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TRANSFORMATION OF WAR ECONOMIES

Report of Experts' Seminar

KAYSIE STUDDARD

This report summarizes key points discussed at an experts' seminar held on 16–18 June 2005 in Plymouth, United Kingdom, on *Transformation of War Economies*, as part of an Economic and Social Research Council project (Res. 223250071). The meeting was conducted in partnership by the University of Plymouth and the International Peace Academy. Participants included a small number of key academics, practitioners and UN staff. This report focuses on key points in the discussions that took place during the meeting.

Summary

The dynamics that affect the way local, regional and global dimensions of war economies perpetuate or mutate in post-conflict contexts are important for encouraging successful peacebuilding efforts. Yet in contrast to work on post-socialist transformation, the transformation of such war economies is an area of academic inquiry that is significantly under-theorized and has tended to concentrate on economic factors during conflict, or on post-conflict military security.

Peacebuilding and reconstruction has gained prominence in debates among academics, field workers and policy-makers about development and security. It is now commonly acknowledged that wars can be fostered or exacerbated by underdevelopment, poverty, contest over political power and resource wealth, as well as historical legacies and the effects of a globalized international economic system which integrates and fractures relations between industrialized and developing countries in marked ways. Indeed, the merger of development and security discourses has highlighted the centrality of political economy issues for current approaches to peacebuilding and begs the question: What are the defining distinctions of a political economy of war and a political economy of peace? Furthermore, is there a role for the international community in assisting post-conflict societies to build a political economy of peace and what are the economic structures and incentives—locally, regionally and globally—that can shift societies away from conflict and toward a sustainable peace?

I. RECOGNIZING THE IMPORTANCE OF TRANSFORMING WAR ECONOMIES

The role of economic forces in civil wars has become increasingly recognized since the end of the Cold War and the corresponding rise in intra-state wars as the main form of armed conflict. Research on the political economy of war has advanced tremendously our understanding of the economic forces at work during the onset and duration of war, helping to deconstruct and render more sophisticated the greed versus grievance debate.¹ Chief among the research advances made since the debate began in the late 1990s is that the inter-linkages between resources and conflict primarily take place due to governance failures, making already weak states susceptible to rebellion. This phenomenon is otherwise known as the “resource curse.”² Other key findings that have been particularly instrumental in this area of research exploration have been:

- The self-financing nature of conflicts through predatory exploitation of black markets and lucrative natural resources such as oil, diamonds, timber and poppies;
- The existence of trade networks, informal economies and diaspora remittances in war economies and the link to global markets for commodities and finance;
- Different types of natural resources can affect conflict dynamics in distinct ways;³

- The strong transnational and regional dimension of contemporary conflicts and the war economies which sustain them, particularly when such war economies are rooted in a wider regional conflict formation;⁴
- Opportunities and constraints that have come out of globalization and the liberalized trade agenda for weak states, combatants and civilians, respectively;
- War economies serve different functions for different groups and not all of them fit within the ‘greedy rebel’ mold;⁵
- The ambivalent role that private sector actors play in conflict;
- The strengths and weaknesses of global regulatory methods, including commodity and financial sanctions, global anti-money laundering efforts, the Kimberley Process and corporate social responsibility initiatives.

These are all important issues that should necessarily play a prominent role in war transformation strategies. Yet practice has revealed that today’s peace operations, while they may include rule of law or good governance components to complement traditional security needs, do not adequately take into consideration the unique challenges faced by war economies in peacebuilding.⁶

The UN reform process that got underway in 2004–05 has identified a gap in peacebuilding competence within the institution by acknowl-

¹ See Paul Collier and Anke Hoeffler, *On Economic Causes of War*, Oxford Economic Papers No. 50, Oxford, 1998.

² Mats Berdal and David M. Malone (eds.), *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder, CO: Lynne Rienner, 2000); Karen Ballentine and Jake Sherman (eds.), *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Boulder, CO: Lynne Rienner, 2003); Michael Ross, “The Political Economy of the Resource Curse,” *World Politics*, Vol. 51, No. 2, 1999, pp.297-322.

³ For instance, lootable resources such as coltan and alluvial diamonds feature strongly as sources of rebel self-financing in areas such as DRC, while unlootable resources such as oil and gas may be linked with separatist conflicts like those in Bougainville. See Michael Ross, “How Does Natural Resource Wealth Influence Civil War? Evidence from 13 Cases,” *International Organization*, vol. 58, No. 1, 2004, pp. 35-67.

⁴ Andrea Armstrong and Barnett Rubin, *Policy Approaches to Regional Conflict Formations* (New York: Center on International Cooperation, 20 Nov. 2002).

⁵ Though overlapping, these functions may be more adequately understood by distinguishing among the combat, shadow and coping economies. Michael Pugh and Neil Cooper with Jonathan Goodhand, *War Economies in a Regional Context: Challenges of Transformation* (Boulder, CO: Lynne Rienner, 2004).

⁶ See: Susan Woodward, “Economic Priorities for Successful Peace Implementation,” in Stephen J. Stedman, Donald Rothchild and

edging that there is inadequate provision for assisting countries as they transition from war to peace contexts. The proposed Peacebuilding Commission and the Peacebuilding Support Office are welcome initiatives that try to plug this gap. Political economy issues in war transformation would be a natural area of focus for these two bodies. The Report of the Secretary-General's High-Level Panel on Threats, Challenges and Change remarked specifically on the need to "develop norms governing the management of natural resources for countries emerging from or at risk of conflict," and that "more legal mechanisms are necessary in the area of natural resources.... [A] new challenge for the United Nations is to provide support to weak states—specifically but not limited to, those recovering from war—in the management of their natural resources to avoid future conflicts."⁷ Also pertaining to war economies, the SG's report discusses the pervasive effects of organized crime and corruption in post-conflict societies, the importance of giving Disarmament, Demobilization and Reintegration (DDR) programs priority in such contexts, building effective public institutions, and the importance of engaging with key financial actors, such as the World Bank and the International Monetary Fund, to incorporate issues related to development and economic growth into the peacebuilding agenda in a more systematic and sustained fashion.⁸

These are tall tasks. And there are high expectations, which are shared by the donor community and the conflict-ridden countries themselves, in terms of what can be achieved and how soon results can be felt and seen. While identifying the issues related to conflict and post-conflict economic agendas is a laudable task, the UN and

other key actors continue to struggle with translating such issues into an operational format. As economic issues are increasingly recognized and prioritized in post-conflict contexts, relevant actors may have to tackle the follow set of questions:

- If an understanding of the political sociology of war-torn societies indicates a place for external involvement, how can the international community work to transform war economies?
- What is the most appropriate way to address these important issues and apply them in concrete contexts in a post-conflict scenario?
- How can domestic and external actors prioritize such initiatives?
- How should such actors link these efforts to wider peacebuilding and state building agendas?
- How can relevant actors work with and not against sustainable and supportive local, regional and global structures?

II. KEY ISSUES

Transformation of War Economies, Critical Development and Liberal Peace

The liberal peace discourse has reflected a reformulation of security threats and challenges by academic and policy circles to encompass poverty and underdevelopment. Lack of development can breed insecurity, the criminalization of activities and war. In this way, the developed world is not immune to the problems plaguing the developing world, and such security and development linkages have prompted greater, not less, involvement by the international community in conflict prevention, peacebuilding and development assistance. The

Elizabeth M. Cousens (eds.), *Ending Civil Wars: The Implementation of Peace Agreements* (Boulder, CO: Lynne Rienner, 2002), pp.183-214; Heiko Nitzschke and Kaysie Studdard, "The Legacies of War Economies: Challenges and Options for Peacemaking and Peacebuilding," *International Peacekeeping*, Vol. 12, Summer 2005, pp.222-239.

⁷ "A more secure world: Our shared responsibility," UN Doc. A/59/565. www.un.org/secureworld.

⁸ Mats Berdal, "The UN Approach to Peacebuilding: Stocktaking and Prospectus," background paper for Transformation of War Economies Experts' Seminar, June 2005.

liberal peace ideology also pressures developing countries to transform their social, political and economic systems, by calling for “a new political humanitarianism that lays emphasis on such things as conflict resolution and prevention, reconstructing social networks, strengthening civil and representative institutions, promoting the rule of law and security sector reform in the context of a functioning market economy.”⁹

However, the underpinnings of the liberal peace—namely democratization, the rule of law, human rights and neo-liberal economic policies (such as de-regulated markets)—have attracted a variety of critiques. Chief among these is that the claims by key actors in the international community to be better informed about what a state should look like and what a community needs in order to be a “success” merely reflects the distribution of economic power in the international system rather than privileged knowledge of how economies work. This, in turn, places unrealistic demands on countries that struggle to provide basic economic, political and social services to their people.

The impacts of the liberal peace doctrine is exacerbated in post-conflict contexts, when states have lost their basic institutional and physical infrastructures and are left with problems of massive crime, corruption, lawlessness and weakened formal economic markets. Post-conflict societies exhibit vulnerabilities that may make the introduction of neo-liberal agendas, which emphasize monetary stabilization and privatization, highly contentious, possibly proving counterproductive for both statebuilding efforts and poverty reduction.

However these societies may also have well-

entrenched mechanisms and sources of resilience in informal networks that, while not mirroring the Western model of the state, may nonetheless be instrumental in enabling populations to survive, cope and transform to a political economy of peace. Consequently, it has been claimed that:

*institutional and local capacity is actually being destroyed by intervention in conflict environments. This is partly because those working from the top-down to construct the liberal peace tend to focus more on the state and its institutions. This is often resisted by those working on bottom-up versions of peacebuilding. Their conditional relationship with recipients, donors, international organizations and international financial institutions, means that many non-state actors have developed the capacity for the most intimate forms of intervention in states and in civil society.*¹⁰

In this respect a definition of a political economy of peace can be one that has roots in the dynamics of local social change, whereby claims to ownership and entitlements, production distribution and exchange can be mediated in the first instance without recourse to overt political violence. At its most basic level, for example, it means that women in Sierra Leone who take a leading role in market trading can do so without risk of being killed or physically abused.¹¹ Further phases can be envisaged wherein various other forms of intimidation are reduced and structural violence, both internally and externally induced, is mitigated.

The seminar was highly significant for its recognition that “peace” is a project that treats war and peace as highly distinctive, in which the balance

⁹ Mark Duffield, *Global Governance and the New Wars: The Merging of Development and Security* (London: Zed Books, 2001).

¹⁰ Oliver Richmond, “Understanding the Liberal Peace,” Background paper for Transformation of War Economies Experts’ Seminar, June 2005.

¹¹ Christiana Solomon, “The Role of Women in Economic Transformation: Market Women in Sierra Leone,” Background paper for Transformation of War Economies Experts’ Seminar, June 2005.

can be tipped by degrees of intervention, whereas societies that are continuously in and on the edge of violence experience a kind of virtual peace at best. In this contention, peacebuilding interventions contain contradictions and instabilities, well illustrated by the tensions inherent in international civil administrations designed to impose democracy.¹² A nuanced view of peacebuilding, from work conducted by Oliver Richmond, disaggregates it into several modes. At one extreme a non-consensual, hyper-conservative model attempts to maintain peace through military superiority. At the other extreme an emancipatory model combines top-down and bottom-up peacebuilding, focuses on a range of actors and emphasizes social justice. In between, conservative and orthodox models have been attempted in Kosovo and East Timor respectively. Aspects of political economy can be meshed into such a schema (see Appendix 1)

Nevertheless, in economic terms, the once ubiquitous Washington Consensus—which called for early privatization, economic liberalization and macroeconomic stabilization—has somewhat fragmented under the pressure of demands by developing and heavily-indebted countries and reformers in developed countries. In particular, resistance to the world trade rules at Cancun and significant underachievement of the Millennium Development Goals (MDGs) that set targets for economic and social well-being, both of which are highly relevant to economies emerging from conflict, have led to critical reflection on development policy, as identified by Jeffrey Sachs, the United Nations Secretary-General’s reform proposals and by the United Kingdom at the 2005

G8 Summit in Scotland.¹³ Bilateral and multilateral donors still emphasize neo-liberal economic policies, but they have also tempered such approaches and recommended the introduction of other important non-economic issues, such as the rule of law and human rights, into their discourse.

Therefore, and in spite of the myriad challenges that confront the construction of peace as a liberal project, at its core it may provide a necessary global contract between the developed and the developing countries, albeit asymmetrical and hegemonic in its production and impact. Rather than moving away from ‘peace with rights’, it can be argued that donor and recipients should work to strengthen non-violence. This necessitates addressing fundamental issues, such as what type of peace is best for the society in question and figuring out the most appropriate way to reconcile the aims of the local community with the aims of the international community. It requires recognition of the negative as well as positive effects of exporting structural governance and acknowledging the role of bottom-up peacebuilding. Essentially, the liberal interpretation of war, which used to focus exclusively on asset loss and the negative costs of conflict, meant that war signified development in reverse. With greater appreciation of the positive as well as negative impacts of the political economy of war, nuanced rather than dogmatic approaches can be adopted.

State-building, Informal Economies and Economic Criminalization

Economic activities adapt and change during the course of armed conflict, benefiting elites and

¹² See David Keen, “War and Peace: What’s the Difference?,” in Adeyke Adebajo (ed.), *Conflict Management in the New Millennium* (London: Frank Cass, 2001), pp.1-22; Simon Chesterman, *You, The People: the United Nations, transnational administration, and state-building* (Oxford: Oxford University Press, 2004); Richard Caplan, “Partner or Patron? International Civil Administration and Local Capacity building,” *International Peacekeeping*, 11(2), 2004, pp. 1-19.

¹³ See Simon Maxwell, *The Washington Consensus is dead! Long live the meta-narrative!* (London: ODI working paper 243, Jan. 2005); Millennium Project, Report to the UN Secretary-General, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (New York, February 2005); Report of the Secretary-General, *In Larger Freedom: towards development, security and human rights for all* (UN doc. A/59/2005, 21 Mar. 2005); Michael Pugh, “Millennial revisionism: the evolving debate on development, security and peacebuilding,” Background paper for Transformation of War Economies Experts’ Seminar, June 2005.

servicing different functions for various sectors of a population. Such activities exist in post-conflict contexts, creating significant challenges for peacebuilding in terms of combating entrenched criminality. War provides an opportunity for predatory groups and individuals to accumulate power and financial resources which they may seek to consolidate in the post-conflict environment. Thus, criminal elements and corrupt individuals seek to make permanent the networks built up around the exploitation and trade in illicit commodities—like timber, alluvial diamonds and opium—which necessarily erode the aims of peacebuilding and detract from investing and building up formal state institutions. As in Bosnia and Herzegovina, the state's capacity to finance the provision of goods and services and to create necessary governance institutions can be undermined by an entrenched informal economy.¹⁴ As apparent in the Afghanistan agricultural sector, without the provision of alternative means of economic sustenance and a nuanced understanding of warlord and war entrepreneur motivations, the approach to local capacity building and sustainable development will be flawed.¹⁵

By building up state institutions, both at the capital and local levels, the negative effects of capitalism and crime can be better addressed by instilling law and order in institutions. This can happen by introducing phased approaches with more realistic timeframes for instruments of redress, sanction and adjudication—moving societies from disorder to order, order with law, and finally to order, law and justice. Indeed, re-establishing economic growth

and wealth distribution cannot be effective without building up the core institutions of the police and the judiciary to regulate economic activity and strengthen systems of justice appropriate to local contexts. It is often these institutions which help to (re)instill law, order and justice which have been battered by years of violence or widespread corruption. Security sector reform projects can also be instrumental in peacebuilding and in tackling economic predation; this would also work to strengthen local border policing and customs. But merely working to build up a security apparatus is not enough. Statebuilding also necessitates that the criminal justice system be complemented by institutions that allow for the inclusion of socio-economic issues, such as citizenship, land claims, resource entitlements, welfare provision and human rights, in a peacebuilding strategy.¹⁶

Borderlands and Regional Networks

Policy discourse surrounding borderlands has traditionally characterized such regions as marginalized zones, politically and economically, with the potential to become dangerous incubators of conflict and to become embroiled in violence stemming from neighboring states, otherwise known as regional conflict formations.¹⁷ Indeed, border areas are often where state authority and influence is most limited, and where informal networks may thrive on illicit economic activities and grow into spoilers for peace. Borderlands throughout the world, from the Mano River region or the Great Lakes region in Africa, to the Afghanistan–Pakistan border in Central Asia,

¹⁴ Graham Day, "War Economies, Capitalism and Crime," keynote address, Transformation of War Economies Experts' Seminar, June 2005; Vesna Bojičić-Dzelilović, "Informal Power Structures and Peacebuilding: Bosnia's war veterans associations," Background paper, Transformation of War Economies Experts' Seminar, June 2005.

¹⁵ Jonathan Goodhand, "Shadow Economic Activity in Afghanistan," and Antonio Giustozzi, "Respectable Warlords: transformation in Afghanistan," Background papers, Transformation of War Economies Experts' Seminar, June 2005.

¹⁶ See Rama Mani, *Beyond Retribution: Seeking Justice in the Shadow of War* (Cambridge, UK: Policy Press, 2002) and *Rule of Law Programming in Conflict Management: Towards Security, Development and Human Rights?*, Agnès Hurwitz (ed.) with Reyko Huang (Boulder, CO: Lynne Rienner Publishers, forthcoming).

¹⁷ Barnett Rubin, Andrea Armstrong and Gloria R. Ntegeye, eds., *Regional Conflict Formation in the Great Lakes Region of Africa: Structure, Dynamics and Challenges for Policy* (New York: Center on International Cooperation, 2001).

exhibit many similar characteristics that make them prone to edge effects. They are uniquely exposed to disparities in aid flows, sanctions, and DDR payment discrepancies. They are the locus where greed and grievances germinate and where war economies may thrive because underdevelopment and insecurity are intricately linked and youth unemployment is staggeringly high. Light weapons are in abundance. There is an absence of comprehensive national and regional approaches to include these areas; they are not properly brought into peacebuilding planning and implementation. Such factors make the administration and policing of these regions exceedingly difficult, if not impossible.

Yet borderlands have a positive potential as well. They can provide civilians with necessary security and economic functions through economic, political or social regional networks, and they can work to reinforce integration and promote development and the free circulation of goods among neighboring states.¹⁸ While much of the focus on statebuilding or post-conflict peacebuilding tends to revolve around building up central government institutions, borderlands are generally overlooked. There is an urgent need to reduce the perceived marginality of these areas, at the domestic as well as the global level. As mentioned, borderlands have the potential to be either sources of resilience by providing coping mechanisms to civilians, or breeding grounds for violence which can further undermine statebuilding activities and threaten a nascent peace. Indeed, the international community's understanding of state/non-state relationships needs to be expanded. Such relationships are more complex than simply describing them as feeding off of a core-periphery connection. Just as regional conflict formations—built up by long-standing and deeply entrenched transnational networks—have challenged previous claims that

conflicts spill over into neighboring states through one-off inpourings of conflict-promoting activities, so borderlands and states are very much linked.

Inclusive Political Economy: Under-represented Sectors, Diasporas and Social Networks

As a political activity, economic transformation agendas and structures have been highly selective, including not only the most powerful aid agencies and financial institutions but local elites who represent perceived constituencies, notably party leaderships, government and local authorities, reformed warlords and unreformed entrepreneurs. Often excluded are trade unions, public sector employees, representatives of professional and technical bodies and women. The exclusion of women has been a notable flaw in peacebuilding, even where their role has been formative in changing social and economic dynamics, such as in Sierra Leone, Kosovo and the Solomon Islands.

The heightened macho environment of conflict often exacerbates the vulnerability of women to death, mutilation, rape and abuse. But in some societies, women have also taken control of everyday matters, including providing for families and communities and as producers and traders of goods. They have also provided social cohesion and pressures for the transformation of conflict. Yet they are regularly excluded from top-down peacebuilding processes as men claim political and economic division of the spoils of peace. For example, only three women were chosen to act as co-Ministers in the 20-strong Joint Interim Administration of Kosovo, one of whom resigned on the grounds that there was no real partnership between the international community and Kosovars (with the UN mission making all final decisions) and because women were being prevented from taking part in reconstruction. Consequently there is

¹⁸ Andrew Gilmour, "Borderland Issues," and Stephen Jackson, "The Centrality of Borderlands: Lessons from the Eastern DR Congo," Background papers Transformation of War Economies Experts' Seminar, June 2005.

a strong justification for UNIFEM, the NGO community and academics to critically interrogate the limited role of women in peacebuilding.

Additionally, the impact of globalization has facilitated the development of networked trade and diaspora linkages in both licit and illicit ways. These linkages can sustain conflict or embolden coping strategies in conflict, and can both enable the entrenchment of spoilers' influence in the post-conflict arena and facilitate the generation of revenues and establish capacities that can sustain peacebuilding and construction. With remittances said to contribute up to US\$500 billion per year to their home countries, either in goods or finances, diaspora power in war-torn societies through private contributions is unquestioned. Yet with many of these remittances taking place in informal channels through black market transactions, the role of diaspora groups and remittances plays an ambivalent role in peacebuilding, with varied consequences from the Tamil Tigers in Sri Lanka to the Kosovars and Albanians in Kosovo. Indeed, there is little systematic knowledge about how diaspora groups in host countries relate to, and impact upon, home country transformation and peace activities.

Diaspora groups are not simply a conglomeration of like-minded migrants with uniform strategies. Across the globe, diasporas have been war-makers, peace-makers, economic migrants, refugees and professionals. While comprising many different groups, one critical aspect that binds them together is a common attachment to their homeland, and their resulting self-consciousness about separate identity. This common thread notwithstanding, diaspora groups come with their own political agendas and influences and with varying degrees of allegiance to their home country. Certain groups may not want to support peacebuilding activities in

their home countries, while others may wrongly assume that they have a constituency back home, leading to tension among actors and further impacting upon peacebuilding. Diasporas also employ different strategies for aid and remittance delivery. Provisional findings from the UK suggest Sierra Leoneans, similar to other West African diasporas, organize around and promote development often with a hometown focus. Bosnians seem less inclined to this approach but have a much greater level of overarching organizational structure – in over thirteen countries, effectively at a global level, perhaps with greater political impact on the homeland as a consequence. Overall, Afghans' concerns are often centered on survival and coping in the host society.¹⁹

Further research on the ambivalent role of diasporas and remittances in post-conflict peacebuilding and war transformation is greatly needed. Specifically, there needs to be more probing on the ways in which diaspora contributions support or challenge peacebuilding. Here, future inquiry should start by dissecting the ways in which diaspora groups contribute, conversely, to war and peace, and how such groups can themselves transform from being war-makers to being positive contributors to peace.

Global Governance and Regulation

One of the main challenges in transforming war economies to “peace economies” is that, like peacebuilding more generally, it is often framed in terms of (re)constructing weak or failed states. The emphasis, naturally enough, is placed on generating local stability, security and legitimacy through state institutions of governance and justice. The goal seems to be to restore the social contract by which governments protect and promote peace and welfare and by which they are

¹⁹ Gregory Kent, “Diaspora Contributions to Peacebuilding,” and Wolfram Zunzer, “Diaspora Communities and Civil Conflict Transformation,” Background papers, Transformation of War Economies Experts' Seminar, June 2005.

held accountable by the governed. In this case, the core unit of focus is the state, and the international regulatory tools used to transform war economies center on curtailing predation, illicit flows to combatants and narcotic networks--in other words, on setting up control regimes in the hope of starving criminal economies.

Yet neither internal conflicts nor war economies are simply or purely a product of the deficits of local governance. A broader analysis of the political economy of these conflicts highlights that war economies are profoundly embedded in broader transnational dynamics and global political and economic exchanges. In this sense, state collapse, internal conflict and war economies can more readily be seen as visible symptoms of a broader systematic problem, in which the unfettered forces of the economic globalized world and the fractures of the underdeveloped conspire against the seemingly successful states and the international order predicated upon them. In other words, governance, at a local and global level, has not kept pace with globalization.

Globalization is a trans-border phenomenon that has opened up a wide range of economic opportunities for private actors. In contrast, governance is still largely viewed as being the preserve of states, whose authority and jurisdiction, where existent, still ends at borders. This thinking is reflected in practice: no single authority is responsible for regulating cross-border economic activity or enforcing legal and regulatory regimes applying to cross-border activities. There is neglect on the part of the powerful states and multinational corporations to fully tackle their own roles in the perpetuation of weak and failed states and the corresponding lopsided peacebuilding exercises

that are put in motion. The emphasis on voluntary business codes, anti-corruption programs and good governance initiatives focus almost exclusively on local actors rather than on the foreign corporations. This current global governance deficit may actually reinforce the negative functions of war economies if there is a failure to address the broader incentive and opportunity structures which enable war economies to thrive. And this is the status quo; the demand for cheap natural resources is plentiful, even though the risks of accumulating them may be high, because there is a dearth of transnational accountability schemes in place. Where initiatives are set up, the emphasis is local and rests upon micro institutions of natural resource management, transparency or certification--which all can be classified as technical, quick fixes that neglect underlying political economic considerations.

While transforming war economies in a sustainable manner means building up the key institutions of the state, it also requires strategies that recognize the centrality of transnational economic activities to sustainable peace, including those of private and public economic actors. Greater resources and attention must be placed on securing the cooperation of transnational networks--including regional and global trading in conflict goods--while simultaneously insuring against the negative livelihood effects. Specifically, such initiatives might include training local governments and civil society representatives to be able to have informed discussions with international financial institutions and foreign direct investment officials, or even in establishing global regulation and enforcement in the form of a global standing police force. In essence, this means tackling the global governance deficit.²⁰

²⁰ Karen Ballentine, "Deficits of Global Governance," Chris Cramer, "Labor Markets in Transition," Bela Arora, "The Challenge of Corporate Social Responsibility: Myth or Reality?" and Neil Cooper, "Resource Regulation in West Africa," Background papers, Transformation of War Economies Experts' Seminar, June 2005.

III. CONCLUSION

Discussions during the seminar pointed to a number of specific topics that merit further attention at both academic and policy levels.

First, while economic issues should be given a more prominent role in post-conflict societies and strategies, a great deal remains unknown about the exact manner in which economic actors and issues are distinguishable from conflict contexts and how they shift with the transition from war to (relative) peace. A related area of inquiry centers upon the variety of war termination experiences as societies emerge into relative peace. It is uncertain whether these diverse experiences, which include rapid transitions, alternating episodes of violence and stability, and extended conflict, result in markedly distinct economic patterns and behaviors. The relationship between the legacies of social disorder and the length of transitional periods should therefore be explored and contrasted with the experience of states that have not been marked by similar levels of violent instability.

Second, the concept of the liberal peace should be unpacked and contextualized to fit the experiences and aims of war transformation. There may be a variety of end states that befit individual countries, each one with individual benchmarks and milestones. Additionally, the footprint of operations and assistance should be accurately measured,²¹ and be tailored to meet particular conditions; the more that states depart from militarization, the more intrusive approaches might be required in other areas.

A third area for exploration concerns the attributes of post-conflict states, with particular attention paid to the balance between economic and military authority. Other attributes include the design and power of state institutions, the perceived legitimacy of state actors, and the degree of loyalty inspired in the populace. All too often, states exhibit economic debility in combination with a powerful security apparatus. Such an arrangement may produce contradictory and destabilizing results, as the means of oppression and coercion are facilitated while it becomes more difficult to inspire loyalty in the population at large.

Finally, it continues to be vital to focus attention and expertise on the issue of transnational influences and borderlands. The consolidation of recent findings could result in a detailed typology that encompasses the role of borderlands as agents of change and stability. The extent and nature of inside-outside links featuring local and global actors should be taken into account, together with the asymmetries in regulation that may be exploited by cross-border relationships, and their implications for policy. In particular, the issue of how to harness or neutralize the individual intermediaries of change, including excluded sectors, diasporas, spoilers and others, is vital to the formation of effective policy strategies. As a counterpoint, analysis should not neglect the impact of global governance and institutions on war transformation and social transition. International bodies remain poorly equipped to deal with vertical corruption on a global scale and the systematic problem of shadow economic networks in the context of peacebuilding.

²⁰ Astri Suhrke, "Revisiting the Conflict Trap" Background paper, Transformation of War Economies Experts' Seminar, June 2005.

APPENDIX 1

Graduations of the Liberal Peace Model

The figure, courtesy of Oliver Richmond, illustrates the working conceptualisations of peace developed, and the axis along which the nature of the liberal peace can be located.

Hyper-Conservative	Conservative	Orthodox	Emancipatory
<p>Geography: limited area of strategic allies</p> <p>Threat: Regular and irregular war and capacity for war; obstacles to necessary resources; terrorism.</p> <p>Sustainability of Peace: Negligible</p> <p>Exit of Internationals: Unlikely</p>	<p>Limited area of norm sharing allies.</p> <p>Regular and irregular war and capacity for war; obstacles to trade and resources; terrorism.</p> <p>limited</p> <p>possible in long term?</p>	<p>Still geographically bounded but aims at universal coverage.</p> <p>War; structural violence; identity conflict; under-development; terrorism; obstacles to trade; barriers to norms and regimes.</p> <p>high</p> <p>likely in medium to long term</p>	<p>Aims at universal coverage</p> <p>War, structural violence; identity conflict; under-development; obstacles to trade; terrorism; free communication and representation; social justice.</p> <p>complete?</p> <p>likely in medium to long term</p>
Hyper-Conservative	Conservative	Orthodox	Emancipatory
<p>Method Use of Force</p> <p>Actors State officials and regular/irregular military forces</p> <p>Nature of Peace Victor's peace defined solely by military superiority.</p> <p>Ontology of Peace Peace is not possible, very limited, or is territorially bounded; peace is utopian.</p>	<p>Method Force and Diplomacy, military intervention leading to ceasefire, mediation or negotiation.</p> <p>Actors State officials and regular/irregular military forces</p> <p>Nature of Peace Victor's peace, constitutional peace: constitutional peace settlement/international peace treaty (but not an institutional peace). Quasi military measures such as peacekeeping deployed for long periods.</p> <p>Ontology of Peace Peace is a produce of force and elite diplomacy; universal form of peace should be aspired to but is unreachable.</p>	<p>Method Top-down peacebuilding; some bottom-up peacebuilding</p> <p>Actors State officials and regular/irregular military forces; IO, RO, IFI, actor leading agency, and NGO personnell efforts</p> <p>Nature of Peace Constitutional and institutional Peace; elements of victor's peace through hegemony rather than use of force. As with conservative model, but long term measures for sustainability also included: institutional, constitutional, and civil governance measures for political, economic, developments, and social issues imported through conditional relationship between agents of peacebuilding and recipients; settlement more important than justice.</p> <p>Ontology of Peace Peace rests mainly on constitutional and institutional measures; it is universal and can be achieved through epistemic transference of</p>	<p>Method Top-down and bottom-up Peacebuilding</p> <p>Actors Combinations of state officials and regular/irregular military forces, IO, RO, IFI, Agency, and NGO personnel but led by local actors.</p> <p>Nature of Peace Civil Peace; focus on social movements, social actors, and issues, social justice as a pathway to peace. Wary of external forms of domination being imported through external intervention.</p> <p>Ontology of Peace Peace rests on social justice and open and free communication between social actors, as well as state/official actors; recognition of difference and otherness.</p>

War Economy Transitions and the Liberal Peace

Hyper-Conservative	Conservative	Orthodox	Emancipatory
War Economy		Hybrid Economy	
Peace Economy			
Expected Economic Dynamics:			
War Economy Dominates	(Sachs Version 1) State economy begins to displace war economy but subject to capture and predation; large gap between elites and general population. Black market gradually brought under control though there is no safety net.	(Sachs Version 2) Privatisation, some FDI, Entrepreneurship, less inequality, more opportunity and meritocracy in a globalised setting; black market is marginalized, but grey market continues to be significant. CSR, regional integration, and global competition become important dynamics. Safety net and rule of law come into existence. Domestic economy becomes subject to global competition.	Social Justice, economic safety net, equality, 'glocalisation'.
Actual Economic Dynamics:			
Predatory MNCs: war economy continues but is globalised. Elites prosper but contest control of economic resources. There is a transition from investment in war material to state bureaucracy.	Ditto: plus increasing international regulation. War economy shifts to black market/grey market. Corruption, dependency, and conditionality surround local economy, and the resources imported into the conflict zone by international actors. Local labour market dominated by dependence on patronage, grey market and internationals.	Ditto: economic stagnation where significant elites profit from black/grey market. Local labour depends on grey market. Some movement to institutional frameworks for a peace economy can be observed (see next column).	

Author: Oliver Richmond, University of St. Andrews.

APPENDIX 2: SEMINAR PROGRAM

Transformation of War Economies

University of Plymouth and the International Peace Academy
Experts' Seminar 16–18 June 2005
Plymouth, Devon

Thursday, 16th June—Moat House Hotel, The Hoe

- 6.00–6.30 pm Introduction and Overview
Kaysie Studdard, *International Peace Academy*, and
Michael Pugh, *University of Plymouth*
- 6.30–7.00 pm Keynote Address
Graham Day, *Office of the High Representative, Banja Luka*:
'War Economies, Capitalism and Crime'
- 7.00–7.30 pm Discussion

Friday, 17th June—Moat House Hotel, The Hoe

- 9:00–10:30 am Panel 1: Critical development and war economies
- Chair & Discussant:
Berit Bliesemann de Guevara, *Institute for International Politics Helmut Schmidt University/University of the Federal Armed Forces, Hamburg*
- Speakers:
Oliver Richmond, *University of St Andrews*: 'Understanding the Liberal Peace'
Karen Ballentine, *FAFO Institute for Applied International Studies*:
'Deficits of Global Governance'
- 11:00–12.30 pm Panel 2: Diasporas and social networks
- Chair & Discussant:
Patricia Weiss Fagen, *Georgetown University, Washington D.C.*
- Speakers:
Gregory Kent, *University of Plymouth*: 'Diaspora Contributions to Peacebuilding'
Wolfram Zunzer, *Berghof Foundation for Peace Support, Berlin*: 'Diaspora Communities and Civil Conflict Transformation'
- 1.45–3:15 pm Panel 3: Governance, regulation and resources
- Chair and Discussant:
Mark Cleary, *University of Plymouth*

Speakers:

Chris Cramer, *University of London, School of Oriental and African Studies*:
'Labor Markets in Transition'

Bela Arora, *University of Swansea*: 'The Challenge of Corporate Social
Responsibility: Myth or Reality?'

3.45–5:15 pm

Panel 4: Borderlands

Chair & Discussant:

Jonathan Goodhand, *University of London, School of Oriental and African Studies*

Speakers:

Andrew Gilmour, *United Nations Office for West Africa*: 'Borderland Issues'

Stephen Jackson, *Conflict Prevention and Peace Forum, Social Science Research
Council, New York*: 'The Centrality of Borderlands: Lessons from the Eastern DR
Congo'

Saturday 18th June–Tamar Room 4th Floor, Babbage Bldg, University

9:00–10:30 am

Panel 5: Southeast Europe experiences

Chair & Discussant:

Graham Day, *Office of the High Representative, Banja Luka*

Speakers:

Vesna Bojičić-Dzelilović, *London School of Economics*: 'Informal Power
Structures and Peacebuilding: Bosnia's war veterans associations'

Michael Pugh, *University of Plymouth*: 'Success in Southeast Europe?'

11:00–12:30 pm

Panel 6: African experiences

Chair & Discussant:

Jeremy Ginifer, *University of Bradford*

Speakers:

Neil Cooper, *University of Bradford*: 'Resource Regulation in West Africa'

Christiana Solomon, *Principal Research Associate, National Accountability Group,
Sierra Leone*: 'The Role of Women in Economic Transformation: Market Women
in Sierra Leone'

1.15–2.30 pm

Panel 7: Central and Southern Asia experiences

Chair & Discussant:

Astri Suhrke, *Chr. Michelsen Institute, Bergen*

Speaker:

Jonathan Goodhand, *University of London, School of Oriental and African Studies*:
'Shadow Economic Activity in Afghanistan'

Antonio Giustozzi, *London School of Economics*, 'Respectable Warlords?
Transformation in Afghanistan'

2.30-3.45 pm Panel 8: Policy implications for the UN and beyond

Chair and Discussant:

Simon Lee, *UK, Post-Conflict Reconstruction Unit*

Speakers:

Astri Suhrke, *Chr. Michelsen Institute, Bergen*: 'Revisiting the Conflict Trap'

Mats Berdal, *King's College, London*: 'The UN Approach to Peacebuilding: Stocktaking and Prospectus'

3.45-4:00 pm Conclusion

About the Author

Ms. Kaysie Studdard was Senior Program Officer at the International Peace Academy, where she worked on the Security-Development Nexus Program and Economic Agendas in Civil Wars Program since January 2003. She has a master's degree from the University of Oxford.

The Security-Development Nexus Program Policy Papers and Conference Reports

Peacebuilding as the Link between Security and Development: Is the Window of Opportunity Closing?
Necla Tschirgi. Policy Paper, December 2003.

Strengthening the Security-Development Nexus: Assessing International Policy and Practice since the 1990s, Agnès Hurwitz and Gordon Peake. Conference Report, April 2004.

Police Reform through Community-Based Policing: Philosophy and Guidelines for Implementation, Hesta Groenewald and Gordon Peake. Policy Paper, September 2004.

Post-Conflict Peacebuilding Revisited: Achievements, Limitations, Challenges, Necla Tschirgi. Policy Paper, October 2004.

Building Effective Partnerships: Improving the Relationship between Internal and External Actors in

Post-Conflict Countries, International Peace Academy and WSP International. Conference Report, October 2004.

Police Reform in Post-Conflict Societies: What We Know and What We Still Need to Know, William O'Neill. Policy Paper, April 2005.

Achieving the Millennium Development Goals in Conflict Contexts. Prepared for the United Nations ECOSOC High-Level Segment Luncheon. Policy Brief, June 2005.

Rule of Law Programs in Peace Operations, Agnès Hurwitz and Kaysie Studdard. Policy Paper, July 2005.

Transformation of War Economies, Report of Experts' Seminar, Kaysie Studdard. Conference Report, August 2005.

