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War, Debt and the Role of Pretending in Uganda's International Relations

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by

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Bismarck certainly despised Parliamentary and peaceful struggles, although from a different angle, we must not be oblivious of their limitations either…. I wish that some militaristic African could knock together Uganda, Kenya, Tanzania, Zambia, Rwanda, Burundi, etc. to form one state.

Yoweri Museveni[1]

There is no way you can link our poverty to our involvement in Congo. That one I do not accept… in fact, our involvement in Congo is part of poverty eradication.

Yoweri Museveni[2]

The astute political action of the Ottoman leadership was a form of state consolidation. The state used the bandits to consolidate territory and centralize further control. Banditry, of course, engendered a certain level of chaos in society…. Yet the most important function of banditry was its contribution to a consolidation campaign.

Karen Barkey, *Bandits and Bureaucrats*[3]

A PROPOSITION

Uganda is part of a growing trend since 1990 of formal military interventions of sub-Saharan African states into the territory of neighbors, a category that includes Nigeria, Zimbabwe, Angola, Rwanda, Eritrea, Ethiopia, and Ghana. This development belies Robert Jackson's cold war era analysis of African states as "quasi-states," in which rulers lack basic capabilities to control internal affairs, much less to intervene in those of neighbors, and who rely on non-African states and international organizations for resources to sustain their regimes.[4] This also contradicts Jeffrey Herbst's more recent characterization of African states as limited in their coercive capabilities since rulers in capitals can count on international support for their claim of sovereignty. "If the boundaries could have been challenged," Herbst observes, "rule over the hinterland would have had to have been stronger."[5] Ugandan military engagement in Congo suggests that post cold war rulers of states, even those with weak administrative institutions, in fact can invade and occupy territory in neighboring states. These rulers are not constrained to obey rigid norms of non-intervention in return for handouts from private charities, and subsidies from development agencies and creditors to survive, as scholars have noted of post cold war African politics.[6]

The words of Ugandan president Yoweri Museveni at the top of this paper suggests his awareness of a question central to political science: of how to construct stable and legitimate governments, effective systems of public administration and finance, and do so under conditions of rapid change beyond borders and internal disunity. They also suggest that radical changes in the nature of external politics will force a reconfiguration of domestic political power. If these propositions are true, this part of Africa is returning to competitive international relations, where internally weak, patronage-based regimes face geo-political pressures (and opportunities) that compel rulers of bureaucratically weak African states to experiment with administrative innovations, rein in rival strongmen, and boost internal revenues. This should influence others to do so too. As Montesquieu noted of his day, "Have some made use of new kinds of weapons? Everyone else will soon try them. Does one state increase troops? Or levy a new tax? It is an advertisement for the others to do the same."[7]

If Africa, or at least its more aggressive and innovative rulers, mimic state development in early modern Europe, the marginality of the continent to strategic and humanitarian concerns of outsiders is a good thing. The Ugandan People's Defense Force (UPDF) occupation of a part of Congo roughly equivalent to the size of Uganda itself should stretch—and thereby increase—the capabilities of Uganda's state administration. Those concerned about the "criminalization" of the state need not be.[8] Indeed, Charles Tilly described state-building as a form of organized crime. Nobilities often start out as a gangs, and kings as would-be godfathers who sell protection to cooperative gangs and to merchants. War plays a major role in centralizing kingly authority over these groups and in applying state power (organized violence) in the pursuit of payoffs for loyal followers (in the form of markets acquired through conquest).[9]

THE ARGUMENT

I argue that the appearance of interstate conflict does not signal a shift within Uganda toward a more capable state administration. In fact, the UPDF's conduct of war in Congo poses grave threats to the coherence of the UPDF and thus of the Ugandan state as a whole. Why is violent accumulation through warfare damaging to the organization of Uganda as a state? The key to my explanation lies in an external context that is very different from that accompanying state-building that Tilly and others describe in early modern Europe. But neither do international actors or global norms force Uganda's rulers to act as a passive recipient of aid, devoid of capabilities to shape the nature of their own political economy and the political economies of their neighbors.

Foremost, Uganda's regime does not face meaningful sanctions from outside of Africa (despite protests) for its participation in an interstate war. Outsiders, both among officials outside Africa and among multilateral agencies, and especially the country's creditors, have strong incentives to ignore the UPDF's occupation of territory in another state, provided the Ugandan regime maintains a scrupulous rhetorical commitment to formal legal recognition of the sovereignty of its neighbors, and recognition of the status of previously demarcated boundaries as borders between states. In short, Uganda's regime does not have to include fiscal self-reliance as a component of its war-fighting strategy. But it can use war as a way of addressing internal political problems and to get access to additional wealth beyond its borders.

Within this broader structural context, warfare at best may increase the flow of resources from non-African states and multilateral agencies, or at worst does not significantly decrease them. This enables the regime to pursue a dual strategy. First, participation in interstate war changes the dynamic of internal relations between the president and groups within his entourage. Congolese resources figure in the regime's management of rivals and potential rivals among UPDF officers and others who are powerful in their own right and who might challenge regime directives. Predations of presidential associates are "externalized" in the short-run, without Uganda as a whole suffering serious international condemnation for its occupation of neighboring territory. Second, Museveni's regime finds that it is possible to use some material benefits of warfare as an indirect means of attracting more external support, especially from creditors. So strong is the attachment of non-African officials to conventions of sovereignty and expectations about the behavior of African states, especially supposed "reformers," that these norms can be turned into material benefits. Some are invested in social services and infrastructure; all help subsidize the diversion of internal resources toward war fighting. These benefits are available to those rulers who can fake adherence to norms and who can find external partners who will tolerate this fakery, often to satisfy their own political needs.

Global norms are important, but some rulers in Africa are better at manipulating and profiting from them than are others. Ironically, the marginality of Africa's politics and economies to the concerns of powerful states actually strengthens the hands of rulers who are savvy about manipulating inconsistencies in outsiders' applications of norms. The Ugandan regime also uses external resources in ways that do not necessarily weaken bureaucratic state capacity. But these resources still help protect regimes from the necessity of radical innovation in their own relations with internal supporters and challengers to survive.

I explain these developments first with reference to the changing role of interstate war in Africa, particularly in the Great Lakes region of which Uganda is a part. I then focus on the impact of the UPDF's conduct of war in Congo on the internal and external political strategies of the Museveni regime. Lastly, I compare Ugandan developments with another case of interstate warfare from a different region of Africa, that of Charles Taylor's regime in Liberia. The comparison with Taylor's Liberia shows that the internal organization of politics and the choices of rulers do matter; that some rulers can pursue wars in neighboring states while centralizing their political networks and bolstering the capacity of their state's agencies, while others do not. The Liberian example points to a contrary trajectory, of warfare as a more forceful stimulus to administrative fragmentation and appropriation of state power, which in turn opens the way for a relentless fiscal exploitation of the Liberian populace for private gain.

THE NATURE OF INTERSTATE WAR AMONG WEAK STATES

During the cold war superpowers gave diplomatic support and material resources to client regimes that could barely control domestic territory, much less regulate transactions across their borders or sustain internal administrative hierarchies in any meaningful sense for most citizens.[10] Other forms of assistance to very weak states seem to have filled in where strategic aid has declined,[11] as has the market for valuable commodity exports, particularly minerals.[12] This power asymmetry amidst apparent stability contributes to what Stephen Krasner calls the "organized hypocrisy" of sovereignty. Rulers whose governments lack internal administrative capabilities deliberately manipulate supposed norms of sovereignty to extend the powers and interests of these regimes; in effect pretending that especially weak states exercise a degree of internal control that they in fact do not.[13] Ugandan and Liberian rulers and regimes appear to be beneficiaries *par excellence* of outsiders' willingness to accept their status as sovereign governments, and back this up with resources.

Meanwhile, external guarantees of existing borders remain, though not now through military aid. Rather, global non-recognition of separatists or irredentists who challenge borders deprives these groups of the prerogatives of sovereignty. This even extended to the non-recognition of some victorious insurgents who do not question borders, such as Sierra Leone's Revolutionary United Front in 1997, again in 1998. This still buffers rulers from obligations to bargain with civilians to collect resources to defend their states from external threats.[14] "Where the ability of rulers to draw revenues from commodity exports, or from great power military aid, " wrote Tilly, "allows them to bypass bargaining with their subject populations, large state edifices have grown up in the absence of significant consent or support from citizens."[15]

Even where regimes collapse altogether, outsiders refuse to accept the extinction of sovereignty, as Somalia's persistence as a globally recognized state attests. This denies successor authorities of full access to global society.[16] This status denies would-be state-builders access to aid and investment from abroad, while adversaries who convince outsiders of their claim to the mantle of sovereignty receive external resources and support. This happens almost no matter how groundless their claim to exercise authority in the eyes of the population, reinforcing Tilly's pessimistic assessment of African states, compared to early modern European state builders. Insurgents in Africa appear to recognize the advantages of external recognition of sovereignty and foregoing the arduous process of mobilizing populations and building popular legitimacy, as the violent scrambles to State Houses by Liberia's Charles Taylor and Congo's Laurent Kabila show. In this sense, Herbst's observations are borne out; would-be rulers need only capture State House instead of actually trying to rule a hinterland.[17]

Another outcome is the involvement of those holding public office in weak states in commercial activities officially classified as criminal behavior, both within those states and in international conventions. Some rulers use the façade of statehood to control markets, including illicit ones. Sovereign prerogatives give rulers opportunities to shield transactions from the eyes of outsiders, and then offer these services to foreign partners.[18] This appears to be part of a general trend in some African countries toward the privatization of state institutions and the development of smuggling, the growth of private armies, and the development of an economy of plunder where the state itself is used as a vehicle to organize such activity. This can reach extremes, as in Liberia, which had a 1998 official budget of about $50 million, while clandestine businesses reportedly thrive with official connivance.[19] As president of a globally recognized state, Taylor can shield from detailed scrutiny transactions with suspicious individuals and groups, such as an American church with its own bank, South African operatives who once organized clandestine transactions with Angolan insurgents, and Ukrainian businessmen with alleged criminal contacts.[20]

Such rulers encounter few incentives to bargain with locally productive groups for access to resources in exchange for protection and services, and therefore have little prospect of building state-like political units with rules and interests that are other than those of the ruler. Instead, rulers can turn to outsiders to provide them with resources. Throughout, structural features of the global state system remain relatively static. "The triumph of the national state in Europe became the triumph of the national state around the globe. Choices made in Europe's past dictated the possibilities for Africa's future. Once a particular path had been chosen, other paths, perhaps more functionally appropriate for contemporary problems, were foreclosed."[21]

But Uganda's intervention in Congo and Liberian influence in Sierra Leone (along with the interventions of Angola, Zimbabwe, Chad, Rwanda, Burundi, Namibia in Congo's territory, Angola's intervention into Congo-Brazzaville, Nigeria's into Liberia, Sierra Leone and Guinea-Bissau, Guinea's into Sierra Leone, and an interstate war between Eritrea and Ethiopia) appears to challenge the relationship between war, sovereignty and the privatization of very weak states. To what extent are local actors capable of changing or refining these practices such that the relation between state building and accumulation also changes? It is in these terms that the process of state building and accumulation is analyzed here.

WAR, PLUNDER, AND STATE POWER

Contemporary violence and plunder in Africa (and parts of the former Soviet Union) touch on a wider debate about the relationship of war and state formation. "War makes states," claimed Tilly for early modern Europe; "Banditry, piracy, gangland rivalry, policing and war making all belong on the same continuum."[22] Tilly's description of European state formation evokes contemporary developments in parts of Africa. It includes kings as godfathers, nobles as gang leaders, and merchants who collude with monarchs to acquire new markets through conquest and protection from rival merchants. Uganda's Congo war, army officers in business as diamond and gold traders, and private military service companies, bear more than passing resemblance to alliances such as between northern European monarchs and merchants who together used violent, predatory means to wrest market shares from Venice and Genoa.[23]

Nor, as in contemporary cases, were plunderers easily captured or coopted into rulers' designs. Some merchants found refuge in city-states such as those along the Rhine, primarily along the borders of more centralized polities. Others freelanced, or served the interests of political cliques. The Dutch West India Company, for example, helped fund and provision a Portuguese campaign to retake Brazil, then attempted its own occupation of sugar growing areas.[24] Others managed to found their own states. The Brookes family of "White Rajahs" in conjunction with the Borneo Company succeeded in securing recognition from other states up to the Second World War of their rule over part of Sarawak.[25] Recently, Uganda's insurgent allies in Congo signed deals with a businessman who promised to organize an "African Union Reserve System" for "monetary administration and economic development of the Congo."[26]

Similarities of activities, however, need not produce similar outcomes. Of Europe, "a plunderer could become in effect the chief of police as soon as he regularized his 'take,' adapted it to the capacity to pay, defend his preserve against other plunderers, and maintain his territorial monopoly long enough for custom to make it legitimate."[27] This development provoked various internal social bargains, such as deals with urban holders of capital, if such existed in large numbers, alliances with local notables to help repress rebellious peasants, or other internal outcomes that tended to promote some order. Now, however, bargaining occurs within the framework of a global diplomatic and intellectual preoccupation with particular forms of political organization and existing international boundaries.

Throughout, a key strategy for consolidating domestic political bargains has been to steal from outside a state's territory. Africa and other areas with very weak states have often been on the receiving end of violent accumulation. This inequality has long been put to reciprocal advantage. Rulers' accumulation of wealth through rents generated by international commerce is a long-standing practice in Africa. Pre-colonial commercial oligarchies acted as middlemen to European traders. This relationship appears in more contemporary examples of rulers deriving rents through skimming humanitarian aid and the diversion of profits from money laundering and illicit trade. As these cases suggest, it is likely that the extraction of resources necessary to defend states against challengers and build administrative structures capable of delivering enough to subject populations to ensure some acquiescence will rely heavily on deals with powerful outsiders. It is thus probably not true that, as Mohammed Ayoob speculates, "statemaking and what we now call 'internal war' are two sides of the same coin,"[28] at least in the sense that it was in early modern Europe. Now, the process of creating internal order is much more heavily connected to negotiating the terms of external dependence. In the past, those who had to resort to such tactics were good candidates for extinction.

In spite of these historical differences, I do not exclude the hypothesis that the crisis of very weak states may eventually favor the growth of internal order and promote their insertion in the global economy on more favorable terms. War and illicit commercial activity may complement economic and political activities that are more acceptable in the international system of states. But more often, contemporary insurgencies in very weak states do not attempt to create a radically different structure of society. Instead, most evolve to manipulate opportunities for private accumulation in existing patronage, or try to remove greedy rivals, and have no proclaimed program or ideology. Furthermore, the predations of rulers and insurgents add to the woes of others, such as local cultivators, who are unable to organize effectively in this environment. In contrast to “primitive rebels,” insurgents in Africa’s weak state often prove eager to enter the state and bargain to become part of it, or more preferably, possess it for themselves.

External factors reinforce this tendency. Outsiders who help broker diplomatic settlements usually regard all parties as subsisting on essentially equal footing in the sense that everyone must have reasonable grievances of some sort or another. The cold war diplomacy that Jackson identified as a crucial prop for regimes in weak states still applies to the juridical state entity, but not necessarily to a particular regime. The decision to pursue negotiated settlements through recognition of all competing parties and their inclusion in an encompassing constitutional structure enhances the international standing of insurgents. As a result, the distinction between insurgents and existing governments becomes blurred, without a concomitant decline in international support for the idea of states, and for existing boundaries. This diplomatic shift probably contributes to the collapse of some states. Insurgents who are not concerned about administering areas under their control, and who may have economic interests in continuing violence are incorporated into coalition governments, often under outside pressure. Sierra Leone’s Lomé agreement in 1999, which collapsed in 2000, stands as a spectacular example of this tendency. The appearance of this sort of insurgency and the threat of their inclusion in government arguably give state rulers increased incentives to fight wars. It may also encourage outsiders who believe that order will prevail when one side wins to support (or show more tolerance toward) war fighting regimes in weak states.

It is inevitable that war is solely a stimulus to administrative fragmentation and private endeavor at the expense of public purpose. The kinds of capabilities that rulers of weak states (or those who try to replace them) develop appear at this post cold war juncture of international diplomacy, commerce, and violence. These developments change the political shape of weak states. Shifts in control over markets and violence displace some strongmen and presents opportunities to others. Several key components appear that distinguishes successful centralization strategies from collapse. The first is a superior organization of warfare, and of violent commercial organizations associated with it. Second is an ability to manage anxieties of outsiders, to manipulate concerns of non-African officials about disorder in Africa, or to join with clandestine economic enterprises (or do both), features that appear in Uganda.

The capacity to convince outsiders of their claim to access to state resources is a valuable political resource in domestic bargaining. Sovereignty can be manipulated to gain access to political and commercial resources. Incumbent rulers find themselves in more advantageous position, vis-à-vis insurgencies. Norms of sovereignty extend rulers’ capabilities not only in the arena of state-to-state relations, but also gives them access to international commercial jurisprudence, for example, which helps rulers in weak states attract investors to their territory. Both of these practical applications of sovereignty have undergone shifts in post cold war years that are significant to the outcomes of battles and political bargains in weak states. Under certain conditions, they translate into opportunities for rulers to make bids for more centralized control, as the Ugandan case will show below.

The result will be an adaptation of statehood, just as Jackson, Krasner, and others recognized that sovereignty is applied in varying forms and to different degrees. For Somalia, where internal attributes of statehood are nearly absent, international actors conspire to maintain the fiction of the state's continued existence. In others, such as Uganda, rulers actively use norms of statehood and sovereignty to shield their predations and political strategies from some outsiders, and at the same time extract resources from them. "There is a growing awareness that the political regime of the future will be a state in name only," wrote Birnbaum and Badie, "and that it must be based on new ideas, on innovations and adjustments comparable to those that post feudal Europe was forced to undergo."[29] Likewise, the contemporary diplomatic community accepts the compatibility of "privatization" and elections with criminality at the highest levels in Russia. There too these strategies may prove compatible with recentralizing power and deeper engagement with the global economy.

But building states as distinct political organizations as Tilly describes them still entails separating political authority and economic enterprise, and distinguishing between public and private. My primary interest lies in how commercial practice, usually in the form of violent political enterprise in places where bureaucratic structures are weak or absent, shapes (or destroys) boundaries between these spheres. On the one hand, violent entrepreneurship is a sign that political authorities have lost monopolies of legitimate violence, and that competing and uncontrolled predatory organizations and alternative extractive networks replace it. But entrepreneurs may recognize that extreme violence is economically inefficient. They may wish to enforce a particular business culture on others, and establish measures to reduce risk. These groups may, under certain conditions, tolerate limits on their actions in ways that are compatible with centralizing control over violence and maintaining predictable internal hierarchies that are separable from the personal interests of individuals. Taken broadly, this is state formation. In terms of looking at divergent management styles of violent commercial organizations, this entails specifying who potentially makes up the core of a new state, who are private "warlord" syndicates, and who gets managed into being businesses.

Developments in Uganda and Liberia below highlight elements of managerial strategies and political bargaining on the part of violent commercial organizations that promote different trajectories in the global context of economic and strategic marginality.

VIOLENCE AND A CENTRAL AUTHORITY

Congo-Kinshasa's civil war, begun in earnest in 1996, should be a type of war that encourages private economic interests, especially if those who intervene are not reliant upon a highly organized state. Congo's prewar economy relied heavily on exports of natural resources to generate hard currency. In 1992, copper made up 58% of Congo's formal economy exports.[30] More importantly, compact and valuable resources like gold, diamonds and cobalt left the country through clandestine channels. In the late 1980s, for example, possibly as much as 4,000 kg of gold left the country through untaxed channels each year.[31] Much of the production of these commodities was concentrated in the eastern parts of the country, within easy reach of Rwanda and Uganda, Congo's neighbors.

By mid 1996, the UPDF was deeply involved in assisting insurgents affiliated with the Alliance des Forces Democratiques pour la Liberation du Congo (AFDL). Ugandan officials justified the UPDF's intervention in terms of a strategy to drive Ugandan insurgents and potential unrest away from Uganda's western border.[32] But this arrangement also seemed to offer UPDF forces opportunities to take advantage of local trade opportunities at the expense of their official duties and to the coherence of the overall bureaucratic coherence of Uganda's military. Ultimately, this development would deprive state rulers of control over violence and pose the danger that military factions would fight each other over the spoils of war. Such fears are realistic. The AFDL head, Laurent Kabila, spent many years engaged in trade in agricultural and mineral commodities with East Africa, building up a business network that later facilitated his connections with foreign firms once he became the country's globally recognized sovereign. The Congo war has also presented opportunities for profit to individual Ugandan soldiers and officers.

The most obvious opportunities for personal profit are available to those in the war zone itself. UPDF forces have since 1997 occupied significant areas of northeastern Congo. The UPDF occupies Kisangani, a major trading city with river and air transport facilities. Other towns such as Isoro and Butembo host UPDF brigades. After the UPDF's falling out with Kabila, these towns, along with Kisangani, serve as points to train and aid forces of the Congolese Liberation Movement (MLC) of Jean Pierre Bemba and Rally for Congolese Democracy (RCD-Kisangani) of Prof. Wamba dia Wamba. The de facto head of the UPDF, Major General Salim Saleh, the brother of Ugandan President Museveni, appeared to take personal advantage of these opportunities. For example, Saleh reportedly maintained gold buying firms in UPDF controlled areas of Congo, an area responsible for an estimated $60 million in gold exports to Uganda in 1996.[33] Meanwhile, Uganda became a more prominent exporter of gold. According to official Ugandan figures, the country's exports rose from $12.4 million in 1994-95 to $110 million in 1996-97. "According to figures from the Ministry of Natural Resources," cites an official report, "gold production represented only 0.2% pf gold exports during 1996/7."[34] By 1999, gold had become Uganda's largest non-coffee official export.[35] There is scant evidence that gold is produced in anywhere near these quantities in Uganda itself according to industry journals.[36] Trade between Congo and Uganda is significant. The robbery of a Horizon Bus (traveling 3-4 times a week between Kampala and Goma) netted for bandits a haul of 120 cts of diamonds and $250,000 in cash.[37]

Other members of the military clique close to the president allegedly engage in commercial activities in Congo. Col. James Kazini, commander of UPDF's Congo contingent until late 1999 (and cousin of the president's wife), reportedly ran Congo businesses. He supposedly doled out diamond and cobalt concessions to a local firm named Victoria, initially in conjunction with Rwandan military officers.[38] Some reporters suspect that it is through devices such as this that "war is financed through a web of mercenaries, intelligence and security entrepreneurs, allied to frontline commanders and businessmen."[39] Various officers invest in cell phone networks and cyber-cafes in Congo, and generate complaints among compatriots for their use of military transport to move goods.

These business-military networks extend to Uganda. Saleh holds a 45 percent share in Saracen Uganda, a private security company that is a subsidiary of Branch Energy, a British firm with alleged links to mercenaries who fought in Sierra Leone and Angola in the mid 1990s.[40] The Ugandan firm has two local subsidiaries of its own, Saracen Guns and Ammunition and Saracen Electronics. Saleh is also reputed to own stakes in a number of air cargo companies too.[41] Numerous other arrangements follow this pattern. Airscan, an American security firm with contracts in Angola, reportedly appeared in Uganda to train and equip UPDF soldiers.[42] This example, however, was unlikely to involve trading concessions for military assistance, but instead would be as a contractor for the US-sponsored African Crisis Response Initiative. (This US program envisions training an African peacekeeping force. UPDF participation in this program ended in 1999 because of Kampala's activities in Congo.[43])

IS IT A MILITARY OR A STATE THAT STEALS?

There is little doubt that UPDF activities in Congo fall within the category of "criminalization" that Bayart, et al. discuss in that positions within a state are used to generate private profits.[44] One might ask, however, whether it is individual officers who steal, or whether the UPDF as an army steals, or whether this should be seen organizationally and politically as theft by a state. No doubt some people succeed in becoming very wealthy. Individual aggrandizement appears to have become visible in mysterious attempts on the lives of key army commanders—certainly not a development conducive to either efficiency or bureaucratic control of the organization. Officers, especially Saleh, have been implicated in shady transactions involving UPDF purchases of overpriced used arms procured through contract firms that they own. Each of these problems poses significant danger to Museveni's regime.

But theft organized by a state might conceivably play a role in supporting both the regime and a limited institutionalization of state control in non-military activities. First, as noted above, Congo and other commerce enables the UPDF to finance some of its activities outside of the official budget of Uganda. No doubt this creates numerous opportunities for officials involved to divert resources to their own pockets. At the same time, it may play an important political role in managing relations with Uganda's multilateral creditors. Second, significant increases in "non-traditional" [Congo] exports ameliorate Uganda's balance of payments difficulties. This assists creditors' efforts to portray Uganda as a successful example of neo-liberal reform. The strategic advantage in this for creditors lies in Uganda's superior performance as an early client of the Highly Indebted Poor Country (HIPC) initiative. This initiative is unusual for writing off principal owed by its clients in an effort to lower debt service payments and redirect government finances to the provision of social services and strengthening of state bureaucracies.

The first effect of militarized commerce addresses creditor concerns about the diversion of state resources away from debt servicing to war fighting. In Uganda, IMF officials in 1999 set 1.9 percent of GDP as an upper tolerable limit for military spending before loan disbursements are delayed or halted. The creditor's concern appeared to lie in balancing Uganda's budget. The IMF resident representative in Uganda, Zia Ebrahim Zadeh reportedly "pointed out that although the Defense budget was supposed to be 1.9 percent of the GDP, the IMF team had found that the target had been surpassed to well over 2.2 percent in the first six months."[45]

In other cases, similar limits have been imposed irrespective of internal political dynamics. In Sierra Leone, for example, IMF officials suggested in 1996 that the Kabbah government end its contract with a South African mercenary force that was protecting it, due in part to the budgetary impact of the monthly $1.7 million bill for its services.[46] Backing creditor demands was the promise the Sierra Leone would receive debt relief under Paris Club arrangements.[47] Three months later, rebels had seized the capital, further destroying infrastructure and putting an end to basic services such as public education. Anecdotal evidence suggests that IMF officials learned from the Sierra Leone experience that ignoring a regime's security threats poses the risk of losing interlocutors who are willing and capable of meeting a state's international obligations.[48] Whether Ugandan officials can exploit tacit acknowledgement of creditor interest in a debtor's security with fabricated macroeconomic data is not known but as data in Table 1 showed, creditors possess varying interpretations of fiscal and policy performance. Discussions in creditors' working papers also suggest that researchers appear to be unsure about the quality of the data they are using.

At any rate, in 1999, the Ugandan government acknowledged that military spending had exceeded the limit and reached 2.7 percent.[49] It is apparent that security spending had exceeded the IMF-imposed limit, especially if one includes informal commercial activity via air cargo companies, military service firms and private arms imports related to the war. (Though it is also interesting to note that creditor officials in 1999 preferred to cite security spending figures below the Government's own 2.7 percent figure.) Indeed, spending figures may have been even higher if one includes "private" aspects of the war effort related to commercial activities and off-budget financing. Nonetheless, breaching the 1.9 percent limit had real consequences. Disbursement of an IMF loan was delayed--briefly. US and British aid programs were reduced. Despite these sanctions, however, there has been no wholesale reevaluation of creditors' programs in Uganda.

From an internal perspective, this particular political strategy of using private commerce to finance a country's military resembles tactics of Indonesian president Suharto in the late 1960s and 1970s. The key political challenge that Suharto faced was to promote the unity of the Indonesian military sufficient that it could counter separatist forces and communist insurgents. As in Uganda, Indonesian army commanders had their own powerbases and were capable of threatening the regime. Suharto's strategy was to make the military rely as much as possible on him personally for funding. But this is not pure patronage politics. There was a dual strategy here as well. Suharto had to manage his army in ways that limited its burden on Indonesia's revenue base and did not undermine fiscal agencies.[50] In Indonesia, this financing occurred through networks of military-controlled oil and timber companies. This arrangement gave some government ministries sufficient independence from the patronage demands of the military (though they struggled with their own political fiefdoms in which rent-seeking flourished) such that technocratic enclaves could develop, and that those could help attract foreign investment and loans.[51]

Uganda's militarized commerce also plays a role in creditor concerns about performance of Uganda as a debtor country and as a participant in its Highly Indebted Poor Country (HIPC) debt relief scheme. HIPC is the first step toward more comprehensive debt relief, both for debts to multilateral creditors and to foreign governments. Inclusion (with three other countries) in the forefront of the HIPC program gives Ugandan officials the opportunity to negotiate debt reductions with numerous regional multilateral creditors and with official bilateral creditors.

Results of negotiations begun in 1997 placed Uganda in the unusual category of registering a significant drop in its debt service to the IMF. Originally scheduled for $175 million in 1998-99, it fell to $132 million after a negotiated $650 million decline in Uganda's overall $3.5 billion foreign debt. This decline, combined with growing exports, pushed the country's debt service to export ratio from 23 percent in 1997-98 to 16 percent in 1998-99.[52] Negotiations in February 2000 have scheduled Uganda for an overall 40 percent reduction in its multilateral debt, with an estimated total debt service relief of $1.95 billion.[53] Despite the UPDF's war in Congo, World Bank and IMF officials continue to include Uganda among the top four HIPC clients, based in part on its improving fiscal and trade situation.

In 1998, gold exports—mostly from Congo—accounted for 9 percent of all exports by value. The, climb in the value of gold exports from negligible amounts prior to 1997 helped to redress a trade deficit that stood at about $600 million in 1996, according to IMF figures.[54] According to Ugandan official figures, gold exports for 1994 were $224,000, but had risen to over $80 million in 1998, beginning its steep rise in 1996.[55] By 1998, coffee exports from Congo are harder to tally, though Uganda has long served as a transit point for coffee grown in Kivu and shipped to Indian ocean ports.[56] The fact, however, that a significant portion of gold and possibly coffee exports can be (and is) recorded in the formal economy has important internal implications beyond its positive impact on creditors' evaluations. It indicates that (at least at some times) enterprise among military officers and their commercial associates does not take place free from the influence of a central authority and of government agencies.

Success in the HIPC program has provided Uganda with Paris Club loans and debt relief sufficient to maintain outside budget support at levels as high as half of Uganda's official budget and 80 percent of its development expenditures since the early 1990s. This external assistance has been critical in underwriting increasing state provision of social services (Table 1). Internal revenue collections are only enough to pay the government's wage bill and little else.

Table 1

Services as a percentage of public expenditures	1990-94	1995-97
Health	2.2%	3.7%
Education	6.4%	10.7%[57]
Defense	2.5%	8.3%
Per capita economic growth	2.2%	3.7%

Source: Evangelos Calamitsis, Anuparn Basu & Dhaneshwar Ghura, *Adjustment and Growth in Sub-Saharan Africa,*" WP/99/51, (Washington, DC: IMF, April 1999), 31, 32.

On the one hand, association with state agencies, especially the military, has offered individuals opportunities to profit. The Museveni regime continues to use state power to create entrepreneurial opportunities, the profits of which can be protected from taxation, and the benefits of which can be used for private purposes. These networks have incorporated external as well as domestic markets in ways that evade distinctions between formal and informal markets. In this regard, Uganda's military structures appear to be major actors in the "criminalization" of the state—meaning the subordination of state structures and regulations to purely private gain—on the African continent.

In an extreme form of such a state, or where a state ruler lacks external sources of income, a ruler should be averse to allowing any state agency to become efficient, or to provide a service that might attract a following. These developments risk reinforcing the distinctive perspectives of that agency, particularly if bureaucratic efficiency is combined with individuals' access to clandestine commerce. Over time, a ruler who faces associates who are willing to use their agencies to gather resources without the ruler's permission may prefer to undermine the institutions of the state itself, lest officials who run them develop the capacity to threaten the regime. Idi Amin (1971-79) and Milton Obote (1980-85) behaved in this fashion. Gilbert Khadiagala wrote: "the Amin regime lost its organizational clarity and functional role as a state manager… the transformation of a pivotal state institution into a source of insecurity."[58]

On the other hand, as Table 1 shows, Museveni has proven tolerant of the existence, and even strengthening, of formal institutions of the state. He has proven able to exploit the sovereign prerogative of creditworthiness to recruit multilateral creditors as backers to manage a difficult internal political situation. This partnership requires a deception at two levels. First, creditors must agree amongst themselves and with the Ugandan regime to not recognize certain activities that the former could publicly label as unacceptable. One sees possible evidence of this in the preference of creditors to cite more optimistic figures for security expenditures than contained in an official report cited above. Creditor and debtor share the same goal of economic success. For creditors, this translates into use of Uganda as a "successful" HIPC client that can be used to set a higher performance standard for other countries included in this program. If Uganda can do it, no other government has an excuse," said one creditor official in reference to Uganda's achievement of fiscal benchmarks prior to its HIPC approval.[59]

For Museveni, this strategy enables him to use Uganda's special role for creditors to bend global norms of internal behavior of regimes and of intervention of sovereign states in the affairs of globally recognized neighbors. So-called "failed states" pose interesting dilemmas for creditors faced with decisions about how to count uncollectable loans against their balance sheet. Uganda is not a "failed state," but it borders several other states in which state institutions are very weak and in which disorder is a more pressing problem. All would prefer achievement of a longer-term goal of making Uganda more state-like in a conventionally understood sense of building internal bureaucratic capabilities, and of fulfilling its international obligations to multilateral agencies. But achieving this goal means violating norms associated with state sovereignty in Africa and with creditor-debtor relations.

If this analysis is correct, it means that the IMF and other creditors, not only UPDF officers, have benefited materially from Uganda's involvement in Congo. It is also possible that (at least in the short-run) the increasing density of state institutions and the availability of social services in Uganda itself are positively correlated to the inclusion of war in the Ugandan regime's internal political strategy and efforts to manage outsiders. Put differently, it might be fair to say that creditor resources help make it possible for Museveni's regime to fight in Congo.

It is also likely that this is a risky strategy. Intra-military competition shows that Museveni needs to worry whether officers do acquire their own interests and powers beyond their official positions. Indeed, Museveni cycles military officers in and out of Congo at a rapid pace. Another indicator appears in the very grave development of banditry among soldiers, including within Uganda. Complaints center on UPDF units in northern Uganda that have been transferred from Congo.[60] This recalls the “sobel” phenomenon that accompanied the collapse of state administration in Sierra Leone. The use of military units to collect taxes within Uganda poses similar risks of violence, even where it increases revenues. The fall of official figures for gold exports in 1998 may also reflect the growing ability of entrepreneurs in Congo (including those in the military) to circumvent official channels—possible evidence of freelancing among exporters in defiance of official control and a loss of centralized control over patronage.

The external strategy also presents risks. The US government has signaled a recent reluctance to continue tolerating Ugandan involvement in Congo’s war. IMF and World Bank reports express concern about military expenses and corruption, and as noted above, IMF loan disbursements were delayed, though not halted, over this issue beginning in mid 1999. The level of tolerance for Uganda’s position on the part of creditors is likely to be unique, and would be difficult for another non-strategic state to claim. Meanwhile, internal fiscal institutions have been slow to develop. Individual income tax, a good measure of formal sector economic activity, of individual compliance and of state capacity to enforce directives, has risen from only 1.3 percent of GDP in 1993-94 to a meager 2.1 percent in 1998-99.[61] Overall tax collection as a percentage of GDP in 1997-98 stood at 11.6 percent, below even the African average of 16.2 percent[62]

Yet overall, Museveni’s regime manages to maintain a military that is more capable and centrally organized than most on the continent. Agents of this regime profit personally from positions in the state, but this is not automatically incompatible with maintenance of state bureaucracies. There is evidence that state agencies in Uganda have increased their capacity to provide services. So for at least some people in Uganda, this is organization is a state in the sense that it provides public goods, and it is becoming more state-like. This stands in stark contrast to Liberia, as explored below. Warfare and violence have very different impacts on how authorities in these countries organize themselves.

INDIVIDUALS WHO STEAL

Liberia’s Charles Taylor became President of the Republic of Liberia as a consequence of his victory in an internationally mediated multiparty election in 1997. This event was the culmination of international efforts to end a seven-year civil war in which six major factions battled for control of the country. Taylor was widely seen to win through a strategy of intimidating voters; of threatening a war-weary populace that he and his followers would go back to war if they did not elect him as their leader.[63] Taylor succeeded in consolidating coercion in his hands, eliminating and chasing off rivals one by one after the 1997 poll. Meanwhile, Taylor and his associates have used their control over the Liberian state to continue a wartime strategy of profiting from commerce related to warfare in Sierra Leone, Liberia’s western neighbor. Connections between Liberia and Sierra Leonean rebels who hold mining areas in that country are numerous. For example, Commander Sam “Mosquito” Bockarie of the Sierra Leone Revolutionary United Front (RUF) has kept a house in Monrovia, guarded by Taylor’s forces.[64] Thus Liberia’s economy, like Uganda’s, has developed in conjunction with a redirection of commercial transactions and goods from a neighboring state.

In practical terms, this includes the reexport of diamonds mined in Sierra Leone (and possibly elsewhere) for the profit. As with Uganda and Congo, there is a long history of clandestine traffic across the Sierra Leone – Liberia border. As in the last case, portable, valuable natural resources are available for those able to seize them. One scholar estimated that 20 percent of the world's diamond production in the 1950s was smuggled out of Sierra Leone.[65] As with the UPDF in Congo, warfare brought armed groups into contact with these clandestine networks, which they appropriated for their own uses. Liberia is itself a minor producer of diamonds, with several alluvial deposits in the western region of the country. But civil war in Sierra Leone, beginning in March 1991, has been coterminous with considerable imports to Belgium (a world center for the diamond trade) of diamonds identified as Liberian (Table 2).

Table 2: Liberian Diamond Production and Exports (000 carats)

	Production	Exports to Antwerp
1991	100	658
1992	150	1909
1993	150	5006
1994	100	3268
1995	150	10677 ($500 m)
1996	150	12320
1997	150	5803
1998	150	2558 ($269 m)

Adapted from Ian Smillie, Lansana Gberie & Ralph Hazelton, *The Heart of the Matter: Sierra Leone Diamonds and Human Security*, (Ottawa: Partnership Africa Canada, 2000), 29, 32; Ronald Balazik, "Gemstones," *Annual Review*, (Washington, DC: United States Geological Survey [various years]); Diamond High Council, *Annual Report*, (Antwerp: Diamond High Council [various years]).

During the period 1991 to 1993 and again from 1996, Charles Taylor and his National Patriotic Front of Liberia (NPFL) occupied most of Liberia, and were in positions to control this trade in diamonds.

To what extent has Taylor used this commerce to bolster either his own strategy to build Liberian state agencies, or to attract resources from outsiders? It appears that most of the outsiders that provide resources to Taylor and his NPFL (now the ruling New Patriotic Party) operate as private individuals, or as agents of foreign firms and syndicates. For example, a former Israeli military officer (wanted by Colombian authorities) reportedly trained and equipped Sierra Leone rebels via Liberian networks linked to Taylor.[66] The appearance in Monrovia in 1999 of a former South African attaché charged with helping Angolan insurgent leader Jonas Savimbi further suggested that not all "Liberian" diamonds came from Sierra Leone. More recent commercial partners such as the former US politician Pat Robertson (a Mobutu business partner in the mid 1990s) with promises to invest in Liberian mines typifies the business contacts of the Monrovia regime for domestic enterprises.[67]

As those who identify the presence of natural resources as a disincentive to build state institutions would predict, Taylor relies on deals with outsiders to supply himself and associates with resources. But while Museveni has not been consistently opposed to the creation and strengthening of bureaucratic state agencies in a context of militarized commerce, Taylor has shown a remarkable aversion to hierarchical institutions. For example, Taylor maintains seven different security agencies. These include the preexisting Armed Forces of Liberia, an Anti-Terrorist Unit (with foreign trainers), and several who receive no pay, but prey instead upon the local population with a tactic known regionally as "Operation Pay Yourself."

Taylor's strategy appears to be one of renting out to the highest bidder the prerogatives of global recognition of Liberia's sovereignty. Unlike Museveni's Uganda, this strategy is used to weaken (without destroying) existing coercive forces, which are kept divided and dependent upon the personal favor of Taylor. In early 1999, for example, western governments were investigating the possibility that Taylor was allowing drug traffickers to use Liberia's territory and his connections with Sierra Leonean diamond commerce.[68] Beyond fragmented coercive agencies, the state as a functioning organization plays little role in Taylor's political strategy. Its conventional activities such as provision of education or other services to citizens, are an encumbrance that drains valuable resources from the maintenance of access to markets and political networks. This can be seen in the fact that very little, if any of the revenue from cross-border commerce reaches state coffers, or contributes in any way to the building of state institutions or the provision of public services

The result of this strategy is the creation of a political authority that bears very little resemblance to a state. Instead, it is organized and behaves much as a mafia. Unable to rely upon agreed rules and procedures to enforce agreements (and unlike a mafia, unable to call upon loyalty to any significant degree) the organization militarizes its commercial activities to ensure compliance among its partners and to intimidate and remove competitors.

EXPLAINING DIFFERENT OUTCOMES

Taylor's behavior has precluded multilateral or bilateral assistance, though sovereign authorities elsewhere continue to recognize Taylor's position as head of a sovereign state. Multilateral creditors also appear willing to grant selective recognition of Taylor's sovereign prerogative to manage his country's internal affairs without interference. That is, the nature of his rule is unchallenged. In fact, one might conjecture that insecure regimes in the weakest states—often the worst abusers of human rights—are the most immune from creditors' political conditions, since creditors may be anxious to keep in place an interlocutor who will recognize the state's sovereign obligations. However, creditors still reserve a selective right of surveillance of fiscal affairs.[69] One might argue that Taylor's more troubled relations with other global actors derives from his relative lack of popular legitimacy compared to Museveni, or that Taylor inherited a state torn by internal dissention and warfare. As for the latter, Museveni also inherited a war-torn state. Like Taylor, Museveni raised an insurgency against a tyrannical leader. Like Museveni, Taylor was initially a popular leader who attracted widespread support. Both have access to external commercial networks and use them to bolster their political resources.

A primary difference between the two lay in the fact that Museveni conquered a sovereign state, then integrated management of clandestine commercial networks into that framework. International agencies and foreign governments found this form of interlocutor one with which they could do business. Taylor's status as head of an insurgency complicated his search for resources outside of easily exploited and lucrative diamond trafficking networks. But Museveni also spent five years as an insurgent leader fighting an unpopular dictator's forces and battling rival rebel groups. Museveni also had access to clandestine commercial opportunities, and has used their distribution to help control his associates.

Though clearly shaped by local and regional structural possibilities, and encouraged or blocked by contingencies specific to each case, it is also clear that each ruler has played an important role as a political actor, making clear choices and decisions when other strategies would have been possible. In the Ugandan case, choices likely encountered significant short-run risks for what remains the prize of long-term state-building. The Liberian case illustrates choices made such to minimize short-term risk, but at the expense of future productivity and resources from a long-term state building project.

Nonetheless, activities associated with the "criminalization" of the state may, or they may not result in the weakening of formal state structures. Unconventional uses of state sovereignty need not necessarily weaken the overall global framework and norms of state sovereignty. In fact, they may play a role in buttressing them in areas that are economically and strategically marginal to strong states. The key to the differences in strategies and outcomes lies in the political choices of individual leaders, their identification of opportunities in a crisis management context, and their success in recruiting outsiders with resources to aid their regimes.

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