

## Editorial

### LIBERAL PEACE MODEL

Liberal Peace has often been assumed to be acceptable for all, and has been applied time and time again in post-conflict zones because of its assumingly unproblematic internal structure. Recently, however, the Liberal Peace ideologies are being challenged. This issue of ConflictINFOCUS examines several problems associated with the Liberal Peace Model when it is applied in post-conflict environments.

First, Oliver Richmond in his article 'Understanding the 'Liberal Peace,' focuses on the main components of peace - democratisation, the rule of law, human rights, free and globalised markets, and neo-liberal development - and how different aspects of these components may be incompatible at certain stages. He also explains how the conceptualization of liberal peace can be broken down into four main strands of thought, including 'victors peace,' the 'institutional peace,' the 'constitutional peace,' and the 'civil peace.' Also, he examines the Conservative, Orthodox, and Emancipatory Graduations within the Liberal Peace Framework while giving examples of their use in different contexts. Understanding these different conceptualizations of peace and graduations of liberal peace can help shed light on the dilemmas faced with creating a sustainable liberal peace.

Recognizing the limitations of international peacebuilders might be the only way in which success is actually reached in bringing change to post-conflict zones. Building on this, Michael Barnett highlights four different conclusions in his article 'Beyond Liberal Peacebuilding.' He first explains how liberal peacebuilding might actually creating potential future conflict when subjecting conflict-ridden societies to achieve what took Western States decades. Next, he breaks down the divergent preferences between international peacebuilders and local elites, explaining why these peacebuilders often rely on the local elites and how this creates compromised peacebuilding. He then draws on three principals - deliberation, checks and balances, and representation - in a strategy he calls 'republican peacebuilding' to guide international peacebuilders. The conclusion of this article explains how liberal peacebuilding might not be the best nomenclature for these fragile societies, as it creates an immediate sense of mythical history that these societies cannot yet handle.

Finally, this issue will underline the questions of efficiency and whether or not the liberal peace model is appropriate for post-conflict societies. With this, Professor Shahrbanou Tadjbakhsh uses examples from Afghanistan and Iraq to examine the challenges of building a liberal economic peace. From inflation to unemployment, she she sheds light on the priorities of these peoples in post-conflict environments. She explains how the problems span from the society through the market, and cast these areas into situations that are neither 'war' nor 'peace.' Her article draws to a close with the conclusion of three radical solutions: a revision of the formula for liberal peace; alternative funding for post-conflict environments; and providing space for national policies so countries can design their futures.

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## UNDERSTANDING THE 'LIBERAL PEACE'

*Oliver P. Richmond\**

### Introduction

What is peace? Instead, it is generally assumed that the 'liberal peace' is acceptable to all. This is essentially what Mandelbaum and others have called the combination of peace, democracy and free markets.<sup>(1)</sup> These assumptions are also prevalent in most policy documents associated with peace and security issues.<sup>(2)</sup> The liberal peace is assumed to be unproblematic in its internal structure, and in its acceptance in post-conflict zones, though its methodological application may be far from smooth.<sup>(3)</sup> Yet, the liberal peace's main components—democratisation, the rule of law, human rights, free and globalised markets, and neo-liberal development—are increasingly being critiqued from several different perspectives. These critiques have focused upon the incompatibility of certain stages of democratisation and economic reform, the ownership of development projects and 'thick and thin' versions of the neo-liberal agenda, the possible incompatibility of post-conflict justice with the stabilisation of society and human rights, the problem of crime and corruption in economic and political reform and the establishment of the rule of law. These terrains are relatively well explored.<sup>(4)</sup> What has received rather less attention is the scope and conceptualisation of the liberal peace itself.

Understanding the different conceptualisations of peace, and the different graduations of the liberal peace, offers an important contribution towards unravelling the dilemmas of making a sustainable peace for others as claimed by the liberal peacebuilding consensus.<sup>(5)</sup> This would provide a better awareness of what the objectives of multiple interventions engendered in the contemporary peacebuilding consensus might construct, and what different decisions, actions, and thinking, imply about the achievement of these objectives. This indicates a weak consensus between the UN, major states and donors, agencies, and NGOs, that liberal peace should incorporate a market democracy, the rule of law, and development, and that all international intervention, both humanitarian or security oriented should be contingent upon this. This consensus masks a deeper dissensus in terms of the application of resources, the use of force to establish the basis for such a reform, and the efficacy of different actors involved in the many roles this requires.<sup>(6)</sup> To know peace provides a clearer understanding of what must be done, and what must be avoided, if it is to be achieved. First, we must know peace.

This essay briefly outlines the main theoretical underpinnings of the assumed conceptualisation of peace in most academic and policy documentation and literatures<sup>(7)</sup>, which contribute to the conceptualisation

of the 'liberal peace'. It then focuses on the liberal peace, its implications and internal tensions. It argues that the liberal peace is subject to four main graduations. These reflect its theoretical antecedents, and carry important implications for humanitarian intervention (both military and non-military), peace operations, statebuilding and peacebuilding, for the sustainability of the peace to be constructed, and for the exit strategies of internationals and other interveners.

### Understanding Contemporary Thinking About Peace

There are four main strands of thought within the liberal peace framework, influenced by the key antecedents of, and debates in, international theory. These four strands are the 'victors peace', the 'institutional peace', the 'constitutional peace', and the 'civil peace'. The victors peace has evolved from the age-old realist argument that a peace that rests on a military victory, and upon the hegemony or domination of a victor peace is more likely to survive. In its extreme forms this can be seen as a Carthaginian peace, and the only way of containing both Hobbesian anarchy and the profligacy of human nature. The institutional peace rests upon idealist, liberal-internationalist and liberal-institutionalist attempts to anchor states within a normative and legal context in which states multilaterally agree how to behave and how to enforce or determine their behaviour, which also informs the thinking of the English School. It can be traced from the Treaty of Westphalia, through to the founding of the UN and beyond. The constitutional peace rests upon the liberal Kantian argument that peace rests upon democracy, free trade, and a set of cosmopolitan

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- (1) Mandelbaum, M, *The Ideas that Conquered the World*, New York: Public Affairs, 2002. See page 6. Duffield, M, *Global Governance and the New Wars*, London: Zed Books, 2001. See page 11. Paris, R, *At Wars End*, Cambridge: CUP, 2004.
- (2) United Nations, 2004: International Development Research Centre: 2001.
- (3) Paris, R, *At Wars End*, Cambridge: CUP, 2004. See pages 18–20.
- (4) Snyder, J, *From Voting to Violence*, London: W.W. Norton, 2000. See page 43. Annan, K, 'Democracy as an International Issue', *Global Governance*, April - June 2002: 8 (2). See page 136. Chopra, J, and Tanja Hohe 'Participatory Intervention', *Global Governance*, 2004: 10 (3). See page 292. Rieff, D, *A Bed for the Night*, London: Vintage, 2002. See page 10. Paris, R, *At Wars End*, Cambridge: CUP, 2002. See page 638.
- (5) Richmond, O, (2004): 10 (4): 'UN Peace Operations and the Dilemmas of the Peacebuilding Consensus', *International Peacekeeping*, 2004: 10 (4).
- (6) Richmond, O, (2004)
- (7) Bleiker, R, *Popular Dissent, Human Agency, and Global Politics*, Cambridge: CUP, 2000. See Introduction.
- (8) Doyle, M, 'Kant, Liberal Legacies, and Foreign Affairs,' *Philosophy and Public Affairs*, Vol. 12. No.3, 1983. See pages 205–235.

values that stem from the notion that individuals are ends in themselves, rather than means to an end.<sup>(8)</sup> This became a common refrain spanning the many European Peace projects of the medieval period after<sup>(9)</sup>, through to Versailles in 1919, and on into the post-Cold War period. All of these three strands have been influential across the scope of the first and second 'Great Debates' of IR.

The final strand identifiable is that of the civil peace. This is something of an anomaly in thinking about peace because it requires individual agency, rather than state, multilateral or international agency. The civil peace is derived from the phenomena of direct action, of citizen advocacy and mobilisation, from the attainment or defence of basic human rights and values, spanning the ending of the slave trade to the inclusion of civil society in IR today (Halliday, 2001: 35).<sup>(10)</sup> It is derived from liberal thinking on individualism and rights, and has been taken up by more recent constructivist, critical and post-structural thinking on the problem of hegemony and domination, self-other relations, identity, particularism and pluralism, as well as the need for human security and justice beyond the states-system.

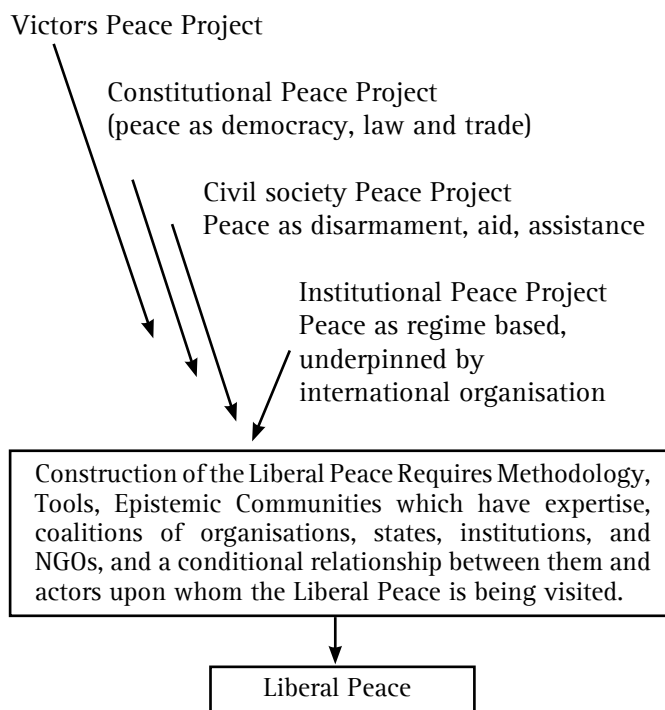
These aspects of the liberal peace are both contradictory and complimentary, and each brings with it a certain intellectual and empirical baggage. The victors peace framework has been subject to the hamartia of territorial and strategic over-extension, greed, and an inability to control unruly subjects despite its impositionary qualities. The civil peace discourse is often drowned out by the overwhelming weight of official discourses, even though it is motivated by claims for enhanced human security and social justice, which blames the state for war or liberal states for self-interest. The institutional peace discourse is subject to many discordant voices and issues, and the enormity of its systemic project, which requires the consent of a broad range of actors. Its development and implementation has drawn the UN system, International Financial Institutions (IFIs), and agencies into the quagmire of multilateral governance in an international milieu where states jealously protect their a priori sovereignty. It has struggled to create consensus or to communicate with those involved at the civil level, or to receive and respond to feedback on its overall systemic project. The constitutional peace is a challenge to those who do not want to share power in domestic constitutional situations, and who do not want the certainty of domestic legal structures that might outlaw their activities. It struggles to overcome the simple binaries it depends upon the territorial inside/outside, and the identity of friend or enemy.

The liberal peace is a discourse, framework and structure, with a specific ontology and methodology. Its projected reform of governance entails a communicative strategy on which depends its viability and legitimacy with its recipients, both at a social and a state level. It cannot be achieved without significant resources. The allocation of those resources, the power to do so, and their control, is

often the new site of power and in post conflict societies, despite or because of the emancipatory claims of the liberal peace. The liberal peace and its usage in the relevant, mainly western literatures and policy discourses (the dominant forms of 'print capitalism'<sup>(11)</sup> in the context of peace) requires a clear ontological, epistemological, and normative agenda. This opens up the conceptualisations and imaginings of peace as a serious research agenda, moving away from the ever-present assumption that peace is an ideal form.

What is clear from this debate is the privileging of the western experience of peacemaking, which of course has been on an enormous scale since the Treaty of Westphalia, but in particular during the twentieth century. The basic characteristics of both thought and practice on peace are rooted in the Enlightenment, and the notions of rationality and sovereignty, underpinned by various forms of liberalism and progressivism found therein. All four strands of thinking about peace effectively nominate omniscient third parties, which are then placed in a position to transfer external notions of peace into conflict societies and environments. The liberal peace depends upon intervention, and a balance of consent, conditionality, and coercion.<sup>(12)</sup> The following diagrams outlines the liberal peace framework developed above.

Figure 1 A Genealogy of the Liberal Peace



(9) See for example William Penn, [1693] 'An Essay towards the Present and Future Peace of Europe', *The Peace of Europe*, London: Everyman, 1993. See pages 5-22.

(10) Halliday, F, 'The Romance of Non-State Actors' in Daphne Josselin & William Wallace (eds.), *Non-State Actors in World Politics*, London: Palgrave, 2001. See page 35.

(11) Anderson, B, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, New York, NY: Verso, 1983.

(12) Ceadal, Martin, *Thinking about Peace and War*, Oxford: OUP, 1987. See pages 4 - 5.

These notions have lengthy antecedents and the victors peace has remained a key aspect of the liberal peace, even possibly including the emancipatory discourses, which still seem to depend on others being able to know, and install peace for those caught up in conflict. But, the victors peace increasingly became diluted and disguised by the long-line of peace projects in the post Enlightenment period, which were mainly European in origin and eurocentric in nature, the emergence of a private discourse on peace with the growth of NGOs and civil society actors, and then in the twentieth century the formalisation of an institutional discourse on peace. This later discourse, again underpinned by the victors peace, formed the basis for the hybrid form that was to become the liberal peace, in which multiple actors at multiple levels of analysis in rigid conditional relationships with each began its universal construction according to a mixture of conservative, liberal, regulative, and distributive tendencies.<sup>(13)</sup> This construction requires a specific ontology of peace, a methodology, mechanisms and tools deployed by epistemic communities which have the necessary expertise, by coalitions of organisations, states, institutions, involved in a conditional relationship between them and locations where the liberal peace is being constructed.

Despite the assured nature of the liberal peace from this perspective the peacebuilding consensus is heavily contested both in discourse and in practice. Indeed, it has been argued that institutional and local capacity is actually being destroyed by intervention in conflict environments.<sup>(14)</sup> This is partly because those working from the top-down to construct the liberal peace tend to focus more on the state and its institutions. This is often resisted by those working on bottom-up versions of peacebuilding. Their conditional relationship with recipients, donors, international organisations and international financial institutions, means that many non-state actors have developed the capacity for the most intimate forms of intervention in states and in civil society in order to develop a civil peace and to contribute the broader liberal peace project. This important capacity is of course of great benefit to the predominantly state-centric liberal peace project, in which such actors are deployed as norm entrepreneurs promoting the validity of its components.<sup>(15)</sup>

The reform of governance is directed by an alliance of actors, who become custodians of the liberal peace. Their control of this process rests upon a combination of inducement, consent, and co-operation, occasionally verging upon the coercive, or even the outright use of force. There is essentially a conditional relationship between different states and other actors involved in projecting the liberal peace, the agents they use to construct the peace, and the recipients of the liberal peace. There is little questioning of the validity of the liberal peace, or the way in which its various components fit together with some notable exceptions.<sup>(16)</sup> Thus, it is assumed that

democratisation, development, and economic reform, are complementary, along with human rights reform, and legal processes. There is also little questioning of the motivation of the projectors and agents of the liberal peace, other than amongst its recipients, who, whether official or non-official actors, tend to be suspicious of outsiders' objectives. Most of the critical focus therefore tends to be on the methods used to construct the liberal peace most effectively, efficiently, and as quickly as possible.

As a result, the different strands of thinking about peace, derived from debates in political theory and philosophy, the constitutional peace plans of the medieval peace, the empowerment of civil society, and the institutional peace plans of the imperial and post-imperial periods have converged on a contemporary notion of what I term peace-as-governance. This is the most common form of peace applied through a methodological peacebuilding consensus in conflict zones where international actors become involved, in which a reordering occurs in the distribution of power, prestige, rules and rights. Peace-as-governance in state building terms focuses on the institutions of state as the basis for the construction of the liberal peace. For NGOs and agencies, it focuses on the governance of society. In terms of bottom-up peacebuilding different actors contribute to the liberal peace model by installing forms of peace-as-governance associated with the regulation, control, and protection of individuals and civil society. The balance of power, hegemony, institutionalism and constitutionalism, and civil society converge in this version of peace in an era of governmentality, which is super-territorial, and multi-layered.<sup>(17)</sup> It incorporates official and private actors from the local to the global, institutionalised in the alphabet soup of agencies, organisations, and institutions. But, in its top down guise it is also a form of the victors peace, relying on dominant states, in the context of the states-system.

### The next section examines the different graduations of the liberal peace.

#### Conservative, Orthodox, and Emancipatory Graduations within the Liberal Peace Framework

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- (13) Clark, I, *The Post- Cold War Order*, Oxford: OUP, 2001. See pages 216 - 241.
- (14) Fukuyama, F, *State Building: Governance and Order in the Twenty First Century*, London: Profile, 2004. See page 53.
- (15) Keck, Margeret E & Kathryn Sikkink, *Activists Beyond Borders*, Cornell University Press, 1998. See chapter xi.
- (16) Chopra, J, and Tanja Hohe, 'Participatory Intervention', *Global Governance*, 2004: 10 (3); Lund, M.S., 'What Kind of Peace is Being Built: Taking Stock of Post- Conflict Peacebuilding and Charting Future Directions', Paper presented on the 10th Anniversary of Agenda for Peace, International Development Research Centre, Ottawa, Canada, January 2003; Paris, R, *At Wars End*, Cambridge: CUP, 2004.
- (17) Foucault, M, 'Governmentality', in Burchell, Graham, Colin Gordon, & Peter Miller (eds.), *The Foucault Effect: Studies in Governmentality*, Hemel Hempstead: Harvester Wheatsheaf, 1991. See page 103.

The liberal peace project can be broken down into several different graduations. There is first the conservative model of the liberal peace, mainly associated with top down approaches to peacebuilding and development, tending towards the coercive and often seen as an alien expression of hegemony and domination, sometimes through the use of force, or through conditionality and dependency creation. This equates to a hegemonic and often unilateral, state-led peace, which diplomats are fond of describing as the 'art of the possible'. Such charges are often levelled at the World Bank or the UN, but more often at recent US unilateral state-building efforts. This represents a fear of moving peacebuilding into a terrain where coercion and even force may be used to apply it, and where it becomes an expression of external interest rather than external concern and responsibility. The militarisation of peace in this context, especially as has been seen in Somalia, the Balkans, Afghanistan, and Iraq represents a hyper-conservative model, heavily informed by the victors' peace in the preliminary stages of intervention.

The next discourse is provided within an orthodox model of the liberal peace in which actors are wary and sensitive about local ownership and culture, but still also determined to transfer their methodologies, objectives, and norms into the new governance framework. This framework is dominated by consensual negotiation. This equates to a balanced and multilateral, and still state-centric peace. This is generally projected by international organisations and institutions as well as international NGOs. It represents a bottom up approach, peacebuilding via grassroots and civil society oriented activities, as well as a top down approach, through which peacebuilding is led by states, donors, officials, IOs and IFIs. It focuses upon and contests needs-based and rights-based activities.<sup>(18)</sup> However, top-down peacebuilding activity tends to dominate particularly through the conditional models and practices of donors, organisations, and institutions, as does the interests of major states and donors. This model is exemplified by the UN family's practices of peacebuilding and governance reform, which started at the end of the Cold War and culminated in UN sovereignty for a time over East Timor. Both the conservative and orthodox models assume technical superiority over recipient subjects, as well as the normative universality of the liberal peace. These two models generally assume neoliberal strategies are sufficient to deal with the problems of war economies and their replacement.

A third discourse is provided by a more critical form of the liberal peace, the emancipatory model, which is concerned with a much closer relationship of custodianship and consent with local ownership, and tends to be very critical of the coerciveness, conditionality and dependency that the conservative and orthodox models operate through. This is mainly found within the bottom-up approach, and tends to veer towards needs-

based activity and a stronger concern for social welfare and justice. This critical approach to the liberal peace still envisages its universalism, but accentuates its discursive and negotiated requirements. These different actors, mainly local and international NGOs in association with major agencies and some state donors, and associated types of the liberal peace, tend to become more or less prominent in different phases of the conflict and the peacebuilding process. This peace equates to the civil peace, and generally is not state-led, but shaped by private actors and social movements.

These main aspects of the liberal peace model often tend to be combined in the peacebuilding consensus and are expressed to different degrees in any one peacebuilding intervention, depending upon priorities associated with dominant state interests, donor interests and the capacity of peacebuilding actors. Local actors' responses may also have some impact, as has been seen in the case of the 'Timorisation' campaign in East Timor<sup>(19)</sup>, or in Kosovo<sup>(20)</sup>. The nominal unity of the peacebuilding consensus often breaks down exactly because of the internal competition, interests and capacity of its different components. Clearly, conservative, orthodox, and emancipatory versions of the liberal peace may actually contradict and undermine each other, leading to disruption in the broader peacebuilding process.

Most contemporary peacebuilding cases can be placed somewhere between the conservative and orthodox liberal peace components in terms of their preponderant approaches. Cambodia, Angola, and East Timor generally fit into the orthodox frameworks. Somalia, Bosnia, and Kosovo, and more recently, Afghanistan and Iraq, would fit somewhere between the hyper-conservative and conservative frameworks (of course, this depends upon which phase of the peacekeeping/ peacebuilding intervention was under review), perhaps slowly moving toward the orthodox model. These general positions can be broken down further by examining the different actors involved. The orthodox and emancipatory models would be more significant if one focused on agencies and NGOs and their peace projects. It must be acknowledged, however, that the preponderant framework relates to the reconstruction of the state, meaning that the conservative and orthodox discourse are the most commonly expressed through these peace operations. This then raises serious questions about the sustainability of the peace that is being created, and the limits of the liberal peace. There is a general tendency to respond to the seriousness of conflict or war by moving the intervention along

(18) Chandler, D, *From Kosovo to Kabul: Human Rights and International Intervention*, London: Pluto, 2002.

(19) Smith, MG, 2003, *Peacekeeping in East Timor*, Colorado: Lynne Rienner, 2003. See page 63.

(20) Rupnik, J, 2005, *Centre d'Etudes et de Recherches Internationales*, European Parliament, Committee on Foreign Affairs, 25 January 2005.  
[http://europa-eu-un.org/articles/sl/article\\_4265\\_sl.htm](http://europa-eu-un.org/articles/sl/article_4265_sl.htm)

the liberal peace axis toward the hyper-conservative framework, and then as peacebuilding consolidates, to push the focus back along the axis toward the orthodox framework.

## Conclusion

Because the liberal peace is virtual and highly interventionary, it engenders a whole range of debates about hegemony, the moral equivalence of interveners and the recipients of intervention, the motivations of interveners and recipients in their relationship, neutrality, impartiality, and conditionality. Yet, most work dealing with peace both directly or indirectly fails to present a working definition of the peace that is being imagined, nor engage with any of the epistemological, methodological, or ontological issues it raises. Top down approaches to the creation of peace have been based upon a mix of idealism associated with humanitarianism and implemented through political, social and economic interventions, and the militarist strategies associated with the realist project. This has increasingly taken the form of military occupation. Again, this represents a hybrid of the civil, constitutional, institutional, and victors strands of thinking about peace. It is in this context that it becomes clear that the liberal peace may well be a virtual peace, certainly in its more conservative forms, despite (or because of) the fact that it is based upon deep-rooted intervention in governance. This is, essentially, a form of rehabilitation of imperial duty and a liberal imperative. The top down construction of the liberal peace dominates the epistemic community engaged in the construction of the institutions the liberal peace, which treads a narrow path between dependency, conditionality, and sustainability. Peace-as-governance is often presented as a transitional phase but a final outcome may remote. The liberal peace legitimates the use of force and external long-term governance, but peace without external governance may not be achieved.

We still need to know how one gains consent for liberal peacebuilding, how it is legitimated, how actors learn in this context, how human rights, humanitarian assistance and aid, democratisation, development, free market reform and globalisation actually fit together, how they overlap, and where they may impede each other. If we claim we now 'know' what peace is, then these oversights are inexcusable. ■

## BEYOND LIBERAL PEACEBUILDING

*Michael Barnett\**

A considerable percentage of all humanitarian assistance now goes to Arab and Islamic societies, suggesting that many of these societies are either in the throes of a (post) conflict transition or might be in the near future. The international community, as many contemporary states now know, will feel compelled to do something, and in most of these cases states will turn to the international actors for technical, political, financial, and security assistance. The fact that these international actors are in high demand does not necessarily mean that they have a terrific success rate. In fact, the success rate has not been all that impressive. This does not mean that the track record might not improve. However, there is no reason to believe that the medicine that did not work (and sometimes almost killed the patient) in countries outside of the Middle East might work in this region. In fact, despite all the claims to historical uniqueness, many of the recent lessons learned from other operations are likely to be relevant here.

We now know a lot more than we once did about post-conflict peacebuilding, and we also know a lot more than we once did about what we do not know - but need to know - if the international community is going to help states and societies navigate the difficult transition from civil war to civil society. One reason why we know more now than we did a decade ago is because of the careful work by social scientists, using a range of methodologies, to identify the conditions under which, when, and how peacebuilders are likely to have a positive impact. An important finding that cannot be overemphasized is that international peacebuilders are limited in what they can do - and recognizing these limits might enable them to be more strategic and more successful in producing small victories that can support the emergence of decent governments and that provide the foundations for future movements toward a positive peace. Building on the insights of social science and this summary observation, I want to highlight four conclusions.

### Liberal Peacebuilding and the Proverbial Best of Intentions

Liberal peacebuilding might, inadvertently, be doing more harm than good. In their effort to radically transform all aspects of state, society, and economy in a matter of months (and thus expecting conflict-ridden societies to achieve what took Western states decades), peacebuilders are subjecting these fragile societies to tremendous stress. States emerging from war (or that are war prone) do not have the necessary institutional framework or civic culture to absorb the potential pressures associated with political and market competition. Consequently,

as peacebuilders push for instant liberalization, they are sowing the seeds of conflict, encouraging rivals to wage their struggle for supremacy through markets and ballots. Furthermore, peacebuilders have not given the state its due, a reflection of a liberal bias. Peacebuilders fear resuscitating a predatory state, presume that the best state is a limited state, and desire to create a strong society that can restrain the state. Those programs directed at the state are concentrated on helping it monopolize the means of coercion and develop its administrative capacity. The majority of activities, though, are intended to strengthen civil society associations, the private sector, and societal organizations that can help individuals further their preferences and collective goals. In short, so far peacebuilders have been more concerned with building a strong, liberal society than with state institutions. Yet liberalization prior to institutionalization can unleash societal demands before the state has developed the institutional capacity to channel, organize, and respond to those demands, thus triggering instability and conflict.

### All Politics is Local - and Local Elites Prefer the Status Quo

International peacebuilders and local elites frequently have divergent preferences - they want different things. Peacebuilders want to promote democracy, the rule of law, and market-oriented economies, all of which are viewed as necessary for a positive peace. Local elites frequently want to maintain their power and consequently are suspicious of any sort of structural reforms. Peacebuilders use a combination of carrots and sticks to guide post-conflict processes in directions that are consistent with their mandates; that is, they will try and get local actors to do what they otherwise might not want to do. Lessons from recent operations, however, suggest that local actors are a lot better manipulating peacebuilders than the reverse. The result is a compromised peacebuilding that reinforces the status quo and an illiberal order.

- Local elites, like all elites, are consumed with maintaining and extending their political and economic power and doing so often means defending the status quo. This is particularly true in the context of peacebuilding, which is intended to pluralize the political and economic order and thus reduce the power of elites.

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- Local elites are 'in to win' while external peacebuilders can always declare victory (or distribute blame) and leave; consequently, they are likely to be much more motivated than are external actors to fight for their interests.
- International peacebuilders arrive with limited time, money, and resources, and relying on the cooperation of local parties - thus increasing their willingness to compromise and strengthening the bargaining position of local elites. Indeed, even when external actors come in with tremendous force (for instance, Iraq and Afghanistan) local elites have managed to drive the process..
- International peacebuilders frequently arrive with general models regarding what they believe represents the ideal process but their general ignorance regarding local politics, culture, history, and society leaves them ripe for manipulation by local actors. The combination of hubris and ignorance can be deadly for the peacebuilding operation.
- Because international peacebuilders generally labor under tremendous uncertainty (or, less diplomatically put, ignorance) - uncertainty about what the key parties want, uncertainty about local history, uncertainty even about who are the key actors - they will always find themselves with less influence than they believe.
- International peacebuilders have to compromise and their compromises are likely to be closer to the ideal positions of local elites than they are to the positions of the international community. This compromised peacebuilding is likely to result in post-conflict governments that are far less liberal than peacebuilders would like.

### Peacebuilding is Statebuilding

A central challenge of postconflict statebuilding is to design states, first, to contain the threats to stability posed by arbitrary power and factional conflict, and, second, to encourage society to begin conferring legitimacy on the new institutions. There is the threat to liberty posed by the exercise of arbitrary power by the state. Factions, a permanent feature of any society, can create instability if not controlled; rivalry can explode into conflict or lead one faction to try to grab state power and deploy it against its enemies. States also need to develop legitimacy if they are to maintain order, gain the loyalty of their citizens, and implement effective public policies.

While my previous comments that 'all politics is local' and that local elites desire the status quo suggests that there is little that the international community can do to promote a better outcome, outsiders can follow some recipes for improving the situation.<sup>(1)</sup> I call this strategy

'republican peacebuilding' in order to distinguish it from 'liberal peacebuilding' and in order to call attention to the fundamental insights of the American federalists who drew from republican political theory to invent new governance principles to confront the threats posed by factions and arbitrary power. These principles, I argue, are as relevant to today's post-conflict cases as they were to the post-conflict American republic in 1787 - and are present in many of the successful cases of post-conflict peacebuilding. Three principles - deliberation, checks and balances, representation - should guide international peacebuilders as they think about the institutional design of post-conflict states:

- *Deliberation.* Genuine deliberation requires that individuals and groups give public reasons for their positions and decisions. Deliberation has various virtues:
  - it forces individuals and factions to legitimate their positions and proposals in the name of the community's interest, thus encouraging them to widen their positions and incorporate the views of others.
  - It helps give the collective decision some legitimacy, thus increasing the chances that policies will be accepted, or at least not met by passive or active resistance.
  - It provides an opportunity for individuals to change their mind, to alter their beliefs, and to identify with the community.
- *Constitutionalism and Divided Power.* Constitutions for establishing rules that restrain the exercise of arbitrary power, limit conflict between factions, and reduce the returns to power. Most famous are checks and balances - that is, the distribution of political authority that limits the possibility of either a centralized government exercising arbitrary power or a faction dominating the political system.

The benefits of this kind of arrangement include creating a balance of forces within the political system and compelling the local actors to negotiate and compromise. In this way, divided government helps to further the goal of both political stability and legitimacy. Also critical is a process of deliberation and representation that leads to the construction of the constitutional arrangements; following these principles will help give the constitution some legitimacy.

- *Representation.* The principle of representation does not hinge on democracy but rather on ensuring that all those affected by a decision have their interests considered before the decision is made. This view of representation is particularly relevant for post-conflict

(1) Michael Barnett, 'Building a Republican Peace: Stabilizing States After War,' *International Security*, 30 (4) (Spring 2006). See pages 87-112.

situations where it is now well understood that elections held too quickly can cause more troubles than they solve and potentially undermine the democratization. Consequently, it is imperative that post-conflict arrangements consider representative mechanisms instead of elections, including consultative bodies and transitional governments that can perform the function of representation until elections are appropriate.

If unelected bodies are to meet the principle of representativeness they must have: inclusivity, incorporating diverse groups; and publicity, making transparent their decisions and the reasons behind them. Satisfying these two criteria encourages those in power to broaden their perspective, acknowledge the views of others, and meet minimal standards of representation. As such, these criteria help invest the political process with legitimacy, reduce the possibility of arbitrary power, and stabilize the postconflict setting.

The principles of deliberation, divided government, and representation have other virtues that are essential for post-conflict peacebuilding:

- *Legitimacy.* These principles will increase the legitimacy of the state. Legitimacy depends on the use of proper means to arrive at collective goals. Proper means is dependent on a political process that considers the diverse interests of its citizens; that is, groups need to believe that their views are being incorporated. Hence the importance of forms of deliberation, representation, and publicity. Too often we assume that legitimacy depends on democracy; we need to focus more on meeting the underlying principles and imagine different forms that those principles can take.
- *Modesty.* There are various virtues in modesty and incrementalism. Unlike liberal peacebuilding, which uses shock therapy to push postconflict states toward some predetermined vision of the promised land, deliberative processes allow space for societal actors to determine for themselves what is the good life and how to achieve it. Unlike liberal peacebuilding, which has the vices of all grand social engineering experiments, basic design principles and deliberative processes provide the shell for improvisation and learning informed by experience.

One last but very important point: These principles should guide not only building states after war but also the conduct of peacebuilders. The concern with arbitrary power extends beyond the postconflict state - it also includes the exercise of power by peacebuilders.

## Beyond and Before Liberalism

In the search for a concept to organize their thoughts,

ambitions, and good intentions, peacebuilders gravitated toward liberal peacebuilding in spirit and in name. My observations suggest that the international community should abandon the nomenclature not because societies and states might not, eventually, prefer to organize their history in a liberal direction, but rather that liberalism unnecessarily burdens fragile societies with the dead weight of a mythical history. Existing liberal societies did not become liberal societies in any way that resembles the maps that contemporary liberal peacebuilders use to guide their interventions. The really existing history of liberal societies was much more messy, incremental, and conservative.

I am not suggesting that the international community abandon the enterprise but rather develop strategies that ensure that the integration of their policies are designed to further the prospects that a good society will develop after stabilization. In other words, outsiders should work for the creation of decent governments. Because international peacebuilders cannot produce heaven on earth, they must consider strategies that can shore up potentially decent, but not fully democratic political coalitions in states that might be at risk for backsliding and humanitarian crises.

If a strategy of backing a decent winner is going to be a normatively desirable outcome, then it must do more than be consistent with the preferences of powerful local elites who give vague pledges not to brutalize their populations. Too often powerful states and international organizations are willing to go along with these arrangements - thus compromising to the point that they help to produce illiberal orders. Instead, they should consider how to institutionalize arrangements that encourage the development of publicity principles, deliberation, negotiation, and compromise, thus helping to create a more stable and mutually consensual outcome. ■

## THE ECONOMIC WOES OF LIBERAL PEACE

*Shahrbanou Tadjbakhsh\**

In evaluating the impact of the role of international organizations in post-conflict environments, at least two different angles of query can be used. One relates to questions of efficiency and effectiveness of peacebuilding efforts.<sup>(1)</sup> Another has to do with the rationale for assistance provided to post-conflict countries, the model of the ultimate state presumed in state-building efforts, whether there is consensus among different actors on the supremacy of this model, and sufficient legitimacy for imposing it as conditionality for assistance. Ultimately such a query would have to scrutinize the model and assumptions permeating in the ideology of aid, which, increasingly has been based on a consensus around 'Liberal Peace'.<sup>(2)</sup>

Liberal peace is based on an assumption that liberal systems bring long lasting development while avoiding conflicts. The idea has been around since mid twentieth century, but was consolidated after proposals of the south for a New International Economic Order (NIEO) collapsed in the 1980s and especially with the so-called the triumph of the liberalism over socialism at the beginning of the 1990s. Since then, this 'consensus' has been translated by peacebuilders, i.e. external actors involved in post-conflict situations, be they the UN, International Financial Institutions (IFIs) or donor governments, as the blue print model for state building: liberal economic instruments of 'open markets' and democratic practices of 'open societies including all tenants of liberalism in terms of personal freedoms and human rights.

While liberal peace seems to be a consensus among international organizations, the academic community has not sat idle: That an ideology, based on experiences of the Western world, is the backbone of international assistance, and is being imposed, outside-in, through a range of instruments, i.e. conditionalities, policy advice, operational project, elite co-option, and increasingly military intervention (democratization through undemocratic means) etc., often in negligence of the local context, the capacity of indigenous institutions and the buy-in by local populations, has provided enough material for the critical theory school to revive its *raison d'être* with the existence of this phenomenon.<sup>(3)</sup> The focus of this present article, using the critical theory lens,<sup>(4)</sup> is the set of challenges that exist within the neoliberal economic model of the liberal peace consensus. We shall examine these with some examples from Afghanistan and Iraq.

### The Liberal Economic Model: What is the Consensus and What Form Does it Take?

The economic component of liberal peace, which works

in tangent and in relation to its political side, is based on the idea that development, prompted primarily through economic growth within states and integration and linkages among states, would act as a defacto security strategy (Duffied, 2001). Open markets and open societies are supposed to create wealth, and wealthy individuals are supposed to turn against war in order to safeguard their gains. As a country's wealth increases, distribution of economic rents within one party rule and mafia-like structure are said to become obsolete. This in turn requires democratization processes, and will, in the long term, lead to democracy being embedded. Liberal peace thus marries Immanuel Kant with Adam Smith's assumption that economic interdependence by itself increases the value of peace between nations, and by extension, peace within nations. Today, Liberal Peace is construed as a rationale for globalization, what Michael Pugh calls a future vision 'constructed as economics without borders' (Pugh, 2005).

Many of the countries where international interventions for peacebuilding have been carried out in the past decades had either no functional economy as a direct breakdown of society in times of war, or had traditions of planned economies, as was the case of Bosnia, Kosovo and Iraq. In Afghanistan, although the period immediately preceding the Taliban regime change in 2001 was marked by two decades of chaos where war reigned over everything else,

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- (1) See Espen Barth Eide, et al. (May, 2005). Report on Integrated Missions: Practical Perspectives and Recommendations. Independent study for the expanded UN ECHA core group. Alex J. Bellamy, Paul Williams, (2005) Peace Operations and Global Order, UK: Routledge. See also Roland Paris, (2004). At War's End: Building Peace After Civil Conflict. Cambridge University Press, where he focuses on building a liberal democratic state and the role of institutions, rather than on the question of the legitimacy of the model.
- (2) A new PRIO project on Liberal Peace and the Ethics of Peacebuilding: Towards the Integration of Ethics in Peacebuilding focuses on various theoretical and ethical inquiries, including legitimacy, in liberal peacebuilding. See the works of Oliver Richmond (2001). 'Understanding the Liberal Peace.' University of St. Andrews and Oliver Richmond (2007), Transformation of Peace, Palgrave.
- (3) Mark Duffield, (2001) Global Governance and the New Wars: The merging of development and security. London: Zed. Chandler, David (2004) Peace Without Politics? Ten years of international state-building in Bosnia. London: Routledge.
- (4) For an excellent article using a critical approach see Michael Pugh, (2005), 'The political economy of peacebuilding: a critical theory perspective', International Journal of Peace Studies, Vol. 10, No.2, Autumn/Winter, p 23-42

the economic system was still based on a planning model inherited from the 1960s and 70s era of supremacy of the state in development, further cemented with a brush with socialism after the 1980s. In such circumstances, the liberal peace model conflates stabilization with transition from centrally planned to market economy in countries which had resisted to conventional marketization. Liberal peace then becomes a nemesis of alternative economic models, which were said, but not proven, to have failed from internal contradictions, but also, and especially, through war and challenges to the state by non-state actors.

The economic model promulgated within the liberal peace practice relies on ‘marketization’ and monetization: It translates into neo-liberal dictates on macro-economic stability, privatization, and liberalization, shrinking of the public sector, and the opening up of the economy to international economic competition. It requires, and it is said to lead to, the growth of a middle class that seeks private wealth.

In the meantime, the consensus is not only that of the international institutions. The tenants are adopted, at least in formal statements, by the countries where interventions take place. The Rambouillet agreement on Kosovo, for example, explicitly stated that the economy of Kosovo shall function in accordance with free market principles (Pugh, 20005). The Afghan Constitution, drafted in 2005, squarely states that ‘the State encourages and protects private capital investments and enterprises based on the market economy’ (Article 10) The Afghanistan National Development Framework and the subsequent interim and full Afghanistan National Development Strategy (ANDS, the Afghan version of the PRSP) all reiterate the intensions of reforms based on an economic policy of market integration, liberal trade, the promotion of the private sector and the ‘enabling’ role for the state in this direction.

Case in point is made further when post-conflict situations immediately engage in the preparation of first an interim and then a full Poverty Reduction Strategy Papers (PRSPs). The World Bank and the IMF have in recent years increasingly argued that the preparation and content of PRSPs in conflict or post-conflict situations is different than the standard ones prepared for developing countries.<sup>(5)</sup> These differences however have been mostly concentrating on a methodological difference in conducting consultation processes for stakeholders in situations where the government may not have sufficient legitimacy or capacity for designing an inclusive Plan. Numerous reviews have also now recommended that PRSPs engage in an a priori conflict analysis to identify the root causes of conflict. If, however, these root causes had to do with inequalities in access to resources, social exclusion, or lack of distributional justice, the exact mechanism for correcting them through the PRSP have not been so far successful, if attempted. That data, especially those demonstrating exclusion of minorities,

or horizontal inequalities in society is hard to come by in situations of conflict is one reason often cited for this inadequacy. The PRSP is presented as the perfect instrument of Liberal Peace. It is designed to have a humanitarian goal, that of poverty eradication, through a liberal mean, that of economic growth. It shows its adherence to democratic practices by insisting on a participatory approach during the design stages. It is, like Liberal Peace, originally conceived and ultimately approved in Western capitals. And it often fails to take into consideration, as does the Liberal Peace model itself, the socio-economic and cultural context that not only works against the model of efficiency, but could also undermine it by rebelling against the outcomes when the latter increase vulnerabilities such as inequality.

### The Challenges of Economic Peace

The challenges that can be identified for the liberal economic model for post-conflict situations can also be divided into two categories: One has to do again with efficiency issues and asks whether post-conflict societies are capable of managing the liberalization of economies. But the critical lens, observing that an abrupt opening up of markets often leads to immediate dysfunctions such as inflation, corruption and inequalities, ponders whether short term negative outcomes could endanger prospects for long term achievements, and if so, is there something inherently problematic with the model itself.

A first observation is that post-conflict situations often do not have the capacity to manage the abrupt opening up of economies. Institutions have collapsed, the state is in competition for power with non-state actors, resources are very scant and often limited to what external donors wish to give, and internal capacity for management is frail with the flight of specialists during the conflict. The answer to the problem of capacity is increasingly sought by international institutions through capacity building projects, secondment of policy advisors to national ministries and having hands on the sectoral planning and implementation through so-called consultative groups and national planning mechanisms such as the preparation of PRSPs. Increasingly, the solutions are found in substitution of the state, either for delivery of services through international NGOs, or for reconstruction and even security management through contracts with the private sector. In countries like Afghanistan, where specialists had either fled en mass or isolated from global trends within the country, this type of substitution has been taken to the extreme. In Iraq, by contrast, the problem has not been the dearth of specialists, but with operationalizing those specifically in agreement or capable of implementing a liberal system. But the

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(5) See documents on the World Bank Website PRSPs in Conflict-Affected Countries at <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPRS/0,,contentMDK:20200794~menuPK:384247~pagePK:64020865~piPK:149114~theSitePK:384201,00.html>

problem of capacity is not, contrary to commonly held notions, as salient as the more structural problems with liberal economic reconstruction. These have to do both with dysfunctionalities for the economies, and especially, negative outcomes for the welfare of local populations.

### Macro-Economic Stability during Instability

One of the first priorities within the model is macro economic stabilization. This is based on advice on fiscal policy which is supposed to create stability, fight inflation, and maintain public confidence in the national currency. It is induced through substitution for direct intervention in the market by the state with financial markets said to better respond to the real flow of goods and services.

Yet, in post-conflict situations, a number of phenomenon are observed immediately, all of which have significant impacts on the welfare of local populations.

First, inflation goes up inevitably as price control is liberalized. In Iraq, for example, during the 1990s, the country had witnessed unprecedented inflation in prices as a result of the sanctions and the inability to export most of its natural resources, namely, crude oil. After a peak in 1995, the inflation rate began to decline as prices stabilized as a result of the "oil for food" programs. After 2003, inflation rates rose again, to 25.4% in 2004, 33% in 2005<sup>(6)</sup> and as high as 65% in 2006<sup>(7)</sup> before seeing a steady decline. In the case of Iraq, the cause of inflation can be associated with the partial liberalization of prices of some goods and services, especially commodities hitherto provided for free or almost free of charge by the government, such as fuel and materials of ration card, which then had an impact on the overall level of prices. The high inflation rate noted in 2006 was caused mostly by an increase in the price of fuel, which had been a recommendation of the Stand-by Arrangement between Iraq's transitional government and the I.M.F, which by itself had been a condition of the Paris Club in 2004 for reducing Iraqi debt owed to it. Both in Iraq and Afghanistan, inflation was also rooted in the skyrocketing of housing prices, in Iraq because of the shortage of housing and in Afghanistan as a result of the returning population and the onslaught of international aid workers which put the housing market under high demand. Inflation offsets the rise in purchasing power and per capita income that often accompanies the first years of economic recovery.

Second, price fixing and control is challenged by the rise of imports that floods markets in post-conflict situations. In Iraq, trading in local markets of imported commodities at international prices, which came to substitute for local industrial and agriculture products, broke the special privileges for prices that had been granted to local products. With the deterioration of production of oil by-products since 2003, reliance on imports and scarcity had a significant impact for fuel and lighting, transport and communications. The population's budget

expenditures suffered especially from withdrawal symptoms, having been used to these commodities for low prices before 2003. The story is similar in most post-conflict situations. In Afghanistan, ironically, large scale opium exports contributed to the stabilization of the Afghan currency, keeping prices of imported wheat initially low.<sup>(8)</sup> But this illegal substitution was off-set soon enough by the global crisis in agricultural prices of the spring of 2008, which contributed to a substantive price increase (some say as much as 70%). The rise in prices in countries where stabilization has not taken place can manifest itself in riots. In the case of Afghanistan, specialists also predict a possible increase in recruitment by insurgents and in planting of both opium poppy and cannabis to earn cash incomes to buy food at the higher prices.<sup>(9)</sup>

The fate of the ration system in Iraq is a good illustration of what happens when state subsidies undergo assault. A large section of population critically depends on the Public Distribution System for food (PDS), established in the 1990s during the sanctions. In 2004, a survey by the World Food Program (WFP) found that at least 6.5 million Iraqis were highly dependent on the food ration and a further 3.9 million would become "food insecure" without it. If the PDS is discontinued without a careful assessment of the needs of the population, warned the WFP, an estimated 47 percent of the total population would face real difficulties in ensuring their food security.<sup>(10)</sup> The World Bank considered the PDS as effective, in terms of reaching the poor, increasing purchasing power, and guaranteeing a minimum standard of living. But it warned that the scheme was highly costly (about 20 percent of the GDP in 2004), thus inefficient and unsustainable and The World Bank then made a series of proposals for the reforms, proposing a four-part program that would (i) gradually introduce targeting, (ii) reduce the number of products in the ration basket, (iii) increase the role and capacity of the private sector in the PDS, and in food markets in general, and (iv) improve the procurement and financial management<sup>(11)</sup>. USAID advisors set out to assist with improving the management and distribution

(6) According to CIA World Factbook statistics on Iraq <http://www.indexmundi.com/g/g.aspx?c=iz&t=71>

(7) According to the IMF <http://www.imf.org/external/pubs/ft/survey/so/2008/CAR021308B.htm>. Others estimate the rate at 70%

(8) United Nations Office on Drugs and Crime, Farmers' Intentions Survey 2003/2004 Afghanistan, Vienna, February 2004 [http://www.unodc.org/pdf/afg/afg\\_fis\\_report\\_2003-2004.pdf](http://www.unodc.org/pdf/afg/afg_fis_report_2003-2004.pdf)

(9) Barnett Rubin, Informed Comment, Global Affairs, Sunday, March 9, 2008 <http://icga.blogspot.com/2008/03/rubin-more-on-wheat-afghanistan.html>

(10) Government of Iraq; United Nations World Food Programme (WFP), Food security and vulnerability analysis in Iraq, February 2008 [http://www.reliefweb.int/rw/RWFiles2008.nsf/FilesByRWDocUnidFilename/EDIS-7BSRN8-full\\_report.pdf/\\$File/full\\_report.pdf](http://www.reliefweb.int/rw/RWFiles2008.nsf/FilesByRWDocUnidFilename/EDIS-7BSRN8-full_report.pdf/$File/full_report.pdf)

(11) The World Bank, "Considering The Future Of The Iraqi Public Distribution System", June 2005. <http://siteresources.worldbank.org/IRFFI/Resources/ExecutiveSummary-PDSReportJune2805.doc>

of food rations. The Government of Iraq, however, preferred sequenced reforms of the subsidy given that the potential social fallout of ill-prepared and hasty reforms could be severe. Ultimately, it is the overall situation of insecurity on the one hand<sup>(12)</sup>; which prevented people from access to distribution points and put the allocation of food as part of the systems of patronage of the militia, and the rise in world prices of food products on the other hand which are now rendering the final blows to the PDS faster than the reforms can get to them.

A third consequence of liberalization is the distortion of national economies away from diversification. A perhaps unintended, but unavoidable, result of opening up markets to global competition has been the reliance of the national economy on the one commodity for which it has comparative advantage in the global markets. In many post-conflict situations, this may mean the exacerbation of the war economy, i.e. producing goods and services that were used to fuel or sustain the conflict in the first place. Afghanistan is now a global leader in the production and export of opium (and increasingly of cannabis), with opium production amounting to half of the country's GDP in 2007<sup>(13)</sup>. In the case of Iraq, the oil sector now occupies 70% of the GDP. Although in this case, the oil sector is not illegal and creates substantive input into the national economy, reliance on oil moves the economy away from diversification and a balanced development for the future.

### Private Sector as “the Engine of Growth”

The neo-liberal model sees the private sector as the main engine of growth, while liberal peacebuilding sees its duty to establish the foundations for encouraging and protecting private capital investments and enterprises as an economic growth strategy. This by itself may be a welcomed idea, designed to unleash creativity and personal initiatives. But the idea is hardly new to many post-conflict situations, even those that were operating under a mix economic model. The private sector had been operational de facto if not de jure in most countries where interventions took place before liberal peacebuilding ‘imposed’ it. Local populations may not have had access to mobile telephone companies, or the need for private security and international construction companies, but trade has often been a matter of every day practice among communities. In the case of Afghanistan, it was the private sector, albeit an illegal one, that had fueled the economy of war for decades with its trade of gems, guns, and drugs. In Iraq, the transitional phase after 2003 in fact led to a setback of the Iraqi private sector, which had hitherto concentrated on construction of residential and commercial units, as a result of a number of phenomenon, all too current in post-conflict situations: Interruption of industrial projects either because of destruction or because of the high cost of production; dumping of imported competitive goods in the domestic market; insecurity, including targeting of businessmen by criminal gangs; and the very important phenomenon

of flight of capital to neighboring countries in search of stability and security. The private sectors in fragile societies are also often captured by powerful actors, especially in communities where the gun continues to rule over all transactions.

The economic liberal peace model seeks to formalize the existence of the private sector, and requires the adequate capacity for reforms of the public sector, a middle class, and sufficient security for investment, both from domestic and foreign sources. When sustained conflict, or the chaos of regime change, induced at the same time as economic liberalization combine to weaken these foundations, the private sector, instead of becoming more organized and formalized, slips into informality, shadow economies, capture by mafias and corruption. Uncontrolled informality often becomes a bane for the recovery of a fragile economy. The booming service sectors in both Iraq and Afghanistan, for example, in the absence of local production, has led to a cash-on-service phenomenon that has increased spending among consumers, which cannot find an appropriate response from the local production system. This leads to a host of negative externalities: Shadow economy, liquidity which leads to inflation, corruption and unaccountability, etc...

### Where are the Jobs?

In post-conflict situation, the most acute problem, and the one identified most as the priority need of populations, is that of unemployment. Yet, sustainable employment generation often slips between the cracks of the liberal peace model, by default, if not by design. Even if the PRSPs emphasize on the need to develop the economy in a way as to create employment, specific employment generation strategies are usually hampered by decreasing opportunities for formal employment as the public sector halts or shrinks, and the market becomes informalized first before becoming specialized. But massive job creation, through large scale public works, revival of factories, and creation of medium sized enterprises are imperatives for keeping the population satisfied and occupied while providing legitimacy for a post-conflict state. Instead, emphasis has been put on small scale income generation projects, often run through micro credits by donors, while medium and large enterprises have been left dysfunctional in the hope for privatization. Immediately after conflicts, it is mostly international investors, mafia groups, or remnants of power that may have the capital to answer to such calls for privatization.

Dealing with unemployment becomes especially crucial because of expectations that populations have about economic opportunities that are associated, at least in

(12) Oxfam, “Rising to the humanitarian challenge in Iraq”, Briefing Paper, July 2007 [http://www.oxfam.org/en/files/bp105\\_humanitarian\\_challenge\\_in\\_iraq\\_0707.pdf](http://www.oxfam.org/en/files/bp105_humanitarian_challenge_in_iraq_0707.pdf)

(13) United Nations Office on Drugs and Crime, “Afghanistan Opium Survey”, October 2007 <http://www.unodc.org/documents/crop-monitoring/Afghanistan-Opium-Survey-2007.pdf>

their minds, with political opening. Millions of Afghans have returned from Pakistan and Iran, and all needs jobs. Disillusionment of returnees, added to that of the relatively idle youth sector, can create frustrations that could unleash new cycles of conflict.

### Debilitating Debt and Conditionalities for Debt Relief

Liberal peace is, if nothing else, an expensive model that many post-conflict situations can ill afford financially. The model is 'sold' through assistance given by international financial institutions that are increasingly seeing themselves involved in conflict/post conflict theatres of operations. Although donors and development bank may be increasingly considering giving grants instead of loans to such countries, a vast majority of external support still is, one may need to remember, in terms of loans. In other words, future debt. While external debt will affect trade-off decisions that will have to be made in the long term, in the short term, the decision to engage on that road changes the direction of economic planning, especially when the loans come with the inevitable conditionalities.

Data is conspicuously hard to come by to assess the extent of new debt being accumulated by Afghanistan and Iraq<sup>(14)</sup> since the interventions and regime changes of 2001 and 2003. What is telling, however, is the conditionality imposed for the relief of debt that was accumulated by previous regimes. In November 2004, the Paris Club agreed to an 80% reduction of the debt that the Saddam regime owed to it (\$38.9bn), but in three tranches between 2004 and 2008: The first tranche of 30% would be written off immediately, another 30 percent would be cancelled when Iraq agreed on an IMF stand-by program, and the third and final tranche of 20% would have been cancelled in 2008, if Iraq completed the 3-year IMF program. The IMF conditions, such as privatisation, ending food rations and fuel subsidies and restricting salaries and pensions were then widely criticized in the National Assembly and public debates for not only reducing national space for economic decision making but also for potentially exacerbating poverty and instability in Iraq.<sup>(15)</sup> In July 2006, Paris Club members Russia, Germany, and the US also agreed to cancel most of the debts, totalling \$11 billion that Afghanistan owed from its pre-Taliban years. Afghanistan then qualified for the Heavily Indebted Poor Countries (HIPC) initiative in order to get partial relief for its remaining and incrementing loans. It had to show a track record of implementation of reforms and policies supported by the IMF and the World Bank, which it did as an exemplary student. Experience in Africa has so far showed that entering the HIPC initiative comes with the usual conditionalities on economic and good governance which determine a quaint direction and method of poverty-eradication: cutting public spending (which mostly affects the health and education sector), privatization of basic services like water or electricity, trade liberalization etc.

### Liberal but Unequal Peace

The most important pitfall in the economic dimension of the liberal peace model is the immediate rise in poverty and inequality that liberalization induces. One of the most important outcomes of the transition to market economy in Central Asia, for example, was the appearance of widespread poverty and inequality within a span of five years of opening up at the beginning of the 1990s, reaching a peak in 1996. The increase in poverty and inequality in the region over its first decade, noted the World Bank in a 2000 Report, was 'as striking as it is unprecedented'.<sup>(16)</sup> Political freedoms were gained at the expense of job security, social security and universal access to education and health services.

The World Bank found the root cause of this poverty and inequality in 'incomplete market reforms, high levels of bureaucratic corruption, and the capture of national governments by powerful business elites' (World Bank, 2000). The collapse in outputs and increasing inequalities, were influenced, for the World Bank, by institutional legacy and inherited economic structures, unfamiliarity with market mechanisms and the limited and slow speed of structural reforms undertaken by different countries. The UNDP, on the other hand, argued that it was the speed and extend of the reforms themselves, the rise of premium in education and healthcare, and state withdrawal which had contributed to poverty, insecurity and inequality in the region.<sup>(17)</sup>

In the field of economics, the debate is still raging around the inequalities/growth cause/effects relationships. That income inequality tends to initially rise with economic development, but then decrease as countries develop redistribution mechanisms was showed through the Kuznets curve. The fact that transition to an open market initially increases inequalities in not as contested as whether this inequality is 'good' or 'bad' for economic growth in the long run. A study of the World Bank, while arguing that much of the increase in income inequality in transition countries in the 1990s reflected 'a welcome adjustment to an incentive and remuneration structure that rewards individual productivity,' still recognized that inequality had impeded growth, undermined poverty alleviation, and fueled social tension in other

(14) The Index of Economic Freedom of the Heritage Foundation for 2008 claims that Iraq has \$81.5 billion in external debt today, but does not clarify the breakdown or the extent of new debts.  
<http://www.heritage.org/index/country.cfm?id=Iraq>

(15) See documentation gathered by Jubilee Iraq on this subject at \ [http://www.jubileeiraq.org/blog/2004\\_11.html#000659](http://www.jubileeiraq.org/blog/2004_11.html#000659)

(16) World Bank (2000), Making Transition Work for Everyone: Poverty and Inequality in Europe and Central Asia, Washington D.C: The World Bank.  
<http://wbIn0018.worldbank.org/eca/eca.nsf/General/40F8E9D019CE2E5C8525695800636022?OpenDocument>

(17) United Nations Development Programme, 1999, Transition 1999: The Human Cost of Transition: Regional Human Development Report, Regional Bureau for Europe and the CIS, New York: UNDP

parts of the world, and therefore, should be of concern to policy makers in the region (World Bank, 2000). Giovanni Andrea Cornia and Julius Court (2001) in a research for UNU/WIDER, further showed that the higher the level of inequality, the less impact economic growth had in reducing poverty.<sup>(18)</sup> They also argued that for the transition countries, widening inequalities had ‘new causes’, linked to the ‘excessively liberal economic policy regimes and the way in which economic reform policies have been carried out.’ (Cornia and Court, 2001).

Inequalities may or may not be good for economic development, but they are certainly bad for social cohesion and can generate conditions in which violent internal conflict can arise. Recent research confirms that horizontal inequalities between groups with differentiated access to socio-economic opportunities, resources and power-sharing, could lead to a feeling of ‘unfairness’ in distribution of development gains. The feeling of unfairness can revive deep-rooted conflicts, especially when grievances can be easily manipulated by entrepreneurs of war<sup>(19)</sup>. Frances Stewart’s works concludes squarely that the probability of conflict occurring rises where socioeconomic horizontal inequalities and exclusion are higher (Stewart & al, 2008)

If rising inequalities could potentially lead to slower growth or even to conflict, and, if liberal economic models, when applied to transition and post-conflict situations, inevitably lead to inequality in the short term at least, then isn’t there a contradiction in the liberal peace model? A presumed method for reaching peace, which by itself can potentially be conflict inducing, may be as ironic as imposing democracy through military interventions.

### Dismantling of the State ... When a State is Needed the Most

Liberal peace seems to use the western world as its template, where liberalism has defined the nature of state-society relationships. But *laissez faire* by governments was not always adopted even in Western societies. Michael Pugh reminds us that it was actually protectionism that nursed vulnerable societies through difficult times in France, Sweden, Asian economies etc. (Pugh, 2005).

And yet, both by design of the liberal peace credo, and by virtue of shrinking production and rising competition from non-state actors (commercial entities, international institutions etc.), the role of the state diminishes during transitional stages in post-conflict situations. On the one hand, this may provide opportunities for new actors to compete for power. On the other hand, however, the state also withdraws from its main responsibilities, that of providing goods such as security and welfare, and opportunities such as employment, the prerogatives of it related to its *raison d’etat* in the first place. In Iraq, prior to 2003, the state had played a pivotal role in public

expectations for providing welfare, security and services such as employment. Even in Afghanistan, where the population may have suffered as a result of the state breakdown of the past two decades, distant memory of state planning during the Najibullah regime had created expectations of government control of the market, and especially of prices, while not too distant memories of the Taliban strictly enforcing security has made people nostalgic for authority.

Insecurity, chaos and disorganization in markets and society immediately after regime changes inevitably result in desire for more control among local populations. If they seek the comfort and familiarity of authoritarian regimes, it is not that they are necessarily ideologically opposed to liberalism. It is that patience runs out easily when the population is caught between neither a ‘peace’ nor ‘war’ situation, and order and protection becomes what average people expect their state to provide, based on historical practices or expectations. Local populations may privately bemoan external interventions that have disrupted their lives and corruption among international organizations, but they would primarily blame the state and their government for losing control. Authority and discipline become inevitably coveted, and the incapacitated state becomes as evil in collective conscious as the predator state.

### Conclusion: Are Alternatives Possible?

Economic policies, much of them based on neo-liberalism, have seldom been contested as assumption underlying the external economic reconstruction assistance thus far. Institutional scrutiny, much like that around peacebuilding itself, relates mostly to questions of efficiency: How to best implement reforms, what sequencing and speed to use, how to avoid corruption, etc. International institutions may not be necessarily looking in the right places when blaming poverty, inequality and instability on incomplete reforms, elite capture, and insufficient institutions. Perhaps it may be more appropriate to also question the legitimacy of the model proposed, especially for fragile post-conflict situations. Ultimately, the success and failure of reconstruction efforts should not be assessed through the speed and extent with which countries comply with externally determined standards for establishing a market economy, good governance and liberal democracy, but by increases in the human security (including both freedom from fear and freedom from want) of local populations.

(18) Giovanni Andrea Cornia and Julius Court (2001), *Inequality, Growth and Poverty in the Era of Liberalization and Globalization*, Policy Brief No. 4, UNU/WIDER.

(19) Frances Stewart (Ed) (2008), *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*, Basingstoke: Palgrave Macmillan. See a resume of the findings in <http://www.crise.ox.ac.uk/copy/Oxford%20Policy%20Conference/HIs%20and%20Conflict%20-%20Chapter%2013%20-%20Findings.pdf>

In the meantime, international reconstruction aid, including concessional lending as well as grant-based technical assistance, is often explicitly linked to an acceptance of World Bank and IMF stipulations. Developing countries, and especially those emerging or still engulfed in crisis are too dependent on external financial assistance to be able to present a formidable national challenge to global paradigmatic models and conditionalities.

For this, a revision of the model should be considered, especially in post-conflict countries. The liberal peace model propagates for economic growth with participation. Perhaps it is necessary to revise the formula to economic growth with distributive practices based on welfare, equity and justice. Oliver Richmond calls this an emancipatory model, one which combines top-down and bottom-up peacebuilding, includes the participation of local actors and structural diversities in political economies, and emphasizes social justice (Richmond (2005).

The main concern with the liberal peace model is that it is a standard cookie cutter formula applied to transition countries, conflict and post-conflict situations indiscriminately. It would then be contradictory to the principles of a critique of liberal peace, then, to provide a list of recommendations of what should be done in post-conflict situations. Suffice it to say that any alternative model and method would have to reinstate the supremacy of a state in bringing order, providing welfare and security. A degree of dirigisme is necessary, even with dwindling budgets, to decrease the vulnerabilities of an already traumatized population. Pugh (2005) recommends for the states to invest in public goods and services, infrastructure, welfare systems and public employment. Salaries should be maintained in public sectors, local production revived, critical sectors protected from imports, etc. But such interventions may go against the advice of IFIs and donors, and when budgets are completely depleted, national governments rarely have the space, nor the say, to implement alternative models.

There seems to be three radical solutions: One would be for institutions propagating for liberal peace to revise their formulas, and in the process, insert a degree of democratization into their own decision making processes. For example, at the global level, the mantra of southern countries, which demand more fair trade instead of, or in addition to, aid, should be heard, even, and especially for countries recovering from conflict.

The other option would be to find alternative sources of funding for post-conflict situations, a source without conditionalities. And this solution is not too far fetched in the imagination. It is already being implemented through Chinese aid to Africa and Central Asia.

A third solution is probable but requires respect for diversity in international relations. It is called providing

what the south has called 'space' for national policies. And it is in that national space, without donors at the doorstep providing cash or selling models, which traumatized post-conflict countries should retreat, recover, and design their future. Critiques would immediately counter that failure to rebuild after wars would unleash a new cycle of conflicts, which could then spread across regions and land back at the doorstep of the donors, before they have had a chance to go and sell their models. But this would open up an entire new chapter on the question of whether or not to intervene in the first place, and whether interventions do more harm than good in the long run. ■