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Economic Agendas in Civil Wars: What We Know, What We Need to Know

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Introduction

Since the mid-1990s, the political economy of civil wars has acquired unprecedented relevance for scholars and policymakers dealing with preventing and mitigating armed conflict. The issue is now under scrutiny by non-governmental organizations (NGOs), research institutes, humanitarian and aid organizations, governments, international financial organizations (IFIs), and, importantly, the United Nations (UN). This chapter provides a tour d’horizon of this field, based largely on the research findings and policy debates that have emerged from the three-year project by the International Peace Academy (now the International Peace Institute) on Economic Agendas in Civil Wars (EACW), which concluded in 2004.

We first present an overview of the policy and research factors that led to the launch of the EACW programme. We then discuss our findings and their policy implications, which were informed by a growing body of research elsewhere. The next section analyses some policy options. Issues for further research and policy action are offered in the concluding section.

Economic dimensions of intrastate conflict: an evolving research and policy agenda

The emergence of the political economy of civil war as a research agenda resulted from a convergence of political factors, policy concerns, and academic interests in the early to mid-1990s. Against the significant shifts in the post-cold war global and economic order, some analysts had come to speak of qualitatively distinct, ‘new wars’ characterized by economic predation and increasing civilian casualties (Berdal 2003; Duffield 2001; Kaldor 1999). ‘Perhaps more than any single factor, [the] new focus on the economics of intrastate conflicts was prompted by an observable increase in the self-financing nature of combatant activities’ (Ballentine and Sherman 2003a: 1). Faced with a decline in superpower support, both government
and rebel combatants sought alternative sources of revenue to sustain their military campaigns, often through trade in legally or illegally exploited natural resources, smuggling of contraband and drugs, and the capture of diaspora remittances. The resulting ‘war economies’ thrive on links with arms brokers, transnational criminal networks, corrupt governments, and certain corporations, reaching well beyond war zones to the world’s commodity markets and major financial centres (Duffield 1999; Jean and Rufin 1996).

Given the important role of natural resources as a source of combatant financing, the term ‘resource wars’ soon gained currency (Cilliers 2000; Klare 2001; Renner 2002). Examples abound. During Cambodia’s civil war, both the government and the Khmer Rouge experienced few difficulties selling rubies and high-grade tropical timber on world markets (Le Billon 2000b). Liberia’s warlord-turned-president Charles Taylor was able to export large quantities of rubber, timber, and diamonds to finance his violent rebellion and subsequent incursion into Sierra Leone (Ellis 1999); in Colombia, guerrillas and paramilitaries have increasingly engaged in the production and trafficking of drugs (Richani 2002). Perhaps nowhere was the humanitarian price of these developments more evident than in Angola, where revenue from oil and diamond exploitation generated huge profits for the rival elites but contributed to enormous loss of life and crippling poverty for most Angolans (Cilliers and Dietrich 2000).

Within the policy community, the Canadian Foreign Ministry developed an early interest in the role of economic factors in civil wars. A Global Issues Bureau was created in 1995, which sought to connect policy areas believed relevant to contemporary conflict, including human rights, humanitarian issues, crime and terrorism, and post-conflict peacebuilding. The then Canadian Foreign Minister Lloyd Axworthy was deeply engaged in developing a ‘human security’ agenda, focused on the protection of individuals rather than primarily that of state interests. With its election to the UN Security Council for a term in 1999–2000, the Canadian government focused on the reform of UN sanctions, which had proliferated during the 1990s. These sanctions regimes often achieved the opposite of their intended effect – humanitarian crises deepened, while dictatorial regimes became more entrenched (and enriched on the proceeds of black market dealings), in part through sanctions evasion.²

In January 1999, Canada took over the chairmanship of the Council’s somnolent Angola Sanctions Committee, responsible for the monitoring of ‘targeted’ sanctions against the rebels of the National Union for the Total Independence of Angola (UNITA) led by Jonas Savimbi (Angell 2004). In May 1999, Canada’s Ambassador to the UN, Robert Fowler, commissioned an in-depth independent study by a panel of experts on the taxonomy of sanctions-busting in Angola. Borrowing well-honed tactics of advocacy organizations, the resulting report ‘named and shamed’ not only Belgian, Ukrainian, and Israeli businessmen and arms traffickers, but also sitting heads