

South Sudan 2017 A Political Marketplace Analysis

Memorandum by
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Summary

This memorandum analyzes South Sudan since independence using the framework of the political marketplace, in order to provide a guide to understanding the trajectory of the current crisis and the steps needed to address it.

The memorandum provides a succinct overview of the theory of the political marketplace and the ancillary concepts of moral populism and the negotiated sovereign entitlement to kill. It shows how South Sudan achieved independence as a rentier political marketplace organized by a conglomerate, bound together by a series of pacts, made possible by cash payments. When that cash dried up, the pacts dissolved, and the rivalries among political entrepreneurs became unmanageable and turned violent.

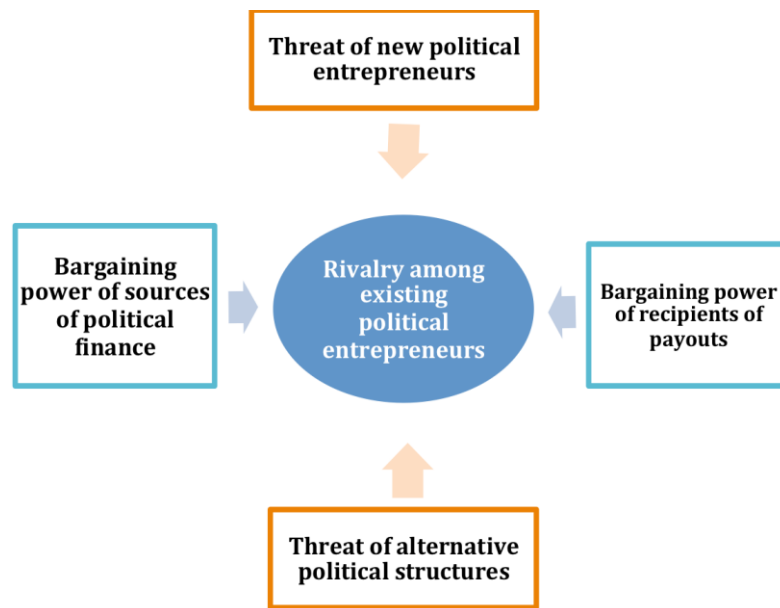
The dynamics of organized violence, resource extraction, bargaining, and regional political engagement are all explicable in political market terms. The peace process did not address the structural determinants of South Sudan's political market and consequently did not end the violence and immiseration or resolve the political crisis. The memorandum concludes with some proposals for how peace may be pursued, on the assumption that South Sudan will remain a political marketplace. The single most important step is a common approach among the suppliers of political finance, including the governments of Sudan and Uganda. The memorandum draws upon the author's writings, referenced in the bibliography.

The Political Marketplace

The ‘political marketplace’ refers to a system of transactional politics in which political loyalties and services are exchanged for material reward, and where institutions are subordinated to monetized transactional relationships. The political marketplace co-exists with the mobilization of political loyalties through ‘moral populism’ and the negotiation of the sovereign right to kill with impunity. The core concepts within the political marketplace framework are:

- (a) The political market: the supply and demand for political loyalties and services, the price to buy or rent these services, and the regulation of the market (including its level of regional/international integration);
- (b) The political budget: the funds possessed by a political business manager or entrepreneur, to be spent on political loyalties and services;
- (c) The political business model, goals and skills of political entrepreneurs and business managers, who run their political enterprises as if they were firms.

We can adapt Michael Porter’s model of the ‘five forces of industry competition’ to a political market, thus:



In turn this allows us to locate a political system along the following scale:



Note that monopoly power does not refer to a sole provider but to a firm with sufficient power to influence price, investment, barriers to entry. In turn this definition of monopoly allows us to rethink the classic Weberian definition of a state as the entity possessing a monopoly over legitimate violence: it is not the sole dispenser of that violence but rather the entity with the greatest power to bargain with other political entities over the entitlement to kill with impunity.

Political entrepreneurs/business managers are not simply in the business of obtaining material reward. They also pursue political goals, though the success or failure of their political enterprises is determined by how they can compete in the political market. One method, that simultaneously brands their product and allows for the inexpensive mobilization of support, is populism. ‘Moral populism’ is the variant of populism that makes appeal to identity, kinship, custom or spiritual values.

South Sudan at Independence

South Sudan at independence was a rentier political marketplace, dependent almost entirely on oil revenue. The ruling SPLM/SPLA was a conglomerate held together by a number of deals among the political-military elite. In each case the bargain was an exchange of access to state resources in return for limiting political ambitions. Thereby, diverse political projects were accommodated within President Salva Kiir’s ‘big tent’ by means of division of the spoils. On the monopoly-perfect competition spectrum, it lay towards the monopoly end.

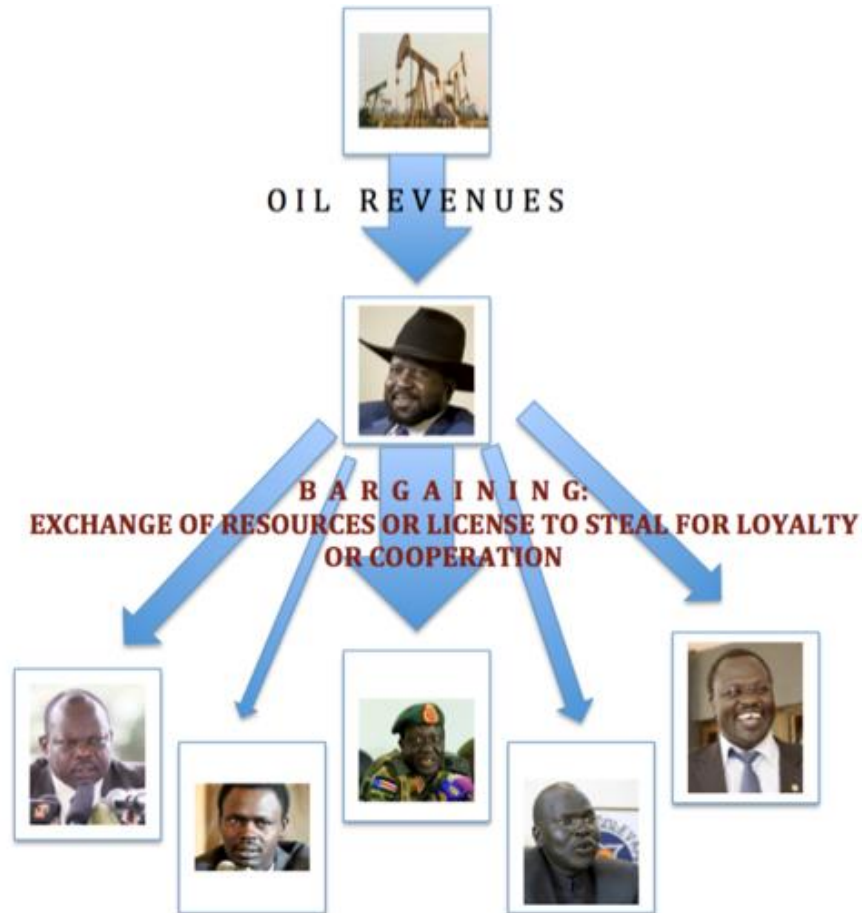
The conglomerate as a whole had a high level of bargaining power vis-à-vis its suppliers of political finance. The oil companies wanted to pump oil; the northern Sudanese (who controlled the pipeline) wanted a share of the revenue; the Ugandan and Kenyan governments (which invested directly or through private businesses) and foreign donors had little leverage in return for their funding because of the predominance of oil money. There was no domestic business class independent of the government and military. The South Sudanese leadership fatally overestimated its leverage vis-à-vis northern Sudan and the international community in early 2012 when it shut down oil production, in a bid to impose an advantageous financial, political and territorial deal on Khartoum.

South Sudan’s political market had high barriers to entry. This was a recent and transient development—during the 1983-2005 civil war, the barriers to entry had been low and neighbouring countries (and faraway countries) had intervened at will. Oil riches had changed this. No alternative source of political finance could compete with oil, and entry through mutiny was risky—though successfully tried by some mid-level members of the SPLM-SPLA. The leadership had a moderate level of bargaining power vis-à-vis its local clients: its principal means of bargaining was violence, or the threat thereof. Control over violence-with-impunity was widely distributed: the SPLM-SPLA conglomerate’s ‘monopoly’ over legitimate violence was, at best, held by tenuous bargain, in which others also assumed that entitlement to kill. There was no threat of alternative political structures. Among the political elite (those who managed the political businesses that collectively comprised the SPLM-SPLA conglomerate) there was a high level of rivalrous competition. They possessed quasi-autonomous power bases and had disparate political goals, as well as rivalry for power. This competition was managed by money and by an appeal to moral populism over identity and land, in opposition to Khartoum.

These factors—especially the very high revenue from oil—led to extreme inflation in the price of loyalty. Indeed, this price inflation was in part a deliberate strategy pursued by the SPLM/SPLA during the previous five years, in order to make South Sudan’s political marketplace too expensive for the Khartoum conglomerate to bid successfully for loyalties in South Sudan in advance of the referendum on independence. The Khartoum leadership had high political

skills and extensive intelligence networks in South Sudan and were expected to interfere, and the SPLM/SPLA strategy to keep them out was simple: to make it too expensive. At the point of independence, it would theoretically have been possible for Pres. Kiir and the GoRSS to have reduced the price of loyalty, by a mixture of agreement, coercion or appeal to a spirit of nationalist self-sacrifice. The most important instrument for achieving this would have been central control over political finance.

The following figure shows a (highly simplified) representation of the flows of political rents and bargaining.



Note the centrality of Pres. Kiir, associated with the flows of oil revenue to the GoRSS. External actors such as northern Sudan, Uganda, the UN and other international donors were essentially excluded from this market. The inclusion of an icon for the SLM-Minawi is intended to indicate that the GoRSS could also sponsor political entrepreneurs outside its own borders.

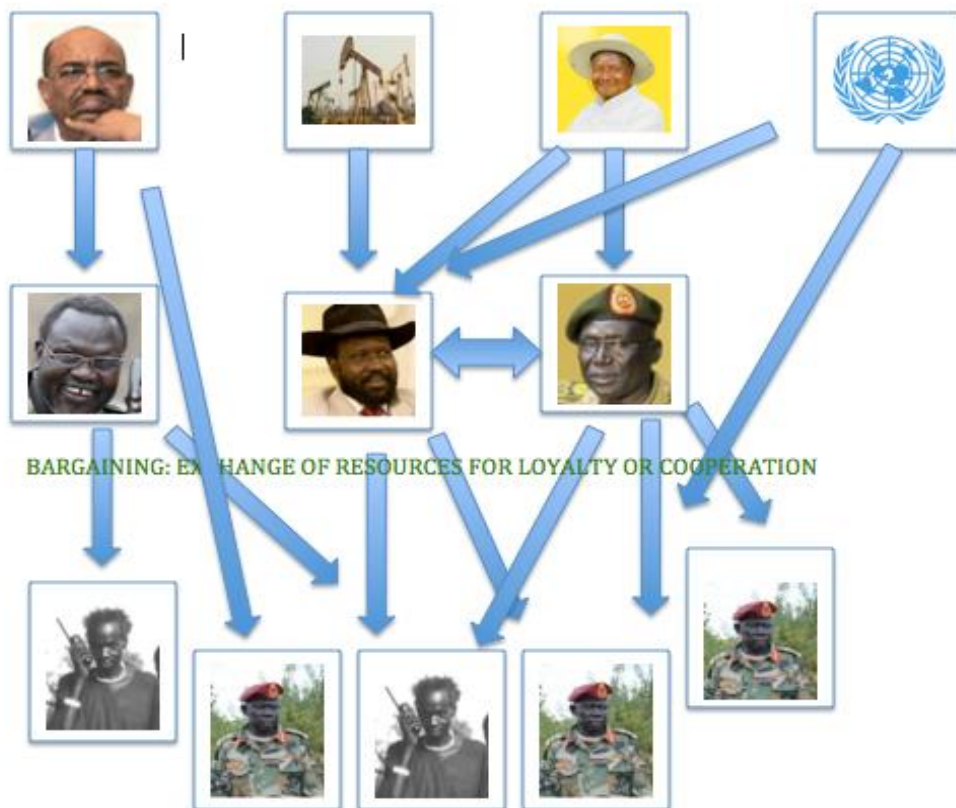
Although the neighbouring countries and donors were (briefly) shut out of South Sudan's internal political market, they were the main drivers in a regionalized political market that crossed every national border.

South Sudan's Slide to War

Following secession, South Sudan's political market was grossly overheated, with an unsustainable price of loyalty, which was still increasing because of the exaggerated promises of the bounty to follow independence. The speculative bubble burst when the SPLM/SPLA leadership collectively decided that solution to their problem was to seek greater resources at the expense of Khartoum. This led to the gamble of the oil shutdown and war. The gamble failed and led instead to a collapse in the major sources of political finance, as a result of which the major political bargains dissolved.

Following the 2012 collapse in political finance, the South Sudanese leadership found itself in a wholly different political business environment. It had a very low level of bargaining power vis-à-vis the suppliers of political finance—including the oil companies, northern Sudan, Uganda and aid donors. Not only did these external political financiers have more clout, but they could bypass the GoRSS and make separate bargains with other political businesses, including those within the SPLM/SPLA conglomerate and those outside it. South Sudan was thus rapidly re-integrated into the regional political marketplace in a subordinate position. As the political market was opened up and the conglomerate disintegrated, South Sudan moved sharply away from the monopoly end of the spectrum.

The following figure shows a (highly simplified) representation of the flows of political rents and bargaining at this stage. The generic figures across the bottom are intended to indicate that numerous military and quasi-military actors could enter the political market. It will immediately be clear that not only has Pres. Kiir far fewer resources but he is in a much weaker position in terms of regulating bargaining.



The 2013 war was the outcome of this political market crisis, and the inept political management of Pres. Kiir. As soon as the war broke out, the barriers to entry into the political market were dismantled. Sudan and Uganda entered the market as buyers, and the U.S. and other internationals found themselves with sufficient leverage, first, to stymie the SPLM-IO takeover bid and, later, to write the text of a peace agreement and press the principals to sign it. Domestic political entrepreneurs could also enter the market even without external sponsorship. For example, they could mobilize as a client militia, making few political demands, but anticipating (correctly) that in the subsequent chronic phase of the war those claims could be ramped up.

Parts of South Sudan's former centralized rentier political marketplace collapsed completely. Indeed, it appears that many actors in rural areas largely withdrew from the market, content to protect themselves and engage minimally with the authorities in Juba. They will still be re-engaged, however, by national or regional political entrepreneurs as circumstances change in ever-turbulent South Sudan.

Violent political-military business rivalry was organized at two levels. At one level it was competition for control or ownership of the conglomerate (sovereign authority). This was most evident in the early months of intense fighting. At the second level, the war was a struggle for each contending leader to control his own (now reduced) conglomerate. The political business challenges included obtaining sufficient political funds for loyalties and political services, and setting up barriers for subordinates to exit the coalition. The organization of the war switched from the first level to the second as neither could achieve a decisive victory, and meanwhile the resource flows (political budgets) necessary to sustain each coalition dried up. The pattern of violence in this second, lower level, is turbulent, in the sense that it is chaotic and unpredictable over the short term, often driven by very local factors that are impossible for the outsider to follow, but the apparent anarchy nonetheless follows a generally foreseeable pattern.

In due course, the conglomerate headed by Pres. Kiir was better able to sustain itself than the SPLM-IO and was therefore 'winning'. However, this 'victory' was intrinsically unstable given that the resources promised to clients were always well in excess of what could be delivered. The President's decision to focus on rewarding his core constituency meant that his government has been seen more and more as an ethnic cabal.

Appeals to moral populism were useful for mobilizing and directing violence, especially in the first weeks of the war. The SPLM-IO, due to its shortage of financial resources from the outset, made the stronger appeals to ethnic mobilization against the enemy. Pres. Kiir and his Chief of Staff, General Paul Malong, utilized ethnic mobilization to establish their paramountcy within their own coalition, and only secondarily to fight the opposition forces.

The collusive bargain over the distribution of the entitlement to kill with impunity broke down as soon as the first shots were fired in Juba. The extreme violence against civilians perpetrated by both sides during the early months can be seen not only as an attempt to intimidate the other and to reduce the enemy's human and material resource base, but also as conspicuous and rivalrous exhibitions of the (claimed) entitlement to kill without social or moral sanction.

South Sudan since the 2015 Peace Agreement

The IGAD mediation sought to resolve South Sudan's civil war on the basis of dividing power and wealth among the most senior political business managers, on the assumption that the other dynamics of the conflict would be resolved subsequently. The signing of the ACRSS led to a highly unstable situation in which there was no actual bargain among the two main contenders and no resources to make such a bargain operable, even were it to be made.

The immediate result was a desperate search for new means for rewarding political clients, including creating a host of new patronage opportunities (creating new states with all the employment and rent-seeking openings entailed), and seizing land and other assets from communities that did not have sufficient political or military protection, notably in Equatoria. Not only did political finance dry up, but all kinds of financial flows were reduced. Armed groups turned to simple extortion and robbery. The level of immiseration of the population increased, resulting in a deepening humanitarian crisis and eventually in the decision by UN agencies to declare ‘famine’. Gripped by a high level of uncertainty, political actors pursued week-to-week survival.

Reflecting the extreme weakness of the GoRSS position, the South Sudan-Sudan agreement on oil and transitional financial arrangements was renegotiated in 2016, in a manner advantageous to Sudan. A bilateral deal was made, without mediation or publicity. It reduces the tariffs and links them to global oil prices, thereby increasing Pres. Kiir’s political funds. In return, Khartoum has received assurances that Juba will end military assistance to northern rebels, and has the option of revising the terms of the deal at any time depending on its evaluation of South Sudanese performance on security cooperation.

Pres. Kiir and Gen. Malong were particularly reluctant to agree to the ACRSS on the grounds that they were prevailing over the SPLM-IO (financially and militarily). In fact they had begun to adopt a new political business strategy based on regulating the political market through force, and in July 2016 implemented the key step in this strategy by expelling the SPLM-IO armed forces from Juba. This removed the bargaining power of the SPLM-IO in Juba, signaling the victory of the President’s coalition. This triumph ensures that there is no serious rival to Pres. Kiir for being the paramount actor in negotiating sovereign entitlements. However, military and political supremacy is limited to the capital city and the areas of Greater Bahr al Ghazal in which the President and Gen. Malong have ensured the personal loyalty of local elites.

Prospects for Peace

What is a reasonable, achievable goal in South Sudan’s political marketplace? The kinds of transformation of which South Sudan’s supporters dreamed, six years ago, is evidently beyond reach. The 2015 Agreement on the Resolution of the Conflict in South Sudan (ARCSS) has not ended the violence. Indeed, insofar as the ARCSS was widely seen by South Sudanese as a division of the spoils between the two major contenders, without increasing those spoils in a manner that would satisfy their individual appetites and provide them with sufficient political budgets to consolidate their constituencies and pay off their dissenters, the agreement has arguably contributed to the spread of violence. The ARCSS timeline for elections merely recreated the conditions under which the 2013 war broke out, and democratization in an unreformed political market would likely just increase political competition.

In the political marketplace there is no clear distinction between war and peace, or between the negotiation of a peace agreement and its implementation. Peacemakers cannot expect that their job is done when an agreement is signed: the warring parties will not have the incentives or capacities to implement it in good faith, and—even if it is genuinely a deal between the principals—it will only be as good as the market conditions prevail in which it was agreed. Rather than a (single) *peace deal*, the guardians of a peace process should expect to engage in *continual peace dealing*, namely helping the South Sudanese conduct their political rivalries with the least amount of violence or coercion.

Given the regionally-integrated nature of South Sudan's political marketplace, peace in the country can best be sought by action at three levels: regional (focusing on the 'front-line states'); national; and local.

The following table indicates how South Sudan fared on the key indicators of the political marketplace:

	<i>Independence 2011</i>	<i>Outbreak of war 2013</i>	<i>Post-July 2016</i>
Bargaining power vis-à-vis suppliers of political finance	High	Low	Low
Bargaining power vis-à-vis clients	Moderate	Low	Low
Barriers to entry	Moderate/high	Low	Low
Threat of alternatives	Low	Low	Increasing
Political budget of ruler	High	Low	Low
Price of loyalty of intermediate elites	High	High	Reducing
Rivalry among elites	Moderate	High	High
Political strategy of ruler	Management by payoff	Unable to manage rivalries	Management by coercion
Rivalry among regional players	Low relevance	Low relevance	High relevance

The best point of entry for stabilizing the political market is for the suppliers of political finance to function as a cartel to regulate political finance and set conditions for their continued financing. This requires that the Government of Sudan, the Government of Uganda, the oil companies, and the aid donors and international financial institutions work collaboratively. Strategic cooperation at this level is a prerequisite for resuming negotiations at the national level.

Kampala and Khartoum are more capable political business managers than any internationals and it would be foolhardy for European or American diplomats to try to second guess them or become engaged in the micromanagement of a peace process. As with regulating a market, the key is structuring the incentives that will encourage political operators to seek better outcomes.

The long-term challenge is for the transactional politics of the political marketplace to be supplanted by the institutional politics of the rule of law and the functioning of democratic institutions. That will not happen soon. It can be re-framed as a medium term challenge to open the door to pressures for alternative political systems based on customary constraints on power, respect for persons, and more inclusive participation. The starting point for this is 'what works' in terms of subnational public authorities, namely customary courts and civil society actors including journalists, lawyers, teachers and religious authorities. Action at the subnational level can deliver political pressure to constrain the national-level actors.

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