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A Political Marketplace Analysis of South Sudan's 'Peace'

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Summary

This policy brief provides an analysis of the risks that South Sudan faces given the current convergent economic, security and political crises on the eve of the overdue establishment of the Transitional Government of National Unity (TGoNU).

South Sudan today is a collapsed political marketplace. The country's political market was structured by competitive militarized clientelism for access to oil rents. Those oil rents have almost disappeared but the structure of competition is unchanged and the price of loyalty has not reduced to a level commensurate with the available political funding. The result is that political loyalty and services are rewarded with license to plunder. This is inherently self-destructive. South Sudan's political economy is being consumed to feed its political-military elite.

The convergent economic, security and political crises mean that South Sudan is entering an extremely dangerous phase.

This policy brief provides tools for analysis rather than recommendations for action. The dominant political discourse on South Sudan is framed in ethnic terms: this briefing seeks to provide alternative concepts and language.

It points to the need to stabilize South Sudan's political marketplace before there can be any prospect of sustainable peace, let alone a transition to an institutionalized political order. Policymakers need to attend particularly to the options for modest increases in political funding (notably through the renegotiation of the transitional financial arrangements and oil pipeline fees with Khartoum) and measures to reduce political uncertainty.

South Sudan's Political Marketplace

From the signing of the Comprehensive Peace Agreement (CPA) in 2005, South Sudan functioned as an oil-based rentier political marketplace, in which the ruler (President Salva Kiir) provided access to oil rents in return for political allegiance. By this means, he was able to bring the majority of armed groups into the SPLA's 'big tent', but only on the basis of spending most government revenue on an unreformed security sector. This maintained a façade of unity among the political elites. It secured independence. However, the viability of the system was entirely dependent on a continued inflow of oil funds, and when that was shut off in January 2012, it was only a matter of time before the system crashed. When political rivalries for the leadership inevitably emerged,

Pres. Kiir did not possess the funds, repressive apparatus, or political skills to maintain his position: the war arose from a mismanaged kleptocracy.

Entering the war, the Government of the Republic of South Sudan (GoRSS) was nearly bankrupt and had mortgaged its oil production against short-term loans from the oil companies. The funds were used for political and security payments. The GoRSS used the same means to finance the war, augmented by asset transfers and sales. The latter include extortion of taxes and levies, corrupt sale of natural resources such as timber and land, and licensing armed units to pillage including stealing material goods and assets.

In a militarized political marketplace, people can also become commodities to be traded, damaged, or stolen. The South Sudanese political-military elites have adopted the governance practices of the northern political-security managers, popularly known as 'Jellaba politics', which alludes to the way in which the Arab merchant historically class traded in people as well as material commodities and political allegiances. Through this logic, war-licensed pillage includes stealing, damaging or destroying people, including through rape, abduction, forced labour and forced conscription.

The short term crisis could be resolved only by one of three means:

1. Buy-in: a power-sharing deal among the contenders. This was the strategy of the CPA. It was possible in 2005 because the budget was increasing by more than 25% per year. It is not possible under current conditions of austerity.

2. Victory and repression: one contender secures military domination and uses an efficient security apparatus to enforce loyalty. This is not possible because the civil war became an ethnic war, making outright victory impossible, and the army is unreformed.

3. Skilled management of the political market: the CEO negotiates a pact with the political financiers to obtain more funds and to regulate the marketplace, providing enough leeway to stabilize the situation. This remains an option but it requires skills and coordination that have been in short supply.

None of these has yet happened. In the meantime, the oil-based centralized rentier system has changed to a system of allocating licenses to plunder.

- The GoRSS has expanded the provincial administrative apparatus, creating 28 states to replace the previous ten, thereby creating thousands of new jobs. These jobs command putative salaries but more immediately they come with license to set up checkpoints on administrative boundaries, collect local taxes and levies, and sell land and other natural resources, or obtain graft from such sales. It is akin to a pyramid scheme, satisfying the immediate demands of a certain group while generating broader expectations that cannot be met, in a cascade that ultimately results in collapse and disorder.

- Loyalists are appointed to administrative posts and others are dismissed.

- The SPLM-in Opposition is adopting the same approach.

- The banks are pressed to provide real estate loans, which are then partly recycled into political spending. (This creates an illusion of urban development.)

- Local authorities and unit commanders are creating proliferating unlicensed checkpoints on roads and even within cities, which are opportunities for extortion.

- Unit commanders and ordinary soldiers are paid by license to loot and pillage. This has reportedly been expanded to include license to rape. While 'paying' soldiers through license to abduct women and children and perpetrate sexual violence is unusual, it is consistent with the logic of the political marketplace that reduces powerless people to commodities to be destroyed, owned, or exchanged for political or military services.

These measures create bitterness and division. They are tantamount to asset stripping: the governance apparatus is shamelessly consuming itself and the country's human and natural resources to stay in power.

These measures also have another significant effect: they attenuate lines of command and allegiance. What happens is that provincial elite members, unit commanders and individual soldiers interpret their license as unlimited: they can help themselves with impunity. The CEO loses direct control over the licensing of robbery and other forms of criminality. The junior members of the hierarchy no longer see these as specific rewards earned in exchange for political service, but instead as an entitlement because of their local power base. Consequently, command and control fractures.

The August 2015 Compromise Peace Agreement (CPA-2) resembles the January 2005 CPA in being a power- and wealth-sharing agreement. But the CPA was workable because of the rapidly expanding budget. The same formula is unworkable at a time of extreme austerity. No peace agreement in Sudan or South Sudan has been implemented without an expanding budget.

Economic Crisis

South Sudan is going over a fiscal cliff. Its hard currency reserves are almost used up. It is on the brink of hyperinflation with the real value of salaries shrinking by the week and prices revised upwards regularly. Government revenue is near zero. Debt repayments are onerous. The GoRSS behaviour has been so bad that no international donor will bail it out.

Political leaders and senior civil servants are engaged in very short-term political management, scarcely looking further ahead than a week or two. In their interactions with representatives of donors and international financial institutions (IFIs), they seem generally unconcerned with the immediate prospect of a macroeconomic crisis that would lead to hyperinflation, the erosion of the value of salaries, the collapse of essential imports (including food and fuel).

There is method in this apparent unconcern. The kinds of financial assistance that are on offer from western donors and IFIs will not resolve the crisis of short-term political budgeting in the short or medium term. Assistance to stabilize the macroeconomy would, even if successful, have no impact on the political options for the political principals. Moreover, engaging in negotiations with the IFIs would entail facing tough conditionalities in terms of economic adjustments. There is no short-term benefit to this, and there is the downside of spending time and energy on activities without immediate benefit, with the opportunity cost of spending time and effort on political intrigue.

The strategy of making the international community responsible for the survival of the South Sudanese people has worked for the political-military leadership in the past. The prevailing attitude among the GoRSS leadership is that the CPA-2 does not address their concerns and was imposed by the international community, which therefore should shoulder responsibility for the consequences.

Outside the current asset-stripping strategy, there is only one option for replenishing the political budget. This is the renegotiation of the oil and transitional financial arrangements (TFA) agreement with Khartoum. This agreement was signed in September 2012, to enable the pipeline to Port Sudan to reopen. It expires in April. The two governments are renegotiating it on a bilateral basis without any third party mediation—or, to be more accurate, President Omar al Bashir is imposing his terms on South Sudan.

The previous arrangement is clearly untenable because of the low price of oil and Juba's clear incapacity to pay. What is to Pres. Kiir's immediate benefit is an arrangement whereby the pipeline fee and TFA payments are much lower (giving him some ready funds). What is to Pres. Bashir's benefit is that the bargain will involve tight conditionality (e.g. ending military assistance to northern rebels), which is adjustable according to Sudanese evaluation of the South's compliance. Another condition will be that Juba agrees to proceed with the long-promised joint mission to IFIs and western donors/creditors, especially the U.S., looking for debt relief and the lifting of financial sanctions.

Pres. Bashir will push South Sudan to the brink, but he has no interest in further degradation or chaos there. For South Sudanese this deal has the unpalatable consequence that Khartoum once again becomes the dominant player in the South

Sudanese political market. The arrangement could be made more viable if there were to be a pact between Pres. Bashir and Ugandan President Yoweri Museveni on a joint management of political finance in South Sudan, with the aim of regulating the market so as to reduce the prevailing price of loyalty and enabling a modicum of stability. Such a pact is, however, unlikely: much more probable is that the two will continue to compete for influence in South Sudan.

Political Crisis

In principle, the CPA-2, backed by the IGAD member states and international community, should create a monopsonistic political marketplace in which there is a single coordinated purchaser of loyalties. This would reduce uncertainty and competition, reducing the price of loyalty, and allowing the political class to focus on longer-term issues.

This is not happening. The CPA-2, alongside the unclear status of the local government reorganization, has not reduced competition and uncertainty and may indeed have increased them. In the immediate term, the personal future of every single member of the political elite is in question. In the medium term, the two-year horizon for elections means that all political contenders expect that today's political dispensation will unravel. The immediate cause of the war, which was contestation over who would be the SPLM candidate for the presidency, has not been resolved. Many justifiably fear they will be charged with war crimes or worse. These uncertainties lead to a steep discount on the efficacy of loyalty payments: all parties to any transaction are aware that they may need to renegotiate at any time.

The CPA-2 logic of power-sharing is not intrinsically wrong. It is just unworkable under current political market conditions.

In short: there is a crisis of confidence in the South Sudanese political market. This is manifest in repeated delays in the formation of the TGoNU; disinterest in the implementation of the CPA-2; in desperate search for short-term political funds; and in tactical manoeuvring by all members of the political elite and a focus on undermining one another rather than building coalitions. The elites are concerned with political survival in a situation of extreme unpredictability.

In parallel, international sponsors of the CPA-2 focus on the medium-term goal of implementing the provisions of the agreement, with an eye to South Sudan's transition out of fragility. They think linearly in terms of progress towards the goals, and see failure to achieve benchmarks as a lapse to be remedied. They are concerned with accountability for crimes and with democratization. There is a virtue in an international consensus on the need for establishing the TGoNU and implementing the CPA-2, insofar as it provides a rigid framework for political expectations and thereby deters second-guessers and spoilers. However, this virtue becomes a real force for stability only when there is a credible enforcement capacity such as a strong military stabilization operation. In the absence of such a capacity, the internationals need to tread a delicate line of supporting the implementation of the CPA-2 while discreetly preparing for its failure, without thereby undermining confidence.

Security Crisis

South Sudan's elites are deeply fearful and are keeping their options open. In the current circumstances, no South Sudanese political-military actor would risk lessening the readiness and capability of his armed units, let alone integrate them into a security institution over which he has anything less than direct control and instant command. Meanwhile, the economic crisis and political uncertainty have reduced the bargaining power of commanders over their subordinates.

South Sudanese are in grave danger from their bloated and undisciplined soldiery, and especially so given that unsalaried troops are a grievous risk anywhere. There is no prospect of security sector reform or disarmament and demobilization. Such programmes can only be driven by political demand: either by a consolidated political authority or by concerted actions of political patrons and financiers. The first is not in prospect, the second is a possibility if rivalries among the neighbouring states can be resolved.

Various forms of violence, all of them consistent with the logic of the political marketplace, are possible in South Sudan today.

1. Crime. The imminent fiscal cliff and hyperinflation raises the prospect that

army salaries will not be paid or will be worthless. Soldiers turning to looting will likely be commonplace and will make the entire country unsafe, including heightened risks of carjacking and robbery in cities.

2. Licensed crime in lieu of payment: a version of the above.

3. Payroll mutiny. A revolt by underpaid soldiers that would immediately lend itself to political opportunism. However, the absence of a clear authority that can deliver results to mutineers means that a coordinated mutiny is less likely than fragmented extortion and robbery.

4. Rent-seeking rebellion. The use of violence to claim a stake in the patrimonial system, and the counter-violence from the CEO to reject or diminish that claim.

5. A power grab or pre-emptive strike. The danger of this is heightened by the decision that, contrary to the promise of demilitarizing the national capital, security in Juba should be the joint responsibility of the SPLA and the SPLA-IO.

6. Inter-communal violence. Juba, hitherto the most ethnically mixed city, is fast becoming a city of ethnic enclaves, each with its own defence forces. The ethnic segregation of residential neighbourhoods, markets and services, will be reflected in an ethnicization of security provision.

7. Any violence, initiated for other reasons, may turn into local ethnic elimination. This may happen either through a local logic of retaliation or, more dangerously, a stratagem by senior politicians or commanders to build or temporarily sustain an organized military coalition by organizing massacres and looting targeted at another ethnic group.

In a collapsing market, political errors are more likely, and violence is likely to take on its own logic, escaping from restraint. An otherwise insignificant incident, or violence intended to achieve a limited goal (a robbery, a demonstration demanding payment of salary arrears, or an opposition politician whose hotel bill is no longer paid demanding the return of his former residence, which was stolen) could escalate into other forms of violence. The dangers of such escalation are particularly high in urban areas.

Prospects

South Sudan has resembled a political 'bear market' for the last few years. It is now entering a full market crash in which politicians are either retreating to secure their minimum positions, or seeking to profit from the coming meltdown.

If this political marketplace analysis is even broadly correct, the South Sudanese, their neighbours, and the international community need to rethink political options urgently.

South Sudan needs a well-managed political budget and measures to stabilize or reduce the price of loyalty, before the country can contemplate a transition to any form of stable politics let alone a transition to institutionalized governance. The best immediate prospect for this is for the neighbouring countries to work together on joint management of political funding, though elements of this are highly unpalatable to South Sudanese and it has longer-term detrimental implications.

In the meantime, minimizing the risk of large-scale violence is an absolute priority.

The leaders of South Sudan need urgently to reassess their political strategies, because they are heading for collective destruction. Although individually they may appear trapped in the logic of violent competition, they need to explore ways in which they could collectively escape that trap. Rather than a political discourse based on ethnicity, one based on economics would be helpful.

About the author

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