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POLICYANALYSISBRIEF

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# Economic Drivers of Mass Atrocities:
## Implications for Policy and Prevention

The relationship between violent conflict and economic factors has engaged scholars, practitioners, and policymakers for decades. Some scholars have theorized that competition for land, labor, and capital has led to wars between countries, others have asserted that intrasocietal economic inequalities have fueled civil unrest, while still others doubt the existence of a causal link. Empirical research by Paul Collier and Anke Hoeffler popularized the notion of "greed vs. grievance" and sought to explain violence perpetrated by armed nonstate actors by analyzing their motivations relative to the presence of mineral resources.[1] Their work revisited prior scholarship, notably by Jeffrey Sachs and Andrew Warner, on the purported relationship between violent conflict and natural resource endowment in fragile regions.[2] In spite of criticisms of their methodology, the robustness of their empirical analysis, and policy relevance of their conclusions, the "greed vs. grievance" debate paved the way for more nuanced considerations of economic drivers relative to noneconomic factors. Subsequent research, summarized by Daniel Lederman and William Maloney, challenged some previous research and concluded that there is not enough evidence to draw or assess causal links between the presence of mineral resources and risks of violence.[3] Among other things, they found that the positive empirical results are not only sensitive to the definition of *economic factors* applied in some models, they are also specific to the type of conflict considered. It is, therefore, very difficult to link economic factors to violent conflict conclusively.

This conundrum is made even more challenging when considering mass atrocities, which are characterized by genocide, ethnic cleansing, war crimes, and crimes against humanity. The concept means different things to different groups. Scholars, for example, look for defining characteristics that would help guide empirical analysis.[4] This has contributed to the growing literature on various thresholds (ranging from 1,000 to 5,000 deaths annually) that help distinguish single incidents of violence from campaigns of systematic violence against civilians. Policymakers seek a definition that would inform policy, prevention, and response. This has led to some of the more specific definitions adopted by state institutions and international organizations (e.g., the United Nations, NATO, and the United States).[5] Activists, on the other hand, favor more expansive and inclusive definitions, in order to ensure maximum visibility but also to help prevent atrocities. When mass atrocities are imminent or unfolding, restrictive definitions and thresholds result in inevitable lags in reporting, constraining possibilities for effective preventive engagement. Delay

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reinforces the progressive institutionalization of impunity as the numbers mount.

At their core, mass atrocities are a form of violence perpetrated against the "other" for a broad range of interconnected ethnic, ideological, religious, and political reasons. In many cases, these reasons have economic drivers that underlie, trigger, or sustain mass atrocities. These drivers have received relatively little attention, to the detriment of effective policies that could prevent or respond to mass atrocities. The complex dynamics involving economic factors and mass atrocities complicate not only the analysis of the problem but also the response to it. If economic factors are central to understanding and driving mass atrocities, they must feature more prominently in efforts at resolution. A failure to more fully incorporate economic considerations in conflict and atrocity prevention and response strategy could help explain high recidivism rates in some conflict regions.

This brief will consider four fundamental questions: To what extent does economic inequality precipitate mass atrocities? What role do natural resources play in explaining the incidence and severity of mass atrocities? Do models of economic governance contribute to understanding the onset and resolution of mass atrocities? How does an understanding of economic drivers help forestall, and effectively respond to, mass atrocities?

## Economic Explanations of Atrocity Violence

The complexity of the relationship between economic factors and atrocity violence derives from the dynamic interaction among underlying explanatory factors (like economic deprivation, social exclusion, asset depletion, and resource mismanagement) and more proximate drivers (such as violent competition for control and global price shocks). This section seeks to unpack key economic drivers of mass atrocities, including entrenched inequality and the natural resource/security nexus.

### Entrenched Economic Inequality

Entrenched economic inequality is a key factor worthy of close consideration as a driver of mass atrocity risk. In most fragile states, weak institutions and endemic corruption have created governance frameworks that sustain ruling groups by collectively reinforcing networks that underpin the political economy of the country. The ruling groups/regimes institutionalize economic inequality as a way to ensure group survival. In these neopatrimonial systems, the chasm between groups is defined by identity, which usually has regional, religious, or ethnic undertones.[6] Over time, the gap between supporters and opponents deepens and widens because contested legitimacy forces regimes into a self-preservation mode, which is characterized by the use of government policy (e.g., resource allocation decisions and the politicization of foreign aid), the use of ill-gotten wealth to buy patronage, and a range of oppressive tactics. The overt control of economic assets and the sometimes covert denial of access to nonsupporters effectively politicize economic opportunity and intensify economic marginalization. For example, a stark socioeconomic disparity between the oil-rich southern states in Nigeria and their counterparts in the north partly explains the deep-seated discontent felt in the north. According to Nigeria's 2013 Millennium Development Goals report, while poverty rates were generally below 50 percent in the south of the country, in the north they generally exceeded 70 percent. The difference in social indicators is equally stark. For example, infant mortality rates are 70 (per one-thousand live births) in the north-east and 28 in the south-west, and female literacy (between ages 15-24) is higher than 80 percent in the south-west but below 50 percent in the north.[7] This has stoked discontent and helped facilitate recruitment and radicalization by extremist groups like Boko Haram.

Although researchers indicate that most multiethnic societies are relatively peaceful, violent conflict tends to occur when intergroup differences (also called horizontal inequalities) are exacerbated by economic and political factors. Frances Stewart explains that such inequality could persist for extended periods without leading to violence or unrest.[8] The onset of violence is often the result of a distinctive trigger, which could be a charismatic leader (e.g., Joseph Kony and the Lord's Resistance Army in Uganda) or botched elections (e.g., postelection violence in Kenya in 2007–08) or a social protest (e.g., the 2010–2011 uprisings in the Middle East and North Africa dubbed the Arab Spring). The trigger is what explains the transition from simmering discontent to violent unrest. Once triggered, violence is fueled and sustained by underlying divides, which are usually economic in nature. In the absence of political space/representation for the aggrieved and effective institutions to enforce the rule of law, groups quickly see violence as a legitimate form of political expression and a fast track to upward social mobility. This is how the triggers evolve into conflict sustainers.

While most analysis focuses on the income and socioeconomic dimensions of inequality, a potent (and often overlooked) aspect relevant to violence and atrocity risk relates to the asset base of the communities, notably land and capital. Violence and human rights violations over land rights in Zimbabwe (2011) and 2007–08 postelection unrest in Kenya are examples. The immediate economic policy response to such unrest has generally been employment creation and service provision. This approach has been marginally successful in quelling unrest in some cases and unsustainable in most. Without security of tenure for all citizens, and a closer link between the land and capital markets, underlying tensions will not be diffused, and communities will remain fragile and highly susceptible to violence and atrocities.

Although economic factors are not always prominent in all instances of horizontal inequality, they help inform effective and lasting solutions. For example, horizontal inequality could also be expressed in relative terms. Frances Stewart explains how groups or individuals might be reasonably well educated and employed but perceive inequality relative to local/national elite. Such groups are motivated by relative (rather than absolute) notions of inequality, and violence is usually expressed in ideological or religious terms. Sierra Leone's Revolutionary United Front (RUF) is an example of this phenomenon. The rapid rate at which RUF leaders enriched themselves after seizing territory or participating in power-sharing arrangements suggests that the underlying motivation of their violence could have been perceptions of relative inequality, rather than political grievance.

In some cases, economic inequality could also be perceived by individuals/groups relative to an ideal, for example, their expectations rather than actual levels of inequality within a particular group.[9] Leaders of marginalized groups are not always socioeconomically disadvantaged. In some cases they are relatively well educated and from good socioeconomic backgrounds, but they see themselves outside the governance network, which could be neopatrimonial or global, with links to transnational criminal syndicates involved in smuggling drugs, contraband, or weapons. For either ideological or political reasons they seek a more equitable distribution of wealth and political determination. Barbara Walter suggests that disaffected groups tend to have a very weak commitment to peace (if any) because they do not have confidence that the inequalities would be addressed. In her view, this helps explain both recidivism and protracted conflict.[10]

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## The Natural Resource/Security Nexus

The natural resource/security nexus constitutes a combination of poor governance, weak institutions, and external factors that combine with the mismanagement and abuse of natural resources as drivers of violence and atrocity risk. While natural resources could be defined to include land, water, fisheries, forestry, and mineral wealth, this brief will adopt a narrow definition that focuses on minerals like diamonds, gold, ores, and petroleum products. Literature abounds on the relationship between mineral wealth and violent conflict/unrest. Some researchers have focused on a narrow macroeconomic dimension that examines the potentially negative impact of windfall gains from natural resource exports on the economy. This phenomenon was documented by the *Economist* magazine in its 1977 coverage of the impact of an oil boom in the Netherlands on the nonoil sector, via an artificial appreciation of the currency.[11] The argument contended that the sudden rise in the value of the Dutch guilder (caused by a spike in global oil prices) made nonoil sector trade anemic and uncompetitive. Weak jobs growth and capital flight (caused by low domestic interests designed to slow currency appreciation) caused the economy to stall, leading to what was described as "external health and internal ailments," dubbed the Dutch Disease. Decades later, this discussion evolved into a much broader concept of impact that involves macroeconomic destabilization, weak governance, moribund institutions, corruption, political instability, and socioeconomic malaise—the so-called resource curse.[12] Coupled with this broader definition is a sense of determinism that equates the presence of mineral resources with deprivation and violence.

This notion of a resource curse is problematic for a number of reasons. First, there is a definitional issue. It is not always clear if the analysis focuses on the existence of natural resources, the amount in existence (i.e., abundance), or the extent to which the country or region depends on natural resources. How do we measure abundance? In terms of deposits or reserves? Are these absolute or relative to other resource-endowed countries and regions? Is there a useful threshold for dependency, above which a country or region becomes susceptible to the resource curse? Perhaps a more helpful categorization would be *resource driven*. The term *resource driven* refers to countries/economies that are primarily driven by natural resources but have not been successful in depoliticizing the natural resource sector, spending windfall gains wisely, capturing "fair rent" for the treasury, and establishing viable governance structures that would enable natural resources to become true national resources.[13] Resource-driven countries are often characterized by severe institutional fragility, high levels of corruption, entrenched poverty, and marked sociopolitical discontent.

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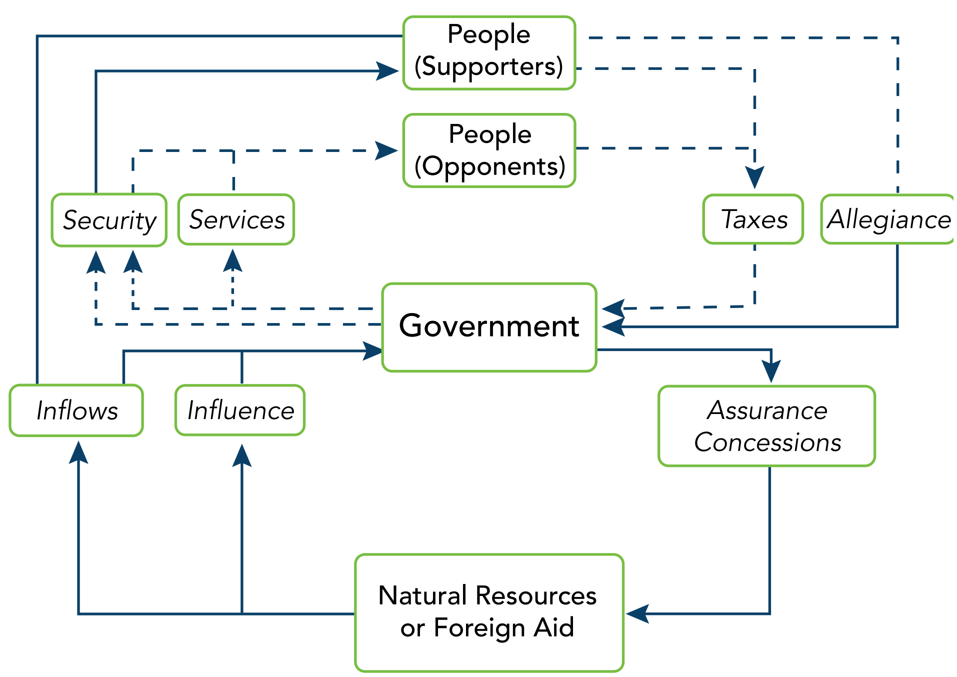
Some trace the debate on the impact of natural resources on resource-driven countries back to the economist Adam Smith in the 18th century, when he opined that coal mining was an inefficient use of labor and capital that could lead to social unrest. Contemporary theories drawing on empirical research have suggested that natural resources have had a generally positive impact on economic development.[14] In the 1980s, however, a number of resource-driven developing countries became increasingly unstable both politically and economically, giving rise to the counterintuitive proposition that natural resource wealth is causally linked to poverty and violent conflict: the resource-curse thesis. Mineral-producing countries in Africa and Latin America experienced violent upheavals and the politicized dislocation of large groups. Governance structures in countries like Nigeria, the Democratic Republic of Congo, Peru, and Colombia became increasingly predatory and oppressive—predatory in the sense that regimes wrested control of the country's natural resources and oppressive because they did everything they could to ensure the security of their ill-gotten gains. At the same time, a number of nonstate actors emerged in opposition to the predatory regimes. Some were ideologically derived (e.g., Shining Path in Peru), others were community

## Figure 1: A Neopatrimonial Framework



advocacy groups (e.g., Ogoni activists in Nigeria), and others had political agendas (e.g., Charles Taylor in Liberia).

**The Political Economy of Resource-Driven States.** While natural resources played an important role in fostering and sustaining violent conflict in each of these cases, it is clear that the causal factors are as diverse as they are complex. The political economy of such states provides some insight. Figure 1 illustrates the complex dynamics at play in contemporary neopatrimonial systems. These resource-driven states have all experienced a fundamental breakdown of the social contract, with governments failing to provide fundamental public goods, namely security and social services. Legitimacy is at the heart of the dysfunction evident in most resource-driven states since most governments assumed power by unconstitutional means or via deeply flawed elections. Unsurprisingly, they are more concerned with their security of tenure than the security or rights of their citizens. They fail to provide for the socioeconomic or human security needs of their people, and the people, in turn, pay neither taxes nor allegiance to the governments. In order to perpetuate their regimes, the leaders develop neopatrimonial networks through which they secure their tenure and derive legitimacy. Natural resources provide the inflows and influence that enable and sustain these regimes. The inflows are derived legitimately (via taxes, fees, and royalties) and illegally (via bribery and other corrupt practices). Governments use these inflows to protect their interests, lubricate neopatrimonial networks, and insulate themselves from the rest of society with often-repressive security arrangements.

At the same time, investors seek resource-related influence as a result of strategic risk-reward calculations. Decisions to invest in countries characterized by violent instability, deficient governance, minimal infrastructure, and political instability pose a challenge for investors. The projects generally require substantial up-front investment (to include the construction of basic infrastructure and the provision of essential services like water and electricity), but return on investment could take decades. Most investors choose to exert influence to either reduce the duration for return on investment (usually via concessions and tax evasion) or ensure political continuity and stability (usually by supporting political candidates of choice by various means). Neither prospect bodes well for security or governance in resource-rich countries, primarily because they effectively reinforce and perpetuate perverse neopatrimonial networks.

Resource-driven states derive a significant proportion of their fiscal revenue and export earnings from the mining sector. This has three implications. First, the governments do not need taxes from the people or nonoil sector to survive, quickly making them irrelevant and marginalized. Proceeds from the natural resource are used to lubricate the neopatrimonial network. Second, the natural resource becomes the focal point of violent contestation among those vying for political control. Third, investors in the natural resource sector exert considerable political influence (primarily in a bid to secure their capital-intensive investments).

Richard Snyder's comparative analysis of natural resource management in Burma and Sierra Leone ascribed the longevity of the Burmese regime to the strength of neopatrimonial networks in that country.[15] In Sierra Leone, weak political institutions following the resignation of long-time strong man Siaka Stevens in 1985 facilitated the decentralization of predation and eventual state collapse. A number of militia groups, most notably the RUF, took advantage of the governance vacuum and used Sierra Leone's natural resources to finance their reign of terror. The Burmese junta, on the other hand, maintained firm centralized control, which ensured an uninterrupted flow of resources. The Burmese regime has used economic policies that were ostensibly reform oriented to strengthen the country's neopatrimonial network. The introduction of "joint extraction" arrangements in the 1990s, the tax amnesty of 1990, and foreign exchange certificates in 1993 were (arguably) orchestrated to benefit regime leaders.[16]

The inexorable move toward increased democratization has contributed to an evolution of neopatrimonial relationships in resource-rich countries since 2000. Whereas such relationships were traditionally built on group identity, sustained by resource flows, and enforced by violence, the concept of performance legitimacy has become more prevalent.

There are four main sources of state legitimacy: international sovereignty, shared belief systems, process legitimacy, and performance legitimacy.[17] The rise of performance legitimacy in resource-driven states may be attributed to what could be termed quasi democratization (where democratic institutions and activities are subverted to justify and perpetuate neopatrimonialism). Leaders and governing groups use revenue accruing from natural resource wealth to reward supporters and buy votes. Natural resources continue to play a critical role in this context. Rather than use benefits accruing from natural resource endowments to invest wisely and create opportunities for all, governments tend to invest in symbolic (and often grandiose) infrastructure projects that garner attention and provide contracts and opportunities for their neopatrimonial networks. Such "performance" bodes well for electoral success, which confers a modicum of international legitimacy on neopatrimonial regimes. Such legitimacy unlocks significant foreign assistance and international goodwill, which further consolidates these regimes. Meanwhile, domestically, very little changes. The populace is divided into two camps: those who support the regime and those who do not (see Figure 1). Supporters benefit from resource rents, corporate social investments, and infrastructure projects, while opponents receive relatively little access or opportunity. In addition, they are viewed/treated with suspicion and often bear the brunt of state-directed violence and human rights violations. Opposition groups are marginalized and feel even more alienated and helpless. Their voices are not heard, and even the democratic process appears to be working against them. In many cases impunity becomes institutionalized, making it relatively easy for groups to plan and perpetrate mass atrocities. Performance legitimacy is, however, inextricably linked to the management and mismanagement of natural resource flows.[18]

Although the empirical evidence has not yet established a decisive causal link between natural resources and violent conflict, it is true that resource-driven states have experienced more than their fair share of violent conflict. However, this increased incidence of violence and mass atrocities in states with significant natural resources has a lot more to do with the underlying political economic framework than the presence of natural resources. These governance considerations create the conditions that allow groups to perpetrate (sometimes sustained) large-scale violence and human rights violations with impunity. It is no coincidence that such atrocities generally occur in regions or communities that are politically marginalized and have scant basic social services and where economic prospects are dire.

*Understanding the natural resource/security nexus could be a key to addressing and preventing mass atrocities in resource-driven states.*

Some researchers have examined the natural resource/security nexus from a spatial perspective and considered the role of physical marginalization in increasing atrocity risk. Philippe le Billion sought to explain the geography of the natural resource/security nexus by highlighting two variables: location and type (see Figure 2).[19] He describes natural resources as either being “point” (i.e., located/extracted commercially in a single site, like petroleum products in Angola) or “dispersed” (i.e., located/extracted in small-holder arrangements over expansive areas, like alluvial diamonds in Sierra Leone or tin ores in the Democratic Republic of Congo). The extraction of point resources tends to be more capital intensive and less lootable (i.e., portable). He believes that the type of natural resource plus its distance from a major administrative center (e.g., the capital city) determine not only the likelihood of associated violence but also the type of violence that should be expected. Mass atrocities are more likely farther from capital cities, where there is relatively less media coverage. In some cases, force

**Figure 2: Location/Type Theory**

| | Near Administrative Center | On the Periphery |
|---|---|---|
| Point Resource | Overthrow/ Coup d’Etat<br>e.g., Equatorial Guinea | Cessation/ Separatists<br>e.g., South Sudan |
| Dispersed Resource | Riots/Persistent Unrest<br>Various | Warlordism/Militias<br>e.g., Northeastern Democratic Republic of Congo |

projection by the government is weak, and the dispersed nature of resource endowment means that control over the natural resource gets franchised by warlords (bottom right quadrant). This is what happened when the RUF controlled alluvial diamonds in Sierra Leone. Point resources in the periphery give rise to cessation attempts (such as in South Sudan) because of the need for more centralized control. Natural resources that are close to centers of administrative control put the competing or marginalized groups in direct confrontation with governments, who either fight for survival (to ward off coups) or directly confront civil unrest (in the form of riots).

**Addressing the Natural Resource/Security Nexus.** Although empirical results relating to causality might be inconclusive, the relationship between the management or mismanagement of natural resources and violent conflict in many developing countries is undeniable.[20] A combination of predatory forms of governance, disregard for the rule of law, deep and persistent socioeconomic inequality, endemic impunity, and weak judicial institutions create a climate within which violence easily translates into acts of mass atrocity. Thus, understanding the natural resource/security nexus could be a key to addressing and preventing mass atrocities in resource-driven states. *Reversing the Curse: Maximizing the Potential of Resource-Driven Economies*, published by the McKinsey Global Institute in 2013, analyzes the nexus by examining six discrete points along the natural resource value chain.[21] It starts by reviewing the prerequisites for the development of natural resources (i.e., regulatory institutions and investments in infrastructure), then examines arrangements in place to capture value (i.e., fiscal regimes and local content development), and lastly considers systems to transform value into longer term economic development (i.e., resource management strategies and socioeconomic investments). These three points will hereafter be referred to as the development, capture, and transformational phases of natural resource policy development and implementation. The use of the word *phase* is not intended to indicate the timing or order in which these phases should be executed but rather to reference the cluster of policy and governance elements described by each.

Resource-driven states have a unique opportunity to lay a foundation for peace during the development phase. An important first step is the development of a viable regulatory framework, which is often lacking in many resource-driven states. Establishing regulatory institutions that are functioning, relevant, independent, and effective requires more than acts passed into law by legislative entities. Many resource-driven states emphasize the enactment of mining laws, but the process of legislative reforms has been fraught with difficulty. For example, Nigeria's Petroleum Industry Bill was proposed in 2008 and formally presented to the National Assembly by the administration of President Goodluck Jonathan in July 2012. Unfortunately, a combination of vested commercial interests, politicking, and weak leadership stymied efforts to get it passed. Countries that have been more successful in promulgating revisions to relevant legislation include Angola (2011), Liberia (2010), Mozambique (2006), Tanzania (2010), and Zambia (2008).

While new laws are clearly necessary, it is also important to ensure that regulatory institutions are impartial, adequately resourced, and apolitical. If the regulatory structures are not deemed transparent and to be working in the interest of all citizens, they will not be trusted, and lingering acrimony could breed unrest. These institutions also help manage expectations at the initial stages, since communities sometimes have overly inflated expectations and grow distrustful when their expectations are not met. Improving transparency and establishing communications channels that are reliable and respected are critical for building trust. Incorporating traditional leaders, institutions, and networks could be helpful. Effective regulatory agencies and inclusive processes could help defuse tensions and prevent the outbreak of violence.

A second component in the development stage is investment in infrastructure. According to International Monetary Fund estimates, Mozambique's vast natural gas deposits could generate $3.5 billion in annual tax revenue, but only if some $35 billion worth of capital investments are made.[22] The nature and pattern of these investments could help signal the extent to which the natural resource sector would support socioeconomic development. Most companies have moved away from the traditional approach to these investments, which exclusively connected natural resources sites to export avenues. This has created enclave economies that have sometimes been targeted by violent groups. Broader investments in mining communities, and community involvement in the construction projects, are viewed as having a dampening effect on violent conflict and atrocity risk.

The capture phase of natural resource policy development and implementation occurs after production has started and revenues are accruing via taxation, fees, and royalties. Here the emphasis should be on fiscal propriety. Corruption is a cancer in resource-driven states. On the one hand, it lubricates the machinery of neopatrimonial rule; on the other hand, it deprives the vast majority of citizens of much-needed social investments and economic opportunity. As already discussed, limited economic opportunity, entrenched social inequality, and political marginalization are important drivers of violent conflict and mass atrocities. Improving fiscal regimes helps ensure that resource-driven states derive fair capture from their natural resources. Data presented in the 2012 Africa Progress Panel report suggests that Africa's resource-rich countries lose an estimated $35 billion each year because of bad contracting.[23] Enhanced fiscal regimes could also help minimize corruption by increasing the likelihood of detection and increasing the costs to perpetrators.

The transformational phase is critical. Relevant policies and programs should be designed and initiated as early as the development phase because of the lag between implementation and impact. Early adoption should prepare resource-driven states for success by setting the conditions that would facilitate the establishment of a social contract that benefits the governments and all citizens. Also, adopting a participatory and consultative approach would help ensure buy-in and ownership at national and subnational levels. Such an approach would also help the citizens view natural resources as national assets and not instruments to be exploited and monopolized by individuals or groups who happen to control the reins of power. In order to be transformational, the fiscal (i.e., taxes, fees, and royalties) and nonfiscal (i.e., infrastructure, social services, skills transfers) benefits accruing from natural resources must be used strategically for the benefit of current and future generations. Particular attention should be paid to the distributional aspects of reform. Resource-driven states should invest strategically in social services (health and education), be more proactive in providing public goods and infrastructure (particularly water, transportation, and electricity), and prioritize strategies that afford all citizens access to economic opportunity.

## Rebuilding Resource-Driven States

Contemporary resource-driven states are much better positioned for growth and development than they were before the turn of the millennium. Macroeconomic performance has been quite commendable; over three-quarters of the world's fastest growing economies since 2000 are resource driven. The growth of foreign direct investment has outpaced development assistance in these economies. On the governance front, there have been fewer coups and more elections in these states, heralding a gradual shift toward increasing democratization. Furthermore, most of the seemingly intractable wars of the 1980s and 1990s have ended.

In spite of financial and macroeconomic gains, most resource-driven states remain fragile and highly susceptible to violent conflict and mass atrocities. In many cases, the gains from a resource endowment are used to conceal the inherent fragility of what are in essence Potemkin states.[24] They have government institutions (often elected), collect taxes, enforce limited security, and regulate trade but do not govern effectively. Requisite institutions are very weak or nonexistent. This leads to two common outcomes. First, the rulers of these states view change as an existential threat and do all in their power to preserve the status quo. Second, marginalized communities in such states generally develop a zero-sum view of governance (and control of natural resources). This is partly why even when power transitions between political parties (or from military to civilian rule), the hallmarks of predatory governance remain. In either case, the stage is set for violence and atrocities.

Weak institutions and perverse incentives are at the core of this malaise. In *Rebuilding War-Torn States*, Graciana del Castillo describes five principles to guide the rebuilding of conflict-prone (or affected) states: (1) ensuring that the peace objective prevails at all times; (2) understanding that reform policies must be conflict sensitive (i.e., tailored to do minimal harm to the fragile peace, reward enablers, and rein in potential spoilers); (3) accepting that "first best" policies are not always optimal; (4) channeling external assistance through the government to support integrated national reform strategies that are country owned; and (5) avoiding a conflation of humanitarian and reconstruction assistance.[25] In other words, business as usual will not suffice.

Strong institutions will minimize the likelihood of state capture and impunity by ruling regimes, and pent-up frustration and distrust by the population. However, institution building takes time, and the evidence of recidivism in resource-driven states suggests that longer-term initiatives are unlikely to succeed unless steps are taken to secure the immediate future. This is where an understanding of the political economy of these states will allow potential enablers to be identified (and rewarded), while spoilers would be sanctioned. The rewards would be the incentives, and the sanctions are the disincentives. Both have to be credible to be meaningful, especially during the early stages of institution building. Meaningful and broad-based incentives would bolster nascent institutions by strengthening institutional capacity and facilitating the transition from capacity building to capacity retention and utilization.

Sustaining institution-building efforts requires effective coordination. Resource-driven states and assistance providers should avoid the extremes of flying the flag (where external partners fail to align their goals with those of the recipient states, resulting in minimal coordination) and flying by the seat of their pants (where external partners make ad hoc decisions, resulting in no coordination).

## The Case for Prevention

Although we do not know a lot about causal links between natural resources and violent conflict, we do know that the most unstable and violence-prone countries are usually resource driven. It is also apparent that the political economy that evolves in such states facilitates corruption, impunity, and zero-sum politics, which pave the way for sustained violence and mass atrocities. Violence in resource-driven states is difficult to contain because revenues from natural resources exacerbate and perpetuate violence that fuels a war economy that sustains the conflict and provides incentives to the belligerents to prolong the war. Prevention is important because it costs much less in blood and treasure.

Through prevention, countries could avoid the potentially negative consequences experienced by many resource-driven states by investing in all citizens, ensuring that adequate services are delivered equitably, and adopting strategies that build resilience and promote security for all. Viable approaches to conflict prevention in these states could include the following:

First, resource-driven countries should pay more attention to the management of their natural resources. Mismanagement has fiscal, environmental, and societal implications. Previous sections of this brief have already discussed how embezzlement and waste sustain predatory neopatrimonial networks. Environmental degradation resulting from natural resource extraction causes friction among local communities, mining companies, and national/subnational governments. The development and adoption of comprehensive national resource-management compacts could help diffuse tensions that inflame violent conflict and atrocities by clearly articulating the overarching goals of natural resource use, publicizing the details of resource contracts, identifying how the budget process will be used to benefit all citizens, creating communication channels with local communities, identifying opportunities in the value chain, establishing specialized courts to handle complaints/crimes expeditiously, and institutionalizing dispute-resolution mechanisms. While this proposal incorporates elements of existing initiatives such as the Extractive Industries Transparency Initiative, Poverty Reduction Strategy Papers, and the Millennium Challenge Corporation Compacts, it is unique because it combines financial, societal, and governance factors to build trust, enhance transparency, address exclusion, strengthen enforcement, and prevent the outbreak of violence. This multisector initiative would be administered by a representative board and should minimize friction with local communities and help build broad partnerships for peace by fostering ownership and sustainability though community-led initiatives. Local communities will be less likely to feel edged out and marginalized.

*Socioeconomic programs for local communities should go beyond humanitarianism and poverty reduction to include a focus on assets (especially land rights) and financial intermediation that is affordable and accessible.*

Second, governments and firms should be serious about corruption and transparency. Adherence to voluntary reporting initiatives (like the Extractive Industries Transparency Initiative and Publish What You Pay) would only be meaningful if they are accompanied by robust and dispassionate judicial sanctions. This is a serious challenge as natural resource contracting becomes more complex and negotiations more opaque. More attention should be paid to effective public expenditure management reforms that would ensure that natural resource revenues are accounted for and invested judiciously.

Third, measures should be taken to more effectively incorporate the local economies in the natural resource's value chain. Natural resources do not generate as many jobs as local communities expect. In some cases, resource exploitation destroys existing jobs and impacts the job market adversely. This contributes to animosity, particularly when others appear to be benefiting. Although some companies are making an effort and list initiatives in annual corporate social responsibility reports, much more needs to be done.[26] Not all of these efforts are scalable or sustainable, and placing the responsibility for job creation on the companies is not the answer. Neither are government-sponsored employment or income-generation schemes. Resource-driven states should consider adopting employment-generation strategies that are based on rigorous value-chain analysis. Rather than focusing on job creation, countries should prioritize strategic investments in skills, services, and infrastructure that position local mining communities for more effective integration into globalized value chains. As opposed to regular job-creation schemes that match jobs with existing skills, this approach will promote organic growth and prepare the communities for the future. Communities will have more viable economic opportunities and be more self-reliant. This step would also help build trust between the natural resource firms and local communities by establishing a symbiotic relationship.

Fourth, socioeconomic programs for local communities should go beyond humanitarianism and poverty reduction to include a focus on assets (especially land rights) and financial intermediation that is affordable and accessible. As already discussed, preexisting tensions are at the core of most episodes of violent conflict in resource-driven communities. More direct action should be taken to address two of the most enduring: land rights and access to capital. Cadastral mapping (GPS-aided) and documenting is relatively easy to do and would provide the basis on which to determine land ownership. Land laws should be updated to provide access and rights for all, regardless of gender, race, ethnicity, or religion. In addition, deliberate steps should be taken to link land and credit markets by revisiting regulations and supporting institutions that remove barriers. Focusing on wealth creation (and not just income generation) stabilizes families and communities and makes them less vulnerable.

Fifth, the focus on security should shift from protecting regimes and the assets of natural resource firms to emphasizing the security of each citizen. This would encompass freedom from want, equal opportunity, the guarantee of basic human rights, judicial protections, inclusion and tolerance, rights for women and minorities, and the freedom from fear.

*Economic considerations generally go to the essence of the conflict, unearthing the underlying causes. Being able to address the root causes greatly increases the chances for sustainable success.*

Prevention must also be stressed in conflict-affected countries, since violent conflict is much more likely to reignite in resource-driven countries. Prevention in these cases would involve including economic actors in the design and implementation of peace deals, understanding the political economy when considering postconflict incentives and sanctions, using economic tools to accomplish quick gains, taking immediate steps to dismantle the war economy, and prioritizing the effective coordination of economic interventions by bilateral and multilateral stakeholders.

## Recommendations

1. Rethinking governance in resource-driven states could establish conditions for viable institutions. Widespread and pervasive failure at community, subnational, and national levels contributes to violence and impunity in resource-driven states. Significant effort has been expended to rebuild and strengthen governance institutions in order to create strong, peaceful, prosperous nation-states. The reality is that most resource-driven states lack the underlying symbiotic relationships between the governing and the governed that should underpin a viable nation-state. This is why these states are frequently labeled fragile, failing, or failed. The Treaty of Westphalia of 1648 provided the framework for the development of what we now refer to as nation-states. Disparate nations were forged into states under the rubric of a set of international norms. Contemporary resource-driven states are, in effect, states that need to relate to the various nations found within their borders. The Westphalian end state needs to be unpacked and reconceptualized in ways that would enable resource-driven states to focus less on safeguarding privilege and sovereignty and a lot more on establishing conditions that would provide opportunity, dignity, protection, security, and stability for all citizens. This calls for a radical departure from an emphasis on government to a focus on governance that is more representative, participatory, and accountable; less on elections and much more on inclusion and accountability; less on military might and a lot more on upholding the rule of law and guaranteeing rights; less on macroeconomic aggregates and more on economic equity and equal opportunity. One practical way to do this could be to widen the political space so that all citizens feel represented, included, and valued. This is possible if participatory approaches to governance are introduced in resource-driven states. Consultative and oversight mechanisms could be

established and empowered at community levels to get societies more involved in resource management and governance writ large. Existing sociocultural institutions (e.g., religious or industry groups) could form the basis for such initiatives.

2. Citizens should be more involved in paying their governments. Governments in resource-driven states view income streams from natural resources as their exclusive source of fiscal resources and, in many cases, personal income. Naturally, their focus (both in terms of governing and funding) is transfixed on the resource, and the welfare and security of the citizens becomes a secondary concern. Governments will be more likely to protect (and invest in) their citizens if resource management is more participatory and transparent. First, budget processes should be more open and contestable. Public debates and informed legislative discourse should be prioritized. Lawmakers should be provided with technical assistance that would enable them to analyze and debate resource-related decisions. Civil society and the media should be utilized more effectively to inform and engage the broader community. Governments should also design and publically disseminate strategies to support the nonresource sectors of the economy and improve the tax effort. The traditional approach of providing subsidies and credits has not worked. Governments should focus on enabling entrepreneurship and trade by systematically reducing tariff barriers and eliminating nontariff barriers. Such an approach bodes well for sustainability and local ownership.

3. Integrating more economic considerations into the mass atrocity toolkit could make interventions more effective and sustainable. Focusing almost exclusively on security, judicial, and diplomatic approaches to prevent and respond to mass atrocities in resource-driven countries has not been very effective. The violence abates for a while, but the underlying tensions remain unaddressed, and the perverse political economy continues to supplant a viable institutional structure. Economic policies related to natural resources may exclude and marginalize opposition groups. Economic practices may disadvantage and dispossess many through mismanagement and corruption. Economically favored groups often mismanage the resources and foster violent conflict. These economic factors deepen the governance chasm and make mass violence more likely, and they should be part of the prevention dialogue. It is instructive to note that prevention is required throughout the conflict cycle, especially since a significant proportion of these conflicts recur within five years. Economic considerations generally go to the essence of the conflict, unearthing the underlying causes. Being able to address the root causes greatly increases the chances for sustainable success.

4. Effective public-private partnerships could ensure prompt community-level responses and effective leverage at various points along the supply chain. Foreign investors, multinational corporations, local firms, and entrepreneurs collectively shape the economic landscape in resource-driven states. While they have a positive influence on economic growth, they can also contribute to unrest, impunity, and corruption. Since most natural resource endeavors require significant up-front capital outlays for facilities, infrastructure, and personnel, most external investors have a vested interest in peace and stability, and could become allies in preventing mass atrocities. They are also important because the governments of most resource-driven countries have de facto abdicated their responsibility to provide services and security outside the main cities. Local firms and entrepreneurs also have a role to play in this partnership. For its part, the government should (on its own or in collaboration with multilateral and bilateral partners) take steps to minimize the costs of doing business and ensure the predictability and impartiality of the regulatory arrangements and judicial system. This could encourage the private sector to be more involved in strategic investments and arrangements that would enable the public sector and mining communities to enjoy a greater share of the proceeds from natural resources, thereby addressing some of the factors that breed distrust and instability.

5. Refocusing profits on peace could provide a rationale for strategic win-win investments. Natural resource companies are increasingly recognizing the strategic value of investments in their areas of operation. The Financial Valuation Tool, developed by the International Finance Corporation, helps companies quantify the value of specific infrastructure and social investments to overall profitability. This has made some companies align their core business objectives with the sustainable investments made in these regions. Scaling this up in fragile regions would greatly enhance corporate citizenship.

6. Filling research gaps would shed light on critical questions relating to causality, strategy, and impact. The nexus involving natural resources, violent conflict, and mass atrocities presents researchers with opportunities for a more detailed examination of the relationship between natural resource endowment and the outbreak and escalation of violent conflict. We already know a lot about correlation but relatively little on the strength or direction of causality. We also need more insight into how best to anticipate violence and develop mechanisms to understand and utilize data on warning signs in these states. Further exploring definitional issues relating to mass atrocities and desired end states could also be useful lines of scholarly inquiry.

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