

- The higher the level of political, social, and economic involvement of Multinational Corporations (MNCs) within a country, the less likely that country will successfully transition to democracy;
- The higher the level of dependency a country has on its revenue from natural resources, specifically diamonds and oil, the less likely that country’s leadership will manage those resources responsibly, thus affecting that country’s transition to democracy;
- The way in which resources are managed is likely to affect a country’s successful transition to democracy.

The first hypothesis will investigate how Multinational Corporations (MNCs) might affect the transition to democracy in Africa. According to James R. Simpson (1982), one of the complaints in regards to MNCs is their immense amount of power and how they utilize this power in order to involve themselves in the policymaking of a developing nation. Simpson (1982) explains that MNCs do not reinvest in the developing country and they exploit the natural
resources and indigenous labor. Also, MNCs are accused of having very little “social consciousness”; they are viewed as having little regard for how their actions are affecting the environment and the people of the host country. This thesis will test the hypothesis that it is the parent countries of these MNCs that benefit from this type of political, social, and economic involvement rather than the developing countries that host the MNCs.

The second hypothesis is related to a country’s level of dependency on revenue from minerals, in particular, diamonds, and whether countries that are more dependent on diamonds for revenue than other means, are less likely to transition to democracies. Research has shown that due to the lack of accountability, the leadership can easily take advantage of the situation. Nathan Jensen and Leonard Wantchekon (2004) for example, suggest that there is a negative correlation between the amount of resources in a country and the level of democracy. The authors note the number of African countries that have a lot of resources and have failed in completing a successful transition to democracy (Wantchekon & Jensen, 2004). It is mostly countries that are resource poor that have successfully transitioned to democracy in Africa, according to the literature. Countries that have an abundance of natural resources are often known as rentier states. Jensen and Wantchekon (2004) specifically define a rentier state as a country that is highly dependent on external rents (wealth) created by only a few economic actors. Michael Ross (2001) explains further that there are only a few economic actors that are involved in generating these rents or wealth, while the majority of them are involved only its distribution or generation. It is hypothesized that states, because they have so many resources but no accountability systems, will have political leaders that are more likely to use the resources in an irresponsible manner.
The last hypothesis will investigate whether the manner in which resources are managed can affect a country’s successful transition to democracy. Although the argument can be made that the political milieu in a country can impact resource control, this study, however, will focus on the impact of resource control on a country’s government. The manner in which the political milieu affects resource control will be left for future study. In terms of the choice of cases, the DRC is a classic example of a country that has been mired in a series of bloody conflicts over resource control, leading to a colossal waste of human lives and alarming environmental degradation. The Republic of Botswana, unlike the Congo, has resource abundance but has seen decades of stability and economic progress. It has been cited as a classic case of an African nation which has tremendously benefited from the efficient management of its natural resources.

The question therefore is why is it that some states are more successful than others in efficiently utilizing their resources to promote development? How is it that Botswana has been able to embark on efficient utilization of its resources to the benefit of its people and the overall development of the country? What mechanisms did Botswana put in place to make this possible? On the other hand, in the case of the DRC, what are the circumstances that have created such a sustained environment for the large-scale corruption and mismanagement of resources, resulting in the devastating impoverishment of the whole country?

According to a United Nations report, Africa’s urban population is expected to grow from 414 million to 1.2 billion in the next forty years, accounting for, along with Asia, 86 percent of all growth in the world’s urban population (“Africa and Asia to Lead,” 2012). It can be predicted that within this time period, Africa will play a larger role in the global economy and may have more of a say as well. The rest of the world needs to recognize its own role in the situation of the DRC as well as in other resource-wealthy countries that are plagued with conflict
and instability. Many people are unaware that the resources being fought over are resources that we use on a daily basis; we are oblivious of their origins. It is even more imperative for us to know as much as possible about what has been occurring since our demand also helps to fuel conflict and instability. These are all important facts that can no longer be ignored and it is hoped that this thesis will contribute to an increased awareness of the situation and possible ways to alleviate it.

**Literature Review**

As mentioned earlier, resource control refers to how resources are allocated as well as a lack of control over those resources. However, in this thesis, the term resource control will be used to refer to how resources are managed, including the leadership’s role in the control of resources. For example, during the “Great African War” that began in the DRC in 1998, the DRC was exploited by other African states. President Laurent Kabila lost control over the resources in his country and this has continued under the government of his son, Joseph Kabila. The governments of Rwanda and Uganda looted millions of dollars in diamonds and other resources since 1998 (Braeckman, 2004). Despite this, in most situations, as the literature will show, many African leaders do have control over the resources of their nations but choose to mismanage the resources to the detriment of their citizens’ good life and prosperity, leading to tension rather than peace. Jensen and Wantchekon (2004) suggest that the discretionary manner in which revenues from resource exports are distributed leads to the collapse of democratic establishments and the endurance of authoritarian regimes.

**Literature on the Resource Curse Theory**

The resource curse is not a recent phenomenon nor has it plagued only countries in Africa. It has puzzled scientists for centuries and it is only recently that research has been
conducted on the issue. According to an essential piece of work by Jeffrey D. Sachs and Andrew M. Warner (1997), resource-poor countries economically performing better than resource-rich countries date back all the way to the seventeenth century. During this time, the resource-poor Netherlands surpassed Spain economically, even though Spain, at the time, had a constant overflow of gold and silver from the colonies that it controlled in the New World (Sachs & Warner, 1997). In the nineteenth century, Switzerland and Japan, a pair of resource-poor countries, plunged ahead of resource-endowed countries such as Russia (Sachs & Warner, 1997).

Pivotal works on the theory behind the resource curse date to the 1970s. According to Stephen Haber and Victor Menaldo (2011), it was Hussein Mahdavy (1970) who really generated the idea that a high level of economic and monetary dependency on petroleum, natural gas, and minerals helped to create and continue authoritarian forms of government. Studying the Middle East, Mahdavy (1970) came to the conclusion that revenue from petroleum was directly taken by the government and this revenue continued to go unaccounted for in regards to the citizens. This work was followed by Giacomo Luciani (1987) whose research also supported the generally accepted rule about the relationship between resource revenue and authoritarianism (Haber & Menaldo, 2011). During the mid-1970s, there were various oil booms in many African and Middle Eastern countries. This was the backdrop of Alan Gelb’s (1988) study on these oil booms; they brought extraordinary wealth to many of these countries in Africa and the Middle East. Although Gelb (1988) does not focus on natural resource exploitation in his research, he still comes to the conclusion that the oil booms have not been beneficial to the developing countries under investigation. He concludes that these oil-producing countries have ended up worse off than before, and further suggests that merely the presence of natural resources is insufficient in promoting economic development. He stresses the need for sound economic
policies and market processes that distribute resource revenue fairly, as well as holding political leaders and governments accountable for what development policies have been implemented, contending that these factors are missing in the discussion (Gelb, 1988). Other classic works followed, such as that by R. M. Auty (1990), who first coined the term “resource curse,” and papers edited by J. P. Neary and S. Van Wijnbergen (1985), all of whom discuss the negatives associated with resource-wealthy countries. Auty (1990) maintains that many resource-rich countries have failed to benefit from their resource endowment; they are actually performing worse than those countries that are not nearly as well-endowed and this counterintuitive outcome is the basis of the resource curse.

More recent research by Macartan Humphreys, Jeffrey D. Sachs, and Joseph Stiglitz (2007) define countries as having the resource curse if they have large amounts of natural resources and yet are very poor economically and have unstable governments. Natural resource wealth is instead an impediment to economic growth rather than a balance or sustainer (Humphreys et al., 2007). The authors mainly attribute these problems to the involvement of international corporations; underinvestment in social programs, particularly education; corruption; and lack of government accountability, which ties in with corruption (Humphreys et al., 2007).

Pierre Englebert and James Ron (2004) define the resource curse as natural resource wealth which causes a combination of poor governance and irresponsible economic behavior. Emeka Duruigbo (2005) explains the concept behind the resource curse as a “paradoxical phenomenon” as well as the following:

The resource curse thesis posits that there exists a negative relationship between endowment with natural resources and social and economic development. Countries that have deposits of natural resources in abundant quantities have exhibited a gnawing tendency to perform worse than those not similarly endowed
on virtually every social and economic indicator (p. 5).

Although Sachs and Warner (1997) suggest a negative correlation between natural resource abundance and economic growth, they do not suggest that countries should support non-resource-based strategies as a way to promote growth. Instead they support free trade and focus on resource policies that can be beneficial for GDP growth.

Nathan Jensen and Leonard Wantchekon (2004) examine the research question as to why countries that are resource-abundant in sub-Saharan Africa tend to have authoritarian governments. They associate this with the less studied phenomena that most resource-dependent African countries had histories of authoritarian governments and “struggled with democratic consolidation after the ‘third wave’ of democratization” (Jensen & Wantchekon, 2004, p. 817). They also note that because of the lack in transparency and accountability, these governments tend to lean more authoritarian. Jensen and Wantchekon specifically explore whether natural resource dependence affects democratic transition and consolidation. They hypothesize that the larger the abundance of resources a country has and the more dependent it is on those resources, the more likely this country will have difficulty in transitioning to democracy and maintaining this form of government based on the theory of the resource curse. Using regression analysis, the authors found a negative correlation between the existence of natural resources and the level of democracy in Africa, and furthermore, they discover that these results are consistent with the theory that natural resources make political liberalization less of a reality. The authors conclude that the empirical evidence suggests that resource-dependent African economies tend to produce authoritarian governments or challenge democratic governance (Jensen & Wantchekon, 2004).

Another article by Leonard Wantchekon (2002) discusses the relationship between resource wealth and authoritarianism. Using Norway, Botswana, and Nigeria as case studies, he
finds that dependence on natural resources tends to undermine democratic governance and generate authoritarian regimes. Norway and Botswana are the exceptions to this situation because there is transparency within each of the budgetary processes; therefore, the dependence on the export of resources does not always undermine democratic governance or create authoritarian regimes. Michael Ross (2001) uses a different approach but with the same idea—he examines whether or not oil has anti-democratic properties and if so, what is the cause. Through examining multiple cases in Africa and the Middle East, he hypothesizes that resource wealth may harm a country’s prospects for development because there is a greater likelihood of civil wars and less economic growth. Ross (2001) finds that not only oil but other minerals have strong anti-democratic effects and minerals seem to have a larger effect than oil on the breakdown of democracy. Jay Ulfelder (2007) also concludes that established autocratic governments whose larger share of the gross national income originates from mineral depletion are not as likely to have a successful transition to democracy. Ross (2001), Ufelder (2007), Wantchekon and Jensen (2004) all would agree that an abundance of natural resources has an effect on democracy, specifically a negative effect. All three works also use the same research methods—time series regression analysis—in order to test the hypothesis.

Other works discuss the relationship between resource control and conflict. Ola Olsson and Heather Congdon Fors (2004) demonstrate how conflict over natural resources prolonged the 1998-2001 war in the DRC by increasing the intensity of the conflict. Pierre Englebert and James Ron (2004) as well describe resource wealth contributing to civil war; however, they note that some experiences have shown something contradictory to this causal relationship and that the existence of this negative relationship may depend on the stability of the political system—the more stable the political system that will have proper institutions in place, the less likely
resource wealth will contribute to civil conflict.

Ola Olsson (2005) specifically examines the relationship between diamonds, social conflict, and economic growth in Africa and predicts that diamonds in particular will have a negative impact on economic growth due to weak institutions. He concludes that there is a negative relationship between diamond wealth and economic growth, especially when the strength of the institutions is taken into account. In other words, diamond wealth influences economic growth in a harmful manner because the institutions in place are not strong enough to manage diamond revenues wisely and hold those accountable for misusing those funds. Michael Ross (2004) differs from Olsson, finding that there are multiple causes for the relationship between civil war and natural resources, while Olsson only discusses the weak institutions being the problem. Ross (2004) also writes that primary commodities are linked to causing violent conflict, which is in agreement with Olsson’s conclusion that natural resources can increase the intensity of a war.

Elisabeth Gilmore, Nills Petter Gleditsch, and Päivi Lujala (2005) write about the “diamond curse” and the relationship between diamonds and the incidence of armed civil conflict. They find a robust relationship between the two variables and conclude that diamonds are perilous depending on certain circumstances, such as the level of ethnic polarization or the fact that diamonds are a lootable resource. Benjamin Smith (2004) finds a similar correlation between oil wealth and regime stability. He explains that oil wealth has a significant impact on the onset of civil conflict in Africa, the Middle East, and South America.

Another element related to democracy is economic growth. This part of the research is important because studies show that a growing economy has been considered an important impetus towards a stable democracy and many resource-wealthy countries in Africa currently
having economies that are declining. The important work by Jeffrey Sachs and Andrew Warner (1997) find that there is a negative relationship between resource abundance and economic growth when controlling for other variables. Other important works that discuss this relationship date back to the 1970s and 1980s. The leading studies by Alan Gelb (1988) and Richard Auty (1990) for instance are some of the principal works which examine resource wealthy countries and their economies and this effect from natural resources in general. Countries that have an abundance of resources are more likely to have leaders who commit acts of corruption and this in turn decreases economic development (Iimi, 2007).

Thus far, the authors are in agreement that resource wealth is a huge factor in the onset and maintenance of conflict, which can derail democratic transition and democratic governance. However, Botswana is a country with a large quantity of natural resources and yet it is a successfully democratic and peaceful nation. Why is this so?

Literature on the Challenges to the Resource Curse Theory

There are a significant number of works that explore the question under investigation, that is, whether resource management affects a nation’s transition to democracy. As previously discussed, one of the overall trends in the literature is that the abundance of resources can affect the durability of a regime and contribute to a regime that is authoritarian. In other words, leaders use these resources in order to expand and maintain their power. The manner in which resources are controlled can make or break a democratic transition, according to research. Still others have found a negative relationship or no relationship between how resources are managed and democracy.

There are analyses which challenge these works and suggest that the resource curse does not have to be an occurrence in resource-abundant countries. Comparative analysis by Thad
Dunning (2008) challenges the conventional wisdom that resource wealth prevents democracy, for instance. He contends that resource wealth does not necessarily mean that countries will become dictatorships, and the failure of a democratic transition can be attributable to more than the sheer presence of natural resources. The threats to democratic transitions range from questionable political outcomes to the weakness of institutions. Furthermore, he argues that resource wealth can be a hindrance to democracy, but the ways in which the resource wealth is used will best determine whether these countries will have strong democracies or autocracies.

Dunning conducted fieldwork in various resource-rich countries, including those in Africa and Latin America, and observed political variations in these countries. One of his case studies is Botswana and he describes the country as a success story because, despite its diamond riches, the country still manages to maintain its democratic government. Most importantly, Dunning explains how resource wealth can encourage democracy instead of hindering it. He shows how Botswana used its resource wealth to promote and maintain democracy by establishing transparent institutions and creating economic policies which benefit the people and the country as a whole. He claims that resource wealth can both prevent and promote democracy but in different ways. Although Dunning discussed the importance of having these democratic institutions, everything comes down to how the resources are managed (Dunning, 2008). Having the structures in place that Dunning talks about is only part of the solution, according to most studies. Do democratic institutions have to be in place before resources are exploited in order for the resources to have positive impact on democracy?

Stephen Haber and Victor Menaldo (2011) conclude that it is not natural resources which undermine democracy or democratic transitions; rather, the institutions that are put in place are what determine the regime type in a country. Natural resources can contribute to the
continuation of an authoritarian regime. However, their final analysis is not in full support of natural resources affecting democracy – their results suggest that resources are more of a blessing than a curse (Haber & Menaldo, 2011). They also point out that there are countries that were relatively weak which preceded the discovery of natural resources in the country. Haber and Menaldo (2011) further note that the research on the resource curse may have yielded biased results – they point out that statistically significant relationships point to a resource blessing: increases in natural resource revenue are associated with increases in democracy.

The former president of Botswana, Festus Mogae (2005), maintains that Botswana’s success in economic development is not due to a “miracle” or “some divine intervention or inexplicable reason for what was achieved” (Mogae, 2005, p. 3). Rather, President Mogae attributes this success to sound economic management and political stability. According to Chasca Twyman (2000), Botswana is operating on the community-based level of resource management. This simply means that the locals have a voice in the way the resources are managed. Twyman (2000) explains:

Community-based natural resource management programmes are based on the premise that local populations have a greater interest in the sustainable use of natural resources around them than more centralized or distant government or private management institutions (p. 323).

As stated above and for this particular study, there are two different levels of resource management, which are the local management and the distant management, which will include centralized or distant government as well as what Twyman calls “private management institutions,” or MNCs. According to Mogae (2005) also, it is the strength of institutions that determines whether a regime is successfully democratic or not.

Concurring with President Mogae is Atsushi Iimi (2007), who states that resource abundance could only act as an immense advantage to any country’s development if the government has
economically sound plans and mechanisms for the extraction of natural resources and for using its revenues on building infrastructure. Iimi (2007) further concludes that these realities are all dependent upon the quality of governance and the stability of a country’s political and institutional conditions. The manner and political environment in which these mechanisms are built determine whether the system is transparent and accountable (Iimi, 2007). In other words, obtaining and maintaining a fair and accountable political system depends on the leadership and political will. How do some countries develop democratic political systems which support accountability and transparency whereas others with the same resource attributes fail to achieve those goals?

Influence of Multinational Corporations

According to Emeka Duruigbo (2005), MNCs have dominated world oil development and continue to have an overarching presence. This is true of other commodities as well. Duruigbo defines MNCs as “large corporations that have business operations in one or more countries apart from the country of their incorporation either directly or through subsidiaries and affiliates” (p. 29). Both directly and indirectly, MNCs have shown to have a dynamic influence in both the DRC and Botswana, although both cases are very different.

Sunday Dare (2001) contends that transnational corporations are partially responsible for stoking the embers of political conflicts in Africa. Duruigbo (2005) agrees, stating that MNCs are associated with human rights violations, environmental degradation, and the increase in poverty and other social problems. In countries around the world, MNCs have controlled a major part of the process of extraction of natural resources and, because of their technological expertise and their capital support (loans to countries), they can persuade the leaders of the countries to follow their advice in the management of natural resources. Dare also notes that
weak political leadership and pervasive corruption positions most African nations in an
environment ripe for the corrupt practices of some MNCs. The corrupt activities of the MNCs
not only undermine local industry but also contribute to subverting the fragile democratic
process in Africa. This is all in line with Duruigbo; he states that MNCs have been accused of
adopting the same attitude and philosophy with those African governments with which business
is conducted, where improper resource management and corruption take precedence over the
well-being of citizens. All of these activities by the MNCs strengthen and promote the culture of
corruption. Furthermore, J. Felix Lozano and Alejandra Boni (2002) note the important impact
MNCs have in the world today—they are increasing in numbers and their influence is still
evident, especially when examining economic development.

The common theme among the literature on the resource curse is the fact that it is a
phenomenon which has plagued many different countries. It is generally agreed upon that
resource abundance is not enough to promote economic growth and development or political
stability and good governance. Responsible policies are key to jumpstarting the economies and
promoting democracies in these resource-abundant countries. This may be one of the key pieces
missing in a country like the DRC and present in a country such as Botswana.

Methodology

The thesis is a comparative case study of the Democratic Republic of Congo (DRC) and
the Republic of Botswana. This longitudinal study will span the period beginning with
colonialism to the present, from 1884 to 2012 for Botswana and from 1885 to 2012 for the DRC.

How does resource control affect transitions to democracy in Africa? These countries
were selected not only because of their abundance of natural resources, but because they have
different colonial backgrounds and very different experiences when it comes to the independent
variables of resource control, MNC involvement, and resource revenue dependency, and how these factors may or may not affect their democratic transitions. The DRC and Botswana were selected as case studies to show the differences between a positive case and a negative case when it comes to political development and resource control. The study will rely on qualitative and quantitative data, utilizing government reports, scholarly articles, and secondary sources from a variety of different sub-fields and disciplines in political science, economics, history, and African studies. Empirical data will be drawn from the World Bank, Transparency International, and Freedom House.

Concluding Remarks

Only a few works examine more than one case study and a lot of research has focused either on democracy in Africa or natural resources in Africa. On the other hand, examining how resource control or other factors might affect democracy in two countries is the main thrust and major contribution of the thesis.
Figure 1. Map of Africa

CHAPTER II

CASE STUDY: THE DEMOCRATIC REPUBLIC OF THE CONGO

Overview of the Democratic Republic of the Congo

The DRC is situated in central Africa bordering the Republic of Congo, Angola, Zambia, Sudan, Uganda, Rwanda, Burundi, Central African Republic, and Tanzania. It contains the Congo River Basin, which supplies 13 percent of the world’s hydroelectric power and is home to one-third of Africa’s rainforests, housing a countless number of species (Gondola, 2002). This section of the country alone plays a part within the hydrologic system for the Earth, acting as a “natural climate control system” (Gondola, 2002, pp.1-2).

The population is just over 73 million, making it the fourth most populous country in Africa, after Nigeria, Egypt, and Ethiopia (“The World Factbook,” 2011). Additionally, it is home to more than 250 ethnic groups as well as more than 220 languages (Gondola, 2002). French continues to be the official language and is taught in primary and secondary schools. The majority of the population is Christian, which may be due to the influence of Western colonialism (“Background Note,” 2012).

The government of the DRC is currently a centralized republic in which the head of state holds all executive powers. The DRC gained independence from Belgium on June 30, 1960, after a long period of harsh imperialistic rule by King Leopold II. During Leopold’s colonization from 1884 to 1908, the Congo was known as the Congo Free State. After Belgium annexed the Congo Free State from Leopold, it was named the Belgian Congo and kept this name from 1908 until independence in 1960. From 1960 until 1965, the country was known as the Democratic Republic of Congo. In 1965, Mobutu Sese Seko took power, and the Congo was renamed Zaire.
from 1971 to 1997. When Laurent Kabila came into power, Zaire reverted back to the Democratic Republic of the Congo from 1997 until today, as we know it presently.

Currently, the DRC government has three branches of government—executive, legislative, and judicial (Gondola, 2002). Under the constitution, the executive branch consists of the President of the Republic and the Government, with the government being presided over by the Prime Minister (“The Constitution,” n.d.). The parliament, which is then divided into the National Assembly and the Senate, represents the legislative branch, and judicial powers are held by the courts and tribunals, acting independently from the legislative and executive powers (“The Constitution,” n.d.). As is illustrated in Figure 2, a high percentage of Congolese citizens believe that the parliament/legislatures have one of the highest levels of corruption (Hardoon & Heinrich, 2011). All institutions are deemed highly corrupt. The President and Prime Minister both share executive powers (“Head of Government,” 2007). For instance, they form the government and must have the support of the Assembly (“Head of Government,” 2007). This system still holds true today, with the most recent general election held in November 2011. The DRC has had a history of hotly contested elections and it has been difficult to confirm whether they have been fair. The last election, for instance, caused a great deal of uproar among citizens and politicians alike when Joseph Kabila was elected for a second term. Violence ensued in the capital of Kinshasa over the fairness of the elections (“Joseph Kabila: DR Congo’s President,” 2011).
Another problem the country faces is that the DRC has been unable to financially recover from civil wars. Numerous complexities and setbacks plague the country, which continue to stifle its economic growth. In the year 2010, the Gross Domestic Product (GDP) of the DRC was 13.1 billion dollars and the annual GDP growth rate in 2011 was 6.9 percent. Despite these numbers, the per capita GDP in 2011 was only $210 (“Background Note,” 2011).\(^1\)

The conflict over the control of natural resources has been a consistent problem and women and children continue to be the most affected victims. Since independence, the country has been through several cycles of civil wars. The latest civil war first began in 1997, when Mobutu was ousted from power and Laurent Kabila took over. Unfortunately, the DRC remains

\(^1\) This is an improvement from three years earlier, when the per capita GDP was only $94 (“Background Note,” 2011).
terrorized with armed groups running different parts of the country (“Congo: Support for Ex-Warlord’s Arrest” 2012).

For many years, the DRC has been a place of enormous envy in regards to its natural resources. It is rich with not only diamonds, but many other minerals that are difficult to find elsewhere, such as copper, zinc, cobalt, manganese, uranium, niobium, and tantalum, which is also known as coltan. Statistically, the DRC holds 80 percent of the world’s coltan reserves, more than 60 percent of the world’s cobalt, and is the world’s largest supplier of copper (Cuevelier & Raeymaekers, 2002). Coltan is essential in the production of high-technological equipment, from cellular phones and computers to the more-advanced: jet engines, missiles, ships, and weapons systems, making it a very high demand product (Montague, 2002). Four-fifths of the world’s tantalum is located in Africa and 80 percent alone is found in the eastern region of the DRC (Molango, 2008). Dena Montague (2002) states the following:

International competition for scarce resources in general, and for coltan in particular, is a key factor in the lack of stability and the continuation of war in the DRC….investment, far from encouraging strong state structures, has helped to create weak states based upon kleptocracy and corruption (p. 104).

Competition is high for these resources, which has further contributed to the problems the Congo faces.
Figure 3. Map of the Democratic Republic of the Congo

Political Development and Resource Management, Introduction

This section will examine the different political transformations that the DRC underwent before and after independence; each section on political development will be followed by a corresponding section on resource management. Indeed, the political leadership of the DRC played a determining role in the state of the country as we know it today. It is important to see how these political transformations have impacted resource control within the Congo. This section will include a brief discussion of the Congolese political situation under Belgium, but more emphasis will be placed on the governments following independence.

Political Development and Resource Management in the Congo Free State, 1885-1908

Problems that are a result of resource control or resource management can be traced back to the colonial history of the country—this was when the culture of corruption and vast exploitation of natural resources began and it has plagued the country ever since. Foreign intervention into the Congo began with the Portuguese during the fifteenth century, which was followed by the Arabs, and then the Belgians during the nineteenth century (Afoaku, 2005). All of these groups explored the Congo largely for economic benefits. However, Catholic missionary congregations saw the Congo as a place that needed some type of religious intervention. They built churches, established educational programs, and created a university that specialized in training the Congolese in colonial administration and “colonial sciences” (Mantels & Tollebeck, 2007, p. 360).

There had been widespread European interest in controlling Africa since the days of the slave trade. The Congo was an especially attractive prospect because of its resources and a large population that provided an abundant amount of labor. The partition of Africa began during the Berlin Conference in 1884 and representatives of King Leopold II were a part of the conference.
Under false pretenses of taking part in humanitarian duties, Leopold ended up acquiring land that was close to 1 million square miles in size and included 15 million people. Under the Berlin Act, Leopold was officially granted complete sovereignty over the Congo in February 1885 (Gondola, 2002). He renamed the country the Congo Free State in order to facilitate international trade; it should be noted also that the United States was the first to recognize Leopold’s Congo Free State by extending diplomatic recognition. Leopold’s formal sovereignty lasted from 1885 to 1908, during which he managed to exploit the wealth of the Congo’s ivory, rubber, and other commodities, exporting them back to Europe (Afoaku, 2005). By instituting slavery, Leopold forced the Congolese to transport some of these goods and build transportation systems for more efficient means of passage. Essentially, he used the Congo to build his own country. During colonialism, Belgium advanced politically (at home at least, it was quite democratic for its day) and economically, while the Congo and its people continued to deteriorate (de Mesquita, 2007).

At first, Leopold’s agents exploited the Congo for its ivory and later for red rubber (de Mesquita, 2007). Red rubber was especially a lucrative commodity because during the time, there was a high demand for bicycle and automobile tires in Europe and America. As a result of this demand, Leopold’s government moved quickly to create the supply by promoting a form of slavery that instilled fear in the citizens (Braeckman, 2004). Accounts of Leopold’s regime tell how his agents cut off the hands of the Congolese, including those of children, and imposed child labor, killing millions. There are also many accounts of violence towards women through the weapon of rape. It was not uncommon for Belgian officers to enter villages and hold the wives of Congolese hostage, until the men brought back the necessary quota of rubber for collection. While the men were out, the officers repeatedly raped the women and sometimes even sold them back to their husbands in exchange for some livestock. As means of entertainment, officers
acted even more grotesquely by forcing incestuous sexual acts between family members (Hunt, 2008). Additionally, if not enough rubber was collected to reach the quota, an entire village was murdered to terrorize the survivors, and the victims’ right hands were cut off before or after they were killed (Braeckman, 2004).

It is reported that from his rubber earnings, Leopold made a fortune of 1 billion dollars in today’s terms between 1890 and 1904 (Gondola, 2002). According to Kabemba (1996), from the beginning of the creation of the Congo Free State, its purpose was to be a colony meant for generating profit. Leopold spent his fortune on his administration in the Congo, the construction of buildings and railways, but mostly on himself—he purchased lavish gifts for his mistresses throughout Europe and invested in building projects in Belgium and foreign companies (Kabemba, 1996). Leopold also directly leased concessions to private companies (Schimme, 2010).

Meanwhile, between 1880 and 1920, the population of the DRC was literally cut in half (Gondola, 2002). There are estimates that 10 million people died from starvation, forced labor, and mass killings (Afoaku, 2005). These reports and others eventually began to draw international attention and people began to travel to the Congo and witness the atrocities for themselves (Gondola, 2002). Critics were convinced that Belgium needed to annex Congo because of the reports that were surfacing. World opinion and the Belgian parliament eventually forced Leopold to reluctantly hand over control to Belgium (de Mesquita, 2007). In 1908, negotiations were concluded and the government annexed the Congo and ended up paying Leopold 250 million francs (“King Leopold II,” 2011).

In November of 1908, the Congo Free State became the Belgian Congo (Gondola, 2002). Even though Belgium ruled over the colony, the “ghost of Leopold” still remained; through this
colonization, forced productivity and flagrant exploitation of resources were maintained at high levels and the harsh rule continued. Congo had one of the most cruel and exploitative colonial regimes in Africa’s history (Hochschild, 1998). By governing the Congo as his own personal property, it can appear that Leopold may have paved the way for continued exploitation of Belgium and set the stage for resource management as we know it today in the Congo.

Political Development in the Belgian Congo, 1908-1960

When Belgium took control of Congo Free State, the country was in massive debt. Leopold had bled the country dry of funds and additionally, the Congo was slow to improve because of the poor social conditions (Gondola, 2002). The Belgian government began minimal investments in basic projects for the country such as the building of schools, hospitals, and roads. However, as the Congolese would soon discover, the main goal for the Belgians was not to develop the country but to move forward European interests, which did not differ significantly from Leopold’s original intentions for colonization (“King Leopold II,” 2011).

From 1908, the Belgian Congo continued to progress marginally; although missionaries established Western-style schools and churches, they continued to suppress the Congolese way of life in a manner very similar to the days of Leopold’s regime and other colonies around the world. Belgium continued the system of exploitation by implementing policies that were condescending towards the Congolese and their culture. Through this system, Belgian officials undertook a mission of civilization based on Christianity and education for the Congolese in a manner wherein the average citizen was assumed inferior to their colonizers. Brussels governed from a colonial charter, drafted in 1908, that supported these paternalistic ideas and also allowed Leopold’s successor, King Albert I, to obtain a greater influence over Congolese affairs (Gondola, 2002). This paternalistic system also prevented many Congolese from acquiring more
than a secondary education—it was not in the interest of the Belgians to have highly educated Congolese for fear that they would aspire to higher office and eventually question Belgium’s presence in their country (Haskin, 2005). As a part of this system, the Belgian administration also put in place Congolese chiefs to rule over each ethnic group. These chiefs were assigned to enforce colonial laws and essentially act as a liaison and a collaborator between their villages and the colonial administration (Kabemba, 1996).

However, this continued suppression did not last because people began to push back—peasant uprisings and rebellions became a frequent occurrence from the 1900s until 1956, when these rebellions transformed into a vast nationalist movement calling for an independent Congo (Mantels & Tollebeck, 2007). The responses ranged from careful collaboration to outright, open resistance. The most drastic displays of resistance were found in areas where taxation, forced labor, and low wages were highest, especially because these factors led to high poverty rates. Between 1945 and 1960 Congo witnessed the ascension of African nationalism and political parties protesting against Belgian colonialism. One part of this movement was a coalition known as Alliance of the Kongo People which was developed to push for the country’s independence (“Chronology for Ngbandi,” 2010). This period also led to the rise of Congo’s future leaders who would eventually help the country achieve independence from Belgium. One of those leaders was Patrice Lumumba. Lumumba’s speech in front of 7,000 inspired many Congolese in regards to their freedom and independence with his claim: “Independence was not a gift, but a fundamental right of the Congolese” (Gondola, 2002, p. 111).

Eventually, under various pressures from the Congolese to become independent, the Belgian government decided to give in. When Belgium granted the Congo independence, it came with very little warning and preparation, as the Belgians left Congo rapidly and in doing
so, they left the country ill-prepared for self-rule and poorly educated. Between 1960 and 1965, the country had to scramble and form an independent and legitimate government and at the same time, deal with secessionist attempts and corporate interests that sought to undermine the new government (Dizolele, 2010). It was not long until the Congo found itself once again under a dictatorship. One can conclude that the Belgian government left without much concern for the state of the Congo—the colonizers’ interests were met and that was all that mattered.

Resource Management in the Belgian Congo, 1908-1960

The motivating factor behind Belgium’s annexation of the Congo was purely strategic economic interests and not for the betterment of the Congolese citizens who had suffered under Leopold’s regime. The Belgian Congo continued to be exploited of its resources during this rule and the situation of the citizens continued to deteriorate (Braeckman, 2004). When Belgium took control over the Congo, an alliance existed between the government, the Catholic Church, and big mining and business conglomerates (Kabemba, 1996). The Belgian government’s economic policies were no less exploitative than those of Leopold’s regime. There was a heavy tax imposed upon working men, which forced them to leave their families to work on railways, plantations, mines, and in white residential areas. The main commodities desired at the time were wild rubber, ivory, cotton, and palm oil (Gondola, 2002). Whatever “modernization” occurred was limited to a few cities; any economic benefits of colonialism did not trickle down and reach the Congolese people. Instead, they were plagued with hunger, disease, and death, and were forced to an average of 120 days of hard labor (Braeckman, 2004). The major beneficiaries were the foreign companies, shareholders, and the Belgian government, with international diamond, gold, timber, railroad and other corporations continuing to take advantage of extracting
wealth from the Congo (Braeckman, 2004). There was a major mining system based in Katanga, an area that was the richest in natural resources and attracted many white European settlers. During the time that Belgium controlled the Congo, the mining company Union Minière (UM) was very influential. Congo became the developing world’s largest supplier of copper between 1923 and 1930 and became a large supplier of diamonds (Gondola, 2002). Congo’s economy did suffer during the Great Depression – the economy was on the verge of a deep depression between 1929 and 1930 (Jewsiewicki, 1977). However, once the pressures for independence began to rise, the Belgian government had no other option but to leave the rule over the economy and its resources to the Congolese.

Political Development under the First Independent Government, 1960-1965

At the time of independence in 1960, due to the lack of educated citizens needed to run the administration, the Democratic Republic of Congo (its new name after independence) began on rough footing. The first five years of independence were highly influential in determining the future of the country, especially because of the actions of the West and the nature of the Congolese government (Clark, 1997). Unfortunately, overall, the Congolese were less than prepared to run their own country. Deanna Gross (2007) further explains this harsh reality:

During the 80 years of colonial control under Belgium, the Congolese people were never prepared for self-rule. Owing to this was a lack of political and administrative experience that became evident during the initial five years of sovereignty. Indigenous skill and experience in managing cultural diversity, nation-building, civil-military relations, development administration and international relations were largely absent (p. 88).

It is also important to note that there were fewer than one dozen Congolese university graduates during the time of independence (Kabemba, 1996). Clearly, the DRC was initially set up to fail immediately after being granted autonomy. However, in spite of the odds against them, the

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2 Colette Braeckman (2004) writes that 80 percent of the uranium used to bomb Hiroshima and Nagasaki during World War II originated from Congo.
Congolese citizens and others around the world had high hopes for the country’s development, especially because of the democratic election of Patrice Lumumba, a hard-core nationalist who strongly believed in the capabilities of the Congo and its people—he believed in using the Congo’s resources to benefit the Congolese and not bowing down to the foreigners. Many Congolese viewed him as a savior, while others saw him as a threat to interests involving money, power, and the extraction of resources (Duodu, 2011). Many analysts believe that his murder dealt a serious blow to the future and the hope of the nation. For example, Ludo De Witte characterized it as the most important political assassination in the 20th century (as cited in Duodu, 2011, p. 43).

Lumumba was the DRC’s first nationalist populist ruler. Crawford Young (1994) describes Lumumba’s political party as “the most consequential of the nationalist parties,” which was named the Mouvement National Congolais-Lumumba (1994, p. 257). Young (1994) goes on further to describe Lumumba’s party as one “which married retention of the centralized, bureaucratic force of the colonial state with a political overlayer inspired by radical populist nationalist thought” (p. 257). In other words, Lumumba’s political vision consisted strongly of anti-colonial nationalism—he wanted to put in place a strong central government of the people, by them and for them, in which they were taught patriotism for their country, absent of colonialism.

Although Joseph Kasavubu and Patrice Lumumba were elected President and Prime Minister respectively, in 1960, the duration of their administration was brief, especially for Lumumba, who was caught between Cold War politics and other factors that mainly involved easy access to resources. During the height of the Cold War, since Lumumba heavily protested against colonialism and the West in general, he was generally viewed as a communist who would
supposedly threaten the free world (Duodu, 2011). Meanwhile, immediately after independence, the country faced mutiny from the army and attempted secession by Katanga and South Kasai provinces, which under the leadership of Moise Tshombe, declared independence (“Democratic Republic of Congo,” 2011). This secession was supported by decision makers in Belgium along with Europeans still residing in the province, mainly because of the vast richness in minerals the province contained (Gross, 2007). Jeanne Haskin (2005) further elaborates on Belgium’s neocolonialist manners through their support of the secession: “By aligning themselves with Katanga, the center of the country’s mineral wealth, the Belgians exposed themselves to the charge that they were attempting to divide the country and thereby continue their rule” (p. 24). Humphreys et al. (2007), also state that the conflict in the Congo escalated because the secessionist movement in Katanga was “supported if not instigated by the Belgian firm Union Minière du Haut Katanga” (p. 511). The major foreign company that was present and based in Katanga at the time was Société Générale de Belgique, a powerful Belgian financial company that controlled 70 percent of Congo’s economy (Gondola, 2002).

Along with territorial challenges, there were problems within the government, as tensions emerged between Lumumba and Kasavubu. Kasavubu attempted to remove Lumumba from his position as prime minister just three months after being elected and during the various secession attempts (Gondola, 2002). According to Cameron Duodu (2011), Kasavubu was heavily influenced by the Belgians and was given the idea that he would make a better leader due to his age and higher level of experience – he was also bribed with large amounts of money. He even worked very closely in secrecy with Joseph Mobutu, at the time Lumumba’s principle aide. Although Mobutu’s first attempt to take power by a coup in September 1960 failed, Lumumba was successfully removed from power and placed under house arrest. He was handed over to the
Katanga province and Moise Tshombe, his worst enemy (Duodu, 2011). Reportedly while trying to escape, Lumumba was arrested under the order of Mobutu and later assassinated on January 17, 1961, along with two of his closest associates (Gross, 2007).

There is a great deal of mystery and debate around who ordered Lumumba’s assassination; at any rate, it is generally agreed that internal and external actors were involved in the plot. It is assumed that Mobutu, Kasavubu, and Tshombe were directly involved, along with their Belgian advisors (Gross, 2007). The United States and France are believed to have been involved as well. The United States, France, and Belgium saw Lumumba as a threat because he had friendly relations with the Soviet Union—it was feared that these relations would lead to a break-up of Congo and Soviet control over central Africa (“The Democratic Republic of Congo,” n.d.). Lumumba’s desire to use the country’s natural resource revenue to benefit its citizens, threatened Western financial and corporate interests (Braeckman, 2004). There are also reports that the CIA may have played a direct role in the assassination. Harold d’Aspremont Lynden, the Belgian African affairs minister, ordered Lumumba’s “definitive elimination” in a memo he wrote on October 5, 1960 (De Witte, 1999, p. xx). According to De Witte, Lynden stated the following: “It was Belgian advice, Belgian orders and finally Belgian hands that killed Lumumba on 17 January 1961” (p. xx).

With Lumumba out of the way, in 1963, the United Nations Brigade put an end to the attempted secession of the Katanga province. Kasavubu was still president at the time, with the support of the United Nations. This was until Mobutu placed Kasavubu under house arrest in 1965 in preparation to take over the country. After the elimination of Lumumba, the DRC lacked political leadership—other leaders sought power with the intention of manipulating ethnic

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3 De Witte (1999) also states that the CIA abandoned their plans to assassinate Lumumba in December of 1960, although there is still debate surrounding this.
divides in order to hold on to that power. In this polarized atmosphere, it became impossible for the DRC to achieve a successful democracy. In November 1965, Mobutu staged a coup and took the presidency away from Kasavubu once and for all, along with the help of Western nations, specifically the United States and Belgium (Gross, 2007).

Whether Lumumba would have made a good leader and set the Congo on a different trajectory or not is very difficult to say. As Duodu (2011) emphasizes, this makes him even more important to African political history—he was assassinated for what was considered to be “radical ideas” of a unified and independent DRC (p. 44). Bruce Bueno de Mesquita (2007) agrees:

We will never know whether Lumumba was a true democrat or was emulating democratic practices to shore up his hold on power as is the wont of many would-be dictators early during their tenure in office. If the former was the case, it is truly tragic for the people of the Congo that he did not live. If the latter was the case, then probably he would have been no different from so many other leaders who at independence were freely elected only to turn their countries into petty, personalist dictatorships. We cannot evaluate how Lumumba would have governed (p. 216).

It appears that Lumumba certainly had nationalistic intentions. However, it will always be a mystery as to what type of leader he would have become and whether he would have managed these resources differently.


Back in the day, many in the West viewed colonization as “the action exercised by a civilized people upon a people of an inferior civilization with the object of progressively transforming it by the development of its natural resources and amelioration of the moral and material conditions of native existence” (Young, 1994, p. 258). However, Lumumba disagreed. He did not view the Congolese civilization as inferior but he saw that those who colonized the Congolese viewed the civilization in that manner. He recognized such views as an excuse to
colonize the country. Lumumba viewed his country in the exact opposite manner and this was illustrated, albeit briefly but strongly, through his political actions, especially regarding his approach to resource management and how it threatened Western interests. Lumumba strongly stated that he believed in utilizing the country’s resources for the good of its citizens and government, not for Western countries or multinational corporations. Most importantly, Lumumba wanted the Congo to be economically independent and this very much instilled fear in the West. Corporations also took part in constantly undermining Lumumba’s power and influence. Union Minière continued to dominate the economy especially that of the Katanga province where it was located (Turner, 1974). The company financially supported the attempted Katangan secession by paying taxes to the province rather than to the central government, for instance (Turner, 1974). Although Lumumba’s time in office was incredibly short, his actions spoke strongly for not only political but economic independence — it was especially the latter that led to his removal from office and eventual assassination.

According to Adam Hochschild (2011), Lumumba wanted the Congolese to benefit from the country’s wealth and vehemently spoke out against the humiliating and degrading actions shown from the colonialists beginning from colonialism up to the day of independence. Hochschild also notes that because the U.S. cut aid to the Congo, Lumumba turned to the Soviet Union, an obvious enemy of the U.S. (2011). Young (1994) also adds that Lumumba believed in preserving the central state because this was what promoted national unity. In order to counter federalist claims by parties in western and southeastern Congo, Lumumba insisted on promoting the idea of centralized government, predicting that a decentralized, federal system would weaken the country’s control over natural resources and result in continual manipulation from the West.
(Young, 1994). As we know, because of Lumumba’s assassination, his vision regarding the management of resources under the Congolese was never brought to fruition.

Political Rule under Joseph Désiré Mobutu, 1965-1997

In November 1965, Joseph Désiré Mobutu took power with the claim that he needed to uplift the country and its citizens, economically and socially. Mobutu openly declared the threats against the Congo’s existence and noted the dire social, economic, and financial situation (Young, 1994, p. 260). According to Gross (2007), at the beginning of his rule, there were still high hopes for the country—it was territorially united and Mobutu was a military strongman who had the ability to control other politicians in disagreement with one another. Young (1994) adds that internationally, the country was viewed in a positive light because at the very beginning, Mobutu appeared to have created a legitimate political coalition. For instance, many of his political opponents returned home and the economy was somewhat stable, with the real wages even increasing between 1968 and 1971 (Young, 1978). Mobutu was someone the West thought it could work with, quite easily. However, any sign of democracy in the Congo was a sham; Mobutu’s dictatorial rule was highly effective in diminishing the morale of the Congolese, similar to the rule of Leopold. As stated earlier, Mobutu came to power with promises for the Congolese nation. Though, ten years into power, the country began to decline rapidly (Young, 1978).

After the military coup and his ascension into power, Mobutu continued to maintain very close ties with the United States government and the CIA, both of whom protected Mobutu and helped him launch his political career. In exchange for continued Western support, Mobutu permitted Western countries and multinational corporations easy access to not only the Congo’s minerals, but access to Soviet-supported Angola during the 1970s, which shared a border with
the southwestern part of the Congo (Young, 1978). Chris Simpson (1990) writes: “Zaire under Mobutu became almost a caricature of an African dictatorship and as autocratic to a fault” (p. 233). Simpson (1990) further emphasizes that Mobutu ruled no differently from Leopold—he ruled over Zaire as a kleptocracy and squandered the resources for himself, leaving nothing for the improvement of the citizens.

Very quickly, Mobutu moved to consolidate his power and as one of his first actions, Mobutu renamed the country Zaire in 1971 and changed his name from Joseph Désiré Mobutu to Mobutu Sese Seko (“Background Note,” 2012). He then moved on to control the judiciary and legislative branches of government. Those who opposed him were promptly removed from office by means such as harassment, forced exile, and even as far as assassination. He made it clear to others that they owed their political status to his patronage (Gross, 2007). Mobutu also ensured that there was no opposition by suppressing any dissent—he converted Zaire to a single-party state system by 1967 and ended up controlling all of the major state institutions (Afoaku, 1996). The press was even forbidden to use the names of any state official other than the president (Young, 1994). The fact that the press was not allowed to criticize the president or mention any government official other than the president, makes it known that the government was a highly oppressive one.

Proceeding into the late 1970s and 1980s, Zaire’s economy continued to disintegrate, mainly because the country was in a crisis of accumulation and governance. The crisis of accumulation originated from poor policies and corruption, while mistakes in development and bad investments devastated the rural and industrial sectors. Beginning in 1973, copper prices that had been very high were cut in half, falling from $1.40 to $0.53. Rising oil and grain prices negatively affected the economy as well. Additionally during this period, there were the two
invasions instigated by the Zairian rebel group, *Front National pour la Libération du Congo* (FNLC), from bases in Angola, with the purpose of fighting the current government. The first invasion in 1977, known as Shaba I, was made up of 1,500 raiders from the FNLC. The second invasion occurred in 1978, Shaba II, and this time there were 4,500 FNLC forces in a more organized and well-executed operation. Although the forces were eventually driven out by international armed forces, specifically French-Belgian troops with American logistical support, the end result was detrimental to the citizens and economy of Zaire (Young, 1978). Young explains:

This episode was in every respect a tragedy: thousands of Zairians perished, either in the short-lived FNLC occupation, the Foreign Legion reconquest, or Zairian “pacification” operations. Nearly all the 2,000 European residents fled, and at least 130 were killed. The mining industry, accounting for 75-80 percent of copperbelt output, was crippled for months. In the short-to-middle run, full operations would only be possible under the protection of non-Zairian security forces, adding Zaire to the depressing list of African states whose survival depends on foreign troops (Chad, Mauritania, Ethiopia, Angola, among others) (1978, p. 169).

It was confirmed that both invasions were provoked by the ongoing social crisis Zaire had faced at the time—issues of mass unemployment and poverty continued to go unsolved and it further destroyed the internal legitimacy and external credibility of the government (Young, 1978). The invasion interrupted proper trade and the price of copper continued to decline. Mobutu did not take a role in alleviating the situation. The debt continued to accumulate and crush the country. He continued to engage in projects that turned out to be bad investments. The money used for these projects was borrowed and this created more debt for the country. For instance, Mobutu spent $250 million on a steel mill in the lower part of Zaire and the costs ended up outweighing the sales of the steel mill’s products (Afoaku, 1996). Other projects included a radio and
television complex in Kinshasa and a billion-dollar international trade center, which was a replica of the New York World Trade Center (Afoaku, 1996).

It was during the 1990s, thirty years after he came to power, that Mobutu’s patronage system began to breakdown. As the Cold War was nearing its conclusion, Western countries such as France, the U.S., and Belgium no longer needed to prop up dictators for the Cold War in Angola. Since the Soviets were gone, after a thirty-two year alliance the U.S. removed all support for Mobutu, which included $400 million in weapons and training (Gross, 2007). Also during this period, there was a wave of democratization throughout Africa and Mobutu had tried to put off internal and external pressures by promising that Zaire would democratize. As the West cooled on anti-communist allies, Mobutu announced the eradication of the single-party system of Zaire in 1990, setting the stage for a democratic transition. However, it is highly questionable as to whether Mobutu really intended for Zaire to democratize. Instead, Mobutu exploited tensions between different ethnic groups in Zaire, which resulted in riots in 1991 (Afoaku, 1996). In addition, Mobutu undermined and sabotaged the democratic process through various means. For instance, when the National Conference was organized in 1991, over 4,000 delegates attended and it formed a legislature and elected a prime minister, but Mobutu rejected power sharing. Instead, he formed a rival government and created as many political parties as possible to further weaken the democratic efforts—within three months there were close to 400 political parties. After a stalemate, the two governments agreed to elections that were never held (Kabemba, 2005). It became clear that democracy would have been difficult to establish with Mobutu still in power—it would require restructuring the entire system with new leadership in order to create legitimacy. According to Freedom House, political rights since 1980 had ranged between 6.0 and 7.0, which are the lowest ratings a country can be assigned in terms of freedom
Civil liberties have had a low rating since 1980 as well. Ironically, under Mobutu that freedom improved (briefly) due to pressure for democratization, between 1990 and 1995, it rose slightly to a rating of 5.0 (Partly Free). However, from 1995 to the point when Mobutu left office, there was a decline back down to a rating of 6.0 (Not Free) (“Freedom in Sub-Saharan Africa,” 2007).

Ultimately, the democratic charade failed and aid to Zaire was revoked by the U.S. and Western donors by the late 1990s. Other external factors, such as the Rwandan genocide and its aftermath continued to destabilize the country. It has been reported that there were between 500,000 and 800,000 Rwandan refugees that fled to the North Kivu province of Zaire in July of 1994 alone (“Public Health Impact,” 1995). The total number of refugees is also reported to be in the millions in some studies. Idean Salehyan and Kristian Skrede Gleditsch (2006) report that over 1 million Hutus fled to the Zaire in an additional effort to mobilize against the Rwandan Tutsi-led government. Ultimately, these factors led to Mobutu being forced out of power by a rebellion backed by Rwanda and Uganda, and led by Laurent Désiré Kabila.


When Mobutu took power in 1965, he began to distance himself further from the policies of Lumumba in regards to resource control. He overturned the multiparty system and instead installed a one-party system, in an attempt to enforce resource management policies that profited solely himself. Almost 40 percent of Zaire’s national revenues became Mobutu’s personal wealth, and that of his cronies during his rule, while the average Zairian made merely $190 per year. He continued his flagrant extraction of resources, which was not dissimilar from Leopold’s policy (Kabemba, 2005). Zaire also continued to be heavily dependent upon resource revenue and continued to be disadvantaged from resource revenue squandering. According to reports,
Mobutu had properties in Switzerland, Belgium, and other places that were worth at least $25 million and funds in Swiss bank accounts amounting to at least $70 million (Young, 1978).

Mobutu also had influence in regards to MNCs. When Mobutu came into power, the company, *Union Minière*, was pushed out in favor of another Belgian mining company, the *Société Générale des Minerais* (SGM) (Turner, 1974). Indeed, in 1966, Mobutu issued a “declaration of economic independence,” transferring all assets from *Union Minière* to SGM (Shafer, 1983, p. 98). SGM accounted for 70 percent of the DRC economy and also virtually controlled all of the Congolese copper, cobalt, diamond, and uranium mining (22 percent of the GDP, 60 percent of exports), and had exclusive rights to Katangan mining through 1990. In 1973, SGM signed a new agreement with the government which left all ownership with the government while SGM managed the mining and metallurgical facilities as well as the marketing of the production for cost and a percentage of the sales (Shafer, 1983). Mobutu had power to maneuver deals in his favor. One major example of the damage done by Mobutu was when he installed “Zairianization” and “radicalization” measures. As a part of Zairianization, between 1973 and 1974 both commercial and plantation land was confiscated from foreign landowners and redistributed to the state; local entrepreneurs were given control (Afoaku, 1996). However, these actions proved only self-serving for Mobutu and those around him—the land ended up being given only to those with some political influence, including Mobutu himself and members of his family (Leslie, 1993). Moreover, these actions interrupted commerce and contributed to the declining legitimacy of the government internationally (Young, 1978). Eventually, it became so bad that the government had to retract its actions, admit its failure, and invite the former landowners back (Afoaku, 1996).
Besides Mobutu, his close political allies who were equally as corrupt also continued to benefit enormously from the extraction of the country’s resources due to open and easy access. This was possible through Mobutu’s rule of the country, combined with the traditions of patrimony. To clarify, Mobutu had associates who were a part of the “presidential family”—they were in and out of the public sector and could have been relatives or extremely close allies of Mobutu (Young, 1978). These important positions were held by those who relied on Mobutu for their own survival, and they held him in very high esteem for his courage, sharp political sense and skill, and his ability to communicate with others (Afoaku, 1996). It is also safe to say that they became extremely rich from this arrangement. This further explains the patrimonial network that Mobutu incurred—it was based upon keeping a very close group of trusted associates who could only rely on him and his staying in power for their own survival.

According to Stephanie Matti (2010), during the Mobutu period, which she argues was when the political traditions of patrimonialism were first established, Mobutu had unlimited access to what is known as resource “rents” (p. 403). Rents are the leasing of access to natural resources or territory (Clark, 1997). Matti (2010) continues on by describing what was known as the “patrimonial networks,” which were comprised of very close associates of Mobutu’s. She describes this phenomenon as follows:

This structure was comprised of three distinct tiers of ‘clients’; an ‘inner circle’ of 15 to 20 people, including key personalities in the administration and the security forces; a second, larger tier composed of courtiers and technocrats; and (with some degree of overlap) a third group of provincial bosses. This network was permeated by with corruption at all levels (p. 403).

This clearly shows how most citizens received no benefits from this type of rule—citizens began receiving fewer and fewer public services and they were treated badly by corrupt officials.
(Gross, 2007). Mobutu, his political associates, foreign governments and corporations continued to be the sole beneficiaries.

As one would imagine, consequently, there was lack of accountability from this system that Mobutu implemented. Mobutu was accountable to no one. Instead of working for the good of Zaire, Mobutu worked for his own personal enrichment as he made deals in regards to natural resources. His regime accumulated a high amount of debt overnight, to the point that the price of copper was breaking and the country was on the verge of bankruptcy (Young, 1994). Mobutu intended to acquire as much wealth as possible, without any intention of using that wealth towards modernizing Zaire, by any means necessary (Young, 1994).

One of the ways in which Mobutu expanded on his wealth through the exploitation of resources, specifically diamonds, was through the liberalization of the diamond market. During the 1980s Mobutu installed liberalization laws, which opened up the diamond markets to private foreign investors. Consequently, diamonds were illegally exported; at a value of $300-$400 million, this amounted to half the value of official exports (Samset, 2002). Foreign investors also saw the opportunity to buy diamonds at a cheaper price and sell for the highest profit possible. Overall, most of loans acquired by Zaire were stolen by the Mobutu government immediately after the monies were borrowed. In another example of mismanagement, one of the ways that this system was maintained was by the regime going as far as counterfeiting Congolese currency in order to purchase foreign currencies on the black market. The Lebanese government printed some of the fraudulent notes abroad while Congolese and Lebanese businesses printed others locally (Kabemba, 2005).

Because they saw the government behaving in this manner, many citizens were forced to participate in illegal activities as they struggled to make ends meet. Riots and looting became an
everyday occurrence and goods were smuggled through the black market. Under Mobutu, state provision of education and healthcare were abandoned; many Zairians lacked proper access to safe drinking water, basic education services, and medical attention (Afoaku, 1996). Osita G. Afoaku (1996) further discusses that government spending on the presidency and defense continued to rise, while education, agriculture, rural development, and public health received significantly lower portions of the budget: “In 1988 alone, defense and the presidency received 77 percent of total government spending. During the 1990s government spending has continued to rise, thereby swelling the budget deficit and increasing inflammatory pressures” (p. 75). Little was invested in sectors like agriculture, which accounted for a large majority of Zaire’s working population; this lack of attention to a critical sector contributed to the decline of the overall economy and the continued exploitation of the resources.

In sum, Mobutu and his close associates were able to embezzle between $4 billion and $10 billion of the country’s wealth, making the DRC a “rentier state”—a country whose resource rents or revenue were not being reinvested in the country. For example, in 1982, only 10 percent of the budget was set aside for education; ten years later, that percentage decreased to zero (Matti, 2010). Laude Kambuya Kabemba (2005) also discusses how resource revenue was distributed based on patrimonial redistribution:

The political economy of the DRC under Mobutu, kleptocratic, was viewed by some observers as a pyramidal system based on patrimonial redistribution. The process began on top with the relatively small presidential clan linked to Mobutu through family or personal ties. These rulers and official aimed at maximizing their personal wealth and that of their clan and disregarded national social welfare (p. 393).

Ola Olsson (2006) explains that natural resource abundance has two potential effects: “…to expand the government’s spending on public goods and to expand the labour effort devoted to unproductive protection of the natural resource rents” (p. 1143). Only the second
effect reflects Zaire under Mobutu: the Zairian government, Western countries, and foreign corporations shared in protecting their access to natural resources.

Therefore, by the 1990s, the economic and political situation had completely deteriorated and Mobutu’s pretense of ending single party rule and paving the way for a new democracy did not help to alleviate the situation. The corruption and exploitation of resources in Zaire contributed to rising misery which caused continued chaos in the country (Gondola, 2002). Simpson (1990) described Zaire as a country with its resources “shamelessly squandered” (p. 12).

During the 1990s, the demand for coltan increased rapidly due to the technology industry boom at the time. During this period, sales of tantalum capacitors used in electronics such as cellular phones, pagers, computers, and automotive electronics saw an increase by 300 percent (Montague, 2002). MNCs such as Banro-Resources Corporation, Geologistics Hanover, Veen, Soger, Eagleswings, Specialty Metal, Finconcorde, among a variety of others, arranged to have coltan imported from the DRC by passing it through Rwanda for export to Europe, Asia, and the United States during Mobutu’s regime (Montague, 2002).

These political shake-ups, the end of the Cold War, and the 1994 Rwandan genocide resulted in the end of Mobutu’s management of natural resources and consequently, his departure from power. Although he was ousted from power by Laurent Kabila and the AFDL (Alliance des Forces Démocratiques pour la Libération du Congo-Zaïre) along with the help of neighboring countries, the exploitation and misuse of resources did not end there.

Political Development under Laurent Désiré Kabila, 1997-2001

The 1994 genocide in Rwanda and its effects amounted to the last straw for the Mobutu government, which by 1997 was rotten to the core. Tensions had been building for years, but the
genocide was ignited when Rwandan President Juvenal Habyarimana’s plane was shot down in the capital city, Kigali. The death of the president, who was a Hutu, sparked anger by conservative Hutus against all of the Tutsis and moderate Hutus, which resulted in the near decimation of an entire ethnic group. Yet the Tutsi rebel group, the *Rwandan Patriotic Force* (RPF), prevailed against Hutu forces, forcing them and millions of civilians to flee to neighboring Zaire and Tanzania (Hintjens, 1999). Mobutu had supported the Hutu government and hosted Hutus (innocents as well as *genocidaires*) as refugees, and provided support until they could rebuild and attack the now Tutsi government in Rwanda.

Moreover, Zaire was unprepared for the arrival of more than a million refugees from Rwanda to Zaire in 1994. This influx contributed to the continued destabilization in Zaire, in part because of the severe economic and environmental problems that were caused. From a socioeconomic perspective, the arrival of this large number of refugees aggravated existing problems in eastern Zaire. At the time, the population of the Kivu region was 6 million, making it the most densely populated in Zaire; furthermore, this situation already placed a lot of pressure on the scarcity of farmland and this caused conflict between different ethnic groups (Biswas & Tortajada-Quiroz, 1996).

The RPF government saw this and two years after the genocide, it saw the advantage in supporting a rebellion against Mobutu to control the border shared with the DRC (Salehyan & Gleditsch, 2006). This would also mean dealing once and for all with the Hutus hiding in Zaire and providing ease of access to the DRC’s natural resources. It was in the economic and political interests of Rwanda and Uganda to oust Mobutu in order to gain and maintain political and economic control over this region. The rebellion would appear to be Congolese, especially because Laurent Kabila was from the country and well-known for being involved in a botched

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4 *Genocidaires* is the French term that refers to people involved in committing genocide.
rebellion during the 1960s against Mobutu. The political situation in Zaire just before the rebellion was in shambles, and Congolese disapproval of Mobutu was growing. With the end of the Cold War and Western support for Mobutu dissipating, the economy a complete disaster, and Mobutu’s unwillingness to democratize the country, it was only expected that in 1996 the AFDL was able to build a quick-growing coalition made up of Congolese, Rwandan, and Ugandan forces, that had one common purpose: to force Mobutu out of power (Gross, 2007).

A combination of all these factors finally forced Mobutu to exit the country during the rebellion in 1997, ending his thirty-year kleptocracy. After Kabila and the AFDL ousted Mobutu from power in May 1997, Kabila renamed the country the Democratic Republic of Congo. At first, Kabila had the continued support of neighboring countries Rwanda and Uganda (Kabemba, 1996). However, this fragile victory did not last. Increasing pressure on Kabila not to be seen as a puppet for Rwanda and Uganda forced him to dismiss his former patrons. By 1998, Kabila demanded all foreign troops leave the DRC. This act was not well received by Rwanda and Uganda. Rwanda removed its troops from the DRC, but it ended up putting them back in one month later, in August 1998 (only this time, the Rwandan troops, along with Ugandan, Burundian, and Congolese rebel proxies, were on the opposite side, fighting against Kabila with the sole purpose of removing him from power). In order to protect his power, Kabila called for assistance from Zimbabwe, Angola, and Namibia (Gross, 2007). These countries turned the DRC into a battleground, creating what became widely known as “the first African world war” (Reyntjens, 2001). This war caused a great deal of instability in central Africa, especially the Great Lakes region. It eventually involved seven African countries and within the larger conflict there were overlapping micro-conflicts involving Congolese that were fought over minerals, land, and tax revenues (Gross, 2007).
The war grew even more complicated because of divisions between the rebel groups themselves. In May 1999, the rebel group *Rassemblement Congolais pour la Démocratie* (RCD), which was supported by Uganda and Rwanda against Kabila, broke into two factions, with each faction being supported by either country (Gross, 2007). Uganda supported one rebel group, the *Mouvement pour la Libération du Congo* (MLC), which was also supported by the Mai-Mai, a Congolese militia that originally helped the government of the DRC fight the Rwandans (Gettleman, 2008). In August 1999, the tension between Uganda and Rwanda reached a climax when the former allies turned on each other and fought for four days over control of Kisangani (Gross, 2007). Yet, Rwanda’s primary interest was the FDLR. The *Forces Democratique de Liberation du Rwanda* was formed from several remnants of forces during the 1994 genocide and escaped to Congo after they lost the civil war. After settling in camps in the Congo, former members of other armed groups, such as the *Forces Armees Rwandaises* (FAR), loyal to the former Hutu government, and the Interahamwe militia, came together to form the FDLR, and they stayed ever since (“The Congo: Solving the FDLR Problem,” 2005).

During this period, the international community attempted to organize a number of peace negotiations. There were meetings held around the world in Paris in November 1998, Libya in December 1998 and April 1999, and Windhoek, Namibia in January 1999. In July 1999, the Lusaka Peace Accords (LPA) were signed by the Congolese government and the governments of Rwanda, Uganda, Zimbabwe, Angola, and Namibia. Ugandan and Rwandan-backed Congolese rebels (the MLC and the RCD) signed the agreement as well (Gross, 2007). The parties agreed upon shutting down their entire guerilla operations within the Congo (Fisher, 1999). This agreement essentially included all armed groups in the Congo, including the FDLR (“Rwandan Hutu Rebels,” 2003). It was not a simple task to get all of the parties to agree to sign—there was
fighting about which groups should sign and others refused if one group did not sign (Fisher, 1999). Analysts have also criticized the peace accords, citing many problems with the document. For instance, there was lack of recognition that the conflict had become external as much as it was internal (Gross, 2007). However, Kabila revoked the peace accords, claiming that the accords did not grant him full control of the country (Gross, 2007). He demanded that they be revised and refused to implement them. Analysts have stated that his refusal to implement the accords was the main reason for the prolongation of the civil war (Kabemba, 2005). Additionally, Kabila decided to go after the MLC and RCD rebel groups to forcefully unite the country, (even though both rebel groups had signed the peace agreement) and as a result, Uganda and Rwanda remained involved in the Congolese conflict (Gross, 2007). Kabila did make some attempts to dismantle the FDLR – for instance, the government banned all FDLR activities in the Congo’s territory, arrested the former FDLR executive secretary, and arrested other FDLR members (“Rwandan Hutu Rebels,” 2003). Meanwhile, Kabila’s government repeatedly violated the peace agreement—it was accused of purchasing weapons during the ceasefire, for instance (Gross, 2007).

By 2000, forty years of mismanagement and war and taken its toll and bankrupted the economy so much that the DRC’s economy was declared the worst in the world—it had shrunk by 11.4 percent (Kabemba, 1996). When Kabila ruled over the DRC, the country never progressed as a democratic form of government and it leaned more authoritarian than anything else. According to Freedom House, even with Mobutu ousted and Kabila in power, political expression remained suppressed for the most part (“Congo, Democratic Republic,” 2002). Human rights were continually violated in large part due to the African war and a year after Kabila was assassinated, Freedom House gave the DRC a poor score of 6.0 for freedom
Kabila did lead a campaign against corruption – for instance, he fired the head of security who consistently demanded bribes from citizens whom he arrested. For once, citizens were not faced with having to give a large amount of money in order to get through baggage checks (Lovgren & Whitelaw, 1997). Yet, despite the hopes of many in the Congo and outside, a democratic form of government was never fulfilled.

Laurent Kabila was assassinated on January 16, 2001 by one of his personal bodyguards (Gross, 2007). Apparently, the assassin was a disgruntled soldier (Brath, 1999). Instead of elections to name a successor, Laurent Kabila’s son, Joseph, took power quietly and peacefully. A little-known figure, Joseph Kabila was initially brought in as caretaker for the position of president; desperate to prevent the creation of a power vacuum, he had the full support of the West and the United Nations (Gross, 2007).
Figure 4. DRC and Neighboring Countries’ Involvement in DRC Conflict.

Resource Management under Laurent Désiré Kabila, 1997-2001

Laurent Kabila’s weakness in controlling the natural resource sector due to the war pushed him towards making decisions that involved renegotiating old contracts with foreign companies, canceling other deals, and raising taxes on diamond exportation, which eventually elevated the level of resource mismanagement and left the economy a wreck (Lovgren & Whitelaw, 1997). Consequently, these actions alienated Kabila’s old allies, Rwanda and Uganda, as their economic interests were threatened.

Even before Kabila took power, he signed agreements that gave large monetary advantages to foreign companies. For example, in 1997, a $1 billion agreement was signed with an American-based company, the American Mineral Field, which provided this company unlimited access to Congo’s copper, cobalt, and zinc (Gondola, 2007). In a 2001 report from the United Nations Security Council, analysts have suggested that during the early months of rebellion, there were clear signs that the leaders of Uganda and Rwanda, as well as Kabila himself, had made arrangements in order to exploit the resources of the Congo (“Report of the Panel,” 2001):

Between September 1998 and August 1999, occupied zones of the Democratic Republic of Congo were drained of existing stockpiles, including minerals, agricultural and forest products, and livestock. Regardless of the looter, the pattern was the same: Burundian, Rwandan, Ugandan, and/or RCD soldiers, commanded by an officer, visited farms, storage facilities, factories, and banks, and demanded that the managers open the coffers and doors. The soldiers were then ordered to remove the relevant products and load them into vehicles (p. 8).

Upon taking office, Kabila found the DRC in great financial strife. In order to take on the problem, he set up a monopoly on exports, taxed key companies more and distributed concessions in exchange for military assistance. In monopolizing exports, Kabila decided to export diamonds only to Israel, specifically the Israeli International Diamond Industries (IDI)
Diamonds sold to the IDI were sold under market price, resulting in massive losses in revenue for the country (Samset, 2002). According to Ingrid Samset (2002):

During the months following monopolization, diamond exports from neighboring Republic of Congo tripled. Moreover, sources reveal that whereas the contract stipulated a US$20m bonus to the government, IDI only paid US$3m. The government probably earned less from the deal than expected, and cancelled the contract in 2001 (p. 473).

The motive behind this move and monopolizing exports in general, according to Samset (2002), was to increase state revenue and seek out any fraudulent trading. The government also thought that coordinating this business with Israel would grant other means of compensation besides money, in regards to the war. According to Samset (2002), there are sources which suggest that the IDI sought to gain financial ground in the Congo’s diamond sector and that the company’s director had ties to Israeli army generals.

This kind of corruption has long existed in the Congo and questionable yet legal investment patterns of minerals was continued by Laurent Kabila and the AFDL both before and after taking power, with support from Rwanda and Uganda until 1998. International investors restructured deals with Laurent Kabila and the AFDL, and this assisted him in taking power. It wasn’t long before representatives of mining companies were flying to the DRC to finalize these deals with millions of dollars at stake in cobalt, copper, and zinc (McKinley, 1997). Among the companies that were involved in negotiations with AFDL before it overthrew Mobutu were DeBeers Consolidated Mines, Ltd., Anglo-American Corporations, Sominki, Tenke Mining Corporation (a junior company of Eurocan Consolidated Ventures), and Anvil Mining (Montague, 2002). Pat Robertson, a prominent conservative American television evangelist and businessman, even invited Kabila to the U.S. to discuss business investments (Block, 1997). The extent to which MNCs took part in the scramble was flagrant.
Since the mid-1990s many of the MNCs mentioned and others have been accused of funding military operations in exchange for lucrative contracts in the eastern DRC. For example, Jean Ramon Boulle, the co-founder of American Mineral Fields, was able to negotiate with the AFDL a $1 billion contract in April 1997 (Montague, 2002). In 1996, the AFDL created the Banque de Commerce, du Développement et de l’Industrie (BCDI), in order to conduct most of the group’s transactions during the rebellion and it was headquartered in Kigali, Rwanda (Montague, 2002).

The abuse of revenue from natural resources was a contributing factor in the onset of the civil war in 1996. During this period, the DRC continued to see the value of their diamonds decrease. As stated earlier, Kabila was involved in increasing taxes on foreign companies that bought diamonds. As a result, Miba, a mineral-producing region in the DRC, suffered a loss in production. Samset (2002) notes that from 1999 to 2001 diamond production declined from 4 percent to 1.8 percent. However, due to the exploitation of diamonds by Uganda and Rwanda, both countries saw the revenue increase dramatically. The case of Rwanda is particularly surprising because it is not a diamond-exporting country and yet the country saw a boom in its diamond revenue. Samset (2002) further explains:

While gold and coltan have dominated, diamonds have certainly made their mark in this phase of systemized exploitation. Diamonds cannot be found in the soils of Uganda and Rwanda, and authorities of both countries confirm that they have no production of this mineral. Yet over the last few years, both countries have exported diamonds worth millions of US dollars. From 1997 to 1998 Ugandan exports were multiplied by twelve and remained on a high level over the two ensuing years. By October 2000, Rwanda’s exports of diamonds had reached a level 90 times higher than during the entire year of 1998 (p. 471).

Rwanda and Uganda also had an increase in other minerals’ exports, such as coltan and casserite, which again, are not present in either of these countries (“Report of the Panel,” 2001).
It is clear from this situation that Rwanda and Uganda shared the same plate—in other words, they both exploited diamonds from the DRC with the blessing of the Kabila government or without it. Samset (2002) goes on further to describe this situation: “…the armies of Rwanda and Uganda, helped by Congolese soldiers in the RCD, spent a year practically emptying stockpiles of money and valuable goods found in the occupied territory” (p. 470). According to a report by the Enough Project Team, Rwanda and Uganda had a direct role in continuing the conflict and controlling the minerals trade (“A Comprehensive Approach,” 2009). Meanwhile, Kabila’s government awarded concessions to its most important ally, Zimbabwe. In return, the government of Zimbabwe gave military assistance to Kabila in his war against Rwandan and Ugandan invaders. Namibia and Angola were two neighboring countries that also “demanded compensation in the form of diamond concessions” for their role in assisting Kabila as well during the rebellion (Samset, 2002, p. 475). In addition, the FDLR profited from taxation and the trade of minerals (“A Comprehensive Approach,” 2009). Numerous Congolese non-state actors and nationals of other countries have similarly joined in the plunder. Therefore, Kabila found himself like Mobutu in his final days – unable to control the country’s resources.

As the political stability of the country continued to be jeopardized even further, from 1997 to 2001 and onward, resource management was almost inexistent. This was due to the fact that a variety of actors (including the government) took for themselves any diamond sites they would find in order to purchase weapons and other items to enrich themselves. Uganda and Rwanda continued to benefit from the conflict and the lingering instability of the DRC.
Figure 5. Rwanda’s Mineral Production from 1995-2000.


Figure 6. Uganda’s Niobium Exports from 1995-1999.

After the assassination of his father in 2001, Joseph Kabila became the youngest president in the history of not only the DRC but in Africa. In the early days of his presidency, Kabila distanced himself from his father’s entourage, built his own political coalition and quickly reinstated political parties. He sought to end the war in implementing the Lusaka Peace Accords. His desire to put the Accords into action and work with the UN was also counter to his father’s actions; Laurent Kabila did not maintain friendly relations with the UN (Kabemba, 2005). Joseph Kabila stated his desire to rebuild and restore the DRC to its former potential, creating a nation with more capable and enriched citizens without the threat of any war. However, this task would prove to be very difficult especially because of interfering actors with their only goal being unlimited access to the resources of the DRC (Gross, 2007).

During his first inaugural address to the nation, Kabila stressed the need to “restore peace and consolidate national communion,” as well as restore the Lusaka Peace Accords, establish
democracy, organize the inter-Congolese dialogue, and liberalize the economy (Reyntjens, 2001, p. 315). He also mentioned the need to involve Western countries in the Congo’s attempt to stabilize and become democratic, specifically speaking to the U.S., Belgium, and France, as well as the European Union and the UN. This rhetoric was a strong departure from that of his father. Joseph Kabila even went as far as visiting those countries one week after being in power, and this further established his legitimacy not only in the DRC but with the West as well (Reyntjens, 2001). Although President Kabila has four vice presidents in his administration ostensibly to promote the power-sharing, inclusiveness, and the act of representing the people, many Congolese do not view him as a legitimate leader (Kabemba, 2005). Although he is Congolese, Joseph Kabila did not grow up in the Congo, did not speak Lingala at the time he took power, and some doubted he was even Congolese and accused him of having a Tutsi mother (“Joseph Kabila: DR Congo’s President,” 2011). According to reports, his first cabinet meeting had to be postponed because rebel ministers refused to take an oath of allegiance to President Kabila (“World Briefing Africa,” 2003).

To help deflect this criticism and consolidate power, Kabila continued to stress the need for a quick withdrawal of Rwandan and Ugandan invaders (Reyntjens, 2001). In February 2001, Kabila met with the Rwandan President Paul Kagame in Washington, D.C. to work out a plan for the troops’ withdrawal. Rwanda and Uganda agreed to pull out the troops, along with the UN support, and both countries began the process. Many people were anxious for the conflict to end; by 2001, 2.5 million people in the Congo had died since August 1998 as a result of the war (“Timeline: Democratic Republic,” 2011).

In April of 2002, Kinshasa signed a power-sharing deal with the Ugandan-supported rebels but the Rwandan-supported RCD group did not support the deal. In order to bring
Rwanda on board, Kabila in the same year reached a deal in July 2002 in which President Kagame and President Museveni of Uganda agreed to withdraw troops from the eastern part of the DRC, while the DRC agreed to disarm and arrest the Hutu gunmen that were responsible for the killing of Rwandan Tutsi during the genocide (“Timeline: Democratic Republic, 2011). By late 2002 and mid-2003, there were reports that the two countries had withdrawn most of their troops. In 2002, Kabila, with the support of South Africa, succeeded in reaching an agreement with Rwanda and Uganda, and a peace deal with the primary rebel groups in December 2002 resulted in the creation of an interim power-sharing government and the promise of elections within two years (Gross, 2007). It appeared that Kabila at this time was making progressive steps towards a permanent peace in the country and actually fulfilling his promises.

Despite all of these efforts for peace, there was still continued conflict involving the rebel groups and their patrons, threatening the stability of the DRC. Conflict was still perpetuated by different armed forces and this caused thousands of Congolese civilians to be displaced in the northeastern region, which endangered the upcoming elections. In mid-2003, UN peacekeeping mission, MONUC (United Nations Organization Mission in Democratic Republic of the Congo) arrived in Bunia, the eastern part of the DRC, as part of a UN mandate to force out remaining militias that were terrorizing the population and to keep peace in the region.\(^5\) In that same year, there was fighting in the Ituri forest region and in the towns of Beni and Bunia. The UN report recognized the seriousness of the situation, where it was estimated that 420 civilians were killed in the town of Bunia (Gross, 2007). Additionally, there were reports of mass rape occurring

\(^5\) As of July 1, 2010, MONUC was renamed MONUSCO, the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo.
throughout the DRC (“Timeline: Democratic Republic,” 2011). These incidents are among many others that have undermined the peace and democracy processes being attempted.6

In September 2005, Uganda warned the DRC government that its troops would re-enter the country after learning that a group of rebels from the Uganda Lord’s Resistance Army (LRA) entered the country via Sudan (“Timeline: Democratic Republic,” 2011). In spite of all these occurrences, presidential and parliamentary polls were held in the DRC in July 2006—the first relatively free and democratic elections in forty years. There was not a clear winner in the presidential vote and as a result of this, the incumbent Kabila and the leading opposition candidate, Jean-Pierre Bemba, went into preparations for a run-off election in October.7 These results led to clashes between those loyal to both candidates in the DRC capital (Gross, 2007). However, in November 2006, Kabila was largely declared the winner of the run-off election, which was monitored and was praised as a success by outside observers, such as the United Nations and the United States Carter Center, despite logistical problems. In December 2006, Joseph Kabila became the first democratically elected executive of the DRC since Prime Minister Lumumba. The international community accepted the results, anxious to pull the UN peacekeeping force out of the country (“Two Elections, One Country,” 2006). According to Thierry Vircoulon (2011), the election was seen by many as a dream come true because it appeared that democratization was finally beginning to take place. However, the opponent, Jean-Pierre Bemba, had difficulty accepting the results. His coalition, the Union Pour La Nation, accused the Commission Electorale Indépendante (CEI) of falsifying the election results.8

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6 Members of the UN peacekeeping mission were later accused of turning a blind eye to the crimes or not doing enough to prevent them from happening.
7 Bemba was later accused of allowing his soldiers to commit rape in the Central African Republic, and was brought to trial by the International Criminal Court (ICC) in November 2010.
8 According to the official results, Bemba won 42 percent of the vote while Kabila won 58 percent in the second round of elections (“After the Elections,” 2006).
In addition to questions regarding the election results, there are concerns about corruption existing at every level of government and how this has become a normal “way of life.” In a survey conducted by Transparency International, 75% percent of survey participants agreed that corruption had increased over a three year period, from 2008 to 2011 (Hardoon & Heinrich, 2011).

Due to weak institutions and the continued war in the east, MONUC’s 17,000 troops were still needed after the elections. The political situation in the DRC remained very unstable. The east continued to be troubled with conflict and mass rape even with the presence of thousands of UN peacekeeping troops. UN officials have called the eastern Congo “the rape capital of the world” (“UN Official Calls DR Congo ‘Rape Capital,’” 2010). There were clashes between the UN-supported Congolese forces and rebels led by former Congolese general Laurent Nkunda, likely supported by Rwanda, which resulted in 50,000 civilians having to flee the North Kivu province (“Timeline: Democratic Republic,” 2011). This conflict continued for two years as Nkunda continued to be a problem for the DRC. The failure of a series of peace agreements took a toll on Kabila’s legitimacy and his ability to control the DRC was brought into question. However, the Congolese and Rwandan governments eventually came to a deal to resolve the problem – they joined forces against Nkunda’s army. Nkunda was arrested just over the border in Rwanda. Many of the rebel soldiers were integrated into the Congolese army. In exchange, the Congolese government allowed the Rwandan troops still in the country to undertake joint operations with Rwandan army against the FDLR (Stearns, 2009).

If Rwanda was to stay out of the Congo, the FDLR situation would have to be solved once and for all. However, the FDLR was not the only problem. The Kivu provinces have always been a sensitive area known for their fighting and conflict because of Rwanda’s history
of control over the area, dating back to the late 1990s. Rwandans who were in the Congo during the civil war and had fled the genocide were able to stay in the region and some had established political power, even becoming governors. Businesses were also established but under the false impressions that they were legitimate when, in fact, there were illegal exchanges of tax exemptions and bribes given to the Rwandan troops (“Timeline: Democratic Republic,” 2011).

Thus, in the five years since he was elected, the violence throughout the provinces had continued to worsen. In 2006, Kabila had more than 90 percent of support within the Kivu provinces with much less in the west of the country and just before the 2011 election, this support had significantly decreased nationwide. This is due to a variety of questionable actions on Kabila’s part. For instance, he implemented major changes in the constitution geared towards increasing presidential powers (Viroulon, 2011). These changes extended the president’s term from five to seven years, eradicated term limits, gave the president power over the Judicial High Council, and delayed the decentralization process which was supposed to empower the provinces economically (Dizolele, 2010). These actions have jeopardized the democratic transition.

During the election in November 2011, there was reported violence and rioting at the polling centers and residents set fires to different voting stations (“Joseph Kabila: DR Congo’s President,” 2011). There were also reports of false polling stations with ballots already marked in favor of Kabila. The day after the election, international monitors from the Open Society Initiative for Southern Africa reported pervasive fraud: “The irregularities are so widespread it will be difficult for anyone to ignore and say they had no impact on the integrity of the vote” (Nossiter, 2011). Kabila claimed victory with 49% of the vote and his main opponent, Etienne Tshisekedi, rejected the results and proclaimed himself president. Judging from these incidents,
it appears that democracy is not on the right path of being fully realized. Joseph Kabila’s recent actions are quite contrary to what he pledged in the beginning of his presidency.

Although the international community is taking an active interest in the situation, the future of the DRC remains very uncertain. These current circumstances show how difficult it is for the DRC, plagued with conflict and other political and economic ills, to transition successfully to democracy. The ongoing conflict and instability are making the prospect of a democratic government extremely difficult. It takes more than regular elections to establish a full-fledged democracy. Freedom House characterizes the DRC as authoritarian, given the government’s policy on the press, civil liberties, and political rights. As Figure 8 shows, political rights and civil liberties have not improved much since democratic transition began. Therefore, Freedom House rates the DRC as “Not Free” with a score of 6.0 as of 2012, and the conduct of the 2011 elections played a huge role in this judgment.
Resource Management under Joseph Kabila, 2001-Early 2012

Early in his rule, just after Joseph Kabila took power, he showed promise as being a leader in promoting peace, stability, and responsible resource management. An initiative created by Kabila in 2003, *Service d’Assistance et d’Encadrement du Small Scale Mining* (SAESSCAM), or the Small Scale Mining, Technical Assistance and Training Service, organizes and assists the small-scale mining sector in order to gradually incorporate it into the economy. The organization helps miners create cooperatives, obtain a basic education about mining, and obtain small loans. So far, the organization only works in one area but it is hoped that operations will expand throughout the country (Olsson, 2006).

In addition, the Kimberley Process Certification Scheme (known as the Kimberley Process) was launched in 2003 and is an international governmental certification scheme that was set up to prevent the trade in diamonds that funds conflicts in the DRC and elsewhere. The
process requires governments to verify the origin of its rough diamonds and prevent those diamonds from entering conflict supply chains by putting in place effective controls. It has had some accomplishments with some countries that were hardest hit by conflict over diamonds — those countries have seen an increase in their official diamond revenues (“The Kimberley Process,” n.d.). However, when it comes to the DRC specifically, it has been ineffective, according to critics such as Human Rights Watch and Global Witness (“Timeline: Democratic Republic of Congo, 2011). Conflicts are still ongoing in the DRC over natural resources and there are problems with companies complying with the requirements of the process itself (“Renewed Fighting,” 2012).

Current problems with resource exploitation still exist in the DRC and are difficult to solve. Paul Mebolia Yenga, a special advisor to the Ministry of Mines and coordinator of the Kimberley Process, contends that the Congolese government is still fighting to control the situation. According to Yenga: “…the DRC is a sovereign entity and it is doing everything it can to control the material going out of the DRC through the Ministry of Mines and the different services” (Melik, 2011). Yenga further emphasizes the complexity of the problem and how it has expanded like a cancer, through all the tissues of the society. He states: “We all had our rules but people just put diamonds in their pocket and disappeared” (Melik, 2011). As much as 80 percent of the minerals in the DRC are illegally smuggled out of the country, even though Yenga emphasizes that these numbers are estimates (Melik, 2011). Moreover, neighboring countries such as Rwanda have too much at stake in the resources of the DRC. They have continued to participate in large-scale smuggling, pitting them against the Kimberley Process. Since the fall of Mobutu, Rwanda and Uganda created their own companies with close military and government ties in order to enable their continued extraction of resources. For example,
there were controversial transactions between Rwandan rebels and Citibank. The UN also reported another 34 foreign corporations illegally importing minerals from the DRC via Rwanda (Montague, 2002).

The illegal control and smuggling of conflict minerals has been a difficult topic to ignore and the West has finally taken significant steps in sharing some responsibility in the reduction of the sales/exports of conflict minerals. The United States Congress passed the Dodd Frank Act in July 2010, a measure in which its aim is to cut off a major source of financial revenue for violent armed groups in the Great Lakes, not excluding the Congolese army (“The Dodd-Frank Act,” 2011). The Act calls for US-based companies that use minerals from the DRC to carry out what is known as supply-chain due diligence. Global Witness defines the due diligence process as one in which companies take responsibility for making sure that they are not contributing to the ongoing conflicts through mineral purchases by carefully tracing where the purchased minerals originated and the mining, transporting, and trading conditions of those minerals. Under the Act, the companies are also required to report their findings publicly and carry out ground risk assessments (“Coming Clean: How Supply Chain Controls,” 2012). The due diligence guidelines specifically for the DRC are clearly laid out in a 2010 document written by the UN Group of Experts on the DRC and endorsed by the UN Security Council and the Organization for Economic Co-operation and Development (OECD). Although the Dodd-Frank Act was passed in 2010, the Securities and Exchange Commission (SEC) as of 2012 had yet to publish the final rules that specifically lay out what companies are expected to do in order to stay in compliance with the law (“The Dodd-Frank Act,” 2012). The Kabila government did take action against those companies that were not carrying out due diligence (among other violations). It issued a directive in September 2011 that required all mining and mineral trading companies operating in
the DRC to carry out the supply due diligence process. It went further by incorporating this directive into national law in February 2012. For violating this law, two Chinese-owned mineral trading companies, TTT Mining and Huaying Trading Company, both based in North Kivu, were suspended in May 2012. According to a November 2011 report by the UN Group of Experts on the DRC, evidence was uncovered showing that both companies made purchases which financed armed groups and criminal networks within the Congolese army (“Congo Government Enforces Law,” 2012). The fact that the government attempted to hold these companies accountable is a step in the right direction in curbing this type of behavior.

Additionally, in October 2011, the Lieutenant General of the Congolese Army and Army Chief of Staff Didier Etumba issued a letter to all military commanders stating the fact that soldiers are prohibited from holding positions located at mine sites and soldiers are doing their part to make others aware of these prohibitions (“Coming Clean: How Supply Chain Controls,” 2012). Measures have also been taken on the part of some Western countries, international organizations, and non-governmental organizations. For instance, groups such as Global Witness and U.S. Institute for Peace have proposed measures to be taken on the part of corporate accountability. Some ideas include developing codes of conduct, implementation of regulatory import controls, and drafting legislation that would block assets of corporations involved in the illegal mining trade (Montague, 2002). More recently, the European Union (EU) has taken some steps towards ensuring that shipments of minerals from the DRC have been conflict-free. In January 2012, the EU Trade Commission and Development Commission began requiring mineral purchasing companies to conduct due diligence checks on their lines of supply (“EU Takes Steps Towards Conflict-Free Supply Chains,” 2012). Whether the West will continue to enforce these rules of due diligence will be the true test of their concern.
There is no doubt that enforcement of the rules inside and outside the DRC will be difficult. The illegal trade in minerals from the Congo is worth millions of dollars every year to people such as warlord Bosco Ntaganda. Unfortunately, not only are there rebel groups participating in this illegal activity, but the Congolese army is implicated as well and in the case of Ntaganda who joined the Congolese national army already established a career as a warlord (“Coming Clean: How Supply Chain Controls,” 2012). Ntaganda was a former member of the National Congress for the Defense of the People (CNDP), a Rwandan-backed rebel group that was later integrated into the Congolese army as a part of a peace deal in March 2009 (“Rwandan Military Aiding Congo Fugitive,” 2012). Since the merger occurred, Ntaganda has maintained control over the Congo’s most mineral-rich areas and has managed to establish a major business empire in the illegal trade of minerals. Global Witness has gathered evidence of Ntaganda’s involvement with illegal mineral smuggling along the DRC-Rwanda border over the past year, where it is estimated that he makes $15,000 per week. In 2011 for instance, Ntaganda was able to hijack an army regimentation process with the purpose of displacing specific commanders from mineral-rich strategic areas in the North and South Kivus and putting officers loyal to him in their place.

Making matters worse, Ntaganda led an army mutiny in April 2012 where he separated from the government, and took along with him 600 followers, which resulted in further displacement and violent clashes between government forces and Ntaganda’s group of soldiers. Ntaganda had so much control over these strategic areas that it would be deadly to cross him and as one minerals trader put it: “…he controls all the networks. You can’t get anything across [the border] without [his] facilitation” (“Coming Clean: How Supply Chain Controls,” 2012, p. 25). What is equally concerning was Ntaganda’s influence in politics. According to Global Witness,
Ntaganda was able to consolidate his position in the Kivus prior to the November 2011 elections and coerce citizens into voting for President Kabila (“Coming Clean: How Supply Chain Controls,” 2012). Judging from these events, people like Ntaganda are able to maintain their power with the finances they have accumulated through this illegal mineral trade. One can conclude that Ntaganda could not have had that amount of power over the regions without a powerful patron.

One of the trying issues with the current situation of resource control and exploitation is the enormous amount of responsibility that many corporations share. Directly and indirectly many companies have played a role in the perpetuation of resource exploitation. Joseph Kabila as the current president has played a central role in terms of showing leniency towards the corporations’ behavior in regards to resource control and not enforcing enough punishment. Glencore, the world’s largest commodity-trading firm, has been accused by Global Witness of initiating potentially corrupt deals in the DRC and has demanded that the company submit details of its dealings and relationships with corporate earners. There have been a number of offshore companies linked with Israeli businessman and friend of President Kabila, Dan Gertler. They have bought stakes in several Congolese mines secretly from the government since 2012, and have paid only a fraction of the valued worth. The mines were later sold in secret with reported huge profits and there are very few details about the sales, even long after it occurred. Gertler has been the main intermediary between Glencore and the Congolese government. He is a partner in the three mining ventures in the Congo and has acquired stakes valued at an estimated $40 billion (“Glencore ‘Should Explain Potentially Corrupt Deals,’’ 2012). There are strong possibilities that those involved in these business dealings are not only corporate earners but corrupt government officials as well. The fact that President Kabila is friendly with Gertler
paints a dim picture of the possible involvement on the part of the highest office in the country. In 2011, the DRC was ranked 168th out of 183 overall for corruption (“Corruption by Country,” 2011).

As discussed earlier, neighboring countries also have a role to play in resolving the illegal mineral trade issue and Rwanda is one of the important pieces in this entire problem. This is especially because the country is the major means by which minerals such as tin, tantalum, and tungsten, are passed on from the DRC illegally. The Rwandan government shares a responsibility in this as much as the Congolese government and multinational corporations. It has a much greater capacity (institutionally speaking than the DRC and other neighboring countries) to control the trading activities along and within its borders (“Coming Clean: How Supply Chain Controls,” 2012). This makes Rwanda’s role in the situation of extreme significance and its cooperation in reducing corruption of utmost need. As a Global Witness report states:

If this capacity can be deployed effectively to clean up Rwanda’s minerals trading and transit sector, it will substantially advance efforts to build up legitimate mineral production in, and exports from, DRC’s North and South Kivu provinces (2012, p. 28).

So far, the Rwandan government is reluctant to use this institutional capacity as well as make it a legal requirement for companies operating within its territory to comply with due diligence laws on their supply chains. The Rwandan government did pass a law in April 2012 which sets out the framework for the country’s implementation of the International Conference of the Great Lakes Region (ICGLR) mineral certification scheme. However, due diligence is not being enforced and it is lacking in this law, according to Global Witness, and large amounts of untagged minerals from the Congo continue to make their way easily across the border into Rwanda (“Coming Clean: How Supply Chain Controls,” 2012).
Many European companies also have been put under closer scrutiny because of their direct involvement in the war but illegal investments have continued to help perpetuate the conflict. Due to the fact that the DRC supplies the majority of the world’s coltan, European and American companies continued to exploit the country of this valuable resource. Companies such as Cogecom (France), Cogear (France), Sogem (Belgium), Masingiro (Germany), Finmining (Switzerland), Finconcord (Switzerland), Raremet (Switzerland), and Eagle Wings Resources (Dutch-American) have been involved in this trade. For example, during the war, Cogecom, Cogear, Sogem, and Masingiro all had ties to the Rwandan government and military, and indirectly financed the RCD’s military budget through the use of taxes levied by the rebels. In other words, these companies entered into profitable deals with the rebels, thus prolonging the conflict (Cuvelier & Raeymaekers, 2002).

Gradually, steps are being taken to end the illegal conflict minerals trade; however, more needs to be done. Kabila appears to be trying to end the conflict and improve resource control, but his close relationships with corporate executives like Dan Gertler are quite concerning. He (or his successors) must be supported in these efforts because without ending the wars and more enforcement of due diligence for all parties (including the Congolese government, neighboring countries, and multinational corporations), there will be no alleviating of the situation.

Conclusion

The DRC, an ex-colony of Belgium, has a huge abundance of natural resources but the vast majority of its citizens have never had an opportunity to benefit from this advantage. Since independence in 1960, the DRC has been plagued by economic, social, and political turmoil. Dating back to the days of Leopold and ever since the long dictatorship under Mobutu, through to the Kabilas’ authoritarianism, the DRC’s resources have been controlled by a few (both
Congoles and foreigners). Many analysts have spoken of the resource curse in the past, but the questions that this chapter have addressed is whether the influence of MNCs have made it less likely for the DRC to democratize; whether the high level of dependency the DRC has on its natural resource revenue has stalled democracy; and whether the manner in which natural resources have been managed in the DRC has prevented the country from successfully transitioning to democracy. In addition, the DRC has faced problems of minerals becoming untraceable – once resources are sold in the international markets, it becomes impossible to trace it from the end product back to the mines. This is unfortunately due to the lack of a certification process and due diligence to enforce it that would red-flag its origin (as is currently being done for the sale of diamonds) (Montague, 2002). History has shown that Congolese leaders, especially Mobutu, have been able to enrich themselves from these hidden measures and corrupt deals.

With the case of the DRC, because of the dire nature of the emergency situation, it may be possible that global standards would come into play, such as the Extractive Industries Transparency Initiatives (EITI). The EITI requires companies to disclose their payments to the host country and requires governments to disclose that they received payment. This information then combined into a detailed report would be made public. Due to the fact that both ends of such dealings would be verified, there would be less room for falsifying reports or other similar actions. However, the key in this step is actually obtaining the cooperation of both the government and the MNCs that it hosts, which would be especially difficult in a case such as the DRC. The Kabila government is a participant in the EITI. This is a step in the right direction though and may help it in achieving more transparency and in directing the resource revenue to the right causes.
It appears that the variables under investigation (MNCs, resource dependency, and the manner in which resources are managed) play a significant role in regards to the DRC and that democratization needs to occur first before any sort of fair resource management is imaginable. As was shown under Mobutu’s regime, as long as the government is unaccountable, it (with the participation of MNCs) will extract resources unfairly.
CHAPTER III  
CASE STUDY: THE REPUBLIC OF BOTSWANA  

Overview of the Republic of Botswana  

Botswana is relatively exceptional; although it too was colonized and has an abundance of natural resources, it is one of the fastest-growing nations economically and least corrupt in the world. There is still much to improve within the country, however. For example, there is high unemployment and inequality among the citizens and, probably most damaging, is the fact that the country is facing a serious AIDS epidemic. According to Ellen Hillbom, in 2008 this resulted in a life expectancy of 35 and high infant and under-five mortality rates. Despite these problems, the government is a stable democracy. It has put in place an effective and highly progressive program in order to battle HIV/AIDS and has largely been able to overcome the resource curse, a far cry from other African countries, making Botswana an interesting anomaly which deserves further analysis (Hillbom, 2008).

Botswana is situated in southern Africa bordering South Africa, Zimbabwe, Namibia, and Zambia (Acemoglu, Johnson, & Robinson, 2001). The population is estimated to be a little over two million (“Africa: Botswana,” 2012). The relations between ethnic groups have been relatively peaceful—both before independence and since (Beaulier, 2003). The official language is English and the major ethnic group is the Tswana, who came to this area from South Africa during the Zulu wars (Acemoglu, et al., 2001). The Twana (or Setswana) is the major ethnic group, making up 79 percent of the population, while the Kalanga make up 11 percent and other groups, including whites, make up the remaining percentage (“The World Factbook,” 2012). Setswana and Ikalangaare are the two major ethnic languages spoken (“Background Note: Botswana,” 2012).
Since independence, the government in Botswana has been operating a hybrid system, with a parliament and president exercising a leading power position (Sebudubudu & Osei-Hwedie, 2006). Despite the existence of a number of political parties, the Botswana Democratic Party (BDP) has won all of the elections since independence in 1966. There has not been much speculation as to the elections’ level of freedom and Freedom House (2012) rates the country as Free, meaning that the government broadly respects political and civil rights. Although the elections’ openness and freedom have been recognized over the past 40 years, some question whether they were actually fair and equal. Botswana mainly functions as a parliamentary system although it has some elements of the U.S. presidential system such as the separation of powers (“National Integrity Systems,” 2007). The president also holds executive power and consults with his cabinet (Holm, 1987). As in a parliamentary system, the executive is the head of government and indirectly elected by the legislature, whose members are elected by the people every five years. In addition, as head of state, the president is held accountable to the parliament, or the legislature, which consists of the National Assembly and the House of Chiefs, the latter being made up of traditional leaders (“National Integrity Systems,” 2007). The National Assembly has the power to make laws and approve taxes and appropriations, while the House of Chiefs only has the power to advise the president or the National Assembly on issues dealing with the organization and interests of Botswana’s ethnic groups (Holm, 1987). Lastly, the judicial system has autonomous power and can hold the executive and legislative branches accountable (Maudeni, et al., 2011).

There have been peaceful transitions between leaders since independence, showing that the system has had some stability and effectiveness. Whether Botswana is a consolidated democracy has been argued on both sides of the aisle. Analysts have noted weak parliamentary
and party systems, as well as a weak civil society, possibly because there has not been much room for more political parties to grow (Maudeni, Mfundisi, Mpabanga, & Sebudubudu, 2011). With the deportation of a famous University of Botswana political scientist, Kenneth Good, the government has shown some authoritarian tendencies (Maudeni, et al., 2011). Despite these actions, Zibani Maudeni, Dorothy Mpabanga, Adam Mfundisi, and David Sebudubudu (2011) argue that Botswana’s democracy is well consolidated and institutionalized. They contend that it was the few political parties which have fueled democratic consolidation due to the fact that political parties have encouraged representation of all different opinions. Political parties have also ensured transparency and accountability of the governmental system by pushing these different ideas on a variety of national issues, according to Maudeni and others (2011).

In addition, Botswana is experiencing one of the fastest economic growth rates in the world. According to the U.S. State Department, in 2010 Botswana had a real GDP growth rate of 7.5 percent (“Background Note: Botswana,” 2011). Responsible resource management policies are one of the contributing factors to the country’s rapid growth. On this note, Botswana has an abundance of sought-after resources such as diamonds, coal, and gold. It was the discovery of diamonds in the 1960s that has sustained the economy of Botswana over the last forty years of independence (“National Integrity Systems,” 2007). Currently, the citizens of Botswana are experiencing political and economic stability.
The following sections will analyze the politics of Botswana, briefly touching on the period before independence and focusing on the country’s political development from independence forward. The discussion of political development will help provide insight on how government functioned under each administration and how this may have influenced resource management. An analysis of resource management will be provided for each administration. It is important to consider the politics of the nation and resource management.\(^9\)

**Political Development in the Pre-colonial Period, 1885-1967**

The Bangwato, Batawana, and other ethnic groups (the ancestors of the Tswana) migrated into today’s Botswana from the southeast during the eighteenth century (Acemoglu, et

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\(^9\)Due to the fact that diamonds were not discovered in Botswana until after independence, political development under President Seretse Khama will be discussed immediately following the consideration of political development under the Protectorate.
al., 2001). While they were settling, the early Tswana managed to conquer the indigenous San and other groups that ended up assimilating into the Tswana, furthering expanding the group into new distinct societies. Yet, the Tswana had a common political system that was well-established before colonialism. The chief was a central political figure who was responsible for distributing land; however, this power was not absolute because it was decentralized through relatives and other officials. A variety of concerns and issues were frequently discussed in *kglotas*, public forums where adult males could converse over concerns within the group. *Kglotas* also acted as sources of advice and even criticism of the king, as well as a place where the king could hear court cases and enforce laws. The governmental system in place provided for consultation between the chief and some form of public assembly. These features were hardly unique to Botswana, but were not found throughout Africa (Acemoglu, et al., 2001; Schapera, 1967). The inclusive nature of the Tswana political system provided the basis for their relatively democratic political system. It provided a pattern of stability that has survived since colonialism and laid the foundation for Botswana’s political stability today. As Daron Acemoglu, Simon Johnson, and James A. Robinson (2001) point out: “The relatively integrative nature of Tswana institutions and the lack of colonialism seems to account for the current relative homogeneity of Botswana” (p. 10).

Political Development under the British Protectorate 1885-1966

Faced with physical threat due to expansion by the South African Zulu led by Shaka Zulu, more Tswana migrated in waves to the north from 1818 through the 1830s. Those who stayed had to fight to try to maintain control over their land in the southeastern part of what is now South Africa. The Tswana fought not only against the Zulu but the Boers, who also were looking to permanently settle in the area. The Boer “Great Trek” of 1835 was the Tswana’s first

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10 *Kglotas* were public forums where adult males could converse over concerns within the group (very traditional).
exposure to the spread of colonialism; however, the Tswana only managed to delay the Afrikaners’ incursion with the successful battle of Dimawe in 1852. Nevertheless, the Afrikaners continued to pressure the Tswana in Botswana and they had to resort to seeking out protection from the British government. Sechele, who was the chief of the Bakwena (a Tswana polity) traveled to South Africa and asked the British to help safeguard the country against the Afrikaners. The Bakwenas’ pleas were ignored until 1867, when diamonds were discovered in the north in the Kimberley area and in 1884, when gold was discovered in Witwatersrand. These discoveries and the resulting scramble for Africa transformed the outlook of the British toward that area as one of economic and strategic importance. In 1885, the British declared the creation of a crown colony to be known as British Bechuanaland and the Bechuanaland Protectorate in present-day Botswana. The Protectorate effectively prevented the expansion of the Germans and Afrikaners into the territory and it guaranteed the expansion of Britain and Cecil Rhodes’ British South Africa Company (BSAC) (Acemoglu, et al., 2001).

From the beginning of the Protectorate, the British had a limited role in the affairs of Bechuanaland. The British did not colonize the territory because it did not have any particular attraction or value. Rather, the Protectorate was a way to contain the German and Boer expansionism at the time in order to ensure the development of Rhodes’ BSAC and further guarantee a “route into the interior” (Acemoglu, et al., 2001). Additionally, at the very beginning, the economic reasons for creating a British colony with Bechuanaland included eventually merging Bechuanaland with South Africa in order to enlarge the colony. Acemoglu, et al. state that this was an important factor for why the British were indirectly involved in Bechuanaland’s affairs. Furthermore, the Act of Union of 1910 that created South Africa included merging all three British protectorates into South Africa—Bechuanaland, Basutoland, British Bechuanaland is now a part of the Cape Province in the Republic of South Africa.
and Swaziland. However, Bechuanaland, Basutholand, and Swaziland (the High Commission Territories) were not included in the Union right away; their incorporation was scheduled for a later date but they still maintained direct imperial protection (Willoughby, 2010). In 1885, the High Commissioner further defined the role of the British in Bechuanaland:

We have no interest in the country north of the Molope [the Bechuanaland Protectorate], except as a road to the interior; we might therefore confine ourselves for the present to preventing that part of the Protectorate being occupied by either filibusters or foreign powers doing as little in the way of administration or settlement as possible (Picard, 1987).

Tswana officials and chiefs were left to oversee the Bechuanaland Protectorate as they saw fit without much intervention from the British. This limited British involvement could have possibly helped the country maintain its identity that was established before the creation of the Protectorate, and this was another factor which could have helped the country later sustain stability and encourage economic growth. However, during the time of the Protectorate, the colony suffered from neglect; little was spent on investment or development of any kind, and instead, 75 percent of government spending went toward “administrative costs,” such as paying employees and other operating expenses (Parson, 1984). This lack of investment in the Protectorate explains the condition of minimal development until independence.

Although the British did not indicate much interest in it, outside forces continued to threaten the future of the Protectorate. Cecil Rhodes, who was the prime minister of the Cape Colony at the time, wanted to control the Protectorate soon after it was created and lobbied for its control. In 1895, three Tswana chiefs traveled to Britain in order to plead with Queen Victoria and help prevent Rhodes and the BSAC from taking over the Protectorate (Acemoglu, et al., 2001). They succeeded in keeping it under the control of the British colonial office and the cooperation between these three chiefs characterizes Botswana’s political culture even today.

Basutholand is today’s Lesotho.
Although the British still tried to control the chiefs over their fifty years of the Protectorate, this British attempt at control was consistently challenged by the chiefs. Following WWII, the rise of African nationalism in the Protectorate continued to challenge its amalgamation with South Africa. A leader in this movement was Seretse Khama. Khama, the heir apparent as the chief of the Bangwato, was prevented by the British from returning home ostensibly because of his marriage to a British white woman, Ruth Williams. The ban served to keep peace with neighboring South Africa, where many whites were infuriated by the illegal interracial marriage. However, it is likely that the British banned Khama from returning home in 1948 because he promised to renounce his chieftaincy but later refused. This political move may have served two purposes: to weaken the political power of the chiefs and their union; and to also maintain peaceful relations with South Africa. However, during the banishment, in an attempt to obtain political support for his return, Khama became involved with important members of the political parties in the United Kingdom, such as the Labour Party, and developed relationships with other students from Africa who would later become important leaders in the neighboring colonies. He also became heavily involved in the decolonization discussions taking place in London at the time and awareness of his banishment began to increase throughout the United Kingdom, the Protectorate, and elsewhere (Henderson, 1990). For instance, human rights groups expressed anger and outrage over the behavior of the British, accusing the government of acting similar to and supporting the racist South African government. Eventually the British government gave in and by the time Khama and his wife were allowed to return to the Protectorate, he had become an important international figure and symbol for human rights and freedom (Beaulier & Subrick, 2005).
Khama was allowed back to the Protectorate in 1956, after he again agreed with the British to renounce his chieftaincy. Upon his return, Khama became an active part of the Joint Advisory Council, which was a merger of European and African councils (Acemoglu, et al., 2001). By 1958, the Joint Advisory Council strongly advocated for the creation of a legislative council as a step toward independence (Polhemus, 1983). The British eventually created the Legislative Council, which gave birth to the Protectorate’s first political party, the Bechuanaland People’s Party (BPP, later known as the Botswana People’s Party). The philosophy of the BPP was that of an anti-colonial nature, taking inspiration from the anti-apartheid movement, and it mainly appealed to the urban population and workers (Acemoglu, et al., 2001). The formation of the BPP and its philosophy was a clear message to the British that the Protectorate would eventually become independent and refuse to become a part of apartheid South Africa. Khama went on to found the Bechuanaland Democratic Party (BDP, later known as the Botswana Democratic Party), which appealed to a broader group of people, including African educated elites such as teachers and civil employees, as well as traditional chiefs (Polhemus, 1983). One can say that the BDP was even more unique because its leader, Khama, who was head of the largest Tswana state and European-educated, was an effective bridge between traditional chiefs and common citizens who were not as traditional. Khama had the ability to integrate traditional values with the formal Western education he obtained while studying in Europe. For instance, his government continued traditional practices such as the lending of cattle, and this policy contributed to economic growth (Acemoglu, et al., 2001).

The BDP ended up winning the majority of seats in the first free elections held in the Protectorate in 1965 and Khama was elected as prime minister. The party won 28 out of the 31 seats in the Legislative Assembly (Danevad, 1995). The election overall was widely accepted by
the electorate and ended up having one of the highest voter turnouts (Charlton, 1993).

Bechuanaland had peacefully negotiated its independence in 1966 and elected Khama the country’s first president in that same year. Constitutional negotiations with the British formed the National Assembly, which consisted of a speaker, the attorney general, thirty-one elected members, and four members specifically appointed by the president (Beaulier & Subrick, 2005). The president was also chosen by vote in the National Assembly and all executive power remained with the president. As a result of the constitutional negotiations, the House of Chiefs was formed as a representation for the traditional side of the political system (Acemoglu, et al., 2001). Its members were the eight chiefs of the eight different Tswana groups, four chiefs that represented less influential ethnic groups, and three other members selected by the House itself (Beaulier & Subrick, 2005). Although the House of Chiefs had symbolic importance, its members had no real power over the implementation of legislation—they were free to voice their concerns but they could not override decisions of the National Assembly (Acemoglu, et al., 2001). After independence was granted in 1966, the Bechuanaland Protectorate formally became the Republic of Botswana (“Botswana Profile: Timeline,” 2011).

**Political Development under Seretse Khama 1966-1980**

When Botswana achieved independence in 1966, few citizens had attended or graduated from university. There were 22 college graduates in 1966 and only 100 citizens had attended secondary school (Acemoglu, et al., 2001). This lack of an educated citizenry and other factors made the future of Botswana seem dim at the time. However, once Khama became the country’s leader, he adopted policies that were very different from other countries that had achieved independence around the same time.
Khama encouraged open discussion and negotiation in order to settle conflicts. He was very much concerned with the stability of the country and openly opposed racial ideologies (Henderson, 1990). Khama adopted pro-capitalist policies that were different from the Marxist experiments in other African countries. For example, he initiated a dramatic cut in government spending from 1965 to 1975. Overall, limited governmental involvement in the economy was a major element in the first ten years that Khama was president. During the first five years of the presidency, the government adopted what were known as National Development Plans (NDPs), which set government spending and developmental goals over a five year period. The first NDP focused on macroeconomic stability and fiscal balance; furthermore, plans were only approved if they passed an economic feasibility test and a social rate of return test, which was decided upon by the legislature. These conservative reforms helped to regulate the number of social programs that would be adopted by the government and this reduced government spending. The NDPs could not be changed unless the legislature approved the changes unanimously. The implementation of the NDPs, along with substantial cuts in government spending, resulted in an annual growth rate of 10.74 percent between 1965 and 1975. During this period, Botswana’s GDP per capita grew, from $372 in 1965 to $1,032 in 1975 (Beaulier & Subrick, 2007).

Another major element in Khama’s presidency was his focus on a non-racial democracy supported around the principle of “universal self-determination.” The Constitution supported equal rights for citizens and immigrants and the president chose to welcome refugees. This resulted in a large number of immigrants settling in Botswana, with the majority of them coming from Rhodesia and South Africa; they were given citizenship rights or granted asylum (Beaulier & Subrick, 2007). Therefore, democracy matured under the Khama government, which
promoted a conservative economic policy emphasizing reduced government spending and transparency.

In the run up to the 1969 elections, the Botswana National Front (BNF), an opposition party, was created by Kenneth Koma, who also renounced his chieftaincy in order to enter politics and run in the election. The BNF became the largest opposition party and it ended up having electoral success in that same year by winning three seats in the National Assembly, while the BDP won 24 seats with 68 percent of the popular vote (Acemoglu, et al., 2001). At the same time, in 1969, the Trade Disputes Act was implemented which gave the government the right to intervene in industrial relations disputes. The law made it impossible for laborers to carry out a legal strike (and many workers lost their jobs after conducting strikes) (Dlamini, 2002).

President Khama may have intentionally reduced the power of traditional chiefs to guarantee the centralized state. Moreover, the BDP passed legislation that seized their residual powers over the distribution of land. Khama came into power with strong intentions of building a solid central state that would not be overwhelmed or obstructed by the powers of traditional chiefs (Acemoglu, et al., 2001). In other words, he wanted a centralized constitutional government in power rather than a traditional rule, despite the fact that he formerly was going to be a traditional chief himself. The Chieftaincy Act of 1965 and the Chieftaincy Amendment Act of 1970 were two important pieces of legislation that fundamentally gave the president the power to remove a chief and ultimately solidified a centralized government (Acemoglu, et al., 2001).

Meanwhile, Khama and the BDP were focused on building this central government and reviving the country’s economy. In an attempt to revive the economy, the administration took the important political decision to renegotiate the Customs Union with South Africa in 1969.
The government in 1976 was able to create a new currency, the Pula, after previously using the South African Rand. Beginning at independence, it appears that the Khama administration wanted to focus on increasing investments in social services, especially infrastructure, health, and education. The BDP resisted nepotism, avoiding traditional influence or efforts to “indigenize” the bureaucracy with unqualified citizens. Rather, the government hired international advisors and consultants as well as formerly exiled personnel. Khama clearly expressed his goals in his first speech as president in 1965 by stating the following: “My government is deeply conscious of the dangers inherent in localizing the public service too quickly. Precipitate or reckless action in this field could have disastrous effects on the whole programme of services and development of the Government” (Acemoglu, et al., 2001, p. 18).

Rewarded for its efforts, in 1974, the BDP received 78 percent of the vote and won the majority of seats in the National Assembly, which re-elected Khama for a third term (Osei-Hwedie, 2001, p. 66). The BNF won about 12 percent of the vote (with only 2 seats to the BDP’s 27) (Acemoglu, et al., 2001). During the third term, tensions between Botswana and Rhodesia rose because the government of Botswana, supporting liberation movements in Rhodesia and South Africa, had stopped importing goods from Rhodesia’s white minority regime (Beaulier & Subrick, 2007). The tension reached a new high as the government continued accepting refugees from Rhodesia (up to 20,000) and Rhodesian forces began entering Botswana to pursue those who had fled (Mokopakgos, 2008).

Relations between the Botswanan and South African governments were also tense during the 1970s; this followed Botswana’s support of the antiapartheid movement and the South African government’s failed attempts to annex Botswana. Additionally, in 1980, Botswana was a founding member of the Southern African Development Coordination Conference
(SADCC), whose aim was to reduce the Southern African region’s economic dependence on South Africa (“Botswana Profile: Timeline,” 2011).

The BDP won 75 percent of the vote and 29 seats in the National Assembly in the October 1979 elections, making Khama president for a fourth term. The elections were free and fair (the BNF won 13 percent of the vote and 2 seats) (Acemoglu, et al., 2001). However, Khama died of pancreatic cancer in 1980, and Vice President Ketumile Masire succeeded him after the National Assembly vote (Acemoglu, et al., 2001).

Resource Management under Seretse Khama, 1966-1980

At independence, the economic situation in Botswana was dismal. The World Bank at the time categorized Botswana as a “least-developed” country (Curry, 1987). Besides being categorized as the third poorest country in the world, infrastructure was in poor shape. For example, it was landlocked and the unworkable waterways hindered participation in international trade. Also, there were intermittent famines and the illiteracy rate was very high. The sole export that mainly kept the economy going was beef and Botswana’s only customers at the time were Britain and South Africa (Tsie, 1996). Cattle exports provided the main source of income at the time but it was hardly thriving because the per capita income was less than $500, and additionally, prolonged shortages of water from frequent droughts further impeded economic growth (Dini, Quinn, & Wohlgemuth, 1970). In terms of its domestic policy, the BDP had its focus on the country’s rural sector, which was dominated by cattle ranching. Important steps followed in the government’s attempts to develop this sector. Immediately following independence, the meat warehouse located in Lobatse was nationalized and the Botswana Meat Commission (BMC) was established. The government began subsidizing veterinary services and
distributing vaccines and fences in order to maintain the health of the cattle (Acemoglu, et al., 2001).

During this time the Khama administration began putting together conservative fiscal policies. Scott A. Beaulier and J. Robert Subrick (2007) found that these fiscal policies encouraged and promoted economic growth. Months before diamonds were discovered in Botswana in 1967, the Mines and Minerals Act of 1967 nationalized subsoil mineral rights, giving all mining rights, which had been originally in the hands of the ethnic groups, to the government. The main diamond mines were under lands that belonged to the Bangwato ethnic group, in Orapa, located in the central district of Botswana (Acemoglu, et al., 2001). Nationalizing the area for mining would have appeared to be quite a controversial move; however, a deal was made with the Bangwato in order to convert control from the Bangwato to the central government (Curry, 1987). As far as how the deal ensued or its fairness is difficult to judge due to a lack of information. However, this law further contributed to Khama’s vision of a centralized state; he was drawing power away from the traditional leaders and claimed he was moving the country toward a modern and progressive democracy, using its mineral wealth as an important catalyst in this effort.

Shortly after becoming president, Khama allowed mining companies to explore the country. As a result, copper and nickel deposits were discovered in Selebi-Phikwe and coal in Marupule, and diamonds of gem quality were discovered in Orapa, Letlhakane, and later on in Jwaneng (Acemoglu, et al., 2001). MNCs such as De Beers, De Beers Prospecting Botswana Pty. Limited (Debot), TNK, Billiton, Ampal, and SouthernEra, among others, began operating

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13 According to Acemoglu, et al. (2001), Khama knew before independence that there was a likelihood of diamonds in the country.
mines and by 1971, the GDP had grown dramatically. There was a new concentration on the export of minerals, resulting in private investments in production facilities and public investments in basic infrastructure (Dini, et al., 1970). As a result of those discoveries, instead of the revenue from diamonds being squandered, the government created a clause in the original mining agreement with the only company granted rights to exploit the resource, the De Beers diamond company, and renegotiated the agreement. Subsequently, the government received a 50 percent share of diamond profits (Acemoglu, et al., 2001). More specifically, the joint venture company that manages the diamond mines in Botswana, Debswana, is 50 percent owned by De Beers and 50 percent owned by the government (Tsie, 1996). In other words, the government of Botswana and De Beers entered into a permanent business relationship and the company of Debswana is the result of this business relationship. Besides this, there are hardly any specific details of this agreement between De Beers and the government of Botswana that have ever been publicly revealed (Jerven, 2010). In 1967, diamonds accounted for 45 percent of the total GDP, 65 percent of the government revenue, and at least 80 percent of export revenue (Good, 2005). Due to the fact that both parties were stakeholders and shareholders in the company, this arrangement created the foundation for rapid economic growth and strengthened political stability in Botswana (Jerven, 2010). The government could impose such conditions because it had strong bargaining power; according to Morten Jerven (2010), this power was due to the size of the deposits in the country. Within a few years, Botswana had become the second largest diamond-producing country in the world and its control over the diamond trade transformed it into one of the richest countries in the developing world (Tsie, 1996). This helped Botswana

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14 The companies listed above are all companies that partnered with De Beers. Since the discovery of diamonds and since De Beers began mining in Botswana, the company has not faced any competition, unlike its experiences in South African and Namibia (Hazleton, 2002).
establish a strong alliance and partnership with international capital during the 1970s. From the very beginning, both parties involved in the negotiations realized the advantages (Leith, 2004).

Due to the income from diamonds and the establishment of an equal partnership, President Khama had a greater ability to invest in important social sectors and build international reserves, which resulted in improving the welfare of the citizens. This business partnership was unheard of in other places—at the time, most of Africa did not have leadership willing or able to initiate deals similar to that between Botswana’s government and De Beers (Tsie, 1996). Tsie (1996) further explains this reality and how much Botswana had benefitted from it:

This alliance between Botswana and one of the world’s most powerful mining conglomerates has enabled the Botswana government to acquire substantial economic and financial muscle, so that it could engage in some form of peripheral welfare capitalism through rural development programs like ARDP, ALDEP, ARAP, and various Drought Relief Schemes (p. 613).

This kind of business deal was different from the harmful rent-seeking practices that were occurring in other African countries. Botswana was able to avoid this problem, which further contributed to the country’s political and economic stability (Jerven, 2010). Botswana is unusual because of the noticeable benefits accrued not only to the MNC but also the host country—most often, governments have sweetheart deals with MNCs. Other governments had deals with MNCs and profited from them—the difference was that Botswana’s government used more of the money for the people, instead of stealing it.
Figure 10: GDP per capita in Botswana Compared to Africa from 1950-1998


Figure 10 clearly shows the rapid growth in GDP per capita that Botswana began experiencing following independence in 1968. Botswana’s economic growth rate was quite rapid during the 1970s—it came from behind to surpass the economic growth rate of Africa as a whole. By the mid-1970s, the budget of Botswana had a surplus. Because of the proceeds from diamond exports, Khama was able to avoid any type of external debt and maintained a rapid growth rate over time (Hillbom, 2008). Although President Khama’s responsible resource management helped expand the economy, it did have some serious downsides. Khama’s government failed to use the diamond wealth to diversify the economy. The government offered few incentives for industrialization and as a result, the economy remained heavily dependent on the export of diamonds, which does not create many jobs (Hillbom, 2008). Agriculture and manufacturing, sectors that could employ more Botswanans, were neglected by the government.
(Jerven, 2010). According to Kenneth Good (2005), in a way, diamonds are still a curse for the country. Good maintains that this reliance on diamonds is associated with problems such as the subordination of minority ethnic groups and social inequalities, as well as other forms of structural violence (2005).

However, one problem that Botswana didn’t have was corruption. Khama was a unique leader; there is no evidence of corruption or embezzlement when he was in office (Hillbom, 2008). Good (1992) explains this further:

Responsible for the choosing of appropriate priorities has been a top political leadership of ‘unusually high quality,’ with both Seretse Khama and his successor, Quett Masire, notable for their honesty, pragmatism, and common sense—rather uncommon qualities in state leadership today (p. 74).

This can be further attributed to specific leadership qualities found among cattlemen, such as persistence, having a strong identity, and energy (Good, 1992). According to Willie Henderson (1990), even at a young age, Khama expressed his hope to others of seeing a democratic Botswana one day. Khama had the ability to work well with others, as long as he could secure some of his own underlying goals – this was his major approach to his political life and how his administration managed resource revenue (Henderson, 1990). Aside from his counterparts, Khama had the ability to negotiate in more of a diplomatic manner without appearing to be radical or threatening. His marriage to a white woman, although looked down upon by some, may have also helped, especially amidst the racial tension and bigotry experienced in southern Africa. In addition, Khama strongly criticized autocrats and those whose power was based in personalism. His term of study in Great Britain may have influenced his viewpoints as well. Khama witnessed democracy and its benefits in England and this could have solidified his prior notions that Botswana could achieve the same success. He was in strong support of the creation of other political parties, such as the BNF, whereas others would have suppressed them by any
means necessary. Unlike many other African leaders at the time, he was not paternalistic toward the people but believed that the people should be given the tools to care for themselves, which may explain why he was adamant about developing Botswana economically, socially, and politically. From his point of view, the pressing need in Botswana was mobilizing resources for development, and he believed in a cohesive team effort in order to accomplish this (Henderson, 1990).

Although Khama was not the perfect leader, he was honest and moderate. He led the first independent democratic government based on democratic principles and his government was never accused of corruption in the way that so many others were. This provided Botswana with stability unusual in Africa.

Political Development under Ketumile Masire (1980-1998)

After President Khama’s death from pancreatic cancer, President Ketumile Masire entered office peacefully and in accordance with the Constitution, and headed a country experiencing sustained and rapid economic growth (Danevad, 1995). Prior to becoming the vice president, Masire had worked under President Khama as the minister of finance and development planning; therefore, he came into the presidency with a continued commitment towards economic growth and policies similar to his predecessor. Ian Taylor (2005) explains further: “Such a ministry and its close links to the executive has secured a balance between development planning and budgeting, as well as strengthening the capacity to implement national goals and demonstrating a commitment to economic development” (p. 49). Continuing the policies of the Khama administration did prove to work in favor of the country and for Masire because after he finished the rest of Khama’s term, he was elected for another term in 1984, after the BDP won
the majority with 68 percent voter support (Osei-Hwedie, 2001). The party ended up winning 34 seats in the Legislative Assembly (Danevad, 1995).

Although the country was progressing, tensions were still present between South Africa and Botswana and this all came to a head in June of 1985, when forces from South Africa raided buildings located in Botswana’s capital of Gaborone. During the raid, twelve people were killed while the South African forces were searching for alleged African National Congress (ANC) members (“Botswana Profile: Timeline,” 2011). Although concerning, the South Africa invasions did not delegitimize Botswana’s government and the democracy continued to consolidate. During the 1980s, the Masire government was still faced with the challenge of the tens of thousands of Rhodesian refugees illegally entering Botswana that began during the 1970s. Many more Rhodesians were fleeing because of the poor economic and social conditions; the liberation war before 1980 caused many to flee to Botswana and they were continuously accepted out of sympathy for the plight they faced (Morapedi, 2007).

According to Balefi Tsie (1996), Botswana became widely regarded around the world as having one of the best managed countries in sub-Saharan Africa. The country was known internationally as a shining example of a true democracy in Africa—its progress also created an international awareness that Botswana was the hope and catalyst for other African nations trying to democratize. Despite this, the country was faced with dire problems that were not resolved during the previous administration, mainly the lack of jobs for citizens. There was a strong need for employment both in towns and rural areas and the lack of economic diversification was not helping. The Masire government did recognize this ongoing problem and placed special emphasis on the development of the manufacturing sector. For instance, the administration put in place several programs that contained a grant feature, where money acquired by the mining
industry was transferred to business owners in the private sector to help spur job creation. The government wanted to avoid direct involvement in productive activities and preferred to spark economic diversification by assisting the private sector. It also wanted to maintain political loyalty among the economic elite, whose support was counted upon for the success of the BDP (Danevad, 1995).

Masire was re-elected in October 1989 for a third term as the BDP again won the majority of seats and 64 percent of the vote (Osei-Hwedie, 2001). Although Botswana was a democracy and would be categorized as “Free” at the time, it was not without its problems. For example, in 1991, 12,000 public sector workers held a strike in order to obtain higher wages. They were all fired because of this strike (“Botswana Profile: Timeline,” 2011). In addition, the diamond wealth continued to contribute to the radicalization of the labor movement and support of opposition parties continued because of high unemployment and the BNF was able to gain more influence. Although it was not influential enough to win elections, the BNF began to have more clout. During the 1994 elections, the BDP still managed to win 53 percent of the vote and Masire was able to secure a fourth term, but the party experienced a significant decline in support. Overall, the political support for the BDP was on a declining trend since the 1974 elections. Although the BDP won this time, their legitimacy was undermined by the failure to deliver jobs and the unfair treatment of laborers (Osei-Hwedie, 2001).

There were other problems for Masire as well, including the non-repayment of debt. According to Good (1994), Masire’s personal bad business debts had accumulated up to 10 million Botswanan Pula, which is the equivalent to about $1,370,000 in US dollars. He took loans from a company with which he was affiliated but apparently never repaid. Moreover, the National Development Bank (NDB), which was created in order to further promote economic
development in Botswana by giving loans to the agricultural and other sectors, was suffering during the late 1990s and nearing bankruptcy. Allegedly, Masire was one of a few government officials, including his own brother, who owed thousands to the NDB (Good, 1994).

In response to growing public support for the opposition BNF party, in 1997, the Masire administration and the BDP proposed two key constitutional amendments—the first being the establishment of presidential term limits to two five-year terms and the second was the lowering of the voting age to 18 years. An independent electoral commission was also created in an attempt to garner more support for the party (Zaffiro, 2000). The government undertook these reforms in an effort to deal with a variety of problems: low public awareness of government activities, apathy about politics, low voter registration and turnout, the appearance of administrative secrecy, poverty, and unemployment, Masire also established an anti-corruption body with powers of investigation, arrests, and search and seizures. According to Freedom House, the program had an eighty percent conviction rate (Freedom House, 2008). These initiatives contributed not only to economic growth but infrastructural development as well as overall democratization.

However, by this time, a key challenge that Masire was beginning to face was the outbreak of HIV/AIDS. Beginning in 1987, the government had brought in international agencies for advice regarding the disease and a one-year emergency plan was set up, followed by other five-year strategic plans that focused on educating the public about protection against the disease. The Masire administration created programs that focused on surveillance of the disease and intervention. Despite these programs, AIDS took its toll on the country, with the number of those infected doubling by 1997, and in these years Botswana became known as the AIDS capital of the world:
Initially, one might have supposed that if Western AIDS policies were capable of working anywhere in Africa they should have worked here; that is, in a country with an effective government, small population and modern sector health provision. However, the numbers infected doubled in the five years after 1992, when the first sentinel survey was conducted (Heald, 2005, p. 5).

As Heald (2005) further explains, this rapid increase in the number of citizens infected between the late 1980s and late 1990s could have been due to the fact that when the programs began in 1987, there was a general disbelief among citizens that the disease was widespread. Alex de Waal also argues there was no clear international consensus on what an HIV/AIDS program should look like (as cited in Heald, 2005). Although the policies were being implemented in a country that was democratic, traditional beliefs limited the success of these prevention policies. For instance, the education campaign for protecting oneself from contracting the disease was culturally inappropriate and offensive. Traditionalists did not support the campaign because they saw it as encouraging promiscuous behavior (Heald, 2005). Moreover, the fact that these educational efforts excluded the opinions of those within the traditional sector made the policies seem to represent more of the Western agenda than the best interests of the citizens of Botswana. Heald (2005) further explains:

> It is important to note that, in contrast to surrounding countries, traditional doctors, churchmen and local communities were not incorporated in the educational effort. It was exclusively in the hands of official channels and thus to a large extent seen as ‘external’ and ‘white’ (sekgoa as opposed to setswana) (p. 6).

There was also very little money set aside for developing medical infrastructure. People at risk of infection were only advised to avoid the disease to the best of their ability, while the government did too little to provide for testing. However, by the mid-1990s, reality hit as people began losing friends and family. Overall, although the willingness was there to contain the spreading disease, not enough incursions were made against HIV/AIDS (Heald, 2005).
Faced with a variety of challenges, at 73 years of age, President Masire announced that he would retire from politics in 1998 (“Commonwealth Yearbook: Botswana,” 2012). Vice President Festus Mogae was appointed to finish the remaining two years of President Masire’s term. Under President Masire’s leadership, Botswana’s democracy was sustained. Free elections took place but the BDP was still the leading party. Voter turnout did decline somewhat and the support for the BDP was on a continued decline. Although there was no evidence of election fraud, the political environment had not changed significantly since President Khama’s. However, the BDP was not dealing effectively with the country’s problems. The lack of jobs, the trouble facing the labor unions and their protests was troubling. Although the poor performance of the BDP in 1994 led to Masire’s retirement from office in 1998, Botswana continued to be one of the strongest, most stable democracies in Africa (Poteete, 2009).


The early 1980s going forward was a time of continued growth in diamond wealth for Botswana—in this time period, diamond mining generated between one-third and half of the GDP (Poteete, 2009). As shown in Figure 11, according to data from the World Bank, rents that were obtained from 1980 on were later invested in long-term development for Botswana. These long-term investments were possible through an accounting program known as the Sustainable Budget Index. Its purpose was to help monitor how well the revenue from diamond mining was reinvested back into the national budget (“The Changing Wealth,” 2011). This economic growth eventually contributed to the overall increase in the country’s wealth and per capita GDP as evidenced in Figure 12.
Figure 11: Recovery and Investment of Resource Revenue from Mining.

![Graph showing recovery and investment of resource revenue from mining.](Image)


Figure 12: Growth of Real Per Capita Wealth Versus Real Per Capital GDP in Botswana.

![Graph showing growth of real per capita wealth versus real per capital GDP in Botswana.](Image)

Figure 12 shows that, beginning in 1980, the real per capita GDP and real per capita wealth began to rise and it continued to rise throughout the decade. From the early days of his presidency, Masire kept the same policies as his predecessor on strict regulation regarding diamond mining and investments. Furthermore, the administration felt strongly about including policies and actions that diversified the economy. Under Masire’s administration, the market continued to stay dominated by the sale of diamonds; at the same time, there was an intention that diamonds would not become the country’s sole source of income. Through developing the private sector in the country, Masire sought to diversify the sources of income. There were a variety of policies implemented to develop the private sector, including plans to reallocate capital resources into various business development plans. It has been pointed that the NDPs which were implemented under the Khama administration eventually evolved into the Industrial Development Policy (IDP) of 1984, under the Masire administration (Conteh, 2008). The IDP was created in order to target businesses more directly, resulting in private sector growth and overall economic diversification. As Charles Conteh (2008) summarizes: “The underlying purposes of the government’s industrial policies were to take practical steps beyond traditional legal and regulatory instruments and to engage in targeted entrepreneurial development incentive and support mechanisms” (p. 542). The most significant of these policy tools in regard to achieving economic diversification was the Financial Assistance Plan (FAP) of 1982, which was supposed to further expand business opportunities for Botswana’s citizens by providing capital and labor grants to new or expanding small businesses, as well as those seeking to establish industrial ties. The Selebi-Phikwe Regional Development Program (SPRDP) was established in 1988, and this program offered tax breaks and rates that were lower than what the corporate sector was offering. However, the program was phased out by 1996 and merged with another
economic diversification effort (Conteh, 2008). The government at the time did make other efforts to diversify. Michael Dougherty (2011) points out that over time, the government did seek out non-traditional crops to export mainly to South Africa. The government also maintained openness towards foreign assistance which helped in their diversification efforts.

Despite the efforts made to diversify the economy there was not much success in obtaining other means of income besides the export of diamonds and beef. According to Charles Conteh (2008), the key to economic diversification is the development of the private sector. Although this was attempted via the National Development Plans and the FAPs, private sector activity was never quite evenly distributed. They were mainly concentrated in three major industrial cities and excluded most of the rest of Botswana. Therefore, its development remained slow to non-existent and Botswana’s economy remained undiversified (Conteh, 2008).
Table 1: Botswana’s World Diamond Market.

<table>
<thead>
<tr>
<th>Year</th>
<th>Botswana’s Share of Sales from Central Selling Office (De Beers)</th>
<th>Diamond Exports (Millions in $US)</th>
<th>Percentage Increase (Decrease) of Diamond Exports Over Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>3</td>
<td>43</td>
<td>---</td>
</tr>
<tr>
<td>1977</td>
<td>3</td>
<td>56</td>
<td>30.2</td>
</tr>
<tr>
<td>1978</td>
<td>4</td>
<td>92</td>
<td>64.3</td>
</tr>
<tr>
<td>1979</td>
<td>9</td>
<td>226</td>
<td>145.6</td>
</tr>
<tr>
<td>1980</td>
<td>11</td>
<td>305</td>
<td>35.0</td>
</tr>
<tr>
<td>1981</td>
<td>11</td>
<td>163</td>
<td>(46.6)</td>
</tr>
<tr>
<td>1982</td>
<td>19</td>
<td>246</td>
<td>50.9</td>
</tr>
<tr>
<td>1983</td>
<td>26</td>
<td>421</td>
<td>71.1</td>
</tr>
<tr>
<td>1984</td>
<td>30</td>
<td>480</td>
<td>14.0</td>
</tr>
<tr>
<td>1985</td>
<td>30</td>
<td>555</td>
<td>15.6</td>
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<tr>
<td>1986</td>
<td>26</td>
<td>656</td>
<td>18.2</td>
</tr>
<tr>
<td>1987</td>
<td>44</td>
<td>1,342</td>
<td>104.6</td>
</tr>
<tr>
<td>1988</td>
<td>26</td>
<td>1,083</td>
<td>(19.3)</td>
</tr>
<tr>
<td>1989</td>
<td>35</td>
<td>1,422</td>
<td>31.3</td>
</tr>
<tr>
<td>1990</td>
<td>34</td>
<td>1,412</td>
<td>(0.7)</td>
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<tr>
<td>1991</td>
<td>37</td>
<td>1,465</td>
<td>3.8</td>
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<td>1992</td>
<td>40</td>
<td>1,363</td>
<td>(7.0)</td>
</tr>
<tr>
<td>1993</td>
<td>32</td>
<td>1,378</td>
<td>1.1</td>
</tr>
<tr>
<td>1994</td>
<td>33</td>
<td>1,396</td>
<td>1.3</td>
</tr>
</tbody>
</table>

One can observe from Table 1 the rise of diamond exports beginning from the late 1970s. However, there was a decrease in 1981 compared to the previous year and after 1987 we can see diamond exports on the rise and then decline again. The volume of Botswana’s diamond exports was quite erratic. The most significant boom was from 1986 to 1987, when diamond exports increased by more than 100 percent. As observed from Table 1, diamonds still remained the primary export during Masire’s presidency and the economy continued to boom – Botswana’s share of sales rose to an average of 30 percent from 1984-1994. Overall, the total diamond exports increased over the years; however, after an examination of the percentage increase from year to year, the results reveal marked instability. The government acted shrewdly to protect the price of the main export; in the early 1980s, the government and De Beers agreed to delay production in order to maintain the market price of diamonds. As a result, Botswana did not sell diamonds for six months and this helped to stabilize the price (Acemoglu, et al., 2001).

Under the Masire administration, Botswana’s economy was classified as being one of the healthiest in sub-Saharan Africa; in the 1980s, it was already classified as a middle-income economy by the World Bank. The GDP grew at an annual average rate of 12 percent throughout the entire decade as well—from 1983 proceeding into the 1990s, foreign exchange reserves from the sale of diamonds increased from P100 million to P4 billion. Like his predecessor, Masire continued to invest the revenue from diamond sales in the well-being of the country’s citizens by providing social services through the state in the form of healthcare facilities, schools, and clean pipe-borne water, among other welfare services (Tsie, 1996). As a result of these important investments, the physical quality of life gradually improved for some citizens of Botswana,
according to the Human Development Index. Furthermore, by 1992, the average income had reached a remarkable $3,000, increasing from a mere $60 per capita income before independence. In addition, the Botswana Pula became one of the strongest currencies in sub-Saharan Africa during the decade and in 1994, the Human Development Report ranked Botswana fifth after Malaysia in terms of human development (Tsie, 1996). Beginning in 1990, Botswana met the world average of development and this continued through the mid-1990s. Although the government invested revenue into different social programs and Botswana’s economy was growing more rapidly than Africa as a whole, it never passed the world growth average. Given Botswana’s wealth and economic growth rate, one would expect a better result. Poverty and inequality remain as problems in the country.

Despite this less than optimal result in regards to development, in other important ways, Masire continued what Khama began. According to Willie Henderson, Masire was drawn to and impressed by Khama’s open attitude and his ability to build on Tswana tradition and the wealth generated by diamonds (Henderson, 1990). This could explain why Masire took the country in the direction that he did; he and Khama were quite similar in ideology and leadership style. Masire was Khama’s vice president and before this appointment, he was very close to Khama during the establishment of the BDP, essentially being his second in command during the time. He and Khama instituted a strong partnership beginning in the early days of independence, and this could explain why Masire maintained the same policies in a consistent manner. However, whether these policies could have done more to translate into rapid human development is disputed.
Festus Mogae succeeded to the presidency in 1998 after President Masire retired. President Mogae continued to follow the same political policies as his predecessors, but not without some political tensions. In June 1998, the BNF opposition party split and the Botswana Congress Party (BCP) was created as a result. The BCP later became the dominant opposition party, as most members of the BNF switched to the BCP. In October 1999, general elections were held, with the BDP winning 54 percent of the vote, and Festus Mogae was confirmed as president. Mogae was faced with different challenges in the beginning. During his first term, Mogae had to handle a land dispute with Namibia over Sedudu-Kasikili, a river island. Although the International Court of Justice granted control to Botswana in December 1999, President Mogae was the first to begin tackling the issue directly by courting ethnic minorities living in the area and addressing issues of inequality. For instance, he appointed the Balopi Commission in July 2000 to consider constitutional amendments with the purpose of easing any ethnic tension (Poteete, 2009). This was also a political move; he saw that the most influential minorities were concentrated in the north of Botswana and this constitutional review would have garnered more support for himself and his party (Poteete, 2009).

The unfair treatment of indigenous groups as well as other marginalized people has been a major problem in Botswana (Curry, 1987). Under Mogae’s presidency, the administration recognized the problem and created a variety of groups in order to address it, such as the Emang Basadi Women’s Association, the Ditshwanelo Centre for Human Rights, the Botswana Network on Ethics, Law and HIV/AIDS (BONELA) and the different trade unions. Additionally, to improve women’s rights, Mogae enacted tougher laws against rape and in 2004 his government
abolished the Marital Power Bill, which was a law that gave husbands unlimited power over their wives (“Country Study Report,” 2007).

However, similar to Masire, the biggest challenge that Mogae had to face as president was the AIDS epidemic; with between 25 to 30 percent of adults being HIV-positive, Botswana had one of the highest adult incidences of the disease in the world (Acemoglu, et al., 2001). Once Mogae was sworn in as president, he vowed to take on the AIDS epidemic as his top priority (Somolekae, n.d.). He began a new campaign against HIV/AIDS by partnering with others overseas, resulting in a new public/private partnership with Merck Pharmaceuticals and the Bill and Melinda Gates Foundation, which became known as the African Comprehensive HIV/AIDS Partnership (ACHAP). The main goals of this partnership were to provide humanitarian relief and therapy for those living with the disease, as well as to create a new awareness to the disease. In addition, Mogae’s administration started providing 19,000 affected citizens with anti-retroviral medicines (ARVs) (Heald, 2005). In August 2000, Mogae announced that AIDS drugs would be free to all those infected with the virus, beginning in 2001 (“Botswana Profile: Timeline,” 2001).

Despite this, people were still reluctant to come out and get tested and furthermore, it was discovered that there were insufficient testing facilities and staff to supply ARVs. The high costs for medicines played a huge part as well. However, Debswana, the national diamond corporation, agreed to subsidize AIDS drugs for their workers infected with the virus and by 2004, the rate of infection had dropped. Although Botswana was no longer the country with the highest adult prevalence rate, the rate was still alarming, with just under half of the adult population carrying the virus (Heald, 2005).
The influx of refugees from Zimbabwe that began during the 1980s and continued throughout the 2000s was another problem that the Mogae administration had to overcome. The tension between the refugees and Botswana’s citizens was a major obstacle. Since 2000, Botswana repatriated 1,000 immigrants each month. In 2000, it repatriated over 26,000. In an attempt to prevent the refugees from returning, the government built a fence along the border shared with Zimbabwe in 2003; however, the influx of refugees from Zimbabwe continues to be a major problem for the Botswanan government especially because of the competition for jobs. The incursion of refugees has led growing xenophobia against those from Zimbabwe (Morapedi, 2007).

Although Botswana was still classified as a free and open country during Mogae’s administration, (in 2002, Freedom House gave the country a 2.0 rating, making it a fairly free country), some government policies undermined the country’s rule of law and the strength of the democracy.\footnote{Freedom House ratings and reports on Botswana only go as far back as 2002.} In 2001, Botswana’s government censored Botswana Television from airing a documentary about a murder case which drew international attention. A woman accused and convicted of murder was hanged by the government without anyone notifying her family and investigative journalists were refused access to government reports on the case (Freedom House, 2002). Additionally, in response to a strike over pay in 2004, (initiated by employees from Botswana’s largest diamond mining company) the government and De Beers cooperated to clamp down punishing thousands of workers who lost their jobs ("Botswana Profile," 2011). The government has also been accused of censorship and abusive behavior, specifically in relation to foreign nationals. Mogae’s government deported an academic, Kenneth Good, because it claimed Good’s writings were a threat to the country’s security (Bothlomilwe, et al., 2011). The government has also been criticized as unaccountable in regards to its relationship
with De Beers, as the overall inner workings of the deal have been masked in secrecy.

According to Good (2010), there is a lack of accountability and transparency. The author explains this further:

No effective institutional mechanisms existed in Botswana to enforce accountability and openness—no register of the assets, liabilities and incomes of MPs and Ministers, no freedom of information laws, no anti-corruption agency with independent prosecuting powers, and no whistleblower protections (p. 357).

Despite growing criticisms of the government and the formation of other political parties, the BDP won another term in 2004, taking 44 of the 57 available seats in parliament and Mogae was re-elected as president (Sebudubudu & Osei-Hwedie, 2005). Four years later, claiming that he was simply ready for a rest, President Mogae decided to retire from politics in 2008 without finishing his term. He appointed then Vice President Seretse Ian Khama, the son of the late President Seretse Khama, to serve out the presidency in 2008 until the general elections in 2009 (“President of Botswana, 2007).

**Resource Management under Festus Mogae, 1998-2008**

At the turn of the 21st century, diamond mining comprised approximately 80 percent of its exports and made up the largest part of Botswana’s GDP, while agriculture comprised only 3 percent of the figure (Mogae, 2005). As his predecessors had done, Mogae made efforts to diversify the economy and the government’s sources of income; however, the government was still dependent on the revenue from diamonds at the end of Masire’s presidency and during the transition to Festus Mogae’s administration. Hillbom (2008) further describes the disadvantages of the resource dependency:

As long as diamonds dominate government revenues, there is an indirect discrimination against a diversification of the economy, there are few incentives for industrialization and productivity increase, and consequently the process of structural change is hindered (pp. 202-203).
There was no change in the manner in which diamonds were managed and that were no real
diversification of the economy – private sector development throughout Botswana remained very
slow during Mogae’s administration and diamond mining dependence remained high. Revenue
from diamond exports was benefitting some parts of the country; however, this dependency on
diamonds and an undiversified economy does come with its problems, as Mokhawa and Taylor
(2003) point out:

Botswana’s dependence on mineral extraction, in particular diamonds, is
problematic…After thirty-six years of independence, Botswana remains beholden to an
economy which has not broadened or diversified in any meaningful way. This is a major
problem as the dominance of diamond mining – which is capital intensive and employs
relatively few people – has meant that there has been slow growth in employment in the
formal economy. This has had the knock-on effect of maintaining high levels of income
inequality and poverty. The country faces serious problems related to equity, and it is
indisputable that not everyone has benefitted meaningfully from raised incomes or higher
standards of living (p. 263).

The lack of economic diversification was evident from the unemployment and poverty rates.
Under Mogae’s presidency, the majority of the work force remained either underemployed or
unemployed mainly because the diamond mining sector does not require a large pool of
employees. This had been a problem dating back to the late 1970s that was never resolved. As a
result, 47 percent of the population in 2000 had an income level below the poverty line and high
levels of income inequality continued unabated (Mokhawa & Taylor, 2003).

In addition to the problems associated with an undiversified economy, Botswana’s
dependence on diamond exports has been further complicated since the 1990s by the problem of
“blood diamonds.” As the civil wars in Sierra Leone and the Democratic Republic of Congo
ensued, blood diamonds were diamonds bought and sold on the black market. An anti-conflict
diamond campaign grew out of investigations that began during the late 1990s by Global
Witness. This campaign eventually became internationally recognized, which helped to put
pressure on diamond corporations in ensuring that the diamonds sold did not support the ongoing conflicts. Furthermore, the World Diamond Council was created and given the responsibility of creating and enforcing a tracking system which would monitor diamonds entering the market in an attempt to inhibit conflict diamonds from being sold on the global market. These campaigns and the overall awareness of the problem of conflict diamonds had economic implications for Botswana. There was widespread concern within Botswana’s government that the pressures to prevent illegal diamond trade would have a negative impact on the country’s own diamond industry (Mokhawa & Taylor, 2003). The government was concerned that the bad PR for diamonds and efforts to inhibit the sale of conflict diamonds could affect the sale of legitimate diamonds. If it was ever proven that diamonds apparently sold from Botswana were indeed conflict diamonds, their image in Africa and the rest of the world would have been severely tarnished. President Mogae had to defend Botswana and its exports of diamonds. He placed special emphasis on the importance of diamonds to the economy and the well-being of the country’s citizens, and explained how Botswana had utilized its revenue from diamonds in a responsible manner. He said the following about the needed distinction between conflict diamonds and Botswana’s “clean diamonds”:

If this is not done, there is a great danger that mistakes could be made that would result in destroying the trade in diamonds whilst the problem of conflict remains. I truly believe that it would be a tragedy for Africa if the splendid ambition of putting an end to African conflicts were to result in the targeting of diamonds as a symbol of all the complex causes of strife on the African continent. We must use the sharpest surgical instruments and any other methods required to slice out the tiny cancerous growth of conflict diamonds within the world diamonds trade (Mokhawa & Taylor, 2003, p. 272).

In response, President Mogae created what was known as the “Diamonds for Development” campaign stressing his viewpoint that diamonds in Botswana were equivalent to development and democracy. This campaign became a major part of the country’s foreign policy (Mokhawa
President Mogae used this campaign to further convince the international community that diamonds exported from Botswana were not conflict diamonds. However, the integrity of Botswana’s diamonds was still questioned, especially because of the controversy surrounding the removal of the San from their land in the CKGR over accusations that their land was located above diamond mines (Freedom House, 2008). The government was accused of wanting unlimited access to these diamond mines.

The government continued relocations of a minority group, the San to settlements outside of the (CKGR) Central Kalahari Game Reserve and in 2002, the San challenged this forced eviction. However, the case did not make it far in court—it was immediately dismissed due to a technicality and the fairness of the dismissal has been questioned. Despite this, in 2006 the San came back and won the legal battle over their ancestral lands. Although the San have control over their land, they still face discriminatory acts from the government and this is a problem for democracy (Heald, 2005). In addition, reports circulated regarding the Mogae government’s termination of water and other basic supplies/social services that were regularly provided to the San prior to Mogae’s presidency (Mokhawa & Taylor, 2003).

In summary, the Mogae administration’s emphasis on diamond revenue did not result in further infrastructural development. Mogae admitted that this was a challenge during his administration: “Attempts to industrialize have not been totally successful…Although manufacturing has increased, its contribution to GDP has remained at about 5% on account of GDP growing rapidly because of diamonds” (Mogae, 2005, p. 35). Although there was a significant amount of GDP growth during his administration, this did not translate into infrastructure and job development. Mogae was a part of the planning process for Vision 2016 which set specific national targets for improving living conditions and establishing a GDP.
growth rate of 8% per year, which he knew could only be achieved through economic diversification. Other areas identified for potential economic exploration included tourism and international financial services, in order to potentially decrease dependence on diamond revenue (Mogae, 2005). Additionally, just before Mogae left office, in March of 2008, his government had opened a sorting facility worth $93 million in Gaborone, which was owned by the Diamond Trading Company of Botswana (DTCB), a venture originated by De Beers. It was meant to sort, value, and market the rough diamond value that was being exported by Debswana. According to the chief executive of De Beers Botswana, DTCB was expected to produce $550 million worth of rough diamonds and create 3,000 new jobs. In addition to these changes, De Beers pledged in 2009 to transfer most of its workers from the London office to the office in Gaborone (“De Beers to Move Staff out of London,” 2011).

Overall, when President Mogae left office in 2008, Botswana had a Freedom House rating of 2.0, making it still a Free country overall. Freedom House also deemed the polling during Mogae’s elections as being free and fair, although there were concerns over the BDP’s access to state-run media (Freedom House, 2008). Democracy has remained relatively constant in terms of Freedom House’s assessment of democracy.

Political Development under President Ian Khama Seretse Khama (2009 – present)

When President Khama formally took office in 2009, the country faced many problems, but Botswana had a Freedom House score of 2.0. According to a 2008 Afrobarometer report, the top four concerns for citizens in Botswana were unemployment, poverty/destitution, farming/agriculture, and AIDS, with unemployment topping the list. Although Botswana was still experiencing significant economic growth, the gains were not trickling down to the majority (Lekorwe, 2009).
Khama had become president with the BDP winning 53.3 percent of the vote and obtaining 45 out of the 57 seats, while the BNF won 6 seats and other opposition parties took the remaining seats (Freedom House, 2010). Khama began his administration based on what was known as the four Ds: Democracy, Development, Dignity, and Discipline (Oniro, 2011). According to some, the degree of discipline enforced in the country has caused others to question Khama’s intentions as president. Critics within leadership positions have said that because of his secretive lifestyle it is difficult to gauge his next moves. However, in his own inauguration speech, President Khama ensured that he was on board in regards to the goals of the National Development Plans, which included plans towards economic diversification (Brooks, 2008). Despite these promises, some media outlets and others have accused the president of practicing a type of politics that emphasizes instilling fear in citizens through the use of militarization and personalization of power (Good, 2009). Good (2009) describes the creation of the Directorate of Intelligence and Security (DIS), claiming that its purpose was to “combat ‘any foreign influenced activity’ and ‘subversive activities from the country’s detractors’” (p. 315). Furthermore, Good claims that under the DIS the power and authority of police officers were widely extended to the point where they can use their weapons against others under “justifiable” means when necessary, and they also had the power to arrest and detain a suspect without a warrant. An incident in 2009 involved a citizen, John Kalafatis, who was suspected of robbery and shot dead. The incident was reported as a state execution and apparently, it was the second one that occurred within a week (Good, 2009). The incident was discussed all over the international media and became very famous, harming Botswana’s reputation as a democracy.

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16 Academic Kenneth Good is an Australian-born immigrant to Botswana who was declared a “prohibited immigrant” and deported to Australia by President Mogae in 2005 under the 1986 National Security Act. He has characterized the government as run by a small elite and accused them of manipulating the media in their favor.
As mentioned earlier, Khama has been accused of personalizing his power as president; his closest associates have been members of his family. The Ministry of Defense, Justice, and Security was led by Khama’s first cousin, Brigadier General Ramadeluka Seretse, who was also responsible for the Botswana Defense Force (BDF), the Police Service, the Directorate on Corruption and Economic Crime, and the Attorney General and Public Prosecutions (Good, 2010).

Moreover, President Khama began facing problems within his own party. Khama issued an edict in May 2009, stating that ministers were no longer allowed to hold senior party positions and should instead focus on their cabinet positions (Good, 2010). Problems within the party before the elections reached a very tense point when President Khama suspended the BDP Secretary General, Gomolemo Motswaledi, which prevented him from competing in the 2009 parliamentary elections (Freedom House, 2010). Motswaledi was suspended after he formed the Barata-Pathi political faction and the faction won the party chairmanship, becoming the newly elected central committee. Motswaledi became the party chairman instead of Tebelelo Seretse, the current chair of the Women’s Wing and the person whom President Khama strongly preferred over Motswaledi (Good, 2010). Motswaledi and another suspended BDP official, Botsalo Ntuane, accused the president of violating the constitution by abusing executive power. In March 2010, in an unprecedented move, the BDP split and the Motswaledi-led faction formed the BMD, officially registering as a separate party in June 2010 (Freedom House, 2010).

As a result of these events, more scholars question whether Botswana is a consolidated democracy. Others besides Kenneth Good, have noticed what has been called “authoritarian liberalism” in Botswana because some freedoms appear to be permitted while others are not. Mokganedi Bothhomilwe, David Sebudubudubu, and Bugalo Maripe (2011) write that the current
administration is implementing policy that limits freedom and promotes intolerance. They observe a trend towards limited freedom of speech and press, and a growing intolerance of dissenting views from political leadership, as observed from the problems President Khama faces with his own party. It has also been reported that several people were deported from Botswana for allegedly insulting the president, and rule of law is eroding as criminal cases have gone before the courts with no opportunity for the accused to defend themselves. There is a trend towards civil service positions being militarized, with former army officials taking on the duties of civil servants. The Khama administration has also been accused of limiting press freedoms. For instance, in 2008 Botswana passed the Media Practitioners Act, which was meant to regulate the operations of media in the country by putting it under the Media Council’s close supervision. The Media Council was set up as a separate non-political entity with the purpose of preserving media freedom and ensuring ethical and professional standards of conduct among media officials; however, the council has been accused of censorship and suppression of media rights (Bothomilwe, et al., 2011).

In response to these criticisms, the Khama administration has vehemently denied any malfeasance or government abuses. Nonetheless, the Freedom House score for 2010 reflects a decline in political and civil rights. Botswana received an overall score of 2.5; it maintained a score of 2.0 for civil rights but was penalized with its score for political rights, declining to 3.0 (from 2.0 the year prior) (Freedom House, 2010). This is significant for a country that had such a long record of good governance, but one point decline is hardly a sign that the country’s democracy has irrevocably eroded.
Resource Management under Ian Khama Seretse Khama, 2009-present

When it comes to his handling of Botswana’s resources, after taking office Khama was very quick to calm any fears that he might diverge from the policies of his predecessors. Khama preached a clear vision of Botswana’s future which included a promise of economic diversification (Brooks, 2008). However, others were not clear on what he envisioned for Botswana and how he would rule. It is clear that Khama had wanted Botswana to continue being a leader in diamond exports. However, in 2009, the demand for diamonds took a downturn due to the global recession. Botswana at this time was producing 22 percent of the world’s diamonds, which brought in over 50 percent of the government’s revenue. A large number of people were still unemployed at the time; 20 percent of the population was without a job. As Imogen Mogotsi points out, Botswana was obviously still a very rich country despite the low demand of diamonds at the time but the wealth was still not reaching everyone due to high unemployment and poverty rates (“Sparkle Comes Off,” 2009). The country still remained heavily dependent on diamonds and the private sector remained narrowly developed, which was detrimental to the economy’s diversification efforts. This is a problem because the private sector is a very key part in economic diversification. The government has been slow to respond to factors which prevent private sector expansion, specifically utility costs, cost of capital, access to land, and limited political support in regards to innovation, research, and development, to name a few (Sekwati, 2011).

According to Oniro (2011), part of Botswana’s problem was due to Khama’s habit of alienating foreign investors. By the end of September 2010, the number of work permits had undergone a three-month decline, and some of those work permit holders were foreign investors.
Alienating foreign investors could limit the diversification of the economy because they could provide Botswana with investments in new sectors (Oniro, 2011).

Moreover, in recent years, the budget is in a deficit for the first time since the country’s independence. Worse, the large exports of diamonds cannot last; diamond deposits may run out by 2030, which would be catastrophic for Botswana (“Not So Perfect,” 2011). As far as resource management is concerned, the current administration does leave the economy vulnerable because of its continued dependence on diamonds. This dependence on diamonds is part of a long-practiced pattern that has been difficult to break. Although Botswana’s governments have negotiated decent deals with De Beers, the government is not ready with a plan if and when the resource runs out. For all Botswana’s successes, Botswana’s governments have not prepared the country for the future.

Disproving the Resource Curse: A Success Story

What makes Botswana an interesting case study is the fact that it is a country heavily endowed with natural resources and, despite this, its governments were remarkably honest. As a matter of fact, Botswana is considered to be the least corrupt country in Africa and ranked 32nd in the world in 2011, according to Transparency International (Transparency International, 2011). Additionally, Botswana has zero tolerance for corruption and Figure 15 shows how well Botswana is doing in regards to it.

Botswana is considered a success story because of this fact—although it is a dominant party democracy, the country is a consolidated democracy and largely utilizes the revenue from its resources in a relatively prudent and responsible manner. A major setback is still the lack of economic diversification and high unemployment and although government after government has stated its intention to diversify, it has not come to fruition.

**The Promotion of Democracy in Botswana**

Good governance has been a major tool in Botswana’s promotion to one of Africa’s few democracies. In fact, going back to the earlier days just after independence, President Khama had opted for certain policies that gave voice to the people. For example, the fact that Botswana has had peaceful elections every five years since independence is remarkable progress in itself. The voice of the citizens and accountability as measured by the political process respect for civil liberties and political rights and shows the ability of the system to discipline those in power. This is a clear testimonial for the strength of the democracy. Although the BDP has never had to worry about losing power, without the ability of citizens to monitor what their leaders are doing...
and a process by which those in power can be selected, the country would have sunk into mismanagement of its natural resources. Botswana’s system contains mechanisms to control corruption and the constitution makes the attorney general independent of the government. In 1994 an independent anticorruption authority was established and this entity has the power to report corruption cases directly to the president (Iimi, 2007). Year after year, Transparency International has ranked Botswana the least corrupt country in Africa.

Additionally, Botswana’s governments have adopted policies that encouraged economic growth and not squandered revenue by aiming it at a few beneficiaries. This has been key to the sustenance of their democratic government. The existence of an abundance of highly lucrative commodities combined with policies which promote cutting the rate of inflation, an openness to international trade, and a low ratio of government spending to the GDP, have all promoted rapid economic growth in Botswana, which has contributed to the country’s flourishing democracy (Beaulier & Subrick, 2007). Atsushi Iimi (2007) emphasizes that good institutions are key for growth and governments that implement long-term plans for spending will have sustained growth, while those not having these long-term plans are more likely to waste resource revenue quickly (pp. 670-672). Analysts and scholars alike agree that the limited involvement of the British in the affairs of the Protectorate (the British were relatively uninterested in the territory as its wealth of natural resources was not discovered until after independence) benefitted Botswana. If the opposite had been the case, and diamonds were discovered during the Protectorate, Botswana would be a different country today. Where the British took more interest, a pattern of resource exploitation was established and this behavior could have been passed along to future leaders of the country after independence. Furthermore, if these resources had been discovered
before independence and this pattern of resource squandering had become institutionalized, it would adversely affect the citizens (Acemoglu, et al., 2001).

The first factor in Botswana’s favor is that, prior to colonialism, the country already had established political institutions which encouraged a broad level of participation among citizens and this, in turn, placed more accountability on the actions of political elites (Acemoglu, et al., 2001; Beaulier & Subrick, 2007). Additionally, there was a high level of transparency expected of the actions of the leader. Traditional leaders settled conflicts by using traditional customs and ruled on concerns regarding the group (Sharma, 2004). These traditional structures survived colonialism, largely because Botswana benefitted from colonial neglect. Although other African societies had similar traditional political systems, Botswana is unusual because there was minimal involvement in the groups’ affairs on the part of the British colonialists. The traditional structures remained unchanged and unaffected for the most part. The only changes that occurred were that of relative status, power, and functions of the group leaders. In addition, with a traditional respect for civil liberties surviving colonialism, there was always an opportunity to hold accountable those who unfairly extract resources, thus helping Botswana remain relatively uncorrupt (Iimi, 2007).

The British colonization had a minimal effect on the political institutions because of the distant relationship between Botswana and the British (Acemoglu, et al., 2001). During the early days of the Protectorate, in 1891, a Resident Commissioner and Assistant Commissioners were assigned as Resident Magistrates, who were officials given the tasks of administering laws regarding land for residential purposes (Sharma, 2004). However, the jurisdiction of their courts was limited to exclude all cases involving Botswana’s citizens, unless these cases were in the interest of good order or the prevention of violence (Sharma, 2004).
Acemoglu, et al., (2001) discuss the enforcement of property rights as another factor that worked in favor of Botswana. They contend that increased ranching incomes helped stimulate infrastructure and development of the rural sector. The infrastructure has improved significantly. At the beginning of independence there were only 12 kilometers of paved road and there were more than 8,000 kilometers of paved road as of 2011. The regulations put in place by the former leaders, especially Khama, ensured that diamond revenue was spent in a responsible and ethical manner. According to the World Bank reports, in 2008, the adult literacy rate was 81 percent and more citizens were seeking higher education (Hillbom, 2008). Although there are more improvements to be made in terms of infrastructure and social programs, the revenue from diamonds has been used very responsibly (“The World Factbook,” 2011).

Another contributing factor that should be emphasized in Botswana’s success is the country’s pro-western inclination and protection of private property combined with its insistence on a fair deal on its negotiations with MNCs. Botswana’s governments ensured that the deal with De Beers was not one-sided but equal and fair in its own right. The government was able to negotiate an equitable partnership by granting one MNC the right to mine diamonds. The abundance of diamonds generated high resource rents and they were largely well-utilized. Political elites in Botswana chose political stability and legitimacy which contributed to well-developed institutions over personal gain (Acemoglu, et al., 2001). Going back to the earliest days of the republic, President Khama always believed that Botswana could achieve a democratic state. He chose to promote democracy, rather than his own personal political power.

Another important factor that should be included in Botswana’s success story is the geology of the mines. Botswana’s diamond deposits occur in pipes that are very narrow, making the diamonds extractive only in specific places. As a result, the government can
inexpensively and thoroughly monitor diamond extraction in order to make sure production is matching the royalties, which is in sharp contrast to other countries (Dougherty, 2011).

One final contributing factor in Botswana’s favor was that political leaders, specifically President Khama and Vice President Masire, made responsible decisions during the country’s first democratic government. Although Botswana had a relatively homogenous population, Khama established his legitimacy as a leader by building alliances outside his own ethnic group. The political leadership carefully avoided creating tensions between ethnic groups and (with the exception of the San) the government worked to maintain cooperation between them. It invested in important social programs, such as healthcare and education, which helped to promote stability and strengthen democracy (Acemoglu, et al., 2001).

Overall, it was this unique approach which contributed to the stable democracy we see today in Botswana. Scholars may disagree on the relative weight of these factors and how they contributed to a relatively successful democracy; however, in general, it was the leadership’s use of resource revenue in a responsible manner that helped move the country forward. More important than the relative weight of these factors is the existence of them all, for if one factor had been missing, we might have seen a different country today.

The Linkage Between Proper Resource Management and Democracy: The Role of MNCs

The relationship between MNCs and the government of Botswana is unique because it has been beneficial to not only the corporations (in particular one corporation) but to the country as well. According to J. Clark Leith (2004), the agreement between De Beers and the government of Botswana is one of the few international commodity arrangements in which both sides received equal benefits. It was not a case of the corporation exploiting the host country by
taking more than half the profits or close to 100 percent, but the host country retained at least half of the benefits.

As a result of the 50-50 percent agreement between De Beers and the government of Botswana, the country continued to earn a significant amount of revenue. Creating a joint enterprise with De Beers was favorable for both parties. Iimi (2007) stresses the importance of long-term relationships between governments and private enterprises and how this can promote economic growth and development—the ongoing contract with De Beers is a perfect example of this kind of relationship. That this is a long-term relationship is also a benefit because this ensures revenue for the country. According to Dougherty (2011) De Beers benefitted from this business deal: “De Beers recognized the long-term value of their investment in Botswana and did not seek to unduly influence the government” (p. 10). The Botswanan government and De Beers have what is known as a product sharing agreement, which cedes all production and exporting authority to the firm but this involves an equity arrangement and higher returns to the government over time, giving less risk to the government (Dougherty, 2011). Contracts relating to natural resources typically renew after ten years; the term for diamond mining leases in Botswana is 25 years, and according to Iimi (2007), the government renewed the lease with Debswana in 2004. In addition, Botswana continues to collect corporate taxes on De Beers. As of April 2011, the government began imposing a single 22 percent corporate tax, which rose from 15 percent in previous years (Bungu, 2011).

Conclusion

Botswana is indeed a truly unique case—it is a nation endowed with natural resources and yet has managed to achieve economic growth and political stability. Despite this progress, Botswana’s government and its use of natural resources is not without faults and imperfections,
especially in recent years. However, the country has a consolidated democracy and has experienced sustained economic growth. Also, it is important to note that although Botswana experienced peaceful political transitions, the same political party has been elected to power since the country’s independence. In spite of the fact that other parties are free to campaign, the democracy has never been tested with an alternation in power. Although a dominant party democracy is not ideal, its existence attests to the citizenry’s confidence in the country’s leadership.
CHAPTER IV

A COMPARISON OF THE CASES AND CONCLUSIONS

This chapter sums up the findings of this comparative case study in regards to the primary research questions: Are resource-abundant countries destined to suffer from the resource curse? Going further, does natural resource abundance affect a country’s transition to democracy?

Evidence from the two previous chapters illustrates the vast differences in political development between the DRC and Botswana. The only major similarity between the countries is the condition each one faced immediately following independence—neither was well-prepared for political or economic development. This analysis of the two cases shows that DRC lacked many of the necessary elements for a successful democracy, while Botswana built and sustained its democracy. This chapter will summarize the test results of the hypotheses under investigation:

Hypothesis 1) The higher the level of involvement of Multinational Corporations (MNCs) within a country, the less likely that country will successfully transition to democracy.

Hypothesis 2) The higher the level of dependency a country has on its revenue from highly lucrative natural resources, the less likely that country’s leadership will manage those resources responsibly, thus affecting that country’s transition to democracy; and

Hypothesis 3) The way in which resources are managed is likely to affect a country’s successful transition to democracy.

These hypotheses were carefully examined in regard to Botswana and the DRC.

Hypothesis 1 – DRC

Hypothesis 1) The higher the level of involvement of Multinational Corporations (MNCs) within a country, the less likely that country will successfully transition to democracy.
In regard to the DRC, MNCs were heavily involved in the country’s affairs during colonialism. From their first days in the Congo River Basin, for instance, the Europeans’ main focus was on the extraction of its mineral wealth (Mullins & Rothe, 2008). During the DRC’s short experiment with democracy, Prime Minister Patrice Lumumba was immediately seen as a threat to the interests of MNCs. He was viewed as a Marxist and “anti-imperialist” (Turner, 1974). The Mobutu government, on the other hand, provided MNCs stability for many years. By the 1970s, MNCs had negotiated lucrative contracts and, in exchange, those MNCs helped finance Mobutu’s dictatorship. MNCs continued to have a very powerful economic influence throughout the years, to the point where they controlled a significant amount of the country’s wealth. In exchange, Mobutu along with his partners received a significant cut. Since Mobutu’s ouster, MNCs maintained their influence by making deals with rebels.

The MNCs’ contribution to the plight of the DRC cannot be ignored. MNCs have continued to invest and operate in the DRC and have shown that they are willing to deal with whomever can provide access to the resources they seek. This has resulted in the consistently corruptive use of natural resource revenue that has fueled conflicts, which has undermined efforts to promote stability, let alone democracy in the DRC. Therefore, in the case of the DRC it does appear that the higher the level of involvement of Multinational Corporations (MNCs) within a country, the less likely that country will successfully transition to democracy.

**Hypothesis 1 - Botswana**

In contrast to the DRC, Botswana took a different path in regards to its relationship with MNCs. In the very early days, the Khama administration ensured that De Beers shared the profits of the diamonds with the government. The difference is that the government chose to use the revenues accrued from the resources more responsibly.
Therefore, the hypothesis is not supported when analyzing the case of Botswana. It should be concluded that MNCs were found to have a variable impact on democratization.

**Hypothesis 2 – The DRC**

*Hypothesis 2)*: The higher the level of dependency a country has on its revenue from highly lucrative natural resources, the less likely that country’s leadership will manage those resources responsibly, thus affecting that country’s transition to democracy.

During colonialism and since independence, governments in the DRC have been heavily dependent on its resources. Leaders have used the revenue from these resources for their own benefit.\(^{17}\) Mobutu ran a kleptocracy; he neglected other sectors in favor of the diamond and minerals trade and profited from illegal diamond exports. When Laurent Kabila came into power, he continued the country’s dependency on mineral resources in order to sustain himself during the wars. Joseph Kabila appears no different, but his government does not control whole areas of the country. Various rebel groups and their patrons (most notably Rwanda and Uganda) have replaced the government in its abuse of resource control.

Therefore in the case of the DRC, the hypothesis is supported – the more revenue that was obtained from the sole export of resources, the more mismanagement that occurred, making democracy less likely.

**Hypothesis 2 – Botswana**

Although Botswana had already begun its transition to a democratic form of government before the discovery of diamonds, the increase in GDP from diamond revenue over the years has been quite significant. Despite this dependence on revenue from natural resources, there has not been substantial evidence of any type of mismanagement of diamonds on the part of Botswana’s leaders. There have been allegations of some corruption by the Masire administration in the

\(^{17}\) Historians agree that Lumumba, if he had survived, was expected to take a different approach (Duodu, 2011, Basil Davidson, 1984).
1990s but it was nothing on par with the corruption found in the DRC or other nations.

According to Transparency International, year after year, Botswana is the least corrupt country in Africa. The revenue from diamonds has been associated with some forms of economic development, such as infrastructural growth, but the overreliance on mines has restricted others, especially agricultural development and manufacturing (Good, 2005). According to Good (2005):

Diamonds simultaneously restricted agricultural development as the political elite spent export earnings importing food from efficient neighboring producers. The diversification of the economy into manufacturing industry was not seriously attempted, certainly not achieved (p. 34).

Although Botswana has made some efforts to diversify its markets, in the end, the country is still heavily dependent on revenue from the sale of diamonds. Despite this dependence, the government of Botswana still maintained control over its resources. Additionally, Botswana has tried more than other resource rich countries to diversify – According to Auty (2001) non-mineral exports still account for one-third of Botswana’s total exports.

Botswana is extremely dependent on diamond revenue but the democracy in Botswana, though imperfect, is still intact. Therefore, hypothesis two (the higher the level of dependency a country has on its natural resource revenue, the less likely responsible management will occur, hence affecting the country’s transition to democracy) does not quite hold true when observing the Botswana case. However, the governments’ failure to diversify the economy and create jobs (and its sustained dependence on the export of a finite resource) may well undermine the democracy in the long run.

Hypothesis 3 – The DRC

Hypothesis 3) The way in which resources are managed is likely to affect a country’s successful transition to democracy.
The last hypothesis holds true in the case of the DRC. Before and after independence, natural resources management was corrupt. When Leopold ruled over the Congo Free State, his intentions were solely for personal monetary gain. This remained the case for the Belgian colonizers. Neither Leopold nor Belgium had intentions to help the nation but instead took full advantage of the country’s wealth. Although it briefly appeared that the situation might change under Lumumba, he was eliminated for threatening the interests of MNCs and the West, and subsequent Congolese leaders chose to continue this tradition of exploitation. In a vicious circle, all of these factors combined to create and sustain an undemocratic system of government.

The situation regarding resource management in the DRC under President Joseph Kabila appears to be progressing very minimally, in part because of the continuation of the war. Even with the introduction of the Kimberley Process and the due diligence process, blood diamonds still find themselves on the world market. In part, this is because the government does not control large sections of the country. As a result, even if a democracy were in place, would be undermined because of the armed groups’ fight over resources, which fuels the conflict. As long as this struggle over resources continues, there is no chance of peace, which is vital in the stability and growth of a democracy. It can be concluded that the third hypothesis holds true for the DRC, since the government’s management of resources (or lack thereof) has undermined any hopes for a transition. The impact on political change and transitions continues to stall positive change.

Hypothesis 3 - Botswana

If the way in which resources are managed is likely to affect a country’s democratic transition, Botswana is distinctive in that the country became independent and was already on its way to becoming a legitimate democratic government before the discovery of diamonds. The hypothesis is supported in that resources were managed in a way that encouraged the
continuation of a democratic system. The preexisting structure encouraged accountability and responsible leadership.

After diamonds were discovered in 1967, effective resource management policies were introduced which gave the government a strong foundation for how resources should be controlled. These policies were designed to support the democratic system of Botswana and additionally, the government adopted laws and regulations to deter corruption. Although the reinvestment of natural resource revenue has not translated into lower poverty and unemployment rates, relatively honest resource management helped to consolidate Botswana’s democracy.

Addressing the Research Question

This section will attempt to answer the research question under investigation: are resource-abundant countries destined to suffer from the resource curse? Does natural resource abundance always negatively affect a country’s transition to democracy? The DRC has an abundance of resources but lacks political stability, economic growth, and, most importantly, responsible leadership. Beginning with Leopold (with the possible exception of Lumumba) the resource exploitation continued to higher levels and the involvement of MNCs and external actors made matters more complicated, cursing the DRC and dooming political and economic development. But the Botswana case shows that resource abundance does not necessarily doom countries to the resource curse, instability, and dictatorship. Despite Botswana’s problems, the country is a consolidated democracy, which is unusual not only in Africa but in the developing world.
Summary of Findings

Based on this research, it can be concluded that MNCs’ involvement, resource dependency, and resource management all play a role in how resource revenue is allocated and, in the end, how countries transition to democracy. However, it is resource management that is the deciding factor in whether resource abundance is associated with democracy or not. Botswana stands out as such a success story and in opposition to what is expected of many resource-rich developing nations. This thesis shows the Botswanan exception is due to many different factors, but a few stand out the most: an equal partnership with an MNC, anticorruption policies, the relative lack of British colonial influence, and traditional systems with checks and balances that survived colonialism. Additionally, in the Cold War era these post-colonial systems were sufficiently pro-Western and conservative so as not to invite Western intervention. These elements were missing in the case of the DRC. The West intervened to overthrow Lumumba’s government with the thought that Lumumba threatened its economic interests. This in turn opened the door to the influence of MNCs, resource dependency, and irresponsible resource control. Botswana’s dependency on its primary resource, diamonds, is extremely high, even today. Despite this, various administrations managed to negotiate more equitable deals with MNCs and maintain its political stability and democratic form of government. This is not a perfect democracy – it is a dominant party democracy. Nevertheless, it cannot be ignored that its institutions have maintained their strength over the years and that the political leadership, from the very beginning, has been a tremendously positive influence.

It would be difficult to say what the DRC would be today if Lumumba had lived and fulfilled his term as prime minister. He certainly advocated Congolese control over the country’s resources, which did not sit well with the West. Analysts have said that the fact that Lumumba
had tried to take on the West immediately after independence was what led to his downfall (Kabemba, 2005). Botswanan leaders never attracted this attention. On the other hand, Mobutu was put in power by the West and its multinationals and kept there. Under this authoritarian system, natural resource revenue became a free-for-all for Mobutu, his political allies, and Western MNCs and this has continued under the Kabilas (in parts of the country the government controls) and by various rebels and militias (in parts of the country they don’t control).

Both countries had to deal with MNCs and were dependent on revenue from natural resources but it appears that the factor which has the most influence on political development and resource control is the manner in which resources are managed. Along with those holding political power MNCs took advantage of the DRC by exploiting its resources. However, in the case of Botswana, its leaders used the relationship it had with De Beers in better (though not necessarily ideal) ways. The Botswana case shows that democracy is possible – even in countries with vast mineral wealth and the country serves as a model for others.

**Future Research Endeavors**

One of the most important observations drawn from this research that has yet to be explored fully is the role that the citizen plays in democratization and control over natural resources. What role do they play in legitimatizing democracy in Botswana? Why, despite continued inequality, have Botswana’s citizens continued to vote for the dominant party? How might citizens try to force accountability and transparency in other resource-rich countries like the DRC? How do countries caught up in the resource curse break out of its trap?

Another question that deserves more research is the role of the international community in creating and breaking the resource curse. Mvemba Phezo Dizolele (2010) emphasizes that the international community has a huge role to play in democratization in the DRC by investing in
building institutions rather than propping up a single political leader. Does the international community have a greater interest in controlling MNCs than it had during the Cold War? For that matter, is it even useful to speak of a singular international community, given the diversity of interests between the West and new players such as China? Furthermore, how might the war on terror affect Western interests in regards to resource control and democratization? All of these questions deserve further examination. Future research endeavors for this project include a more extensive study including other cases in Africa, such as Sierra Leone in regards to its diamond mining, and Angola, a country that has every natural resource imaginable, including oil. Also included in future research is fieldwork in the DRC and Botswana in the future in order to further enhance what has been written in this study. This will all be accomplished via further academic study.

Implications of this Study and Concluding Remarks

The implications of this study raise further questions about resource control and democratic transitions. This research helps to shed more light on the factors which can prevent democratization in resource-rich countries and further contributes to the literature on the resource curse and how it can be overcome. This study shows that MNCs can play an influential role in the management of resources but that role is not predetermined and varies by case. The same can be concluded for resource dependency; both the DRC and Botswana are still heavily dependent on the export of resources but the DRC suffers now while the consequence of Botswana’s dependence may not become dire for a generation or more in the future. This study offers the lesson that MNCs and resource dependence should always be observed and questioned. However, resource management is the critical factor that determines outcomes. In the case of the DRC, the lack of responsible leadership has played a role in the current situation
but the international community has contributed to this problem. There is equal responsibility to go around. The West is now fatigued in the Congo and may leave Joseph Kabila and the rebels to do as they choose. Yet, this would be a mistake; only when responsible leaders are in place can countries such as the DRC begin to have an opportunity for the economic prosperity and political legitimacy its citizens deserve.
REFERENCES


