

The Political Marketplace: A Framework and Toolkit for Analyzing Transactional Politics in Conflict-Affected Countries

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Overview

This memo summarizes the research of the Conflict Research Programme (CRP) on the logic of the political marketplace and how it relates to war, peace, democracy and ‘what works’ to reduce violence in conflict-affected fragile states. It shows the utility of interpreting political systems and the actions of members of political elites in accordance with the standing assumption that they pursue the goal of political viability (survival and enhancement) in accordance with a legible logic of monetized transactional politics. The resulting framework is useful for civic and humanitarian actors in turbulent countries and for external policymakers seeking to promote stability, peace, democracy and development, insofar as it provides a clear-eyed evaluation of the challenges and dangers facing reformers.

The political marketplace framework (PMF) is a lens for understanding the goals of the politicians in fragile and conflict-affected political systems, the political rules structuring their behaviour, and, based on those rules, the tactics that they use to achieve their objectives. The goals: to gain and maintain political power. The rules: transactions dominate formal, rules-based governance institutions. The tactics: violence and bribery among members of the elite and with respect to their general populations. These elements, however repugnant, shape the ‘real politics’ of the political marketplace: *political business as usual*.

Adopting these propositions as default assumptions enables civic actors to strategize better. It equips policymakers with the analytical tools to better identify policy options, the trade-offs associated with them, and to devise ways to incrementally move toward less violent politics in these systems, and to identify and expand spaces for more civic, institutionalized governance.

The PMF can also be seen as a reform-friendly version of the political operators' own handbook. It draws upon the concepts and vocabularies used among themselves by members of political elites in these countries, in their own internal assessments; political markets have different informal rules in different contexts.

The normative impulse behind the formulation of the PMF is that monetized, transactional politics is undesirable, and it would be much preferable for all countries to have civic institutionalized political systems. However, it is our belief that those who wish to achieve the goals of democracy and development are best served by a candid appraisal of the forces they confront.

The research focused on the five CRP countries: Democratic Republic of the Congo (DRC), Iraq, Somalia, South Sudan and Syria. Insight also emerged from Sudan, Yemen, Liberia, Nigeria, and Ethiopia. Cross cutting thematic research was conducted on security sector reform, sanctions, humanitarian crises and humanitarian action, natural resources, and mediation and peace processes. Research was structured around gathering empirical evidence, integrating evidence into theory and method, and applying it to generate actionable policy options. Experts produced stand-alone policy-focused papers for each CRP country and cross-cutting theme.

The logic of the political marketplace is not the only political logic at work in fragile and conflict-affected countries, including the five CRP case study countries. The political marketplace logic is a subset of transactional politics, the other component of which is the logic of violent coercion. As an empirical reality, monetized politics and political violence tend to go together, but there are occasions on which they follow different paths. Transactional politics is juxtaposed with the logic of formal or rational institutions, which is the standard template for analyzing fragile states and the challenge of state-building. The political marketplace is also connected in complicated ways with the logic of politicized identity formation and the logic of 'civicness'.

This memo synthesizes these papers and draws out larger findings across five sections. It:

- (I) Presents the general precepts that inform peacemaking, democratization and institution-building that emerge from the body of research on the political marketplace.

- (II) Describes political marketplace systems and the PMF.
- (III) Outlines the method used to analyze political marketplaces.
- (IV) Summarizes each of the five CRP country case studies: South Sudan, Somalia, DRC, Iraq and Syria.
- (V) Summarizes each cross-cutting research area: security sector reform, sanctions, humanitarian crises and humanitarian action, natural resources, and mediation/peacemaking.

I. General Precepts to Inform Peacemaking, Democratization and Institution-Building

Six general precepts—or default assumptions—emerge from research and underpin the PMF. They cut across the country cases and thematic papers and have global relevance beyond the specific cases we examined; these are general principles of violent, transactional political systems—often imprecisely grouped as ‘fragile states’. Precisely because of these systemic features, these states confound traditional models of ‘statebuilding’ while often posing more immediate challenges as the sites of violence, transnational crime, and humanitarian crises.

1. Transactional Politics Trump Institutional Politics

In the political marketplace, transactions—or elite deals—dominate formal institutions, rules-based governance mechanisms, laws and regulations. Formal institutions are bent, by design, toward elite tactical political objectives.

2. Political Finance is Central: Violence and ‘cash violence’ structure elite dealings

Members of the elite primarily conduct their political business with one another through violence and material reward—the ‘twin currencies’ of political power. The transactional politician typically uses both. In a political market, the monetary element is dominant, systemic and follows readily-understood rules. But the violent element remains, sometimes in the background.

Because gaining and maintaining political power depends on the ability to mobilize the means of both, the core business of elite players in political market systems is to secure discretionary cash (i.e., the ‘political budget’) or otherwise gain levers of ‘cash violence’—the ability to give, deprive or take away material rewards (e.g., cash bribes, contracts, licenses to operate/predate in certain areas, etc.). These

inducements are used to buy or rent loyalty and/or violent capabilities. In this way, power itself is a commodity that is produced, bought and sold, just as political offices, loyalties and services are also competitively sold to the highest bidder.

3. *Focus on Politics: War, peace, repression and corruption should be viewed through elite-level political dealings*

In a political market, everything is subordinate to tactical political calculus. If something appears to be ‘outside’ politics—a purely technocratic institution—it’s likely to be either a bubble that can burst at any time or we are simply not understanding what we’re seeing.

The PMF is a theory of elite political behaviour in specific contexts—it’s a theory of politics. It is not a theory of violence. Violence, and larger issues of war or peace, should be understood in the context of elite contests over power and—however consequential—they have analytical relevance only insofar as they emerge from elite dynamics and influence future elite deals. Peace processes, mediation efforts, and formal and informal peace agreements should be similarly understood through the more general set of systemic goals, rules and tactics that condition elite behavior in the political marketplace. These dynamics are equally present during war and in peacetime. In fact, political marketplaces are often ‘peaceful’. Violence is typically brief, even if intense; it may be a way for elite to bargain or a consequence when the bargains break down or elite miscalculate. Once in motion, though, violence—especially extreme violence—may follow its own logics.

Political finance should similarly be viewed through the lens of elite political contests over power. It should not be conflated with its more narrowly-defined conceptual cousin, corruption—the use of public office for private gain. Conflating the two misses the point that in the political marketplace the public and private spheres blur while also adding a normative layer to the analysis that obscures what is most important to understand: what the sources of political finance are (some, if not many sources, are licit) and the ends to which political finance, however obtained, are being pursued.

4. *The Rules of the Political Marketplace are Durable: Systemic turmoil does not lead to systemic change*

Political markets are characterized by turbulence, not equilibrium. They are perpetually unstable. The specifics often change—actors rise and fall, configurations of power shift, levels of violence fluctuate—but such changes rarely affect the rules

of the political game, which remain remarkably durable. This is encapsulated in the joke that Sudanese politics changes every week, but remains the same over a decade. In this context, peace agreements are not 'political settlements' that will endure: they are elite bargains that are as good as the political market conditions in which they were struck.

Turbulence means that deals are subject to change at any time as actors each try to maximize their own political gains. This results in near-constant bargaining over power and loyalty among members of the political elite; the terms of deals change often. The configuration of the political market may also change: a single political entrepreneur could gain dominance, a small group could collude to control the system or a small group could violently compete among one another. Large scale systemic turmoil is also common: war, famine, international peacekeeping interventions, fundamental changes in the basis of the political economy (i.e., collapse of patronage networks as oil revenues dry up). These elements often redistribute power and cause tactical changes in behaviour (i.e., how elite members bargain, fight or fill political budgets). Such tactical changes can themselves have larger systemic implications—they set in motion path-dependent processes and start their own feedback loops—it's just that changes that result from political turbulence are unlikely to change the fundamental nature of the system and move these states toward institutionalized state-building processes.

Political market systems are *not* on long-term state-formation trajectories where, given the right mix of time, resources and support they will eventually become states with democratic European-style institutions. They are fundamentally different political systems, yet equally modern and sustainable.

5. *Elites Dominate and Instrumentalize Populations*

The political market reduces people to commodities; power is based on the instrumentalization of people. Most of the time 'the people' do not have a role beyond being instrumentalized as part of elite political contests. As an example, a ruler bargains with members of the political elite over how much he needs to pay them—in cash, or in access to other lucrative resources (such as state contracts, mining leases, etc.)—in return for their support, while other members of the elite can exert pressure on the ruler using their ability to mobilize votes, turn out crowds, or inflict damaging violence.

This is of course an incomplete analysis of the interaction between elite politicking and popular action. The PMF does *not* explain revolutionary changes such as civic

uprisings that overthrow incumbent authoritarian regimes or ideological revolutions. However, it *does* explain why rulers—as well as other political elites and external actors—consistently fail both to predict the occasions on which civic revolutions succeed, and also what is required for them to consolidate democratic gains.

6. *Political Market Systems Resist Reform*: Focus on ‘small wins’ and civic norms

‘Off-ramps’ from political markets to institutionalized systems are rare and difficult; perhaps not feasible at all in some circumstances. Transactional politics usually overwhelms reformist initiatives. Well-meaning assistance to reform is likely to be co-opted into transactional strategies. The common assumption that these states will climb the ladder from ‘fragility’ to institutionalized statehood following institutional theories of change, and anchoring interventions on such an assumption, is likely to perpetuate—if not reinforce—the very mechanisms of the political market. At a minimum, external interventions (ranging from peacekeeping interventions to sanctions to economic policies to smaller-scale programs) are filtered through and form part of the dynamics of political markets. More common are ‘on-ramps’ whereby institutionalized politics become marketized. Liberalizing reforms in authoritarian systems run a particularly high risk of marketizing the political arena.

The nature of transactional politics itself poses significant obstacles to reform. These obstacles are systemic features of political markets that are not easily overcome. In these contexts, three broad types of interventions should be considered:

- Tactically engineering short term outcomes to reduce violence. Cessations of hostilities are almost always a good idea.
- A top-down reconfiguration of the political system by engaging with political finance. Measures to regulate financial flows and make them more transparent, reduce corruption in commercial contracts, identify and isolate the key brokers in illicit financial flows, and promote better business practices, can be important.
- Preparing the ground so that domestic actors can take advantage of eventual opportunities for democratic progress. This includes promoting civic norms and equipping civic actors with the tools to analyze and dismantle elements of political markets.

In sum, these six precepts form the basis of political business as usual in fragile states and should be the default assumptions behind political behaviour in these contexts.

II. The Political Marketplace Framework and Political Marketplace Systems

Theoretical Framing

The ‘political marketplace’ is a theory of elite politics that applies to transactional systems worldwide, usually violent ones and often, but imprecisely, called ‘fragile states.’ It explains the behaviour of the elite that run these systems and it presents a framework to assess how action might be able to influence these actors. It is best understood as an analytical lens—with a set of empirically-grounded assumptions about elite behaviour—that allows analysts to understand and investigate how power operates within transactional political systems.

The PMF derives from theory and practice. It draws from, and builds upon, theories of war economies, greed versus grievance, patronage and corruption, neo-patrimonialism and rentier states, among others, and updates and reformulates these concepts to fit the contemporary configuration of the global political economy. The analysis itself focuses on how decision makers in these contexts *actually* make their decisions as opposed to what they may say in public or write in policy documents. By grounding the theory in these realities, the PMF takes the world ‘as it is’ rather than ‘as it ought to be’; making policy progress toward the latter requires confronting the former.

It is not a theory of everything. Not all behaviour fits within the framework. Yet, political actors in these contexts conform to the basic rules far more often than not. They recognize that failing to do so jeopardizes their political viability and goals; accordingly, even those who attempt to chart a different course are usually obliged to change their strategies to align with these systemic rules. The rules are always flexible—indeed, such flexibility is a feature of these systems—but explanations of behaviour or outcomes based on other factors (personal preferences, ideology, civility, identity politics, etc.) need to be justified as deviations from these working assumptions. The logic of the political marketplace as the default mode of politics should be the starting point for every policymaker or civil activist.

Political Marketplaces and the Political Marketplace Framework

A *political marketplace* is a system of monetized political governance in which transactions or deals dominate formal institutions, laws and regulations. The *political marketplace framework* systematizes analysis of these systems. It (a) recognizes that interactions in the

political marketplace are governed by different rules than in states administered by rational bureaucracies, and (b) adopts these rules as baseline assumptions about—the organizing principles of—elite political behaviour in the political marketplace. Its core assumptions are summarized below.

Loyalty is bought and sold. Power is a commodity; gaining and maintaining it is the primary objective. There are two principal transactions that political entrepreneurs use to gain and maintain power: violence and ‘cash violence’. The lines between the private and public spheres are blurred. While some power resides in the bureaucracy, personal power permeates—and usually dominates—formal institutions and bureaucratic processes. Democratic institutions and practices, such as elections and mechanisms for oversight and accountability, may nominally exist, but are often substantively subordinate. Members of the elite—individuals with power to make decisions that affect populations—are the main actors. Elite bargaining—interactions among elite to determine allocations of power and resources—is the bedrock of these systems. These systems are turbulent, meaning that deals are subject to change at any time as actors each try to maximize their own political gains, resulting in near-constant transactional bargaining over power and loyalty among members of the political elite. Alliances are fluid—elite members can compete one moment and collude the next, or indeed can do both simultaneously in different arenas of competition. The systems are not geographically contained within state borders; PMF systems have sub-national elements and are embedded in regional and global political economies.

Connecting Structure and Agency: Insights from the Political Marketplace

The PMF provides insights at both the individual and systemic level, and examines how the two levels impact one another.

At the systemic level, the PMF helps us understand how these systems:

- 1) Actually function, even if—or especially when—actors within them present institutionalized facades to the outside world;
- 2) Are likely to respond to external interventions and other political and economic changes.

At the individual level, the PMF helps us understand how members of the political elite:

- 1) Choose tactics and strategies in the pursuit of political power based on their sources of power, constraints, opportunities and incentives;

- 2) Are likely to adapt to changes in political circumstances (especially material changes to relative financial and coercive capabilities). It also explains how they may fail to adapt, or may make mistakes.

The two levels of analysis are connected. Systemic characteristics structure individual behaviour (e.g., environmental structures constrain or dictate what types of actions elite actors are more or less likely to pursue, including cooperation or competition), and individual action can shape particular system characteristics (e.g., the nature and scope of violent or monetary transactions, the specifics of intra-elite bargains, etc.). However, individual actions are not enough to change the system's overall structure (i.e., an individual's behaviour is unlikely to unilaterally shift a system from a market structure based on oligopoly to a system of free competition, for example), or its fundamental features; behaviour is indeed circumscribed by structure as understood by the assumptions underpinning the PMF, outlined above.

The PMF helps bridge political scientists' concern with structure and political analysts' focus on agency. Rather than, say, network analysis exercises that are situation-specific snapshots subject to change, the PMF specifies the rules under which actors operate. In this regard, it allows us to identify which actors are skilled and which are less skilled, including how they miscalculate and make errors of judgement or decision. Rather than identifying long-term processes of identity change or social capital formation, it deals with the practicalities of the here and now, bringing a consistency and rigor to this analysis. This enables understanding of the decision-making parameters of members of the political elite, how they are constrained by the requirement for political viability and are shaped by changing circumstances.

III. Guiding Research Questions and Method: How to Use the Political Marketplace Framework

This section describes the procedural method of systematically applying the PMF's logic to analyze monetized political systems affected by conflict. This diagnostic framework—or 'process toolkit'—strips these complex political systems to their barest elements and in so doing directly confronts the *de facto* nature of political power. This is a way of making clear the default assumptions about how political actors can be expected to behave in, which can be set against the often-optimistic assumptions about how they ought to behave. The analysis illuminates the practical determinants that influence how elite actors actually make their decisions. Through the process, policy-makers gain a roadmap to assess future

scenarios, understand the implications of different courses of action (risks and trade-offs), and identify potentially successful strategies to promote change. In this way, the PMF method places politics in context and frames choices, but does not seek to predict specific outcomes.

The vocabulary of the PMF is intuitive to decision-makers in turbulent countries. Indeed it is derived from their own decision-making methods. The PMF's innovation is in identifying and understanding the structures, political rules, and motivations that guide behaviour in these systems. Indeed, the analysis is predicated on:

- 1) internalizing the PMF's assumptions (about political actors, their objectives, formal and informal institutions, the role of political finance and political budgets, the price of politics, etc.), and
- 2) having expert-level knowledge of the political system in question to get accurate data. Since the PMF is a lens through which to view politics, once these two conditions are met, the rest quickly snaps into focus.

Seven research questions guide the overall analysis. They highlight the principal issues at stake. Not every question needs to be answered in detail, but all should be considered during the analysis. While the political scientist may find these questions hard to define with precision or quantify, actors and expert policymakers can usually answer the questions with relative ease; the questions correspond to the intuitions of those engaged in the 'real politics' of everyday transactions.

The PMF is neither a snapshot of the situation as it exists today nor a guide to very long-term outcomes. Instead it provides a tool to understand how politicians can be expected to behave under conditions of normal turbulence and how the system as a whole can respond to major disruptions and shocks.

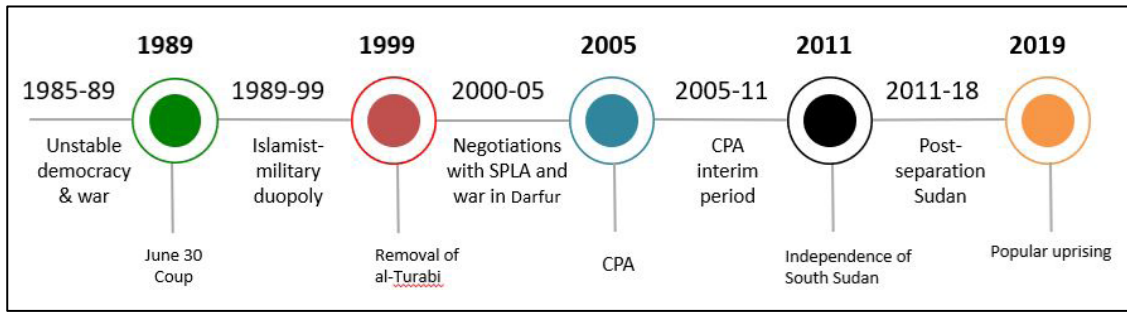
The seven questions are as follows:

- 1) *Where is politics today in comparison to the recent past?*

The purpose of this exercise is to grasp how the current political dispensation depends upon particular arrangements of power and money and the kind of major disruptions that might impel it to change. This process has three steps and is iterative. First, construct a timeline that identifies critical junctures in the system's political history. Second, for each time period separated by critical junctures, analyse the political

economy based on the below questions. Third, evaluate changes over time across the periods.

Figure 1: Example of a PMF timeline of Sudan, with critical junctures (circles) punctuating relevant political time periods, each of which is analyzed in relation to political-economy changes over time.



2) *Who are the established and emerging players? What are their sources of power?*

This is not meant to be an exhaustive mapping exercise, but rather a quick evaluation of the main players and the supporting cast in order to structure the analysis. Who are the major political, armed, commercial and civic players? For each, what is the relative importance of the capacity to exercise violence versus bribery, or public good? Does the power of political actors in the marketplace flow from control over territory (such as ports, checkpoints, taxable farmland), control over government resources, control over violence, alliances with business-persons, affiliation with clan groups or a combination of the above?

3) *What are the main sources of political finance in general, and most importantly, how do actors fill political budgets?*

Political finance is a specific part of commercial and public financial flows: it is the (relatively small) proportion of funds that are directed into discretionary political budgets. By their nature, political budgets are not public and hard to investigate, but experts and especially those within the system usually have a good sense. Political funds can derive from mineral rents, external support, payments from licit or illicit commercial actors and activities, or predation from the population. They can originate locally or globally. As much as possible gauge the relative size of main actors' political budgets and where they come from.

4) *How are politics transacted? In what combinations are cash and violence deployed?*

This question aims to understand the relationship between the use of monetary resources and violence in a political market. Who uses cash, who uses violence, how and when do they switch between them (under what circumstances and with what effects)? To what extent are they channeled to identity-based political groups?

5) *How do players interact in the market?*

What kind of alliances do members of the political elite form and with what kinds of other actors (i.e., of the same stature or with superior or less-powerful actors)? In other words, how is the political market organized? There are three possible 'ideal types':

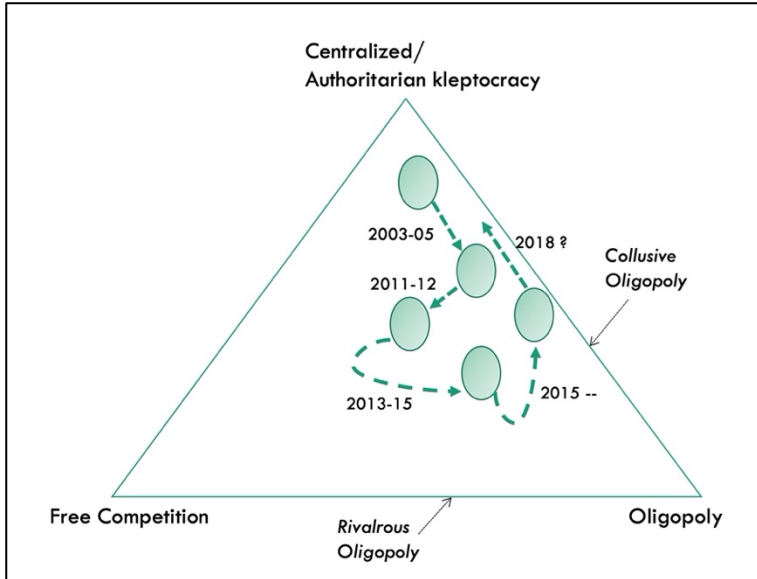
1. A functional centralized kleptocracy. This is an authoritarian system dominated by one actor (usually the president and his coterie) who is able to set the rules of the political game. Typically there is a façade of institutionalization behind which personal connections including monetary payout creates a neo-patrimonial system of rule.
2. A deregulated or free market. In extremis this is a 'conflict gig economy' in which new start-up political actors can make their presence felt at low cost (usually by violent action) and political entities are highly fluid. This situation is very unstable and usually short lived.
3. Oligopoly—a relatively small number of high-level actors dominating the market. This is the most common, and can either be collusive or rivalrous, depending on relations among those actors—and a collusive arrangement has the potential to rapidly become rivalrous and vice versa, depending on circumstances.

Interaction in the market can be through face-to-face meetings, through structured bargaining controlled by one or more actors, or through electronic communication. Understanding the flow of information, asymmetries in information, and convening power, is important to understanding how the market works. Identity politics and opportunities for civic mobilization are relevant here.

Critical events can shift organization of the political market. These can be political events (outbreak of a war, a peace agreement, an election) or economic (commodity price crash, or major new economic opportunity); they can be domestic or external. Below is an example showing how this happened in the Syrian political marketplace, generating a trajectory from an authoritarian system (characterized by a relatively low level of political marketization) to a briefly deregulated system, before returning to a (different form of) centralized system. The critical junctures included the death of the

former president, the popular uprising, the violent turn, the entry of regional powers into the war, and massive Russian military assistance to the regime.

Figure 2: Shifts in the Syrian Political Marketplace from 2003-2018



6) *What is the price of politics? Is it increasing or decreasing?*

This question relates to the price of political office, loyalty and services. It is difficult to answer with quantitative precision (not least because the price of politics may be influenced by non-monetary factors such as personal security and access to power structures based on family connections or ethnic identity), but is extraordinarily important. It aims to understand whether politics are persistently inflationary—are political-military entrepreneurs demanding increasing amounts of money for providing loyalty and services? Is it becoming more or less difficult to mobilize physical violence and money? Despite the difficulties of measuring the price of politics, it is a concept and measure that actors in the political marketplace intuitively understand and they can usually answer the question of whether the price is increasing, stable or decreasing, with ease.

7) *What are the barriers to entry into the political market? Are they increasing or decreasing?*

This is related to, but is not the same as the previous questions and is particularly pertinent for identifying shifts in the political marketplace over time. Essentially this question seeks to investigate whether new political actors are entering the political

arena, or whether existing actors are merely shifting alliances or organizing themselves differently. Actors in the political marketplace can usually answer this question readily.

With these issues in mind, the PMF is a tool to be applied to particular questions in particular situations, for example the likely trajectory of a peace process or an attempt at political liberalization. It can be crafted for regional, national or provincial/local level use.

IV. Case Study Analysis and Findings

The following section summarises findings from the five CRP countries, as well as some others (Sudan, Yemen, Ethiopia, Nigeria, and Liberia) which CRP researchers have worked on while producing cross-cutting thematic research. The cases themselves are extraordinarily heterogenous, reflecting the particular history and context of each country. While this synthesis cannot do justice to the richness of the case studies, some (very) broad themes do emerge, which are outlined below and briefly illustrated in the subsequent case-sections.

Political marketplaces are historically constituted—they reflect the culmination of very specific political, economic, and social processes. As a result, any analysis of politics in these contexts needs to be attentive to how politics became ‘marketized’ in that particular context. In some of our cases, the emergence and dominance of transactional politics over institutional politics took place over relatively brief periods, while others took much longer. Common among the cases, however, is that these processes can be traced to specific shocks: either economic changes (e.g., debt crises, commodity booms or crashes) or political shocks (e.g., revolutions, wars, or coups), which each in their own ways led to fundamental reorganizations of the overall political economy.

As has been highlighted earlier in this memo, the role of political finance is central to the functioning of political markets. Across our cases, fluctuations in the amount of political finance as well as changes in the sources of and control over political funds have been critical drivers of elite tactics, and of broader changes in the political system. Like all markets, however, political markets are also socially embedded. This means that changes in political finance have different consequences depending on context. A note of caution: analyses of changes in political finance do not offer a complete explanation of all political changes in any context—there are limits to the ‘market’ which are historically and socially determined.

Violence (and the threat of violence, or repression) is both a ‘currency’ and a driver of political change in political markets. Across our cases, the control of the means of violence are often highly decentralized across society, with militia, rebels, vigilantes, and criminal gangs existing alongside and simultaneously competing and collaborating with state forces, that are themselves comprised of units with their own separate loyalties. Violence has multiple causes and plays different roles in these contexts. It can be a force for state-building, a way in which elites can exert control over economic assets, affect the consolidation of identity units such as nations, tribes, clans or sects, or be a force for simple destruction. It can even be ‘democratic’ in the sense that it can be used to resist or overthrow a coercive power. Crucially, limited violence can be used as a political bargaining tool. In other words, violence is a tool of social organization, as well as disorder, and its effects can only be understood through its consequences.

Although we use the expression ‘political marketplace’ to describe the cases, these political systems actually consist of multiple, overlapping, political marketplaces, each with their own dynamics. At the elite level, politics in these countries often operates according to oligopolistic practices: there is limited competition, and the major politicians and groups may collude or compete. For instance, political elite may collude to exclude new groups/individuals from entering politics, even as they compete for power. However, at various points in their history, these countries have either been organized as authoritarian political systems, or witnessed ‘free competition’—with a large number of political and armed actors competing for power and influence.

Finally, the role of external actors (including, to an extent, development and humanitarian organizations) has been critical in shaping political markets—external interventions always affect the relative distributions of resources and control over violence in these contexts. There is no single way in which this occurs. Invasions may dismantle existing authoritarian systems, sparking increased competition and allowing newer groups to enter the ‘marketplace’; competition among armed groups for external patronage can lead to the proliferation or building of alliances among armed groups, establishing the superiority of transactional politics over other forms of ‘institution building’, and compacts between external actors based on shared geopolitical interests can create space for national leaders to pursue their own interests.

a. South Sudan

The evolution of the political marketplace in South Sudan¹ is best understood by tracing changes in the amount of, control over, and sources of political finance. Up until the discovery and extraction of oil, southern Sudan's political economy was forged by plunder and patronage and shaped by a war economy. Oil revenues transformed southern/South Sudan into a rentier marketplace, which imploded when oil production was shut down in 2012.² Since then, political and military elites have relied on violence, pillage, funds, support from regional powers (notably Uganda and Sudan), and the delegation of authority to collect local taxes as well as the prospective revenues from future peace deals, to fund their contest for power.³ During the current civil war (2013-21), South Sudanese elites have survived by shifting from a political marketplace structured around oil rents to a system in which positions and licenses are disbursed to local actors who then generate income from the populations under their control thanks to these licenses, including through practices of taxation and raiding.⁴ In the last three years, the regime of President Salva Kiir has emerged militarily dominant and financially more capable than its rivals (predominantly the principal opposition group—the Sudan People's Liberation Army in Opposition (SPLA-IO). Even though the government has managed to entrench its power at every level of state and local administration, it has not consolidated institutional authority over the people or the territory. In this context, 'peace' has meant the moderation of the coercive, autocratic regime in Juba.⁵

Southern Sudan's political economy was based on plunder and military clientship during the long civil war (1983-2004) between the Government of Sudan (GoS) and rebel movements. The GoS fought its counterinsurgency using militia, which repaid themselves through pillage, and through military-commercial partnerships in which army officers cut deals with merchants. The latter profited from army operations—by trading in scarce goods in besieged towns, selling stolen livestock, and/or felling timber. The opposition, comprised primarily of the Sudan People's Liberation Movement and Army (SPLM/A) but

¹ We follow convention in using 'southern Sudan' before independence and 'South Sudan' thereafter.

² Alan Boswell, Nanaho Yamanaka, Aditya Sarkar and Alex de Waal, *The Security Arena in South Sudan: A Political Marketplace Study*, Conflict Research Programme Report, December 2019.

³ David Deng, with contributions from the Conflict Research Programme South Sudan Panel: Tong Deng Anei, Majak D'Agoot, Julia Duany, Jok Madut Jok, Luka Biong Deng Kuol, Kuyang Harriet Logo, Alfred Lokuji, Leben Moro, James Ninrew, Martin Ochaya, Matthew Pagan and Angelina Daniel Seeka, *From the Region to the Grassroots: Political Dynamics in South Sudan*, Conflict Research Programme Briefing, December 2019.

⁴ Joshua Craze, 'Making Markets: South Sudan's War Economy in the 21st Century', *Paper prepared for the United States Institute of Peace and the World Peace Foundation*, mimeo.

⁵ Alex de Waal, Alan Boswell, David Deng, Rachel Ibreck, Matthew Benson and Jan Pospisil, *South Sudan: The Politics of Delay*, Conflict Research Programme Memo, December 2019.

also others, relied heavily on sponsorship from neighbouring states, notably Ethiopia, Uganda and Eritrea, and some of its commanders also benefited from the war economy.

This political economy was substantially reconfigured with the development of oil fields in the late 1990s. Oil revenue transformed Sudan and southern/South Sudan— and from the signing of the Comprehensive Peace Agreement (CPA) in 2005 up to early 2012, southern Sudan/South Sudan was organized as a rentier state, financed overwhelmingly by oil, with international aid and military patronage from Khartoum acting as secondary sources of funds. Even as larger numbers of southern/South Sudanese were integrated into a market-based political economy, the SPLM/A used oil revenues and donor funds to buy off potential military opponents as part of an oil-bonanza-fueled political marketplace. This continued briefly after independence, but collapsed when oil production ceased in 2012, setting in motion the crisis that culminated in civil war.

The current civil war (like previous civil wars) has been characterized by the mobilization of armed groups with appeals to exclusivist identities. The logic of identity politics is distinct from but related to the logic of the political marketplace: as political entrepreneurs in South Sudan have sought to use material resources in order to compete for power, they have sought to draw on social resources, which are often most easily mobilized through the reinvention and utilization of identity units. In other words, the marketization of South Sudan has not spelled the end of identity politics, but provided a new context in which they have been reinvented.⁶ Paradoxically, even as some identity groups have seemed willing to trade/rent allegiances for money, they have also faced moral condemnation for the same, illustrating that there are socially constituted ‘limits’ to the operation of marketplace logics.⁷

During the current civil war a regional pact gradually emerged between Sudan and Uganda which saw President Kiir as their preferred candidate.⁸ This meant that despite falling oil revenues, his regime was relatively richer than the opposition, simply because there was very little by way of funding available for the SPLA(IO). In general, however, the war has been fought in conditions of relative austerity—with the government, in particular, licensing militia to conduct raids, loot, and displace populations to establish control over land. The governance model which has emerged is a fusion of patrimonialism and a war

⁶ Mary Kaldor and Alex de Waal, ‘Identity formation and the political marketplace,’ *Conflict, Security & Development*, 20:5 (2020), 519-538, DOI: [10.1080/14678802.2020.1833519](https://doi.org/10.1080/14678802.2020.1833519).

⁷ Naomi Pendle, ‘The ‘Nuer of Dinka money’ and the demands of the dead: contesting the moral limits of monetised politics in South Sudan,’ *Conflict, Security & Development*, 20:5 (2020), 587-605, DOI: [10.1080/14678802.2020.1820161](https://doi.org/10.1080/14678802.2020.1820161).

⁸ Sudan provided some (minimal) support to the SPLA(IO) when the civil war began, but in conditions of economic crisis, continued oil transport payments from Juba were increasingly advantageous to Khartoum, and connections increased between the elites in Khartoum and Juba, especially post 2016.

economy/extractive political economy. The balance of power in South Sudan today, however, ultimately rests on a pact between Sudan and Uganda to maintain South Sudan as a subordinate actor, in which they have shared interests. Sudan, South Sudan and Uganda are also all aligned with Egypt in the Nile waters dispute with Ethiopia. If this were to change (for instance, through assertive action by Ethiopia) then it would probably not take much for an external actor to destabilize President Kiir's regime.

b. Somalia

Somalia remains a (largely) deregulated political marketplace. It is characterised by a still nascent and contested federal system, the lack of an effective, centralised national army, and multiple external patrons with divergent geopolitical interests. Numerous internal configurations of power exist – and President Farmajo, the (currently contested) incumbent, emerged as ascendant from among the fractured ruling coalition which has ruled Somalia as part of the Federal Government of Somalia (FGS) over the last four years. President Farmajo has managed to retain precarious control over the political marketplace in the capital using a combination of patronage and more recently, outright violence, and has developed close security and aid relationships with external patrons (including Eritrea, Ethiopia, Turkey, Qatar and to some extent, the USA). Over this time, the ruling cabal's within the FGS has consolidated its control over revenue collection and contracting, and used coercion to achieve its strategic goals. Nonetheless, this cabal's political agenda (beyond the pursuit/retention of political power and control) remains largely incoherent, reflecting the turbulence of the Somali political marketplace.⁹ The precise trajectory of the political marketplace is unclear, with a great deal dependent on the outcome of the now-postponed federal elections.

Four key features characterise Somalia's current political predicament: a competitive and decentralized political market with many actors; the ongoing salience of clan identity (especially clan units formed from the process of military conflict and peacemaking); the pervasive use of money and violence; and a political system which has local, national, and regional (and to some extent global) elements.¹⁰ All of these factors were at play in the 2019 impasse between the FGS and Jubaland around the contested election of the regional

⁹ Nisar Majid, et al., 'Somalia's Politics: Business as Usual,' forthcoming.

¹⁰ For more detailed analyses, please see CRP Somalia Research Team, 'Galmudug – Election Dynamics and Prospects,' Research Memo, Mimeo; CRP Somalia Research Team, 'Jubaland – Election Dynamics and Prospects,' Research Memo, Mimeo; CRP Somalia Research Team, 'Jubaland – Post Election Overview,' Research Memo, Mimeo; CRP Somalia Research Team, 'South West State of Somalia – Post Election Analysis,' Research Memo, Mimeo; CRP Somalia Research Team, 'Puntland – Retrospective Election Analysis,' Research Memo, Mimeo; CRP Somalia Research Team, 'Somali Region, Ethiopia – pre-election dynamics and prospects,' Research Memo, Mimeo.

president President Ahmed Madobe. This remains unresolved in 2021. In this conflict, Ethiopia and Kenya support opposing sides, clan unit affiliations have been instrumentalized locally, nationally and across national borders, and both money and violence were used by elites in an effort to control electoral outcomes.¹¹

The political system in Somalia has evolved from Siad Barre's dysfunctional (but autocratic) kleptocracy, through periods of extreme competition characterised by the proliferation of armed actors, to the current federal system which can best be described as a 'rivalrous oligopoly'. Elite political competition in Somalia is imperfectly regulated by the federal system of government and the international military and financial resources deployed, partly to sustain the formal governance system and partly to pursue other objectives (counter-terror, counter-piracy, managing humanitarian crises, securing security interests, etc.). External actors and resources play a critical roles in shaping and financing the marketplace. Further, in addition to the sources of finance mentioned above, if resources were to become available from the oil and gas sector (as is currently envisaged by Somali political elite), these may fundamentally alter the structure of the Somali political system.¹²

The ongoing status of Somalia's security sector – more accurately described as a security arena—with its multiple actors and shifting affiliations, continues to reflect the underlying reality of decentralized coercive power in the country. Within the Somali National Army, for instance, multiple affiliations coexist—many units are effectively repurposed clan militia with independent command and control structures.¹³ The other major security actors are the African Union Mission in Somalia (AMISOM), and Al Shabaab. AMISOM effectively functions as a counter-insurgency force which can pursue the core set of limited goals that meet the interests of all its international sponsors (including counter-terrorism and controlling Mogadishu); the timeline for its withdrawal remains uncertain. Al Shabaab is a central component of Somalia's political marketplace, partly integrated and partly distinct. It emerged from the most cogent attempt to move away from a marketized system of politics under the Union of Islamic Courts, and was initially positioned in opposition to the federal system. It has increasingly been taking a more ambiguous position, both colluding with and contending against the FGS depending on circumstance. The group's capacity and reputation in the provision of an efficient system for dispensing justice stands in stark contrast to the government's notoriously corrupt and inefficient system.

¹¹ This is dealt with in much greater detail in the following: CRP Somalia Research Team, 'Jubaland – Election Dynamics and Prospects,' Research Memo, Mimeo; CRP Somalia Research Team, 'Jubaland – Post Election Overview,' Research Memo, Mimeo.

¹² See Joakim Gundel, *Oil and gas in the political marketplace in Somalia*, Memo, Conflict Research Programme, London School of Economics and Political Science, London, UK, November 2020.

¹³ Paul Williams, 'Building the Somali National Army: Anatomy of a failure, 2008-18', *Journal of Strategic Studies* 43 no. 3 (2020): 366-391.

At the time of writing (March 2021) Somalia is in an uncertain inter-regnum with a standoff over postponed national elections. The apparent alliance of President Farmajo with PM Abiy Ahmed of Ethiopia and President Isaias Afwerki of Eritrea has lent political and military support to the FGS, and which has played a crucial role in several of the regional elections, though it is not clear whether this will continue—given the threat of turmoil in Ethiopia (which preoccupies both Abiy and Isaias), the difficulty of centralizing power in Somalia, active opposition from Kenya, and the change in administration in Washington DC. The economic shock from Covid-19 has also considerably reduced government revenue and in turn squeezed political finance and patronage, from several sources, including trade-related taxation, remittances, as well as aid-related rents and patronage. The effects of this reduction in finance and patronage are thought to be more detrimental to the opposition than to the incumbent President given the greater variety of resources available to President Farmajo.

Finally, as with our other cases, it is worth noting that there are limitations to the operation of the political marketplace logic. While a large injection of political finance by an external power may influence the eventual choice of President, as has happened in the previous two Presidential elections, the use of cash to buy elections intersects with a strong Somali anti-incumbency tendency—the Somali political elite is deeply suspicious of any actor who tries to consolidate power. In other words, the largest purse does not automatically decide the winner.¹⁴ In the meantime, the wrangling, posturing and delays in the weeks and months leading up to—and beyond—an election are part and parcel of the condition of prolonged ‘unsettledness’¹⁵ of the political settlement in Somalia, which leaves multiple issues open for contestation, even as the elites agree on elements of how politics ought to be structured.

c. Democratic Republic of the Congo

The Democratic Republic of the Congo can be understood as an amalgamation of interlocking, but relatively autonomous (or segmented) political markets.¹⁶ Political power (at the centre, in Kinshasa) is exercised through a series of constantly shifting elite networks and alliances, and Congo’s political economy is shaped by coercion, and characterised by conflict over control of key sites of revenue generation, including production sites, marketplaces, border posts, infrastructure, forced monopolies, coercive

¹⁴ Nisar Majid, et al., ‘Somalia’s Politics: Business as Usual,’ forthcoming.

¹⁵ Christine Bell and Jan Pospisil, ‘Navigating inclusion in transitions from conflict: The formalised political unsettlement.’ *Journal of International Development* 29, no. 5 (2017): 576-593.

¹⁶ Peer Schouten, Kasper Hoffmann, and Koen Vlassenroot, Congo’s Violent Political Marketplace, forthcoming. Most of this section is drawn from this paper.

resource extraction, price fixing and plunder and asset-stripping.¹⁷ Eastern DRC, in particular, remains highly militarised and fragmented, with politics increasingly militarised and militarised politics increasingly ‘democratised’. At last count, over 130 different armed groups exist in the Kivus alone, while the adjacent provinces of Tanganyika and Ituri are experiencing increasingly convoluted armed conflicts. The broad rules of the Congolese political market have remained largely unchanged across recent political transitions. A new round of political competition was triggered between the political networks of the former president Kabila and the current president Tshisekedi after elections in 2018—these currently center on control over positions in the industrial mining sector, the political apparatus, and the security forces. Both leaders have limited reasons to engage with the small-scale rebel groups in remote rural areas of Eastern DRC, when these do not muster meaningful military strength or national political significance. For the most part, Kabila’s economic, political and military networks remain intact, and the balance of power remains tilted in his favour.¹⁸

The roots of transactional politics in the Congo (and particularly in Eastern DRC) can be traced to the deeply extractive colonial state, whose political economy was based almost entirely on plunder, with local officers initially operating in relative autonomy from the centre.¹⁹ After independence, President Mobutu Sese Seko’s kleptocratic regime served as the archetype of the rentier state—with governance based on patrimonialism, and an expansive political budget dependent on mineral rents, infrastructure development funds, and security rents. In later years, global recession, declining commodity prices and structural adjustment programs enforced by international financial institutions meant that Mobutu’s political funds dried up and he could no longer maintain an expansive and centralised patronage system. Even as a series of localized patronage networks mushroomed in the Congo to replace it, protection became commodified, and ethnic-based political parties and groups emerged in response to the deregulation of violence. Over time, these networks began to compete for land, resources and political power.

In this context the First and Second Congo Wars, which served to further the interests of Congo’s neighbours Uganda and Rwanda, marked the transition towards a free market in

¹⁷ Tatiana Carayannis, Koen Vlassenroot, Kasper Hoffmann and Aaron Pangburn, *Competing networks and political order in the Democratic Republic of Congo: a literature review on the logics of public authority and international intervention*, Conflict Research Programme Synthesis Paper, 2017

¹⁸ Aymar Nyenyezi Bisoka, Koen Vlassenroot, Hans Hoebeker, ‘The limits of President Tshisekedi’s Security Strategy in the Democratic Republic of the Congo’, CRP Blog, April 28, 2020, <https://blogs.lse.ac.uk/crp/2020/04/28/the-limits-of-president-tshisekedis-security-strategy-in-the-democratic-republic-of-congo/>.

¹⁹ This local autonomy was severely curtailed by the Belgian state in its later years, the colonial administration linked customary authority to territory and rewarded taxation and loyalty and punished resistance by chieftains—ending up with local chiefs who served colonial interests while also developing exceptional local powers.

coercion (and a war economy) as a number of political-military entrepreneurs emerged, extracting resources from looting, systematic taxation as well as other forms of profiteering. All the major actors in the war resorted to military occupation of concessions, production sites, transport routes and taxation points, and at points different armed groups sold the same mineral licenses as 'booty futures' to foreign investors. In this period, Congo turned into a patchwork of different, partially interlinking, political marketplaces, in which neighbouring countries supported different networks of government/rebel proxies inside the country.

Today, political order in the Congo is produced through bargaining in and among political networks composed of civil and military, business and ethnic, elites and operate across armed group territories and national boundaries. Whereas the national political scene centered on Kinshasa today forms one key marketplace, in eastern Congo, the fragmentation of armed groups and increasing militarization has led to the development of multiple transboundary political markets characterized by unstable bargains. Part of this dynamism is due to the fact that cash funding in eastern Congo's political marketplace is, in contrast to earlier periods, not only contingent on patronage, but also heavily dependent on decentralized and localized strategies of taxation and extraction. The eastern Congolese political markets, as is to be expected, are structured by both local politics but also the geopolitical and commercial interests of Uganda and Rwanda. There are social and cultural limits to these marketplaces, of course—armed groups (which are themselves often mobilized on ethnic lines) are not interchangeable providers of security in ethnically fractured social landscapes.²⁰

Congo's security arena is highly fragmented and rivalrous. The Congolese Army (FARDC) is not an unified actor, with multiples lines of command and control—in other words, it is a vast network of loosely integrated units, which survive through predation and extraction, and act as a key source of political funds for elite. Successive efforts to integrate former belligerents into the FARDC as part of peace agreements ('payroll peace') have only been partially successful, and in the lead up to peace agreements have increased levels of violence, as armed groups tried to 'signal' their relative importance to policymakers, and obtain an improved position within the integration process. However, the majority of government positions were given to the armed groups that could pose a threat in virtue of their connections and foreign backing, to the detriment of smaller armed groups like the Mai Mai who were sidelined, co-opted, or bought off.

²⁰ Kasper Hoffmann, Koen Vlassenroot, Tatiana Carayannis, and Godefroid Muzalia, 'Violent conflict and ethnicity in the Congo: beyond materialism, primordialism and symbolism,' *Conflict, Security and Development* 20(5) (2020): 539-560.

Congo's national political marketplace can currently be described as a rivalrous oligopoly. The election of President Felix Tsishekedi in 2018, and competition between him and former president Joseph Kabila has resulted in increased levels of competition within localized political markets, especially in the eastern DRC, where armed group violence has increased, and local political entrepreneurs are increasingly relying on the support of armed groups for bargaining. As of now, Kabila remains powerful, controlling the formal and informal sources of patronage in Congo—comprising both steady sources of cash and loyalists in key positions.

d. Iraq

The political marketplace in Iraq is centred around unstable (and often violent) coalition-based competition for control over oil resources, associated contracts and government ministries and payrolls.²¹ Since 2003, most analysts have understood national power dynamics in Iraq through the lens of a national quota-based system (called *muhasasah* in Arabic) that distributes ministries and oil revenues across the country's political groups according to ethno-sectarian allocations.²² At the sub-national level, however, political power is constituted and maintained both through coercion and transactional deals (often involving external and regional actors). In the post-ISIL period, Iranian-backing for certain Popular Mobilisation Forces have transformed provincial political and security landscapes, and the Popular Mobilisation Forces have become the principal security actors in areas across several of the predominantly Sunni provinces, where they have traded on the role as guarantors of stability for taking cuts from local business and levying informal taxes, as well in some cases persuading the local populace to vote for their electoral candidate.²³ Opportunistic alliances often cut across ethno-sectarian lines, defying assumptions around post-2003 identity-based politics. The primacy of purchasing loyalties over providing services has led to poor governance and pervasive instability, which have been exacerbated in the face of falling oil revenues.²⁴ Paradoxically, however, the reduction in oil revenues also seems to have increased space for civic activism and mobilization.

At the national level, the political marketplace in Iraq is essentially manifested in the struggle between different political groups for control over ministries to secure positions as well as revenues for supporters. These struggles and the resultant allocations are part of

²¹ Toby Dodge, Zeynep Kaya, Kyra Luchtenberg, Sarah Mathieu-Comtois, Bahra Saleh, Christine M. van den Toorn, Andrea Turpin-King and Jessica Watkins, *Understanding the Drivers of Conflict in Iraq*, Conflict Research Programme Report, 2018.

²² *Ibid.*

²³ This will be expanded on in a forthcoming CRP article. Jessica Watkins & Mustafa Hasan, 'Post-ISIL Reconciliation in Iraq and the Local Anatomy of National Grievances: The Case of Yathrib'.

²⁴ See Mac Skelton and Zmkan Ali Saleem, *Iraq's Political Marketplace at the Subnational Level: The Struggle for Power in Three Provinces*, Conflict Research Programme Report, 2020.

a nationwide patronage system which has emerged under the guise of sectarian political mobilization, especially after the formation of a government of national unity in 2005. At the local level, however, distinct political marketplaces exist, where both national and subnational actors struggle for control over entire cities, provinces, local administrations, oil assets, and border crossings. Even as they are part of the national political dynamics, the struggle for power in each of these regions takes a different shape depending on the actors and assets at play within the local political field.

Oil revenues are the primary source of political finance in Iraq. While not all regions contain oilfields, oil generates both direct revenue and creates indirect revenue generation opportunities (including service contracts, public and private employment, and smuggling opportunities). Oil revenues are not distributed primarily through direct bribes and payments but rather, through the extension of state-backed salaries and contracts.²⁵ This is a function of Iraq's status as a country with a large public sector. Political finance is also generated through government funds and sub-contracts as political blocs compete over ministries, and important posts, including those with the authority over public works and sub-contracting. Armed groups generate funds through the control over oil and gas fields, border crossings and ports, and through other coercive forms of revenue generation—such as extortion from businesses, collecting taxes at checkpoints, and the predatory stripping of infrastructures for steel, parts, and oil resources, which are in turn smuggled/sold either within Iraq or across borders with Turkey, Iran, Jordan, and Syria. Finally, international support for security institutions and reconstruction projects provide employment opportunities and contracts, which have often been a target of political parties operating at the national and provincial levels.

Cash and violence are used in extremely distinct ways in Iraq's regional political markets, but in each there have been certain critical junctures which have led to the marketisation of politics. The invasion of 2003, as well as the emergence of ISIS (and its subsequent removal) are particularly important—they have substantially reconfigured the political arena by sweeping away previous political groups and alliances, and also created the conditions for increased competition by reducing the barriers to entry into politics.

In Nineveh, years of both struggle and collusion between Sunni Arab and Kurdish political actors has culminated in a political order characterized by highly volatile and fluid forms of co-optation among dozens of parties and militias. The one faction that has remained intact is the Kurdish bloc due to a longstanding system of patronage dating back decades, whereby loyalty to leadership is enforced through a systematic distribution of material

²⁵ Ali Al-Mawlawi, 'Public Payroll Expansion in Iraq: Causes and Consequences', LSE Middle East Center Report, October 2019.

rewards. In Basra, on the other hand, the political marketplace revolves around the struggle for oil-based assets and institutions. Shia parties and militias violently compete for assets while simultaneously engaging in collusive violence against any external threat to the political order, resulting in the systematic and targeted killings of protestors.

Paradoxically, it is mass demonstrations which has encouraged renewed collusion between all the major political blocs as they seek to. Finally, Diyala is unique among Iraqi federal governorates in that a single party—the Iran-backed Badr Organization—enjoys almost total hegemonic control. All other participants within the political marketplace engage in commerce and politics on Badr's terms. The militia party has achieved this status of dominance by mobilizing its massive military resources to take advantage of the chaos and disarray of the ISIS period (2014-17), in addition its gradual takeover of local security institutions since 2003.

Iraqi political markets are currently being fundamentally re-shaped by low oil prices. This reduces the resources which can be allocated through various parties' political networks and also places greater strains on the overall patronage system, which is dependent on constantly increasing the public payroll. While it is unlikely that the reduced oil revenue will re-shape the fundamental rules of the political system in the short term, it seems to have increased the space for civic activism.

e. Syria

Syria, the last of our cases, is a highly segmented conflict marketplace, which has been reconfigured rapidly since 2011 due to the inflow of external resources and force. The Syrian political market shifted from a centralised authoritarian state (albeit one based on a social contract) prior to the ascendance of Bashar al-Assad, to a violent war economy where the role of external actors became more important (in around 2012-13).²⁶ International intervention functioned very differently in different segments of the market. Financial patronage from Gulf states and U.S. military assistance contributed to a highly deregulated and competitive market in opposition areas. More recently, Russian and Iranian interventions have assisted regime efforts to consolidate the market by force, with some success in the regime-dominated market segment. Critically, however, the political system that has emerged from the conflict is not the centralised authoritarian system which existed prior to 2011, but a landscape consisting of several differentiated systems of

²⁶ See Anne Marie Baylouny and Creighton A. Mullins, 'Cash is King: Financial Sponsorship and Changing Priorities in the Syrian Civil War,' *Studies in Conflict and Terrorism* 41, no.12 (2018): 990-1010. See also Vesna Bojicic-Dzelilovic and Rim Turkmani, 'War Economy, Governance and Security in Syria's Opposition Controlled Areas,' *Stability: International Journal of Security and Development* 7, no.1 (2018): 1-17.

governance, combined with an oligopolistic structure in the regime-controlled areas in which authoritarian gangsterism combines with kleptocracy.

Governance in Syria can be understood as the interplay of a two-level bargain or game.²⁷ The first is the social contract between the authority and the citizens under which the latter have traded political rights and freedom for economic benefits and public goods. The second level is the ongoing intra-elite political game in which the ruling group bargains with elites over how much access to resources they can have in return for their support. These two 'bargains' are inversely related: when the allocated amount for public goods and services increases, the elites' access to government spending decreases, and vice versa. Under Hafez al-Assad, between the 1970's and 2000, the Syrian political system was a highly centralized and patronage-based authoritarian political system with the armed forces and coercive apparatuses as its backbone. After Bashar al-Assad took power, the political system became characterised by ostensibly market-oriented economic policies, with an increase in crony capitalism, increased access for elites to state resources and assets, even as petty corruption continued unabated.

The marketization of politics in Syria, however, took place during the civil war, through a combination of external patronage and intervention, and regime tactics. As the regime lost ground, opposition groups proliferated, some of which were organized along sectarian lines (including in an effort to attract external patronage).²⁸ Opposition forces, including Islamists, were financed by a combination of regional actors, including Turkey, Qatar, Saudi Arabia and UAE, as well as international actors such as the UK, France and the USA. They also financed themselves from the war economy, by taxing checkpoints, smuggling, extortion and provision of protection, and taxation.²⁹ The early years of the civil war were, therefore, characterized by a highly competitive market for coercion/violence, with many players, and relatively low barriers to entry. The regime, which was relatively cash-starved at this time, responded by using extreme violence. The nature of the political market was transformed yet again by the direct intervention of international actors—Iran, Turkey, United States, and Russia. Today, three distinct zones of control exist (with fluid borders): Eastern Syria under the control of the US and Kurdish-dominated SDF, Idlib, northern Aleppo and parts of northern Syria under Tahrir al-Sham and opposition forces respectively with the support of Turkey, while the rest of the country has fallen back under the control of the Syrian government with the support of Iran and Russia. Russian

²⁷ See Zaki Mehchy, *The interactions between state budget and political budget in Syria*, Conflict Research Programme Research Memo, February 2021.

²⁸ Sami Hadaya, 'Sectarianisation in Syria: the disintegration of a popular struggle,' *Conflict, Security, and Development*, 20(5) (2020): 607-629.

²⁹ Mohammad Kanfash, 'Starvation in Syria: A political marketplace analysis', forthcoming.

intervention, in particular, has led to a consolidation of the marketplace around the Assad regime.

The Syrian political marketplace (in regime held areas) today can be best described as an oligopoly, which is largely collusive, but with a superior security actor—the Syrian state. This is not a purely authoritarian system, but one where the state has had to give elites access to state and other public resources as a way of ensuring their support. Elites, including traditional cronies and newly-emerged warlords, who made their fortunes initially from conflict-related activities, access state resources in two interlinked ways. The first is through the corrupt relations between state officials and businesspeople. This usually involves relatively small amounts paid to evade tax, accelerate government procedures, etc., and is illegal by law. The second form is where the Syrian authorities have approved and facilitated the legal access of business elites to public resources. For instance, these elites have monopolised the supply of basic goods within government-controlled areas, in return for payments from the state budget. They have managed to use their shadow companies outside Syria to overcome the impact of sanctions while importing some of these goods to Syria. Due to their excessive margins of profit, payments to these companies consume a large part of public spending. In return, the elites have had to show loyalty to the Syrian regime by providing financial, political and even military support, when needed.

V. Cross-cutting Thematic Analysis and Findings

a. Security Sector Reform

Leaders in political marketplaces have no incentive to demand security sector reform (SSR) programmes and policies, in the sense of increasing democratic oversight, professionalism and accountability. In autocratic systems, control over the security forces is how political leaders usually maintain their hold on power. For these leaders, to allow reform is to alienate critical allies in the security services, thus leaving oneself vulnerable to coups, mutinies, and acts of internal sabotage as a consequence of dismantling useful tools - militias, large presidential guards, and personally-controlled intelligence services. At the same time political leaders also have an incentive to keep security forces fragmented and weak with multiple co-existing power networks - to ensure that the security forces cannot credibly challenge their rule.

In states such as South Sudan, Sudan, and Somalia, autocrats or leaders who limit their control over the forces that fight for them, accept limits on how those forces will be used, or

limit their ability to rent additional armed support are at a potentially fatal relative disadvantage.³⁰ This logic applies equally to judicial reform—decreasing executive control over the judiciary reduces a ruler’s opportunities for expropriation and other important sources of political finance and personal/familial insurance, as well as increasing the odds a leader could eventually be held to account for previous misdeeds.

Despite their opposition to actual reform, however, rulers find *promises* of reform made to donors quite useful, due to the resources they receive to support their theoretical efforts. In the case of states (such as Sudan, South Sudan, and the DRC) that have gone through multiple rounds of the conflict-peacemaking-DDR-renewed conflict cycle, the outside funds, especially demobilization/reintegration packages, that donors provide during the peacemaking-DDR phase may actually be an indispensable component of the budgets of warring autocrats looking to purchase support for the next round of armed competition.³¹

It is now a cliché to state that security and justice sector reform is fundamentally political. Years of scholarly and practitioner analysis has gradually cohered around the idea that failing to reflect this reality in policy and programming is at the core of most SSR failures. Building on this, the CRP’s central finding is that popular participation—in the form of civil society action and the expansion of routine channels for citizens to hold security forces accountable—is indeed necessary for SSR progress. However, these factors are not sufficient for such progress, which relies as well on the existence of a window of opportunity in which change is possible.

Comparative research on patterns of SSR success show that at some point in each SSR success story, the existing ruling coalition (political elites, business interests, and security services) breaks apart. At this critical juncture, the states that achieved rapid and sustainable SSR gains, were those where domestic pro-reform advocates from different classes, regions, ethnicities, etc. were able to exert joint pressure around a broadly unified reform agenda and recruit supporters from the business community and/or security services and form a new civic coalition. Examples include Indonesia, Peru, and South Africa.

The most effective SSR strategy focuses first on the facilitating environment of civil and political actors, and only second on the technical and institutional requirements of the reform programme itself. In short, success lies in generating *political demand* for SSR, on the basis of *which supply of reform expertise* can then be provided. External efforts can signal-boost domestic efforts, but not substitute for them. Further, experience has shown

³⁰ Alex de Waal. *The real politics of the Horn of Africa: Money, war and the business of power*. (John Wiley & Sons, 2015).

³¹ Sarah Detzner, ‘A practical approach to the politics of SSR’, forthcoming.

that pro-reform donors do not have the level of context-specific political skills necessary to prevent the resources provided to support SSR (and especially DDR) from being misappropriated.³²

External actors hoping to promote SSR in fragile and conflict-affected states can neither directly force open a window of opportunity for such reform nor, should one occur, force change through direct external pressure. However, they can do a great deal at various stages of the reform process to make it more likely for SSR to succeed. This includes:

- (a) Sponsoring (and protecting) security dialogues and domestic transparency initiatives at the local, regional, and national levels (for and between multiple groups of stakeholders – women, youth, businesspeople, police, lawyers, judges, etc.);
- (b) Building the capacity of a variety of civil society actors throughout the state to weigh different reform alternatives and thus develop a context-appropriate security and justice agenda.
- (c) Pushing, during any negotiations, for inclusive (of interests beyond political parties and armed groups) discussion of, and agreements concerning, a broad range of security and justice issues.

Military leaders and political elites cannot be allowed to make private, spoils-dividing back room deals. Peace agreements secured by pushing the SSR agenda (in particular, judicial reform and security governance / oversight measures) down the road are doomed to failure.

b. Sanctions

Political marketplace analysis provides a powerful tool to help explain how sanctions can penetrate into existing systems of transactional politics and influence the dynamics of power relations among members of the political elite³³. As an empirical matter, most sanctioned individuals are embedded in political marketplace systems or systems that feature significant political marketisation. The political marketplace enables policymakers to understand: 1) the potential impact(s) of targeted sanctions, and 2) policy trade-offs that arise from their use.

³² Sarah Detzner, *Security Sector Reform in Sudan and South Sudan: Incubating Progress*, Conflict Research Programme Memo, December 2019.

³³ Benjamin Spatz, *Sanctions in the Political Market*, Conflict Research Programme Memo, November 2019.

Effective targeted sanctions are predicated on detailed understanding of the target's political system, the logic of how actors operate, their goals, constraints and incentives. Without adequate analysis, sanctions, as in the cases of Syria, Iraq or Serbia, often have unintended consequences that include violence and corruption, and which can serve to reinforce the very mechanisms of the political market while further undermining institutional politics.

Sanctions impact political dynamics (for good or for ill) by selectively squeezing material access to the twin currencies of political power in political marketplace systems—the means of violence and money. Through such material impacts, sanctions distribute political power; there are winners and losers (i.e., sanctions could increase the power of one warlord at the expense of another). This can fundamentally change how members of the elite in the political marketplace systems interact with one another, which can lead to elite fracture or cohesion, violent conflict or assist with consolidating peace. The crux is to understand the distributional impacts of sanctions (i.e., on elite access to money and weapons), how they will shape political market dynamics, and the how elite will change their behavior as circumstances change and in accordance with the political marketplace logic.

Assessing how sanctions impact on the political marketplace helps to:

- (a) identify the material sources of political power in political marketplace systems (i.e., violent capabilities and political finance), and which sanctions might impact.
- (b) identify winners and losers and understand the implications of (re)distributions of political power among them.
- (c) assess changing intra-elite relationships and bargaining dynamics (i.e., whether sanctions contribute to fragmentation of elite groups or greater coherence);
- (d) weigh the implications of removing sanctions (which can have equal political impacts to the imposition of sanctions).

Liberia provides a good example of the many effects of sanctions: good results in line with policy objectives and more mixed outcomes, when understood from a political marketplace lens.

Targeted, gradually tighter sanctions were imposed on Charles Taylor from 2001-03 (arms embargo, diamond / timber ban, travel bans, aviation ban), in conjunction with other tools of statecraft, especially the indictment by the Special Court of Sierra Leone. These sanctions dramatically decreased Taylor's ability to fund his political budget, and lessened his coercive capabilities vis-à-vis his competitors. This ultimately led him to pursue peace talks. The sanctions remained in place on Liberia once Ellen Johnson-Sirleaf took power in

2006 (i.e., an arms embargo and targeted measures—travel ban and asset freezes—on Taylor's associates as well as some other deemed potential troublemakers). The arms embargo kept weapons out of the hands of Sirleaf's potential challengers, while the government forces were gradually able to acquire arms; the UN mission provided her extra muscle, giving her a massive edge in coercive capabilities in relation to potential elite challengers. This helped her consolidate political control, especially over the security arena. The arms embargo was so beneficial to her that she subtly, and successfully, maneuvered to keep it in place until 2016, far longer than necessary (13 years after the war ended). She was also able to use her influence over lists of potential targets as leverage for political control.³⁴

c. Humanitarian Crisis and Humanitarian Action

All the countries in which there is acute and widespread food insecurity today are countries in which the political marketplace is either dominant, or demonstrate some elements of transactional politics. They are also countries at war, and although the logics of violence and war overlap with the political marketplace, they are not identical. Political actors fight and perpetrate starvation crimes for many other reasons, including ideology, revenge, survival, power and material reward.

The PMF seeks to be a tool for analysing the political-economic dynamics of turbulent and conflict-affected countries in real time. It complements existing humanitarian information systems, which do not do well in predicting food insecurity outcomes related to armed conflict and starvation crimes.³⁵ For obvious methodological and institutional-political reasons it is not feasible to incorporate assumptions about the motives of political and military actors into food security analyses undertaken by the UN and other international actors. The PMF also suffers from limitations in this regard. For example the framework does not identify when and how an armed actor might perpetrate starvation crimes that amount to extermination or genocide. However, the 'political business as usual' assumption is useful in filling out possible (even probable) worst-case scenarios for how a conflict-induced food crisis will play out.

Our first major finding is that it is *the combination of the PM and war that is often crucial to the genesis of humanitarian crisis*.³⁶ In general, the immediate and long-term causes of the humanitarian crisis are outside the political marketplace, and are more closely related to

³⁴ Benjamin Spatz, *Sanctions in the Political Market*, Conflict Research Programme Memo, November 2019. Benjamin Spatz, *Cash Violence: Sanctions and the Politics of Power, and Peace*. Dissertation, 2020.

³⁵ Daniel Maxwell, *Famine Early Warning and Information Systems in Conflict Settings: Challenges for Humanitarian Metrics and Response*, Conflict Research Programme, November 2019.

³⁶ Alex de Waal, 'Transactional Politics and Humanitarian Crises: Lessons for Policy', forthcoming.

economic deprivation, war and external shocks. War is the most common cause of humanitarian emergency and famine in the contemporary world. The ways in which war causes starvation and famine are well-known: they include deliberate starvation crimes, the reckless pursuit of war strategies that cause deprivation and hunger, and knock-on economic effects. The spark and escalation of war may be unrelated to the political marketplace, but continuing war commonly leads to the marketization of politics. War fighting is expensive and those who organize it need to make deals and obtain resources to purchase equipment, pay costs and salaries, and political actors may mount insurgency or counter-insurgency on the cheap by licensing armed units to loot, pillage and seize land (as has been well documented in Sudan and South Sudan³⁷). Sustained conflict leads to war economies which invariably accelerate the marketization of politics (as was the case in Syria, Yemen and South Sudan). Across our cases, kleptocracy and gangsterism also go together, as twin manifestations of transactional politics, and combined with strategies such as asset stripping or livelihood destruction – create and/or intensify humanitarian crisis. Further, many of our cases are also characterized by the suspension of norms, control over information flows, and the manipulation of humanitarian aid (more on this below) – which exacerbate these crises. In other cases, such as in the Kasai region in the DRC, mis-steps by political entrepreneurs can lead to armed violence and humanitarian crisis.³⁸

The second takeaway is that ‘political business as usual’ *is an entrenched obstacle to promoting public goods including basic welfare and humanitarian action*. Where monetized transactional politics trumps institutions, we have a situation of vulnerability to food insecurity and problematic management of humanitarian response. The functioning of the political marketplace means that necessary macro-economic reforms and institution-building are either delayed, never enacted, or reversed. In Yemen, for instance, a neo-liberal agricultural policy favouring cash crops at the expense of staples, was exacerbated by land grabs, and the creation of a security-focused state which created a market for militarized male labour.³⁹ In Ethiopia, a previously effective humanitarian response system has been degraded as the country’s politics have become more transactional.

Our third conclusion is that *humanitarian operations routinely become entrapped in the calculus of transactional politics*. Although humanitarian aid is almost always a relatively minor component of national economies and a small contributor to political budgets, there

³⁷ Joshua Craze, ‘Making Markets: South Sudan’s War Economy in the 21st Century’, *Paper prepared for the United States Institute of Peace and the World Peace Foundation*, mimeo.

³⁸ Patrick Maxwell and Merry Fitzpatrick, ‘Incentives, Violence and Political Skill: The political marketplace in the DRC and the crisis in Kasai’, forthcoming.

³⁹ Aditya Sarkar and Sama’a al-Hamdani, “‘Once we control them, we will feed them’: Mass Starvation in Yemen’, forthcoming.

are some exceptions. Somalia is the principal case: business fortunes and political careers were launched on the back of the massive international spending in Somalia during the UNITAF-UNOSOM period of 1992-94, and the food aid delivery contracts of the 2000s also assisted the commercial and political ambitions of some members of the elite (who then went on to establish some of Somalia's largest commercial conglomerates). The post-2011 shift from food aid to cash has altered the commercial and political beneficiaries of humanitarian programming: the food trucking cartel has been broken and money transfer companies are now the ones who gain. In other cases, such as Kasai in DRC, humanitarian aid was insignificant in comparison to mining revenues, and therefore did not become part of the calculus of political elites.

d. Natural Resources

Three of the five CRP countries could be described as 'rentier' political markets in which the primary source of political finance has been natural resource revenues (oil in Iraq and South Sudan, a variety of minerals in DRC). In all cases, control of land influences politics and conflict in multiple ways. Climate crises and the exploitation of natural resources intersect with transactional politics.

Rentier states tend to have marketized politics. The ability of a ruler to allocate disproportionate material resources that accrue exclusively to the state (such as oil revenues) often creates a system in which intermediate elites compete for access to this largesse, at the same time as this revenue stream (and the opportunities for issuing major construction contracts) invites corruption. Oil states are typically functional, authoritarian kleptocracies or oligopolies in which political elites collude enough to keep the rents flowing.

The three rentier systems among the CRP countries (Iraq, South Sudan and DRC) exemplify this in different ways. In southern Sudan the SPLM/A used oil rents to outbid the regime in Khartoum for the loyalty of armed groups in the aftermath of the Comprehensive Peace Agreement in South Sudan.⁴⁰ Rents from natural resources led to an 'inflationary' political market – where political entrepreneurs and armed groups expect constantly increased prices for their loyalty. If natural resource rents decrease, that system can seize up, as occurred in South Sudan after oil production was shut off in 2012. Oil rents continue to underpin the payroll-based patronage system in Iraq. In Zaire (now DRC), Mobutu used mineral rents to sustain his patronage regime and control over natural resources has remained crucial to the DRC war economy. During the second Congo war, many of the

⁴⁰ Alex de Waal, "When kleptocracy becomes insolvent: Brute causes of the civil war in South Sudan," *African Affairs* 113, no. 452 (2014): 347-369.

armed entrepreneurs branched out from looting into attempting to take control of, and monetize future revenues from concessions and production sites—selling the same mineral licenses to multiple investors.⁴¹ Even conservation efforts can get drawn into the dynamics of the political marketplace as different actors use them to control people, territory and resources.⁴²

The PMF allows for an analysis of what we refer to as ‘traumatic decarbonization’—the sudden and unplanned reduction in hydrocarbon rents, or indeed, the reduction in other mineral/natural resource rents. This rarely leads to an immediate change in the overall structure of the political market, but can change elite interactions and tactics, and shape the strategies for the extracting political finance. In Nigeria, despite the massive reduction of oil revenues due to low global prices, in the short term, the patronage system and the use of government contracts to channel rents to the elite has continues unabated.⁴³ Over the longer term, however, and depending on context, low commodity prices can lead to the fragmentation of the political economy—this occurred in Zaire after the global fall in copper prices, forcing Mobutu to shift from an expansive patronage system, to one run on a much lower budget. The change in the type of natural resources underpinning the political economy can have implications for which elites hold power. In Sudan, the move from oil to gold as the principal source of political funds has contributed to the rise of General Hemedti, whose forces control the region where the gold mines are located.⁴⁴ Finally, it is worth noting that the reduction in oil revenues can also yield (often-transient) space for civic action, as appears to have occurred in Iraq recently.⁴⁵

Climate crisis is affecting natural resource politics and the conduct of transactional politics. An overarching background factor is the precarity which has resulted from environmental deprivation or despoilation (whatever its causes) and which is a very long-standing element in the societal dynamics and political economy across many of our cases. For communities in some of our case-countries, political and economic drivers of resource expropriation, destruction or competition have been present for decades, with implications

⁴¹ Peer Schouten, Kasper Hoffmann, and Koen Vlassenroot, *Congo's Violent Political Marketplace*, forthcoming.

⁴² Esther Marijnen, Lotje de Vries, and Rosaleen Duffy, ‘Conservation in violent environments: Introduction to a special issue on the political ecology of conservation amidst violent conflict,’ *Political Geography* (2020), , <https://doi.org/10.1016/j.polgeo.2020.102253>.

⁴³ Jared Miller, ‘The Politics of an Oil Crash: How the 2020 Oil Shock affected Political Settlements in Nigeria and Implications for Future Shocks,’ *Paper prepared for the United States Institute of Peace and the World Peace Foundation*, mimeo.

⁴⁴ Alex de Waal, *Sudan: A political marketplace framework analysis*, World Peace Foundation and Conflict Research Programme Occasional Paper No. 19, August 2019. See also Luke Patey, ‘Oil, Gold, and Guns: The violent politics of Sudan’s resource booms,’ *Paper prepared for the United States Institute of Peace and the World Peace Foundation*, mimeo.

⁴⁵ Shahla Al-Kli, ‘Decarbonization and fragility in Iraq: Impact on politics, society, and regional relations,’ *Paper prepared for the United States Institute of Peace and the World Peace Foundation*, mimeo.

comparable to the current and projected impacts of climate crisis. There are no simple cause-and-effect conclusions, and there are some unexpected climate/environment-related intrusions into political processes.

Intercommunal conflict over scarce resources has been a longstanding feature of many countries. This has been the case particularly in the Horn of Africa where changes in the political economy, crisis in pastoral livelihoods, and environmental pressures have been deliberately exacerbated or exploited by political entrepreneurs to cling to power. Siyad Barre's regime in Somalia provides an excellent example, where localized conflict were manipulated, exploited and amplified as Siyad Barre sought to minimize challenges to his rule.⁴⁶ Similar dynamics were observable in Darfur, where the conflict resulted from interlocking factors including environmental pressure, climate shocks, and political interventions that dismantled established mechanisms for managing such pressures and instead exacerbated them.⁴⁷ Other points of intersection between political markets and natural resources include the implications for food insecurity (see the section on humanitarianism, above), the impacts of investments in commercial agriculture and transnational land banking (both nationally, and from other states – such as the Gulf States in South Sudan, Sudan and Ethiopia), conflict over water resources (such as the current impasse between Egypt, Sudan and Ethiopia over the construction the Grand Ethiopian Renaissance Dam). Finally, development interventions which are inattentive to the ways that natural resources and climate crises are closely tied up to political marketplace dynamics can end up becoming part of those dynamics.

e. Mediation and Peace Processes

Peace processes, and mediation efforts more specifically, are frequent external interventions in political marketplaces. They signify openings, however small, for outsiders to influence political market dynamics precisely because the conflict parties have allowed in external actors; influence, though, can be positive or negative. The primary challenge, then, for external actors trying to promote peace, a political settlement or post-conflict reconstruction is an analytical one: to understand the system for what it actually is and match that with what is achievable given the limited tools of the mediator. The PMF equips mediators to do this. It provides an analytical framework to assess what they're up against, the factors driving change, and dangers that may arise from orthodox approaches to peacemaking. In the best cases, this allows the mediator to make incremental progress to

⁴⁶ Nisar Majid, et al., 'Somalia's Politics: Business as Usual,' forthcoming. See also Alex de Waal, 'Somalia's disassembled state: clan unit formation and the political marketplace,' *Conflict, Security, and Development* 20(5): 561-585.

⁴⁷ See Alex de Waal (ed.) *War in Darfur and the Search for Peace*, Cambridge MA, Harvard University Press.

move the political market toward less or non-violent means of political contestation, establish more peaceable relations among the parties, and create conditions so that local civic coalitions can work toward more ambitious gains.

This is illustrated through six broader points on peace processes in political marketplaces. Despite challenges, peace talks remain important. They provide a political framework for a multilateral presence in conflict areas and, as such, are crucial for all external interventions. Peace conferences can become an alternative arena for political contestation, thereby reducing violence. It is just that they need to be thought of as an ongoing process (perhaps punctuated by agreements on specific issues), building relational contracts among the parties or providing a forum in which radical disagreements can be argued over indefinitely, rather than aiming at a decisive once-and-for-all settlement.

1) Peace agreements are not “end points” and not necessarily reflective of political settlements

Principal dangers of peacemaking orthodoxy are the embedded assumptions that a peace agreement is an end in and of itself and that the formal peace deal will map 1-1 onto the often less formal political settlements—the deals among members of the elite on distributions of power. Rather, peace agreements—and peace processes more broadly—should be understood in the context of these ongoing intra-elite bargaining relationships, which can shape and be shaped by formal peace processes. For example, in southern Sudan/South Sudan, politics have been shaped by both past peace processes and agreements and the anticipated structure of future peace processes, especially their attendant security arrangements. Armed groups can be formed in response to and legitimized by peace processes, which also influence how these groups negotiate, align and merge with each other.⁴⁸ Peace processes, too, have also been partially responsible for structuring conflict along ethno-territorial lines.⁴⁹ Similar dynamics have been observed in the DRC.⁵⁰

Beyond this, peace agreements and may—or may not—reflect an underlying political settlement. Indeed, a peace agreement which is widely lauded by international policymakers may have nothing to do with a new political settlement or an elite pact. It may, in fact, disguise the ‘actual’ political bargain which (a) begins to take shape prior to

⁴⁸ Alan Boswell, Nanaho Yamanaka, Aditya Sarkar, and Alex de Waal. 2019. “The Security Arena in South Sudan: A Political Marketplace Study.” December. London: London School of Economics and Political Science and Medford, MA: World Peace Foundation.

⁴⁹ Though there are other reasons for the ethno-territorial manifestation of conflict in South Sudan, including the tactics of counter-insurgency which were employed by the government in Khartoum.

⁵⁰ Judith Verweijen, 2016. ‘Stable Instability: Political settlements and armed groups in the Congo,’ London, Nairobi: Rift Valley Institute.

the formal peace deal and (b) is then manifested in prevarication and continual renegotiation by parties during the implementation of the peace deal. The externally-mediated Agreement on the Resolution of the Conflict in South Sudan (ARCSS) is a case in point. It was significantly out-of-step with the ‘real’ political dynamics in South Sudan, when it was signed in 2015. Rather than reflecting the elite compact, it created the façade of a cooperative arrangement behind which the armed belligerents continued to consolidate their positions through tactical manoeuvres. The deal collapsed in the face of violence between the major armed groups in July 2016.⁵¹

2) *Peace processes and mediation efforts are unlikely to transform political marketplaces*

External interventions are unlikely to fundamentally change the nature of politics in political marketplaces, and peace processes are no exception. The rules of the game are sticky. These are contexts where political *unsettlement* and *ungovernance* prevail⁵²—models of political organization where legal and bureaucratic structures and frameworks kept issues in suspense by design—and where formal, legal institutions are substantively absent. Even when formal institutions of government resemble their counterparts in institutionalized political systems (‘isomorphic mimicry’⁵³), they are subordinate to the logic of the political marketplace.

3) *The way in which the mediator structures the process has consequences and risks*

The PMF surfaces the tensions inherent in, and consequences of, the formal structure that peace processes inherently impose. This is particularly visible in who is part of the process and what is under discussion, both made more legible through a political marketplace lens.

Any peace process must address organized violence. To do so, it determines what kinds of violence (by who and against whom) matters—and by implication, what kinds of violence ‘don’t matter’ (or don’t matter so much). The next step is a ceasefire, that specifically recognizes organized armed groups perpetuating violence that ‘matters’ and those actors

⁵¹ Alan Boswell, Nanaho Yamanaka, Aditya Sarkar, and Alex de Waal. 2019. “The Security Arena in South Sudan: A Political Marketplace Study.” December. London: London School of Economics and Political Science and Medford, MA: World Peace Foundation.

⁵² Christine Bell and Jan Pospisil, ‘Navigating Inclusion in Transitions from Conflict: The Formalised Political Unsettlement’, *Journal of International Development*, 29(5) (2017), 576–593; Jan Pospisil, *Peace in Political Unsettlement: Beyond solving conflict* (London, Palgrave Macmillan, 2019); Christine Bell (2020) ‘It’s law Jim, but not as we know it’: the public law techniques of ungovernance, *Transnational Legal Theory*, 11:3, 300-328, DOI: [10.1080/20414005.2020.1835261](https://doi.org/10.1080/20414005.2020.1835261)

⁵³ Greg Larson, Peter Biar Ajak and Lant Pritchett, 2013. ‘South Sudan’s Capability Trap: Building a state with disruptive innovation,’ Harvard University Kennedy School of Government, Center for International Development Working Paper no 268, October.

who control territory. Without their buy-in the process is a non-starter, but this privileges these actors over others and can result in peace agreements that are pacts to exclude certain actors. This formula can also shape future violence that is organized in anticipation of a future political resolution (i.e., as others commit precisely the kind of violence that the mediator wishes to stop, because this gets them a seat at the table and share of the gains). Thus, the template for peace can determine contours of the war, which often have devastating consequences for civilians.

Based on this, there is general consensus that inclusivity in peace processes—beyond those who control territory and the means of violence—is categorically positive. However, there is a risk that by bringing in a wide variety of actors, the mediator is effectively creating a new venue for political market deals. That is, the new structure imposed on the national actors presents opportunities for dealmaking as the more powerful political economic actors coerce, co-opt or buy off the less powerful actors, who in effect become proxies in the peace process.

4) *Reducing violence is achievable*

Even if external interventions cannot fundamentally transform political systems, pursuing the shorter-term goal of significantly reducing violence is still worthwhile and can—potentially—pave the way for larger successes by building stronger and more peaceable relationships among the participants. This more modest goal of shifting from mostly violent transactions to more stable (and somewhat peaceable) collaborations⁵⁴ does not require structural reconfiguration to achieve success. A peace process may achieve such a reduction in itself, simply by dint of providing an alternative forum for political contestation. It is notable that in some peace processes, the period of negotiation is itself characterised by reduced violence. However, as talks approach a definitive conclusion or when they exclude certain actors, they may incentivize increases in violence.

Moreover, two elements in the ‘final’ deal are critical, given that actors in turbulent political marketplaces have low expectations that relationships will become consistently trustworthy and non-violent. First, the parties to the agreement need to have an expectation that the arrangement will endure. Peacemakers are professional optimists, but the record of peace agreements falling apart after a few months or years suggests that we need to assume that the protagonists are working on the assumption that a relapse into armed conflict is possible. Given the very high costs of miscalculating on this score, we

⁵⁴ Alex de Waal, Aditya Sarkar, Sarah Detzner and Benjamin Spatz. 2020. “A Theory of Change for Violent Political Marketplaces” February. London: London School of Economics and Political Science and Medford, MA: World Peace Foundation. Ian Johnstone, 2011. ‘Managing Consent in Contemporary Peacekeeping Operations’, *International Peacekeeping*, 18.2, 168-182, pp. 172-3.

should assume that parties to an agreement will keep escape options open, probably secretly. Second, the arrangement itself needs to be structured such that it encompasses not only what the parties agreed to at the time of signing, but also uncertain future contingencies and the possibility that parties' expectations will evolve over time. For instance, a peace agreement may include (a) mechanisms which allow parties to co-exist despite fundamental disagreements, or without resolving the issues that led to conflict in the first place, (b) vaguely worded provisions which can act as a basis for future advocacy or action, and (c) the possibility for local issues to be settled outside the agreement or peace process at the national level.⁵⁵

5) *Beware of hubris*

Classic mediation strategy begins with identifying the principal belligerents and seeking agreement between/among them, using incentives and pressure to make peace more attractive. No matter the depth of skillful analysis, mediators will never understand these systems as well as those who are part of them; national actors are invariably better-informed and more adept. Additionally, external actors often have competing goals and strategies—as is the case in most of the greater Middle East today—tipping the scales further in favour of national actors. Therefore mediators must resist the temptation to use more precise sticks and different varieties of carrots try to game the political market to their advantage, because it is unlikely that they will succeed. Instead, they may be better served by aiming to achieve relatively limited goals. The relevant question here is: given the logics of change in political markets, what short term tactical bargains between conflict actors could help control levels of outright violence? In 2003, for instance, a two-year interim government was formed under the aegis of the mediated peace agreement in Liberia. Almost all government positions were distributed among the different fighting factions with the expectation that even if large scale corruption were to take place over the two-year period, many of those who were part of the interim government would not be able to participate in future elections under the terms of the peace deal. While this did not operate in isolation—and a large UN mission, the departure of Charles Taylor for Nigeria and simple conflict fatigue may each have played a role—violence did largely stop.

⁵⁵ This has been referred to as the process of reaching a 'formalised political *unsettlement*' by Bell and Pospisil. See Bell and Pospisil, *op. cit.*. For an application of this context in South Sudan see: Alex de Waal, Alan Boswell, David Deng, Rachel Ibreck, Matthew Benson and Jan Pospisil, 2019. *South Sudan: The politics of delay*. Conflict Research Programme Memo, December 3. <http://www.politicalsettlements.org/wp-content/uploads/2019/12/Politics-of-Delay-South-Sudan-3Dec19.pdf>.

6) *Mediators will be manipulated*

Conflict parties only allow in peacemakers/mediators when they believe it is in their interest to do so. Often this reflects a feeling that the external actors can be manipulated. This might mean that a party to the conflict believes they can manipulate the external actors to benefit them singularly at the expense of their competitors. In other cases, the external intervention might create incentives for conflict parties to work together—temporarily—to secure a better arrangement while waiting out the external intervention. Manipulation peace processes by belligerents seeking advantages is nothing new and mediators are well aware of it. The PMF provides a roadmap of to better understand how manipulation might occur and to either mitigate negative effects or, at least, not be taken off guard.