



Woodrow Wilson  
International  
Center  
for Scholars



International Peace Academy

# THE ECONOMICS OF WAR

## THE INTERSECTION OF NEED, GREED AND GREED





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### *A Conference Report*

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## EXECUTIVE SUMMARY

- Greed and grievance, or “need, creed and greed,” are all important sources of conflict, though the relative weight of each factor varies across cases and across time. Poverty, social inequality, rapid economic decline, large numbers of young unemployed males, and polarized identity politics may all provide the necessary catalyst for conflict, particularly when accompanied by repressive, illegal or extralegal behavior on the part of governments. Yet, as World Bank economist Paul Collier cautions, what motivates conflict and what makes it feasible are separate issues. In general, the existence of some form of grievance, whether economic, political, or social in nature, appears to be the most persuasive motivation for conflict. Greed, or, more broadly, economic motivations — whether the pursuit of resources for war-financing or for elite self-enrichment — appear more significant in sustaining, prolonging, and transforming conflict.
- Valuable natural resources are not in and of themselves a reliable indicator of where conflict is likely to occur, but they do appear to make conflict more feasible when grievances already exist, as they offer a ready means of financing rebellion. This explains in part why, for example, not all diamond producing countries experience conflict. Yet, resources may also become a source of grievance when state institutions responsible for their equitable management instead engage in private, criminal accumulation. Thus, formerly stable diamond producing countries may also become conflict-prone, when poor management and corruption gain the upper hand.
- In some cases, resource competition may exacerbate civil war. In others, civil war may exacerbate competition over resources. In both cases, war requires resources. Resolving or preventing war would thus require cutting off the means for waging it: limiting combatants’ access to resources and hence, arms, materiel, and profit, and targeting the international networks upon which they rely for these goods. Yet, without more far-sighted policies to address the underlying causes of conflict, such as those that support legitimate and inclusive governance and provide development assistance, poverty reduction, market diversification, and legal and financial reform, the conflicts of the present will prove difficult to resolve and the peace settlements of the future even more difficult to sustain.

## INTRODUCTION

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On September 10, 2001, the Woodrow Wilson International Center for Scholars\* and the International Peace Academy† co-sponsored a conference on “The Economics of War.” The purpose was to examine the intersection between the economic dimensions of conflict and more “traditional” factors, including ideology, identity and geopolitical security, as well as to explore the prospects for developing policy approaches to address the political economy of violent conflict.

Participants paid particular attention to the importance of “greed” relative to what I. William Zartman has called “need” and “creed,” that is, political, economic, and/or social exclusion, and ethnic and communal identity, to the roots of conflict. While there is growing consensus that economics matter to conflict, there remains considerable disagreement on the manner and extent to which this is true. An influential, if controversial, study by the World Bank, under the research direction of Paul Collier, has determined that “greed” rather than social or political “grievance” has been the primary cause of civil war.‡ Thus, rather than merely requiring resources for war, this view asserts that today’s wars are wars *about* resources. This view does not go unchallenged. Political factors are seen by many as important — though not exclusive — root causes in the outbreak of conflict and its perpetuation. Two central questions, therefore, are, first, whether the acquisition of economic resources is undertaken in order to prosecute war for other purposes, or whether this is the purpose of war itself, and, second, what the relative explanatory weight of economic factors is vis-à-vis other political, cultural, and strategic variables.

A second area of concern was the role that land, natural resources, and other primary commodities — whether licit or illicit — play in sustaining and transforming conflict. Although several studies have found a correlation between abundant natural resources and conflict, less is known about the causal mechanism underlying this relationship. Not all countries dependent upon primary commodity exports experience conflict, while those that do experience conflict do not display a history of continual conflict, as this finding would predict. Primary commodities may directly cause

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\* Through the joint efforts of the Latin American Program, the Africa Project, the Asia Program, the Middle East Program, Conflict Prevention Project, the Kennan Institute, and former WWC Fellow I. William Zartman.

† IPA’s Economic Agendas in Civil Wars project.

‡ “The Economics of Crime, Civil War and Violence,” <http://www.worldbank.org/research/conflict/index.htm>.

conflict by providing readily available, lootable resources for combatants to exploit. Alternatively, the perverse developmental effects of resource-generated revenue may indirectly make a country more conflict-prone by generating socio-economic grievances. Thus, to improve policies that seek to control or prevent the ability of combatants to exploit these resources for their own ends, further examination of the causal dynamics of natural resources is warranted.

The following report provides a summary of the panel presentations and draws lessons from them which may contribute to the development of effective strategies for international, regional, and local actors to alter the economic incentives that shape the strategies of armed groups.

# SETTLEMENTS, OF ONE KIND OR ANOTHER: THE CASES OF PERU AND LEBANON

## PERU

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According to development consultant **Ricardo Soberón**, the Peruvian conflict is part of wider, regional conflict which encompasses the whole of the Amazon River Basin. As such, both analyses of the conflict and attempts to resolve it must address the problems of the Basin region as a whole. In addition to the transborder effects of the conflict in Colombia, Peru is itself a coca-producing country and continues to face Shining Path guerrilla activities in its coca-producing regions. While narcotics interdiction and eradication efforts have reduced the size of the area under cultivation, it has had the perverse effect of making production more geographically widespread; Peru now has sixteen separate small coca-producing areas in comparison to the 1980s when coca production occupied a large contiguous area in the northern part of the country.

Among the countries of the Amazon Basin / Andean region, there are two areas of dispute. The first is the defense of sovereign control over resources in the Amazon Basin, which has taken the form of regional initiatives and which stands in tension with the approach of developed countries and international organizations that, having made conservation an international issue, blame states in the region for their inability to overcome poverty and to manage their local resources. The second trend is the war on drugs and, since 1999, on increased money laundering activities. Like conservation, there is tension here between regional governments and the rest of the international community, particularly over the issue of interdiction.

Soberón cited several problems with the supply-side, or interdiction and eradication, approach advocated by the international community. First, rural poor in the southern part of Peru depend on coca for their livelihood. Second, migration from Colombia, Bolivia, and Peru to Brazil, where land is cleared for coca production, complicate control efforts. Third, these preceding factors are exacerbated by water usage issues affecting 1.5 million people. Comparing interdiction to a balloon in which pressure on one area forces displacement into another, Soberón stated that supply-side eradication efforts are unlikely to succeed unless accompanied by

equal attention to market demand. Due to declining international prices for coffee and bananas, coca is the only crop available to rural farmers which has free access to an international market. Despite being illegal, coca will remain the only sustainable crop unless global trade agreements and anti-narcotics policies that affect market access for rural farmers and developed countries generally are changed. Additional factors favoring coca production include the lack of state presence in coca-producing regions, good prices, the lack of an alternative cash crop, and the persistence of social tensions arising from eradication efforts.

The Shining Path misunderstood the source of social grievance among the rural poor as class rather than ethnic exclusion. After the arrest of Shining Path leader Abimael Guzmán in 1992 and an aggressive military campaign by then-president of Peru, Alberto Fujimori, remnants of the Shining Path signed a peace agreement in 1996. However, the Red Path faction refused to comply with the calls for surrender by Guzmán, and, although still isolated, have become increasingly active in coca-production areas. This has led to two simultaneous and contradictory arguments within Peru: first, that the government can beat the Shining Path once and for all, as it is only a small number of guerrillas within a small geographic area; and second, that the Shining Path does pose a credible military threat, is on the rise and will continue to grow unless checked by a strong “second Fujimori-style” government.

Soberón suggested that the Government of Peru must address the following issues if it is to effectively deal with the threat of conflict and stem the production of coca: the social exclusion faced by the region’s rural poor and indigenous populations, the negative effects of interdiction; and agrarian policies that reinforce poverty and exclusion. Until these issues are dealt with, the Andean region will continue to be a hot spot.

## LEBANON

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In her presentation on the 1975-1990 Lebanese civil war, **Elizabeth Picard** of the Institut de Recherche et d’Etudes sur le Monde Arabe et Méditerranéen described the conflict as one of the earliest of the “new wars,” having been fought during the end of the Cold War. According to Picard, analysis of the conflict has focused on its regional nature, including the political economy (oil revenues, major labor migrations and high military expenditure), but notes that analyses that address the domestic aspects of the conflict have largely ignored economics. Rather, identity, belief, and ideology have been emphasized at the expense of the role of economic forces. While the polarization of identity, particularly Christian-Muslim

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identity, has been relevant since the 19th century, such explanations do not fit the conflict during the period in question. The shifting patterns of cross-sectarian alliances and intra-communal rivalries, as well as the economic deprivation that has existed across communities, challenge prevailing explanations of the conflict as identity- or ideologically-based. As Picard pointed out, “If it is assumed that the rationale of conflict is to win and that belief and collective identity was the central stake of the war, much of the behavior from all sides seems unconvincing.”

Economic developments in the post-war period — in particular rampant corruption — shed retrospective light on the role of violence and economic motivation at work during the conflict. The breakdown of state authority enabled political entrepreneurs to take advantage of economic opportunities, which are now understood to have been a major driver of protracted warfare. Leaders took advantage of three resources in particular: drugs, land, and manpower.

Prior to the war, Lebanese elites had not only tolerated the cultivation of hashish, but, with the tacit collusion of political and judicial authorities, were involved in regional smuggling for their common benefit. The civil war resulted in the entry of new actors and an unprecedented rise in the level of social and political power, financial accumulation, and exercise of violence surrounding pre-existing, illegal drug-related activities. For local militias, drugs not only provided a means by which to pay wages, procure arms, and materiel, but also a source of capital accumulation among their leaders and middlemen. This trade resulted in transcommunal, regional cooperation between producers and militias, who negotiated the division of labor and took a share of the profits. These groups, therefore, had a collective interest in prolonging the war. The authorities have since done little to dismantle the drug networks and their factories. As a result, there has been long-term integration of these networks into the international drug market. Satisfaction of “greed” in the name of “creed” would have been impossible if not for cooperation across allegedly “intractable” communal boundaries.

Control of land — and the rents it generates — has been the traditional source of political power among the Lebanese elite. Although Picard cautioned against economic premeditation, she noted the high value of land and heavy demographic pressures just prior to the civil war. This land pressure did not decline during the war. Although control of land had obvious security benefits to militias, the value of land, particularly in disputed zones, provided a strong incentive to militias to enlarge and secure new territory. Territorial fragmentation favored the emergence of alternative urban and commercial centers. Second, the establishment of internal fron-

tiers generated revenues through additional customs duties, the artificial creation of local shortages (and skyrocketing prices), and increased transportation fees. Third, strife between leaders was motivated more by competing interests than ideological or strategic contentions, although such factors were not insignificant. The war and resulting breakdown of laws related to property rights and regulation enabled these groups to take extreme measures including occupation and privatization.

Finally, manpower provided the real comparative economic advantage of the region, which was heavily reliant upon émigré remittances. Observation of the effects of war emigration supports both “greed” and “creed” theories in the case of Lebanon. On the one hand, the militias, the producers of economic insecurity and criminality, were able to tap into this source of revenue, which traditionally had been channeled through personal and family networks, and to guarantee emigrants access to their assets. On the other hand, the solidarity and material interests of the diaspora — and its mobilization around significant political events in Israel and Syria — provided the diaspora with significant influence over social processes at home. The diaspora parted (with a few exceptions) along sectarian lines, in accordance to the social division of the society as well as the communalist political system in Lebanon.

In conclusion, Picard argued that the war — and the license to use violence — presented new economic and political actors the opportunity to dominate social and political institutions through their control of drugs, land and manpower. Developing new ways to use public means for private ends, these actors shifted the economy of Lebanon from production to predation in order to quickly accumulate wealth and position before being integrated into the new state power elite. By subverting the rule of law, these groups were able to prolong the war and take advantage of the “structures of opportunities” offered by the Lebanese environment — the social institutions that traditionally connected economic strategies to identity groups. A new domestic balance of power was established, based not on intra-elite compromise and agreement but on crude power competition. Like the state, the market is distorted by networking and informal social practices. Under the prevailing conditions of intra-elite competition, strong and efficient state institutions cannot be (re)built.

## DISCUSSANT

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**Kathleen Collins** of the University of Notre Dame noted several themes shared by Lebanon and Peru: the role of narcotics, regional involvement, and the role of identity and ethnicity. In the Peruvian case, economic,

social, and educational development was lacking in ethnic minority regions. In response to the lack of alternative livelihoods, coca production pushed into valleys where land, water, and weather favored it. The same deprivation that fueled coca production provided the Shining Path with its discourse.

However, the imposition of rules on and the repression of ethnic minorities, as Soberón stated, resulted in the communities taking up arms against the Shining Path. Despite the eventual defeat of the Shining Path, the Red Path faction aims to regain the support of the people, protect coca and impose harm on the state, although it has limited prospects.

In the case of Lebanon, Collins remarked that war broke out over creed — but creed and greed were articulated through political and social institutions. Lebanon's model of consensus democracy, based on sectarian balance, led to frustrations in the 1960–70s, but was not reformed. Thus, economic difficulties and other social problems were explained by leaders through the use of sectarian competition. Also, the United States and Syria pushed to end the war, but kept the balance of sectarian representation unaltered.

# STATE COLLAPSE: THE CASES OF AFGHANISTAN AND SIERRA LEONE

## AFGHANISTAN

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*This discussion preceded the most recent American bombing campaign and U.S. decisions to support armed opposition to the Taliban movement in Afghanistan in an effort to remove the Taliban from power. Subsequent news coverage and intelligence analysis has suggested that Afghan trading ties may extend well beyond Asia and the Middle East, and that the Taliban movement may be implicated in the illicit diamond trade that emanates from West Africa. The presentation on which the following summary is based did not address either the current American incursion or these newly publicized commercial relationships. It suggests, however, that the latest military, diplomatic, economic and political activities undertaken within Afghanistan and among its neighbors are very familiar, and that repeating old policies is not likely to resolve the myriad conflicts with which Afghanistan has been burdened.*

Afghanistan has experienced war for over twenty years. The nature of its conflicts has changed from internal civil conflict (1973–79) to an anti-Soviet insurgency backed by an international coalition led by the U.S. and the Islamic Conference (1979–1989), to post-Soviet, anti-Communist conflict backed by foreign powers (1989–1992), to pre-Taliban internal conflict (1992–1994), and finally, a return to internal conflict fueled in considerable and growing measure by outside forces (1994–present). Through this long period, it has also been a crossroads for almost every conflict and humanitarian disaster in a broader region that ranges from the Caucasus to Central Asia. Although profit-seeking has been primarily a phenomenon related to political and military survival, particularly among warring factions, there is no doubt that competition for resources — official and unofficial, licit and illicit — has influenced the ways that military and ideological groups have been able to forward their claims to authority and power.

**Paula Newberg** of the United Nations Foundation made three primary observations: first, the current civil conflict in Afghanistan can only be understood as an evolving intersection of both internal and external conflicts in Afghanistan and in the surrounding region; second, although the Taliban's control of the state and the economy has appeared limited in

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**Only by separating internal and external forces – analytically and practically – to ensure that the needs of Afghanistan are given primacy of place can peace be promoted.**

formal terms, the corresponding disempowerment of Afghan citizens — a phenomenon that predates the ascendance of the Taliban movement, but that has been exacerbated during the past several years — has prolonged the war as significantly as actual fighting; and third, the conflict continues to function both as a proxy war — albeit relatively amorphous in scope — for external powers, and as an interplay among domestic, regional, and international actors that continues to extend the duration of fighting beyond what simple ideological conflict would have allowed. Only by separating internal and external forces — analytically and practically — to ensure that the needs of Afghanistan are given primacy of place can peace be promoted. Newberg then outlined several factors characterizing the conflict:

**Relations between local and international forces.**

Afghanistan's wars have been, and continue to be, cross-border phenomena, and thus affect neighboring states and the international community. The anti-Soviet war not only spread conflict through the region, but also changed the way fighters, materiel, and capital were recruited and interlinked, and, thus, how alliances were established and supported. Conflict continues not only because some Afghans are willing to fight — for a variety of causes and under a variety of political umbrellas — but also because significant outside powers have yet to withdraw their support and work to end conflict.

**State failure.**

State failure has allowed continuing competition among rival groups for state control — in part along tribal, ethnic, and regional lines, and in part along lines that are international in origin, breadth and depth. The Afghan state has ceased to function as a formal, modern entity, either for its own administration and more important, on behalf of its citizens: the country's borders are highly penetrable, there is no national economy (even the war economy is highly localized), there are few if any ways to protect citizens and residents from the abuse of authority, and foreign policy remains an attribute of war, rather than vice-versa.

**Regional weaknesses.**

A failed state with highly permeable borders, and, by extension, connected informal regional economies, are both essential elements of regional political dynamics that have themselves changed markedly since the independence of central Asia's frontline states in 1991. Trans-border movements of populations, goods, and services, both formal and informal, combined with flows of men, materiel and money, have made Afghanistan the locus of

concurrent large and small wars. These wars in turn have affected political transformations throughout the region, including evolving power and economic relations within and among central Asian states, and transnational phenomena including weapons and narcotics trafficking, ideological competition and terrorism.

### **Conflict strategies.**

The conduct of national and international actors in Afghanistan's wars has blurred the distinction between legitimate and illegitimate forms of foreign intervention, as well as between licit and illicit traffic in fighters, weaponry and capital. The anti-Soviet war introduced a range of activities that skirted the boundaries of legitimate diplomacy and employed a wide range of economic tools undertaken by direct and indirect parties to these conflicts. The conflict can be seen as continuing local competition among rival domestic groups, as a struggle for primacy within the Taliban itself, as competition for external resources and political support, and as a continuation of supply and service activities that have remained intact through all the phases of conflict.

### **Internal economics.**

During the 1980s, outside donors and *mujahidin* leaders regarded financing the war and financing Afghanistan as synonymous; the provision of humanitarian assistance was viewed as part of the war effort, designed as much to support fighters as to assist their families. Illicit means to support the war, especially the trade in arms and narcotics, may also have been prevalent, although they were rarely discussed at the time. The Taliban movement justified its first incursions into Afghanistan by pointing to the rapacity of warlords who tithed every economic transaction, further impoverishing those who were already poor; the movement also suggested that close relationships between aid providers and local commanders were corrupt and corrupting to the Afghan cause. By the mid-1990s, the national economy had all but collapsed. The Taliban movement has shown little interest in resurrecting a national economy except to the degree that these activities are included as part of the effort of waging, and winning, war; its opponents, loosely organized as the United Front, the Northern Alliance, or fluid groupings of other tribal and regional groups, have often acted similarly. Although the provision of international aid is the only sizeable, licit market existing today, cross-border, transit trade and — prior to a Taliban edict banning poppy cultivation — narcotics refining and trafficking have contributed considerably to the informal economy.

### **The political economy of humanitarian assistance.**

Humanitarian assistance has replaced the state as the only source of social assistance. However, the amount of international assistance to Afghanistan is a small fraction of what is needed simply to keep the country at a level of impoverishment that makes Afghanistan among the poorest countries in the world. The changing sensibilities of donors have been reflected in major changes in the content of aid programs — humanitarian aid has far outweighed development assistance, but the international community has vacillated, for example, in its support for refugees and for incentives for returnees. Nonetheless, the political impact of assistance — in particular, who receives what, and through whom — still outweighs its material influence. This has been an issue of great importance for the Taliban movement, which has tried to control aid and use its provision to validate its authority.

During the late 1990s, the international community increasingly conditioned assistance on action taken by the Taliban against narcotics. Within Afghanistan the provision of poppy seeds has been a seasonal substitute for credit and a means to conduct cross-border trade when other alternatives have failed. Although the link between narcotics and weapons procurement is clear, regional and outside countries have as of yet been unwilling to enforce an arms embargo. Moreover, the material significance of the Taliban's edict against growing poppies is not yet clear: the ban, which was enforced during a profound drought in poppy-producing areas, could be seen to have reflected the Taliban's increasing control over local production rather than a significant inroad into cross-border narcotics trade. But in Afghanistan, there is no single agenda, and at the same time that the Taliban were expecting international support for their cooperation on poppy control (during 2000) there were separate indications that the U.S. and a broad coalition were gearing up to support the Northern Alliance against the Taliban movement. If so, such moves would have tended to abet trafficking and conflict in the short-term, rather than reduce it.

### **Conflict within neighboring states.**

As Afghan conflicts have persisted, so has the influence of Afghanistan on its neighbors. The foreign policies of south, southwest and central Asia — many organized in response to economic weaknesses on all sides of Afghanistan's borders, as well as prospects for future market integration should peace break out — have been tied far more closely to Afghanistan than any one state would have desired. The weaknesses of Central Asian states has magnified the influence of Afghanistan's illicit economies, and at the same time, the fragmentation of the Afghan economy is both a cause

and a consequence of multiple cross-border economies essential to the functioning of the region. Militarily and economically, Pakistan has been an essential player in Afghanistan's conflicts for the past twenty-five years; by now, the fates of both states — ideologically, strategically, economically and politically — are intimately connected.

### **The diplomacy of war and peace.**

The only consistent attribute of Afghanistan's wars has been the articulated need for peace followed by energetic efforts that inevitably prolong war. Many regional relationships — as well as those with the Middle East, Russia and the West — are deeply economic in origin as well as effect: trade relations, refugee flows and internal migration, and deepening parallel economies. Arms and foreign fighters have spread from Afghanistan's conflict to other conflicts; although these are often viewed in the west as accompanying the transfer of Islamist ideology, they are in fact part of much broader shifts in the political economies of southwest and Central Asia that leave Afghans, and Afghanistan, as victims of globalization.

Attempts at peace, whether intra-Afghan or by regional powers directly or indirectly involved in the conflict, have consistently failed. Frustrated by the failure of traditional efforts to stimulate peace talks, formal discussions in the late 1990s turned to issues involving international terrorism and narcotics rather than peace — that is, to problems that affected the international economy more than ordinary Afghans. The interests of presumptive authorities, aspirants to power, and “non-state, non-war” actors have yet to coalesce around peace — not only for ideological reasons, but because the distribution of future wealth is still undecided. Thus, from a conflict that began, twenty-five years ago, between tribal elites sustained by cross-border networks, Afghanistan's war has returned full circle: issues of rural versus urban inequalities, insularity versus cosmopolitanism, extreme concentrations of limited capital and widespread poverty, and almost no popular participation in the state — all make Afghanistan look much like that of the period before 1973.

## **SIERRA LEONE**

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In his presentation on Sierra Leone, **Jimmy Kandeh** of the University of Richmond questioned the role of greed as a root cause of the Revolutionary United Front's (RUF) insurgency in Sierra Leone. While greed may sustain and prolong conflict, Kandeh challenged the assertion that greed could trigger or instigate conflict. Instead, the forces of greed capitalize upon circumstances created by grievance, particularly when state

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**The Afghan state has ceased to function as a formal, modern entity: the country's borders are highly penetrable, there is no national economy, there are few if any ways to protect citizens and residents from the abuse of authority, and foreign policy remains an attribute of war.**

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**Removing the economic incentives that sustain rebellions without addressing the grievances that invite them is a recipe for protracted conflict and instability.**

control is fragmented or violence privatized. Removing the economic incentives that sustain rebellions without addressing the grievances that invite them, he said, is a recipe for protracted conflict and instability.

According to Kandeh, the proxies for greed employed in the World Bank’s “Economics of Civil War, Crime and Violence” study — an economy dependent upon primary commodity exports, a large pool of unemployed young men (i.e., potential recruits to the cause of rebellion) and low levels of education (reducing the employment opportunities for young men thereby potentially increasing the attractiveness of joining a rebellion) — focus on motive rather than cause and are, in fact, better proxies for grievance than for greed. In the case of Sierra Leone, it was not the presence of diamonds, but the way in which they were managed and distributed that contributed to the outbreak of conflict — a lesson borne out by comparison to other, stable diamond producing states, such as Botswana and Namibia. Likewise the “youth crisis” in Sierra Leone occurred only *after* the state collapsed — thus, it is the state’s ability to provide job and education opportunities for the young that matter. Lack of access creates deprivation, and may lead to crime — but these are borne of grievance, rather than greed.

This is not to discount the role of diamonds or a large pool of youth in the rebellion. As Kandeh stated, “It was the predatory accumulation of the political class that enfeebled institutions, devalued education, created a youth crisis, and unleashed a deadly conflict over the country’s diamonds. Rather than diamonds and lumpen youths, the true cause of armed conflict in Sierra Leone is the untrammelled rapacity of its political class.” In other words, greed generated grievances, which in turn provoked rebellion — at least, until criminality spread throughout the rebel organization’s ranks.

As proxies for grievance, ethnic and religious hatred are the least relevant to understanding the RUF insurrection. According to Kandeh, “ethnicity has never been part of the RUF’s grievance narrative.” All areas of the country and all ethnic groups were equally subjected to the atrocities committed by combatants. Unlike Liberia, rebellion was not an issue of *ethnic* exclusion, although there was an attempt by discredited elites to manipulate ethnicity as a means by which they might re-enter the political forum. *Political* exclusion and repression of both opposition elites and the general populace, on the other hand, was a crucial element of the rebellion. If elites and counter-elites were motivated by the desire to gain access to resources and political voice in a one-party state in which opposition was criminalized (a form of greed), students and peasants were motivated by need and social injustice. Both found recourse to the mounting corruption

and repression of the All People's Congress during the 1980s by joining the RUF. The state's monopolization of power had necessitated political change through extra-constitutional means.

The most significant source of grievance was government malfeasance and predatory accumulation, which peaked under President Momoh. Contraction of the state's capacity to allocate and extract natural resources, and a failure to protect and provide amenities to society, alienated the government from the populace. This reality had a particularly devastating impact on Sierra Leone's youth, who, denied access to education or viable employment, resorted to banditry and ultimately to rebellion. The National Provisional Ruling Council (NPRC) military government (1992-1996), which had promised quickly to end the corruption and redress the grievances that characterized Momoh's rule, was itself quickly corrupted by the lucrative international diamond trade in a process Kandeh termed "mercantile disintegration." The NPRC politicians thereby lost their legitimacy.

Addressing the role of the greed proxies within in the context of Sierra Leone, Kandeh first noted that the abundance of diamonds was not problematic during the height of that country's mineral economy but only *after* government predation had deprived the state of much needed revenue and "intensified the struggle for access to this prized resource among elites and subalterns alike." Thus, it was not the presence of diamonds which made Sierra Leone susceptible to violence, but government mismanagement and the social grievances that ensued. Likewise, it was not the number of youth, but the lack of anything for them to do which condemned Sierra Leone to violence. Kandeh noted that while grievance motivated recruitment to the RUF, once the movement had succumbed to plunder, the RUF relied on abduction for its manpower. Finally, he argued that as access to education does not guarantee the availability of work opportunities, an underemployed but highly educated population has, historically, been both more risky than an undereducated one, and more likely to bear grievances against the government.

Violence was a means to pursue both political and economic ends, and rebel leaders, patrons abroad, opportunistic politicians, businessmen, Civil Defence Force commanders, peace-keepers, and even humanitarian workers have benefited from the war. Given the profit to be made during the war and the threat of retribution after the war, it is therefore not surprising that these various interests perpetuated conflict.

As Kandeh noted, any political conflict can become criminal if its legitimacy dissolves. Removal of the economic incentives underpinning the war is crucial, but may be useless if the underlying grievances are not

addressed as well. Thus the failure of diamond sanctions and disarmament to address these grievances suggests that the current peace may in fact be a mere lull in the conflict, rather than its end.

## DISCUSSANT

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**Eric Schwartz** of the U.S. Institute of Peace noted that much of Jimmy Kandeh's presentation challenged Paul Collier's assertion that the determinants of civil conflict are economic in general, and greed-based in particular (an argument more fully addressed in Collier's own presentation summarized below). Kandeh provides a forceful argument that in Sierra Leone, those who initially challenged the All People's Congress (APC) government were not motivated by competition over resources. Although Kandeh did not discount the importance of diamonds or the youth factor in the conflict, he reasoned that it was malfeasance and greed on the part of the APC government that were responsible for creating a grievance-based rebellion, rather than the economic incentives of those who initiated the insurgency.

Addressing Collier's approach, Schwartz questioned whether the prevalence of young males in society and level of education are, in fact, perfect proxies for greed on the part of rebels. After all, he noted, a higher number of such young males might also correlate to the potential for mass-based and grievance-based protest activity. Likewise, the distinction between greed-based rebel activity and grievance-based rebel activity is not always clear-cut. Schwartz asserted that rebel activity is almost always about the competition for power and influence. And, as the Collier research suggests, potential wealth in society may make escalation of conflict into full-scale civil war more likely. But conflict — and competition for resources — can be about both political grievance *and* greed. Even if one accepts Collier's overall conclusion that it is economics, rather than politics, which generally correlates with civil conflict, the general correlation does not necessarily apply in every case. And Collier himself acknowledges that non-economic factors, such as poverty and economic decline, can increase the risks of civil war.

Finally — and most importantly — Collier's policy prescriptions for addressing the economic factors of conflict also include action on grievance-based factors. Nonetheless, Schwartz noted that elements of Collier's argument are compelling, “and the international efforts to address how the war in Sierra Leone is fueled economically reflect a new and welcome appreciation of those factors.”

Ultimately, both sets of analyses, and, more importantly, the resulting policy prescriptions that emanate from each, may not be so different from

one another. Although Kandeh rejected Collier's proposition about the causes of civil conflict, he did acknowledge the significant role that greed and economics play. In fact, Kandeh would likely support Collier's policy recommendations to limit the impact of those criminal elements who are fueling the conflict largely for economic ends. According to Schwartz, Collier's prescriptions included: 1) support legitimate governance, 2) diversify national economies, 3) provide development assistance, 4) increase market competitiveness, 5) make civil society a stakeholder in peace accords, whose terms could be maintained with the assistance of external guarantors; 6) promote democratic rights, and 7) assist with a range of legal and financial reforms designed to weaken the hold of criminal elements.

In the case of Afghanistan, it was unclear to Schwartz whether economic factors played a role similar to that in Sierra Leone. Newberg's written presentation states that "The rationale for polices that continue war are often voiced in geostrategic language... but many of these relationships are deeply economic in origin. Trade relations, the flow of millions of refugees and migrants, parallel economies, black markets and corruptions of many sizes and shapes — all are determinants of a regional black hole that everyone calls Afghanistan." Thus while an economic dynamic to the conflict in Afghanistan is implied, the nature of this dynamic is unclear. Schwartz suggested several lines of inquiry which might clarify the issue, including: an examination of the role that competition over economic resources plays in Afghanistan's internal strife; the extent to which this role is separate and distinct from the regional politics; and, finally, within the region, the role control over economic resources plays in the competition for political influence.

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**Conflict – and competition for resources – can be about both political grievance and greed.**

# IDEOLOGICAL AND RESOURCE CONFLICTS: THE CASES OF COLOMBIA AND ANGOLA

## ANGOLA

The long-standing civil war in Angola has evolved through several stages. It began as a war of liberation from Portugal by the MPLA (*Movimento Popular de Libertação de Angola*), FNLA (*Frente Nacional de Libertação de Angola*), and UNITA (*União Nacional para a Independência Total de Angola*) following the fall of the Salazar government in 1975; following independence, the armies of liberation turned against each other, as the FNLA and UNITA, backed by regional and international assistance, challenged the MPLA government. Ideology determined their external support as ostensible Cold War proxies, but domestic support for the groups had a strong basis in regional and ethnic identity. Despite (or because of) outside intervention (South African) and international backing, the war reached a stalemate in which the MPLA controlled the urban centers, the coast, and off-shore and Cabinda province oil reserves, while control of much of the interior, including the majority of alluvial diamond fields and to a lesser extent trade in timber, gold, and wildlife, rested with UNITA. Although these local resources began to take on economic importance, it was not until after the end of the Cold War and the loss of international backing that they became critical to the war. While international attention turned towards peace-making — resulting in several U.N. peacekeeping missions, Angola was unable to sustain peace; both the 1991 Bicesse and the subsequent 1994 Lusaka Peace Accords collapsed. UNITA transformed control of the diamond areas into a secure source of revenue and materiel, in contravention of U.N.-imposed sanctions. Meanwhile the MPLA government, despite a transition from single-party rule to nominal multi-party democracy, became increasingly corrupted by oil rents and disengaged from the provision of social services, allowing international aid to fill the void.

According to **Philippe Le Billon** of the University of Oxford, the Angolan war in the 1990s can be described as principally a fight between delegitimated ruling groups sustained by politically unaccountable resource revenues. The image of oil-financed MPLA versus diamond-financed UNITA is simplistic, yet relatively accurate, as these resources

have become an integral part of the belligerents' violent drive for power and the ensuing security dilemma. Not only did the availability of large mineral revenues raise the stakes of a battle for state control, but they gave both UNITA and MPLA the means to sustain a threatening arms race, rather than promoting political negotiations. Beside the warmongering stand of the political elite, and that of UNITA's leader, Jonas Savimbi, in particular, opportunism sustained a political economy of war and neglect. The war has provided opportunities for collusion and self-enrichment for elites and combatants alike, at the expense of the population.

The Luanda based oligarchy of political and business elites and their families have colluded to extract private rents from oil revenues and an economy dominated by imports. Government military expenditures — allocated from the public budget, oil-collateral short-term commercial loans, and signature bonuses from foreign companies for oil concessions — not only served security interests but provide significant opportunities for corruption. Reforms on budgetary transparency and monetary policy required by international financial institutions and civil society organizations have been long resisted, and remain dependent on low oil prices, constraining the room for maneuver of the government. The drive for liberalization has been in large part hijacked by the ruling elite, in particular the privatization of large agricultural estates; leading to land conflicts. While UNITA was initially able to capitalize on the grievances of the general population, their brutal predation and the atrocities they have committed against civilians has severely eroded their legitimacy.

Diamond extraction and trade was facilitated by agreements between UNITA and MPLA military officers and officials, in some cases allegedly agreeing to exploit opposite banks of the same river. Many within the international community likewise viewed UNITA's control of diamonds (1992 to 2000 diamond production is estimated at U.S.\$3 to 4 billion) as a necessary counter-balance to the MPLA's control over oil revenue (an average of \$2.5 billion per year). UNITA sought partnerships with international mining corporations as well as the Government of Zaire to exploit and thus increase its revenue from diamond areas under their control. Although UNITA retains access to mining sites and smuggling networks, as well as an important stockpile of diamonds, U.N. sanctions, the depletion of existing mines, and a series of successful government offensives have severely impaired its military capability since 1999. UNITA has, therefore, been limited to guerrilla warfare, and largely relies for its supplies on the predation of local populations and trade. Despite the existence, since 1998, of a U.N. sanctions regime on UNITA diamonds, the appointment in 1999 of a U.N. Panel of Experts to investigate sanctions-busting, and a diamond

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**The Angolan war in the 1990s can be described as principally a fight between delegitimated ruling groups sustained by politically unaccountable resource revenues.**

certification scheme associated with a new marketing monopoly, UNITA is believed to continue to profit from diamonds.

Resources continue to play an important role in sustaining the war and rewarding the economic opportunism of the MPLA and UNITA, while weakening the ability of international institutions as well as political and civil society organizations to push an agenda of peace. For both sides, the role of brokers in getting natural resources to market is crucial and presents a possible avenue of influence. The Angolan conflict likewise demonstrates the need to include resource management and fiscal reform in peace processes, a major lacuna of past peace accords. In particular, resource revenues should have been channeled through an internationally supervised escrow account to prevent rearmament by belligerents. Both domestic and international political institutions, as well as private corporations, have a role to play in this regard. Such an approach requires a comprehensive framework of mutual engagement, without which the mineral wealth of Angola and that of similar countries will remain a key resource and motivation for rival elite groups to sustain or bid for state control in a violent and self-interested manner.

## COLOMBIA

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The Colombian conflict has continued for fifty-five years, making it one of the longest civil wars of the 20th century. According to **Marc Chernick** of Georgetown University, it is also a war fueled decisively by grievance. The “greed theory” has some relevance to the conflict, but it is not a useful guide to where violence is likely to occur, nor does it explain why Colombia was peaceful between 1902-1946 — a time when the coffee sector expanded dramatically — and why primary commodity windfalls elsewhere in the region throughout the 20th century — the copper boom in Chile or the oil boom in Ecuador for example — did not lead to guerrilla movements and armed conflict.

According to Chernick, most analyses of Colombia fail to address the conflict in its entirety. They ignore the continuity of conflict and its various transformations. Ideologies and actors have changed, so too have theories of analysis. In the 1940s-50s, the conflict was based on the political rivalry between the two elite-dominated, multi-class parties, the Liberals and Conservatives, each with ancillary guerrilla movements and paramilitary organizations. In the 1960s-70s, the conflict was transformed into a class-based guerrilla insurgency that took up arms (or continued in arms) against a state now controlled by the elite leadership of the two traditional parties. In the 1980s-90s, the war was transformed once again into a multi-polar conflict with left-wing guerrillas, right-wing paramilitaries and the state each contesting control of territories and populations throughout the

country. The most recent manifestation of the conflict has led to escalated and accelerated bouts of bloodletting approaching levels of violence not seen since the 1940s-50s, when over 200,000 people perished.

Chernick stressed that throughout the long decades of conflict, certain types of rural areas have generated most of the violence despite the different actors and their nationally-articulated grievances, suggesting that social and structural conditions at the local level have been the primary motor of the conflict. During each phase of the conflict, fighting has been based in coffee producing zones in the Andean areas as well as in “colonization zones” on the Atlantic coast or the eastern plains producing export commodities like coca, bananas, and petroleum. These are all zones with little or no state presence and are characterized by the presence of illegal armed groups or by state forces that are unconstrained by the rule of law or conventions of war. A least superficially, he noted, one could argue for a correlation between economics and violence based on these factors. However, further examination leads to other conclusions. First, violence does not correlate with the poorest areas of the country. Rather, violence is correlated with areas featuring a high concentration of land and wealth. In fact, Colombia has one of the greatest disparities of wealth and land concentration of any country — a trend that has worsened in the past fifteen years.

Land concentration in contemporary Colombia resembles patterns of 19th century Latin American ownership, as the country never underwent a major land reform. Likewise, the state has limited presence in many rural areas, particularly in colonization zones. In these areas, multiple forms of illegal coercive authority have emerged, including those connected with the military, state proxies, paramilitaries and armed rebel groups. Finally, there are limited possibilities for recourse to justice for many people, while human rights and civil liberties violations are rampant.

Drug trafficking emerged late in the Colombia conflict and is not the primary source of violence. In fact, Chernick noted, the conflict today is still significantly less violent — measured in deaths per year — than during the 1940s-50s. Nonetheless, he cautioned, drug trafficking has transformed the violence and fuels it. During the 1960s-70s, guerrilla groups were more reliant on ties to outside actors, but as these links have disappeared, dependence on illicit activity increased. These resources have been used to finance the war, rather than serve as merely profit-seeking activity. Kidnapping, extortion and taxation of coca and banana producers, cattle ranchers, and oil companies have provided reliable sources of income for the guerrillas to maintain the insurgency. During the 1980s, drug traffickers laundered profits by purchasing approximately 5-6 million hectares of land in northern Colombia. In so doing, they propelled a counter-agrarian

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**What is important is how well institutions manage and distribute the benefits of resource exploitation. When natural resources are funneled into repressive, illegal or especially weak institutions, the extralegal behavior they encourage on the part of governments can provide the necessary catalysts for conflict.**

reform and a further concentration of land and wealth, displacing hundreds of thousands of poor peasants. Guerrilla activity in these areas led to the emergence of a third set of actors — paramilitaries. The United Self-Defense Groups of Colombia (AUC) were created and financed by landowning elites and drug lords to counter the guerrillas, with the tacit backing of the government and the military.

Paramilitaries have since become directly involved the drug trade, financing their own armies and becoming major traffickers in their own right. According to Chernick, they may now be beyond the point of control. In the last two years, there are zones where the “greed theory” seems more relevant and the dynamic of elite self-enrichment is changing the nature of the conflict as the paramilitaries begin to challenge the guerrillas for control of disputed coca-producing regions and encroach upon those areas traditionally under the control of the rebel groups.

The existence of a three-way stalemate makes resolution of the conflict difficult, particularly as none of the sides appears yet to be “hurting.” Diverting more money into the armed forces is not going to change this. Rather, any resolution of the conflict would require an extension of state control throughout national territory, by negotiated agreement, not by force. Although Plan Colombia was originally intended to do this, its military component has since dominated that of mediation. If the paramilitaries are not included in some manner in a final settlement, they are likely to act as spoilers to any resolution. At the same time, however, they are evolving into criminal syndicates at such a rapid pace that securing their participation may already be impossible. Further militarization of the conflict and a continued focus on narcotics will likely strengthen the paramilitaries and move them further away from the direction of peace.

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## **DISCUSSANT**

According to **Terry Karl** of Stanford University, natural resources are in and of themselves value neutral. They may be a stabilizer, reinforcing economic growth, equality, and democracy, or, conversely, a destabilizer, promoting corruption and disengagement of the government. As her own work has underscored, what is important is how well institutions manage and distribute the benefits of resource exploitation. When natural resources are funneled into repressive, illegal or especially weak institutions, the extralegal behavior they encourage on the part of governments can provide the necessary catalysts for conflict, especially when accompanied by deprivation, inequality, or deterioration of existing living situations. All resources do not have the same effects. The type of resource involved will affect the

ability of combatants to access international networks of production and exchange and the ability of policy makers to control these revenue flows.

Angola and Colombia both have large resource endowments and extreme deprivation. Karl emphasized the role of grievances (whether due to the legacy of colonization, continuing repression, or lack of land reform), but she noted that the greed factor is also relevant. In examining the origin of both grievance and greed, she stressed the need to look at the behavior of previous actors, including that of colonizers and private sector actors that refused to distribute key assets in ways that benefit the wider population. Thus, unlike the greed and grievance argument advanced by Collier, she also emphasized the greed of former elites and how this begets grievances, and how the causes of these grievances remain relevant to the present. In both cases, violence existed prior to international attention, but was invisible to the international community, as it did not have direct ramifications for international interests.

Its current visibility does not mean that these conflicts grew solely from natural resources, but their control and utilization was key to the creation of grievances that led to war. Furthermore, the wealth of these countries subsequently makes settlement more difficult. Thus, the greed argument is important in explaining the sustainability of war and the creation of vicious cycles of conflict. Once started, wars are perpetuated by social problems, arms production and distribution, young men without opportunity to attend school or to work, and distribution networks associated with the exploitation of natural resources and humanitarian aid. This cycle degrades existing good governance, creates a culture of violence which is hard to break, and transforms peace settlements into opportunities for rampant criminality.

In order to “unlayer” cycles of war and violence, Karl proposed several steps: First, processes of reconciliation, accountability and amnesty must involve not only elites, but be extended to the wider population in all areas of the country. Second, both the supply and demand of lootable resources must be reduced; in the case of narcotics, this would require not only eradication and interdiction, but might even involve legalization. Where oil is concerned, exportation may need to be halted until conflicts are resolved. These are not easy policy decisions, and they involve decisions in the advanced industrialized countries, not just the countries at war, especially demand reduction efforts.

Finally, Karl commented that the responsibility for reducing the incentives for violence, e.g., by limiting access to resources, must be accepted by the international community as a whole, while individual national governments must take responsibility for determining the shape of any such agreement, as well as of their own resource management strategies.

# SEPARATIST CONFLICTS: EURASIA AND THE DEMOCRATIC REPUBLIC OF THE CONGO

The absence of fighting, but the continuation of a technically still unresolved conflict means that a portion of the state is functionally outside of its administration.

## EURASIA

In his introduction, **Charles King** of Georgetown University noted that the conflicts in Eurasia are unlike other cases presented at the conference. He cited several reasons. First, with the exception of Chechnya, the other conflicts being considered — Transnistria, or the Dnestr Moldovan republic (Moldova), Nagorno-Karabakh (Azerbaijan), and South Ossetia and Abkhazia (Georgia) — were waged during the mid-1990s and have since ended. Second, the goal of these wars was not to gain control of the central government, but to establish separate states in minority homelands. Third, the conflicts were comparatively short, lasting 4 to 5 years, and with few casualties relative to conflicts elsewhere. As King noted, the combined casualty rate for all post-communist conflicts including those of the Balkans, the Caucasus and Central Asia were less than that of the Angolan civil war.

The common view of these conflicts as being “stalled” or “frozen” is, according to King, fundamentally wrong; it overlooks important state-building processes that have accompanied the conflicts. Since the fighting has stopped, Transnistria, Nagorno-Karabakh, South Ossetia and Abkhazia have in fact developed into functioning states — some have issued their own passports, all have separate currency regimes, run national education systems, hold elections (though not internationally monitored), and, in some cases, have armies more robust than those of their respective host states. These unrecognized states not only cooperate with each other, but have recognized each other diplomatically. Moreover, these states often function better than the recognized states to which they officially still belong. Peace implementation is, therefore, rather like trying to integrate two entirely separate entities, rather than to reunite an entity. Consequently, negotiations on reintegration have led nowhere.

These wars did, however, have a clear economic dimension and the entities that emerged from them do have a clear economic interest in maintaining their separateness. By doing so, they can monopolize important economic resources within their territory. For example, Abkhazia exports hazelnuts and scrap metal, Transnistria possesses a thriving steel

industry, and South Ossetia benefits from its geographic position connecting trade between Russia and Georgia.

While the central governments may protest how the territories take advantage of resources within their borders, they too have an economic interest in the existing arrangement. The absence of fighting, but the continuation of a technically still unresolved conflict means that a portion of the state is functionally outside of its administration. This provides entrepreneurs from the central state a route for the smuggling of drugs, arms, people, and other goods, while simultaneously providing the state with plausible deniability — “it is not in our territory, we cannot do anything about it.”

The separatists have built states and societies in which broader sectors of the population have interests as well; for example, professors who taught at what were once satellite campuses of national universities are now deans of their own national universities. An entire generation of school children has now grown up with the idea of being part of an independent state, rather than an ethnic minority.

The Eurasian conflicts are relatively successful examples of “making states by making war.” They also highlight the complexity of balancing greed and grievance; ethnicity might explain mobilization in the short run, but, over the longer term, the structures of social mobilization require transforming networks formed in conflict into functioning institutions of “states.”

## **DEMOCRATIC REPUBLIC OF THE CONGO (DRC)**

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The conflict in the DRC is not a separatist war, nor did it start as a civil war. Rather, **Erik Kennes** of the Africa Institute/Africa Museum asserted that the war is a “complex knot of three intertwined conflicts”: first, the local conflict of the Kivu region in Eastern Congo; second, the national conflict between President Kabila and Congolese rebels fighting to overthrow him; and third, a regional conflict involving several Central African actors. This complexity makes the situation irreducible to one single frame of analysis. It is difficult to draw comparisons with the cases of Angola, Liberia/Sierra Leone, or Somalia.

The economic and financial aspects of the conflict inevitably point to linkages between local and global levels of activity. Across Africa, trade liberalization has led to a weakening of both formal and traditional structures of power and authority and, in some cases, to state weakening or even collapse. At the same time, globalization has facilitated the growth of international, regional, and national networks among political and economic elites. In Congo, these networks pre-date the conflict and continue to exist, even though the state does not. Under Mobutu, formal and informal

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**The economic and financial aspects of the conflict inevitably point to linkages between local and global levels of activity.**

structures not only existed alongside one another, but were mutually dependent. These elite networks — partly legitimate, partly not — controlled the structures of the state, privatized (i.e., plundered) the economy, and eventually destroyed the state. Laurent Kabila made a critical mistake in not constructing his own networks of control from within the state; by recruiting from outside the DRC, and from Congolese without social stature, he has further disconnected the state from society, and thereby exacerbated exclusionary politics.

The linkages between the local and global economy determine in large part the possibilities for regional or national actors to exercise influence. These linkages are determined primarily by the commodity or resource involved, and its value on the world market. For example, mining concessions in Africa are particularly profitable and the local mining sector is well connected with global-level multinational firms. During the 1996-97 war, however, the long-term linkages between international mining companies and the government disappeared while junior companies seeking an immediate financial return on their investment proliferated. Many of these went bankrupt during the war, possibly due to their inability to access channels of informal trade. As Kennes notes, the diamond economy has been dominated by small dealers since 1982. Laurent Kabila tried to control this informal sector but failed. Likewise, Rwandan and Ugandan revenue from diamonds has been limited because the “rules of the game” do not favor the introduction of informal diamonds outside the existing network. Most Ugandan and Rwandan economic activity in Congo is, therefore, centered on timber and gold.

While the armies of Congo, Zimbabwe and Uganda have become commercial actors, Kennes believes that Rwanda is the only actor motivated by a strategic agenda: the de facto control of the Kivu region and the establishment of one or another form of subcontracting of this control to give it a juridical form that does not formally sanction a secession.

Land tenure, the absence of adequate recourse for dispute settlement in Congo, and most of all the politics and economics of exclusion have been underlying factors in many local conflicts, including the fighting in Bunia between “agriculturist” Lendu and “pastoralist” Hema, the conflict between ethnic (Congolese) Hutu and Tutsi against the “authentic” Congolese in North Kivu, and in part the persecution of Banyamulenge in the Kivu region. It has also contributed to the regional conflict through competition between ethnic Hutu and Tutsi in Rwanda and the migration of these populations into Congo, albeit under different circumstances. The land issue is complicated by the contradiction between both traditional tribal structures and modern state structures governing

tenure. The conflict in Congo has been unable to resolve these deeply-rooted problems.

In conclusion, Kennes considered the prospects for a new political and commercial compromise among all the actors involved and the possibilities for the implementation of a more inclusive political order. The possibility for this compromise will decide upon the survival of the Congo as a unitary state. A partial reintroduction of formerly existing and more legitimate clientelistic networks, coupled with an inclusive and open conference in the Kivu region may be the only path to peace.

## DISCUSSANT

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**Anatol Lieven** of the Carnegie Endowment for International Peace made several general observations. First, in these cases, the cause of conflict is neither simple greed or grievance, but greed *and* grievance together, though the nature of this balance differs across regions, if not from town to town. Second, he noted the difficulty in actually achieving the needed reconciliation in conflict situations, especially where personal knowledge of atrocities against one's family exists. Third, he commented that the capacity of a minority population to impose its will on a vastly greater population is an interesting phenomenon which must have roots in other factors.

Turning to Chechnya, Lieven asserted that the case provides a compelling argument against a monocausal economic explanation of violent conflict. In Chechnya, as in the Balkans, the conflict originated in communist collapse and in very real political grievances that took the form of radical nationalism against rule by ethnic "others." As in other cases, social protest, national resistance, and brigandage have been mutually reinforcing developments and cannot be easily disentangled. This said, Lieven listed three discrete economic factors that have complicated the conflict in Chechnya: oil, organized crime, and disorganized crime. From 1991-1994, Chechnya's rulers received \$300 million in oil revenue via the pipeline from Baku and had an evident interest in retaining this source of revenue. During this period also, institutional collapse and contested authority created an environment where bank fraud and smuggling of both licit and illicit goods by organized criminal groups flourished. Finally, in the wake of the first Russian-Chechen war after 1996, unorganized criminality, particularly banditry, kidnapping, and extortion, has surged as other revenue streams have been reduced or destroyed. Significantly, from 1996-99, Chechnya also saw the emergence of militant Islam, financed in part by Middle Eastern groups. Taken together, these factors have greatly complicated efforts to secure a negotiated agreement between the main parties to the conflict.

## THE ECONOMICS OF WAR: ALTERNATIVE VISIONS

This concluding panel featured presentations by World Bank economist Paul Collier, I. William Zartman of the John Hopkins University School of Advanced International Studies, and David M. Malone of the International Peace Academy.

**Paul Collier** emphasized the distinction between the cause of conflict and its motivation. The prevailing discourse is on explaining motivation; yet, the key feature of conflict is not what motivates it, but what makes it feasible. Even once the motivation is understood, the cause may elude us. Feasibility is a rare phenomenon; what is critical is not whether people actually have reason to commit violence, but what enables them to carry it out in particular circumstances.

Collier's econometric studies are intended to complement and provide discipline to other modes of existing social science analysis (political science, anthropology, etc.), to safeguard against over-interpreting country studies, and to produce generalizable findings.

Collier then summarized his major findings. First, according to his data, there is no significant relation between political repression, inequality, and conflict. Although Collier concedes that this finding could be the result of poor measurement, he notes that the measurements he used were those of a commonly accepted data set. Second, an examination of primary commodity exports shows that there is not much of a difference across commodities – oil is marginally higher, and the more oil, the more risk of conflict. Third, there is no deterrent effect in having a high military expenditure. Fourth, the level of income and rate of growth do matter – societies which are poor and experience economic decline are more at risk. Fifth, the factors which explain the initiation of conflict do not explain its duration; once conflicts start, they tend to continue for other reasons. Sixth, countries coming out of conflict have a fifty percent chance of resuming it within the first five years after the conflict is ended. Seventh, societies with larger diasporas are more likely to lapse back into conflict, presumably due to the influx of support from this community. Eighth, the market niche for rebel organizations would be filled even in peace, which makes it more difficult for sustainable peace to be achieved. Therefore, it is necessary not only to make peace with existing rebel groups, but to make it infeasible for a rebel organization to be viable.

If the feasibility rather than the motivation of conflict is the issue, then policies seeking to prevent or resolve conflict must seek to reduce the opportunities that make organized violence possible. Military solutions do not work. Control of international markets, financial flows and diaspora organizations may be, therefore, a more effective way to limit rebel groups. In terms of policy, the international community should focus collectively on cutting off the sources of rebel finance — including international control of primary commodity markets and diversification of primary commodity-dependent economies. Acting alone, the OECD countries are reluctant to punish diaspora groups because of the political risk involved, but collectively they may be able to address the problem effectively, much as they have in tackling the issue of corporate corruption. Furthermore, the balance of international aid must be shifted away from military assistance towards increased humanitarian aid. Although democracy and equality are good things in and of themselves, according to Collier's findings, they do not necessarily guarantee peace.

It is important to distinguish between those factors that cause conflict and those that allow it to continue. According to **I. William Zartman**, conflict starts with “need,” or deprivation; poverty may not cause conflict, but it is a starting point. This need crystallizes into conflict when the element of “creed,” or identity — whether ethnicity, class, ideology, religion, or nationality — is added. Creed may provoke conflict in times of rapid change, when a sense of security is sought, when identities collapse, or when identity makes one a target of discrimination. Creed is also significant when political entrepreneurs seek to capitalize on grievances through appeals to race or ethnicity. However, Zartman notes that this “striking match” effect — in which leaders deliberately mobilize inter-group difference — is often crucial in determining which situations involving need plus creed turn violent and which do not.

The element of “greed” — whether greed means simply the securing of needed finances or actual “greediness” — may be more important in keeping conflict alive and exacerbating it than in actually causing it. Therefore, a critical turning point is when economic activity moves from efforts to finance conflict to efforts to keep conflict going to reap financial gain.

Several presentations also raised the important issue of controlling the resource flows that facilitate conflict. Conflict is a means of societal transformation; old patterns of authority are destroyed, new ones emerge. In Lebanon, Peru, Liberia, Sierra Leone, Afghanistan and elsewhere, old leaders were pushed aside by a new generation with different social goals. In many cases, the destruction of the state means that even if peace is

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achieved, there is no one to whom rebuilding can be entrusted. Thus, the primary focus of international efforts must be to restore law, order and legitimate authority.

The final presenter, **David M. Malone**, focused his remarks on the relevance of the greed and grievance debate to the policy world.

First, on the issue of greed versus grievance, feasibility and greed appear to be important contributors to the duration of conflict rather than to its onset.

Second, while developed countries have a strong interest in preventing conflict and the types of conditions and behaviors which fuel it, they face a dilemma when their own multinationals are involved in unstable regions, as the latter’s operations remain important to the well-being of the national economy as a source of wealth and employment. For example, in the case of Talisman Energy, Inc., whose operations in Sudan have allegedly exacerbated the conflict, the Canadian government chose to protect its mining sector despite the concern of then-Foreign Minister Lloyd Axworthy, but as a consequence invested heavily in research on economic factors in war. Within the British government, there are individuals who want to tackle these issues, particularly in the wake of embarrassing revelations concerning the deposit of money in British banks from former Nigerian dictator Sani Abacha. Others, while supportive of financial transparency, stress the importance of maintaining the competitiveness of the British banking sector relative to their Swiss counterparts. (The Government of Switzerland, as a nonmember of the U.N., is not obliged to enforce Security Council decisions, including sanctions.)

The U.N. became interested in the economics of war through the Security Council’s growing resort to sanctions, and in turn, the recurrent problem of sanctions-busting. The Security Council has become far more involved in this area than anyone would have suspected at the outset, as evidenced by the Final Report of the U.N. Panel of Experts on Violations of Security Council Sanctions Against UNITA (the “Fowler Report”). Unfortunately, even where information on sanctions violations is available, it is extremely difficult to act upon. The Expert Panel report on the DRC, on the other hand, has suffered from evidentiary problems amidst accusations that the Panel failed to adequately corroborate evidence, and from the related problem that those who disclosed information to the Panel were criticized in the report, while those that refused to cooperate escaped criticism. Unfortunately, this will remain a vexed but relevant area of policy development.

One question is whether the Security Council may find any form of action which is effective in the long-term rather than primarily being politically expedient in the short-term.

Over the next two to three years, the IPA project, “Economic Agendas in Civil Wars,” will be examining the feasibility of several policy options, including what functioning international regulatory and legal frameworks on “white collar crime” – the secreting by belligerents of ill-gotten gains into foreign accounts, often with the complicity of private sector actors – might look like. In addition, through a dedicated Working Group, the project is trying to gain a greater understanding of the motivations and interests behind corporate decision-making with respect to operations in zones of conflict.

## CONCLUSION

**Without more far-sighted policies to address the underlying causes of conflict, the conflicts of the present will prove difficult to resolve and the peace-settlements of the future even more difficult to sustain.**

As the case-studies indicate, greed and grievance, or “need, creed and greed,” are all important sources of conflict, though the relative weight of each factor varies across cases and across time. Poverty, social inequality, rapid economic decline, large numbers of young unemployed males, and polarized identity politics may all provide the necessary catalyst for conflict, particularly when accompanied by repressive, illegal or extralegal behavior on the part of governments. Yet, as Paul Collier cautions, what motivates conflict and what makes it feasible are separate issues. In general, the existence of some form of grievance, whether economic, political, or social in nature, appears to be the most persuasive motivation for conflict. Greed, or, more broadly, economic motivations — whether the pursuit of resources for war-financing or for elite self-enrichment — appear more significant in sustaining, prolonging, and transforming conflict.

Valuable natural resources are not in and of themselves a reliable indicator of where conflict is likely to occur, but they do appear to make conflict more feasible *when grievances already exist*, as they offer a ready means of financing rebellion. This explains in part why, for example, not all diamond producing countries experience conflict. Yet, resources may also become a source of grievance when state institutions responsible for their equitable management instead engage in private, criminal accumulation. Thus, formerly stable diamond producing countries may also become conflict-prone, when poor management and corruption gain the upper hand.

In some cases, resource competition may exacerbate civil war. In others, civil war may exacerbate competition over resources. In both cases, war requires resources. Resolving or preventing war would thus require cutting off the means for waging it: limiting combatants’ access to resources and hence, arms, materiel, and profit, and targeting the international networks upon which they rely for these goods. Yet, without more far-sighted policies to address the underlying causes of conflict, such as those that support legitimate and inclusive governance and provide development assistance, poverty reduction, market diversification, and legal and financial reform, the conflicts of the present will prove difficult to resolve and the peace settlements of the future even more difficult to sustain.

# THE ECONOMICS OF WAR

*Woodrow Wilson International Center for Scholars  
International Peace Academy  
Monday, September 10, 2001*

- 9:00-9:15 a.m. Welcome
- 9:15-10:30 a.m. **Settlements, Of One Kind or Another:  
The Cases of Peru and Lebanon**  
Moderator: Haleh Esfandiari, Middle East Project,  
WWC  
Ricardo Soberón, Consultant, Lima, Peru  
Elizabeth Picard, Institut de Recherche et d'Etudes sur  
le Monde Arabe et Méditerranéen, Aix-en-Provence  
Commentator: Kathleen Collins, University of Notre  
Dame
- 10:30-11:45 a.m. **State Collapse:  
The Cases of Afghanistan and Sierra Leone**  
Moderator: Robert Hathaway, Asia Program, WWC  
Paula Newberg, United Nations Foundation  
Jimmy Kandeh, University of Richmond  
Commentator: Eric Schwartz, U.S. Institute of Peace
- 11:45-12:00 Break
- 12:00-1:15 p.m. **Ideological and Resource Conflicts:  
The Case of Colombia and Angola**  
Moderator: Cynthia Arnson, Latin America Program,  
WWC  
Marc Chernick, Georgetown University  
Phillipe Le Billon, University of Oxford, UK  
Commentator: Terry Lynn Karl, Stanford University

1:15-2:30	Lunch
2:30-3:45	<p><b>Separatist Conflicts: Eurasia and Congo</b></p> <p>Moderator: Gilbert Khadiagala, Africa Project, WWC, and Johns Hopkins University SAIS</p> <p>Charles King, Georgetown University Erik Kennes, Africa Institute/Africa Museum, Belgium</p> <p>Commentator: Anatol Lieven, Carnegie Endowment for International Peace</p>
3:45-4:00	Break
4:00-5:30	<p><b>The Economics of War: Alternative Visions</b></p> <p>Moderators: Karen Ballentine, International Peace Academy Anita Sharma, Conflict Prevention Project, WWC Paul Collier, World Bank I. William Zartman, John Hopkins University SAIS David M. Malone, International Peace Academy</p>

