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After *Blood Diamonds*
The Moral Economy of Illegality in the Sierra Leonean Diamond Market

Nina Engwicht



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Abstract

While the role of illegal markets in contemporary inner-state wars has drawn considerable attention from both researchers and policy makers, very little is known about the fate of these "war economies" after the end of violent conflict. This paper aims to contribute to an understanding of the functioning of illegal markets under the condition of limited statehood by examining what has become of a notorious war economy: the illegal diamond market in Sierra Leone. Drawing on extensive field research, this analysis of the social order of the illegal diamond market in post-conflict Sierra Leone shows that while illegal activities are still widespread, the illegal diamond economy has largely been peacefully integrated into the social and economic order of the post-conflict society. In contrast to the violent and conflict-fueling war economy, the post-conflict illegal diamond economy is surprisingly benign. I argue that the illegal Sierra Leonean diamond market today can be understood as a moral economy of illegality, since economic action in this market is decisively shaped and regulated by widely held social norms about legitimate and illegitimate practices. It is highly interwoven with both the state and the legal markets, and has thus become part of the "peace economy."

Zusammenfassung

Während die Rolle illegaler Märkte in zeitgenössischen innerstaatlichen Kriegen erhebliche Beachtung in der Politikforschung und -praxis erfahren hat, ist nur sehr wenig über das Schicksal dieser „Kriegsökonomien" nach dem Ende gewaltsamer Konflikte bekannt. Dieses Diskussionspapier will zu einem Verständnis der Funktionsweise illegaler Märkte unter der Bedingung schwacher Staatlichkeit beitragen. Dazu wird ein illegaler Markt untersucht, der als typische Kriegsökonomie Berühmtheit erlangte: der illegale Diamantenmarkt in Sierra Leone. Basierend auf umfangreicher Feldforschung zeigt diese Analyse der sozialen Ordnung des illegalen Diamantenmarktes in der sierra-leonischen Postkonfliktgesellschaft, dass illegales Handeln auf dem sierra-leonischen Diamantenmarkt zwar immer noch weit verbreitet ist, sich die illegale Diamantenökonomie jedoch weitgehend friedlich in die soziale und ökonomische Ordnung der Postkonfliktgesellschaft integriert hat. Im Gegensatz zur gewaltsamen und Gewalt verstetigenden Kriegsökonomie ist der illegale Diamantenmarkt in der Nachkriegsgesellschaft überwiegend gewaltfrei. Der illegale Diamantenmarkt im heutigen Sierra Leone kann als „moralische Ökonomie der Illegalität" verstanden werden, da ökonomisches Handeln auf diesem Markt entscheidend durch soziale Normen der Legitimität und Illegitimität geprägt und reguliert wird. Indem der illegale Markt eng mit dem legalen Markt und dem Staat verwoben ist, wird er zum Teil der „Friedensökonomie".

Contents

1 Introduction 1

2 Theoretical framework: From war economy to moral economy of illegality 2

3 The illegal Sierra Leonean diamond market in historical perspective 4

4 Method 6

5 The illegal diamond market in post-war Sierra Leone 9

Honorable thieves: Legitimacy in the illegal diamond market 9

"Mafians, crooks and powder-sellers": Illegitimacy in illegal markets 19

6 Conclusion 22

References 24

After *Blood Diamonds:* The Moral Economy of Illegality in the Sierra Leonean Diamond Market

1 Introduction

The role of illegal markets, especially in natural resources, in contemporary inner-state wars has been a much-discussed topic in contributions to conflict studies in the last two decades. Rooted mainly in political science and economy, research examining the "resource curse" – and more specifically, "economies of conflict" – has demonstrated that illegal markets can provide the means and the motive for the perpetuation of violence in inner-state wars (see e.g., Elwert 1997; Reno 2000; Jean/Rufin 1999; Collier/Hoeffler 2000; Berdal/Malone 2000; Ballentine/Sherman 2003; Orogun 2003; Ruf 2003, Kurtenbach/Lock 2004; Pugh/Cooper/Goodhand 2004; Berdal 2005; Fearon 2005; Lujala/Gleditsch/Gilmore 2005; Arnson/Zartman 2005; Le Billon 2013). Among the natural resources, alluvial diamonds have been particularly linked to civil war risk, as they are easily "lootable,"[1] thereby providing a high incentive for rebel fighters to gain and keep the monopoly of violence in diamondiferous territories (Le Billon 2001, 2008). Yet little is known about the fate of illegal "war economies" in the wake of violent conflict. Studies of illegal markets in postwar societies usually focus on contexts in which the difference between the state of peace from the former state of war is hardly discernable (see e.g., Schlichte 2003) and tend to stress the commonalities between the war economy and postwar illegal market structures (see e.g., Andreas 2004; Nikolić-Ristanović 2011). More generally, studies of illegal markets under conditions of weak statehood emphasize the threat that ongoing illegal market structures pose to state-building and the consolidation of peace, especially when transnational organized crime structures take root in a post-conflict state (Banfield 2014; Cockayne/Lupel 2011; Hansen 2013; Kemp/Shaw/Boutellis 2013).

This paper examines the case of an illegal market in a conflict-affected state that has, in the past, often been equated with a prototypical war economy: the illegal diamond market in Sierra Leone. In the 11-year-long, brutal civil war, which ended in 2002, the Revolutionary United Front (RUF) sought control of the diamondiferous territories of the country, terrorized the population and forced civilians to mine diamonds for them, which were then traded with the Liberian warlord-turned-president Charles Taylor in exchange for weapons and supplies. Several peace negotiations failed due to the RUF's refusal to give up the diamond-yielding areas. Large parts of the Sierra Leonean army

I am indebted to Matías Dewey, Renate Mayntz, James Mahoney, William Reno, Jens Beckert, and the participants in Gary Fine's Ethnography Workshop in the winter of 2013 for comments on earlier versions of this paper. The sole responsibility for any flaws, however, lies with me.

1 Alluvial diamonds can be mined without substantial training, using simple and inexpensive tools such as shovels, buckets, and sieves.

collaborated with the RUF, and nearly all of the warring factions – Sierra Leonean and international – were at some point accused of participating in illegal diamond mining and trading.

As a notorious example of "blood diamond" trade, the Sierra Leonean case decisively impacted the development of the Kimberley Process Certification Scheme (KPCS), aimed at controlling the trade in rough diamonds and ending the trade in "conflict diamonds" – diamonds mined under conditions of war, by rebel groups. Sierra Leone became a member of the KPCS in 2003. On the national level, the implementation of the KPCS was complemented by general state-building, security sector reform, and reforms in the diamond sector aimed at legalizing the market and making it transparent and taxable.

While the Sierra Leonean diamond market has thus been a prime example of a war economy, it is, in comparison to others, also a model case of institutional reform. This article enquires into the legacy of the Sierra Leonean war economy by examining the social order of the illegal diamond market in the post-conflict society. I show that, in spite of extensive sector reform, illegal diamond production and trade are still widespread. Contrary to common wisdom concerning the persistence of war-economic structures, however, the continued illegality in the diamond market does not imminently threaten the stability of the post-conflict state. Instead, illegal market structures and practices have become integrated into the social, economic and normative order of the post-war society. In contrast to common cases of surviving war economies, where former warlords continue to hold considerable power, allowing them to pursue economic and political agendas and undermine effective law enforcement, in the Sierra Leonean case, power is not the primary *explanans* for continued illegality. Rather, illegal diamond production and trade largely take place within the boundaries of what is widely considered appropriate social behavior. As a consequence, they are commonly condoned by enforcement agents and actively supported by legal market actors. Large parts of the illegal diamond market are deeply intertwined with the legal sphere, lending social legitimacy to formally illegal market action. In other words, the war economy has been absorbed by the peace economy, whose norms and institutions decisively shape the social structure of today's illegal diamond market.

2 Theoretical framework: From war economy to moral economy of illegality

Illegal markets which survive the end of violent conflict and persist into the post-conflict society have been the subject of three strands of literature. First, studies focusing on the legacy of violent "war economies" are concerned with the extension of harmful economic structures into the peace society (Keller/Newman 2007). Rooted in academic debates about the changing character of war and "resource wars," this literature emphasizes the spoiler risk emanating from the proceeds of illegal market activity. More

broadly, the literature on "illicit" or "shadow" markets in fragile and conflict-affected states examines the functioning of illegal markets and their relation to the weak state (Williams 2009). Lastly, research on organized crime in post-conflict societies examines the persistence of old and the establishment of new networks of organized criminal activity after the end of war and their relation to global crime (Shaw/Mangan 2013; Vorrath 2014). The common denominator of these three branches of literature is that they characterize illegal markets as an inherent threat to weak and conflict-affected states, as they potentially incentivize peace spoilers, attract violent entrepreneurs, and undermine state-building. Illegal markets under conditions of weak statehood and conflict are hence portrayed as inherently violence-prone and destabilizing for post-conflict states. With the exception of studies that introduce the concept of a "coping" or "survival" economy in order to stress that illegal economic activity within the war economy is often a necessary means of survival for war-affected populations (Pugh/Cooper/Goodhand 2004), most research in the field depicts illegal markets in conflict-ridden societies as predatory and harmful. Policy recommendations addressing resilient war economies therefore commonly put forward a variety of measures aimed at reducing illegal activity, centering on crime fighting, the strengthening of state governance, and the formalization of resource sectors.

In this paper, I argue that the remnants of war economies do not necessarily undermine the peaceful order of a post-conflict society. While illegal diamond production and trade are still widespread in present-day Sierra Leone, the social structures of the illegal diamond market bear little resemblance to the violent and predatory system that characterized diamond production and trade during the civil war. Instead, the market structures that used to form part of the war economy have assimilated into the social and economic order of the post-conflict society. Based on an in-depth empirical analysis of illegal economic practices in today's Sierra Leonean diamond market, the argument put forth here is that the post-conflict illegal diamond economy can be understood as a *moral economy of illegality*.

The concept leans on two branches of literature. It draws on economic sociology, which focuses on the social nature of markets and the "embeddedness" (Granovetter 2000; Polanyi 2001) of economic behavior in personal, institutional, and normative social structures. Market sociology understands markets as "arenas of social action" (Beckert 2007) ordered through interpersonal relationships (Granovetter 1973), formal institutions (Fligstein 1996) as well as social traditions, values, and norms (Zelizer 1992; Healy 2006). With regard to the significance of social customs and normative beliefs vis-à-vis material interests in market outcomes, the concept of *the moral economy* was coined by Thompson (1971). In his study of food riots in eighteenth-century Britain, Thompson shows that widely-held perceptions about legitimate and illegitimate economic practices that are based in traditional interpretations of "social norms and obligations, of the proper economic functions of several parties within the community" shape actors' attitudes towards the economy to the point where a violation of cultural norms and values may even elicit moral outrage (Thompson 1971: 79).

With regard to illegal activities, the notion of social legitimacy and illegitimacy finds its equivalent in the theory and sociology of law that distinguishes between the judicial, social, and moral dimensions of the law. Legality is conceptually and empirically dependent on statehood, as the modern nation-state defines and enforces legality. An analysis of illegality under conditions of limited statehood must specify its concept of illegality in relation to weak statehood. The study of law allows us to distinguish between the judicial, social and moral elements of legality and illegality (see Weber 1922; Hart 1961; Tyler 1990; Alexy 1994).[2] The judicial component relates to the written law – the body of legal norms enacted by the state, which citizens are expected to follow. It is thus *normative*. The second component refers to the *empirical* or *social* legality of a given norm – the question of whether a norm is widely acknowledged and followed by the subjects of law, and whether deviance is sanctioned by the state. In areas of limited statehood, divergence between the judicial and the social components of law is often the norm. Widespread non-compliance and lack of law enforcement lead to a situation in which behavior which is prohibited "on paper" is not "effectively illegal" (Paoli 2009). Especially in countries of the Global South, market practices that are formally, but not empirically illegal are often characterized by a high degree of social legitimacy (Hart 1973; Webb et al. 2009; Dewey 2014). Lastly, the moral component of law refers to the congruence between what is legal and what is moral. The implications of *de facto* legality and social legitimacy in the face of formal illegality for the social order of illegal markets will be discussed throughout the empirical analyses of the illegal diamond market in Sierra Leone.

3 The illegal Sierra Leonean diamond market in historical perspective

Since the discovery of diamonds in Sierra Leone in the 1930s, the history of diamond production and trade has been characterized by contestation about legitimate access to the country's resource wealth (van der Laan 1965; Reno 1995; Zack-Williams 1995; Keen 2005). Colonial rulers and later successive independent governments granted mining

2 Some parts of the illegal diamond market, which I portray, resemble markets that are often referred to as "informal." I do not characterize them as informal markets for several reasons: where the term is used not to describe economic activity that is not regulated by law, but instead refers to small-scale market exchanges that, though clearly illegal, seem hardly criminal, the distinction between the illegal and the informal is arbitrary and often depends solely on the moral judgment of the researcher. While it is important to bear in mind that already socially and economically excluded people should not be further marginalized by social science research characterizing them as criminal, the term "informal" seems to be of limited analytical and practical value with regard to the research topic. It cannot define at what point a market transaction is informal and at what point it is illegal. Instead of separating the illegal from the informal, the paper therefore examines what is typically characterized as the informal diamond market as part of the illegal market sphere and discusses the various dimensions of its legality and illegality throughout the analyses of the case.

concessions for the richest diamond-yielding deposits to large corporations (first the Sierra Leone Selection Trust [SLST], later the National Diamond Mining Company [NDMC]), effectively criminalizing large parts of the mining operations by local populations. The early years of organized diamond production set out the market structures and social conflicts that would shape the diamond economy for decades to come. In the 1950s and 1960s, the diamond economy was already characterized by the presence of large numbers of illegal miners in the diamondiferous territories working under the protection of local chiefs, by political contestation over the rights of local populations to participate in the diamond economy, and by political agents arming illegal diamond miners to intimidate opponents. The regimes of Siaka Stevens (1968–1985) and his successor Joseph Momoh (1985–1992) have often been described as the dissolution of formal statehood, as Sierra Leone turned into a prototype of a "criminalized" African state (Bayart/Ellis/Hibou 1999). The ruling elite pocketed the rents of the legal and the illegal diamond economies alike while the country slipped into a downward spiral of economic crisis and rising social tensions.

The insurgence of the Revolutionary United Front (RUF), backed by the Liberian warlord and later president Charles Taylor, marked the beginning of a 14-year civil war that culminated in complete state collapse. Diamonds became a primary motive and means for sustained warfare. The RUF traded Sierra Leonean rough diamonds with its Liberian benefactor in exchange for weapons and supplies. Soldiers of the Sierra Leonean army colluding with rebel forces coined the notion of the "sobel" phenomenon, denoting fighters with loose and changing affiliations to armed factions, engaged in looting, racketeering, and illegal mining. All warring factions took part in the illicit diamond economy: rebel groups and the Sierra Leonean army, civil defense forces, and peacekeepers (Smillie/Gberie/Hazelton 2000). Violence was a central means of diamond production and trade in the RUF's war economy. The RUF used slave labor to produce and transport rough diamonds for their war and uprooted the traditional diamond market by killing and displacing miners and by directly attacking Lebanese and African diamond traders. However, parts of the traditional diamond economy survived in and assimilated to the war economy. Warring factions engaged in traditional "support" systems of mining, in which the proceeds are shared between the diggers and the person holding the right to the land, and legal and illegal diamond dealers, miners, and exporters willing to operate in a high-risk economic environment went into business with the armed factions.

After several failed peace negotiations, the prolonged brutal violence against the Sierra Leonean civilian population in pursuit of diamond wealth and the entanglement of warring factions with organized crime and terrorism networks evoked a determined response on the part of the international community to the Sierra Leonean war and its illegal economy. The UN Security Council sanctioned diamond exports from Liberia and Sierra Leone and intensified its peacekeeping efforts. International troops ousted the RUF from the mining regions. Deprived of their primary source of income and under increasing military pressure, the RUF effectively dissolved, ending the war in

early 2002. On the level of the global diamond market, pressure from the international community and civil society organizations led to the establishment of the Kimberley Process Certification Scheme (KPCS), a governance regime regulating the international trade in rough diamonds with the purpose of ending the trade in "conflict diamonds" – i.e., diamonds mined by insurgent groups to finance warfare. Sierra Leone became a KPCS participant in 2003. On the level of Sierra Leonean institutions, KPCS membership was accompanied by extensive reforms of the domestic diamond and security sectors. These included legal reforms, the development of a cadaster system of Sierra Leonean minerals, the establishment of a National Minerals Agency, charged with policy implementation in the mineral sector, and the training of specialized units within the Sierra Leonean police force.

Since the end of the Sierra Leonean war, the most prominent market structures and actors featuring in the war economy have largely disappeared from the scene of the illegal diamond economy. Charles Taylor, RUF-leader Foday Sankoh and several leading figures of the warring factions are serving jail sentences or have died in prison. The defeat of the RUF and the ceasing of hostilities halted the production and trade of diamonds by armed groups using violence and intimidation. In this sense, some of the most distinctive features of the war economy have vanished. Under the threshold of high-profile market actors and armed groups, however, a multitude of legal and illegal actors who formed part of the war economy still participate in the Sierra Leonean diamond economy today. These include hundreds of disarmed combatants, now called "unemployed youth," mining in the former "Number 11" mine in the Kono district; small-time miners and dealers who have "coped" in the war economy, and legal and illegal dealers and exporters who profited handsomely from dealing with warring factions and crime groups. Apart from the persistence of specific networks and actors of the war economy, today's illegal diamond market features economic practices, networks and institutions that originated in pre-war times. Some of these market structures survived through the war economy and extended into the post-conflict society, while others were disrupted by the war and have been re-established in the post-conflict economy.

4 Method

The analysis of Sierra Leone's illegal diamond market is based on six months of field research conducted in 2012 and 2013. In the course of the field research, I interviewed market and state actors, members of civil society organizations and international organizations, journalists, and victims of diamond scams. Data collection took place at four research sites: in Koidu, one of the centers of diamond mining and trading, and the center of diamond production during the Sierra Leonean civil war; in the Kabala region, bordering Guinea; in the Zimmi region, bordering Liberia; and in the Sierra Leonean capital, Freetown.

Among the market participants, my main interviewees were legal and illegal miners[3] and their financiers, legal and illegal dealers, legal exporters, and smugglers. Many illegal diamond dealers, commonly referred to as *banabana* or *jula*, meet at specific marketplaces, so-called "Open Yai" (Open Eye) markets, where diamonds are illegally dealt. I conducted group interviews and participant observations at seven Open Yai markets, often in a series of interviews over the course of several months. Of all the actors in the illegal diamond market, smugglers and scammers were the most elusive type of interviewee. I managed to interview several market agents who smuggled diamonds of varying value and with varying frequency into or out of Sierra Leone. One of these interview partners was an international employee and shareholder of a small-scale mining company who claimed to smuggle substantial amounts of diamonds (valued up to several hundred thousand US dollars) out of Sierra Leone; two more interview partners who worked as brokers also admitted to occasionally smuggling out diamonds of high value. Several *banabana* reported that they occasionally smuggled diamonds worth between several thousand and tens of thousands of US dollars into Guinea. Finally, there is smuggling activity that may not be best understood by labeling it as smuggling: in the border regions, diamond people mine diamonds in one country but live in another country, where they sell the diamonds they mine. Instead of interviewing scam artists – who would be rather unreliable interview partners – I conducted interviews with victims of diamond scams and law enforcement officials working on cases of diamond scams. Legal diamond dealers and exporters were also an important resource, though not easily accessible. One diamond exporter in particular proved to be an invaluable source of information by allowing me unlimited access to his office. This allowed me to observe the interactions between market participants – legal and illegal miners, dealers, and exporters, as well as state agents – mines monitoring officers, police officers, chiefs, and politicians – in a diamond buying office on a near-daily basis over the course of several months. Diamond mining and dealing is an extremely gendered activity. Apart from one female miner, all interviewed market participants were men.

The group of state actors who were interviewed during the course of field research consisted mainly of the following: mines monitoring officers; mines wardens; a mines engineer; police officers deployed at local police stations and on checkpoints in the border regions; staff of the High Court in Freetown, local courts and magistrate courts; personnel of various specialized police units, such as INTERPOL, the Transnational

3 In the course of interviewing it became apparent that it is often nearly impossible to distinguish between legal and illegal miners. In several interviews miners reported that they were mining illegally. Later on in the interview it became clear that they were in fact mining in agreement with the license holder of the land – which is legal – but did not have a written agreement with him, which is why they were frequently arrested by law enforcement, whom they had to bribe to get their tools back. The blurriness of the boundary between the legal and the illegal markets stemmed from either the diamond miners not knowing whether they were mining legally or illegally or from their lack of a written agreement with the license holder of the land they were mining. These cases, in which the categorization of an actor was impossible, were not dismissed from the data set, but are instead used to learn about the reality of artisanal mining in Sierra Leone and the intersection between legal and illegal practices.

Organized Crime Unit, the Office of National Security, and the Precious Minerals Unit within the Sierra Leonean National Police; and staff of the Ministry of Mines and Mineral Resources, the newly founded National Minerals Agency, and the Government Gold and Diamond Office. Among the group of civil society groups and international organizations, I generally interviewed those who work on the diamond market or diamond-related topics, such as members of the non-governmental Network Movement for Justice and Development, the Sierra Leone Extractive Industries Transparency Initiative, the German GIZ, the Mano River Union, the United Nation's UNPOL, and the British High Commission.

The nature of social life in Sierra Leone often made it impossible to conduct one-on-one, confidential interviews or group discussions with the same set of participants over the entire interview. In many cases, interview partners joined the conversation and sometimes took over, while others left. For this reason, the repeated conversations I had with illegal dealers at the Open Yai markets did not take the form of focus group discussions, but rather of informal group conversations that sometimes evolved from or into one-on-one interviews. They were often linked with episodes of participant observation, as the conversation would be interrupted when interviewees would buy diamonds, when mines monitoring officers would come to the Open Yai market, or when other social interactions took precedence over the interview. In instances where a confidential one-on-one interview was deemed necessary, the interviewee would be asked for an interview at a less public location. Most of the time, though, diamond dealers were interviewed while "on the clock," since diamond dealing tends to be an all-day activity, and no one can afford to lose a customer or a due commission because they were out of office. For this reason, interviews were often interrupted and had to be picked up later.

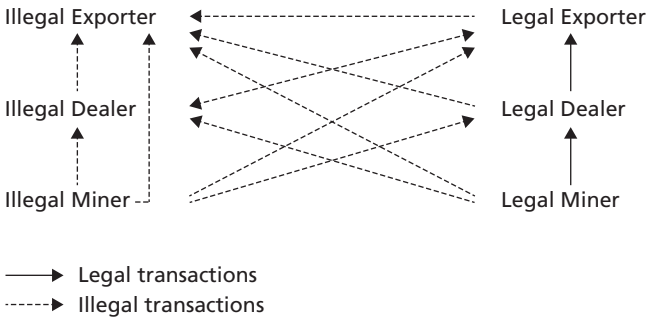
Actors in illegal markets are often depicted as a particularly hard-to-access group for the social science researcher. I found this to be only partly true. While in many instances, the establishment of a relationship of trust (or at least goodwill) before and throughout a series of interviews was crucial for collecting relevant and reliable data, illegal market participants were not elusive *per se*. Rather, the willingness to participate in an interview was often linked to the perceived legitimacy or illegitimacy of an actor's role in the market: since illegal diamond dealing is not socially defined as criminal, illegal dealers were not a difficult-to-access group. Smuggling, however, is widely seen as cheating the state: therefore it was difficult to interview smugglers. Likewise, legal diamond dealers were at times reluctant to be interviewed out of fear that they would be depicted as exploiting the miners or dealing in blood diamonds. Thus, experiences that were made with regard to the methodology shed light on one part of the studied topic: the social legitimacy of legality and illegality.

5 The illegal diamond market in post-war Sierra Leone

This section portrays the structure of the illegal diamond market, the interactions of illegal market participants with the legal market and the state, as well as predominant ideas of legitimate social action in the market. An actor is categorized as part of the illegal diamond market when he/she lacks a valid license for his/her economic activity, since diamond mining, dealing, and exporting all require a license in order to be conducted in accordance with the law.

The channels through which diamonds are traded legally and illegally in the Sierra Leonean diamond market are illustrated in Figure 1, which highlights the strong interconnectedness of the legal and illegal diamond markets.

Figure 1 Legal and illegal diamond trading in Sierra Leone



For a more complex overview of the Sierra Leonean diamond market, see Levin/Gberie (2006: 19, Figure 4).

Honorable thieves: Legitimacy in the illegal diamond market

Diamond production: Diggers and miners

Diamond digging in general – and illegal digging in particular – is strongly affiliated with poverty and a lack of economic opportunity outside of the mining sector. The term "digger" refers to the person literally digging the soil and washing the gravel with his hands, while the term "miner" is often used to refer to the "boss" of a mining operation (he/she can be the license holder, the financier, or merely the facilitator), though the two terms are often used synonymously. In legal mining, the diggers are usually financed by a "supporter," who may also be the license holder.[4] Supporting arrangements

4 Modelled after the artisanal gold sector, the supporter system developed in artisanal diamond mining in the 1950s (Zack-Williams 1995). While reports about mining in Sierra Leone often

vary widely. They can range from employment-like relations in which the supporter buys all the tools, provides for food, and shelter and pays the workers a salary, to occasional "helping" the diggers with small sums of money or new tools. The perceived obligations towards the supporter depend on the type of support he provides. The higher the salary the more the diggers are expected to sell or hand over their findings to the miner. Lower or less frequent support decreases the financial security for the diggers but enhances their rights to a share of the diamond sales and to selling their finds to other buyers. Daily wages of diggers range between 1,000 Leones (approximately 20 cents at the time of research [2013]) and 7,000 Leones (approximately 1.5 USD). In illegal mining, the most common form of support is infrequent support by legal or illegal dealers. However, diggers may also decide to work without a supporter in order to increase their returns on the diamond sales. As one miner explains:

> Now, if I find a nice diamond, even if it's a small diamond, I get a lot of money … When you work under a supporter, if you find a diamond, it's all for the supporter to build a nice house in Freetown.

While illegal miners are often *de facto* participating in an economy of survival, the hope of a big find that will allow them to lead a better life is a central motive in the accounts of illegal miners. As one miner phrases it: "[I]t can take somebody from poor." The aspiration for success thus makes some miners forego the relative security of being supported in order to work on their own. Though diamond mining is hard and back-breaking work, success is not attributed to labor, but is largely seen as a game of luck, much like the lottery. As one digger says: "Mining is just a try of chance." As mining income is highly unreliable, not all miners pursue diamond digging as a full-time labor. Some work their fields in the morning and the diamond pits in the afternoon. Farming allows for a very basic, but more permanent subsistence than mining. As one miner explains:

> You cannot expect a diamond the way you need it. It will disappoint you. All I pay is not out of diamond that I pay my expenses. If it was not for cassava I would be very poor. Diamond will not come the time you need him. Diamond will not know.

As an illegal activity, illicit mining is secret in some ways, and yet quite public in other ways. Illegal miners frequently ask local chiefs[5] for permission to mine, and pay them "surface rent," a less formal monetary gift, or a share of their profits. However, whether

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describe it as a system of modern debt bondage, a development project that tried to empower miners by creating cooperatives discovered the high social legitimacy of the supporter-miner relationship (see Levin/Turay 2008). Unlike a modern employer, the supporter gives miners a certain degree of long-term security in that he can be turned to in times of need. Nevertheless, fear that the supporter might deduct all his prior expenses (and then some) when buying diamonds from the miners is a common reason for miners to circumvent their supporter and sell to somebody else. As a consequence, those who provide infrequent financial aid to miners are often cautious not to call it "support," but "help," "motivation," or "pushing them."

5 Chiefs are the custodians of the land in Sierra Leone. The process of legally acquiring a mining license also involves asking the chief for permission to mine and paying surface rent.

they are in agreement with the chief or not, illegal miners are vulnerable to being exploited by chiefs. At one research site, miners reported that although they mined with the permission of the chief, he frequently sent youth gangs – who were, in fact, also illegal miners – to confiscate their implements and "fine" them. In addition, illegal miners frequently encounter mines wardens and mines monitoring officers who are in charge of enforcing mining laws. When confronted with law enforcement officials, illegal miners generally have three options: they can run away, sometimes leaving their implements behind; they can stay and talk to the officers, convincing them to let them go; or they can bribe them. As one miner explains:

> The MMO always visit us. But we talk to them and they forgive us – because we have nothing.

Being caught is thus not a theoretical threat illicit miners face, but an aspect of everyday life. However, illicit miners are rarely, if ever,[6] arrested. Often, the miners' tools are confiscated and only released after they pay a fine or a bribe. However, law enforcement officials regularly "use their discretion"[7] and look the other way, or try to convince the miners to get a license as soon as they can. As one mines warden describes it:

> I greet them in the mining field. Sometimes I talk to the poor people just to encourage them to work. I have rules and regulations that nobody is allowed to mine without a license. But sometimes I can help them, to allow them to work. … They are thieves. … But as a human being, I leave them to do their job. Because they are poor people. They don't have money for their living. … I will never arrest them. … My duty is to arrest but I just use my brain, just to help them.

Illegal miners sell the diamonds they find either to their supporter, to middlemen (the *banabana*), or to licensed dealers and exporters. In many instances, interviewees reported selling bigger diamonds to legal dealers or their supporters and the smaller diamonds to *banabana* who either happen to be passing by or whom they go to see at the Open Yai market. Many miners emphasize their lack of knowledge regarding the pricing of diamonds, which makes them vulnerable to being exploited by *banabana* and legal dealers, who buy from the miners at a very low price. Says one illegal miner:

> These diamonds that we find, we don't know the price. We are just working. Anything they buy from us, they sell it more than we.

While miners are aware that the *banabana* might shortchange them, they often rely on their help to sell diamonds to legal dealers on their behalf (in exchange for a commission), believing that the *banabana* will be able to negotiate a better price for the diamonds than they themselves would be able to.

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6 While the law enforcement officials I interviewed sometimes claimed that illicit miners were arrested and charged, I was unable to confirm a single case of illicit mining that was brought to court.

7 This term is frequently used by mines monitoring officers and mines wardens to explain why they don't arrest illicit miners.

A common narrative with regard to illegal mining evokes the social legitimacy of illegal market action which is derived by selling illegally mined diamonds into the legal market, thereby making them taxable. One diamond miner explains his preference for selling his finds to licensed dealers:

> It is better to carry it to a licensed dealer because he has a license. He is paying taxes. That's the main reason why we carry it there. Development is very important to me.

This perspective is shared by state agents. A law enforcement official explains:

> [M]ost time we give the concession. Because even if the diamond comes from illicit mining, we exonerate them because they go to the office, and the dealers have a legal license to buy diamonds.

Far from being treated as a punishable offense, illegal mining is thus empirically often tolerated by both the state and traditional authorities. This low degree of *social illegality* has its roots in considerations of the miners' poverty, in personal relationships between law enforcement agents and illicit miners, in corruption, in notions of friendship and dialogue, and in the legitimacy which is produced by selling illicitly mined diamonds into the legal market, thereby making revenue available to the state.

Diamond dealing: Banabana and other brokers

Banabana are middlemen in the diamond trade. They are unlicensed diamond dealers who buy diamonds from licensed and unlicensed miners and sell them to licensed and unlicensed dealers or exporters. Defying the legislation on diamond mining and trading stipulations that diamonds can only be sold from a licensed miner to a licensed dealer – who then sells to a licensed exporter, thereby creating a chain that can be traced back to the mine – diamonds which are traded by middlemen are largely untraceable, passing through legal and illegal channels before being exported (usually legally).

The term *banabana* is used to refer to small-time unlicensed African diamond dealers who operate in the towns and villages in all of the diamond-yielding territories of Sierra Leone.[8] Apart from indigenous Sierra Leonean ethno-cultural groups, Mandingo, Fula and Marrakah from the broader West-African region – who may be Sierra Leonean citizens or first-generation immigrants – are strongly represented in the legal and illegal diamond trade. *Banabana* mainly conduct their business at "Open Yai" (Open Eye) markets – physical marketplaces in which diamonds are illegally traded – although they also visit the mines to buy diamonds. Although all *banabana* are brokers, not all

8 They are also called "jula" – although the term *jula* can be used to refer to licensed and unlicensed traders of the broader West African region alike – or "njeko-njeko" – although some use the term *njeko-njeko* to refer to traders who have slightly more money than the other *banabana*, therefore being able to lend them money in exchange for a commission on diamond sales.

brokers are *banabana*. Higher-end brokers, African or Lebanese, who are often based in Freetown or Kenema, not only have more expertise in diamond pricing, but also possess a network of affluent buyers, and sometimes access to considerable resources.

Banabana are the central actors of the illegal diamond trade in Sierra Leone, since they constitute the link between all other actors who participate in the legal and the illegal markets. Their social organization through the Open Yai markets contests an understanding of illegal markets as inherently harmful, chaotic, and violence-prone, as is often expressed in analyses of illegal markets in weak states and in state-building literature. Not only is economic action in this section of the market highly organized, but it also heavily relies on ideas of social obligation and collaboration – both in its internal organization and in its interaction with the state and the legal market.

Open Yais exist all over Sierra Leone, wherever diamonds are mined and traded. The term Open Yai refers to the marketplace as well as to the association of *banabana*. In order to become a *banabana* at an Open Yai, one must first register with the organization as a member. Registration usually involves the payment of a registration fee, and possibly an introduction to the "laws" of the Open Yai. Rules of the Open Yai are, for example:

(1) not stealing diamonds;
(2) not cheating other *banabana;*
(3) no fighting;
(4) conflicts and diamond-related crimes must be reported to the association – never to the police;
(5) whoever makes a profit must share it with the other *banabana*.

While some Open Yai markets only allow registered members to conduct business at their marketplaces, others also allow non-members – who are, however, excluded from the benefits of membership, such as financial assistance in times of need. Most of the Open Yais where my research was conducted have a common fund to which members of the organization contribute, either through the payment of registration fees, by sharing a part of their profit from diamond sales, or when money is collected for a specific purpose. The funds are used to assist members in case of a medical emergency or a death in the family, as well as for social celebrations, such as a member's wedding or child naming ceremony. In an economic context that is characterized by high financial insecurity, the *banabana* have created a cooperative system that is functionally equivalent to insurance.

All Open Yais have a chairman, often a vice chairman, and – depending on the size and structure of the respective market – also section chairmen, elders or booth leaders. The biggest Open Yai in Koidu, one of my main research sites, is organized in even greater detail and has appointed a chairman, a vice-chairman, four advisors (who are elders), a public relations officer, a secretary, a secretary's assistant, an auditor, a financial secretary, a treasurer, and two booth leaders for each booth. The chairmen in the Open Yais

which I studied had either been elected by the members of the organization or agreed upon by general consensus. One Open Yai chairman claimed that after his election, he was also endorsed by the chairman of the legal diamond dealers for the region.

Working at the Open Yai is a highly cooperative endeavor. This is somewhat surprising, since diamonds are a scarce resource and there is an abundance of dealers in comparison to sellers. It would thus seem logical that the market be characterized by extreme competition. This is partly true: *banabana* aim at acquiring "customers" by offering small support to diamond miners. The rules of the Open Yai prohibit buying diamonds from another *banabana's* customer. If a miner comes to the Open Yai to sell his diamonds, whoever makes the first offer to buy, by saying "I'm behind you," or "Are you having business?" will generally be the one to transact business with the miner. Yet, apart from these rules, banabana have created ways of dealing with the harsh competition that allow everybody to profit from the market: after being bought by one *banabana*, a diamond is usually sold several times between the *banabana* before being taken to a dealer. The original buyer foregoes a part of the profit he could have made if he had taken the diamond directly to the dealer to sell the diamond to his colleagues. This practice is explicitly designed to allow others to earn a share of the profit that is being made through the diamond. Furthermore, other *banabana* may gain a part of the share by consulting on the pricing of the diamond, lending the buyer money, helping negotiate with the dealer, accompanying the buyer to the dealer to "show muscle," or simply by being present during the transaction. After buying a diamond from the miner the buyer will choose a group of other *banabana* to help him sell the diamond. The members of this group will benefit from the trade by being given a share of the profit, and often a commission by the dealer who buys the diamond. After the transaction, a contribution may also be made to the common fund. However, the obligation to share the proceeds of the diamond deals with a large number of people also serves as an incentive to conduct business in secret in order to avoid profit sharing. For more privacy, *banabana* traders sometimes take their customers away from the Open Yai to their house or the Open Yai's "office-space," where they can conceal their business from the other members of the market.

Far from being isolated entities, Open Yais are highly interconnected. The markets in the Kono region hold meetings to discuss specific topics pertaining to all *banabana* and to promote social integration. As one illegal trader explains:

> We can get our meetings for us to come together, for us not to be separated, for us not to have grudge and for us to have the same mind.

The *banabana* at the various Open Yais in Koidu town claim to all know each other and to introduce new members at the general meetings of the Open Yais. A *banabana* may choose to conduct business at an Open Yai where he is not a member. These exchanges are not limited to the town level, but work countrywide. A *banabana* from Koidu is allowed to work at the Open Yai in Kenema or Freetown. However, such newcomers

constitute a high risk of defection. Traders at the Open Yai markets recall impostors who falsely claimed to be *banabana*, or who might have even been real diamond dealers, who took off with money they had borrowed or with goods the dealers had entrusted to them. In addition to demonstrating that they really are diamond dealers by pricing diamonds and using codes which *banabana* say are only known to them, newcomers at an Open Yai may be asked to prove their affiliation to the Open Yai of which they claim to be members by citing the name of its chairman and other dealers who work there. The high interconnectedness of the Open Yais is also reflected in personal relationships between *banabana* from all over the country. As one trader explains:

> In the entire Kono district the banabana we know ourselves. If you jump into business today, they will present you to us. We have trust to one another. We know one another by face. Because if you come here to buy diamonds, if you don't have enough money, we can lend you 500,000 [Leones; ca. 115 USD]. Since we know you, we're the same people, we can operate by that.

Higher-end brokers may still be affiliated with an Open Yai market, but may not view themselves as *banabana*. They are often more skilled in diamond pricing than the *banabana* who work at the Open Yai, have connections to international buyers, and trade in diamonds of substantial value. A broker in Freetown explains that he "graduated" from the Open Yai:

> The difference between the Open Yai and the brokers in Freetown is the quality. The brokers in Freetown are at a higher level. We can see diamonds for 2 to 3 million dollars. There is class A, class B, class C. When you know you're a higher level you only deal with the higher level business people. … Me, I stopped sit down at the Open Yai ten years ago!

Brokers usually have a wide array of networks connecting them with potential buyers. They maintain stronger and weaker ties to legal and illegal diamond dealers, international buyers, "beach boys" who scout the Freetown beaches for interested buyers, and personnel of the upscale hotels in Freetown and of Lungi International Airport. The distinction between *banabana* and other brokers is not clear-cut. Many higher-end brokers used to work at the Open Yai and may still be registered at one of the markets. Similarly, the boundaries between licensed dealers and unlicensed dealers are fluid, as many dealers drift in and out of legality in the course of their biographies. What brokers have in common is that they describe themselves as a legitimate part of the diamond market, as honest diamond people, and are frequently viewed as such by legal dealers and law enforcement. The motto of the Central Open Yai market in Koidu, as written on a metal sign in its center, thus reads "Honesty and Transparency."

Diamonds that pass through the hands of unlicensed middlemen are usually sold or brokered[9] to legal diamond dealers and exporters, although they are also occasionally smuggled by the traders or sold to illegal "investors" who smuggle them out of the

9 In many instances, the *banabana* will not have the money to buy diamonds from the miner and will first find a buyer for them before paying the miner.

country. Furthermore, legal dealers sometimes use the services of unlicensed dealers to illegally channel goods that they cannot sell on the international market back into the Sierra Leonean market. Illegal dealers are thus linked to the legal diamond market in both directions: they are connected to legal miners whom they support and from whom they buy. In fact, many *banabana* are licensed diamond miners as well. They are linked to the legal dealers and exporters to whom they sell and who, in turn, support them. For this reason, the *banabana* are widely seen as an essential part of the diamond market since they provide the link between the miners and the dealers or exporters. *Banabana* themselves – but also diamond dealers and exporters, and even high ranking government officials – describe them as a necessary part of the trade that ultimately prevents smuggling. As the chairman of a diamond dealers' association explains:

> [T]hey are the grassroots. I call them would-be dealers because they have the experience, but they do not have the capacity. They are necessary evils. If you don't deal with them, they will smuggle their diamonds. I talk to them so that they take their diamonds to the dealers. They have the direct link to the miners.

While legal diamond buyers rely on the *banabana* to buy diamonds, the fact that they operate without a license makes them vulnerable to being exploited by legal market actors. There have been reports of dealers threatening to have *banabana* who came to them with diamonds arrested if they did not agree to the dealer's price. In other instances, legal buyers use the fact that a diamond comes without a license to negotiate a lower price, or to effectively rob the unlicensed sellers of their goods. These cases are rare, however, as dealers are under pressure to buy diamonds for which they depend on the *banabana*. Dealers and exporters thus have a high incentive to stay on good terms with the *banabana*.

Similar to illegal diamond miners, the *banabanas*' relationship to law enforcement is everything but conflictual. As one illicit dealer explains:

> We are working in partnership. There is no disturbing. We are working amicably. We have no problem with them. Likewise, they have no problem with us. … They are our brothers.

In many instances, the relationships between *banabana* and mines monitoring officers have been forged over years or even decades of working together. In some cases, they have grown up together and gone to school together. This results in relationships of reciprocal social obligations that are often described by both groups as "friendship" and "brotherhood." However, the *banabana* do not solely rely on the benevolence of law enforcement to conduct their business under conditions of relative certainty. As two diamond dealers explain:

> We have a cordial relationship with the MMO. … But they have been told by our chairman not to even come to this area. We are safe. We have no problem with them.

The *banabana* in Koidu recount a time, shortly after the war, when the mines monitoring officers and the police came down hard on them and frequently arrested dealers at the Open Yais until the chairman of the legal diamond dealers intervened on their behalf. Agreements were made that the mines monitoring officers must not "harass" the *banabana* and that the enforcement of diamond laws does not fall within the jurisdiction of the police, but is solely the responsibility of the mines monitoring officers.[10] Diamond people, whether they are miners, dealers, or mines monitoring officers, agree unanimously that the enforcement of diamond laws is none of the police's business. As one *banabana* says:

> The police does not come here. They have no hands in the diamond business. There is nothing for them to come here for.

Since the legal diamond market is so closely interwoven with, and benefits from, its relationship with illicit traders, representatives of the legal market – such as legal dealers' chairmen, but also powerful legal businessmen – frequently act as intermediaries between the illegal diamond market and the state. A higher-end broker in Freetown describes legal dealers and exporters as intercessors for unlicensed dealers:

> They say: "Hey, Minister of Mines, we have our junior brokers here. We are doing business with them, but they don't have license. So please go easy on them." So government allows us to do small business.

Accordingly, unlicensed dealers at various Open Yais refer to the chairman of the legal diamond dealers in their respective town or district as "our chairman," and view him as their representative in charge of defending their rights to deal in diamonds. While unlicensed dealers have no right to vote in the elections of the chairman of legal diamond dealers, some *banabana* feel that they can nevertheless participate in his election indirectly, by informing dealers and exporters which candidate they favor to be the chairman.

The Open Yai effectively exist in a blind spot of law enforcement in the sense that officials of the local branches of the Mines Office view it as their primary responsibility to regulate the *legal* diamond sector – by checking the receipt books and stock of registered dealers and exporters – while the police are now excluded from the enforcement of diamond law. Similarly, the Precious Minerals Trading Unit in Freetown, responsible for monitoring the diamond trade and export on the national level, focuses solely on the legal part of the trade. The attitudes of law enforcement officials towards unlicensed dealers vary, although in practice there is generally a high tolerance for unlicensed diamond dealing. While some mines monitoring officers claim that they arrest unlicensed dealers when they catch them, accounts of arrests are very hard to come by. In some cases, mines monitoring officials confiscate the dealer's tools and only give them back after

10 Mines monitoring officers are allowed to call on the police for support, but the police must not enforce diamond regulation independently.

the payment of a fine. As with illegal miners, law enforcement officials often declare that they choose to talk to the *banabana* "to encourage them to get a license" over the outright enforcement of the law. As one senior official in a local mines office explains:

> [W]e … go to them to talk to them, to encourage them to see reason. We befriend them. … I prefer this strategy to see that the government can see the revenue from the mining industry. Because if you befriend somebody they will be afraid of doing the wrong thing. And when you create an atmosphere in which the person feels that they are part of that decision making, they will appreciate that.

Like illegal mining, illegal dealing derives its social legitimacy on the one hand by being seen as an alternative to unemployment. Many argue that "it is better than sitting idly." For young African men, the Open Yai market can provide the chance to receive a vocational training that may later enable them to become licensed dealers. In contrast to diamond dealers of Lebanese descent, who may gain access to the diamond business through their families or networks, for many young African men, the Open Yai constitutes the only medium for learning the diamond trade. Furthermore, much like illicit diamond production, the illegal trade in diamonds derives legitimacy from being tolerated by the state and from channeling the overwhelming majority of diamond purchases into the legal market, thus generating state revenue. State connivance and compliance with broadly accepted social norms of appropriate economic behavior leads several interviewees to refer to their economic activity as *de facto* legal. One dealer explains:

> We have our rights to move with diamonds. Although we have no legal document the government gives us the right.

Another illicit dealer states:

> You can quote me because everything I do is legal.

Summing up, this section of the paper outlined the structure and functioning of the part of the illegal diamond market which is widely regarded as legitimate. Unlicensed mining and dealing is highly interwoven with the legal diamond market and often tolerated by state agents. While formally illegal, it thus has a rather low degree of social illegality. Unlicensed diamond dealing, far from being unorganized and predatory, often takes place in a highly regulated setting, in which generally accepted rules exist and are enforced by agents who are specifically charged with rule enforcement: the chairmen of the legal diamond market and the respective Open Yais. Shared ideas of honest trade, redistribution of income to the community and helping the miners, as well contributing to the generation of state revenue, constitute the foundation of social legitimacy for this part of the market.

"Mafians, crooks and powder-sellers": Illegitimacy in illegal markets

Among diamond people, those who are seen as honest dealers are distinguished from "crooks." The term "crook" is used to refer to a variety of actors. Most often it refers to scam artists who sell fake diamonds to tourists or engage in more elaborate scamming schemes. The term is also used with regard to overseas buyers ("investors") who try to cheat diamond sellers or engage in behavior that is otherwise seen as illegitimate.[11] The following section will outline the subfields of the illegal diamond market that are widely perceived as "criminal" – and contrasted to the legitimate illegal diamond market. As in other parts of the diamond market, actors often play various roles, and may be equally part of the legal and of the illegal diamond markets.

Diamonds are smuggled by a wide range of actors and on varying scales. What they have in common is that smuggling is generally considered genuinely illegitimate behavior, and is commonly referred to as "stealing from the government." Accordingly, diamond smuggling is treated as much more of a taboo than unlicensed dealing, even by illegal dealers. Diamonds are smuggled from Sierra Leone to neighboring countries or overseas. However diamonds are also smuggled into Sierra Leone, from Liberia, Guinea, occasionally from other diamond-producing countries, and possibly even from Antwerp.[12] Much like illicit diamond mining, the main motive of smuggling is to evade licensing and tax payments. In addition, the market prices for specific categories of diamonds vary between countries. The smuggling of diamonds into Sierra Leone can also be caused by international sanctions, as was the case when Zimbabwean diamonds were subject to international embargoes. Moreover, diamonds are smuggled for the purpose of laundering money.

Compared to illicit mining or illicit dealing, the profile of the smuggler is more diverse. Firstly, diamonds are smuggled by illegal dealers: *banabana* with ties to neighboring countries may observe the development of market prices in both countries and adapt their economic strategies accordingly. One of the Open Yai markets in Koidu, where I conducted my field research, regularly hosted *banabana* from Guinea who sold Guinean diamonds in Sierra Leone. As one Sierra Leonean *banabana* explained:

> I have plenty of numbers in Guinea at the diamond sites. When [an] investor comes, I will call them: "Just come with your stones, just take a vehicle, I will pay your transport, just come." Then I will take their stone. … Some of them they, come with 70,000 USD, 80,000 USD, 150,000 USD

11 For example, sellers will refer to overseas buyers as "crooks" who fail to pay for the diamonds they bought right away, who arrive by night or only stay for one night to buy diamonds ("fly-by-nights"), who pay high prices for diamonds or who know little about the pricing of diamonds. The term "crook" is thus evoked by market behavior that, while not necessarily illegal, is socially illegitimate.

12 While several diamond exporters suspected that diamonds may occasionally be smuggled from Europe to Sierra Leone, I could not verify this information in the interviews which I conducted with smugglers.

> [worth of diamonds] – 10, 15, 25 carat, which is industrial diamond. We sell it to the investors as nice diamond …

Many diamond dealers had to escape to neighboring countries during the war, and were since able to return to Sierra Leone. The relationships that were forged during the war facilitate smuggling activities today. As one unlicensed dealer says about his ties to Guinean dealers:

> I know them because I lived there a long time [during the war]. So I went to the mining area, I went to the Open Yai in Conakry. In fact, Sierra Leone, Guinea, Liberia – all where is diamond people, [they] know me and they trust me because we used to do business together.

In Zimmi, in the border region between Liberia and Sierra Leone, it is common for *banabana* to employ diamond diggers in Liberia but sell their findings in Sierra Leone. Hence, they smuggle diamonds quite frequently. As is the case with other diamonds dealt by *banabana*, these diamonds are mainly traded into legal channels.

Secondly, diamonds are smuggled by overseas buyers. *Banabana* regularly sell diamonds to so-called "investors." This term can refer to any foreign buyer, but is also associated with international businessmen seeking to buy diamonds illegally, sometimes for the purpose of laundering money. These buyers are often referred to by diamond people as "mafians," or alternatively, as "powder-sellers" – i.e., drug dealers.[13] Illegal investors may pay up to double the price of the local market for diamonds while also buying diamonds of low quality.[14] *Banabana* work their networks in Freetown and across the country to get in touch with international investors, whom they widely perceive as criminals. Says one unlicensed dealer:

> If you are a businesswoman, you have somebody that pays double the price than somebody else, where would you go?

Brokers sell diamonds to potential smugglers, and occasionally facilitate smuggling or smuggle diamonds overseas themselves. While selling to investors may yield high returns, it also carries a considerable risk. The long-standing networks and regulatory mechanisms which illicit diamond dealers usually rely on to make sure that their business partners do not cheat or rob them do not apply in these cases. While brokers profit from the fact that international buyers often "don't know the prices," they, in turn, run the risk of being deceived by the diamond buyers. Stories of foreigners who defrauded local buyers are known at many Open Yai markets, and serve as cautionary tales. As two brokers recount:

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13 West Africa has been debated in academic literature as a new hub for transnational drug trade in recent years (UNODC 2009). Furthermore, Sierra Leonean dealers are quite aware of the international debates on blood diamonds and their role in transnational organized crime.

14 This, however, is not a reliable indicator for their illegality, as legal buyers from abroad often pay far above the price of the local market.

> The investors that come here, they are crooks, they are wicked people. … Sometimes they take the diamonds, they tell the *jula* that they will pay the next day and then they leave without paying the money.

> [S]ome, they come and give you fake dollars. If they put 5,000 US dollars, on the top and on the bottom they put real dollar. If you sell at night, by the time you counted it, they're gone.

Lastly, diamonds can be smuggled by employees of legal mining companies. As explained by shareholder of an international company who claims to smuggle out large amounts of the diamonds he mines:

> The real money is when you traffic them. … The big diamonds don't enter the legal market.

Just as diamond dealers are scammed by investors, first-time diamond buyers are very likely to become the victims of one of the many diamond cons that range from selling pieces of glass as diamonds to tourists to rather elaborate scams in which even long-term Sierra Leonean diamond exporters and professional diamond traders from abroad are duped. One unlicensed dealer contrasts the scammers who earn money by their wits to the hard labor of "honest" dealers:

> In Freetown, they just want to get money from their brain. They don't want to go to the bush like us. When they see a white person, they just want to crook you.

Diamond smuggling and selling to smugglers is widely perceived as illegitimate, since it deprives the state of revenue and feeds into other forms of crime, namely drug trade and money laundering. In the same vein, scams are contrasted with the "genuine" work of unlicensed diamond dealers. While many dealers emphasize that scammers are not part of the diamond market, and therefore claim not to know any scammers, scams can be committed by actors of both the legal and the illegal diamond markets.

Smuggling and the interaction with illegal investors increases the risk of being deceived. Contrary to the Open Yai market, diamond dealers who are defrauded or robbed in the course of dealing with smugglers and illegal investors cannot appeal to a regulatory body for help. If they want to do business with "investors," they must hence rely on the referral of customers through trusted third parties, build relationships with their buyers, trust their gut feeling, depend on the shadow of the future, or generally remain distrustful of their business partners.

6 Conclusion

In this paper, I have sought to examine the social order of an illegal market that was, until recently, known for being extremely violent and causally responsible for the perpetuation of civil war: the illegal diamond market in Sierra Leone. I analyzed the social structure of this market by portraying its actor groups, by outlining its entanglement with both the legal market and the state, and by pointing out the various sources of legitimacy that economic action in this market draws on.

Over a decade after the end of the Sierra Leonean civil war, illegal diamond production and trade still exist on a considerable scale. However, far from mirroring the violent and predatory market structures that characterized the war economy, today's illegal diamond market is surprisingly benign. Violence hardly plays a role in the interactions between market actors and their relationships to the state and to non-market actors. Instead of perpetuating the chaos of war into peace times, thus risking the fragile social order of the post-conflict state, today's illegal diamond market is, for the most part, characterized by a high degree of social integration, both internally and externally. Internally, the social integration of large parts of the illegal market relies greatly on the use of informal institutions (legal and illegal dealers' associations), personal relationships, and shared norms of social legitimacy. Externally, the illegal diamond economy is interwoven with the social and economic structures of the post-conflict society. The illegal market is connected to the wider social and institutional context through personal ties, informal institutions and actors who take on the role of intermediaries between the illegal and the legal sphere, and shared beliefs about legitimate and illegitimate market behavior.

Today's illegal diamond market comprises four main actor groups: illegal miners, illegal traders, smugglers, and scammers. These vary in their organization, in their relation to the state and to the legal market, and in their degree of social legitimacy. Illegal diamond production and trade are widely regarded as legitimate and productive parts of the diamond market. Legal market actors depend on them; those in charge of law enforcement tolerate them. The social legitimacy of these spheres of the illegal market is partly based on the view that, in the absence of a welfare state, citizens have a right to engage in a subsistence economy. Particularly in the case of the Open Yai organization, illegal market actors have created a collaborative market structure that creates social security and a governing body that is, in many ways, functionally equivalent to the state. Legitimacy is furthermore derived from cooperation with the legal market, specifically from the argument that diamonds that are bought by legal market actors will be exported legally and will thus contribute to tax revenue. In contrast, smuggling and scamming are widely identified as illegitimate market practices. While scamming is defined as truly criminal behavior – as the harm to scam victims is obvious – and is mostly placed outside of what is defined as the "proper" diamond market, the illegitimacy of smuggling is derived from its harm to the common good. Even though diamond smuggling is widely practiced, it is perceived as immoral, since it deprives the state of due

tax revenue. The significance of widely shared legitimacy beliefs that determine which type of illegal market action is tolerated and which is sanctioned makes it fitting to understand this market as a *moral economy of illegality*. However, in contrast to conventional understandings of the conception of the moral economy that primarily apply the term to explain the role of customary norms and beliefs in non-capitalist societies, the Sierra Leonean case shows that notions of legitimacy do not necessarily have to be rooted in tradition, but can also emerge from processes of social and political change. This becomes apparent when Sierra-Leonean market and state actors refer to notions of modern statehood and the common good when judging the morality of illegal action. The belief that illegal action is legitimate only when it deprives the post-conflict state of export taxes is presented as a reaction to a history of resource plunder and may be interpreted as a result of prominent discourses on state-building.

This analysis of the social order of the contemporary illegal diamond market in Sierra Leone challenges the traditional assumption of peace and conflict studies that illegal markets – in particular remnants of war economies – should pose a considerable risk to the stability of a post-conflict state. This assumption has been crucial in the development of the Kimberley Process Certification Scheme, which aims to abolish the trade in conflict diamonds. More recently, this argument guides the attempts to regulate alluvially mined "conflict coltan" used to finance perpetuated armed conflict in the Democratic Republic of Congo as well as present efforts to regulate the import of minerals into the European Union.

If the persistence of illegal markets – even those that deal in highly valuable and easily lootable resources – in the aftermath of war is not *per se* destabilizing to a post-conflict state, follow-up research should concentrate on the question of *under what conditions* illegal markets pose a danger to the consolidation of lasting peace, and when they may even in some way contribute to the stability of conflict-affected societies. For the practice of state-building and the reform of natural resource sectors in fragile states, this implies that a nuanced and context-sensitive approach to dealing with illegal markets is needed. Such an approach would be based on an empirical understanding of the social order of these markets, the role of social norms and violence in their regulation, and their interplay with the broader societal context and global illegal markets. An understanding that takes into account both the negative and the positive externalities of illegal markets would be able to inform policy measures aimed at dealing with illegal markets in contexts of limited statehood. A weighing of the security risks associated with illegal markets against their potentially stabilizing effect will likely, in many cases, arrive at the conclusion that the criminalization of all illegal activity is not a suitable strategy to ensure sustainable peace effects in impoverished and conflict-ridden societies. Criminalization aside, even the formalization of small-scale economic activity may prove problematic in a context where market actors struggling for subsistence find themselves unable to pay licensing fees and in which approval by the formal state is tied to a myriad of informal payments in addition to formal licensing fees. Perhaps the result of an empirically informed judgment will be that no intervention into the market may be a

preferable strategy in the short-to-medium term, especially if a "do no harm" principle is applied to marginalized populations. A cautious conclusion drawn from this study would be that policy measures that do not primarily target the resource sector might in some cases be more suitable to reducing illegal activities than measures directly aimed at value chain legalization. This is particularly true for cases in which illegal activities are primarily driven by subsistence needs and hopes for upward social mobility, which might be better addressed by improving professional education – especially of young people – and reducing unemployment, political marginalization, and inequality.

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