

Extracting Conflict: The Impact of American Foreign Intervention on Angola's Resource Curse

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Angola's inability to benefit fully from its resource riches and effectively respond to the nation's public welfare needs is inseparable from foreign intervention in the nation's three-decade-long civil war. Specifically, prolonged material and rhetorical support from the United States enabled the National Union for the Total Independence of Angola (UNITA) rebel faction to spoil Angola's initial attempt at democratization. The resulting protraction of the civil war, contextualized by the discovery of richly endowed deep-water oil reserves, necessitated the government's reliance on oil revenues to substantiate military expenditure. The absence of strong state institutions during the development of Angola's oil sector enabled government corruption, non-accountability, and an enclave industry which has exacerbated extreme economic stratification. Angola has inherited a resource curse while American strategic interests have since empowered the United States to benefit from the nation's export economy.

The term 'resource curse' will be defined to establish a framework for analysis of the Angolan state. I will then outline the history of Angola's post-independence conflict, focusing specifically on American intervention. This will elucidate the origins of Angola's oil-oriented export economy and frame an investigation on the advantage derived by the United States from the riches of Angola's resources. Resource-cursed nations experience poor long-term economic and human development, despite high export earnings and a concentration of foreign investment.¹ Due to the corruption of state institutions through rent-seeking and patronage, as well as the development of enclave economies (export-based, resource extracting industries dominated by foreign capital), the wellbeing of the nation and most of its population do not benefit from increased wealth.²

The resource curse, or paradox of plenty, suggests that the discovery and exploitation of re-

sources in richly endowed nations leads to a weakening of state infrastructure.³ Author of *The Paradox of Plenty: Oil Booms and Petro-States*, Terry Karl, notes the existence of a resource in and of itself does not necessarily condemn any state to a resource curse. Rather, the political, economic, and social institutions to which the nation's resource is introduced allow a resource curse to emerge.⁴ State institutions can become corrupt through rent-seeking and patronage, as well as the development of enclave economies. The ensuing increased wealth is not beneficial to the welfare of the resource-cursed nation and the majority of its population.⁵ This curse can be seen in Angola, and its violent, decades-long conflict which burgeoned alongside the development of the oil industry.

In 1975, Angola gained independence from Portugal after over a decade of multi-faction struggles for control. Amidst warring factions, the People's Movement for the Liberation of Angola (MPLA) was installed to govern.⁶ Independence did not bring peace to the new nation, as a war between the MPLA and UNITA erupted shortly after. This precipitated the MPLA's reliance on oil revenues to retain their legitimacy during the country's series of conflicts that would span nearly thirty years. The dependency on oil enabled the resource curse to take root by precipitating the state's entanglement in a patron-rentier relationship with multinational oil corporations.

The war quickly became grounds for a Cold War proxy conflict involving the Soviet Union and the United States. The MPLA received support from the Soviet Union and Cuba to suppress UNITA and established a single-party Soviet government in Luanda, the capital of Angola. Threatened by Soviet influences, and the creation of the Southwest People's Organization and African National Congress military bases in Angola, South African troops entered the conflict.⁷ Consistent with the Ameri-

can Cold War doctrine of containment, the United States bolstered the UNITA and South African coalition seeking to dislodge the MPLA.⁸

In the 1980s, the Reagan administration supplied UNITA with the funds necessary to reinvigorate their military campaign.⁹ To the United States, UNITA's leader Jonas Savimbi was an "anti-Marxist hero," motivating the country's refusal to recognize the Angolan MPLA government.¹⁰ The UNITA lobby also established a heavy presence in Washington, which was directed by the public relations firm Black, Manafort, Stone, and Kelly. The Angolan government, on the other hand, had minimal presence in Washington.¹¹

This stage of the conflict, exacerbated by the presence of Cuban troops fighting alongside the MPLA and the South African Defense Force's bolstering of UNITA, culminated in 1988 with the Battle of Cuito Cuanavale. The MPLA victory and resulting Tripartite Accords between Angola, South Africa, and Cuba led to the withdrawal of Cuban and South African troops. However, the accords did not prohibit the military or financial support from external actors to either faction.¹² In 1989, President Bush enacted his first foreign policy as president by writing to Savimbi and offering "all appropriate and effective assistance" during his administration.¹³ The UNITA loss to Cuba at the Battle of Cuito Cuanavale likely led to Washington experiencing a sense of Vietnam Syndrome, the aversion to overseas military involvements following the controversial domestic response to American intervention.¹⁴

Unwilling to concede defeat to the Soviet sponsored MPLA government, the CIA budget for UNITA increased from \$30-45 million in 1988 to \$50-60 million in 1989.¹⁵ The president's administration firmly refused to acknowledge the MPLA government until "national reconciliation" was achieved.¹⁶ This unwavering tangible and moral support from the United States upheld UNITA's confidence. UNITA was able to continue its guerilla insurgency against the MPLA government due to ongoing US financial and military aid and stockpiles of remaining supplies from the South African military.¹⁷

In 1991, President Dos Santos and Savimbi signed the Bicesse Accords, establishing a cease-fire between the MPLA and UNITA and formally (if temporarily) ending the civil war.¹⁸ One year before the multi-party elections scheduled for September 1992, Savimbi went to Washington to secure

additional funding. Upon assurance of UNITA's good prospects of winning the election from their leader, the United States approved an additional \$30 million to transform the guerilla movement into a legitimate political party.¹⁹ In 1990, *Africa Confidential* published an article titled "UNITA and Washington Scent Victory." As the Cold War waned, this headline suggests that the United States believed an erosion of Soviet support for Angola, coupled with a continued guerilla offensive, would expedite a UNITA victory.²⁰ The United States continued to support UNITA until 1992.²¹

Despite the optimism generated by the peace process and democratization in the country, hostilities emerged in the lead-up to the election. Savimbi did not anticipate defeat and declared that if UNITA lost the parliamentary election, he would command his army to resume fighting. When the MPLA defeated UNITA, receiving 53.7 percent of the popular vote compared to UNITA's 40.7 percent,²² Savimbi was in a strong position to return to war. Disregarding the terms of the Bicesse Accords, he only demobilized ten percent of his troops.²³ Much of the foreign aid received from the United States with the intent of developing UNITA as a political party was instead dedicated to UNITA remaining well organized and well-armed. Dismissing the United Nation's assessment of the 1992 elections as free and fair, Savimbi launched a coup at the end of October 1992. By 1993, UNITA had captured five provincial capitals and the nation returned to civil war.²⁴ That year the United States joined all other United Nations states in recognizing the legitimacy of the MPLA government.²⁵

Savimbi's aggression in the face of the election results marked a turning point in the United States' policy towards Angola. US Secretary of State, James Baker, met with Savimbi and advised him to follow the proper election investigation procedure, warning he would suffer international condemnation if he returned the nation to war.²⁶ Though the United States ceased funding to UNITA in 1992 when they re-engaged in violent conflict, the damage was already done. Compounded by UNITA's noncompliance with the Bicesse Accords, support from the United States had allowed them to bolster sufficient military power to return the nation to war.

An estimated one thousand individuals were killed every day during Angola's post-electoral phase of civil conflict.²⁷ Two years after the fighting resumed, a second fragile peace was established

in 1994 with the Lukasa protocol.²⁸ The nation experienced four years of quasi-peace, disrupted by sporadic fighting and the division of the country into the de facto government and UNITA territory. War broke out again in 1998 and the country would remain engulfed in violent conflict until Savimbi's death in 2002. Within the following weeks, the MPLA proposed a ceasefire with UNITA, revived the Lukasa peace agreements, and resumed a slow transition to democracy.²⁹

In Savimbi's obituary, *The Economist* wrote that Savimbi was not the sole cause of Angola's civil war, but certainly the "reason why it lasted so long."³⁰ Through years of ideologically motivated intervention in Angola, the United States saw Savimbi as a crucial ally in the region. Without their support to him, both material and symbolic, it is unlikely that UNITA would have been able to re-arm after the 1992 elections. Mohamed A. El-Khawas and J. Anyu Ndumbe cite the intervention of external powers as the "most salient factor" in Angola's halted democratization.³¹

While Angola was being ravaged by decades of conflict, the nation became a leading exporter of oil. Though oil had been discovered in Angola during the colonial period, it was not until after Angola's independence that successful oil exploration sustained significant interest from foreign corporations.³² Oil production in Angola expanded quickly, tripling from around 150,000 barrels per day in the early 1980s to 460,000 barrels per day in 1989.³³ Angola, however, was ushered into a new age of oil production in the 1990s with the discovery of vast deep-water reserves. Major discoveries were made by the American-owned companies Chevron and ExxonMobil.³⁴

Oil and conflict are inextricably linked in Angola's history. It was only as foreign intervention from the Soviet Union waned that oil revenues came to influence hostilities. Military expenditure became almost completely dependent on oil revenues which financed the MPLA's sustained combat against UNITA's post-electoral offensive. Resource-based business schemes, like mortgaging oil revenues, were key to sustaining the MPLA army that required large amounts of capital investment.³⁵ After the failure of the Lukasa Accords and the 1992 attempt at democratization, the MPLA imported nearly \$5 billion worth of arms.³⁶ In the 1990s, oil revenues constituted 90 percent of the country's exports, demonstrating the resource's crucial impact on the Angolan economy.³⁷

It should be noted that regardless of the nation's prolonged conflict, Angola's oil sector would likely have developed rapidly in international markets. However, the immense growth of the industry was catalyzed by the Angolan government's reliance on oil revenues to extinguish UNITA as spoilers of the peace process. Thus, Angola's oil industry developed in the absence of strong state institutions, democracy, and peace. Herein lies the origin of Angola's resource curse. The influx of oil revenues during Angola's civil war undermined good governance as oil provided a source of patronage for political officials. It corroded state legitimacy by allowing the state to monopolize wealth while disregarding the needs of the general population. Oil revenues also established an enclave economy in Angola that provides few linkages to local communities.

Arms procurement financed by the oil sector provided considerable corruption opportunities for MPLA officials. Corporate investments from multinational oil corporations offered a form of patronage to the MPLA ruling elite, who could monopolize wealth through re-investment in the private sector. This corruption manifested through intense patronage systems, infrastructure projects, and the direct embezzlement of oil revenues.³⁸ In addition to funding the military, the party's incurrence of oil revenues allowed them to appropriate resources from the Angolan state and direct them to patronage networks. Through back-channel arms and infrastructure deals, MPLA officials re-directed oil revenues to improve their personal wealth.³⁹ As a particularly grave example of corruption in the MPLA government, an IMF diagnostic study of Angola revealed that between 1997 and 2002, \$4.2 billion of fiscal revenue had gone missing.⁴⁰

The "Angolagate" scandal also serves as an example of deeply entrenched government corruption. Between 1993 and 1994, French officials used intermediaries to illegally transfer arms at highly inflated prices to the Angolan government. The Angolan government mortgaged oil revenues to pay for the armaments and a significant portion of the funds were directed to French businessman Pierre Falcone's offshore bank account. Angolan officials who helped facilitate the deal received financial kickbacks.⁴¹ These examples clearly indicate that oil revenues enabled corruption to take root amidst Angola's weak political institutions.

These externally sourced state revenues, or "resource rents," also freed the government from

accountability to their constituents. Oil revenues bolstered the influence of international actors and foreign investors on the ruling elite while limiting the leverage of the local populations.⁴² In such instances, the government is not compelled to respond to the local population because non-oil tax revenues became insignificant to the nation's overall revenue.

In this scenario, social responsibilities can shift to transnational oil corporations as their projects become substitutes for government social services. Investing in projects such as education and health outreach, is not only a gesture of goodwill but a business strategy that responds to shareholder interests, deflects the demands of international regulatory bodies and generally creates a more stable (i.e. profitable) operating environment.⁴³ In any resource-cursed state, concession contracts are prioritized over the social contract.

Angola's resource wealth has manifested in an enclave oil sector. In this problematic economic structure, the oil industry, largely located outside of Angola's onshore boundaries, is scarcely connected to the local economy. In 2001, Chevron, Angola's largest oil industry employer, paid Angolan supervisors an average monthly salary of \$1,425. This sum was gravely less than the foreign supervisors' average monthly salaries of \$5,000-\$7,000.⁴⁴ Furthermore, in 2007, Angola's oil industry only employed roughly ten thousand Angolans.⁴⁵ Despite contributing to 90 percent of the country's export earnings and about half the nation's GDP, only 0.2 percent of the population benefit from employment within the sector.⁴⁶

Despite becoming Africa's third-largest economy with a GDP of \$120 billion in 2013, the nation continues to experience widespread poverty, low life expectancy, and high rates of government corruption.⁴⁷ According to a survey conducted by Afrobarometer, in 2019, 35 percent of Angolans continued to experience "high lived poverty."⁴⁸ The nation is continually listed high on corruption index rankings and low on the United Nation's Human Development Index, ranking at 148/189 nations in 2020.⁴⁹ The oil sector continues to dominate the Angolan economy. Corruption schemes involving shell companies, political capture, lobbying, and bid-rigging are sophisticated and widespread, all which undermine the delivery of social services and welfare development programmes.⁵⁰

Angola has experienced three democratic elections since peace was established in 2002. Ob-

servers are hopeful that President João Lourenço, elected in 2017, will serve as a steward for Angola's economic diversification and anti-corruption efforts. Lourenço's administration has ratified the African Union's Convention on Preventing and Combatting Corruption and revamped Angola's anti-money laundering laws to comply with international standards.⁵¹ These developments engender an optimistic outlook towards Angola's future, but it should be considered that a change in leadership does not necessarily equate to a change in Angola's political economy. Disentangling Angola from its history of colonial rule, foreign intervention, and three decades of violent conflict, which saw the state become embroiled in the extractive oil industry, is a complex project.

What is particularly distressing about Angola's resource curse is that the foreign powers who exacerbated and directly prolonged the war have been able to separate themselves from the conflict as their strategic priorities change. Angolan civilians, however, have had to mold their livelihoods around conflict and the resulting economic and employment limitations of the resource-driven economy. The United States was initially embroiled in Angola due to Cold War ideological opposition and directed its support to the anti-Soviet rebel faction. This tactic was consistent with the American containment strategy and effort towards eliminating perceived communist influences in the region. A United States friendly government in favour of a free-market economy also facilitated American companies' ability to extract oil from the nation. As the end of the Cold War saw the American prerogative shift from containment to the War on Terror, diversifying oil reserves became a strategic interest.

Former American Vice President Dick Cheney expressed concern about the security challenges posed by the concentration of oil in the Persian Gulf. He noted that to meet long-range energy needs, the United States ought to look to African nations to expand its energy supply.⁵² In 2005, Angola constituted 5 percent of all US crude oil imports, the second largest market share of African nations.⁵³ In 2021, the leading oil companies operating in Angola (in association with the national company Sonangol) were American firms Exxon-Mobil and ChevronTexaco. These two companies retained 35 percent of the market share.⁵⁴ Ultimately, the United States remains a significant beneficiary of Angola as an exporter state.

A resource curse has taken root in Angola, evidenced by the deeply entrenched patronage networks, government corruption, and the vast discrepancies in the national distribution of wealth. Initially justified by Cold War ideological conflict, American foreign intervention enabled UNITA's spoiling of the nation's initial attempt at democratization. Facing a protracted civil war, the MPLA government relied on oil revenues to finance military expansion and respond to UNITA aggression. As such, Angola's contemporary resource curse is linked to American intervention, and America's strategic shift allows the United States to benefit from Angola's rich oil reserves.

The United States has offered little resistance to foreign companies and a small local elite benefiting from Angola's oil wealth. This passivity, after years of foreign intervention in Angola's prolonged civil war, exposes the illusion of the United States' ideological commitment to democracy as a guise for economic imperatives. As the global economy transitions away from the extraction of fossil fuels, it is essential to remain vigilant around foreign intervention in national conflicts to resist the cycles of interference and dispossession that precipitated resource curses in nations like Angola.

Endnotes

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