ASR FORUM: THE CONGO (DRC) FIFTY YEARS AFTER INDEPENDENCE

External Economic Exploitation in the DRC: 1990–2005

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In his conclusion to his seminal book, *Politics in the Congo* (1965), Crawford Young wrote the following:

> Belgium ... constructed in Africa a colonial state which stood out by the thoroughness of its organization, the formidable accretion of power through an interlocking alliance of state, church, and capital, and the ambition of its economic and social objectives. The very strength of the system as a colonial structure, and its steadfast refusal to face effectively the problem of political adaptation until it began to disintegrate, made an ordered transfer of power peculiarly difficult. A colonizer who suddenly lost the profound conviction of the righteousness of his policy was confronted with a revolution by the colonized which lacked both structure and ideology. Total colonialism was replaced by total independence virtually overnight, yet the very completeness of the victory of the colonized had as its concomitant an impotence which emptied success of its substance. (1965:572)

Since this abrupt and failed decolonization, as outlined by Young, the Congo has never recovered. More recently John Le Carré said that "if one were patrolling the globe in search of great problems to address, the DRC would be the logical first stop" (Le Carré 2001:5). According to Le Carré,

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the Congo has been bleeding to death for five centuries, a victim of Arab slavers, King Leopold's destructive extraction, Belgian restructuring, Mobutu's rule, and now the predation of Rwanda occupation and associated mineral companies. Indeed, thanks to Congolese wealth, Rwanda has become a gold and diamond exporter without possessing gold or diamond mines of its own.

In December 2008, Herman Cohen wrote a commentary in the *New York Times* encouraging the DRC to let Rwandans exploit the minerals in eastern Congo. According to Cohen, because Rwanda is already smuggling minerals from eastern DRC, if the DRC were simply to allow Rwandans to exploit the minerals and collect taxes on them, the country would receive at least some return.

This argument is economically sound. But simply because it is economically beneficial does not mean that it is socially and politically acceptable. Eastern Congo is not only an economic space; it is also a political space where people have claims to their patrimony—on their land and everything it contains. Cohen's argument—a call for the Congolese to acquiesce in foreign intrusion—sounds much like one put forward about nuclear waste by Lawrence Summers (when he was chief economist for the World Bank), who suggested that nuclear waste should be sent to Africa because the benefits provided by the financial compensation would far outweigh any possible health risks incurred. In economic terms, by this logic, Africa is "underpolluted." But even if Summers's logic seems economically sound to some, it is of course ethically and morally unacceptable, and certainly the same could be said of Herman Cohen's proposal to validate Rwandan extraction of Congolese mineral wealth. After all, would either proposal have been seriously entertained if applied to the U.S.?

A second objection to Cohen's proposition relates to the assertion that Rwanda has acted only as a middleman to outside power brokers in the West. In the 1990s no Western state was ready to point the finger at Rwanda, and Rwanda was therefore implicitly encouraged to occupy eastern Congo (sometimes through surrogate channels) and pillage Congolese resources. By empowering Rwanda at the expense of the DRC, the West (mostly the U.S. and Britain) has furthered instability in eastern Congo where the Congolese Tusti in North Kivu and the Banyamulenge, a tiny minority in south Kivu supported by the Rwandan government, have claimed land and provoked confrontations with other ethnic groups. Of course, plundering the Congo is not a new phenomenon, and it did not start with the current war: from long before the publication of Adam Hochschild's *King Leopold's Ghost* (1998), it was well known that King Leopold's "Congo Free State" was little more than a barbaric looting enterprise. It was similarly common knowledge that the uranium used by Americans to bomb Hiroshima and Nagasaki came from Shinkolobwe mining in Katanga, but the benefits went not to the Congo but to Belgium through the reduction of its war debts; in this way, the Belgians simply drew on Congolese wealth to address their own

Table 1: Trade Balance of DRC and Fraudulent Exports of Diamonds (in mln USD)

	1995	1996	1997	1998	1999	2000
Exports	1,562	1,546	1,448	1,442	749	687
Official diamond exports	331	347	314	399	237	200
Fraudulent diamond exports	400	417	411	480	284	239
Diamond exports as percent of overall exports	47%	49%	51%	60%	69%	64%
Imports	870	1,089	769	1,102	568	596
Balance	692	457	697	320	180	89

Source: Congo National Bank statistics, 2000–2001, quoted in Marysse (2003).

postwar financial debt. The Cold War Mobutist dictatorship and its economic highjacking of the country's resources to benefit a small contingent of Mobutu's clients revealed the same logic of predation. During the short time that Laurent Kabila held power his solitary dictatorship transformed the world's most attractive minerals market into a buccaneer industry, enriching Kabila and his family network at the expense of the Congolese people.

But while external extraction is not new, in the post–Cold War era resource looting has assumed a profoundly different structure. With continuous shifts in the identity of the key actors who are introducing new commodity chains, three autonomous power centers have emerged—Kinshasa, Goma, and Gbadolite—with each connected to countries that back them militarily. In the current situation those who are plundering the resources of the DRC are from neighboring countries, including Rwanda, Uganda, and Zimbabwe; they are the new patrons, recruiting local warlords to serve as their clients.

Plunder, of course, is not restricted to war situations. It was already occurring in Congo before the war in 1996 and in 1998. If a group of people possesses discretionary powers without accountability to a third party, this group can easily enrich itself to the detriment of others. As the table above shows, the trade balance of the DRC began decreasing before the war, as a result of generalized fraud. The official exports of diamonds followed the following sad trajectory: US$692 million in 1995, $457 million in 1996, $180 million in 1999, and $89 million in 2000.

But the National Bank of Congo estimates that diamond smuggling was as large a category as official diamond exports. What the table does not show is how ineffectual antismuggling controls in Congo have been because of what William Reno (1998) calls the "shadow state," whereby power extends informally from the official state to nonstate areas, often circumventing the law. This "criminalization" of the state did not start with the invasions from

Rwanda and Uganda, though their actions greatly exacerbated the existing situation. As Table 1 shows, diamond production and smuggling appeared to decline during the war years of 1999 and 2000. However, the occupied territories of DRC did not report exports, and statistics from the neighboring countries suggest that the plunder continued, albeit to the benefit of a different military-commercial group.

Indeed, there has been a significant increase in the scale of plunder, as shown in the benefits flowing to the Rwandan and Ugandan military and commercial classes that have links with international trading houses. Table 2 suggests how ruthless the occupation has been. Windfall profits for these two neighboring countries now exceed the total revenue of the Congolese state. It is well known that the U.S. and the Bretton Woods institutions provide both direct and indirect support for Rwanda and Uganda, both of which have full access to international financial flows; both countries, for that matter, have been admitted to the World Bank HIPC debt reduction program—a favorable initiative to provide advantageous conditions to a select few "Heavily Indebted Poor Countries." Such international support also suggests that, although Africa is now ruled by Africans, and although the likelihood of direct military intervention by the hegemonic powers has been reduced, in less transparent ways the West continues to play a role in shaping and directing both polices and conflict on the continent.

Several conclusions can be drawn from Table 2. First, in terms of nondeclared exports, Rwanda had a greater stake in this war than Uganda did. According to U.N. estimates (from the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of the Congo), the Rwandan Patriotic Army (RPA) made at least $250 million from coltan sales alone over a period of eighteen months in 1999 and 2000 (U.N. 2001:36). Second, the extent of plunder has been considerably smaller than the *total* of nondeclared exports, because a large proportion of the latter represents value added that results from the cost of production. This added value, of course, has also implicitly been denied to Congolese traders and producers. Third, it is now quite clear that since limits to military spending were imposed by the Bretton Woods institutions as a condition for access to the financial flows, the wartime plundering simply took place off the books. Because the funds are fungible and therefore can be used for military projects as well as for budgetary items, the continued funding for the invading countries on the part of bilateral donors and the International Financial Institutions has indirectly helped to finance the conflict, contributed to the continuation of war, and prolonged people's suffering.

Indeed, the extraction of Congo resources, especially diamonds, has not been limited to the east of the country, through Rwanda and Uganda; it is also carried out from the west, through Congo-Brazzaville. In the east smuggling of diverse commodities is carried out essentially by networks controlled by outsiders (especially those from Rwanda and Uganda—and

Table 2 Declared and Nondeclared Mineral Exports by Rwanda and Uganda (in mln. USD)

	Rwanda		Uganda	
	1999	2000	1999	2000
Diamond				
Official exports	0.4	1.8	1.8	1.3
Nondeclared diamond exports for Rwanda and reexports by Uganda	40	40	1.8	1.3
Gold[1]				
Official exports	0.1	0.1	95.0	89.9
Nondeclared gold exports for Rwanda and reexports by Uganda	29	29	95.0	89.9
Coltan				
Official exports	24	16.6	13.9	—
Nondeclared coltan exports	240	240	13.9	—
Total declared export of minerals[2]	61.2	68.4	438.8	380.5
Total exports declared and nondeclared	309	309	110.7	91.2
In % of declared exports	505%	452%	25%	24%
Total value added of plundered diamond, gold, and coltan	119	119	61.1	45.3
In % of GDP[3]	6.1%	5.2%	1.1%	0.8%
In % of military expenses[4]	146%	137%	53%	43%

Source: Marysse and Andre (2001).

agents associated with them); it has resulted from military intervention and is maintained by their continuing occupation. In the west, by contrast, diamond smuggling is carried out at the initiative of actors in the DRC (miners, businessmen, and politicians). Both the eastern and western models of illegal extraction deprive Congolese of their patrimony, but there is a significant difference between the two forms: the western form illustrates Congolese creativity in subverting the control of wealth by the state actors, while the eastern form is essentially a form of humiliation of the Congo by their neighbors and their allies.

My third argument against Cohen's proposition that Rwandans be legally permitted to exploit the minerals in eastern Congo is that the min-

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erals only transit Rwanda and end up as raw materials in the West. The Congo, therefore, is cast as only the source of unprocessed ore, a situation that is a major obstacle to its development. In colonial times, the colonies were linked to the world market as providers of raw materials: the Congo could only provide raw materials to the world market and these extractive links to the world economy were protected by the colonial administration. In the postcolonial period, however, these same structures have been maintained and protected by African leaders themselves, who are called "gatekeepers" by Fred Cooper (2002). In the ladder of production, raw materials bring the cheapest returns, and these structures maintain African countries in general, and the Congo in particular, in mass poverty. By keeping African economies at the level of furnishing raw materials, Western countries, which deal with the transformation phase, ensure that they will remain the major beneficiaries from such economic activity. Even though the policy advocated by Cohen may bring great wealth to a tiny number of African beneficiaries, it does not grapple with these questions of continuing impoverishment.

For we Congolese, our patrimony—our minerals, agricultural products, and works of art—are assets on which we rely to build and modernize our country. By continuing to ship raw materials to the West with very little return in terms of value added, the Congo is sure to remain poor forever. The more one transforms raw material, the more value one adds. What is important is that the Congolese learn how to transform their raw materials in order to get the most value. By doing so, the Congo will participate in the world economy not uniquely as a provider of raw materials, but as a full member of the global economy with a variety of items to sell in the world market.

In fact, with the development of an industrial sector after World War I, colonial Congo was one of the most industrialized African colonies between the Sahara and the Zambezi. Export-oriented agriculture in particular took an "industrialized" form, with land owned by corporations and colonial settlers supported by the state, production assured by wage (or forced) labor at the rates usually defined by the state, and production carried out according to a schedule determined by the administrative cadre, not the individual producer. This was "perverted industrialization," in the sense that it was structurally and unequally linked to the metropolitan economy (Amin 1972). But at times palm oil, coffee, and other products were processed in the Congo, railways were constructed, and consumer goods were produced for the administrative class (those who could afford them). During World War I and in the subsequent Great Depression, some import-substitute industrialization developed within the Congo, although this consisted mostly of local production of a final product made from imported components, so these conditions, insofar as they perpetuated a structure of dependency, also represented a "perverse" industrialization. Yet these occasional initiatives show that the process could be extended and developed to provide for a vibrant national economy.

Thus in the past, a basis was there; what needed to be changed were the financial structures that characterized such production and led to increasing underdevelopment rather than development for the Congolese. However, even that industrial foundation has now deteriorated. The last fifty years were lost years as far as industrialization is concerned. In the case of the Congo, contacts with the outside world, including the Chinese, have never been about upgrading the technical capacity of domestic firms or about promoting industrial alliances to enable the country's firms to access emerging and existing knowledge and skills at home and abroad. The Congo is further than ever from making a transformation that would move the country out of the structures whereby it is a mere provider of raw materials to become a technology-friendly country. Until it can make that transformation, it will lose out indefinitely to multinational companies and to metropolitan states.

Indeed, over the last fifty years the beneficiaries of the extraction processes, which in colonial times were narrowly tied to the colonial power structures, have proliferated dramatically. Now they take the form of amorphous networks of multiple investors (including, to be sure, some Congolese), diverse private organizations and transnational corporations, and "multilateral institutions" and their friends (including Rwanda). The world's moral sensibilities have been transformed in this new age of superprofit, an era in which, according to its prophet Francis Fukayuma (1992), ideological differences on how to manage wealth and create a bourgeoisie have ended. There seems to be a relationship now between the world's dominant liberal moral discourses and the changing conceptions of war in the heart of Africa. In the face of the interest of multinational corporations, the concept of the nation-state seems increasingly meaningless. The pursuit of profit by self-interested large businesses is the only remaining avenue of "moral" gain. Thus "ethics" is inevitably coupled with "business," and the language of business portrays the activity of pursuing profit as natural, harmonious, and peaceful. Le Carré was correct when he pointed out that the new ethos of globalization asserts that business is no longer to be seen as the economics of self-interest but as the pinnacle of ethical behavior. If we can be persuaded that the pursuit of profit is a natural law rather than a lowly pursuit of "economic self-interest," then the language of the market has become truly hegemonic. What Karl Polanyi (2001 [1944]) feared is becoming realized in full: the silent hegemony of the market is leading Africa toward the "demolition of its societies" and to protracted wars, with dire consequences for people's lives. Over the last fifty years, that is the trajectory that seems to have taken over the Congo.

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Notes

1. I have estimated the value of gold exports by multiplying the exported kilos by the gold price on April 30, 2001 (US$8,300/kilo).
2. For declared export data for Rwanda, see IMF (2000: Article IV, p. 21). For declared export data for Uganda, see IMF (2001: Article VI, p. 43).
3. IMF (2001: Article VI, pp. 8, 37).
4. IMF (2001: Article VI, p 43).

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