WAR & ECONOMY. Bibliography. (ODI, 2000)

Abstract: Fraud and smuggling on a major scale, the plundering of natural resources, the privatisation of state institutions, the development of an economy of plunder, the growth of private armies. All of these features of public life in Africa suggest that the state itself is becoming a vehicle for organised criminal activity. There is a difference between the corruption of previous decades and the criminalisation of some African states now taking place. Major operators are now able to connect with global criminal networks. The 'social capital' of the state has been used as an agent of deception and fraud. Crime and politics in South Africa have been associated for decades. That country is now the centre of important international patterns of crime, notably for the drug trade. It has both Africa's largest formal economy and the continent's largest criminal economy. Corruption has been unintentionally helped by liberal economic reforms. (From authors.)

Abstract: Current scholarship on civil wars and transitions from war to peace has made significant progress in understanding the political dimensions of internal conflict, but the economic motivations spurring political violence have been comparatively neglected. This ground-breaking volume identifies the economic and social factors underlying the perpetuation of civil wars, exploring as well the economic incentives and disincentives available to international actors seeking to restore peace to war-torn societies. The authors consider the economic rationality of conflict for belligerents, the economic strategies that elites use to sustain their positions, and in what situations elites find war to be more profitable than peace. They strive consistently for policy relevance in both their analysis and their prescriptions. (From author.)

Abstract: The aim of this paper is to analyse some macroeconomic channels operating in a war economy. At the theoretical level, the effects of war on the key economic variables capital, technology, uncertainty and the government’s fiscal deficit are discussed before proceeding to the analysis of individuals, firms and the government. These elements are combined in a dynamic macroeconomic model to study war's impact on output, growth, consumption, welfare and the national debt. The final section of this paper considers economic policy implications for a government at war, and for donors supporting a war economy. Both the theory and the evidence, drawn from Mozambique, suggest that while capital destruction is the most obvious cost of conflict, the long-term development potential of a war economy is more severely damaged by increases in the fiscal deficit, uncertainty and the inefficiency of transactions. Furthermore, economic policies implemented during a war will determine the size and nature of the country's long-term peace dividend. (From author.)

Abstract: This paper provides a critical overview of the economic literature on conflicts and post-war reconstruction since the end of the Cold War. The author concludes that some of the most fundamental aspects of post-conflict rebuilding have been overlooked, mainly because they do
not fit into the prevailing paradigm. Some of the basic assumptions underlying traditional economic theory (e.g. the rational economic behaviour of individuals) are starkly contradicted by the reality of war-torn societies. This paper argues that political stability cannot be relegated to a lower priority than - and should actually prevail over - economic efficiency when designing post-conflict policies, for reconstruction activities are nullified if war starts anew. By the same token, efforts to restore the necessary confidence among investors and consumers to restart economic activity cannot succeed without a minimal level of stability and predictability.

Suggestions for future research include: systematically assess the distributional impact of war economic policy, as shifts in the balance of power and entitlements play a critical role in the restoration of peace or the renewal of violence; intensify research into the political economy of post-conflict rebuilding and on the role of major actors involved in policymaking; draw on the new institutional economics to understand better the interactions between economic reforms, institutions and conflict; develop innovative approaches to cope with the alarming process of economic regression and state failure that have already led to the eventual collapse of public services and institutions in several war-torn countries; deepen multidisciplinary research by integrating the concepts, models and paradigms from other disciplines into economic research on countries at war and post-conflict rebuilding. (From author.)

5. Carbonnier, G. 1998, Conflict, Postwar Rebuilding and the Economy. A Critical Review of the Literature, UNRISD, Geneva, War-torn Societies Project Occasional Paper No.2. Abstract: This paper provides a critical overview of the economic literature on conflicts and post-war reconstruction since the end of the Cold War. The author concludes that some of the most fundamental aspects of post-conflict rebuilding have been overlooked, mainly because they do not fit into the prevailing paradigm. Some of the basic assumptions underlying traditional economic theory (e.g. the rational economic behaviour of individuals) are starkly contradicted by the reality of war-torn societies. This paper argues that political stability cannot be relegated to a lower priority than - and should actually prevail over - economic efficiency when designing post-conflict policies, for reconstruction activities are nullified if war starts anew. By the same token, efforts to restore the necessary confidence among investors and consumers to restart economic activity cannot succeed without a minimal level of stability and predictability.

Suggestions for future research include: systematically assess the distributional impact of war economic policy, as shifts in the balance of power and entitlements play a critical role in the restoration of peace or the renewal of violence; intensify research into the political economy of post-conflict rebuilding and on the role of major actors involved in policymaking; draw on the new institutional economics to understand better the interactions between economic reforms, institutions and conflict; develop innovative approaches to cope with the alarming process of economic regression and state failure that have already led to the eventual collapse of public services and institutions in several war-torn countries; deepen multidisciplinary research by integrating the concepts, models and paradigms from other disciplines into economic research on countries at war and post-conflict rebuilding. (From author.)

6. Chingono, M. F. 1996, The State, Violence and Development: the Political Economy of War in Mozambique, 1975-1992. Avebury, Aldershot. Abstract: The war in Mozambique has been a most unusual catalyst of social change, change which has shaped both the course of the war itself and the social system. In the anarchy created by the war the hitherto disenfranchised have found unprecedented opportunities to carve out a social and political space for themselves and to demand more freedom. This has intensified the struggle for dominance among and between the emergent social forces, in which political alliances are shifting and/or disintegrating. These shifting alliances, the accompanying
reconfiguration of power relations, the redistribution of wealth (albeit unevenly) and changes in norms and attitudes, are characterised by numerous conflicting forces and processes, and by cultural hybridisation in the forms of political engagement and construction. With regard to the economy, whereas in other countries the informal economy emerged alongside relatively well-established capitalist relations. In Mozambique, it arose within the context of a radical 'transition' from a command economy to a free-market one. Several key factors gave a 'quantum leap effect' to the emergence of the grass-roots war economy. War and displacement accelerated the transformation of peasants into 'barefoot' entrepreneurs by forcing them to become innovative and flexible, or face death by starvation. The break-up of state power removed obstacles to capital accumulation.

The adoption of structural adjustment programmes (PRE) in 1986/7 legitimated the acquisitive spirit which hitherto had been condemned in the name of socialism, although dynamic elements of the latter were evident in the emergence of voluntary collectives and co-operatives. Large-scale intervention by international aid regimes not only injected money, goods, and values into the system but also led to the increasing integration of the Mancian provincial economy into the international economic system - both formal and informal. Not surprisingly the emergent grass-roots war economy was based on 'economic hybridization' with market relations adulterated by non-market ones, such as socialist and traditional 'economy of affection' ethics. Notwithstanding the obvious negative economic effects of war, the evidence of vigorous entrepreneurialism, creative innovativeness and entrenchment of hard-working ethics, should leave no one in doubt that the war resulted in an unprecedented liberation of the hitherto arrested potentialities of many a Mozambican. The war, by breaking asunder the fossilised structures of the old bureaucratic system, which had stifled the initiatives of the local population, enabled the disinheriteds to take the initiative and demonstrate what they can do in the absence of state constraints. The grass-roots war economy provided a functioning distribution system so conspicuously lacking in the official economy. Were it not for the illicit trade and smuggling, Mozambique's people would be suffering even more acutely from lack of food and essential commodities.

War should thus not be considered purely in terms of disaster. Rather, it must be viewed in its dialectical relation to society as a social process capable of inducing simultaneous deconstruction and reconstruction, destroying some markets and creating others where none existed, ruining some people while making others very rich. The major mechanism responsible for the uneven distribution of the benefits and costs of war was the social position of the particular individuals within the economic structure and their personal experience of war. That social position determined the extent of vulnerability to, and capacity to cope with, the effects and opportunities of war. The challenge for post-peace reconstruction is therefore to create conditions conducive for the fullest realisation of the potential of this economic liberalisation, as well as to offer alternative opportunities for those engaged in counter-productive economic activities. (From author.)

Abstract: Emergency aid activities must often be conducted in countries where corruption is an everyday problem. In the article, the author focuses on corruption as an internal problem in emergency aid; that is, misuse by the relief organisations themselves or by employees within the structures of the organisations. For foreign donors, risks are unavoidable, including the risk that their funds will be misused, and, in extreme cases, that the misuse would not even be noticed for a long period of time. As a rule, it is not in their power to change the conditions under which they do their project work. What they can do is to organise their work structures in such a way that misuse becomes more difficult. Promoting the development of capable partners is an
important part of misuse control, as this undermines the monopoly of a state administration which in many countries is susceptible to misuse. Administrative control mechanisms are by no means adequate in order to differentiate between sound and corrupt NGOs: it is necessary to gain sufficient insight into the projects themselves, locally. Intensive project supervision, systematic evaluation and close contact with local organisations make it possible to differentiate between partners. These tasks are ensured by the administrations of the relief organisations which are so often scorned but without which it is not possible to control misuse effectively.

When deciding which NGOs to support, one should also make sure that the organisations in question are transparent and set up in such a way that their executives must answer to a supervisory committee. Such structures create internal mechanisms for preventing misuse. If legitimate running costs of local partner organisations are not recognised by foreign donors, this encourages the development of corrupt structures within the partner organisations similar to structures in government. In order to control misuse, it is necessary to reduce the disbursement pressure which is rampant among emergency aid organisations as a result of marketing strategies for donation appeals. A last point: in the emergency aid field the misuse issue is not readily spoken about - a situation not in keeping with the presence of the risks. Misuse and misuse control must be spoken about more openly in order to reduce information barriers and in order to integrate these issues in the training and further education of employees of a more professional emergency aid organisations. (From author.)

Abstract: If humanitarian economic assistance operations are to leave a positive lasting legacy, then the economic effects of aid need to be addressed. These include: monetary, exchange rate, inflation, budget, informal sector, labour market, corruption, and collusion. Brief recommendations are also presented.

Abstract: Famine is conquerable. It has been eradicated throughout most of the world. Yet in some African countries human suffering seems to be getting more rather than less common. Humanitarian action to set this right is not a neutral 'technical' stop-gap. Humanitarian relief is political action of a certain kind that unfortunately fuels conflicts and famine more often than it stops tragedies. A 'political contract' model of famine prevention is needed. This contract should include a political commitment from government, recognition of famine as a political scandal by the people and lines of accountability from government to people that enable this commitment to be enforced. Paradoxically, the author argues, the principles that drive 'actually existing humanitarians' weaken the forms of political accountability that underlie the prevention of famine. While fighting famine remains mistrusted by today's humanitarian internationale, famine will continue. The problem of famine will be solved by political action - and political action by Africans themselves. Humanitarians must never hint otherwise, nor allow their existence or actions to be used to imply otherwise. Until such a political contract is enacted, the basic rule for humanitarian action is to minimise its political damage. In this respect, the rules established by the ICRC have proved their value.

Abstract: Presents a revised account of Professor Sen's entitlement theory including coping strategies of famine-affected people, social disruption, and violence. In this account, less severe
famine is not theoretically distinct from acute poverty, and severe famine is distinct largely because of the severity of social collapse, which in Africa usually follows violence.


Abstract: Afghanistan is one of the poorer countries of the world. Its economy before the war was largely supported by international aid, and the war economy between 1978 and 1989 was fuelled by the support of the two `superpowers', the Soviet Union and the United States. Throughout the war a dual economy developed. On one side, cities and major roads controlled by the government and Soviet forces oriented trade towards the USSR. On the other, rural areas and minor roads controlled by the Mujahadeen. With the withdrawal of Soviet troops in 1989, the return of two million refugees in 1992 and the takeover by Taliban forces of most of the country from 1994 have led to a better integration of the economy and even an economic boom in some areas. However, many remote regions remain isolated and, with little production increase in both agriculture and the industry, this growth is mostly based on regional trade. The Communist coup in 1978 resulted in a political crisis and a withdrawal of the state that resulted in the elimination of unified market and investments in local political protection and a demand for local security apparatus. The context of the war led to a redistribution of wealth. Economic actors relying on the state and lacking support from local networks were eliminated. The educated class lacked job opportunities outside from the NGO sector.

Traders have been the main beneficiaries of the war, through the transport of smuggled goods and arms between neighbouring countries and the interior, as well as the re-importation of untaxed goods. In this regard, the absence of customs and governmental control, often on both sides of international borders have greatly favoured Afghan traders. Resources have mostly come from Western and Arab countries and served to shape client networks for political parties. Most of these resources were channelled through Pakistan, and it is estimated that half of the several billion dollars supposedly assisting the three million refugees has been embezzled by Pakistani authorities and Afghan parties. Pakistan also had a direct role in the conflict, in particular through military advisers assisting the Taliban. Humanitarian assistance has been used by military commanders, either as direct material support or in terms of prestige. NGOs have thus been integrated into the power base of military actors, employing relatives and troops, providing food and infrastructures. The most inescapable argument has been the provision of security, through guards paid by NGOs and decisions by Afghan commanders of the localisation of projects. Afghan NGOs have also been set up, under the impulse of the UN, allowing local commanders to create small companies with little control from both their party and from donors, thereby furthering their emancipation. Local resources also played an important role for local commanders to gain autonomy. Local taxation includes a tax on business turnover and on agricultural production, both of which have a religious origin, as well as the provision of food to local troops by the surrounding communities. These taxes were often voluntarily given by the population, to one of several parties, at the beginning of the conflict. Given the poverty of populations, local commanders have preferred to rely on foreign support and the taxation of mining, road transport, and drug trafficking when available, or on taxing outside communities, in order not to undermine local legitimacy and support. Taxation of the population generally has been re-instituted by the Taliban.

Opium represents a significant resource in several provinces, and has been the object of conflict between parties and commanders. Representing about one-tenth of the support for mujahadeens in the 1980s, the volume of Afghan opium is now the largest in the world. Yet most profits have been concentrated by traffickers in Pakistan. The author concludes by noting that, until the concentration and rationalisation of taxation, mostly by the Taliban, the lack of economic
resources for political parties and local commanders have led to a war of attrition with few
movements. This has led to a misreading of the conflict as tribal, rather than political.

Emergencies and International Aid," in War and Hunger: Rethinking International Responses to
Abstract: The complexity and permanence of humanitarian emergencies in a number of
countries, such as Sudan, require a new type of analysis. The political survival of regimes in
conditions marked by rising debt, collapsing economies, widespread destruction and human
misery calls for the proposition that these prolonged complex emergencies have winners and
losers. This proposition is not new with regard to conflict, but it is to some extent with regard to
the analysis of famine. Even famine analyses that do not consider people as passive victims tend
to focus only on the losers and their coping mechanisms. The author develops this proposition to
define a political economy of complex emergencies by highlighting the benefits gained by the
politically strong from the transfer of assets owned by the weak during times of distress. This
transfer results from market pressure to violent appropriation and, as the authors point out, 'the
more direct or coercive the form of transfer, the more likely it is that winners have mobilised
ethnic, national or religious sectarianism as justification for their extra-legal activity'. Economic
incentives thus directly drive the political and violent dynamics of these conflicts.

Asset transfer should therefore not be perceived as an anarchic process, but one of vertically
integrated economic activities organised by interconnecting levels or systems involving
entrepreneurs, the military and politicians. These activities are generally part of an informal, or
parallel, economy with links to regional and international trade and financial networks. The
author warns that a parallel economy 'controlled and contested by sectarian political interests ...
is an inherently authoritarian, violent and disaster-producing structure'. International
humanitarian assistance is also linked to many aspects of the parallel economy and the dynamics
of internal conflicts. Despite systems of assistance working outside state structures, aid agencies
can unintentionally finance predatory regimes. The purchase of overvalued local currencies by
aid agencies, the diversion of food aid and equipment by governmental troops and militia, or a
biased distribution favouring government-controlled areas are common cases. The denial of food
aid to populations in contested areas by governments is also a common practice accomplished by
means ranging from 'a reluctance to acknowledge emergency conditions, assurances to donors
that relief supplies were reaching all the needy, claiming insurmountable security and logistical
problems to account for interminable delays, denying access for assessment purposes, through to
plain obstruction'. Aid agencies may also provide tacit support to predatory governments by
assisting in the forcible relocation of displaced persons. The purchase of emergency food aid on
domestic markets by relief agencies may also provide opportunities for speculation by local
merchants, commercial farmers and lorry owners. 'When these groups are themselves allied in a
predatory or sectarian structure that is connected with a process of asset transfer and inter-ethnic
conflict, then relief intervention itself can become an organic part of the political economy of
internal warfare.'

Given the scale of emergencies, the author remarks that relief operations generally contribute
only a fraction of survival needs, leaving the rest to local people's own coping strategies.
Crucially, these operations are usually unable to address the problem of asset transfer and
resource depletion that lead to high levels of sustainable absolute poverty. Humanitarian policy
must therefore develop as part of a political process that is premised on the centrality of local
political relations.

Abstract: In this seminal paper the author addresses the connection between war and famine 'beyond the bounds of current international conventions on warfare or accepted political structures'. Two complementary views are presented: objectively, war is motivated by economic incentives; subjectively, people give a meaning to their involvement in war.

Abstract: The author places the current dynamics of conflicts and war economies in relation to the changing nature of the nation-state. After an apogee taking place from the late 1940s until the early 1970s in both capitalist and socialist developed countries as well as to a relative extent in developing countries, the model of state-engineered modernism as given way to a 'post-modern' process of globalisation characterised by an economic deregulation and growing influence of markets reducing the power and legitimacy of the state. While globalisation is mostly presented as a process of homogenisation, it has also generated complex forms of regionalisation, localisation and social discontinuity. In both the North and the South, globalisation is changing the role and structure of the nation-state and the nature of political power. Political authority has become multi-levelled and less accountable. Welfare provision has partly moved to the private and voluntary sectors. Economic activities have been further integrated internationally, through conventional regional productive systems and merges in the North, but also further informalised in the South, through semi-legal and illegal activities.

The expansion of informal economies reflect in part the survival strategies of Southern rulers counterbalancing the erosion of state competence and power - resulting from the debt crisis, structural adjustment, declining terms of trade - by the expansion of internal client networks. This political strategy - which the author terms 'adaptive patrimonialism' - leads to separatism and politically assertive formations. In this view, the author argues that what is conventionally termed 'intra-state conflicts' should be rather understood as 'post-modern conflicts'; that is, political projects 'which no longer seek or even need to establish territorial, bureaucratic or consent-based political authority in the traditional sense'. In other words, post-modern conflicts reflect 'the re-emergence of globalised political economies no longer reliant on an inclusive nation-state competence'. As such, these conflicts are expressions of new and singular political dynamics in the South, which are at odds with the conventional evolutionist assumptions that states are in transition, albeit erratically, to liberal democracy.

Warlordism is one such political dynamic, in which local strongmen are able to control an area and to establish commercial activities, often at an international level, while keeping weak central authorities at bay. The increasing privatisation of protection, through paramilitary units, mafias or security corporations, is another. Ironically, even the main credo of Northern liberalism - privatisation - as become an essential political tool for Southern rulers to restructure client networks, secure new allies and personal gains, as well as gain the favour of international lenders and Western governments. For the author, the current mainstream analyses wrongly see war as a state-centred internal process stemming from a combination of poverty, ignorance and weak institutions, which can be resolved through a mixture of sustainable development, conflict resolution and civil society measures. Rather, the analysis of conflicts, and war economies in particular, should concentrate on the rise of informal economies and not nation-state-based political projects.

Abstract: The subject of this paper is the paradox of globalisation. That is, despite the predominance of neo-liberal assumptions that market reform will promote growth and order, we
are daily confronted with setbacks and evidence of serial instability. In analysing this paradox, the link between development and security is examined on two accounts. First, the trend towards the privatisation of international security and, in particular, the emergence of a new security community composed of NGOs, private security agencies, multinational companies and governments. Second, the reliance of this community on instrumental forms of knowledge that regard conflict as stemming from a developmental malaise. From this perspective, globalisation and market liberalisation are unproblematic. Indeed, in helping promote development they furnish the basis of stability.

Using evidence from extra-legal parallel or transborder trade, however, it is possible to provide a different interpretation. Globalisation and market deregulation have increased the regional penetration and transcontinental links of transborder activities of all types. At the same time, there is a structural similarity between transborder trade generally, and the relations and modes of organisation that constitute contemporary war economies more specifically. In other words, rather than promoting stability, globalisation has helped illiberal and quasi-feudal forms of political economy to expand. The paper concludes by examining the emerging development-security complex formed by the interaction of these alternative economies with the new security community. This terrain poses new challenges, uncertainties and threats in equal measure to the declining relevance of conventional forms of analysis and response. (From author.)

16. Emizet, K. N. F. 2000, "Congo (Zaire): Corruption, Disintegration, and State Failure," in Weak States and Vulnerable Economies: Humanitarian Emergencies in Developing Countries, vol. 2 E. W. Nafziger, F. Stewart, & R. Vayrynen, eds., Oxford University Press, Oxford. Abstract: Ethnic conflict in Congo shows how shifts in ethnic identity depend on the socio-economic and political context of the moment rather than on some objective criteria of identity. The implication of this is that any Congolese leader will have to confront difficult challenges, which include not only rebuilding the economy and infrastructure, but also accommodating the ethnic basis of political demands, especially in the Kivu area, where non-Tutsi ethnic groups are unlikely to compromise on land issues, because they still regard the Congolese-Tutsi - Banyamulenge and Banyarwanda - as aliens from Rwanda. (From author.)

17. Farer, T. 2000, "Shaping Agendas in Civil Wars: Can International Criminal Law Help?," in Greed and Grievance: Economic Agendas in Civil Wars, M. Berdal & D. Malone, eds., Lynne Rienner, Boulder, CO. Abstract: Noting that armed conflicts often provide incentives and opportunities for corruption, state asset stripping and predation upon the population, the author argues that crimes should include such economic activities and criminal penalties include the confiscation of assets. Alternatively, the threat of confiscation may be used to promote peaceful political settlement and to restrain atrocities during conflicts as even a military victory shelters leaders only from prosecution, but not from international financial sanctions.

18. Fitzgerald, E. V. K. 1997, "Paying for the War: Macroeconomic Stabilization in Poor Countries Under Conflict Conditions", Oxford Development Studies, vol. 25, no. 1, pp. 43-65. Abstract: Much of the human cost of conflict in developing countries is the result of economic collapse rather than military casualties as such. This article examines the way in which extreme macroeconomic disequilibrium that almost inevitably occurs in wartime is generated and what its consequences are for production, distribution and welfare. The problem is exacerbated by misguided policies on the part of both national governments and aid agencies (in particular the IMF and the World Bank), based on concepts of structural adjustment and humanitarian relief designed for use in peacetime. In contrast, it is argued that a stabilisation programme that explicitly takes into account changes in the behaviour of households and firms under conditions
of fiscal stress, foreign-exchange shortages and increased uncertainty might not only sustain essential economic activity but also protect more vulnerable groups from unnecessary hardship. Such a stabilisation programme should seek to improve exchange relationships for small producers as underpinning the living standards of the poor, and the provision of suitable means of petty accumulation. It would also be necessary to redesign fiscal and aid policies in this direction. (From author.)

19. Fitzgerald, V. & Grigsby, A. 2000, "Nicaragua: the Political Economy of Social Reform and Armed Conflict," in War and Underdevelopment: Case Studies of Countries in Conflict, vol. 2 F. Stewart & V. Fitzgerald, eds., Oxford University Press, Oxford. Abstract: It is impossible to quantify precisely the cost of the conflict that took place in Nicaragua between 1979 and 1990, but six categories are relevant. First, the direct cost of wartime destruction itself, which was quantified for the International Court of Justice. The losses started in 1980, but rose sharply from 1983 to peak in 1987, declining thereafter until the ceasefire in 1990. These cumulative costs totalled some US$2 billion over the period - equivalent to one-quarter of outstanding debt. To this should be added the 62,000 victims on both sides, of whom half were killed - nearly 1 per cent of the population. If to these figures are added the economic losses and deaths before 1979, the cost would rise to US$2.5 billion and 100,000 deaths. Second, the disarticulation of the domestic economy arising from armed conflict which led to loss of harvests, movements of refugees, lower plantings in war zones and so on. If the impact of the US trade embargo, the effective prevention of loans from international financial agencies and the multiplier effect of lost foreign exchange upon levels of domestic production are added, the total cost of this disarticulation would be at least US$5 billion. Third, the accumulation of an 'extraordinary' nature debt in 1996 represents US$5 billion. Fourth, the effect of the conflict on policymaking capacity - by shifting from long-term development to short-term resource acquisition - was critical. Fifth, the private sector has experienced a high degree of uncertainty during the whole period, leading to minimal investment. Sixth, and perhaps most significant in the long run, the level of distrust built up between social actors, the weakening of institutions, the breakup of families, the increasing levels of poverty and marginalisation and the loss of links with the external world, all contributed to a marked decline in the effectiveness of Nicaraguan institutions. This has not been recovered during the 1990s, and remains the most serious obstacle to the resumption of economic development and the reduction of poverty. (From authors.)

20. Fitzgerald, V. 1998, "Vulnerable Economies and the International Political Economy of Conflict,” in War and Underdevelopment: The Economic and Social Consequences of Conflict, vol. 1 F. Stewart & V. Fitzgerald, eds., Oxford University Press, Oxford. Abstract: It is not possible to regard a conflict situation as merely a local problem which the international community does it best to resolve. It is a question of examining the way in which vulnerable societies are integrated into the global economy and ensuring that this does not actually increase tensions between social groups or geographical regions within the national territory and undermine the capacity of local public institutions to mediate effectively between the winners and losers during the process of modernisation.

Vulnerability is not an inevitable state of affairs: countries can raise growth rates, increase exports and achieve human development without accumulating excessive debt or social inequality; but they can also get into a recessive cycle of debt, foreign exchange shortages and import compression which exacerbates inequality and uncertainty. Vulnerability need not necessarily lead to conflict if the state is sufficiently strong and broadly based to provide public goods and ensure the security of minority groups. However, if increased vulnerability coincides with a weak state and a divided society, then conflict can - and frequently does - break out. When
this happens, the recessive cycle is exacerbated, making conflict difficult to resolve. The main lesson is that international links can worsen the combination of economic vulnerability and a weak state which then can prolong conflict.

Economic vulnerability is not just a question of low levels of per-capita income or high ratios of debt to GDP, but rather the degree of perceived inequality between groups, uncertainty as to their respective futures and the capacity to resolve social stress by public action. In other words, it is not 'underdevelopment' (whatever that might mean) as such that increases the likelihood of conflict but rather sudden economic change - much of which arises from exogenous shocks. It follows that there is a strong case for reconsidering international economic arrangements and making special provision for all vulnerable countries - because all countries in this category have suffered, are suffering or could suffer from armed conflict. This does not necessarily mean a large transfer of resources to these countries in the form of increased grant aid - even if this were desirable it is politically infeasible. Rather it means the creation of special provisions to reduce the effects of economic globalisation on distributive justice, economic uncertainty and state weakness.

   Abstract: Sierra Leone is one of the countries in which the new private armies, or security corporations, have played a key role in the dynamics of conflict. After briefly reviewing the issue of mercenaries in Africa, the author examines the case of three security corporations in the Sierra Leone conflict of the mid-1990s. Mercenary activities in Sierra Leone constituted a 'return to proto-colonialism' that despite its high price never delivered more than a short-term security that the West African peacekeeping force was equally capable of delivering. On the other hand, due to Sierra Leone's mineral wealth, these activities further 'accentuated the international exploitation of the country' and represented nothing more than a 'return to proto-colonialism'. As such, 'mercenaries are not a solution to African conflict resolution and settlement'. Yet, simple calls to ban these activities are unhelpful as 'the long-term viable security strategy lies with African states implementing policies and establishing structures that would make political and socio-economic inclusiveness possible, addressing the problems of entitlement and social justice, and promoting democratic governance and fundamental freedoms'.

   Abstract: Aside from its political aspects - which are largely developed in this paper - the view of the crisis in Burundi as a Tutsi-Hutu confrontation may be described in terms of their structural opposition resulting from their contrasting modes of integration into the modern economy and world market system as it has affected different segments of this society. Certain features of Burundi's human geography, its economic performance and its social development are relevant. Population density is 324 people per square kilometre, the urban population is only 5-6 per cent, the industrial and service sectors are minuscule and the major cash crop is coffee - which is regulated. Yet, the main factors are political and all discernible signs seem to indicate that short- and middle-term prospects for the continuation or further escalation of the current humanitarian emergency are considerably greater than any realistic estimate of its settlement. (From author.)

Abstract: The availability of weapons - and particularly small arms - in southern Africa has had a tremendous impact on these societies. Curbing this availability is key in decreasing all violence - ranging from petty crime to civil war, but the clandestine nature of many transactions and the interests of arms-producing countries make this a difficult, if not impossible, task. A potential avenue is to restrain the demand side by limiting the purchasing capacity of belligerents. Taking the case of Angola, the author advocates regulation, and crucially self-regulation, of the private sector involved in the provision of financial resources fuelling the conflict. By exploiting natural resources, such as oil and diamonds, or channelling them to international markets without accountability to the domestic population and to the peace process, the private sector has been playing a key role in arming corrupted belligerents and aggravating the misery of the Angolan population.


Abstract: This paper examines the recent growth of the opium economy in north-eastern Afghanistan. The emergence of the opium economy there is symptomatic of new and expanding forms of transborder trade, associated with the restructuring of the global political economy.

Since the beginning of the conflict in 1979, a war economy has developed. Most of the trade is now directed outwards, from the provinces to neighbouring countries, rather than towards the capital, Kabul. This has fed into a process of national fragmentation - at least until the Taliban movement reunified most of the country - with the taxation of exports providing the main resource for warlords. The emergence of the opium economy is tied to several factors. While opium had long been cultivated in many parts of Afghanistan, the growth in production and export was stimulated by the end of Cold War patronage to the warring parties. As both US and Soviet assistance dried out in the late 1980s, factions developed local economic activities to sustain the conflict and patronage networks. This economic imperative also affected some local communities when the state collapsed in 1992, ending agricultural subsidies.

The absence of a state which could have been held accountable internationally for failing to repress poppy cultivation, allowing the rise of criminal networks in central Asia and tolerating porous borders with neighbouring countries, especially with Tadjikistan, enabled the development of a lucrative sector supplying international markets. The booming opium economy in Afghanistan is thus linked to 'processes of globalisation and the collapse of the nation state'. By 1998, Afghani production represented 8 per cent of heroin world trade. Taking the example of a village, the author demonstrates that most people in the community have a stake in the opium economy. Financial gains are not the only reason behind the growth of poppy cultivation compared to traditional livestock raising and wheat cultivation. Markets for livestock have disappeared, pastures have become degraded and are under yet more pressure. Poppies require less irrigation than wheat, the resin can be easily transported and the plant as many other uses as medicine, cooking oil and winter fodder. Finally, poppy cultivation has opened and increased contacts with the outside world, going some way to open inward-looking communities.

This economic transformation has had important consequences for local communities. Wealth disparities have increased and its distribution has changed. Young men involved in cultivation and trading, as well as local commanders taxing them, have most benefited from the windfall. Traditional leadership and norm-based networks defining social behaviour have nevertheless remained effective, although tensions between elders and the 'new rich' are rising. The author concludes that peace would disturb the opium economy and is not in the interests of the warlords and their followers. Furthermore, non-state entities have little interest or need of a unitary Afghan state. Conventional approaches by the international community to resolve the conflict by
rebuilding the state and reconstructing the economy are thus likely to fail. More work is needed to understand war political economies before action is taken.


Abstract: In many regions of sub-Saharan Africa, war is the largest single economic fact. Elsewhere, political economies are warped or dominated by the consequences of past civil wars and by the very real danger of their rekindling. Yet, development and neo-liberal economics have almost nothing to say about the economic consequences and policy implications of war. After identifying this void, the author addresses it by looking at the economic consequences of war and at ways of safeguarding against them. He argues that 'neo-liberalism sees government expenditure as a drag on the country', or as crowding out private investment, with few qualifications. Further to this, privatisation of law and order (violence) is not a goal of neoliberalism; the World Bank does not analyse war as an important exogenous variable with major political and economic content, and pays marginal attention to military spending. War costs can be assessed in terms of military expenses, casualties and dislocation with respect to effects on production, income and access to basic services. Ending war can reduce costs, but the incomes and wealth will be low and the rehabilitation of livelihoods may take years. The author concludes that 'neo-liberal policies led to civil disorders and short-term violence, but not to war'.


Abstract: While many studies have examined cross-sectional data to determine the effect of military spending on economic growth in LDCs, the relationship between these variables is likely to vary depending on policy choices made by each country's government. In the case of Sri Lanka, analysis of the data reveals that Sri Lanka 'paid' for its civil war by cutbacks in non-military government spending and large reductions in investment. Because of this, the long-run economic implications of the war are very significant. This study estimates that the opportunity cost of the war during 1983-88 was about US$1.5 billion, an amount equivalent to over 20 per cent of the 1988 GDP. Furthermore, the estimated opportunity cost is predicted to increase dramatically (in the range of $7-15 billion) in the event that war continues through 1995. (From authors.)


Abstract: Individual, groups or nations - if rational and self-interested - will be balancing on the margin between two alternative ways of generating income: (1) "peaceful" production and exchange, versus (2) "appropriative" efforts designed to seize resources previously controlled by others (or to defend against such invasions). Both production and appropriation, on the assumption here, are entirely normal lines of activity engaged in to the extent that doing so seems profitable. The general-equilibrium steady-state model involves a resource partition function, a social production function, a combat power function, and an income distribution equation. Solutions were obtained under the symmetrical Cournot protocol and two alternative assymetrical assumptions: the familiar Stackelberg condition and a more novel hierarchical protocol called Threat-and-Promise. The analysis demonstrates that, in contrasts with the harmonistic bias of orthodox economic theory, a general-equilibrium model can also encompass the hostile and destructive interactions that characterize real-world social relations. (From author)

Abstract: Anarchy, defined as a system in which participants can seize and defend resources without regulation from above, is not chaos but rather a spontaneous order. However, anarchy is fragile and may dissolve either into formless ‘amorphy’ or into a more organised system such as, hierarchy. Under anarchy, each contestant balances between productive exploitation of the current resource base and fighting to acquire or defend resources. Anarchy is sustainable only when there are strongly diminishing returns to fighting effort (the ‘decisiveness parameter’ is sufficiently low) and incomes exceed the viability minimum. These considerations explain many features of animal and human conflict. (From author.)


Abstract: The relationship between humanitarian aid and war economies has evolved considerably since the 1970s. With the exception of ICRC, humanitarian aid in the 1970s was conspicuously absent, or confined to a secondary role during conflicts. The politics of the Cold War dominated the agenda of foreign powers, and even the UN kept itself away from emergency assistance, waiting for peace to return and sovereign states to give their authorisation for intervention, for fear of being accused of political interference. The situation evolved during the 1980s with the dramatic rise of humanitarian safe areas which provided a politically safe mechanism for NGOs to monitor and a convenient way for foreign powers to intervene indirectly in the conflict by supporting rebel factions associated with, or even controlling, refugee camps. Direct intervention by humanitarian agencies within war-affected areas had also started, but was only attempted by ICRC, UNICEF and a handful of NGOs such as 'Medecins Sans Frontiéres'.

With the end of the political stalemate of the Cold War, direct intervention in conflict areas became widespread, including UN agencies and numerous NGOs. This interest was not only associated to a weakening of political sovereignty for states, and to the acknowledgement of the dilemmas associated to humanitarian sanctuaries, but also to a change of perspective on refugees. During the Cold War, refugees were regarded as political expressions of resistance to (often socialist) governments. Refugees then became more of a threat and problem for neighbouring countries as well as Western powers. The approach of donors and humanitarian agencies thus moved from assistance and resettlement (to a third country), to prevention and repatriation (to their country of origin). The new policy also promotes the containment of victims in their own country, by establishing 'safe areas', linked to the outside world by humanitarian corridors through which aid can be channelled. The 'humanitarian sanctuary' located at the periphery of the country is thus progressively replaced by 'safe areas' located within the country.

This evolution has major consequences with regard to war economies as 'safe areas' are generally located in regions with scarce resources, leading to increased competition. This greater involvement in conflicts has been matched by a rapid increase in the number of NGOs and funding for emergency assistance (from US$610 million in 1980 to $3.3 billion in 1993 - constant dollars, not including emergency food assistance; source: OECD). While aid has increased, the share received by the beneficiary state has decreased, furthering its weakening and replacing it - for matters of a welfare security net - by a vast number of actors. This weakening has also acted as a constraint for both government and rebel groups influencing their political room for manoeuvre and their relations with local people. The international image of belligerents is indeed important for receiving foreign assistance and the association of international public opinion with humanitarian assistance can act as a constraint on belligerents. If aid can be used as a constraint against the worst behaviour of armed groups, it is also because it constitutes for them a key resource; not only for their legitimacy and the populations under their control, but also for their military activities. Aid is indeed often reappropriated and manipulated for economic and political ends by the belligerents. Despite efforts to distribute assistance only to the most
vulnerable and war-affected populations, aid often benefits the most influential actors of conflicts.

Two key factors intervene at that level. First, economic actors are subordinated to political and military actors. Humanitarian agencies are also subject to this rule and are often the 'hostages' of politico-military actors. Humanitarian actors rely on politico-military actors to access victims in zones or conflicts, and armed groups are able to manipulate the security environment of these areas to ensure a monopoly over exchanges, to become the unavoidable authorities, and to play a central role in the distribution of assistance. Second, economic actors - other than humanitarian ones - can have an interest in stopping humanitarian assistance. Famines and economic crises offer opportunities for influential groups to benefit from the situation of scarcity through a manipulation of prices or the transfer of assets. Humanitarian assistance in such cases is likely to be blocked or manipulated by these influential groups as they attempt to preserve their economic interests.

Humanitarian aid is first and foremost the injection of resources in a country affected by conflict. As such, it provides an important economic resource in the form of revenue, taxation, predation and protection racketeering. The state can earn a revenue from humanitarian aid through the foreign exchange of an overvalued domestic currency; through import taxes when it controls international gateways; or through other taxes such as air transport - not to include informal taxation at road check-points. Revenues are also earned, directly or through taxation, by the economic activities - mostly consumption of goods, services and lodging - carried out by humanitarian and peace-keeping agencies and their international and local employees, especially in the capital and large provincial towns that are controlled by the government.

Predation is the direct appropriation of aid. Predation can take place with or without violence at all levels of the distribution chain; for example at check-points or during attacks on convoys, in warehouses, or through military attacks with or without the looting of aid as their main objective. Predation can also take an indirect form through protection rackets, the armed group renting their 'protection', sometimes only from their own violence. The multiplication of 'militaro-humanitarian' structures, associating humanitarian agencies and (local) military protection units, answers a demand from humanitarian actors but also constitutes a form of racket. Finally, humanitarian assistance has often come as a new input into a war economy exhausted by the predation by armed groups over civilian populations.

Humanitarian aid is also a political resource, legitimising belligerents internally through protection rackets, the control and taxation of aid and the support to public services. Humanitarian resources can be manipulated for political reasons through local NGOs linked to local 'strongmen' or 'warlords', which then extend their patrimonial practices and somewhat replace the traditional client networks of authority. Belligerents can also gain international legitimacy through the need for and the distribution of internal humanitarian assistance. Finally, humanitarian aid can have an important impact on the control and displacement of populations. Aid allows a minimum of resources to reach armed factions and the population their control, thereby minimising escape. Aid also facilitates a monopoly control by armed factions over economic exchange. Aid intervenes in relation to different strategies by armed factions. The 'military strategy' is to concentrate the population to withdraw its support for opponents. Aid therefore intervenes to support a population that has insufficient resources and is often made unproductive. The 'hunger policy' aims at displacing population through a scorched-earth policy associated to restriction of aid provision to controlled areas, thereby driving population to these controlled areas through a push effect - famine - and a pull effect - aid. The 'victimisation strategy' uses populations to attract aid as closely as possible to troops and combat areas, and
may create famine in order to increase the need for outside intervention. The author concludes by calling for further research in the area of war economies and the role of humanitarian aid. He stresses that aid is more than a constraint, or a resource, but can also be in some circumstances an integral part of the dynamics of conflicts.


Abstract: 'Since the end of the Second World War and even more so since the disappearance of Soviet Communism, the vast majority of armed conflicts are or have been civil wars. Observers have so far mostly insisted on the ideological, ethnic or religious dimensions of these conflicts. This edited book attempts to explore a key dimension that may remain the last to be able to offer a global conceptual framework of interpretation of conflictuality: economy. How are armed movements organised? From whence do they get their resources? What are the links with external factors (assistance of major foreign powers, intervention of markets, connections with mafias)? What are their relations with civilian populations? What role does humanitarian aid play through its provision of resources? These questions are addressed through five studies (war economies in internal conflicts by J.C. Rufin; sanctions and criminalisation of the economy by P. Kopp; territories and networks associated to drug trafficking by A. Labrousse; funding by diasporas by A. Langoustures and V. Pascal; humanitarian assistance and war by F. Jean) and nine country studies (Afghanistan by G. Dorronsoro; Bosnia by X. Bougarel; Cambodia by C. Lecherry; Kurdistan by H. Bozarslan; Lebanon by E. Picard; Liberia by M.A. de Montclos; Mozambique by F. Weissman; Peru-Colombia by A. Labrousse; and south Sudan by G. Prunier).

The editors argue in the book that what used to be called 'peripheral conflicts' have lost their centre. The primary focus of conflict is no longer confrontation between East and West. Yet, conflicts have continued and even increased in number and intensity. External factors were wrongly overestimated, now the dynamics of conflict are primarily internal, in which the dynamics of violence relate mostly to local determinants. The motivation of fighters and their commanders cannot thus be reduced to an ideological alignment of two opposing camps on a global scale. The complexity and autonomy of political violence has to be acknowledged. The problem is now that while the polarism of the Cold War provided a blinding clarity for understanding conflicts, the 'new' complexity has left many observers puzzled, leading to an attempt to replace ideology by ethnicity and a general vision of conflicts as anarchic, irrational and unintelligible. Others have attempted to create a more coherent framework through the concepts of 'deggenerated guerrillas' and 'mafia syndrome', associating diverse realities such as military activity by political armed groups and the violent practices by criminal economic groups. The editors argue that while economic objectives play a role in conflict, but that political factors remain primary. Sustained rebellion is a matter of power lying more in political than economic logic. The failure of apolitical military/humanitarian interventions have proven this point. What the current transformation of conflict is about is not so much the shift from ideology to economics, as the evolution of the economic structure of conflict taking advantage of a new international environment of globalism.

Yet, if economic logic is not crucial, the economic dimension of current and past conflict is. First, as soon as a rebellion extends beyond simple street riots to perpetuate itself and grow, political and military actors have to organise specific economic networks to finance their struggle and control the population. For example, the mobilisation of significant resources is necessary for arms purchases, recruitment and payment of troops, training of officers, foreign contacts and representatives, and territorial administration. Second, the economic dimension of conflict plays an important role in defining the mechanisms of mobilisation and distribution of resources, which are essential to control populations and to ensure the legitimacy of armed movements. Third, this economic dimension is used as a counter-ideology; by governments to
disqualify rebel groups as simply bandits and mafias, and by rebel groups to discredit governments as corrupt and inefficient. Economic dimensions and the forms of organisation that they entail for armed groups are in turn largely shaped by the local and internal context. In this regard the international community and the global economy largely interfere with conflicts, and there is an interest to influence this interference positively to further peace rather than war. Until recently, this interest has not been much pursued by either economists or international agencies - apart from humanitarian organisations that are confronting these war economies.


Abstract: The new wars have political goals. The aim is political mobilisation on the basis of identity. The military strategy for achieving this is population displacement and destabilisation so as to get rid of those whose identity is different and to foment hatred and fear. Nevertheless, this divisive and exclusive form of politics cannot be disentangled from its economic basis. The various political/military factions plunder the assets of ordinary people as well as the remnants of the state and cream off external assistance destined for the victims, in a way that is only possible in conditions of war or near-war. In other words, war provides a legitimisation for various criminal forms of private aggrandisement while at the same time these are necessary sources of revenue in order to sustain the war. The warring parties need more or less permanent conflict both to reproduce their positions of power and for access to resources. While this predatory set of social relationships is most prevalent in war zones, it also characterises the surrounding regions. Because participation in the war is relatively low (in Bosnia, only 6.5 per cent of the population took part directly in the prosecution of war) the difference between zones of war and apparent zones of peace are not nearly as marked as in other periods. Just as it is difficult to distinguish between the political and the economic, public and private, military and civil, so it is increasingly difficult to distinguish between war and peace.

The new war economy could be represented as a continuum, starting with the combination of criminality and racism to be found in the inner cities of Europe and North America and reaching its most acute manifestations in areas where the scale of violence is greatest. If violence and predation are to be found in what are considered zones of peace, so it is possible to find islands of civility in nearly all the war zones. They are much less known about than the war zones, because it is violence and criminality and not normality that is generally reported. But there are regions where the local state apparatus continues to function, where taxes are raised, services are provided and some production is maintained. There are groups who defend humanistic values and refuse the politics of particularism. The town of Tuzla in Bosnia–Herzegovina represents one celebrated example. The self-defence units created in southern Rwanda are another. In isolation, these islands of civility are difficult to preserve and squeezed by the polarisation of violence, but the very fragmentary and decentralised character of the new type of warfare makes such examples possible.

Precisely because the new wars are a social condition that arises as the formal political economy withers, they are difficult to end. Diplomatic negotiations from above fail to take into account the underlying social relations; they treat the various factions as though they were proto-states. Temporary cease-fires or truces may merely legitimise new agreements or partnerships that, for the moment, suit the various factions. Peacekeeping troops sent in to monitor cease-fires which reflect the *status quo* may help to maintain a division of territory and prevent the return of refugees. Economic reconstruction channelled through existing 'political authorities' may merely provide new sources of revenue as local assets dry up. As long as the power relations remain the same, sooner or later the violence will re-start. Fear, hatred and predation are not recipes for long-term viable polities; indeed, this type of war economy is perennially on the edge of
exhaustion. This does not mean, however, that they will disappear of their own accord. Islands of civility might offer a counterlogic to the new warfare. To foster these islands, a cosmopolitan approach to governance is needed to reconstruct legitimacy, to favour locally based sources of power and thus integrate local populations, and to move from humanitarian assistance to open, integrating and decentralised reconstruction. (From author.)

Abstract: The famine associated to the conflict in southern Sudan at the end of the 1980s was one of the worst ever recorded anywhere in the world. The authors demonstrate that this famine had important political, economic and military functions that served oppressing groups. The benefits delivered through the famine were associated to a combination of four exploitative processes targeting victims: raids (mostly to capture cattle); coerced sale of assets to buy grain at inflated prices; artificial restriction of non-market coping strategies (such as migration and collection of wild foods); and blockade and embezzlement of relief deliveries. A large part of these activities were carried out by a northern tribe, the Baggara, used as an intermediary - in the form of a militia - by the government. The use of this militia offered a 'cheap and acceptable means of debilitating the Dinka, principal supporters of the SPLA, offering the prospect of gaining access to unexploited oil and at the same time channelling Baggara frustration against the south' and possibly the government. Adequate relief could have reduced both the suffering and the economic and political benefits of famine. But relief provision was limited by the intervention of government officials, military and merchants.

Furthermore, the attitude of donors has important limitations. First, donors did not concern themselves with tackling the underlying processes of famine, concentrating instead on reacting, with nutritional interventions, to the final stage of famine when mortality was severe. Second, while donors provided about half of the recurrent government expenditures, they did not seize the opportunity of pressing it politically to check raiding and human rights abuses nor to promote peace negotiations. Third, donors intervened at a late stage in the famine, when the 'daily death rates' increased, rather than during earlier stages, such as acting against the massive livestock sales or helping to end raiding. Fourth, most donors focused their assistance on easily accessible areas under government control, but avoided deliveries in rebel areas where most of the victims were concentrated. Fifth, donors failed to ensure the receipt of relief by victims. As the famine itself, these limitations had significant functions for donors. They helped them to claim for successful relief operations, to protect aid workers, and to keep good diplomatic relations with a Sudanese government that might otherwise ally itself with Libya - an 'enemy' of the West. With the extensive media coverage of the famine in late 1988, donors were pushed to change their attitude. In the context of a peace agreement, domestic and international pressure forced the government to accept a massive relief operation (Operation Lifeline) for the south. As relative peace accompanied relief deliveries by UN monitors, quasi-normal economic activities and aid led to a significant improvement of the situation. The author concludes that donors need to address the underlying processes creating famine and intervene earlier, including through political analysis and pressure.

Abstract: Taking the case of war in Sierra Leone, the author argues that 'financially strapped governments - faced with pressure for austerity from international creditors - have tried to cut costs and reward supporters by delegating, in effect, the right to inflict violence and obtain loot'. A result of this privatisation of war is that its motive has shifted from winning the conflict to making money. Civilians and resources become the main 'military' targets. In Sierra Leone, the
group mainly targeted by both government and rebel violence - the Mende - occupy a land 'exceptionally fertile and rich in mineral resources, but lack the political connections that would allow them to protect these resources from poorly paid or unpaid gunmen'. Aid can also become a target. Given this economic agenda, armed groups have an incentive to perpetuate the conflict. Opposing groups have a clear interest in accommodating each other, collaborating, or exchange their roles to decrease expenditures and losses but maximise profits. Government troops are interested in maintaining the perception that rebel groups are powerful and present in the area to act as scapegoats, but also to justify the expulsion of civilians to secure a privileged access to resources, in this case diamonds.

34. Keen, D. 1996, "War: What Is It Good For?", Contemporary politics, vol. 2, no. 1, pp. 23-36. Abstract: The author argues that wars have an economic rationale that has not been sufficiently acknowledged. Two levels of economically related conflicts are identified: conflict over state allocation of resources, including within the state itself; and a new political economy of war in which vested interests are developed by specific groups over the course of a conflict. This new political economy of war associates the pillage of medieval warfare and the forces of international capitalism to form a productive war system that contrasts with the image of war as both irrational and only destructive. In this regard, civilians are often taking part in hostilities for economic reasons, particularly in the context of weak states. This involvement could be retarded by international aid. International responses to conflict have so far sought to address the economic consequences and political causes of conflict. They now need to address the economic functions of civil conflict.

Diplomacy, while remaining the most promising and effective avenue of peaceful end to a conflict, remains framed by an inappropriate old-fashioned, bureaucratic model of warfare, according to which wars are declared and later declared to be over. In fact, the agreement of leaders is unlikely to secure that of their followers. Furthermore, diplomatic pressure, like peacekeeping, remains contingent upon the interests of major powers. Finally, diplomacy is shrouded in secrecy, insulating it from critics and suppressing useful political and intelligence information.

Peacekeeping has also shortcomings in that it remains unable to address the problem of absence of political will to peace. Furthermore, like aid, it is not much evaluated and subjected to sanctions for its failures. Aid NGOs address mostly the consequences and very rarely the root causes of conflicts. They have furthermore strong financial interests, including a desire to over-evaluate their efficacy. Human rights organisations offer a voice to oppressed people, but they rarely mention their efficacy, they condemn rather than explain and their declarations are often used by isolationists and aid-cutters. Journalists have, on occasion, got so close to the action for reasons of credibility that 'they are unable to find out anything except that the situation is very dangerous'. They also much depend on NGOs for access and information, making it difficult to get a radically different perspective, and they tend - or need - to simplify issues and reify ethnic groups. Academics may be better placed to analyse conflict, but they are confined by the 'boundaries' of their 'discipline' and take so much time to analyse and publish that the crisis is often long over. Finally, economists have mostly avoided the issue of violence and international financial organisations have treated warfare as 'exogenous'; while political scientists have not much discussed economics in analysing conflicts.

The author concludes that aside from the 'need to address the economic functions of civil conflict rather than simply the economic consequences and the 'political' causes', there is also a 'pressing need for more openness and accountability among institutions that claim to be addressing the consequences and causes of conflict. A complex system for controlling the flow of information
(a system of control that confers significant economic and political advantages) is helping to
preserve the existing system of conflict response, which leaves largely unaddressed the reasons
why people turn to violence or incite violence in others.'

pp. 67-75.

Abstract: In this paper, the author argues 'against the notion that wars, whether internationalised
or civil in nature, are essentially irrational and "imposed" on societies. Rather they should be
regarded as emerging from political and economic processes taking place within such societies -
particularly when "peace" involves violent processes as the corollary of economic development
and political consolidation.' This approach is guided by two ideas. First is the medical realisation
that an infectious disease serves important functions for the flourishing germ. The symptoms of
the disease therefore should not be seen - and treated - in isolation but as the expression of a
struggle between organisms, one of which is, at least temporarily, benefiting from the sickness of
the patient. Second is Foucault's political investigation of the Gulag in the Soviet Union.

Similarly, the author does not ask what is the `cause' of violence, but rather he asks himself:
'What use is violence? What functions does it assume? In what strategies is it integrated?'

From this approach, the `mindless' atrocities and `irrationality' of war can give way to a
rationality concerned with a complex array of political and economic processes. Medieval and
imperial examples demonstrate that there was 'more to war than winning it' and that economic
gains were primary goals for mercenaries, merchants and European rulers. Sierra Leone and
Sudan provide two contemporary examples in which 'complex economic and political
motivations may mean that prolonging the war is as useful as "winning" it'. In Sudan, the war
was used by the government to have the army together with an economically marginalised, but
potentially rebellious group from the north dispossess a politically marginal but economically
wealthy group in the south. In Sierra Leone, government troops and rebels were accommodating
each other and displacing the population to maximise looting and illegal mining opportunities.
Lacking disciplined forces, warfare in weak and impoverished states is likely to 'mutate' as the
conflict unfolds, with economic functions taking over military and political goals. Similarly,
poorly paid, trained and equipped policemen around the world are unlikely to confront well-
funded criminals.

The author suggests that intervention should seek to alter the balance of costs and benefits for
groups associated to the exercise of violence. This alteration may result from sanctions,
including improved reporting of exactions and economic activities; realistic economic
alternatives to those gained from violence, including the legalisation of war economies to
promote more peaceable enterprises; satisfaction of security requirements and economic and
educational needs for troops; avoidance of unintended complicity on the part of humanitarian
assistance, including in helping depopulating specific areas and concentrating people in
controllable camps; counteracting the support of the state by supporting its formal institutions
and its provision of social services. The paper examines the rational nature of warfare, turning to
historical examples before the modern period. This framework is applied to the civil wars in
Sudan and Sierra Leone, leading to a general proposition on the connection between 'economic
war' and the weak state. The paper concludes that it is essential to look at the functions of war as
well as its costs in order to bring it to an end, and to design appropriate diplomatic and economic
pressures to bring this about. (From author.)

Adelphi Paper No. 320.
Abstract: In this key text, the author demonstrates the importance of understanding the economics underpinning violence in civil wars. While not dismissing psychological, social and political factors driving violent conflicts, the author argues that short-term economic benefits have become paramount in the dynamics of contemporary conflicts. Current conflicts have been often depicted as irrational, ethnically driven and uniformly disastrous. The author seeks to move beyond this by examining the rationality of violence and comes to conclude that ‘war has increasingly become the continuation of economics by other means’, rather than politics. Supporting the argument that ‘ethnicity, and the importance attached to it, is shaped by conflict rather than simply shaping it’, this research points to the differential impact of violence on winners and losers. An analysis of conflicts must therefore focus on the specific political economy that generates violence through an approach that considers conflicts as the emergence of alternative systems of profit, power and even protection, rather than simply the breakdown of a particular system. In this regard an examination of the functions of violence is key. Beyond its use by political groups to change or retain the legal and administrative framework, violence serves profitable economic, security and psychological functions for a diversity of groups.

Using a range of examples from Cambodia, Mozambique, Sierra Leone and Sudan the author suggests that civil wars in states often intentionally weakened by international financial institutions are wont to see private economic agendas assume considerable importance. Economic rewards may include control over local resources, aid and trade as well as institutionalised benefits accruing to the military. They may also extend to the exploitation of civilian groups through looting, forced labour and protection money. These exploitative political economies of war sustain a conflict by rewarding belligerents. Furthermore, localised economic interests loosen chains of commands and make emergencies increasingly 'complex' due to a factionalisation of movements and fragmentation of territorial control. With regard to security, it might be more secure for individuals to belong to an armed group and perpetuate violence, rather than to remain victims on the receiving end. With regard to psychological incentives, the war, rather than representing an end, may provide significant groups with the means through which crimes and abuses can be carried out with impunity, as an end in themselves. To a certain extent, the goals of 'defeating the enemy' and 'winning the war' are replaced by that of reproducing and accommodating a profitable conflictual situation. Rather than identifying belligerents as two contending parties supported by different groups, analyses seek to locate which groups take advantage of a conflictual situation.

From this perspective, violence can be mobilised 'from the top' by political leaders or entrepreneurs enrolling recruits, as well as 'from the bottom' by civilians and low-ranking soldiers. 'Top-down' violence can provide access to political privileges, while 'bottom-up' violence can secure the means of daily survival or serve psychological functions. Ending violent conflict thus requires an understanding and a modification of the structures of incentives that make violence a solution, rather than a problem, for significant groups. In this regard, the provision of aid may have a dual impact. On the one hand, aid can be embezzled by armed groups. On the other, aid can decrease the need for these same armed groups, or other vulnerable groups, to use violence to sustain themselves. With regard to transition processes to peace, the economic causes of war needs to be understood to avoid the reconstruction of a pre-war economy that may have had much to do with the origin of the conflict.

Current conflicts have often been depicted as irrational, ethnically driven and uniformly disastrous. The author seeks to move beyond this by examining the rationality of violence. He supports the argument of Turton and Campbell (reference No. ???) that ‘ethnicity, and the importance attached to it, is shaped by conflict rather than simply shaping it,’ and points to the differential impact of violence on winners and losers. An analysis of conflict must therefore focus on the specific political economy that generates violence through an approach that considers conflict as the emergence of alternative systems of profit, power and even protection, rather than simply the breakdown of a particular system. In this regard an examination of the function of violence is key. Beyond its use to change or retain the legal and administrative framework, violence serves profitable economic, security and psychological functions for specific groups.

The author stresses the role of the economic functions of violence. Civil wars in states intentionally weakened by international financial institutions are wont to see private economic agendas assume considerable importance. Economic rewards may include control over local resources, aid and trade as well as institutionalised benefits accruing to the military. They may also extend to the exploitation of civilian groups, through looting, forced labour and protection money. These exploitative political economies of war sustain a conflict by rewarding belligerents. Furthermore, localised economic interests loosen chains of commands and make emergencies increasingly ‘complex’ due to a factionalisation of movements and fragmentation of territorial control. With regard to security, it might be more secure for individuals to belong to an armed group that perpetuates violence, rather than to remain a victim on the receiving end. With regard to psychological incentives, the war, rather than representing an end, may provide for significant groups the means through which crimes and abuses may be carried out with impunity as an end in themselves.

To a certain extent, the goals of ‘defeating the enemy’ and ‘winning the war’ are replaced by that of reproducing and accommodating a profitable conflictual situation. Rather than identifying belligerents as two contending parties supported by different groups, analyses seek to locate which groups take advantage of a conflictual situation. From this perspective, violence can be mobilised ‘from the top’ by political leaders or entrepreneurs enrolling recruits, as well as ‘from the bottom’ by civilians and low-ranking soldiers. ‘Top-down’ violence can provide access to political privileges, while ‘bottom-up’ violence can secure the means of daily survival or serve psychological functions. Ending violent conflict thus requires an understanding and a modification of the structures of incentives that make violence a solution, rather than a problem, for significant groups. In this regard, the provision of aid may have a dual impact. On the one hand, aid can be embezzled by armed groups. On the other, aid can decrease the need for these same armed groups, or other vulnerable groups, to use violence to sustain themselves.


Abstract: The author suggests there are dangers in the common view that development interventions should be put on hold for the duration of a conflict. Warfare can act as a drain on resources and there are ways to increase the costs of war. On the other hand, ‘civilised warfare’ can include deliberate attempts to reduce the costs of war. These costs have an important impact on the prospects for peace or further war. Understanding the benefits conferred by warfare will be critical in understanding why wars occur and how they might, conceivably, be made less likely. This may involve the facilitation of livelihoods that provide an alternative to economically motivated violence. Understanding the benefits conferred by warfare will also be important in facilitating economic and welfare interventions that take account of the vested interest that a
variety of local groups (including governments) may have in the promotion of human suffering and in the complex systems of profiteering that typically accompany civil wars.


Abstract: The author argues that the war in Sierra Leone has been nurtured within the society itself and must not be seen as exogenous. This 'rebel' war is a crisis of youth, stemmed by declining education and opportunities for employment. Both the 'rebel' movement and the military leading an internal coup are made up of abused youths with a sense of abandonment from the ruling elite. The post-conflict phase of demobilisation and economic development needs carefully to consider these matters if the war is not to start again.


Abstract: In the context of internal conflicts, it is important to go beyond analyses that see famine as occurring when victims are caught in the crossfire. Indeed, the main problem of civilians is that they are themselves the central object of the conflict. Famine, displacement and relief dependence are usually not so much a by-product of war as specific military and political objectives. While in the short term, relief may be important as a purely nutritional or health intervention, in a wider sense relief will affect (and be affected by) the political and economic processes contributing to famine. International aid does not and cannot stand outside economic and political processes in some separate 'humanitarian' sphere. This is only too well understood by local elites or military factions seeking to manipulate hunger and international aid.

What is urgently required is for aid donors to give greater attention to protecting the human rights and economic strategies of the most vulnerable groups. One key starting-point in any attempt to improve the effectiveness of international aid is to obtain a deeper understanding of political and economic processes in societies where aid organisations are intervening. Involving civilian organisations in the design and implementation of relief is another key area. A third is providing institutional and relief support to local authorities or elders with a genuine interest in protecting civilians from violence. A fourth is giving greater attention to the development of infrastructures and markets in areas where refugees and internally displaced people find themselves. A fifth is setting up proper systems for monitoring human-rights abuses, and introducing mechanisms which allow monitoring to be translated into corrective action. This means changing what is counted and measured - moving away from a concentration on measuring nutritional status and towards assessing levels and types of violence. Donor organisations, notably the UN, need specific mandates for assisting the victims of conflict at a point before they begin to starve. (From authors.)


Abstract: International observers frequently attribute the vicious and prolonged nature of civil wars to the irrational beliefs of the combatants or the irreconcilable goals at the base of the base of the conflict. A visceral devotion to kith and kin and the indivisibility of resources and territory are often seen as the primary reasons for the intractability of modern internal conflicts. However, this book draws on data from conflicts in Asia, Africa and Latin America to argue that the structure of conflict itself can help explain why some civil wars drag on past the point at which it would seem in the best interests of belligerents to lay down their arms.

The author observes that no civil war is ever wholly internal, and what counts as a civil war is
often in the eye of the beholder. He notes that Western powers gauge civil wars in terms of the way that involvement affects the strategic interests of those powers and that interventions can become narcissistic, with thoughts about the long-term effects of external involvement pushed back of the queue.

This study identifies five structural aspects of civil wars that help account for the difficulty in fashioning durable negotiated settlements: leaders can prevent moderates within their camp from forging links with their counterparts on the opposing side; the decision-making structures and enforcement mechanisms among belligerents are often diffuse and uncertain; the willingness of a belligerent elite to negotiate may have little to do with the military situation on the ground; the asymmetry of commitment, organisation and status among belligerent parties is not conducive to negotiations; and the security dilemmas of internal conflict are analogous to those in the international system.

Potential interveners - whether individual states or international organisations - must be sensitive to these structural obstacles, and formulate their plans for intervention accordingly. External powers are often the only available generator of trust between the contesting parties and they 'can help alleviate the security dilemma. (From author.)


Abstract: The growing socio-economic cleavages alongside general impoverishment present a potent source for mass discontent in Kenya. Yet, the multiple dimensions of differentiation in Kenya in some ways lessen the likelihood of a Complex Humanitarian Emergency. Class-based conflict presupposes common interests across the disadvantaged segments in society. It was shown that poverty is so widespread across the regions and different ethnic groups that perceived shared interests may be unlikely to emerge. Indeed, election results continue to suggest the primacy of ethnic identification over time. (From author.)


Abstract: Sanctions have been long used to try to influence the course of conflict. Their effects upon classic war economies are well known and include the need for increased centralisation of the economy by the state as well as its support to a larger share of the production and distribution of goods. The effects of sanctions upon new war economies are less well known and the author argues that many of them will indeed result in the criminalisation of the economy, therefore reducing the chances for peace. Furthermore, even after the conflict has ended, the criminalising effect of sanctions can be sustained by an on-going criminalisation of the economy and favoured criminals with access to state power. Indeed, the new war economies are characterised, not by a centralisation of political, economic and military power - as in the case of classic wars - but in a weakening of the power of the state. This weakening results from the actions of armed movements attempting to capture the state or some of its prerogatives. The weakened state is often reduced to a pretorian guard for those in power, with no authority beyond a neighbourhood in the capital city.

The coexistence of a weak state, rebel movements and the actors of the informal and criminal economy is both unstable and perilous. Yet, it is often on such an environment that sanctions are imposed. The effect is generally to add to confusion as the state is unable to respond to shortages through a centralisation of resources. Most often it relinquishes its control upon the economy and accepts or encourages an informal sector rife with criminal economic activities. The state thus
sub-contracts what is not key to its survival to the new politico-economic businesspeople. Sanctions therefore consolidate the characteristics of these new war economies. The destabilised economy is characterised by pessimism. This reduces investment and results in short-term opportunistic behaviour; hyperinflation and distorted price structures (with the prices of unregulated input goods increasing faster than those of regulated output or consumption goods); and manipulation of exchange rates, which itself influences hyperinflation. Economically, the negative effects of sanctions are felt primarily by the general population. Yet for those with a capacity to manipulate, the imposition of sanctions yields rich rewards. Among these are criminal groups, or groups which involve themselves in criminal activities in order to benefit from the situation. These groups - which the author analyses according to the literature on mafias - are able to develop increasing power, including political power in the state. Furthermore, they tend to maintain their power even after the conflict has ended, as the new authorities find it difficult to eradicate them due to their mode of organisation and economic wealth. In the context of the new war economies, sanctions will thus accelerate the breaking up of society and the total criminalisation of the economy.

Abstract: Using the example of narcotics, the author demonstrates how a single resource can shape a war economy and the structures of the parties to the conflict, as well as the course of the conflict itself. Due to their prohibition in most countries and their transportability, drugs have unique financial potential. As drugs require land and populations to be produced, they entail the existence of territories that, along with traffic routes and distribution areas, can be controlled by different armed groups. Furthermore, the production process means that populations have a direct relationship with rebel groups, who often provide compensation in return for the profits generated by the illegal crops.

The protection of the interests of peasants/producers by the rebels - through the frustration of crop-eradication campaigns by the army or by getting fair prices from buyers - provides them with local popular legitimacy. Finally, the need to defend these territories or trading routes as well as the financial profits generated by trafficking can result in a drift from political motivation to criminality, either directly or through trading networks extended to criminal groups. These characteristics thus have important consequences on the course of conflict. The author concludes that the failure of great powers to bring about a solution to conflict, or to bring pressure to bear on authoritarian governments suspected of abusing minorities, have significant consequences on the development of drug trafficking and the consumption of drugs in the West.

Abstract: Both Colombia and Peru have been affected by conflicts between the government and left-wing guerrilla groups. The author presents the context in which these guerrilla movements have emerged and their political foundations. In Colombia, a violent conflict broke out between the liberals and the conservatives after the Second World War. This has provided space for the Communist party to organise armed groups of peasants in small autonomous republics through an armed movement: the Revolutionary Armed Forces of Colombia (FARC). These republics have since evolved into about 90 fronts, for which the FARC has taken on the functions of a quasi-state, providing for example security, justice, health-care and education. The historical legitimacy of the FARC and the protection it provides to the peasants and coca growers from large landowners and narco-traffickers. The second main Colombian guerrilla movement, the National Liberation Army (ELN), has more recent origins and less rural legitimacy. Both movements have complex relations with groups in power in Colombia - that is the government,
the army, the narco-traffickers, the landed class and the various right-wing paramilitary groups who protect business interests. Many of these relationships are articulated around economic interests, through both accommodation and conflict.

Finance for the two guerrilla groups comes the taxation of drug production and trafficking, kidnapping, mining (gold and coal), hold-ups and various quasi-legal enterprises. The ELN is also involved in the petroleum industry. In Peru in the 1970s, the Communist party founded an armed movement known as Shining Path. Unlike the two Colombian guerrilla groups, Shining Path was quite orthodox in its economic approach, living within rural communities and preferring to destroy capitalist ventures rather than tax them. Guerrilleros farmed in order to maintain food supplies, and arms were captured from government forces and dynamite stolen from mines. The only general exception, which came about in the mid-1980s, was the taxation of drug traffickers. Yet, as the movement came under increasing military pressure it became more predatory towards the population, to the point of displacing and enslaving whole communities to provide them with food. While these rebel groups cannot be identified with the narco-guerrillas, who are only motivated by crime and money, the author argues that the lack of political perspective with regard to accessing state power might push them towards increasing criminalisation for the sole purpose of their own survival.

Abstract: In the years immediately following independence, Angola became one of the proxy battlegrounds of the Cold War. The availability of two abundant resources (oil and diamonds) has sustained the conflict long after the departure of the superpowers. The geography and political economy of these resources have exerted a powerful force on the course of the conflict. Matching the regional and ethnic differentiation articulated by party leaders for political ends as well as the military strategies of belligerents, these resources not only fuelled the conflict but intensified its effects by drastically reducing productive economic activities as well as government efficiency and popularity. The conjunction of politics, geography and military strategies sustained - and was sustained by - financial flows redirected away from peace and reconstruction towards war and self-interest. These dynamics have been facilitated by the corporate sector as industries and markets were to a large extent sheltered from the direct impact of the conflict and its ethical dimensions. The contrasting situation of the Mozambique example here highlights the importance of political accountability for resource and capital flows. The paper stresses the significance of the geographical dimensions of conflicts and calls for greater corporate responsibility during wartime and transition to peace. (From author.)

Abstract: The recent history of Cambodia is an example of a tragic conjuncture of geopolitics and a vulnerable society in which internal mechanisms added to the emergence and persistence of humanitarian emergencies. Internal political and economic factors were critical elements for the intensification of the crisis in the 1960s and the ensuing humanitarian emergency. As the ruling elite increasingly used state apparatus to pursue private profit, it created a vicious cycle of corruption and factionalism that eventually destroyed the state's ability to either to fight the war or maintain basic social services. The predatory behaviour of the Cambodian mercantile and administrative elite was compounded by non-existent economic growth and diversification. In particular, the inability or unwillingness on the part of the state to alter the exploitative rural microeconomies lent credibility to the communist alternative.
Although responsible for unimaginable crimes against humanity, the Khmer Rouge regime did serve to highlight the deep-rooted and distorted power relations that had pervaded the political economy of Cambodia. The politicisation of Cambodian life led to successively deeper and destructive purges among Khmer Rouge cadres and the general population. Giving priority to ideological concerns above all else undermined social cohesion, economic production, and led to widespread famine and disruption. Patronage, corruption and violence - all expressions of the predatory relations between the absolute rulers and the disempowered population. While this situation persists in Cambodia, the historical sources of vulnerability will remain potent. (From authors.)

48. Lechervy, C. 1996, "L'Economie des Guerres Cambodgiennes: Accumulation et Dispersion," in *Economie des Guerres Civiles*, F. Jean & J.-C. RuFIN, eds., Hachette, Paris, pp. 189-232. Abstract: The complexity of the different conflicts that have taken place in Cambodia over the last 40 years has been matched by the diversity of their funding. Foreign support, in the form of military intervention or support to 'humanitarian sanctuaries'; the plundering of local resources, such as timber, gems and Angkorian antiquities; and the integration of the factions' economies with those of neighbouring Thailand and Vietnam, have contributed to the formation of the Cambodian war economy. Foreign resources have been either insufficient or inaccessible to guerrilla and government armies, which have therefore had to construct a parallel economy to support themselves. This has been further aggravated by the end of direct military support and 'humanitarian sanctuaries', in particular for the Khmer Rouge. The importance of economic objectives for both political factions and local armed groups was matched by each faction condemning the other for economic mismanagement, while presenting itself as key to the economic welfare of the population. The Khmer Rouge in particular accused the government in Phnom Penh of allowing the exploitation of the country by Vietnamese migrants.

The economy was thus not only a financial resource, but a political one used to gain popular legitimacy. In turn, the population has used rebel groups as a buffer against the government. The opening of the Khmer Rouge to commercial activities, mostly forestry and gem mining, should not, according to the author, weaken the movement ideologically or structurally. On the contrary, the new financial revenues are to be used to (re)construct a network of allegiance and clientelism. Extensive support has been provided from politico-military-business interests in Thailand, and from the Royalist component of the new coalition government. The economic agenda of the different parties has thus had a high importance in the Cambodian conflict since the 1991 Peace Accord.

49. Licklider, R. 1995, "The Consequences of Negotiated Settlements in Civil Wars, 1945-1993", *American Political Science Review*, vol. 89, no. 3. Abstract: Historical analysis of the 91 civil conflicts that took place between 1945 and 1993 shows that 76 per cent ended through a military victory. Only 24 per cent were concluded through negotiations, and for half of these further conflict re-started in the near future.

50. Lundhal, M. 2000, "Haiti: Towards the Abyss? Poverty, Dependence, and Resource Depletion," in *Weak States and Vulnerable Economies: Humanitarian Emergencies in Developing Countries*, vol. 2 E. W. Nafziger, F. Stewart, & R. Vayrynen, eds., Oxford University Press, Oxford. Abstract: The plight of Haiti is the result of two inter-related sets of factors, one economic and the other political. Economically, the standard of living in Haiti for the majority of the population is precariously low and strong mechanisms have tended to lower it even further. This has resulted in a strong migratory flow out of Haiti. This situation is linked to domestic politics...
and the legacy of relations with France. Haiti displayed an extraordinary level of political instability following independence in 1804 because of the small size of the cliques that were fighting for power and the kleptocratic nature of political rule. A stable dictatorship was established in 1957 by Francois Duvalier (Papa Doc) and prolonged by his son, Jean-Claude. This dictatorship was also highly corrupt and the president intervened in all spheres. The concentration of wealth and income in the hands of the presidential family was economically highly inefficient. Investment suffered greatly and productive activities became unproductive ones. This fed into popular and middle-class discontent which then resulted in a political crisis. (From author.)

51. Marsden, P. & Samman, E. 2000, "Conflict in Afghanistan: The Economic and Social Impact," in War and Underdevelopment: Case Studies of Countries in Conflict, F. Stewart & V. Fitzgerald, eds., Oxford University Press, Oxford. Abstract: In Afghanistan, the data, although unreliable, suggest very considerable economic decline due to the war. The Soviets made some efforts to bolster the economy and social welfare, but the attempt was short lived. Subsequent governments have made no attempt to protect the population from the traumas of war. None the less, despite widespread displacement and extreme military destruction, the population has on the whole fared better than expected. At a macroeconomic level, the destruction wrought by the prolonged conflict was vast, as revealed by all macroeconomic and sectoral indicators - the economy may have shrunk by as much as one-half. Economic performance deteriorated generally, particularly severely in the post-Soviet period.

At a microeconomic level, indicators suggest a worsening over the course of the war. Over the course of the 1980s, the urban population was relatively privileged, but after the Soviet departure they became worse off. Studies of refugees reveal that many lived at a marginal level of existence. Those returning to their communities have been moderately successful in reconstructing their local economies. Those in cities, particularly those in households headed by women or the disabled, face extreme hardship. Market and public entitlements have declined significantly, but civil entitlements have managed to compensate to some extent. There has been an increase in malnutrition, but no widespread starvation. NGO activity has increased access to schools and supported health-care facilities, leading to the improvement of selected social indicators in some regions. With the advent of the Taliban, however, and their prohibitions relating to women and NGO activity, the situation appears to have worsened with respect to public and civil entitlements. On the other hand, as insecurity diminishes, revived economic activity may enhance market entitlements. (From authors.)

52. Matovu, J. M. & Stewart, F. 2000, "The Social and Economic Costs of Conflict: Uganda, a case study," in War and Underdevelopment: Case Studies of Countries in Conflict, vol. 2 F. Stewart & V. Fitzgerald, eds., Oxford University Press, Oxford. Abstract: Since its independence in 1962, Uganda has faced political violence for nearly half its history, resulting in the death of about a million people. Both private and public entitlements were undermined in the Amin period, 1979-80, and the National Revolutionary Movement war of the early 1980s. The population concentrated its activities on subsistence agriculture and an informal economy, including smuggling of coffee, in order to protect their private incomes. People could not, however, protect themselves from the demise of local educational and health services as government resources were allocated to military expenditures.

Abstract: In this detailed account of changing relations between social communities, traditional authorities and the two warring parties (Frelimo and Renamo), the author demonstrates the complexity of motivations behind social change and the importance of refugee constituencies, external markets and economic agendas in what has been often described as an ideological opposition between Frelimo's socialist agenda for modernisation and Renamo's mobilisation of traditionalism held by members of rural communities. Resistance against Frelimo's reforms, such as collectivisation/villagisation, were articulated by a broad constituency, including local party members, around issues of economic viability and livelihoods in the context of an economic crisis; and was not, as often described, simply the result of manoeuvres by traditional chiefs ousted from power. The war itself had important economic consequences. In the north of the country, Renamo administered rural communities 'through alliances with local chiefs and ... taxed and controlled in situ to help sustain the war'. In the south, Renamo developed an economy of pillage and cross-border operations including the trade of wildlife products, weapons, drugs, looted goods and labour. Civilians living in the proximity of Renamo bases faced difficulties in growing crops, due to Frelimo attacks. They survived by hunting, fishing, palm-wine tapping, trans-border trade and assistance in refugee camps across the border. The war also 'opened up new markets for - and transformed access and control over - natural resources, privileging a new group of formerly marginalised rural migrants and soldiers, and creating conflicts when local people returned after the war'. One such booming market was that of charcoal, which provided employment for idle urban youth in forested rural areas under government control. Another was the demand for guides to assist migrants, many of whom ended up as slave labour to reimburse the fee. With the economic liberalisation in 1987, activities such as petty trade flourished together with criminal networks dealing in stolen cars - extending beyond national boundaries and political divides. Indeed, 'as soldiers of both sides became increasingly parasitic on economic activity during the war, some traders came to use political identifications instrumentally and all successful economic activity, be it cross-border trading, running a shop or burning charcoal, came to be shrouded in rumours of deals and accusations of collusion'. The author concludes that 'the imbrication of war and economy, the transformed cross-border and urban/rural relations, cannot in themselves explain the war, but they do provide insights into both the processes of war ... and the challenges of post-war reconstruction'.


Abstract: The essays here provide a detailed and critical examination of 'mercenary' activity in Africa, triggered by a new upsurge in the 1990s. Its resource material includes a table with a detailed overview of cases, statements and conventions by the Organisation for African Unity, the 1998 report by the UN Special Rapporteur on the Use of Mercenaries, and a diagram visualising the Branch Heritage, Executive Outcomes and Sandlines International empire. Documented in some details are Executive Outcomes, Sandline, Defence Systems Limited, Gurkha Security Guards, Stabilco and IDAS, as well as the 'White Legion', deployed by the Mobutu regime in 1997 against the advancing AFDL, and which for the first time included Serb mercenaries, recruited with the help of the French company 'Geolink' and with support from the French internal intelligence service. In Africa, the 'hand of trade' and the 'hand of war' have operated closely together with the colonial exploration companies, then found their classical 'mercenary' expression in the 1960s and 1970s, and have now returned in the new guise of 'private military companies' (PMCs), and the less offensive, but not totally unrelated 'private security companies' of the 1990s. Indeed, the concentration of the activities of especially the PMCs in countries rich in mineral resources but with threatened regimes, notably Angola, Zaire/Democratic Republic of Congo and Sierral Leone, is striking. This by itself already suggests the claims of PMC, to provide a cheaper and more effective solution than international peace-keepers, needs to be taken with a grain of salt. Although the different contributors differ
on details, the case studies of the 3 countries show close links, not only through contracts but also through personal networks and shareholding arrangements, between mining companies such as Heritage Oil and Gas group, with its 'subsidiary' Branch Energy / Diamond Works, or American Field Corporation and American Diamond Buyers, and its rival J. & S. Franklin, PMCs, suppliers of military equipment and arms, and various 'support services' companies, often spin-offs of PMCs. Certainly the PMCs, who increasingly were being 'paid' in mining concessions, are exposed as defending private interests, with no other accountability than to their clients and shareholders. In the short term their actions can shore up a beleaguered regime, and change the balance of power sufficiently to bring rebel groups to the negotiating table, but the record also clearly shows that this has not brought any sustainable benefits. Indeed, the PMCs are not interested in addressing the root causes of a conflict, and 'regime security' is not the same as 'national security'. On the contrary, their operations challenge the primacy of the state and its security forces, and in that sense undermine democracy. They become a source for the pursuit of private interests, as can be seen in Angola where various senior officials have come on the board of private security companies. And there is a very real prospect that rival mining interests will deploy PMCs with opposing sides in a civil war, as is becoming evident in the Zairean/DRC rebellions. This 'privatisation' of security, through PMCs but also through private security companies, which the World Bank, the UN and also non-governmental agencies have been contracting for protection and demining work, replaces the notion of 'security as a public good' with that of 'security for those who can pay'. The value of contracts for PMCs, in cash or increasingly in mining concessions also runs into millions of dollar figures that can dwarf the humanitarian aid spent in the same country, which creates a rather different perspective on the war economy and what and who is fuelling it? The contributors reveal that the current legal instruments, such as the OAU Convention for the Elimination of Mercenaries, are outdated, but even more worryingly that there is little political will to address this development. The UK and France, the diamond-centre of Antwerp in Belgium and to a lesser degree Tel Aviv, figure prominently, as does Canada on whose stock markets several of the smaller but enterprising mining companies are listed. There are huge and competing economic interests involved, which legislators don't want to 'under-mine' (sic).

Abstract: What defines a crime in the context of a civil war? Starting from this question, the author argues that informal economic activities taking place during conflicts should not be equated to illegal or criminal acts. Instead an analysis of informal economic activities should seek to understand the reasons why people choose to produce and exchange outside of the state-controlled economy. Many of these reasons relate to the stifling and discriminatory effects of a legal system and enforcement institutions often operating for privileged groups. Other reasons relate to the need for establishing inexpensive links between local markets and trans-boundary economic networks. In the developing world, the informal economy represent the lifeblood of many communities. In the context of civil war, these informal activities may be facilitated or impeded as informal producers and traders entertain complex relations with warring factions. Siding with rebels might be provide a chance to preserve one's livelihood, while corrupting government troops might represent another.

Beyond local populations, regional or international corporations entertain somewhat similar complex relations, siding with either the rebels or the government, or possibly both. The direct connection of these corporations to the international economy provides channels for funding, arms supplies and access to markets. Yet, their international credibility and legitimacy often shelter them from criminal accusations. Using examples from Uganda and DR Congo, the author suggests that rather than referring to predetermined theories, conventions and policy principles,
the characterisation of specific economic activities as criminal should rather give way to a flexible conceptual and methodological framework analysing war economies. Such framework should explore the strategies of economic adaptation for local communities to the opportunities and constraints of the civil war context and the nature of local and international economic linkages before determining the identity of the winners and losers. Only then can incentives and disincentives for violence can be considered and condemned.

Abstract: This paper outlines hypotheses for the economic causes of humanitarian disasters. The study identifies four sets of economic factors responsible for emergencies: stagnation and protracted decline in incomes, unequal or imperceptible growth, rapid population growth during substantial environmental degradation and resource depletion, and large and abrupt shifts in income and wealth distribution during adjustment and liberalisation programmes. The strategies of elites to maintain or expand power and benefits in the midst of adverse economic changes and mass reaction to these changes, are instrumental in determining the potential for humanitarian disasters. A goal of the paper is to discuss, in a preliminary way, cases that fit an economic model of the causes of emergencies, setting the stage for further case studies to test how far we can generalise from the hypotheses and examples in this paper. (From author.)

Abstract: While political ambitions explain mobilisation and conflict, often creating and making use of ethnic politics, these developments occur in the context of certain economic factors. Two economic features particularly predispose states to this type of politics: economic failure and economic inequalities, the latter coinciding with perceived group identities (of ethnicity, clan, race, class or religion). For example, we find that in the former Yugoslavia, prolonged economic failure combined with regional inequalities; in Cambodia, Haiti, or El Salvador, the poor economic performance was combined with discrimination along class lines, and in the case of Rwanda and Burundi, mass impoverishment went along with long-standing economic and social discrimination along ethnic lines. In contrast, Kenya was able to avoid large-scale violence despite ethnic differences because for many years prosperity was widely shared, while latterly, an authoritarian government has survived, partly because a divided and weak opposition meant that it had no compulsion fully to exploit ethnic politics. In Iraq, economic failure was due to the heavy militarisation and other costs of external wars and subsequent international economic sanctions. Environmental riches, as well as scarcity, play a role as well. The IMF did not generally play much of a part although its austerity budgets were a major element in the disintegration of the former Yugoslavia. Ethnic divisions are not the cause of modern conflicts, as popularly supposed. Instead ethnicity (or other cultural differences) was created or enhanced by politicians in crisis situations as a tool for further mobilisation behind them.

Democracies are not enough to prevent humanitarian emergencies. For instance, elections in a divided and conflict-ridden society may exacerbate tensions rather than cooling passions and easily lead to abuses of ethnic politics. Very often, external influences play a large role in promoting or fuelling conflict, by supplying economic and military resources to parties to the conflict, and sometimes by overt intervention. The timidity of the international response was, on the other hand, a major cause for human suffering in Bosnia and Rwanda. Finally, countries subject to Complex Humanitarian Emergencies follow a dynamic trajectory which tends to prolong conflict. Whatever the initial causes, the history of conflict and the interests it generates change the situation so that simply addressing the initial causes may not be enough to create a
strong peace. Each trajectory is unique but the following patterns are common: first, the conflict further weakens the economy thus accentuating the economic causes; and second, the process of conflict often (not always) severely weakens the state both fiscally and administratively, so that adherence to the state can neither be secured by the economic and social benefits it confers nor by repression. The conflict itself may bring about a post-nation state, where a lack of authority becomes a potent reason for prolonged struggle and competing centres of power are established to fight over the spoils.

A basic conclusion is that policies need to be inclusive both politically and economically, with respect to all the major groups within a society so as to reduce horizontal inequalities. In addition, conflict is less likely to erupt in a growing economy - but growth without fair redistribution will not be sufficient. The major problem with this recommendation is that governments in power in conflict-prone countries are themselves usually the main source of discrimination. Strong outside pressure will be needed to reverse this, and may often not be effective. However, at present such institutions as the IMF and World Bank are not applying any such pressure, since their mandates are to promote efficiency without taking into account horizontal inequality. Preventive policies need to be applied to all countries vulnerable to conflict, which includes those exhibiting sharp horizontal inequalities, low-income, negative economic growth and serious conflict over the previous quarter century.


Abstract: This paper uses econometric methods and case-study evidence to examine the political economy of complex humanitarian emergencies. It emphasises that economic variables often become salient through relative deprivation, the actors' perception of social injustice from a growing discrepancy between the goods and conditions they expect and those they can get or keep. Tangible factors such as a marked deterioration of living conditions are conducive to socio-political discontent that may be mobilised into political violence. Our econometric analysis indicates that stagnation and decline in real GDP, a high ratio of military expenditure to GNP, a tradition of violent conflict, and less clearly, high income inequality and slow growth in food production per capita, are sources of emergencies. Also inflation and low levels of IMF funding are associated with emergencies, although the direction of causation may be opposite. Two expected variables - commodity terms of trade and official development assistance per capita - are not associated with emergencies. Further elaboration of the findings shows how slow economic growth, the failure of food and agricultural development, high income concentration, rapid inflation, lack of external adjustment, the threat of slow growth and adverse distribution to elites, higher military expenditures and authoritarian regimes increase the vulnerability of developing countries to humanitarian emergencies. (From authors.)


Abstract: Conventional ways of viewing conflict as destructive and irrational have constrained the thinking of policymakers about the possibility of constructive intervention and development strategies during wartime. This paper, in looking at the experience of Sri Lanka, considers various policy choices, as well as their costs, open to some governments during times of strife. Evidence from Sri Lanka refutes the notion that government services cannot be effective in wartime while simultaneously drawing attention to the role that alternative social structures play in alleviating human costs. This paper demonstrates that a complex network of providers of market, public and civil entitlements can evolve in certain wartime contexts and identifies how the mode of warfare employed can create or destroy such a possibility. The study concludes that
the opportunities for constructive policymaking during wartime are greater - and the responsibilities of the agents of war broader - than is commonly thought. (From author.)


Abstract: Aside from the northern territories which remain out of the control of the Taliban, much of Afghanistan is now at peace. Yet, many of the characteristics of its war economy have persisted. First is the fragmentation of the economy, which, the author argues, is not caused by war as such but by conflictual competition for political and economic power at all levels. Several conflicts are identified: independence (autarky) versus modernisation (openness); centre (Kabul) versus periphery; Pasthu tribe versus other tribes; landowners versus landless; and between diverse clans and families over land ownership. The unification of territory by the Taliban in late 1996 did somewhat reduce fragmentation, but an integrated economic and administrative system is still far off. Second are structural problems resulting from an inward-looking attitude by a society prefering cultural continuity to (risky) modernisation projects. The ensuing structural problems include: low level of agricultural production; collapse of modern exploitation of natural resources; collapse of the manufacturing industry; destruction and non-maintenance of infrastructures; and collapse of social sector services. This has resulted in an 80 per cent drop in production and while 15 million people representing the settled population can feed itself through subsistence agriculture, 5-6 million are dependent on international contributions, and 0.5 million are dependent on their direct participation in the civil war as their only livelihood. Yet, the economy functions. For example, the banking system is not functioning but the traditional *halawa* (money remittance based on trust) is still operating. Taxation is not functioning at an administrative level, but it is taking place (with some abuses) at the local level. The urban area economy is functioning with moderate inflation. Prices reflect costs, there is little barter and foreign exchange varies only moderately between regions. The rural sector also stabilised itself, with for example small-scale irrigation now working, but many problems remain. Refugees thus often prefer to join towns than return their own villages. Finally international assistance is important but is currently under review as the outcast status of women demanded by the Taliban is objected to by most donors.


Abstract: In the search for the causes of complex humanitarian emergencies (CHE), five common economic factors have been identified: slow or stopped growth, particularly in the context of rising expectations; difficulties in apportioning burden-sharing; underlying inequities that are fundamentally responsible for the burden-sharing challenge and often for the CHE itself; external actors who negatively complicate the scenario; and the cumulative and mutually reinforcing effects of a downward spiral of social conflict and economic downturn. All of these factors were present in Central America in the 1980s and played a key role in triggering and sustaining the conflicts there. In El Salvador, the slowdown of the late 1970s coincided with a crest of rising expectations. Underlying inequalities, particularly in the distribution of land, made lower classes less than eager to share the bitter fruit of a slowdown. Frustrations boiled over into a military coup, guerrilla activity, and eventually, a full-fledged civil war.

The flames of conflict were fuelled by an external superpower, the US, willing to accept accelerated conflict and a rising death toll in order to prevent an extension of influence by the rival superpower. And as the conflict continued, both distribution and growth suffered mightily. Over the long run, the consolidation of peace in countries emerging from civil war - and the
prevention of future complex emergencies in most developing-country contexts - often hinges on both reactivating economic growth and forging a more equitable distribution of wealth and power. Both peace and growth can benefit from an improved balance in the distribution of income and wealth; enhanced investment in human, natural, and physical capital; and increased democratisation to achieve a balance in the distribution of power. (From authors.)

62.
Abstract: The author examines the transition from state socialism to a market economy and from war to peace in the cases of Angola and Mozambique. Both countries experienced a traumatic post-independence period, which extended until 1994 in Mozambique, and which still continues in Angola as the two parties, UNITA and the MPLA remain in conflict. In addition to the exodus of Portuguese settlers and the destruction of infrastructures by the conflict, the socialist policies taken in both countries have led to a collapse of the economy and macroeconomic imbalances (such as fiscal deficits, balance-of-payment crises, monetary overhang, repressed inflation and distorted structure of relative prices).

In both countries, the political economy of war rested on foreign support during the Cold War and on the manipulation of the sources of foreign exchange by the competing elites; oil and diamonds for Angola, and aid for Mozambique. Both had important consequences on the social and economic dislocation of the later years of the conflict. Yet, while in Mozambique a peace process was carried through, those in Angola repeatedly failed. This failure in Angola can be related to political issues but also to the unaccountable access and manipulation of revenues from the oil and diamond sectors. This access and manipulation, for vested interests and the continuation of war, have been made possible by international businesses. The authors argue that the political economy of war economies needs to be understood before designing and carrying out reforms. Most reforms, including political through a peace process, are likely to be resisted by those in power who stand to lose out from the transition. They conclude by stressing that structural adjustment in countries at war 'implies dismantling the existing networks supporting the old political economy, making markets function effectively, creating mechanisms of control over the use of the country's natural resources and linking economic reform programmes to goals that are socially sustainable'.

Abstract: The war economy in Lebanon between 1975 and 1990 was characterised by a militia economy. This was initially organised by self-defence groups on a village or neighbourhood basis still operating in the framework of a unified state, and later consolidated and monopolised by large and hierarchically organised militias leading to a territorial division of the country. The militia economy was based on the control of resources by militias in their community power base and the systematic destruction of infrastructures in areas they attempted to control. This destruction had a dual objective: to limit possible gains by competing militias and to annihilate the common patrimony that constituted the material foundation of the communities' coexistence. With the collapse of the local economy, remittances by the diasporas became crucial. Yet, the currency remained surprisingly stable, salaries to civil servants were paid, and essential goods were subsidised.

With the collapse of the state in 1983 due to the break up of the army, a paucity of state revenues and a national currency slump, salaries stopped being paid and emigration increased.
Concurrently, the militiamen saw their social status increase from that of 'youngsters from the neighbourhood' to a powerful military. The war economy moved rapidly from a clientelist peace economy to a politico-military predation of the population. Business interests were developed within and between each militia's areas. The main resources included loot, taxation of imported goods and public services, and drug trafficking. The economy was also internationally open and the banking system continued to work. The key characteristics of the militia economy were: appropriation of public functions; provision of security, replacing that of the state; investment in business and criminal activities; and financial speculation, including money laundering. The militia economy involved the redistribution of resources, including foreign aid, which played a key role in legitimating the militias themselves. The author presents a brief typology of war economies for the main militia and presents an analysis of the post-conflict situation, concluding that with peace, economic actors have taken a dominant position in the country.

64. Porteous, S. D. 2000, "Targeted Financial Sanctions," in Greed and Grievance: Economic Agendas in Civil Wars, M. Berdal & D. Malone, eds., Lynne Rienner, Boulder, CO. Abstract: Because indiscriminate economic or aid sanctions against a country have disastrous consequences on its population, which has itself little leverage over its leadership, financial sanctions are presented as a better means of pressure on a targeted regime. Financial sanctions include asset freezing or asset blocking, as well as a global refusal to deal with the regime. Targeted groups can include governments (such as that of Saddam Hussein or Gaddafi), but also political groups (such as the Khmer Rouge in Cambodia and UNITA in Angola), companies and individuals. The US, through its Office of Foreign Asset Control, is the country with the longest list of targets for sanctions.

Financial sanctions recognise the importance of economic agendas in shaping the course of a conflict and assume that the leadership will be sensitive to financial pressure. In this regard, it is important that the targets of sanctions include not only the principals but also their associates, or supporters. While the top leadership might be driven by ideology or other motivations, its associates are more likely to defect when their support for the leadership becomes too costly, thereby undermining the power base of rulers. The ultimate goal of financial sanctions may not always be to change offending policy, but more simply to express disapproval and warn other parties. In order to trace assets, the author suggests setting up procedures, like the US Financial Crimes Enforcement Network, the involvement of private accounting and investigative firms, and the offer of rewards for information. With regard to freezing assets, the author notes that the collaboration of financial institutions in safe-haven countries can prove difficult to get.

65. Prendergast, J. 1996, Frontline Diplomacy: Humanitarian Aid and Conflict in Africa Lynne Rienner, Boulder, CO. Abstract: Humanitarian aid is at the centre of relations between the international community, belligerents and civilian populations. Much hope is put on aid to provide a relief to, if not a solution for the victims of conflict. Yet, the undisputed impact of aid on the course of a conflict is not all positive. Based on general experience and specific case studies in the African Greater Horn region, the author addresses three issues: how emergency aid can exacerbate conflict; how to minimise the way aid fuels conflict; and how humanitarian assistance might contribute to peace-building. Before examining these issues, the author critically analyses seven sins which constitute 'some of the competing imperatives and structural limitations that litter the context in which humanitarian aid is introduced and that often exacerbate the negative impacts of assistance'.

The first sin is 'the numbers game'. Logistics and quantitative evaluations (including for public-relations purpose) often drive responses to emergencies. The risk is high in attempting to identify
'beneficiaries' rather than problems, and therefore to reach the highest number of people while ignoring famine's role in the conflict dynamics and increasingly dysfunctional local power structures that cause or deepen famine. The second sin is 'high-stakes fund-raising'. Funding is key to aid agencies and large-scale emergencies present major opportunities to raise them. In this context, fund-raisers are prone to exaggerate the extent of particular crises when donors are likely to answer positively, and may therefore lose credibility. The third sin is 'the law of the tool'. The response is largely guided by the tools at hand. In the case of emergencies, these tools are Western food and pharmaceutical surpluses (especially when donations are tax deductible). They fit perfectly the (external) needs-only approach of conventional relief model, but this approach is generally failing as 'it ignores outsider's historical roles in shaping the unequal internal relations that characterises the crisis; it restricts ownership of program activities to external agencies rather than focusing on the need for local communities to rebuild their own society; and it fails to provide the relational analysis necessary to identify strategic intervention opportunities'. The fourth sin is 'humanitarian aid as cover'. Humanitarianism is frequently substituted for political engagement, thereby filling a political void, or glossing over a foreign policy failure after the crisis has erupted. But throwing food at political problems is unlikely to bring the crisis to an end. The fifth sin is 'the primacy of humanitarian access'. The imperative of gaining access for aid agencies to populations at risk often takes precedence over advocacy for human rights, justice and respect for humanitarian law. The perverse effect is that the more dramatic the depredations against populations, the more resources are sent in to respond. This attitude 'restricts maneuvering room for peace activism in three major ways: it reduces warring parties responsibility for their constituents's welfare; it can indirectly fund conflict through diversion of aid; and it often legitimizes warring parties and gives them a formal basis for deflecting criticism'. The sixth sin is 'exploiting competition'. Because of the proliferation of aid agencies, warring factions are often able to exploit the resulting competition. The seventh sin is 'lack of accountability and professionalism', the large number of agencies may also result in a lack of adherence to basic humanitarian principles, including accountability (which might be in the interest of agencies from a reporting/funding perspective), as well an uneven level of professionalism.

Many of the negative impacts of humanitarian aid come from good intentions but a lack of awareness and analysis of the political functions of famine and of the impact of aid. Aid sustains conflict in three major ways. It can be used directly as an instrument of war, through the manipulation of access, the manipulation of population movements and diversion. Aid can be indirectly integrated into the dynamics of conflict. Aid increases resources to prosecute conflicts through: taxation (for example, import licences, visas, transport charges), extortion, protection rackets, dual-currency exchange, economic activities (for example, rents, salaries, local purchases, etc.), black-market profiteering, funding of NGOs as fronts for warlords, and through fungibility (i.e. 'the substitution of international aid for local public welfare responsibilities, thus freeing resources for combat and often leading local populations to shift from productive activity to pursuing aid and in the process become more dependent and politically compliant'). The inclusion of belligerents in assessments can introduce a bias in information and future deliveries. Finally, 'humanitarian infrastructures' can be hijacked. These include, vehicles, radio equipment, local trained staff, the misuse of access agreements, airstrips and cease-fires. Aid can also exacerbate the causes of war in two ways. First, aid increases competition in resource-scarce environments and result in further conflict within and between armed groups and neighbouring communities. This can happen when there is a perception of unbalanced aid, when targeting is disputed, or when access to aid is fought over'. Second, aid replaces the local responsibilities of belligerents and authorities in welfare matters and encourages them to focus in their war agenda.

To provide aid without sustaining conflict, the author suggests that agencies should rethink...
neutrality; build internal accountability; and operationalise principles of international codes of conduct. To this end, he also proposes 10 commandments: deepen analysis in planning and diversify information sources; assess needs properly and independently (especially with regard to access and the use of commercial channels); be astute and flexible in the types of aid provided (lootable versus non-lootable aid; promotion of subsistence; and promotion of livelihoods); study impacts of targeting and distribution methods; standardise costs and minimise extortion and hyperinflation; commit to independent monitoring and evaluation; integrate human rights monitoring, advocacy and capacity-building objectives; co-ordinate at all levels; prioritise engagement and capacity-building with authorities and civil institutions. The author extends his analysis to the possible role of aid in positively and proactively contributing to longer-term conflict prevention and peace-building. Key to this contribution is the forging of inter-communal and economic links. Aid can indeed provide an opportunity to link different communities through participatory and co-operating processes of aid planning and distribution. Inter-communal trade and exchange can also be encouraged, supported and protected by aid agencies. Commercial activities provides a powerful rational for stability and intercommunal relations. Aid agencies should also attempt to address the economic roots of conflict as aid supply can assist in decreasing their importance.

Overall, emergency aid should have conflict prevention and peace-building as its explicit objectives. These objectives should be translated by planning for peace-building and supporting peace-building capacity; but also it should support justice systems, support demobilisation and integrate psychosocial assistance. The conditionality of aid should also be used as an instrument to reward positive behaviour by authorities towards civilian populations. The author concludes that to reduce negative impacts, accountability is key; to contribute to peace-building, support to local constituencies for peace and the rebuilding of social institutions are key. Finally, agencies should strive constantly to improve the quality of the basics, such as planning, assessing, monitoring and evaluating.

Abstract: 'War of the poor is taking place over a vast and underpopulated territory characterised by a harsh climate, the war in southern Sudan has shattered an economy already underdeveloped before the beginning of the conflict. However, it is this very underdevelopment, the overwhelming dominance of self-subsistence and the low monetisation of the economy that allowed a large part of the ordinary civilian population to survive by itself. On the margins of this precarious survival, the mechanism of international aid has created a secondary economic system which, while only concerning the most vulnerable part of the population, nevertheless plays an essential role in the perpetuation of the conflict, insofar as combatants, now deprived of resources, use it to sustain their war effort, on the governmental side as much as on that of the rebellion. This aid margin, which plays a pivotal role, is at the origin of numerous interplays, at the international diplomatic level, as well as, in a more brutal manner, on the field, to "reward" allies, secure the neutrality of sympathisers or "punish" adversaries. As shocking as may seem the politico-military embezzlement of aid, it needs to be considered as the unavoidable taxation by existing armed forces that will not prevent the majority of assistance to reach, in spite of everything, the targeted populations. The weakness of the system is, in fact, located rather in its difficulty to conceive itself in another way than that of a process of permanent emergency and in its incapacity to contribute, if not in development - the word would be pretentious - but at least in the revival of a viable process of return to an autonomous local production.' (From author.)

Abstract: The root of the Liberian conflict lies in the end of a patronnage system that rested mostly on US aid. With the sharp decrease of US assistance, this system unravelled and the regime became susceptible to challengers. The most prominent of them, Charles Taylor, launched an attack from Ivory Coast in 1989 that triggered the collapse of the regime as political associates turned into challengers and a marginalised youth joined the new rebel groups. Taylor was the most able to attract foreign companies, many of them French, to sustain its war against the regime and other rebel groups. Beyond Liberia, the reconfiguration of commercial networks propped-up a rebel group in neighbouring Sierra Leone that helped control Sierra Leonian diamonds. The support of a regional peacekeeping force - consisting mostly of Nigerian troops - was decisive for Taylor as several groups were challenging him which resulted in a fragmentation of territorial control and control of local resources. Commercial activities, such as diamond- and gold-mining and rubber tapping, involved forced labour as well as a tight control of populations to avoid freelance operations.

The author argues that conflicts such as that in Liberia do not result from demographic pressure, stresses of modernisation, cultural flaws, ideology or political programmes, as some journalists have reported. These conflicts are 'about looting resources and controlling people to make rebel leaders rich'. States characterised by patron-client political systems are particularly susceptible to these conflicts as challengers are able to shut off crucial sources of revenue and thus patronage. The peace agreement in 1995 has resulted in political accommodation between the leaders of the different factions but has left a commercial status quo maintained by regular fighting in the interior. To strengthen peace, the commercial advantages of warlord politics have to be reduced, which means that a non-warlord economy needs to be rebuilt, something that will require support for a `state-building' initiative that US politicians have so far rejected.


Abstract: The dramatic reconfigurations of political authority taking place in Africa - what many term `warlordism' or `state failure' - call for an exploration of the origins of these changes, the likelihood of their durability and their implications for the continent's regional system of states. The author argues that the end of the old order as a particular configuration of the international state system changed by definition the nature of sovereignty in Africa. Rulers cut off from overseas largess are now vulnerable to threats from strongmen; enterprising strongmen join with marginalised groups to exploit regime weakness; opposing groups traffic in illegal drugs, weapons and natural resources and even forge foreign commercial partnerships.

Focusing on the examples of Liberia, Nigeria, Sierra Leone and Zaire, Reno demonstrates how rulers hold on to power amidst cut-offs of foreign aid, collapsing economies and disappearing bureaucracies. In his tightly argued book, he analyses the emergence of a diversity of forms of political authority and the effect of their appearance on relations between states in the region; he also considers how the international system accommodates a growing variety of constitutive entities. The evidence presented contradicts the conventional wisdom that Africa's worst-off states are those increasingly marginal to the world economy. Ironically, closer integration of these states into global markets promotes warlord politics, not the bureaucratic forms of administration that most studies of reform in Africa prescribe. (From author.)


Abstract: Conventional analyses of Africa's 'failed states' conclude that patronage networks fragment as state resources decline. As pay-offs from rulers dwindle, once-loyal strongmen become warlords, attacking centralised authority. This article examines how rulers use more reliable foreign mining firms and foreign private (mercenary) armies to marginalise threatening
strongmen. At home, militarising commerce denies its benefits to enterprising strongmen. Rulers then receive creditor financial support for their offensives against elements of their old patronage network and insurgencies, seeming to battle against corruption and inefficiency. Rulers discover that they can use foreign firms to collect revenue, defend territory and conduct diplomacy with other states and multilateral agencies more reliably than domestic bureaucrats or strongmen whose political authority may threaten their own. This new political alliance increases the economic viability of some weak states. Paradoxically, the destruction of conventional state institutions eases the hard-pressed ruler's efforts to recruit aid internationally and manage the demands of competition in global markets. (From author.)

Abstract: Examining processes of state building, violence and commercial activities, the author argues that government officials in weak states chose to exercise political control through a Shadow State, that is through market channels, rather than politically risky and financially costly projects requiring the building of effective state institutions. This concept relates corruption to politics and helps to define the personal rule constructed behind the face of de-jure state sovereignty and formal institutions. Relying on resources from superpower patrons and foreign exploitation of production in small enclaves, rulers have been able to sustain their political power through hand-outs - material or political - to a circle of key supporters, rather than providing basic services required to secure popular support. Shadow State rulers also create conditions which require their personal attention by minimising the provision of collective goods and destroying infrastructure, thus making life less secure and more materially impoverished for their subjects.

Placed in a post-Cold War context of reduced international support, but greater international economic integration, the mechanisms of Shadow States have come to rely further on crucial local resources - mostly natural. This dependence on primary commercial activities, taking place in an externally open economy and the absence of formal institutions of state, has increased the risk of 'freelancing', by which members of patronage networks or outside strongmen are able to channel out resources without the consent of the ruler. What may appear as an economic liberalisation is in fact a direct attack against the political power and private economic interest of a Shadow State ruler. The author argues that this attack forms a common starting-point for civil wars in Shadow States. To prevent this freelancing, Shadow State rulers often farm out key economic activities and services - including security - to foreign firms that pose no potential political threat. Alternatively, rulers create tensions between potentially rival groups to reassert its position as arbiter. As no legal state protection is provided, entrepreneurs have therefore a propensity to manage their own economic environments through means of violence.

These politics of the Shadow State and the rationality of violence to secure economic gains have been extended beyond domestic boundaries; as some of the recent military interventions in DR Congo have demonstrated. An understanding of the political economy of violence in the context of Shadow States is key to both humanitarian practice and efforts to bring a transition from war to peace. These efforts have also to integrate the political interests and economic strategies of local and regional groups as well as those of concerned foreign commercial firms away from the continuation of the conflict and the likely direction of a transition to peace.


Abstract: Liberia and Sierra Leone are paradigmatic cases of humanitarian emergencies that are the consequences of the collapse of the patron-client politics of the Cold War. In both cases, humanitarian emergencies followed the breakdown of strategies used by Cold War rulers to control natural resources and regional markets in ways that enhanced their own power. Previously, they converted formal aspects of the state, its institutions, laws, credit-worthiness and capacity to attract aid from outsiders, into patronage that they could then distribute to followers to augment their own power. Rulers consciously undermined their own bureaucracies. The collapse of states based upon patronage systems of rule also exposes the hollowness of claims that rulers acted for people on whose behalf they claimed sovereignty. Sovereignty was a pretext for extracting resources from outsiders in exchange for diplomatic support. Incumbent regimes and insurgents now openly contest state sovereignty, but not in terms of liberation for a particular people. War in both these cases is an outgrowth of the struggle between once-dominant regimes and increasingly enterprising strongmen to control markets, both internally and externally, and convert that control into political authority.

Several characteristics are identified. First, contenders who seek to control elements of once-centralised patronage networks treat outsiders as though they were private traders. Second, this political economy of the breakdown of patronage systems highlights the importance of the distribution of natural resources in driving warfare. Third, the Liberian and Sierra Leone experiences demonstrate the lack of reciprocal relations between rulers and the bulk of the population. This situation points to the importance of decentralising control over natural resources, so that potential rulers are forced to bargain with local populations, protecting community interests as a way to advance their own. The non-territorial nature of warlord politics in Liberia and Sierra Leone poses a major risk to neighbouring states with factionalised patron-client systems. In Guinea, for example, the regime of Lansana Conte faces the same pressures as Sierra Leone to trim pay-offs to clients in the name of fiscal balance and anti-corruption. This political economy of humanitarian crises signals the creation of new post-Cold War political units in Africa as violence is integrally tied to new modes of accumulation. (From author.)


Abstract: The author argues that the violence that has characterised Colombian society since the Second World War has evolved into a distinct pattern sustained and expanded by its socio-economic base. In other words, the war system has been consolidated through economic activities requiring the use of violence and including 'the drug trade, traffic in contraband goods, armed robberies, kidnapping for ransom' as well as legal activities carried on by groups involved in the war system.

The war system has been able to sustain itself because of the lack of institutional mechanisms to quell conflicts between antagonistic groups, all of which benefit from the war situation as long as none achieves outright victory. Some antagonistic groups have even found a common interest in the conflict situation, leading to policies of tacit agreement and a status quo. The three main conflict groups are: guerrilla, military and organised crime. The support of the guerrilla groups by small-holder peasants and their involvement in the drug sector is closely associated with the long unresolved agrarian question of land distribution. These grievances have been aggravated by an economic crisis affecting peasant colonisers on forest frontiers and those involved in coffee production. Their support for the guerrillas has hardened in the face of the violence used by large landowners with militias in rapidly developing areas. They have expelled peasants or forced them to sell them their land at low prices. In this context, the guerrillas offer a means for
farmers to protect themselves from these predatory practices. Guerrilla groups also provide small farmers with loans, assistance, justice, culture and social services; they thereby replace the local government.

The provision of these services, and the rising level of military expenditure based on the successful development of financial resources including, in decreasing order of importance, the taxation of the drug sector, kidnapping, extortion, war tax, investment in mining (gold and coal), diversion of state funds and investment in public transport. The development of these lucrative economic activities has in turn influenced the military strategy of the guerrillas, with a concentration of activity in areas peripheral to their economic interests and a preservation of key economic areas through cease-fire agreements and bribing of army units. Such arrangements are not valid, however, in `grey areas' where paramilitary forces intervene to protect the interests of the dominant classes, including the drug trade bourgeoisie; here the violence is much more serious.

The military has also benefited greatly from the war system: financially, through a high domestic budget allocation and funding from multinational oil companies; politically, from a near monopoly over war and peace issues; and socially, in terms of status and personal promotion. Military units have also received funds from narco-traffickers and paramilitary units for allying themselves against guerrilla groups to protect drug trafficking. Finally, the military have gained from the rapid growth of private security corporations, which are regulated by the Ministry of Defence and managed by retired military officers. Organised crime has been reinforced by the failure of the state to develop an efficient judicial system and address social needs, and by the psycho-social environment and infrastructure of the war system.

The dominant class has also benefited greatly from the war system. The use of violence has long been used by the ruling class to secure and expand their landholding and class interests. The influx of wealth generated by drug trafficking has accelerated this process, through property speculation and the development of agribusiness. Even the dominant urban classes unlinked to agrarian issues see a negotiated settlement with guerrilla groups as a threat to the current neo-liberal programme, and thus against their interests. The author concludes that there is direct economic interdependence between guerrillas, narco-traffickers, the military, paramilitaries and security companies.

The political affinity between narco-traffickers/paramilitaries and the military also helps to secure an unholy alliance against the guerrillas. Yet, the narco-traffickers are most interested in a military stalemate to preserve their own interests and thus also sustain the guerrillas. The war economy is estimated to account for 13 per cent of GDP in 1995, and would directly affect more than two million people - about 5-6 per cent of the population. In total, about 10-13 per cent of the Colombian population benefits either directly or indirectly from the war economy and the accompanying violence. At a political level the author concludes that the war system has co-existed with a highly restricted democracy, and that this coexistence - although precarious - has been remarkably stable. The dominant class and beneficiary groups of the war system will only seriously engage in a peace process if the continuing violence threatens in a major way their economic interests or if political and social reforms are first enacted.

Abstract: Afghanistan exhibits what may be called a post-Cold War conflict syndrome. The state's vulnerability to disintegration derives from the way its territory and population were incorporated into the international state system. From the Anglo-Afghan wars to the Cold War, wars, cash and military aid reconfigured the existing Afghan institutions into a territorial nation-state weakly linked to society. It maintained fragmented social groups rather than organising a political framework in which they could form alliances to demand state accountability. The nature of the state made it vulnerable to capture by armed factional groups as it was incapable as serving as their instrument of social transformation.

A state once sustained by foreign aid has been torn apart by a proxy war, leaving a heritage of massive stocks of weapons and the destruction of all forms of productive capacity. Humanitarian aid sustains a large portion of the population, on which warlords and now Taliban see as freeing them from welfare obligations enabling them to pursue their military objectives. Women are totally excluded from the public sphere. The drug trade, smuggling, links to international terrorist networks and covert actions by neighbouring countries sustain the war, while an entire generation comes to maturity with little education. The final element of the post-Cold War syndrome, of course, is the indifference of those with resources that might help. For the developed world, it is far easier and reassuring to stigmatise the Taliban for support of terrorism and 'gender apartheid' than to find the means to bring Afghanistan, a founding state of the League of Nations and the United Nations, back into the global community. (From author.)


Abstract: In the first half of the century, rebellions have mostly been of a 'Communist-Leninist' model, confined to urban centres and taking the form of social and political struggles aiming to topple government from the top. Between the two world wars, a new form of communist rebellion began, leaving the cities for the countryside, following Mao's model of 'prolonged popular war' giving much emphasis to armed struggle using guerrilla techniques. After the second world war, these two approaches co-existed, but with a clear dominance of military struggle in the Third World.

A war economy is a system of economic resources organised to sustain these prolonged conflicts. Two main types of war economies can be identified: closed, and open war economies. An early theory of a closed war economy has been developed by Mao Tse Tung from 1935. Fighters can count only on local resources and must therefore be 'like a fish in a pond' among the civilian population, in particular with regard to their supplies. A second theoretical model is that of the 'foco' or centre, developed by the Cuban revolutionary, Che Guevara. A limited number of fighters in a small but strategic centre can destabilise a regime and gain the support of the population. However, apart from the two historical successes in China and Cuba, the model of closed war economies has failed. The constant factor has been the hostility of the local population needed to provide support due to the repression - or terror campaigns - of the army. The conditions of success are thereby linked to the possibility of rapidly moving from one region to minimise repression on populations, or to the weakness of the government. Otherwise rebel groups resort to the use of repression and violence against the population to an extent at least equal to that of the government. While this option may enable rebel movements to survive, it will not yield political success.

To achieve success, war economies must be open. This openness has historically been based on the idea of military sanctuaries in neighbouring countries, using international borders and state sovereignty to gain foreign protection and economic/logistical support. The problem of the model is that sanctuaries are at the mercy of the host country, and must remain secret and limited.
in size. Furthermore, there is no way to control the local people, who tend to flee fighting areas close to military sanctuaries. Finally, the risk for foreign countries hosting military sanctuaries is high and therefore linked to their own domestic agenda. Military sanctuaries are therefore politically inefficient and vulnerable as long as the rebel group cannot control the host. They have in fact been used mostly for decolonisation and revolutionary struggles in which the support of the host country - itself independent and/or communist - is strong.

A truly revolutionary model of open war economy is that of humanitarian sanctuary. Started in the early 1960s on the Algerian-Tunisian border, this model developed rapidly in the second half of the 1970s. According to this model, the rebel group is not only protected by an international boundary, but by a civilian population of refugees supported by the international community. As fighting rages in parts of the country, the population flees to neighbouring countries and gather in camps where they receive the support of aid agencies, such as UNHCR. These camps offer rebel groups a political constituency, and military and political protection, as government repression against the camp would attract international condemnation. Furthermore, the sanctuary can be officially recognised without compromising the host country, as international law does not recognise this as an hostile act. Finally, the humanitarian sanctuary is a source of major economic support and a context favourable for the control of populations, in part through channelling and supervising aid distribution. This model has been much favoured by major powers, as it offers an indirect way of supporting rebel movements through aid agencies. So far, humanitarian sanctuaries have been very stable and sustainable, as the more the rebels were military active, the more the army was repressive, the more the population fled to border camps, and the more the rebels were powerful and militarily able.

War economies connected to local resources, and not only foreign support, existed long before the end of the Cold War. Yet, this local dimension has been growing for several reasons. First, the end of the Cold War has significantly curtailed foreign support for armed struggle. Second, states and governments have weakened; leading to a decrease in control over territories and populations as well as a criminalisation of legal public life. Third, foreign resources free from political conditions - and which can be controlled by rebel groups - have increased. The tools of local war economies include predation and criminalisation of production. Predation can be compared with looting, in that no attention is given to the sustainability fo the productive system. Paradoxically, it is often when there is a situation of scarcity that war economies involve predation, as a last-resort option. This was the case, for example, for Renamo which, when South African aid was withdrawn in 1983, turned to an economy of local predation.

This evolution threatens to become a pattern in current conflicts. Populations pay a hefty price for this return to closed war economies, supporting not only the consequences of fighting, but also most of the economic cost of the war. Once predation has resulted in widespread famine and abuses, a new resource appears: humanitarian aid. Thereby, the unsustainability of this predation model is prevented by international aid assistance. The predation economy is also characterised by increased competition among and within armed groups, leading to a fragmentation and a geographical extension of conflict actors and areas. The predation model is not always completely negative. There can be a 'normalisation' of economic relations between armed groups, local resources and populations through what the author describes as a criminalisation of production. In a criminal war economy, economic activities need to be sustained through normal processes, with the exception of the use of violence which confers a 'competitive advantage' to armed groups. The criminal activity can vary widely, from drug trafficking and racketeering to legal activities carried out without paying taxes, or even formal sectors that have been abandoned by a weakened state. Rebel groups can link up with large transnational corporations to develop or market local resources on their behalf or for protection money. Foreign powers have also been
involved in this criminal model, by setting up or supporting economic networks (for example, drug trafficking in south-east Asia).

War economies are highly dependent on the context of the conflict and its stage of development. As such, it is difficult to provide a single model. Some rebel groups have relied entirely on foreign support and are therefore ill prepared when it disengages (for example, Renamo in Mozambique). Others have developed basic economic networks along with foreign support (for example, UNITA in Angola), and some have even developed a complete and self-sustaining economy allowing them to resist pressure from their former backers (for example, LTTE in Sri Lanka). Three stages can be identified. As long as governments are strong, then rebel groups resist and attack them and present a political agenda of redistribution vis-a-vis the population. When governments are weakened, the situation of shortage incites rebels groups to predation. Finally, when rebel groups have taken full control of a territory, they can establish a quasi-state administration with a 'normalised' economy (for example, Afghanistan after the collapse of the central state).

The main factors to take into account when analysing a war economy are therefore: the political objectives of factions; the pre-conflict economy; the spatial distribution of resources; power of the state; number of armed groups; access to foreign political support and their reliability. War economies have a number of strategic impacts. First, they have an impact upon the location of strategic areas, with a movement from border areas to economic areas. Second, they result in a shift from a control of populations to a control of populations and resources. Rebel groups thus develop military activities around stable geographic stakes. Their military logic is therefore closer to that of regular armies than guerrillas, with less mobility and volatility. Key areas include cross-border outlets, for gaining access to foreign markets and in-coming aid (airports, ports, roads); as well as cities, which are important crossroads and centres for economic activities and predation, but also concentration points for most of the population, the majority of whom are poor, have fled the countryside and may be part of the constituency of rebel groups. Third, war economies have shifted from an economy of proximity, to one of networks. While the ideological position of neighbouring states was key to conflicts during the Cold War, states are now faced by their own weaknesses and threats organised through diffuse and extensive networks involving mostly private groups, including international mafias, transnational corporations and diasporas, but also - mostly unintendedly - consumers in rich countries. Fourth, in political terms, foreign support provides a means of consolidating and centralising rebel groups as leaders channel assistance from the top to their supporters. By contrast, the predation or criminal economy may result in the fragmenting of rebel groups from the leadership level, to the local commanders and even soldiers as resources flow from the bottom to the top through a variety of quasi-autonomous channels. Very small rebel groups without political agendas may emerge from this fragmentation, they can be seen as criminal gangs. Fifth, the radicalisation of rebel groups is often necessary to resist the loss of foreign support and sanctuaries, the consequences of predation and criminalisation, such as fragmentation, corruption and greed within the movement.

Abstract: In the 1990s, Western states and multilateral institutions have become more reluctant to engage troops in war-affected areas in order to put an end to conflicts. Furthermore, multinational corporations are operating in increasingly insecure areas, poorly protected by the security forces of weakened states. These two situations have provided a role for private military force - that is, for private companies providing security services, including combat. These companies have been either hailed for their efficiency or condemned for their financial
motivation. Some Western states appear to tolerate or even support these companies, despite contrary public statements. This support stems from the interest of states to distance themselves from military assistance to undemocratic and repressive regimes, while implementing their foreign policy goals such as regime stability through these private companies. Furthermore, many of the companies are constituted of former state officials and army personnel. If private armies operating efficiently for a 'recognised' government are able to create the conditions for a settlement of conflict through military action, the author stresses that these companies also have obvious limitations in influencing the long-term conditions of countries facing conflicts. These companies have little influence neither over the terms of peace agreements and their implementation, nor over post-conflict management issues such as demobilisation and restructuring of the armed forces. To conclude, the author argues that greater transparency and accountability are needed on the part of 'private armies', but also that 'states and international organisations need to rethink current perceptions of the private military sector as an unpleasant aberration. Failure to engage with these companies runs the risk of rejecting their potential for helping to resolve seemingly intractable disputes.'


Abstract: As humanitarian assistance gets closer to political, social and economic conflicts, relief agencies increasingly face moral dilemmas and tough moral choices. The author attempts to identify basic moral principles and examines specific cases of dilemma, sketching out possible solutions. To start with, the risks of altruism are perhaps fourfold: risk of the physical well-being of the helper; risk of further endangerment of the helped; risk of assisting the persecutors of the helped; risk of threatening the moral integrity of the helper. There are also four main competing areas of moral value, which can compete with each other: preserving human life; protecting human rights; promoting justice; and securing staff safety. Different humanitarian organisations, such as conventional relief, human rights and political activists, are thus likely to clash with each other. Within organisations themselves the same tensions are likely to appear between staff.

Apparent moral dilemmas can be avoided by more information and evidence about the impact of one's action, or by the understanding of the prudential reasons leading to the dilemma, or by acknowledging that the dilemma is about choosing between two 'good' options or two 'hellish' options (such as which people should be fed and not others). Agencies should therefore make clearly explicit the choices they face, deliberate on the problem, judge their actions and gauge their responsibility accordingly. Agencies should also recognise who is to blame for a moral dilemma and where the limits are of their moral responsibility. Two main perspectives exist in this regard. The first is based on deontological ethics; that is, duty-based ethics with the belief that actions are to be judged for being themselves either good or bad. The second is based on teleological (or consequential) ethics; that is, based on goal-based ethics with the belief that actions are to be judged by their outcomes or consequences. An example is that of healing the wounds of a soldier who may, once cured, return to kill children. Deontologists tend to disperse responsibility lying beyond immediate actions, while consequentialists tend to assume responsibility for the wider consequences of immediate actions. Agencies can then examine the context in which they are setting their actions and determine: their intentions; their motivations; the outside coercion driving them, the knowledge that they have and their vincible and invincible ignorance; their capacity; the deliberation involved in the decision-making process (serious and open consultation); and the mitigation strategy for reducing negative impacts.

To facilitate these processes of choice and strategy, agencies should develop an organisational conscience in the form of a moral ethos and moral role models (local figures, NGO founders,
religious figures or colleagues) that informs and justifies the moral decisions of field staff. Case studies include: aid without justice (assistance to refugee camps in Zaire supports the genocidal Hutu regime, 1994); ethics of disengagement (relief to the victims of ethnic violence prolongs the conflict in Burundi, 1996); truth-telling versus humanitarian aid (forced resettlements in Ethiopia involved many deaths, 1985). The fourth case study concerns the ethics of contributing to a war economy, which is found by the author as the most problematic. First, in the frequent case in which relief workers are invited to negotiate their contribution to the war economy - often through 'wining and dining' as much as through threat of violence - relief workers 'have to learn how not to reconcile the frequent personal charm of those giving or obeying violent orders with the ruthless horror of those orders'. Second, relief workers have to set themselves a moral 'bottom-line' deciding 'what is an acceptable trade-off between ends and means', as well as guiding the value of staff safety over programme objectives and the rights of target populations. They should thus always resist the abuse of aid by the powerful and the violent to the maximum extent. When this is no longer possible, then the agency should 'enhance its knowledge about the implications of playing into the war economy', including the risk of escalation which any instance of fieldcraft (skillful tolerance of corruption and extortion) might encourage.

77. Stewart, F. 1993, "War and Underdevelopment: Can Economic Analysis Help Reduce the Costs?", Journal of International Development, vol. 5, no. 4, pp. 357-380. Abstract: In this seminal paper, the author presents one of the first analytical frameworks for linking war economies and their human and development costs as well as empirical data from 16 countries in the 1970s and 1980s. The analytical framework relates market and public entitlements to the dynamics of war economies at the micro, meso and macro levels. It details the immediate human costs of warfare and the long-term development costs at these different levels and their relationships through a fall in food and public-service entitlements, a disintegration of households, a destruction of existing capital and reduced new investment in physical and institutional infrastructure, as well as social capital (for example, trust, cohesion, respect for work and property).

The empirical data demonstrate that the number of civilian deaths is far greater than that of military, a situation in part related to the indirect consequences of warfare, many of which relate to entitlement failures some of which are economic in nature. At a macro level, negative economic effects include falling incomes, food production, exports and imports and high budget deficit and inflation. These macro effects vary considerably by country, with pervasive civil wars having more drastic effects than international wars. At a meso level, many of the negative effects are related to a fall and distortion in public expenditure, with a rise in military budgets and a fall in health and education expenditures. In this regard, the provision of food aid, in the form of goods or subsidies, has provided at least partial protection. At a micro level, negative effects are more concerned with human costs, in terms of morbidity and social disintegration. Two main recommendations are put forward by the author: the massive delivery of food aid in situations of near anarchy in order to reduce both famine and the use of food as a weapon; and the support of local government structures to sustain social services and food entitlements.

78. Stewart, F. 1998, The Root Causes of Conflict: Some Conclusions, Oxford University - Queen Elizabeth House, Oxford, QEH Working Paper No.16. Abstract: This paper analyses the 'root' causes of complex humanitarian emergencies (CHEs) on the basis of studies conducted in a UNU/WIDER project. It identifies policies that appear relevant to the prevention of conflict. The paper regards horizontal inequality (that is, inequality among groups, in contrast to vertical inequality which measures inequality among individuals) as the fundamental source of organised conflict. Such horizontal inequality may have political, economic or social dimensions. The case studies indicate that CHEs occur where group identity
coincides with horizontal inequality that is consistent, and often widening, over a number of dimensions. Preventive policies need to be addressed towards correcting horizontal inequality along the relevant dimensions. Where conflicts are already under way, it is also necessary to introduce policies to change the private incentives of those who carry it out towards alternative peaceful occupations. Preventative policies thus require inclusive government, politically, economically and socially. Such policies do not form part of the current political or economic conditionality exercised by the international community, and may sometimes contradict this conditionality.

Abstract: There is a growing number of wars in developing countries and they are concentrated among the least developed countries. This paper explores their economic and social consequences by examining the behaviour of countries worst affected by war from 1970 to 1990. Despite problems about methodology and data some important conclusions emerge. There were invariably large economic and social costs in addition to the direct battle deaths, although the effects varied according to the nature and duration of the conflict and the state of the economy. The costs are indicated by losses in GDP, exports and food production per capita compared with what might have been expected in the absence of conflict. In most cases, trends in infant-mortality rates were significantly worse in war-affected than comparable economies. The extent of these losses varied, however, while other effects, such as savings and investment trends, government revenue shares and spending on social services, differed sharply among economies in conflict, reflecting differences in conditions, in government and donor policy and civil and private initiatives. (From authors.)

Abstract: Emergency aid devoted to emergency relief has grown considerable, from US$845 in 1989 to nearly $5 billion in 1995. The proportion of food aid going towards relief has also increased, from 10 per cent of total food aid in the late 1970s to 30 per cent in the mid-1990s. The proportion of WFP emergency operations due to 'man-made disasters' rose from 3 per cent in 1975 to 95 per cent in 1993. The role of food aid during civil war raises questions not considered in the earlier discussion about the impact of food aid, which mainly focused on its effect on agricultural incentives. With regard to conflict-related food aid, three dimensions need to be examined to assess its impact: humanitarian (success in avoiding or alleviating human suffering); economic (effects at macro, meso and micro levels); and political economy (effects and relations on political forces).

Serious mistakes have been made because of a narrow-minded focus on the humanitarian dimension, to the exclusion of others, and failure to appreciate the complexity of the effects. It is thus essential first to identify the economic constraints which are causing entitlement failures. Food aid, or financial aid which may often be more appropriate, should be designed to relax the identified constraints. Food aid makes little contribution while it undermines local production. It is thus better to support the capacity to import essential inputs for production, including for exports; to cancel debts; to prevent escalating inflation; to support incentives for local food production; to insert cash instead of food. With regard to political economy aspects, neutral international monitors can help to identify and to supervise mechanisms of fair distribution. (From authors.)
Abstract: A large proportion of the human costs of war result not directly from battle deaths and injuries, but indirectly from loss of livelihoods that are caused by the conflict. It is essential to understand the processes that occur to the economy during a war to understand the causes of these indirect costs. The costs of war will depend on the ability of the government to maintain basic services and livelihood opportunities for the population. Costs will also depend on the duration of war, the geographical spread of war and the military tactics of opposing forces - which may involve deliberate undermining of the means of livelihood. Using Sen's work on famine, the costs of war can be analysed in terms of changes in entitlements, consisting in command over resources permitting people to have access to essential goods and services. Five types of entitlements are distinguished: market entitlements (gained from work and ownership of assets through relations to markets); direct entitlements (items produced and consumed by the same household, i.e. subsistence production); public entitlements (publicly provided goods and services); civic entitlements (goods and services provided by community or NGO); non-legal entitlements (acquired by theft or threat of force). These changes in entitlements are highly differentiated within the population, defining vertical inequalities (among individuals or households) and horizontal inequalities (among groups). The measurement of horizontal inequalities is important as they are a potent source of conflict. However, this measurement is difficult as the definition of groups is highly political and may reinforce distinctions.

The vulnerability of economies at war is characterised by: the average level of income of an economy (for those with poor incomes a small decrease can have devastating consequences); the level of subsistence and dependence on markets (subsistence economies are more resilient as long as they are not directly targeted); the dependence on imports for essential commodities and exports for essential imports (such as a highly dependent oil economy); the flexibility of the economy (capacity to switch from one type of production to another and to substitute for imports and for destruction of productive capacity). At a macro level priorities should be set by governments on maintaining tax revenue; keeping budgetary deficit limited; and managing scarce foreign exchange to cover priority imports. At a meso level, the priority is to sustain the share of aggregate output going to maintain entitlements of the vulnerable. Public entitlements should be sustained and emphasis placed on preventive health measures, such as immunisation. Food prices should be monitored and controlled, using rationing if necessary (a laissez-faire food market is not appropriate). Food supplies to camps must be avoided at all costs, which is possible if early-warning signs have been observed and properly addressed through political and economic means. Market entitlements should be supported, especially those of vulnerable groups, by employment creation and assistance for agricultural production and decentralised projects. Communities and NGOs should attempt to collect and share information, especially on variations in entitlements, to understand the functions of war and the mechanisms of war profiteering. Donors have a role to play during conflicts by: keeping international markets open to sustain export earnings; providing foreign aid flows to offset losses in foreign exchange and government revenue; supporting market frameworks (e.g. infrastructures, banking); enhancing the credibility of governments to encourage private sector development while simultaneously using 'war conditionality' to ensure that the government gives priority to social programmes and promotes food security throughout the country. However controversial and imperfect, policies should be used by governments and donors that moderate the costs of war for ordinary people.

Volume 1, entitled 'War and Underdevelopment: the Economic and Social Consequences of Conflict', examines the following issues: empirical evidences of the costs of conflict over the last 25 years, macroeconomy analysis, political economy analysis, the role of food aid and children in conflict.
Volume 2, entitled 'War and Underdevelopment: Case Studies of Countries in Conflict', includes case studies from Afghanistan, Mozambique, Nicaragua, Sri Lanka, Sudan and Uganda.

82. Tullock, G. 1974, The Social Dilemma: The Economics of War and Revolution University Publications, Blacksburg, VA.
Abstract: For the common citizen (that is, members of large groups) the benefits to be expected from overthrowing a sitting government have the character of a public good: the government which will take over, is in some vague sense 'better' than the previous one. Against this goal, he/she will have to compare the risks to be faced by participating in a revolution, which may include loss of life. Hence, the incentives to participate in such an uprising are zero for the common man or woman. For the member of a small distributional coalition the incentives are almost exclusively private. Taking over the government will secure good positions and incomes for the inner circle pulling off the revolution or coup. Often, the risks involved are small as well, particularly as those attempting the coup are already a part of the ruling establishment and have good access to information with respect to the strengths and weaknesses of the incumbent president. In such cases, coups tend to be quick, bloodless affairs. (From Lundhal, 2000.)

Abstract: The pushes for the Rwandan genocide included the economic crisis that began in the middle of the 1980s, the political challenges to the regime and the civil war that started in 1990. The economic crisis faced by the country was both financial and agricultural. The agricultural crisis was due to a combination of factors, both conjunctural (drought in 1984, excessive rain in 1987, plant disease in 1987, effects of the war from 1991 onwards) and structural (land pressure, erosion, poverty, top-down immobilising development model). The decline in coffee prices - with earnings falling from US$144 million in 1985 to $30 million in 1993 - greatly reduced the resources of the state and the purchasing power of most rural households. The companies in charge of Rwanda's few other exports - cassiterite and bauxite - folded, further depriving the state of revenue. Aggregate GDP per capita decreased from $355 in 1983 to $260 in 1990. Foreign debt rose rapidly and the government had to sign up to a structural adjustment programme with the World Bank in 1990. The currency was devalued twice, in 1990 and 1992. Expansion of public-sector jobs halted (except the army), inflation rose, salaries eroded, increasing budget shares were taken up by debt reimbursement and the war effort. The rare and dramatic drop of the fertility rate - from 8.4 in 1982 to 6.2 in 1992 - indicates the profound insecurity felt by people about their future. (From the author.)