

## Economics of Conflict and War

Discussion in absence of Dan Plesch

## Economics of Conflict and War: Discussion

- Interesting set of papers
- Important and interesting findings
- Worth summarising

## Economics of Conflict and War: Discussion

- Hartley:
- High costs of the war in Iraq – £4.2 billion for the UK up to March 2005 and \$177 billion to the United States to early 2005
- Could have been an alternative solution based on bribery/compensation.
- Paying Saddam to leave would have been a solution with net gains in economic welfare.

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- Collier and Hoeffler:
- The costs of civil war – an average of \$64 billion for a single low income country – are extremely important.
- War retards development and where development fails, countries are at high risk of becoming caught in a conflict trap.
- Aid is only a cost-effective in post-conflict countries, not in conflict prevention
- Transparency and illegality of trade in conflict diamonds etc is cost-effective in the prevention and shortening of civil wars.
- The option of international military intervention United Nations Charter highly cost-effective .

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- An increasingly important form of conflict is asymmetric warfare, where the combatants use different technologies, types of weapon or tactics.
- Powerful 'incumbents' cannot necessarily defeat smaller challengers fighting in ways that they did not prepare for.
- Economic analysis indicates that even when there is a weaker enemy, the best way forward may be to improve the conditions of the challengers.
- A salutary lesson for governments facing insurgency.

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- Presentations have shown important contributions that economists can make to understanding of conflict
- Clearly costs are enormous and greater than usually considered
- Not just bean counting: one has to understand the economics to understand conflicts and deal with them
- Not unusual to overlook this

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Have seen important economic issues:

- True costs of conflict and potential benefits to profiteers
- Peace as a international public good with all inherent problems
- Greed and grievance in civil wars and importance of economic interventions
- RMA, resources and asymmetric conflict
- Post conflict reconstruction Issues

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- Dan Plesch authored "The Beauty Queens Guide to World Peace" so would argue (unreasonably of course):
- While economists contribution valuable, focusing on economics can limit understanding
- Need recognise importance of wider geopolitical context

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- Political implications of paying off dictators
  - Rather selective targets of US
- Important to recognise economic aspects of civil wars but:
  - Other aspects can be important
  - Intervention may be 'biased' and unsuccessful
- Have to take care that precise theoretical focus does not make one lose sight of wider context

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### General Context:

- Industrialisation and globalisation –more than economic aspects- have turned peace from being a desirable option to a practical necessity
- Understand changing threats:
  - Invasion: nowadays rare (despite Bush)
  - Death and destruction: still huge problem WMD and proliferation
  - Destitution: fuels internal and external conflict inc terrorism. Poverty is source of suffering and contributes to fighting for resources
- Clear armed forces don't assure victory: have a role to play, but must be political solution

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### Implications:

- Need to find ways to advance economic justice and sustainable development
  - Make shareholders accountable, reform limited liability
  - Improve international democracy
  - Reinvent internal democracy
  - Reduce dependence on oil and gas
  - Develop programme for regulation of proliferation and scrapping of armaments
- Overall: Recognise contradictions of international governance system and deal with them