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# THE DEMOCRATIC REPUBLIC OF CONGO'S MINERAL DEPENDENCY

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## ABSTRACT

The Democratic Republic of Congo's economy is irrevocably connected to the nation's rich endowment of natural resources. However, instead of promoting economic growth, the minerals have created a "paradox of plenty" which fosters corruption, poverty, and conflict. From harrowing tales of hands being chopped off of corpses during the colonial rubber regime to "blood diamonds" fueling an African World War in the late twentieth century, the nation has been unable to escape the resource curse. From the time that the Congo region was colonized by Leopold II, the nation has faced economic instability, political upheavals, and bloody uprising all tied to the nation's abundance of resources and a quest for ownership and control over key minerals.

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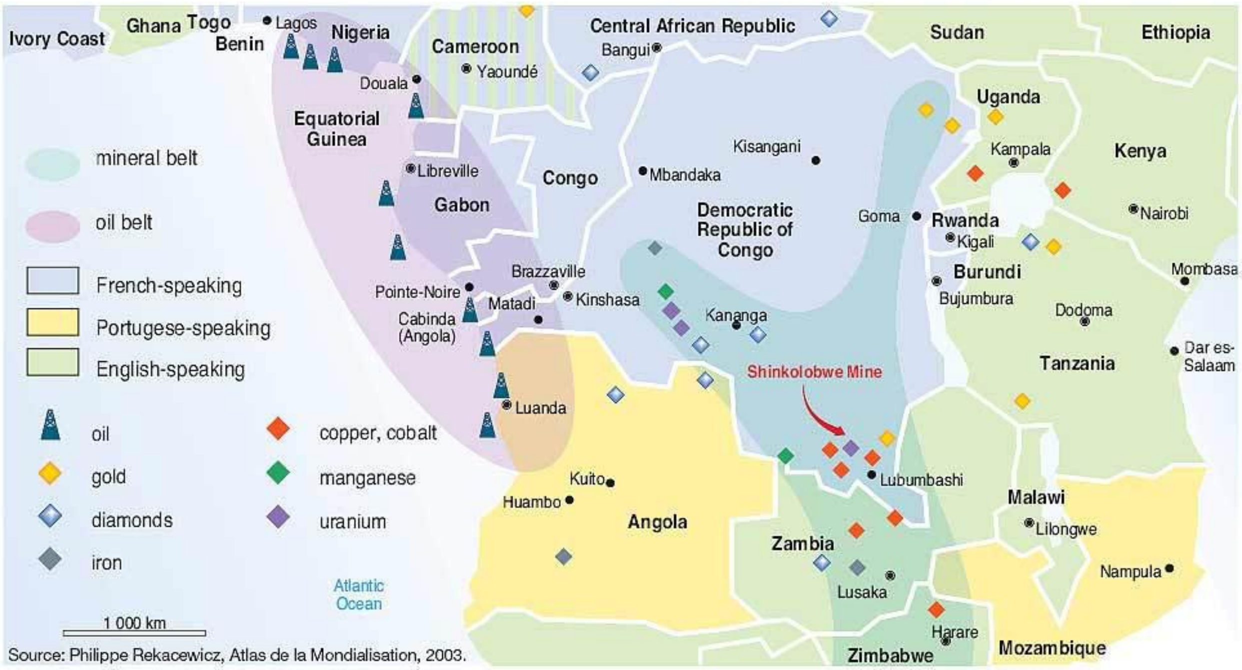
# I. Introduction

This paper provides a case study on the economic phenomenon of a mineral curse. While economic theory stipulates that resources will translate into economic growth, the "paradox of plenty" illustrates a nation's inability to capture this growth from natural endowments. The Democratic Republic of the Congo will serve as a paradigm to this overarching economic anomaly. Figure 1 (UNEP/GRID, 2005) illustrates the nation's abundance of minerals and mining sites.

**Figure 1**




Despite the rich mineral belt which envelopes the nation and includes uranium, diamonds, gold, manganese, copper, cobalt, and iron, the DRC remains in the poverty trap. The Democratic Republic of the Congo is arguably the richest mineral nation in the world, but the plundering of these resources prevents the nation from thriving. Deep rooted corruption and illegal extraction without benefit to the Congolese is not a recent development but a practice that has evolved since the nineteenth century when King Leopold II of Belgium claimed the territory as his private colony and exploited the native population for ivory and rubber collection. Instead of bringing wealth, the minerals have brought the

Congolese people despotic rulers and constant turmoil. The nation's current state is irrevocably intertwined with its mineral wealth on a course of prolonged suffering for the vast majority of the population.

This paper begins with an examination of the historical context of resource depletion under King Leopold II in Section II. The next section explores the transition of the colony to rule by the Belgium with only the minerals being exploited evolving (mainly copper) while the extractive economy that Leopold established remained intact. Section IV describes Mobutu's "kleptocracy" where government corruption and personal wealth accumulation from the siphoning of state funds and mineral profits drove the nation deep into a full economic collapse. Next, the paper examines Kabila's rise to power through a rebel faction. The uprising would develop into Africa's World War, an event that devastated the nation and produced the highest number or war-related casualties since WWII. The fighting produced a war economy where mineral extraction fueled fighting and prolonged the uprising. Mass plundering from neighboring countries occurred during the war. Section VI delves into the Democratic Republic of Congo's current crisis. Resources continue to hinder development, widespread corruption remains rampant, and many key minerals are still leaking across the nation's borders. This leads to the conclusion that the DRC remains trapped under a mineral curse, with the nation's natural resources providing suffering and poverty instead of wealth and growth.

## II. Leopold II's Colonization of the Congo Free State[1]

Before the late-fifteenth century, the region that today encompasses the Democratic Republic of the Congo was foreign and untainted by European explorers. A Portuguese explorer, Diogo Cão, was the first European to "discover" the Congo region. The allure of the Congo River persuaded Cão to claim the region for Portugal, although the area was already ruled by a native empire. The Portuguese never gained full ownership of the area, and by the time the rush for Africa struck Europe in the nineteenth century, their presence was greatly diminished (Renton et al., 2007). The native people had survived off the land for centuries, but under full colonization the Congolese survival off the land was transformed to European dependence and exploitation of the land for country's natural resources. The area's fate twisted into the harsh exploitation of the natives while foreigners depleted and profited off of the country's wealth. The sub-Saharan region around the Congo would be markedly different today without the manipulative influence of two individuals: King Leopold II of Belgium and explorer Henry Morton Stanley.

### A. The acquisition of the Congo with the help of Henry Morton Stanley

From the time Leopold II was a young boy, the only subject that ever interested him was geography. After his father had passed away, and Leopold II became King of the Belgians, the one thing he desired most was a colony. Unfortunately, the constituents of Leopold's small nation did not share his thirst for explorations and empire building. Leopold's original desire was not specifically for the Congo and natural resources; he just yearned for vast colonial wealth and power regardless of the location of the new territory or the source of the wealth. However, as the "scramble for Africa" spread across Europe in the nineteenth century, Leopold honed in on the area surrounding the Congo River

[1] Much of the discussion in this section comes from Adam Hochschild's *King Leopold Ghost* (1998).

basin as the location for his future territory. Leopold II now had the location selected, but gaining the support to actually obtain control of this area would prove tiresome, especially without the support of his own citizens or government. In order to gain control, Leopold hatched a plan to exploit Europe's newfound moral objection to slavery and obsessions with other benevolent causes.

In order to mask his ambitions under a philanthropic guise, Leopold held the Brussels Geographical Conference in the fall of 1876. At the commencement of the conference, Leopold proclaimed, "To open to civilization the only part of our globe which it has not yet penetrated, to pierce the darkness which hangs over entire peoples, is, I dare say, a crusade worthy of this century of progress" (Hochschild, 1998, 44) while speaking about Africa. As simply as this, Leopold II began his lifelong deceit to portray operations carried out on his behalf in the Congo region as a purely humanitarian exercise. During the conference the committee members created the International African Association to help achieve this "crusade."

Under the International African Association, a private company portraying itself as a scientific society, Leopold II financed exploration of the Congo River basin. For the task of exploring the region, Leopold selected Henry Morton Stanley. Stanley had recently gained international recognition after finding the famed explorer David Livingstone in Zanzibar. While Stanley began his mission in 1876 with specific instructions from the Belgian King to obtain as large a territory as possible, Leopold insisted that the expedition had absolutely no entrepreneurial grounding. However, while on the payroll of the king, Stanley was able to acquire land from nearly 500 Congo basin chiefs towards Leopold's developing colony. People later raised objections claiming that Stanley and his assistants had unlawfully obtained the land using trickery to mislead African chiefs into believing that whites held magical powers. Leopold II at last held the right to a foreign territory, but his next mission would be to gain world recognition of his ownership rights.

In order to have his newly ceded land recognized as a colony, Leopold used a web of loyal contacts who lobbied for his cause. His first target was the United States with the help of General Henry Shelton Sanford, who proved to be a powerful ally in winning the recognition of the United States. Sanford was an American diplomat who thrived on favors and connections to royalty and power. Leopold used flattery to obtain Sanford's good favor. Sanford in his role spoon-fed information to President Arthur, who in his annual speech before Congress, stated:

> "the rich and populous valley of the Kongo is being opened by a society called the International African Association, of which the King of the Belgians is the president…Large tracts of territory have been ceded to the Association by native chiefs, roads have been opened, steamboats have been placed on the river and the nuclei of states established…under one flag which offers freedom to commerce and prohibits the slave trade. The objects of the society are philanthropic. It does not aim at permanent political control, but seeks the neutrality of the valley" (Hochschild, 1998, 78).

With these erroneous claims, Leopold II was able to gain the support of the U.S. Congress. On April 22, 1884 the United States became the first country to recognize Leopold's Congo. Leopold wittingly incorporated the U.S.'s passion for philanthropic endeavors and free trade to gain the support of the nation. In the same manner, Leopold drew upon France's weaknesses in order to win that country's support. He played upon their rivalry with the United Kingdom and the fear that the U.K. might obtain ownership of the territory to gain France's approval. The French rulers did not fear a small, insignificant country such as Belgium having control of the region and further were quite certain that the King's resources would evaporate quickly. Leopold emphasized that free trade would exist in the Congo and would benefit all nations. However, it was no until the Berlin Conference that Leopold really secured international recognition of his ownership of the Congo region. German Chancellor Otto von Bismarck invited 11 nations to Berlin to take part in the Berlin Conference in 1885. The conference was necessary to establishment settlements among the European powers over disputes arising from the thirst for African territory. The conference created the General Act which guaranteed free trade through the Congo, but it also officially named Leopold the II the official leader of the International Association of the Congo. In this manner, Leopold manipulated sole control of the Congo territory becoming the nation's "King-Sovereign."

Shortly after establishing himself as ruler of the Congo region, Leopold renamed the territory the Congo Free State. The name was not chosen haphazardly but decisively selected by Leopold. The term state is significant because few African nations were treated internationally as sovereign powers. However, the territory could not include the word colony since this would complicate Leopold's private ownership of the region. The name was further misleading since the native people were leaving freedom behind to be suppressed by a ruler on a separate continent (Renton et al., 2007).

With these slights of hand, King Leopold II had finally fulfilled his lifelong dream of ruling a foreign land when he was named head of the Congo Free State at the Berlin Conference. Although the Congo's official capital was located in the port town of Boma in the Congo, the real power remained in Europe under King Leopold's discretion. The first order of business in the new "State" was developing infrastructure so the King would be able to more aptly exploit the country's riches. With the onset of development began the harsh rule over the native labor force. Once a suitable infrastructure was established in the nation, Leopold was able to pursue his main priority more efficiently: ivory accumulation.

**B. Rubber extraction and native exploitation scheme**

In Leopold's greedy quest for ivory, he made no distinction between tusks on wild animals or the villager's property. He was the nation's "King-Sovereign" and as such he believed everything belonged to him. Congo State officials would go on ivory raids during which they shot wild elephants for their tusks, bought tusks from villagers for a tiny percentage of their actual value, or simply seized the tusks. The villagers had no choice but to hand over the ivory since regulations prohibited the selling of tusks to anyone except the state. Leopold had an absolute monopoly on the ivory market in the country and used a sliding pay scale to help enforce prices far below their market value. State agents would be paid 6% of the European market value if they bought ivory at 8 francs per kilo; however, the price would climb to 10% of the European value if the ivory could be obtained at 4 francs per kilo. Using this pay scale, Leopold was able to entice agents to enforce extremely undervalued prices for the natives. Unfortunately, unfair pay was the more humane way of controlling the natives in Leopold's Congo. Often the chicotte, a whip made from hippopotamus hide, was wielded to force the natives into submission. One station chief described the inhumanity the Congolese people suffered.

> "The gallows are set up. The rope is attached, too high. They lift up the nigger and put the noose around him. The rope twists for a few moments, then crack, the man is wriggling on the ground. A shot in the back of the neck and the game is up. It didn't make the least impression on me this time!! And to think that the first time I saw the chicotte administered, I was pale with fright." (Hochschild, 1998, 123)

These types of practices were so commonplace that the rulers in the Congo had a detachment from their actions and believed the Africans to be a subhuman race. While vast human rights violations were taking place, Leopold was still being viewed as a humanitarian across Europe. The exploitation of ivory began the Democratic Republic of Congo's journey to its current reliance on natural resources.

Although ivory proved to be a valuable source of income for Leopold, the shift to rubber as the world began its rubber boom provided even greater wealth for the King. Rubber vines grew wild throughout the Congo region, allowing the nation to increase its rubber revenue 96 times over from 1890 to 1904. However, the rubber boom proved to be just the first illustration of the natural resource curse for the Congolese people; while the colony became the most profitable in Africa, the living conditions for natives dropped drastically. The shift from ivory to rubber, which had to be collected from deep within the forest, also required a change in how power was administered. Beating with the chicotte could not be employed to force Congolese people to gather rubber, since rubber grew wildly in the jungle. As one officer explained in his journal, "the native doesn't like making rubber. He must be compelled to do it" (Hochschild, 1998, 161).

The new technique that officers utilized was capturing women, children, and chiefs and holding them hostage until a village had gathered its designated rubber quota. As horrifying as these practices were, concrete instructions were provided for kidnapping in the semiofficial book *Manuel du Voyageur et du Resident au Congo*. In order to fill their quota, one official in the north estimated that the gatherers had to spend 24 days a month in the forest. The gatherers even slept in the wild where they constructed rudimentary cages to protect themselves against leopards and other predators. One company, A.B.I.R., which was responsible for only a fraction of total rubber production from the nation, enlisted forty-seven thousand conscripted gatherers in a single year. While natives were forced into the dangerous profession, they received in compensation only a piece of cloth, beads, a few spoonfuls of salt, or a knife (which cruelly was needed to gather the rubber).

If a village had the misfortune to choose to defy the state regime in their rubber collecting exploits, troops would sometimes shoot everyone in sight as a precautionary tale to surrounding villages. These killings morphed into the perverse practice where hands were cut from corpses as proof to officers that the bullets had not been wasted hunting or saved for an uprising later. So it evolved that the proof needed that bullets were not "wasted" was the right hand from the corpse. This meant though that if a bullet was not used to kill someone, a hand was often severed from a living man. The Swedish missionary E. V. Sjöblom witnessed firsthand the horror of the rubber regime under Leopold. Sjöblom described the event in his journal. "I saw…dead bodies floating on the lake with the right hand cut off, and the officer told me when I came back why they had been killed. It was for the rubber…When I crossed the stream I saw some dead bodies hanging down from the branches in the water. As I turned away my face at the horrible sight one of the native corporals who was following us down said, "Oh, that is nothing, a few days ago I returned from a fight, and I brought the white man 160 hands and they were thrown into the river" (Morel, 1907, 48). Although Leopold needed a large labor force for his extractive economy to function, while in control of the territory Leopold's regime wiped out much of the native population.  Daniel Vangroenweghe, a Belgian anthropologist who worked in previous rubber areas in the 1970s, concluded that many men had been worked to death as rubber slaves or killed during raids.  Several sources including a Belgian government commission conducted in 1919 and Jan Vansina, a professor emeritus of history at the University of Wisconsin, found that nearly half the population was decimated under Leopold's regime.  Half the population equates to 10 million people (Hochschild, 1998).

**C. The humanitarian outcry led by E. D. Morel**

Perversely it was not the savage treatment of the Congolese people that first drew the attention of the world press to the Congo but the execution of a white man that created the first crack in Leopold's façade.  The white man was Charles Stokes, an Irish trader whose ivory trading competed with Leopold's monopoly.  The regime in the Congo accused Stokes of selling guns to Afro-Arabs, and when they located him, he was hung immediately without trial or investigation. After this incident, Europe started to pay attention to the atrocities rumored to occur in Leopold's colony.

Although it took a spark (the execution of Charles Stokes) to light the Western World's outrage at the governance of the Congo, the movement would not have succeeded without the perseverance of one strong, relentless leader.  This leader, Edmund Dene Morel, had at one time actually been a staunch supporter of Leopold and the Congo colony.    Morel once wrote that "those vast territories secured to their country by the foresight of King Leopold II will one day prove a magnificent field for enterprise" (Hochschild, 1998, 178).  Morel's connection to the Congo was his employment with Elder Dempster, the firm that held a monopoly on all cargo to and from the Congo. He worked at Elder Dempster as supervisor of the ships arriving and departing for the Congo.  However, Morel discovered there were discrepancies between official reports and what actually was arriving at the docks to be unloaded. Several questions perplexed Morel: why were thousands of rifles being shipped to the Congo; "the amount of rubber and ivory brought home from the Congo in the Elder Dempster ships…greatly exceeded the amounts indicated in the Congo Government's returns…Into whose pocked did the surplus go"; and why was the value of what was arriving 5 times the value of goods being shipped to the Congo (Hochschild, 1998, 180). From these anomalies Morel unraveled that "these figures told their own story…forced labour of a terrible and continuous kind could alone explain such unheard of profits…forced labour in which the Congo Government was the immediate beneficiary." To his absolute horror, Morel proclaimed, "I had stumbled upon a secret society of murderers with a King for a crony man" (Hochschild, 1998, 181).

After Morel raised moral objections to his superiors at Elder Dempster, the company offered him £200 a year as hush money, but Morel wrote that he had "determination to do my best to expose and destroy what I then knew to be legalized infamy" (Hochschild, 1998, 186). Although it took Morel three books, hundreds of articles for British, French, and Belgian newspapers, hundreds of letters to the editor, several dozen pamphlets, and several years to win his battle, in the end he would defeat Leopold. Roger Casement provided another devastating blow to Leopold II. Casement was one of the few who had witnessed the Congo atrocities first hand and documented them in an official report while working as a British consular. The explosive combination of Casement and Morel with several other key players was too overpowering for the King to outmaneuver.

King Leopold II, not willing to relinquish power over the Congo, put up a fierce counter-attack publishing his own journal, paying off editors, and once again bribing officials in the U.S. However, this time the King was exposed after one former agent sold his story to a newspaper which ran the headline *King Leopold's Amazing Attempt to Influence Our Congress Exposed*. After this fiasco, the United States changed its foreign policy towards the Congo from hands off to pressuring Leopold to adopt the "Belgian Solution."

The “Belgian Solution” was really the only option ever discussed as a viable solution for transition of the colony and involved Leopold surrendering private ownership of the territory to the Belgian government.  With relentless pressure mounting from various directions, Leopold, who had always dreamed of remaining sole proprietor of the Congo until his death, realized the dream was no longer viable. However since he held all the cards, he was unwilling to strike a bargain price for his beloved colony.  Although negotiations started in 1906, ownership did not switch hands until 1908. Under the terms of the negotiations, the Belgian government agreed to become accountable for the 100 million francs debt of the Congo, pay 45.5 million francs toward Leopold’s pet projects, and an pay an additional fifty million francs directly into Leopold’s pocket (Hochschild, 1998).

## III. The Belgian Colony's Continued Exploitation

Although the official change of ownership from Leopold's private domain to a colony of the Belgian nation occurred in November 1908, Morel's fears that changes would not occur quickly enough were warranted. The nation may officially have changed names to the Belgian Congo, but Morel perceived that a system that was extremely profitable would not be replaced with new institutions too quickly and only the source of funding was changing (Hochschild, 1998). The Belgian nation, as Leopold quickly learned early in his life, had no desire to rule a colony, and so Belgium had no experience in ruling a distant land. Not only did the Belgian nation lack the background to take over a colony, they were acquiring an area whose land mass was 80 times the size of their own nation. Further, Belgium had no experience dealing with shortages of labor since at the time the country was the most densely populated in the world; after Leopold's widespread devastation, however, the Congo was left with a sparse population of 6 million (less than that of the tiny nation of Belgium) (Edgerton, 2002). In the fall of 1909, the Belgian colonial minister laid out reforms to occur over three years in the Congo, but four years passed after Belgian's newfound ownership before any real changes were made from Leopold's colonial system (Edgerton, 2002).

Unlike Leopold, who died a year after losing his prized colony and never had any desire to visit the Congo territory, the new King Albert I visited the Congo and witnessed natives missing hands and other atrocities. When Leopold passed away, Morel lost his villain in the Congo tale, and he claimed the Congo reform efforts victorious. Morel wrote that he did "not wish to paint the present in roseate hues. The wounds of the Congo will take generations to heal. But…the revenues are no longer supplied by forced slave labour. The rubber tax has gone…A responsible Government has replaced an irresponsible despotism" (Hochschild, 1998, 273). However, Morel overlooked the new system of forced labor, which was less objectionable by contemporary standards. The Belgian government had implemented a head tax in the Congo.

The new head tax proved to be an effective means to find labor into the 1920s. In order to obtain currency to pay the head tax, Congolese men needed to work for Europeans, forcing them into labor in the mines and plantations (Edgerton, 2002). As the Congo economy shifted towards mining, the importance and profitability of rubber drastically declined. In 1901 rubber had accounted for 87% of Congolese exports, but by 1928 it had plummeted to a meager 1%. Union Minière du Haut Katanga was formed in 1906 to capitalize on new mining opportunities. Copper extraction began by 1911, and by 1928, the Congo was exporting 7% of the world's total copper output. Diamonds were also discovered in 1907, proving to be extremely profitable as the Congo became the number two diamond exporter twenty years later (Gascoigne). Many of these mining activities benefited greatly from WWI. While Belgium was occupied by Nazi forces, the allies desperately needed raw materials. In only four years from 1913 to 1917 copper production in the Congo nearly quadrupled from 7,400 tons per year to 27,500 tons per year (Edgerton, 2002).

While the Congo colony prospered from the region's abundance of mineral wealth, the Congolese people continued to suffer. Trade blossomed rising from 2 million lbs of minerals and agricultural goods in 1913 to 12 million lbs in 1920. Likewise, diamond production soared by eightfold between 1920 and 1930. However, many of the Congolese miners suffered in the shantytown surrounding Elisabethville, the main mining city (Edgerton, 2002). As time went on, the Congolese began demanding better wages and living conditions.

In 1949, the Congolese mine workers were earning a meager 2 to 4 francs per day while their European counterparts were making ten times this amount (Higginson, 1989). John Morrison summarized the situation well in 1956. He wrote, "the wealth of the Congo is incalculable. During these war years what tremendous riches have been sent to the white man's countries. How much of this has been used for the benefit of the natives? Does the government really need the pitiful tax that the native often has to sell his chickens and his goats to pay? Look at the exports: diamonds, gold copper, tin, iron, manganese, raw silver, platinum, cobalt…" (Higginson, 1989, 209). Although the Congolese were severely low income by Western s, they lived in the greatest prosperity of any other African nation due to the territory's great mineral wealth (Edgerton, 2002). However, until the Congolese natives could truly own the land and minerals, they could not fully benefit from the wealth generated by the mineral exploitation.

## IV. Independence in 1960 and Zaire

Years of suppression and exploitation mounted into the Congolese people's growing desire for independence. Pressure had been accumulating for independence, and the force finally materialized into a riot in Leopoldville in January 1959. Joseph Kasavubu, who would become the Congo's first President, had organized a rally, which the Belgian forces suppressed, fearing an outbreak of violence. However, this led to mass rioting in which witnesses claimed thousands were injured and killed. Patrice Lumumba, who would become the nation's first Prime Minister, was arrested and thrown in prison based on a speech he had delivered a week prior. Kasavubu was also jailed. A year later, in January 1960, both Lumumba and Kasavubu were released from their sentences to attend a month-long conference in Brussels discussing the future of the Congo with Belgian officials. The conference ended with the Congo gaining its independence in the most drastic decolonization in Africa's history. The Congolese people were unprepared for independence with less than 30 Congolese University graduates, 120 opposing political parties, an array of ethnic groups, and hardly any knowledge of the world outside of the Congolese borders. Despite this, elections were held and Lumumba was elected the nation's first Prime Minister. He named Kasvubu the President of the nation (Edgerton, 2002). At the official independence ceremony where Belgian King Baudouin praised Leopold II's efforts in the Congo, Lumumba retaliated claiming Baudouin presided over "a regime of injustice, suppression, and exploitation" (Edgerton, 2002, 184).

Although the Congolese achieved independence with little bloodshed, violence erupted in the country a mere five days after the Congolese people gained their freedom from Belgian rule. The boiling tensions of the Congolese, created by years of oppression under all white leaders, finally exploded with Europeans being tortured, raped, and murdered. On July 1, 1960, 29,000 Europeans were in the Congo; only 9 days later on July $10^{th}$ only 3,000 remained in the country. By July $15^{th}$ the UN had taken action with troops flooding into the new country to try to restore order (Edgerton, 2002). However, it was ultimately this volatile time that would seal the unfortunate fate of Lumumba.

While trying to end the violent uprising, the chief of the UN in the Congo formed the opinion that "Lumumba was crazy and reacted like a child" (Edgerton, 2002, 191). During a time that was at the height of the Cold War, many Western powers also feared that the country would fall to communist rule, and that they would lose access to the valuable resources the Congo contained. Lumumba exacerbated this belief when he told the Soviet press that, "The Soviet Union has been the only great power which supported the Congolese people in their struggle from the beginning. I express the deepest gratitude of all our people to the Soviet Union and personally to Nikita Khrushchev for the moral support given by your country when we most needed it against the imperialist and the colonialists" (Edgerton, 2002, 192). CIA operations chief Richard Bissell stated that "President [Dwight D. Eisenhower]…regarded Lumumba as I did and a lot of other people did: as a mad dog…and he wanted the problem dealt with" (Hochschild, 1998, 302). During this time, a U.S. National Security Council subcommittee which included CIA Agent Allen Dulles ordered Lumumba's assassination. Belgian leaders shared the belief that Lumumba was a liability that needed to be taken care of. A Belgian officer recorded a meeting between Mobutu, Tshombe, King Baudouin, and their advisers that led to the conclusion that Lumumba should be "neutralized, physically if possible." Belgian King Baudouin concluded that "One cannot allow the achievements of the past eighty years to be destroyed by the hate-filled policies of one man" (Meredith, 2005, 109). With his fate sealed, Lumumba was executed on January 17th, 1961. After being captured, a Belgian plane took Lumumba to Elisabethville where he was shot by a firing squad; his body was them dismembered and dissolved in acid so no martyr's grave could be mourned or left behind (Hochschild, 1998).

### A. Mobutu's Coup for Power

The key figure plotting Lumumba's assassination in the Congo was Joseph Mobutu, the Chief of Staff of the army (Hochschild, 1998). The CIA put Mobutu on the payroll while he helped to plan Lumumba's murder. On November 24th, 1965 Mobutu headed a military coup naming himself president for a 5-year term. In December Mobutu became the nation's one-man leader as head of the Army, head of the state, and head of the central government where he would remain to rule the Democratic Republic of the Congo and Zaire[2] for over 30 years (Haskin, 2005).

### B. The Start of Kleptocracy

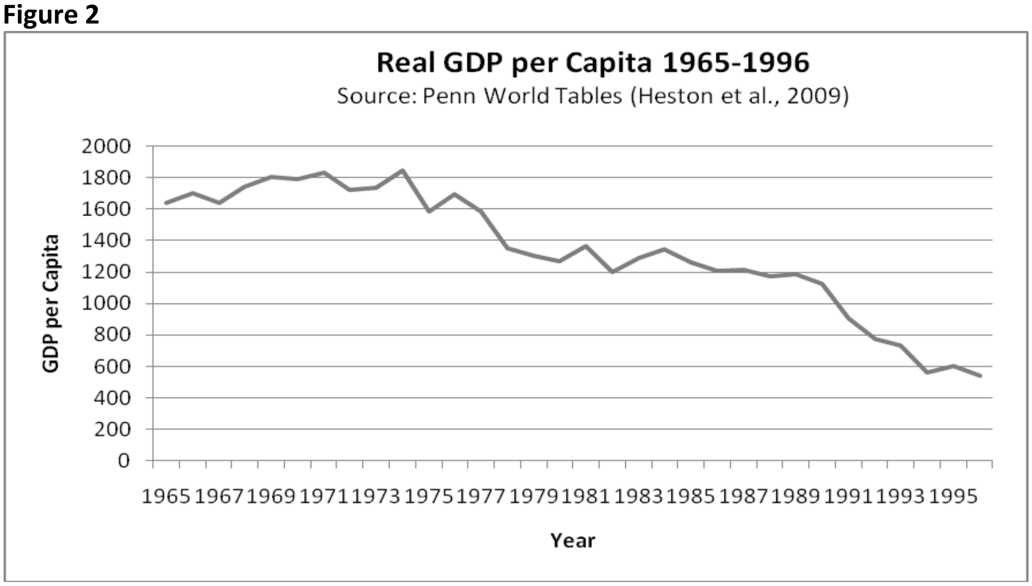
"Zaire under Mobutu has become almost a caricature of an African dictatorship, its government autocratic to a fault, its resources shamelessly squandered and mismanaged" – Chris Simpson quoted in (Ayittey, 1992, 253)

During Mobutu's despotic reign over the Congo the term "kleptocracy" was coined to describe the absolute theft of wealth from the state and country conducted by Mobutu and his entourage. During his rule, Mobutu acquired enormous personal wealth; Mobutu himself admitted to *60 Minutes* in 1984 that he had over $4.8 billion in foreign bank holdings. This astounding figure made Mobutu, who came from extremely humble beginnings, the richest man in the world. His official salary, which was an insignificant amount compared to the funds he siphoned from mineral exports, was 17% of Zaire's annual budget. Further his savings in Swiss bank accounts was larger than Zaire's astounding $4.4 billion debt (Ayittey, 1992). Kleptocracy constituted a complete blurring between private enterprises and the state with embezzlement, fraud, smuggling and theft all pervasive throughout the country. The country bled funds with half of the operating budget unaccounted for or diverted (Ayittey, 1992).

[2] Mobutu changed the name of the Congo nation to the Republic of Zaire in 1971. Zaire, which means river, was chosen as part of an "authenticity" campaign to rid the country of western influences and establish a truly independent identity as a nation (Time, 1974).

However, the path Mobutu would lead Zaire down was unforeseen at the start of his regime. Mobutu's coup brought much-needed stability to the Congo; he created a nation that received recognition throughout the African and global community with a stable currency, little national debt, and real wages climbing until 1971. Mobutu created a single political party with himself at the lead (Young, 1978). Until 1974, Zaire's economy climbed by 7% a year, but 1974 was the tell-tale year when everything started to crumble (Edgerton, 2002). Mobutu had a complete misunderstanding of economics; CIA agent in the Congo Larry Devlin (who a decade previously refused to feed Lumumba the poison handed to him on orders from the U.S. President) described Mobutu as a "political genius, but an economic spastic" (Wrong, 2001, 92). An elite businessman in the Congo, Jose Endundu, described Mobutu as having "absolutely no interest in economics. He didn't understand that without a sound economy there is no politics" (Wrong, 2001, 91). Figure 2 illustrates the toll Mobutu's lack of economic comprehension and kleptocratic regime took on Zaire's GDP, with the GDP per capita plummeting from over $1,800 to less than $600 per person by the end of Mobutu's regime.

**Figure 2**



With a negative relationship between corruption and growth, Mobutu's theft regime started to take its toll on the nation. As Jonathan C. Randal described in 1978, Mobutu drove Zaire to "become a kind of primer for Third World horror stories in negative development" quoted in (Radmann, 1978, 46).

The largest driving force of the falling GDP per Capita was the mismanagement and corruption that was rampant throughout the government. The largest copper company Gecamines, accounted for up to 70% of Zaire's exports in prosperous times. Mobutu siphoned off a quarter of gross receipts from Gecamines each year (Wedeman, 1997). The practice was deemed "leakages" by the World Bank; a state subsidiary of the mineral giant responsible for marketing the minerals abroad redirected a portion of sales directly into presidential accounts held outside of Zaire. Two U.S. researchers, Steve Askins and Carole Collins, found that state officials stole at least $240 million per year from the mining company (Wrong, 2001). State employees were paid an astounding $23 million a year with Mobutu passing a law that allowed any "surplus" money to be used for civil servant bonuses. Not only was a significant amount of the state budget used for compensating Mobutu and his entourage, the sheer size of the budget skyrocket from only 800 million Zaires in 1971 to 1.87 billion Zaires in 1974 (Young, 1978). Once the copper flows began to dry up from years of corruption and total lack of maintenance, Mobutu turned to diamonds to augment his official salary. Jonas Mukamba, the head of the diamond company MIBA, fed payments to Mobutu. A former government economist estimated that "Mukamba was probably creaming off between $1.5 and $2 million from MIBA for Mobutu each month" (Wrong, 2001, 123).

The nation was hurt further since Mobutu invested little of his stolen money from Zaire back into the economy (Wedeman, 1997). Mobutu himself publicly discussed the corruption in the nation as a problem giving it the name "Zairian sickness." In a speech in 1977, Mobutu stated, "To sum it up, everything is for sale, everything is bought in our country. And in this traffic, holding any slice of public power constitutes a veritable exchange instrument, convertible into illicit acquisition of money or other goods, or the evasion of all sorts of obligations." He went on to proclaim that "Our society risks losing its political character, to become one vast marketplace, ruled by the basest laws of traffic and exploitation" (Young, 1978, 171-172). Regardless of the acknowledgement of the absolute drain on the country created by the corruption, Mobutu's regime only grew more despotic over the years.

Despite the desperately poor status of the Congolese people, the nation was abundantly wealthy in natural resources. In 1977, Zaire was the leading world exporter of both cobalt and diamonds (Young, 1978). The Union Miniere du Haut-Katanga (UMHK) was the world's leading producer of cobalt and radium as well as the third leading producer of copper in 1968. With copper prices skyrocketing in the commodity market in 1973, UMHK reached unimaginable profits of 81.3 million Zaires (almost quadruple the profits in 1967) (Radmann, 1978). However, with an economy almost entirely dependent on the volatile market, Zaire was severely hurt in 1974 when copper prices plummeted on the exchanges. Copper prices fell to a mere $4.53 per pound (less than half the value from a year earlier) which pushed prices below production costs for many mines. This downturn in the copper market contributed significantly to the $500 million turnaround for the worse in Zaire's terms of trade in 1974-1975 (Young, 1978).

Even with the drastic downturn in the copper market, the corresponding fall in GDP per capita was not a necessary result. Shortly after copper prices receded, coffee bean prices soared from $.60/lb to over $3/lb in 1977 due to a Brazilian frost which devastated the crop that year. Zaire produced 80,000 tons of coffee beans in 1977: an export amount that should have equated to a $400 million boost for the Zairian economy. However, as is the resounding tale in the Congo nation, corruption prevented the Congolese from benefiting from the fruits of their labor. Fraudulent trading and corruptive practices led the 1976 crop to only make 80 million Zaires, where it had potential to produce a profit of 272 million Zaires (Young, 1978).

With Mobutu driving the nation further into the grip of poverty, it is astounding he was able to maintain his stronghold on absolute power for over three decades. His key allies, though, the Western powers, were entangled in a web of debt that required the nation to maintain stability for hopes of repayment. In the 1970's, Zaire was indebted to Western banks by between $700-800 million (Hochschild, 1998). Not only were the Western powers fearful that these sums would never be repaid if the power balance in Zaire was upset, they relied on the Congolese nation for a key mineral: cobalt. Zaire dominated the cobalt market (a metal needed for jet engine production) with 70% market share outside of the communist nations. A previous crisis in 1994 in the Congolese nation had driven the mineral from $6/lb to $30/lb, so the Western allies were aware of the potential hike in prices when Zaire was not kept stable (Hochschild, 1998).

However, by the time the world entered the 1990's, the Western powers no longer feared the Congo would fall prey to communist powers, and they demanded change from their former ally Mobutu. Mobutu's despotic rule had driven the nation to be the 8th poorest country in the world by 1988 (Renton et al., 2007). By 1992, except for maintaining the title of ruler of the nation, Mobutu had lost control over Zaire (Global Witness, 2004). Mobutu continually promised change (and even held elections that were regulated by the military watching over voters), but he made it clear he would not relinquish his power quickly. In a speech in 1994 he declared, "I cannot leave this type of inheritance to posterity. Completing my task means leaving this country something worthwhile" (Wrong, 2001, 108). The Economist Intelligence Unit described the situation in 1995: "Zaire's current economic and political situation is the result of the collapse of the Zairian state…There is no effective national government and no integrated economy" (Global Witness, 2004). By the 1990's Mobutu had lost his main source of funding: mineral wealth. Copper production had drastically fallen years earlier from deep-rooted corruption and the State's failure to maintain the mines, and diamonds faced the same unfortunate fate with production falling from 10 million carats a year to only slightly over 6 million carats in 1997 (Wrong, 2001).

With Mobutu out of economic resources, a new problem gripped Zaire. More than a quarter of Rwanda's population had fled their homeland in 1994 as genocide gripped the country. More than half of the refugees ended up in Zaire's Kivu provinces where they made a semi-permanent home, bringing with them deep-seated ethnic hatred. The refugees, who numbered over 1 million, worsened already strained ethnic tensions between Congolese Tutsis and other ethnic groups (Global Witness, 2004). In 1996, the Alliance of Democratice Forces for the Liberation of Congo-Zaire (AFDL) formed in Kivu, uniting Rwanda and Uganda army units with Congolese rebel forces (Wrong, 2001). The rebel movement began as a crisis in North and South Kivu regions and was partially incited by Hutu immigrants regrouping their ethnic hatred from the base of refugee camps in the Congo (Renton et al, 2007). Uganda's main motivation to oust Mobutu was tied to his support of the UNITA rebel movement in Uganda earlier in the decade (UNITA had unsuccessfully tried to overthrow the ruling regime in Uganda). While some scholars claim that Rwanda's interest in the AFDL movement was to save Tutsis who had suffered through the genocide in Rwanda, Rwanda's interests were not so morally upright. Rwanda may have initially had a desire to limit the threat of refugee camps and to establish a buffer zone in the east between Rwanda and the Kivu provinces, but as success came easily to the AFDL rebels, Rwanda's thirst for the Congo's wealth grew (Renton et al., 2007). Laurent Kabila rose as the leader of rebel forces, claiming the AFDL would march to Kinshasa if necessary. Kabila previously served as a guerrilla leader before becoming a gold and ivory trader. The AFDL gained control over Goma and progressed west taking town after town, moving closer to Kinshasa with little resistance from Zaire's army, whose soldiers hadn't been paid in months and had little motivation to fight back. Rwandan forces that began the AFDL were joined by Angolan and Ugandan forces. When his own army failed, Mobutu turned to his past saviors: his Western allies (Wrong, 2001).

However, Mobutu failed to recognize the shift in support after the fall of the Iron Curtain. As a key adviser to Mobutu explain, “This error in judgment was one of Mobutu’s most fatal. God knows how often we had discussed the issue with him. But he violently rejected every attempt to explain the objective basis for the change in U.S. attitudes toward him” quoted in (Wrong, 2001, 108). The Western powers had washed their hands of Mobutu, and on May 17th, 1997 Kabila’s forces reached Kinshasa with hardly a shot fired (Edgerton, 2002). Mobutu’s reign would have ended shortly thereafter either way as he was claimed as a victim of prostate cancer on September 7, 1997. After taking control of Congo’s capital city, Kabila named himself President of the newly renamed Democratic Republic of the Congo (Global Witness, 2004). Mobutu’s regime, like Leopold’s and the Belgian’s before, left the Congolese people without gain from the mineral exploitation.

## V. Africa's World War

The nation's new leader, Laurent Kabila, promised to revolutionize the nation forming a democratic state and a viable economy. However, he continued in Mobutu's footsteps of corruption and state controlled resources (Global Witness, 2004). After obtaining power, Kabila wasted no time securing lucrative deals by selling out the DRC's profitable mines to Western powers: Lundin Mining Corporation claimed Tenke Fungurume (copper and cobalt mines) in Katanga, Canadian firm Barrik Gold Corp claimed gold deposits in Kilo Moto, Canadian firm Banro Resources claimed gold and coltan[3] reserves of SOMINKI (Societe miniere et industrielle du Kivu), and American Miner Fields signed deals for copper and cobalt in Kolwezi. The Bishop of Bukavu candidly described Kabila's ascent to power and leadership practices.

> "Foreign powers, with the collaboration of some of our Congolese brothers, organize wars with the resources of our country. These resources, which should be used for our development, for the education of our children, to cure our illnesses, in short so that we can have a more decent human life, serve only to kill us. What is more our country and our people have become the object of exploitation. All that has value is pillaged and taken to foreign countries or simply destroyed" (cited in Renton et al., 2007, 172).

While many had hopes that Kabila could reverse the kleptocracy Mobutu had created, they disappointedly discovered that Kabila only enacted his own form of Mobutism. The status of the Congo would only decline further into disrepair under Kabila's leadership with constant unrest tearing the country apart from 1997 to 2003.

### A. Pillaging by Uganda and Rwanda

The uprising that had begun with ethnic hatred and unease over unsecure borders did not dissipate once Mobutu's regime was overturned. Kabila was quick to cut relations with the Rwandan

[3] From coltan tantalum (Ta) and columbium (Cb) are extracted. Tantalum is used in mobile telephones and other electronic devices as well as in surgical instruments. Columbium is an alloy used in automobile manufacturing and gas pipelines.

and Ugandan forces that had helped bring him to power. Fearful that the neighboring countries were eyeing a share of the Congolese mineral pie, Kabila mandated that Rwandan and Ugandan troops withdraw from the DRC. However, the neighboring forces had already begun looting the country and knew the potential profitably of Congo's resources, which their own countries lacked (UN, 2001). Although both countries initially complied and withdrew their troops, Rwandan forces attacked mere weeks after withdrawing (Global Witness, 2004). The continued uprising would escalate into a catastrophic event with the greatest number war-related casualties since WWII and is often referred to as Africa's World War. From 1996 until 2003 an estimated 5.4 million perished of conflict-related causes (Garret, 2008). Kabila, who deserted his previous allies, found himself with an inept Congolese Army and allied himself with Angola, Zimbabwe and Namibia, spreading the reach and magnitude of the conflict (Renton et al., 2007). The war was extremely complex with a civil war and international conflict occurring simultaneously. Alliances were very fluid throughout the conflict, but for a brief overview of the major warring parties see the appendix. Kabila's allies came at a price however, as they too wanted access to the Congo's riches in exchange for their manpower. Zimbabwe's President Robert Mugabe was granted land endowments ripe with minerals as well as exclusive contracts to mines. In addition, in 2000, Zimbabwe was granted 25-year contracts to two principal diamond areas in the Congo (Renton et al., 2007).

While Uganda and Rwanda internationally claimed lack of border security as the reason for their involvement in the conflict, as Amnesty International observed, "under the pretext of fighting their opponents, all parties in the conflict are killing, looting and extorting on a massive scale and subjecting the entire population to terror and misery" (Jackson, 2002, 527). Looting of minerals proved an important cause of the war. The first phase of illegal exportation began with massive pillaging of existing reserves between 1998 – 1999 by Burundian, Rwandan and, Ugandan soldiers (United Nations, 2001). As Table 1 illustrates, when Uganda and Rwanda began occupation of the DRC, their diamond exports skyrocketed (particularly interesting since neither country has any significant amount of diamond reserves), while the DRC's exports suffered substantially. Rwanda's diamond exports doubled from 1997 to 2000 while Uganda had a tenfold increase in diamond exports during the period. As New York Times correspondent Blaine Harden describes, "Where governments are corrupt, rebels are pitiless and borders are porous, as in Angola, Congo or Sierra Leone, the glittering stones have become agents of slave labor, murder, dismemberment, mass homelessness and wholesale economic collapse

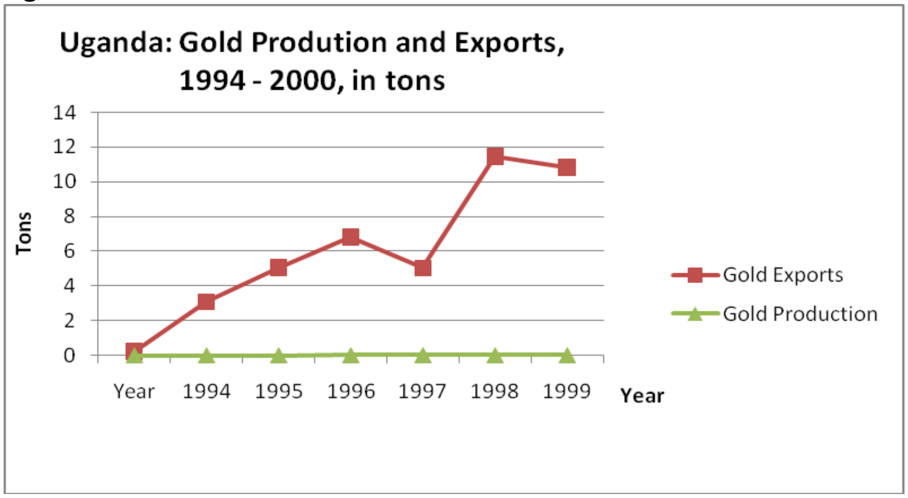
**Table: 1 Diamond Exports in $millions 1997 - 2000**

| Country | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|
| **Uganda** | 0.12 | 1.44 | 1.81 | 1.26 |
| **Rwanda** | 0.72 | 0.02 | 0.44 | 1.79 |
| **DRC** | 752.8 | 879.0 | 520.1 | 210.5 |

**Source:** Ingrid Samset's *Conflict of Interest or Interests in Conflict? Diamonds and War in the DRC*

Diamond Buyer Papa Ben correctly assessed the situation. "What do you think is the reason for this war? It's only about the riches of this country" (Harden, 2000). The looting was not contained exclusively to diamonds (diamond exports fell by 40%), as total DRC exports of all products were reduced by half in two short years from 1998 to 2000. Another telling statistic comes from Uganda's export figures from 1997. Gold was the country's second-leading export while Uganda has virtually no gold reserves (Renton et al., 2007). Figure 3 illustrates these numbers, portraying Uganda's gold production and exports, with exports rising dramatically while production remained stagnant, as their occupation in the Congo began. The jump in exports had to come from leaks over the border since Uganda was not producing the gold domestically.

**Figure 3**




Rwanda was at least as guilty as Uganda in their looting practices, demonstrated by Rwanda's export data: 8.4% of Rwanda's exports in 1999 were illegally extracted and smuggled from the DRC (Samset, 2002). In one particular case, at the SOMINKI mines (which had been contracted to Canadian firm Banro Resources by Kabila) Rwandan troops plundered the existing stockpile which totaled seven year's worth of coltan reserves and between 2,000 and 3,000 tons of cassiterite (UN, 2001).

After the existing stockpiles had been depleted, the extractive processes began by individual soldiers for personal gain, locals under the direction of Rwandan and Ugandan commanders, and by foreign nationals (United Nation, 2001). Uganda directly benefited from these practices with their gold exports more than doubling and their coltan exports tripling while they plundered the Congo nation, contributing to the Uganda's GDP growth and expansion of the military budget (Samset, 2002). Rwanda also found the war in the Congo extremely lucrative. From 1999 to 2000 Rwanda profited enough on the re-export of Congolese coltan to finance their entire war effort (Samset, 2002).

The UN Panel of Inquiry concluded: "Here lies the vicious circle of the war. Coltan has permitted the Rwandan army to sustain its presence in the Democratic Republic of the Congo. The army has provided protection and security to the individuals and companies extracting the minerals. These have made money which is shared with the army, which in turn continues to provide the enabling environment to continue the exploitation" (Jackson, 2002, 527). The vicious cycle of war that the Panel describes is the process in which fighting led to great mineral wealth which funded war efforts and fueled continued occupation and plundering. The UN Panel describes the war as a "win-win situation" for all participants where alliances have no political relevance but are forged for economic reasons (Jackson, 2002). This self financed war is illustrated in Rwanda's and Uganda's annual budgets. The UN found that Rwanda allocated $70 million to defense; however, the UN calculated that the army had at least a minimum cost of $115 million annually which includes only soldiers' pay and transportation costs. Rwanda's actual military cost $45 million over the budgeted amount without including any costs for equipment or other basic needs (UN, 2001). Further, uprising did not occur over border disputes or in political significant areas but in areas with large endowments of strategic minerals. As the war progressed, fighting centered in Buta, Isiro, Watsa, Bafwasende, and Bunia, all areas where gold, diamonds, coltan, or cassiterite were being mined (Global Witness, 2004). The fact that the number of battles between the national armies drastically decreased and confrontations were in areas of major mineral deposits as the war progressed further supports the theory that Africa's World War was mainly motivated by control of resource wealth (UN, 2001). The UN panel concluded that the main factors promoting continued uprising were regime's goals to access, control, and trade coltan, diamonds, copper, cobalt, and gold (UN, 2001).

**B. The DRC's Involvement**

The foreign countries occupying the Congo in the bloody conflict were not the only ones who were responsible for the massive looting. In fact, it was under Kabila's authority during the first offensive, which brought him to power, that the plundering of resources was given some form of "legality." Once Kabila became President of the DRC, he began to siphon a portion of profits from some firms in Kinshasa to line his own pocket. Using a tax scheme as a disguise, oil companies delivered cold, hard cash to his minister Mr. Mpoyo at least weekly who passed the funds along to the President (UN, 2001). Thus Kabila did not fight against the exploitation but joined in the plundering. However, since much of the DRC's lucrative territories were controlled by warring parties, the DRC's exports in minerals dropped significantly over the course of the African World War. While total looting was estimated to cost the Congo 5% of its overall GDP each year, the occupied areas fared far worse. In the Eastern region of the Congo in the Kivu provinces, 50% of the coltan extraction led to absolutely no benefit for the Congolese natives (Samset, 2002).

**C. The International Arena**

International inaction and passive compliance also contributed to the duration of the war. The World Bank praised Uganda for its success in raising GDP during the wartime period, even though internal documents illustrated knowledge that much of this increase came from illegally exported minerals from the DRC. In one internal memo, a staff member lamented that "the World Bank silence would blow up in the Bank's face" (UN, 2001, 37). Many Western countries are also at fault in not doing enough to intervene in the plundering. Rwanda's budget shows they received payments from foreign nations that increased from $26.1 million in 1997 to $51.5 million in 1999. While these payments would be legitimate if the funds were used to alleviate poverty or improve healthcare or education, the UN panel found evidence that these funds were often funneled into wartime efforts. In one case, the German government extended a loan of DM 500,000 to a citizen to expand his coltan business in the DRC which was in turn guarded by soldiers (UN, 2001).

**D. The Official Ceasefire**

In 2001, the DRC underwent a political upheaval once again with the murder of Kabila by one of his own bodyguards. However, this political assassination actually proved a blessing for the DRC. When Joseph Kabila took over in place of his father just 9 days after the assassination, prospects of peace became more realistic. The Lusaka Ceasefire agreement, which was signed in 1999 by the DRC, Angola, Namibia, Rwanda, Uganda, and Zimbabwe, called for the end of hostilities. However, when fighting would settle down, the elder Kabila would flare tensions with his own offensive, effectively blocking a return to peace. The U.N. sent peace keeping forces known as MONUC but stabilization remained elusive (UN, 2001). Laurent Kabila further aggravated the hope for peace since he would reject the MONUC forces from deploying to the DRC. Joseph Kabila's ascent to power inspired hope; one foreign ambassador who met Joseph Kabila explained that Kabila portrayed that "MONUC had a very important and very real job to do. He wanted MONUC to deploy" (Vick, 2001).

Although change could not occur instantaneously, Joseph Kabila was able to sign peace agreements that drew Africa's World War to an official end. On July 30$^{th}$, 2002 the DRC signed a peace accord with Rwanda in Pretoria, South Africa. Two weeks later, Kabila signed a second agreement with Uganda in Luanda, Angola. Upon returning to the DRC from Angola a commissioner to Kabila explained the feeling that the accord with Uganda was more promising than the one with Rwanda. "What makes the accord with Uganda different is that there are no conditions attached. The Ugandans simply committed themselves to withdrawing their troops unconditionally, while the Rwandans conditioned their withdrawal upon regrouping and disarming ex-Rwandan Armed Force members…" (Kambale, 2002). Following these two accords, the Global All-Inclusive Agreement was signed between Kabila's government and DRC rebel forces in 2002, declaring peace within the nation.

## VI. Picking up the Pieces

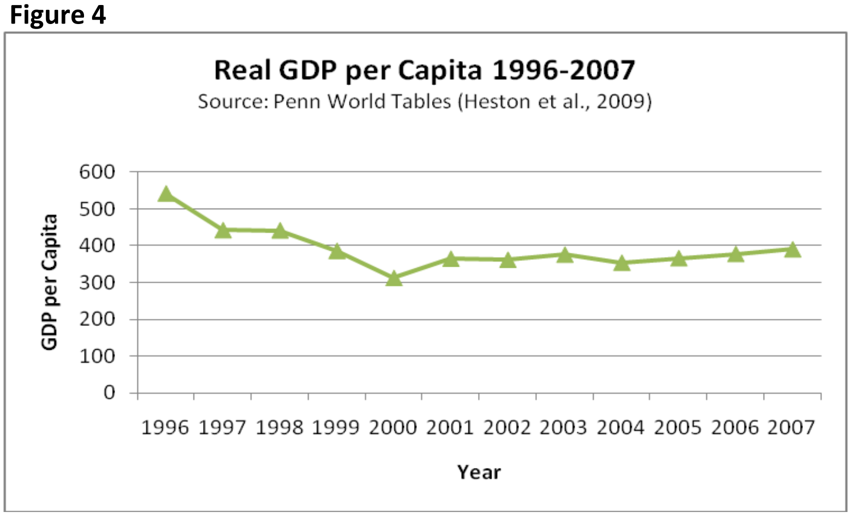
Joseph Kabila continued to rule the country in a transitional government after Rwandan and Ugandan troops officially left the DRC. However, the government has been unsuccessful at alleviating the Congo's problems, creating lasting stability, or effectively harnessing the country's natural mineral wealth. The country continues to be stripped of its natural wealth by powerful individuals and rebel forces while the population remains destitute and is forced to flee from uprisings. Dr. Richard Brennan, health director of the International Rescue Committee, concluded that "the Congo is still enduring a crisis of huge proportions" since the war ended. "Protracted elevations of mortality more than four years after the end of the war demonstrates that recovery from this kind of crisis is itself a protracted process" (Polgreen, 2008). Many believed that the first most vital step to pulling the Democratic Republic of the Congo out of widespread destitution was to establish lasting peace. However, while the war has officially concluded, the nation has yet to be able to pull itself from the grip of poverty.

### A. Congolese Living Conditions

"We know that the Congo is rich. But despite this… we don't even have enough to eat. Only one category of people profits." – Congolese miner (Global Witness, 2006)

The DRC is cursed with what has been called the "paradox of plenty." While the nation has vast natural wealth from mineral endowments, the DRC remains trapped in poverty. While cassiterite, tin-ore, accounted for $115 million of 2007 exports for the DRC, cassiterite miners make less than $5 per day. This minimal wage prevents the surrounding villagers who work in the cassiterite mines from escaping poverty (Garret, 2008). While $5 appears to be an incredibly low salary, over half the nation makes far less: an estimated 80% of Congolese citizens survive on less than $.20 per day, a number well below the poverty line (Extractive Industries, 2008). One miner claimed to be "cursed because of our gold. All we do is suffer" (Human Rights Watch, 2005). Miners earn slightly higher salaries than other workers across the DRC, making roughly $167 per month, an amount triple the wage of a professional in the nation. However, the miners face increased costs due to the non-monetary expenses of living near mines and the physical danger surrounding the profession. Because of these added costs, which serve to increase their overall cost of living, the slightly higher salary accomplishes little towards long-term increases in living standards (UK, 2007). While the perilous work in the mines presents risks to the livelihood of the workers, independent miners who are not employed by outside companies cite the ease of transforming mineral wealth into currency as a leading motivation for participation in the industry (UK, 2007). Since 2003, the DRC has had a positive economic growth rate almost every year through 2007; 2004 was the single year where the nation experienced a decline of nearly 6% in GDP. Despite the generally growing economy, the GDP per capita has not broken $400. Further, the income level remains far below the 1996 amount of $541 when fighting broke out across the nation (Heston et al., 2009). Figure 4 illustrates the DRC's GDP per capita since 1996.

**Figure 4**




Often a country's economic progress can be observed not only via income metrics but also by a falling mortality rate as the country's GDP per capita increases. The DRC's struggle to achieve development is characterized by the fact that the mortality rate is 57% higher in the DRC than in other sub-Saharan nations. An estimated 45,000 Congolese perish every month, leading to half a million deaths on a yearly basis. Despite a revived democracy, the U.N. peacekeeping mission MONUC, and billions in aid, a recent study concluded that the Congo has been unable to reduce its mortality rate. Although the war has officially concluded and peace has been restored across parts of the nation, the death rate continues to hover near the wartime level (Polgreen, 2008). Not only do the Congolese suffer in destitution and with high mortality rates, the inhabitants of the Congo face “autocannibablism” and “rerape”. These terms were created specifically for the DRC describing when militants skin their victims and force them to eat their own flesh, and the numerous women that doctors must treat after multiple rapes (Kristof, 2010). Although these terms do not derive directly from the nation’s natural resource wealth, the minerals are irrevocably connected to all facets of the DRC society.

**B. The DRC’s Current Resource Dependence**

The DRC’s export statistics illustrate the country’s continued reliance on its endowment of natural resources to provide income. In 2005, diamond exports contributed an estimated $860 million to GDP. The next four leading exports (crude oil, cobalt, copper, and timber) were also all natural resources; these five exports accounted for over 75% of official exports in 2005, clearly demonstrating that the country still relies on resource wealth as a crutch for growth (UK, 2007). Cassiterite has become one of the most vital minerals to the DRC’s economy. In 2007 almost 15,000 tons of cassiterite were exported from the North and South Kivu regions, contributing to roughly 5% of global tin ore production (Global Witness, 2009) for an estimated export value of $115 million (Garret, 2008). Different regions depend heavily on certain resources based on the natural geographic endowments of these resources. For example, the province of Katanga’s economy is almost completely contingent on copper and cobalt for survival. The mineral industry’s dominance in the DRC’s economy is apparent in the labor force: a staggering 10 million people depend on small-scale mining, accounting for 16% of the total population in this single industry (Extractive Industries, 2008).

Although natural resources could help the nation achieve growth, most minerals leave the country in their raw form, with no inherent value added. To try to capture these lost profits the Congolese government has passed regulations that minerals must be processed in some way before they can be exported. If this economic policy was properly enforced, the DRC could achieve growth through the processing of the abundant resources located within the nation's borders. However, an exception to this regulation is to obtain written permission from the government to export raw minerals. The government has denied that they have doled out such privileges; however, many exports still leave the country unrefined: an estimated 70% of minerals exported from Katanga are still in their raw form. Processing of these minerals most often occurs outside the country in Zambia, South Africa, China, or other Asian nations (Global Witness, 2006). This process allows these other nations to capitalize on the DRC's mineral wealth while the DRC itself receives a smaller value for its exports than it would have if some processing took place before exportation.

### C. Illegal Exportation and Smuggling

The extensive reliance on natural resources has had many implications for the DRC's economy, but the raw minerals that escape the country illegally or unrecorded are far more damaging for the country. When exports escape without any declaration, the DRC is unable to collect taxes or customs on these activities. In 2005, an estimated $1.4 billion in diamonds were exported from the country meaning that over $500 million in diamonds left the country through smuggling and other illegal activities (UK, 2007). The illicit trade is not limited solely to the diamond industry but occurs in all of the mineral sectors the DRC operates in. Many provincial governments do not have the capability to control the flow of minerals out of the country. While the country has made progress recently with state taxes from cassiterite and coltan increasing, almost all the gold in the Kivu regions is smuggled out without any form of documentation (Global Witness, 2009). One source estimated that in 2005, at least 75% of minerals were exiting the nation illegally (Global Witness, 2006).

In many cases simply paying the roadblock “taxes” and bribing officials is more efficient than obtaining the required documentation. A transport company employee stated that “this US $3,000 per truck is the quick way. It’s hard to compete if you do things the legal way” when describing firm practices on exporting minerals (Global Witness, 2006). An NGO uncovered that the company Chemaf exported 32 wagons of minerals amounting to 1.4 million kilograms between January and April 2005 either without documentation or with false documentation (Global Witness, 2006). The vast quantity of natural resources leaking from the country without the government being able to collect any official revenue deeply hurts the DRC. This bribery economy only benefits an elite few while depriving the majority of the population the chance to help alleviate poverty.

Smuggling is not limited to Congolese citizens but is also perpetrated by some of the neighboring countries that attempt to benefit from the DRC’s natural endowments. Practices that began during the war persisted into the present as bordering countries continue to participate in the extraction of wealth from the DRC. Although plundering of minerals by occupying forces breaks international codes of conduct, it was a common practice in the war in the DRC. In late 2004 the DRC accused Uganda of plundering $16 billion in minerals over the course of the war. Uganda officials admitted to some looting but made no commitment to make any repayments to the DRC. That same year, a full year after Ugandan troops were forced to leave the DRC and lost direct access to the mines, Uganda still had a $45 million discrepancy between the gold that is actually produced within the country’s borders and the amount that was exported (Human Rights Watch, 2005). The unaccounted for $45 million comes from gold smuggled out of the DRC and into Uganda. These leaks lead to huge losses for the DRC’s GDP and lost government receipts since the smuggling country is the only benefiting party.

### D. Continuing Conflict

Despite the peace agreement established in 2002, the Democratic Republic of the Congo has been incapable of sustaining peace within its borders. The eastern provinces continue to face repeated uprisings, and citizens must flee from their homes due to rebel faction actions which prevent them from establishing any form of stability. In November 2009, more than 70,000 people were displaced in the Equateur province and an estimated 100 people perished in the uprising (IRIN, 2009). Much of this continued unrest is spurred by the quest for natural resource wealth. A UN panel cited several factors linking natural resource exploitation and prolonged fighting in the DRC: countries, like Angola, relying on their own resources to help fund the fighting; groups extracting resources from the DRC to sustain the war; foreign governments relying on the war to extract wealth from the DRC and transfer this wealth to their own country; and the use of incentives, both mineral and non-mineral, to soldiers and allies (United Nations, 2001). These varying factors combine to establish a “war economy” in parts of the DRC that is hard to break.

Vast gold mines exist in the northeast corner of the DRC, where an ongoing battle continues to grip the region. The gold has been a curse to the civilians who live in the region, with competition to control the mines spurring the bloody conflict (Human Rights Watch, 2005). One gold miner described that, “the profits [from gold mines] enter into the pockets of the FNI” (The FNI is the Nationalist and Integrationist Front, a rebel group in the region). A previous FNI commander admitted to Human Rights Watch that these mineral profits were used to supplement weapon and ammunition supplies. Njabu, the current head of the rebel group, reported to Human Rights Watch “this is not looting as I am Congolese.” However, Njabu also told the organization that FNI militants mined gold in the DRC and some of the gold was traded for weapons. The U.N. peace keeping force in the Congo, MONUC, confirmed that in 2003 weapons that were seized from the FNI were bought with profits from the gold mine (Human Rights Watch, 2005). Although these rebel forces do not perceive their actions to constitute looting, stealing the country's natural resources for the sole benefit of their anarchist group only harms the nation. The minerals have the potential to alleviate some poverty across the DRC, but when the minerals end up in the control of rebel factions, these resources only cause more devastation by funding the rebel's war supplies.

In another province in eastern DRC, charcoal profits are helping to fuel the conflict. Emmanuel do Merode, who is director of Virunga National Park in North Kivu, explained that "illegal trade in makala [charcoal] generates sales of up to US $30 million per year. A large proportion of this money goes to the armed group" (IRIN, 2009). The Democratic Forces for the Liberation of Rwanda, FDLR, is responsible for this plundering. The 6,000-member strong FDLR has been one of the key rebel groups causing instability in the Kivu region. A civilian described the current situation in the region, stating that "it's better to stay in the house without exploiting the charcoal when one is not able to pay the $5 [amount charged by the FDLR]…The people are afraid to die as the FDLR have no prisons. These days, there is a lot of settling of scores. The FDLR kill those who betray them" (IRIN, 2009). Lt. Col Jean-Paul Dietrich, the MONUC military spokesperson, explained that simply regaining control over the charcoal mines will not resolve the problem. He explained that one company "is aimed at recovering the main mining sites. [This has been done and is being done but there are other sources of income still available] for FDLR and the armed groups" (IRIN, 2009). These alternative sources of income for the FDLR include taxing miners 30% on their mineral proceeds and setting up roadblocks where they charge taxes on minerals being transported from the mines to their next destination (Global Witness, 2009). Charcoal is not the sole resource that the FDLR exploits in the region. A trader from the province described that the FDLR "consider the forest as belonging to them," and they patrol the region constantly when they are not fighting (IRIN, 2009).

Unfortunately, the Congolese National Army, the FARDC, also has their hand in the mineral honey pot. The Congolese army employs many of the same tactics as the rebel groups: using forced labor to extract minerals and imposing illegal taxes. In 2004, a miner described that the FARDC came each Saturday to demand 200 francs per miner, which amounts to roughly 50 cents. If the miners were unfortunate enough to be unable to pay this sum, soldiers would seize minerals they had mined or beat them (Global Witness, 2006). Since many miners earn less than $5 per day, this "tax" accounts for over 10% of the miners' meager incomes. The FARDC has also taken complete control over some mining areas. From early 2006 to March 2009, the FARDC had sole control over Bisie, a cassiterite mine accounting for 80% of cassiterite export activity from the entire North Kivu province. During 2007 and part of 2008, the brigade at the mine charged a tax of 15 cents per kilogram of cassiterite which amounted to over $120,000 per month (Global Witness, 2009). A different mine located in South Kivu was given the moniker "10th military region" as it too fell to the control of the FARDC (Global Witness, 2009).

Several rebel forces and the Congolese national army continue to seek profits from plundering of natural resources. The militant rebels fuel their organizations and fighting through mineral wealth, creating a vicious cycle unlikely to be halted in the near term. This environment creates a self-sustaining war zone, with uprisings for control of key resources actually benefiting the rebel groups. Not wanting to miss the opportunity to profit off the land, the Congolese army participates in illegal exploitation of natural resources alongside the rebels, further aggravating the situation.

### E. The International Community's Role

"The Congo is so rich in mineral wealth, you can't just ignore it. You don't want to be the last guy at this party" – Garhard Kemp, Rand Merchant Bank, Johannesburg (Global Witness, 2006).

Although The DRC falls almost dead last in the rankings for ease of doing business in 2010 (at 182nd out of 183 countries as compiled by the World Bank Group), the unfavorable business climate has not prevented many international companies from commencing operations in the country (World Bank, 2009). As Clive Newall, CEO of First Quantum, describes the DRC, "it's the holy grail of the copper industry. Companies are saying: 'to hell with the political risk, we just have to be here'" (Human Rights Watch, 2005). Unfortunately, many of these companies also say "to hell with" their business ethics in their operations within the country.

In some situations international companies directly facilitate the plundering of resources by rebel forces and army units; when the companies choose to trade with suppliers who are stocked illicitly by the rebel factions, the profits cycle back to the pockets of the rebel groups. Many comptoirs, which are trading houses, are legally registered and licensed by the DRC government; however, many of these legal entities trade directly with rebel forces. The comptoirs' legality provides a veil for the illegal exploitation of minerals and allows these minerals to be purchased by foreign companies under a legal guise. The foreign organizations cite the legal status of these suppliers as their defense. In other cases, the corporations merely turn a blind eye across their supply chain, claiming ignorance of the source of minerals and delaying adoption of policies that would prevent these conflict minerals from being purchased by their organizations (Global Witness, 2009). Until international companies take responsibility over their supply chain and crack down on minerals supplied by warring parties, the rebel forces will continue to have an easy way to fuel their groups and continue the war economy.

After the war officially concluded, the transitional government was granted the power to award the mining contracts and ownership rights to the mines. Many citizens in Katanga believe that these contracts improperly benefit foreign companies at the expense of the Congolese mining company Gécamines. These doubts were further spurred by the cloud of mystery surrounding the awarding of contracts. The contracts were distributed without any public forum, which has led to lingering resentment by Congolese citizens. People in Katanga witness the outflow of minerals from their homeland without being able to capture any of the benefits from the extraction; instead, foreign companies are the sole benefactor of these profits (Global Witness, 2006). In some cases members of the Congolese government collude with trading companies to help the companies avoid the payment of national taxes in exchange for personal bribes (Global Witness, 2006). This bribery system exploits the local population and deprives the nation of the capability to profit from the valuable minerals.

The situation worsens when multinationals make agreements that directly benefit rebel forces. AngloGold Ashanti, a leading global gold producer, tried to make a pact with the UPC rebel group when they began operations in the Mongbwalu gold area. Instead AngloGold Ashanti accepted protection from the rebel force FNI, which controlled the Mongwalu region and is accused of numerous war crimes. In exchange for this protection, Anglogold Ashanti has granted both logistical and monetary support to the FNI (Human Rights Watch, 2005). Anglogold Ashanti is only one example out of many of multinationals who implicitly assist rebel groups to get ahead in the Congo mineral economy. The DRC suffered economic losses when the lion's share of mining profits were awarded to multinational companies, and the nation suffered further when some of these companies chose to support rebel causes that severely hinder the ability of the DRC to create stability. While corruption is known to be rampant throughout sub-Saharan Africa, it is unfortunate that multinationals would participate in and even contribute to the lawlessness of the territory when given the opportunity to establish operations in the region.

### F. Current Policies Hindering Development

A nation's institutions and governance are important factors impacting a country's development and growth. The Democratic Republic of the Congo's institutions have remained flawed, helping to keep the nation in the poverty trap. The government on both national and local levels has corrupt officials who choose to fill their own pockets rather than grow the DRC economy. Senior politicians in the DRC have illicit connections to the mining industry in Katanga; the officials help smooth the flow of illegal exports for a fee that goes straight into their own wallets (Global Witness, 2006). Corruption is also pervasive at the local and regional levels with officials from the Ministry of Mines, the police, customs, intelligence services, and local government offices all siphoning portions of mining profits. The corruption runs so deep that the Exploitants Miniers Artisanaux du Katanga, the organization intended to protect miners' interests, further exploits miners by extorting money from the workers (Global Witness, 2006). Although the institutionalized corruption is widespread, prosecution of individuals is extremely difficult as the corruption begins with the highest-ranking officials. In the military, the wealth accumulation of senior commanders and the instability in the eastern DRC has led to mass plundering with no consequences and no one to prosecute the perpetrators. The weak judicial system further impedes the reversal of illegal practices because judicial officials often succumb to intimidation by military leaders (Global Witness, 2009). The DRC will be unable to capitalize on the value of the nation's natural resources and turn these profits into sustained growth, until the government's institutionalized corruption can be eradicated.

## VII. Conclusion

Sir Arthur Conan Doyle wrote that Henry Morton Stanley's exploration of the Congo region was "the greatest crime which has ever been committed in the history of the world" (Hochschild, 1998, 271). Although the world has known immense suffering over the course of history, the Congolese could make a fierce argument for enduring the most intense and prolonged pain. King Leopold II set the precedent for exploitation of the Congolese people and natural resources and in his wake left a death toll of 10 million people. Another estimated 5 million perished during Africa's World War spurred by resource accumulation and wealth (Garret, 2008). Even though the horrific war has officially concluded, the Congolese still face staggering death rates. Half a million people perish each year which leads to a mortality rate 57% higher than that in neighboring sub-Saharan African countries (Polgreen, 2008). For those Congolese who do survive, most citizens are forced to live in extreme destitution of less than $0.20 per day (Polgreen, 2008).

The Congo remains trapped in the "paradox of plenty," where their natural endowment only causes suffering. The nation has yet to break free of the shackles that Leopold's extractive regime placed on the nation. Although the focus of mineral wealth has transitioned through time from rubber, to copper, to gold and diamonds, and cobalt and coltan, the premise of exploitation has remained basically unchanged. As time progresses, additional players enter the game to control the Congo's wealth. The Congo nation has relied on an extractive economy for so long, that breaking free seems nearly impossible. Top this with pervasive corruption at all levels of the government and it appears that the DRC has little prospects of progressing in the near future. So far peace-keeping missions and international initiatives have proven to be futile measures. Often world intervention only caused the people greater suffering such as the U.S.'s and Belgian's intervention to assassinate Lumumba and support Mobutu for the majority of his regime. The Congolese truly face a bleak future where the nation's wealth enriches the powerful. Today, the Congo's world rankings include the world capital of killing, rape, torture, and mutilation.  Although the nation's minerals do not directly cause these atrocities, the nation's current state is irrevocably intertwined with its mineral wealth.

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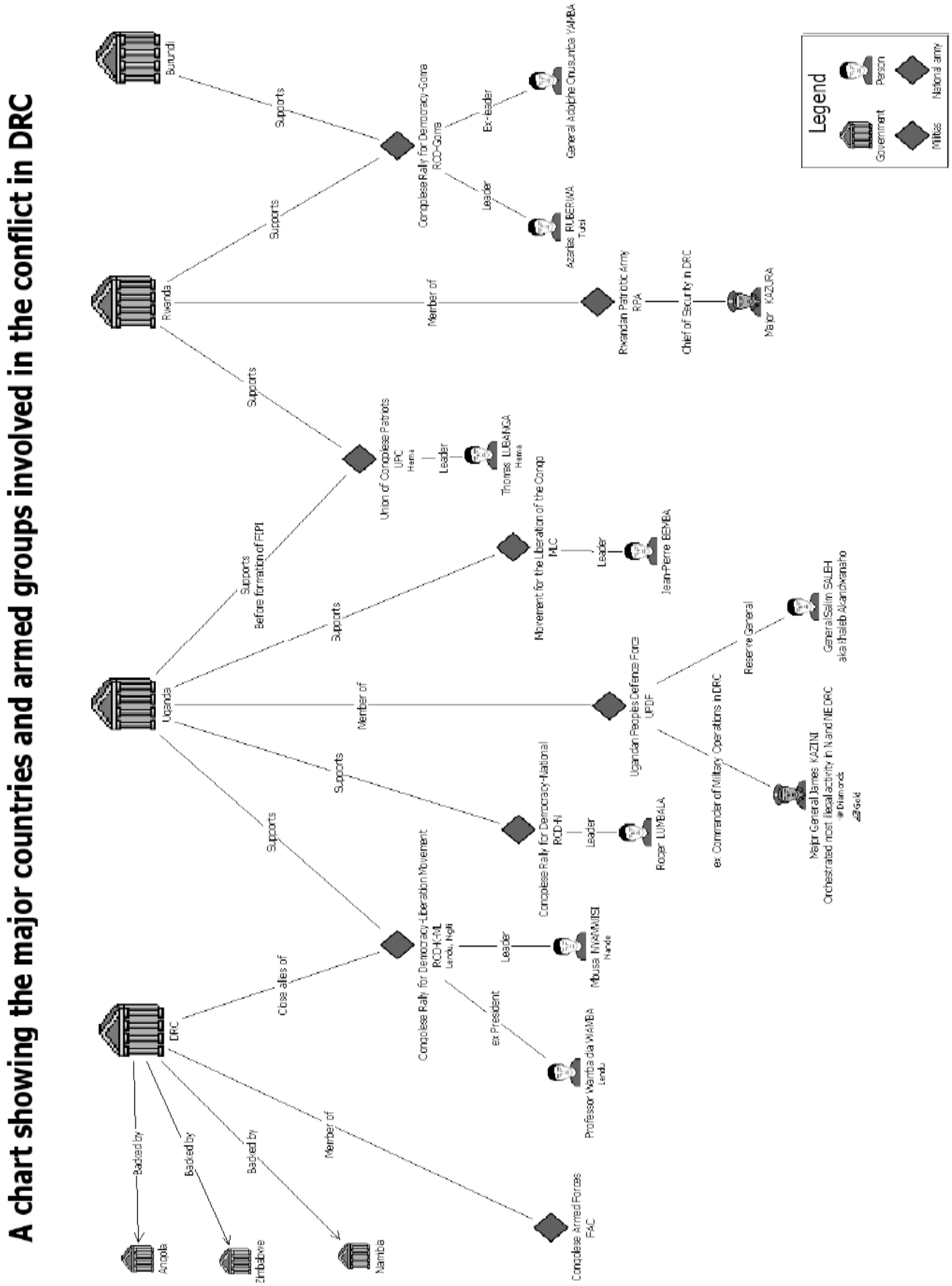
## Appendix




Source: Global Witness's *Same Old Story - Natural Resources in the Democratic Republic of Congo*

# ACADEMIC VITA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**EDUCATION:**

Pennsylvania State University, Schreyer Honors College — University Park, PA
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Bachelor of Science: Finance, Bachelor of Arts: Economics
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Charles University CIEE Study Center — Prague, Czech Republic
International Education Abroad Program — *January 2008- May 2008*

**HONORS:**

Beta Gamma Sigma International Honor Society
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Dean's List: 7/7 Semesters

**RELEVANT EXPERIENCE:**

Goldman, Sachs & Co**.** — New York, NY
Finance Division, Summer Analyst — *June 2009 – August 2009*

- Created and presented power point to 40+ employees on the credit desk's foreign exchange exposure, hedging of risk, and the daily report I sent to the trading desk calculating foreign exposure
- Analyzed and prepared daily P&L reports for the credit desk covering 6 risk pods
- Performed price verification for investment grade credit desk's cash positions at month end and quarter end to substantiate trader marks and eliminate any variances over $100,000

Pennsylvania Treasury Department — Harrisburg, PA
Bureau of Investments and Cash Management, Intern — *June 2008 – August 2008*

- Computed the daily bond pricing of 25 securities for Treasury Department's short-term securities utilizing Bloomberg and Excel functions for Eagle system analysis
- Managed the reconciliation of month end financial statements and posted purchases and sales to accounts payable/receivable
- Researched and created a report on private equity funds distributed to 30 employees, utilized in decision making for government allocation

**ACTIVITIES:**

Penn State Investment Association — University Park, PA
Consumer Discretionary Sector and Healthcare Sector, Analyst — *September 2007 – Present*

- Collaborated with a team of analysts to evaluate Psychiatric Solutions (PSYS) and presented a recommendation to 60 members for the $3million+ Nittany Lion Fund
- Earned PSIA education certification by completing seminars on stock valuations, comparables, and analyzing Pepsi Corp utilizing the organization's discounted cash flow model

Education Abroad Office — University Park, PA
Program Ambassador — *September 2008 – Present*

- Presented details on the program in Czech Republic during study abroad information sessions to 20+ students and volunteered at education abroad fairs

Penn State Dance Marathon — University Park, PA
Independent Dancer, Finance Committee, Rules and Regulations Committee — *September 2006 – Present*

- Raised over $8,000 for the Four Diamonds Fund with my dance partner and danced in a 46 no sitting, no sleeping marathon
- Counted and recorded over $7 million in donations for pediatric cancer research and treatment with committee as part of the largest student run philanthropy in the world