

Diamonds and Development: The State in Botswana and Sierra Leone

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Botswana and Sierra Leone fall on opposite ends of the spectrum of state success in Africa. Botswana is a stable, liberal democracy with a booming economy whereas Sierra Leone has spent most of the years since independence in economic or political decline, and the years from 1992-2002 engaged in a bloody multi-state civil war which maimed thousands, killed 50 000 and displaced 500 000. Given these vast differences, it would be easy to dismiss the possibility of comparison between the countries, arguing that the circumstances of their emergence are too dissimilar. Some authors have taken this characterization even farther, touting Botswana as 'exceptional', while Sierra Leone is, sadly, simply typical. Nothing could be further from the truth. While Botswana is one of a handful of success stories on the African continent, there is nothing extraordinary about its success. Except for its demographic homogeneity, Botswana is not unique, and in fact shares commonalities with Sierra Leone in its colonial history and its natural resources. This paper will show that the differences in outcomes result from a series of institutional choices which progressively strengthened or weakened state capacity.

Processes of State Formation: Colonial and Cultural Influences

Botswana is a rarity in Africa, with an exceptionally homogenous population; 80-90 percent of the population belongs to one of eight major Tswana tribes.¹ Most of the remaining population shares a language and cultural norms. This heritage includes a highly stratified and hierarchical society, the result of a system of cattle patronage called *mafisa*, under which cattle-rich elites grant cattle and land access to poorer commoners and kin in exchange for tribute and support.² These elites, typically chiefs or tribal leaders, consolidated their power through control of boreholes drilled by the British government to provide water in the harsh bush environment. In the 1930s, the boreholes, and the surrounding territory, began to be recognized as private property, making the chiefs personally very wealthy and powerful.³ In addition to economic control over the population, the chiefs decided communal action through a process called *kgotlas*; while nominally the community would come together to decide policy, the reality was that gatherings were public relations events to consolidate support for the elites' decisions.⁴

When Botswana declared independence, the *kgotlas* became the basis for democracy, while the leading chiefs became members of the Botswana Democratic Party, which easily won the first elections.⁵ The result of these traditional power structures is a highly legitimate, one-party state and a weak civil society.

By contrast, the conditions of Sierra Leone's formation produced a much weaker state. Sierra Leone was founded in 1787 as a colony of freed slaves. In 1808 it became a protectorate of the British Crown. The freed slave population, known as Krios, became British subjects and was assimilated. The native communities, which had well-developed traditions of habitual continuity and political governance, became 'Protected Persons'. The Krio colony was governed directly according, and received transfers of technology and development in its role as the British vanguard into West Africa. The protectorate was governed indirectly, and politically and economically dominated by the colony, exacerbating tensions. In 1961, when the colony and protectorate were combined to form the independent Republic of Sierra Leone, three separate constitutions were rejected before both groups were satisfied with the terms.⁶

In addition to the capital/hinterland disconnect, Sierra Leone has a multi-ethnic, bi-polar demography. Out of twenty different ethnic groups, two, the Temne in the north and west and the Mende in the east and south dominate their respective regions and the other ethnic groups therein.⁷ In a majoritarian presidential system such as Sierra Leone's, the ethno-political blocs are strengthened, becoming the final determinant of political access. However, political power is not the only prize at stake in this a winner-take-all system. Despite the difficulty of controlling the mining and export of diamonds in an alluvial plain, the vast wealth involved drastically increases the potential costs of losing. The willingness of either hinterland region to submit to another, or for either to submit to the Krios in the capital, diminishes in light of potential costs of relinquishing control of the diamond mines. Thus, while Sierra Leone is nominally a multi-party state and has held elections, the losers always fail to respect the outcome and constantly agitate to overthrow the government. In the reverse, once a party is in power, it will use any means at its

disposal to remain in power, including reducing the overall capacity of state. Despite these negative incentives, the 1970s marked a period of relative stability under Siaka Stevens.⁸—

Post-Independent Control of Resources and Economic Power

Diamonds were not discovered in Botswana until after independence. The government approached the negotiations with de Beers with the goal of negotiating fiscal arrangements which would yield maximum revenue in order to fund economic growth. Initially, negotiations favored de Beers, but as de Beers made more investments, it became less able to abandon its projects. Also, neither the government nor de Beers correctly estimated Botswana's available resources, leading de Beers to commit to longer time frames than it originally envisioned.⁹—

The Botswana government is a competent bargaining agent and so while it began with one third of the shares of the operation, it used the discovery of new mines to renegotiate the original contract in the later 1970s, eventually controlling up to 60 percent of its mining operations. The revenues from the diamond mines provide substantial revenue with which to fund development projects. These include funding health facilities, schools; provide clean, pipe-borne water to every community, and otherwise raise the physical standard of living.

In addition to its bargaining powers, the government is also a competent macroeconomic manager. Despite the downturn in diamond profits during the 1980s, the government was able to initiate new development programs, including the Financial Assistance Program which aimed to shift manufacturing jobs from urban areas to the countryside in order to boost the rural economy.¹⁰— While the benefits of Botswana's economic growth are still uneven, and the government receives widespread criticism in particular for its treatment of the San people of the Kalahari, Botswana now boasts a per capita income of over \$3000, making it a middle income country, and one of the richest in Africa.

Unlike in Botswana, the Sierra Leonean state did not act reassert its control of the diamonds trade. Under Stevens Lebanese merchants gained control of some of the official diamond trade,

and most of the unofficial trade.¹¹— As cultural outsiders, they offered little threat to his political power, and also maintained vast international networks for trade. By virtue of his office, Stevens was able to grant mining and exporting concessions, for which the Lebanese supported Stevens financially.

Stevens' course of action had two negative ¹²—results. The first is that the Lebanese merchants eventually formed their own security forces to provide protection, and lessen their dependence on Stevens.¹³— However, because Stevens had weakened the military in order to prevent against military-led coups, he could not challenge the new paramilitary groups, often made up of gangs of poor miners. The second result was the chronic shortage of state revenue. By 1988, official exports of diamonds amounted to only \$22 000. In contrast, Lebanese exports had an estimated value of \$250 million. The result of the under-funding was that the state was unable to provide public services or investment, and lacked the resources to take action on problems of credit, debt management, or diamond, gold and commodities smuggling. The elites were unaffected by the precipitous decline of the Sierra Leonean economy during the 1980s, but the citizen population became restive. In 1985, Stevens handed off power to Joseph Saidu Momoh, who was welcomed as a source of change.

In 1989, Momoh tried to gain better control of the diamond industry. The government approved a proposal by the Dallas, Texas company Sunshine Broulle to take over the failing state diamond firm. Sunshine Broulle fielded security forces in an extensive and exclusive mining zone, which helped marginalize rival politicians running illicit mining operations.¹⁴— However, Momoh used Sunshine Broulle's operations to spare the expense of building capable but politically risky institutions to enfold and undercut political rivals and collect state revenues. By relying on foreign firms who were dependent on concessions, the central government failed to develop its own capacity and so instead weakened its ability to withstand political challenges when those firms left, as Sunshine Broulle did in 1992. Additionally, local dissatisfaction increased each time outsiders were brought in to manage economic resources, thereby perpetuating the exclusion of the Sierra Leoneans from economic gain.¹⁵—

Political Control

The economy is not the only sector the Botswana government seeks to control. Through various cultural traditions and institutional choices, it has deliberately limited the effectiveness of civil society. The *kgotlas* system already diminishes the expectation of citizen participation by presenting tribal, and now government policy, as fait accompli.¹⁶ The provision of public services further reduces any need citizens might have to lobby the government.

Furthermore, even if a group might still find cause to form, civil society needs information, leadership and independence to be fully functional. But most of the educated population is employed by the government, and limited in their participation in most political activity.¹⁷ Sources of information to those who are outside the civil service are also limited, as the government controls most mass media.¹⁸ Additionally, the government initiates and funds most community groups, including farmers' cooperatives and parent-teacher organizations. Even those groups that develop independent of the government receive substantial funding.¹⁹ Botswana also lacks strong unions, in part because at the time of independence, very little industrialization existed, but also because the government fixes the minimum wage and refuses to negotiate.²⁰

Sierra Leone also lacks a civil society, but instead of a deliberate decision to restrict organizational growth, the government instead failed to encourage civil society development. In order for the ruling party to remain in control of the state, it must weaken other institutions, including the military and institutions that might limit corruption. Constant fighting for control of diamond mines, including within factions of the government leads to the emergence of warlords. Even the bi-polarity of the political system breaks down in the face of easy control of substantial wealth, leading to an ever increasing security dilemma as each side must constantly strengthen itself at the expense of the others, and especially the public. Disenfranchisement, lack of public services, and genuine security risks create feelings of desperation. Originally, the Revolutionary United Front (RUF) emerged as a group of students and military officers to protest government

inaction and the diverting of public revenue into private coffers. Momoh's attempt to reassert control over diamond revenues and to root out corruption were the only such attempts since independence, and sadly, as seen above, even then the opportunity to strengthen the state and build capacity was ignored.

Institutional Decisions and the Consolidation of State Power

Botswana was lucky to have a colonial history which reinforced its traditional systems of control over the populace, as well as vast natural resources. However, luck only takes a country so far. The Botswana government deliberately acted to strengthen its control and power over both its economic resources and its population. Through both savvy negotiating with the de Beers corporation, Botswana gained control of significant economic resources, which it in turn used to provide substantial development support to its citizens. This assistance effectively eliminated the need for citizens groups to push for change or support, in a society already acculturated not to expect to participate politically.

It is easy to see, however, how Botswana might have turned out if the government had made different choices. If it had for some reason failed to secure such control over its diamond wealth, its finances would have been more severely limited, and possibly at the whim of a multinational corporation. If de Beers had been in the position instead to provide support for the Botswana population, citizens may have chosen to eventually act against the state, as the miners who worked for the Lebanese merchants did in Sierra Leone. Or, the government may have chosen not to invest public resources in development projects, and instead allowed public officials to spend the resources for their own personal gain. Widespread corruption would most likely have prompted civil society response, or worse, armed protests. Instead of being touted as exceptional, Botswana could have been 'just another' African disaster.

Sierra Leone is a classic weak state. It lacks both vertical and horizontal legitimacy, as well as having as a highly personalized state in which political patronage is important, especially for

access to and control of diamond wealth. The personalization of the state makes it tempting to review the actions of each of the Sierra Leonean presidents and declare that the country's violent history is a result of failed leadership. However, several factors point to institutions as the ultimate cause. First, there is the fact that there have been so many presidents. In states in which leadership is the deciding factor, there is usually only one or two dominant personalities. In Sierra Leone, while each president could have made the choice to alter the incentives of the system, each acted rationally according to the situation which confronted them. If another had filled the position, short of being a true leader, the results would most likely have been the same. Each acted to strengthen their position, by virtue of their office, not their own personal charisma. Just as in Botswana, the state, as an institution, is responsible for its own success or failure. Despite the initial weakness of the state, the government could have made a more concerted effort to place diamond wealth under public control, and spend the money on public services. Another possible decision included shifting from a majoritarian presidential system to a coalitional government that institutionalized unity would have reduced the security dilemma of each party. However, would not have been conducive to the best interests of whichever party was currently in control.

Despite the problems which Sierra Leone faces, the situation is not impossible. The realization that institutional choices, rather than uncontrollable cultural, political or economic forces created the circumstances in which Sierra Leone currently struggles, and that these decisions can be changed, is the first step to reforming and strengthening the state, and beginning a process of sustainable development. More good news lies in the fact that Sierra Leone has an example to follow, in Botswana. While it cannot be expected that Sierra Leone can, or even should follow the exact path that Botswana did, the government can act to address past decisions, and ameliorate the results.

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