Economies of peace: Economy formation processes and outcomes in conflict-affected societies

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Looking beyond and beneath the macro level, this special issue is interested in the processes and outcomes of the interaction of economic reforms, socio-economic peacebuilding programmes and international interventions with people’s lived realities. Despite decades of international involvement, many of the debates about peacebuilding and conflict prevention are still detached from the basic livelihoods and everyday concerns of citizens in conflict-affected societies. While the formerly strict distinction between conflict-related and development efforts has been problematised and rethought in recent decades (Duffield, 2007; Mac Ginty and Williams, 2009), the (socio-)economic aspects of peace formation still remain on the margins of the discussion. For instance, the 2016 report of the joint United Nations Development Programme/Department of Political Affairs Programme on Building National Capacities for Conflict Prevention 2 barely mentions economic aspects of peace, entirely omitting any mention of the word ‘economy’ (UNDP, 2017). This is puzzling considering the strong focus of the United Nations’ 2030 Agenda for Sustainable Development on socio-economic matters, including poverty, hunger, decent work, economic growth, reduced inequalities, as well as their intersection with peace and justice.3

This special issue begins to fill this research gap. We argue that disregarding socio-economic aspects of peace and how they relate to people’s everyday lives leaves a vacuum in our understanding of peace, particularly a just and sustainable peace, and the formation of post-conflict economies. We define ‘post-conflict economy

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1 The authors have equally contributed to this article and are therefore listed in alphabetical order.
2 This report was written in partnership with the Peacebuilding Support Office.
3 The agenda is best known for its 17 sustainable development goals, of which number 16 is peace, justice and strong institutions.
formation’ as a multifaceted phenomenon, including both formal and informal processes that occur in the post-conflict period and contribute to the introduction, adjustment or abolition of economic practices, institutions, and rules that inform the transformation of the socio-economic fabric of the society. It is influenced by socio-economic legacies from before and during the conflict, everyday practices of citizens, direct or indirect international presence, national decision-making, and international economic trends and structural hegemonies alike (see for example Pugh, Cooper and Turner, 2008; Bhatia, 2005). To that end, this issue engages with debates over the formation of economic systems, markets, and practices, and the way different actors shape, adopt or alter them, as well as their relation to the realities and experiences of intervention or peace. Such processes have a fundamental impact on how societies recover from war and what kind of a post-conflict economy emerges. A sustainable peace would require the formation of peace economies: economies that actively work towards reducing structural economic inequalities and grievances of the (pre-) conflict period, as well as addressing the livelihood concerns of citizens. This special issue will point out potential pitfalls that challenge or influence peace economy formation processes.

As of yet, most research has been conducted on the impact of market liberalisation and structural adjustment programmes on the macro level, given that market liberalisation has been viewed as a key component of peacebuilding endeavours (Paris, 2004). The assumption behind it is that free markets create productive competition and cooperation and thereby decrease the possibility of future conflicts. Scholarship, however, has shown that conflicts not only deepen inequalities, but socio-economic inequalities in fact breed and prolong conflict in a mutually constitutive way (Muller, 1995; Nafziger and Auvinen, 2002; Laudati, 2013; Millar, 2016).

In approaching the social and the economic as political, the articles in this issue show how the economic is part of the everyday, following a Lefebvrian understanding of the term (Lefebvre, 1988; 1984). For Lefebvre (1984, p.35), the everyday is defined and shaped by contradictions, emerging at the crossroads of the misery and agency of everyday life. His critical point is that the everyday holds a
transformative power and some of the conditions related to it are indeed material. In that sense, the everyday is a site of knowledges that can and resist the control by market forces (Elden, 2004, p.118), providing local manifestations of global processes in this realm. This ties in with Sörensen’s (2006, p.3) understanding that ‘the economic sphere cannot be isolated from its political and social context, but that the economy is embedded in social relations, informal and formal institutions’. The contributions on this issue analyse these interrelations, their emergence and dynamics, from a number of different perspectives.

**Situating the special issue**

Despite their crucial importance, conflict-related socio-economic issues have been subject to relatively little scholarly exploration in International Relations. This holds particularly true for economic and social changes resulting in part from an international presence in post-conflict societies. In fact, this lack of scholarly attention on the everyday translations of post-conflict economy formation is a broader issue, reflected both in peacebuilding and transitional justice literatures. As Baker and Obradovic-Wochnik (2016, p.282) point out ‘“peripheral” means of addressing violent pasts [such as] socioeconomic justice or the everyday practices of normality and sociability though religion or local economies, remain marginalized by both transitional justice and peacebuilding’.

While it is important to note the invaluable efforts invested in examining the contributing political economic factors prior to conflict (see, for example, Cunningham and Lemke, 2014; de Soysa, 2016; Schulz, 2015), as well as the political economy of war and dynamics during conflict (Le Sage, 1998; Lu and Thies, 2011; Richani, 2016; Siroky and Hechter, 2016; Sorens and Ruger, 2014), this special issue is positioned firmly in the study of the post-conflict everyday. As such, it draws on Mani’s (2002) criticism of international interveners who have mainly focused on addressing the effects of conflicts rather than their underlying causes, which includes socio-economic inequalities and scarcity of resources. Furthermore, it also takes into account Arbour’s (2007, p.20) paramount work on the socio-economic aspects of
transitional justice and the emphasis on the necessity for ‘longer-term socio-economic policies that aim to redress and prevent widespread inequalities and discrimination’ that no reparations, individual or collective, could substitute and without which no justice, reconciliation or peace would be possible.

This special issue builds on two notable contributions to the post-conflict political economy scholarship. The first is the edited volume Whose Peace? Critical Perspectives on the Political Economy of Peacebuilding (Pugh, Cooper and Turner, 2008), which presents a comprehensive thematic analysis of what constitutes a political economy of peace and who shapes it in the domains of liberal war and peace, trade, employment, diasporas, borderlands, civil society, and governance. The second is a special issue on the economic aspects of peacekeeping operations, Service, Sex, and Security: Everyday Life in the Peacekeeping Economy (Jennings and Bøås, 2015). The contributions analyse different aspects of the 'peacekeeping economy', a concept that refers to economic activity, whose occurrence and intensity depend on the international presence, focusing on individuals and the relationships between them.

While these two paramount contributions examine the what and who of peacebuilding and peacekeeping political economy, this special issue analyses the how of post-conflict economy formation. With this in mind, many of our contributions engage primarily with existing statebuilding and peacebuilding debates, while bringing in political economy perspectives. Specifically, they analyse the processes of post-conflict economy formation and the navigating between livelihood needs, local translations of the liberal hegemonic order, and an absent or disappearing welfare state.

Contributions

The articles of this special issue contribute to the above debates in three ways. The first set of contributions focuses on examining struggles for basic livelihoods by different segments of society, such as workers and women in context of a non-
functioning or non-existing welfare system. Articles highlight the risks of liberalisation, marketisation and commodification of labour in societies that are vulnerable even without additional shocks. Critically, the articles suggest alternatives to liberal hegemonies and neoliberal practices in processes of formation of peace and, importantly, formation of its socio-economic traits. Pugh (this issue) investigates the impact of political change and liberal peacebuilding interventions on workers’ rights, pointing out the lack of historical contextualisation, as well as the non-exceptional aspect of labour precarity in the former Yugoslav space at a time of global precarity in neoliberal capital accumulation. This partially corresponds with Ramovic’s (this issue) argument, whose analysis focuses on the Yugoslav legacies of self-management and workers’ participation in decision-making. He points out the role of the workplace and the socialisation therein played in enabling inter-ethnic cooperation. He argues that the post-war neoliberal reforms have missed the opportunity of tapping into the potential of these legacies. Stavrevska (this issue), on the other hand, looks at the everyday experiences of Bosnian women who are recipients of individual micro loans intended to encourage female empowerment and entrepreneurship. Highlighting the context of a disappearing and non-functioning welfare state and the effects it has on women’s agency, she shows how regardless of the Yugoslav legacy of female empowerment and gender equality, individual micro loans in fact contribute to atomised, rather than a collective and therefore change-making form of women’s agency emerging.

The second set of articles explores actors and reflects on the socio-economic consequences of the presence of international actors in conflict-affected societies. International actors can influence formations of economies both by creating opportunities and social transformation and by simultaneously strengthening informalities and/or exclusion. The impact of their agendas and related activities notwithstanding, these articles examine how the mere presence and functioning of international actors affect the people and environments in which they live and operate. Thomas and Vogel (this issue) discuss the transformative power of the international presence in a neighbourhood of Amman, exploring the social and economic interactions between local and international residents. They point to the
dangers of intervention gentrification and the perils for local economies to adapt to the needs of the humanitarian community only. Along similar lines, Jennings (this issue) develops the concept of ‘peacekeeping as enterprise’ with reference to the missions in Liberia and the Democratic Republic of the Congo. She argues for a conceptualisation of peacekeeping as a primarily political economic exchange, which helps to further our understanding of peacekeeping as a lived practice. Importantly, such conceptualisation aids the analysis of post-conflict economy formation. Both articles raise questions about temporality, sustainability, and responsibility of foreign actors in altering local markets and thus the formation of economies where livelihoods depend on and intersect with the international presence.

The final set of articles examines processes, outcomes, and policy translations and shows how a multitude of actors – from international organisations, to national governments and local implementing partners – shape the post-conflict socio-economic space simultaneously. They do so through laws, informal rules and practices, or subversion of laws, thereby creating new (often selective, sometimes perhaps more just) welfare networks and economic conditions. Roll (this issue) analyses how veterans’ pension programmes in Timor-Leste are formed and changed by the ‘street-level bureaucrats’ exposing how national laws are adapted and ‘translated’ by local authorities to benefit their communities. Distler (this issue), on the other hand, traces informal practices by internationals actors in Kosovo. He demonstrates that, while the literature on statebuilding criticises informality amongst local and national actors (Lindberg and Orjuela, 2014), international actors equally disregard formal processes or act in an unregulated fashion. By doing so, they crucially shape the post-conflict economy of the country.

Overall, the findings in this special issue point to some threads that deserve further investigation and conceptualisation in order to fill the lacuna in our understanding of the formation of post-conflict economies of peace. These threads are what we turn to next.
**Post-conflict economy formation is historical**

One key theme emerging from the articles is the emphasis on the danger of treating economy formation processes in post-conflict societies as ahistorical. Instead, it is critical to acknowledge that economy formations are socially and culturally embedded if they are thought to work towards peace. In most of the peace- and statebuilding literature, the transformations of post-conflict countries are treated as processes existing in a state of exception. This rests on the assumption that is at the heart of the notion of post-conflict ‘transitions’ – that there is a certain arrival point, where the country will no longer be troubled by its violent past. It will mature and the institutions and the economy will be well functioning and strong. Departing from such trends, this special issue approaches the studied cases as ‘mature’ societies (drawing on Jansen, Brković and Čelebičić, 2016, p.3). In other words, it depicts societies that are not immature and whose problems are not conceived of as growing pains that societies and countries will eventually recover from. Instead, the authors view the countries in question as ‘real’ countries, whose development along with their post-conflict economy formation is understood both as rooted in a certain historical context, but also occurring in a particular global historical conjuncture. This approach is crucial in understanding the ways in which people live their lives and navigate the everyday. As such, the approach is particularly important for qualitative research, as a logic of inquiry on which all the contributions rely, since the ‘where’ of people’s lives in such societies today ‘can only be grasped when we also account for its temporal coordinates—its “when”’ (ibid.).

It is especially noteworthy given that economic aspects of peacebuilding interventions and economic transitions or transformations have largely been considered technical rather than political, with the exception of the general criticism towards neoliberalism (Ahearne, 2009; Pugh, Cooper and Turner, 2008). To that end, these processes have been treated in isolation from the socio-economic traditions, legacies and pre-conflict practices. The post-Yugoslav space in particular provides a valuable case in point on the importance of accounting for historical legacies and processes. The articles in this issue that focus on the former Yugoslav space point to
the processes of old structures being replaced with market-oriented ideas. They showcase how difficult and often counterproductive it is for institutions and economies to be formed without any regard for the context and the role it plays in the post-conflict space and its everyday.

For instance, unfolding in the shadow of the war-to-peace transition, we have witnessed the so-called post-socialist ‘transition’ or the ‘transition’ from a socialist state and planned economy through a war economy to a market economy. Unlike many other former socialist countries where the disentangling with the past was not as abrupt, in the cases of Bosnia and Kosovo the war was perceived as a rupture that clearly distinguished the pre- and post-war economy, too. International interveners see the war as having wiped everything clean: not just the economic landscape and the previous class antagonisms, but also any socialist values and memories, which are perceived as ‘mis-placed, or dis-placed’ (Gilbert, 2008, p.168) in the new post-conflict reality. In the case of Timor-Leste, on the other hand, it is the re-constitution of the past resistance against Indonesia that defines the present of veteran pensions (Roll). As such, the debates on post-conflict economies and economic reconstruction need to tie in better with the already existing critiques on the lack of context and culture in statebuilding interventions.

*Post-conflict economy formation is political*

Following from the above, it is important to notice that post-conflict economies do not emerge by accident. They are politically designed and shaped by a multitude of actors who struggle over power, representation and a new social order; globally, regionally and locally. Political, private and financial actors structure the new market and thus decide how and whether inequalities are regulated and mitigated. As we know, most economic reforms that take place in the aftermath of violent conflict are led by the principles of the Washington consensus. This set of ten policy prescriptions driven by Washington-based financial institutions centres on the belief that the economic transformation of ‘transition’ countries should be left to market forces (Donais, 2005, p.17–18). It is pursued through macro-economic stability, reduction of
the role of the state, reliance on privatisation and on exports and foreign investment to stimulate economic growth (Pugh, 2005, p.25) in the hope to induce prosperity and counter unemployment.

As deregulation is at the heart of the Washington consensus many of the reforms, decisions, and policies shaping the formation of post-conflict economies rely on the distinction and divorce of the state and the market. This is reflected in the limited accessibility and availability of social services or their commercialisation, including healthcare, education, care services, and a hands-off approach regarding wealth redistribution by the state. In some instances strong welfare and redistributive states were disrupted by war (such as Bosnia and Herzegovina and Kosovo), in others only rudimentary welfare existed in the first place (Timor-Leste). In both instances, institutional reforms and reconstruction efforts in line with international agendas and donor priorities took their toll.

The withdrawal or reduction of the state in such fragile settings can lead to a deepening chasm between rich and poor citizens, growing socio-economic inequalities and livelihood struggles, which in turn increase the chances of renewed conflicts. This tendency of an absent state created room for different mechanisms and practices to emerge in addressing that gap. The articles point to a number of them, such as the veteran pensions in Timor-Leste being distributed beyond the state envisaged group of beneficiaries (Roll), or micro finance in Bosnia as a cushion instrument for the insecurely employed women to support their families (Stavrevska).

The importance of the relief these instruments provide for vulnerable groups of citizens notwithstanding, they are but a temporary way to address some of the consequences rather than the problems of the post-conflict economy formation. This constellation does, in fact, increase insecurity (Pugh) and with that, the social and economic vulnerability of citizens and the new economic system as a whole. The pension programme will eventually be discontinued and the micro finance programme bears several dangers for loaners. This can have major adverse effects on individual livelihoods, but also on the social fabric and the state. Consequently,
economic violence against or neglect of vulnerable groups is not unavoidable but politically designed. Inequalities are allowed to deepen, or at least they are not actively addressed. This can partly be attributed to post-conflict states seeing their spending priorities elsewhere, but also the stipulations of international actors whose austerity and privatisation programmes do not take into account the long-term effects on conflict-affected societies (Pugh 2004). In such cases it is unlikely that peace economies emerge.

**Post-conflict economy formation is relational**

Critical approaches in peace- and statebuilding literature have highlighted the necessity to reflect and include the ‘local’, its context and the everyday in the understanding of peace. These calls have shifted the focus to what Mac Ginty and Richmond (2013) have termed a ‘local turn’ in studying peacebuilding efforts and post-war societies. While humanitarian and peacebuilding agencies alike call for a localisation of responses, the international donor community keeps selecting their local partners and perspectives carefully, ensuring the chosen local perspective concurs with international agendas (Vogel, 2016). However, issues of everyday and ‘local’ socio-economic concerns, basic livelihoods, and everyday practices of normality remain on the sidelines but need attention if the goal is to create lasting peace economies. Furthermore, the literature that examines local peace processes reinforces the binary of global versus local, or international (and often liberal) versus local (and often non-liberal) (Björkdahl et al., 2016). ‘The local’ in much of the critical literature continues to exist in relation and juxtaposition to ‘the international’. While these accounts might have aimed at shedding light to the local part of the dichotomy, any analysis of ‘the local’ that exists in such binary ought to also question the power relations contained in the binary itself. Otherwise, this dichotomy not only risks ignoring the complexity of layers and power structures, as well as plurality and multidimensionality of local actors (Schierenbeck, 2015, p.1028), but it also risks ignoring the multiplicity of ‘international’ dimensions, beyond Western perspectives (Paffenholz, 2015, p.868).
Instead of focusing on the international or the local, recent literature aims to understand and analytically tackle the occasions, spaces, and outcomes of the interactions between the ‘international’ and the ‘local’. Scholars have deployed concepts such as hybridity (Mac Ginty, 2011; Peterson, 2012) and friction (Björkdahl et al., 2016; Björkdahl and Höglund, 2013) to highlight the relational character of peacebuilding.

The relational power asymmetries as forces that affect the formation of post-conflict economies are the third and final theme emerging from the contributions to our special issue. As a number of contributions highlight, the differences in proximity of the ‘international’ and its translations, whether it is in physical presence, financial instruments or norms, are reflected in the everyday and its socio-economic aspects. In cases of physical presence, the power asymmetries are represented in the ‘international’ being able to act as privileged customers and employers. With that, they directly affect the livelihoods of the local communities and neighbourhoods (Thomas and Vogel, Jennings). The physical presence holds lasting effects in terms of urban planning and gentrification too (Thomas and Vogel). Much of this might not impact economic processes on the macro level, but significantly impacts local and regional processes of economy formations.

At the same time, when it comes to translation of norms, the contributions underline how the power positions can change depending on who holds the relevant knowledge – whether those are the street-level bureaucrats in Timor-Leste (Roll) or the UN mission representatives in Kosovo (Distler). Importantly, the contributions also problematise the usual straight-line assumed between international and liberal on the one hand, and local and non-liberal on the other. The examples of informal practices in Kosovo outlined in Distler’s article are a case in point.

By taking these the historical, the political, and the relational dimension into account, this special issue highlights the need for an economic local turn in studying conflict-affected societies. A focus on the micro- and meso-level of economic reforms will enable us to better grasp the processes of post-conflict economy formations, and
what is required to steer them towards peace economies that can support sustainable peacebuilding efforts.


