

# ***RAW MATERIALS IN AFRICAN CIVIL WARS AND THE DEBATE ON 'FREE TRADE'***

## **1. Introduction: the World Bank's Report**

In June 2000, the World Bank published a report on civil wars in Southern countries which was widely quoted in the international press. Written by the director of the Bank's development research group, Paul Collier, the report sketched a '*theory of predation*', peddled as the economist's interpretation of movements of armed resistance. As the report argued: "It is the feasibility of predation which determines the risk of conflict (*read*: armed conflict). Predation may be just a regrettable necessity on the road to perceived justice or power, but it is the conditions for predation which are decisive. Whether conflict is motivated by predation, or simply made possible by it, these two accounts come to the same conclusion: rebellion is unrelated to objective circumstances of grievance while being caused by the feasibility of predation." (1) Whatever be the aims of the rebels who launch and/or sustain armed resistance, Collier reasoned, the economist can tell you that access to raw materials, such as diamonds, primarily determines the direction of events.

Collier's report, even at first reading, is faulty on a many counts. First of all, it is based on several *false dichotomies* and *false generalisations*. It questions the fact that rebel organisations such as those in Sierra Leone and Angola rely wholly on the export of gem stones and other natural resources to finance their war efforts. Yet the report does not limit itself to condemning Sierra Leonean and Angolan rebels, for it uses these examples to criminalise all guerrilla activity, depicting all movements of armed rebellion as 'manifestations of organized crime' (2). This generalisation quite obviously violates truth, as it glosses over the differential social and economic basis of historic and contemporary guerrilla movements. Further, in sketching a contrast between (unarmed) protest movements and (armed) rebel movements, the report poses a false *dichotomy*, presuming that the first category of movements originates in social grievances, whereas the latter category does not. Again, in stating that his report 'has little or no bearing on inter-government war', Collier falsily ignores the circumstance that governmental war efforts in Africa and elsewhere often depend heavily on exports of raw materials too.

Yet another fundamental flaw in Collier's analysis is that he falsily presents his as an *economic* analysis, whereas his analysis is mainly a mechanical, *statistical* exercise (3). Though the author rightly draws attention to a neglected thematic, he at no point in his report on the 'economic causes of civil conflict' takes the trouble to describe or analyse the role of external economic forces, such as transnational corporations (TNCs), in ongoing civil wars in Southern continents. While he, surprisingly, poses a thematic which for long has been a concern of critical economists, i.e. the dependence of Southern economies on the export of (single) raw materials (!!), he neatly glosses over the reality

that the profits made from these exports by and large accrue to TNCs based in the North. Collier raises an outcry against all armed rebel movements, but conveniently skips the responsibility of TNCs for the war crimes that are being committed in Angola, Sierra Leone and other Southern countries on the basis of the trade system that allows warring parties to exchange raw materials against arms.

Nevertheless, the World Bank report, I believe, should serve as a pointer to critical economists and social activists. For Collier can get away with his shabby analysis, partly due to the absence of a systematic analysis by the Left of the issue of *the interconnectedness between Northern exports of arms and Southern exports of raw materials*. This exchange of waste products against wealth may be termed the method of disparate exchange. Though it has been applied for the last thirty years at least, progressive economists to my knowledge have never conceptualised the issue, contrary for instance to the issue of biopiracy (4). Hence, the appearance of the World Bank's deceptive report should serve as a reminder that the construction of a theory of disparate exchange is long overdue. Below I will highlight the significance of this theory for understanding contemporary wars in Africa.

## **2. Diamonds and the Financing of Angola's Civil War**

The raw material which has recently come to symbolise the financing of civil wars via the export of raw materials is diamonds. 'Blood diamonds' or 'conflict diamonds' refer to a section of the precious stones which are sold as luxury items to wealthy consumers in the North. They herald from areas in Africa controlled by rebel movements. At the time when Collier's report appeared, the issue of blood diamonds figured very prominently in the world press. The publicity expressed a growing unease among policymakers and public opinion builders in the North about the inhumane policies of *De Beers* and other diamond companies. Though knowing well that income from diamond sales is often used to procure weapons, the diamond companies close their eyes for the war crimes committed by their suppliers. Several of the most gruesome wars raging in Africa today are waged on the basis of rebel control over diamond mining areas. Examples are the civil wars in Sierra Leone and Angola, and to a lesser extent the internationalised armed conflict in Congo. Hence, the example of blood diamonds is crucial to our discussion on '*disparate exchange*' in the context of civil wars.

Further, although not all the recent reports on blood diamonds are explicit about this - it is the Angolan rebel movement UNITA which has historically institutionalised the use of diamonds for war financing (5). Whereas up to the end of the Cold War UNITA's war efforts as well known were sustained thanks to cash dollars furnished by the American government, - in the nineties the organisation has been able to continue waging war against the Angolan government thanks to the mining and sale of diamonds. This was recorded in a report on the Angolan war and international arms' trade, brought out by Human Rights Watch in 1994. The report simultaneously highlighted UNITA's 'systematic and horrendous violations of the laws of war' in the period since Angola's 1992 elections (the outcome of which was rejected by UNITA) - and the fact that

officials of the *De Beers* company, during the very same period, bought gems 'mined in rebel-held territory in violation of Angolan law' (6).

The example of UNITA's application of the methodology of disparate exchange is highly significant also from a quantitative point of view, for the size of the organisation's recorded earnings from diamond sales are huge. According to figures cited in the Global Witness report '*A Rough Trade*', they ranged between 200 million and 700 million Dollars in each year between 1992 and 1998, and were particularly high in years when the number of civilian casualties in Angola's civil war was highest. Thus, in 1993, when 'some of the worst fighting' of the entire conflict took place, leaving 182 thousand people dead in five months' time, UNITA's earnings from the illegal export of diamonds totalled 600 Million Dollars (7). Global Witness has presented the overall estimate of US 3.72 Billion Dollars as figure for UNITA's diamond earnings over the six years' period from 1992 to 1998 (8). Not surprisingly, the organisation throughout the 1990s has been able to continue procuring sophisticated weaponry, including anti-tank weapons and rocket launchers, on the international market (9).

Moreover, the example of UNITA's application of disparate exchange is so incontrovertible, that it has found resonance in resolutions which the United Nations Security Council has adopted on Angola's prolonged civil war. In Resolution 864, adopted in September 1993, the Security Council prohibited the sale and supply of any *arms*, and of any related material or military assistance, to UNITA, and demanded stern action from its member states to ensure that the embargo would be implemented effectively (10). Again, in a resolution adopted almost five years later, i.e. Resolution 1173 of June, 1998, the Council further imposed a ban on all exports from Angola of *diamonds* lacking an official government certificate, and prohibited all sales of mining equipments and/or mining services to UNITA (11). Though it is deplorable that the issue of diamonds was not taken up sooner, and synchronically with that of arms; and though both resolutions up until today have continued being violated (12), - the fact that the role of disparate exchange in Angola's civil war is highlighted *via* resolutions of the UN *is* politically significant.

### **3. The Structure of the International Diamond Market**

Now, in order to develop an economist's' understanding on the issue of blood diamonds, it is necessary to take a closer look at the structure of the international diamond sector. The very most striking feature of this sector, as has often been stressed, is that it is dominated by one single transnational, i.e. the South-Africa company *De Beers* which both exerts extensive influence over the *mining* of rough diamonds worldwide, and for decades has simultaneously kept a tight control over the *marketing* of gem stones. According to a detailed report published about Sierra Leone's blood diamonds in January, 2000, *De Beers* from its own mines in South Africa, and in partnership with the governments of Botswana, Namibia and Tanzania, extracts 50 percent of the world's gem diamonds (by value). In addition, it purchases diamonds from 'outside markets' and sells them via the marketing organisation it controls, the Central Selling Organisation (CSO)

(13). While figures on the precise percentage of the world's rough diamonds that flow through the CSO vary, they are likely to be at least 60 percent (14).

The CSO is said to operate as a *cartel*, which is true in the sense that it manipulates the market price of rough diamonds (15). On the one hand, *De Beers* endeavours to regulate the quantity of the market supply of rough diamonds, by maintaining its own diamond buffer stock. On the other hand, *De Beers* alone sets the price of the diamond parcels which are composed at its CSO headquarters in London, and are distributed via a select group of 160 intermediaries, its so-called '*sightholders*'. Observers agree that the company for decades on end has been able to exert, with few impediments, a decisive influence on the price of rough diamonds on the world market. It is common knowledge also that through the manipulation of supply and demand it has supported 'artificially high market prices' (16). Although of late *De Beers*' monopoly hold over the international diamond sector appears to be loosening, the company is not likely to relinquish its twofold control over the mining and marketing of gem diamonds. Unless competitors, campaigners and public policymakers decide to continue and exert an incessant pressure upon the company.

The designation of De Beers as a *cartel* invites a comparison with the situation in the international oil sector. Both on the market for rough oil and on the market for rough diamonds a monopolistic control mechanism exists for the purpose of fixing prices, this being the *cartel* of oil producing *countries* in the first case, and a single transnational *mining company* in the second case. This point of similarity between the situation in the two sectors of raw materials' extraction may have had its bearing on the fact that both sectors have emerged as key sectors in the international trading system of disparate exchange. Yet the comparison also lays bare the fact that the leverage of Southern states over supplies and prices in the international diamond sector is relatively weak. For whereas in the case of oil, it is Southern producer countries (which have joined forces in OPEC) which jointly fix the market price, - in the case of diamonds this *cartel*-function is performed by one single transnational company *dominating* peripheral economies. Hence, the risk that peripheral countries be drained in consequence of disparate exchange between diamonds and arms appears to be particularly large.

The theory of disparate exchange thus forces us to question to what extent the continuation of the gruesome civil wars in Angola and elsewhere in Africa is tied up with the existence of monopoly control over the diamond sector. Of late, various measures of regulation have been proposed to eliminate blood diamonds from the international trade, in the form of recommendations contained in research-reports, the advice of a UN panel of experts, etc. Some of these proposals are: \* the introduction of a system of certificates of origin, to undercut the smuggling of rough diamonds from geographic areas held by rebel forces to neighbouring countries and onwards to the Antwerp diamond market; \* and the direct banning of diamonds hailing from countries which have hardly or no diamond production of their own (17). The acceptance by the World Diamond Congress, held in July last, of the proposal to institute a certificate system has been projected as a major concession by the TNC De Beers. Yet without a complete overhauling of the diamond sector's mode of operation, producing countries, especially those in Africa, will

continue to be at the receiving end of *De Beers'* manipulative policies, and may find it extremely hard to break their enslavement under the system of disparate exchange.

#### **4. Oil and War Financing: The Case of the Angolan Civil War**

Another raw material that plays a strategic role in Africa's civil wars is oil, and here again it is revealing to discuss the Angolan case. The experience which its government has gathered with disparate exchange in some ways closely resembles that of Middle Eastern states, for there are more than one threads linking Angolan oil exports with the import of armaments used to fight the rebel force UNITA. In the first place, there does exist a budgetary, i.e. *indirect*, correlation between the two trade flows. On the one hand oil reportedly accounts for over 90 percent of the country's export income. In the 1990s the Angolan state has reaped an income from oil that varied from 1.8 to 3 Billion US Dollars per year. As *Global Witness* states, oil invariably provided the bulk of government receipts throughout the decade. On the other hand, official data confirm that 'defence and public order' is the largest single item on which the government spends. During the years 1994 til 1997 allocations are said to have hovered around 35 percent (18). On the basis of these budgetary data alone one can already conclude that the Angolan state, like its adversary UNITA, is subject to the mechanism of disparate exchange.

However, the evidence which has been cited to prove the given correlation is not limited to indirect, budgetary evidence. *Global Witness*, in its well-researched report '*A Crude Awakening*' argues further that much of the money which oil corporations have furnished as 'signature bonuses', i.e. to pay for extraction rights enshrined in contracts signed by the Angolan government, is earmarked for weapons' procurement (19). Furthermore, the research centre writes that the government through foreign brokers between mid-1997 and mid-1998 obtained a whole series of 'oil-backed loans'; and charges that a major part of these loans (which are said to have totalled 900 Million US Dollars) again was employed to purchase arms. The Angolan government even tries to sustain its war through contracting foreign loans which are guaranteed by mortgaging *future* oil exports (20). Contrary to the cases of barter trade,- in these cases of trading waste against wealth the exchange is mediated through money, i.e. by using the general equivalent. Nevertheless, these flows of loan- and bonus-money towards arms' imports do form part and parcel of the structure of disparate exchange.

Thirdly, some cases have been cited of arrangements which rather closely resemble the visible model of disparate exchange, i.e. barter, referred to in my essay on the Middle East. So far I know the Angolan government at no point has opted to sign barter agreements, i.e. to directly trade oil against weapons without the mediation of the general equivalent. Yet in some cases, foreign companies known to have delivered arms to the Angolan government, received a payment in the form of equity shares, i.e. as shares in oil concessions granted to transnational corporations (21). Strictly speaking these are no 'payments in kind', but payments in the form of paper functioning as money capital. Yet since the shares do entitle their owners to a portion of the profit from the

extraction of oil, the correlation between arms' imports and oil exports here is indeed very close. A similarly direct instance of disparate exchange are the diamond concessions granted to functionaries of the transnational mercenary company *Sandline International* in Sierra Leone, in return for weapons supplied by the same company (22).

Lastly, the example of Angolan oil also illustrates what has been stated before about the *specifity* of disparate exchange, in comparison with the mechanism of unequal exchange. Over the years since the start of oil exploration in 1973, Angola has been able to steadily expand the size of its oil production, and expansion is projected to continue in the coming years (23). When the international price of oil is high, as has been the case recently, the country like other oil producers *appears to gain*. In the words of Global Witness it is 'winning twice' , - both on account of the increased value of its oil exports and because new loans become available (24). Yet the gains are *gains in appearance*, for neither a rise in the price of oil nor a quantitative expansion in production under the given conditions of civil war helps enhance Angola's economic position within the world capitalist system. With the country completely enchained to the trading structure of disparate exchange, the consequences of every increase in extraction or rise in price over the last 25 years have been: larger losses of a precious raw material, further arms' imports, and ever more economic degradation and the destruction of human lives.

## **5. The Role of Mercenaries in the System of Disparate Exchange**

A special aspect of contemporary civil warfare and the exploitation of raw materials is that of the employment of mercenaries. If disparate exchange is to be workable within the context of civil wars, TNCs and other companies engaged in extraction of raw materials need to engage the services of reliable protection forces, for the prevalence of armed conflicts in peripheral countries where the TNCs operate, especially if prolonged, can put their profits at risk. Thus, they need to ensure that the mining of rough diamond from kimberlite mines can continue without major disruptions, and they need to organise the protection of pipelines carrying rough oil from the oilfields, against possible actions of sabotage by an opposite or unfriendly force in ongoing civil wars. Where the imperialist exchange mechanism, of raw materials *versus* arms, targets states which have full control over their territories, the supply-lines of TNCs (in the short run at least) do not appear to be at risk. However, in Africa where TNCs have actively facilitated the growth of disparate exchange in the context of civil wars, they need as a very conditionality the services of professional mercenary forces, of forces guarding supply lines.

Mercenaries, i.e. professional fighters offering their military services against a handsome pay, of course are not a recent or new phenomenon. They existed during the Cold War, when they were engaged by colonial powers and their client states and forces, and were used to counter successful guerrilla movements fighting for national and social liberation. In the era of *globalisation*, mercenary forces have rather become corporate structures of their own, with a much enlarged operational capacity, undertaking a variety of military functions on a contractual basis, ranging from arms' training to fighting proxy

wars. By the late 1990s, mercenary companies had mushroomed. Some of these companies, for instance *Executive Outcomes*, a company originating in South Africa, have carried out operations against multi-million contracts for the governments of several African countries at the same time. Given their pronounced commercial character, the mercenary companies do not hesitate to shift allegiance, depending on the interests of TNCs to which they are allied, and/or on the financial gains being offered.

Hence, whereas in the past mercenaries could be projected as crusaders against communism, - in the era of globalisation and the system of disparate exchange this is impossible: mercenary operations are devoid of the most minimal ideological varnish. The firm *Gurkha Security Guards* e.g. is reported to have performed protection tasks for the British mining corporation Lonrho in Mozambique, and *Sandline International*, another British-based mercenary company, is reported to maintain close links with junior companies in the diamond industry (25). A very striking instance illustrating the non-ideological nature of the international contracts for mercenary operations today, are the tasks that have been undertaken by *Executive Outcomes* on the basis of agreements signed with the Angolan government. The company is reported to have undertaken missions in 1992 to protect several Angolan oilfields of TNCs on behalf of the Luanda government. And whereas previously it had served UNITA, - in the mid-1990s *Executive Outcomes* recaptured Angolan diamond mines which *De Beers* by now preferred to operate under the legal regime of the Angolan state (26).

A publication brought out by the International Committee of the Red Cross in the late 1990s, entitled *War, Money and Survival*, well summarises the close interconnection that today exists between raw materials, civil wars in Africa, and the operations of mercenary forces. As the ICRC-publication states, - in the 1990s 'demand conditions' in Africa were particularly ripe for the privatisation of war, in view of the weak fighting capacity of most state armies. Whereas regular armies were weak, the governments frequently had access to natural resources 'that could be used to pay outsiders for the military expertise needed'. Hence, 'at the very least one can point to a very strong correlation' between natural resources and the deployment of mercenary firms (27). Stating the same in reverse, the publication argued that 'private military companies cannot be found deploying in African conflicts with no resources at stake' (28)!! Hence, the ICRC-publication neatly confirms that mercenary firms have become a military wing of the imperialist trading structures of *unequal* and *disparate exchange*.

## **6. Disparate Exchange and the Continuing Drain of the African Continent**

In the first part of this review on African civil wars the example of Angola has been given much emphasis, and Angola's civil war indeed graphically illustrates the meaning of my thesis on the trading structure of disparate exchange. My thesis is anchored in the previously formulated thesis of *unequal exchange*, which exposed the continuing 'drain' of Southern, peripheral economies through their dependence on the exports of raw materials and other 'primary products', the prices of which have declined vis-a-vis the prices of products trade by countries of the North. *Disparate exchange*, as

manifested in the example of Angola, leads not just to a drainage of resources, of the transfer of wealth from South to North, but on top of this to *impoverishment and destruction* on account of the use of weapons bought by warring parties with income from the sale of diamonds, oil and other Southern wealth. The figures quoted in the UNDP's Human Development Report underline that though their country is well endowed with natural resources, the Angolan people today suffer from massive deprivation and poverty (29).

Yet the Angolan example by no means stands alone. *Disparate exchange* as much marks the working method of the parties vying for territorial and economic control in the West African country of Sierra Leone. Much world press attention has focused the fact that the country's rebel movement, the R.U.F., has used the cruelest possible tactics to gain the upperhand in the civil war. It is no secret either that the international sales of diamonds smuggled via Liberia and other neighbouring countries help to sustain the R.U.F.'s war efforts. However, the government side in Sierra Leone too relies on raw materials for war financing, be it that in this case export sales are not limited to diamonds but are more diversified. As justly exposed in the monthly paper *Le Monde Diplomatique*: rival company alliances, scrambling for mining concessions, are sustaining the military campaigns of *both* parties in Sierra Leone's civil war (30)! And there is no dearth of evidence proving that in this case too the trading of raw materials for arms has undermined the welfare of the country's people. Sierra Leone is another example that can easily be used to prove the thesis of disparate exchange.

The thesis on *unequal exchange* which arose from 1949 onwards, first through empirical investigations carried out under the United Nations, and later through theoretical efforts of Marxist-leaning economists (31), posed that '*peripheral*' countries are subject to a continual process of drainage. They are subject to the loss of wealth and a reduced scope for economic development, due to continually changing relative prices between commodities traded by the South, - and commodities traded by countries of the North. Given the fact that Africa's role within the world economy, its participation in international trade, depends overwhelmingly on its exports of diamonds, oil, rutile, cobalt, bauxite and other raw materials, - the continent has been affected more deeply by the changing 'terms of trade' than other Southern continents and regions. Not coincidentally, the Organisation of African Unity (OAU), in 1990, when the US and other imperialist states were waging a 'war' to bury the discussion on unequal trade, adopted a resolution appealing to the world to take cognizance of the profound '*terms of trade shocks*' suffered by African economies (32).

Yet in comparison, African countries have suffered far larger setbacks due to the system of *disparate exchange*, which in recent years has spread further. Like an octopus, it now holds the central African country of the Congo, with its vast natural resources, in its grips (33). As the experiences accumulated by Angola, Sierra Leone, the Congo and other wealthy African countries proves, - the system of disparate exchange not just signifies *drainage*, the transfer of wealth from South to North. For alongside this economic injustice, injuries are being inflicted upon African people which can only be termed criminal corporate injustice. For at the same time while precious resources are

being transported to the North to serve productive and consumptive ends, the means of destruction imported into Africa in exchange for these are 'consumed' in an ever growing series of civil and regional wars. The effects thus are not just *losses*, but a huge *destruction* of natural and capitalised wealth. Hence, while some Middle Eastern countries have risen inspite of disparate exchange, in Africa's civil wars the balance sheet is undividedly negative.

## 7 Conclusion: Africa in the System of Disparate Exchange

Before stating my conclusion on Africa's place within the system of disparate exchange, it is useful to draw a brief regional comparison - between the application of the trading system in the Middle East on the one hand and its application in the context of Africa on the other. First, there is no doubt that the contrast between the situation in the two regions is significantly large. Though in each case we can note the exchange of arms purchased *from* world market sources against raw materials exported *towards* countries of the North - the concrete context for the application of disparate exchange clearly varies. In the Middle East, states remain in control of the region's crucial natural resource, oil, and the trading system of disparate exchange here has mainly generated *inter-state* conflict. In contrast - in Africa the pattern of disparate exchange has primarily been institutionalised via *civil* wars, which are no less violent in nature than the Gulf wars that have been fought in the Middle East, but nonetheless present a dynamic that is distinct.

A further, interlinked difference revolves around the size of arms' transfers towards the respective regions. While the Middle Eastern region ever since the proclamation of the Nixon doctrine has consistently taken a major share in the flow of weapons and armament systems from North to South, Africa's place within international arms' trade is comparatively small. Some countries do count as significant buyers, notably South Africa which placed orders for arms' imports valued at 5 Billion Dollars in 1999 (34), and Angola, which country's purchasing policy has already been referred to above. But most states and warring parties avail of such limited resources that they can only afford to buy items such as small arms, ammunition and mines. While Sipri's 2000 Yearbook speculates about the possibility that the importance of the Middle Eastern Market in the future may grow, Africa's share in world market sales since the 1970s has dwindled to insignificance in quantitative terms. Some sources put the continent's present proportionate share of the world's arms' imports at 2.3 percent or even less (35).

This means, *inter alia*, that the profile of the transnational corporations benefiting from the policy of disparate exchange decidedly varies for the two Southern regions. In the case of the Middle East they include both major Northern manufacturers of means of destruction, i.e. *armament* corporations based in the United States, Great Britain, France, etc. - and the 'seven sisters', i.e. the most powerful oil corporations. In the case of Africa, the corporate beneficiaries of disparate exchange are largely limited to companies *extracting raw materials*, such as the diamond sector's monopoly company De Beers and the oil corporation Elf Aquitaine. Here, the direct beneficiaries of the arms' trade include many intermediaries ('arms' fixers'), air transport companies and medium-sized manufacturers (many of them based in Eastern Europe) (36), but fewer giant armament

corporations. Given the continent's extraordinary impoverishment, Africa harbours but few customers for the military TNCs.

Still, it would be wrong to conclude that Africa plays only an insignificant role within the structure of disparate exchange. Quite on the contrary! The experience gathered here with the application of the trade systems, within the context mainly of the continent's multiple civil wars, offers abundant new possibilities for the rapacious transnational actors that dominate the world. As the methodology of parallel exports, both legal and illegal, of the same or differentiated raw materials via opposing forces in civil wars, turns out to be an increasingly efficient one; as the mechanisms to protect mining areas and pipelines through mercenaries are further refined; and as the ideology of 'free trade' continues to prevail, - TNCs may well seek a *replication* of the same trading system in other geographic regions of the world. No matter how negative the balance sheet of the Africa's civil wars for the continent's own people, - via the experience of its civil wars, disparate exchange has been institutionalised as a viable system of up-to-date exploitation for forces dominating the capitalist world economy.

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(1) Paul Collier, 'Economic Causes of Civil Conflict and Their Implications for Policy' (World Bank Development Research Group, Washington D.C., USA, June 15, 2000);

(2) Paul Collier (2000), *op.cit.*;

(3) *Ibid*;

(4) see eg. Vandana Shiva, *Biopiracy. The Plunder of Nature and Knowledge* (Green Books/Gaya Foundation, Dartington/London, United Kingdom, 1998);

(5) compare for this purpose the contents of the following two reports: Global Witness, *A Rough Trade. The Role of Companies and Governments in the Angolan Conflict* (Global Witness, London, United Kingdom, December, 1998); and Ian Smilie, Lansana Gberie and Ralph Hazleton, *The Heart of the Matter. Sierra Leone, Diamonds & Human Security* (Partnership Africa Canada (PAC), Ottawa, Canada, January 2000);

(6) Human Rights Watch, *Angola. Arms Trade and Violations of the Laws of War since the 1992 Elections* (Human Rights Watch Arms Project/Human Rights Watch/Africa, New York/Washington/Los Angeles/London/Brussels, November, 1994, -p.57/58); the report specified, amongst others: 'The De Beers diamond cartel and other international dealers are buying gems mined in rebel-held territory in violation of Angolan law. Intermediaries have made payments of hundreds of thousands of dollars to UNITA officials for diamonds smuggled across Zaire's southern border. In *January, 1993*, UNITA officials were reportedly *paid \$ 400,000* in cash by dealers in the Southern town of Tshipaka, about seventy miles from the Angolan frontier. ... De Beers closed its office in Tshipaka in January 1993 because of 'insecurity', but it continues

to liaison with the local dealers. De Beers has admitted spending \$500 million to buy legally and illegally mined diamonds originating in Angola in 1992 in 'open market transactions' ;

(7) Global Witness (1998), op.cit.;

(8) Global Witness (1998), op.cit.; Paul Collier (2000), op.cit., states: 'Savimbi, the head of the Angolan rebel organisation UNITA, was reputed to have accumulated pevr \$4bn in financial assets during the first war, some of which he then used to finance the start of the second.'; and: 'Diamonds had made UNITA so rich that nothing that donors could offer would matter, while renewed predation offered massive rewards. In the first two years of renewed war UNITA is believed to have earned around \$2bn from diamond mining.' (p.18); owever, Collier, ignores the role of De Beers, and the example thus illustrates the authors failure to pinpoint that TNCs reap major war profits from the continuation of civil wars;

(9) see, for instance, Human Rights Watch (1994), op.cit., p.47; and Bjorn Hagelin, Pieter D.Wezeman and Siemon T.Wezeman, '*Transfers of Major Conventional Weapons*' (Appendix 7 to the 2000 Yearbook of the Stockholm International Peace Researce Institute (Sipri));

(10) Human Rights Watch (1994), op.cit., p.48;

(11) Global Witness (1998), op.cit., discusses the two UN Security Council Resolutions 1173 and 1176 of 1998;

(12) Bjorn Hagelin, Pieter D.Wezeman and Siemon T.Wezeman (2000), op.cit.;

(13) Ian Smilie, Lansana Gberie and Ralph Hazleton (2000), op.cit.;

(14) Marc Roche, 'La De Beers a Mis Fin a Dernier Vrai Cartel au Monde' (*Le Monde*, July 16/17, 2000, p.16), states that De Beers by the end of the 1980s absorbed through its marketing structure almost the entire production of diamonds in the world, but that several states more recently have succeeded in freeing themselves from the company's control, thus reducing De Beers' hold over diamond marketing;

(15) Ernest Mandel, *Marxist Economic Theory* (Merlin Press, London, United Kingdom, 1974, p.402) lists *cartels* among the various forms of capital concentration, but presumes that cartels are groupings/alliances in which participating enterprises maintain their own independence;

(16) Ian Smilie, Lansana Gberie and Ralph Hazleton (2000), op.cit., p.25: 'In addition to defining buyers and setting prices at the microeconomic level, De Beers strongly affects the macroeconomic market price by manipulating the world supply of rough diamonds'; also: Marc Roche (2000), op.cit.;

(17) see eg. Ian Smilie, Lansana Gberie and Ralph Hazleton (2000), op.cit.; Global Witness (1998), op.cit; The International Institute for Strategic Studies, 'Diamonds and Conflict. Strategies for Control' (IISS, Vol.6, Issue 4, May 2000, Strategic Comments);

(18) Global Witness, *A Crude Awakening. The Role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Assets* (Global Witness, London, United Kingdom, 2000);

- (19) Global Witness (2000), op.cit.;
- (20) *ibid*;
- (21) *ibid*;
- (22) Ian Smilie, Lansana Gberie and Ralph Hazleton (2000), op.cit., p.;
- (23) Global Witness (2000), op.cit.;
- (24) *ibid*;
- (25) Ian Smilie, Lansana Gberie and Ralph Hazleton (2000), op.cit.;
- (26) Anne Jung, 'Angola im Dritten Jahrzehnt des Krieges. Verkauf von Diamanten und Öl und den Norden finanziert den Krieg' (*Analyse & Kritik* no.437, Hamburg, Germany, April 13, 2000, p.14);
- (27) Kim Richard Nossal, 'Bulls to Bears: The Privatisation of War in the 1990s' (in Gilles Carbonnier and Sarah Fleming, *War Money and Survival* (International Committee of the Red Cross, Geneva Switzerland, 2000, p.37);
- (28) *ibid*;
- (29) Global Witness (1998), op.cit., mentions data from the UNDP's Human Development Report of 1997: Angola ranked only as 157th out of 175 countries listed; more than 82 percent of its people lived in 'absolute' or 'relative' poverty, only 35 percent of the population had access to health care, and the infant mortality rate for children under 5 was 320 per 1000!;
- (30) Andres Perez, 'Guerre et Diamants en Sierra Leone' (*Le Monde Diplomatique*, June 2000, p.4/5);
- (31) Arghiri Emmanuel, *Unequal Exchange. A Study of the Imperialism of Trade* (Monthly Review Press, New York/London, USA/United Kingdom, 1972); Samir Amin, *Accumulation on a World Scale. A Critique of the Theory of Underdevelopment* (Monthly Review Press, New York/London, 1974);
- (32) The Netherlands Ministry of Foreign Affairs, *Global Coalition for Africa. Documents on: Development, Democracy and Debt* (The Hague, the Netherlands, p.19-20); according to Henk Overbeek, the price level of primary products which cover 80 percent of African exports, fell by fully *a quarter* in the years 1997-1999 – see 'Afrikas Heeft Niets te Verwachten van Globalisering', the Dutch Daily *NRC Handelsblad*, August 15, 2000;
- (33) international campaign efforts on raw materials and wars in Africa, so far, have focused little on the causes of the war in Congo, whereas this country undoubtedly is a *strategic target* for transnational mining corporations - see Pierre Baracyetse, '*L'Enjeu Geopolitique des Transnationales Minières au Congo*' (publication of SOS Rwanda-Burundi);
- (34) Bjorn Hagelin, Pieter D.Wezezan and Siemon T.Wezezan (2000), op.cit., IV Economic Considerations; the authors gave these details: 'In 1999 South Africa signed contracts

valued at up to 29.99 billion rand (\$5 billion) for the supply of weapons by foreign companies. In return these companies have committed themselves to create business for a total of 104 billion rand (\$17.3 billion) in South Africa by counter-purchases and investment, but such compensation plans may cover a period of 10-15 years and may never be realised. Despite the large compensations offered to South Africa, it decided to postpone the decision on two-thirds of its planned combat aircraft acquisitions to a future date.';

(35) see US Department of State, Bureau of Arms Control, *World Military Expenditures and Arms' Transfers* (Washington DC, USA, January, 2000);

(36) Brian Wood and Johan Peleman, *The Arms Fixers - Controlling the Brokers and Shipping Agents* (International Peace Research Institute (PRIO), Oslo, 1999).