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Working Paper

Fuelling war or buying peace: The role of corruption in conflicts

WIDER Discussion Paper, No. 2001/65

Provided in Cooperation with:

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Suggested Citation: LeBillon, Philippe (2001) : Fuelling war or buying peace: The role of corruption in conflicts, WIDER Discussion Paper, No. 2001/65, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki

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<https://hdl.handle.net/10419/53059>

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United Nations
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Discussion Paper No. 2001/65

Fuelling War or Buying Peace: The Role of Corruption in Conflicts

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August 2001

Abstract

Corruption is endogenous to many political structures and serves key functions beyond the self-interest of public officials and politicians. Like violence, corruption participates in political ordering and, although corruption may in itself play a corrosive role on economies and rule-based institutions, it forms part of the fabric of social relations. This endogenous character means that conflicts may arise more from changes in the pattern of corruption, than from corruption itself. Domestic or external shocks affecting this pattern may lead to open conflicts reducing corruption. Yet, in a context of dwindling public rents and weak institutions, conflicts can degenerate into even further illegitimate and predatory rule characterized by a shift from monopolistic forms of corruption to criminal and competitive ones. Such pattern of corruption frequently ‘fuels’ violent conflicts. Controversially, a move towards peace might be ‘paying’ for it by facilitating the emergence of a corrupt order. Acknowledging the negative long-term effects of such policy, the challenge of peace-building initiatives and reforms is therefore to progressively shift individual incentives from competition over immediate corrupt gains towards broadly rewarding relations of benevolence and justice.

Keywords: conflict, corruption, structural change

JEL classification: O17, O50, Z13

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This study has been prepared within the UNU/WIDER project on Why Some Countries Avoid Conflict While Others Fail, which is co-directed by Dr Tony Addison and Dr Mansoob Murshed.

Introduction

There is now a broad consensus on the deleterious impact of corruption on economic growth, equitable wealth distribution, and the legitimacy and efficiency of governing institutions. As Theobald (1990: 130) summarizes, 'the political ascendance of naked self-interest intensifies social inequalities, encourages social fragmentation and internecine conflict, and propels a corrupt society into an unremitting cycle of institutional anarchy and violence'. This argument, however, does not go unchallenged. Such view of corruption lacks historical and cultural contextualization, as the widely diverging experiences of relations between corruption, development and politics demonstrate in the recent history of Asian, African, and Latin American countries (Johnston, 1986; Szeftel, 2000). Corruption is not systematically 'naked self-interest' but can respond, for example, to codes of reciprocity within (neo)patrimonial political systems based on legitimate patronage (Chabal and Daloz, 1999). More broadly, corruption is endogenous to many political structures in which predation, like violence, serves key functions of political ordering (Cohen et al., 1981; Charap and Harm, 1999).

Although corruption may in itself play a corrosive role on economies and rule-based institutions, corruption is part of the fabric of social relations. This endogenous character means that conflicts may arise more from changes in the pattern of corruption, than from corruption itself. Domestic or external shocks affecting the pattern of corruption thus risk leading to conflicts, particularly when corruption is pervasive. Such external shocks include the international delegitimization of predatory authoritarian rules motivated in large part by the end of the Cold War and the enforcement of new international standards in public finance and 'good governance', both of which resulting in a impoverishment of public rents and a readjustment towards the private sector over the last decade. While some of the resulting conflicts have opened dialogue and promoted positive reforms in societies, other have degenerated into large-scale violence and even further illegitimate and predatory rule characterized by a shift from monopolistic forms of corruption to criminal and competitive ones. In turn, corruption played a role in the prolongation and termination of these conflicts.

Building on empirical evidence from a number of countries facing violent conflicts, this paper examines the relations between corruption and the outbreak, duration, and termination of conflicts. In short, it argues that different types of corruption have different relations with conflicts, thus requiring a differentiation of the types of corruption and an examination of the factors affecting their legitimacy and functions. Corruption can lead to and sustain violent conflicts in the context of patrimonial regimes degenerating under local or international shocks and pressure for reform. Yet, corruption can sustain a degree of stability, and even peaceful consensus. This apparent contradiction can be explained by the legitimacy of pervasive corruption and the effectiveness of corruption in building order within a context of relative anarchy. The following section discusses briefly the nature of corruption in relation to its legitimacy and functions. The third section examines the contending arguments linking corruption to war or peace. The fourth section analyzes the role of corruption in the different phases of an armed conflict through empirical cases. Section five concludes.

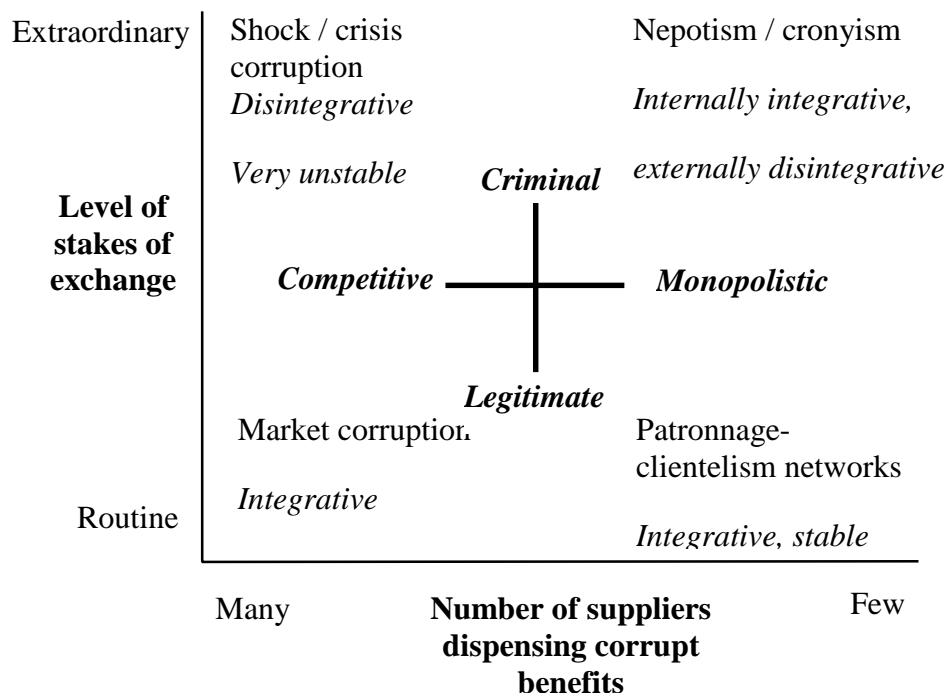
1 A typology of corruption

The debate over corruption is largely articulated along moralist and judgmental lines, dividing those condemning corruption as inherently ‘bad’ and those advocating for cultural relativism or realpolitic pragmatism. The relative paucity of quantitative data and detailed empirical analysis, as well as the difficulty of comparative studies due to great variability in norms and rules hinder the lack of clarity in the debate. The corrupt character of what is in essence *predation* relates to the ‘reprehensible deviation from a politically legitimate state of affairs’, most notably the violation of public duties by private interests when rules or norms objectively define these two realms (Chabal and Daloz, 1999: 95). At a conceptual level, deciphering the political consequences of corruption thus requires both a contextualization and a differentiation of the types of corruption involved.

As Johnston (1986: 1003) argue, the effects of corruption are not systematically disintegrative or destabilizing and their assessment requires ‘a knowledge of the systems involved and of the extent to which the linkages and divisions fostered by corruption correspond with the more basic fault lines of society’. Differentiating four types of corruption - market, patronage, nepotism, and crisis - along the line of numbers of suppliers and the stakes involved. In his analysis, market corruption, which involves routine stakes of exchanges and many suppliers dispensing corrupt benefits is integrative and very stable. Patronage, involving few suppliers but routine stakes concerning large networks, is integrative and stable. Nepotistic corruption, which involves extraordinary stakes and a few suppliers within a kinship and friendship network, is disintegrative outside this network and likely to be unstable. Finally, crisis corruption, involving multiple suppliers and extraordinary stakes, is the most unstable and disintegrative. Building on this differentiation, the conflictual impact of corruption thus responds to legitimacy and competitiveness (see Figure 1).

Figure 1

Types of corruption and consequences on political integration and stability



1.1 Legitimate or criminal?

Although illegal by international standards of good governance, corruption is often an integral part of the political order and may even be seen as legitimate by a significant proportion of the population. As noted in the case of market corruption, the pervasiveness of corruption in most aspects of daily life and its rewarding of individuals according to a condoned social order positively relate to its legitimacy. For example, petty corruption ensures the survival of low ranking civil servants, even if some of their bureaucratic activities are in themselves questionable. Similarly, the corruption of politics through a system of patron-client relationships guided by private interests can ensure some degree of political stability due to the prevalence of reciprocity among political actors. In Sub-Saharan Africa, for example, such legitimacy is bounded by ties of kinship and community within which redistribution is governed by logic of patronage. Corrupt behaviour is therefore not only driven by greed and structural forces, but also by informal codes of conduct associated with reciprocity ties within particularist and communitarian social networks (Chabal and Daloz, 1999). The legitimacy of corruption is thus bounded by the legitimacy of control over resources; with conflicts arising when this control extends beyond the mutually recognized resource boundaries of social networks or fails rules of reciprocity. While these codes of conduct do not reflect a universalistic (or western) notion of public good, their legitimacy rests on benefits channelled down these networks, outside which non-reciprocal or even predatory relations dominate. The point is not whether corruption is illegal but whether or not it is interpreted as legitimate; that is, within the boundaries of the acceptable for the elite, the military, the business community, or the general population. The obvious questions are thus which people decide upon this legitimacy and how can they be informed of the level and use of corruption to decide upon its acceptability. Social and political identities as well as access to free media are thus crucial issues.

1.2 Monopolistic or competitive?

The conflictual impact of corruption is also related to its level of competitiveness. In divided societies, a distribution of the spoils of office among different and possibly antagonistic groups and regions can help stabilizing politically and economically a country. The tacit institutionalization of corruption within the hierarchy of the state apparatus—for example through below subsistence civil service wages or the purchase of decision making positions—is a powerful means for rulers to retain the allegiance over its individual members and organizations by providing both an inescapable economic incentive (access to rents/bribes) and a disciplinary threat (dismissal for corruption). Finally, political corruption provides rulers with a means to channel funds outside through a parallel budget used for political purposes, such as patronage or electoral campaigning—thereby often sustaining a stable—if not just—political order.

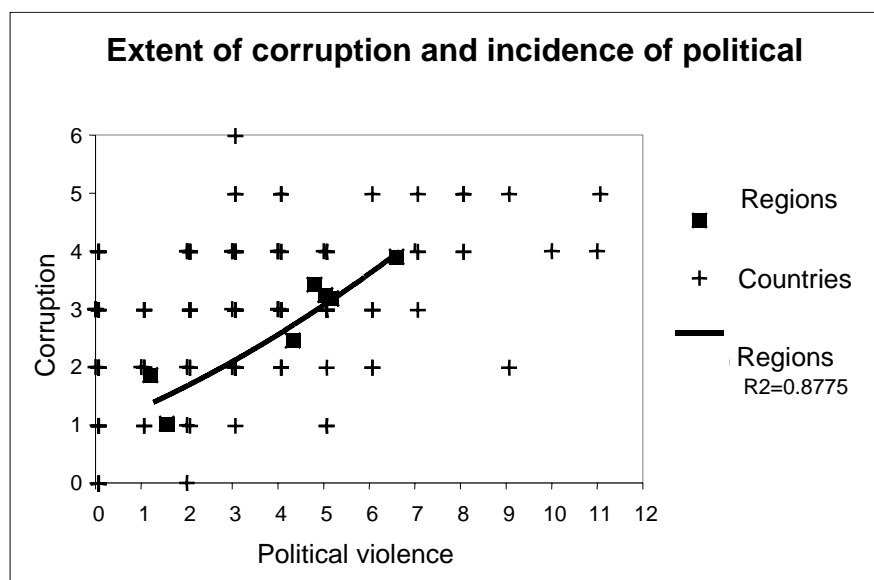
This relation between political corruption and stability is dominated in many democracies by the motivation of businesses to influence politics and the demand of politicians for party funds; giving rise to the creation of corruption networks establishing informal social networks of trust between actors with generally no kinship relations (Cartier-Bresson, 1998). Elite schools, cabinet appointments, and positions in the headquarters of major corporations assist in developing these networks and reducing competition. In many developing countries, on the contrary, it is informal social

networks that are driving corruption, as public actors controlling access to the state rents respond, in part, to the demand of relatives, cronies, and clients (Médard, 1998). In such cases the possible lack of institutionalization and the breakdown of patronage regimes increases the risk of competitive corruption.

2 Corruption, order and conflict

Quantitative studies have indicated that corruption is positively correlated with political instability (Mauro, 1995).¹ A regional survey confirms that the most corrupt regions are also the most affected by political violence (see Figure 2). However, this positive correlation between corruption and violent conflict is less significant at an individual country level, with important variations. As developed earlier, this variation is due to the type of corruption involved, but also to the type of polity concerned. Building on the argument of Bardhan (1997) that the economic impact of corruption depends on the degree of its centralization, and that of Charap and Harm (1999) suggesting that corruption is an efficient organizational tool to create order from a situation of anarchy, the proper management of corruption could thus play a major contribution to political stability. Conversely, its mismanagement—both in terms of centralization and legitimacy—could contribute to instability and conflicts.

Figure 2
Extent of corruption and incidence of political violence



Sources: IMF (1999) for regions, and Political Risk Services data (June 1999)

Note: 10 = lower political violence and corruption.

¹ Mauro's (1995) analysis does not cover two-thirds of African countries.

2.1 Corruption fuelling war

According to a ‘corruption fuelling war’ perspective, corruption may influence the occurrence of conflicts involving large-scale organized violence. In the absence of a political regime legitimating the use of public functions for private interests, such deviation is deemed to be conflictual. The more so when resource control is orchestrated along social identity fault lines defining sharp inequalities fuelling both grievances among marginalized groups and greed-driven jockeying within dominant ones. This perspective is based upon three inter-related processes.

First, corruption can increase grievances and conflictual demands for political change. Grievances can be political, for example when corruption becomes ‘scandalous’ and undermine national prestige and the legitimacy of the ruling group. Economic grievances can result from the negative impact of corruption on investments and economic growth (Mauro, 1995). The rates and collection of public taxes, as well as the allocation of public expenditures and the implementation of public programs are negatively affected by corruption. Most notably, the allocation of public resources to low-corruption opportunities sectors, such as education, is undermined in favour of high opportunity ones, such as defence or large infrastructural works (Mauro, 1998). Not only is education endowment an important determinant of economic growth, but it would also increase the opportunity cost for educated youths to joining a rebellion and thus reduce the risk of armed conflict (Collier, 2000). Corruption may also result in a deepening of inequalities (Gupta et al., 1998). More generally, the impact of corruption is aggravated when corrupt practices have no concern for the long term sustainability of economic activities by taxing them beyond their profitability, thereby ‘mining’ the economic sector, or failing to reinvested its proceeds in the community or country, thereby ‘bleeding’ the economy.

By increasing grievances, corruption creates political instability through popular support for political change (McMullan, 1961). The would-be rulers can legitimately accuse rulers of corruption and benefit from popular support to precipitate rapid political change as corruption acquires a criminal character that is not simply defined by its formal illegality—since relevant laws are often defined by corrupt incumbent leaders—but by collective perceptions. Indeed, most coup leaders justify their violent intervention in the affairs of the state by referring to the corruption of the previous government, hoping to shore-up support from the population (Nye, 1967; Médard, 1998). In some cases, as with Rawlings in Ghana and Sankara in Burkina Faso, the new rulers may indeed effectively fight corruption with the support of the majority of the population. Past (alleged) corruption can even motivate new totalitarian regimes to conduct vast purges against the ‘corrupt classes’, such as in revolutionary China and Cambodia, with a dramatic impact on societies. In most cases, however, the new ruling group is or becomes corrupted—as alleged in the case of Rawlings—vindicating yet more violent opposition and instability. Alternatively, political change can degenerate into unstructured conflicts characterized by widespread violence and diffuse authority as the new leadership is unable to retain control over key military and business forces for lack of (corrupt) financial incentives; leaving many to regret the by-gone ‘corrupt order’.

Ironically, reform programs conducted in the midst of economic crises may have the same impact: by weakening and fragmenting governments through civil service reforms, deregulation and privatization, a ‘corrupt order’ may give place to a more competitive and conflictual predatory regime—something observed for example in

Sierra Leone in the late 1980s and in Indonesia since the fall of Suharto (Reno, 1995). Reforms and good governance principles targeting corruption—for example, the US and OECD initiatives against corporate involvement in corruption, the advocacy work of Transparency International, or the trial of former South Korean leaders for corruption—also participate in delegitimizing forms of corruption and might unintentionally result in conflicts by rising grievances and undermining state authorities. While most effective in dealing with corruption involving licit trade, these reforms may be subverted by rulers engaging in illicit trade with criminal networks. This ‘criminalization’ of the state generally undermines formal institutions and results in greater competition over state rents and corrupt proceeds, that can degenerate into large-scale violence if competitive groups can challenge the ruler’s monopoly of violence—something increasingly facilitated by availability of small arms (Bayart et al., 1999). This criminalization and competitiveness of corruption was characteristic of Yugoslavia in the 1990s. Republican elites jointly developed corrupt economic interests aided and abetted by criminal groups and delegitimized the federal political order, instrumentalizing violent nationalism to serve, *inter alia*, private economic interests (Schierup, 1992; Bojicic and Kaldor, 1997).

Second, the availability of rents for the leadership can constitute the prize for capturing the state, or at least the most lucrative rents controlled by the ruling elite. Greed can thus motivate marginalized politico-military groups to act for change. This ‘marginalization’ is relative and can range from the leader’s immediate collaborators and even relatives, to rank and file soldiers or petty criminals. Such groups can be motivated not only by their self-interest but by that of segments of society which interests their aim to protect. For example, the murder of Sankara in Burkina-Faso was partly motivated by the defence of the privileged classes against his anti-corruption and socialist reforms. In countries where economic rents are almost exclusively channelled through the state, as in many undiversified mineral economies, corruption resulting from the embezzlement of public taxes or the monopolization of industries by political cronies leaves individuals and groups with precious few avenues for aggrandizement out-side of political patronage; thereby heightening the stakes of state control and the risk of political violence. Beyond personal greed and the necessities of rewarding a circle of supporters, or co-opt potential opponents, the sustainable pattern of high level corruption is further embedded in and rationalized by the insecurity of power tenure and retirement from the seat of power, as well as personal safety. In many democracies, the electoral insecurity of power tenure can similarly invite to political corruption - the use of corrupt gains for political aims rather than economic ones—even if tacit forms of post-mandate rents exist, such as positions in large corporations that use them in return for political lobbying.

Third, political corruption and the concomitant corruption of politics undermine institutionalized public affairs, including processes of political change and conflict resolution mechanisms. When elections are ringed, for example through vote buying, or constitutional and judicial processes are flawed, both the ruling group and the opposition are likely to use violence to defend or assert their position. Similarly, corruption can weaken both the ethics and capacity of security forces, increasing the likelihood of seeing interventions affected by vested interests but also a greater inability to defend efficiently the sovereignty of the state. This process can extend into a criminalization of political and economic relations in society, as with the spread of ‘magendo’ in Uganda from the late 1970s onward (Prunier, 1983). Not only did the Uganda political systems proved to be unstable but the entire national leadership lost credibility among a general population having lost respect for authority and law as well

as fait in the public good, which in turn affected local responses to public policies (Ouma, 1991).

Whether motivated by greed or grievances, conflict would thus have much to do with corruption. Ruling groups can resort to violence to maintain corruption, transforming bureaucratic corruption in a form of violent racket and prolonging their rule beyond legal mandates. Marginalized politicians and would-be rulers can be tempted by the availability of corrupt rents to precipitate political change through violence. Finally, the corruption of the incumbent regime can motivate the population or economic interest groups to support or participate in an armed rebellion.

Corruption alone, however, is not a sufficient factor for envious opposition groups or disenfranchised populations to violently challenge rulers. Nor does corruption systematically bring about economic underdevelopment and raise popular grievances to a state of violent rebellion. In fact, corruption can take place along with political stability and economic growth. In this respect, the legitimate or illegitimate character of corruption on political processes is key. While advocates of corrupt governance are rare in the 'international community', the practices of many states attest of their acknowledgement that some forms of corruption can bring about political stability by buying off political opponents and restive groups, at least in the perspective of their own national interests. This strategy has even been used, with some measure of success, in conflict resolution and peacekeeping initiatives.

2.2 Corruption buying peace

According to the 'corruption buying peace' argument, corruption allows for the creation of political order and the co-optation of opposition groups, thereby providing a useful means of political stability allowing for the avoidance of conflict. In other words, corruption is able to satisfy the greed and reduce the grievances of politically restive groups by extending clientelistic circles. In such a context, a culture of political corruption can be conducive to social and political peace as the pattern of co-optation is used throughout the structure of society—from upper to lower classes—therefore be broadly legitimated, given acceptance of social order and the existence of coercive forces.

Huntington (1968), the most prominent proponent of this argument, pointed out that corruption and violence have the same causes and serve the same functions: encouraged by modernization, they are symptomatic of weak political institutions, are prevalent in praetorian societies offering no mobility opportunities outside politics, and provide the means through which individuals and groups participate in a system of which they 'violate the mores'. Substitutable, but more often exploited simultaneously by social forces to serve different purposes, corruption is deemed preferable to violence and even a means of preventing it by reducing group pressure for policy change as long as vertical mobility exists. Scott (1969: 122) notes in this regard the ability of a political party 'to organize and provide material inducements (often corruptly) operates as a means of solving, for the time being at least, conflicts that might otherwise generate violence'. From an economic perspective, Bardhan (1997: 1394) also notes that, '[e]ven at the expense of inefficiency some sharing of these spoils of office is, of course, to be tolerated for the sake of keeping ethnic envy and discontent under control'. It can be

argued that the dividends of peace obtained from corruption outweigh the costs of inefficiencies.

The political stability of many countries in the early post-independence history argues in favour of this ‘corruption buying peace’ perspective. Above ideological concerns, material rewards often served to maintain the cohesion and dominance of single party politics and peace was often bought through the integration of restive competitive elite or large-scale redistribution to restive masses. In Senegal, the opposition was both suppressed and integrated into the ruling party (UPS) during the 1960s through a policy of reconciliation with the government and financial rewards (O’Brien, 1967). At the end of the Second World War, the business elite in the Philippines used the patronage ties of ‘political machines’ to buy-out a restive landless peasantry (Scott, 1969). In Ivory Coast, the corruption of President Houphouët-Boigny served to bolster his regime, most notably by buying-off potential competitors and redistributing resources from the predominantly Christian and urbanized south to the predominantly Muslim north. A controlled and relatively rational use of corruption characterized by a sustainable rate of extraction and redistribution allowed for a medium term reproduction of his regime (Faure and Médard, 1982). Corruption, however, did not hold a monopoly over the means of political ordering, with violent repression often playing a key role. Such association of corruption and violence was at the core of the accumulation of power by the national state, particularly in ethnically divided and loosely bound countries such as Indonesia or Nigeria. While that accumulation led to political order and a lesser degree of conflicts, it did not however put a systematic end to other forms of violence, such as economic and human rights deprivation.

In the period of transition occurring since the mid-1980s, when the combination of rising debt, structural adjustment, disengagement of Cold War patrons, and democratization precipitated a transformation of societies and a challenge to prevailing political orders, a ‘moral economy of corruption’ may also have ‘greased the wheels’ of political transition, notably by participating in the redistribution of wealth. However, in many cases, economic crises, debts, reform agendas, and the criminalization of the economy as well as new strategies of power and the sectarian ethos of many leaders shifted the pattern of corruption from an integrative, monopolistic and possibly legitimate one to a competitive and criminalized one.

While Houphouët-Boigny managed the *Caisse de Stabilisation* and other state resources as his own, this form of corruption participated in the popular political legitimacy he enjoyed as long as it did not overstep the boundaries of the reasonable—i.e., the construction in his home town of the largest cathedral in the World in a context of economic crisis was not (Médard, 1998; Chabal and Daloz, 1999). The uncertainty resulting from his death, the collapse of cacao prices, and the sectarian political agendas of his successors criminalized corruption—transforming it into a source of conflict. In Zaire, Mobutu Sese Seko sustained his position as head of state through the support of the military and the *Mouvement Populaire de la Révolution* party by allowing large-scale corruption. Although successful in the medium term, this strategy resulted in the total collapse of the state and an opportunistic take-over by neighbouring countries (Emizet, 2000).

To better define this argument, it is not corruption itself that generates conflict, but on the contrary the unavailability of economic rents sufficient to co-opt opposition groups. In other words, economic resources become overstretched or political agendas shift and do not anymore cover usual clientelist circles. As much as there is a ‘roll-back’ of the

state, there is a ‘roll-back’ of clientelism. This argument has been put forward to explain the success of the *Front Islamique du Salut* in the 1990 Algerian elections (Chhiber, 1996). The political economic *status quo* in Algeria was partly maintained by the sharing of the oil and gas rents. The sharp fall of oil prices from 1986 and resulting fiscal crisis motivated a market ‘liberalization’ orchestrated by a self-serving state and industrial elite. Characterized by an increasingly illegitimate corruption inaccessible for the middle class, the reform and fiscal crisis hit hard public sector employees and small business owners, who, in association with the educated segment of population, but also frustrated youths, voted in favour of the FIS. The refusal of the military dominated ruling elite to accept the election result and the radicalism of the Islamic party led to civil war. In short, had the price of oil remained high, a legitimated form of corruption could have maintained support for the FLN (*Frente de Libertação Nacional*) regime and thereby sustained social peace. International financial assistance to Algeria, for example in the form of debt rescheduling by the IMF in 1994, tacitly acknowledged the need to increase the rent available to the regime for the sake of political order. Yet, the newly available rent fuelled Algeria’s war economy as corruption had already become highly competitive and criminal (Martinez, 1995).

The innovative and controversial stand of the international community consisting in assisting and rewarding financially Renamo (*Resistência Nacional Moçambicana*) to join the peace process and transform itself from a guerrilla to a political movement was perceived as a ‘buying out’ of the rebel movement. The Trust Fund established for that matter, amounting to US\$10 million and funded for more than half by Italy, was only part of a package securing that Renamo would enjoy a ‘peace dividend’, if not a share of the ‘spoils of victory’. This package also included, the taxation of businesses in RENAMO’s areas of control; an agreement with Frelimo (*Frente de Libertação de Moçambique*) placing three advisers in each provincial administration; and a pre-electoral agreement to be included in the new government, the latter two allegedly ensuring that Renamo be a partner in any illicit deals possibly taking place and securing its ruling members economic privileges. While the post-conflict administration was criticized for being highly corrupted, the sustainability of peace was lauded.

To sum up, proponents of this perspective argue that political stability—and vested interests—can be promoted by sustaining legitimate corruption through political handouts, public subsidies, aid or commercial activities. Among the most prominent of them are the interests groups influencing relations between developed and developing countries, such as the *Françafricain* networks linking French and African politico-militaro-business interests (Glaser and Smith, 1997; Verschave, 1997). While this approach indeed served the objective of political stability, its unsustainable character and resulting misery and social injustice nevertheless beg for an alternative.

3 The role of corruption in armed conflicts

To better assess the impact of corruption on conflicts, the following section examines empirical cases before drawing conclusions for the specific phases of armed conflicts (i.e. outbreak, prolongation, and termination). While this structure is used for analytical simplification, it is worth mentioning that contemporary situations of war or peace are generally relative and rarely definitive.

3.1 Case studies

3.1.1 Angola

Angola provides an example of conflict which corruption did not start but prolonged. Despite comprehensive peace agreements and cease-fires, the Angola civil war was twice prolonged beyond its apartheid and Cold War context, first at the initiative of UNITA in 1992 and that of the government in 1998. Financed by the country's mineral wealth, the political economy of war has been providing many opportunities for corruption both within the armed forces and the ruling class, with the resulting effect of lowering army and governmental efficiency and rewarding those who had a vested interest in the prolongation of the conflict (Munslow 1999; Le Billon 2001). While corruption has prolonged the war, it also sustained until recently a high degree of political stability and cohesion within the MPLA (*Movimento Popular de Libertação de Angola*) government. Angola is indeed one of the few Sub-Saharan African countries that has not experienced a military coup over the last two decades (Hodges, 2001). If the harsh repression of the last coup attempt in 1977, the war with UNITA, party discipline and praetorian paramilitary forces long sustained this situation, individualized patronage significantly consolidated formal relations of authority through corrupt rewards distributed or condoned by the presidency to bureaucrats and politicians (e.g. importation and business licences, commissions on armament contracts, allocation of privatized state assets or diamond concessions).

3.1.2 Cambodia

The conflict in Cambodia was both initiated and prolonged by pervasive corruption. Much of the initial support for the Khmer Rouge movement was motivated by a reaction against the corruption of the elite, and both civil war opposing the Khmer Rouge against the Lon Nol (1970-1975) and the difficult transition to peace after the Cold War (1991-1998) have been significantly influenced by the corruption of the political factions. Sihanouk's autocratic rule instituted a political economy in which 'power provided access to wealth rather than wealth providing access to power', thereby maintaining the allegiance of a factionalized élite through the allocation of official postings providing corrupt income (Prud'homme, 1969: 17). Following the *coup d'état* in 1970, pervasive corruption within the Lon Nol regime undermined its military capacity against the Khmer Rouge and its legitimacy (Shawcross, 1979). The final years of the conflict in the mid 1990s saw the coalition government approving the financing of the Khmer Rouge rebel movement by Thai logging companies on the condition of public and corrupt payments (Le Billon, 2000). This corruption at the top was to some extent repeated down the chain of command. The situation of war provided military forces both justification and impunity for carrying out mutually profitable commercial activities. Economic interests influenced shifting patterns of collaboration and confrontation between armed groups. On one hand, some military units from opposing factions collaborated to exploit forests or to loot trains. On the other, governmental units occasionally fought each other in turf-wars to assert and maintain control over business interests in fisheries, land speculation, forestry, or drug trafficking. Corruption affected the moral and efficiency of governmental forces, even during large-scale military interventions. Their failure to hold the Khmer Rouge headquarters in Pailin captured in 1995 was partly due to the demotivation of soldiers not finding the removable loot,

including rubies, their had been promised, and to mismanagement by officers busying themselves with asset grabbing rather than defence building.

Although the population did not perceive corruption as legitimate, there were only limited *public* demands for political change. The context of relative economic growth, the pervasiveness of corruption among civil servants, redistribution schemes by politicians, and the prevalence and impunity of coercion used against dissenting groups undermined these demands. Fighting against corruption remained, however, a key item of the peaceful political opposition. Corruption in Cambodia has at times acted as a buffer against immediate conflict, as some parties preferred to engage into a mutually profitable compromise than into a violent confrontation. At the closure of the elections, and following its threat of resuming war and a secession attempt, the CPP succeeded in forcing a power-sharing agreement with the election-winner party Funcinpec; a situation that was accepted by the international community for the sake of peace. The government portfolios and rents were distributed among the two parties, with among others CPP taking over rubber estates and Funcinpec civil aviation. Despite the mutual accommodation of the elite, the political relationship between the two ruling parties deteriorated sharply from early 1996 as Funcinpec voiced its frustration over CPP's increasing grip on power. Attempts by the two Prime Ministers to reopen timber exports from Khmer Rouge controlled areas failed; cutting its most lucrative sources of parallel funding (Global Witness, 1996). As the violent *coup d'état* in 1997 demonstrated, this buying-out of peace by both Funcinpec and the international community only postponed a *rapport de force* that erupted when the political stakes became too high in a context of dwindling financial rewards (Ashley, 1998). The situation was exacerbated by the defection of about two-third of the Khmer Rouge forces. Largely remaining in control of their troops, territory and resources, these defecting units were perceived as able to shift the balance of power between the two government coalition partners. Rather than simply buying-out peace, the financial incentives offered *separately* by Funcinpec and the CPP turned into a competition for allegiance. Economic incentives included the granting of economic autonomy, including over forest and gems resources and tax breaks on imports, integration with rank keeping into the armed forces, promises of aid to build schools and infrastructures, and reportedly outright bribes.² Although the buying-out process of Khmer Rouge forces gave way in itself to skirmishes over economic matters, it proved successful as the only Khmer Rouge commander to resist defection and to be ultimately arrested, Ta Mok, was allegedly the least corrupt.

3.1.3 Kashmir

In Kashmir, the corruption related to the war at a variety of levels. The corruption of the Kashmiri elite further delegitimated a political leadership already undermined by dubious elections in the 1980s and turned many people towards radical movements (Ganguly, 1997). The efficiency and legitimacy of Indian security forces have been undermined by the growth of corruption within its ranks, through involvement in parallel markets, illegal logging, bribes payments from insurgents, or extortion of ransoms for releasing civilians. The Indian government has bribed and granted a 'right to loot' for captured Kashmiri militants willing to turn into counter-insurgents, thereby replicating the state-sponsored terrorism it practiced in Punjab during the 1980s. Often induced by a mix of coercion and incentives, as well as personal grievances against

² Benny Widoyono, UN Special Envoy, interview with the author, 1997.

insurgent movements, these estimated 1,500 ‘renegades’ would be highly involved in criminal activities and have become the most dreaded people in the Valley of Kashmir (Human Rights Watch, 1996; Noorani, 2000).

3.1.4 *Palestine*

The corruption and lavish lifestyle of elite members of the Palestinian National Authority (PNA) undermined the peace process by increasing grievances of the population and displacing the support of many towards the Hamas, a more radical political organization, some of whose members had been jailed not only for their aggressive stand towards Israel but also for criticizing the prevalent corruption of the new ruling elite. Such criticism proved well-founded as the PNA’s General Auditing Office estimated at 40 per cent of the national budget the level of embezzlement by officials (Oxford Analytica, 1997). In turn, Hamas refused to enter the national dialogue conference to protest the internment of its cadre in PNA jails, further aggravating the risk of renewed conflict.

3.1.5 *Sierra Leone*

Although precipitated by the external support to the RUF rebel movement, the conflict in Sierra Leone had much to do with the criminalization of corruption and the economic and political bankruptcy of the regime (Reno, 1995). The war was also prolonged by the ‘sobelization’ of the army (i.e., the transformation of army soldiers into rebel-like thieves and murderers preying rather than protecting populations). The corruption of the army was largely driven by the appropriation of street violence by political elites recruiting and deploying chronically destitute thugs and criminals who, in turn, adopted and diffused the predatory economic ethos of the political class (Kandeh, 1999). Higher-up the chain of command, the ego and economic self-interest of local commanders also undermined and fragmented many armed movements; giving way to a process of ‘warlordisation’—the replacement of state or central authority by strongmen ruling through private economic activities and warfare. As the controversial intervention of Executive Outcomes—a South Africa based private army—partially demonstrated and Kandeh (1999: 365) argued, ‘without ‘sobels’ in the army, RUF insurrectionists could have been defeated and the country spared the agony and trauma of the 1990s’. Similarly in Liberia, notwithstanding the role of ECOMOG, (ECOWAS Cease-fire Monitoring Group) a military victory by Taylor over the government would have been more likely without the emergence of dissident warlords in his movement. Finally, the failed attempt of the Sierra Leone government to compromise financially with the RUF by conceding it the control of the diamond sector to bring back peace also highlights the limits of rewarding belligerents to co-opt them. It is worth noting, however, that in Sierra Leone, as in Cambodia, the armed opposition was *de facto* in control of the ‘rewarded’ resources. This rewarding thus consisted more in a political than financial incentive.

3.2 Corruption and the phases of conflict

3.2.1 *Corruption and the outbreak of armed conflicts*

Several authors have identified the occurrence of war with the failure and degeneration of patrimonialism or clientelism into 'spoil politics', whereby 'the primary goal of those competing for political office or power is self-enrichment' (Allen, 1999: 377). Combining violence, exclusion, and privatization of the public realm, the exacerbation of the most predatory practices of 'spoil politics' along what Bayart (1990: 106) termed, the 'Somali road to development', ultimately results in the collapse of the state and the outbreak of armed conflict. In short, violence becomes the prime means of political action and economic accumulation. This criminalization of politics is indeed backed up by evidence from the conflicts in Liberia or Sierra Leone, or even as mentioned above in the last phase of the Cambodian conflict. The economic exacerbation of 'spoil politics' includes a shift towards increasingly illicit but profitable activities (e.g. drug trafficking, money laundering) and the unaccountable plunder of available, and mostly natural, resources. This exacerbation can be explained by the economic crisis resulting from economic mismanagement, overburdening rents, exclusion from formal international trade, structural adjustments, the rise of competitive sources of patronage, and the increased 'connectability' with internationalized criminal activities. The criminalization of the economy can thus be partly interpreted as the use of, and adaptation to globalization and market deregulation (Duffield, 1999).

Its political exacerbation consists in the use of organized violence and its mobilization and justification through sectarian politics. This criminalization of political processes rests on the willingness to gain or retain power by all means as not only wealth accumulation but (the perception of) sheer survival is in the balance (Allen, 1999). As public and private armed forces multiply and develop commercial interests, violence is not only used in high level relations of power, but becomes a 'dirty trick' or a form of '*débrouillardise*' (smartness/resourcefulness) as any other in everyday relations (Mbembe, 1990; Ellis, 1999). Spoils politics can be most easily sustained economically by the availability of lootable resources, mostly valuable natural resources attracting commercial partners, and without systematic recourse to *political* violence as long as violence is itself criminalized and loses its political meaning. In such cases, corruption does not systematically result in the outbreak of armed conflict but simply in the erosion of social cohesion. Criminalization is not a unidirectional process with armed conflict as its inescapable dead-end. Depending to a large extent upon the international economic context in which they are set, social groups can move in and out of criminalization; an argument that is supported by a loose coalition of proponents of economic (re)integration, debt forgiving, and conditionality lifting.

3.2.2 *Corruption and the prolongation of armed conflicts*

While most states have lost the capacity to decide when they wage or end wars, and recurring rebellion and large scale banditry can define a state of chronic instability and insecurity rather than war, war may be intentionally prolonged by belligerents who find in the perpetuation of violence a mode of acquisition of status and accumulation of wealth (Keen, 1998). Corruption prolongs war through two interrelated mechanisms associated with the profitability of a state of war. First, war provides a fertile ground for corruption and unlawful enrichment. Defence related contracts, wages of ghost soldiers, licensed looting, reliance on imports, prevalence of parallel markets, or impunity for

ruling groups offer opportunities for corrupt practices. Second, corruption can undermine the efficiency and moral of armed forces, especially government forces (e.g. South Vietnamese government; Russian military operations in Chechnya). This is the case through, for example, arms deals selected not so much upon the adequacy of the weapon systems to be purchased, but upon the opportunities of retro-commissions for the buyers. While the absence of corruption on the rebel side can on the contrary foster its capacity and popular support for it (e.g. Khmer Rouge at its beginning, Eritrean EPLF). On one hand, both mechanisms will tend to prolong a war as armed forces develop a vested interest in the continuation of war while their actual capacity to win it decreases. Yet, on the other, corruption can be successfully used to accelerate victory, as the Taliban repeatedly did to buy out competing groups (Rashid, 2000).

3.2.3 Corruption and the termination of armed conflicts

The relation between corruption and the termination of war is probably the most complex and tenuous. At a ‘grass-root level’, the ‘buying-out’ of combatants generally takes the form of support for disarmament and demobilization, for example when cash hand-outs—ranging from US\$50-3,000—are used to defuse potential unrest among ex-combatants and encourage a more rapid demobilization (Berdal, 1996). However, the failures of past demobilization initiatives prove that it is dangerous for promises of assistance not to be decently met (e.g. as happened in the squalid cantonment camps of Angola), and that mere financial assistance and patchy reintegration schemes do not guarantee peaceful employment and participation of veterans into society. At a top level, while financial incentives may prove of interest, buying-out peace may only be a short-term solution in the absence of a genuine political solution. The political considerations and personal security of leaders and commanders, contrarily to foot soldiers, are generally paramount. Confidence-building measures might include integration in the government and the army, the disarmament of all forces and policing by third parties, the possibility of retaining bodyguards, or the provision of a safe and durable place of exile.

Beyond the termination of the conflict, the advent of peace—through a political agreement, military victory, or international protectorate—affects the political economy that had rewarded and frustrated specific groups during the time of hostilities. The shift from a political economy of war to one of peace is in itself a propitious moment for corruption as new economic activities emerge in a context of blurred regulations and persisting violence. War is indeed often followed by corruption, rewarding the winners and co-opting or punishing the losers, even if democratic means are employed, as the case of Cambodia illustrates.

People in power see peace—and democratic elections—as a political and economic risk and indulge in corruption. At the same time, the regulatory environment is poor and risk-takers are willing to invest, often for speculative reasons and to take a poll-start position. (e.g. of Cambodia with rampant corruption and corruption-sharing agreement between the two parties finally collapsing under the threat of winner-takes-all elections). In Mozambique, often hailed as the most significant success of conflict resolution, the unstable liberalization undertaken in the context of a structural adjustment and a return to peace has created the conditions of greater corruption (Harrison, 1999). There is thus a risk of conflict recurrence if these corrupt political economies face significant shocks, especially when international aid programs and diplomatic attention have declined.

4 Conclusions

Donors and analysts have elevated corruption to the level of primary explanation for a whole array of problems among poor countries, including debt and underdevelopment (Adams, 1991). Yet, corruption must be understood as being partially driven by internal processes of capital accumulation and global structural forces (Szeftel, 2000). Historic underdevelopment and extraversion ensures that local accumulation rests heavily on the appropriation of public resources and political power (Bayart, 2000). This dependence of economics on politics has intensified alongside the deepening of economic underdevelopment, and conflicts have increased as claimants are competing over decreasing resources. Political power, corruption, and accumulation thus become not only intimately but also exclusively related, motivating the use of violence to maintain or challenge political positions. It is in this sense that corruption can also be understood as functional, if not legitimate. Furthermore, the emphasis of legitimacy over legality points to greater relevance of ‘informal’ or ‘shadow’ state practices in political and economic processes over their official institutionalization and thus to the relevance of corruption as a coping or ordering mechanism. In fact, corruption both shapes and is shaped by the prevailing political and economic (dis)order. Criminal corruption does not, therefore, so much represent the anarchic breakdown of a political economic order as its rational degeneration under changing global and domestic conditions.

Corruption is not in itself a sufficient or even necessary factor in the outbreak of civil war, but an economically benign and politically legitimated corruption may be successfully used to decrease dissidence while an illegitimate and competitive corruption can precipitate conflict by rising both greed and grievances among politically and economically marginalized groups. Not only is the historical context important, but so are the nature of corruption itself and its endogenous role in power politics and the political economy of a country. Rather than the driving force of an historical path of developmental failure and conflict, corruption is both its symptom and the most efficient means for individuals or groups of coping with a political economy of high uncertainty, scarcity, and disorder through the proper cultivation of social relations. Of concern to the outbreak of war are the mismanagement of corruption—that is, when insiders or opponents think that they could do better—and the rise of insecurity and competition within a corrupt political economy. To the concern of peace is the relevance of corruption as a means for emerging rulers—independence leaders or contemporary warlords—to establish a political order through the orchestration of a predatory hierarchy. Controversially, attempts to root out corruption, through civil sector reform or industrial demonopolization, without a reform towards a legitimate political process may lead to anarchy rather than economic efficiency by further destabilizing these emerging hierarchy and order; thereby aggravating internal conflict (Charap and Harm, 1999). In particular, structural adjustments and privatization schemes promoted or imposed by international financial institutions risk undermining the political balance of low-level and high-level corruption by limiting access to petty corruption while sustaining wealth concentration by simply transferring industries from the state to crony capitalists. Although the role of corruption should not be overstated, its positive functions may need to be acknowledged when dealing with a country facing the prospects of anarchy. Yet, the risk of such acknowledgement is surely to miss or dismiss alternatives to the prevention or resolution of conflict by the creation of a violent and corrupt order. Peace-building initiatives and reforms must therefore take into account the endogenous character of corruption but in order to successfully shift individual

incentives from competition over immediate corrupt gains towards more broadly rewarding relations of benevolence and justice.

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UNU World Institute for Development Economics Research (UNU/WIDER)
Katajanokanlaituri 6 B, 00160 Helsinki, Finland

Camera-ready typescript prepared by Anna Kervinen at UNU/WIDER
Printed at UNU/WIDER, Helsinki

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University, nor by the programme/project sponsors, of any of the views expressed.

ISSN 1609-5774
ISBN 952-455-254-X (printed publication)
ISBN 952-455-255-8 (internet publication)