The Political Economy of War: An Annotated Bibliography

Philippe Le Billon

HPG Report 1
March 2000
Notes on the Author:
Philippe Le Billon is an independent researcher working on the political economy of war and the role of natural resources in conflict and development. He has worked with UNU/WIDER; the French Ministry of Foreign Affairs and ECHO-Equilibre in Croatia; and IDRC in Cambodia. He holds a PhD (Geography, Oxford) and an MBA (Paris I).

Study Notes:
This bibliography is part of a DFID funded project entitled “The Political Economy of War: Translating Theory into Humanitarian Practice” managed by Joanna Macrae and Nick Leader, both Research Fellows at ODI. The project also includes a Relief and Rehabilitation Network Paper (No. 33) “The Political Economy of War: What Relief Agencies Need to Know.”

Acknowledgements:
The author wishes to thank Felicity Heyworth, Corwen McCutcheon and Lucy Morris for all their work on this publication.

Please send comments on this paper to:
Humanitarian Policy Group
Overseas Development Institute
111 Westminster Bridge Road
London
SE1 7JD
United Kingdom
Tel: +44 (0) 20 7922 0300
Fax: +44 (0) 20 7922 0399
Website: www.odi.org.uk/hpg/warecons
Email: hpgadmin@odi.org.uk

A copy of your comments will be sent to the author.

ISBN: 0-85003-478-7

© Overseas Development Institute, London, 2000

Photocopies of all or part of this publication may be made providing that the source is acknowledged. Requests for the commercial reproduction of HPG material should be directed to the ODI as copyright holders.
This is a partially annotated bibliography that draws on the database compiled as part of the ODI Political Economy of War project. With a few exceptions, the bibliography does not include the literature on the political economy and war economies of the First and Second World War, but concentrates on contemporary armed conflicts.

The bibliography is also available on the worldwide web at: http://www.odl.org.uk/hpg/warecons
Introduction

This annotated bibliography is part of an ODI project entitled The Political Economy of war: Translating Theory into Practice. The second component of the project, a Humanitarian Practice Network paper (No. 33), entitled The Political Economy of war: What Relief Agencies Need to Know, will be published shortly.

This bibliography is intended to be a guide to the expanding literature on the political economy of war and is directed particularly at humanitarian agencies. It is in two parts; the first is a selection of what we consider to be the most useful and relevant recent works on the political economy of war, for which we have included summaries of each work. The second is a more complete list of relevant literature.

To facilitate access, two indexes are provided: a subject index and a geographical index. The names of authors whose work has been included in the select bibliography are in bold.

The bibliography is also available on the ODI website at: wwwodi.org.uk/hpg/warecons. As well as reproducing the indexes it will also include abstracts not available in the print version. It will be searchable by subject and country keyword.

1. Subject Index

This section provides subject keyword access to the complete list of titles in the ODI Political Economy of War project database. Emboldened references are included in the Annotated Bibliography.


Aid distribution: Jaspars, S. 1999; Ockwell, R. 2000; Prendergast, J. 1996a


Benefits of conflict: Keen, D. 2000


Child soldiers: Zack-Williams, A. B. 1999


Conflict prevention: Attali, J. 1997; Carnegie Commission on Preventing Deadly Conflict 1997; Prendergast, J. 1996a


Gold: Atkinson, P. 1997; Richani, N. 1997


Humanitarian emergencies: Duffield, M. 1994a; Rubin, B.R. 2000


Little, P.D. 1996


Market reform: Utting, P. 1992


Neo-liberalism: Duffield, M. 1999; Green, R.H. 1993


Rubber: Atkinson, P. 1997; Reno, W. 1996


UNHCR: Marshall, K. 1998


War economies: this term has been used for all entries


2. Geographical Index

This section provides country and regional access to the complete list of titles included in the ODI Political Economy of War project database. Emboldened references are included in the Select Bibliography.


Burma: Brown, C. 1999; Lintner, B. 1991; Lintner, B. 1996

Burundi: Gaffney, P.D. 2000


Caucasus: Varymyen, R. & Aliev, L. 2000


East Timor: Sherlock, S. 1996

Egypt: Barnett, M. 1992


Former Soviet Union: Duffield, M. 1998

Guatemala: King, C. 1997; Morrison, A. R. 1993

Haiti: Lundhal, M. 2000


India: Bookman, M.Z. 1991

Iran: Amirahmadi, H. 1990


Israel: Barnett, M. 1992

Japan: Boulding, K. & Gleason, H. 1965


Kurds: Angostrus, A. & Pascal, V. 1996

Latin America: Veltmeyer, H., Petras, J. and Vieux, S. 1997

Laos: Lintner, B. 1991


Northern Iraq: Vayrynen, R. 2000


Russia: Reno, W. 1999


Senegal: Harvey, C. & Robinson, M. 1995


South America: CIIR 1993


Sub-Saharan Africa: Green, R.H. 1993; Reno, W. 1998


Tajikistan: Vayrynen, R. 2000

Thailand: Lintner, B. 1991


Zimbabwe: Reno, W. 1999
3. Selected Bibliography

This section provides brief summaries of some of the key texts selected from the full bibliography. The complete ODI Political Economy of War project database includes abstracts for several texts which have not been reproduced here and is available on ODI's internet site at: www.odi.org.uk/hpg/warcons.


In this field-based review of best and worst practices by relief agencies, the author identifies five predictable ways in which aid's economic and political resources affect conflict. 'Aid resources are often stolen by warriors and used to support armies and buy weapons. Aid affects markets by reinforcing either the war economy or the peace economy. The distributional impacts of aid affect intergroup relationships, either feeding tensions or reinforcing connections. Aid substitutes for local resources required to meet civilian needs, freeing them to support conflict. Aid legitimises people and their actions or agendas, supporting the pursuit of either war or peace.' Each of these relations is examined in turn.

Theft of aid requires knowledge, opportunity, incentive and impunity. Aid workers can act on these requirements by keeping deliveries' timing and location secret to reduce knowledge and opportunity; dispersing or packaging aid to reduce opportunity and incentives; lowering the value of aid to reduce incentives; clearly identifying or 'tagging' aid to reduce incentives and impunity; inform communities of future aid deliveries and thefts to reduce impunity. Aid agencies can also 'glut the market', that is delivering extremely large quantities in order to reduce the value of capture or resale by armed groups. However, this strategy must avoid goods that are also produced locally in order not to undermine local production and increase dependence on outside aid. Aid can reinforce market distortions provoked by conflicts, by 'feeding the war economy and undermining peacetime production and productivity'. The previous example of importing relief goods that are produced locally typically undermines peacetime economic incentives. Hiring security guards also favours wartime economic activities over peacetime ones. The relief 'industry' can reward those in control of the wartime economy, such as road checkpoints. High demand for specific goods and services, such as housing and office space, result in price increases that might affect the population. On the other hand, the creation of jobs can benefit the population, but many of these jobs are for skilled workers and result in inflated salaries with important distributional effects. All those benefiting financially from the influx of aid can have an incentive in the continuation of conflict, and warring militias have the possibility of doing so. Aid can also reinforce divisions in wartime markets by channeling assistance through specific groups rather than privileging inter-group exchanges. Aid agencies thus need to assess local capacity to provide goods and services, as well as measure the impact of local purchases on war profiteering in order to favour peacetime activities and institutions.

There are several solutions. One is the monitoring of price and goods availability, pressure on donors not to impose imported goods, price agreements between the different agencies to avoid inflation and profiteering. Relief agencies could also prepare local staff for the transition to peace and provide training to local staff in peacetime activities, link local salaries to departure or transition to peace through 'bonus' payments, increase community accountability on wartime salaries and benefits. Aid agencies should give more attention to distributional issues in order not to privilege some groups over others and fuel competition - for example by providing aid to returning refugees but not to the local population, or by employing people who mostly speak a foreign language. Aid thus needs to reinforce people's shared interests, for example by taking decisions through open and public debates using committees or existing local leadership structures. Distributional effects are better accepted when people are involved in decision-making over who should benefit. Aid agencies should as well give attention to the substitution effects of aid. That is, the freeing by aid of resources and labour force for the pursuit of war. This is most noted with regard to the role of social-service provider of the international aid community during conflict. Warlords then tend to define their responsibility and accountability only in terms of military control, and not in terms of social welfare for the populations they control. The strategy used by some aid agencies is to minimise external inputs and support local efforts.

Finally, aid legitimises people and actions - in particular armed factions - through the payment of taxes, the request for authorisations, the demand for security provision. Trying to avoid those who secured illegitimate power through violence can be costly and dangerous and political realities have to be considered. Aid agencies must avoid being antagonistic, but rather choose an alternative path based on tolerance, respect, trust and commitment. Aid agencies should also co-opt, or involve, commanders into assuming responsibility for civilian welfare, by inviting them to participate in meetings or project visits. Although not specifically addressing the issues of impact of aid on war economies, the author presents an analytical framework for considering the impact of aid on conflict.

The author concludes that the role of relief agencies at the micro-level to lower the intensity and impact of conflicts is often unrelated to that of international political bodies at the macro-level, and that the latter need to take seriously their responsibilities in bringing conflicts to an end.

The author analyses the dynamics of the war economy of Liberia and examines the attempts by humanitarian NGOs to minimise the harmful impact of their interventions. The conflict in Liberia lasted from 1989 until 1997, with most of the country under the control of Taylor’s NPLF until 1993 when a factionalisation of the different movements resulted in the fragmentation of territorial control. While in the first period Taylor was able to secure economic partnership with major multinationals, activities during the second period were controlled by local commanders and individual businessmen. The major resources of the war economy were iron ore, diamond, gold, timber and timber, as well as humanitarian aid and maritime licensing. The political economy of war rested on the violent control of resource-rich territory and government structures as well as the complicity of international commercial networks. The general population was itself integrated through its participation in the informal economy or its taxation (in the form of predation or forced labour) by the different factions. Foreign aid was also integrated in this political economy, given the legitimacy it provided to politicians through their role in its distribution - or its diversion by factions.

Solutions to end the self-perpetuation of the conflict associated with the mechanisms of the war economy and the criminalisation of social and economic activities at both macro and micro levels include the reconstitution of an accountable and defactionalised Liberian state enforcing the rule of law. To this end the author suggests, at the macro level, a greater use of sanctions for human rights and economic abuses, internal capacity building for law and order, and democratisation of institutions. At the micro level, she suggests to focus on increasing legal economic opportunities for fighters and the youth in general, and political work with communities to facilitate the integration of fighters. With regard to the difficulties and ambiguities of providing aid, international NGOs developed a Joint Policy Operations (presented in an Annex) that restricted interventions to ‘life-saving’ activities. This initiative, backed by international sanctions and the set up of a war crimes tribunal, helped to avoid unintentional support to the warring parties and to develop an advocacy role by denouncing human rights violations.


Contrary to ‘revolutionary’ models of conflicts in the 1950s through the 1980s, violence in contemporary conflicts ‘cannot easily be explained as “political”. Rather, it appears to have more local and immediate aims and functions, very often economic.’ While political factors should not be dismissed, the interaction of political and economic agendas of conflicts in ‘complex emergencies’ has to be acknowledged and understood. Taking the examples of Sierra Leone and Cambodia, the authors argue that ‘the continuation of conflict … cannot be understood solely by reference to the political objectives and declaratory policies of the conflicting parties. Those who plan to intervene and assist in war-termination efforts must also understand the manner in which these objectives interact with, and are distorted by, the economic agendas of various parties.’ Issues of demobilisation and restructuring the army after conflicts also involve important economic agendas and may threaten a lasting peace. When war has been previously privatised to groups sustaining themselves through economic activities, or has granted to armed forces political and economic privileges, demobilisation is likely to be resisted, either institutionally at an elite level, or through a shift to banditry at a ‘grass-roots’ level. This resistance is aggravated when living conditions during demobilisation are appalling (for example, in Angola) and when economic opportunities for demobilised soldiers fail to materialise (for example, land allocation in El Salvador). Finally, the restructuring of the security sector - involving military, police and intelligence - is also impeded by economic agendas developed during the conflict, such as organised criminal activities that were tolerated or promoted under the wartime regime.

Several lessons are drawn by the authors. First, ‘in conflicts where violence is decentralised and economically motivated, war cannot simply be ‘declared’ or ‘declared over’. Reconstruction efforts should thus not only meet the needs of ordinary people, but as well - if not more importantly - of those carrying out the violence and their backers within the elite. Second, demobilisation and restructuring of the security sector should involve a long-term commitment on the part of concerned international agencies. This commitment should be based on an understanding of the workings of the security sector, in particular in relation to economic activities and political privileges eluding civilian control and associated to human rights abuses. Third, the international aspects of economic agendas, in the form of transborder trade and overseas accounts, can provide useful pressure points for international society. But the imposition of sanctions needs to be carefully targeted to avoid deepening poverty and fuelling more violence, while having little effect on the incriminated regime. Fourth, the single-minded pursuit of democracy and justice in some cases might be counterproductive with regard to a transition to sustainable peace. A pragmatic endeavour, ‘securing the cooperation of those who stand to lose from democracy and peace’ and constructing ‘political economies that will make resort to violence both unrewarding and unnecessary’ can prove more effective.

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.)

Contents:

Introduction (the editors)
Approached to the political economy of civil wars
Incentives and Disincentives for Violence (D. Keen)
Shadow States and the Political Economy of Civil Wars (W. Reno)
Globalization, Transborder Trade, and War Economies (M. Duffield)
Doing Well out of War: An Economic Perspective (P. Collier)
The Resource Curse: Are Civil Wars Driven by Rapacity or Paucity? (L. de Soysa)
The View from Below (M. Mwanasali)
Confronting economic agendas in civil wars
Arms, Elites and Resources in the Angolan Civil War (V. Gamba & R. Cornwel)
Targeted Financial Sanctions (S.D. Porteous)
Aiding or Abetting?: Humanitarian Aid and Its Economic Role in Civil War (D. Shearer)
Shaping Agendas in Civil Wars: Can International Criminal Law Help? (T. Farer)


This edited volume examines relationships between war and the economy through a series of short articles written by decision-makers, journalists, academics and insiders from the worlds of business and humanitarian endeavour analyse the complex interactions between war and the economy. The authors set out the problems from their standpoint and discuss possible solutions. The volume includes four parts. Globalization and war looks at the overall relationship between globalization and the ever-changing pattern of warfare. It also studies the twin processes of economic and political liberalization, and assesses how making aid subject to certain conditions affects war-torn countries. Money and war sheds light on the economic dynamics of war. Focusing on the underlying economic causes, one author argues that economics constitutes a new analytical tool for understanding conflicts in the post-Cold-War era. Contributors also look at non-governmental entities involved in conflicts, beginning with mercenaries and security firms. A journalist, a businessman and an agency that rates corporate conduct discuss, from their own individual perspectives, the matter of doing business in war-prone regions. The development of the "relief industry" is also addressed. Survival and war looks at the variety of coping mechanisms used by people living in war zones and refugee camps. The concluding section, International aid, takes a critical look at the impact of humanitarian aid on local economies. One author suggests how to minimize potential negative side-effects while humanitarian and development organizations explain how they have adapted their strategies to cope with today's emergencies. (From author)

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 ‘barenfoot’ 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 dispossessed 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.)


Discussion of civil conflict is dominated by the narrative of grievance. Hence, policy towards conflict tends to be focused upon on the one hand assuaging perceived grievances, and on the other, attempting to reconcile populations with deep-rooted hatreds. The evidence on the causes of conflict does not really support this interpretation. The objective factors which might contribute to grievance, such as income and asset inequality, ethnic and religious divisions, and political repression do not seem to increase the risks of conflict. Indeed, to the extent that they have any effect, it is to make societies safer. I do not wish to imply that the parties to a conflict do not hold grievances and historical hatreds, and it is indeed sensible to attempt to reduce them. However, the evidence about the causes of conflict points to economic factors as the main drivers of conflict. The combination of large exports of primary commodities, low education, a high proportion of young men and economic decline added together drastically increase risks. Greed seems more important than grievance.

Although societies as a whole suffer economically from civil war, some small identifiable groups do quite well out of it. They thus have an interest in the initiation, perpetuation and renewal of conflict. Naturally, these interests tend to remain low profile. Hence, the discourse of grievance is much louder than that of greed, even if it is less significant. Policy intervention should, however, focus rather more than in the past on these economic agendas. Effective policy should reduce both the economic incentives for rebellion, and the economic power of the groups which tend to gain from the continuation of social disorder. The restriction of access
to international commodity markets for illegitimate exports from countries in conflict, and the targeting of development assistance to high-risk countries not currently in conflict are both feasible strategies for the international community. (From author.)


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 humanitarianism’ 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.


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.

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 capitalistic 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.


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.)

Goodhand, J. (1999) From Holy War to Opium War?: A Case Study of the Opium Economy in North Eastern Afghanistan. (Draft only)

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 Tadzhikistan, 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.


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 Montclo; 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 ‘degenerated 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
The Political Economy of War: A Bibliography


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 Frontieres'.

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 checkpoints. 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 checkpoints 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 ‘militarized-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 patronial 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.


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-Hercegovina 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.)


Famines, such as that which devastated the Dinka of Sudan in the 1980s, often have powerful beneficiaries within the affected nation, including political elites and traders. Meanwhile, shortcomings in the manner of international intervention, while contributing to famine, may offer significant political and bureaucratic benefits for international donors. Famine is not necessarily an apocalyptic natural disaster: it may have functions as well as causes. Drawing on a range of historical information and the accounts of famine sufferers, aid providers, and government officials, this work explains the causes of the Sudanese famine, extracting important lessons about the future of effective famine relief. Identifying those Sudanese interests that actively promoted famine and obstructed relief, the study shows how the assets of the politically powerless Dinka were forcibly transferred to beneficiary groups. In a sense, and contrary to the emphasis of Amartya Sen, it was the Dinkas’ wealth, rather than their poverty, which exposed them to famine in a context where they lacked political redress against exploitation. For the most part, international donors failed to counteract the processes leading to famine or to speak up on behalf of those who lacked political influence in their own society. (From author)


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 won 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 contesting 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.

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.)


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 represents 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.


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.


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.)


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'.


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 peacebuilding. 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 if 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’ 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 racketets, 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 peacebuilding 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 peacebuilding, 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.


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 handouts - 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.


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.


Classical interstate war may be, as von Clausewitz wrote, nothing else but the pursuit of politics with the admixture of other means, but the pursuit of politics through both peaceful and violent means requires money. Just as in many parts of the world political power is a principal means to the pursuit of wealth, war too may create conditions for economic activity, though often of a predatory nature. Political leaders speak in public about their ideas and goals, but much of their daily activity is devoted to raising the resources to exercise power and reward supporters or themselves. How political leaders raise and distribute these resources often determines the outcome of their acts, as much as if not more than their stated goals and intentions. The dominant current form of war is neither Clausewitzian interstate war nor classic civil war (government versus insurgency), but transnational war involving a variety of official and unofficial actors often from several states. Such wars develop particular patterns of economic activity. The longer they persist, the more society and economy adapt to war, creating a relatively stable type of social formation, the civil or transnational war economy. A few actors profit, while most have no say in the development of their own society.

The 20-year old Afghan conflict exemplifies this type of system. The conflict has created an open war economy affecting a broad region. Stateless and devastated Afghanistan has become both a source of the world’s most valuable contraband – opium and its derivatives – and a transport and marketing corridor where armed groups protect a region-wide arbitraging center where profits are made off policy-induced price differentials. The region includes Dubai, the world’s largest duty-free shopping mall; Pakistan, a state where the combination of the Directorate of Inter-Services Intelligence and a trade regime for import-substitution industrialization have created a highly armed and corrupt society where economic interest and the imperatives of covert action combine to undermine enforcement of fiscal rules; Iran, where subsidized gasoline sells for three cents a liter; Afghanistan, an essentially stateless territory that has become the world’s largest producer of opium but that includes the remnants of a road network that, with difficulty, links Iran, Central Asia, and Pakistan; Central Asian states recently opened to the world without the institutions to govern markets; and a variety of linked wars, including Tajikistan, Afghanistan, and Kashmir.

In this context, through the development of an Afghan diaspora, the spread of means of transportation and communication, the development of cultural, kinship, and economic ties between Afghans and all the neighboring societies, the opening of borders and lack of customs enforcement in many areas, and the increase in opium production and other contraband activities, the Afghan war economy has given rise to a pattern of regional economic activity and associated social and political networks that compete with and at times undermine official economies and states.

Sustainable peace will require not just an end to fighting and a political agreement but a regional economic transformation that provides alternative forms of livelihood and promotes accountability. Most important is working with Afghans to change the image and role of the state, seen largely as a distant and indifferent if not hostile power. Local power structures that have largely grown up as defensive measures of self-rule to keep the state or power holders away will have to be incorporated into official structures of planning and service provision. In the past local societies developed unofficial power structures to shield themselves from the state, rather than participate in, and the centralizing mentality shared by the Taliban and much of their opposition reproduces that past pattern. Instead, modest local resources under local control could be directed into locally accountable planning processes rather than a dysfunctional central state. The central state will still be needed for provision of basic security and dispute resolution, but a clear division of labor among levels of governance will promote greater accountability over the reconstruction process. Peacemaking requires not only political negotiations but transforming the war economy into a peace economy and creating institutions for accountability over economic and political decision making. Unless peacemaking can appeal to the interests of powerful economic actors and transform them into agents of peace, it will be limited at best to halting fighting in one place before social and economic forces provoke it once again elsewhere in this dangerous region. (From author).


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...
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 for 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. This radicalisation takes the form strict discipline, harsh sanctions, forced recruitment (often children) and indoctrination inside the movement, coupled with violent repression against the population.

The author concludes that an economic analysis of rebel groups and conflicts is key to counter-insurgency, including the use of sanctions.


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 (skilful tolerance of corruption and extortion) might encourage.


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.


Emergency aid devoted to emergency relief has grown considerably, 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.)

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 (subistence 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.


This is a very disturbing analysis of why so many Rwandans participated in the genocide, and why a country that was hailed as a 'model of development' could, apparently so 'suddenly', collapse into genocide? The common explanations for the genocide are that a small elite around Habaryirmana, threatened by the peace- and democratisation pressure from the Arusha agreements, and by the Rwandan Patriotic Front, prepared and incited mass killings of Tutsi and moderate Hutus, and that the hardships resulting from economic stagnation since the mid-80s, made the ordinary people more receptive to such manipulation. Uvin accepts these factors, but finds them insufficient to explain why so many ordinary people choose to suspend moral values and actively started slaughtering their neighbours? In his analysis other, and long-standing, contributing factors were deep seated racial prejudice and structural violence.

With structural violence he refers to inequality of life chances, clientelism, corruption, arbitrariness, social and economic exclusion, lack of access to information, education, health and other basic services and an authoritarian and condescending state and aid system. All of this, together with secondary factors such as material opportunism, impunity for past violence and massacres, and an absence of external constraints, made genocide possible. Strangely enough, Rwanda was a society that, in
Putnam's terms, showed a very strong associational life, and therefore, in theory, a fairly strong 'civil society' with a lot of 'social capital'. But, the author points out, a type of organisation, or the number of non-state organisations, says little about their agendas and activities, and being 'non-governmental' does not make one automatically a force for peace and democracy. Not surprisingly, not only the opposition parties, but also Rwandan NGOs and the Rwandan Church were very divided, and had members that participated in the genocide. The Rwandan genocide now appears to be explained - in terms of its internal dynamics. But Uvin challenges this picture, and questions the responsibility of the international community.

As political violence and human rights abuses increased in the early 90s, militia were being formed and hate propaganda spouted by Rwandan media, the international community failed to clearly link this politically to the Arusha peace-agreements and their implementation. The international community failed to realise that the rapid imposition of a peace-agreement could force the radicals towards more extreme 'solutions', so that the UNAMIR peacekeeping mission was weak in mandate and in size. Reports from human rights organisations in 1993 caused a temporary flurry and a treat of the suspension of aid, but this never materialised. While the Rwandan regime was expanding the army and importing arms, development aid increased to compensate for the effects of a structural adjustment programme, and foreign countries such as France and the USA maintained their military assistance. Never was the failure to protect the democratic changes the international community had helped to set in motion so blatant, as when it pulled out at the moment a planned genocide started. Social and political blindness however, is a disease from which also the development community suffered heavily. With over 200 public and non-governmental donors, and an income from development assistance that surpassed that of private investment and commercial exports combined, the 'donor community' could be said as having had significant leverage. Yet apart from the human rights organisations mentioned, it equally continued 'business-as-usual' with its traditional projects. World Bank and UNDP reports for example continued to ignore the escalating political violence in their reports and context analyses. Uvin challenges the convenient 'myth of apolitical development' and suggests that the development community shares responsibility at least by omission. In at least three ways, development aid can be part of 'structural violence'.

The focus on 'basic needs' detracts from social and political issues, and gives the impression that the development solution is a technical one, and not -also-a political one. The aid system itself, through its foreign experts and the local elite it creates, shows the same inequality and superiority as an autocratic state elite, further contributing to the humiliation of ordinary people. And finally, the 'development game' in its real dynamics brings about a significant collusion between the external actors and the state elite, all the more so if the pressure for 'local ownership' increases. In Rwanda as elsewhere, 'development aid is the fuel that allows the government machinery to exist, to expand, to control, to implement'. Ostensibly, the retrospective analysis has been enlightening: it is now said that development aid needs to constantly assess its potential 'conflict impact', and there is much more aid investment in human rights work, peace-building, democratisation, a responsible press, an impartial judiciary etc. Whether this is only a superficial layer or a fundamental change still remains to be seen. (From K. Van Brabant)


The possibility of humanitarian emergencies grows with the presence of various economic, political and cultural background forces without whose influence they may not occur at all. However, the deliberately venal policies of 'bad rulers', who single-mindedly concentrate on pursuing a collective cause and/or private gain, almost always worsen the crisis. This analysis traces the ways in which egotism and venality lead to the social turmoil and economic decline which then marginalise large groups of people. 'Bad rulers' almost always govern failing and even collapsing states; their interest in promoting the common good - if it ever existed - has withered and their focus is on the preservation of power and accumulation of economic and military assets. For this purpose, they set up a centralised, hierarchical system which divides and rules with coercion and clientelism. In most cases, the economic and intellectual modernisation of countries suffering from humanitarian emergencies has been arrested; their social structures are polarised and lopsided; and the ideological atmosphere is stale and secretive. Democratic institutions and procedures are missing and people are denied any opportunity to participate in affairs of the state and keep rulers accountable for their actions. Two political processes, both linked with the failure of the state, appear to be especially central in the descent of a society into a humanitarian crisis. One is the devolution of military power from central government to local gang and militia leaders. Warlords create their own fiefdoms and have, in addition to their political power, economic interests which need to be protected. This increasing decentralisation, autonomy and violence of the military forces also contribute strongly to the protracted and destructive nature of humanitarian emergencies. Angola's civil war is less and less about politics and more about the control of the state as the medium for control of natural resources. In Colombia, there are genuine ideological differences which are being fought over rather than negotiated; successful military campaigns, however, require control of the territory and funds. In northern Iraq, the deep social and political crisis has created opportunities for the Kurdish factions to collect funds and challenge the turf of other factions. Serbia provides a paradigmatic example of a war economy in which
political power gives access to the control of both productive assets and informal markets; the economy has been subordinated to delusory political ambitions. Finally, in Tajikistan the old Soviet-era elites and traditional local elites have clashed with each other in civil war to divide territory and the other spoils that became available after independence.

Another major reason for state failure and economic decline is the spread of rent-seeking activities which satisfy private interests at the expense of public interests. However, standard rents, made available by legislative regulation of the access to domestic and international markets, foreign trade and exchange, lose their meanings with the collapse of public order. Therefore, rent-seeking by a ‘bad ruler’ and his supporters becomes increasingly private and illegal. Ultimately, economic needs of the people are forgotten and the looting of public resources becomes primary; political rule becomes predatory. If the state collapses altogether, then militia leaders are left to control production and the trade in resources. Poverty is an important element of any humanitarian emergency; rich people do not suffer from this malady. Poverty, however, may not be a primary cause of these crises. Instead, they are produced by economic isolation or lopsided integration with the world market. Both of these conditions reflect not only the polarised nature of the world economy, but also economic mismanagement by national elites. Thus, an important remedy against humanitarian emergencies is to get rid of rent-seeking and predatory rulers, and to promote open and accountable economic policies which integrate nations into equitable international co-operation. (From the author.)


Taking the example of relief assistance in Liberia between 1990 and 1995, the author argues that while aid was not a decisive factor in the cause and the prolongation of the conflict, it had serious negative effects. This assistance was indeed significant with regard to the overall economy and it was the object of numerous strategies of diversion and manipulation on the part of armed factions. The main perverse effect was the strengthening of armed factions which used aid as a political, financial and strategic resource through symbolic re-appropriation, mis-targeting, taxation and looting. This diversion of aid sustained the war effort of belligerents; helped to mobilise and to reward fighters; reinforced the power of factional leaders over their troops; strengthened the control over people by the factions; and reinforced the process of legitimisation of the factions at the domestic and international level. Aside from fuelling the conflict, the mechanisms of diversion involved the use of violence against both relief agencies and populations. Politico-
military factions were not the only group manipulating relief assistance. The peace-keeping force - ECOMOG - and the UN attempted to use, or to curtail, aid in order to further their political objectives or justify their presence. Liberian non-armed political parties also manipulated aid, for example to extend their patronage networks.

The logic of organisational survival and growth among fragmented relief agencies also sustained the war economy. Some agencies were eager to increase - and to spend - their budget, with the risk of overlooking the broader consequences of their assistance on the dynamics of the conflict. Similarly, the competition between agencies, or their religious objectives, pushed some to lower their standards against perverse effects in order to access victims - and budgets - even if it also resulted in strengthening armed groups. The author concludes that if the overall balance of the impact of aid cannot be determined by this study, the perverse effects of aid clearly need to be acknowledged by a humanitarian sector that is rapidly expanding and increasingly fragmenting.


Looking at the factors leading to the complex political emergencies taking place in Sierra Leone between 1991 and 1997, the author argues that causal factors are historical, reflecting the political economy of patrimonialism and personalised rule that led to the underdevelopment of the country and the growth of an informal economy. The deteriorating terms of trade, the corruption, and the impact of IMF and World Bank structural adjustments further added to the decline of the state’s legitimacy and resulted in political demands by ‘socially excluded intellectuals who could not find jobs either within the state or private sectors’. With the support of Charles Taylor’s rebel group in neighbouring Liberia and revenue from local diamond mines, these demands were expressed through an armed rebellion that became increasingly gruesome through its attempt to control the population. In this regard, children played an important economic role in the war system by providing cheap and enslaved labour to both rebels and army leaders. Children have limited demands and needs compared to adult fighters. The absence of relatives, for street children, or the ‘socialisation into violence’ of abducted rural children through witnessing or participating in the punishment or massacre of relatives create bonds with the armed group. Abducted girls are ‘married’ to adult rebels, thereby lowering the cost of access to sex, compared to prostitutes or the risk run by attacking a village for raping women. The author concludes that the government faces considerable problems and will need foreign assistance. However, this assistance should not supplant the state in its role of welfare supplier and support should be given to NGOs headed by Sierra Leoneans.
4. Complete Bibliography

This section represents the full list of documents included in the ODI Political Economy of War project database. The references in bold indicate a text for which an abstract has been provided in the Selected Bibliography.


Duffield, M. (1997a) *Post Modern Conflict, Aid Policy and Humanitarian Conditionality.* School of Public Policy, University of Birmingham.


ECHO *Ethics in Humanitarian Aid.* Dublin.


Goodhand, J. (1999) From Holy War to Opium War?: A Case Study of the Opium Economy in North Eastern Afghanistan. (Draft only)


Hinzen, E. and Kappel, R. (1980) Dependence, underdevelopment and persistent conflict - on the


Keynes, J.M. (1939) Paying for the War. The Times, 14th and 15th November.


in Developing Countries vol. 2. Oxford University Press, Oxford.


van den Berg and U. Bosma (eds.) Historical Dimension of Development, Change and Conflict in the South. Development Cooperation Information Department, Ministry of Foreign Affairs, The Hague.


ODI (1994) *Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs in Disaster Relief.* RRN Network Paper No.7, Relief and Rehabilitation Network, Overseas Development Institute, London.


