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Book Review

Arnson, Cynthia J. and I. William Zartman, eds. 2005. *Rethinking the Economics of War. The Intersection of Need, Creed, and Greed*. Baltimore, MD: Johns Hopkins University Press. ISBN 0-8018-8297-4 (hb), 0-8018-8298-2 (pb). Price: \$55.00 (hb), \$22.95 (pb).

Reviewed by Ron Smith [2 May 2007]

This is a belated review of an important book, one that already is widely cited. I can strongly recommend it, particularly to economists interested in conflict. In the late 1990s a heated debate emerged about whether civil wars were better explained by “greed or grievance”: economic or political motives. Like all good debates it was excessively polarized – obviously both matter – but it did prompt more examination of the economic dimension of civil wars. This book contributes to that re-examination. It begins with an introduction by Arnson, which provides a nuanced account of how need, including relative deprivation and unmet expectations; creed, issues of identity be it class, religion, or ethnicity; and greed, economic incentives, interact. It also emphasizes how their relative importance changes over time as the conflict evolves. There are then seven case studies of wars: Lebanon (Elizabeth Picard), Peru (Cynthia McClintock), Sierra Leone (Jimmy Kandeh), Angola (Phillipe Le Billon), Congo (Erik Kennes), Colombia (Marc Chernick), and Afghanistan (Paula Newberg). The case studies are fascinating and bring out the resilience of trade. Lebanese warlords, while fighting to the death, negotiated to ensure that trade flows, from which both took their cut, got safely across the border between them. There is then a review of policy considerations by David Malone and Jake Sherman, and a conclusion by I. William Zartman.

The origin of the greed-grievance debate was unusual. The main sources were a technical piece of econometrics by Paul Collier and Anke Hoeffler in *Oxford Economic Papers* on economic causes of civil wars and an Adelphi Paper of the London-based IISS by David Keen on the economic function of violence in civil wars. Malone and Sherman comment that “interested scholars in the United Kingdom had not undergone the drift toward policy-irrelevant modeling and theorizing of their American counterparts in some fields,” and they note that policy makers, including those at the World Bank, where Collier was head of research for a time, picked up on the issues relatively quickly.

In the ensuing debate there was much emotion and many misinterpretations. Some wrongly interpreted “greed” to refer solely to that of the insurgents, thereby having a conservative implication, but the “greed” of the incumbent state was as likely to be a cause of conflict. As Zartman points out, greed and grievance are two sides of the same coin: the greed of the incumbents prompting the grievance of the insurgents.

The book is not written by economists and this shows: there is not an equation or regression in sight. But it does focus on economic dimensions, in particular how trade operates. There is less on the role of the arms trade than I would have wished, but that may reflect the difficulty of researching it in conflicts such as these. This book also illustrates a very effective interaction of qualitative and quantitative aspects of conflict. The authors of the case studies carefully consider the extent to which the quantitative factors identified by Collier and his co-authors were important in the individual conflicts they consider. Quantitative analysis over a large number of conflicts can often identify

necessary conditions, which may be overlooked in individual case studies. But these conditions are often not sufficient, and this book emphasizes the importance of political entrepreneurs of violence who mobilize both grievances and the resources to pursue the conflict. In a number of cases the conflict was only ended with the death or capture of such entrepreneurs.

While the motivation for insurgency is rarely directly economic, the means required to pursue the struggle are always economic: fighters need to be fed and armed. Thus an economic surplus that can be used to finance conflict is a necessary although not sufficient condition for war. This applies to both sides. Easily lootable sources of surplus such as drugs, diamonds, minerals, and oil have been the focus of attention, but the case studies bring out the importance of other, more traditional, sources of surplus, such as taxing trade and peasants. The economics brings out some ironies. For example, Le Billon notes how, in Angola, while Cuban soldiers were deployed by the government to protect U.S.-owned oil installations – the revenue from which paid the Cubans and bought Soviet arms – the U.S. sponsored UNITA forces that were attacking those very installations.

Once the economics becomes important, division of labor sets in as some specialize in fighting and some specialize in financing the fighters. Incentives then become important. Quite apart from their grievances, it can be the case that some actors have economic motives for continuing the conflict. This raises the policy issue: how does one construct alternatives for the combatants that are better than continuing fighting? This book discusses these issues carefully. These alternatives may be positive (a child soldier may think school is better than taking her AK47 back into the bush) or negative (the warlord finds that money-laundering regulations mean that he has to stay in the bush rather than go to Monte Carlo). Changing incentives can be very hard, and the book brings out the practical problems of implementing and enforcing what may appear to be obvious policy responses. This helps explain why conflicts are so persistent.

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