

Political economy of African diamonds

Review by Erik Kennes

François Misser et Olivier Vallée, *Les gemmocraties. L'économie politique du diamant africain*, Paris, Desclée de Brouwer, 1997, 243 p. ISBN 2-220-03997-8

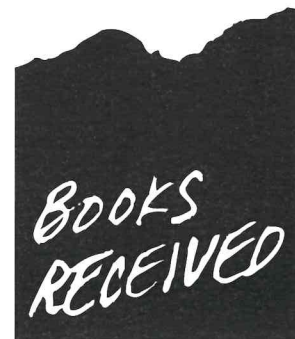
Information about the African diamond sector is rare, and to be found only in the very specialized press. The increasing political importance of the diamond trade is reflected, however, in the growing scholarly attention for the relationship between state decay/collapse and the provisioning of political actors at the state level and of the state structures themselves in “underground”, “informal” economies, finding themselves on the verge of criminalisation. Exemplary in this field of research is the work of William Reno. This type of research mostly yields analytical descriptions of the political aspects themselves, but seldomly give new insights into the dynamics of the diamond economy itself. This area is one in which only experienced journalists dare to venture; they (and some anthropologists as Filip De Boeck are the only ones to have access to detailed information on the rather dangerous diamond trade networks. This is why a co-operation between a journalist as François Misser, specialized in African affairs, and Olivier Vallée, an economist specialized in the raw materials markets, was bound to be very promising.

Their jointly written book tries to describe and analyze how the formal institutions of many African states have become void of any real content. The power of the state is to be found elsewhere, in the control of any still profitable resource inside its territorial boundaries. This is done as much by choice as by constraint: during the nineties, many states have seen their main instruments of power rendered useless, be it or not under pressure of the international financial institutions and of internal breakdown. The national armies have been abandoned, the national currencies disappeared in spirals of hyperinflation, the collapse of transportation infrastructure blocked the marketing of any rural production. Diamonds seem to escape all constraints imposed by the formal political and economic structures. Reliance on diamond exploitation and trade may give access to the powerholders of a huge source of revenue. The active engagement of state actors in the diamond trade (whereby national banks themselves may act as diamond buyers and sellers) transforms them into private economic actors, submitted to competition by other producers and consumers on the markets. If the informal diamond trade networks are to be protected by semi- or totally privatised security companies, then the divestment of state function is accomplished: not only the maintenance of security is privatised, but a privatized resource (diamonds) may act as the only stable value in a world of hyperinflation, and may function as a de facto cover to the circulation of local money or of dollars. In the Kasai province of Zaire e.g., an independent monetary zone had been created, whereby the diamond production acted as a substitute for the gold reserve in the central bank. There was no way for the state to control this monetary zone, and many of the political actors on state level were actively engaged in maintaining this zone which offered many opportunities for speculative enrichment. Moreover, the privatisation of the essential state functions and the maintenance of a pure-

ly formal and symbolic state apparatus withdraws the state from any international public accountability.

Diamonds do not necessarily need a fully developed production apparatus, and a huge economy of the poor has developed around small-scale mining sites and alluvial deposits. The profits are made in trade and not in production networks, and these networks are immediately internationally connected. Huge profits generate violence, and the authors of the book rightly observe that the civil wars in Africa never are fueled by political motives but always by efforts to monopolize economic resources. Political dynamics and alliance building are economically motivated.

This rather grim picture is the background for “Les gemmocraties” (a gemmocracy is, according to the authors, a modality of power based on the control of diamond gems). It is painted by the authors throughout a series of case studies and analytical descriptions. François Misser offers a myriad of interesting and usually not very accessible information about the “informal politics” in countries as Zaire, Angola, Sierra Leone, Guinea. However, the book is an uneasy marriage between journalism and a more scientific approach. The latter is underdeveloped: the book offers many useful data on the size and growth of the diamond sector and the level of investments; but it gives no real analysis of the structure of the industry on a world-wide or a continental basis. Many partial insights are not put into a more global framework. An important question is hardly answered: how does a country become a gemmocracy? The useful but scarce indications on Guinea (p. 206–207) do not compensate for the lack of general analysis. Instead, the book gives some penetrating descriptions on the specificity of diamonds and diamond trade. However, the authors indulge in the postmodern habit of writing striking but incomprehensible sentences. What to think of a sentence as “This overcoding of the stages of formation of a market fluidity, antagonistic towards



the notion of a (fixed) channel, conditions the process of condensation of the gemmocracies”?

The journalistic information is very rich: to the best of my knowledge, no book has as yet been written in French, covering topics as diverse as the structure and workings of Anglo American and De Beers, the importance of Antwerp as a world diamond center, the liquefaction of many African states. At the same time, this information is not fully exploited due to the lack of an analytical framework; the effects of the diamond trade on the economy of a country as a whole (e.g. on inflation) is considered only casually. There is also a tendency in the book to treat the “gemocracy” as a sui generis phenomenon, while it is simply the logical consequence of the system of rule in each of the countries considered. Many features of the “gemocracy” are actually features of the African economies as such (as e.g. the relative importance of trade more than production as a source of profit, p. 175).

The authors did not avoid a number of minor factual errors, as on the date of the introduction of market liberalization of the diamond trade in Zaire (1982 and not 1992, p. 150), on the political situation in Katanga (p. 106) and on the presumed but totally inexistent links between the Antwerp diamond trade and Prof. Reynjtens from the University of Antwerp (p. 74).

“Les gemocracies” is essential reading for anybody interested in African diamond trades and processes of state decay; but it needs a much more systematized and analytical sequel. ■

Books received

edited by Robert Lilljequist

James H. Jolly, *US zinc industry – a history, statistics, and glossary*, American Literary Press Inc., 8019 Belair Road, Suite 10, Baltimore, Maryland 21236 USA, ISBN 1-56167-356-0, 312 p.

This is a compendium and an in-depth study of data, definition, and history of metal zinc in USA. The author has written over 100 articles on zinc and other minerals and brings that background to this synthesis and summary of the US zinc industry.

Simon Wear et al, *International climate change policy – impacts on the European Union*, Research Report 97.9, ABARE, GPO Box 1563, Canberra 2601, Australia. Fax: +61-2 6272 2001, internet: <http://www.abare.gov.au>, ISBN 0 642 26615 8, 80 p.

The European Economic Community was the first to provide details of its negotiating proposal for a quantitative emission reduction target. A key feature of this proposal is that EU member states will be permitted to implement their emission reductions obligation collectively or under the so called “EU bubble”. The EU burden sharing arrangement implied a 10 per cent reduction in emissions below 1990 levels by 2010 for the European Union as a whole. The purpose in this report is to compare and contrast the economic impacts of alternative policies for achieving the collective objective of reducing EU carbon oxide emissions from fossil fuel combustion to 10 per cent below 1990 levels.

Danielle Donovan et al, *International climate change policy – impacts on developing countries*, Research Report 97.8, ABARE, GPO Box 1563, Canberra 2601, Australia. Fax: +61-2 6272 2001, internet: <http://www.abare.gov.au>, ISBN 0 642 26614 X, 75 p.

Developing countries include some of the world’s largest exporters of fossil fuels and they will suffer from shrinking export market and price reductions when the developed countries undertake emission abatement. ABARE estimates that China and South Korea will be the only developing countries to experience economic gains following emission abatement in developed countries. In the longer term there is a need for all countries to become involved in emission abatement as reductions achieved in developed countries will be partly offset by increased emissions from developing countries, as their production of fossil fuel intensive products increases.

Anthony Cox et al., *Australian energy intensity*, Research Report 97.5, ABARAE, GPO Box 1563, Canberra 2601, Australia. Fax: +61-2 6272 2001, internet: www.abare.gov.au, ISBN 0 642 266093, 58 p.

Changes in the intensity of energy use between 1973–74 and 1994–95 have been measured for the Australian economy as a whole. Changes in the intensity of carbon dioxide emissions from energy production and use are also examined. The focus of the report is on trends in real energy intensity, and some of the key findings are:

- Real energy intensity of Australia’s total energy consumption declined by about 14 per cent from 1973/74 to 1994/95.
- Real energy intensity in the end use industries declined by a similar amount.
- The carbon dioxide intensity in end use industries declined by a smaller amount – around 3 per cent – over the study period.

Duncan Austin, *Climate protection policies – can we afford to delay?*, World Resources Institute, 1709 New York Avenue, NW Washington, DC 20006, USA. Fax: 202638 0036, internet: <http://www.wri.org/wri>, ISBN 1-56973-231-0, 38 p.

Without early action we will continue to invest in inefficient capital stock too carbon-intensive to be economical in the next century. The longer we wait the greater the accumulation of fossil fuel-dependent machinery, equipment and core infrastructure, and the more expensive future greenhouse gas reductions will be. Without a clear, immediate policy signal, research and development efforts will continue to focus on fossil-based systems and technologies. Early action is the key to slowing the pace of change.

John D. and Catherine T. MacArthur Foundation, *Sustaining profits and forests: the business of sustainable forestry*, 140 south Dearborn Street, Chicago, IL 60 603, Tel.: (312)626 8000, e-mail: forstry@macfdn.org, 32 p.

Mag Postle, *Cost-benefit analysis and chemical risk management*, ICME, 249 Albert Street, Suite 506, Ottawa, Ontario, Canada K1P 6E6, Fax: (613) 235 2865, e-mail: info@icme.com, ISBN 1-895720-25-7, 89 p.

The widespread use of chemicals in modern society has led to increasing concern over the potential effects of certain substances upon both people and the environment. This publication provides a look at the current legislative context of chemical regulation and discusses the need to consider a range of risk-reduction strategies as part of the regulatory process.

Michael Moore et al, *Endocrine-disrupting chemicals: issues for evaluating metals*, ICME, 249 Albert Street, Suite 506, Ottawa, Ontario, Canada K1P 6E6, Fax:

(613) 235 2865, e-mail: info@icme.com, ISBN 1-895 720-24-9, 46 p.

This document has been published by the International Council on Metals and the Environment (ICME) as part of a series of publications discussing issues relevant to environmental and/or health-related policies affecting the mining and metals sector. Scientists from a variety of disciplines have recently raised concerns that low-level exposure to compounds capable of modulating the endocrine systems of humans and wildlife may cause certain types of cancer and other serious effects. The authors conclude that it is unlikely that the low levels of metals or metal compounds currently present in the environment adversely affect human or wildlife populations through effects on endocrine function.

Nuclear Fuel Terminology Working Group, *A glossary of nuclear fuel terms: Part A – materials, processes and transport*, The Uranium Institute, 12th Floor, Bowater House West, 114 Knightsbridge, London SW1X7LJ, UK, Fax: (44) 171 225 0308, e-mail: ui@uilondon.org, 23 p.

A. S. Conradie, *Vermiculite: applications, supply and demand*, Minerals Bureau, Mineralia Building, Private Bag X4, Braamfontain 2017 South Africa, Fax: (011) 403 2061, ISBN 0-7970-3468-4, 11 p.

J. J. Verster, *Producers of dimension stone in South Africa*, 1998, Minerals Bureau, Mineralia Building, Private Bag X4, Braamfontain 2017 South Africa, Fax: (011) 403 2061, ISBN 0-7970-3468-4, 23 p.

Eugene Bates and Keith Armitage, *South African ferrous minerals and their ferroalloys*, Minerals Bureau, Mineralia Building, Private Bag X4, Braamfontain 2017 South Africa, Fax: (011) 403 2061, ISBN 0-7970-3468-4, 8 p.

J. J. Verster, *A mineral economic profile of Mpumalanga*, Minerals Bureau, Mineralia Building, Private Bag X4, Braamfontain 2017 South Africa, Fax: (011) 403 2061, ISBN 0-7970-3468-4, 25 p.

Hugh Sigmon, *Guide to metal trading, American Metal Market*, 825 Seventh Avenue, New York, NY 10019, USA. 231 p.

In 1997, much of the metals trading landscape changed. Commodity Exchange (COMEX) is now a subsidiary of the New York Mercantile Exchange. The London Metal Exchange has created a market education campaign of its own to increase the understanding of its marketplace. Many trading companies and brokerage houses have left the scene. This is an introductory book on the metals markets. The publication treats the economic, strategic and historical importance of metals and mining, the market forces and how metal prices are determined, trading in metals, how the markets operate, market participants, hedging, market regulation, exchange organisation, and related topics.

British Petroleum Company, *The 1997 BP statistical review of world energy*, BP Company, Britannic House 1, Finsbury Circus, London EC2M 7BA, UK, tel.: +44 (0) 1202 669940, Internet: <http://www.bp.com/bpstats>, 37p.

INCO, *World Stainless Steel Statistics – 1997 edition*, Inco Ltd, 145 King Street West, Suite 1500, Toronto, Ontario, Canada M5H 4B7, Fax: (416) 361 7739, e-mail: mparker@toronto.incoltd.com, ISSN 0141-0806, 126 p.

J. Ghysels, *Urban Households in the Nicaraguan nineties: a survival strategy model*, Publication No 15, Centre for Development Studies, University of Antwerp, Prinsstraat 13 – 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

F. Reyntjens et S. Marysse, *Conflits au Kivu: antécédents et enjeux*, Vol 1: Aspects historiques et dimensions juridiques, Vol 2: Dimensions politiques et Économiques. Publication No 16–17, Centre for Development Studies, University of Antwerp, Prinsstraat 13 – 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

G. Calfat, *Explaining the expansion of human capabilities in developing countries: the role of economic growth and deprivation*. Publication No 19, Centre for Development Studies, University of Antwerp, Prinsstraat 13, 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

C. Calfat, *Estimating the determinations of a basic human capability: child mortality an exploration using household level data from Peru*. Publication No 20, Centre for Development Studies, University of Antwerp, Prinsstraat 13 – 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

T. de Herdt, *La pauvreté urbaine en Afrique Subsaharienne – le cas de Kinshasa*, Partie I: Résumé de la littérature: incidence de la pauvreté en Afrique Subsaharienne, Partie II: Contributions empiriques: Pauvreté à Kinshasa – enquête socio-professionnelle, Partie III: Enquête représentative de la zone de Matete. Publication No 21–23, Centre for Development Studies, University of Antwerp, Prinsstraat 13 – 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

S. Marysse, *La libération du Congo; dans le contexte de la mondialisation*, Publication No 24, Centre for Development Studies, University of Antwerp, Prinsstraat 13 – 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

J. Bastiaensen, *Governance for finance and development in rural Nicaragua: analysis of the network of local banks promoted by NITLAPAN*, Publication No 25, Centre for Development Studies, University of Antwerp, Prinsstraat 13, 2000 Antwerpen, Belgium, Fax: +32-3-220 4420.

Polska Akademia Nauk, *Gospodarka Surowcami Mineralnymi*, Kwartalnik Tom 13–Zeszyt 4, Krakow 1997, ISSN 0860-0953. ■