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Reflections on Africa's Wars

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1. Introduction

Peace is the key public good that a government must provide for economic development to take place. Without a credible perspective of lasting peace, there is no policy framework that can convince investors to bet on a country's future development by investing in productive and largely irreversible projects. The latter would be seriously at risk if a violent conflict happened to break out. There is a two-way causality between the risk of civil war and low development, which is illustrated by the well-known fact that civil wars mainly occur in developing countries. Africa in particular has been the theater of many civil wars since the end of the cold war, while it remains the most backward continent, despite some promising developments in a dozen countries. Rich countries are those whose political and institutional development has reached a point where the risk of civil war can be neglected by investors.

The theory of conflict-prevention has brought out the main inputs that must be provided by a peace-minded government. Azam (1995) describes how some redistribution of the resources controlled by the government must in general be combined with military expenditures for buying the peace. That paper is motivated by reference to various African countries, including some post-conflict ones like Ethiopia and Uganda in the 1990s, and some

others that had not experienced such conflicts at the time, like Ivory Coast and Senegal. A suggestive econometric analysis by Azam *et al.* (1996) seems to confirm this theoretical prediction, by showing how public expenditures with a highly redistributive content, like health and education, reduce significantly the occurrence of political violence.

However, the success of such a policy is shown in that paper to rest entirely on the ability of the government to commit credibly to such a course of action, i.e., to act as a “Stackelberg leader” in game-theoretic terms. Furthermore, that paper shows that this condition is also required for foreign aid to be used in a social-welfare-enhancing way, rather than for increasing military expenditures. A related point about the link between commitment and peace was made independently by Fearon (1995) in a working paper applied to the war in Croatia in 1991-92. This point is further developed in Azam (2001) which provides a discussion of the various means used by African governments for making their promises credible. Broadly speaking, they can be grouped in two categories. The first one is comprised of the institutional solutions that can be used by the government for “tying its own hands”, by creating various kinds of “checks and balances”, including the so-called “agencies of restraint”. This line of argument thus shows how political and institutional development must go hand-in-hand with economic development. As emphasized by North (1990), the key point in institutional development is the provision of commitment devices that help making property rights and human security credible (see also, North *et al.*, 2009). The second one refers to the build-up by the ruler of a credible reputation of faithfulness, based on a rigorous track record of keeping promises. The drawback of this second solution is that this kind of personalized political asset is liable to disappear when the ruler dies. The example of Ivory Coast is illuminating in this respect, where the political capital accumulated by President Houphouët-Boigny during his long stay in power got rapidly eroded after his death by his chosen successor, Henri Konan-Bédié. Hence, the institutional framework is the key

ingredient for establishing credibility in the long run, while the ruler's reputation cannot outlast the latter's lifetime. However, credible commitment is not the only problem that might prevent a ruler from achieving a lasting peace by combining redistribution and deterrence. Many other institutional weaknesses, like an inefficient public service, or a high level of decentralized corruption, might make peace too expensive for the ruler to invest in buying it. This point is illustrated below.

Moreover, institutions cannot be built in a vacuum, and recent empirical results suggest that a country's natural endowment is an important determinant of its ability to develop the appropriate institutional framework for making the government's promises credible. Fearon (2005) thus shows empirically that oil exporters are facing special challenges that undermine their government's credibility and tend to make the occurrence of civil war more probable in this case. Azam (2009) offers an interpretation of this phenomenon, based on an analytic narrative of the oil-related conflict in Nigeria. That paper describes the dynamics of violence in Nigeria, and shows how institutional weaknesses, like the governments' corruption at both the national and the local level, eventually made the low-intensity conflict going on under the civilian government a cheaper solution than the previous strategy of indiscriminate violence against civilians perpetrated by the military regime. Nevertheless, oil is not the only cause of civil wars in Africa, as beautifully illustrated by Rocco and Ballo (2008). They show how Laurent Gbagbo, who had been elected in unfair elections organized by the military dictator Robert Gueï in 2000, had an incentive to provoke a civil war in Ivory Coast in order to prevent the democratic process to resume, as he did not stand much chance to win a second time in normal elections. Moreover, some countries have managed to avoid civil war despite the importance of oil production for their economy. In Africa, Gabon and Cameroon have managed to remain peaceful, thanks in particular to a sophisticated system of centralized corruption (see e.e., Soares de Oliveira, 2007).

The present chapter first provides a simple theoretical framework for discussing these issues, in the next section. It emphasizes how the government must balance its expenditures in order to produce the right mix of redistribution and deterrence for establishing a lasting and credible peaceful equilibrium. The key contribution of this theoretical exercise is to bring out that high enough levels of administrative and military efficiency are required for making peace credible. Without them, the government's political will to invest in peace would falter, opening the door to violent conflict. Hence, this model provides a theoretical underpinning for the recent emphasis put by the Bretton Woods institutions on institutional reconstruction in post-conflict countries. For example, a joint IMF-World Bank document claimed that their goal was to assist in rebuilding "the administrative and institutional capacity required to put a comprehensive economic program in place" (IMF and World Bank, 2001, pp. 8-9). It shows additionally that this institutional effort can usefully be complemented with a similar effort invested in enhancing military capacity, as a combination of the two is shown to minimize the cost of buying the peace. This gives this theoretical framework a clear "Hobbesian" flavor, as it shows that peace will generally be enforced under threat, as deterrence is a key component of the peace-buying equilibrium.

Then, the subsequent section discusses various institutional solutions that have been tried in poor countries for overcoming the special challenges that they face for implementing such a policy mix. In particular, it discusses the issues of power-sharing and of federalism, which have been tried in the past for mitigating the war-inducing properties of majority rule in ethnically divided societies. The case studies briefly discussed in this section vindicate the theoretical prediction mentioned above that weak administrative efficiency might prevent the best intentioned political reforms from delivering the peace. This provides also some support to the idea advocated by Paris (2004) that strengthening administrative capacity should be given priority over democratization or other forms of political liberalization. The key warning

brought out here is that there is a delicate balance to be found between deterrence and credible redistribution for buying the peace. In addition, these case studies suggest that the simple two-player model described below needs to be extended in one crucial dimension for shedding light on many African cases of conflict prevention by looking at the shifting pattern of ethnic alliances. They show that a balance of force is a key ingredient in making the peaceful equilibrium credible.

2. A Sketch of Conflict-Prevention Theory

Peace is not the natural state of affairs, and it is a costly public good to produce. It requires two inputs for its production, namely deterrence and redistribution (see e.g., Azam, 1995, 2006). The present section sketches the theory of conflict prevention as a two-stage game between a ruler and a potential rebel: (i) at stage 1, the ruler chooses between war and peace; (ii) at stage 2, if peace is chosen, the ruler chooses the cost-minimizing mix of deterrence and redistribution that can enforce the peace, taking due account of the potential rebel's participation constraint. The game is solved by backward induction, as stage 2 determines the cost of peace for the ruler, which is then compared to the cost of war for making stage 1 decision. This approach describes the two sides of the game as unitary players, without any collective action problem. This simplification is discussed below. Notice that this framework gives the ruler the leading role, yielding a clear attribution of responsibility for the war/peace outcome. By contrast, the rebel-centered approach advocated by Collier (2000) and World Bank (2003) exonerates the government, but it seems quite tautological. It basically claims that there is a civil war because there are rebels, while you can as plausibly claim that there are rebels because there is a civil war. As emphasized and illustrated by Bates (2008), government-centered approaches have a much better explanatory power. They put the so-called "political will" at the center stage, but they do not assume that this could be

exogenously given. They bring out instead some deeper parameters which are liable to make it flip on the side of peace, or otherwise.

The Equilibrium Level of Deterrence

A clear distinction must be made between defense and deterrence. The former refers to the amount of military expenditures that the ruler would use if he chose to wage the war against the potential rebels. By definition, in this case, the ruler would not invest in military expenditures and redistribution up to the point where the potential opponent would be discouraged from launching a rebellion. In particular, the ruler would not give any transfer to his opponent. By contrast, if the ruler chose to enforce the peace instead, then he could invest in an even larger level of military expenditures, in some cases, with a view to deter his potential opponents from putting out a challenge against his rule. This is deterrence, and it can take different forms. Azam and Hoeffler (2002) have shown how indiscriminate violence against civilians might be used to weaken the potential rebels' ability to fight, and thus to reduce their incentive to launch an insurgency in the first place. Azam and Saadi-Sedik (2004) analyze instead the case of a threat of sanctions. Then, the sanctions will only be implemented if they are not effective at deterring the potential opponent from putting out a challenge. In either case, defense refers to military expenditures incurred for being used at fighting, while deterrence refers to military expenditures that are incurred for avoiding the fight, i.e., for convincing the potential opponent to accept the peace rather than to launch an insurgency.

Let a be the size of the army that the ruler chooses for maintaining the peace, which is generally different from the level of defense expenditures that he would choose were he to go for the war instead. Many exogenous factors may affect the ruler's efficiency at deterrence, including the geographical or cultural setting prevailing in the country. Mountainous terrain or a deep rainforest are some features that can make rebellion more difficult to deter, while some traditional political systems, like a caste system or a deeply rooted hierarchy, might make

deterrence cheaper than in some other systems (see e.g., Fearon and Laitin, 2003). We use the parameter θ for capturing this deterrence efficiency.

The ruler can also use redistribution as a way to buy the peace, by offering an implicit or explicit contract promising to give the potential rebel an amount g if he refrained from getting armed and thus challenging the ruler. To be effective, the latter transfer must give the potential rebel a level of satisfaction at least as high as his expected gain in case of war. Define $E(a, \theta)$ as the potential rebel's expected gain in case of war. It is naturally assumed to be decreasing with the ruler's effort at deterrence a and its efficiency level θ . Let $E_a(a, \theta) < 0$ denote its partial derivative with respect to a . Then, in order for the transfer g to buy the peace, it must fulfill the potential rebel's participation constraint:

$$g \geq E(a, \theta). \tag{1}$$

If condition (1) did not hold, then the rebel would be better off launching an insurgency, and war would ensue. This condition just says that (i) the potential rebel must get in case of peace at least as much as he could expect to get in case of war, and that (ii) the minimum transfer required to buy the peace is a decreasing function of the rulers' effort and efficiency at deterrence. This participation constraint is thus facing the ruler with a trade off between spending more on transfer and spending more on deterrence. Because g is a cost item for the ruler, this condition will hold as an equality in equilibrium. The ruler has no reason to make any gift to the potential rebels over and above the transfer required to buy the peace, so that $E(a, \theta)$ gives the equilibrium value of the peace-buying transfer.

This very simple setting allows us to establish the following striking result:

Neo-Hobbesian Theorem: If (i) $E(a, \theta)$ is strictly convex in a and (ii) it is such that $E_a(0, \theta) < -1$, then the ruler will choose a strictly positive level of deterrence for enforcing the peace at a minimum cost.

Proof: Condition (i) is required as a second-order condition for the ruler to minimize the cost of peace $g + a$ subject to the potential rebel's participation constraint (1). Condition (ii) ensures that the first-order condition for this minimization problem $E_a(a, \theta) = -1$ holds for a strictly positive value of a , denoted a^* . *QED*.

This theorem is clearly reminiscent of Hobbes' Leviathan theory, which asserts that a despotic power is required to pull out human society from the natural state, i.e., a kind of anarchy where life is "nasty, brutish, and short" (Hobbes, 1651). The peace-time positive level of deterrence implies that the peace is somehow built on the threat of war. This was captured in the antique world by the Latin saying: "*si vis pacem, para bellum*" (if you want peace, prepare for war). On the upside, this theorem also shows that there is a tradeoff between redistribution and deterrence, suggesting that the ruler can also use the "carrot" beside the necessary "stick" for enforcing the peace, thus mitigating the role of fear.

The Choice between War and Peace

We now turn our attention to the first stage of the game, where the ruler chooses between war and peace, by considering the relative cost of the two options. Let us introduce an additional transaction cost $\gamma > 0$ that the ruler must incur in order to get its optimal peace-buying expenditures, denoted a^* and g^* , through the system. This parameter captures potentially a lot of the typical institutional problems faced by rulers in developing countries. The public administration might be highly inefficient, involving a heavy burden in various forms of leakages (corruption, overstaffing, etc.). The payment system might be deficient, so

that a lot of intermediaries would need to be defrayed for channeling the funds either to the army, for implementing the deterrence policy, or to the potential rebels, for the redistribution part of the peace-buying policy. Howe (2001) has illustrated how the line separating deterrence from redistribution is sometimes hard to draw. He gives some examples where the Nigerian generals buy out-of-order tanks in order to maximize the kickback that they get from their suppliers. A particular attention has been paid in the literature to credibility problems (Azam, 1995, 2006a, Fearon, 1995, 1998). If the commitment technology available to the ruler is deficient, with a non-zero probability of default, then a risk premium needs to be added on top of the regular expenses in order to compensate for the resulting credibility gap. This can also be captured by our simple transaction-cost setting. Then, the total cost of peace is $(1+\gamma)(a^*+g^*)$. This is compared to the cost of war, assumed to be exogenously fixed at ω , including maybe some war-specific transaction costs, for choosing between war and peace. Then, peace will prevail if:

$$(1+\gamma)(a^*+E(a^*,\theta))\leq\omega. \quad (2)$$

Condition (2) thus defines a cutoff line between war and peace, which figure 1 depicts in a plausible way in the $\{\gamma, \theta\}$ space, for a given value of ω . War is chosen by the ruler whenever the transaction cost for buying the peace is too high, i.e., for any point located above this cutoff line. The latter's positive slope means that for any given level of administrative inefficiency, you can eliminate the risk of war if you are efficient enough at deterrence. Its convex shape means that when the ruler is very efficient at deterrence, then this can make peace attractive for him even if administrative inefficiency is extremely high. Its positive intercept suggests that peace would prevail independently of the ruler's level of efficiency at deterrence, were the transaction cost of delivering the peace-buying money negligible. This is a property shared by most conflict models, although there are exceptions. It is a reflection of the heavy social cost of war, which is liable to destroy a lot of valuable

resources. Then, peace helps save a bonus for the ruler after compensating the potential rebel for his opportunity cost of accepting the peace. Hence, were the transfer costless, it would generally make peace preferable for him.

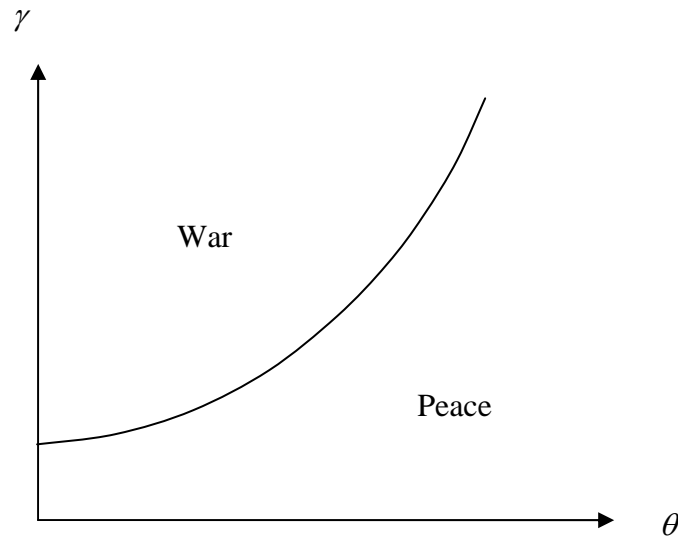


Figure 1: The Choice between War and Peace

Figure 1 provides a simple tool for analyzing the causes of war and peace. It brings out the two key parameters that determine the ruler's choice between war and peace. The crucial role of the transaction-cost parameter γ emphasizes the theoretical point that any model that can predict the occurrence of a violent conflict as an equilibrium outcome has to violate the conditions for the Coase theorem to prevail. The latter asserts that in the absence of any transactions costs, the free bargaining between the players would result in an optimal outcome, irrespective of the precise initial allocation of property rights, provided that the latter were well defined and freely transferable across players. Conflict theory deals precisely with the cases where property rights can be challenged with some probability of success (see Skaperdas, 1992). This is a type of negative externality that a Coasian bargain could handle, in the absence of transactions costs.

Figure 1 brings out also the key role of the θ parameter, which measures the ruler's efficiency at deterrence. In Africa, democratic regimes have usually found this part of the peace-keeping policy mix difficult to handle, in particular because of the difficult task of controlling the army in such cases. Military regimes are less reluctant to use indiscriminate violence against civilians as a pre-emptive counter-insurgency strategy, and as such are more effective at ruling by fear. This sheds some light on the recent experience of Guinea. Under the aging autocrat Lansana Conté, the Guinean government was losing its ability to make credible promises, as the days of the ruler seemed to come to an end. A fairly erratic policy emerged in the key field of allocating the revenues from the mining sector. This country relies heavily on bauxite and gold as its dominant exports. A lot of political agitation ensued, ending up in a brutal repression of demonstrations, which left on one occasion more than 200 dead civilians in Conakry in 2007. Then, when the old man passed out in December 2008, a bloodless coup occurred, which brought to power some military officers who had made a name for themselves during these episodes of brutal repression. Peace was maintained by fear, but this example illustrates vividly how figure 1 can be used to shed some light on some countries' response to exogenous shocks. It is almost definitional that a fragile state is a peaceful country whose $\{\gamma, \theta\}$ pair lies very close to the upward-sloping cutoff line, making the temptation of civil war very strong. Any odd shock could then break the peaceful equilibrium and precipitate the outbreak of violence. Political unrest was building up as γ was gradually moving upwards during the final years of the Conté regime. Then, the army took over in order to overcome the constitutional process and destroy any kind of restraint that had been put on repression in the previous years. This increase in θ turned out to be sufficient for compensating for the deterioration in γ and to maintain the peace.

The next section illustrates how this simple framework is shedding some light on many instances of political developments that took place in Africa under the shadow of civil

war. Following Azam (2006a), they illustrate how thin is the line between war and peace in this continent. Moreover, they show the limits of the unitary agent simplification, which needs to be relaxed for taking due account of the shifting ethnic alliances that seem to be needed for the transition from war to peace in Africa.

3. Institutional Development in the Hobbesian Tropics

The need for setting up a credible institutional framework for peace as a prerequisite for economic and political development is strikingly illustrated by the case of Chad. There, sizable oil reserves were discovered in the wake of the 1974 oil shock, but they were only exploited in 2003. In the words of Azam and Djimtoingar (2008): “It is only after peace was secured, and institutions were put in place to make it credible, that foreign oil companies ventured into exploiting oil” (Azam and Djimtoingar, 2008, p.87). Hence, the oil reserves remained in the ground for nearly three decades while the oil companies were waiting for the Chadians to sort out their political problem. This hold-out attitude by the Western oil firms was possible because of the lack of external competition. In Sudan, Jok (2007) shows how an attempt to hold out made by the Canadian firm Talisman Energy Inc. failed to protect human rights because it was instantly replaced by the Chinese and Malaysian oil companies. In Chad, the technical problems were solved very quickly as soon as the oil companies decided that the time was ripe for exploiting the oil, and the pipe-line across Cameroon was built in a few months. The kind of wait-and-see attitude that this example epitomizes is a characteristic of many other potential investors in Africa, and more generally in developing countries. It can be taken as good indicator of the credibility of the ruling political equilibrium. The key issue then is to identify what political development made the institutional framework credible enough to convince the potential investors to cross the line and start building up some productive capacity in the country. A careful analysis of the Chadian case illustrates how the political equilibrium rests in fact on the balance of forces between the ethnic groups involved.

The Interest Groups behind the Institutions

This issue has been discussed intensively in the historical literature devoted to European development. The famous paper by North and Weingast (1989) demonstrates how the constitution that emerged from the “Glorious Revolution” (1688) in England imposed enough restraint on the subsequent kings to provide a fairly safe environment for investors, which led eventually to the so-called “Industrial Revolution”. However, Stasavage (2003) shows that this constitutional framework provides only one side of the story, while the balance of forces within the resulting parliament was in fact the mainstay of the subsequent investor-friendly environment. Similarly, in developing countries nowadays, constitutional or other institutional frameworks are just empty shells unless they are a reflection of a balance of forces between the main interest groups. This is why the Neo-Conservative agenda of democratizing across the board has led to many political disasters: institutions are largely endogenous, and reflect the peaceful or violent interaction between well-defined groups. Acemoglu and Robinson (2006) have provided the fundamental analysis of the determinants of dictatorship and democracy in an economy where income distribution is the main issue. However, in Africa and many other developing countries, groups are defined along ethnic or religious lines, and different solutions have to be devised. Then, majority rule does not necessarily create the right environment, as it might result in a dictatorship of the majority, entailing a potential exclusion of minority groups, which are then cornered into violent rebellion. Fearon (1998) shows how the prospect of majority rule might trigger a violent conflict in an ethnically divided country. An illuminating linguistic analysis by Shaffer (1998) of the word “democracy” in the Wolof language in Senegal strongly suggests that majority rule is not an aim in itself for the African population. The latter seem to adhere spontaneously to the view held by Classical Liberalism of democracy as government by discussion, whose aim is really to build up a consensus rather than to exclude minority viewpoints. Azam

(2006a) provides a different analysis of endogenous political regimes aimed at capturing better the stakes of the political game in African society. That model brings out the fundamental determinants of the choice between war and peace, on the one hand, and in case of peace, the choice between a redistributive regime and a military dictatorship, on the other hand. In particular, it shows how the relative endowments of the ethnic groups interact with the government's credibility for determining the equilibrium political regime.

Two main types of institutional frameworks have been tried in Africa for creating the required "checks and balances" for enhancing the credibility of the government's promises to redistribute across ethnic groups, namely federalism and power-sharing agreements. However, the examples discussed below suggest that such schemes might not deliver the required credibility when other forms of institutional weaknesses interfere with the smooth working of the redistribution scheme so that the money does not reach the target population.

The recent experience of Kenya, in March and April 2008, illustrates vividly the dead-end where a narrow-minded application of the Neo-Conservative doctrine can lead a country. While the minority government ran by Daniel Arap Moi since the late 1970s had managed to keep the country together, with limited violence, a blunt application of majority rule resulted predictably in the eruption of widespread violence. Moi was a Kalendjin, from a very small ethnic group renown for the numerous gold medals it won for Kenya at the Olympic games. He was thus missing the kind of popular mass-support that rulers from large ethnic groups enjoy. His ability to stay in power thus rested on his strategy of keeping a fair balance in the distribution of the spoils between the larger ethnic groups, mainly via their elites. In the words of Kimenyi and Ndung'u (2005): "The multiethnic ruling class did not break ranks, so we did not see a strong elite movement to forge an ethnically based rebel group" (Kimenyi and Ndung'u, 2005, p. 154). Moi's weakness as an ethnic leader was thus a key ingredient for making his promises credible. Under the intrusive influence of the US administration,

represented in that case by Colin Powell, a majority government was put in place in the early 2000s. The latter government was entirely dominated by the largest ethnic group, the Kikuyu. Unfortunately, majority rule was then interpreted as a license to exclude from power the other large ethnic group, the Luo. The latter remained relatively calm during the first term of the Kikuyu regime, waiting for “their turn at the trough”. However, the 2008 elections brought the incumbent coalition back to power, raising the prospect of another term of exclusion for the Luo. This led to a popular uprising, leaving a long trail of innocent victims behind. The ensuing popular violence could only be stopped by over-ruling the election results, and organizing a power-sharing scheme including representatives of the Luo minority. Sheer common sense thus managed to beat the Neo-Conservative dogma and to bring peace back.

Chad provides a more dramatic example where power-sharing succeeded in ending decades of violence and to convince investors as mentioned above. Because the resulting political equilibrium has been in place for nearly two decades, its analysis is liable to provide some additional insight on the conditions for such a scheme to succeed. A closely related analysis could be made of the case of post-conflict Uganda, where Museveni’s NRM established a controversial form of inclusive “democracy”, which presided over an economic recovery that was regarded as an example for the whole continent by the international community (Mutibwa, 1992). Most ethnic groups were then represented in government, with the exception of a small northern rebellion.

In Chad, the Southerners ruled the country from Independence to the civil war, under a single-party regime. Ever since 1965, a low intensity insurrection had been going on in the north, structured by the Frolinat (Front de Libération Nationale du Tchad), a rebellion led by the two Toubou rivals Goukouni Oueddeï and Hissein Habré. Goukouni is the son of the Gedré, the highest traditional authority of his group, while Habré is from a lower caste of the same group, the Goranne. Habré was in turn the last prime minister before the civil war, after

a coup had toppled François Tombalbaye's dictatorial government, and the second president of the post-war period, until 1990. This occurred when the victorious northerners began to rule the country, after a short interim leadership of Goukouni. The latter had developed some very close relationships with the Libyan ruler Khadafi, while the former was an inflexible nationalist, who always fought hard to keep Khadafi out of Chad. This got him at times a serious US support, providing France with a competitive pressure to adopt a firm stance over these matters. The latter provided him with the required military support, delivering arms and a discrete help with 'technical advisors', when it came to push the Libyan army out of the country. Habré lost the French support by selling the captured high-tech Soviet military hardware to the US in 1987, without letting the French have a look at it. He was thus dumped by Paris when his former ally Idriss Déby launched an attack from the Sudanese territory, and seized N'Djamena very quickly in 1990.

The latter comes from the Zarghawa group, whose territory lies on both sides of the Sudanese border, with only about 30 to 40 % of its population living inside Chad, and the rest in the Darfur region of neighboring Sudan. His presidential guard has thus been staffed up to now with a large proportion of Sudanese Arab-speaking elite soldiers. The Zarghawa are Muslim Arab speakers, with natural relations with the Goranne. After the civil war, the country was not immediately peaceful. Beside the Libyan failed invasion mentioned above, this period saw a lot of military activity. The "codos" rebellion movements emerged in the south, from 1983 to 1986, and then from 1992 to 1999. This triggered two massive waves of very harsh repression by the Habré government first, and then by the Idriss Déby one. This involved a lot of massacre of innocent civilians, many villages being burnt to ashes and deleted from the map. Buijtenhuijs (1998) does not hesitate to characterize these massacres as "genocidal". He estimates that more than 1000 southerners have been killed every year during those two episodes. Moreover, over-armed herdsmen from the north, where most of the

fighting took place for more than a decade, started to cross the Chari river in order to feed their cattle in the cotton fields, shooting dead with impunity the resisting farmers. Neither the administration, nor the judicial authority, now dominated by the northerners, would take any action against this type of roving banditry, because quite a lot of these cattle are in fact owned by high-ranking officials. Thus, crime became “the continuation of war by other means” in the south. There are no precise estimates of the number of southern peasants who have emigrated to neighboring Cameroon, Central African Republic, and Nigeria. However, to the surprise of most observers, the northerners got the majority in the electoral *census* prior to the 1996 elections (see Buijtenhuijs, 1998). Some claim that many farmers have deserted their fields because of this threat, and that this is the root cause of the ending of the post-devaluation cotton-led boom. No data is available to examine statistically the exact significance of these claims, as most of these assaults are left unreported.

The Key to the Balance of Forces

Nevertheless, the Déby regime is rightly regarded as a more satisfactory regime, which lives on since 1990. The key to its relative success is that it has established some regional balance at the head of the state. Déby chose Kamougué, the General who organized the resistance in the south, during the civil war and the subsequent massacres, as the president of the national assembly. This is formally the second position in the state hierarchy. Moreover, all the military units of the southern rebellion were not dismantled, but were instead enrolled in the Chadian army. Thus, Kamougué represented a genuine personal power, as he could mobilize several military units in case of need. This ability to strike back that Déby left to the Southerners is a key commitment device for convincing the latter that he would leave them a fair share of the oil revenues, as they could thus punish him for defaulting, in the off-equilibrium path. Azam (2006b) provides a theoretical analysis of this kind of strategy. In the terms of figure 1, Déby thus chose to emphasize a cut in γ , while probably reducing θ too,

albeit after a brutal massacre in the south, suggesting that the cutoff line was pretty flat in the relevant neighborhood. In addition, some decentralization was adopted with the new constitution approved by referendum on March 31, 1996. Three levels of local governments were created on the French pattern, with communes (both rural and urban) at the bottom, departments at the intermediate level, and regions. Hence, Déby based his peace-keeping strategy partly on credible power-sharing with the southerners, and succeeded thus in halting the downward spiral that characterized this economy before the civil war. The economy recovered partly, with some positive growth of per capita GDP at local constant prices in the 1990s. In the oil sector at least, investors then recovered enough confidence to launch the exploitation of the oil fields, more than 25 years after their discovery. This strategy of regional balance was reinforced in April 2001 by the selection as prime minister of Nagoum Yamassoum, a southerner, while Déby was re-elected in May 2001, with 67.35 % of the votes. The irruption of the oil money in the public coffers starting in 2003 did not trigger a new round of political violence for determining the shares of the spoils going to each group. The Chadian national assembly had passed a law on December 30, 1998, aiming at providing various guarantees about the use of the oil money. It allocated the various direct or indirect revenues from oil to different accounts in the government budget, in an attempt to avoid sneaky diversions of this money and created a watchdog committee, called the “Collège de Contrôle et de Surveillance des Ressources Pétrolières” for monitoring the use of this oil money. A law passed on June 21, 2000, reinforced the presence of civil society in this supervision committee, beside the representatives of the parliament, the central bank and the treasury, the Supreme Court, etc.

Nevertheless, peace and the enforceability of this legal device are jointly determined. So far, the peace between the former two enemies, the Muslim Northerners and the Christian Southerners has survived. However, some sporadic violence remained in some parts of the

country, epitomized by the killing of the chief of staff of the Chadian army in an ambush in the north of the country in early 2001. More recently, a new kind of military activity has erupted, as some members of Déby's family, two of his nephews in particular, have tried to topple him with some support from Sudan's president Al Bachir. Then, the World Bank rightly allowed Idriss Déby to use some of the oil money that was kept in store for the future generations to be used for stepping up military expenditures and to defeat the rebels. This is a different kind of political violence, which erupted inside the ruling group and is based on a disagreement over the credible redistribution policy that bought peace for nearly two decades.

Power-Sharing seems to reach its limits when a peaceful institutional framework must be put in place in a large country, with many ethnic groups to care for. Federalism then provides an attractive solution, which was applied successfully in post-war Ethiopia. There, the victorious Tigrayans subdivided the country into a large number of ethnically homogenous provinces, after about three decades of civil war that ended in 1991. Moreover, the victorious Tigrayan army did not dismantle and demobilize the whole defeated Amhara dominated one. On the contrary, many units of it were kept and merged with some units from the Tigrayan guerilla to build the new Ethiopian army, while some of the victors were asked simply to go back to their mountains. Like the Chadian example mentioned above, the Ethiopian experience supports the view that disarming the defeated side is not a clever thing to do for establishing a long-lasting peace. A more balanced outcome, where the new army is comprised of units from the two sides, seems preferable. For nearly two decades now, civil peace has prevailed, while a short war against Eritrea broke out in the mean time. Similarly, the Malian government gave a lot of autonomy to the northern people after the low-intensity civil war that took place in the first half of the 1990s. Like in the Chadian and the Ethiopian cases, the Malian government enrolled many former Tuareg rebels in its regular army. The attraction of federalism or regional autonomy comes from the fact that it gives local elites

some power for dealing with a large part of their ethnic group's affairs. This is supposed to ease tensions, by mediating the relationships between the local ethnic group and the central government's administration, which is often perceived as alien by the local people. Moreover, it keeps the local elites busy, detracting their attention away from the central government and the potentially disrupting competition for its control. This reduces mechanically the stakes involved in nation-wide politics and thus reduces the risk of a major intra-state conflict.

4. Crossing the Line Back to Violence in Nigeria

However, the Nigerian example suggests that there are additional institutional conditions for the federal solution to buy the peace. From independence to the civil war, Nigeria was divided administratively into three regions, each relying mainly on its own resources. The North had cotton and groundnuts; the West had cocoa, rubber, timber, palm oil, as well as the services of the port of Lagos. Finally the East had palm oil and petroleum. The Biafra war prompted the government to nationalize the oil, by the 1969 Petroleum Act, with a view to manage centrally the redistribution of oil revenues between regions. A presidential decree of 1975 further increased the central government's share, in the midst of the oil boom, from 50 % to 80 %. A further step in the appropriation of oil resources by the central government was taken in 1978 by the Land Use Decree, which gave the right to the local governors, then military appointees, to expropriate any local community of their land in order to ease the job of oil- or mining companies (Ghazvinian, 2007). At the same time, the military government aimed at weakening the regional powers by subdividing the regions into twelve states with very limited powers. By 1991, there were thirty states in Nigeria, while popular violence was rising in many places, demanding the creation of additional states (Gboyega, 1997). Most of the time, these popular uprisings were triggered by a sense of unfairness by some minority ethnic groups, which were looking for the creation of new states where they would become dominant. These demands were in fact largely ignored by the

military government. Rustad (2008) remarks: "... many states borders are not drawn along ethnic lines, but are rather creating multiethnic states" (p.24). The current number of states, i.e., 36, was reached in 1996. Moreover, quite a lot of the political debate got crystallized on the allocation formula for allocating revenues to the states and the different levels of government. As emphasized by Gboyega (1997), violence grew steadily all along the period of military government, with a particular concentration in the Niger Delta states, where oil production is located. The military government mainly relied on repression and indiscriminate violence against civilians for containing the popular discontent. Azam (2009) provides an analytic narrative of this violence and its consequences.

The Decentralized Corruption Barrier

In fact, federalism does not seem to have reduced the tensions in Nigeria. Its key drawback was dramatically brought out after the 1999 elections, which started the return to civilian rule. A former general and hero of the Biafran war, Olusegun Obasanjo, won these elections and benefited initially from a very favorable popular opinion. Despite his Yoruba origin, Obasanjo has acquired a truly national reputation, and he is rejected by the most radical members of his own ethnic group. He first ruled the country from 1976 to 1979, as a military president, and organized a first handover to a civilian government in 1979. This gave him a credible democratic legitimacy, reinforced by the few months that he spent in jail under General Abacha's dictatorship. He started to signal his drive for solving the main political problem of Nigeria, namely the violence going on in the oil-producing states, by reducing the use of violence and relying more on redistribution. He fired many generals of the previous period, and took various measures for curbing the power of the military. Then, he tried to increase the role of redistribution by increasing the share of oil revenues going back to the oil-producing states through the so-called derivation fund from 3 % to 13 %. Unfortunately, the level of corruption prevailing at the state government's level, where this revenue flow is

going, is such that very little of that money trickles down to the local population. Hence, this move failed to buy the peace in the oil-producing states, not because Obasanjo was not trustworthy, but because he turned out to be unable to overcome the corruption barrier that prevented the money from reaching its targets.

A highly revealing event clearly illustrates Obasanjo's conciliatory strategy. During the 2000s, the most dangerous rebellion going on in Nigeria was due to the Ijaws, the most important ethnic group of the Niger Delta states. Although it is a fairly small group by its size, it is the fourth largest one in Nigeria, after the Hausa, the Yoruba and the Igbo. During the summer 2004, an Ijaw youth movement had turned into an armed rebellion comprised of about 2000 men, under Dokubo Asari's leadership. His financial resources were mainly coming from "bunkering", i.e., the theft of kerosene from the pipe-lines for smuggling the resulting fuel out to the world market, through some well-organized illegal networks. The rebellion had managed to take over Port Harcourt in August 2004, despite the intervention of the Nigerian army's helicopters, which led to the death of several hundred people. In order to solve speedily this problem, under the discrete pressure of the US government, Obasanjo invited Asari at Aso Rock, the presidential palace in Abuja. The two men found an agreement while an American official was present as a witness, according to which Asari was "selling" to Obasanjo his movement's weapons (mainly a few AK 47s) for one million US \$ according to the International Crisis Group (ICG, 2006). Asari committed to stop his rebellion in return for a general amnesty and the promise not to be attacked by the Nigerian army (Ghazvinian, 2007). This seems to stretch credulity, at least for a Western economist, but this agreement succeeded in stopping this episode of violence, and permitted the resumption of oil production.

This genuinely African approach proved to be more effective than the increase in the derivation fund mentioned above. The country's federal structure had been devised by the

military governments as a way to buy off the local elites for diverting their political ambition away from the central government. This entails that the bulk of the money flowing to the states' governments is diverted by the governors in favor of their close clientele (Ghazvinian, 2007). Hence, the social cost of redistribution in favor of the rebels or their supporters, i.e., γ in the theoretical model above, is very high in Nigeria. Obasanjo probably had underestimated it at the beginning of his term in office. Finally, Asari ended up in jail, suggesting that the limits of the conciliatory approach have been reached (ICG, 2006).

War is Cheaper

Consequently, the respite was short-lived, and violence resumed in the course of 2005-2006. Ghazvinian cites an estimate of 1000 death per year, a figure which cannot be verified. Eventually, the conflict in the Niger Delta states saw its intensity rise over that period, as deterrence had been rolled back by the civilian government, while redistribution turned out to be out of reach. This conflict can be analyzed as a reciprocal-looting one of the type described by Azam (2002). The rebels are stealing a lot of fuel that is sold on the black market to some well-organized networks, which dispatch it all over West Africa and further, and they top up their financial resources by kidnapping some of the oil-firms' employees for a ransom. The government and the oil firms are destroying more and more the environment in the Niger Delta states, for saving money on the required investments for reducing oil spills and gas flaring. This reduces the local population's ability to make a living in legal activities like agriculture and fishing, strengthening their incentive to steal fuel from the pipe-lines. This phenomenon is described in game-theoretic terms as "strategic complementarity", as the looting performed by one side is reinforcing the incentive to loot faced by the other side, creating a multiplier effect (Azam, 2002). Then, the oil firms have not much incentive left to invest resources in pollution control, and they have in fact reduced their activity in the most exposed areas. The shortfall of Nigerian oil production below the trend is estimated at about

25 %, with a potential impact on the world market price. The oil firms have responded by relocating an increasing fraction of their African oil production, thanks to the recent developments in the deep-water offshore extraction technology. Angola is now about to become the largest African oil producer, a position that Nigeria held for decades. This brings out how institutional deficiencies, like the widespread corruption that plagues the Nigerian federal system, can hamper economic development by maintaining a costly level of violent conflict.

5. Conclusion

This chapter has first developed a theoretical framework for explaining how institutional weaknesses and low military power can combine to prevent peace from prevailing in a country. This game-theoretic model shows how a peace-seeking government would combine deterrence and redistribution for producing peace, regarded as a costly public good. Moreover, it shows that a low level of institutional efficiency may be an incentive for the government to give up conflict prevention, unless its efficiency at deterrence is high enough. Hence, this model shows that the government is ultimately responsible for the choice between war and peace, while the rebellion that it might face is just the predictable response to its decision.

Then, the chapter has shown how the balance of forces behind the main political institutions plays the key role for making peace durable. The discussion has centered on two oil-producing countries, namely Chad and Nigeria. Chad came out of three decades of civil war, and enjoyed a lasting peace for nearly two decades when Idriss Déby took over and offered a credible power-sharing agreement to the southern rebels' leader. What made that agreement credible was that a balance of forces was kept behind the institutional arrangement. The rebels' army was not entirely dismantled, and some of its units were merged in the national army. This gave the former rebel general Kamougué the power to strike back in case

of cheating, which made Idriss Déby's promises to redistribute some of the oil money credible. By contrast, in Nigeria, the federal system implemented by the military governments turned out to be unable to buy the peace. With the return of civilian rule under Obasanjo, there were hopes that a less violent regime would emerge. Obasanjo's good reputation and democratic credentials turned out to be unable to overcome the institutional weaknesses of the Nigerian federal system. Corruption being rampant at each level of government, Obasanjo's attempt at implementing a redistribution strategy turned out to be impotent, and violence built up relative to the military governments' era. In the end, the country is affected by widespread violence, and its development prospects are threatened.

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