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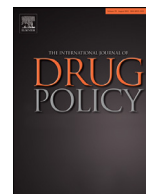
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Essay

Unsettling the Peace? The Role of Illicit Economies in Peace Processes

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ABSTRACT

The long-term legacies of civil war economies—often characterized by widespread illicit economic activities and the proliferation of criminal and quasi-criminal networks—pose significant challenges to achieving sustainable postwar settlements. This essay surveys predominant strategies to address war economies in peace processes for countries emerging from war. I identify three prevailing approaches—criminalization, co-option, and neglect—and discuss trade-offs associated with each. While there is no clear consensus on which approach is most likely to succeed and most countries will require a balanced combination of all three, it is increasingly clear that peace agreements that fail to sufficiently incorporate the perspectives of communities dependent on illicit economies and to account for how illicit economies shape national and subnational political settlements are more likely to produce unstable postwar regimes in the medium to long-run. I conclude with some reflections on future research agendas and potential policy implications that merit further exploration.

Introduction

In countries emerging from war, how do illicit economies impact the likelihood and character of peace settlements? Are actors profiting from these economies likely to view the prospect of peace as threatening to their interests, and act as spoilers? Or can illicit financial flows be used to incentivise violent actors to lay down arms? Should illicit economies be addressed as part of the peace process, and if so, how and when? How might these choices affect the prospects of achieving successful outcomes?

This essay surveys predominant strategies to address war economies in peace processes for countries emerging from contemporary civil wars. These conflicts are frequently marked by an exponential rise in illicit economic activities, often encouraged or co-opted by armed groups participating in the conflict. As a result, it is widely assumed within the international community, amongst decision-makers in regimes struggling with insurgencies, and in large segments of the media and public imagination that illicit economies and violence go hand-in-hand. From 'blood diamonds', to 'conflict timber', to 'narco-guerillas', such associations are commonplace; while the terminology may differ, the presumption that illicit economies *drive* conflicts is a familiar one.

As civil wars draw to a close, these associations pose significant challenges for policymakers. Today's civil wars often last for decades, by which time illicit economies may comprise a dominant share of the economy: in Afghanistan, for example, the value of the opium economy in 2017 was estimated to be between 6 to 11 percent of Afghanistan's GDP—larger than all officially recorded licit exports combined (UNODC, 2018). The sheer scale of illicit activities and the lifelines they provide to large segments of the population dependent on

illicit incomes to survive—not to mention the fact that many prominent actors may be active participants in illicit activities themselves—means that these economies are unlikely to simply wither away as conflicts end. And yet, governments who have consistently sought to paint their opponents as being motivated by profits from illicit economies and associated with predatory criminal networks during wartime may find it difficult to avoid confronting these issues as part of the peace process—compounded by fact that they may be under pressure by external actors to stem the flow of illicit goods as a 'natural' step in the postwar statebuilding process.

Policymakers in such contexts therefore face difficult dilemmas and trade-offs in addressing illicit economies in peace processes, both in the short and long-term. In the short-term, policymakers must forge peace settlements that balance multiple variables: the economic interests of various elites on all sides of the conflict, some of whom may have a personal stake in preserving existing shadow economies; the economic livelihoods of communities dependent on illicit incomes to survive; and international pressures to curb the trafficking of illicit goods, particularly drugs. Forging a stable settlement under these circumstances is no simple task.

At the same time, policymakers must grapple with how to address the long-term legacies of war economies, and carefully consider what impacts these economies will have in shaping the postwar order. This is particularly challenging with illicit drugs, as there are typically few opportunities, if any, to transition drugs into licit commodities. Reining in the influence of militias and criminal networks established during wartime—and the violence associated with these groups—has also frequently bedeviled many postwar governments. More broadly, policymakers must ask themselves fundamental questions about the place of

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illicit economies in society in the medium to long-term. Is it true that drugs and other illicit goods are antithetical to stabilization and development, or can these commodities make a positive contribution to development and political stability in some cases? What are the trade-offs of different approaches, and how should these be evaluated?

This essay provides an overview of these dilemmas and some reflections on how our collective understanding of these issues might be improved. I begin with a brief overview of literature highlighting the characteristics of war economies, the link between illicit economies and conflict duration, and the challenges war economies pose for achieving long-lasting peace settlements. I survey a number of transformation strategies used in past peace processes, from the criminalization of insurgent economic networks to the use of financial incentives to lure rebels to the peace process, and the trade-offs inherent to each approach. While there is no clear consensus on which strategies are most effective, emerging insights suggest that neglecting the economic dimension of conflict in peace processes is risky and potentially destabilizing in the long-run. Instead, stakeholders participating in peace processes should recognize how illicit economies shape national and subnational political settlements, often making positive contributions to the economic resilience and stability of marginalized communities. Policymakers should take account of these realities both while drafting formal agreements and in the design of longer-term peacebuilding strategies. Finally, I conclude by reflecting on further avenues of research and policy implications that could yield useful insights on how illicit economies should be managed in peace processes.

Legacies of War Economies: A Threat to Sustainable Postwar Settlements?

From the mid-1990s, civil war literature has increasingly drawn greater attention to the economic dimensions of conflict (Berdal & Keen, 1997; Collier & Hoeffler, 1998; 2004; Keen, 2005; Ross, 2004). Case studies conducted by scholars such as Reno (1999) and Olsson and Fors (2004) have documented numerous examples of looting, extortion, and other forms of predatory economic activity against civilians by all parties to the conflict, including government armies and rebels alike. This body of work has emphasized the economic motivations of armed combatants, with opportunities for self-enrichment being the primary motivator for participating in violent conflict.

Early iterations of this literature have come under criticism for being too simplistic or dismissive of other socio-political drivers of civil war, including collective grievances, inequalities, and ideological beliefs (Ballentine & Nitzschke, 2013; Cederman et al., 2013; Di John, 2011; Sanin & Wood, 2014). Additionally, the relationship between violence and lootable goods is not always straightforward: in a study of 42 countries with lootable resources, Snyder (2006) found that in some cases, the presence of lootable resources contributed to greater political stability, depending on how resources were governed and extracted. While scholars have generally moved beyond theoretical models of civil war that attribute conflict to economic motives alone, a key insight from this literature relevant to the discussion on peace settlements argues that, once unleashed, civil wars generate unique political and economic conditions that often prove tenacious and difficult to reverse (Spear, 2006). These conditions tend to linger beyond the conclusion of formal peace agreements, posing significant challenges for those hoping to craft sustainable postwar settlements.

Characteristics of war economies

Ballentine and Nitzschke (2013) have identified five properties common to war economies: the destruction or circumvention of the formal economy, with increasingly blurred distinctions between formal, informal, and criminal activities; widespread predatory behavior by armed combatants, such as pillaging, extortion, and violence against civilians to acquire control over lucrative assets; highly decentralized and privatized economies, both in terms of production and exchange; armed group exploitation of licit and illicit trading networks; and finally the

prevalence of cross-border trading networks, often based on kinship or ethnic ties, dominated by individuals with vested interests in the continuation of conflict and instability. Cockayne and Lupel (2011) further observe that the political and economic importance of borderlands tends to expand during wartime relative to urban centers, due to the presence of licit and illicit cross-territorial networks that combatants depend on for funding and external access. Where non-state armed groups draw funding from these networks, they may be disincentivised from participating in peace negotiations due to their access to a reliable resource base that sustains their capacity for armed violence (Cornell, 2007). War economies also present opportunities for individual combatants to amass significant personal fortunes; such individuals may see little economic benefit in supporting a transition to peace (Spear, 2006).

Nonetheless, there are indications that not all aspects of war economies are equally threatening to peace processes. Goodhand (2004) has disaggregated conflict economies into three typologies: coping economies, shadow economies, and combat economies. Coping economies describe how economically vulnerable individuals and communities participate in illicit economies out of economic necessity, particularly as conflict destroys their assets and closes off viable alternatives. In this case, revenues from illicit economies have positive effects on their economic resilience and livelihoods. Rather than fueling conflict, access to steady informal incomes might raise the opportunity-cost of participating in the conflict and make some individuals otherwise susceptible to violence less likely to join, though studies have found that this relationship is likely to be mediated by a variety of other factors (Berman et al., 2011; Cramer, 2011). For these sectors of the economy, the cessation of hostilities following a peace settlement may mitigate the problem, as sustained peace is likely to generate more economic alternatives in the medium-to long-term, allowing communities to gradually move beyond coping activities (Ballentine & Nitzschke, 2013).

Shadow and combat economies pose different challenges for peace processes and postwar statebuilding. Shadow economies refer to cases where the economic activities of the state are captured by criminal groups, and combat economies refer to economic transactions that directly facilitate war, including those dominated by state security services, rebel groups, and other conflict entrepreneurs (Ballentine & Nitzschke, 2013). Illicit networks established and dominated by armed combatants in wartime readily transform into criminal economies in peacetime, potentially diverting resources away from the state and empowering actors with little stake in establishing stable political settlements or supporting effective rule of law (Ballentine & Nitzschke, 2013; Wennmann, 2005). Past experience suggests that these factors increase the risk of conflict recurrence: one comparative study of sixteen peace processes found that the continuation of these networks and the ongoing proliferation of armed actors were major reasons for failure (Nitzschke & Studdard, 2005). And yet, peace settlements that ignore the reality of political authority established through conflict and exclude powerful elites with de-facto political and economic power are also likely to fail (Cockayne & Lupel, 2011; Wennmann, 2014). As Felbab-Brown (2017b) has observed, participation in illicit economies present ample opportunities for belligerent groups to shore up political capital within the public, in some cases bestowing them with a greater degree of legitimacy than government authorities. Wennmann (2005) expresses the dilemma facing stakeholders as follows: “How do you manage non-state actors that, as a result of their parallel markets, are more powerful than the state or the donor community?”

Grappling with Illicit Economies in Peace Processes: Dominant Approaches

Governments and donors engaged in peace processes have opted for a number of strategies for addressing the potentially destabilizing effects of war economies. Below, I describe three common strategies: co-optation, criminalization, and neglect. I briefly explore the benefits and risks of each.

Before proceeding, it bears emphasizing that these strategies are not mutually exclusive; they may each be used at different stages of the process, and may be applied simultaneously to different segments of the illicit economy. Indeed, some combination of strategies is the norm. In real-world scenarios, the process of peacebuilding is significantly messier, unpredictable, and evolving than presented here; as are the economic, political and ideological constraints faced by all participants, including international actors with a stake in the outcome. Differentiating these approaches nevertheless provides an analytically useful framework to explore dominant approaches to addressing challenges of peacebuilding in these contexts.

Furthermore, while illicit economies encompass a variety of goods, a predominant share of attention is often directed to the illicit drug economy, for a number of reasons. First, illicit drug markets constitute one of the largest and most lucrative share of worldwide illicit flows. Illicit drugs frequently play a significant role in civil war economies, both as an economic resource for armed actors and as a means for civilians affected by war to survive. In the popular imagination, illicit drugs are frequently associated with violence and presented as a major global public health risk to a greater extent than most other illicit goods. As a result, an outsized amount of resources have been allocated to suppressing illicit drugs worldwide, and governments emerging from war often face significant international pressure to curb domestic drug production and trafficking. Illicit drugs are therefore among the thorniest of issues to tackle in a peace negotiation.

Finally, there is another possible scenario that I do not dwell on in this essay: cases of civil conflict which result in the total capitulation of one side, and where victors are therefore able to assert control over illicit networks and impose their preferred policies unopposed. My focus here is on peace process scenarios involving some form of negotiated settlement, whether formal, informal or both. This focus is justified, as negotiated outcomes have become increasingly predominant since the end of the Cold War, while outright victories are increasingly uncommon (Kreutz, 2010). Moreover, even civil wars with decisive outcomes almost always involve some level of bargaining and accommodation with communities supportive of the defeated side. While outright victors may nominally be in a stronger bargaining position than those beleaguered by stalemates, it will still be necessary to address the legacies of war economies in the postwar period; it is therefore prudent for policymakers to engage with these approaches regardless of how conflicts are resolved.

Co-optation of Elites and Illicit Networks

One approach utilized during peace processes is to engage dominant non-state powerbrokers by enticing them with formal positions in a post-war settlement and/or other economic opportunities. These powerbrokers may include both pro- and anti-government combatants, as well as organized criminal groups. This approach typically occurs when conflicts have reached long-term stalemates and outright victory is unlikely to be achieved by either side. Co-optation may be targeted towards individual elites, or be institutional in nature: a common manifestation of the latter approach is formally integrating non-state militias into the state armed forces or providing them with quasi-regulated status as private security companies or community policing units, for example. This approach has been adopted during peace settlements in numerous conflicts, including Afghanistan, Sudan, and El Salvador, among others (Giustozzi, 2003; Hartzell & Hoddie, 2003; Johnston, 2007). Some studies also suggest that incomes from illicit economies may be put to positive use by helping to buy off belligerents, facilitating negotiations and helping to solidify peace agreements (Jonsson et al., 2016). Felbab-Brown (2017a) has described this process in Myanmar in the 1990s, where the government successfully incentivised insurgent groups to engage in ceasefires by granting permission to participate in resource exploitation and illicit trading of a variety of goods, including the country's sizable drug economy. As a result, poppy cultivation has ballooned

in certain border areas that have become more stable in recent years (Meehan, 2017).

The primary advantage of this approach is that it takes account of existing power differentials between the government and non-state actors, and may prevent difficult confrontations with these parties that the state has no realistic capacity to control by force. It recognizes that military networks controlled by powerbrokers are a common mechanism used to extract rents from illicit economies, and reduces the incentives of elites in control of these networks to oppose the peace process. In some cases, non-state actors have more capacity to provide security, basic services, and employment in borderland communities than the state; thus formally conferring them with responsibilities for service provision may avoid the disruption of services to civilians in the immediate aftermath of a peace agreement (Ballentine & Nitzschke, 2013). Snyder (2006) has observed that institutional arrangements that allow for joint extraction of commodities by multiple groups of elites tend to produce more stable outcomes in conflict settings, providing greater evidence for the viability of this approach.

However, as Snyder also acknowledges, establishing stable joint extraction regimes are particularly challenging with illicit drugs as compared to other commodities, as pressures from the international community to suppress the drug economy may prove too difficult to resist. Arrangements that appear stable in the short-term may also break down over time; in Myanmar, ceasefires underpinned by joint extraction regimes began to fall apart by the mid-2000, in part as a result of the government's attempts to renegotiate economic settlements in order to capture a greater share of illicit rents for themselves (Felbab-Brown, 2017a).

The moral hazards of this approach should also be considered. By co-opting elites engaged in illicit networks, governments could be seen as rewarding those engaged in illicit activities during wartime, while conferring comparatively fewer benefits to individuals and communities who refrained from participating. Co-option also risks conferring legitimacy on unpalatable and abusive warlords and other non-state actors, which may in turn damage the legitimacy of the state as a whole (Studdard, 2004). Furthermore, co-opting belligerents may facilitate transitions to peace in the short-term, but may entrench corrupt patronage networks into the formal system, encouraging the proliferation of what Le Billon (2003) refers to as "spoils politics". Absent a realistic strategy for improved governance, attempting to reign in illicit economies by co-opting elites who control them may come at the cost of elite accountability and have the perverse effect of corrupting the formal system in the long-run.

Criminalization and the Establishment of Control Regimes

Another approach to managing illicit economies involves establishing stronger control regimes over conflict-specific commodities and conditioning peace processes on the reduction or elimination of cultivation and trafficking of narcotics and other illicit goods. These control regimes often aim to reduce illicit smuggling of lootable commodities associated with conflict—the Kimberly Process Certification Scheme was one such initiative created to reduce illegal mining and sale of diamonds linked to civil wars in Africa (Paes, 2005). The lifting of international commodity sanctions may also be contingent on the establishment of stronger legal frameworks to manage commodities and the achievement of peace process benchmarks by all parties (Le Billon, 2012). Criminalization and forced eradication is also a common approach in countries where illicit drugs are perceived to be funding parties to the conflict, as evidenced by substantial investments by the international community in counter-narcotics policies in post-2001 Afghanistan (SIGAR, 2016) and the current peace process in Columbia, where the government's negotiating position remains fixated on the end goal of prohibition (Eventon, 2016; Vargas, 2014).

An argument in favor of this approach is that careful and judicious targeting of illicit economies may bring benefits to peace processes by depriving belligerents of resources and incentivising armed groups to

cease hostilities (Le Billon, 2012). Where parties are highly motivated to reach a peace agreement, donor conditionality may also provide incentives to pass positive governance reforms that would be more difficult to achieve once a settlement has passed. Provided that these reforms are designed with extensive consultations and buy-in from a wide variety of sectors, including communities most dependent on illicit economies, peace processes may present unique opportunities for substantive institutional transformations. Such reforms could also play an integral role in broader disarmament, demobilization and reintegration processes, ensuring that armed actors who face greater deprivation from enhanced control regimes, such as mid-level commanders, are provided with realistic economic alternatives as part of the peace process (Spear, 2006)

In many cases, however, an excessive focus on interdiction has been found to be counterproductive to peacebuilding. As Kalyvas (2015) has argued, linking insurgency with crime is often a convenient narrative for governments, as it underplays political grievances and assigns blame for the conflict to those motivated by opportunism. However, casting insurgents as criminals may foreclose political solutions that are necessary for long-term stability (Ballentine & Nitzschke, 2013). Studdard (2004) has likened this approach to *liddism*, or attempting to suppress symptoms issues without addressing the root causes of crime and violence. Goodhand (2008) warns that this approach is often reductionist, dismissing the complexity of subnational political settlements and failing to recognize that illicit economies have beneficially contributed to the stability and economic viability of many of these settlements, particularly in marginalized borderland communities. Policies aimed at rapidly disrupting or dismantling illicit economies may therefore increase economic hardships in these communities, undermining support for the government, the donor community, and the peace process as a whole.

Neglect

A third strategy is to limit the scope of the peace process to addressing high level political and security issues, while paying comparatively little attention to organized crime and illicit economies. Policymakers may see several virtues in this approach. It may simplify and accelerate peace processes considerably, and avoids conditioning peace agreements on conditions or reforms that will, in practice, be difficult or impossible to enforce. It is pragmatic about the fact that the outbreak of peace may in fact create new opportunities for illicit networks to flourish, but unlike more confrontational approaches towards illicit economies, it also recognizes that some informal activities can be beneficial to statebuilding and reconstruction (Studdard, 2004). This approach tends to place more weight on the developmental aspects of illicit economies, particularly illicit drugs, and on safeguarding the livelihoods of communities engaged in the coping side of illicit economies. In Afghan villages, opium cultivation has been shown to have numerous pro-social benefits, including enhanced social protection, increased economic growth, and improved local conflict resolution (Pain, 2012). Rather than being inherently destructive, these activities can serve a generative function, providing pathways out of poverty and contributing to economic conditions that can in turn provide stronger and more lasting foundations for peace. Under these circumstances, a policy of benign neglect towards illicit economies during peace processes may paradoxically produce greater stability and a reduced dependence on illicit economies in the long-run.

While this strategy may accelerate negotiations and remove obstacles to reaching a peace agreement, focusing on resolving national-level political issues and ignoring local-level political economic issues is also fraught with risk. Failing to address particularly exploitative or violent aspects of war economies can result in the continuance of micro-level violence and the strengthening of local militias once formal peace agreements are concluded. In Haiti, armed combatants left to their own devices swiftly refashioned themselves into violent criminal gangs; similar dynamics have been observed in the Balkans and West Africa in postwar settings (Hansen, 2014; Wannenburg, 2005).

Scholars such as Kalyvas (2015), Debos (2011), and Newman and Keller (2007) have each cautioned against drawing dichotomous distinctions between wartime and peacetime; indeed, the influence of armed actors and levels of physical violence and exploitation against local communities may continue at similar rates after the conclusion of a peace agreement. Turning a blind eye to the involvement of militia groups in illicit economies may also place strategies for disarmament and demobilization at risk, as it allows these groups to retain substantial access to illicit funds without any firm commitments towards reducing violence or accepting even nominal levels of state control. These conditions may constitute a dangerous breeding ground for future conflicts, placing prospects for long-term stability at risk.

Conclusion: Emerging Insights and Areas for Future Research

This essay contains an overview of key debates on illicit economies and peace processes. I identified three predominant strategies — cooption, criminalization, and neglect — that policymakers commonly use during peace processes to address the legacies of war economies, along with the benefits and risks of each. At present, there is no clear consensus on which strategies are most likely to succeed, or indeed, how success should be understood and measured. A common theme across the literature is that peace agreements frequently fail to address illicit economies adequately, if at all, and that more resources should be devoted to understanding these dynamics by stakeholders engaged in peacebuilding. Nonetheless, a few general themes can be observed of relevance to academics and policymakers.

On the imposition of control regimes, most studies concur that nuanced strategies have the best chance to improve prospects for peace. Scholars are generally skeptical about the usefulness of widespread criminalization of the informal economy, and argue in favor of a sector-by-sector approach. An increasingly significant body of evidence suggests that the illicit drug economy provides positive economic benefits to poor and otherwise marginalized communities, and that forced eradication policies may be deeply unpopular and potentially destabilizing. Indeed, this appears to be the case in Colombia, where early indications suggest that attempts to displace the coca economy with alternative livelihoods as part of the peace agreement have been ineffective and poorly received (Eventon, 2016). Absent significant and widespread public buy-in and realistic economic alternatives for communities dependent on illicit economies, efforts to aggressively suppress illicit economies in the immediate aftermath of war are unlikely to be effective and may risk a re-escalation of violence. For their part, international actors must be more sensitive to these issues and avoid applying undue pressure that may destabilize fragile situations. The Colombian case also demonstrates the importance of securing broad multi-party consensus on strategies to address illicit economies in peace agreements, in order to ensure that these strategies are not subsequently undermined following a change in government.

Instead, a balanced approach is often the best way forward. It is prudent to bear in mind the distinctions between coping, shadow and conflict economies, and develop tailored strategies for each. When engaging with insurgents and organized criminal groups, Cockayne (2010) argues in favor of dealing pragmatically with the majority of participants in the illicit economy, while ostracizing the most egregious norm-violators. He acknowledges, however, that distinguishing between these groups can be exceedingly difficult, and ultimately must be determined on a case-by-case basis. In practice, the opposite often occurs: egregious norm-violators are rewarded with elite positions, while small-scale participants in illicit economies are the most affected by draconian criminalization policies. This is what occurred in post-2001 Afghanistan, with disastrous results. This is why it is crucial to identify the right balance of strategies for any given time period, and to avoid overly punitive measures for those most dependent on illicit economies to survive. Nuanced strategies are also called for when dealing with members of armed groups: Spear (2006) recommends differentiating between individual combatants, and notes that mid-level officers in insurgent groups are

often neglected in peace negotiations, though they often carry the most direct influence over rebel fighters.

Moreover, strategies should be tailored to local conditions as much as possible. Formal agreements that take account of existing political settlements at local and regional levels—and how these are sustained by illicit economies—are more likely to lead to greater stability. In development circles, it is almost a truism to argue in favor of a more participatory approach to peacebuilding, and few would outwardly disagree with the premise that marginalized communities should be consulted in the design and implementation of peace processes. It is unfortunate that this rarely occurs in a more than perfunctory fashion. The failure of Colombia's national illicit crop substitution programme to deliver on many of its promises to provide support to coca growing regions as part of the peace process is a cautionary tale of how neglecting the needs of local populations can damage public faith and the viability of postwar settlements in the long run (Gutiérrez, 2020). In borderland communities, strategies should also take into account the interdependence of transnational economies, and strategies should be regionally-focused to avoid simply transplanting illicit economies across borders (Nitzschke & Studdard, 2005; Studdard, 2004).

Policymakers in countries emerging from war should also recognize that reducing violence and curbing illicit economies is a long-term endeavor. In some situations, it may be the case that neglect is the only realistic option available to policymakers in the immediate term, as addressing illicit economies directly may present obstacles to achieving peace agreements. However, it is worth remembering that national-level peace processes comprise only one aspect of peacebuilding; even if these issues are not immediately addressed in formal agreements, there are still opportunities to develop longer-term peacebuilding and economic strategies. Indeed, this strategy may have the added virtue of providing greater flexibility to adapt to changing economic and political circumstances as needed, rather than conditioning the success of the peace process on rigid indicators that may become obsolete or impossible to sustain over time. For instance, a narrow and excessive focus on illicit drug cultivation levels as a metric of success is likely to be counterproductive and should be jettisoned in favor of a more holistic approach, focused on achieving lasting reductions in poverty and all forms of violence in communities involved in illicit drugs.

Finally, policymakers should reassess their fundamental assumptions about the statebuilding process as a whole, and consider how their strategies to address illicit economies are reflected in these assumptions. Scholars such as Strazzari and Kamphuis (2012) and Eriksen (2017) have observed that statebuilding efforts in contemporary contexts are hampered by a preoccupation with externally-driven strategies that are rooted in the shallow mimicry of external norms and institutions, rather than more contextual, conflict-sensitive approaches. These norms include prevailing assumptions about illicit economies, particularly their associations with violence outlined at the beginning of this piece. As a result, statebuilding policies predominantly view illicit economies as a phenomenon to be brought under control—and in the case of illegal drugs, to be stamped out entirely—by the extension and application of often severe judicial and policing regimes.

In the immediate aftermath of war, policymakers should recognize that such assumptions will not always serve them well, and should approach them with a degree of skepticism and a heightened awareness of the trade-offs of various policies. Is the presence of illicit drugs always indicative of a crisis of statehood? Or are there circumstances under which illicit drugs and political stabilization could be complementary? Can countries tolerate a certain amount of illicit drugs while at the same time setting foundations for stable political settlements to emerge? Are the links between violence and illicit economies as valid as often presumed, and can the most egregious patterns of violence be reined in without disrupting the economic livelihoods of large swathes of the population?

These are not easy questions, and the answers will no doubt vary between contexts. However, a more holistic approach—one in which poli-

cies towards illicit economies are rooted in wider strategies of peace formation and a gradual evolution towards inclusive and sustainable political settlements—is ultimately a preferable way forward. Scholars and stakeholders engaged in peacebuilding should therefore resist state-centric models that consider illicit economies as a phenomenon limited to the informal sector, and acknowledge that state institutions often have a symbiotic relationship with illicit economies, one that evolves over time (Spear, 2006; Strazzari & Kamphuis, 2012). Similarly, overly-securitized approaches to the demobilization, disarmament and reintegration of armed combatants must also be reconsidered. As Torjesen (2006) has argued, policymakers should not only conceptualize peace processes as aimed at reducing the number of fighters and weapons, but take a broader view of how peace settlements will impact the economy, licit and illicit markets, and functioning of the state—and vice versa.

A future research agenda

There is much more to learn about the relationship between peace processes and illicit economies, which future research agendas in this area could address.

Most of the evidence we have on illicit economies and peace processes is dominated by elite narratives, emphasizing the perspectives of those involved in shaping the peace process. These typically include historical or journalistic accounts of elite decision-making processes, and tends to be urban-focused and otherwise narrow in scope. While the evidence produced by this research is certainly important for understanding the perceptions of those in power, a preoccupation with these narratives at the exclusion of other perspectives will limit our understanding of the relationship between illicit economies and peace, and will produce policy insights of limited usefulness. Additional types of evidence, incorporating broader points of view, can complement this body of work.

One approach that has yielded useful insights is based on a rich tradition of ethnographic research, often based in communities excluded from centers of power. As many of these communities are the most dependent on illicit economies and also typically the most affected by violence, collecting data in these areas will help understand dynamics of peacebuilding and illicit economies from the perspective of communities with the most at stake, and is therefore likely to produce more informed and inclusive policies. Although these types of studies often require large amounts of time and resources, they constitute a valuable point of departure for understanding relationships between illicit economies and peacebuilding, and are deserving of more resources and attention. Ethnographic case studies of particular policy initiatives can also help illuminate useful questions: for instance, to what extent were illicit economies and violence impacted by the policies in question, if at all? How did policies impact interests and perceptions of different actors involved—not only government elites, but also non-government powerbrokers, members of non-state armed groups, and local communities? Studies in this vein will improve our understanding of how various stakeholders perceive tradeoffs related to illicit economies and peace, and would be invaluable in advancing our knowledge on the subject.

More comparative work should also be encouraged. While some comparative studies exist, we lack a sufficient level of systematic comparisons of how illicit economies have and could be addressed in peace processes, and what outcomes these processes have produced. While a number of studies have already been produced examining the economic dimensions of conflict duration and recurrence, these have typically been carried out at the national level, while meso- and micro-level subnational settlements are comparatively neglected. Rigorous comparative studies of how illicit economies are affected by local cease-fires—and vice versa—would make valuable contributions to the literature. Furthermore, our understanding of how success and failure of illicit economies and peace agreements are defined and measured needs more refinement. At present, most studies or conflict measure success in terms of reductions in insurgent activity or violence; similarly, “suc-

cess” in managing illicit economies is often defined according to narrow criteria such as reductions in levels of crop cultivation. These indicators often mask underlying realities of the political economy and the persistence of various forms of low-intensity violence, and say little about how these variables affect political dynamics that might support or undermine peace settlements.

We would also benefit from further research on how international interventions might play a negative or destabilizing role in managing illicit economies. A few studies have shown that peace operations and foreign aid can become a contributor to fueling war economies, acting as a source of rents which can be co-opted by armed militias and criminal mafias (Cockayne & Lupel, 2011; Hansen, 2014). As discussed above, pressure from external actors can compel governments to pass unpopular policies such as forced eradication, potentially undermining prospects for peace. More systematic research clarifying to what extent these actions contribute to destabilization—and developing improved policy recommendations so that these negative impacts may be avoided in the future—would be welcomed. At the same time, we should also seek out examples of where external intervention has been constructive, and identify positive lessons learned from these approaches. In violent settings, the most extreme failures often receive the most attention and resources. While it is important to understand and learn lessons from these cases, it is equally important to develop a wider and fully representative evidence base, including instances of where international engagement has helped countries successfully manage the transition from war to peace economies over time. A broader evidence base will help governments to learn from the experiences of countries which have overcome similar challenges, and deepen our collective knowledge of how to contribute to sustainable war to peace transitions in countries emerging from conflict.

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None.

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