Resource Conflict in the Democratic Republic of Congo

Colton Brydges

Abstract: The theory that a country’s dependence on primary resource exports can harm its development prospects has received extensive attention within academic circles. This phenomenon appears to be quite evident in a country like the Democratic Republic of Congo (DRC), which possesses considerable mineral wealth but has been plagued by conflict, corruption and poor governance. This article applies the various streams of resource curse theory to the post-independence history of the DRC to gauge its applicability to the country’s experience. It is clear that resource curse theory offers a compelling explanation for the development trajectory of the DRC, which has been impeded by internal conflict, corruption and ongoing foreign-backed instability.

The history of the Democratic Republic of Congo (DRC) is fraught with persistent war, foreign intervention and poor governance, resulting in the current state of affairs, with the DRC amongst the most impoverished countries in the world. The country’s failure to achieve a semblance of development is often traced to its disastrous post-independence leadership, typified by corruption and ultimately state failure. The persistent waves of conflict involving foreign actors have also been a common explanation for the current state of development in the DRC. While these are undoubtedly key factors, the notion of the “resource curse” which emerged in academic literature during the 1990s offers an intriguing explanation for the DRC’s development experience. This theory holds that an abundance of natural resources can actually inhibit growth through dependency on exports, leading to poor governance and civil

Colton Brydges is entering his fourth year of the Bachelor Public Affairs and Policy Management program at Carleton University, specializing in Development Studies and minoring in Economics. He has been heavily involved with various African student associations at Carleton University, co-founding Carleton Congolese Students for Action. This coming year (2013-14), he will serve as VP Policy and Academic for the Arthur Kroeger College Educational Students’ Society, as well as continuing his work as a facilitator with Carleton’s Peer Assisted Study Sessions (PASS) program. His academic interests include African affairs and development policy, specifically in the field of education.

war. In accordance with this theory, the resource-rich Congolese economy has stagnated and even experienced lengthy periods of negative growth. This paper will apply the various streams of resource curse theory to the post-independence history of the DRC; the key periods being the Congo Crisis, the Mobutu era, the Congo Wars of the 1990s and the ongoing instability in the Eastern DRC. This analysis indicates that resource curse theory is a powerful lens for examining the country’s negative development experience. In keeping with the resource curse theory, the failure of development in the DRC can be linked to corrupt and ineffective governance and civil conflict, both of which are heavily correlated with the abundance of natural resources in the country.

Resource Curse Theory

Despite being a relatively new idea, the resource curse has attracted considerable attention in academic spheres. A number of theorists, such as Auty, Sachs and Warner, and Collier and Hoeffler, have sought to explain the poor growth of many resource rich countries, and how resource endowments are related to the development process. Repeated studies have indicated that high resource intensity is correlated with slow growth.\(^3\) One element of the theory pertains to the incidence of Dutch disease, whereby rapid inflows of revenue from resource exports, be it oil or minerals, causes the domestic currency to appreciate in value. The appreciation of the currency brought about by revenues in one sector is detrimental to the performance of other export industries, specifically the fledgling manufacturing sector.\(^4\) Mineral extraction often leads to the formation of industrial enclaves, with the revenues remaining concentrated in that region or, more often, flowing overseas to service investments in foreign capital.\(^5\) Many theorists have noted the perverse economic structures that can result from excessive reliance on natural resource exports, such as inadequate diversification and susceptibility to price shocks.\(^6\)

The most publicized findings of resource curse theorists pertain to the role of resource abundance and civil conflict. This area of theory is especially relevant to the Democratic Republic of the Congo in recent decades. Collier and Hoeffler have written extensively about the role of resource abundance in exacerbating the risk of conflict,

\(^5\) Ibid.
\(^6\) Ibid, 241.
and their findings have generated considerable debate. In a World Bank publication, Ross identifies four main pathways by which dependence on natural resources can influence the incidence of conflict: through the economy, the government, the people in the resource-rich region, and the effects on rebel movements. Taken together, the effects of natural resource dependence can increase the risk of conflict, as well as increasing the duration of a conflict based on grievances.

Not surprisingly, civil war has a hugely detrimental effect on a country’s present and future development. The conflict itself causes the destruction of infrastructure and the deaths of productive workers, disrupts social order, diverts public expenditure away from productive activities, and leads to a breakdown in the rule of law that can discourage domestic saving and foreign investment. Even after the restoration of peace, capital flight and a reduction in investor confidence can generate lasting negative effects that hamper growth. If resource dependence does indeed increase the risk of civil war, then resources can also have a detrimental effect on the development process in such a country.

The Current Development Outlook

The resource curse theory is one means by which to explain the current conditions prevailing in the DRC. Given that the theory mostly pertains to economic variables, we can consider the DRC’s development experience using conventional economic indicators. The DRC exhibits some of the worst indicators of development in the world: according to the World Bank, the gross domestic product (GDP) of the DRC in 2011 was $15.65 billion (USD). For a population of over 67 million people, that equates to a GDP per capita of about $230.

---

9 Ibid, 35.
11 Unless otherwise noted, all successive figures will refer to USD.
Furthermore, nearly ninety percent of the population is estimated to be living on $1.25 a day or less. The picture is even starker when one considers the gross national income (GNI) per capita, which includes foreign earnings by Congolese citizens but excludes the activity of non-residents operating in the country. This is a useful indicator to consider, given that foreign firms dominate most of the DRC’s export sectors. In 2011, the GNI per capita of the DRC was a mere $190. This is the same level that prevailed in 1993; in the intervening years, during which the Congo experienced two major wars, the GNI per capita dropped by nearly half.

The Human Development Index (HDI) of United Nations Development Programme (UNDP) tells a similar tale: the DRC has the second lowest HDI in the world, surpassing only Niger. The economy of the DRC is highly dependent on exports; in 2011, exports constituted just over 68.3 percent of its GDP. Despite the wealth of natural resources with which the country is endowed, there is a clear failure to harness these resources to improve the living standards of its people.

When we consider the actors responsible for this failure, we must look primarily to the government of the DRC. While resource extraction is often facilitated by foreign companies, the government has played a key role in undermining the country’s economic potential. In particular, the mining sector has been characterized by the use of inept state-owned enterprises. One notable state enterprise is Gécamines, which primarily exports copper from the south of the country and was nationalized by President Joseph Mobutu in 1966. Another is La Societe Minière de Bakwanga, the state-owned diamond company better known as MIBA. By using state-owned enterprises, the government had the potential to utilize the country’s extensive mineral resources to better govern and develop the country; however, the aforementioned development indicators make it quite evident that this has not occurred.

---

The Congo Crisis (1960-1966) - Secessionist Conflict

A journey through the history of the Democratic Republic of the Congo can help to illustrate several key arguments associated with the resource curse theory. The Congo Crisis, which occurred immediately after independence, can be linked to the importance of resources in the Congolese economy. The main catalyst in this disastrous and complex episode was the attempted secession of the copper-rich Katanga province. On July 11th, 1960, with the support of the Belgian government and international mining firms, Governor Moise Tshombe declared the independence of Katanga. Belgian troops were immediately deployed to support this move. The involvement of the Belgians was unquestionably linked to their desire to protect Western investments and mineral interests in the province from appropriation by Prime Minister Patrice Lumumba’s central government.

The secession set off a vicious struggle for power in the newly independent country, with Lumumba seeking UN support to hold the country intact. Frustrated by the UN and faced with another secession attempt in the diamond-rich province of South Kasai, Lumumba requested the assistance of the Soviet Union, a decision which would ultimately lead to his assassination at the hands of Western-backed rebels.\(^{19}\) The secession attempts by the DRC’s mineral-rich states, which attracted foreign interference, plunged the country into years of instability before Joseph Mobutu was able to establish his American-backed dictatorship.\(^{20}\)

Ross notes that one way in which resource abundance can contribute to civil war is by increasing the risk of secessionist conflict, one example being Katanga. He discusses that, in all the cases of resource-motivated secessions he identified, the secessionist states had a distinct identity from the rest of the country. Furthermore, these regions felt that they would be better off managing their valuable resources on their own, away from meddling or appropriation by the central government.\(^ {21}\) Katanga, with its vast copper fields and a distinct linguistic and cultural identity, fits this model quite well. Of course, foreign intervention due to mineral interests was also a key factor that plunged the country into civil war and its subsequent struggles.

The Congo Crisis must be seen as a major blow to economic development efforts in the country. In addition to creating a poor investment climate due to civil unrest, the

\(^{19}\) Ibid, 105.  
\(^{21}\) Ross, 28.
Crisis robbed the Congo of a leader in Patrice Lumumba who spurned tribalism, replacing him with a US backed “strongman” in the form of Mobutu.\(^\text{22}\)

**The Mobutu Era (1966-1997) – Corruption and Poor Governance**

The prevailing state of underdevelopment in the Democratic Republic of Congo can largely be traced to the disastrous rule of Joseph Mobutu. In addition to suffering from massive corruption and embezzlement of state funds, the economy contracted substantially under Mobutu. Amongst other things, the “Zairianization” process undertaken in the 1970’s saw many key industries placed under direct state control, as Mobutu sought to put his mark on the renamed country of Zaire.\(^\text{23}\) Not surprisingly, this contributed to the utter collapse of the mining sector. Production fell dramatically as foreign assets were appropriated and foreign skilled workers expelled. The large scale corruption led to a large shift towards the informal economy, and extremely high mineral export taxes increased the incidence of smuggling. Further secession attempts in Katanga were suppressed, and the once powerful state mining company Gécamines, which operated primarily in the copper-belt, was all but gutted.\(^\text{24}\)

Under Mobutu, the DRC acquired a massive external debt of approximately $14 billion. At the same time, the country suffered from severe capital flight, as approximately $18 billion in savings were moved abroad.\(^\text{25}\) Basic economic theory tells us that savings levels are a key determinant of a country’s standard of living, as they are used to fund investment in capital that sustains growth.\(^\text{26}\) Economic mismanagement and corruption were important causes of these destructive economic trends. Estimates indicate that from 1965 to 1990, per capita income declined at an average annual rate of 2.2 percent.\(^\text{27}\) Capital flight and economic mismanagement clearly stunted the growth of the Congolese economy and the country’s overall development.

---


\(^\text{27}\) Ndikumana and Boyce, 195.
Ross notes a number of reasons why resource dependence, as seen in Congo, can have a detrimental effect upon government performance. In the economic sphere, dependence on resources with volatile market prices can strain government institutions as revenue meant to sustain the budget fluctuates considerably.\(^{28}\) Furthermore, the large volume of revenues can be easily appropriated where institutional capacity is low, leading to endemic corruption.\(^{29}\) The main minerals that the DRC depends upon are gold, cassiterite, coltan, diamonds and tungsten.\(^{30}\)

Ross also notes how resource dependence can shape the government’s relations with its citizenry. A government that relies on resources for its revenue, rather than taxation, will have little interest in accountability. Such a government is beholden to the industries which provide it with revenue, not to taxpayers, and so less attention will be paid to good governance and earning the approval of the population. Furthermore, the revenues can often be used to quell any dissent through patronage networks and a large, bloated military. A vicious cycle of poor governance, economic stagnation and deepening resource dependence can derail the development pathway of the country.\(^{31}\) This can be seen in DRC as the stagnant growth under Mobutu’s regime necessitated increasing repression to maintain a grip on power.\(^{32}\)

Mineral exports typically produce large rents, and government elites have the option to invest these in the development of the economy or to appropriate them. As a one-party state under Mobutu, patronage politics funded by resource wealth were an important means of maintaining control. Ultimately, resource rents used for patronage are lost to the development of the country, as they usually end up leaving the country in the form of capital outflow.\(^{33}\)

The poor growth, high debt and corruption of the Congolese economy forced Mobutu to accept the end of one-party rule in 1990. By this time, the Congolese economy was in shambles and poverty and destitution were widespread.\(^{34}\) Looking back upon the Mobutu era, we can see that the failure of development can largely be


\(^{29}\) Ross, 24.


\(^{32}\) Olsson and Congdon Fors, 323-324.

\(^{33}\) Collier and Hoeffler, "Resource Rents, Governance and Conflict," 630-1.

\(^{34}\) Olsson and Congon Fors, 324.
linked to the ineptitude of the government, exacerbated by the desire to appropriate the country’s resource wealth.


Moving into the 1990s, the manifestation of the resource curse in Congo’s development process has less to do with poor governance and more to do with conflict. The economic performance under Mobutu was disastrous, but the wars of the 1990s and 2000s were to plunge the country into an even worse state of underdevelopment. Much of the literature regarding the resource curse discusses the role of resource dependence and conflict. In their seminal piece, Collier and Hoeffler describe a strong correlation between reliance on primary commodity exports and the incidence of civil war.\(^{35}\)

In another article, Collier and Hoeffler apply their findings to civil war in Africa. Again, they conclude that so-called grievances, such as inequality and repression, are less useful for predicting the incidence of civil war than the level of dependence on primary commodity exports.\(^{36}\) The abundance of resources can provide incentives for rebel groups to initiate conflict in order to profit from said resource. The general consensus amongst resource curse theorists is that legitimate grievances can lead to the initiation of a predatory conflict, but resource abundance increases the intensity and length of a conflict.\(^{37}\)

Following the 1994 genocide in Rwanda and the ensuing exodus of ethnic Hutu refugees into the DRC, conflict arose between Rwanda and the Mobutu regime. Seeking to oust Mobutu from power, the Rwandans threw their support behind Laurent Kabila, a previously minor rebel leader. On May 17th, 1997 the combined forces of the Rwandans and Kabila’s rebels succeeded in taking control of the capital of Kinshasa.\(^{38}\) This brief war was largely rooted in legitimate grievances, and does not have many elements of a resource conflict; that said, it is interesting to note the contrast between this brief skirmish and the lengthy Second Congo War that would ensue. Arguably, resource curse theory can provide some insight into the differing patterns of conflict.

Like his predecessor, Kabila’s presidency was marked by corruption, patronage and a lack of accountability.\(^{39}\) In an ethnically charged society, Kabila faced considerable criticism for his administration’s reliance on Rwanda and the Banyamulenge, an ethnic Tutsi group in the Eastern Congo that faced discrimination under the Mobutu regime.

---

\(^{35}\) Collier and Hoeffler, "Greed and Grievance in Civil War," 574.


\(^{37}\) Olsson and Congdon Fors, 322.

\(^{38}\) Ibid, 325.

\(^{39}\) Ibid, 324.
In response, Kabila chose to expel Tutsi army leaders, earning the ire of Rwanda. In August, 1998 Rwanda, along with their allies in Uganda, invaded the DRC. Zimbabwe, Angola, Namibia, Chad and Sudan all intervened on behalf of Kabila.\textsuperscript{40}

While the earlier war concluded with a fairly straightforward rebel and Rwandan victory, in the Second Congo War the Rwandans and Ugandans faced an impasse, and saw the opportunity to conduct commercial activities. Their armies began by looting existing stockpiles of resources, and upon depleting these, moved to extract and export other resources.\textsuperscript{41} There is considerable data to support these accusations. Gold exports from Uganda over this period greatly exceeded domestic production, and Uganda exported coltan, a mineral that does not exist in the country. Both Rwanda and Uganda began exporting diamonds, a mineral that does not exist in either country.\textsuperscript{42}

The contrasting strategies between the first and second wars pertain to the pattern of exploitation. In the first war, a leader was installed that was amenable to working with Rwanda and Uganda, meaning that no prolonged presence was required in order to extract Congolese wealth. When Kabila turned against his Ugandan and Rwandan backers in 1998, the strategy of looting and extracting resources required a continuous military presence in the region.\textsuperscript{43} While the expulsion of ethnic Tutsi leaders presented a legitimate political grievance for the invasions, the potential for resource extraction was a key motivating factor behind the invasion of foreign powers and their continued presence in the region.\textsuperscript{44}

**The “Post-War” Era (2003 - Present): Persistent Instability**

Even though foreign troops left Congolese soil at the culmination of the war, the instability and abundance of resources in the Eastern Congo has contributed to the continued presence of a whole host of rebel groups.\textsuperscript{45} The ongoing rebellion in the Eastern DRC serves to illustrate another aspect of the resource curse theory, specifically how the nature of a country’s resources can affect the pattern of conflict.

As previously noted, the Eastern Congo contains deposits of gold, casserite, coltan, diamonds and tungsten. The security situation means that there is little regulation of the mining sector, and most of the mining is conducted using low-tech artisanal
methods. There is a multiplicity of actors operating in the Eastern Congo, including the local Mai-Mai militias, foreign backed rebel groups, and the Congolese Army. The underpaid and underfunded army is unable to exert any strong control over the region; this is partly due to the fact that some of the units are former rebels who have only been superficially integrated and remain intent on extracting wealth.

Any rebel group needs a regular source of income to finance their insurrection, and as Ross notes, in the post-Cold War era this can be more difficult to secure. Resource appropriation or extraction has become a valuable source of financing for rebels. That said, the mere presence of a resource does not necessarily lead to a rebellion; some form of grievance would be needed to initiate conflict. Furthermore, not all resources are able to sustain a predatory conflict.

One of the abundant and valuable minerals in the war-torn Eastern Congo is diamonds. A study by Olsson has demonstrated that there is a negative relationship between GDP growth and diamonds as a share of GDP, the only real outlier being Botswana. In 2002, the Congo produced 18.2 million carats of diamonds, but only 50 percent of these were gem quality. The key distinction to be made is between point source Kimberlite diamonds and lootable alluvial diamonds. Kimberlite mining is a capital intensive process, and these diamonds are usually concentrated in marginal areas like deserts and the arctic. In contrast, alluvial diamonds are found through simple panning, a labour-intensive yet inexpensive method. These alluvial diamonds are typically more dispersed and found in riverbeds.

Studies have indicated that that Kimberlite diamonds are less likely to sustain a predatory conflict. These are point source minerals, concentrated in a single location; this means the government is able to exert stronger control over the resource, making it a less viable target for rebels. Furthermore, these Kimberlite diamonds require a capital intensive process for extraction that is beyond the capabilities of rebel groups. In contrast, alluvial diamonds are much more likely to generate a conflict situation.

---

46 De Koning, 5.
48 Ross, 30.
49 Collier and Hoeffler, "Greed and Grievance in Civil War," 588.
52 Ibid, 1136.
53 Ibid, 1144.
54 Lujala, Gleditsch and Gilmore, 559.
Resource Conflict in the Democratic Republic of Congo

They do not require specialized equipment for extraction, making them more accessible to rebels. Furthermore, alluvial diamonds are dispersed over a large area, making it difficult for the government to exert effective control over the resource.\(^{55}\)

Given that the central government exerts minimal control over the region, it is not surprising that the alluvial diamond deposits in the Eastern Congo have generated conditions in which predatory conflict has continued to thrive. The thousands of low-paid artisanal miners in the Congo, many of whom are child labourers, face dangerous workplace hazards and are often subject to control and exploitation at the hands of rebels that operate in the area.\(^{56}\) Rebel control is widespread; one report indicated that in 2009 approximately two hundred mines in the Kivu provinces were under the direct control of rebel groups.\(^{57}\)

Similar problems are faced by Congolese coltan miners. Coltan is a common term for columbite-tantalite, a mineral used in many complex electronic goods. Central Africa possesses a considerable share of the global market for this mineral. As with diamonds, coltan mining in the DRC is artisanal, but employs approximately 16 percent of the population, with the majority of whom earning about $1 to $5 per day.\(^{58}\) Rebels, and in some cases the Congolese army, profit from coltan mining through “taxation,” checkpoints, protection fees, and extraction. One major rebel group, the former-Interahamwe Forces démocratiques de libération du Rwanda (FDLR) is said to make millions from exploiting coltan miners.\(^{59}\)

Illicit smuggling also robs the Congo of much of the revenue from resource extraction. Rwanda is a major destination for smuggled minerals; data indicates that the illicit trade in coltan comes at an annual cost of between $12 and $28 million in foregone income, equivalent to a fifth of the world market value for coltan.\(^{60}\) Fraudulent exports of all diamonds during the 1990s were worth approximately twice as much as the value of official exports, equal to about six times the Congolese state budget.\(^{61}\) With a capable government, one can only imagine how beneficial this

\(^{55}\) Ibid, 543.
\(^{56}\) Olsson, 1145.
\(^{57}\) De Koning, 16.
\(^{59}\) Ibid, 22-23.
\(^{60}\) Ibid, 25.
\(^{61}\) Samset, 469.
foregone revenue could have been for the Congolese economy. Given these negative trends, in addition to the persistent conflict in the region, it is clear that the development of the Eastern Congo is being impeded by factors related to resource abundance.

Conclusions

The history of the DRC is rife with examples of conflict and poor governance, and to this day poverty and instability remains widespread, particularly in the resource rich Eastern Congo. Looking at its current state of development, it is evident that the country has not benefited to the fullest extent from its resource wealth. Despite vast deposits of valuable minerals, most of the population lives in a state of dire poverty. The resource curse theory provides a compelling explanation for this paradox.

Mining interests helped spark the secession of Katanga during the Congo Crisis, plunging the country into instability and eventually a dictatorship. Under Mobutu, mineral revenues were appropriated by government officials; corruption and state failure coupled with poor policies led to collapses in the sector’s productive output. This left the population in a state of poverty. Moving into the 1990s, the attractive mineral wealth in the Eastern Congo provided an incentive for foreign governments, rebel groups and other non-state actors to carry out insurgencies to extract wealth from the region. This instability has led to widespread death and destruction, further undermining the development of the country.

Throughout the Congo’s post-independence history, the failure of the government to fully harness the potential of its mineral wealth to better the lives of its citizens is quite apparent. Just as Mobutu used state-owned enterprises to enrich himself and his supporters, President Joseph Kabila’s administration continues to drain the coffers of the diamond company MIBA, while granting mining concessions to wartime allies Zimbabwe, as well as Israel and other foreign backers. Wealth continues to flow out the country, eluding its desperately poor citizens.

The resource curse theory provides interesting insights into this turbulent history. As we have seen, the theories connecting resource dependence with secessionist conflict, corrupt governance and foreign invasions are quite applicable to the experience of the DRC, and this continues to manifest itself with the ongoing predatory conflict in the Eastern Congo. It remains to be seen whether prescribed solutions such as mineral certification schemes can contribute to an end to conflict and, ultimately, a sustained drive towards development.

\[\text{62 Ibid, 473-474.}\]
Throughout its post-independence history, the people of the Democratic Republic of Congo have been made to suffer for the wealth of resources within their country. As a lead development actor, the government’s dependence on resource exports has introduced negative trends that hampered growth and development, as the country has succumbed to corruption, stagnation and war. The resource curse thesis offers a compelling explanation for why resource wealth has been detrimental to the development process in the DRC. Moving forward, it is essential that the country find a way to curtail their dependence on resource exports and prevent corruption from draining the coffers of the state. The security situation and persistent international meddling will make this process extremely difficult, but it is essential that the country’s mineral wealth be harnessed to enable economic diversification and, ultimately, a more prosperous future for the Congolese people.

Bibliography


Resource Conflict in the Democratic Republic of Congo

