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Political Contestation and Ownership Models in Debswana and Sonangol

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Abstract

Extractive natural resources have always been associated with negative outcomes in sub-Saharan countries. However, it is essential to investigate the extent to which domestic political conditions influence ownership structures, which may or may not subsequently result in adverse outcomes. Through a comparative analysis between the cases of Angola and Botswana, this study finds that, political contestation influences ownership models as hypothesized to an extent. In Angola, the post-independence civil war pitting the ruling MPLA against UNITA resulted in Sonangol being managed as a wholly owned state enterprise, albeit serving the interests of the MPLA elite instead of broad-based developmental interests. In Botswana, however, Debswana was managed as a public-private entity located within a democratic political system, and this ownership structure was more a result of rational policy planning than political contestation. Nevertheless, the cases' history of colonial rule and political institutions established upon the attainment of political independence are substantially influential factors as well. Non-settler colonialism and non-militarized political transitions to independence facilitated the growth of "organic" political and economic institutions and public-private ownership structures in Botswana, while settler colonialism and pre-independence militarization influenced the growth of centralized post-colonial state structures internal strife in Angola. The timing of resource extraction was also important, with pre-independence oil extraction influencing militarized rivalry in Angola, while post-independence extraction of diamonds in Botswana was a causal factor in the development of strong state institutions. External factors, particularly the Cold War influenced militarised outcomes in Angola, while the nature of the global diamond market had a contributory factor to the establishment of the public-private ownership model in Botswana.

Table of Contents

Chapter 1: Introduction 6

Research Question, Hypotheses and Variables 10

Aim and Rationale 11

Chapter 2: Theoretical Framework 13

Case Selection 16

New Institutional Theory 18

Chapter 3: Literature Review 22

Background to state Building in sub-Saharan Africa 22

The paradox of plenty in sub Saharan Africa 30

Comparing oil and diamonds 34

An overview of ownership structures 37

Political regimes and contestation 40

Democracy and democratic contestation in Africa 42

Violent political contestation in Africa 47

Chapter 4: Case Study Presentation 56

Angola and Botswana: Overview 56

Political contestation and the formation of Sonangol 58

Historical Overview 58

Political Independence and post-colonial military contestation 60

Establishing the "Universo" 65

Botswana's Debswana in comparative Perspective 70

Historical Overview 70

Political independence and post-colonial democratic contestation 72

Economic policy and the formation of Debswana 79

Chapter 5: Analysis and Conclusion 86

Bibliography 92

Chapter 1: Introduction

Political Contestation and Ownership Structures

Extractive natural resources like oil and diamonds are the leading source of revenue for several countries in post-colonial sub-Saharan Africa. Africa's role as one of the leading exporters of raw materials can be traced back to the colonial era and since then, Western and Asian economies, which constitute the world's largest economies offer lucrative markets for Africa's extractive natural resources, such as oil and diamonds. Where natural resources abound, governments are directly involved in the processes of producing and managing resource revenue. However, most African governments have a poor record in this regard, experiencing "resource curse" outcomes such as weak, undifferentiated economies, authoritarian governance, zero-sum political rule, patron-client relationships, corruption and political violence. [1] Notable examples in this regard include Nigeria, Equatorial Guinea, Angola and Sierra Leone.

While there is considerable agreement regarding this "paradox of plenty", or predominantly negative relationship between natural resource wealth, the state's involvement and development outcomes, the link between domestic political conditions and state corporations' ownership structures is often under-investigated[2]. Where they are taken into account, ownership structures are not commonly analyzed as a variable but a constant[3]. This research this seeks to fill this gap by analyzing the extent to which domestic political conditions influence the ownership structures that

[1] Standing, A. (2007). "Corruption and the Extractive Industries in Africa: Can Combating Corruption
[2] Luong, P.J and Weinthal, E. (2006). "Rethinking The Resource Curse: Ownership Structure, Institutional Capacity, And Domestic Constraints." Annual Review Of Political Science. Vol. 9: 241-263
[3] Ibid, 2006

are adopted in state corporations. Both variables have significant implications for development. State corporations, or parastatals are at the centre of the production and revenue management processes in most resource rich African countries. They do this either in partnership with private multinational corporations or as wholly owned by the countries' respective governments. Since extractive natural resources occupy a strategic position in such countries, governments tend to maintain effective presence in the corporations through shareholding and regulatory control[4].

Ownership models are thus a key aspect in this regard, since they determine how resource revenue is managed and whether the wealth becomes a "curse" or a "blessing". Luong and Weinthal (2006) categorise ownership models as *state ownership with control, state ownership without control, private domestic ownership* and *private foreign ownership*[5]. Each of these categories, which shall be elaborated on later in this study entail different levels of state involvement in the management of resource wealth. Thus, the nature of the prevailing political system usually influences the governments' choices of ownership structures. Authoritarian regimes are more likely to prefer state ownership models with full regulatory control and minimal transparency, and this increases the likelihood of negative developmental outcomes. On the other hand, more open and transparent political systems are more likely to adopt ownership structures that entail limited state shareholding, such as public-private partnerships that are more transparent and usually result in relatively favourable developmental outcomes.[6]

[4] McPherson, C. (2010). "State participation in the natural resource sectors Evolution, issues and outlook." in Daniel, P, Keen M and McPherson, C. (eds) The Taxation of Petroleum and Minerals: Principles, Problems and Practice. Routledge, London.
[5] Op. cit, Luong and Weinthal, 2006
[6] Op. cit, Luong and Weinthal, 2006

This study shall investigate the influence of domestic political conditions on ownership models using a comparative study between Debswana (Botswana) and Sonangol (Angola). Both cases are resource rich sub-Saharan countries, with state corporations being at the centre of the production and management of diamond and oil revenue respectively. However, they have different political regimes, ownership models and consequently developmental outcomes. Botswana is the world's leading diamond producer by value and globally regarded as an exemplary stable democracy and developmental state in sub-Saharan Africa. On the other hand, Angola, which is one of the leading oil producers in the world, remains one of the most poorly governed countries in Africa, with unimpressive developmental indicators despite vast oil and diamond revenues.

Both countries' governing parties (Movimento Popular de Libertação de Angola/Popular Movement for the Liberation of Angola/MPLA) and Botswana Democratic Party in Angola and Botswana respectively) have been in power since the countries attained political independence in 1975 and 1966 respectively. Angola's largest state corporation (Sonangol) is wholly owned by the state and is the sole authority as far as oil prospecting, extraction and marketing is concerned. Debswana is Botswana's largest state corporation that is responsible for all diamond exploration and marketing processes in the country. Botswana's government holds 50% shareholding, with private foreign company De Beers holding the other 50%.

Through a comparative analysis, this study finds that, political contestation influences ownership models, especially if the state is under threat from both internal and external actors. Angola's MPLA government established Sonangol in 1976, a year after attaining political independence from Portugal amidst the beginning of a civil war that would last for 27 years. The company remained undisturbed by the war, and

served to fund the MPLA's war effort, in addition to sustaining politics of patronage. Botswana's BDP government on the other hand established Debswana two years after independence in 1968, but this occurred without formidable political contestation to the country's fledgling democratic system. This study also finds that although the extractive natural resources under study are different (oil in Angola and diamonds in Botswana), they did not substantially shape the ownership models adopted by the respective states. Oil, which is capital intensive and attracts relatively fewer actors, resulted in the concentration of government authority over revenue in Angola, while kimberlitic diamond mining, was managed through a private-public ownership structure instead due to the country's domestic political conditions.

Furthermore, the history of colonial rule and the nature of the transition to independence substantially influenced the country's post-colonial political conditions. Angola experienced Portuguese settler rule, with three armed nationalist groups operating in the country before the granting of political independence in 1975. Although the groups did not manage to force independence through a military victory, this militarized anti-colonial nationalism laid the foundation for the subsequent post-colonial civil war. Botswana, on the other hand had a single dominant nationalist party (BDP) prior to the granting of political independence in 1965, and its negotiated independence occurred in the absence of militarized agitation or political violence as well. This facilitated the subsequent growth and development of "organic" political and economic institutions. In addition, this study found the timing of resource extraction to be a critical factor in the creation of conditions that influenced the states' choices in managing their respective natural resources. Angola's oil was already being exported a few years prior to independence and this fuelled the post-independence conflict since control of the state meant controlling the vast oil

revenues; and the MPLA also used oil revenues to fund their war effort against UNITA. Botswana, on the other hand discovered diamonds in 1967, a year after independence and it was also one of the poorest countries in the world at the time. As a result, the public-private model of resource management that the country adopted occurred without the existence of a high rent-generating natural resource that the state controlled.

Research Question, Hypotheses and Variables

The paper seeks to answer the following question: *To what extent does domestic political contestation influence the form of ownership that political leaders of resource rich countries take in state corporations?*

It is guided by the following hypotheses:

H1: High levels of political contestation decrease the likelihood of full and discretionary government ownership of state corporations

H2: The presence of alternative export revenue increases the likelihood of private domestic partnerships, which limit discretionary government control in state corporations.

This study is a qualitative, comparative case based research project. Variables shall be identified and operationalized as follows:

Independent Variables

The domestic political environment shall consist of political regime and political contestation, defined and operationalised as follows:

1. **Political Contestation**: This generally describes the level of political competition between various actors within a country's political system. It will

be operationalised according to the strength and number of contending actors in the system, and the nature of political competition.

2. **Political Regime**: This generally describes the form of government in a country supported by various institutions and cultural norms and values. In this research political regimes shall be operationalised according to type the governance structure and actions that follow from its institutional nature.

Dependent Variables

1. **State corporations:** These can be defined as publicly owned companies, either run wholly or partly by the state. A company with 50% or more government shareholding shall be categorised as a state corporation for the purposes of this research. This study will focus on two state corporations, Angola's Sonangol and Botswana's Debswana.
2. **Form of ownership:** This shall be operationalised according to the shareholding structure that that a government takes in a state corporation. Additional features such as the government's regulatory control shall also be considered.

Aim & Rationale

The purpose of this study is to investigate the relationship between domestic political conditions and subsequent ownership models adopted in state corporations. This in turn poses long-term implications for political and economic development in resource rich African countries. Such a politically grounded comparative historical study contributes to better understanding of structural factors that account for present day institutional developments in resource rich countries. By comparing a relatively successful case (Botswana) and a weaker case (Angola) this research seeks to make conclusions that can be generalized to other cases in the sub-Saharan African

geopolitical region. Furthermore, the 'Africa Rising'[7] thesis projects high economic development in African countries in the next ten years; and investment in natural resources will drive this expected growth to a considerable extent. It is thus essential to contribute to the development of knowledge and insight into the relationship between domestic political conditions and state corporations in national development. Lastly, by investigating how state corporations function, this research will generate more understanding on a subject of considerable importance since the corporations are a prominent institution both in resource and non-resource rich sub-Saharan countries.

This research report shall be structured as follows. The second chapter will consist of a discussion of the main theoretical approaches to be tested in this research on the relationship between domestic political conditions and ownership structures in state corporations. The third chapter will be a literature review, in which I will discuss key works on the background to state building in sub-Saharan Africa, natural resource revenue management and political contestation. The fouth chapter chapter will be composed of a comparative discussion between the case studies, showing the extent to which domestic political conditions shaped the ownership models that were eventually established in the companies. The fifth chapter will consist of an analysis of findings and conclusion section, outlining the study's key findings and highlighting their implications to debates and policy on natural resource management in sub-Saharan Africa. This shall be followed by a bibliography of sources cited in the report.

[7] August, O. (2013). "Africa Rising: A Hopeful Continent." The Economist, March 2nd 2013. http://www.economist.com/news/special-report/21572377-african-lives-have-already-greatly-improved-over-past-decade-says-oliver-august. Accessed April 30th 2014

Chapter 2: Theoretical Framework

This research shall be deductive in nature in its testing of a theory propounded by Luong and Weinthal (2006). They argue that the ownership structure that a country adopts depends on domestic constraints which political leaders face.[8] This is particularly important when mineral wealth is first discovered or when political independence is granted. Usually, governments are unwilling to cede control of rent-generating resource sectors to private control due to strategic concerns. Instead, they monopolise exploration, production and management of resource wealth. This accounts for the authoritarian state traditions which frequently emerge out of resource rich countries.[9]

In addition, they argue that political contestation works in tandem with the presence of alternative export revenue. This is primarily because economic diversification creates multiple actors, who are also invested in institutional strength thus diminishing the likelihood of discretionary and unaccountable ownership models in natural resource governance. As a result, each form of ownership which political leaders eventually take creates a particular set of actors, business-state relations and distinct institutional outcomes.[10] *Private domestic ownership,* which fosters stronger regulatory and fiscal institutional frameworks, is thus regarded as the best resource governance model. Therefore, the absence of high political contestation and alternative sources of revenue in most resource rich countries results in more discretionary ownership models which create weak (fiscal and regulatory) institutions in most resource rich African states. The relationship between domestic political

[8] Luong and Weinthal, Op. Cit, p 244
[9] Luong and Weinthal, Op. cit, p 245
[10] Loc cit

conditions and ownership models as hypothesised in this research can be diagrammatically illustrated as follows:

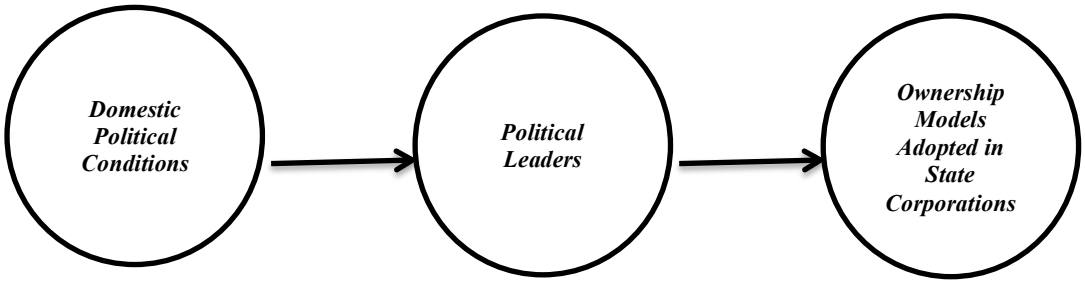


Fig. 1:Domestic political conditions and ownership models

A *deductive approach* that has variance on the outcomes of both cases shall be used. Deductive research is a theory testing approach, commencing with an established theory or generalisation and verifying plausibility through application to various instances[11]. *Process tracing* shall also be used in determining causal mechanisms that account for variance. An essential tool in qualitative research, process tracing is defined as, "the systematic examination of diagnostic evidence selected and analysed in light of research questions and hypotheses posed by the investigator[12]." In this research it shall be used to determine the extent to which domestic political conditions influence state corporations' ownership structures. Collier notes that process tracing is, "an analytic tool used for drawing descriptive and causal inferences from diagnostic pieces of evidence, often understood as part of a temporal sequence of events or phenomena."[13] He further notes that process tracing's strength as a tool of

[11] Hyde, K.F. (2000) "Recognising deductive processes in qualitative research." International Market Research Journal. Number 2, Volume 3. Pp 82-89

[12] Collier, D. (2011). "Understanding Process Tracing." Political Science and Politics, 44, No. 4. pp 823-830

[13] Collier, D Op.Cit, p. page 824

causal inference is additionally expressed by its facilitation of careful description and analysis of specific moments and characterizing key steps in a process under investigation.[14] Therefore, process tracing shall be used to conduct a detailed analytical and historical account of the unfolding of events from the point of acquisition of political independence, discovery of natural resources and subsequent establishment of state corporations within the specific domestic political context and implications for resource governance in the long term. This will also entail analyzing the effects of political leaders' policy choices in response to domestic conditions that they faced.

Further, George and Bennett indicate that a variant of process tracing, dubbed *'analytical explanation'* can convert a historical narrative into an analytical causal explanation couched in theory.[15] Therefore in investigating the extent to which domestic conditions shaped the ownership models that were adopted in Angola and Botswana, the research will employ this variant of process tracing. The technique of *equifinality*[16] shall also be used, where alternative paths of causality between variables shall be considered. Thus in addition to domestic political contexts influencing ownership structures adopted in Angola and Botswana, alternative causal factors shall also be taken into account. A *comparative qualitative approach* is the most befitting for this study because it facilitates an in depth analysis of the causal mechanisms that account for variance in the dependent variable. Comparison is widely regarded as a fundamental analytical tool which, in addition to sharpening descriptions, plays an integral role in concept formation through bringing into view

[14] Loc cit
[15] George, A.L & Bennett, A. (2005). Case Studies and Theory Development in the Social Sciences. Cambridge, MA. MIT Press
[16] Loc cit

suggestive similarities and contrasts between cases[17]. In this study, nuanced conclusions shall thus be drawn from juxtaposing two cases which share similarities, albeit with divergent outcomes.

As alluded to earlier, both Angola and Botswana are rich in extractive natural resources, oil and diamonds respectively. However, Angola experienced civil war soon after independence in 1976. In spite of intense domestic (military) contestation, Sonangol flourished into a multinational conglomerate efficiently managed by skilled personnel and wholly owned by the MPLA-led government. Nationally, however Angola has experienced dire developmental outcomes depite substantial oil revenues. Botswana, on the other hand experienced electoral contestation since independence in between the ruling Botswana Democratic Party (BDP) and opposition parties like the Botswana National Front. Debswana was formed in 1968, a year in which the BDP also garnered 68% of the national electoral vote. Despite subsequent elections since then, BDP has won them all with a fair parliamentary majority. It has also maintained a 50% shareholding model in Debswana with De Beers, the world's leading diamond cartel. Thus in comparing the two cases, invaluable conclusions regarding the causal relationships between domestic political conditions and ownership models shall be made. This will also contribute to a better understanding of subsequent effects of ownership models onto the governance of natural resources and developmental outcomes at large.

Case Selection

Cases were empirically selected on the basis of being rich in extractive natural resources, managed by state corporations and having strong post-colonial regimes that

[17] Collier, P. (1993). "The Comparative Method" in Ada W. Finifter (ed). Political Science: The state of the discipline (II). Washington DC: American Political Science Association

also participated in the establishment of these corporations. Both countries are former colonies and attained political independence between 1960 and 1975. Thus, the time period under consideration in this study is primarily when Sonangol and Debswana were formed, which for both cases was within the first two years of acquiring political independence. They also occupy the same geo-political region (sub-Saharan Africa). However, they had different domestic political conditions and divergent ownership structures in state corporations and also experience different developmental outcomes. Botswana is Africa's leading diamond producer by value, with diamond revenue accounting for 70-80% of its export earnings[18]. Exploration and marketing of diamonds is conducted through Debswana, where government holds 50% shareholding with private partner De Beers holding the other 50%. Botswana is also a model sub-Saharan African democracy with relatively high developmental indicators. Its success is attributed to effective usage of resource rents to fund developmental policies.

Angola is the second case study. A leading oil exporter, it became a member of OPEC in 2006. Oil exports account for 85% of Angola's Gross Domestic Product (GDP)[19]. Established in 1976, Sonangol is Angola's sole oil concessionaire, sector regulator, tax gathering agent and manager of oil revenue[20]. The parastatal is wholly owned by the Angolan state. However, Angola has a poor governance record riddled with corruption, nepotism, human rights abuses and authoritarian governance. In 2007, it was ranked 160/177 on the UNDP Human Development Index and thus qualified as a "weak state" [21]. In addition, Angola experienced a protracted civil war since attaining

[18] CIA World Factbook, https://www.cia.gov/library/publications/the-world-factbook/geos/bc.html, 11 April 2014
[19] Loc cit
[20] Op. Cit., CIA World Factbook
[21] Loc cit

political independence in 1975, which ended in 2002. Botswana did not have a similar experience since independence in 1966. However, the Angolan state corporation under consideration (Sonangol) remained functional since its establishment in 1976, flourishing and expanding into multiple subsidiaries.

Although the two cases fall under the same analytical category (rich in extractive natural resources) different resource sectors are under consideration in this study (diamonds for Botswana and oil for Angola.) Though different, the sectors per se are not a critical subject of the study but the relationship between political contestation and ownership models adopted in the countries' respective resource management companies. Nevertheless, this study shall analyse the political and economic effects associated with oil and diamonds and show the extent to which the resources per se influenced ownership structures adopted by Botswana and Angola.

New Institutional Theory

This study will apply the theory of New Institutionalism to determine the extent to which domestic political conditions influenced ownership structures in Angola and Botswana. New Institutionalism arose as a rejection of Behaviouralist and Marxist approaches to political analysis, which had been leading tools for political analysis until the 1970s. Leading New Institutionalists include Huntington (1968), Ekstein (1960) and Skocpol (1979). They argued for a return to an examination of how institutions affect political outcomes and how different institutional structures in different states accounted for different responses to prominent historical episodes, such as the 1970s oil crisis and social revolutions in general.[22] They also argued that "behaviour" is not a sufficient basis for explaining all phenomena of government,

[22] Steinmo, S. (2001). "Institutionalism." International Encyclopedia of the Social and Behavioral Sciences. Elsevier Science, p 3

since it occurs in the context of institutions and can only be so understood.[23] In addition, New Institutionalism signalled the return of a state-centred approach, which was a departure from behaviourist analysis that focused on patterns of expressed human behaviour. Marxism, which exalted the dominance of market forces over the state and the rest of a state's political structure was also questioned.[24] Instead, institutions, they argue are products of human history and in turn induce particular behaviours into a polity; and also consist of rules that govern social interaction and for the basis for political behaviour.[25] Institutions can be formal or informal, for instance the former being constitutionally mandated institutions and the latter consisting of cultural norms.

The main strands of New Institutionalism are *sociological, rational choice* and *historical.* Sociological Institutionalism is interested in understanding culture and norms as institutions in themselves; focusing on patterns of behaviour and cognitive maps, and tracing their role in understanding the structure of social, political and economic relations.[26] Rational Choice Institutionalism borrows from economics, and is biased towards employing formal logic and methods to study politics and history. It also focuses on basic laws of political behaviour and action, with the intention of drawing out observable patterns that can be employed to understand and predict political behaviour.[27] The Historical Institutional approach focuses on understanding and explaining real world events and outcomes, arguing that one cannot explain particular historical outcomes without examining the way in which political

[23] Immergut, E.M. (1998). "The theoretical core of the institutionalism." Politics & Society, Vol 26, No. 1, p6
[24] Ibid, p 3
[25] Ibid, p 1
[26] Ibid, p 6
[27] Loc cit

institutions shaped or structured the political process.[28] Institutions, it argues, are important intervening/structuring variables through which battles over interests, ideas and power are fought.[29] Nevertheless, despite these separate intellectual thrusts summarised above, these variants of Institutionalism have considerable overlap between them.

This paper will particularly test the extent to which *Historical Institutionalism* can explain the experiences which shaped ownership structures in Angola and Botswana. Historical Institutionalism largely draws from Max Weber's work, and concentrates on themes of power and interests. It holds that institutions, demands and policies are not shaped by neutral exigencies of modernisation, but by dense interactions among economic, social and political actors working according to different logics in different contexts.[30] Historical Institutionalism also adopts a constructivist disposition in three main ways. It is interested in *alternative rationalities*; whereby individuals and communities may develop interpretations of interests and goals that deviate from those predicted by means-ends rationality.[31] Secondly, it holds that causality is contextual; complex political configurations become apparent through historical comparative observation and thus it may be difficult to break such models unto causally independent variables. Further, Historical Institutionalism emphasises contingencies of history; that scholarly understanding of particular events and developments is constrained by a large role played by chance, twists of fate and accidental combinations that have far reaching effects. These can only be determined through historical analysis.[32] In this way, Historical Institutional analysis is an

[28] Loc cit
[29] Loc cit
[30] Immergut, Op. Cit, 17
[31] Loc cit
[32] Immergut, Op. Cit, , p 18

effective tool for analysing and understanding political phenomena in different states due to its holistic approach that prioritises historical developments and actors whose choices shape current trends.[33]

Nevertheless, Historical Institutionalism is criticised on several fronts. For instance, due to its tendency to accord history a more logical trajectory and 'retrospective rationality', it may erroneously portray political developments as tied to institutional change and conceiving political choice as intermittent interruptions in path dependent frameworks.[34] This retrospective feature increases the likelihood of scholars developing "grand narrative" conceptions of political developments at the expense of complexities and uncertainties that are inherent in the development of political institutions. Also, it minimally accounts for incremental political change, since it conceives political developments as a discrete process, characterised by extended periods of considerable stability (path dependency) which are only interrupted by turbulent formative moments which produce changes to political institutions in response to the historical episodes.[35] This approach, called "punctuated equilibrium" thus downplays the importance of incremental change caused by subtle deviations in the political system. That notwithstanding, Historical Institutionalism is a useful tool in analysing political phenomena, to a considerable extent.

[33] Peters, B. G., Pierre, J., and King, D.S (2005). "The politics of path dependency: Political conflict in historical institutionalism." The Journal of Politics, Vol. 67, No.4, p 1282
[34] Ibid, p 1278
[35] Loc cit

Chapter 3: Literature Review

Background to state building in Africa

In this research, I consider the history of colonial rule as having a foundational effect in post-colonial political and economic developments in Africa. The 'modern' state in Africa is rooted in the history of colonial rule, and since independence, the central administrative state has been at the centre of African countries' political, economic and social fortunes. According to Douglass North, although the state is essential for economic growth it can be responsible for decline also.[36] In determining how the state may be either a panacea or anathema for economic growth North juxtaposes *contract* versus *predatory* perspectives on the state. The contract theory contends that the state's limit on individual's activity relative to others and protection of collective interests is an essential precondition for economic growth. The *predatory theory,* on the other hand considers the state as a tool to further group or class interests by preying on the rest of society.[37] The predatory state specifies a partial set of property rights in favour of the elite at the expense of society at large.[38] Therefore, the colonial state can be described as having been primarily a predatory state due to it being a tool to benefit colonial powers at the expense of indigenous peoples. Policies and institutions of colonialism thus laid a foundation for the predatory nature of a significant number of post-colonial African states.

Olson (1993)'s 'bandit' allegory can also be applied to describe the founding of the colonial state in Africa. He allegorically explains that before the formation of the modern state there was uncoordinated theft by 'bandits' (which represents militarily

[36] North, D. C. (1979). "A Framework for Analysing the State in Economic History," Explorations in Economic History 16, p250
[37] Loc cit
[38] Loc cit

powerful individuals or groups in society).[39] The bandits were initially 'roving' that is, they moved around different areas pillaging. It was eventually realised that the establishment of a peaceful order would be mutually beneficial for the bandits and societies formerly preyed on.[40] Instead of uncoordinated theft that impoverished vulnerable communities, bandits would instead benefit through a system of revenue collection-primarily through taxation to an optimum, equilibrium level *(or 'rationalised theft').* The bandit would get a continual stream of revenue while the community remained with enough resources with which to sustain itself and continue to reproduce. In this way, bandits became *'stationary'* instead of *'roving',* offering security that facilitated economic growth and political stability in such organised communities.[41] Colonial settlement thus represented stationary banditry, especially in *settler colonies* and roving banditry in *non-settler colonies,* as elaborated later in this chapter.

Furthermore, Mancur Olson argues that governments primarily arose out of rational self-interest among those with greatest capacity for violence, (that is, the colonial powers in Africa).[42] He notes that since political elites would stand to lose by preying on the communities that would also be their sources of revenue (*the rancher versus wolf analogy),* this necessitated the establishment of an organised system of the state.[43] Nevertheless, colonial states were founded for predatory purposes then gradually mutated into "stationary banditry" as governance became systemised particularly during and after World War 2. They were neither democratic nor

[39] Olson, M. (1993). "Dictatorship, Democracy, and Development," American Political Science Review 87, p 568
[40] Ibid, p 569
[41] Loc cit
[42] Loc cit
[43] Loc cit

concerned with broad based growth. Post-colonial states, as elaborated below have often perpetuated such predation due to the prevalence of patrimonial regimes that maximise partial at the expense of national benefit., Olson also notes that while self-interested leaders lead both dictatorships and democracies in the post-colonial era, democracies are the panacea to development because they are more likely to ensure the protection of property rights, establish restraints on discretionary authority and guarantee basic civil rights and liberties--which have a positive influence on economic growth through reducing a country's "transaction costs".[44]

Since the state in Africa is a product of colonial rule, the legacy of colonial rule significantly accounts for challenges to political and economic governance in several African countries. Colonial rule was characterised by autocratic political traditions and extractive economic systems, which later morphed into more systematised administrative structures of 'direct' and indirect' rule from the end of the Second World War to the eventual end of colonial rule from the late 1950s to the late 1980s..[45] Colonial state authority primarily rested both on force and other forms of routinized subjugation. Although it emphasised the Eurocentric, Westphalian conception of state territoriality, it 'conveniently' omitted important ethos of constitutionalism, liberalism and civil liberties that were pivotal to the construction of the 'nation state' or a truly modern state in the Weberian sense.[46] In addition, the colonial state was instrumentally used for economic extraction by a minority of white settler elites over a black indigenous majority as alluded to above. As a result, the norms, values and institutions of the Western juridical state and democratic ideals were not part of the founding stages of the modern state in Africa. At the attainment

[44] Op. Cit, North, p. 252, Op. Cit, Olson, p 572
[45] Young, Op. Cit, p 56
[46] Young, Op. Cit, p 75

of political independence, transitions to democracy were swift but the institutional shortcomings of colonial rule prevailed.[47]

Based on the debate above, it becomes essential to distinguish between settler and non-settler colonies in Africa. Settler colonial rule was characterised by higher volumes of settler population like South Africa, Kenya and Zambia. They established tax regimes, appropriated arable land and created 'reserves' for African settlement while settlers mostly occupied urban areas.[48] Non-settler colonies were characterised by lower numbers of settler populations and Africans retained their land ownership and production.[49] For instance, Botswana was a British non-settler colony, while Angola was a Portuguese settler colony. Indigenous political and economic structures were mostly undisturbed in non-settler colonies; while they were substantially altered in settler colonies. African farmers also retained their land and controlled the marketing of their produce in non-settler colonies.[50] On the other hand, large-scale commercial agriculture and manufacturing grew significantly in settler colonies like Zimbabwe and South Africa, driven by artificially low cost of labour from dispossessed and heavily taxed African societies.[51] All in all, settler colonial regimes instituted policies that had far-reaching, negative politico-economic effects that reverberated into the post-colonial era, as the comparison between Angola and Botswana will show.

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[47] Mamdani, M. (1996.) Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism. Princeton University Press: Princeton, p26

[48] Bowden, S & Mosley, P. (2012). "Politics, Public Expenditure and the Evolution of Poverty in Africa, 1920–2009," Sheffield Economic Research Paper Series, p 6

[49] Ibid, p 8

[50] Austin, G. (2010). "African Economic Development and Colonial Legacies," Revue Internationale de Politique de D´eveloppement 1, p 10

[51] Ibid, p 11

Crawford Young also notes that although the state embodies normative doctrines of sovereignty, territoriality and nationality, in post-colonial Africa it has been shaped various social aspects, like class, ethnic and religious formations instead.[52] Post-independence African state bureaucracies typically have a 'state bourgeoisie' growing around them, whose economic fortunes are tied to the state. Ethnicity mirrors the class dimensions that develop from this 'prebendal' relationship.[53] Nevertheless, several states have attempted to cultivate notions of 'nation building' that transcend ethnicity although ethnic-based political mobilisation is still an enduring feature of postcolonial politics that is particularly salient during elections. Consequently, the state, class and ethnicity have enduring linkages and account for patterns of political and economic developments.

A key structural factor that binds them together are pervasive patron-client, or patrimonial relationships that coagulate around the state. Bratton and van de Walle (1994) and Kolstad and Wiig (2009) argue that patrimonial rule is the 'core and distinctive hallmark' of African post-colonial politics and one of the most definitive institutional legacies of colonialism.[54] [55] Contrary to the Weberian conception of a rational state bureaucracy that is independent of influence by social groups, personalised clientelist networks between incumbents and their supporters embed state organs resulting in corruption, nepotism and personalised rule.[56] Bureaucracies thus become weak and incapable of functioning with impartiality and

[52] Young, Op. Cit, p 55
[53] Loc cit
[54] Kolstad, I., & Wiig, A. (2009). "It's the rents, stupid! The political economy of the resource curse." Energy Policy, 37, p 5321
[55] Bratton, M and van de Walle, N. (1994)"Neopatrimonial Regimes and Political Transitions in Africa," World Politics, 46, 453–489,
[56] Chabal, P & Daloz, J.P. (1999) "W(h)ither the State?," in Africa Works: Disorder as Disorder as a Political Instrument, Oxford and Bloomington: International African Institute with James Currey and Indiana University Press, p4.

professionalism.[57] This neopatrimonialism of the modern state is traced back to the colonial practice of "indirect rule". Colonial administration was essentially a patron-client system, where the central state worked as a tool of extraction and forcible domination assisted by local agents (chiefs) enforcing colonial rule at local levels in exchange for state funds and protection.[58] Apart from enforcing colonial policies on behalf of the colonial state, chiefs also managed networks of patronage within their locales. This spoils-based system still prevails in the post-colonial era, and results in the normalisation of corruption from local to national levels of governance. It is also one of the foremost criticisms against the continued incorporation of traditional governance within modern democratic systems.

Closely linked with the above is Jean Jacques Bayart (1993)'s notion of the 'rhizome state.' This describes the creation of networks of patronage underneath formal government institutions; which also extend to the rest of the economy and society at large. Bayart notes that both vertical and horizontal 'rhizomatic' chains of solidarity emerged in most post-colonial African societies. This means that corruption became a pervasive cultural norm that continues to affect both private and public sectors, thus undermining growth and development on the continent.[59] Pervasive institutional weakness and consequently dire economic conditions have also tended to increase the likelihood of political conflict over access to dwindling economic opportunities. This includes 'cannibalisation' or theft of organisational assets by employees both in government and private sector. Social networks of the rhizome state also reproduce and perpetuate social inequality through maintaining unequal distribution of resources in the society; because of the marginalisation of those who are not part of the

[57] Ibid, p 9
[58] Bayart, J. F. (1993) The State in Africa: The Politics of the Belly. London: Longman, p 113
[59] Loc cit

networks of patronage.[60] This results in 'politics of the belly', where ordinary people pursue spoils through such social networks, which results in the normalisation of corruption.

The 'gatekeeper state' is another weakness of the post-colonial African states' systems of governance that emanated from colonial rule. According to Frederick Cooper, post-colonial African regimes have often relied on the principle of state sovereignty, which emphasises the supremacy of territorial borders established during colonialism.[61] Sovereignty thus becomes a lever for accessing state revenue, primarily from outside sources. Like colonial states, their successors had underdeveloped tax collection infrastructure. They could not command loyalty and accountability from the masses as a result but collected rents at the 'gate', or revenue that depended on the state's Westphalian structure; for instance multilateral aid, customs revenue, permits and taxes from multinational corporations and visa fees.[62] Marketing Boards, which are government monopolies compelling cash crop producers to sell their produce to them at sub-economic prices, became a key source of revenue for the gatekeeper state. This has often been worse where there is substantial extractive natural resource revenue. Governments would sell the cash crops – like coffee and cocoa – at the world market rate, realise high levels of revenue after having bought the crops from farmers at a cheap price and the money would then be used to maintain patron-client politics through rewarding allies and annihilating rivals.[63]

However, the gatekeeper state is often vulnerable to contending non-state groups and thus characterised by violence and contestation. Strategies of undermining the gate

[60] Bayart, Op. Cit, p 228
[61] Cooper, F. (2004). Africa Since 1940: The Past of the Present. Cambridge: Cambridge University Press, p 156
[62] Ibid, p 157
[63] Cooper, Op. Cit, p 159

include parallel markets, smuggling, tax evasion and perpetual violent struggles for control of the state.[64] Goldsmith notes that this insecurity of the state leads to *high political discount rates* and *short-term horizons*.[65] High insecurity of political office motivates incumbents to steal as much as possible for the sake of self-enrichment and supporting a patronage-based system of political support, since the length of their tenure is not guaranteed.[66] This means that where political leaders are faced with stiff challenges to their rule they resort to predation instead of implementing policies for broad based economic growth. In addition, leaders who are fearful of being prosecuted when they leave office have endeavoured to prolong their tenure beyond term limits.[67] Therefore, political patronage has a double-pronged result of making the state the locus of violence while undermining its ability for broad based distribution of public goods as well.

However, colonialism was not a point of fundamental transformation and did not eradicate pre-colonial traditions for the modern state models to be fully established after independence.[68] The modern state in Africa was not properly institutionalised and established as a distinct entity from society and thus will not entirely conform to Western notions of political modernity. Instead, the colonial state was primarily an instrument of extraction and domination, not inculcation of new political and governmental norms and values/culture. Paradoxically, the personalisation and informalisation of politics seen during colonialism conformed to established African practices not the western model.[69] As a result, patron-client politics remain a feature

[64] Loc cit
[65] Goldsmith, A. A. (2004) "Predatory versus Developmental Rule in Africa," Democratization, 11, no. 3, p95
[66] Loc cit
[67] Ibid, p 97
[68] Chabal and Daloz, Op. Cit, p 11
[69] Chabal and Daloz, Op. Cit, p 12

of African pre-colonial politics both within modern state institutions and rural social relations. The post-colonial state is thus vacuous and ineffectual because it was not in African elites' interests to develop effective western models because the patrimonial state serves their interests. The supremacy of institutions disempowers politicians who rely on patronage for political power and survival. In light of this argument, patron-client relations are an enduring social phenomenon in African societies to a considerable extent; they are analogous to corruption in one context and are a strong cultural feature of society in another.

The paradox of plenty in sub-Saharan Africa

Challenges to natural resource management are thus rooted in post-colonial state pathologies discussed above, to a considerable extent. The "resource curse" hypothesis, which explains the negative correlations between resource endowment and political and economic development in Africa emanates from a 1995 study conducted by Sachs & Warner.[70] A statistical study of African countries rich in fuel and extractive mineral resources between 1971-1989 showed a negative relationship between resource wealth and economic growth.[71] This was caused by the states' failure to effect economic diversification, or the 'Dutch disease syndrome', where non-rent generating economic sectors were neglected and degenerated. Governments' failure to maintain savings also led to the dissipation of incomes. Thus the combination of the presence of natural resources, poor macro-economic policies, high public expenditure and low savings rates resulted in underdevelopment.[72] Commodity price volatility also weakened resource rich economies, thus making them vulnerable

[70] Goldsmith, Op. Cit, p 97
[71] Sachs, J and Warner, A. M. (1997). "Natural Resource Abundance and Economic Growth." Centre for International Development, Harvard Institute for International Development, Harvard, p 3
[72] Sachs and Warner, Op. Cit, p 9:

to cyclical booms and busts. High poverty rates which resulted from weak global commodity prices tended to result in conditions that led to political violence.

High resource rents have also often discouraged governments from developing state institutional infrastructure to avoid being accountable to the public regarding how they spent the revenue. Commonly referred to as 'rent seeking,' or the 'rentier state', the presence of high rents increases the likelihood of authoritarian, unaccountable and predatory governance.[73] Negotiations for exploration and/or management of resource rents bypass national mechanisms of the state, like the legislature are conducted between multinational corporations and political elites.[74] The state thus becomes 'detached' from the masses and marginalizes social groups that fall outside patrimonial networks. Countries that do not have such high rent-generating mineral resources, on the other hand tend to develop political and economic capacity to sustain viable per capita incomes.[75] This is because they would have to rely on tax revenue, which necessitates being accountable to the "taxpayer", or the masses and various economic activities that would create national wealth, like agriculture. This aptly describes Botswana's situation when it attained political independence in 1966. The concentration of incomes on the state thus increases the value of being in government, leading to the culture of zero-sum or winner-take-all politics and other pathologies described earlier in the paper.[76]

[73] Auty, R. M. (2006). "Patterns of Rent-Extraction and Deployment in Developing Countries: Implications for Governance, Economic Policy and Performance*."* UNU-WIDER, Research Paper No. 2006/16, p 21

[74] Mcferson, H. M. (2010). "Extractive Industries and African Democracy: Can the ''Resource Curse'' be Exorcised?" International Studies Perspectives, 11, 335–353.

[75] Loc cit

[76] Goldsmith, Op. Cit, p 95

Furthermore, natural resource-related political instability can also be attributed to the end of the Cold War. The end of proxy wars led to the withdrawal of aid from various armed groups who had benefitted from war-related funding channels; and the need to secure alternative funding mechanisms for such non-state militants led to reliance on natural resources.[77] Additional factors contributing to conflict over natural resources also include the type of natural resource, and politics of ownership, management and control. For instance, diamonds feature prominently in African conflicts due to their lootability, high profit margins and global demand. "Warlords" mobilise communities to fight for a particular cause, either using charisma or appealing to various notions of grievances against the state. They also appeal to ethnic linkages for recruitment and mobilisation, and use direct coercion as well. This explains the prominence of child soldiers in several intra-African wars. Warlords also develop and rely on complex networks for the sale of natural resources, arms procurement, protection rackets and relationships with multinational corporations.[78] This describes Angola's UNITA rebels, as elaborated in Chapter 4. Rebels and warlords can thus be regarded as 'rational entrepreneurs of violence' who use various strategies to maximise benefits from resource-based wars. This often makes rebellion a 'quasi-criminal' activity with a private gain imperative, and natural resources—especially diamonds have been frequently cited as the reason for the protracted nature of African civil wars.

In addition, high levels of political contestation in resource and non-resource rich states has often resulted in negative outcomes due to strategic considerations by political incumbents to diminish chances of having autonomous actors within their

[77] Alao, A. (2007). Natural Resources And Conflict In Africa: The Tragedy Of Endowment. University of Rochester Press
[78] Alao, Op. Cit.

territories. Where they face high political contestation, they deliberately reduce opportunities for economic diversification and maintain revenue concentration at the centre. For example, Suharto's regime in Indonesia faced high political contestation from the opposition he empowered the economically powerful but politically weak Chinese businessmen, which led to economic growth and diversification but limited chances of political defeat. [79] In Zaire, on the other hand Mobutu's insecurity due to militarised contestation led to a deliberate policy of poor road infrastructural development in order to limit armed groups' access to Kinshasa; and also established a policy of Zaireanisation in order to support patronage networks.[80] This can be described as "structured contingency", where political leaders make strategies to maintain political rule contributes to the negative outcomes with resources wealth, including the ownership structures that they subsequently choose. Nevertheless, contrary to the above, Botswana's ruling party (BDP) established a 50-50 partnership with De Beers, which has sustained its stable diamond income to date. The BDP has neither faced military nor formidable democratic political contestation, winning elections since independence in 1966.

Furthermore, the "greed and grievance" hypothesis is another influential theory linking natural resources to conflict. Collier & Hoeffler (2004) argue that conflict in natural resource-rich states largely lies in economic incentives and driven by greed. [81] When greed for economic gain coexists with grievances in primary export dependent states, rebellions become an attractive course of action and usually adopt a typically

[79] Dunning, T. (2005). "Resource Dependence, economic performance and political stability." Journal of Conflict resolution, Vol 49, No. 4, p 452
[80] Loc cit
[81] Collier, P and Hoeffler, A. (2004). "Greed and Grievance in Civil War." Oxford Economic Papers, 56. pp 563-595

criminal disposition. Grievances are made more likely by social inequalities and political exclusion. Thus the 'silent force of greed' employs the 'loud discourse of grievance' to wage war for control of natural resources.[82] As alluded to earlier, religion and ethnicity become readily instrumental tools for rousing support from marginalised societies. These are also used to raise funds from external resources, such as sympathetic supporters in the diaspora.[83] In addition, "grievances are to a rebel movement what image is to a business," which means that the ideology of grievance becomes an effective tool for masking the criminal intentions of rebellion. War becomes the 'continuation of business by other means.'[84] Collier and Hoeffler (2004) thus suggest that economic growth is the best preventative measure against violence in resource rich countries. As a country's per capita income doubles, the likelihood of conflict drops by half.[85] Thus, a stronger economy coupled with a strong state diminishes the ability of rebel groups to recruit and sustain conflicts in resource rich countries.

Comparing oil and diamonds

Nevertheless, the linkages between resources and adverse outcomes may be nuanced by considering the influences of geography, spatiality, the type of natural resource and method of extraction. Le Billon (2008) notes that the accessibility of minerals determines the extent to which they can (or can not) incentivise violence.[86] "Diffused" minerals, such as alluvial diamonds that are susceptible to illicit mining, attract large

[82] Ibid
[83] Loc cit
[84] Loc cit
[85] Loc cit
[86] Le Billon, P. (2008) "Diamond Wars? Conflict Diamonds and Geographies of Resource Wars." Annals of the Association of American Geographers, 98:2, p 345

numbers of irregular miners, easier to smuggle and this makes violence more likely.[87] "Point source" minerals such as platinum and "kimberlitic" diamonds, which require specialised techniques of extraction and capital, do not attract as many actors as alluvial diamonds, thus necessitating corporate and state control. Furthermore, the natural resources' location, coupled with their accessibility and location can shape various political and economic outcomes. The farther the resources are from a country's political centre, the more difficult they would be to control. For example, secessionist movements may occur when the resource is located in a country's peripheral region. Sierra Leone's diamonds, for example were located in the South East, which is remote from Freetown and at the border with Liberia and this substantially accounts for the government's failure to control artisanal miners, their external patrons and the Revolutionary United Front (RUF) incursion that targeted diamond rich areas from the outset.[88]

Oil is usually associated with adverse outcomes because it is the world's largest traded commodity, and an essential component of modern economies--especially in highly industrialised countries.[89] Apart from causing political conflict, the presence of oil often results in authoritarian regimes and centralisation of oil revenues in the central state.[90] Examples include Nigeria, Angola, oil producers in the Middle East and, Sudan and Chad. Ross (2001) also argues that oil has substantially anti-democratic properties due to its capital-intensive nature and this occurs through the

[87] Loc cit
[88] Akiwumi, F. A. (2011). "Global incorporation and local conflict: Sierra Leonean mining regions." Antipode, Vol 44, No 3, p 591
[89] Le Billon, P. (2012). Wars of plunder: Conflicts, profits and the politics of resources. Columbia University Press, New York, p 60
[90] Ibid, p 61

three main mechanisms of *rentier, repression* and *anti-modernisation* effects.[91] Nevertheless, other oil producers such as Norway and Canada neither have authoritarian regimes, weak economies nor authoritarian regimes, which means that oil in itself does not spur negative outcomes but these occur within a broader domestic and international context.[92] This may include state weakness, and the presence of local and external belligerents. In addition, the location of the oil influences peculiar outcomes. Le Billon argues that countries that have offshore oil exploitation conflict tend to be less likely to experience conflict than those dependent on onshore extraction.[93] However, the case of Angola negates this claim since civil war occurred despite having offshore oil deposits.

Nevertheless, causal mechanisms between natural resources and adverse outcomes remain circumstantial and circuitous.[94] It is imperative to analyse the dynamic interactions between the presence of natural resources and governance within a particular historical and structural context that focuses on political and economic governance.[95] Governance is primarily concerned with the exercise of power. It is defined as the manner in which political power is exercised in the management of a country's economic and social resources for developmental outcomes.[96] Elements of national governance that determine the success or failure of resource rich countries mainly include territorial factors, laws and constitutional factors, enforcement

[91] Ross, M (2003). "The Natural Resource Curse: How wealth can make you poor," in Natural resources and Violent Conflict: Options and actions" (Eds). Ian Bannon and Paul Collier. Washington, World Bank. 17-42
[92] Loc cit
[93] Le Billon, ibid, p 76
[94] Humphreys, M (2005). "Natural resources, conflict and conflict resolution: Uncovering the mechanisms*."* Journal of Conflict Resolution, Vol 49, No. 4, 511
[95] Collier, P. and Venables, A.J. (2010). "Natural Resources and State Fragility." European Report on Development, Robert Schuman Centre for Advanced Studies, Paper No. 36, p 9
[96] Loc cit

capacity, institutional and cultural practices and the ratification of global treaties.[97] However, governance is shaped by various internal and external factors, and this study thus focuses on the linkages between domestic political conditions and the governance of natural resources.

An overview of ownership structures

Luong and Weinthal (2006) hold that research focus should only be placed not on the 'paradox of plenty', but ownership models in the management of natural resources.[98] An intermediary cause of institutional weakness often ignored is the structure of ownership over resources, and this is rooted not in resource wealth per se but domestic conditions that precede resource development.[99] Particularly, the centralised control of resource wealth by the state is usually associated with slow economic growth and state pathologies indicated earlier in the paper, while revenue dispersion is more likely to facilitate positive developmental outcomes. Specifically, the inclusion of more domestic non-state actors in resource management creates conditions that increase the likelihood of more efficient and transparent management of resource revenue. Ownership structures are thus critical because they create peculiar incentives for institution building, define the primary actors involved and determine the nature of business-state relations, and consequently, developmental outcomes in the management of natural resources.[100]

The three basic ownership models extant in most resource rich states can be categorised as *state ownership with control,* where political elites and bureaucrats are

[97] Loc cit
[98] Luong and Weinthal, Op. Cit, p 242
[99] Luong and Weinthal, Op. Cit, p 243
[100] Loc cit

the main actors in resource management. It usually leads to blurred and asymmetrical business-state relations, with a higher likelihood of discretionary power and control by political elites.[101] Secondly, *private domestic ownership is* where the main actors in resource management are state elites and domestic owners, with business and state relations being clear and symmetrical. Incentives for the establishment of strong institutions are more likely under this model.[102] *State ownership without control and private foreign ownership* is the third category, and this is where the main actors are state elites and foreign investors. In this case, business-state relations are likely clear and asymmetrical, with institutions that may be effective in the short run but unstable for long-term development being likely created.[103] This is mostly due to the mobile and detached nature of external investors, who are seldom interested in the host country's long-term development especially in the extractive industry.

Private domestic ownership models are regarded as the most preferable, since they entail the participation of invested local business actors. Strong fiscal and regulatory institutions are more likely to emerge under private domestic ownership primarily because of the participation of local actors who have a mutual interest in establishing formal guarantees that will ensure fiscal predictability and reduce transaction and monitoring costs.[104] However, private domestic ownership models are rare in developing countries because domestic conditions that support it, such as a well-developed indigenous industrial sector, high level of alternative export revenue and high level of political contestation are either absent or ineffective.[105] Ownership

[101] Luong and Weinthal, Op. Cit, p 243
[102] Luong and Weinthal, Op. Cit, p 244
[103] Loc cit
[104] Loc cit
[105] Loc cit

structures that countries adopt in managing natural resource wealth are thus dependant on domestic constraints political leaders face when mineral wealth is first discovered or when the country attained independent statehood. Given the above, negative outcomes commonly associated with resource wealth are thus intimately attributed to pathologies associated with state ownership.

State ownership with control has thus been the most prominent form of ownership in post-colonial African countries. This was also rooted in centralised colonial rule, where Marketing Boards or state parastatals directly managed the most productive economic sectors, whether agriculture or extractive natural resources.[106] Most importantly, where natural resources were discovered and extracted prior to the attainment of political independence, the state monopolised the management of resource revenue and this persisted in the post-colonial era through parastatals, or public corporations. However, parastatals are not unique to Africa, with Russia, China and the Middle East's petro-states for instance also having state led monopolistic corporations operating with varying levels of autonomy.[107] State corporations are typically associated with corruption, inefficient management, nepotism, low levels of productivity and generally poor quality of service or products.[108] Although state involvement is often argued to be essential in developing countries because it can act as a stable institutional owner that may underwrite financial risk for long-term profitability; and also espouses social, as opposed to private profit making goals, the record of state involvement in the resource sector in African countries is

[106] Mwaura, K (2012). "The failure of corporate governance in state owned enterprises and the need for restructured governance in fully and partially privatized enterprises: The case of Kenya." Fordham International Law Journal, Volume 2, Article 1, pp 34-75
[107] Loc cit
[108] Mwaura, Op. Cit

predominantly poor.[109] This is also based on the types of political systems developed after independence, and this shall be explored below.

Political regimes and contestation

There is a reciprocal relationship between political contestation and the types of government in sub-Saharan Africa. The common distinction made in defining political regimes is usually democratic versus dictatorship or authoritarian rule. This and other finer distinctions made (elaborated below) have classical intellectual roots. For instance, Montesquieu emphasised the distinction between "limited" and "despotic regimes", Rousseau and Kant distinguished between "autonomous systems", where rules and norms are made by those to whom they apply, and "heteronomous systems", where law makers are distinct from those subject to laws. [110] Schumpeter emphasised "competition" as essential for good governance, which was synonymous with Dahl's reference to "contestation" as essential for democratic governance.[111] Contestation can be said to be present in a political system when the opposition that exists that has the potential to successfully take over political office either through elections or force. In democratic systems, political contestation causes uncertainty, irreversibility and repeatability, and this ideally ought to influence accountability in political leadership. [112] In authoritarian systems, contestation primarily causes uncertainty and insecurity; since political competition would often exist in the form of zero sum violence. This usually leads to more repressive methods

[109] Borisova, G., Brockman, P., and Zagorchev, A. (2012). "Government ownership and corporate governance: Evidence from the EU." Journal of Banking and Finance, No. 36, pp 2917-1984, p 2919
[110] Alvarez, M., Cheibub, J. A., Limongi, F and Pzeworski, A. (1996). "Classifying Political Regimes", Studies in International Development, Summer, Vol 31, No. 2, pp 3-36 (p 4)
[111] Loc cit
[112] Ibid, p 5

of political control in order to minimise incumbents' chances of being removed from power.

Wiggel (2008) defines political regimes as *authoritarian, electoral-autocratic, constitutional-oligarchic* and *democratic*.[113] Authoritarian regimes neither hold elections, nor provide basic constitutional guarantees, rights or liberties. This can also be called a "closed hegemony."[114] Electoral – autocratic regimes have minimal electoral freedoms, such as an independent electoral agency. This may also be regarded as "populist autocracy", where the political system is primarily used to rubber stamp dictatorial rule, for instance Venezuela under Hugo Chavez. Thirdly, constitutional-oligarchic regimes often fulfil minimal constitutional provisions, although elections are usually flawed. This is also referred to as "liberal-oligarchic, " where electoral conditions guarantee repeated victories for a single party.[115] Democratic regimes fulfil both constitutional and electoral conditions, and are also referred to as liberal democracies, such as the United States. Given this typology, Angola fits the "authoritarian" category, and Botswana can be regarded as a liberal-oligarchic, or as a dominant-party system due to the BDP's electoral dominance since independence in 1966. This has however not negatively influenced its resource management policies, as will be elaborated in Chapter 4.

[113] Wiggel, M. (2008). "Mapping 'Hybrid Regimes': Regime types and concepts in comparative politics," Democratisation, No. 15, Volume 2, 230-250, p 242
[114] Ibid, p 244
[115] Loc cit

REGIME TYPES

Regime Types	Minimal Electoral	Minimal Constitutional	Additional Electoral	Additional Constitutional
Authoritarian	−	−	−	−
Electoral-Autocratic	+	−	+/−	−
Constitutional-Oligarchic	−	+	−	+/−
Democratic	+	+	+/−	+/−

Note: The plus indicates the presence of the bundle of attributes listed at the top of each respective column. The minus indicates the absence of the bundle of attributes. +/− indicates that the bundle of attributes may be either present or absent.

Fig. 2: Wiggel's typology of regime types[116]

Democracy and democratic contestation in Africa

Democracy is defined and described in various ways that reflect its classical philosophical origins and core features. The openness of the political system and primacy of participation by the masses are some of the most prominent tenets. For instance, Bachrach defines it as a system of governance that is mandated with the 'self-development' of each individual in the polity.[117] Dahl defines democracy as a system that is "almost entirely responsible to its citizens", emphasising competition and participation as the core of democratic politics.[118] Schumpeter defines it as a system whereby holders of public office are selected through periodic elections in which candidates freely compete for votes with a universal adult franchise.[119] This is contrary to competing perspectives such as Elite Theory and Marxism. For instance, Elite Theory describes a system where oligarchic minorities whose interests trump those of the masses dominate the political system, and Marxist Theory emphasises the instrumental and structural nature of the state, with economic elites (bourgeoisie)

[116] Loc cit
[117] Huntington, S.P. (1997). "After twenty years: The future of the Third Wave" Journal of Democracy 8, 4, p 195
[118] Loc cit
[119] Loc cit

manipulating the state to fulfil self-seeking market-based objectives.[120] In this way, democracy is seen as the ideal and most supreme model of governance that is an antidote to such socio-political pathologies that Elite and Marxist theories hypothesise.

Elections, the rule of law, separation of powers and civil society are democracy's main institutional features. *Elections* are the primary channel of participation, contestation and granting of legitimacy to hold public office. They ought to be regular, free, fair and competitive in order to be credible.[121] In practice however, electoral results are not always immune from manipulation both in established and developing democracies. Manipulation ranges from the parties having disparate amounts of resources, access to the media, bias by electoral agencies and zoning irregularities. As a result, democracies can be regarded as being distinctly "electoral" or "liberal". Liberal democracies hold regular elections, exercise sufficient restraints on the power of the executive, have independent judiciaries, protect individual liberties and the rights of minority groups.[122] Electoral democracies, on the other hand establish governments through elections, which may be considered free and fair, but exist without the above-mentioned features of liberal democracy--particularly individual rights and liberties. For instance, Freedom House's 2014 global report ranks 45% countries as free, 30% as partly free and 25% as not free.[123] Therefore, elections do not always guarantee the consolidation of the core tenets of democracy

[120] Adejumobi, S. (2000). "Elections in Africa: A fading shadow of democracy?" International Political Science Review, Vol 21, No.1, p 61
[121] Ibid, p 4
[122] Loc cit
[123] Freedom House, 2014 "Freedom in the World" report

mainly because of political elites' aversion to the strengthening of democracy in order to consolidate political power.

Furthermore, the three main types of electoral regimes are categorised as facilitating plural, majority or proportional representation. Plural models, or "first past the post", are the most common in developing countries. They are based on territorially demarcated single member constituencies, with a candidate or party getting the greater number of winning votes in one round of voting despite the proportion of votes gained not constituting a majority.[124] Secondly, majority representation entails a candidate's electoral victory being determined by winning more than 50% of votes cast. This is a slight alteration of the first past the post system. Proportional representation treats the state as a single constituency, and this can be categorised as "single-transferrable vote" and "party list" systems.[125] *Single transferrable* systems of voting stress personal rather than territorial aspects, with a candidate obtaining a quota of votes approximate to the number of votes cast and divided by the number of seats to be filled. *Party list* is where each competing party receives a specific percentage of seats proportional to the number of votes gained in an election.[126] In this way, all political parties that participate in the election are guaranteed seats in the legislature and votes are not "wasted", as a result.[127]

Another essential tenet of democracy is the *rule of law, which* entails the supremacy of the constitution, equality before the law, due legal processes and its predictability.

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[124] Mesfin, B. (2008). "Democracy, elections & political parties: A conceptual overview with special emphasis on Africa." Institute for Security Studies, Paper 166, p1
[125] Loc cit
[126] Loc cit
[127] Loc cit

The rule of law guarantees the protection of civil and political liberties that are enshrined in the constitution. It also supports the economy through the reduction of transaction costs and guaranteeing of property rights, which are essential for creating an environment conducive for investments and economic growth. [128] The *separation of powers* between the executive, judiciary and legislative arms of the state is another primary institutional feature of democracy. Ideally, relative autonomy between these three core institutions of the state results in checks and balances, thus diminishing chances of biased outcomes. Also, the *civil society* is democracy's key mediating institution. It operates independently between the masses and the state, functioning as a major tool for articulating the popular will, influencing state policies and giving birth to political parties as well.[129] Civil society groups can also rise out of ethnic, religious, ideological or class groups. For instance, during the latter years of colonial rule most nationalist groups across sub-Saharan Africa grew out of Marxist-oriented unions, which initially aimed at improving indigenous workers' conditions but gradually mutated into full-fledged anti-colonial campaigners and political parties.

Furthermore, the four main conditions under which democracy can flourish are the level of economic wealth, social structure, external influences and cultural context.[130] A "very high correlation" between levels of economic development and democracy explains why most poor countries struggle with democracy, and most developed ones have relatively more robust systems.[131] Lipset also argues that capitalist and free

[128]Lipset, S.M. (1994). "The Social Requisites of Democracy Revisited", American Sociological Review, Vol. 59, p 7
[129] Huntington, S.P. (1984). "Will More Countries Become Democratic?" Political Science Quarterly, 99, 2, p 11
[130] Dryzek J &Dunleavy, P. (2009). Theories of the Democratic State. Palgrave McMillan, p 198
[131] Ibid, p 198

market economies are essential for democracies to thrive.[132] Economic development contributes to the improvement of education and urbanisation levels, which increases the likelihood of citizen participation. Most importantly, it leads to the growth of a middle class/bourgeoisie that is invested in the way they are governed. It also spawns industrialisation, which gives rise to unionism, political party formation and growth of civil society.[133] Development also produces resources for national distribution, diminishing chances of politics degenerating into a zero-sum competition for little resources. It also creates multiple actors and centres of power within the polity, which the state may not be able to control and who counterbalance its 'relative autonomy.'[134]

A country's social structure also influences patterns of democratisation. A 'differentiated' social structure with relatively autonomous social classes, regional groups and professional organisations provides the basis for the limitation of sate power.[135] As highlighted above, the bourgeoisie constitutes a well-resourced social group invested in political governance, through supplying candidates for political office or speaking out regarding various political issues as individuals or foundations and civic interest groups. On the other hand, ethnically homogenous polities (like Swaziland, for instance) that may have traditional monarchies instead of rational-legal democratic systems tend to experience flawed to none democratic systems. In addition, a society's receptiveness to democracy rests on local cultural factors. Culture can be defined as a set of beliefs, expressive symbols and values that define

[132] Lipset, Op. Cit, p 2
[133] Loc cit
[134] Loc cit
[135] Loc cit

the situation in which political action takes place.[136] Where the local culture supports the tenets and dynamics of democracy, it will flourish, but when dominant aspects of culture, like religion (such as predominantly Muslim countries) it may not be sustained.

Violent Political Contestation in Africa

In African postcolonial states, political violence has often been a ubiquitous feature, with varying levels of intensity in different countries.[137] It occurs in various contexts, primarily as civil wars or through elections. Electoral violence in Africa occurs before, during or after elections and it is usually characterised by voter intimidation, destruction of political parties' campaign materials, arrest, imprisonment, physical attacks and assassination of political candidates and attacks on political parties' offices.[138] The most notable examples include Nigeria in 2003 and 2007, Lesotho in 1998 and 2007, Kenya in 2007 and Zimbabwe in 2000, 2002, 2005 and 2008.[139] Electoral violence can be categorised as low or high intensity, and it is essentially instrumentalised as a mode of competition, rationally employed to weaken political opponents.[140] Causes of electoral violence are varied and complex, but largely caused by the nature of the country's transition from colonialism to independence, social cleavages, quality of the state's monopoly over violence, perceived legitimacy of the electoral process and the nature and organisational capacity of political parties.[141]

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[136] Dryzek, and Dunleavy, Op. Cit, p199

[137] Adolfo, E. V, Kovacs, M. S, Nystrom, D and Utas, M. (2012). "Electoral violence in Africa." Policy Notes, (3) Nordic Africa Institute, p 2

[138] Loc cit

[139] Biegon, J. (2009). "Electoral violence and fragility in Africa: drawing lessons from Kenya's experience in the 2007/2008 postelection violence," Conference Paper, Accra, Ghana, p 1

[140] Loc cit

[141] Mehler, A. (2007). "Political Parties and Violence in Africa: Systematic Reflections against Empirical Background", in Basedau (et al). Eds. Votes, money and violence: Political parties and elections in sub-Saharan Africa. Nordiska Afrikainstitutet, Sweden/University of KwaZulu Natal Press,

To elaborate, militarised transitions to political independence have been associated with political violence due to residual effects, such as armed militia who attack at the bidding of contending political elites, and an entrenched culture of using violence as a means of arbitration. Social cleavages, especially religious and ethnic tend to be used for political mobilisation by political elites. Ethnic groups can also act as relatively autonomous structures that can undermine state capacity, or become an alternative to a weak or collapsed state that cannot supply public goods.[142] A weak state security apparatus also fails to neutrally mediate violent contestation between non-state groups, thus making violence likely. The form and nature of political parties also determines their predilection for violence. For instance, formerly militarised nationalist movements, such as ZANU PF in Zimbabwe maintain "struggle discourse", branding all forms of political opposition as an "affront to national interests" and thus deserving violent confrontation and elimination. Therefore, political violence is usually a result of pre-existing conditions that are peculiar to the post-colonial African context, and elections are located within these power relations.

In addition, political violence is indicative of deep-set institutional weaknesses and failure of state building.[143] A key pre-condition for democracy to flourish is a viable state. The state is a body politic, or a set of administrative institutions that claim a legitimate command over a bounded territory.[144] A viable state also has legitimate monopoly over violence, and is able to provide public goods that reinforce its

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South Africa. p 194

[142] Azam, J. P. (1999). "The redistributive state and conflicts in Africa." Working Paper Series, 2001/3, p 3

[143] Bratton, M and Chang, E. (2006). "State building and democratisation in sub Saharan Africa: Forwards, backwards, or together?" Comparative Political Studies, Vol 39, No. 9, p 1059

[144] Ibid, p 1062

legitimacy as a delegated authority established by popular will. Democracy is a form of a governance system of a state, so there is need for consolidation of state institutions prior to democracy.[145] Introducing elections prior to the securing of a legitimate, stable political order is *"democratising backwards",* and this has been African states' experience. [146]

In comparison, "first wave" or advanced Western democracies developed basic institutions of a state before universal suffrage was granted; thus they *democratised forwards.* On the other hand, the emphasis on having elections without institutions of strong state institutions in Africa largely accounts for the prevalence of violent political contestation. Leaders in new democracies would have a double challenge of constructing modern state institutions while competing with other non-state actors.[147] In light of this fact, sequential reform that entails building institutions of a Weberian state model and a developed economy would need to precede democratisation.[148] Examples include East Asian states such as South Korea which developed long traditions of strong states with merit based bureaucracies prior to liberalising its political and economic systems.[149] Therefore, the strategy of promoting elections at the expense of state building in Africa was simplistic and proved to be ineffective.[150] This accounts for the predominantly violent political contestation that has characterised both resource and non-resource rich countries in Africa.

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[145] Loc cit
[146] Loc cit
[147] Loc cit
[148] Fukuyama, F. (2007). "Liberalism vs state building." Journal of Democracy, Vol 18, No. 3, p 2
[149] Loc cit
[150] Ottaway, M. (1997). "African Democratisation and The Leninist Option", The Journal Of Modern African Studies, Vol. 35, No.1, p7

Furthermore, the idea that democracy in Africa could be an externally driven exercise was not *inductively* reached by monitoring trends in political development on the continent, but *deductively,* through theories and experiences of other (mostly Western) countries.[151] African conditions may not be conducive for the successful implementation of democracy in its classical, Western form, and the same goes for socialist systems that have equally failed to grow on the continent—such as Tanzania's experience, for instance.[152] While formal institutions are relatively easy to establish, socio-economic structures that determine the extent to which they will work are more difficult to create. African political systems can thus be described as 'peculiar hybrids', because they are typically both patrimonial, which is an aspect of "traditional" governance, and also possessing aspects of a modern Weberian state.[153] Therefore, the process of building democracy in Africa ought to begin from the state-centre and as an endogenous project, with minomal external involvement. [154] The imposition of externally generated ideologies of governance onto African political systems, while negating existing socio economic and political patterns will undermine the development of endogenous democratic systems[155].

Nevertheless, African states show a record of growth of institutional rules and gradual displacement of violence as a means of arbitration.[156] Since the advent of the 3rd wave of democratisation in 1990, elections have become a more important mechanism for selecting leaders and growth is evident both in the number and quality of

[151] Ibid, p 8
[152] Ibid, p 9
[153] Ibid, p 10
[154] Ibid, p 11
[155] Loc cit
[156] Posner, D.N. & Young, D. J. (2007). "The institutionalization of political power in Africa." Journal of Democracy, Volume 18, Number 3 p127

competitiveness. For example, between 1960-1970 there was an average of 28 elections, which grew to 36 in 1980s, and 65 in the 1990s.[157] Between 2000-2005, 41 elections were held, and this increased frequency of elections also saw incumbents being challenged by more than one opposition political party. Dominant parties are however a common feature, for instance South Africa's African National Congress (ANC), Namibia's South West Africa People's Organisation (SWAPO), Botswana Democratic Party (BDP) and Zimbabwe African National Party (ZANU PF). This results in elections adopting a "liberal Machiavellian nature", with the entrenchment of a single political party's dominance and a weak, fragmented opposition.[158] Although incumbents win almost always, they have still managed to extend their power through formal institutional channels rather than extra constitutional means.[159] For instance, Zimbabwe's Robert Mugabe, in power since 1980 has remained thus through elections, although he is a de facto authoritarian ruler. On the other hand, Botswana's ruling party (BDP) has been in power since 1966 but has peacefully changed leaders four times since then, through relatively free and fair elections.

However, despite improvements with electoral democracies, political contestation has also adopted militarised forms in post-colonial African states. This, as mentioned earlier has been a result of the existence of non-state armed groups within African states. Military contestation is rooted in Cold War proxy wars, for instance in Zimbabwe, South Africa and Angola. Nationalist groups that transformed into military groups, particularly in the 1970s have morphed into the dominant governing parties alluded to above. In these countries, political independence and transition to

[157] Ibid, p 127
[158] Loc cit
[159] Loc cit

democracy occurred as a result of military conflict. Examples include Zimbabwe's ZANLA and ZIPRA, ANCs Umkonto weSizwe and Angola's MPLA and UNITA. As mentioned above, due to the zero sum nature of post-colonial African politics, military violence has remained a part of post-colonial political contestation and arbitration. This is worsened by the existence of high rent generating extractive natural resources such as diamonds and oil, since control of the state translates to access to resource revenue.

This violence has often resulted in significant numbers of African rulers opting out of territorially bounded state structures.[160] Political incumbents have often employed non-state actors, like mercenaries and foreign contractors to provide security and perform services formerly run by state bureaucracies. Incumbent African rulers face incessant threats from strongmen, or "warlords", particularly those belonging to social groups marginalised from patron-client networks. The creation of enclaves within such states by warlords is thus designed to undercut incumbents' influence, undermine state sovereignty, weaken bureaucracies and cause conflict. Sierra Leone and Angola are key examples where rebel groups created "states within states", which was also supported by the presence of natural resources, primarily diamonds..[161] It has thus often become difficult to separate private power and state power in some contexts; since incumbent statesmen employ various non-state and trans-state networks to provide privatised security and administrative services normally reserved for the state.

In addition, as alluded to earlier most rulers faced increased insecurity following the Cold War. While non-state political rivals function in informal networks, which give

[160] Op. Cit, Posner and Young, p 128
[161] Loc cit

them access to weapons and other resources, incumbents have often faced limits from bureaucratic institutions of the state, which increased their sense of insecurity.[162] In Sierra Leone for instance, both President Momoh and Valentine Strasser outsourced military and revenue collection services, from companies such as Executive Outcomes and Specialist Services International respectively.[163] Both leaders faced insecurity from their own armies and from the RUF rebel group. Mercenaries were thus preferred due to their loyalty and inability to build independent power bases. State weakness thus causes uncertainty and insecurity for African leaders, causing a reordering of institutional configurations of the state. In such a scenario, natural resources have often driven this state of dysfunctional statehood and militarised political contestation.

Nevertheless, Thandika Mkandawire argues that political violence is not peculiar to Africa, and neither rooted in its cultural practices, like neo-patrimonialism nor driven by greed of economic incentives alone.[164] He disagrees with the economic explanations given by scholars like Collier and Hoeffler – that poverty is a key determinant and push factor for violence – and rational choice theories which argue that rebels are self interested actors employing deliberate, systematic violent acts to achieve various objectives.[165] Instead, postcolonial rebel movements usually stem from urban-based grievances, such as youth unemployment that cannot be expressed in urban areas where the state has a greater monopoly over violence. As a result, the violence spills over to the rural areas where rebel groups establish parallel spheres of

[162] Mkandawire, T. (2002). "The terrible toll of post-colonial rebel movements in Africa: towards an explanation of the violence against the peasantry." Journal of Modern African Studies, Vol 40, Issue 02, pp181-251
[163] Akinwumi, Op. Cit
[164] Loc cit
[165] Loc cit

control. These issues are often a result of ethnic and economic marginalisation, and this tends to be worse in resource rich but poorly governed states.[166] Thus, political violence is usually based on structural conditions that need to be investigated through holistic, context based and root-cause based analyses.

Furthermore, resource scarcity can also induce political violence in post-colonial African countries.[167] Scarcity can be *supply induced*, where environmental degradation and resource depletion leads to increased competition for little resources; or *demand induced*, where excessive consumption and pressure on the environment increases due to population growth for example; and *structurally induced*, where unequal social distribution of resources and concentration in the hands of relatively few people, while the majority struggle with poverty, results in conflict.[168] The hardships result in grievance formulation and articulation, that lead to increased demands on the state. Chances of conflict escalate where a breakdown in channels of communication between the masses and the state occurs. The likelihood of violence also increases when non-state groups with strong collective identities and an opportunity to successfully challenge the state also exist. Ethnicity can also be a causal factor in this regard, especially as a mobilization tool since it is the most readily available form of group identification and allegiance. This can happen through 'primordial' or 'instrumental' mechanisms. Primordialism emphasises the affective, cultural bases of ethnic identities and allegiances.[169] Instrumentalism, on the other hand focuses on how ethnic identities are manipulated to garner political benefits and

[166] Op.Cit, Mkandawire
[167] Percival, V and Homer-Dixon, T. (1998). "Environmental scarcity and violent conflict: The case of South Africa." Journal of Peace Research, 15 (3), 279-98
[168] Loc cit
[169] Berman, B.J. (1998). "Ethnicity, patronage and the African state: The politics of uncivil nationalism." African Affairs, (97), 305-341

objectives. Political elites in weak democracies thus tend to instrumentally manipulate primordial attachments. This can become acute where extractive mineral resources abound since they enable non-state groups to acquire arms and other material resources to challenge the state.

Given the discussion above, various factors underlie the nature of violent and non-violent political contestation in post-colonial Africa, and this in turn shapes specific ownership models established in resource rich countries. Although most governments adopted democratic systems after the end of colonial rule, they have not always been consolidated and sustained in their normative forms. The presence of natural resources creates incentives for centralised state control, and the state frequently becomes the locus of political contestation since controlling the state translates to having direct access to resource revenue. This also leads to centralised ownership models that marginalise other social groups, thus creating zero-sum competition for control of either the state or the resource sector or both. Nevertheless, cases like Botswana deviate from this common "resource curse" trajectory, thus showing the need for nuanced approaches that show the interplay of domestic political conditions and the management of natural resources. Therefore, these debates shall be considered through the comparative analysis of the cases of Angola and Botswana, elaborated in Chapter 4 below.

Chapter 4: Case Study Presentation

Angola and Botswana: An Overview

Botswana is one of the world's foremost success stories as far as economic and political governance is concerned. Upon attaining political independence in 1966, Botswana was one of the poorest countries in the world. For example, it had poor infrastructure and no paved roads (save for 10km of tarred road) and only two secondary schools built in the 1940s existed[170]. The schools could only accommodate up to 80 students a year, whereas Zambia, for instance could accommodate 10 times this number, while Uganda could manage 70 times this figure.[171] As a result, Botswana had a 25% literacy rate. Furthermore, 50% of government expenditure at independence was financed from Britain, with cattle ranching being the only viable economic activity.[172] In addition, 90% of the population lived in poverty, with $60 per capita income. Agriculture was one of the core economic sectors, which accounted for 40% of its GDP.[173]

However, Botswana managed to develop its economy to impressive growth rates since then. For instance, it had per capita income of $5796 in 1998, which was almost four times the African average at the time. Between 1965 and 1998, the economy grew at 7.7%.[174] In 2001, real per capita income was pegged at $7820 and this was

[170] Robinson, J. A. (2009). "Botswana as a Role Model or Country Success." Research Paper No. 2009/40, United Nations WIDER Series, p 2
[171] Acemoglu, D., Johnson, S., and Robinson, J. (2002). An African Success Story: Botswana. Discussion Paper No. 3219. Centre for Economic Policy Research, London, p 3
[172] Loc cit
[173] Sebudubudu. D., and Botlhomilwe, M. Z. (2012). "The critical role of leadership in Botswana's development: What lessons?" Leadership, 2012 8: 29, p 32
[174] Loc cit

nearly twice as high as the average East Asian Tigers' per capita income of $3854.[175] Although it still experiences several economic, social and political challenges, its economic growth and political stability have been relatively impressive compared to other resource rich sub-Saharan African countries. Its relative success can be explained in part by the nature of its colonial transition, the role of post-colonial elites' policy choices, relationship with the world's largest diamond cartel (De Beers) and the creation of strong institutions upon which its economic stability is founded.

Angola, on the other experienced divergent outcomes. Since it was a Portuguese colony, the 1974 revolution in Portugal came at a time when the country was a tinderbox of militarised anti-colonial violence. The MPLA, UNITA (National Union for the Total Independence of Angola) and FNLA (National Liberation Front of Angola) were the country's main nationalist groups. Once Portugal granted political independence in 1975, the groups began fighting for control of the state[176]. Although MPLA eventually prevailed over the other two organisations and became internationally recognised as the legitimate government of Angola, the subsequent protracted civil war running from 1975-2002 undermined the development of strong political institutions in the country. In addition, Angola was the theatre of a Cold War proxy war that involved several external actors, including the United States, Cuba, South Africa and the DRC (then Zaire). While the Angolan economy had been vibrant and relatively diversified during the terminal stages of colonial rule, the adoption of Marxist-Leninist ideology by the MPLA is generally credited with causing gradual

[175] Beaulier, S. (2003). "Explaining Botswana's Success: The Critial Role of Post-Colonial Policy". Cato Journal, Vol. 23, No. 2, p 229

[176] de Oliveira, R. S. (2007) "Business Success, Angola-style: Postcolonial Politics and the Rise and Rise of Sonangol." The Journal of Modern African Studies, 45, 04: 595–619.

economic decline and eventual dependence on natural resource revenue[177]. However, the creation of Sonangol in 1976 and its subsequent growth is one of the greatest marvels of Angola's history. The company was MPLA's political project, created and competently managed in order to generate rents for sustaining the war effort and primary revenue source for the government[178]. The company is the sole oil concessionaire, regulator, tax collector and manager of revenue on behalf of the Angolan state[179].

Angola: Political Contestation and the Formation of Sonangol

Historical Overview

Angola is a former Portuguese colony, with the colonial incursion dating back to the late 1480s but formally established after the 1884-85 Berlin Conference. Although Angola was a settler colony, the Portuguese settler population was fairly small, with approximately 340 000 being recorded at independence in November 1975. The settler population grew from the early 1950s, with increased migration from Portugal by both peasant and entrepreneurial classes. Although indigenous communities such as the ethnic Ovimbundu and Bakongo communities revolted in 1913 and 1917, the nationalist movement for political independence only commenced in earnest in 1961.[180] Like other European powers in Africa, the Portuguese colonial state had an extractive imperative in Angola, collecting rents primarily through taxation, forced plantation labour and the export of cash crops such as cotton and coffee.[181] It also

[177] Loc cit
[178] de Oliveria, Op cit
[179] Loc cit
[180] Meijer, G and Birmingham, D. (2004). "From military peace to social justice? The Angolan peace process." Conciliation Resources, Online: http://www.c-r.org/accord-article/angola-past-present. Accessed 10 March 2015
[181] Loc cit

practiced a cultural imperialist system of "luso-tropicalism", where Portuguese customs, culture and Catholic religion were imposed on the local ethnic communities.[182]

Nationalist groups eventually emerged in the post-World War era, when colonial powers began to gradually weaken. The FNLA, led by Holden Roberto was established in 1954, UNITA, led by Jonas Savimbi in 1966 and MPLA led by Agostino Neto was established in 1956. Initially, the nationalist movements were ethnic based outfits. For instance, the FNLA was supported by Northern Uige and Cabinda peoples, who comprised of 12% of the population, while the MPLA's support base was the M'bundu from Cetete-Malange areas located both in the hinterland and urban areas—particularly Luanda, including descendants of the mixed race "mesticos", who comprised 27% of the population. UNITA's support primarily emanated from the Ovimbundu from Southern Angola, who comprised 36% of the population.[183] These differences were present both in the pre and post-colonial era. The armed rebellion against colonial rule was ignited by the colonial administration's heavy-handed resistance of a mass protest against colonial rule in the country's northern region in 1961, where between 250 and 1000 people (both black farm workers and white farmers) were killed.[184] Subsequently, the FNLA, MPLA and UNITA began conducting guerrilla warfare against the colonial state, also supported by exiled groups in Kinshasa, Conakry, Brazzaville, Lisbon and Paris.[185]

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[182] Loc cit
[183] Pearce, J. (2012). "Control, politics and identity in the Angolan civil war." African Affairs, 111/444, pp 442-465 p446
[184] Mejir and Birtmmingham, Op. Cit, p 13
[185] Loc cit

Nevertheless, the movements did not successfully lead to decolonisation in Angola. The 1974 coup in Portugal against Marcelo Caetano's regime led to the Alvor Agreement in 1975 between Portugal and the three nationalist movements. This led to the establishment of a transitional government that would lead to elections for the first post-colonial government.[186] However, the transitional government collapsed due to internecine conflict between the three movements, and external actors also supported this violence due to Cold War interests. The FNLA and UNITA received American and Chinese support, and Agostino Neto's MPLA was backed by the Soviet Union and Cuba. This external support largely shaped the character of the civil war, which would be eventually waged between UNITA and MPLA from 1975 to 2002.

Political Independence and post-colonial military contestation

The MPLA seized state power on November 11th 1975, sidelining FNLA and UNITA and establishing a Socialist one party rule that was recognised by most countries worldwide, except the United States. The MPLA, with strong backing from Cuba established a centrally planned Marxist-Leninist state from 1975 to the late 1980s.[187] Apart from actively controlling the economy, the authoritarian state restricted political activities and also banned civil society activities and any religions that were not aligned to the Catholic Church.[188] The FNLA eventually disbanded following clashes with the MPLA in Luanda, while UNITA retreated to the hinterland, leading to a civil war pitting the two organisations against each other that claimed over 500 000 lives.[189] Given the Cold War background, the MPLA-led state remained under

[186] Ibid, p 451
[187] Meijer and Birmingham, Op. Cit, p 14
[188] Loc cit
[189] Malaquis, A) (2001). "Making war and lots of money: The political economy of protracted conflict in Angola." Review of African Political Economy, Vol. 28, No. 90 pp 521-536 p 521

constant threat from UNITA, backed by apartheid South Africa and the United States.[190] The MPLA controlled Luanda, provincial and coastal towns and cities, and managed to expel UNITA from all urban centres with Cuban military backing by 1976.[191] Ethnic cleavages also acted as centrifugal forces to the violent clashes between UNITA and MPLA militias due to the ethnic-based support and mobilisation between the two parties.[192]

Furthermore, MPLA militias targeted civilians in Luanda whose origins were from the northern or central highlands, because they were suspected to be UNITA supporters.[193] This led to an exodus of internal refugees from Luanda to the highlands, where they fell under UNITA control. The war thus became territorialised between urban areas and the hinterland, and the population similarly divided.[194] UNITA established its headquarters at Jamba in South East Angola by the 1980s, from where it orchestrated guerrilla tactics against the MPLA government. It established smaller bases in villages, providing a semblance of order and security, and basic social services such as running schools and providing primary healthcare.[195] In addition to using rural dwellers for intelligence gathering, it also established compulsory youth recruitment into the UNITA army. In this way, UNITA created a state within a state, with Jamba as the capital.[196]

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[190] Pearce, Op. Cit, p 598
[191] Ibid, p 451
[192] Ibid, p 521
[193] Pearce, Op. Cit, p 450
[194] Ibid, p 452
[195] Ibid, p 457
[196] Loc cit

The new state's insecurity was also elevated by several attempted coups such as the May 1977 abortive coup by Nito Alves, a Minister in Agostinho Neto's government. The coup was bloodily suppressed and followed by purges of suspected dissidents from the party and government.[197] In addition, since Portuguese settlers had departed en masse after the establishment of the independent state, this left the government and economy vulnerable from a serious skills shortage that also contributed to poor institutional development in both the state and economy. The insecurity and institutional decay gave way to a patron-client state, characterised by corruption and plunder, economic decline and the reliance on oil revenue as shall be elaborated below. By the 1990s however, there was a state of stalemate between the MPLA and UNITA particularly due to the end of the Cold War and this led to attempts at establishing peace between the two parties by African and Western actors. This included the 1988 New York Accords, that led to the partial withdrawal of external forces from Angola, the 1991 Bicesse Accords, that led to a ceasefire, demobilisation, formation of a unified army and police and paved way for elections.[198]

However, the Bicesse accords collapsed in 1992 after Jonas Savimbi refused to accept electoral defeat to the MPLA and war resumed in 1993. The conflict became more brutal than the initial period after 1975, with UNITA seizing towns for the first time since 1976.[199] However, the MPLA government troops made more thorough efforts to eliminate UNITA than before, and its military effort was bolstered by global sanctions against UNITA—particularly its sale of diamonds, which had become its major

[197] Le Billon, Op. Cit, p 57
[198] Pearce, Op. Cit, p 460
[199] Loc cit

source of finance after the Cold War era patronage from the United States had ended.[200] UNITA had also become more violent, displaying a more saliently predatory character.[201] This led to heightened insecurity in the rural areas and despite a significant level of support from the hinterland initially; UNITA became criminalised and isolated both internally within Angola and the international community as well. The Lusaka Protocols in 1994, another significant effort at facilitating lasting peace also failed due to UNITA's refusal to abide by the agreement. This also led to a formal declaration of the resumption of war in 1998 by MPLA's Eduardo Dos Santos, who had succeeded Agostino Neto in 1979, a more aggressive government response and removal of people from the rural areas to prevent UNITA from using them as human shields as sources of food and other supplies. [202]

Generally, oil and diamonds became the source of finances that enabled both the MPLA and UNITA to wage the protracted civil war. For instance, oil production accounted for 80% of government revenue by the 1990s, generating over $5billion gross annual income.[203] Given the state of insecurity for the government and country in general, the MPLA government developed an oil based enclave economy, with minimal diversification to other economic sectors and oil revenues were controlled by the presidency, MPLA and the party's networks of clients.[204] This undermined the economy's sound potential in other economic sectors such as fisheries, agriculture,

[200] Loc cit
[201] Ibid, p 461
[202] Le Billon, Op. Cit,, p 59
[203] Ibid, p 61
[204] Ibid, p 62

and hydropower. The country's oil wells were all offshore based, which provided a "sanctuary effect" for the MPLA and minimised UNITA's reach.

Thus, for instance the government funded substantial arms imports from oil money, such as $5billion worth of weapons imports in 1993, 1994 and 1999.[205] On the other hand, diamonds provided UNITA with war funds, especially during the post-Cold War era. Diamond fields had already fallen outside the government's control into UNITA's hands by the late 1970s. Angola's diamonds were mostly alluvial, and spread over a vast territory.[206] As discussed in earlier sections, diamonds' ease of transportation and portable nature provided discreet payment systems that fell outside global regulatory and monitoring systems. They also attracted multiple actors, from migrant diggers, local civilians, military units, local and external fortune seekers and global corporations. [207] Furthermore, UNITA "professionalised" diamond operations by 1983, through training staff in diamond sorting, investing in mining equipment for mining kimberlitic pipes, and seizing equipment from existing miners and diggers. By 1988, UNITA was generating between $50 000-$4million monthly from diamond sales.[208] In addition to its Angolan operations, UNITA also developed and seized more diamond mines in southern DRC, especially after MPLA seized some of its mines in late 1998.

Nevertheless, unlike the MPLA's oil, diamonds did not provide a stable revenue source for UNITA due to the absence of the "sanctuary effect". For instance, in addition to the diamonds being located onshore, and thus being susceptible to the

[205] Le Billon, Op. Cit, p 63
[206] Ibid, p 67
[207] Le Billon, Op. Cit,, p 68
[208] Loc cit

MPLA's control, UNITA lacked capital to develop kimberlitic diamond mining and suffered constant military attacks from the MPLA forces. After 1998, the United Nations also imposed sanctions against UNITA diamond trade and this led to a sharp drop in its revenues, from $600-700million in 1996 to $120 – 300 000 by 1999.[209] In addition, UNITA sub-commanders had a significant degree of autonomy, which led to the undercutting of revenue to the central party and criminalisation of the industry in general due to multiple actors.

Establishing the "Universo"

Founded in 1976, Sonangol was thus the MPLA government's oil fund manager during the war and it has morphed into a global corporate behemoth since then. Given the militarised political contestation in Angola, the government established an authoritarian Marxist-Leninist regime as alluded to above, and the culture of authoritarian rule remains to date. Despite its conversion to a neoliberal economic system by the early 1990s, the Angolan state has maintained an exclusive political patronage system that is dependent on oil revenues. Oil exploration started in the mid 1950s in Angola, although the Portuguese settler government had created a diversified economy in the terminal years of colonial rule, particularly since the late 1960s. This included sisal, coffee, cotton, diamonds, iron ore and oil exports, with the latter only being exported starting in 1973 by ANGOL, the state owned oil company.[210]

Just after independence in 1975, the MPLA established a National Commission for the Restructuring of the Petroleum Sector (NCRPS), led by Percy Freudenthal, a white Angolan businessman with ties to Agostino Neto since the 1950s, Morais

[209] Ibid, p 70
[210] de Soares Oliveira, Op. Cit, p 597

Guerra, a lawyer, and Desiderio Costa, an engineer.[211] This reflected the expert-driven genesis of Angola's post-colonial oil economy, which was to characterise Sonangol's growth and expansion. Further development of the oil sector included the appropriation of ANGOL's assets, although the company's colonial-era staff was retained. The MPLA also invited back Western oil companies that had left at the end of colonial rule and the beginning of the civil war, including US companies Gulf Oil, Texaco, and Petrofina.[212] In this way, the MPLA expressly rejected the nationalisation of the oil sector, instead opting to create a government-sheltered private enterprise-driven system. Thus, while it established a centrally planned Marxist political and economic system, the government managed the oil sector using a flexible, pragmatic approach that was insulated from the clientelist and prebendal political system.[213]

Sonangol was formally established in June 1976, as the sole concessionaire, regulator, and tax collector for the oil industry. In this way, it was both an oil company and a private player and regulator, on behalf of the government, or specifically, the MPLA presidency. Apart from establishing contractual relationships with the aforementioned oil firms and others such as Algerian state-owned oil company Sonatrach, Sonangol also recruited expert staff both from Angola and other places worldwide, conducted staff training programmes, secured US consultancy firm Arthud D. Little's services.[214] The latter attracted Neto's criticism, although his panel of trusted lieutenants convinced him of the partnership's necessity despite the MPLA's hostile relations with the United States.[215] By 1983, Sonangol had begun pumping and

[211] De Oliveira, Op. Cit, p 598
[212] Ibid, 599
[213] Ibid, p 600
[214] Ibid, p601
[215] Loc cit

marketing oil globally, and created a London office to facilitate direct trading into the European market and elsewhere.

By 1989, Sonangol had grown into a robust corporate holding company, with a 1989 World Bank report highlighting the company's expert-led growth amidst the dire lack of skill within the rest of the Angolan economy.[216] In 1991, Sonangol had been consolidated into a holding company, "Sonangol EP" with a variety of subsidiaries in other oil and non-oil economic sectors such as new oil well exploration, distribution, training services for the petroleum industry, air transport, shipping, insurance and risk management, banking and various philanthropic endeavours as well.[217] A more fascinating factor was that Sonangol's growth and consolidation occurred amidst the civil war, and thus funded the MPLA's government and counter-insurgency efforts. For instance, amidst an 80% rebel-occupation of the Angolan territory in 1993, Sonangol remained unaffected and instead grew its investor base, drilled new oil wells and allowed new companies such as BP, Shell, Exxon, Petrobras and China's Sinopec into Angola's oil market.[218] The company continued earning substantial revenues, with an estimated $17-23billion between 2003-2008. The company's growth led to a high global reputation, and it maintains a culture of efficiency and world-class corporate image to date. In comparison, other state corporations such as the diamond parastatal ENDIAMA and national airline TAAG do not rival Sonangol's expertise and global reputation.[219]

[216] de Oliveria, Op. Cit, p 602
[217] Ibid, p 603
[218] Loc cit
[219] de Oliveria, Op. Cit, p 604

Factors that account for Sonangol's growth and success amidst a civil war are varied, but rotate around the rentier ambitions of the MPLA elite. The latter has been described as the Angolan *'strategic command posts of power'* between the party, bureaucracy, military and Sonangol executives; or the hegemony of powerful domestic actors.[220] Skilled personnel connected to President Neto by blood and friendship ties have been at the forefront of managing the company and this fostered loyalty and trust within the governing elite. Dubbed "Futungo de Belas", the clique is widely regarded as a parallel state due to the extent to which Sonangol marginalises and undermines government ministries[221]. This, for instance allowed the Sonangol management teams the leeway to forge partnerships with US companies (like Gulf and Texaco), who at the same time were critical of MPLA led government's Marxist inclinations[222]. The company morphed into a massive holding corporation particularly after the abandonment of Marxism in the 1990s, although this introduced crony capitalism instead. Power (2001) argues that the civil war shaped the development of Sonangol and subsequent 'kleptocratic' state traditions due to the struggle for survival against militarised domestic contestation.[223]

As alluded to above, the company created an 'oil enclave', where revenues are reinvested into its subsidiaries and expansion efforts instead of being channelled to the state. Domestic economic investment is also stifled through the monopoly of businesspeople connected to Sonangol and its patrons who have exclusive access to

[220] De Oliveira, R.S & Jones, W. (2013). 'Africa's illiberal state builders', Working Paper Series No. 89: Refugee Studies Centre, University of Oxford.
[221] Lo cit
[222] Loc cit
[223] Power, M. (2001). "Patrimonialism & Petro-Diamond Capitalism: Peace, Geopolitics & The Economics Of War In Angola." Review of African Political Economy, 28: 90, 489 — 502

investments in strategic sectors of the economy[224]. As a result, it has become the most politically and economically important institution in Angola. This is in light of dire human conditions that resulted in the World Bank branding it a 'failed state' on the Human Development Indicators (HDI).[225] Nevertheless, according to Hodges (2001), this cannot be ascribed to the 'resource curse' but deliberate, systematic misappropriation of revenue for patrimonial agendas.[226] Collier (2000) also notes that institutionalised corruption has become integral to the political system, with networks of loyalty being essential to its survival.[227]

Therefore, the 100% ownership model employed by Angola's government during the civil war was motivated by the militarised political contestation that it faced since the establishment of the new state. Sonangol was established to serve the MPLA's immediate financial interests in consolidating its power and hegemony, with both domestic and external opposition emanating from the Cold War context. However, this has also become a post-civil war reality. Apart from being immune from ministry or legislative oversight, Sonangol is in effect a "parallel state", conducting autonomous financial transactions on behalf of the MPLA independent of the rest of the state institutions. For instance, Sonangol has been implicated in money laundering, running of debts against future oil production for weapons purchase both during and after the civil war, and providing oil backed loans for the state elite without any regulatory control.[228] As a result, the International Monetary Fund reported on the Angolan financial "Bermuda Triangle", where $4,22 billion

[224] Loc cit
[225] Loc cit
[226] Hodges, T (2001), Afro-Stalinism to Petro- Diamond Capitalism, Oxford: James Currey.
[227] Collier, P (2000), "Economic Causes of Civil Conflict and Their implications for Policy," World Bank Report, Washington, DC: June, p 4
[228] Ibid, p 605

disappeared between 1997-2002, and suspected to have been embezzled by the MPLA-linked elite.[229]

In light of the above, it can be concluded that militarised political contestation resulted in the ownership structure adopted by the MPLA government in 1976. From the outset, Sonangol was established to serve the state's rentier interests, primarily to serve as the primary source of revenue for the war effort and fund its patrimonial state system. Although the government established Sonangol instrumentally, the domestic and international context shaped this development. Since UNITA was backed by the United States and South Africa, this resulted in considerable insecurity for the MPLA-led state and thus Sonangol and the institutions of the state served as buffers against the military challenge posed by the civil war. In addition, the regime type was also shaped by the context, since the MPLA did not have an incentive to establish a democratic system. The legacy of colonialism was also influential in this regard; both in having oil exploration commence through ANGOL prior to independence, and the MPLA taking over the colonial state's authoritarian institutional apparatus.

Botswana's Debswana in comparative perspective

Historical Overview

Botswana is the world's largest diamond producer by value, and a unique case in that despite its diamond revenue, the country has managed to avoid the typical trappings of resource wealth in African countries. It is a landlocked southern African state with an approximately 2 million-population size and two-thirds of the country is desert and semi-desert. A former British Protectorate, it came under British patronage in 1885,

[229] Loc cit

following entreaties by the Batswana chiefs to seek protection against the encroaching Germans from the east in Namibia, and Afrikaners in South Africa to the south-east.[230] Botswana has a more ethnically homogenous Tswana society, although it is also differentiated along sub-ethnic lines. The eight sub-ethnic groups are the Bangwato, Batawana, Bangwaketse, Bakwena, Belete, Bakgatla, Barolong and Batlokwa.[231] Since the establishment of the Protectorate in 1885, the British did not establish elaborate administrative structures, but assigned a resident magistrate and district commissioners. Nevertheless, the policy of indirect rule was applied, with chiefs functioning as colonial proxies particularly in recruiting young men for mine labour in South Africa and collection of taxes.

Unlike Angola, Botswana did not experience a militarised confrontation with the colonial administration. Nevertheless, the banning of the African National Congress and PAC in the 1960s led to significant numbers of exiles to Botswana. This influenced the growth of nationalist sentiments in the territory, although the gradual slide to independence was predominantly peaceful.[232] The British began granting political concessions in the 1960s, with the establishment of Legislative Councils consisting of representatives from the various Tswana tribes and districts and European settlers. This led to the country's first general elections in 1965, which established an inclusive government.[233] Seretse Khama, a Ngwato chief became the Prime Minister and he led negotiations for an independent Botswana with the British. This resulted in the peaceful transition on 30 September 1966. In the first post-

[230] Danevad, A. (1993). "Development planning and the importance of democratic institutions in Botswana." Chancellor Michelsen Institute Report, Norway, pp 1-169, p 6
[231] Acemoglu, et al, Op. Cit, p 9
[232] Loc cit
[233] Danevad, Op Cit, p 7

independence elections held in 1969, Seretse Khama's Botswana Democratic Party (BDP) won 28 out of the 31 seats in parliament and has won every subsequent election since then.

Political independence and post-colonial democratic contestation

Botswana's Protectorate colonial rule was an advantage in various respects. Unlike other colonies that were characterised by larger settler populations and institutional changes, the Protectorate system ensured that its pre-colonial forms of social, political and economic organisation remained largely undisturbed. This is one of the primary cultural foundations guaranteeing the stability of its democratic system that rests on Tswana "kgotla" cultural practices, characterised by an interactive and transparent relationship between the traditional chiefs and their subjects.[234] Botswana's post-independence political system was also inimical to Britain's Westminster parliamentary model. It established a universal adult franchise, and a pluralist "first past the post", electoral system with single member constituencies. Its unicameral parliament consisted of 34 elected and 4 specially appointed members of the unicameral National Assembly, the Attorney General and the President.[235]

Prior to 1969's constitutional amendment, which created the position of a President---who is both head of state and government, the Prime Minister was the head of government. The president is directly elected through receiving more than half of the parliamentary constituencies, with the majority MPs confirming the winning party's

[234] Loc cit

[235] Parson, J., (1984). Botswana: Liberal Democracy and the Labor Reserve in Southern Africa, Boulder: Westview Press. p 38

candidate in parliament.[236] He forms a cabinet from ministers who are also members of the National Assembly.[237] Although the president's power is in some way constrained by the parliament, the executive generally holds sway over the National Assembly. For instance, the Assembly is empowered to declare a vote of confidence in the government, leading to either the Assembly electing a new president or the incumbent dissolving parliament and calling for a new general election.[238]

The president is also empowered to dissolve parliament if the House presents a bill that he would not accept, which the House would also have refused to compromise upon.[239] Thus, the executive has relative power over the legislature. Given Botswana's party politics, where the BDP is the de facto dominant governing party, these legislative instruments meant to challenge executive power have not been effectively used since independence. In addition, the House of Chiefs was established as an advisory unit of parliament that also debates issues directly pertaining to traditional governance and communal issues such as the use of land and management of natural resources. It consists of eight chiefs from each of the Tswana tribes, and four representatives from ethnic minority groups. Despite its non-legislative role, this proximity to the legislative processes of parliament and informal linkages with the ruling BDP allows the House of Chiefs to exercise a notable degree of influence on the government's policy making processes.[240]It this represents the incorporation of the country's indigenous forms of governance into the modern state.

[236] Danevad, Op. Cit, p 99
[237] Ibid, p 98
[238] Loc cit
[239] Danevad, Op. Cit, p 99
[240] Danevad, Op. Cit, p 99

Political parties were formed as far back as 1959 in Botswana, with the Bechuanaland Protectorate Federal Party (BFPD) although this became defunct by 1962.[241] Subsequently, the Bechuanaland People's Party (BPP) was formed, and mostly driven by young South African educated nationalists influenced by the African National Congress and PAC. The BPP neither had links with traditional power structures, nor rural support but pursued radical politics that rattled the colonial administration. However, the BPP was fragmented by 1964, with a splinter Bechuanaland Independent Party being formed afterwards. The BDP was established in 1962 and became the most formidable political party in Botswana to date. Led by Seretse Khama, it was supported by four main influential social groups, that is, traditional authorities, educated elites, cattle ranchers, settler Europeans and the colonial administration.[242]

European support was significant in that it became the basis for administrative cooperation through legislative councils, prior to independence and post-independence state building as well. This support base boosted the BDP's electoral odds since the most influential local and colonial social groups, who had vested interests in the country's political fortunes, constituted it. For instance, Seretse Khama, as a traditional chief played a central role in rallying his fellow traditional leaders around the party and their rural subjects with them, and this rural support base guarantees BDP's electoral victories to date. In the first election in 1965, the BDP won by 81% (28 seats), the Botswana People's Party attained 3 seats and Botswana Independent Party did not win any.[243]

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[241] Ibid, p 72
[242] Loc cit
[243] Gunderson, G.L. (1970). "Nation Building and the Administrative State: The Case of Botswana,"

A new party, the Botswana National Front (BNF) was established in 1969 and contested in the election that year. The party was typically left leaning, and criticised the BDP's cooperation with the British.[244] African workers, lower level civil servants, some traditional rulers and their subjects, mainly supported it. With regards to the latter, Chief Bathoen of the Bangwaketse tribe in southern Botswana represented a concervative bloc of traditional leaders who were disgruntled by Khama's dilution of the chiefs' authority in rural areas after independence. For instance, the government established District Councils (DC) as the delegated rural authorities, and this led to chiefs losing substantial political power and authority, such as the right to give land, licencing private businesses, and the implementation of development projects.[245] Chiefs are also prohibited from holding political office and maintain their traditional duties at the same time, so Bathoen had to abdicate and joined the BNF.[246] However, the BDP maintained a strong political hegemony in the country as the table (below) shows, which minimised the effects of democratic political contestation on the government's policies.[247]

Election results: Support for the parties in per cent, and seats won (in brackets)

Party/Election year	1969	1974	1979	1984*	1989
Botswana Democratic Party	68.3% (24)	76.6% (27)	75.2% (29)	67.9% (28)	64.8% (31)
Botswana National Front	13.5% (3)	11.5 % (2)	13.0% (2)	20.6% (5)	27.0% (3)
Botswana Independence Party	6.0% (1)	4.8% (1)	4.2% (0)	3.2% (0)	2.4% (0)
Botswana People's Party	12.1% (3)	6.6% (2)	7.4% (1)	6.6% (1)	4.3% (0)
Botswana Progressive Union				1.3% (0)	0.9% (0)
Botswana Freedom Party					0.5% (0)
Botswana Labour Party					0.02% (0)
Total no. of votes	76,858	64,011	134,496	227,032	250,487

Fig. 3: Electoral statistics 1969-1989[248]

Ph.D. dissertation, University of California, Berkley. p 278

[244] Danevad, Op. Cit, p 77

[245] Loc cit

[246] Loc cit

[247] Danevad, Op. Cit, p 78

[248] Loc cit

Nevertheless, the first past-the-post electoral system has often led to a disproportionate representation between votes cast and seats won.[249] As reflected in the Fig. 3 above, the total share of votes received by the BDP had dropped since 1974 but the increasing number of seats that it has won in each election masks this fact. In addition, gerrymandering was an influential factor, with larger constituencies in the rural areas and smaller (and fewer) urban constituencies.[250] Political opposition remained fragmented and weak during this period, with an attempt to creating an umbrella People's Progressive Front collapsing in 1991.[251] The BNF remained the most definitive opposition, and remained radically opposed to the BDP's neoliberal policies and proposing socialist rule instead.

In addition, opposition political culture was still in its infancy in the first decade after independence, and as reflected in the table above, the total share of votes cast for the opposition had been steadily growing despite their failure to win substantial numbers of seats. This is attributed to the changing social dynamics in the country, particularly the growth of a middle class in which opposition politics has growth faster than it did in the rural areas mainly due to their being traditional BDP strongholds. The BDP also maintained its strong rural support base also due to its government social programmes such as health, roads, access to water and transfer of subsidies that boost its legitimacy in the eyes of the masses.[252] Although the Ngwato, which is Seretse Khama's ethnic tribal group was (and still is) the dominant sub-tribal group, ethnicity

[249] Loc cit
[250] Holm, 1.D., 1987, "Elections in Botswana: Institutionalization of a new System of Legitimazy" in Fred Hayward, Elections in Independent Africa, Boulder: Westview Press. p 127
[251] Ibid, p 80
[252] Danevad, Op. Cit, p 87

has not been a significant mobilising factor the way it was in Angola and other African states. For instance, following his death in 1980, Seretse Khama was replaced by Quett Masire (1980-1998), who was not from the Bamangwato. The BDP has also maintained its electoral dominance throughout his successors Festus Mogae (1998-2008) and Ian Khama (2008-current). Thus the BDP conducted a balancing act of appealing to traditional leaders and rural masses, providing social goods, establishing a neoliberal framework that accommodated the colonial power and transitioned to a multiparty democratic system. Its rejection of radical socialist ideology also reflects astute political opportunism that facilitated the development of strong state institutions supported by external powers, especially Britain.[253]

Although the civil society grew in post-colonial Botswana, with sector-specific trade unions and the media being the most prominent, they were not a source of political contestation against the BDP-led government. For instance, the Department of Labour and Social Security (DLSS) registered fifteen trade unions in 1989, including the Botswana Diamond Sorters Valuators Union and Botswana Mining Workers Union.[254] The Botswana Federation of Trade Unions (BFTU), which was an umbrella organisation comprising of various individual unions was also registered. The Botswana Civil Servants Association, Botswana Teachers Union and Botswana Federation of Secondary School Teachers were white collar-employee based unions that however did not register with the government. The Botswana Employers Federation (BEF) was established to represent employers' interests and gained a

[253] Polhemus, J.H., 1983, "Botswana Votes: Parties and Election in an African Democracy", Journal of Modern African Studies, Vol. 21, No. 3, pp. 397 -430. p 402
[254] Danevad, Op. Cit,, p 91

reputation for being a well run, resourced and politically connected interest group.[255] Despite most of the trade unions being weak and disorganised, the Botswana Mining Workers Union (BMWU) is the most formidable, with significant leverage in bargaining with employers regarding remuneration, but still possesses limited political clout.[256] Botswana's trade unions did not have notable linkages to any of the political parties, although the BNF's left-leaning ideological standing found resonance with some of the workers' interests.[257] Nevertheless a consensus tradition has existed between the unions and the government, with the department of Labour and Social Security being able to facilitate successful negotiations between various employers and employees since independence.

The media was not a formidable civil society actor prior to the 1980s. For instance, weekly and bi-weekly private newspapers appeared in 1988, with a small circulation margin totalling 33 00 copies a week.[258] The government owned Botswana Daily News newspaper, which was the country's only daily paper, and also distributed free of charge. Since it was a state owned paper, it was neither critical of the government's policies nor particularly attentive to the activities of opposition political parties especially during elections.[259] The private press, which was in its infancy in the 1980s was also not particularly interested in reporting on political issues, except Mmegi wa Dikgang (The Reporter) which often contained critical opinion pieces on current affairs. [260] Generally, freedom of the press existed in Botswana, with direct

[255] Holm, Po. Cit, p 149
[256] Ibid, p 92
[257] Ibid, p 146
[258] Egner, B. and S. Grant. (1989). "The Private Press and Democracy", in J. D, Holm and P. Molutsi (eds.), Democracy in Botswana, Gaborone: Macmillan, p 256
[259] Danevad, Op. Cit, p 97
[260] Loc cit

government opposition or stifling of the media being absent. A significant clash between the government and Mmegi however occurred in 1991, when the paper published a confidential internal government document in a report on the manual workers' strike that year, which led to the offices being ransacked by the government and some foreign journalists being deported.[261] [262]

Economic policy and formation of Debswana

Seretse Khama established a liberal and moderate government in 1966, unlike his peers in the newly independent African countries who were ideologically inclined to Marxist-Leninist ideas, including Angola. This factor played a significant role in the country's economic development in general and the formation of Debswana in particular because of the absence of radical, ideologically driven policies that would have either led to drastic economic policies or polarising political developments.[263] Also, since Botswana was one of the six poorest countries at the time of independence, it depended on Britain for budgetary support. Nevertheless, Khama's government was driven by three main policy objectives. It focused on development planning, with equitable resource allocation to all economic sectors. This accounts for the development of a strong parastatal system in the country. Secondly, it established a policy of active government involvement in developing the private sector, in order to drive economic diversification. Third, Khama's government sought to reduce dependency on Britain and fund the government from internal resources.[264]

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[261] Loc cit

[262] Holm, J.D., (1990), "Developing Democracy when Civil Society is weak: the Case of Botswana", African Affairs, VoL. 89, No. 356, pp. 323-341, p 330

[263] Sebudubudu and Botlhomilwe, Op. Cit, p 32

[264] Danevad, Op. Cit, , p 37

Several factors that account for Botswana's post-colonial economic policies and development can be demarcated into two main phases. Firstly, the transitional phase (between 1960s-1975) saw the establishment of an independent Botswana through peaceful negotiations with the British, a democratic system and a market-based economy. Further, the 1967 Mines and Minerals Act gave full mineral rights to the central government, thus making it the sole guarantor of exploration rights and granting it full access to any mineral revenue. This Act was sensitive due to the patent usurpation of power from chiefs, in whose localities mines would be established. It also enabled the government to direct the resource management model that it eventually adopted without contestation from non-state groups.

In addition, negotiation and political inclusion thus forestalled chiefs' opposition to the centralisation of control over the newly discovered mines, such as Orapa and Selebi Phikwe, both located in Seretse Khama's ethnic Bangwato districts.[265] Furthermore, Khama negotiated Botswana's SACU membership, which provided an additional source of revenues and also allowed more foreign mining prospectors to explore for new mines in Botswana.[266] Khama's policies were thus characterised by pragmatism and adoption of Western (mostly British) institutional features of the state, coupled with a conscious integration of indigenous practices. Nevertheless, this initial period of growth was buttressed by foreign aid and capital flows, particularly from the British Exchequer between 1966-89.[267]

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[265] Taylor, I. (2002). Botswana's "developmental state" and the politics of legitimacy. Conference Paper, Political Economy Research Centre, University of Sheffield, pp 1-29, July, p 4

[266] Acemoglu, D., Johnson, S., and Robinson, J. (2002). An African Success Story: Botswana. Discussion Paper No. 3219. Centre for Economic Policy Research, London, pp 1-53, p 18

[267] Maipose, G. (2008). Institutional Dynamics of Sustained Rapid Economic Growth with Limited Impact on Poverty Reduction. Poverty Reduction and Policy Regimes. UNRISD Paper, Geneva, pp 1-75, p 22

The second phase, between 1975 and 1989 was characterised by the consolidation of the above-mentioned political and economic institutional frameworks. This period also saw the rapid growth of Botswana's economy through the growth of its beef industry. The government managed to successfully negotiate two key partnerships that boosted the beef industry. Firstly, it secured the access of Botswana's beef into the European market through the Botswana Meat Company. This was also result of rural elite interests, since two-thirds of the political leadership in the National Assembly (including Khama) were cattlemen.[268] Secondly, the government secured 50% shareholding of the diamond-mining corporation (Debswana), a joint venture with the world's largest diamond company (De Beers) in 1975. This 'smart' partnership allowed government to maintain a foothold into the country's most lucrative diamond industry, which eventually overtook the beef industry. While it resembled 'nationalisation' at the time, the deal allowed for effective private sector management of the industry, while guaranteeing the transfer of rents to the central government. It also facilitated public-private consultation on policy regimes.

The mining sector eventually emerged as the main driver of economic growth and this also strengthened the BDP's political power. In addition, the Ministry of Finance and Development Planning emerged as an important bureaucracy that managed the country's economic growth since 1970.[269] This therefore shows that the genesis of diamond mining in Botswana came against a well-established policy framework that aimed to diversify the government's source of revenue, and most importantly

[268] Acemoglu et al, Op. Cit, p 18

[269] Sebudubudu. D., and Botlhomilwe, M. Z. (2012). The critical role of leadership in Botswana's development: What lessons? Leadership, 2012 8: 29, p 33

Khama's government's pursuit of a neoliberal framework that would be accommodative of public-private partnerships.

The exploration of diamonds in Botswana can be traced back to 1954, when De Beers began diamond prospecting in Botswana, with minimal successes until 1966.[270] De Beers geologists found the first kimberlitic pipe at Orapa, located near the country's second largest city of Francistown in the south west in April 1967.[271] It would later become the second largest kimberlitic mine worldwide. The company proceeded to establish the De Beers Botswana Mining Company (later Debswana) jointly with Khama's government in June 1968. The company further discovered several kimberlitic deposits, including Botswana's largest (Jwaneng) in 1972. Initially, De Beers owned 85% of the company, while Botswana's government held 15%.[272] The government's decision not to nationalise the diamond mines was premised on a rational consideration that it lacked sufficient capacity to build the mining operations, and this was a crucial factor in the subsequent growth of the diamond industry in Botswana.

Eventually, the government renegotiated the agreement with De Beers in 1969, resulting in the increase of the government's stake from 15 to 50% as mentioned above.[273] Currently, the company operates four diamond mines (Orapa, Letlhakane, Jwaneng and Damtshaa) and controls all diamond mining in Botswana.[274] It is

[270] Brook, M. C. (2012) The journey of Botswana's diamonds. Diamond Trading Company Botswana, p 10
[271] Debswana, Company history and profile: http://www.debswana.com/About%20Debswana/Pages/HistoryAndProfile.aspx
[272] Loc cit
[273] Loc cit
[274] Loc cit

managed by a Board of Directors consisting of 12 members, with half of the directors being assigned from Botswana's government and the other half by De Beers. This became one of the most successful public-private partnerships in the world, with Botswana benefiting from De Beers' position as the largest diamond trader, while the government provided the company with primary access to the world's largest diamond-producing territory by value.

A brief profile of the company reveals its uniquely privileged position in the global diamond market, which plays a central role in shaping the state of Botswana's diamond management policy. English-born colonial-era businessman Cecil John Rhodes established De Beers in 1880 in colonial-era South Africa, and the company became the sole diamond miner in the country by 1888, and accounted for 90% of the world's rough diamond production by 1902.[275] By then, Ernest Oppenheimer, under whose direction the company established exclusive contracts with suppliers and buyers, thus establishing a global monopoly, ran it. Following the global price slump caused by the Great Depression in 1932, De Beers launched a global marketing campaign from the United States in 1939, leading to its most effective campaign in 1947 where the company adopted the motto, "*a diamond is forever*."[276] Thus diamonds became associated with love and marriage, leading to a dramatic growth in demand and corresponding growth of prices in the United States. Using the same approach, the company also established a market foothold in other countries, such as Japan in 1967. It has since established a dominant global market foothold, with 39 stores worldwide. De Beers' ability to control the price and supply of a significant

[275] Goldschein, E. (2011). "The incredible story of how De Beers created and lost the most powerful monopoly ever." Business Insider, Online: http://www.businessinsider.com/history-of-de-beers-2011-12?op=1. Accessed March 7th 2015

[276] Loc cit

percentage of diamond sales worldwide through its Central Selling Organisation diamond cartel also guarantees profitability to the Botswana government through the joint ownership structure.[277]

Therefore, political contestation was not a contributory factor leading to the government's adoption of the public-private ownership model with De Beers. Although the democratic system was relatively robust and transparent, with the system being reinforced by the kgotla cultural values that embedded the practice of interactive leadership, this did not directly influence the government's adoption of a public-private ownership model in Debswana. Political opposition was also weak during the first few years of independence, during which the De Beers Mining Company (later, Debswana) was established. Diamond mining was not negatively affected by political dynamics, with political leaders' rational choices accounting for the decision to establish a joint partnership with De Beers.

In addition, Botswana's discovery of diamonds after the end of colonial rule was a significant factor contributing to the stability of the sector and the country's politics. Since the establishment of political institutions preceded diamond revenues, that pre-empted chances of the colonial state establishing a state monopoly over the resource sector, which would have been likely adopted in the post-colonial era. The diamond sector was also established during Seretse Khama's presidency, and his leadership choices thus largely shaped the ownership model taken. As a British-educated political leader, Khama's personal experiences considerably influenced his relationship with the British and subsequent policy choices that he made. Political

[277] Sebudubudu and Btlhomilwer, Op. Cit, p 39

contestation could have come from the chiefs, whose powers were significantly reduced at independence, but Khama, being a traditional chief himself played a central role in co-opting them into the new democratic government.

Chapter 5: Analysis and Conclusion

This study has investigated the extent to which a causal relationship exists between domestic political conditions and ownership structures adopted in state corporations in extractive natural resource rich countries. This was conducted through comparing the cases of Angola's Sonangol and Botswana's Debswana. It has also applied the historical institutionalist approach, which is a constructivist-oriented theoretical framework to comparative politics, to determine the predictability of political contestation resulting in the creation of peculiar ownership structures. In addition, it has also discussed key literature regarding the establishment of the modern state in Africa, natural the management of extractive natural resources and political regimes. The study concludes on the following points.

Firstly, colonial rule and the nature of the political transition to independence has proven to be a key causal variable in shaping resource rich countries' political trajectories. Settler colonies such as Angola tended to have an increased likelihood for cultural and institutional change, due to the influx of European settlers and subsequent political and economic institutions that were created. It also increased the likelihood of more radicalised nationalist movements being created, which in some cases would be militarised due to the context of the Cold War. Angola became a theatre of Cold War proxy wars between the United States and South Africa and UNITA on one end, and China, Cuba and MPLA on another. Settler colonies also experienced militarised transitions to independence and this shaped post-colonial institution building. Angola did not attain political independence as a result of an outright military victory, but by the time negotiations were held in 1975 the country already had radicalised and armed

groups, which laid the foundation for civil war. Botswana, on the other hand experienced a much less dense settler population, lower level of cultural and institutional dilution and thus did not inherit flawed colonial state traditions. It was also able to build state and economic institutions in a non-militarised and cooperative atmosphere with the former British colonial power, and this substantially influenced the nature of the political system and choices made by political leaders in establishing a public-private partnership ownership structure with De Beers.

Secondly, this paper established that political contestation does always directly influence resource rich states' ownership structures. Angola experienced militarised political contestation, while Botswana neither experienced military nor non-military contestation. The latter established a government through the founding political party's vantage point as a conglomeration of the country's dominant social groups. It also benefited from the absence of strong political opposition and a wider support base both from local clients and the British government to create a rationally directed policy framework. In this way, the absence of strong political contestation actually accounts for Botswana's adoption of a public-private ownership model. This contradicts Luong and Weithal (2006)'s assumption that political contestation would increase the likelihood of public-private ownership models, since the central state would be compelled to be more accountable. The MPLA, on the other hand faced pervasive insecurity from the founding stages of its statehood from internal belligerents who were supported by powerful regional (apartheid South Africa) and external (United States) patrons. Establishing a powerful national oil company was thus a rational decision aimed at funding its war effort. In this regard, it cannot be argued that oil necessarily incentivises authoritarian rule but in this case, the MPLA

government faced peculiar circumstances of insecurity that necessitated having a stable, guaranteed source of revenue. In this case, political contestation led to the formation of a monopolistic ownership model, unlike Luong and Weinthal's assumption to the contrary.

Thirdly, the type of extractive natural resource conditionally influenced ownership structures taken by a government. This study examined both oil and diamond rich cases respectively, and the resource type did not directly influence ownership structures. Diamonds are usually associated with a higher opportunity variable for adverse outcomes such as violence or corruption, due to their portability and ease of trade, but only on the condition that they are alluvial, not kimberlitic. In this case, Botswana has the latter, and it required the same level of capital and technical input as oil, thus preventing the multiple actor variable's influence. Angola has offshore oil, and this would have ideally reduced the likelihood of violence since corporate and government elites, instead of multiple individual actors would centralise extraction and access to revenue. Therefore, the type of natural resource did not directly influence ownership structures in these cases and it can be argued that it is a conditional variable. If the oil is mined onshore and diamonds are alluvial, this could influence resource-type based ownership structures due to the presence of multiple actors.

Fourth, the timing of the extraction of natural resources influenced ownership structures adopted in the cases under consideration. In Angola, the colonial government had begun pumping oil prior to independence in 1975 through a state monopoly, ANGOL. When the MPLA seized control of the state, it took over the

colonial monopolistic ownership structure and perpetuated the centralised revenue appropriation system. Botswana, on the other hand commenced diamond extraction after independence in 1967, and this facilitated the pre-resource extraction establishment and consolidation of state structures and a political system that would accommodate a public-private ownership structure. This is also linked with the regime type, in a way, because the Angolan case inherited a centralised authoritarian regime from colonialism, whereas Botswana inherited embryonic state systems that the post-colonial government constructed fashioned alongside the British system that also incorporated local cultural practices and alliances. If, for instance diamond extraction had commenced prior to independence, this would have resulted in a more established colonial state and economic system, making a centralised ownership structure more likely.

Furthermore, Angola fits the typology of both a gatekeeper and rhizome state, as argued by Bayart and Cooper and this is drawn from colonial inheritance and domestic political institutions. As indicated above, it took over the colonial state apparatus and used it to entrench its power. Given the context of a Cold War proxy war already discussed, the MPLA was not incentivised to establish a democratic state but a gatekeeper state. It was thus necessary to create a wholly owned national oil company to fund the war effort and patronage based politics. The marginalisation of ethnic groups aligned to UNITA was also patterned along the same instrumental purposes used in the ethnic based political party formation and mobilisation patterns pursued by the three main nationalist groups prior to independence. Thus, Angola became a corrupt state system not only based on greed but political expediency. Botswana does not necessarily fit the typology of a gatekeeper or rhizome state the

way Angola does. The BDP's dominance of the political system, based on its domestic alliances is tantamount to de facto state capture, although its choice to establish a public-private partnership deviates from the features of gatekeeper states. It also sustains a relatively open political system, which although it is not perfect, is relatively stronger than other resource rich states on the continent.

Historical institutionalism is thus a befitting theoretical framework to employ in determining the relationship between political contestation and ownership structures in resource rich states. As a constructivist-based theory, it disproves the usage of either utilitarian or path-dependent conceptions of political phenomena. In this case for instance, historical institutionalism explores themes of power and interests, with *institutions being products of the interaction between social, political and economic actors working in different contexts*. In this case, domestic political conditions largely explain the cases' outcomes with mineral resource management. It cannot be expressly argued that democracy explains Botswana's choice to establish a joint ownership structure with De Beers, but that the combined effects of its colonial experience, state system established before and after independence and individual leaders' choices did. Conversely, Botswana defies the rational prediction that post-colonial states capture rent-generating economic sectors to fund corrupt, patrimonial political systems. It also negates the claim that democratic contestation would lead to a public-private ownership model.

Also, it can not be argued that Angola's authoritarian post-colonial government only seized oil revenues for patrimonial ends, but the combined result of its colonial heritage, culture of pre-colonial ethnic based political mobilisation, pre-colonial

militarisation, the role of the Cold War and the security situation in which MPLA established the first post-colonial Angolan government explain the ownership structures chosen in managing oil revenue. The above discussion validates the historical institutionalist claim that *causality is contextual,* and complex configurations become apparent through *historical comparative observation*, and that contingent combination of historical facts can largely shape particular outcomes. This also nuances "resource curse" outcomes that perceive the relationship between the presence of extractive natural resources, political structures and forms of ownership in state corporations as a given.

Nevertheless, the theory falls short in its *"retrospective rationality"*, or historically based approach, which gives it minimal predictive abilities. It does not factor in the significance of human agency as much as it should, instead attributing political developments to chance, twists of fate and contingencies of history, thus reducing its empirical purview. For instance, the ownership structures in Botswana may be argued to be solely dependent on individual factors surrounding its first post-independence President, Seretse Khama who apart from being educated at Oxford, and experiencing the British political and economic systems, was also married to a Briton, Ruth Williams. Thus a rational choice approach would surmise that his rapport with the British and neoliberal leanings were based on his socialisation and mobilisation of political allies who shared his views. Nevertheless, it substantially facilitates a nuanced understanding of the historical dynamics that gave rise to the ownership structures adopted at the creation of Sonangol and Debswana.

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