Elusive Quest?

The Political Economy of Reconciliation in Post Genocide Rwanda.

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In its annual review of the continent’s economic development, the United Nation’s *Economic Report on Africa 2003* offers the following assessment of the economic reconstruction of post genocide Rwanda:

> [t]o the extent that the events of 1994 were conditioned by poverty and resource scarcity,…possible solutions in the economic sphere will have to occur in tandem with reconciliation.¹

From a political economy perspective,² emphasizing the mutual interaction of politics and economics, the above quote suggests that if a deep socioeconomic cleavage between the elite and the poor created a precondition for the political manipulation of and mass mobilization around ethnicity, then the economic policies adopted by the Rwandan Patriotic Front (RPF) after 1994 can help foster reconciliation if those policies address both the socioeconomic cleavage contributing to and the ethnic division resulting from the genocide.

This paper argues that while the RPF, after its first decade in power, has adopted standard neoliberal policies potentially sufficient to increase economic growth, due to structural constraints and choice, it has yet to tailor those policies to local conditions so that they address the marginalization of the masses and ensure a more equitable distribution of resources to reduce poverty. As a result, solutions in the economic sphere have not occurred in tandem with reconciliation, making the latter a protracted and tenuous process at best and an elusive quest at worst.

This paper substantiates its central argument in four parts. Part one examines and defines reconciliation from a political economy perspective. Part two briefly reviews the
economic and reconciliation challenges faced by the RPF on taking control of the country in July, 1994. Part three discusses the economic policies adopted by the RPF since 1994. Part four summarizes the gains accomplished through the RPF’s economic policies and then demonstrates how those economic policies, particularly its agrarian and land reform, privatization and military commercialism, maintain the longstanding socioeconomic cleavage; fail to include institutions that acknowledge and reduce the marginalization of the majority of rural dwellers; and ethnicize the economy.

**Political Economy, the Genocide, and Reconciliation**

Unpacked, the above quote adumbrates both the political economy of genocide and the political economy of reconciliation in Rwanda. The implied relationship between politics (“events of 1994”) and economics (“poverty and resource scarcity”) embodied in the above quote is consistent with other analyses of the political economy of the genocide: to retain control over a shrinking economy a small, ‘Hutu Power’ faction, originating in the northern prefecture of Gisenyi and ensconced within the Habyarimana regime, effectively bundled long standing socioeconomic and regional cleavages—exacerbated by environmental scarcity, population growth and livelihood conflict—into a problem framed as an “outsider” ethnic minority (Tutsi) intent on imposing its dominance on an “indigenous” majority (Hutu), and a solution defined as (mostly) ethnic cleansing.

The analyses that address the political economy of genocide contribute significantly to understanding the events of 1994. Placing an emphasis on regional and, especially, socioeconomic cleavages highlights the sometimes obscured likelihood that many Hutu perpetrators probably participated in the genocide for a variety of reasons other than fear (and hatred) of the ‘other’, including the opening to settle old scores in
land disputes, the opportunity to acquire land and houses, and the availability of employment opportunities for unemployed youth who joined the Interahamwe and impuzimugambi militias that carried out much of the killing.

Significantly, the above quote also delineates the political economy of reconciliation. Linking “possible solutions in the economic sphere” to “reconciliation” provides the opportunity to redefine the conventional meaning of reconciliation in the context of contemporary Rwanda. To date, most analyses of reconciliation have been limited to the gacacas and the attempt of the RPF to include some members of the moderate Hutu elite in its government. However, such a limited meaning of reconciliation is deficient in three ways. First, it ignores how a deep socioeconomic cleavage between the elite and the poor created a precondition for the political manipulation of and mass mobilization around ethnicity in 1994. Second, it discounts how any lasting social stability in contemporary Rwanda depends on the ability of the RPF to implement economic policies that reduce the socioeconomic cleavage contributing to and the ethnic division resulting from the genocide. Third, such a limited meaning fails to convey that reconciliation in contemporary Rwanda is an inherently contestable concept whose meaning depends on one’s explanation of ‘who has to be reconciled with whom’ which in turn depends on one’s identification of the primary causes of the genocide. Given the complexity of the politics and conflicts of the Great Lakes Region, ranging from the ethnic pogroms in Burundi (1972 and 1993), the genocide in Rwanda, and the revenge killings of Hutu by the RPF in the aftermath of the genocide to the Rwandan Army’s occupation of the eastern Democratic Republic of Congo (DRC) from 1998 to 2002 (if not the present) to the complex social landscape
within contemporary Rwanda—where some oppositions might be more pertinent than the Hutu versus the Tutsi—it is not explicitly evident ‘who has to be reconciled with whom’, and what would be the focus of reconciliation—regional and/or class cleavages within Rwanda and/or the ethnic tension that emerged during and after the genocide.

Following the adumbration of the political economy of reconciliation articulated in the paper’s opening quote, reconciliation, here, is defined as the ability of the RPF to ease the relentless pressure of economic hardship among the masses by addressing the marginalization, poverty and resource scarcity that created a precondition for the political manipulation of and mass mobilization around ethnicity; and its ability to mitigate the obvious ethnic tension that emerged during and after the genocide. Due to limited space, this analysis omits a detailed consideration of Great Lakes regional factors, such as the interdependence of the politics between Burundi, Rwanda and DRC. Nonetheless, the decision to define and analyze reconciliation in this way is consistent with the political economy of the genocide, the intersection between region, class and ethnicity in Rwanda in 1994 and after, and it avoids perpetuating an essentialist conception of ethnicity that inevitably leads to a fundamental misreading of Rwanda’s conflict history.

A Twofold Challenge for the RPF

At the conclusion of the Rwandan civil war and genocide, the RPF faced the twofold challenge of economic reconstruction and reconciliation. Economically, the RPF had to rebuild a devastated economy, identifiable only by the surviving shards of its eviscerated financial and institutional infrastructures. To promote reconciliation, the RPF also had to weld a society fractured by longstanding socioeconomic and regional cleavages and an ethnic division cultivated during and after the genocide.
Economic Reconstruction

When the RPF seized Kigali in July of 1994, it inherited a devastated economy. Declining commodity revenues, Habyarimana’s use of scarce government resources to fund the 1990-1994 civil war, and the systematic dismantling of the financial and institutional infrastructures by the fleeing interim government resulted in a thorough and complete declension of the Rwandan economy. World coffee prices started to decline in 1984 before collapsing in 1986 and significantly undercut Rwanda’s major source of income; its coffee export receipts dropped from US $144 million in 1985 to US $30 million in 1993. Volatile world tea prices and the collapse of the tin industry further eroded the country’s export earnings. Consequently, the precipitous drop in export earnings for coffee, tea, and tin combined to shred Rwanda’s balance of payments: its external debts doubled between 1985 and 1989 and increased another 34 per cent between 1989 and 1992, reaching US $804.3 million.

Exacerbating the country’s economic difficulties, Habyarimana diverted scarce government resources and official development assistance toward funding the civil war. Whereas military expenditures accounted for 1.6 % of Gross National Product (GNP) in 1989, it increased to 8.4% of GNP by 1994. Additionally, while Habyarimana spent $10 million in 1989 on arms imports, he purchased nearly $80 million in arms by 1994. Overall, between 1990 and 1994, Habyarimana diverted close to 40 per cent of Rwanda’s budget to military purposes, while the size of the army expanded six-fold, from about 5,000 to more than 30,000.
Realizing it had lost the civil war, the fleeing interim government concluded its brief rule by systematically dismantling the country’s financial and institutional infrastructures. Absconding with 17-24 billion Rwandan francs—more than twice that in circulation at the time—and with the foreign currency holdings of the central bank, the fleeing interim government dismantled the country’s financial system. Moreover, it also looted government ministries, schools, and businesses of most assets and emptied the country of its trained civil service and professional staff, thereby destroying the country’s institutional infrastructure. As a result, by 1994 Rwanda’s real annual Gross Domestic Product (GDP) growth registered at negative 49 per cent, inflation climbed to 64 per cent, Gross National Income (GNI) per capita plummeted to US $140 from US $370 in 1990, and farmers failed to produce a tea or coffee harvest for that year. Indeed, by the time the RPF came to power, Rwanda had become the poorest country on earth, according to the World Bank, and most international development experts concurred that they had never seen a country so laid to waste.

Reconciliation

Welding a society fractured by socioeconomic and regional cleavages and the ethnic tension during and after the genocide completed the twofold challenge confronting the RPF. Socioeconomic stratification pervaded pre-and post-independent Rwanda: while the elite monopolized access to land, state resources, the private sector, and higher education, the vast majority—around 90 per cent of the population—farmed the steep hills, mostly as subsistence farmers, and lived in poverty.

The gap between the elite and the poor reached its apex in the decade preceding the civil war and the genocide. In contrast to the successful image of Rwanda marketed
by the World Bank and other members of the international development community as a developing country committed to rural development and livelihoods and despite a several year period of increased food and coffee production and improvements in transport infrastructure,\textsuperscript{24} the reality more closely resembled an African Potemkin Village whose optimistic façade masked extreme socioeconomic stratification caused by elite monopolization of land and access to non-farm employment and income, more expensive and evaporating social services, and increased taxes.

By 1984, 15 per cent of the farmers owned 50 per cent of land, while 26 per cent had become landless.\textsuperscript{25} Forty-three percent of all farming households lacked enough land to subsist on.\textsuperscript{26} By 1990, according to some estimates, the percentage of landless remained steady at about a quarter of the rural population, and in some districts that figure approached 50 per cent.\textsuperscript{27} Duress sales due to people selling their land on the informal land market to buy food and other necessities prompted the sustained, if not dramatic, incidence of landlessness. Having access to more non-farm employment and income, most of the land owning elite, who were connected to the Habyarimana regime, became richer after 1984 while the poor became poorer. According to Uvin, the income share of the richest decile in Rwanda increased from 22 per cent in 1982 to 52 per cent in 1994.\textsuperscript{28} Uvin calculated further that by the end of the 1980s, “approximately half of Rwanda’s society must …be considered ultra-poor, up to 40 percent more poor, 9 per cent non-poor, and 1 per cent positively rich.”\textsuperscript{29}

More expensive and evaporating social services and increased taxes in the late 1980s and into the early 1990s exacerbated the economic hardship and marginalization of the dispossessed rural dwellers. In compliance with the 1990 IMF and World Bank
structural adjustment loans, the Habyarimana government devalued the Rwandan franc, which increased prices, even for non-imported items; imposed a “cost-sharing” austerity program that required citizens pay higher fees for fewer public services, including access to water; and increased local taxes, all the while the elite flaunted its considerable wealth and excessive consumption.  

By the early 1990s, then, the elite campaign to appropriate the remaining shares of land and income, declining and more expensive social services and increased taxes in a severely stratified pre-genocide Rwanda deepened a long-standing cleavage in social cohesion along socioeconomic lines. Such a cleavage—exacerbated by mounting environmental scarcity, population growth, and livelihood loss—contributed to the political milieu of the early 1990s that produced the willing executioners of the genocide among those who benefited and those who sought to benefit from such an arrangement. State employees wanted to protect their privileged positions, army personnel—ranging from soldiers to senior officers—feared demobilization and the unemployed joined the militias to acquire the spoils secured through intimidation, murder, and theft.

While the socioeconomic cleavage lined the tinderbox of the genocide with the kindling, the competition between regional, Hutu elite for access to and control over state power (and resources) ignited the fuse that set in motion the killing machine that devoured moderate Hutu and Tutsi from April to July in 1994. While the Kayibanda government (1962-1973) awarded key political positions to Hutu from his home region of Gitarama in central Rwanda, Habyarimana, his successor, disenfranchised Hutu from the center and south in favor of patrons and clients from the north, especially his wife’s prefecture, Gisenyi.
During Habyarimana’s Second Republic (1973-1994) Hutu from Gisenyi occupied one-third of the top jobs in government and almost all leadership positions in the security forces and controlled the vast majority of development projects. Most likely, since 1973 Hutu from the south were as discriminated as Tutsi. By the late 1980s the interregional competition between elites narrowed to deadly infighting among Habyarimana’s inner circle (the akazu) that rejected the president’s anticipated successor because it would strip the akazu of power and control over a rapidly shrinking economy. The outcome of the akazu infighting led to a genocidaire controlled government and, along with the intensifying socioeconomic stratification, it also instilled a profound distrust of and alienation from the state among the masses, which increasingly refused to attend commune meetings, perform obligatory communal labor (ubukonde), and cut down coffee trees to grow food crops.

Given that the interim government chose to frame Rwanda’s problem and solution in ethnic terms, the RPF also had to address a complex ethnic division that emerged in two varieties after July, 1994: between Hutu perpetrators and Tutsi survivors; and between a Tutsi dominated government and the Hutu majority who considered the post genocide government as foreign because most of its members had grown up in Uganda. It is important to stress that to suggest an ethnic division exists in contemporary Rwanda is not the same as saying essentialist and corporate conceptions of ethnicity were the primary cause of the genocide, as the above discussion has attempted to elucidate: “it is politics that makes ethnicity important…not ethnicity which invariably defines politics.” Nonetheless, for many Hutu the “social structure and the cultural strangeness embodied in [the RPF] makes it an alien form of power.” Indeed, post genocide
Rwanda, according to Lemarchand, “is more profoundly divided” between Hutu and Tutsi than ever. So, even though no ancient tribal animosity between Hutu and Tutsi exists—a misunderstanding often associated with the history of conflict in Rwanda—the interim government constructed a virulent ethnic divide that still influences the politics and quotidian reality in Rwanda. In sum, the choice of economic policies adopted by the RPF and how it decides to distribute the gains from those policies will influence the extent to which Rwandan society will be able to weld the socioeconomic and regional cleavages contributing to and the ethnic division resulting from the genocide.

The RPF Quest for Competitiveness: Economic Policies in Post Genocide Rwanda

To establish normalcy, qualify for official development assistance, and integrate Rwanda more substantially into the global economy, the RPF embraced an export oriented development strategy, supported by exchange rate and trade liberalization, agrarian and land reform, and privatization policies, as well as military commercialism. Though the RPF entertains a long-term ambition to transform Rwanda from a commodity exporter to a technology based services economy, or the “Grenada of Africa,” the most the RPF can accomplish in the immediate future is to ascend from a subaltern to a competitive niche in the global economy. Lacking a diversified economy and skilled citizenry, Rwanda’s most direct connection to and, realistically, its only option to become more competitive within the global economy is through the export of primary commodities and handicrafts. While coffee, tea, and tin had been established but inconsistent and insufficient foreign currency earners, the RPF has sought to enhance its revenue capacity through legal and extralegal means. To increase commodity production, the Rwandan Parliament recently passed agrarian and land reform legislation. To meet its
immediate financing needs in the aftermath of the genocide, the RPF, through military commercialism, aggressively carved out a niche in the global coltan commodity chain. Though the coltan boom was ephemeral and now contributes rather sparingly to government revenue, from 1998 to 2002 it was, arguably, the most significant economic policy of the last decade, and as a result of the growing struggle between Rwanda, Uganda, and the new South Africa over control of the expanding markets in parts of East Central Africa, military commercialism might very well presage future production, distribution, and management models in several countries of the Great Lakes region.

Exchange Rate and Trade Liberalization Since 1994

To a large extent, the economic policies embraced by the RPF since 1994 resume the reforms introduced by the Habyarimana regime in 1990. At that time, in need of foreign currency both to pay for imports and to sate the acquisitive appetites of the elite, Rwanda submitted to a structural adjustment program with the IMF and World Bank and commenced its exchange rate and trade liberalization and privatization reforms. However, the civil war interrupted Rwanda’s reform process and did not resume until after the conclusion of the genocide.

After the genocide the RPF faced similar pressures. In dire need of official development assistance, and—similar to the majority of developing countries—without an alternative to the neoliberal development strategy, the RPF commenced its economic reconstruction process with standard exchange rate and trade liberalization reforms. Apropos to the exchange regime, the RPF introduced a fully liberalized and market determined exchange rate system; established a licensed foreign exchange bureau; and abolished all current account restrictions. In regard to trade liberalization, the RPF
reduced the maximum tariff rate from 100 per cent before 1995 to currently between 25-30 per cent.\textsuperscript{45} It also reduced the number of non-zero tariff bands from 40 to 3.\textsuperscript{46} Additionally, the RPF eliminated the coffee export tax in 1999 and joined the Common Market for Eastern and Southern Africa (COMESA) in 2004. For goods imported and that originate from COMESA, the RPF slashed tariffs by 90 per cent.\textsuperscript{47} Based on its trade liberalization reforms, the government of Rwanda’s development strategy relies on its traditional, “official” exports of coffee, tea, cassiterite tin, and handicrafts and from 1998 to 2002 the often, “unofficial” export of coltan.

Since 1994 the RPF has taken limited steps towards increasing coffee production, mostly through investing in washing and processing facilities and supporting fair trade coffee cooperatives. While Rwanda has made a very slight inroad into the premium blend fair trade coffee market, coffee output, Rwanda’s main cash crop, fell by nearly 80 per cent between 1990 and 2001.\textsuperscript{48} By 2003, coffee production continued its downward trend, while tea output registered a modest increase over the last several years.\textsuperscript{49} Recent attempts to export cassava paste to the ethnic food market in France show some potential but have yet to contribute in any meaningful way to government revenue.\textsuperscript{50} In addition, exports of cassiterite tin, hides, and handicrafts increased in output and value during the first decade of reconstruction,\textsuperscript{51} though not enough to register a noticeable increase in export earnings.

\textit{Agrarian and Land Reform}

In November 2004 Rwanda’s Parliament passed agrarian and land reform legislation, perhaps the most important reform since the genocide, given the relationship between access to land, income and poverty in pre and post genocide Rwanda. Driven by
demographic and economic pressures, the primary purpose of the new legislation is to maximize and commercialize agricultural production through regional specialization, or the practice of monocropping, where the government will determine the type of crop grown, depending on location. The expected outcomes of the reform take three forms: to generate increased export revenue; to create more employment opportunities in the formal economy through agro-processing jobs; and to minimize food insecurity.

To a significant extent, the RPF’s version of agrarian and land reform recycles the efforts of Habyarimana to do so commencing in the late 1970s. Similar to Habyarimana’s Second Republic, the impetus for reform for the current government of Rwanda stems from demographic and economic pressures. Increasing at a rapid clip of nearly 2 % per year, the population now totals nearly 8 million (in a country the size of Maryland) and population density reads at an overcrowded 350 people per square kilometer, leading to a considerable fragmentation of land holdings. Whereas the average landholding at the household level registered at 2 hectares in 1960, it dropped to 0.7 hectare in 1990 and has continued its downward trend; currently at least 60 per cent of households’ land holdings measure at less than 0.5 hectare. While the majority of rural dwellers endure a subsistence living on tiny landholdings—usually inherited or rented—a significant share of land, often parceled in plots of 50 hectares or more, is controlled by a rich elite mainly from urban areas. Many of these larger holdings often fail to maximize production capacity because of a disinterest in commercial farming by those who control them. Consequently, the current, simultaneous fragmentation and overproduction on small holdings will not be able to sustain subsistence farming indefinitely while the under production on large plots inhibits the maximization and commercialization of agricultural
production. Left unreformed, the current arrangement of subsistence farming coexisting with larger holdings adverse to commercial farming can not generate increased revenue—definitely a dire need—for the RPF.

To wrest land, the scarcest factor of production, from the Charybdis of fragmentation and overproduction and the Scylla of under production on large plots, the agrarian and land reform legislation intends to consolidate smaller holdings into a minimum of one hectare, provide credit and investment incentives to large landholders to spur commercial farming, and impose cultivation of particular crops, depending on location of region. In doing so, the RPF aims to change the current agricultural production system from a consumer to a market driven system, where, ostensibly, many rural dwellers will become wage laborers on the large holdings converted to agro industries, thus earning enough money to purchase rather than grow food and thereby minimize food insecurity. Whether the newly legislated reforms will produce the expected outcomes is unclear. Since independence authorities have repeatedly attempted (1959, 1960, 1961, and 1976) to legislate the land market and formalize the remaining vestiges of the traditional igikingi, isambu, and ubukonde systems largely diluted by a nearly century long process of the individualization and monetization of the informal land market introduced during Belgium colonization.\textsuperscript{55}

\textit{Privatization}

Initiated in 1996, Rwanda’s privatization strategy included enhancing the government’s institutional capacity for the sale of state-owned enterprises (SOEs) and then auctioning those parastatals. To enhance institutional capacity, the government established a regulatory agency to set tariffs, grant licenses, and prevent companies from
acting as private monopolies. Further, it created an Independent Private Sector Federation to replace the former government controlled Chamber of Commerce, and, to facilitate the privatization and deregulation of its utilities, introduced an Independent Regulatory Agency. Such institutional reforms have enabled the sale of 37 out of 53 state-owned enterprises. While most of the sold SOEs were small enterprises, the government has sold its airline, Rwanda Air Express, and it has finalized the sale of shares of Pfunda tea factory. In June 2003, the government sold 55% of Pfunda to LAB International, one of the three major buyers of tea at the Mombasa Auction. Though Electogaz, the water and electricity provider, will remain under state ownership, in May 2003, the government signed a five-year management contract for private firms to manage that parastatal. Finally, the government sold majority shares in Prime Holdings, which developed three hotel projects during 2003, to private investors.

Military Commercialism and the Global Coltan Commodity Chain

Faced with disappointing and uncertain prospects in enhancing the country’s economic competitiveness through traditional exports, the RPF capitalized on the confluence of a security threat, new product development in global communications and electronics industries, and the entrepreneurial skills of its military leaders to secure a niche in the global coltan commodity chain. After an incursion into Zaire in 1996, from 1998 to 2002, the RPA occupied eastern DRC in response to continued threats from exiled Rwandan Armed Forces (ex-FAR) and Interahamwe. During that period, products in the communications and electronics industries, ranging from cell phones to playstations, generated a significant global demand for coltan. To capitalize on its
presence in the DRC and the global demand for coltan, the leaders of the RPA captured
the coltan mines and trade in eastern DRC and established a distribution network, earning
Rwanda much needed revenue.

In response to incursions by ex-FAR and milita members, the RPA first ventured
into Zaire to address the threat in 1996, before its eventual occupation of the area from
August 1998 to September 2002. While the RPF maintained that its presence in eastern
DRC was strictly for security purposes, several independent reports suggested that
Rwanda’s presence was to exploit DRC’s natural resources, specifically its profitable
coltan mines.\(^58\) Between 1998 and 2002, the RPA and its Congolese surrogate, the
Rassemblement Congolais pour la Democratie (RCD), seized the coltan mines in
Maniema, South and North Kivu, and Katanga.\(^59\) As a result, the RPA monopolized 60-
70 per cent of the coltan exported from the DRC, flying it directly from airstrips near
mining sites to Kigali or Cyangangu.\(^60\)

Once the RPA acquired a secure supply of coltan, it also developed an efficient
distribution system, which continues to operate.\(^61\) Essentially, the RPA, through its
supply and distribution networks, is a textbook example of what Dietrich calls military
commercialism, where military officers create corporate-military businesses in order to
generate income for themselves and their politico-military (state) apparatus.\(^62\) Once the
RPA established control of most of eastern DRC’s coltan trade, it expanded its military
commercialism throughout the region by establishing a broad network of subsidiaries and
enterprises, ranging from the selling of mining licenses to the collection of taxes and
customs duties to the management of water, power and transportation facilities. During a
seventeen-month period, from 2000 to 2001, it is estimated that the RPA earned $18
million a month\textsuperscript{63} from its control of the DRC’s coltan mines and trade. While coltan revenue had dropped significantly since 2002, the network of subsidiaries and enterprises still provide some revenue for the RPF. Consequently, Rwanda’s military commercialism emerged as the most important source of revenue for the government of Rwanda from the late 1990s to 2002.

**Institutional Stasis and the Tenuous Connection between Economic Policy and Reconciliation**

While the RPF, after its first decade in power, has adopted standard neoliberal policies potentially sufficient to increase economic growth, due to structural constraints and choice, it has yet to tailor those policies to local conditions so that they address the marginalization of the masses and ensure a more equitable distribution of resources to reduce poverty. This section summarizes the gains accomplished through the RPF’s economic policies and then demonstrates how those economic policies, particularly its agrarian and land reform, privatization and military commercialism, maintain the longstanding socioeconomic cleavage; fail to include institutions that acknowledge and reduce the marginalization of the majority of rural dwellers; and ethnicize the economy.

**Results of Economic Policies**

Since 1995, the Rwandan economy has been one of the fastest growing in Africa and indeed the world. Between 1995 and 2001, GDP growth registered an average of 12.5 per cent per year\textsuperscript{64} and dropped to about 8 per cent per annum between 2002 and 2003, still more than double the average for sub-Saharan Africa. Though still heavily aid dependent, burdened by unsustainable, external debt\textsuperscript{65} and lacking a diversified
economy, average incomes are now roughly back to their pre-genocide level, and the RPF has made real progress in rebuilding the shattered school and health-care systems. In short, most analysts agree that the RPF has demonstrated much skill in its handling of the country’s economic reconstruction, though substantial work remains.

Persistent Cleavages and Institutional Stasis

For the most part, possibly through intent but probably as a result of circumstance, the RPF’s agrarian and land reform and privatization and military commercialism policies buttress rather than challenge Rwanda’s longstanding socioeconomic cleavage. In its own way each policy diverts resources to the elite rather than achieving a semblance of balance between the vanguard and the rearguard of the economy, resulting in an identifiable trend of enhancing elite rather than mass interests.

Specific provisions of the agrarian and land reform, such as the plans for land consolidation, registration, and access to credit all favor richer farmers with larger holdings and, most likely, a source of non-farm income. For example, due to the expense of surveying and registration of land, many rural dwellers most likely will not participate and, even if they do, they most likely will not be competitive for loans or programs to enhance productivity. Most analysts expect agrarian and land reform to benefit large landholders willing to produce for the commercial market. In addition, some researchers suggest that, “land consolidation policies are unlikely to increase land productivity significantly,” and agricultural specialization, or monocropping on consolidated fields, could lead to increased rates of soil erosion. Either outcome would disproportionally threaten the tenuous livelihoods of the majority of rural dwellers.
Similarly, the RPF’s privatization and military commercialism policies also maintain the status quo of the socioeconomic cleavage. A significant overlap exists between the managers of the privatization and military commercialism programs: senior members of the Rwandan Army and civilians well connected to them. Currently, senior members of the army control the Office National Des Transports en Commun, the Office Rwandais d’Information, the state television station, and Electrogaz. Additionally, senior members of the military and Kigali businessmen connected to them control the profits and offshoot businesses associated with the coltan trade and the Rwandan expropriation of the economies in Kisangani and other areas in eastern DRC. The main point, here, is that an elite controls the gains of the most profitable economic policies, and it is unclear whether those profits are being used for private business or public investment. Thus, whereas the Habyarimana regime cultivated an elite through the allocation of government jobs, military positions and development projects, the Kagame regime might be recreating such a group among those who manage the privatization and military commercialism programs.

At this point, one might argue that a deep socioeconomic cleavage between the elite and the poor is pervasive throughout Africa and does not preclude or even influence reconciliation in post genocide Rwanda. Further, one might also argue that given the structural constraints faced by Rwanda as a primary commodity producer in a global economy often hostile to such countries, its dependence on IMF and World Bank debt relief and loans and international aid in general, and the inefficiency and corruption rife in the First and Second Republics, it is inevitable that the RPF embraced the standard neoliberal policy prescriptions, whether they fit local conditions and address local
problems or not. In response to the first possible criticism, while it is true that a wide
divide exists between the rich and poor in countries in the region and on the continent,
with the exception of Burundi and, currently, Sudan, those countries have not
experienced a genocide making the Rwandan situation a special case, more or less *sui
generis*. Moreover, this paper argues that the inability to link economic policies to
minimizing the socioeconomic cleavage conditioning the genocide does not preclude
reconciliation but will at the least make it a tenuous and protracted process. More
significantly, as a rebuttal to the second possible criticism, again, it is reasonable to argue
that Rwanda is basically hemmed in and constrained in its policy choices due to its
subordinate status in the global economy. However, the type of institutions needed to
address local conditions do not run counter to an export oriented, market driven
development strategy, which leads to the second main point of this section: whether
through intent or circumstance, the RPF’s economic policies have yet to include
institutions that acknowledge and attempt to reduce the marginalization of rural peasants.
The inability of the RPF to do so manifests most clearly (and recently) in the 2004
agrarian and land reform, but also in the privatization program.

The agrarian and land reform legislation creates at least two new institutions to
implement the new policy: a Land Center to provide technical and administrative support
to the National Land Commission; and national, provincial, and district land commissions
to manage the consolidation, surveying, and registering of land. To date, it appears that
MINITERE will determine the mission, program, and membership for the provincial
and district land commission. Significantly, MINITERE omits peasant representation in
the provincial and district land commission, making reform a top down process. While
legitimate management and human capital issues might partly explain the exclusion of peasant representation in commission membership, the decision might also reflect the governing style of the RPF. The cooperatives originating in the 1970s ended up creating a venue where the rank and file often challenged the leadership.\textsuperscript{74} Perhaps in an effort to avoid delay and criticism and opposition form rural dwellers, the new reform will most likely continue to avoid engaging them in discussions and decision making about the future of agricultural production.

A similar trend of peasant exclusion also appears in the privatization program. As noted earlier, thirty-seven out of fifty-three SOEs have been privatized. Of those thirty-seven privatized SOEs, the vast majority has been sold to wealthy Rwandans, foreign individuals, and foreign firms (nearly one-third of all enterprises sold).\textsuperscript{75} Approximately three SOEs have been auctioned to peasant/worker cooperatives.\textsuperscript{76} While the lack of investment capital and educated workers would make the sale of hotel and tourism, industry, mining, energy and services parastatals to worker cooperatives a chimera, the sale of agriculture, agro-industry, and other low-tech, low to semi-skilled enterprises is possible,\textsuperscript{77} but has not been given serious consideration by the government. Such cooperatives could establish an institutional structure that would promote a common goal for and cooperation among rural Rwandans,\textsuperscript{78} as well as integrate them into the formal economy.

Given the change in leadership and demographic shifts after the genocide, perhaps it is inevitable that the economic policies adopted by the RPF after 1994 would lead to an ethnicized economy, where returning Tutsi control the vast majority of investment capital in current day Rwanda and remaining members of the moderate Hutu elite have been
essentially crowded out of key strategic and lucrative positions. Returning members of the Tutsi diaspora—numbering more than 700,000 and virtually replacing those who perished in the genocide—have monopolized the formal economy, occupying businesses and shops abandoned by fleeing Hutus and financed by the resources they arrived with. Thus, even before the commencement of privatization, the demographic shifts in the aftermath of the genocide created a dichotomized economy: Hutus occupy the land, working as subsistence farmers, while Tutsis have captured the town-based, monetized, formal sectors.\textsuperscript{79} In an early assessment of the potential for privatization in post genocide Rwanda, Prunier concluded, “privatization of state enterprises [does] not sound very realistic in the present context unless one means [they’re] being taken over by the Ugandans,”\textsuperscript{80} referring to both military and civilian returnees.

The potential consequences of the RPF’s decision not to complement its economic policies with institutions that acknowledge and address the marginalization of the majority of rural dwellers and the current Tutsi monopolization of the economy are twofold. First, the PRF might have missed an important opportunity to recreate social capital relationships of trust; restore the rural community torn asunder by the genocide; and to cultivate a civil society to counterbalance the power of the state.\textsuperscript{81} Second, the RPF ignores the useful advice, “that with appropriate policies the government in Kigali could win over [many Rwandans], those who are partisans of neither side.”\textsuperscript{82} According to the Newburys, “literally millions of Rwandans do not see themselves as partisans of one or the other camp (i.e., neither the RPF nor the army of the former Habyarimana regime).”\textsuperscript{83} In combination with the RPF’s choice not to address seriously the country’s still severe socioeconomic stratification, the decisions to exclude peasant representation
in agrarian and land reform and most aspects of privatization and to ignore the post genocide ethnic division between Hutu and Tutsi probably will do little to attract support from the people most affected by the RPF’s economic policies.

After its first decade in power in post genocide Rwanda, the RPF has evolved into an enigmatic, Janus-faced regime. While it has used its skill and resourcefulness to commence a relatively promising economic reconstruction of the country, it has yet to tailor those policies to local conditions so that they reduce the longstanding socioeconomic cleavage; include institutions that acknowledge and reduce the marginalization of the majority of rural dwellers; and acknowledge and address the ethnicized economy in post genocide Rwanda. In short, solutions in the economic sphere have not occurred in tandem with reconciliation, making the latter a protracted and tenous process at best and an elusive quest at worst. To make reconciliation less protracted, if not elusive, the RPF might consider the adoption of more rural/regional development programs, embrace peasant representation in district and provincial land commissions, promote peasant/worker cooperatives, and perhaps even adopt an affirmative action program. To put such a burden on the RPF is grossly unfair. After all, it faces serious economic constraints from its subaltern status in a global economy hostile and unforgiving toward primary commodity producers. And, it receives insufficient support from an often indifferent, if not callous, international political community. However, if the RPF fails to address the country’s socioeconomic cleavage, the marginalization of peasants, and its ethnic division at this critical juncture in its country’s history, it will have missed perhaps a rare opportunity to help liberate Rwanda from its violent past and possible future.
Endnotes

4 Gacacas, or indigenous “grass courts,” to try participants in the genocide and the RPF’s attempt to include some members of the Hutu elite in its government are also part of the reconciliation process, however, they are not included in this paper. Essentially, the gacacas are still being organized and the RPF is still overwhelmingly a Tutsi dominated party.
6 While each country has an autonomous history, the politics in one clearly influences those in another.
13 Emizet, 2000, p. 165.
17 Peter Gourevitch, We Wish to Inform You that Tomorrow We Will be Killed with our Families. Stories from Rwanda (New York: Farrar, Straus and Giroux, 1998), pp. 162, 169.
19 Orla Ryan, “Rwanda’s Struggle to Rebuild Economy,” BBC News. 2004
22 Ibid., pp. 270, 229.
23 In terms of ethnicity, whereas Tutsi comprised the elite during the pre-independence era, Hutu constituted most—but not all—of the elite after 1962. After 1962, Tutsi, though clearly the victims of systematic discrimination, still managed a larger portion of representation with respect to their demographic share in the management of state-owned enterprises, banking, and the private sector. Nonetheless, the Hutu governments after 1962 limited Tutsi influence to the economic realm and retained their stranglehold on the country’s political and economic institutions. See A. Bell-Fialkoff, Ethnic Cleansing (New York: St. Martin’s Press, 1999), p. 185.
29 Uvin, Development, Aid and Conflict Reflections from the Case of Rwanda, p. 25.
32 Storey, 2001, p. 8
34 Ibid., p. 18.
35 Storey, p.4.
40 Prunier, The Rwanda Crisis, p. 371.
46 Ibid., p. 38.
50 Interview with Jean Claude Kayisinga, Coffee Program Coordinator, PEARL PROJECT. Butare, Rwanda, July, 2005.
53 Ibid., p. 3.
54 Van Hoyweghen, p. 367.
56 Rwanda Ministry of Finance and Economic Planning, 2003, p. 15
60 Final Report, p. 18.
61 Three RPA controlled comptoirs, or trading posts, Rwanda Metals, Grands Lacs Metals, and SOMIGL (Societe des Mines des Grands Lacs) receive deliveries of coltan directly from diggers working in riverbeds and mines in North and South Kivu, Maniema, and Katanga. In turn, the RPA comptoirs sell the metal to several international trading companies: Eagle Wings Resources International, Finmining, Raremont, and Cogecom, among others. Using international transport companies, such as ABAC, Steinweg, Ulba Aviakompania, and Sabena/Swiss Cargo, the international trading companies sell and deliver the coltan to Ulba Metallurgical Plant in Kazakhstan, the American firms Trinitech and Cabot, Ningxia in China, and H.C. Stark in Germany, where the coltan is processed into tantalum powder and then sold to the electronics industry where the powder is used to manufacture capacitors (Final Report, 2002a: 18-20; IPIS, 2002: 10-15).
64 World Bank: 2004, p. 4.
67 See Musahara and Huggins.
68 Ibid., p.2.
69 Ibid., p.3.
70 Prunier, The Rwanda Crisis, p. 387. Though the Prunier reference is from 1997, it is still valid.
71 It has been estimated that 60 to 70 per cent of coltan revenue has been reinvested in the military, leaving between 30 to 40 per cent unaccounted for.
72 See Musahara and Huggins.
74 Van Hoyweghen, p. 359.
76 Ibid.,
77 To a limited extent, the RPF has already initiated such a strategy. For example, the Nkora coffee factory has been sold to Cooperative UPROCA and Maraba Coffee is a worker owned cooperative, as is the Nyagatara dairy, purchased by cooperative KOABOMU (Rwandan Ministry of Finance and Economic Planning, 2004).
78 Whether organized as a producer cooperative or an employee stock ownership enterprise, both would be consistent with privatization. Though cooperatives will not quickly or substantially reduce income inequality and completely eliminate ethnic tensions, their increased presence could begin to change the perception of the Hutu majority that it is being ruled by a foreign, alien government unconcerned about its plight.
80 Ibid., p. 8.
81 Van Hoyweghen, p. 359.
83 Ibid., p. 19.