The term ‘war economy’ usually refers to a system which is centralized, totalizing and autarchic, as was the case in the total wars of the twentieth century. Administration is centralized to increase the efficiency of the war and to maximize revenue to pay for the war. As many people as possible are mobilized to participate in the war effort either as soldiers or in the production of arms and necessities. By and large, the war effort is self-sufficient, although in World War II Britain and the Soviet Union received lend-lease assistance from the United States. The main aim of the war effort is to maximize the use of force so as to engage and defeat the enemy in battle.

The new type of war economy is almost totally the opposite. The new wars are ‘globalized’ wars. They involve the fragmentation and decentralization of the state. Participation is low relative to the population both because of lack of pay and because of lack of legitimacy on the part of the warring parties. There is very little domestic production, so the war effort is heavily dependent on local predation and external support. Battles are rare, most violence is directed against civilians, and cooperation between warring factions is common.

Those who conceive of war in traditional Clausewitzean terms, based on definable geo-political goals, fail to understand the underlying vested interests, both political and economic, in the continuation of war. They tend to assume that political solutions can be found without any need to address the
The Privatization of Military Forces

Madeleine Albright, the former US secretary of state, used the term 'failed states' to describe countries with weak or non-existent central authority – the classic examples are Somalia or Afghanistan. Jeffrey Herbst argues that many African states never enjoyed state sovereignty in the modern sense – that is, 'unquestioned physical control over the defined territory, but also an administrative presence throughout the country and the allegiance of the population to the idea of the state'. One of the key characteristics of failing states is the loss of control over and fragmentation of the instruments of physical coercion. A disintegrative cycle sets in, which is almost the exact opposite of the integrative cycle through which modern states were established. The failure to sustain physical control over the territory and to command popular allegiance reduces the ability to collect taxes and greatly weakens the revenue base of the state. In addition, corruption and personalistic rule represent an added drain on state revenue. Often, the government can no longer afford reliable forms of tax collection; private agencies are sometimes employed who keep part of the takings, much as happened in Europe in the eighteenth century. Tax evasion is widespread both because of the loss of state legitimacy and because of the emergence of new forces who claim 'protection money'. This leads to outside pressure to cut government spending, which further reduces the capacity to maintain control and encourages the fragmentation of military units. Moreover, outside assistance is predicated on economic and political reforms which many of these states are constitutionally incapable of implementing. A downward spiral of loss of revenue and legitimacy, growing disorder, and military fragmentation creates the context in which the new wars take place. Effectively, the 'failure' of the state is accompanied by a growing privatization of violence.

Typically, the new wars are characterized by a multiplicity of types of fighting units, both public and private, state and non-state, or some kind of mixture. For the purpose of simplicity, I identify five main types: regular armed forces or remnants thereof; paramilitary groups; self-defence units; foreign mercenaries; and, finally, regular foreign troops, generally under international auspices.

Regular armed forces are in decay, particularly in areas of conflict. Cuts in military spending, declining prestige, shortages of equipment, spare parts, fuel and ammunition, and inadequate training all contribute to a profound loss of morale.
In many African and post-Soviet states, soldiers no longer receive training or regular pay. They may have to seek out their own sources of funding, which contributes to discipline and breakdown of the military hierarchy. Often this leads to fragmentation, situations in which local army commanders act as local warlords, as in Tajikistan. Or soldiers may engage in criminal behaviour as, for example, in Zaire (now DRC), where unpaid soldiers were encouraged to loot or pillage. In other words, regular armed forces lose their character as the legitimate bearers of arms and become increasingly difficult to distinguish from private paramilitary groups. This is compounded in situations where the security forces were already fragmented as a result of deliberate policy; often there were border guards, a presidential guard and a gendarmerie, not to mention various types of internal security forces. By the end, President Mobutu of what was then Zaire could rely only on his personal guard to protect him. Saddam Hussein engaged in a similar proliferation of security agencies, and, as with Mobutu, it was only the motley group known as Firqa Fedayeen Saddam, Saddam's Martyrs, that offered sporadic resistance to the initial American invasion.

The most common fighting units are paramilitary groups, that is to say, autonomous groups of armed men generally centred around an individual leader. Often these groups are established by governments in order to distance themselves from the more extreme manifestations of violence. This was probably the case for Arkan's Tigers in Bosnia, or so Arkan himself insisted. Likewise, the pre-1994 Rwandan government recruited unemployed young men to a newly formed militia linked to the ruling party; they were given training by the Rwandan army and granted a small salary. In a similar vein, the South African government secretly supplied arms and training to the Inkatha Freedom Party (IFP), which had been promoting the violent activities of groups of Zulu workers during the transition to democracy. Often, paramilitary groups are associated with particular extremist parties or political factions. In Georgia, after independence, each political party, except the Greens, had its own militia; after his recall to power, Eduard Shevardnadze tried to re-establish a monopoly over the means of violence by welding together these militias into a regular army. It was this ragbag of armed bands that was defeated by a combination of the Abkhazian National Guard and Russian military units in Abkhazia. One of the most notorious paramilitary groups in Kosovo was known as 'Frenki's Boys'. According to intelligence sources, Franko Simatović was the link between Milošević and freelance paramilitary groups.

The paramilitary groups are composed mostly of redundant soldiers, or even whole units of redundant or breakaway soldiers which sometimes include common criminals, as in the former Yugoslavia, where many were deliberately released from prison for the purpose, and unemployed young men in search of a living, a cause or an adventure. They rarely wear uniforms, which makes them difficult to distinguish from non-combatants, although they often sport distinctive clothing or signs. Symbols of global material culture often serve as important quasi-uniforms; for example, Ray-Ban sunglasses, Adidas shoes, jogging suits and caps. Reportedly, Frenki's Boys had their headquarters at the back of a dress shop in Djakovica. They wore cowboy hats over ski masks, and painted Indian stripes on their faces. Their trademark was the sign of the Serbian Chetniks and a silhouette of a destroyed city with the words 'City Breakers' in English.

The use of child soldiers is not uncommon in Africa; there have also been reports of fourteen-year-old boys operating in Serbian units. In Charles Taylor's National Patriotic Front of Liberia, for example, which invaded Sierra Leone on Christmas Eve 1989, some 30 per cent of the soldiers were said to be under the age of seventeen; Taylor even created a 'Boys' Own Unit'. He supported an invasion of Sierra Leone by a rather small number of rebels, after which the Sierra Leone government recruited large numbers of citizens into its army, including boys some of whom were as young as eight years old: 'Many of the boys recruited into the government army were street-children from Freetown, involved in petty theft before their recruitment. Now they were given an AK47 and a chance to engage in theft on a larger scale.' RENAMO (Resistência Nacional Mocambicana – the movement founded by Portuguese special forces after the independence of Mozambique and supported by South Africa) also recruited children, some of whom were forced to return to their own villages and attack their families.
Self-defence units are composed of volunteers who try to defend their localities. These would include local brigades in Bosnia-Herzegovina who tried to defend all the citizens of their locality, for example in Tuzla; self-defence units of both Hutus and Tutsis who tried to stop the massacres in 1994; or the self-defence units in South Africa set up by the African National Congress (ANC) to defend localities from Inkatha. Such units are very difficult to sustain mainly because of inadequate resources. Where they are not defeated, they often end up by cooperating with other armed groups and getting sucked into the conflict.

Foreign mercenaries include both individuals on contract to particular fighting units and mercenary bands. Among the former are former Russian officers working on contract with the new post-Soviet armies, and British and French soldiers made redundant by the post-Cold War cuts, who used to train, advise and even command armed groups during the wars in Bosnia and Croatia and still do so in various African countries. The most well-known mercenary bands are the Mujahidin, veterans from the Afghan war, generally to be found in all conflicts involving Islam, funded by the Islamic states, most notably Iran and Saudi Arabia. A new and growing phenomenon is private security companies, often recruited from retired soldiers from Britain or the United States, who are hired both by governments and by multinational companies and are often interconnected. During the 1990s, a notorious example was the South African mercenary company Executive Outcomes and its partner, the British company Sandline International. Sandline International became famous as a result of the scandal concerning arms sales to Sierra Leone in early 1998. Executive Outcomes has been credited with considerable military success in defending diamond mines in Sierra Leone and Angola. In February 1997 the government of Papua New Guinea hired Sandline International to launch a military assault against the secessionist Bougainville Revolutionary Army (BRA) and to reopen the Bougainville copper mine; Sandline International subcontracted the work to Executive Outcomes. American private security companies have become a characteristic feature of American interventions, especially in Iraq and Afghanistan. Particularly well-known names include MPRI (Military Professional Resources Inc), which trained the Croatian army towards the end of the war in Bosnia and was also involved in Angola and Sierra Leone, and is now in a range of countries, and DymCorps, which tends to undertake policing duties.

The final category is regular foreign troops, usually operating under the umbrella of international organizations, mainly the UN but also NATO in Bosnia, Kosovo and Afghanistan, ECOMOG (Economic Community of West African States Ceasefire Monitoring Group) in Liberia, the African Union (AU) in Darfur, the EU in eastern Congo, Macedonia and now Bosnia, and the CIS (Commonwealth of Independent States) or OSCE, which have both provided umbrellas for different Russian peacekeeping operations. In general, these troops are not directly involved in the war, although their presence is very significant and I will discuss their role in chapter 6. In some cases, these troops have become involved in fighting, as in the case of ECOMOG in Liberia and Sierra Leone or Russian peacekeepers in Tajikistan, and, in such instances, they have taken on some of the characteristics of the other fighting units. In the war in DRC, several neighbouring countries (Uganda, Angola, Rwanda, Burundi) sent troops to participate on different sides. And, of course, as I discuss in chapter 7, the United States and Britain and some other countries have troops in Iraq.

While the small-scale character of the fighting units has much in common with those involved in guerrilla warfare, they lack the hierarchy, order and vertical command systems that have been typical of guerrilla forces and that were borrowed from modern warfare as well as the structure of Leninist or Maoist political parties. These various groups operate both autonomously and in cooperation. What appear to be armies are actually horizontal coalitions of breakaway units from the regular armed forces, local militia or self-defence units, criminal gangs, groups of fanatics, and hangers-on, who have negotiated partnerships, common projects, divisions of labour or spoils. Robert Reich’s concept of the ‘spider’s web’ to characterize the new global corporate structure, which I referred to in the previous chapter (see p. 77), is probably also applicable to the new warfare.

Because of cost, logistics and inadequate infrastructure and skills, these ‘armies’ rarely use heavy weapons, although where
they are used they may well make a considerable difference. The Serbian monopoly of heavy artillery was important in Bosnia, as was the intervention of Russian units with aircraft and artillery in Abkhazia. One of the reasons given for the success of Executive Outcomes has been their ability to carry out sophisticated operations such as flying helicopter gun ships and light ground-attack fixed-wing aircraft.\(^6\)

For the most part, light weapons are used – rifles, machine-guns, hand-grenades, landmines and, at the upper end of the scale, low-calibre artillery and short-range rockets. Although these weapons are often described as ‘low-tech’, they are the product of a long and sophisticated technological evolution. Compared with the weapons used in World War II, they are much lighter, easier to use and transport, more accurate and more difficult to detect. In contrast to heavy weapons, they can be used to great effect by unskilled soldiers, including children. Modern communications are also very important to enable the fighting groups to cooperate, especially radios and mobile telephones. US forces in Somalia were unable to eavesdrop the commercially bought cellular phones used by Somali militias.

The end of the Cold War and of related conflicts such as those in Afghanistan or South Africa greatly increased the availability of surplus weapons. In some cases, wars are fought with weapons raidied from Cold War stockpiles; such is largely the case in Bosnia–Herzegovina. In other cases, redundant soldiers sell their weapons on the black market, or small-scale producers (as in Pakistan) copy their designs. In addition, arms enterprises which have lost state markets seek new sources of demand. Certain conflicts, for example in Kashmir, took on a new character as a result of the influx of arms, in this case a spill-over from the conflict in Afghanistan. An important factor in the escalation of the conflict in Kosovo was the sudden availability of arms after the Albanian state collapsed in the summer of 1997; arms caches were opened and hundreds of thousands of Kalashnikovs were available for sale at a few dollars each and could easily be brought across the border into Kosovo. The new wars could be viewed as a form of military waste-disposal – a way of using up unwanted surplus arms generated by the Cold War, the biggest military build-up in history.

Patterns of Violence

The techniques of the new fighting units owe much to the types of warfare that developed during and after World War II as a reaction to modern war. Revolutionary warfare, as articulated by Mao Tse-tung and Che Guevara, developed tactics that were designed to find a way round large-scale concentrations of conventional forces and that were almost counter to conventional strategic theory.

The central objective of revolutionary warfare is the control of territory through gaining support of the local population rather than through capturing territory from enemy forces. The zones under revolutionary control are usually in remote parts of the country which cannot easily be reached by the central administration. They provide bases from which the military forces can engage in tactics which sap the morale and efficiency of enemy forces. Revolutionary warfare has some similarities with manœuvre theory. It involves decentralized dispersed military activity, with a great emphasis on surprise and mobility. But a key feature of revolutionary warfare is the avoidance of head-on collisions which guerrilla units are likely to lose because of inferior numbers and equipment. Strategic retreats are frequent. According to Mao Tse-tung: ‘The ability to run away is precisely one of the characteristics of guerrillas. Running away is the chief means of getting out of passivity and regaining the initiative.’\(^7\) Great stress is placed by all revolutionary writers on winning ‘hearts and minds’, not just in the territory under revolutionary control but in enemy territory as well, so that the guerrilla can operate, according to Mao’s well-known dictum, ‘like a fish in the sea’, although, of course, terroristic methods were also used.

Counter-insurgency, which has been an almost universal failure,\(^8\) was designed to counter this type of warfare using conventional military forces. The main strategy has been to destroy the environment in which the revolutionaries operate, to poison the sea for the fish. Techniques like forcible resettlement developed by the French in Algeria, or area destruction through scattering mines or herbicides or napalm developed by the Americans in Vietnam, have also been used by, for example, the Indonesians in East Timor or the Turkish government against the Kurds.
The new warfare borrows from both revolutionary warfare and counter-insurgency. It borrows from revolutionary warfare the strategy of controlling territory through political means rather than through capturing territory from enemy forces. This is somewhat easier than it was for revolutionary forces, since in most cases the central authority is very weak and the main contenders for the control of territory are not governments with conventional modern forces but rather similar types of fighting units, even if they bear the name of regular armies. Nevertheless, as in the case of revolutionary warfare, the various factions continue to avoid battle mainly in order to conserve men and equipment. Strategic retreats are typical and ground is conceded to what appears to be the stronger party. Often, the various factions cooperate in dividing up territory between them.

An important difference between revolutionaries and the new warriors, however, is the method of political control. For the revolutionaries, ideology was very important; even though fear was a significant element, popular support and allegiance to the revolutionary idea was the central aim. Hence, the revolutionaries tried to build model societies in the areas under their control. In contrast, the new warriors establish political control through allegiance to a label rather than an idea. In the brave new democratized world, where political mobilization is based on labels and where elections and referenda are often forms of census-taking, this means that the majority of people living in the territory under control must admit to the right label. Anyone else has to be eliminated. Indeed, even in non-democratized areas, fear of opposition, dissidence or insurgency reinforces this demand for homogeneity of population based on identity.

This is why the main method of territorial control is not popular support, as in the case of revolutionary warfare, but population displacement – getting rid of all possible opponents. To achieve this, the new warfare borrows from counter-insurgency techniques for poisoning the sea – techniques which were refined by guerrilla movements created or promoted by Western governments with experience of counter-insurgency to topple left-wing governments in the ‘low-intensity’ conflicts of the 1980s such as RENAMO in Mozambique, the Mujahidin in Afghanistan, or the Contras in Nicaragua.

Indeed, this approach was a reaction to the failure of counter-insurgency in Vietnam and Southern Africa and the implicit realization that a conventional modern war is no longer a viable option.

Instead of a favourable environment for the guerrilla, the new warfare aims to create an unfavourable environment for all those people it cannot control. Control of one’s own side depends not on positive benefits, since in the impoverished, disorderly conditions of the new warfare there is not much that can be offered. Rather, it depends on continuing fear and insecurity and on the perpetuation of hatred of the other. Hence the importance of extreme and conspicuous atrocity and of involving as many people as possible in these crimes so as to establish a shared complicity, to sanction violence against a hated ‘other’ and to deepen divisions.

The techniques of population displacement include:

1. Systematic murder of those with different labels, as in Rwanda. The killing of Tutsis in 1994 was directed by government officials and the army. According to Human Rights Watch: ‘In such places as the commune of Nyakizu in Southern Rwanda, local officials and other killers came to “work” every morning. After they had put in a full day’s “work” killing Tutsi, they went home “singing” at quitting time... The “workers” returned each day until the job had been finished – that is, until all the Tutsi had been killed.’

2. Ethnic cleansing, that is to say, forcible population expulsion, as in Bosnia–Herzegovina (see chapter 3) or the Transcaucasus. In Abkhazia, another example, the Abkhaz inhabitants accounted for only 17 per cent of the population. In order to control the territory, the secessionist forces had to expel most of the remaining population, mainly Georgian. Even after the expulsion of the Georgians, the Abkhaz remain a minority.

3. Rendering an area uninhabitable. This can be done physically, through scattering anti-personnel landmines or through the use of shells and rockets against civilian targets, especially homes, hospitals or crowded places such as markets or water sources. It can be done economically through forced famines or sieges. By depriving the people
of their livelihood, they either die of hunger, as in Southern Sudan, or they are forced to migrate. And it can be done psychologically by instilling unbearable memories of what was once home, by desecrating whatever has social meaning. One method is the destruction of history and culture by removing the physical landmarks that define the social environment for particular groups of people. The destruction of religious buildings and historic monuments is supposed to erase all traces of cultural claim to a particular area. In Banja Luka, at the height of the war, the Serbs destroyed all seventeen mosques and all but one of the Catholic churches. In particular, they flattened two very beautiful sixteenth-century mosques; they were demolished on a Friday, and on Monday the ground was razed and turfed over. The wanton destruction of the ancient Buddhist statues in Afghanistan by the Taliban was presumably supposed to achieve something similar. Another method is defilement through systematic rape and sexual abuse, which is characteristic of several wars, or by other public and very visible acts of brutality. Psychological methods have the advantage of differentiating between people with different labels.

All of these techniques fall within the definition of genocide contained in the 1948 Geneva Convention. Article 2 reads:

In the present Convention, genocide means any of the following acts committed with intent to destroy, in whole or in part, a national, racial, or religious group, as such: a) Killing members of the group; b) Causing serious bodily or mental harm to members of the group; c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part; d) Imposing measures intended to prevent births within the group; e) Forcibly transferring the children of the group to another group.  

Essentially, what were considered to be undesirable and illegitimate side-effects of old war have become central to the mode of fighting in the new wars. It is sometimes said that the new wars are a reversion to primitivism. But primitive wars were highly ritualistic and hedged in by social constraints. These wars are rational in the sense that they apply rational thinking to the aims of war and refuse normative constraints.

The pattern of violence in the new type of warfare is confirmed by the statistics of the new wars. The tendency to avoid battle and to direct most violence against civilians is evidenced by the dramatic increase in the ratio of civilian to military casualties. At the beginning of the twentieth century, 85 to 90 per cent of casualties in war were military. In World War II, approximately half of all war deaths were civilian. By the late 1990s, the proportions of a hundred years ago have been almost exactly reversed, so that nowadays approximately 80 per cent of all casualties in wars are civilian.  

The importance of population displacement is evidenced by the figures on refugees and displaced persons. According to UNHCR, the global refugee population rose from 2.4 million people in 1975 to 10.5 million people in 1985 and 14.4 million people in 1995, and subsequently declined to 9.6 million in 2004, primarily as a consequence of increased repatriation. This figure includes only refugees who cross international boundaries. According to the same figures, the number of internally displaced people increased from 5.4 million in 1995 to 7.6 million in 2004. Figurines provided by the US Committee on Refugees are much higher, increasing from 22 million in 1980 to 38 million in 1995, of whom approximately half were internally displaced persons, and declining to 32.8 million in 2004, of whom two-thirds were internally displaced. Using the latter figures, Myron Weiner has calculated that the number of refugees and internally displaced persons per conflict increased from 327,000 per conflict in 1969 to 1,316,000 in 1992. (1992 was, of course, a peak year for conflict.) Using the Uppsala University database, it can be estimated, nevertheless, that the number of refugees and displaced persons per conflict in 2004 was 1,093,300.  

Financing the War Effort  

The new wars take place in a context which could be represented as an extreme version of globalization. Territorially based production more or less collapses either as a result of
liberalization and the withdrawal of state support; or through physical destruction (pillage, shelling, etc.); or because markets are cut off as a result of the disintegration of states, fighting, or deliberate blockades imposed by outside powers, or, more likely, by fighting units on the ground; or because spare parts, raw materials and fuel are impossible to acquire. In some cases, a few valuable commodities continue to be produced – e.g. diamonds in Angola and Sierra Leone, lapis lazuli and emeralds in Afghanistan, oil in Angola or Chechnya or Iraq, drugs in Colombia and Tadjikistan – and they provide a source of income for whoever can offer ‘protection’. Unemployment is very high and, as long as governments continue to spend, inflation is rampant. In extreme cases, the currency collapses to be replaced by barter, the use of valuable commodities as currency or the circulation of foreign currencies, dollars or euros.

Given the erosion of the tax base both because of the collapse of production and because of the difficulties of collection, governments, like privatized military groups, need to seek alternative sources of funding in order to sustain their violent activities. Given the collapse of productive activity, the main sources of funding are either what Mark Duffield calls ‘asset transfer’, i.e. the redistribution of existing assets so as to favour the fighting units, or external assistance. The simplest form of asset transfer is loot, robbery, extortion, pillage and hostage-taking. This is widespread in all contemporary wars. Rich people are killed and their gold and valuables stolen; property is transferred in the aftermath of ethnic cleansing; cattle and livestock are raided by militiamen; shops and factories are looted when towns are taken. Hostages are captured and exchanged for food, weapons or other hostages, prisoners of war or dead bodies.

A second form of asset transfer is market pressure. A typical characteristic of the new wars is the numerous checkpoints which control the supply of food and necessities. Sieges and blockades, the division of territory between different paramilitary groups, allow the fighting units to control market prices. Thus a typical pattern, observed in Sudan, former Yugoslavia and other places, is that urban dwellers or even farmers will be forced to sell their assets – cars, fridges, televisions or cows – at ridiculously low prices in exchange for highly priced necessities simply in order to survive.

More sophisticated income-generating activities include ‘war taxes’ or ‘protection’ money from the production of primary commodities and various forms of illegal trading. The production and sale of drugs is a key source of income in Colombia, Peru and Tadjikistan. It is estimated that income from drugs accounts for 70 per cent of the opposition revenue in Tadjikistan, while the income of the Colombian guerrillas is said to amount to some $US800 million a year, which compares with government defence expenditure of $US1.4 billion. Chechen warlords sell oil from backyard oil wells to Russian commanders; revenue from oil and natural gas fuelled the fighting in Angola, parts of Colombia, and Aceh in Indonesia; smuggling in oil products helps to sustain Nagorno Karabakh. Sanctions busting and trading in drugs, arms or laundered money are all examples of revenue-raising criminal activities in which the various military groups are engaged.

However, given the collapse of domestic production, external assistance is crucial, since arms, ammunition and food, not to mention Mercedes cars or Ray-Ban sunglasses, have to be imported. External assistance can take the following forms:

1 Remittances from abroad to individual families, for example, Sudanese or Palestinian workers in the oil-rich countries of the Middle East, Bosnian and Croatian workers in Germany or Austria. These remittances can be converted into military resources through the various forms of asset transfer described above.

2 Direct assistance from the diaspora living abroad. This includes material assistance, arms and money, for example from Irish Americans to the IRA, from Armenians all over the world to Nagorno-Karabakh, from Canadian Croatians to the ruling Croatian party, and so on.

3 Assistance from foreign governments. During the Cold War period, both regular forces and guerrillas relied on their superpower patrons. This source of assistance has largely dried up although the USA still provides support to a number of governments. Neighbouring states often fund particular factions, to assist minorities or because of the presence of large numbers of refugees or because of involvement in various types of (illegal) trading arrangements. Thus Serbia and Croatia have provided support to
their client statelets in Bosnia–Herzegovina; Armenia aids Nagorno-Karabakh; Russia has backped a variety of secessionist movements on its borders, whether as a way of re-establishing control over post-Soviet space, or because of mafia or military vested interests, is a matter for speculation; Rwanda encouraged the opposition in Zaire as a way of preventing Hutu militiamen from operating from refugee camps there; and Uganda supported the Rwandan Patriotic Front which took over after the massacres of 1994 and continues to abet the SPLA in Southern Sudan (and, in return, the Sudanese government supports the Lord’s Resistance Army in Uganda). Other foreign governments that offer a source of finance include former colonial powers concerned about ‘stability’, for example France and Belgium in Central Africa, or Islamic states.

4 Humanitarian assistance. There are various ways in which both governments and warring factions divert humanitarian assistance for their own use. Indeed, donors regard a 5 per cent diversion of humanitarian aid as acceptable in view of the needs of the most vulnerable parts of the population. The most common method is ‘customs duties’. The Bosnian Croats demanded 27 per cent for humanitarian assistance transported through so-called Herzeg–Bosne, which, at the height of the war, was the only way to reach certain areas in Central Bosnia. But there are other ways, including robbery and ambush. By insisting on the use of an overvalued official exchange rate, both the Sudanese and Ethiopian governments were able to profit from the provision of humanitarian aid.

Essentially, the fragmentation and informalization of war is paralleled by the informalization of the economy. In place of the national formal economy, with its emphasis on industrial production and state regulation, a new type of globalized informal economy is established in which external flows, especially humanitarian assistance and remittances from abroad, are integrated into a local and regional economy based on asset transfer and extra-legal trading. Figure 5.1 illustrates the typical resource flows of a new war. It is assumed that there is no production and no taxation. Instead, external support to ordinary people, in the form of remittances and
humanitarian assistance, is recycled via various forms of asset transfer and black-market trading into military resources. Direct assistance from foreign governments, protection money from producers of commodities, and assistance from the diaspora enhance the capacity of the various fighting units to extract further resources from ordinary people and thus sustain their military efforts.

Mark Duffield describes how this functioned in the Sudanese case where an illegal dollar trade involving Sudan, Zaire and Uganda was operated, making use of relief convoys both for transport and to control prices:

In the case of Sudan, the parallel economy consists of a number of interconnected levels or systems. Local asset transfer is linked to national level extra-legal mercantile activity. In turn, this articulates with higher-level political and state relations together with regional and international parallel networks which trade in commodities and hard currency. It is at this level that provides the initial site for the integration of international aid and relief assistance with the parallel economy. As assets flow upwards and outwards, culminating in capital flight, international assistance flows downwards through the same or related systems of power.20

Just as it is possible to find examples of military cooperation between fighting units so as to divide up territory or to foster mutual hatred among the respective populations, so it is possible to find examples of economic cooperation. David Keen describes what is known as the ‘sell-game’ in Sierra Leone, through which government forces sell arms and ammunition to the rebels:

[Government forces] withdraw from a town, leaving arms and ammunition for the rebels behind them. The rebels pick up the arms and extract the loot, mostly in the form of cash, from the townspeople and then they themselves retreat. At this point, the government forces reoccupy the town and engage in their own looting, usually of property (which the rebels find hard to dispose of) as well as engaging in illegal mining.21

John Simpson describes how Peruvian government soldiers set free captured Shining Path guerrillas ‘apparently in order to perpetuate insecurity in areas where officers can benefit from illegal trading – in this case, principally the trade in cocaine.22

There are similar examples in the Bosnian War, which I have described in chapter 3.

Some writers argue that economic motivation explains the new type of warfare. David Keen suggests that a ‘war where one avoids battles but picks on unarmed civilians and perhaps eventually acquires a Mercedes may make more sense . . . [than] risking death in the name of the nation-state with little or no prospect of significant financial gain’.23 But economic motivation alone is insufficient to explain the scale, brutality and sheer viciousness of new wars.24 No doubt some join the fighting as a way of legitimizing criminal activities, providing a political justification for what they do and socially sanctioning otherwise illegal methods of financial gain. No doubt there are others – rational power-seekers, extreme fanatics or victims intent on revenge – who engage in criminal activities to sustain their political military goals. Yet others are press-ganged into the fighting, propelled by fear and hunger.

The point is rather that the modern distinctions between the political and the economic, the public and the private, the military and the civil are breaking down. Political control is required to embed the new coercive forms of economic exchange, which in turn are required to provide a viable financial basis for the new gangsters/powerholders in the context of state disintegration and economic marginalization. A new retrograde set of social relationships is being established in which economics and violence are deeply intertwined within the shared framework of identity politics.

The Spread of Violence

The new type of warfare is a predatory social condition.25 While it may be possible to contain particular groups or individuals, it is very difficult to contain the social condition either in space or in time. Neighbouring countries are the most immediately affected. The cost of the war in terms of lost trade, especially where sanctions or communications blockades are introduced or where borders are closed, either deliberately or because of fighting; the burden of refugees, since generally it is the neighbouring states who accept the largest numbers; the spread of illegal circuits of trade; and the spill-over of identity politics – all these factors reproduce the conditions that nurture the new forms of violence.
The NGO Saferworld has enumerated the cost of conflict to neighbouring countries in several cases. One example is the war in Mozambique, which was an important trade route for land-locked countries such as Zambia, Zimbabwe, Malawi, Botswana and Swaziland. Malawi lost all its trade with Mozambique, and the additional costs of transport during the height of the war were estimated at 11 per cent of annual export earnings; likewise, trade with Zimbabwe fell dramatically and the cost of rerouting goods through South Africa was estimated at $US$25 million in 1988 prices. In the Balkans, the decline in GDP following the wars in Croatia and Bosnia–Herzegovina, as a result of the loss of trade following the closure of borders and sanctions and the increased cost of transportation, was more or less inversely proportionate to distance from the epicentre of violence. The decline in GDP in Bosnia–Herzegovina was most dramatic, falling from $US2719 per head before the war broke out to just $US250 per head when the war ended. Surrounding Bosnia–Herzegovina is an inner ring of countries – Serbia/Montenegro, Croatia, and Macedonia – whose GDPs fell to 49 per cent, 65 per cent and 55 per cent of their 1989 levels, respectively. By 1996, Serbia/Montenegro and Macedonia had just managed to arrest the decline, while Croatia was able to achieve a very small growth rate. Surrounding these three countries is an outer ring of further affected countries – Albania, Bulgaria, Romania and Slovenia – whose GDPs fell to 81 per cent, 88 per cent, 73 per cent and 90 per cent of their 1989 levels. Finally, the outermost ring – Hungary, Greece and Turkey – all also reported economic losses as a consequence of the war.

As well as direct economic costs, the neighbouring countries bear the main burden of refugees. Most refugees are based in neighbouring countries. According to UNHCR figures, out of the 14.5 million refugees recorded for 1995, the majority (6.7 million and 5.0 million, respectively) were based in Africa and Asia. Countries hosting more than 500,000 refugees included Guinea (from Liberia and Sierra Leone), Sudan (mainly from Ethiopia, Eritrea and Chad), Tanzania (mainly from Rwanda and Burundi), Zaire (which had, as of 1995, received 1.7 million refugees, of whom 1.2 million came from Rwanda and the remainder mainly from Angola, Burundi and Sudan), Iran (from Afghanistan and Iraq), Pakistan (also from Afghanistan and Iraq), Germany (mainly from the former Yugoslavia) and the United States. In Europe, after Germany, the biggest recipients of refugees have been Croatia and Serbia/Montenegro. In 2004, the pattern had changed somewhat. Out of the 9.6 million refugees, some 60 per cent were based in Africa, the Middle East and Central Asia. The biggest recipients of refugees were Iran and Pakistan (from Afghanistan), Germany and Tanzania. Not only are these huge concentrations of refugees an immense economic burden on countries that are already poor, but they represent a permanent source of tension between the refugees and the host populations – for economic reasons, since they are competing for resources; for political reasons, since they constitute a permanent pressure on host governments to take action in order that they can return; and for security reasons, because the camps are often used as bases for various radical factions. The most long-standing example of both economic and political burdens are the Palestinian refugees squashed into the West Bank and Gaza or based in Jordan and the Lebanon. As in the case of the Palestinian refugees, up to a million or so Azeri refugees from Nagorno-Karabakh in Azerbaijan, or the Georgian IDPs (internally displaced persons) from Abkhazia in Georgia or the refugees and IDPs in the former Yugoslav republics all constitute a permanent source of political pressure for radical action. In Zaire, the Hutu refugee camps served as a base for Hutu militiamen and contributed to the mobilization of Zairian Tutsis against the Mobutu regime.

Illegal circuits of trade are another conduit for the spread of the new type of war economy. Trade routes necessarily cross borders. The instability in Albania in the mid-1990s was mainly the consequence of the growth of mafia groups well connected to the ruling circles involved in sanctions-busting to Serbia/Montenegro and gun-running to Bosnia–Herzegovina. The pyramid schemes that collapsed so dramatically were used to finance these activities – a classic case of asset transfer. The huge transfer of arms by the United States to Afghan guerrilla groups in the 1980s (much of which was largely diverted) transformed itself into networks of arms and drug trade covering Afghanistan, Pakistan, Kashmir and Tadjikistan. Mark Duffield shows how the illegal dollar trade linked to the war in Sudan involved ‘Zairois with gold wanting imported goods,
food and fuel; Sudanese with dollars wanting food, clothing and coffee; and Ugandans with imported goods wanting gold and dollars for Kampala's parallel markets."

Finally, the politics of identity, itself, has a tendency to spread. All identity-based groups, whether defined in terms of language, religion or some other form of differentiation, spill over borders; after all, it is precisely the heterogeneity of identities that offers the opportunity for various forms of exclusivism. Majorities in one country are minorities in another: Tutsis in Rwanda, Burundi and Zaire; Russians in most post-Soviet states, especially so-called Cossacks on the borders of Russia; Islamic groups in Central Asia — these are among the many vectors through which identity politics passes.

It is possible to identify spreading regional clusters characterized by this predatory social condition of the new war economies. Myron Weiner calls them 'Bad Neighbourhoods'. The clearest examples are the Balkan region surrounding Bosnia-Herzegovina; the Caucasus stretching south from Chechnya as far as Western Turkey and Northern Iran; the Horn of Africa, including Ethiopia, Eritrea, Somalia and Sudan; Central Africa, especially Rwanda, Burundi and Zaire; the West African countries surrounding Liberia and Sierra Leone; and Central Asia, from Tajikistan to India. The countries hosting Palestinian refugees might be treated as another cluster; since Israel made peace with the neighbouring states, the conflict is no longer expressed in terms of inter-state war and has begun to exhibit many of the characteristics of the new types of conflict.

**Conclusion**

The new wars have political goals. The aim is political mobilization on the basis of identity. The military strategy for achieving this aim is population displacement and destabilization so as to get rid of those whose identity is different and to foment hatred and fear. Nevertheless, this divisive and exclusive form of politics cannot be disentangled from its economic basis. The various political/military factions plunder the assets of ordinary people as well as the remnants of the state, and cream off external assistance destined for the victims, in a way that is only possible in conditions of war or near war. In other words, war provides a legitimation for various criminal forms of private aggrandizement while at the same time these are necessary sources of revenue in order to sustain the war. The warring parties need more or less permanent conflict both to reproduce their positions of power and for access to resources.

While this predatory set of social relationships is most prevalent in the war zones, it also characterizes the surrounding regions. Because participation in the war is relatively low (in Bosnia, only 6.5 per cent of the population took part directly in the prosecution of the war) the differences between zones of war and apparent zones of peace are not nearly as marked as in earlier periods. Just as it is difficult to distinguish between the political and the economic, public and private, military and civil, so it is increasingly difficult to distinguish between war and peace. The new war economy could be represented as a continuum, starting with the combination of criminality and racism to be found in the inner cities of Europe and North America and reaching its most acute manifestation in the areas where the scale of violence is greatest.

If violence and predation are to be found in what are considered zones of peace, so it is possible to find islands of civility in nearly all the war zones. They are known about far less than violence and criminality, because it is these and not normality that is generally reported. But there are regions where local state apparatuses continue to function, where taxes are raised, services are provided and some production is maintained. There are groups who defend humanistic values and refuse the politics of particularism. The town of Tuzla in Bosnia-Herzegovina represents one celebrated example. The self-defence units created in Southern Rwanda are another example. In isolation, these islands of civility are difficult to preserve, squeezed by the polarization of violence, but the very fragmentary and decentralized character of the new type of warfare makes such examples possible.

Precisely because the new wars are a social condition that arises as the formal political economy withers, they are very difficult to end. Diplomatic negotiations from above fail to take into account the underlying social relations; they treat the various factions as though they were proto-states. Temporary ceasefires or truces may merely legitimize new agreements or partnerships that, for the moment, suit the various factions.
Peacekeeping troops sent in to monitor ceasefires which reflect the status quo may help to maintain a division of territory and to prevent the return of refugees. Economic reconstruction channelled through existing ‘political authorities’ may merely provide new sources of revenue as local assets dry up. As long as the power relations remain the same, sooner or later the violence will start again.

Fear, hatred and predation are not recipes for long-term viable polities; indeed, this type of war economy is perennially on the edge of exhaustion. This does not mean, however, that they will disappear of their own accord. There has to be some alternative. In the next chapter, I will consider the possibilities for such an alternative; in particular, how islands of civility might offer a counterlogic to the new warfare.