

Reply to our Discussants

Karen Ballentine and Heiko Nitzschke

First and foremost, we would like to thank the contributors for their constructive and insightful comments and the Berghof Center for initiating this stimulating dialogue. While space does not permit us to comprehensively reply to the many valuable comments, we would like to briefly respond to four of the key issues raised: the problems of the greed versus grievance framework; the explanatory utility of the “lootable/ unlootable” distinction for disaggregating the varying impacts on conflict dynamics of different types of natural resources; the role of international economic actors; and the role of international development assistance.

1. The Greed vs. Grievance Dichotomy

Most of our discussants objected, many strenuously, to this dichotomy and the simplistic policy prescriptions that it may lead to. Clearly, economic or political economy approaches to conflict offer only *one* lens by which to approach as complex a phenomenon as violent conflict. As we indicated in our essay, they are not the only, nor necessarily a superior, analytical framework for understanding the sources of contemporary conflict. Indeed, we share our respondents’ concerns regarding the dangers of economic reductionism, a danger that was particularly pronounced in the early stages of the greed versus grievance debate, in which some proponents argued, in our view inaccurately, that civil wars were essentially caused by self-consciously “loot-seeking rebels”. This said, political economy analyses – and

here we stress the *plural*, since there is a wide variety of theoretical approaches – offer a useful way of exploring the economic dimensions of armed conflict, which, however fundamental, were an understudied area of conflict analysis. These perspectives have brought renewed analytical attention to the complex interactions between development and security, to the corrosive and destabilizing effects of corruption, inequitable resource distribution, unaccountable investment, unsustainable resource exploitation and the role they play in triggering and sustaining armed violence. Focusing on these economic factors certainly does not mean that other explanatory variables for violence and conflict, such as culture and identity, state failure, security dilemmas, or political exclusion, should be discarded. Indeed, a more fruitful line of inquiry is to analyse conflict dynamics in terms of the complex and shifting interactions among these factors. This was the approach taken by the contributors to the volume *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Ballentine and Sherman 2003). One of the principal findings of this research was that among the cases studied, economic factors, whether construed as greed, grievance or something else, were nowhere the sole cause of conflict, but in some instances did play a signal role in shaping the character and duration of hostilities as well as posing obstacles for effective resolution. For this reason, they need to be taken into account by those policymakers seeking ways to achieve sustainable peace.

2. Lootable vs. Unlootable Natural Resources and Conflict

While our discussants took issue with this conceptual distinction, we nevertheless believe that it has heuristic merit in helping to disaggregate the different impacts on conflict of different types of natural resource endowments. And indeed, Michael Ross, the principal author of this conceptual framework, meant it as a heuristic device, cautioning, too, that the posited relationships between lootable and unlootable resources and conflict dynamics are propositions to be tested, not truths to be assumed. That his analytical distinction between lootable and non-lootable resources does not neatly apply to all conflicts, or is sometimes blurred – as Volker Böge and Angelika Spelten point out in connection with massive looting of oil in Nigeria – is a statement with which we agree. Ross himself has sought to clarify this distinction by noting that some “unlootable resources”, like oil when transported through vulnerable pipelines, may still be “obstructable” by armed groups, and thereby complicate conflict dynamics (Ross 2003). While one may take issue with the finer points of this, or any conceptual distinction, the fact is that it has helped to make clear that different natural resource endowments matter to conflict in different ways. And exploring these connections further is vital to designing appropriate policy responses in specific cases.

In terms of policy prescriptions, where conflict has been fuelled by the exploitation of lootable resources, peacebuilding efforts face additional challenges. Since these resources are often located in areas not under effective government control, their exploitation tends to be artisanal, and they generate important livelihoods for civilians. Against this background, peacebuilding support by the UN and multiple donors has given priority to restoring order and transparency in the diamond industry. In terms of the socio-economic aspects of the diamond exploitation in Sierra Leone, the Peace Diamonds Alliance as well as the Campaign for Just Mining were designed not only to provide income to the government by expanding the scope of licensed mining and raising official diamond exports; the programmes also ensure regular incomes, fair prices, and human rights

¹ Alongside the rational-choice-influenced “rebel-centric” framework employed by Collier et al., other approaches emphasize state failure (Reno 1995), functionalism (Keen 1998), horizontal inequalities (Stewart 2002), punitive terms of trade (Addison and Murshed 2001, 2003), and the ill-fitting neo-classical prescriptions of IMF-sponsored structural adjustment programmes (Pugh and Cooper 2004).

education to artisanal miners and their communities. While diamonds smuggling is still pervasive, official exports have dramatically risen, a result also of Sierra Leone's membership in the Kimberley Process.

The focus on the role and impact of unlootable resources and conflict highlights the need for transparent fiscal management and equitable distribution of resource rents as an important aspect of conflict prevention and peacebuilding. Often, it is exactly in the lucrative oil and gas sector where governance problems are most visible. And the attention that policymakers are now giving to the issue of resource revenue management has benefited from the connections made between the resource curse and violent conflict. Here it must be stressed that revenue sharing is increasingly regarded as a critical component of both sustainable development and conflict prevention. The use of multi-stakeholder trust funds in the Chad-Cameroon pipeline project, in Azerbaijan, and as proposed for eastern DRC (Heller, Krasner, McMillan 2003), are but one mechanism by which countries have sought to escape the pathologies of the resource-curse. The recognised importance of transparent and equitable resource management for conflict prevention is also reflected in the UN High Level Panel Report's recommendation that "the United Nations should work with national authorities, international financial institutions, civil society organizations and the private sector to develop norms governing the management of natural resources for countries emerging from or at risk of conflict." (United Nations 2004, 35).

3. The International Dimension of Civil War (Economies)

Clearly, so-called "internal wars" have a variety of important international dimensions. That they are systematically connected to, and dependent on, international financial, commodity, and arms markets is a central fact. As Olu Arowobusoye and Peter Lock rightly point out, analysis and policy recommendations need to take this dimension into account. This applies to the trade in small arms, a perennial struggle fought by NGOs both in the North and the South and supported by a group of like-minded governments. Yet, it also applies to the range of actors – notably mercenaries, black marketers, transnational criminal organisations and others – who engage in the business of war and who benefit from conflict trade.

As the contributors also point out, some early work on the political economy of conflict that focused on "greedy rebels" tended to ignore the international dimension, particularly the negative impact on stability and development of the main agents of "economic globalisation": transnational corporations, and the international donor community. This is, happily, no longer the case. There is a body of empirical and policy analyses aimed at elucidating the ways in which otherwise legitimate business operations and investments in unstable countries may exacerbate violence, corruption and human rights abuse, whether directly, indirectly, inadvertently, or purposefully (Ballentine and Nitzschke 2004). Instances abound where oil, gas, and mining companies have played a contributing role in human rights violations, environmental pollution, and corruption in host countries, thereby exacerbating a vicious cycle of repression, protest and armed violence. Unregulated financial deals between extractive industry companies and repressive and unaccountable host governments, in particular, have become a major target of international criticism and policy action. In Angola, for instance, revenues from internationally-financed oil production have been systematically siphoned off by government elites, while the vast majority of the population suffers from devastating poverty – a situation which has changed little despite the end of hostilities. As such, we agree with Olu Arowobusoye that focusing also on the "demand side" of

the equation is crucial. Numerous policy options are being developed to redress the negative impacts of international trade and investment, in particular the role of the international extractives sector, on vulnerable or war-affected states. which can be adapted and applied to conflict situations (Ballentine and Nitzschke 2005, Malone and Nitzschke 2005). As important, there is now an increased recognition that companies in conflict zones can no longer hide behind the fiction of “business as usual”: there is a compelling need for robust and effective global standards for the improved conduct of international corporations, particularly where local rule of law is weak or absent, and a need to hold these actors accountable where their activities are implicated in gross violation of international human rights and humanitarian law (International Peace Academy and Fafo AIS 2005, United Nations, Office of the High Commissioner on Human Rights 2005).

4. The Role of Donors in Conflict and Conflict Management

Our discussants were highly critical of the role of international lending policies, as well as of the relative marginalization of the issue in our essay. To the latter, we would reply simply that space considerations and a desire to emphasize some less familiar research dictated this omission. The problematic and indeed harmful impacts of neo-liberal prescriptions for developing economies have been well-studied. Many experts have come to criticize the contemporary peacebuilding orthodoxy of “liberal interventionism” for its rigid and often counter-productive reconstruction strategies based on early privatisation, economic liberalization, and macroeconomic stabilization (Paris 2002, 2004; Pugh 2002). As International Financial Institutions (IFIs) such as the World Bank and the International Monetary Fund become increasingly involved in conflict prevention and post-conflict reconstruction, there is dire need to reconsider their positive and negative impact in war-torn states. As Peter Lock puts it, “under the conditionality of international creditors, post-conflict governments have little room for manoeuvre.” Others have stressed the dangers of imposing generic Structural Adjustment Programs (SAPs) on countries emerging from conflict, where the constraints and challenges are utterly different. According to Susan Woodward, “the war economies that must be transformed to peacetime economies in contemporary cases of civil war are not emergency adjustments to an otherwise normal economy but an entire transformation of social and political institutions” (Woodward 2002, 192). IFIs thus need to review their post-conflict macroeconomic and fiscal strategies, relaxing stringent austerity so as to allow greater priority on restoring basic livelihoods and institution building. War-torn states do not need “less” government and “more markets”, they need to create better functioning and more accountable government and markets.

The poor record of aid conditionality tends to obscure sober discussion on its potentially positive benefits. If conditionality were directed in the interest of the recipients’ welfare rather than donor politics, it could become a positive lever for post-conflict recovery, particularly in the areas of anti-corruption, economic diversification, and restoration of equitable and effective management of natural resource exploitation. In all cases, such conditionality would achieve little unless accompanied by concerted donor support for training and capacity building. We thus agree that there is a need for more systematic analysis and frank discussion on what should be the appropriate role of the IFIs and of bilateral donors, and on what types of lending conditionality is warranted and best-suited to the particular challenges facing war-affected countries, even if effecting actual policy change remains a daunting uphill battle.

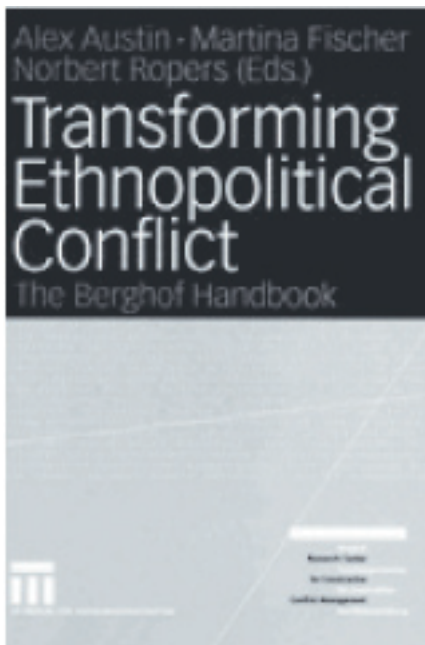
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(All other references can be found in Karen Ballentine and Heiko Nitzschke's introductory article.)

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