



UNDERSTANDING  
"THE POLITICAL MARKETPLACE"  
AND THE  
ROOTS OF PERSISTENT CONFLICT

FSR Interviews Professor Alex de Waal

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Alex de Waal is the Executive Director of the World Peace Foundation. Considered one of the foremost experts on Sudan and the Horn of Africa, his scholarly work and practice has also probed humanitarian crisis and response, human rights, HIV/AIDS and governance in Africa, and conflict and peace-building. In 1988, he received a D.Phil. in social anthropology at Nuffield College, Oxford for his thesis on the 1984-5 Darfur famine in Sudan. He was the first chairman of the Mines Advisory Group at the beginning of the International Campaign to Ban Landmines. He set up two independent human rights organizations, African Rights (1993) and Justice Africa (1999), focusing respectively on documenting human rights abuses and developing policies to respond to human rights crises, notably in Rwanda, Somalia and Sudan. From 1997 to 2001, he focused on avenues to peaceful resolution of the second Sudanese Civil War. In 2001, he returned to his work on health in Africa, writing on the intersection of HIV/AIDS, poverty and governance, and initiated the Commission on HIV/AIDS and Governance in Africa. During 2005-06, de Waal was seconded to the African Union mediation team for Darfur and from 2009-11 served as senior adviser to the African Union High-Level Implementation Panel for Sudan. He was on the list of Foreign Policy's 100 most influential public intellectuals in 2008 and Atlantic Monthly's 27 "brave thinkers" in 2009.

## 1 The "Political Marketplace" of Conflict

**FSR:** In your latest book and in other endeavors, you've tried to explain much of the conflict we see in parts of Africa, and perhaps elsewhere, as a product of the "political marketplace." Can you explain what you mean by the term?

**de Waal:** My starting point is that business is politics and politics is business. It would be incorrect and a simplification to say that politics is all about money, because that would imply that politics is all about personal enrichment. My analysis, particularly about the Horn of Africa, but [with] wider resonance and implications in the rest of the world, is that the way the politics and economics function in these societies, politics and business are fused. In order to be a businessperson, you also need to be a politician. In order to run a business, one needs to have certain skills, aptitudes, and capabilities to network and analyze that politicians have. Similarly, to be a politician, one needs to have the abilities that a businessman has. Most politicians in conflict zones, be they dictators, or military leaders, or others who have risen to the top, tend to run their political careers as if they are businesses.

In Sudan the political vernacular has two concepts. It's almost a pun – [there is] the "political marketplace", and the "political budget" which is also [referred to] as "political box" or "pocket." And these two interact in the way that political budget involves the funds that a politician has that he can dispense for whatever purposes he likes... Typically [they are used] either for developing a security apparatus that is loyal to them personally or for patronage payouts, for renting provisional allegiance of clients. It is in the sphere of payouts that one has to deal with the political marketplace, in which the intermediaries demand certain amount of money to maintain allegiance. In a place like Darfur, where the political system is extremely fragmented, you cannot be a serious political player unless you have an armed group. The allegiance of that group will be worth a certain amount of money and the price of that allegiance can go up or down depending on the market conditions.

**FSR:** So are you saying that the politics in the conflict situation are driven by broader economic problems?

**de Waal:** The politics and economics fuse. If you take a small, poor country that has an open economy, these countries find it extremely difficult to compete in the global economic

order for products. Some changes in the small factors like interest rates, or policy changes in countries like the United States of America (USA) or China can have a huge impact on [smaller countries] economies, which can be snuffed out in a moment. The key task of a businessman is to manage those contingencies, and in such situations one cannot think of long term goals: it's all about managing short term implications.

In those countries, the most profitable sectors are going to be those where we get rent, either from minerals or from government, and so the business sector will congregate around the government as it is the key dispenser and regulator of the resources. The finance that is available to businesses and political budgets become one and the same. More over, with political globalization, with global commodities markets, foreign aid flows, and importantly the global security apparatus, the most important source of revenue [for small, economically weak countries] can come from the security cooperation with advanced countries like the USA, France or others. Hence, the political marketplace has two aspects – it is full of the rent seekers, and it is globally integrated. [Due to regional and global integration], it's no longer the case that what happens in one country is insulated from what happens in the other countries...

**FSR:** In these situations, how do you think the political marketplace interacts with and responds to global pressures and international intervention?

**de Waal:** International intervention usually involves both resources and troops. It is the resources that tend to drive the political marketplace in a conflict zone, and international troops, particularly peacekeepers, cannot do much in the absence of a political agreement. The idea of sending United Nations or international troops into a country to enforce peace rarely works. The key for the dynamics and the prospects for resolution of conflict always remains in the political sphere. If the political sphere is constituted by the control over these external rental resources, and if the external intervention is not designed with an understanding of how that political marketplace functions, then it is likely to be co-opted into the existing system and the resources will be utilized by the political entrepreneurs and political business managers for their own reasons.

**FSR:** How often are their successful monopolists, leaders who gain enough power shut down the marketplace and push out all other bidders?

**de Waal:** There will be political leaders who seek monopolies, but the extent to which they can achieve monopoly or not has a big impact on the dynamics of a country. In some countries, like Chad, political leaders tend to gain significant monopoly over the resources, even if it is not absolute.

However, in the countries like Somalia, the efforts of the international community to help its leaders to establish a monopoly, through aid and peacekeeping force, is still not very effective. [This is] primarily because the major source of earnings in Somalia – telecommunications sector and expat remittances–has not been captured by the current political elite. As a result of this, the barriers for new political entities to enter Somali political sphere are very low allowing political entrepreneurs to enter the market and establish themselves as legitimate players with certain influence making the price of loyalty quite high in the Somali political market. Due to this situation, for those in Somali government a majority of time, skill and resources are occupied in the effort of managing the dynamics of the political marketplace rather than on building durable institutions. In my view, the state-building exercise in Somalia is swimming against the tide of political marketplace.

**FSR:** In that case, should we be hoping for and encouraging stronger monopolies in order to create stronger states?

**de Waal:** Creating monopolies and autocracies have two typical problems. One is the succession problem – the exit options. The barriers to exit for someone who achieves near monopoly or dominance in the political market can be very high, in that the succession or handing over of the monopoly to someone else could be very difficult for the simple reason that the intended successor may lack the skills to maintain the succession. The other problem is the regional one, where neighboring states could have vested interests in the internal affairs of a state. This issue often comes up due to the lack of territorially bounded monopolies. These problems force us to think about if it is possible to build a state at all because in the globalized economy, most of the trends in the smaller open economies [are] towards dismantling the state structure and not building them. Each time we see an autocrat who is trying to regulate the system and there is a transition towards something more democratic, what we actually see is not a transition towards regular democracy but towards a political marketplace.

**FSR:** Can you reflect on the efforts of Ethiopian leader Meles Zenawi in swimming [against] this tide [given the fact that Ethiopia became stronger as a state while neighboring states were weakening]?

**de Waal:** Meles Zenawi and Ethiopian transition are very good examples of this as he theorized and understood this problem very clearly. He thought that democracy is the nemesis of the political marketplace in Africa. He, however, was not successful in achieving this in Ethiopia before he died, but what he achieved, in particularly the last 10 years, was to exercise such a tight control over the allocation of revenue and rent (mainly policy and aid rents) in order to grow the economy very fast.

Due to this, Ethiopia was getting an annual economic growth of eight to ten percent. If this had been sustained over the next ten years, it would have brought that country into the bracket of middle income countries. Meles Zenawi hoped that a growth in such terms would lead to a transformation of the state. The weakness of this strategy was pursuing it with a single mind. The tight control exerted over the allocation of resources changed the nature of government, and the ruling party in particular, into rigid entities, something like purely implementation agencies. The major difficulty being, nobody else could run that system as effectively as Zenawi did, giving rise to succession problem. Zenawi was a political businessman, and because of his specific business skills, he was trying to achieve political goals by using business strategies. The other side of this issue is that if someone tries to enter political markets with purely political motives, like establishing an Islamic State or rooting-out corruption, and do not take the business aspect seriously, they will not succeed.

**FSR:** Can you elaborate on this point?

**de Waal:** This issue is highlighted by many case studies. For example, Al Qaeda, according to its own documents, found that it could not establish itself in Northern Africa as a viable entity due to the lack of strong presence in businesses. I believe that having strong business skills is a prerequisite for anyone to successfully establish themselves in the political sphere.

## 2 The Changing Face of Peacekeeping

**FSR:** What do you think would be a better way [than current strategies of the international community] to deal with persistent conflicts across the world?

**de Waal:** In the societies engulfed in conflicts, one can see that monopolies can create a certain sense of calm, even if it is for an extended period of time, say 10 years, but to

achieve durable peace one has to address the cause for the turbulence itself. Uncertainty is a common factor even in developed capitalist societies. There is constant innovation going on and people do not know when the housing rates will go up or interest rates will fall, among other things. But one has to ensure that the creative destruction of capitalism does not turn violent, killing people or destroying livelihoods. The answers for this problem lay not at local or country level but at global level. The two key aspects that fuel violence are oil and international security cooperation. The counter-terrorism cooperation that is extended to the peacekeeping operations is actually a driver of instability in these systems.

**FSR:** What makes intervener countries target particular regimes?

**de Waal:** I think it is in very few cases that the United States or European nations are interested in regime change. They are much more interested in the suppression of militant insurgencies. There is also this agenda of prevention of atrocities. So the major issue is to stop the involvement of people who have vested interests in such countries. Then multilateral peacekeeping, or rather peace-enforcing operations become operations with several added agendas. They are peacekeepers because of their international mandate, not because they achieve peace.

**FSR:** Is peacekeeping itself a continuation of conflict?

**de Waal:** It is becoming so. The classical model of peacekeeping is where UN troops drawn faraway countries go to monitor and possibly enforce an agreement already reached among the parties involved. But in the new model of peacekeeping it is neighboring states [which have vested interests] are sending their troops.

This is also a result of the involvement of countries like the United States and France who want to fight and defeat certain elements like Al Qaeda and Al Shabab, and others. And the only [international] troops that are willing to participate in such operations are Western special forces, who are very confident that they will not have to suffer the casualties, or those who have vested interests, like neighboring countries. When you have forces that have considerable capacity to wage a protracted war, peacekeeping merges with war itself. In such situations, the political budget is derived from defense and military budget.

**FSR:** To what extent do you believe that the major donor countries are aware of these issues? Particularly when in the last few years there was a criticism that the United States was "played" by a lot of countries when it comes to [getting US money for anything that could be called] a counter-terrorism campaign. Was that in fact accidental? And do you think is the appropriate policy to avoid a recurrence of such situation in future?

**de Waal:** At this moment, I don't think we have clear policy responses and I think policy-makers understand pieces of this. But I have not seen anywhere to integrate this into one analysis and think where is this going and what kind of response is required. What I hope to do in my book is to provide that discussion because I don't have an answer either. Giving a policy framework will be difficult because I think we are not at a stage where we have the type of analysis involved to be able to make sensible policies at the moment.

### 3 The Future – Likely Trends, Necessary Changes, Other Drivers of Conflict

**FSR:** You mentioned that political actors are often forced to evolve into political entrepreneurs. Do you think this process is restricted to conflict zones alone?

**de Waal:** I think we need to see the organized violence or recurrent violence as not solely a feature of conflict between recognized political and military forces but as a feature of these systems as a whole, as a part of their governance module. So even in a country that does not have recognized large-scale violence within its boundaries, these features occur. One of the paradoxes we have is that on one hand state-building is getting harder . . . and large-scale violence is actually declining, but on the other hand, the violence that tends to continue is more intractable. So some 30-40 years ago you could have a peace agreement between warring states and you knew that the war is over. Now you have a lot of peace agreements and the wars and attended violence continues. This is also because, in the past, the peace agreements also tended to be the drafts of the constitution and it would go into legal and constitutional form and they would be more or less respected by all. Now a peace agreement is like a bargain in the market and [it] will be only good as long as those particular market conditions exist. And to preserve an earlier peace agreement, the next one will be called as an implementation matrix, as a road map to implement the agreement. You can have 10 agreements and the agreements are not a solution to the conflict, they are an extra layer of the governing of the conflict itself.

**FSR:** How concerned are you that this model is spreading? Do you think this can be contained at all?

**de Waal:** I don't know if it is spreading across the world. But I think there is a good reason that this model is spreading. If you see across the conflict-ridden areas—Afghanistan, Syria, Yemen—the trend is indicating towards this, and when the trend is towards one way, that gives a reason to believe that this is a bigger phenomenon. The small open economies may be the ones that are affected by this trend directly now, but others may be following the same trend, which can be a cause of concern.

**FSR:** You identified the threat of alternate political structures being incompatible with the conflict-ridden areas. In such a situation, what should international community do? Should they disengage from the situation and allow [these areas] to evolve on their own?

**de Waal:** Disengagement is not possible, it shouldn't be on the table as an option at all. There are different forms of engagement and this is where we need to know more. If you take politics as business, seriously as a proposition, then you will not ask a businessperson to go into a new market without having thoroughly understood the nature of that market.

In the same way there are no off-the-shelf recommendations, or even framework for lets say responding to Islamic State. We need to understand the political market price of that region and I suspect that the actors in the conflict zones understand it really quite well. If you were to listen to the discussions of the intelligence and security chiefs they would be talking this language. But their objectives tend to be short-term security management. When we move from short-term security management, the long-term issue stabilization of the region is often neglected as the models we are drawing upon are failing us. We should take seriously the actual practices of those who manage these systems and try and build a response based on that system.

**FSR:** When you say that the other systems we are [relying] upon are not helping the situation, do you mean that those systems are not understanding the business aspects of the conflicts involved?

**de Waal:** Yes, but it is not just the role of money that is involved. Take for example, a lot of attention has been given to the sources of finance to the Islamic State. People have been discussing about the ways it is generating money by way of taking hostages, or receiving money from Qatar, or by liquidating the assets in the region. But I have not seen

anyone look at the other side of the story, which is expenditure. What is its political budget? What is its security budget? To what extent is it actually producing public goods? These questions matter because this particular group is not functioning like a regular terrorist group mainly because it controls territory and is functioning as a territorial insurgent. A territorial insurgent has to provide public goods. Without understanding these aspects it will be difficult to analyze the problem itself.

**FSR:** You advocate that the people who have access to the conflict zones, those who live in those areas, to study their problems. Considering this as a dangerous preposition for those involved in the conflict itself, what steps would you suggest to bridge the problem of communications breakdown between those involved in conflict and the outsiders who want to resolve it?

**de Waal:** If you want to find out how a regular market works, you will not get the best answer by going and asking the most successful businessman in that market for the deepest secrets of their success. But we know enough about the markets to be able to teach business management and administration. So I don't see any reason why we cannot progress further than where we are in understanding the nature of conflicts.

**FSR:** You are also involved in another project about global arms industry. Can you to share some information about that with our readers?

**de Waal:** Arms spending and defense budget is one of the key elements of the political budgeting and corruption. Corruption and political budgeting are overlapping categories. There was an estimate that global arms trade was responsible for 40 percent of the corruption in the international trade itself. This is primarily a result of the unusual production function of the arms industry itself. Manufacturers across the world, with an exception of the United States [whose military provides large enough market to support a domestic arms industry], can ... cover the costs only by charging exorbitant rates or by exporting the arms, so there is an inbuilt incentive to pay bribes to encourage exports to the countries that would be purchasing those arms. And from the point of purchasing countries, those bribes can play very important role and will go into the political budgets.

**FSR:** The board of World Peace Foundation votes every year on the issue of whether world peace has been achieved or not. How is it looking this year? And also the states that are capable of [advocating for world peace], are they identifying and preparing for the threats ahead?

**de Waal:** The trustees of the foundation take a vote on whether world peace has been achieved or not every November, and for last 100 years the vote has always been that it has not been achieved. I suspect it will remain so for a long time to come. Having said that, if our founder, Edwin Ginn, were alive, according to his three elements – presence of League of Nations, World Court, and disarmament—he would have said that his objectives were met to a large extent. But we can never rule out the possibility of future conflicts, which might spring up at any time. The threats for world peace come from elsewhere. It is no more the territorial conquest that threatens the world peace, but the military spending of the major powers are still locked in the past. They still need to make provisions for emerging threats like global warming, threats of infectious diseases, terrorism, and cyber threats. They still build submarines and aircraft carriers.