

**The Pluscarden Programme  
for the Study of Global Terrorism and Intelligence**

**CONFLICT ECONOMICS, UNDERDEVELOPMENT AND  
COUNTER-TERRORISM**

Workshop held at St Antony's College, University of Oxford,  
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**Conference Report**

by

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### PART ONE: SUMMARY OF INDIVIDUAL SESSIONS

#### **Session 1: Framework for understanding conflict economics, underdevelopment and terrorism**

Professor Paul Collier presented his latest research on conflict economics.<sup>1</sup> He underlined the need to draw a sharp distinction between political conflicts as a normal, healthy process of society on the one hand and political violence on the other hand. He further warned against the use of 'conflict' as a generic label lumping together terrorism and rebellion, which are distinct forms of political violence. Collier took a step away from the 'greed versus grievance' debate that characterises some of his previous work and suggested focusing on 'proneness' to rebellion instead. His analysis had shifted from motivation to 'feasibility', i.e. characteristics that make rebellion more likely to occur in a given context. For Collier, motivation – whether rooted in 'greed' or 'grievance' – is largely dependent on the agenda of whoever decides to exploit the opportunity for rebellion. It may also be endogenous to the opportunities for further gain opened by the initial success in overcoming the financial barriers to rebellion.

The feasibility hypothesis presented by Collier suggested that, where rebellion is materially feasible, it will occur. The key characteristics that make a country more conflict prone are low levels of income, slow growth, an endowment in natural resources, democratisation below a threshold level

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<sup>1</sup> See Paul Collier, Anke Hoeffler, and Dominic Rohner, 'Beyond greed and grievance: feasibility and civil war', *Oxford Economic Papers* 61 (2009), 1-27.

of per capita income (US\$ 2,700) and ethnic diversity. Financial and military constraints thus emerged as the defining factors of Collier's feasibility model. The characteristics identified above increase the risk of rebellion because they considerably lower the financial and military 'cliff' that has to be overcome to turn a political agenda into violent rebellion. A central policy recommendation following from Collier's analysis was to make civil war less likely by making it more difficult – or less 'feasible'.

The Rt Hon Clare Short noted in response to the paper that the identification of conflict-prone states should inform the policies promoted in these contexts, for instance with regard to electoral systems or arrangements for security forces (*additional comments were taken up in part two of the report*). The discussion led to a number of questions about Collier's model of conflict-proneness: how to factor in variables that are external to the model; how to explain the outbreak of conflict in countries that the model does not identify as 'prone' and the absence of conflict in 'prone' ones; and the impact of additional factors like access to global financial networks. Collier pointed out the limits of the theoretical model, which only identifies states that are prone to civil war, but not the factors that trigger the conflict. These factors may well be external to the model and entirely unpredictable. The model therefore has to be expanded for atypical cases like Lebanon, where the additional variable is the volatile 'neighbourhood'.

## **SESSION 2: Lack of Security and Underdevelopment: How to break the vicious circle?**

The second session shifted the focus to the post-conflict stage and the question of how to prevent states from relapsing into conflict once a fragile peace has been established. Dr Anke Hoeffler contended that the risk of recurrent conflict in post-conflict societies remained high for at least a decade afterwards. Hoeffler's paper analysed the impact of key variables pertaining to stabilising post-conflict societies, such as economic aid, elections, UN peacekeeping operations, on the sustainability of post-conflict peace.<sup>2</sup> Economic development (both an increase in income and economic growth) was found to be effective in reducing this risk, but only over time. UN peacekeeping operations could reduce it from 40% to 31% if expenditures were to be doubled. Providing security through an increase in domestic military spending, on the other hand, was found to have potentially counterproductive effects. Not only did it fail to act as an efficient deterrent, it was likely to draw resources away from economic development and increase the risk of renewed conflict by sending out the wrong signals to defeated factions. Elections, on the other hand, could not be said to have any systematic influence on the reduction of the risk of recurrence. Hoeffler's paper thus suggested that 'Unpalatable as it may be, peace appears to depend upon an external military presence sustaining a gradual economic recovery, with political design playing a somewhat subsidiary role.'<sup>3</sup>

Professor David Keen, in response to the paper, identified the following areas of agreement: the dangers of artificially accelerated democratization in low-income countries; the importance of sustaining external aid; and the importance of understanding the economic agendas of civil wars. Keen was highly sceptical, however, of the use of quantitative models that appear to require no substantial knowledge of the societies they are describing. Given the sometimes sweeping policy implications following upon quantitative analyses, he urged for in-depth study of context alongside statistical analysis. Keen further saw a danger that the Collier-Hoeffler model could be construed as de-legitimizing protest. He argued that a focus on 'greed' risked turning rebel movements into easy scapegoats. It was equally important to consider how society and intervening forces were reacting to the rebel movement in a counterinsurgency or counter-terrorism campaign. These responses should be designed with a view to avoid fuelling further violence on the ground, as well as preventing the creation of a climate of impunity within the campaign itself. Yet Keen contended that 'greed' was still

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<sup>2</sup> See Paul Collier, Anke Hoeffler, and Måns Söderbom, 'Post-Conflict Risks', *Journal of Peace Research* 45/ 4 (2008), 461-478.

<sup>3</sup> Collier, Hoeffler, and Söderbom, 'Post-Conflict Risks', 474.

the better approach than 'feasibility', because it retained the focus on motivations whereas the latter made them irrelevant. The fact that people hide their intentions is not a sign that research on motivation should be the work of psychologists, according to Keen. Rather, it means that the inquiry should be based on listening and triangulation.

### **SESSION 3: Failure of states: What drives them? What can be done to arrest state failure?**

The third session of the workshop was turned into a roundtable discussion in the absence of the scheduled speaker, Professor Kristian Skrede Gleditsch, due to illness. Dr Anke Hoeffler and Professor David Anderson each provided introductory remarks.

Hoeffler defined 'state failure' as based on two main functions of the state: the provision of security and the delivery of basic services. Most states failing to deliver in these two categories are home to the 'bottom billion' of the world's population. Hoeffler noted that there is no agreed list of failed states and referred to a list of fifty-seven states compiled by the German Ministry of Foreign Affairs as one example. Hoeffler estimated the dollar costs of state failure at:

32 billion USD	due to loss in terms of income and growth
3 billion USD	due to war
240 billion USD	cost incurring to neighbours
<hr/>	
270 billion USD	in total

This cost of US\$270 billion was compared with the approximately US\$80 billion of official development assistance (ODA) per year.<sup>4</sup> Doubling peacekeeping expenditures would rise to about US\$7 billion in 2007 (amounting to about 0.5% of global military expenditure). Hoeffler concluded that dealing with the problem of failed states was more urgent than trying to fix the consequences of state failure with aid and other measures. She further raised the question whether this cost imposed on neighbour states could be construed as an invitation for the international community at large to intervene in these states. In other words, could it be seen as entailing a loss of sovereignty by the failed state in question?

Professor David Anderson equally pointed to the difficulty of defining state failure and concluded that the notion of 'failed state' was a mere descriptor that did not by itself explain anything. He introduced the notions of contingency – why things happen when they do – and opportunity. Transitions, such as those introduced by regime change, are inherently dangerous as they create contingency. In response to the speaking notes circulated in Professor Kristian Skrede Gleditsch's absence, Anderson raised a number of difficult questions that policy-makers find themselves confronted with:

- Do we shore up a new government or do we address the 'real causes' that make conflict more likely?
- Do we assist democracy in order to avoid autocracy?
- Do we support opposition and reform?
- Do we support 'elections'?
- How do we incentivize incumbent governments? Aid will not be able to get in without stability, but what if this means working through abusive governments?
- The issue of surrogacy.

Anderson then expanded on some of these policy dilemmas with reference to Somalia. The inability of the international community to agree on a strategy in Somalia meant that there are currently three different 'solutions' (Somaliland, Puntland, and the Southern part of Somalia) – none of which

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<sup>4</sup> Even if all OECD member states were to raise their ODA to 0,7% of GDP, as very few do, total ODA would only amount to 130 billion USD per year.

is a viable state. The Ethiopian military intervened in Somalia for reasons of counter-terrorism, not development, and acted as a surrogate for the West. Ethiopia can hardly be called a democratic state, yet it receives assistance from the US and others. With regard to a political process, the international community appears at a loss as to whom to assist in Somalia. The expectation for the upcoming elections is that they will be conducted 'reasonably fairly', with a chance that the Western world will tolerate some degree of autocracy for the sake of stability and security.

The roundtable discussion questioned the significance of the nation-state model across different contexts. Can the European model be imported into non-European contexts, or are there alternatives? Anderson contended that Somalia 'failed as something', but not as a state because it had never really been a state to begin with. He further noted that African state formation was more about consolidating centres than edges or borders. European states on the other hand were built on the division of territory and wars were fought over their borders. Hoeffler added that many entities in Africa were actually too small to constitute viable states. She hinted at the idea of a supra-national structure similar to the European Union with membership conditionality as an incentive for reform. Anderson further raised the question of who would benefit from a failed state. He noted that the Balkans had seen the criminalization of politics as a result of the war and that this was likely to remain the case for years to come. He expected the same to happen in Somalia and the Democratic Republic of Congo. Collier warned against assuming too easily that neighbours had an interest in fuelling instability. A stable Somalia, he argued, would bring greater benefit to the other states in the region.

#### **SESSION 4: Counter-terrorism as driver behind development aid: The wrong paradigm?**

Dr Zoe Marriage introduced the final session with a paper on the relationship between aid and security with a particular focus on the Democratic Republic of Congo (DRC). She argued that security considerations had always played a major part in development aid. Marriage described aid as a reciprocal relationship which did not automatically imply beneficial intentions on the side of the donors: aid in DRC, for instance, had always been linked to the security agendas of its Western patrons. Structural Adjustment Programmes in the 1970s and 1980s had served to protect the international financial system. With the end of the Cold War, however, the strategic implication of Congo changed and donors pulled out. Emergency aid was administered mainly through NGOs, reflecting Northern donors' caution of Africa. Development aid was then restored in the early twenty-first century following a hasty peace agreement, which Marriage linked to the imperative to pacify Africa in light of the global war on terror. She argued, however, that Western assistance in the Congo did not fit into a counter-terrorism agenda. Rather, it was the security dynamic between the USA/Northern Europe and China that shaped the way in which security was being negotiated on Congolese soil. Interventionist policies – both economic and political – reflected the aim to preserve the economic pre-eminence of the West. Marriage thus contended that the more potent battle being waged on Congolese soil was dealing with the threat posed by Chinese investment to Western economic hegemony, rather than with the small threats posed by non-liberal politics, economic irregularities or general underdevelopment. She concluded that aid continues to be concerned with various forms of security. It was important to keep in mind that aid as a paradigm protects certain interests. At the same time, it creates further fallout from development as 'common' security is not genuinely shared.

Rear Admiral Richard Cobbold, in response to the paper, noted that security and development mutually drive each other. How they do so can vary between countries and regions. Security should be holding the ring for development to happen. Cobbold referred to the Comprehensive Approach in the United Kingdom as a national approach to counterinsurgency (COIN) involving most parts of the government, which he considers to be widely exportable. Military power is often a necessary element, but seldom sufficient. The balance among civilian and military contributions can change readily with time. Not all aspects of counter-insurgency (COIN) or counter-terrorism are military, and not everything the military does is governed by the logic of counter-terrorism. The military, as appropriate, must prepare additionally for major conventional war and operate strategic deterrents.

The subsequent discussion evolved around the place of the aid agenda alongside the economic and security interests of Western states. Keen pointed out the policy dilemma arising in the case of Rwanda and Uganda: states that are behaving destructively in DRC but at the same time are cited as examples of reasonably good governance domestically. Anderson mentioned the US special fund for countries dealing with a global terrorist threat as an example of how the counter-terrorism agenda affects aid policy. He noted that the agenda of AFRICOM (the newly created US military command for Africa) was that of a development agency with a budget of about 35 times that of USAID (the official American development agency).

## **PART TWO: KEY THEMES**

### ***Conceptual and methodological issues: definitions, causes, and solutions***

A recurrent theme throughout the workshop was the appropriate use of terminology. Notions such as 'state failure', 'conflict', 'insurgency', or 'terrorism' often imply a false sense of agreement and conceptual clarity. Critical inquiry into the contexts in which these terms are employed, to what ends, and by whom is a crucial starting point for any of the questions raised in the workshop. The need to interrogate the nature of the link that is frequently drawn between underdevelopment and terrorism was mentioned as an example. 'Underdevelopment' had nothing to do with terrorism in the case of Northern Ireland and it is debatable to what extent it plays a role with regard to Al Qaeda. The fact that terrorist groupings are likely to organise themselves within weak or 'failed' state structures does not automatically imply a causal link between underdevelopment and terrorism. The exact nature of this link is best examined on a case-by-case basis before any policy recommendations are drawn from it. The need to distinguish counter-terrorism and counterinsurgency as two different agendas – although to some extent blurred in the context of Afghanistan – was equally pointed out. Cobbold, for instance, argued that neither the terms of insurgency and terrorism, nor the means of countering them were properly interchangeable. A 'comprehensive approach', although applicable to counter-terrorism, would therefore have to look differently from a comprehensive counter-insurgency strategy.

The relationship between the causes of conflict and the search for solutions was the subject of considerable debate. According to Collier, there was 'no necessary logical connection between the causes of a conflict and its solutions'. Mainstream conflict analysis, however, often focuses on how to address 'root causes' or 'deep causes' of conflict. The difficulty with looking at 'root causes', according to Collier, is a lack of objectivity: people tend to infer from their own political convictions which problems should be addressed. Keen expressed dismay with regard to this alleged disconnect between cause and solutions. He urged that one must not lose sight of the causes when searching for solutions. Statistical models – despite their attraction in terms of methodological clarity – are no alternative to the 'messy and complicated' inquiry into the motives of the rebels. Cobbold suggested that solutions are unlikely to work if they do not fit the cause. Solutions thus had to be constantly checked against the causes and adapted if necessary. However, the 'causes' may well shift in the course of a conflict, as the notions of contingency and opportunity introduced by Anderson suggest.

### ***Dealing with post-conflict societies***

The workshop debated several aspects of dealing with post-conflict societies, such as foreign aid, governance, and peace processes. There was general agreement that sustaining external aid beyond the immediate post-conflict phase was crucial. Clare Short pointed to Sierra Leone as a haphazard success, where the lack of sustained socio-economic progress bodes ill for the future. Poverty reduction was identified as a requirement for sustainable peace, in terms of providing people with the prospect of a better life, and making 'ordinary young males less inclined to see their future in violent and predatory behaviour' (Collier). Short further noted that people in underdeveloped countries show a great deal of resilience and patience if there is a reasonable prospect for progress, which can only be achieved if aid is sustained. Aid works, but only if it is timed in a more sensitive

way. Foreign aid flows tend to be highest in the immediate aftermath of a crisis, when the absorptive capacity of the recipient state is low, and tend to ebb before this capacity has risen. This trend has to be reversed.

The debate over economic assistance naturally led to questions about the quality of governance in recipient states. Hoeffler argued that, in addition to more sophisticated timing of aid flows, the internal accountability of recipient governments has to be improved. For the latter, however, agency resides primarily within the recipient state itself and the leverage of outside actors is limited. Hoeffler pointed out that market-oriented initiatives, like the Extractive Industries Transparency Initiative (EITI) or the Kimberley Process, have been fairly successful in promoting good governance. Anderson noted that the shift from small, project-based to programme-based aid delivery, on the other hand, has reduced donor states' margin of manoeuvre in terms of conditionality. As Short observed, the fact that a large proportion of the world's poorest citizens live in the worst governed states poses a genuine dilemma for policy-makers. The imperative to direct aid towards people in need rather than unintentionally rewarding corrupt regimes comes with tough choices in practice. Yet there seems to be no side-stepping around the institution of the state if foreign aid is to be effective. Anderson contended that there were few cases where no suitable local counterpart could be identified. In most other cases donors faced tough choices, however. The current focus on institutions also risks neglecting the crucial issue of leadership. In contexts where running for a position of power implies being mired in a net of corruption, crime and violence, it will be difficult to support competent leaders. Creating the conditions for good leaders to come forward, and nurturing them, is a long-term process than again requires sustained engagement.

The workshop further touched upon some of the policy dilemmas associated with peace processes. Inevitably, externally supported peace processes send out a particular set of signals: the rebel group may be invited into the political process and its members receive compensation under demobilisation, disarmament & reintegration (DDR) schemes. This may encourage other groups to take up arms to fight their way into the political sphere. In the case of Sudan, for instance, levels of violence in Darfur rose with the conclusion of the Comprehensive Peace Agreement between the Southern factions and Khartoum. The resources spent by outside actors on peace negotiations (e.g. hosting delegations in expensive hotels) further risk incentivizing the parties to prolong and slow down negotiations.

### ***Dealing with failed states***

The issue of state failure was primarily discussed with a view to means and strategies available to the international community to deal with this phenomenon – with the notion of a 'toolbox' employed by several speakers. There is a perceived lack of capacity in the international system to prevent 'ungoverned' space from being used for terrorist or criminal purposes. It was noted that without economic progress in the world's poorest states, the international community was left with the ill-fated combination of an unresolved situation in the Middle East fuelling terrorist discourse, and a potentially increasing number of failed states due to climate change and other destabilising trends. Unsurprisingly, the Western world's approach to failed states is driven by the counter-terrorism agenda. Contemporary debates about foreign intervention evolve around the need to promote states that can keep order within their territories. A comprehensive strategy, however, would have to address both the 'costs' of state failure to the international community and those costs that are borne first and foremost by the inhabitants of the state in question.

There can be no blueprint for the decision of when and how to intervene. Geopolitical considerations and domestic politics of intervening nations play an important role in shaping the nature of any given intervention. Short argued that the 'responsibility to protect' as a basis for legitimate action was blown and destroyed with the controversial interventions in Iraq and Afghanistan, leaving a void in the international system. Duncan contended that toolbox was currently very empty and that shaping the instruments for intervention should be the policy agenda of the next twenty years. Anderson suggested that the broader the 'toolkit' at the hands of the international community, the

better. Hoeffler disagreed with the statement that the toolbox was empty. She saw a sign of progress in the shift away from the belief that 'aid will fix things' towards the concern with accountability. Cobbold finally drew attention the problem of insufficient supply of external military forces as one of the principal obstacles to effective intervention. These forces could be national or multi-national. He located the crucial issue at the level of capability rather than numbers (though numbers contribute to capability) in particular with regard to equipment, training, command and control, political framework, and doctrine.

## **CONCLUDING THOUGHTS**

The workshop was shaped by a strong focus on Africa, with the presence of a number of African experts on the panels. This perspective provided a welcome opportunity broaden the debate on counter-terrorism and state failure, which is often hijacked by the military campaigns in Iraq and Afghanistan. However, it also introduced a slight imbalance among the three elements contained in the title of the workshop, to the detriment of security-related issues. The prolonged discussion over aid effectiveness did not always link up readily to counter-terrorism. Yet the workshop shed light on the existence of parallel agendas, of which the aid agenda is only one. They need to be identified and kept separate, which is often not the case in the political discourse.

The workshop could have probed deeper into some of the policy dilemmas that arise from the relationship between the security and development agenda. To cite but one example, Short referred to the British Development Act of 2002, which legally restricts the use of development funds to the sole purpose of poverty reduction. How this legal requirement has complicated DFID's role within the UK's comprehensive approach to counterinsurgency in Afghanistan would have been interesting to discuss in more detail. An additional area calling for more in-depth discussion is related to some of the main conceptual questions behind Western intervention in underdeveloped or conflict-ridden states. For example, what do we mean by 'ungoverned' spaces? What is the quality of governance and stability sought by means of external (military) intervention? To what extent are Western states prepared to engage with non-Western ideas of governance and justice in the search for greater stability in the international system?

In conclusion, this rapporteur agrees with Short's statement that an utterly cynical analysis of Western engagement in underdeveloped, war-torn, or 'failed' states is destructive, as it removes the basis for action. What is needed instead is a critical approach that recognises the pitfalls and addresses the uncomfortable questions, while at the same time inspiring people to do better and eventually even 'get it right'.

*Andrea Baumann*

## FINAL PROGRAMME

14.00 – 14.05 Opening remarks: **Dr Steve Tsang** (St Antony's/Pluscarden Programme)

*Session 1*      **Framework for understanding conflict economics, underdevelopment and terrorism**

14.05 – 15.05 Speaker:      **Professor Paul Collier** (St Antony's & Centre for the Study of African Economics)

Discussant:    **The Rt Hon. Clare Short MP**

Chair:          **Dr Steve Tsang** (St Antony's/Pluscarden Programme)

*Session 2*      **Lack of Security and Underdevelopment: How to break the vicious circle?**

15.10 – 16.10 Speaker:      **Dr Anke Hoeffler** (Centre for the study of African Economics)

Discussant:    **Professor David Keen** (LSE)

Chair:          **Dr Alex Duncan** (African Studies Centre & The Policy Practice)

*Session 3*      **Failure of states: What drives them? What can be done to arrest state failure? (Round-table discussion)**

16.30 – 17.30 Introduction: **Dr Anke Hoeffler** and **Professor David Anderson** (St Cross)

Chair:          **Dr Raufu Mustapha** (St Antony's)

*Session 4*      **Counter-terrorism as driver behind development aid: The wrong paradigm?**

17.35 – 18.35 Speaker:      **Dr Zoe Marriage** (SOAS)

Discussant:    **Rear Admiral Richard Cobbold** (Pluscarden Programme)

Chair:          **Dr Jennifer Castle** (Nuffield)