

Introduction: Dilemmas and Options in Transforming War Economies

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In recent years, war economies have become recognised ever more widely as a force to be reckoned with in transforming violent ethnopolitical conflict. There has been recognition that after the end of the Cold War with its externally financed proxy wars, a different type of internally financed wars had taken root. Analysts discerned civil wars that relied heavily on various means of war-related income: the skimming of valuable assets and resources the country in question possessed; the wheeling and dealing of black markets and informal market segments; legal and illegal trading networks across borders, involving diaspora communities as well as smugglers' networks. Economics could no longer be seen as a separate, apolitical sphere. Instead, it seemed to play a central role in sustaining violence and fighting. Economics thus gained prominence, both as a crucial aspect in thorough analyses of violent inter-group conflict and as a sector in society from which new actors – engaged in waging war or building peace – had to be factored in.

We have decided to take up the issue of war economies in the context of the *Berghof Handbook for Conflict Transformation* – the dilemmas they pose and strategies that seem promising in addressing them – because a comprehensive understanding of the dynamics feeding into protracted ethnopolitical conflict is crucial for the conflict transformation community if they want to come up with innovative and successful initiatives to “break the conflict trap”.

In initiating this *Berghof Handbook Dialogue*, we were guided by a number of questions: How do economic motives and interests of various actors fuel the outbreak or continuation of violent conflict? How do such motives and interest influence the dynamics of contemporary violent conflict? Which, in fact, are the economic dynamics, actors and motivations at play? Which specific economic systems and structures emerge during protracted ethnopolitical conflict? And, moving from analysis to the practicalities of intervention and transformation: How can one design interventions that will not foster war economies which in turn fuel ongoing violence? What are appropriate policies, who are crucial actors to become involved?

Inevitably, all active in conflict transformation need to come to grips with the following questions: What can be done in order to facilitate transitions from ‘war economies’ to ‘peace economies’ – quite specifically, what economic (and other) measures are available and appropriate? Which economic (and other) actors are best suited to ensure such transition? How can economic structures be influenced in order to fulfil their potential to be one crucial element in paving a way out of violent conflict, particularly by creating legal and non-violent means of securing sustainable livelihoods?

So far, there has been a certain reluctance to engage with both economic analysis and specific economic actors among the conflict transformation community. This reluctance may be explained by three factors: For one, the interplay of economic and political forces in protracted violent conflict is a highly complex matter. Second, few activists of conflict transformation have at their disposal an in-depth understanding of economics. Third, engaging with business and, more importantly, with economic actors in the *illegal* economies may be seen as (morally) dubious by some – a problem that can also be seen at play when it comes to engaging armed groups. Yet for those active in conflict transformation in a wider sense – working to change both attitudes and structures through peacebuilding, development or humanitarian cooperation, and human rights work – it becomes increasingly important to understand the economic dynamics of the environment in which they act and which they attempt to change. Agencies engaged in conflict transformation need to be informed about dynamics hitherto overlooked, and they need to encompass stakeholders and actors hitherto deemed outside their realm of influence and interest. As political processes become more and more influenced by private actors and are not exclusively driven by state and other plainly political actors, the analytical and strategic field for those engaged in conflict transformation is becoming wider. New instruments, economic in nature, have to be assessed and, if appropriate, implemented.

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In order to present our readers with a solid overview of the analysis of war economies and strategic options for engaging in such environments, we have invited practitioners and scholars to contribute to this Berghof Handbook Dialogue, *Transforming War Economies – Dilemmas and Strategies*. These practitioners and scholars present a variety of perspectives, coming to the dialogue with different educational, professional and geographical backgrounds, making the ensuing debate richer. The collection of articles and comments presented in this volume takes stock of established and emerging practices and concepts. At the same time, it does not present a ready-made toolbox, nor does it shy away from drawing attention to the thorny issues and challenges.

Karen Ballentine and *Heiko Nitzschke* undertake it in their opening article (*The Political Economy of Civil War and Conflict Transformation*) to present an overview of key arguments and policy development. Karen Ballentine and Heiko Nitzschke were, respectively, program director and senior researcher in the International Peace Academy’s program on Economic Agendas in Civil Wars and thus bring to the discussion in-depth knowledge of attempts to conceptualise war economies and international strategies for curtailing and transforming them.¹ The authors start with a brief mapping of key analytical approaches and concepts – including a close look at the merits and limits of the „greed and grievance“ dichotomy as well as resource-based analysis (associated mainly with the World Bank), which dominated early research and policy debate on the economic dimensions of conflict. They move on to discuss the importance of conducting thorough stakeholder analysis and present a variety of categorisations to aid stakeholder assessment. Karen Ballentine

¹ Karen Ballentine is currently a senior consultant with the New Security Program of the Fafo Institute in Norway. Heiko Nitzschke recently joined the German Foreign Service. The opinions expressed in the article are the author’s alone and do not represent official positions by the Fafo Institute or the German government.

and Heiko Nitzschke then critically assess two broad clusters of international policy options: control efforts like sanctions and transparency initiatives, and efforts to address the underlying causes of war and war economies. Their recommendations focus on five domains: promoting transparency and accountability; improving sanctions enforcement; crafting power-sharing and resource-sharing agreements; rethinking demobilisation, disarmament and reintegration (DDR) efforts; and harnessing the shadow economy.

Five authors take up concepts and policy options that are presented in the introductory article and critically review them in the light of their own experience in different conflict zones. This set of authors represents a broad range of backgrounds and perspectives, including politics as well as economics, practice as well as research, peacebuilding as well as development cooperation.

Olu Arowobusoye is a former Nigerian career diplomat who has worked with conflict management and aid organisations in the UK before joining ECOWAS, the Economic Community of West African States, as Director of Humanitarian Affairs. His commentary (*Why they fight: An Alternative View on the Political Economy of Civil War and Conflict Transformation*) starts out by posing the critical question what really is ‘new’ about war economies – cautioning against an ‘expert syndrome’ – and goes on to examine the relevance of the hypotheses generated in the greed and grievance debate for the context of violent conflict in West Africa, namely in Sierra Leone and Liberia. He argues that in order for the concept of war economies to become a fully valid analytical lens, the role of international financial institutions and the international dynamics of demand and supply need to be taken into account. Further crucial adjustments of international policy in attempting to transform war economies he points out concern areas of youth unemployment and livelihood opportunities, the tension between rural and urban areas, the implementation of economic agendas in peace agreements, and a reassessment of development agendas.

Peter Lock is a trained economist, sociologist and political scientist, and regularly contributes to the debate through the European Association for Research on Transformation (EART e.V.) and other platforms. His response article (*‘War Economies’ and the Shadow of Globalisation*) further develops a number of issues and controversies that arise from the state-of-the-debate as presented by Karen Ballentine and Heiko Nitzschke. He puts particular emphasis on demographic and geographic trends that have an impact on conflict dynamics in the age of globalisation and ‘shadow globalisation’. Peter Lock debates, among others, the dichotomy of war and peace; the respective roles of ‘rebels’ and ‘governments’; the need for realistic timeframes, educational programmes and employment opportunities in post-conflict reconstruction; as well as the need for global approaches that acknowledge the responsibility of regional and global players.

Nicola Palmer was responsible for developing and coordinating political economy related work at Berghof Foundation’s Sri Lanka office before joining the British Department for International Development (DFID) in 2005. She reflects on the applicability and usefulness of the analytical models presented by Karen Ballentine and Heiko Nitzschke in a war economy that does not rely in an obvious way on lootable or unlootable resources. Using Sri Lanka and its transition process as a case study (*Defining a Different War Economy – the Case of Sri Lanka*), she puts forth recommendations concerning the analysis of the political economy of the war in Sri Lanka, stakeholder mapping, and a sequenced engagement of donors’ aid in a negotiated peace process.

Angelika Spelten, member of the inter-agency Working Group on Development and Peace (FriEnt), and *Völker Böge*, senior researcher at the Bonn International Center for Conversion (BICC), add a last voice to the circle of respondents. In their article (*The Challenges of War Economies: The Role of the International Community and Civil Society Organisations*) they add more nuance to a number of issues from the point of view of development cooperation. With respect to the analysis


of war economies, they discuss the usefulness of two widely used dichotomies: greed vs. grievance and scarcity vs. abundance of (lootable or unlootable) resources. They show how in each case the dichotomous nature of the analytical concept brings with it a danger of missing crucial causes for protracted, violent conflict, and thus potential ways out of it. In a second part, they discuss the assumptions underlying policy options presented in the introductory article as well as realistic roles for NGOs and the international community.

The authors give a stimulating and broad overview, yet they are likely to disappoint those who are hoping for straightforward tools and recipes. The following list summarises just some *challenges and open questions for research and action evaluation* pinned down by the authors:

- There remain many unanswered questions as to when and how measures to address war economy activities might best be integrated into peacebuilding efforts, and by whom.
- The international community needs to reach a clearer understanding of the ways in which aid funds become part of the economic transition from war to peace (or support its deadlock) and how aid needs to be timed, directed and sequenced with sensitivity to unintended consequences.
- Policy options run into problems and limitations where the state (or an international body) lacks the authority or power to shape an environment – more research and creativity needs to be expanded to define the potential and limits of civil society (or ‘the’ international community) as surrogate actors.
- A more refined and nuanced understanding of dynamics and stakeholders’ interests and motivations is called for.
- There is a need to concentrate on research that is relevant to the poor and excluded (particularly youth) on the ground. Main challenges are to address the lack of livelihood opportunities and educational opportunities in many conflict zones and to develop policy that demands contribution and change from the South *and* the North.
- It is necessary to continue to ask whether the dynamics we observe in the world and the assumptions, hypotheses, and methods we use go hand in hand.
- There is a need to reflect more deeply on the *regional complexities* of networked war economies and the challenges for policy implementation they create.

Moreover, the following significant questions will remain for further research:

- Assessing the importance of curbing *corruption* at the right moment in the intervention cycle in order to deflate war economies (Which is the ‘right’ moment? What are the consequences of ‘ignoring’ the issue?)
- What role does the *privatisation of security* (a state’s outsourcing of security functions (military or police) to private agencies and contractors) play in war economies?
- How can one create incentives that make peace more attractive than war – shedding more light on the paradoxical, most disturbing aspects of war economies (child soldiers, livelihoods under stress)
- Which is the potential *role of private sector actors in transforming war economies*, rather than perpetuating them for the purpose of self-enrichment? (*The Berghof Handbook for Conflict Transformation* has recently added two articles to its Internet version that address these issues: Nick Killick, VS Srikantha and Canan Gündüz take stock of *The Role of Local Business in Peacebuilding*, Luc Zandvliet analyses *Opportunities for Synergy: Conflict Transformation and the Corporate Agenda*. Both articles can be downloaded from www.berghof-handbook.net.)



In order to discuss these questions and dilemmas further, we would like to invite all scholars and practitioners with additional perspectives and experience to contribute to an ongoing dialogue on the Berghof Handbook website (www.berghof-handbook.net). We look forward to our readers' contributions to the debate and will publish on the web those that are interesting and original.

Finally, we would like to thank our colleagues at the Berghof Center, in particular Oliver Wils, and other institutions for their valuable help in identifying issues and authors to add multiple perspectives to this dialogue. We would also like to acknowledge the financial support by the *Berghof Foundation for Conflict Studies* which allows us to continue to offer a platform for the exchange between scholars and practitioners concerned with conflict transformation, development cooperation, humanitarian aid and human rights work through the *Berghof Handbook Dialogue Series*.

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