

# **What is the political economy of conflict? Delimiting a debate on contemporary armed conflict**

by

**Achim Wennmann**

Centre on Conflict, Development and Peacebuilding (CCDP)  
Graduate Institute of International and Development Studies  
132, Rue de Lausanne  
P.O. Box 132  
1211 Geneva 21  
Switzerland

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**E-mail: [achim.wennmann@graduateinstitute.ch](mailto:achim.wennmann@graduateinstitute.ch)**

## **Abstract**

The literature on the Political Economy of Conflict is a dynamic debate on contemporary armed conflict in the political and social sciences. Rooted in the unsatisfactory explanations of conflict of the early 1990s and the increasing number of non-state actors in conflicts zones, the literature has evolved from a comprehensive analysis of the role of globalisation and weak states in civil war, to the more specific debates on economic agendas in civil war, “Greed and Grievance” before going “beyond Greed and Grievance” by broadening and contextualising the analytical framework and looking at the intersection of need, greed and grievance. While these debates are distinct in methodological terms and institutional origin, this paper attempts to delimit the field of study of the political economy of conflict. It argues that there are six features which represent a lowest common denominator of the literature: (1) An analytical focus on the interaction of conflict dynamics and globalisation and weak states; (2) a focus on the material explanations of armed conflict; (3) an emphasis on the functional and instrumental understanding of the use of force; (4) an understanding of armed conflict as the organisation of the use of force on a large scale; (5) an intellectual foundation in notions taken from rational choice theory with rationality as a relative concept; and (6) the structure-agency problem as reflected in a analysis of the opportunity structure for rebellion and the motivation to start armed conflict.

## Introduction<sup>1</sup>

Since the Second World War, the occurrence of intra-state conflict has been explained in various ways. The reasons for armed conflicts were considered, for example, as the result of ideology (insurgencies), international forces (proxy wars), the denial of rights (colonial wars) or relative deprivation (rebellions) (Zartman 2005, 257-258). After the end of the Cold War, the explanatory weight shifted to ethnic and cultural identity and “irrational and essentially inexplicably primordial qualities” (Pugh and Cooper 2004, 97). However, a focus on ethnic and religious identity as a cause of conflict did neither capture the implications of globalisation and weak states for armed conflict nor did they reflect the economic aspects of armed conflict after the end of the Cold War. The focus shifted to economic factors in explaining armed conflict.

The Political Economy of Conflict is a subfield of Security Studies and is part of the trend to broaden and deepen this field. While traditional approaches to security studies focused on the security of the state and on military power a broader agenda includes the individual, regional and systems level and a societal, economic, environmental and cultural dimensions of threats (Buzan 1991, 363, 368-370). The result of broadening the security agenda was the proliferation of individual security literatures such as on human security (UNDP 1994), societal security (Wæver et al 1993), environmental security (Homer-Dixon 1994, Gleditsch 1998), cultural security (Katzenstein 1996), conflict and development (Steward and FitzGerald 2001, Duffield 2001, Cramer 2006) and complex humanitarian emergencies (Macrae and Zwi 1994, Nafziger et al 2000) and, ultimately, the Political Economy of Conflict.

Few authors have delimited the field of study of the Political Economy of Conflict. Le Billon defines it as “the distribution of power, wealth and destitution during armed conflict, in order to expose the motives and responsibility of those involved, within a historical context” (Le Billon 2000, 1).<sup>2</sup> Berdal and Malone describe it as a complex

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<sup>1</sup> This paper is an extract from the author’s theses *Conflict financing and the recurrence of intra-state conflict: What can be done from the perspective of conflict financing to prevent the recurrence of intra-state armed conflict?* (Geneva: Graduate Institute of International Studies, 2007) (Chapter 1). A previous version of this paper has been presented at the *International Studies Association Conference 2007*, Chicago.

<sup>2</sup> Despite this emphasis on the historical context, there is surprisingly little coverage on the historical dimension of the political economy of conflict.

web of motives and interactions emerging from the interplay of immediate economic agendas, vested interests in prolonging civil war, widespread destitution, and economically motivated violence (Berdal and Malone 2000, 2). Keen sees it as an approach to civil war that focuses on the opportunities and benefits deriving from conflict (Keen 1998, 11). Most broadly, then, the Political Economy of Conflict is devoted to the study of the relationship between political and economic spheres in affecting the dynamics of armed conflict as well as the relationship between the material environment and motivations in the organisation of the use of force.

The Political Economy of Conflict is composed of various contributions which – partly in parallel, partly in response to each other – developed an alternative understanding of the economic dimensions of armed conflict. Overall, these literatures included works on globalisation, weak states and armed conflict and the economic agendas in armed conflict. Moreover, the work on “Greed and Grievance” of Paul Collier and Anke Hoeffler (1998, 2001, 2004) were an important stimulus for a debate. By associating “greed” exclusively to the causation and maintenance of armed conflict they provoked a vigorous response in the academic community which ultimately created a body of literature which went “beyond Greed and Grievance”.

In a sense, the shift from identity to greed to explain armed conflict was countering one extreme with another which. Zartman compares to a pendulum:

“Putative explanations emerge and draw momentum of scholarship to them, lining up true believers and drawing fire of true doubters, until a counterproposition appears in turn and the pendulum swings in a new direction. The movement encourages exclusivist and exaggerated claims in order to draw attention to a new explanatory angle, and so fuels the work of debunkers. Much value is lost in the process, and the pendulum only comes to rest on one side or in the middle much later, often unnoticed as the debate moves elsewhere” (Zartman 2005, 257).

Following this image, Paul Collier and Anke Hoeffler swung the pendulum of conflict causation from identity to greed. Various contributions then exposed the “Greed and

Grievance” literature (Cramer 2002, Klem 2004, Ross 2004b, Fearon 2005, Nathan 2005) while others provided an alternative take on the economic dimensions of armed conflict. These included the economic agendas in civil war (Keen 1998, Berdal and Melone 2000); globalisation (Kaldor 1999, Duffield 2000), weak states (Holsti 1996, Krause and Milliken 2003), warlord politics (Reno 1998); conflict economies (Jean and Rufin 1996, Pugh and Cooper 2004), natural resources (Le Billon 2001, Renner 2002, Ross 2004a, Ballentine and Nitzschke 2005, Le Billon 2005) and conflict and development (Steward and FitzGerald 2001, Duffield 2001, Cramer 2006). The pendulum started balancing in the middle when going “beyond greed and grievance” (Ballentine and Sherman 2003) and looking at the “intersection of need, creed and greed” (Arnson and Zartman 2005). While the pendulum of the economic dimensions of conflict came to a rest, the debate on civil wars moved to micro-theories of civil war (Kalyvas 2007) and the organisation of rebel groups (Weinstein 2007; Bøås and Dunn 2007).

### **1. Globalisation, weak states and armed conflict after the Cold War**

As every other social phenomenon, the conduct of armed conflicts is a reflection of its time and adapts to transforming realities. One of the most important transitions from the period of inter-state conflicts to intra-state conflicts is that the latter take place within the context of globalisation and weak states and no longer in a context of societal mass mobilisation in industrial economies reminiscent of 19<sup>th</sup> and early 20<sup>th</sup> century warfare. These changing realities encouraged a wave of research on the proliferation of non-state actors in conflict areas such as transnational organised crime networks (TOCNs), private military companies (PMCs), companies as well as individual conflict entrepreneurs (Singer 2001, Shearer 1998, Naylor 2002, Reno 1998). The following will explore the role of globalisation and weak states in armed conflict.

“Globalisation” is a phenomenon that captures the change of the global economy. While it has its roots in the development of the international economy, it is associated to technological developments in the late 1980s and 1990s which facilitated the integration of business, technological and financial systems, thus, stimulating a process which enables a freer flow of capital, commodities and services across national borders and

economic growth (Duffield 2000, 69-70). However, globalisation also encouraged “new and durable forms of divisions, inequality and instability” (Duffield 1999, 22). These trends have been described as the interplay between globalisation and fragmentation:

“Globalization (...) denotes movements in both *intensity* and *extent* of international interactions: in the former sense, globalization overlaps in some degree with related ideas of integration, interdependence, multilateralism, openness and interpenetration; in the latter, it points to the geographical spread of these tendencies and is cognate with globalism, spatial compression, universalisation, and homogeneity. Fragmentation is but shorthand for the opposite tendencies and has the same two dimensions: on the one hand it, suggests disintegration, autarchy, unilateralism, closure and isolation; on the other, the trend is towards nationalism or regionalism, spatial distension, separatism and heterogeneity” (Clark 1997, 1-2).

The relationship between globalisation and fragmentation is important to understand the dynamics of contemporary conflict. After the Cold War, the decline in external assistance forced organised armed groups to change their sources of financing. Following the logic of globalisation, easier access to global markets transformed war economies through the commercialisation of local resources in the global economy. Organised armed groups could therefore ensure the supply of know-how, man power and the material for the conduct of conflict (King 1997, 37-39 Berdal 2003, 482). In this process, conflict economies become increasingly integrated into criminal and informal economies, (Lock 1999, 31-32). At the same time, the fragmentation of political authority of the state became a pervasive phenomenon in developing countries and conflict areas. The decline of the state facilitated the growth of warring parties which establish de-facto control over specific areas within a state embedded in regional and global economic networks. The effects of globalisation and weak states on armed conflict have led to the notion that we are in fact looking at “post-nation state conflict” (Duffield 1999, 26-27).

The importance of globalisation in conflict has also been captured by the notion of “regional conflict complexes”. They are characterised by “the cross-border spill over of

violence, the empowerment of borderlands as sanctuaries for combatants and nurseries for recruits and also as centres of shadow economic activities, and the interregional commercial or other connections that make for prolonged and intractable conflicts” (Pugh and Cooper 2004, 2). Regional conflict complexes are a combination of overlapping economic, military, political and social networks and a challenge to conflict management because they create permissive conditions for conflict (Ibid., 24-36).

The involvement of transnational networks became a key feature of armed conflict and became a central element of calling these conflicts “New Wars”. They involve “a myriad of transnational connections so that the distinction between internal and external, between aggression (attacks from abroad) and repression (attacks from inside the country), or even between local and global, becomes difficult to sustain” (Kaldor 1999, 2). Given the international and transnational linkages of areas of conflict, the label ‘intra-state conflict’ was said to be misleading; but nevertheless an indication that most of the fighting takes place within states rather than between states.

Transnational networks operate within three spaces of the global economy including legitimate, informal and criminal economies. The legitimate economy is regulated and taxed by the state and its transactions are based on the rule of domestic or international commercial law. The informal economy is conducted in parallel markets to avoid taxation and exploit legal loopholes. In principle, it does not violate domestic or international laws because its practices and products are not illegal. However, in the criminal economy, economic activity contravenes domestic or international law because its products and practices are outlawed. The criminal economy is the fastest growing economic space of the global economy (Lock 1999, 31-32).

In reality, transnational networks are economic actors such as such as TOCNs, PMCs or companies. These actors link a zone of conflict to international arms, commodity and financial markets and facilitate the conversion of illicit and criminal profits into legitimate sources of revenue.

TOCNs are often considered as monolithic entities which challenge the rule of law, states and world order. However, this perception bears little resemblance to reality. The business of crime is the supply of goods and services which are illegal or which are legal but enter a market illegally. Crime becomes organised in networks because it needs

protection from enforcement agencies and competitors (Serrano 2002, 16). Organised crime becomes transnational when it involves smuggling, i.e. “bringing or taking out a commodity without state authorization” (Andreas 2002, 38).

Organised crime is a network of individuals or small and medium-sized groups that are connected through arm-length transactions. In order to reduce the risk of persecution, operations take place over multiple layers of intermediation and specialisation with decentralised control mechanisms. This results in a large number of actors and also in competition between groups vying for control over business segments (Naylor 2002, 2-4, 21). TOCNs are cooperating with each other in view of increasing their geographic reach, maximising the opportunities of globalisation and reducing operational risk (Williams 2002, 67-72).

TOCNs are involved in conflict zones for profit and do not tend to be involved in the political dimensions of an armed conflict or combat operations. They are profiting from supplying weapons and providing logistical services. Moreover, TOCNs are not necessarily violent actors because violence attracts the attention of law enforcers and can interrupt established business channels. For TOCNs, violence has a functional character to enforce contracts, settle accounts or intimidate customers and is more associated to marginalised criminal groups wanting to change the control structure of the criminal economy (Naylor 2002, 31-32, Wennmann 2004, 106-108).

In comparison to TOCN, PMCs are more closely related to the political dimension of an armed conflict as they participate in combat. PMCs are “profit-driven organizations that trade in professional services intricately linked to warfare,” especially providing implementation and command structures, advice, and training (Singer 2001, 186, 200).

The rise of PMCs is associated with the collapse of the military sectors in the former Soviet Union and South Africa leading to the cheap supply of military expertise, staff, and weapons. Moreover, the rise of PMCs was facilitated by a general trend of outsourcing in the 1990s, the reluctance of military intervention of major powers and the changed engagement of the superpowers from Sub-Saharan Africa and other conflict areas (Singer 2001, 188-198; Shearer 1998, 26-34; Nossal 2000).

PMC are linked to conflict in a number of ways. They can give rebel groups or governments a military advantage by getting access to international arms markets more

easily. Moreover, services of PMCs can be paid by futures contracts, concessions or royalties for resource exploitation. Thus, governments or warlords do not need to generate funds to pay for PMCs before they can benefit from their services (Reno 1998, 47, 55-56, 67). The payment in the form of concessions for the exploitation of natural resources also explains why some PMCs are vertically integrated businesses including a resource extraction and logistics company (Shearer 1998, 39-55).

Companies are related to armed conflict by making business with the parties involved in a conflict which therefore receive funding to start or sustain conflict. Companies can range from individuals or small companies to multinational corporations. They are usually specialised in resource extraction, logistics or other specialised services useful in areas of conflict (Peleman 2000). The involvement of companies in conflict has received particular attention because of their potential economic and financial implications in conflict areas. The amounts involved are significant with about USD 150 billions invested annually in countries with ongoing armed conflicts (Nelson 2000, 5).

Among companies, natural resource companies have been particularly exposed to conflict areas. Natural resource deposits can be located in conflict areas and a company wanting to explore these resources must enter into a conflict to commercialise them. Natural resource companies made it easier to commercialise the resources of conflict zones in the global economy (Duffield 2000, 72). Natural resource companies and PMCs often operate together – or are two parts of one and the same company – to isolate the exploration of natural resource from a broader conflict or to protect the exploration site from outside attacks. Natural resource companies can also contribute to creating the conditions of conflict by fostering grievances among the local population (Böge et al 2006, 12-17). These grievances can be related to the environmental impact of resource exploration, the pressures for changing traditional patterns of life and the uneven distribution of benefits to the local population as in Bougainville (Regan 2003).

In some business sectors, such as oil exploration or deep shaft mining, multinational companies may be the only actors with the technology and capital to commercialise economic opportunities in conflict areas. However, companies have become much more sensitive to consumers pressure as bad publicity on corruption and complicity in conflict could potentially taint a company's image. The Publish What You

Pay Campaign<sup>3</sup> and the Global Compact<sup>4</sup> have been initiatives to sensitise companies about their role and responsibilities in conflict areas (Böge et al 2006, 10-12).

TOCNs, PMCs and companies affect the dynamics of armed conflict in a similar way. All three actors link a zone of conflict to the global economy through the supply of weapons, medicine, food or other materials and the commercialisation of the resources of a conflict area. Conflict zones are attractive business environments for them because the high level of risk of operating in conflict zones means that profit margins are high. Moreover, their actions are outside any effective domestic or international jurisdiction and markets can be controlled easily through coercion and corruption. As a consequence, TOCNs, PMCs and companies have a vested interest in the perpetuation armed conflict because the conditions of insecurity are the enabling environment for their business. However, TOCNs, PMCs and companies can also shorten conflicts if they increase the power of one party of over another (Ross 2002, 11-17, 31-36). Moreover, they can shorten conflicts by avoiding that the adversaries commercialise economic opportunities thus limiting their funding (Reno 1998, 47, 55-56, 67).

The linkages of conflict zones to the international economy are, alas, not the only defining features of contemporary conflict. Another element is the fragmentation of political authority. A characteristic of weak states is that state institutions fail to perform key state functions such as the provision of security, representation and welfare (Krause and Milliken 2003, 753). In the worst case, continued erosion of state institutions leads to state collapse; however, these cases are rare. The phenomenon of state failure is more common (Krause and Milliken 2003, 753-756).

The weakness of states is understood as their capacity to ensure territorial control, to extract resources, to disarm the public, to apply the law throughout the entire territory, to deliver government and social services and to ensure the legitimacy of the government

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<sup>3</sup> The Publish What You Pay coalition of over 300 NGOs calls for the mandatory disclosure of payments made by oil, gas and mining companies' to all governments for the extraction of natural resources. The Publish What You Pay campaign aims to help citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. See <http://www.publishwhatyoupay.org/english/> [10.05.2006].

<sup>4</sup> The Global Compact brings together companies with UN agencies, labour and civil society to support universal environmental and social principles. It is a voluntary process and seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation. See <http://www.unglobalcompact.org/AboutTheGC/index.html> [10.05.2006].

in the eyes of the population (Holsti, 1996, 104-108). The literature on weak states emphasises that the state is an evolving entity which “has always been a work in progress. (...) From the outset, the modern state (...) represented an ideal of sovereign territoriality to which rulers aspired, but which they seldom achieved” (Krause and Milliken 2003, 753, 755).

Different manifestations of weak states include the quasi, rentier or warlord state. In quasi states, international juridical recognition is the key determinant for sovereignty. This recognition allows a government to act internationally as a sovereign state even if it lacks key empirical aspects of statehood such as institutional capacity and effective control over territory and population. A quasi state is weakened if the creation of the state was a result of external imposition rather than a domestic process of state formation, thus lacking an organic relationship between state and society (Jackson 1990, 5, 26).

A rentier state is characterised by an economy which is dependent on an external rent. A rent is a reward which accrues to a state by virtue of having natural resources in its territory or a geo-strategic location. It stands in contrast to earned income from production and is exemplified by the states in the Middle East which have received a windfall wealth through petrol exports in the 1970s. Other forms of rents include external military, political or development aid as well as workers remittances (Beblawi 1987, 60-61). Rents usually accrue to the government elite and a rentier class which becomes disproportionately powerful. As a result, public goods are a function of personal favours of a ruler which blur the relationship between state and society. The state become involved in redistributing wealth, thus, contributing to the emergence of rentier classes, vested interests in protecting the rent and a rentier mentality which breaks work-reward mechanisms, and ultimately to a little productive economy (Ibid, 49-53).

Warlord states distinguish themselves from weak states by the degree to which policy outcomes are determined by informal political networks, how far the objectives of the state are similar to the private interests of the ruler, and how far these interests are pursued by violent means (Reno 1998, 3; Clapham 1996, 252-255). Warlord states are a form of regime innovation emphasising the control of markets and areas of resource exploitation without relying on state institutions while at the same time assuring support from international financial institutions (IFIs) (Reno 1998, 4, 8, 21-22, 72). Warlords

“control an area by their capacity to wage war, and are able to organise a war economy, often including external economic activities, to sustain themselves and keep (weak) central authorities at bay” (Le Billon 2000, 4).

Weak states are related to the armed conflict in a number of ways. Based on the notion of the state of Max Weber, one of the primary duties of the state is to provide security to its citizens through the monopoly of the legitimate use of armed force within the territory of the state. In weak states, the monopoly of the use of armed force is incomplete which makes it possible for insurgents to exploit power vacuums in the areas outside government control and establish zones of influence. This is particularly the case in quasi and rentier states which are internally weak as the relationship between state and society is distorted and territorial control is partially established. In this context, intra-state armed conflict has been explained by the lack of institutional and military capacity of weak states to enforce the monopoly to use force (Herbst 2000, 281-286). Moreover, state weakness is further accentuated if insurgents have access to resources and therefore the means to challenge the state (Fearon and Laitin 2003, 80-81; Hironaka 2005, 69-70; Ballentine 2003, 264-266). In addition, weak states lower the threshold to use force given the lack of effective law enforcement which fosters impunity (Keen 1996, 34, 43, 52).

The emphasis on globalisation and weak states emphasises once more the complexity of armed conflict and conflict economies. Not only are conflict economies embedded in regional and global networks but also occur in the overlapping spaces of the legal, illicit and criminal markets and well as of *de jure* and *de facto* political authority. In view of making sense of armed conflict for the study of conflict financing and recurrence, this complexity needs to be untangled.

The main relationship of globalisation and armed conflict is that it had provided organised armed groups with a permissive opportunity structure, first, to do business with those actors interested in the goods and services emanating from the area of their control; and second, to acquire weapons, materiel and know-how needed to conduct armed conflict. At the same time, the persistence of weak states in areas of conflict shaped a permissive opportunity structure to carve out areas which are outside the *de facto* control of the state. Thus, globalisation and weak states provided a background for organised armed groups to acquire the *means* to conduct armed conflict and for shaping the *ends* for

which to start and maintain armed conflict. To varying degrees, both means and ends have become a focal point for the discussion on the economic agendas in armed conflict

## **2. Economic agendas in armed conflict**

The work on the economic agendas in armed conflict developed in recognition of the increasingly important role of economic factors in maintaining and motivating organised armed groups. Overall, the literature looked at the economic functions of armed conflict and whether greed or grievance was a better explanation for the onset of civil war. However, the literature on the economic agendas in civil war is distinct from what became known as the “Greed and Grievance” literature: The former is concerned with explaining armed conflict after the end of the Cold War; the latter is insensitive to the nature of intra-state conflict between 1960 and 1999. In this way, the literature on the economic functions of civil war understands predation and loot-seekers within the context of the end of the Cold War; however, the findings of the “Greed and Grievance” literature are unrelated to time and location (Herbst 2000, 274).

In addition, the literature differs in their conception of armed conflict. Rather than depicting civil wars as ‘chaos’<sup>5</sup>, the economic agendas literature considers armed conflict as part of a process of social transformation in which people adapt their behaviour in order to survive, minimise risk and maximise opportunities. In these circumstances, belligerents benefit from the absence of legal authorities and the accumulation of economic rewards can become the end goal of fighting (Keen 2000, 19).

The literature on the economic agendas in armed conflict illustrates that contemporary intra-state conflict departs from Clausewitzian notions of war as a contest between two armies in which war is the means to achieve political goals. Much rather, conflict has become an end in itself (Creveld 1991, 57-62, 217). The main aim of fighting is no longer to win, but to perpetuate a conflict for economic reasons. As a result, intra-

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<sup>5</sup> The ‘chaos’ approach shows that civil war does not fit established visions of seeing the world: “Disciplines like economics and political science usually focus on a restricted area that is ordered and predictable; and when messy phenomena like contemporary civil war do not fall easily within the orbit of these systems of analysis, the temptation to wheel out the label of chaos is very great” (Keen 2000, 22). ‘Chaos’ may also be an excuse for in-action thus reflecting the vested interests of political actors (Keen 2000, 22). Finally, ‘chaos’ may be a sign of not knowing or understanding (Duffield 2000, 82).

state conflicts become protracted and increasingly self-financing: “(...) war has increasingly become the continuation of economics by other means. War is not simply a breakdown of a particular system, but a way of creating an alternative system of profit, power and even protection” (Keen 1998, 11). In consequence, formally opposed belligerents have been found to cooperate in Bosnia Herzegovina and the DRC and spoilers disproportionately influential (Keen 1996, 17-18).

The self-financing nature of armed conflict has been used to counter the so-called ‘give war a chance’ argument which holds that “too many wars nowadays become endemic conflicts that never end because the transformative effects of both decisive victory and exhaustion are blocked by outside intervention” (Luttwak 1999, 44). In the absence of intervention, wars would be “allowed to run their natural course” as the belligerents would exhaust their military force (Ibid., 36). However, if armed conflict are and belligerents are conducting armed conflict mainly for economic objectives, the economic agendas literature suggest that waiting for the military exhaustion “may be like waiting for Godot” (Cooper 2002, 943-944).

Table 1: The functions of the use of force in contemporary civil wars  
(Based on Le Billon 2000; Keen 1996, 12, 24, 46; Keen 2000, 23)

<i>Political functions</i>	<i>Economic functions</i>	<i>Psychological functions</i>
Maintain state power	Gain or retain control of state resources	Increase personal status through bearing arms and commanding others
Access to state power	Ensure higher military budgets and remuneration	Impunity
Create a power base	Allow illegal or immoral activities (pillage, extortion, trafficking)	Justification for killing and abuse
Reign in or occupy opposing clients or populations	Justify protection money	Self-aggrandisement
Achieve or prevent changes in the law	Maintain control of trade, often through monopoly	Revenge
	Control labour and resources	Excitement

A key to understanding armed conflict is to look at the functions of the use of force including a political, economic or psychological dimension (Table 1.1). On the political level, the use of force checks opposition groups leading to ‘top-down’ use of force by political leaders or conflict entrepreneurs (Keen 1998, 12). On the economic level, the use of force controls state resources, companies, labour or high military budgets. It can be part of a struggle to gain or maintain control of the state or to protect

the benefits derived from the use of force leading to the phenomenon of ‘peace spoilers’. These actors create “zones of insecurity” in which the use of force creates a good business environment for illicit commerce (Cooper 2002, 941-942; Billingsley 2001). The psychological level is associated with ‘bottom-up’ use of force by the population or low level soldiers (Keen 1998, 12). At this level, the use of force is a function of status, profit, impunity, excitement or self-aggrandisement.

A crucial distinction between the three levels is that the political and economic use of force is the result of rational actors while the psychological level sees the use of force rooted in the psyche of human beings. This distinction is important because it ultimately legitimises policy recommendations. If violence is something natural and inherent in every human being, policy recommendations may make little sense and it is perceived as something pathological. However, if it is constructed and functionalised, countermeasures can be levied against it.

The distinction between understandings of the use of force as an inalienable human attribute rooted in the psyche of every human being or as a function to achieve political, economic or social objectives is an important contribution to the study of armed conflict. This distinction is at the root of understanding armed conflict as an expression of primordial hatreds as part of a military strategy. In this context, ‘force’ is distinguished between ‘the use of force’ and ‘violence’: “The critical distinction is between the use of force and (military) violence, with force signifying the coercive feature of military means, whereas violence is what is unleashed by the use of such instruments” (Jütersonke 2005, 11).<sup>6</sup> Thus, considered in this way, the literature on the economic agendas in conflict highlights the *strategy* in which weapons are used to coerce rather than the *effects* of the use of weapons.

### **3. “Greed and Grievance”**

In contrast to the economic agendas in armed conflict, the “Greed and Grievance” literature emphasising that greed rather than grievance explains armed conflict. The work

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<sup>6</sup> In his work, Keen refers to “violence” and thus elaborates the “functions of violence”. However, based on the distinction between the “use of force” and “violence”, the author considers “the use of force” as the more adequate reference because of its instrumental nature.

on “Greed and Grievance” was spearheaded by Paul Collier and Anke Hoeffler and a series of articles published in the framework of the World Bank project *Economics of Political and Criminal Violence*.<sup>7</sup> In 1998, Collier and Hoeffler published a widely cited article on the economic causes of armed conflict. This article came to the conclusion that economic motivations are more important than grievance to explain the occurrence of civil war (Collier and Hoeffler 1998, 571-572). The work subsequently evolved from emphasising the motives of rebels in causing armed conflict to highlighting the opportunities which make armed conflict feasible (Collier and Hoeffler 2001, Ballentine and Sherman 2003, 4). Ultimately, Collier and Hoeffler’s research culminated in a revised econometric model which predicts the outbreak of civil conflict (Collier and Hoeffler 2004). The policy implications were elaborated in a World Bank publication of *Breaking the Conflict Trap* and a study on natural resources and armed conflict (Collier et al 2003, Bannon and Collier 2003). At a later stage, a series of case studies were conducted partly to expand the C&H model, partly as a response to its critics (Collier and Sambanis 2005, Sambanis 2004).

These studies conceptualise armed conflict not as a process of social transformation – as the literature on the economic agendas in armed conflict – but as a developmental problem. Since armed conflict is mainly located in developing countries it has “not been a useful force for social change, but has been development in reverse” (Collier et al 2003, 32). Armed conflict was conceptualised as an economic problem which legitimised the use of economic methods to explain the occurrence, duration, and consequences of civil war: “If poor economic conditions cause civil wars, then we may be able to design economic policy interventions that reduce their occurrence, mitigating the human suffering that they cause” (Collier and Sambanis 2005, xiii).

### The Collier-Hoeffler Model on Civil War Onset

The C&H model is concerned with the factors conducive to predicting the onset of civil war. It explains rebellion in terms of opportunity – the circumstances in which people are able to rebel. It stands in contrast to political science approaches which explain rebellion

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<sup>7</sup> See the database of the project: <http://www.worldbank.org/research/conflict/index.htm> [20.05.2005]

through motives – the circumstances in which people want to rebel (Collier and Hoeffler 2004, 563). The C&H model constructs relationships that predict the risk of civil war based on a cross-section analysis of 750 five-year episodes between 1960 and 1999.

The C&H model is based on economic theory of armed conflict which considers rebellion in terms of rational choice theory and as “an industry that generates profits from looting (...) Such rebellions are motivated by greed, which is presumably sufficiently common that profitable opportunities will not be passed up. Hence, the incidence of rebellion is not explained by motive, but by the atypical circumstances that generate profitable opportunities” (Ibid., 564). This approach to armed conflict assumes that the mere existence of opportunities leads rebels to exploit them.

The econometric analysis is conducted through quantitative indicators which proxy opportunity and grievance. The opportunity to finance rebellion is based on the extortion of natural resources, diaspora donations and third-party government support. These methods of conflict financing are proxied by the ratio of primary commodity exports to GDP, emigrants living in the United States, and the Cold War. Opportunities arising from the low cost of rebellion are associated with low foregone income of rebels, cheap conflict specific capital (weapons), atypically low government military capability and social cohesion. These factors are proxied by the mean income per capita, male secondary schooling and the rate of economic growth, the time since the previous conflict, the proportion of a countries forested and mountainous terrain and ethno-linguist fractionalisation. Grievance is measured by ethnic and religious hatred, political repression, political exclusion and economic inequality. These factors are proxied by ethnic fractionalisation, the Polity III dataset, ethnic dominance as well as by the income and land inequality (Collier and Hoeffler 2004, 565-572; see Table 1.2).

The main finding of the C&H model is that the opportunity to start a rebellion is a more important predictor for civil war than objective grievances (Ibid., 587-588). This conclusion mirrors previous arguments that “rebellion is unrelated to objective grievances while being caused by the feasibility of predation” (Collier 2000b, 4) and that explanations for civil war based on grievance were “seriously wrong” (Collier 2000a, 96). The specific findings of the regression analysis are summarised in Table 1.3.

Table 2: Overview of quantitative indicators for opportunity and grievance  
(Collier and Hoeffler 2004, 565-572).

Opportunity	Grievance
<p><u>Opportunity to finance rebellion</u></p> <ul style="list-style-type: none"> <li>• Natural resources: Ratio of primary commodity exports to GDP.</li> <li>• Diaspora donations: Emigrants living in the United States.</li> <li>• Third-party government support: The Cold War.</li> </ul> <p><u>Opportunities arising from low cost of rebellion</u></p> <ul style="list-style-type: none"> <li>• Foregone income of rebels: Mean of income per capita, male secondary schooling and GDP per capita growth.</li> <li>• Cheap conflict specific capital: Time since the previous conflict.</li> <li>• Government military capability: Forest cover, mountainous terrain, population density, population in urban areas.</li> <li>• Social cohesion: Ethnic and religious fractionalisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Ethnic/religious hatred: Ethnic and religious fractionalisation.</li> <li>• Political repression: Democracy (Polity III).</li> <li>• Political exclusion: Ethnic dominance.</li> <li>• Economic inequality: Income inequality, land inequality.</li> </ul>

Table 3: Summary of the findings of the Collier-Hoeffler model  
(Collier and Hoeffler 2004, 587-589).

<ul style="list-style-type: none"> <li>• Primary commodity exports substantially increase the risk of armed conflict because they provide opportunities for extortion making rebellion feasible and sometimes even attractive.</li> <li>• Diasporas substantially increase the risk of conflict renewal because they provide sources of financing.</li> <li>• Low forgone earnings increase the risk of armed conflict because they reduce the cost of armed conflict.</li> <li>• High male secondary enrolment, per capita income and GDP growth reduce the risk of conflict because they increase the forgone income and cost of armed conflict.</li> <li>• Low population density increases the risk of conflict.</li> </ul>	<ul style="list-style-type: none"> <li>• Inequality, political rights, ethnic polarisation and religious fractionalisation were insignificant in predicting the onset of armed conflict.</li> <li>• Societies characterised by ethnic and religious diversity have a lower risk of armed conflict because it makes rebel cohesion more costly.</li> <li>• Societies characterised by ethnic and religious diversity in which one groups is dominant have a higher risk of armed conflict because it makes rebel cohesion less costly.</li> <li>• The longer the period after a previous conflict the lower the risk if conflict renewal because the value of rebellion specific capital decrease – increasing the cost of conflict – and the gradual erosion of hatred.</li> </ul>
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Elsewhere, Collier explains the findings as public actions problems (Collier 2000a). Justice, revenge and relief from grievance can be considered as public goods and

should therefore be expected to be subject to free riding.<sup>8</sup> Collier also explains that highly ethnic fractionalised societies are more difficult to mobilise on ethnic grounds than ethnically homogenous societies because rebellions of small ethnic groups are not viable and face coordination and time consistency problems.<sup>9</sup> In the cases of greed based rebellions, however, Collier suggests that there are no public action problems: There is no (1) free rider problem because benefits of rebellion accrue directly to rebel groups; (2) no coordination problem because the rebellion does not need to be big if the aim is resource extraction and predatory behaviour, and (3) no time inconsistency problem because recruits can be rewarded with the rebellion's profits (Ibid., 98-100).

Moreover, Collier explains the common reference to grievance as an explanation for armed conflict by pointing out that rebel groups use a discourse of grievance to cloak their primary motivation of greed. It is therefore difficult to find out the real motivation of a rebel group. Over time, the discourse becomes part of the rebel's identity which limits identifying the real motivations behind the onset of civil war (Ibid., 92).

### Achievements and limitations

Had the C&H model been simply an academic exercise on the onset of conflict, the findings and interpretations may have received little attention except of a few economists, econometricians and other interested academics. However, given that it was a policy project of the World Bank, the findings had important implications for how to engage and manage armed conflicts. The statistical methodology of the C&H model provided a basis to present the findings as objective and apolitical. World Bank ownership gave the results authority and visibility. The findings vindicated World Bank policy on economic diversification, the reduction of military spending, growth and trade led economic development and external intervention (Collier et al 2003, 147-148, 153-154, 158).

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<sup>8</sup> If someone is consumed by grievance, this person should prefer rebellion over the status quo. However, the overthrow of the government does not depend on this person joining the rebellion. Hence, the preferred choice of this person would be that others fight the rebellion and the person enjoys the results of the rebellion. This free rider problem limits the role of grievance in civil war onset (Collier 2000a, 98-99)

<sup>9</sup> The public action problems are associated with coordination problems (how to overcome the risks associated to small rebellions up to the point when they scale up to a large one) and time consistency problems (how to overcome the doubt of supporters of rebellion that the leader will deliver what he promised after victory) (Collier 2000a, 98-100).

As a result, the “main finding and the authors’ interpretation of it may be the most widely reported results of any cross-national study of civil conflict, *ever*” (Fearon 2005, 484, emphasis in original). The findings of the Collier and Hoeffler model were allegedly proving that the availability of natural resources is sufficient condition for armed conflict (Herbst 2000, 274-275). The findings gave an additional political momentum to efforts at the United Nations to expose and undermine the financing of rebel groups in Angola, Sierra Leone, Liberia, and the DRC through diamonds, timber and other natural resources (UNSC 2001b, UNSC 2001e, UNSC 2000b, UNSC 2000c). The Dutch Ministry of Foreign Affairs even commissioned a study to explore if the report “Breaking the Conflict Trap” should be used for Dutch foreign policy (Klem 2004).

As a result of – or perhaps because of – its significance, the “Greed and Grievance” literature stimulated much debate and critique. Overall, the C&H model was recognised to have made an important contribution to changing the understanding of civil war. By providing an economic account of the onset of civil war, the C&H model provided an alternative to theories focussing on ethnic or religious identity (Berdal 2005, 688). In addition, the C&H model for the first time clearly specified opportunity structures for rebellion (Fearon 2005, 485). Moreover, the polarising feature of “Greed versus Grievance” provoked the academic community and stimulated debate and research agendas (Ibid., 484). As a result, the C&H model contributed to a wave of interest in economic dimensions of conflict; thus, providing an alternative understanding of conflict beyond the political and military dimensions (Klem 2004, 18).

Despite these achievements, the C&H model has been widely debated. A major source of criticism was the methodological orientation of the study. The “Greed and Grievance” methodology has been criticised in principle mirroring a broader discussion between quantitative and qualitative approaches to the Social Sciences and between various epistemological positions to International Relations (Hollis 1994, 15-20; Smith 1996, 18-28). In this context, the emphasis on economic reductionism, the creation of “truths” and methodological individualism led to claims that the “Greed and Grievance” literature has inadequate to capture structural and relational change over time (Cramer 2002; 1850; Herbst 2000, 274).

The trust of the critique was, however, was not aimed at the principle of conducting quantitative research in the Social Sciences but rather at its execution. Nathan argues that the C&H model “is filled with empirical, methodological and theoretical problems that lead to unreliable results and unjustified conclusions” (Nathan 2005, 2). Klem purports that “the methodology is weak because indicators are subjective and inadequate. The analysis is flawed because the jump from correlation to causation is large” (Klem 2004, 5). Moreover, the “macro level statistical analysis and policy simulations are ill suited to serve as a basis for policy” (Ibid., 19). A report evaluating World Bank research also criticised the work for its “lack of an appropriate conceptual and empirical framework. As a result, the regression analysis of these studies [on civil war] cannot be used to support the conclusions they ostensibly reach (...) An important and promising topic was marred by poor execution” (Banerjee et al 2006, 64).

A key issue was the data on conflict areas (Humphreys 2003, 2, n.11; Kelm 2004, 15). For example, 34 cases – mainly anti-colonial insurgencies – out of 113 were omitted in Collier’s model, thus, compromising the general validity of the findings (Fearon and Laitin 2003, 76, n.2). In the revised 2004 C&H model, 27 out of 79 civil war starts were not used in the analysis due to missing data (Fearon 2005, 485).

Concerning the proxies, Nathan concludes that they are arbitrary and spurious, the meaning assigned to them too restrictive and much of what the C&H model seeks to measure is not in fact measured by the proxy in question and one cannot be sure what the proxies are actually capturing (Nathan 2005, 6). In more general terms, Cramer argues that “the use of conceptually and empirically vague proxies is an instance of the more general problem of empirical weakness, arbitrary prioritization of particular variables, and manipulation of technique over and above the search for ‘truth’ in econometrics” (Cramer 2002, 1854). Mack adds that the proxies for grievance do not capture the rage, humiliation or despair that drive people to the use of force (Mack 2002, 521).

The criticisms on proxies also applies to one of the main findings of the C&H model that “primary commodity exports substantially increase the risk of conflict” (Collier and Hoeffler 2004, 588).<sup>10</sup> This finding is central in establishing a causal link between natural resources and armed conflict (Herbst 2000, 276). However, there are

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<sup>10</sup> For a comment on each proxy see Nathan (2005, 3-5).

various problems with the proxy to allow such a far-reaching conclusion. Fearon shows that minor changes in the sample framing and the recovery of missing data undermine the statistical correlation (Fearon 2005, 485). Moreover, there is little reason to think that data on cash crops and oil exports – the data used by C&H model to establish the correlation – are good measures of the availability of the financing of rebel groups. While they may contribute to revenue through extortion, in most cases cash crops and oil – and in fact looting as a strategy – are not part of a strategy to finance the start-up cost for rebel groups (Ross 2004b, 62). Overall, the focus on primary commodity exports is too broad and does not capture the multitude of resources, their individual attributes and their application to different kind of wars. Thus, “the claim that primary commodities are linked to civil war appears fragile and should be treated with caution” (Ross 2004a, 342).

The C&H model also concludes that “diasporas substantially increase the risk of conflict renewal” (Collier and Hoeffler 2004, 588). This conclusion has been drawn from the positive correlation between renewed civil war and the proportion of a country’s population living in the United States. Nathan argues that Collier and Hoeffler “infer causality from correlation and confuse the cause of war with the means by which it is financed” (Nathan 2005, 7). By looking at the effect of time, the cost of rebel soldiers and the grievance variable, Nathan highlights that Collier and Hoeffler’s explanations are “speculative, based on conjecture rather than evidence, and they do not demonstrate the validity of their conclusions” (Ibid., 12).

In addition to these critiques focusing on the execution and methodology of the C&H model, the “Greed and Grievance” literature was also criticised on how it linked poverty and armed conflict. The starting assumption of the C&H model – that poverty leads to armed conflict which in turn leads to more poverty and conflict – contributed to the notion that poverty is dangerous. The creation of this notion was attributed to a strategy aiming at the internalisation of the causes of conflict. In this way, the responsibility for armed conflict shifted to local rather than external actors and conditions. In consequence, external actors could justify an interventionist agenda for economic development and state building (Duffield 2001, 28, 38).

In addition, the argument of the “Conflict Trap” – once armed conflict has started, the conditions it creates promotes further conflict – is based on an implicit assumption

that there is a trajectory of development success. This agenda promotes the notion of open markets, export led growth, economic diversification and macroeconomic stability as reified by the recommendations of the C&H model (Pugh 2005, 38).

In addition, the “Greed and Grievance” literature does not provide a comprehensive approach to armed conflict because it exclusively looks at rebel groups and not governments. This omission has given the “Greed and Grievance” literature a bias against rebel groups (Humphreys 2003, 4). Governments use similar methods of conflict financing and should therefore be included in the analysis of conflict financing.

#### The case study project on civil war onset

In response to their critiques, Collier and Hoeffler shifted the emphasis of earlier work from motivation to opportunity structures. Rebellions depend more on the right mix of opportunity structures rather than the motivation of a belligerent. Moreover, Collier reduced the economic determinism of earlier work acknowledging that even if rebels are motivated by greed, they usually have political agendas, too (Collier et al 2003, 89-90).

When applying the C&H model to case studies, much of the initial distinction between greed and grievance was dropped with the intention to “lay to rest the ‘greed versus grievance’ caricature. (...) Greed and grievance should not be seen as competing explanations of conflict – they are often shades of the same problem” (Bannon 2005, xi). Instead, the case study volume applied a “new, innovative design that blends quantitative and qualitative analysis” and adds “context and texture to the basic insights of the C&H model” (Collier et al 2005, 1).

Many of the case study conclusions directly refute the findings of the C&H model. The case studies, for example, showed that primary commodity exports did not influence the decisions to start armed conflict: “Civil wars in resource dependent countries have often nothing to do with natural resources” (Sambanis 2004, 265). The case studies suggest rather than primary commodity exports, high-value lootable resources are linked to armed conflict (Sambanis 2005, 305). Moreover, rather than diasporas living in the United States – the proxy of the C&H model – the presence of

migrants in neighbouring states increase the risk of conflict renewal. Diasporas also influence a conflict through the foreign policy of their host country (Ibid, 308).

The case studies also highlight that the C&H model is unclear if resource predation is a motive for rebellion and cannot distinguish between predation as a motive or a means to sustain rebellion (Ibid, 304-305). Furthermore, the C&H model is weakened because it does not capture different forms of violence and the effect of different forms of political institutions (Ibid, 309-314; Sambanis 2004, 269).

By applying the C&H model to case studies, some of its initial limitations have been identified. However, Collier and Sambanis do not go as far as presenting an alternative framework to understand the economic dimension of armed conflict.

#### **4. Beyond “Greed and Grievance”**

By conducting a case study project, the authors of the C&H model have themselves gone beyond “Greed and Grievance”. However, prior to these case studies, other contributions emphasised the need to go “beyond” the greed and grievance dichotomy. The literature includes works which contextualised and broadened the analytical framework, developed a better understanding of the link between natural resources and armed conflict and conceptualised the transition from need to greed during armed conflict. Table 1.4 collects case studies on the political economy of conflict in selected conflicts.

##### Contextualising and broadening the analytical framework

Karen Ballentine and Jake Sherman’s work at the International Peace Academy looks at six case studies of the political economy of conflict – Colombia, Nepal, Bougainville, Kosovo, Sri Lanka, Burma – in view of developing a better understanding of the economic incentives and opportunities shaping the dynamics of conflict and to identify entry points for policy.

Ballentine and Sherman begin their analysis from the recognition that “conceptualising explanations of armed conflict in terms of greed and grievance has imposed an unnecessarily limiting dichotomy on what is, in reality, a highly diverse,

complex set of incentive and opportunity structures that vary across time and location” (Ballentine and Sherman 2003, 6). By looking at qualitative case studies instead of using quantitative methods, their analysis seeks “to ascertain the causal impact on specific conflicts of economic factors relative to and in combination with other potentially significant political, ideological, ethnic or security factors” (Ibid.). In addition, the analytical framework is broadened to consider a greater variety of economic factors and actors, to contextualise the economic dimensions historically, geographically and in terms of state capacity, to place armed conflict in its global and regional perspective and to diversify the case study selection beyond Africa (Ibid., 7-10).

By contextualising and broadening the analysis, the findings are different those produced by the C&H model. The analysis of the case studies suggests that

“very few contemporary conflicts can be adequately captured as pure instances of ‘resource wars’ or conflict caused by ‘loot seeking’ (...). Economic incentives and opportunities have not been the only or even the primary cause of these armed conflicts; rather, to varying degrees, they interacted with socioeconomic and political grievances, interethnic disputes, and security dilemmas in triggering the outbreak of warfare. However, (...) combatant access to economic resources has been a salient factor shaping a permissive opportunity structure for sustaining hostilities and has had important effects on the duration, intensity and character of conflict” (Ballentine 2003, 259-260).

An analysis of the case studies produces a range of conclusions which differ from the C&H model. Rather than being associated to the onset of conflict, access to resources made conflicts longer by providing opportunities for spoiling peace, creating disincentives for good faith negotiations and paying for the continuation of armed conflict (Ibid., 267). Rather than being caused by ‘loot-seekers’, the motivation of belligerents was found to mutate from being primarily political to situations in which economic benefits predominate political agendas.

Table 4: Selected case studies on the political economy of conflict<sup>11</sup>

<b>AFRICA</b>	
Algeria	ICG 2001
Angola	Global Witness 1999, Global Witness 1998, Le Billon 2001b, Cilliers and Dietrich 2000, Global Witness 2002b, Douma 2003, Le Billion 2005, Cramer 2006
Democratic Republic of Congo	Reno 1998, Macgaffey and Bazenguissa-Ganga 2000, Mwanasali 2000, Emizet 2000, Dietrich 2002, EED 2002, IPIS 2002, Jackson 2003, Kennes 2005
Ivory Coast	Mikala 2003
Liberia	Montclos 1996, Atkinson, 1997, Reno 1998, Reno 2000b, Global Witness 2001, Global Witness 2002a, CIJ 2005
Mozambique	Weissman 1996, Brück 2001, Chingono 2001,
Rwanda	Mueller 2000, Uvin 2000
Casamance	Evans 2003
Sierra Leone	Reno 1998, Reno 2000, Smillie et al 2000, Davies 2000, Keen 2001, Gberie 2002, Richards 2003, Douma 2003, Fanthrope 2003, Kandeh 2005, Pugh et al 2004, Silberfein 2005.
Somalia	Auvinen and Kivimäki 2000, Little 2003, Gundel 2003, Menkhaus 2004 & 2007
Sudan	Prunier 1996, Amnesty International 2000, Christian Aid 2001, Duffield 2001, Keen 2001, Simmons 2006
Uganda	Matuvo and Steward 2001
<b>AMERICAS</b>	
Colombia	Labrousse 1996a, Labrousse 1996b, Douma 2003, Guáqueta 2003, ICG 2003, Chernick 2005, Dunning and Wirpsa 2005, Sánchez et al 2005
El Salvador	Pastor 2000
Guatemala	Joras 2006
Peru	McClintock 2005
<b>ASIA</b>	
Afghanistan	Dorransoro 1996, Rubin 2000, Goodhand 2000, Marsden and Samman 2001, Di Pietro 2002, Bhatia and Goodhand 2003, Pugh et al 2004, Schetter 2004, Newberg 2005
Burma/Myanmar	Sherman 2003
Cambodia	Lechervy 1996, Global Witness 1999, Global Witness 2002a, Global Witness 2000, Le Billon and Bakker 2000
Indonesia (Aceh),	Reno 2005
Nepal	Bray et al 2003
Papua New Guinea (Bougainville)	Regan 2003
Sri Lanka	Angoustures and Pascal 1996, Rajasingham-Senanayake 1999, Kelegama 1999, O'Sullivan 2001, Douma 2003 Gunaratna 2003, Korf 2005
<b>EUROPE</b>	
Bosnia and Herzegovina	Woodward 1995, Bougarel 1996, Bojicic and Kaldor 1997, Kaldor 1999, Pugh 2002, Donais 2003, Ehrke 2003, Pugh 2003, Pugh et al 2004, Andreas 2004, Kalyvas and Sambanis 2005
Georgia (Abkhazia/South Ossetia)	King 2001a, Demetriou 2002a, Kukhianidze 2003, Chiaberishvili and Tvavdze 2004, Chkhartishvili et al 2004, Wennmann 2004, Zürcher 2005, Zürcher et al 2005, Wennmann 2006,
Kosovo	Yannis 2001, Yannis 2003
Northern Ireland	Woodwell 2005
Chechnya	Baev et al 2002, Zürcher et al 2005
<b>MIDDLE EAST</b>	
Lebanon	Picard 1996, Enders 2003, Piccard 2005, Makdisi and Sadaka 2005
Kurdistan	Bozarslan 1996; Hickok 2003

<sup>11</sup> Please contact the author for specific references in Table 4.

Moreover, access to resources can also contribute to leadership fragmentation. The presence of lootable resources makes it more difficult for belligerents to unite the leadership. Non-lootable resources reduce leadership friction because they require a greater degree of coordination. Furthermore, resources influence the level of violence against civilians increasing with the degree of lootability because less cooperation from civilians is needed to extract them (Ibid., 270-271).

In addition, the relative strength of the state being challenged influences the opportunity for rebellion: a weak state lowers the opportunity cost for rebellion and increases the prospects of a successful rebellion. If the state is unable to manage areas of resource wealth this may increase the opportunity for rebellion (Ibid, 265).

Finally, Ballentine also challenges the proposition of the C&H model that diasporas increase the risk of armed conflict. The relationship between diasporas is not a reflection of the percentage of any given ethnic group living in the United States – as proxied by the C&H model – but rather their disposition towards their homeland, the circumstances under which emigration took place, the relative size of the Diaspora, the geographic concentration, its socioeconomic status as well as the citizenship policies of host states (Ibid. 263-264).

The work of Pugh and Cooper added another dimension to going “beyond” greed and grievance by considering the regional dimensions of war economies and thus leaving the “fixation on factors occurring *within* conflict prone states” (Pugh and Cooper 2004, 1). In this way, they emphasise the importance of regional linkages in affecting conflict dynamics as well as the importance of external actors in influence armed conflict. The latter underlines the importance not only to consider an armed conflict of the outcome of indigenous factors but rather as an interaction between external and domestic actors (Ibid., 2).

By contextualising and broadening the analytical framework, Ballentine and Sherman and Pugh and Cooper took the economic dimensions of armed conflict out of the dichotomy of “Greed and Grievance”. By doing so, they produce findings which provide an alternative assessment on the role of economic factors in the causation and maintenance of armed conflict.

## Natural resources and armed conflict

The analysis of the relationship between natural resources and armed conflict has also become more sophisticated in response to the propositions of the C&H model that “primary commodity exports substantially increase the risk of armed conflict” (Collier and Hoeffler 2004, 588). While the focus on primary commodities was distorting, the category of natural resources was too broad. Both categories did not capture the multitude of resources, their individual attributes and their effects on different types of civil wars (Ross 2004a, 338, 340). A literature, which developed partly in parallel partly in response, looked at individual commodities such as oil, diamonds, drugs, and timber (Smillie et al 2000; Le Billon 2001b, Global Witness 2002a) and more generally at “conflict goods” (Cooper 2001a).<sup>12</sup> On the multilateral level, the issue of natural resources gained prominence through the detailed reports of the United Nations Security Council Sanctions Monitoring Mechanism on Angola, the Democratic Republic of the Congo and Sierra Leone (UNSC 2003, 2002a, 2002b, 2001a, 2001b, 2001c, 2001d, 2000a, 2000b, 2000c).

However, much of this literature remained in the perspective of resource abundance, i.e. that the availability of natural resources increases the risk of conflict. This approach emphasizes the role of pull factors (economic opportunities, greed) over push factors (migration, overcrowding, grievance) (Feirhead 2000, 151). Thus, the argument that armed conflict is likely to occur in regions with a high concentration of natural resources (Klare 2001, 142, 215-217). As a result, the presence of natural resources has been considered a curse rather than a blessing (Ross 1999). However, resource abundance and scarcity are neither a necessary nor sufficient criteria for conflict. There are resource abundant countries (Botswana, Norway, Australia) or resource scarce countries (Japan) that develop without experiencing armed conflict. Thus, what matters is not whether natural resources are simply present, but how they are managed.

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<sup>12</sup> Conflict goods are “non-military materials, knowledge, animals or humans whose trade, taxation or protection is exploited to finance or otherwise maintain the war economies of contemporary conflicts. Trade can take place by direct import or export from the conflict zone or on behalf of military factions (both government and non-government) by outside supporters. Conflict goods do not include arms, military aid or the services of mercenaries, although these may be paid for in kind with goods or concessions in trade in products which would then become conflict goods” (Cooper 2001a, 27).

Le Billon further improved the understanding of the role of natural resources and armed conflict by developing a typology of resource conflicts<sup>13</sup> with the following propositions:

- Concentrated but proximate resources are associated with competition over state control because they are easily monopolized and their exploitation is capital intensive.
- Concentrated but distant resources are associated with secessions because only de-facto control of territory is required.
- Diffuse but distant resources are associated with Warlordism because they can be exploited with little technology and capital once de-facto control over the territory is established.
- Diffuse but proximate resources are associated with rebellions as people living off the land protest in the capital (Le Billon 2001a, 572-575).

Ross adds the dimension of *lootable* and *obstructable* resources and argues that lootable resources are more likely to start non-separatist conflicts while unlootable resources are more likely to produce separatist conflicts.<sup>14</sup> Elsewhere, Ross provides a summary of the current state of research on the relationship between natural resources and the dynamics of armed conflict:

- Oil dependence appears to be linked to the initiation of conflict but not to its duration. Oil dependence seems to be more strongly associated with separatist conflicts.
- Gemstones, opium, coca and cannabis do not seem to be linked to the initiation of conflict but do increase the duration of pre-existing wars.
- Agriculture seems to have no link to either the initiation or duration of civil war.

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<sup>13</sup> The typology is based on four geographic characteristics (resources are concentrated/ diffuse or proximate/distant to the capital) and four types of armed conflict (competition for state control, secession, rebellion and Warlordism). See Le Billon 2001a, 573.

<sup>14</sup> Lootability refers to the ease with which resources can be extracted and transported by individuals or gangs (diamonds, drugs). Obstructability refers to the ease with which the transportation of a resource can be blocked (oil, gas, deep-shaft minerals). See Ross 2003, 54, 64-67.

- The claim that primary commodities are associated with the onset and duration of civil war does not appear to be robust (Ross, 2004a).

These relationships between natural resources and armed conflict are particularly relevant if considered in the context of weak states. Access to resources provides insurgents the means to challenge the state; the state's lack of functional institutional and military capabilities provide an incentive to try (Herbst 2004, 367).

Concerning the effects of economic endowments of insurgents on recruitment strategies, Jeremy Weinstein points out that a better initial economic situation fosters recruitment of more opportunistically minded soldiers, but reduces group cohesion in the long term. Resource poor endowment lead to recruitment based on ideology, identities and beliefs, takes longer, but leads to greater group cohesion. A richly endowed insurgency is also associated with more coercive strategies of controlling populations and conducting armed conflict because they are less dependent on popular support as a military organisation (Weinstein 2007, 107, 125, 171-172).

#### The intersection of need, creed and greed

Arnson and Zartman add another perspective by focusing on the relationship between basic needs, identity and resources and armed conflict. They respond directly to the "Greed and Grievance" literature and express their unease with single factor explanations for the incidence of armed conflict:

"One does not have to be a Marxist or an economist to recognise that all conflicts are about resources. But one does not have to be a pastor or a psychologist to also recognise that all conflicts are about identity. Nor does one have to be a humanist or a political scientist to see that all conflicts are about human needs. Thus to claim that conflicts are a matter of greed, or rights, or grievances is profoundly uninteresting. If the claim is exclusionary, it is simply wrong; if the claim is contributory it is banal. The interesting questions are how these factors relate to

each other in causing and sustaining conflict, and how, not whether, conflict is related to these three factors (Zartman 2005, 256-257).

In order to go beyond these single factor explanations, Zartman sets out a framework to better understand the transformations of the motivations for conflicts from grievances, rights and greed. He identifies basic needs, identity and resources as the *stakes of conflict* while he considers grievances, rights and greed as *motivations for conflict* (Ibid, 262).

However, the conditions of need, greed and greed are necessary but not a sufficient condition for the emergence of conflict. There also must be a political entrepreneur who crystallises the subjective reactions into objective conditions and thus shifts a pre-conflict to a conflict situation (Ibid., 266). This means, for example, that grievances alone are not enough to start and maintain conflict. The general salience of grievances within a society may not even matter much if the conditions are right for a political entrepreneur to organise an insurgency (Fearon and Laitin 2003, 88).

Based on the analysis of seven cases studies – Lebanon, Peru, Sierra Leone, Angola, Democratic Republic of Congo, Colombia and Afghanistan – Zartman conceptualises the transition from need to greed. In a first stage, the neglect of a state of its populations, at a time of rising expectations of the latter into the state, produces a sense of deprivation and grievance. In a second phase, these feelings are mobilised by a conflict entrepreneur who uses identity as a device for mobilisation. In a third phase, the conflict entrepreneur seeks to secure the means for conflict which are then deployed in armed conflict. They can lead to victory or defeat, or the protraction of conflict. In the latter case, the need to keep the conflict going contributes to pressures in which greed replaces the initial motivation of grievances or rights (Ibid., 267-270).

Sequencing need, greed and greed in such a way underlines that armed conflict are subjects to transformations including the conflict dynamics, the actors taking part in them as well as their motivation. It also highlights a general tenor of the literature of the Political Economy of Conflict that resources are central for the duration and intensity of conflict but that grievances and identity remain central in understanding the initiation and the belligerents' objectives (Arnson 2005, 11-12). It therefore opens an intellectual space

for the Political Economy of Conflict to consider material explanations of conflict in relation to political, social and historical issues.

## **5. Elements for an alternative model**

The review of this Part demonstrates that much has been achieved in going “beyond” greed and grievance. Indeed, the individual contributions have established a sophisticated understanding of the economic dimensions of armed conflict which has evolved from and developed in contrast to the findings of the C&H model. After all, the confluence of this work leaves behind a “crude and unhelpful juxtaposition” and puts to rest “the deeply flawed notion that civil wars are caused by rebel greed alone” (Berdal 2005, 689).

Nevertheless, the literature on “Greed and Grievance” made important contribution to the study of the economic dimensions of armed conflict. It managed putting conflict financing and the relationship between natural resources and armed conflict on academic and policy agendas. Moreover, by producing provocative findings through the C&H model, it stimulated a vibrant debate in the academic world the results of which have created a better understanding of the political economy of armed conflict.

However, when considering the severity of the criticisms concerning the execution of research and the justification of the findings, one may indeed wonder if the literature on “Greed and Grievance” – and the findings of the C&H model in particular – have not been discredited. What must be distinguished clearly in looking at the criticisms is the difference between reservations concerning the positivist methodology of the C&H model – mirroring an ontological dispute – and those focusing on the execution of the C&H model. In this sense, the criticism is not detrimental to the C&H model because of its ontological foundation – the diversity of research methods is welcome in the Social Sciences – but rather because its execution was problematic.

The latter observation does of course not imply that the Research Group at the World Bank did not know their craft, but rather highlights the difficulty of applying an econometric model to as complex and murky a phenomenon as armed conflict. Econometric models must be fed with data to produce outcomes, however, data on civil wars is notoriously incomplete, vague or not available. Scholarship on counting battle

deaths is a reminder of the problems of data collection in conflict areas (SAS 2005, 229-265). Resorting to alternative quantitative indicators to bridge the data gap and an application to case studies blurred the findings and ultimately rocked the C&H model.

The discussion of the C&H model and the response to it are instructive in identifying elements for a framework of analysis for the relationship between conflict financing and recurrence. This framework needs to address the following issues:

- The bias on rebel groups should be eliminated to capture a wide array of actors involved in armed conflict as belligerents including governments, rebel groups, warlords, PMCs or other groups using force.
- The framework should reduce the material determinism in order to consider factors emanating from both structure and agency.
- The framework should take account of the various methods of conflict financing and not focus exclusively on primary commodity exports or diasporas.
- An alternative framework should estimate the real, monetary cost of conflict. C&H never specify in their work what the cost of conflict actually means in monetary terms. They just find that “rebel groups more than cover their costs during the conflict” (Collier and Hoeffler 2004, 564).

The discussion of the response to the “Greed and Grievance” literature further underlines the importance to develop a more comprehensive approach to conflict financing. While the literature on natural resources and armed conflict became increasingly sophisticated it still has an inbuilt bias that the availability of revenue sources is sufficient to finance conflict. For example, Hegre argues that “there is an emerging consensus that oil increases the risk of the outbreak of conflict, and that conflict are longer where there exists natural resources” (Hegre 2004, 246-247). The role of globalisation and weak states in armed conflict further illustrated that a framework of analysis should include additional methods of conflict financing.

Moreover, the response to the “Greed and Grievance” literature highlights the problems of econometric research into armed conflict. Instead, contributions like Ballentine and Sherman (2003) and Arnson and Zartman (2005) include a series of case

studies which use the narratives on the conflicts and contextual analysis in finding out the economic dimensions of armed conflict.

In broader terms, the discussion on the contributions to the Political Economy of Conflict provides the basis for the development of an intellectual platform. Certainly, the literature is heterogeneous in its endeavour to explain and understand armed conflict and distinct in methodological terms and institutional origin. Nevertheless, the following paragraphs elaborate six features on the literature on the Political Economy of Conflict which emerge as a lowest common denominator:

- (1) The interaction of the dynamics of conflict with globalisation and weak states: The literature on the Political Economy of Conflict looks primarily at the internal dynamics of armed conflict – the initiation, perpetuation and termination of conflict – and their interaction with the processes of globalisation and weak states. In this way, it redresses a Cold War bias of international and geopolitical approaches to conflict (Rufin 1996, 32).
- (2) Focus on the material explanations of armed conflict: The literature on the Political Economy of Conflict is concerned with material explanations of armed conflict. However, it must be realised that material explanations of conflict are insufficient to develop an understanding of armed conflict and should be considered within broader contexts.
- (3) An emphasis on the functional understanding of use of the use of force: The use of force is not understood as an inalienable human attribute rooted in human beings but rather as a function to achieve political, economic or social objectives. In order to understand the relationship between conflict financing and recurrence it is important to consider armed conflict in terms of the weapons which are used to coerce, rather than the effects that these weapons produce. It is the former which needs financing and, hence, the emphasis on the *strategy* rather than the *effects* of armed conflict.
- (4) Armed conflict is understood as the *organisation* of the use of force on a large scale: Armed conflict is dependent on conflict organisers who translate subjective reactions into objective conditions and thus mobilising segments of a society or external actors for armed conflict (Zartman 2005, 266). This approach highlights that the existence

of objective grievances alone is not a predictor of conflict unless there is a conflict organiser to mobilise an insurgency (Fearon and Laitin 2003, 88). Such an approach highlights the implications of resource mobilisation for the composition and strategies of armed groups (Weinstein 2007, 7, 20-21, 45-50).

- (5) An intellectual foundation in notions taken from rational choice theory: The literature on the Political Economy of Conflict is founded in notions taken from rational choice theory. These include rational choice approaches which consider decision makers as utility maximisers wanting to maximise choices through comparing options and cost-benefit calculations (Bueno de Mesquita 1981, 30).<sup>15</sup> Rational conduct is “efficient conduct in the sense of the actors most effectively pursuing their wants” (Nicholson 1992, 48). However, an important element is to acknowledge the relative – and not absolute – characteristic of rationality. Rationality in instrumental terms is considered “behaviour motivated by a conscious calculation of advantages, a calculation that in turn is based on an explicit and internally *consistent* value system” (Schelling 1980, 4, emphasis added). This conception of rationality allows various rationalities to exist at the same time and emphasises that rationality is ultimately a relative concept.
- (6) The structure-agency problem: The structure-agency problem<sup>16</sup> is reflected in the Political Economy of Conflict in the sense that it looked at the motives of rational actors to start a war (greed-grievance, economic agendas) and their opportunity structure for rebellion (availability of resources). Aranson and Zartman develop a middle ground and mirror the assessment of Cramer that “agency *is* involved in the origins of conflict, choices *are* made, and economic functions *do* matter, as do individuals. But they are influenced by and operate very much within specific conditions and social and historical change” (Cramer 2002, 1857, emphasis in the original).

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<sup>15</sup> Rational choice theory, for example, is based on five assumptions: (1) A decision maker is able to rank-order preferences and compare outcomes; (2) Preferences need to be transitive; (3) A decision maker needs to be aware of the expected utility of their choices; (4) A decision maker thinks in terms of the probabilities associated with the expected outcome of a choice; (5) Decision maker is expected to choose the option with the highest expected utility (Geller and Singer 1998, 42-43).

<sup>16</sup> The structure-agency problem is concerned with the “extent we as actors have the ability to shape our destiny as against the extent to which our lives are structured in ways out of our control (...). Agency refers to individual or group abilities (intentional otherwise) to affect their environment. Structure usually refers to context; the material conditions which define the range of actions available to actors” (McAnulla 2002, 271).

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