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**Capital accumulation and the emergence  
of the new power elite in South Africa and  
the Democratic Republic of the Congo**

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**CAPITAL ACCUMULATION AND THE EMERGENCE OF NEW POWER ELITE IN SOUTH AFRICA AND THE DEMOCRATIC REPUBLIC OF THE CONGO**  
**(Patience Kabamba)**

**Abstract**

*How can we compare capital accumulation initiated by the state versus one that is initiated locally by non-state actors? In an effort to compare the two, this paper examines, on the one hand, the South African government policy of Black Economic Empowerment (BEE) designed to facilitate the emergence of a black bourgeoisie. This process is compared, on the other hand, to Nande trading networks in the eastern Democratic Republic of the Congo (DRC) that evolved in a stateless context. The paper looks at the strategies used by Nande actors to deal with the violent transformation of the DRC state and present their experience as a way of deconstructing the hegemonic discourse of “state failure.” The South African case lays bare the pitfalls of the state-centered development theory while the Nande case provides a competing paradigm that opens discussion for a wider range of development options.*

*This paper is making three arguments, the first negative and the second and the third positive:*

- 1) The idea that African regimes can generally cure their ills by building stronger states is best misleading, disproved both by South African state parasitism and Nande prosperity.*
- 2) The impact of state institutions on prosperity depends largely on the incentives and protection they offer to entrepreneurs.*
- 3) Under a wide variety of circumstances, trust networks supply the equivalent of state institutions.*

**Introduction**

According to Karima Brown and Linda Ensor of Business Day, on June 25, 2007 the Congress of South African Trade Union (COSATU) was in its third week of strike. This was so far the longest and biggest strike by public sector workers in South Africa’s history. For the Union, the strike would not end until the government agreed to a salary hike of 8 to 10%. However, the government made a final offer of 7.5% to end the contestation. But the strike was scheduled to go on even during the day of the ruling party’s policy conference.

This event underscores the extent to which the decline of state waged employment in South Africa, mirrored by virtually all statistics indicators, had led to its “peripheralisation” in context of life strategies, forms of incomes and collective organization (Barchiesi 2004). Indeed, the South African labor movement which played a crucial role in the country’s democratic transition has come under increasing strains as a result of its re-insertion in a globally liberalized capitalism. It also shows the limits of democratization and the developmental state in the context of high expectations for social redress in a legacy of extreme socio-economic inequality.

BEE has helped the emergence of an African “upper and middle classes” elite and highlighted not only the perceived need to gain the allegiance of a stabilized and relatively skilled African working class, but also the impossibility of stopping the mass pauperization of the black African majority. The Nande trading network, on the other hand, which developed organically from the disintegration of the RDC state, has managed to remain an elite group with real impact on the political and economic safety of the Nande population (Vwakyanakazi 1982, MacGaffey 1987, 1991, Mirembe 2004, Raeymaekers 2007).

As set out in the abstract, this study strives to meet two challenges: first, it will provide all the elements which make these two countries very different from one another and face the challenge of juxtaposing such unlike phenomena profitably; second, it will search for a working notion of development which is not only effective, but also ethnographically informed, theoretically sophisticated and historically grounded.

### **A. Differences**

In his *Regimes and Repertoires*, Charles Tilly (2006) mapped the political landscape in a two-dimensional space: capacity and democracy. The horizontal dimension is constituted by the degree of democracy while the vertical dimension is the regimes’ capacities.

Tilly defines government capacity as the degree to which governmental actions affect distributions of populations, activities and resources within the government’s jurisdiction, relative to some standard of quality and efficiency. Democracy is the extent to which persons subject to the government’s authority have broad, equal rights to influence governmental affairs and to receive protection from arbitrary governmental action<sup>1</sup>.

Tilly places South Africa among the high capacity democratic regimes because the South African state monitors and redistributes income and (to some extent) wealth actively and effectively. South Africa has an essentially industrialized society which basically was created in the first half of the twentieth century. Wealth (and therefore inequality) is created to a large extent in South Africa’s large state regulated enterprises, and hence is highly correlated with positions inside the formal organizations.

In figure 5.1, of the *Regimes and Repertoires* Tilly (2006:110) schematically summarizes the history of South Africa from 1948 (the beginning of the full implementation of apartheid) until 2000. Apartheid temporarily increased governmental capacity while further de-democratizing an already nondemocratic regime. Sometime around 1970, however, resistance and opposition began undermining government capacity, while the

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<sup>1</sup> Tilly C., *Regimes and Repertoires*, University of Chicago Press, 2006, p. 21. Tilly gives some examples:  
High-capacity, nondemocratic: China, Iran  
Low-capacity, nondemocratic: Somalia, DRC  
High-Capacity, democratic: Germany, Japan  
Low-Capacity, democratic: Belgium, Jamaica

government grew increasingly repressive, producing more de-democratization. That trend continued to the end of the 1980s. Tilly's suggestion is that the transfer of power between 1990 and 2000 not only brought South Africa into the zone of democratic citizenship, but also slightly increased governmental capacity.

In this section, I lay out Sampi Terreblanche's six "systemic periods" of South African inequality. I add this historical analysis in order to understand the origin of the South African industrial development and the subsequent racialization of the economy.

1. The mercantilist and feudal system institutionalized by Dutch colonialism during the second half of the 17<sup>th</sup> and most of the 18<sup>th</sup> century (1652-1795). During this period the *Trekboere* created a semi-independent feudal subsystem, with its own power and labour relations. But this feudal subsystem was not fully independent, and must therefore be regarded as part of the Dutch colonial system.

2. The systems of racial capitalism institutionalized by British colonialism and British imperialism during the 'long 19<sup>th</sup> century' (1795-1910). The legal, political, and economic patterns introduced by the British destroyed the mercantilist, feudal, and traditional patterns of the Dutch East India Company, the Afrikaners, the Khoisan, and the Africans in that order.

3. During the 19<sup>th</sup> century the Voortrekkers succeeded in creating relatively independent republics north of the Orange River, in which they adapted labour patterns that were by then regarded as illegal in the Cape. The power constellations of the two republics were precarious, but they were still independent enough of the colonial authority in the Cape to practice a separate feudal system.

4. after the discovery of diamonds (in 1867) and gold (in 1886), British colonialism was transformed into an aggressive and more comprehensive version of imperialism and racial capitalism. To successfully exploit South Africa's mineral resources, the British had to create a new power constellation and political and economic system. To institutionalize a system conducive to the profitable exploitation of gold, the British fought several wars at the end of the 19<sup>th</sup> century, including the Anglo-Boer War (1899-1902). The new power constellation was not only maintained but also more thoroughly institutionalized during the first half of the 20<sup>th</sup> century when political, economic, and ideological power was mainly in the hands of the local English establishment, with close ties with Britain. It is necessary to distinguish between the systemic period of colonial and agricultural racial capitalism during British colonialism (1795--~1890) and the systemic period of colonial and mineral racial capitalism during British imperialism and the political and economic hegemony of the local British establishment (~1890-1948).

5. When the Afrikaner-oriented National Party (NP) won the general election of 1948, it used its political power to intensify unfree labour patterns. Although the NP did not drastically transform the economic system of racial capitalism institutionalized by the English establishment, it used its political and ideological power to institutionalize a new

version of it. During the last 20 years of Afrikaner political hegemony (1974-94), a crisis developed surrounding the legitimacy and sustainability of white political supremacy and the profitability of racial capitalism. In the early 1990s Afrikaner political hegemony collapsed dramatically as a prelude to the rise of African political hegemony.

6. Since 1990 we have experienced a transition from the politico-economic system of white political domination and racial capitalism to a new system of democratic capitalism. Over the past 12 years [1990-2002] a democratic political system – controlled by African elite – has been successfully institutionalized. Unfortunately a parallel socio-economic transformation has not yet taken place. (Terreblanche 2002:14-16)

It is important to add to Terreblanche’s analysis the close relationship that grew up between the South African government (including its Apartheid version) and the white capitalists who ran the mines. A second fact which should not be neglected is the deal between Afrikaners and Brits that occurred around World War I: Afrikaners staffed the state bureaucracy and security services while Brits ran the economy.

As Terreblanche correctly stated, while the political arena has de-racialized in 1994, the economy has maintained its past inequality. The table below shows the Post-Apartheid forms of Employment by population group and reveals the existing inequality between races.

#### **Post-Apartheid forms of Employment by Population Group**

Population Group	% of Total Population	Unemployed	Casual and Part-Time	Full-Time Employed
African	76.4	47.3	20.1	32.7
Colored	8.9	8.6	20	71.4
Indian	2.6	21.8	16.4	61.8
White	10.9	8.9	5.8	85.3

Sources: National Economic Development and Labour Council (NEDLAC) 2000

What happened since the 1990s in South Africa is that the state lacked the disciplinary power and the modality to transform structurally the existing industrial capacity. The South African state relied more on “elite pacts” with existing capital while pushing at the same time for an insertion of politically well connected black individuals into the world of big business. The process known as Black Economic Empowerment has produced only a very tiny number of apparent black capitalist entrepreneurs, while most of the rural population has remained bitterly poor. Furthermore, ambiguous urbanization policies promoted only conflict and shantytown expansion despite the state’s construction of up to two million minimum facility houses. (Freund 2007:11) In practice, however, the South African government has done everything to make it clear that it prefers to do business with firms that fall in line with empowerment, with the goal of creating a class of closely aligned capitalists. This includes share-holding members of government boards and those close to top figures in government. The three wealthiest figures in Johannesburg’s financial circles are probably Tokyo Sexwale, the former premier of Gauteng Province, Cyril Ramaphosa, the once chief ANC negotiator, and Thabo Mbeki’s rival for

succession to Nelson Mandela, and Patrice Motsepe, brother-in-law both to Ramaphosa and to one of Mbeki's cabinet minister (Gumede, 2005, Southall 2004a, Freund 2007). Freund categorizes the new world of black business figures into four classes with varying degrees of relationship to the Black Economic Empowerment legislation.

First, there are firms established by blacks, recently created ones that are aimed at attracting the attention of anyone wishing to meet the wishes of the state. Often, however, the state has directly and purposively generated their existence. Sometimes however they do represent extant independent and genuinely entrepreneurial activities. Second are firms which represent partnership between whites and blacks but are sufficiently black in ownership to qualify as BEE. Firms such as these are certainly desired by the government as partners. Some white entrepreneurs such as John Copelyn, a former trade unionist, have been able to insert themselves very successfully into this world. Third comes the BEE-related world of the parastatals, almost all led by black ANC appointees on large salaries<sup>2</sup>. Thus the monopoly TELKOM has been partially sold both to foreign investors and to black empowerment owners. A fourth category would be black managers and executives in the big industrial commercial and financial companies, some of them nurtured since well before 1990. (2007:14-16)

From this classification, Freund draws some conclusions. Firstly, there are some successful black businessmen who emerged before 1990 in the interstices allowed by the reforming apartheid state. Secondly the BEE world, according to Freund, is overwhelmingly a black African one despite what one might expect from the higher educational qualifications and stronger business traditions amongst Colored and especially Indian South Africans. The signs are that the private sector in South Africa, if it wishes to have a serious engagement with the state, must show a black face, ideally from top to bottom but especially at the top.

The third and most important conclusion in my view is the fact that actual black influence in the form of directors and owners of South African companies remains very modest. Moreover, most of the black directors of listed companies on the Johannesburg Stock Exchange (JSE) are in fact non-executive<sup>3</sup>. Southall (2005) went even so far as to acknowledge the fact that 'energetic and intelligent black capitalists have emerged in South Africa thanks to BEE policies. There are also firms that are very independent of state links. But Southall worried about the extent of corruption and the speed of class creation, which made it imperative to ask to what extent this was a class that was essentially parasitic, something known in other African countries as crony rentiers. Furthermore, it remains unclear that the new class of black businessmen and 'women has any kind of broader project relating to South African economic development.

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<sup>2</sup> The CEO of ESKOM is a Black

<sup>3</sup> In 2003, 1.6% of JSE ownership was held by definably black companies. The proportion in listed firms of black executive directors was well under 10%. The state target is 25% ownership by 2014. see Hirsch, 2005; Balshaw and Goldberg, 2005.

BEE is indeed a cornerstone and to some extent a token for the rapid emergence of a new elite whose position in society may be very firmly lodged and who are very closely linked to the new political order. But, who does benefit from BEE which initially aimed at “raising a black bourgeoisie and middle strata as forces of transformation whose interests coincide with at least the immediate interests of the majority” (ANC, 1997:10)? Randal (1996) identified five groups. First, the ‘activist capitalists’ recruited by large corporations or appointed to guide parastatals, who are drawn from ex-Robben Islanders and former leaders of internal anti-apartheid groups. This category constitutes archetypal “Comrades in Business” (Adam, Van Zyl Slabbert & Moodley, 1997), veterans of “the struggle” who were given hope that capitalism might now work for the benefit of the wider black community. Second, ‘educated exiles’ are blacks from the post-1976 generation who, although not so well politically connected as the “activists,” have acquired education and experience overseas. Third, “corporate sophisticates” have been recruited by corporations under “equal opportunity” programs introduced as a response to increasing international pressure, such as the corporate codes of conduct introduced from the early 1970s.

Fourth, “consultants of change” began to emerge in the 1980s. Combining black skins with silvery tongues, they promoted themselves as helping white business to adjust to political change. Fifth are the “conference circuit champions” who, having emerged from black business organizations such as the Black Management Forum (BMF), have established strong contacts with the white corporate world (Randall, 1996:669)<sup>4</sup> By and large, it seems that the black bourgeoisie’s hold on the economy is not only fragile, but dependent totally on the ANC government. It does not have a visible project beyond enriching itself. Moreover, broader social transformation that improved the life of the poor black majority is still to happen. It is such a “black bourgeoisie” that this study would like to compare to another class emerging from years of hard work in the eastern DRC, showing the wide impact it had in a situation where the state disintegrated. The reason for this impact is its integration into the community, the kind of trust and social immersion one does not find amongst the rich people produced by BEE.

“Black Economic Empowerment” (BEE) is one of the most contested terms in South Africa today. To understand the current debate, it is important to recall the background of this specific economic policy. In 1994 the apartheid regime was officially dead with the election of Nelson Mandela, as the first black South African president. The ANC government was indeed in the image of the multicolored “rainbow nation.” But, having conceded democracy, the objective of the white capitalist class was to provide for a limited deracialization of the economy.

One of the objectives of the new ANC government was therefore to overcome the legacy of racial oppression of the black majority and thereby to forge a united nation; to achieve democratization and transform power relations as a basis for societal equality. Previously constrained by requirements of the apartheid regime, market forces have also to adapt to the new context. And the ANC assumed that it was only by state intervention that

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<sup>4</sup> See Southall R. (2004) The ANC & Black Capitalism in South Africa, In Review of African Political Economy No. 1000, pp. 313-328

equitable economic growth could be achieved. (ANC, 1997:7) BEE, as well as its predecessor National Development Revolution (NDR), was then aimed at rising black upper and middle classes as forces of transformation whose interests coincide with the immediate interests of the majority. Today, more than ten years after the ANC came to power, BEE divides the South African scholarship, with the majority being very critical of the policy.

Those who have a positive view of the BEE hold that the policy is a crucial step by the South African government to transform the business community to reflect the reality of the country whose majority is black. Thanks to BEE, an energetic and intelligent black capitalist class has emerged in South Africa. For this current, BEE remains the cornerstone and to some extent a token for the rapid emergence of a new elite whose position in society is firm and who are very closely linked to the new political order. For the more optimistic, BEE slides into affirmative action whose impact, in terms of creating a black employed middle class, is large. However, the two policies (affirmative action and BEE) are not entirely distinctive or separate. If one looks for spontaneous capital formation amongst black South Africans, one is into a world of taxi owners, football club entrepreneurs, and trading store owners. as well as criminals – very small beer in comparison to sophisticated big business with considerable international success – and structurally almost irrelevant to South African capitalism. It remains true, however, that there is not much black entrepreneurial activity.

Detractors of the BEE argue that the policy has only led to creation of a predatory new black elite whose prime interest is self-enrichment. For many scholars, BEE has led to cronyism where the black bourgeoisie's hold on the economy was rather fragile and dependant on the ANC government. (Freund 2007, Southall 2004, Mandisi Majavu 2003, Barchier & Bramble 2004, Adam Habib, s.d.) For Gumede, "certain blacks have joined the moneyed class, but the gap between the white rich and their wealthy new black cousins and the overwhelming black poor majority has become a chasm." (2005:97).

The process of BEE has produced only a very small number of apparent black capitalist entrepreneurs, while most of the rural population has remained bitterly poor. Southall (2005:10) sees the extent of corruption and the speed of class creation, which made it imperative to ask to what extent this was a class that was essentially parasitic, something known as crony rentiers. Furthermore, it remains unclear that the new class of businessmen and women has any kind of broader project relating to South African economic development.

By and large, it seems that the black bourgeoisie's hold on the economy is not only fragile, but dependent totally on the ANC government. This is clear in the tone of the interview recorded by Franco Barchiesi:

"This government, we don't trust it any more. They say they are going to make changes, but workers don't know anything about the changes. It's only us who are feeling who are going to be suffering. We say we are going back. We voted for our government, and we thought things would be better, but our government is making us suffer." (Barchiesi, interview, 12-10-1999)

Before moving any further, let me make it clear that the South African state controls, monitors, and redistributes much more income (and to some extent wealth) more actively and effectively than the Congolese state. South Africa is fundamentally different in that it has industrialized to a large extent. However, the problem is that its capitalists are unsympathetic to the new political order and don't relate to it. Life for new entrepreneurs with government links is so easy because they simply invest existing structures. Indeed, Black South Africans have never included a significant trading class and their elite has always consisted first and foremost of professionals. One has to go back to the late 19<sup>th</sup> century to find not only the South African version of Du Bois' Talented Tenth – such as Plaatjie, Jabavu, Molema, etc. -, but also some wagon riders and surplus oriented farmers imitating white accumulation patterns on the frontier. But, this is happening strictly in a pre-industrial South Africa.

What is at stake with the BEE however is not the basic construction of a modern economy which already exists but the question of uplift and diffusion of skills and wealth and the capacity in the longer term of Black taking a creative role where they can take the economy forwards.

The Congo is indeed remarkable for its failure or disinterest in even providing the minimum for capital to advance (for instance transport facilities) and the Mobutu regime has attracted attention from scholars because of its extreme lack of interest in any kind of capitalist development beyond crude parasitism<sup>5</sup>. Some extractive and very limited capitalist enclaves had appeared here and there around certain types of mining operations (dramatically less developmental than what the Belgians did in the 1960s) in which the militia or rebel groups are the rentiers, and new commercial networks operate like the kinds of commerce that existed before the rise of capitalism in many parts of Asia, Europe, and elsewhere.

However, the history of the Congo is more complicated than that. The fact is that South Africa and the Congo are equally rich countries in terms of raw material and natural resources. Why then, is South Africa's development so much more complete than Congo's? South Africa and Congo are very different in how they developed politically. The two countries underwent a very different colonial experience. The nature of the political power was different, and especially when one asked to whom the political power responded to. The Congo was left to the Congolese after more or less a century of brutal extraction of its resources by the Belgians<sup>6</sup>. The Congo was not a settler colony like South Africa or the United States. King Leopold's Congo Free State (1885-1908) was little but a barbaric looting enterprise. Even Belgian-Congo (1908-1959) was not that different. Mining companies needed just a little bit of native organization to keep the companies running. They were helped by the Catholic Church and the colonial administration though the bulk of the profit was drained to the metropolis. One example of the Belgian colonial looting enterprise during the colonial period is that the uranium used by the Americans to bomb Hiroshima and Nagasaki came from Shinkolobwe mining in Katanga. The bill, however, was paid to Belgium through the cancellation of its war

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<sup>5</sup> Evans 2005, Reno 1995, 1998, Bayart, Ellis, and Hibou 1999

<sup>6</sup> See Mark Twain's King Leopold Soliloquies and Adam Hochschild's King Leopold the Ghost

debts and not to the Congo as colony. In South Africa, one of the results of the “Boers Wars” was to oblige the British to share the profits of their colonial enterprises with the Boers (South African based settler farmers) and also to force the taxation of mining companies. They could not transfer all the profit to the metropolis and pay minimal tax, as was the practice in the Congo. Boer farmers had to share the profit; they were entitled to a level of income so that the Boer workers could support the government. None of this occurred in the Congo.

An industrial sector developed in the Congo after World War I, but it was what Justinian Rweyemamu called “perverted industrialization”. It was perverted in that technical development decreased the freedom of the Congolese. It was structurally linked to the metropolitan economy in an unequal link. Processing became imperative (palm oil, coffee, and indeed raw material processing); railways were constructed for transportation, consumer good was produced for the administrative class; it was either too heavy (cements, beer) or too perishable (newspapers, soap, etc.) During World War II and the subsequent great depression, import substitute industrialization developed inside Africa, including within the Congo. But it consisted simply of importing the component (beer, soap) rather than the finalized product. It was also a perverse industrialization because it was embedding a structure of dependency.

The Cold -War pro-imperialist Mobutist dictatorship and its economic hold-up of the country’s resources to system networks of clients kept the same logic of predation. The neo-Mobutist solitary dictatorship of Kabila transformed the world’s most attractive minerals market into a buccaneer industry which only enriched him and his family network at the expense of the Congolese people.

Eastern Congo has carried the major consequences of the recent fragmentation of the RDC. Ethnic divisions were added to a fragmented coercive power from different rebel groups. Congo’s estimated 4 million dead during the war (IRC 2003) are mostly from eastern Congo, specifically from Ituri to northern Katanga. Different responses were given to this devastating civil unrest by the population. It ranged from fleeing the country (refugees) or the region (IDP) to joining to fight (Mai- Mai) or to paying off the rebels for peace. The Nande succeeded in buying peace and carrying on with their business. This is the people that captured my interest.

The group I would like to present here was dubbed “capitalism entrepreneurs” by Janet MacGaffey (1996). The networks of Nande traders act as a power broker in the war-torn DRC. In the gap left by the state’s retreat, there has emerged a form of new governance in which non-state actors or sub-state actors adopt the “art of governing” among the Nande in the eastern DRC. From the brutal reconfiguration of the DRC state, new forms of domination have emerged around new loyalties different from national ones. The dynamics of capitalist globalization and Nande transnationality combine to produce a new and reinvigorated sense of ethnic identity and sub-national autonomy within the borders but largely beyond the reach of the authority of the DRC national state. The Nande in the DRC play the role Antonio Gramsci assigned to commandos in the flagging army – the task of restoring the confidence and reorganizing the battalions. “A weakened state structure is like a flagging army; the commandos – i.e. the private armed organizations – enter the field and they have two tasks: to make use of illegal means, while the state appears to remain within legality, and thus to reorganize the state itself.”

(Gramsci, *The Prison Notebooks*, p. 232) To understand the story of Nande trading networks, this part of the paper deals first with the theoretical movement within which the study is couched.

## **B. Theoretical framework**

### **B. 1. Embedded autonomy in developmental states**

Peter Evans' theory of the developmental state rests on two main assumptions. First of all the involvement of the state in fostering economic transformation is a given. The question for Evans is not "how much" the state should be involved, but "what kind" of involvement. Variations in involvement depend on variations in the states themselves. States vary dramatically in their internal structures and relations to society. Different kinds of state structures create different capacities for action. Structures define the range of roles that the state is capable of playing. Outcomes depend both on whether the roles fit the context and on how well they are executed. Developmental states have not only presided over industrial transformation but also have a role in making it happen. (Evans 1995: 12)

In this sense, the relationship between state and capital, the alliances that underlined the dominant policy trends, needed to be altered in significant ways to bring South African business in line with the changing patterns that we generally refer to as globalization. The state was required to come into play in new ways as a regulator; there were pressures to privatize, to invite more foreign capital in and to allow South African capital out.

A corollary to this first premise – which is particularly important to the present study – is that Evans considers not only state, but also sub-state units as able to play the very same role of fostering industrial transformation. Just as Evans is prepared to look at Western models (Austria) as well as non-Western ones (Brazil, Korea), he also considers sub-national units (Kerala state, India). In contemporary analysis, the concept of the developmental state has changed to include (and for some to be superseded by) sub-national units of study, notably provinces and cities (Piore and Sabel 1984). Kerala is not a developmental state if development is defined narrowly as economic growth. Only if development is measured by welfare<sup>7</sup> can Kerala qualify as a developmental sub-region. Kerala's experience shows two things: first, Kerala's development is the consequence of its historically high levels of mobilization of local people. The land reform of 1969 and other reforms, such as the Kerala Agricultural Workers Act of 1974, decimated the old landlord class, created a new class of peasant proprietors, and gave new rights to landless laborers. Second, the Kerala model demonstrates also why mobilizing is not enough to explain Kerala's success. Without adequate state capacity, neither the changes in Kerala social structure nor the construction of new welfare institutions would have been possible. As we will see later, the Nande region of eastern Congo relies heavily on

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<sup>7</sup> Infant mortality runs less than half the level of Brazil and a third of the rest of India, almost the same level as Korea. Life expectancy is high, especially among women. (Evans 1995: 235-236)

Ugandan infrastructure (roads, banks, hotels) to overcome Congolese state incapacity to provide support for the local development.

The second premise on which Evans bases his model is the creation of a new and specific kind of national elite à la Max Weber. Weberian bureaucracy is built on highly selective meritocratic recruitment and long-term career rewards, which create commitment and a sense of corporate coherence. Officials in the Weberian construct have the special status that is essential to a true bureaucracy. Corporate coherence gives these apparatuses a certain kind of “autonomy.” Weber’s bureaucrats saw their interests as fulfilled by executing their assignments and contributing to the realization of goals of the apparatus as a whole. In Weber’s vision, corporate coherence requires that individual incumbents be to some degree insulated from the demands of the surrounding society. This insulation, in turn, is enhanced by conferring a distinctive and rewarding status on bureaucrats. (Evans 1995: 30) Weberian bureaucracy constitutes an informal network of very well prepared *and competent people, sometimes class-mates*, which gives to bureaucracy an internal coherence. Indeed, the fact that formal coherence, rather than clientelist ties, traditional loyalties or nepotism is the prime requirement for entry into the network makes it much more likely that effective performance will be a valued attribute among loyal members of the various corporations (Evans 1995).

Scholars such as Freund thinks that the creation of a new national elite intended to be the bearers of a new regulatory system *put in place by the BEE* is a factor that does not fit Evans model. Transformation might not be achieved if it is understood as a cover word for removing whites and replacing them with blacks. In reality thus far, the dominant political forces do not have a developmental project that conceives of transformation beyond the question of racial identity by contrast to the effective development states of Asia<sup>8</sup>.

The second element of the Weberian bureaucracy is the fact that, though the elite corporate are autonomous, the bureaucracy is not insulated from society. There is an organic link between this autonomous bureaucracy and the civil society and the state. This immersion of the autonomous bureaucracy in society allows it to be very efficient for the long term productive investment.

Evans sees the embedded autonomy of state-business co-operation as the sine qua non condition for his developmental state model.

The rest of the text will narrate the story of Nande trading networks in eastern Congo. Even though nation-state remains the key stage for developmental theory, the local scene find its relevance in the openness Evans made in the direction of Kerala, India.

Even though the Nande region could fit into Evans model of the sub-region of Kerala, one has to bear in mind that the state in the DRC is nonexistent and is generally labeled *as a “failed” or “collapsed” state*.

## **B.2. “State failure” and “State collapse”**

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<sup>8</sup> Freund 2007: 23

The study undertakes a deconstruction of the discourse of “state failure” or “state collapse.” It understands “state failure” or “state collapse” as a hegemonic discourse whose assumptions reveal more than anything the way Africa is being constructed as the object of someone else’s power. The so-called “state collapse” in Africa refers to a situation where the structure, authority, law and political order of the state have fallen apart and must be reconstructed in some form, old or new (Zartman, 1995:1).

A curious consequence of this view on “state collapse” however, is that academic analysis is directed primarily at possibilities for post-collapse intervention. In his “Putting things Together Again,” Zartman reaffirms that the first precondition for successful analysis is a reaffirmation of the existing political unit: “in the search for answers, it is first necessary to reaffirm that reconstruction of the state is necessary.” Consequently, the restoration of the state remains dependent on the reaffirmation of the pre-collapse state (1995: 268). Indeed no attention is paid to how people operate when the state has vanished. Like most African “weak states,” Congo’s “state collapse” was portrayed primarily as a decline of government, and the reaffirmation of these state structures was simultaneously seen as the sine qua non for re-establishing authority at large.

The principal reason cited for this way of proceeding is that in a “weak society,” there is a general inability to refill the institutional gaps left by a withering government. In such situations, the organization and allocation of political assets easily fall into the hands of “warlords and gang leaders,” who will make use of this institutional gap to renegotiate the contract that binds citizens to the state (Zartman, 1995:7; Baker and Ausink, 1996; Gros, 1996; Dorff, 1996).

Thus, “state failure,” “society failure” and “state collapse” are placed on a type of development continuum, where one stage of failure logically leads to another. Although the difference between such stages is primarily one of degree, they can all be traced back to a common origin, namely “an overall breakdown of the body of formal rules governing society, accompanied by the disappearance of formal authority or its emaciation” (Gros, 1996).

Countries like Somalia and the DRC are commonly believed to have fallen into an extreme Hobbesian battle of “all-against-all,” in which a number of violent contenders for state’ rule are making it extremely difficult to re-establish law and order. Government structures have given way to an increase of armed violence and lawlessness to the advantage of non-state armed actors: rebels, militias, bandits, etc. In their search for economic advantage (and in the absence of a regulating framework), these actors commonly develop a number of lucrative alliances with external players, including transnational crime syndicates and armies from neighboring states who simultaneously provide an important incentive for the prolongation of armed struggle. Breaking this “conflict-trap” (Collier, 1995) becomes the prime concern for anyone interested in restoring legitimate authority in such places affected by state collapse and prolonged armed conflict (Autessere, 2006).

Most importantly, it seems that most writers on state breakdown seem to have an ideal view of statehood and its derivatives which is based on a unidirectional interpretation of modernity that is largely contested by facts on the ground. Indeed for the proponent of the discourse on state failure and state collapse, viable states are of course an entirely unexamined normative good. Three principal misconceptions on state failure or state collapse characterize literature on the subject. First, the idea of state failure itself is misleading because it gives the false impression that once-integrated, the state is now falling apart. Nowhere in Africa has the state approached the Weberian ideal simply because the Weberian project is a product of local and contextual construction from a certain period in the West. The Zairian state, for example, has been a weak state from the beginning. But its weakness was exposed only at the end of the Cold War when it no longer benefited from aid from the West that allowed Mobutu to suppress his opponents. Paraphrasing Ulrich Beck (1992) on what she called “reflexive modernization,” I would say that a reflexive learning process would have recognized the conditions underpinning the Weberian assumptions, drawn out the social situational questions that they implied, and examined these with the benefit *inter alia* of the different forms of knowledge and practices held by people other than Westerners. There is no general formula for the success of state projects and they always have to respond to local historical specificities (i.e. the conditions and relations of struggle). Thus, statehood ought to be regarded as a relative concept. Particular states succeed in varying degrees in securing order, welfare and representation for their citizens (Tull, 2003).

Second, there is confusion between institutional breakdown and societal collapse. Zartman (1995) draws an equation between the collapse of the state and the collapse of society and believes that in a “weak” society, there exists a general inability to refill the institutional gaps left by withering government structures. He thus concludes that the organization and allocation of political assets easily falls into the hands of “warlords and gang leaders” who often make use of “ethnic elements” as a source of identity and control in the absence of an overriding social contract that binds citizens to the state. States are placed on a development “continuum”, where one stage of failure almost automatically leads to another.

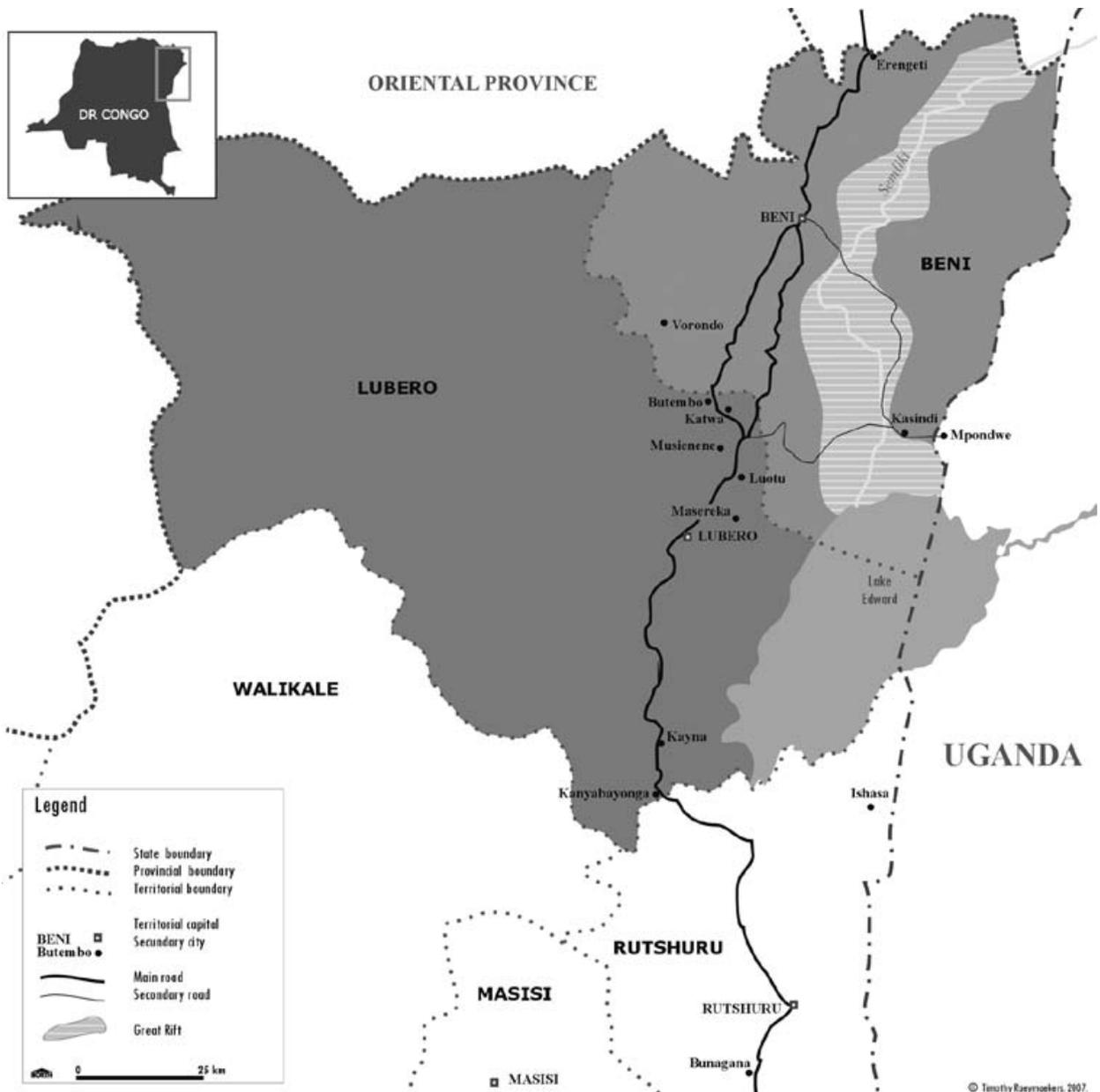
Indeed, collapse of “government” does not necessarily mean collapse of “governance”. It means the emergence of new “political complex;” new forms of domination may emerge around the introduction of new frameworks of political and economic accountability and control (Doornbos, 2002). The same logic of Beck’s argument applies here: “just as modernization dissolved the structure of feudal society in the nineteenth century and produced the industrial society, modernization today is dissolving industrial society and another modernity is coming into being” (Risk society: 10).

Third, many people understand state collapse as a kind of “development malaise” to be reversed by a combination of some smart sanctions, external assistance and institution-building. More often these interventions involved a radical shift in the political and economic structures of the societies that stand on the receiving end, including sometimes the wholesale take-over of a number of services that are traditionally associated with the

functioning of the modern state (Clapham, 2002; Ottaway, 2002). “Rather than the developmental rhetoric of scarcity or breakdown, one has to address the possibility that protracted instability is symptomatic of new and expanding forms of political economy; a function of economic change rather than a developmental malaise. It is difficult for the development model of conflict to convey such a sense of innovative expansion.” (Duffield, 1998:51).

These kinds of analysis overlook the internal dynamics of communal conflict. This paper argues that the most important thing to do is to place the issue of state collapse in its specific social setting. Indeed, contextuality gives a good understanding of the processes underlying armed conflict and state collapse. I look at the strategies used by Nande actors to deal with the violent transformation of the DRC state, and present their experience as a way of deconstructing the hegemonic discourse of “state failure.” What is “the state,” after all, if not the fetishized expression of the elite struggle to achieve that end of subjecting and subordinating unruly and antagonistic social relations into a manageable, predictable, and more or less fixed framework?





## Nande trading networks

### Nande Prosperity in the midst of the bloodiest African civil war on record

When I arrived in Butembo<sup>9</sup>, in August 2005, there was an unexpected atmosphere of peace and security on the *Lubero-Beni axis*, which includes the city of Butembo. To the north of this axis is the Ituri Region with its well documented troubles and massacres<sup>10</sup>. To the south are the remaining territories of North Kivu province, including Masisi, Walikali and Rutsuru. These three territories are home to many armed groups. Dissident General Nkunda Batware is based in Masisi with 2,000 armed militiamen, Rutsuru is dominated by the presence of FDLR<sup>11</sup> and Walikali still hosts ethnic tensions between the Hunde and occupants of Rwandan origin. Amidst the troubled north Kivu region and Ituri, Butembo *really was* a safe haven. This impression of general security in Butembo was reinforced by the apparent security for commodity trading; Butembo is essentially a warehouse where hundreds of tons of merchandise are stored.

The war in the Democratic Republic of the Congo has had devastating effects on the population. From a humanitarian point of view, the Congolese conflict has caused levels of suffering unparalleled in any recent war: as of 2006, out of a population of 58 million Congolese, up to four million have died<sup>12</sup>.

In addition to this humanitarian disaster, coercive power is completely fragmented in the DRC. The state monopoly over violence has declined as warlords and even state representatives maintain private armies and militias. There seems to be a shift from conventional state-dominated control over territory to a privatized exercise of power at the local level, particularly in the war-ridden zones of the country which are fragmented

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<sup>9</sup> Located in the territory of Lubero in North Kivu Province, Butembo, a city of 600,000 inhabitants, is 135 km from the Ugandan border (Kasindi), 600 km from the Ugandan capital, Kampala, 350 km from Goma the administrative center of North Kivu province, 900 km from Kisangani the capital city of the Oriental Province, and 2,000 km from Kinshasa the capital of the DRC. The population of Butembo is 90 % Nande. Catholicism is very important among the Nande even though most traders are Baptists. Nande are mainly agriculturalists and pastoralist, but since the 1980s and 1990s, they have been extremely dynamic in transnational trade. Today Butembo is like a warehouse for merchandise coming as far as Dubai, Taipei, Hong Kong, Jakarta, Guagzhou (China), etc (Mirembe, 2004).

<sup>10</sup> Human Rights Watch report 2005, and MONUC report on human rights abuse in Ituri, 2005

<sup>11</sup> FDLR standing for *Force Democratique pour la Liberation du Rwanda* is a political organization representing Rwandan Hutu refugees in eastern Congo. It was created in 2000 in opposition to the Kagame regime and included many Rwandan refugees who had been present on Congolese territory since 1994. Propaganda of the current Rwandan government wants people to believe that FDLR is formed of “ex-FAR/Interahamwes” suggesting that it is a criminal group of “genocidaires” (Auteserre, 2006) Actually, FDLR is an inclusive term regardless of affiliation to armed groups, innocent as well as guilty of the 1994 genocide.

<sup>12</sup> See [www.theIRC.org](http://www.theIRC.org) and Auteserre, S. unpublished doctoral thesis, on “local violence, international indifference, 2006).

by rival strongmen. More than nine national armies were involved in what Madeleine Albright, the former US Secretary of State, called the first African World War<sup>13</sup>. From 1998 the country's territory was controlled by three main rebel groups, a dozen Congolese militias, rebel groups from Uganda, Burundi and Sudan, the Interhamwe – Rwandan militia responsible of 1994 genocide in Rwanda, and finally the Democratic Forces for the liberation of Rwanda (FDLR).

However, despite the high overall level of violence, there are stark differences between various local communities in the DRC. Some groups continue to suffer, but others, especially the Nande in northeastern Congo, managed not only to insulate themselves from violence nearby, but also to prosper in their transnational economic enterprises. The Catholic University of Butembo, with its three faculties of Law, civil engineering, and medicine, has continued to function since its establishment ten years ago by the Roman Catholic bishop of Butembo, Monsignor Kataliko. In spite of civil war, people in Butembo are building a new airport ten miles south of Beni, and a hydroelectric dam to electrify their region. Perhaps the reason for this development is that Nande traders participate extensively in the “illegal” gold trade and also trade coffee, beans and potatoes in South East Asia and in the Persian Gulf, making use of ethnic ties, investing their wealth in productive enterprise and in trade. Nande traders furnish a particularly striking instance of successful social organization outside the state.

### **Brief historical and geographical context**

From Joseph Conrad's *Heart of Darkness* at the turn of twentieth century to Barbara Kingsolver's *Poisonwood Bible* (1998), the Congo has figured large in cultural representations of Africa's crucial transformations. Conrad's multi-layered novel – considered by some to be racist but by others to indict colonialism and imperialism (Said 1993) – was written as the colonial era and the “*belle époque*” of global capitalism were reaching their heights (Silver and Arrighi 2003).

The Congo was at the heart of these upheavals, during which, as Polanyi put it, the peoples in the periphery could not protect themselves against the “ravaging international imperialism destroying ‘pre-capitalist’ communities of kinship, neighborhood, profession and creed...all forms of indigenous, organic societies” (Polanyi 1957).

To understand the current predicament of the DRC and the place of the Nande, it is important to recall briefly the two types of evolution the country went through during the last four decades. The first evolution is the one Bayart, Elis and Hibou (1999) called “criminalization” of the African state apparatus from colonial independence onwards. The fact that many African state leaders did not dispose of the ‘empirical’ qualities of state sovereignty (Jackson 1987), but yet remained extremely dependent on the

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<sup>13</sup> Rwanda, Uganda, Burundi were backing the rebels and Zimbabwe, Angola, Namibia, Eritrea, Chad and Sudan assisted the DRC government. See Michael Nest, 2006; Thomas Callaghy, 1998; David Shearer, 1999, Economist Intelligence Unit, DRC country Report, November 1998.

international economy to serve their needs, often left them with few options except to battle political opponents in markets, which became the ‘foundation’ of political authority (Reno 1998)<sup>14</sup>. Deprived of real sovereignty a la Jackson, the Zairian ruling elite traded every minimum parcel of power and transformed it into new opportunities. For Herdt and Marysse, in the 1980s the Zairian state was transformed into a “mafia-like enterprise, abusing its power and using all possible means to enrich itself to the disadvantage of the population” (1996:29). Power was privatized and led to what Evans (1995) called the “predatory state,” “where the ‘invisible hand of the market’ dominates the administrative behavior, creating a caricature of the neo-utilitarian image of how state officials act.”(Evans 1995: 46) As Raeymaekers points it out, the result of this process was often a “reciprocal assimilation” (Bayart et al. 1999) between vested local interests and an emerging comprador bourgeoisie that was set up to guard and abet existing property rights (Bates 1981)<sup>16</sup>. This gives rise to several power brokers between competing forces in the economic arena.

The second evolution is the so-called “informalization” of the economy. Terms such as parallel, unrecorded, black, shadow, and second economy were used to designate largely unrecorded economic activities in many African countries. Indeed, for some people it is only a response to the economic crisis ravaging Africa now. And it will disappear once the crisis is over. For others, it is the real economy of people. Janet MacGaffey (1991) talked about the “real economy” to signify that this is what people live on. For William Johnson, it is the real market to be introduced in the theory of international exchange.

“If economic theory indicates that in a situation of perfect market concurrence, the equilibrium between supply and demand establishes the right prices of goods and services in the market, many analyses show that the real market prices integrate not only their exact values, but also the social and environmental conditions of the production. They are in general determined by the equilibrium of forces between economic actors, which is not the simple result of purely economic conditions, but also the product of historical circumstances and social and political conditions in different countries” (Johnson 2003: 73).

By withholding resources from the state, and by locating politics at the lower level of the society, people formed new mechanisms of self-sufficiency outside state structures, and hold the potential to formulate a new social arrangement that stood in opposition to the predatory state.

The origins of the Nande trading networks should be sought in these evolutions as a response to the failure of the Zairian government to provide its citizens with sustainable livelihoods. The central thesis of MacGaffey’s *Entrepreneurs and Parasites* (1987) is that entrepreneurs like Nande in North Kivu who are not closely tied to the state have

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<sup>14</sup> Raeymaekers T, 2007, *The Power of Protection: Governance and Transborder Trade on the Congo-Uganda Frontier*, Unpublished Ph.D. dissertation

<sup>16</sup> idem

contributed significantly more to local development than the state "parasites" who drain off a region's wealth without giving much in return. But before discussing the Nande trading networks, let's say something about the Nande.

## **The Nande**

In the Nande region much of the financial resources for development have come from indigenous resources: traders who are members of the communities. (Vwakyanakazi 1982, MacGaffey 1987) According to Mbogha (1975) and MacGaffey (1987) Nande traders' successes stem from their having been marginalized<sup>17</sup>, separated and taught a puritanical life. With the positions requiring state-credentialed education closed to them after independence, many Nande looked to commerce as their road to advancement. To this should be added an ethos that developed particularly among Nande people during the colonial period as they strived, against considerable colonial restrictions, to cash up and have a place in a broader society. Greater proletarianization among the Nande also contributed to their seeking more upward mobility within the capitalist system.

The religious<sup>18</sup> factor also is important to understand the origins of Nande trading mentalities. The work ethic taught in the 1930s by the American Baptist missionary Paul Hurlburt is remembered by many as one of his great contributions to the region. Missionaries taught a strong sense of self-reliance, of planning and entrepreneurship. Members of the community, including currently successful traders, acknowledge a number of significant aspects of this work ethic. Values such as dedication to hard and honest work (e.g., working hard even when the boss was absent), the demand not to waste their earnings on alcohol and prostitutes, the importance of learning to delay gratification, and the responsibility to contribute to the community, both as a productive member of collective work projects and as tithe giver. As Mbogha (1975) noticed, the entrepreneurial spirit is one of the legacies of American missionaries in the Nande region. Capitalizing on the exodus of many European traders and settlers during the period of political turmoil in the later 1950s and the early 1960s, and quickly learning to take

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<sup>17</sup> The theory of marginalization has been disputed by some (see Raeymaekers, 2007) because Nande people were in the Mobutu government in prominent positions. Pierre Pay Pay was the governor of the Central Bank, and another Nande was the governor of North Kivu. But the marginalization hypothesis is demonstrated by some documents such the letter of Bishop Kataliko in 1971 titled "Aide-toi, le ciel t'aidera" where he called for self empowerment to develop the region. Another important document is a letter of a group of Nande politicians to the Kabila government in 1998 where they complained that even though the Nande made up 60% of the population of North Kivu Province, they were always underrepresented in the government of former president Kasa-Vubu and Mobutu. See Kasinia et al. 1998. and Willame 1999: 152.

At the Baptist mission of Katwa, on the outskirts of Butembo, Christians were separated from other members of the Nande community. They were in the parish with missionaries trying to live according to the Gospel's recommendations ( see Jack Nelson 1982)

<sup>18</sup> See Nelson J. 1982, Christian missionizing and social transformation: a history of change and conflict in Eastern Zaire, New York, Praeger.

advantage of the decline of state controls on the economy of the region, a new class of traders arose with the development of a widespread “parallel economy.” Smuggling gold (locally mined by primitive methods) out of the country became a means of raising starting capital for more legitimate businesses that were initiated afterward (i.e. coffee production and export, transport of local grown vegetables to urban markets, and construction contracting). Gold has also provided an access to hard currency with which to purchase and import merchandise and pharmaceutical goods to meet the demand of a growing market in the eastern Congo.

### **Nande trust network**

According to Charles Tilly (2004), a trust is a property of interpersonal relations in which people take the risk of each other’s failure or betrayal. The same people could simultaneously maintain relations with different others ranging from deep suspicion to confident trust. In a network of trust, members’ relations to each other put major long-term collective enterprises at risk of malfeasance, mistakes, or failures of other network members. Trust networks organized around kinship, long-distance trade, or workers’ mutual aid rarely faces the threat of death or dispossession.

The question is then, how do members of a trust network maintain cohesion, control and trust when their members spread out into a world rich with other opportunities and commitment? The limited cases of isolated communes and religious communities are easy to understand because their very insulation from the world facilitates continuous monitoring, mutual aid, reciprocity, trust, and barriers to exit. But geographically dispersed trust networks somehow manage to produce similar effects as isolated communities. Maintaining boundaries between ‘us’ and ‘them’ clearly plays an important part in trust networks’ continued operation (Tilly 2004c, 2005). Nande traders constitute a trust network. They offer support and connections for those who are inside the network in their transnational trading activities.

Nande “trust network” should be interpreted as made up of “informal” economic entrepreneurs who, in the absence of an overarching regulatory framework, have gradually taken on the role of political “power broker.” At the same time however, they have to constantly negotiate and mediate with other power brokers, including those located in state organizations, in order to protect their economic enterprise<sup>19</sup>. It is in this interplay between trust and protection, between opposition and complicity toward the state that the Nande transborder traders can be understood. It is the only way one can understand the recent construction of the biggest mayoral office in the region. The Nande seem to hold an uncanny position. They want the state, but they want it to be as weak as possible.

On the highest hill of Kambali stands a newly built mayor’s office, - the largest in the country - an imposing columned structure resting on a concrete platform; a three story rectangular building. This building is one of the most distinguished mayor’s offices in the

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<sup>19</sup> Raeymaekers T., op. cit

whole country. It was built by the association of Nande traders from Butembo. One would think that this governmental building symbolizes the attachment of the Nande people to the larger state structure. However, this is a false impression because the Nande have never had good relations with the Congo's central government. Since the DRC gained independence, the Nande have worked almost exclusively outside the state structure as MacGaffey has indicated.

“The Nande found themselves underrepresented in the national political scene and unable to participate in national decision making (...) their region was neglected by the government in all development programs and allocation of resources. After independence, when foreign exchange was allocated by quotas, the east was passed by. However, this distance from the central government also meant that Nande were to some extent beyond its control. It gave them a certain degree of autonomy, making it easier to organize their own affairs in response to government neglect.” (MacGaffey 1987: 146)

In my view, the most important question at this point is: how did this particular network of transnational traders emerge as a political power broker in the context of the disintegration of the DRC state? Otherwise put, what are the conditions of possibility for these non-state actors to arise as important political and economic players where the state has vanished? A corollary to this question is: how did the “order” that emerged out of the network power brokering role lead to the creation of a governance<sup>20</sup> framework and economic development?

This study argues that answers to these questions are to be found in the quality of integration of these entrepreneur elite within society.

### **Embedded autonomy**

Nande traders need a sort of external ‘protector’ to facilitate their economic enterprise, especially when it comes down to securing their accumulated assets not only against external predators (i.e. the Zairian state) but also against internal anti-capitalist constraints related to the family structures. At the same time, however, they continue to maintain internal solidarity and cohesion based on trust. This reference to popular and embedded economic enterprise serves largely to maintain the traders’ internal social legitimacy.

A group of import-export traders with different geographical origins constitutes the top of the commercial hierarchy in Butembo and its hinterland. It is this group that imports the containers from East Africa, South Asia, and South East Asia. The merchandise is later divided between different market shops. This group gradually acquired respectability in the entire community and a central position in local politics. This group qualifies as a “trust” network exactly because of high levels of internal cohesion and trust between

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<sup>20</sup> Governance is understood as the way society organize to use power to manage public resources, involving the making and implementation of collective decisions, enforcement of rules and resolution of conflict (Kassimir 2001)

members. Their wealth and the management method make them a special, external network compared to the norm of the community. At the same time, they remain embedded in different webs of relations in the community. Thus, they engage with other actors of civil society, especially the Catholic Church, into construction of development infrastructure such as mending roads, building schools, health centers. Even though there remain many cases of poverty in and around Butembo, the impact of the Nande trading “bourgeoisie” has had a wide and positive impact in the community.

Insofar as a social class a la Marx or even an elite status group a la Weber entails a consciousness or at least a self-valorizing value-system, the question may also be how value legitimating occurs through economic activities outside state-supported value-systems.

Scholars such as Polly Hill (1956), Samir Amin (1974, 1977), and John Iliffe (1979, 1983) who studied African entrepreneurs and what they have been able to achieve under colonialism and after, have broached important questions which are still relevant today: Can individuals create effective social and infrastructural systems? Can traders shift to productive activities that significantly add value? Can they found firms that outlast the life of individuals? Can they organize workforces in ways that go beyond patrimonial trust relations? What happens when entrepreneurial energy is tied into an ethnic minority’s linkages, even if the minority is African?

These questions are very relevant but beyond the scope of this paper. Among the Nande the question of shifting to more productive activities is recurrent. Traders have sent people in China, especially in Guangzhou to learn how the manufacture industry works. The current generation of traders is the second one. There is a sense of transmission of the business mentality to the next generation who has been educated in Moscow, London and New York. The biggest stumbling block is indeed the security issues. How does one protect one’s business in a stateless situation? This question opens up another important area of research which also is beyond this paper’s purpose about the role of conflict in constructing new forms of accumulations

By now, it should be clear that the problems – in South Africa and the DRC - are not quite the same in the two cases, but there is something interesting to compare. In a pre-industrial context, some communities in eastern DRC managed to build and protect self-sustaining, prosperous transnational economic enterprises with a widely positive impact on the community while in a context of already industrialized society, the South Africa fails to uplift the majority of its black population and falls into cronyism and parasitism.

## **Conclusion**

This paper has used the South African example to open up a discussion about the pitfalls of an elite-centered development theory. The study has mapped out the “tragically” neo-liberal paths the South African class formation has taken. As the late series of strikes have shown, one of the consequences could be a potential split in the ANC between the more traditional communists and the trade unionists on the one hand and the free market

types, on the other. The three groups (ANC, Communist party and Trade Union) compose the tripartite alliance.

To add to this debate, this study has examined the relationship between the economic development and the development of economic elites in South Africa and the DRC. The South African model is placed next to a competing paradigm in order to open up discussion on a wider range of economic development options as well as alternatives to the development of a state-supported elite creation.

Developmental problems in the DRC are paramount, but one of the lessons the Nande case study teaches us is that amid the concern in Africa over strong or weak or fragile “states,” the state of consciousness - of participating in a wide community effort for development – may not be strong in strong states and weak in weak states. The Nande example of governance outside the state framework shows that the shadow state is not simply the black market economy that runs against the neo-liberal order (Reno 1995), but also the value-system of elite distinction (as well as a functional economy) that may provide a shadow governance, and even government.

Ultimately, the paper strives to create a space in postcolonial discussion to attend to class-formation like the case of the bourgeois Nande or “tragically” neo-liberal case of South Africa. In other words, the debate could be carried out in the following terms: if the state becomes a mediating device for this class-formation work, how does this produce a sense of postcolonial denouement (such as the potentially serious split in the ANC between the more traditional communists and the free market types), and if it is rather the case of the Nande trust network, how does not having to deal with state-level global infrastructures of finance boost their ability to manufacture local consent?

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