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The role of war economies in understanding contemporary conflicts

by

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WHAT IS A WAR ECONOMY

The term 'war economy' has been used to conceptualise the sustainability of an intractable conflict through the expropriation and exploitation of a country's resources by the warring parties. The study of war economies is a recent development which attempts to provide an understanding and explanation of the political economy of protracted armed conflicts that are predominantly intra-state. Central to this study is the ability of the warring actors in developing countries, and especially those in Africa, to raise the required revenue to sustain a conflict following the decline of Cold War patronage. Belligerents have in turn become highly dependent on all forms of other external support and trade networks. Current trends and modalities of protracted conflict reflect transnational economic linkages which are heavily reliant on the smuggling of a state's natural resources for the supply of military hardware required for sustaining a war. War economies are managed by both political elites as well as longstanding and burgeoning rebel movements. While the ruling elites have utilised national armies to foster business ventures for private financial gain, rebel movements have taken control of strategic sites with guaranteed commercial spin-offs. A classic example is the conflict in Angola. During the 1980s Jonas Savimbi's UNITA rebels relied on Cold War support from the United States and South Africa. With the severing of such ties, UNITA took control of diamond fields and achieved its financial independence from the sale of the precious mineral. Savimbi is reputed to have accumulated over US\$4bn in financial assets. On the other hand, the withdrawal of Soviet military aid has compelled the Angolan government to rely on the sale of oil to finance its war against UNITA. Other examples of the same phenomenon are the role of diamonds in the Democratic

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Republic of Congo (DRC) and Sierra Leone and oil in Sudan. The dynamics of a war economy have therefore been able to provide analysts

with useful insights as to why certain conflicts, in particular those in Africa, have dragged on despite the number of diplomatic initiatives and peace efforts.

fuel, equipment, spare parts, clothing and food; and

THE GLOBAL CONTEXT

The post-Cold War era has witnessed an escalation of civil wars that have become protracted in nature. There are two main reasons for this occurrence.

Firstly, superpower rivalry during the Cold War created and maintained political alliances of patronage with warring parties in numerous countries around the world. With the cessation of the Cold War these linkages of external patronage and clientalism have dwindled, forcing warring parties to develop and seek alternative means of economic sustainability. This has meant establishing transnational economic networks in pursuit of all forms of external support and supplies that were once provided for by either the east or the west. Contemporary access to global markets has been based on transcontinental smuggling networks for the sale of highly valued commodities such as precious and strategic minerals, primary commodities like hardwoods and contraband drugs to secure the supply of arms,

Secondly, the cessation of the Cold War has made allowance for the easy purchase of small arms and light weapons that are fairly inexpensive and require relatively little training to use. The need for the former Soviet Union republics to boost their export earnings has turned Soviet military aid into a private arms industry. The supply-side of the small arms industry has become even more vibrant since the fall of the Soviet Union because there is a massive surplus of arms, just waiting for a willing buyer at the right price. The availability of cheap weapons has given warlords new opportunities to arm themselves and directly challenge vulnerable governments. At the same time embattled rulers have been able to afford these surplus weapons even with shrinking revenues.

THE ECONOMIC THEORY OF CONFLICT

As elaborated in a recent World Bank study[□], the economic theory of conflict argues that:

The motivation of the conflict is unimportant; what matters is whether the warring sides can sustain themselves financially. In other words, regardless of why a rebellion has occurred, it can only continue if it is financially viable. Even if motivated by legitimate grievances or by the quest for political power, the rise and continuation of a conflict is only possible if the warring parties are financially equipped to do so;

Rebel organisations have deliberately generated and developed a discourse of grievance in order to function. Rebels have used the issue of grievance, whether based on objective grounds for complaint or conjured up by massaging prejudices, to mask their intentions of predatory activity;

Rebellions are not protest movements, but rather a manifestation of organised crime. A rebellion occurs because of its real and potential extraction of productive economic resources. Whether rebels are motivated by greed, the lust for power or genuine grievances, a rebellion occurs only when the rebels can enrich themselves from the war effort;

Predatory behaviour during the conflict may not be the objective of the rebel organisation, but becomes the means of financing the conflict; and

[□] See suggested reading

The risk of a rebellion occurring is determined by:

\$ *The dependence of a country's GDP on primary commodities* – the higher the dependence on primary commodities, the greater the possibility of a rebellion occurring. Primary commodity exports are the most lootable of all economic activities because of their long-lasting and immovable nature. A mine that produces diamonds, for example, cannot be moved with the notification of an armed insurrection. Predatory activity is therefore easy for rebels in countries that have a high dependence on primary commodities.

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\$ *The history of a country* – the chances of a rebellion occurring in a count

he geographical dispersion of the population the more likely the occurrence of a rebellion because a geographically dispersed population is harder for the government to control, for example, as in the DRC.

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LIMITATIONS OF THE ECONOMIC THEORY OF CONFLICT

Although the economic theory of conflict provides sound reasoning for the occurrence and sustainability of conflicts, it nevertheless contains certain limitations and weaknesses. The major ones are:

The economic causes and reasons for war are not exclusive and not applicable to all conflicts. At the expense of being general, the theory does not consider rebel movements that have had little access to exploitable resources but have nonetheless maintained their armed opposition against their enemy. For example, the Mayi-Mayi in the DRC, especially in the eastern parts, have operated for decades only with revenue made available by the local supporters and the use of primitive weapons like machetes.

\$ *The end of the Cold War*

The theory has placed all-emphasis on the operations of a rebel movement without examining the commercial activities of national militaries. As a result the expropriation of a country's resources through the deployment of a national army is absent in this theory.

While the theory maintains that a rebellion occurs only when rebels can enrich themselves from the war effort, it states that predatory behaviour during the conflict may not be the objective of the rebel organisation, but only made possible by it. These positions are conflictual and contradictory.

The argument that the more ethnically and religiously diverse a country the less the propensity for conflict, is not applicable to countries like the DRC which is inhabited by more than two hundred ethnic groups. Even before the outbreak of the current war, ethnic rivalry and conflict existed even among members of the same ethnic group, for example, the Luba.

CONCLUSION

Contemporary conflicts can be better understood given the dynamics of war economies. Reasons as to why certain conflicts have become intractable can certainly be found within a war economy analysis of the conflict. However, more research is needed on the nature of actual war economies with particular reference to their transborder characteristics and smuggling networks. Such knowledge will be useful in attempting to improve commercial and governmental compliance in restricting these destabilising international trade circuits. Finally, it is important to note that the access to light or conventional weapons, financed by cash, diamonds or other commodities, has not been the absolute cause of wars, but instead has encouraged and prolonged them into more lethal conflicts.

POLICY CONSIDERATIONS

- 1) More research is needed on the nature of war economies since explanations and assumptions about contemporary conflict have not adequately considered the realities and dynamics of war economies. Existing theories of conflict and conflict resolution have a stronger focus on issues such as social injustice and ethnicity.
- 2) The United Nations Security Council Sanctions Committee must make a greater effort in implementing the recommendations of:
 - the report of the panel of experts on violations of Security Council sanctions against UNITA;
 - the report of the panel of experts investigating links between diamond and arms trafficking in Sierra Leone; and
 - the report of the panel of experts investigating the illegal exploitation of natural resources in the DRC.

While the reports on Sierra Leone and the DRC will only be completed in October and November 2000 respectively, the UN Security Council has not implemented the recommendations of the report on the violation of sanctions against UNITA which was completed in March 2000. The main purpose of these different investigating panels was to address and resolve if possible existing protracted conflict and prevent future outbreaks of similar armed aggression.

- 3) The Organisation of African Unity (OAU) must suspend African governments who have been proven to be violating UN sanctions by their support for warring parties in Africa's intractable conflicts. Under these circumstances, Togo and Burkina Faso should have been suspended from the Organisation for their violation of UN sanctions on UNITA.
- 4) Conflict resolution mechanisms of regional groupings such as the Southern African Development Community (SADC) must consider the economic dimensions of protracted conflict. Sanctions at the regional level must be imposed on warring parties and member states found guilty of exploiting their country's economic resources to finance and sustain their involvement in a war.
- 5) Domestic regulations on trade in commodities such as diamonds and other lootable minerals should be reinforced with more effective customs controls. Such regulations must be able to identify the origin of diamonds. This task can be performed with reasonable accuracy during the stage at which the gems are cut. Their governments must register

diamond cutters. At the same time regulations should not cripple the legal trade in diamonds given the dependence of countries like Botswana and Namibia on the gems for their national revenue.

6) Non-state actors must undertake research that would serve in the development of security agencies and regulation mechanisms to improve commercial and governmental compliance in preventing international smuggling networks from operating unabatedly.

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Suggested reading:

Paul Collier, *Economic causes of civil conflict and their implications for policy*, World Bank, 15 June 2000. <http://www.worldbank.org/research/conflict/papers/civilconflict.pdf>

Mark Duffield, *Globalisation and war economies*, Fletcher Forum of World Affairs, *Fall 1999, Vol. 23, No 2*.