

# The Challenge of War Economies: The Role of the International Community and Civil Society Organisations

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## 1. Introduction

The article by Karen Ballentine and Heiko Nitzschke on *The Political Economy of Civil War and Conflict Transformation* provides an excellent overview of the topic. The authors' arguments reflect the current state of research and contribute significant new aspects to the discussion of war economies. The purpose of this commentary is therefore not to critically appraise their article but to stimulate fresh ideas for consideration and identify additional questions which, in our view, merit exploration and analysis.

In the first section, we comment on the authors' analysis of the political economy of civil war. In the second, we review their recommendations for policy action.

Karen Ballentine and Heiko Nitzschke deal convincingly with the *greed versus grievance* dichotomy. They make it clear that the study of the causes of war must move beyond the fixation on this dichotomy. They draw specific attention to time as a factor: the causes of, and motivations for, violent conflict may change over time. They also highlight the interaction of "economic motives and opportunities with socio-cultural, political, and economic grievances". Yet the authors themselves remain too entrenched in the greed and grievance discourse. This is evident, for example, from the importance they attach to methods of rational choice in conflict analysis, their adoption of the resource scarcity/ resource abundance dichotomy in the analysis of violent conflicts, and especially their adherence to the differentiation between lootable and unlootable resources. In our view, however, these schemes have only limited explanatory value.

Wars and armed conflicts can only be explained satisfactorily if they are perceived as complex social phenomena in which diverse structural causes (which *include* economic factors) interact with stakeholders' own perceptions, interpretations and assessments of these structural aspects. The ensuing motivations trigger particular types of conduct and actions which only escalate into violence or war as events progress. For a conflict to cross the threshold into violence or war, a whole range of specific factors must come into play. The complexity of this scenario should not create a sense of fatalism or inertia but should be viewed as a chance for preventive action, for it opens up many opportunities for political intervention and conflict transformation measures. This is not fully reflected in methods of rational choice. Especially in the civil or 'new' conflicts in the crisis regions of the South, which are the focus of the article by Karen Ballentine and Heiko Nitzschke, the motives prompting stakeholders to engage in violent action often cannot be explained solely in terms of (economic) interests; indeed, in some cases, they defy all rational, interest-driven logic. This should be taken into account. In saying this, we are not advocating any reversion to the 'ancient hatred' explanations – which are quite rightly criticised in the Ballentine/Nitzschke article – or even

a revival of the sometimes popular ‘ethnic conflict’ discourse. In our view, these approaches are far too reductionist and fail to deal with the complex causes of violent conflict. However, we would like to see motives that defy a Western and rationalistic understanding of conflict being explored as well.

We will attempt to exemplify this using the *abundance-scarcity dichotomy* discussed by Karen Ballentine and Heiko Nitzschke.

## 2. Abundance vs. Scarcity

Surplus/ abundance or scarcity of particular natural resources are highly relative socially-determined categories. In a globalised international economy based on market principles and dominated by the industrialised North (a scenario which can be summed up as ‘capitalism’), oil, ores and copper resources are lucrative assets which can be converted into pecuniary value on the world markets. For stakeholders with an interest in these commodities, the issue of *abundance* arises; this may be linked with violent conflicts over access to, and exploitation of, these resources. At the same time, areas where oil or copper exists and is exploited may also be home to communities for whom these resources are fairly meaningless at first. Their (subsistence) lifestyles utilise very different resources occurring locally (i.e. agricultural land, water, forests, fish). But the exploitation of the *abundant* resources, i.e. oil or copper, may degrade and thus jeopardise these resources for the local community, potentially leading to a conflict situation, especially if the local community not only attributes economic and material significance to its key resources but also sees the forests as the home of its ancestors and uses the earth as a burial place – in other words, assigns spiritual significance to the physical world. This conflict dimension defies the West’s conventional, ‘enlightened’ view of natural resources. Exploitation of the abundant resources, i.e. oil or copper, destroys forest and burial sites and thus impoverishes spiritual and cultural living-worlds. Once this is factored into the equation, it is debatable whether the violent conflicts in Nigeria’s Niger Delta (oil), Papua New Guinea (copper) or other resource-‘rich’ regions of the South (Karen Ballentine and Heiko Nitzschke cite Indonesia, Sudan and DR Congo as examples) can really be described in terms of ‘abundance’. From the local communities’ perspective, it would be equally appropriate to emphasise the ‘scarcity’ factor. But neither term is adequate for the purpose of a comprehensive analysis.

We therefore conclude that ascertaining that there is an *abundance* – or, indeed, *scarcity* – of particular natural resources actually reveals very little about the (violent) conflict potential of specific scenarios. The presence of oil, copper or other resources is, at most, just one of (several) necessary conditions that triggered the violent conflicts in the Niger Delta, Papua New Guinea, Indonesia or Congo. Before well-founded conclusions can be drawn, all the conditions, specific escalation pathways and conflict dynamics must be analysed on a case-specific basis. In the Niger Delta, for example, the motives of some local violent actors have shifted from grievance to greed as the conflict has progressed. Originally, the protest in the Niger Delta flared up as a result of the environmental destruction caused by oil production and the ensuing disintegration of traditional lifestyles and social structures (*grievance*). But as Karen Ballentine and Heiko Nitzschke also note, now that the environment has been destroyed and traditional lifestyles can no longer be maintained, many of those involved in the violence are motivated more by the desire for a ‘share of the pie’ and are seeking to enrich themselves in the modern market economy (*greed*).

### 3. Lootable vs. Unlootable Resources

The distinction between lootable and unlootable resources should also be analysed and its viability as an explanation of violent conflict reviewed. First of all, it is important to note that the mere presence of specific resources in a region is not an indicator that violent conflict will occur there. Australia, for example, has abundant resources which are a factor in violent conflicts all over the world. Yet the eruption of major internal conflicts over these resources in Australia any time soon is highly unlikely. In other words, it is the political, social, cultural and environmental context in which these resources are exploited and marketed, not the presence of the resources per se, that is conflict- or violence-relevant. The differences in the specific conditions are more significant than resource type in explaining violent conflict. Diamonds, oil or water are not vested with particular properties that render them especially prone to violence or conflict. However, Karen Ballentine and Heiko Nitzschke are correct to match specific resources to particular violent actors and types of violent conflict: they assert that easily exploitable resources (lootable resources) which can be extracted with minimal capital and technological input (e.g. timber, gemstones such as alluvial diamonds or narcotic crops such as opium and coca) are especially attractive to non-government violent actors such as warlords. By contrast, resources whose exploitation is technology- and capital-intensive (oil, natural gas, copper, gold, kimberlite diamonds) tend to benefit central governments, largely because exploiting and marketing these commodities involves cooperation with capital-rich external actors and transnational oil and mining companies, and requires secured control over the resource-rich territory.

In general, however, transnational oil and mining companies prefer to work with internationally recognised governments (however dubious their legitimacy may be) to avoid criticism from their home governments and the international community. Oil, etc. is therefore assumed to be *unlootable*. Karen Ballentine and Heiko Nitzschke argue that unlootable resources tend to be associated with *separatist conflicts* in which rebel organisations try to seize control of, and access to, these resources. By contrast, the exploitation of *lootable* resources does not require any government control and so these resources tend to be associated with *non-separatist conflicts*. This scheme may seem plausible at first, but the empirical basis on which to verify such assumptions is narrow. Karen Ballentine and Heiko Nitzschke themselves cite a number of violent conflicts which do not fit this scenario; in other words, linkages can also be established between *unlootable resources and non-separatist conflict*, and between *lootable resources and separatist conflict*. It would certainly be helpful to undertake further empirical research based on these hypotheses. But here too, the question whether a violent conflict is separatist or non-separatist in nature cannot be explained by a single variable ((un)lootable resources). Moreover, the boundaries between lootable and unlootable resources are fluid. In the Niger Delta, for example, oil – an *unlootable* resource – has recently become a *lootable* resource. A scenario which was almost inconceivable a few years ago – namely the appropriation and sale of oil on a large scale by non-government violent actors – is now commonplace in the Niger Delta.

### 4. Consistency of the Policy Options?

The policy options presented in the third part of the introductory article must be challenged in terms of their structure, methodology and consistency. Initially, the approach adopted by the

authors – to categorise the mechanisms aimed at controlling war economies in terms of two clusters – appears very plausible and sensible. The first of these clusters focusses on “control regimes to curtail resource flows”; the second is concerned with addressing structural and institutional factors, i.e. the “transformation of the permissive causes of war”. The first cluster is presented and discussed primarily in terms of embargoes and schemes to promote transparency. The second cluster outlines various examples underlining the need to consider economic aspects, and especially stakeholder analysis, when developing policy strategies for reconstruction, peace processes and programmes for demobilisation, disarmament and reintegration (DDR).

But which new policy options are created by this analysis? Looking first at the second cluster, it is true that poised on the threshold between war and peace, various stakeholders weigh up the overall conditions governing their (economic) circumstances in war and peace respectively (although the question is how this can be assessed with any degree of accuracy). And having weighed up their own income-generation opportunities, many ex-combatants will undoubtedly have incentives to obstruct the transformation to peace. The reference to stakeholder analysis is logical here. However, we should not succumb to the misconception that with the help of sound analysis, there is the possibility of managing the transition from a war economy to a peace economy in a way which ensures there are no losers. After all, the whole purpose of transforming war economies is to change their underlying production processes and distribution mechanisms. Even in peacetime and under stable governments, comprehensive structural reforms may result in a fall in revenues. Shrinking profit margins are unavoidable when reforms take place, and this affects both the major profiteers as well as the overall network in which they operate. Paying full compensation for ‘losses’ is neither affordable nor sensible, as this could be viewed as an *ex post* reward for past violent or criminal conduct. In short, a dilemma – which must be managed – arises in post-war situations.

With respect to the first cluster, mechanisms to curtail resource flows and improve transparency and accountability can ultimately only be enforced by a ‘regulatory authority’ equipped with sanctioning capacities. However, national governments are often too weak, or there is no political will, to establish order, usually because the networks of the war economies have undermined the state’s ability to function. Financial flows can only be curtailed once regulatory structures are transformed. Whether this is successful depends, in turn, on the nature of the illicit financial flows.

## 5. Opportunities and Limits of Civil Society

So which stakeholders can help to break this vicious circle? In their recommendations for policy action, Karen Ballentine and Heiko Nitzschke highlight the key role of NGOs. We fully endorse the authors’ assessment to the extent that it aims to put the issue of better controls on capital and resource flows on the political agenda. Efforts should be made to raise public awareness of this theme through information and debate. However, the opportunities available to civil society should not be overstated. In regions where government institutions may be resisting comprehensive reforms, the authors place their hopes in civil society’s capacity, over the long term, “to hold government to account for the use of the country’s riches”.

But in reality, some regions of the world are still very far removed from civil-society control of government action. The negative implications of conflict-based economic activities, aptly described by Karen Ballentine and Heiko Nitzschke, mainly arise on the margins of war economies where the demarcation of spheres of influence between various war entrepreneurs and/or the state must be asserted through force. Within these structures, however, some of these actors

may actually provide a modicum of order and stability. These arrangements fall far short of human rights standards. However, from the local population's perspective, if there is a complete absence of government authority due to a lack of resources or other priorities, a bad system of law and order may still be preferable to no system at all.

A notable example for popular support of a warlord is Ismael Khan from Herat province in Afghanistan. Similar scenarios are found on the border regions between India, Myanmar, Thailand and Laos. Here, violent entrepreneurs, whose power is based on drug trafficking and therefore the financed use of force, still enjoy some measure of support and legitimacy among some local population groups. In such contexts, the 'watchdog' function of NGOs, which generally come from regional centres or the capital city, may actually exacerbate ethnic tensions and ultimately speed up the disintegration of society.

Against this background, further empirical research and discussion are required to identify civil society's opportunities – and limits – to compensate for poor regulatory policy on the part of the state.

## 6. The Role of the International Community

The international community has a key role to play in overcoming civil-war economies. In their policy options, however, Karen Ballentine and Heiko Nitzschke focus primarily on the development of sanctions. They offer a detailed analysis of the opportunities and problems associated with international sanctions and the changes that are required in this context. Their proposal for "international legal and normative frameworks" to improve the implementation and monitoring of sanctions and embargoes deserves our full support. But these frameworks only exist in countries that are still embroiled in war. Once ceasefires or peace treaties are in place, sanctions and the associated monitoring mechanisms are generally dismantled, and thus have little relevance to fragile post-war situations. Establishing new regulatory bodies and mechanisms to take on these tasks at national level is, of course, a lengthy process. International agreements are therefore required to map out the procedures which should be adopted in relation to governments which, in the medium term, are unwilling or unable to assert the state's monopoly of force and regulatory provisions. This begs the question whether the current practice – in which the removal of sanctions is also the signal for the UN expert panels and monitoring mechanisms to suspend their activities – is genuinely useful and appropriate. It would be helpful to determine whether these mechanisms could be redeployed, in a modified form, to safeguard the transparency of financial and trade flows during this critical phase.

Key issues arising in this context are the coherence of international strategies and the development of standardised 'formats'. We would like to add to Karen Ballentine and Heiko Nitzschke's recommendation that governments, International Financial Institutions (IFIs) and the private financial market should adopt the principles of the Publish What You Pay campaign: we believe that the World Bank, the International Monetary Fund and other UN organisations should link their commitment in post-war situations to the conclusion of an agreement providing for close international monitoring of trade and transaction flows for a limited period. Donor governments could, by agreement, also make commitments in the framework of their development policy subject to this condition.

## 7. Lack of Gender Sensitivity

Last but not least, we would like to cast a critical eye at the article's lack of gender sensitivity. Karen Ballantine and Heiko Nitzschke completely ignore half of humankind, namely women as stakeholders, with the result that both their stakeholder analysis and their recommended policy options are gender-blind. The specific roles of women in the combat economy, shadow economy and especially the coping economy deserve more detailed study. In the context of the political economy of civil war in particular, women are not just passive victims but independent actors. Not least, the task of safeguarding material reproduction – both in families and in relation to the violent actors in civil conflicts in Southern countries – generally devolves on women. The various types of sanctions therefore have a different impact on women and men, and when wars and war economies end, women and men are confronted with different, gender-specific challenges. The more progressive DDR programmes now involve ex-combatants' families and communities in the transformation process. However, less attention is given to the importance attached to bearing arms and the willingness to resort to violence in the local context – or, conversely, the willingness to disarm and participate in peaceful conflict resolution – in terms of culturally determined notions of femininity and masculinity. In Afghanistan, for example, some militias claim that their existence is essential to protect women. Here, the violent defence of women is a significant badge of honour and respect in the community. In some demographic groups, a young man with a Kalashnikov has better marriage prospects than a demobilised ex-combatant. What level of social prestige is enjoyed by drug traffickers compared with beekeepers – a sector in which training courses and financial support are offered within the framework of DDR programmes in Afghanistan?

A stakeholder analysis which does not contain a more detailed study of how the challenges of transforming war economies impact on specific gender roles and on male and female involvement as objects and subjects in war economies is far from complete.

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- Martina Fischer and Beatrix Schmelzle: *Introduction: Dilemmas and Options in Transforming War Economies*.
- Karen Ballentine and Heiko Nitzschke: *The Political Economy of Civil War and Conflict Transformation*.
- Olu Arowobusoye: *Why they fight: An Alternative View on the Political Economy of Civil War and Conflict Transformation*.
- Peter Lock: *War Economies and the Shadow of Globalisation*.
- Nicola Plamer: *Defining a Different War Economy: the Case of Sri Lanka*.
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