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Informal actors, informal influence, and economic order after war

Christine Cheng

For countries that have experienced armed conflict, the aftermath of war offers the hope of a new and transformed political and economic order. Given that the end of war is often accompanied by the promise of democratic elections, pledges of reconstruction money from the international community, the arrival of peacekeepers, and the imminent disarming of fighting factions, the months and years that immediately follow the signing of a peace treaty are inevitably full of optimism and potential. A brief, but significant window for substantial institutional change opens, and in that short-lived post-conflict moment, a new equitable political and economic order seems entirely possible. This is the tantalizing vision of the future offered by liberal peacebuilding.

This vision, however short lived, is not entirely born of naivety. Some societies, like South Africa, have witnessed a wholesale transformation of their political and economic order following the end of conflict. However, for the average citizen, the hopeful discourse generated by these kinds of expectations sits in sharp contrast to the difficulties of actually constructing such a new order. This chapter focuses on a key challenge to building such an equitable post-conflict economic order: the role of informal actors and their efforts to exploit their political influence for private gain.

In the period immediately following the end of war – the post-conflict moment – there is a unique opportunity to set a tone of economic opportunity that privileges public interests and aims for a more equitable distribution of resources. Unfortunately, this is also the same moment where informal actors can establish patterns of behaviour that harm the public interest – chiefly by taking advantage of the state’s institutional malleability at this time. Specifically, informal actors leverage three key statebuilding policies in this post-conflict window. First, the process of economic and political liberalization that often follows war gives powerful informal actors a prime opportunity to exploit their political connections for personal gain. Second, international actors’ emphasis on maintaining stability at all costs means that informal actors who can credibly incite political violence can threaten to destabilize the country if their economic interests are not looked after. Third, capacity building without understanding the linkages between formal and informal actors can actually end up undermining the state institutions being supported.
In essence, some ‘statebuilding’ policies have the opposite of their intended effect: they actually empower and legitimize forces that are harmful to the public interest. Put starkly: some statebuilding efforts do not weaken informal actors but actually strengthen them. Depending on how successfully informal actors leverage their post-conflict gains and institutionalize these patterns of misbehaviour, the long-term consequences for strengthening the capacity of the central state could be dire. Thus, one important consequence of these statebuilding policies is that they consolidate the power of informal actors and undermine genuine reforms that would have led to a more equitable distribution of resources throughout society (see Torjesen’s chapter in this volume).

 Broadly, this chapter argues that key statebuilding policies actually weaken the state by privileging the influence of informal actors and embedding economic power structures that harm the public interest. The result is entrenched inequality, reinforcing the sense that the economic order is fixed in favour of those who are politically connected. This chapter expands upon this argument by tackling the nebulous issue of informal actors in three sections. The first section interrogates and defines the concept of informal actors and examines the linkages between the formal world and the informal world. The second section introduces the concept of conflict capital and argues that after war, informal actors who have access to conflict capital will use it to shape the rules of the economic game. The third section then examines the impact of international statebuilding policies on informal actors. Specifically, the international community’s preference for internal stability, its promotion of economic and political liberalization, and its emphasis on capacity building can unintentionally support informal actors and be counterproductive for statebuilding. This section also highlights how foreign powers use their own informal influence in post-conflict societies to reap economic advantages, before offering some brief conclusions.

 Informal actors and informal influence

The concept of an informal actor is inherently woolly. In the context of this examination of post-conflict statebuilding, the term ‘informal actor’ is most easily defined in relation to what it is not – it is not a formal actor. Whereas a formal actor holds official, state-sanctioned political power and has an obligation to act in the state’s public interest by virtue of her position, an informal actor uses her formal connections to exert influence over the management of state resources and political processes, but without holding formal office in that state. For the purposes of this discussion, formal actors hold official positions in the post-conflict state. All other actors are treated as informal actors.

In the post-conflict state, the issue of what a new economic order will look like and how economic resources are to be distributed is usually not a matter that is publicly addressed. Instead, the contestation over how economic power will be shared is likely to be decided secretly amongst local elites. Out
of these parallel contests for power, an alternative power structure of informal rule can coalesce. This structure of informal actors and networks enables a symbiotic relationship with those who hold formal power: they influence and are influenced by government officials. Yet one of the key problems with informal actors is that their very nature makes it difficult to observe their actions and measure their influence.

In contrast to the relatively open theatre of formal negotiations involving key stakeholders (local and international) who are tasked with negotiating the formal political order as part of a peace process, the ways in which informal actors and networks assert their influence occurs quietly, behind the scenes. In some cases, the scale of the deals that are negotiated unofficially can substantially alter and define the post-conflict political and economic order (as with large procurement contracts or the privatization of major industries).

The fact that influence is wielded informally poses two problems: transparency and accountability. The first concern is the lack of transparency—both in outcomes and process. Informal actors exert their influence in private, behind closed doors. In effect, there may be a set of formal arrangements that are made public, but what is worrisome is that an alternate informal set of arrangements could override the formal ones in practice and the actual details of these will never be made public. Similarly, there is a concern with transparency of process. The question of exactly how informal actors actually use their influence (coercion, manipulation of their business networks, quid pro quo benefits, bribes, etc.) is not clear. Further, the involvement of informal actors makes decision-making processes that are already opaque even more impenetrable because formal actors will have strong incentives to obscure the influence of informal actors.

A second concern with informal actors is that they wield significant influence without any form of public accountability. Whereas a formal actor is accountable to the people (even if this accountability only exists on paper) an informal actor wields influence without having to answer to the public for the ways in which she influences government policies and decisions. Indeed, it may not even be possible to identify who these informal actors are—especially since they will seek to conceal their influence. While divisions of formal power are made public—as with decisions over who will control state-owned enterprises or cabinet posts—the identity of informal actors and the ways in which they exercise influence over policy outcomes remains difficult to uncover.

Despite these two concerns, it is not informality that is the problem per se. The concepts of informal actors and informal influence have no normative content in themselves. Informal influence can be used to benefit the public interest as much as to harm it. After all, informal actors also encompass family members and personal friends of public officials—relationships which in themselves do not necessarily provide cause for concern. Informal actors also constitute the most important elements of a vibrant civil society. This includes prominent religious leaders—whether they are evangelical
Christians in the southern United States or imams in the Middle East – as well as powerful corporate lobbyists and special interest non-governmental organizations. While recognizing that informal actors can positively impact the public interest, the focus of this chapter is on informal actors who act against the public interest for personal or group gain.

Although violence is not a defining feature of informal actors, it is critical to note that there is a divide between those who employ violence to achieve their goals and those who do not. For post-conflict societies, the primary concern is that informal actors who are violent will become powerful enough to challenge the state, potentially taking the country back to war. There are also other concerns: that these violent groups may come to dominate specific areas and embed themselves locally as with warlords (Reno 1998; Goodhand 2011) and extralegal groups (Cheng 2011), or that they develop into powerful organized crime groups (Farer 1999; Williams 2009a).

Over time, it is possible that the state cedes control to one or more of these violent groups, leaving politicians beholden to powerful informal actors. Under these circumstances, anyone who does not fall into line can be replaced at whim, or even killed. Even where a regime is democratic, reining in this kind of powerful informal actor may not be possible. The end result is what Bayart et al. (1999: 20–21) have termed the criminalization of the state: ‘a hidden and collective structure of power which surrounds, and even controls, the official tenants of state power’. One of the post-conflict regions that has exemplified this problem is the Balkans.

Across Bosnia, Serbia, Kosovo, Montenegro, and Macedonia, organized crime groups came to wield tremendous authority in the post-conflict years, and even today, many of them remain powerful (The Economist 2011a). In the post-conflict period, the most shocking demonstration of this power occurred when former Serbian Prime Minister Zoran Djindjic was assassinated in 2003, allegedly by members of the Zemun clan, an organized crime group. Djindjic was a political reformer who had aligned himself with security services and organized crime for the purposes of protection and financial support. Shortly before his death, Djindjic had been under intense pressure from the West to take action against his allies in organized crime. Once Milorad Luković and his Zemun clan believed that Prime Minister Djindjic was prepared to act against them, Luković had him killed (Corpora 2004; Gordy 2004). Subsequently, the Serbian government’s indictments against the Zemun clan only underscore the power of this informal actor, charging that the group:

had completely regulated ‘connections’ with various personalities from state institutions, the police, the judiciary, the prosecutors’ office, the Security Information Agency (BIA), with the president of the Serbian Radical Party Vojislav Seselj, and with the entire command of the Unit for Special Operations (JSO) which was, in fact, under their strong influence, that is under their command.4
Formal–informal relationships

In theory, there is a clear line that separates formal and informal actors, but in reality there is overlap between these categories and significant movement between them. Thus, it is important to examine the nature of the relationships between the formal and informal worlds, especially in places where institutions of the informal world play a prominent role. Indeed, in some countries, the informal world of clans, ethnic and family ties, religious affiliation, and even secret societies may be of equal importance to the formal political and economic realms that scholars are more often focused on. It is critical to remember that power, resources, and status may be derived from both the formal and informal worlds, and that influence and resources in one domain can be traded for status in another. These domains operate as part of a comprehensive ecosystem. Concentrating on the formal actors who hold official political and economic power would be the ecological equivalent of describing a forest by counting all the trees and bushes without acknowledging the role of the soil, the water, the animals, the insects, the fungi, or the bacteria that help explain how the system works as a whole. In both cases, critical elements of the system are overlooked because they are less obvious to untrained eyes.

It is understandable that scholars and international policy makers have a tendency to pay little heed to the institutions and networks of the informal world – these can be difficult to penetrate and to understand (Helmke and Levitsky 2004). Often, the nature of this influence can only be grasped if there is an understanding of the history of domestic and local politics. For those international actors engaged in statebuilding, it takes an anthropologist’s mindset to imagine how the norm of Pashto hospitality might override economic self-interest or even personal security concerns, or how considerations of status within an African ethnic group or a Somali clan might take precedence over national interest. Yet by focusing on the elements of the system that outsiders consider to be the most important, there is a real danger of misattributing the sources of stability or instability to formal domains of influence simply because they are more easily identifiable by international actors.

For example, in 2004, after the end of the civil war in Angola, key partners of China International Fund (also known as China Sonangol) successfully exploited their personal connections to President Jose Eduardo dos Santos to become the middleman for exporting Angolan oil to China (The Economist 2011b). It is estimated that billions of dollars in profit have accrued to China Sonangol. It is also alleged that the president’s son is a director of China Sonangol. This was a textbook example of how informal actors used their influence for private gain at the expense of the public interest.

In Liberia, a different example of the formal–informal relationship is exemplified by the role of Poro societies. These are secret societies that supervise and regulate ‘the sexual, social, and political conduct of all members of the wider society’ (Lavenda and Schultz 2007). Many of Liberia’s
zoës (high priests of the Poro societies) wield considerable informal influence in all domains of public and private life and have been long been used by Liberia’s leaders – including Charles Taylor – to cement their influence (Harley 1941; Ellis 1999). And yet the ways in which zoës use their informal influence is poorly understood. For instance, a zo might pose as a supernatural spirit by wearing a ceremonial mask in order to publicly reprimand a local chief who was seen to be abusing his power. As the International Crisis Group (ICG 2004: 21) aptly pointed out in a 2004 report, ‘The existence of such an important but unfamiliar element of Liberian life poses further challenges to the UN.’

The impact of informal actors

There are at least three ways in which informal actors can significantly harm the public’s economic interests: by altering the economic and political rules of the game, by charging excessive rents at the expense of the public purse, and by skewing the distribution of state resources.

As argued by Hellman et al. (2000), one of the most important ways in which informal actors can impact the new economic order is by influencing the rules of the economic game in their own favours. It is important to note that the ability to influence the setting of the rules is qualitatively different from obtaining specific exceptions to certain rules or even influencing a one-off change in a single rule. Rather, the ability to determine the rules of the game is about controlling the regulatory framework. Matters such as how commercial disputes are settled, the negotiation of tax rates, the appropriation of local land, or the setting of environmental standards are the types of technical issues that critically impact on the behaviour of corporations. Given the prevalence of corruption in post-conflict states (Johnston 2010; Cheng and Zaum 2011a), the process for setting these types of rules can easily be ‘captured’ (Hellman et al. 2000).

Informal actors may also be in a position to charge large rents, as with non-competitive bidding on concessions contracts. In other cases, informal actors can hinder economic activity by selectively influencing who does or does not get to do business in the country, leading to market monopolies and oligopolies. Those companies that are invited to do business end up paying for this privilege, and the entry ‘tax’ is passed on to customers in the prices of their goods or services. By controlling entry, prices are higher than they would be in the absence of more competition. Given the desperate financial situation faced by many states emerging from war, these excess rents are significant relative to the government budget, and are important to a state’s ability to provide public services.

The impact of informal actors also extends to the suboptimal choices that are made in the distribution of state resources. The influence of informal actors can lead to poor choices in hiring government workers, in determining which districts should receive what services, and even in prioritizing areas for reconstruction and development. All of these decisions will impact the
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Selected commercial or group interests will outweigh what is good for society as a whole. Where newly anointed government officials are more loyal to their friends and family members than the wider group of citizens they are supposed to represent, post-conflict statebuilding will prove to be an even greater challenge.

Conflict capital and the persistence of informal actors

The years immediately following the end of war are a time of optimism and momentous change. Government ministries are reorganized; new political parties are often formed and new leaders are elected; new laws are passed; new operational systems are put in place. This post-conflict window can provide a rare opening for political renewal and an opportunity to reimagine patterns of interactions between states and citizens, between public and private, and between religious and ethnic groups. At the same time, many post-conflict states also find that their institutions have been substantially weakened by war. Transitional leaders may be perceived as illegitimate, and the country may be reliant upon external actors like the UN to maintain security. Informal actors can exploit this weakness to strengthen their own position.

During this period of rebuilding and reform, informal actors can consolidate the gains they have made through the course of the war and skew the new rules to their own advantage (see Torjesen’s chapter in this volume). Once the patterns of how the state conducts its business are set, it becomes much more difficult to break out of this mould as the political situation stabilizes and the memory of war recedes into the background. As the post-conflict window closes, patterns of interaction become more predictable and the cost of disrupting these actors grows. In this way, the ‘post-conflict moment’ determines a country’s political and economic trajectory.

While governments are often weak in capacity and may lack legitimacy after war, the relative strength of informal actors – especially those who are most likely to undermine the public interest – is often rooted in their wartime activities. Informal actors who are the most likely to exert undue influence are those who did well out of war: leaders of the fighting factions; business leaders who benefited from the war economy and their close connections to the leaders of conflict parties; and local bosses and ‘big men’ who were able to cement their authority because they allied themselves with the winning side (Mampilly 2011). From their positions of privilege and power, these kinds of informal actors are able to leverage their advantage in the post-conflict moment.

But how exactly do these types of informal actors convert their wartime links into political leverage once the conflict is over? In theory, the period of conflict is imagined to be quite distinct from the post-conflict period, with an invisible line separating them. However, in practice, there is much more continuity than change in how individuals relate to one another in the aftermath of war.
One way to analyse these relationships is using the concept of conflict capital – social capital created under circumstances of violent conflict. Building on the social capital literature of Pierre Bourdieu and his colleagues (Bourdieu 1986; Bourdieu and Wacquant 1992), Robert Putnam et al. (1993: 167) define social capital as: ‘features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions’. Similarly, conflict capital is a specific derivative of social capital (Cheng 2011: Ch. 2). Conflict capital refers to these same social features, but is created out of shared experiences of armed conflict. Conceptually, it alludes not only to the intense conditions under which these bonds were formed, but also to a shared violent experience. Conflict capital emphasizes the ‘stickiness’ of the social bonds created out of war, and the ways in which relationships forged around violence are more likely to persist beyond the end of war. These include the relationships between ex-combatants and their commanders, between political leaders and private militias, or between business leaders and organized crime.

Beyond specific networks of those who commit violent acts during war, conflict capital also refers to the changed ways in which people respond to violence as a result of the war. The implication is that those individuals and communities with larger stores of conflict capital are more likely to respond to conflict by using violence (as compared to those with lower levels of conflict capital) – their threshold for the use of violence is lower. To be more specific, researchers have put forward the theory that emotional desensitization in response to violence stimulates aggressive behaviour (Carnagey et al. 2007; Huesmann and Kirwil 2007).

Like social capital, conflict capital can also be thought of as a ‘moral resource’ whose supply increases with use and decreases with lack of use. Over the course of a war, a society’s stock of conflict capital will accumulate; if faction leaders, ex-combatants, local bosses, criminal gangs, and others continue to activate it, the amount of conflict capital will continue to grow with destructive consequences. The skills, contacts, and knowledge created through the experience of war could easily find other uses in the post-civil war economy. The danger, as Jonathan Goodhand (2004) observes, is that a criminalized war economy will transform into a criminalized peace economy.

Through the course of war, many informal actors accumulate large deposits of conflict capital which they can draw on after the war. The accumulated stock of conflict capital can also be activated in a way that undermines state-building, including tacit state approval for participation in prohibited activities (e.g. narco-trafficking, hunting endangered species), abusing the privilege of patronage appointments, or selectively enforcing the law (e.g. prosecuting rivals while protecting allies).

In practice, activating conflict capital means threatening the use of force to achieve the desired ends. In Afghanistan, for example, former commander Atta Mohammed Noor successfully translated his battlefield influence and his ethnic ties into formal political power as the Governor of Balkh province (Mukhopadhyay 2009a; see Torjesen’s chapter in this volume). Yet long
before he held formal power as governor of Balkh, it was clear that Atta held
tremendous informal power. One episode that revealed the extent of his
power occurred in 2004, before he became governor.

In the spring of 2004, Hamid Karzai was attempting to assert his authority
in the north of the country. He fired many of the top officials who were loyal
to Atta or to General Dostum (a rival leader) and installed Akram Khakrizwal
as police chief and appointed 300 new police officers (Edwards and Watson
2003). When Khakrizwal purportedly began to investigate Atta loyalists’ links
to the drug industry, Atta’s fighters took over Mazar-i-Sharf’s police head-
quarters and held officers hostage. Within days of this incident, Atta was
appointed governor.

Once he became governor, Atta placed many of his former field com-
manders into positions of formal power. This coercive element of Atta’s
power and his informal reach remained highly visible to the local population.
As described by Dipali Mukhopadhyay (2009a: 536), Atta was able to use this
network to keep a close watch on anyone who might threaten his power.
Despite the fact that his fighters participated in an internationally sanctioned
Disarmament, Demobilization, and Reintegration programme, their loyalties,
identities, and values as part of Atta’s militia remained intact (ibid.: 544).
They retained obligations to Atta as Atta did to them. Even though he had
officially joined the government, Atta also maintained a level of informal
power that guaranteed his influence in the region and in Kabul.

This example of militia-leader-cum-politician Atta in the Afghan context
reveals how formal and informal relationships can be used to unleash local
violence, but also how these linkages can be used to successfully keep viol-
ence in check. Ultimately, it was the combination of securing formal and
informal power through a political bargain that led to a relatively stable and
prosperous environment in Balkh.

The impact of statebuilding policies on informal actors

Having examined how informal actors pose a challenge to post-conflict state-
building, this section will consider how the international community’s state-
building policies affect informal actors. It will show that the international
community’s overriding desire for political stability, its liberalization policies,
and its focus on capacity building can bolster the influence of informal actors
at the expense of the public interest.

Stability first

In the early post-conflict years, governments remain deeply worried about
their ability to maintain internal stability. Donors and other international
actors are similarly concerned: their first priority is to restore peace. During
this period, violent clashes may still be seen as normal, though they may be
less frequent than they were during war. For those societies that successfully
transition from war to peace, this expectation of violence diminishes and is
gradually replaced by an expectation of peace. However, once violent clashes are no longer the norm, the marginal ‘cost’ of an episode of mass violence to the country’s reputation begins to rise because such an episode signals—inwardly and outwardly—that a conflict has regressed.

From this point onwards, post-conflict governments and the international community will go to great lengths to ensure that episodes of political violence do not recur. In this volume, Anastasakis, Caplan, and Economides suggest that ‘the EU often has to sacrifice some of its normative claims for the sake of peace, a balance among the different local actors, and the rule of law’ (p. 000). Empirically, we have also seen that the threat of violence is powerful enough to silence international actors, even in the face of extreme corruption (Divjak and Pugh 2011; Kosovar Stability Initiative 2010).

The international community’s emphasis on stabilization has important knock-on effects. First, post-conflict governments become reluctant to directly confront informal actors with violent capabilities or significant conflict capital, choosing instead to concede to them or where possible, to co-opt them. Unfortunately, once informal actors come to understand why the state and the international community are reacting to transgressions with restraint, they will also realize that short of inciting political violence and destabilizing the country, they will mostly be left alone. This lack of a response from the international community signals to the local population that informal actors (especially those with violent capabilities) remain in control and that the international community is unwilling to take action against them. The emphasis on short-term stabilization has created a space that informal actors have exploited to their advantage. For the most powerful informal actors, there are no consequences to breaking the law—effectively, the law can be sidestepped in order to achieve desired goals. Christopher Corpora has argued that: ‘The perceived lack of international will directly affect the way people understand their society, providing illicit actors and alliances with a buffer zone for continued growth and reinforcement’ (2004: 63).

In Kosovo, the international community’s reticence is reflected in the reluctance of the EU Rule of Law Mission (EULEX) and the EU’s International Civilian Office (ICO) to challenge the power of certain informal actors (Cheng and Zaum 2011a; see Anastasakis et al.’s chapter in this volume). In these cases and others (Goodhand 2011; Looney 2011), the international community is not a hapless bystander, but consciously chose to placate local elites for fear of provoking a violent response. The long-term effect of mollifying powerful informal actors, however, is that corruption erodes citizen confidence in the legal system and the government itself. Some have suggested that this is what happened in Bosnia, for example (Council of Europe 2003; Cheng and Zaum 2011a).

**Economic and political liberalization**

For international actors, two of the core statebuilding policies are economic and political liberalization. These two policies form the core of the ‘liberal
peace’. Scholars of post-conflict statebuilding have long debated the merits of the ‘liberal peace’ (see discussion on pp. 000–000 in this volume), arguing, for example, that the legacies of war economies have made it particularly difficult for liberal institutions to take root (Cramer 2006; Divjak and Pugh 2011; Le Billon 2011). One reason why these institutions have such difficulty taking root is that informal actors exploit their political connections to manipulate the rules of the game. Ex-combatant leaders, key business owners, organized criminals, and other powerful informal actors combine their political influence to leverage three important advantages: stores of conflict capital, access to insider information, and substantial financial resources. This allows them to benefit disproportionately from the processes of political and economic liberalization that are part and parcel of Western- and UN-led post-conflict statebuilding.

The process of opening up a country’s political space and installing democracy (where it has not existed before) manifests itself primarily through the holding of elections. In practice, elections tend to be won by those with the most organizational capacity and the greatest funds. This means that in the aftermath of war, informal actors who accumulated conflict capital through their wartime activities will have a significant organizational advantage, especially because the stickiness of these bonds makes it easier to activate these connections. For example, they can draw on former wartime associates, they can spend funds from wartime business ventures on political campaigning, and many of these individuals will already have local, or even national, name recognition. In addition, local crime bosses and ex-combatant leaders will also be backed by coercive force. These dynamics signal to the larger population that in fact, democratization and economic liberalization only serve to solidify the gains made by wartime ‘winners’ and indeed that the rules of the post-war game have already been fixed.

It is society’s most notorious informal actors that are most likely to benefit from ‘insider information’ on land deals, privatization possibilities, lucrative procurement proposals, and all manner of government contracts and opportunities. For example, in Bosnia, nationalist elites successfully gained control of formerly state-owned enterprises in telecommunications and energy and used them to fund nationalist parties (Pugh 2004).

Even in situations where notorious informal actors opt not to run for office themselves, their money, influence, and connections can be used to support their favoured candidates. This support can result in a quid pro quo with informal actors later reaping the rewards of these political connections. In Haiti, former President Aristide was accused of protecting the drug kingpin Beaudoin ‘Jacques’ Ketant from arrest for six years after he had been indicted by the US on drug charges in 1997. Ketant claimed that Aristide was paid $500,000 each month for landing his drug shipments from Colombia on a highway near Aristide’s home (Adams 2004).

As part of the economic liberalization process, privatizing government assets also advantages local ‘bosses’ and business elites. In a post-conflict environment with weak institutional capacity, privatization creates a mechanism for
informal actors to launder and legitimize their ill-gotten wartime wealth. By way of illustration, a 2007 report by the Bosnian chapter of Transparency International referred to the ‘crooked’ privatization of Sarajevo’s Holiday Inn hotel and the Mostar aluminum plant (2007).

In most post-conflict societies, the processes unleashed by economic liberalization and democratization can pose serious problems because the same powerful pre-war and wartime elites wind up controlling a country’s political power and economic resources. Under these circumstances, the legitimacy of the new government will automatically be called into question. For example, if the same elders, faction leaders, chiefs, religious leaders, business owners, or local bosses are seen to reap the lion’s share of economic benefits in the new dispensation, then the post-conflict political order is viewed as unchanged.

This perception can be dangerous for a new government. If one of the motivations for going to war in the first place was to remove corrupt elites from power, then a newly installed government that is seen as complicit with the despised regime of the past – indirectly linked through informal actors – could have a destabilizing effect. Those who fought against the elites could ultimately decide to return to war. Under these circumstances, informal actors become a cause for concern not only for the post-conflict country but also for an international community that is deeply concerned about local stability.

**Capacity building**

Post-conflict governments, policy makers, and scholars have long emphasized the importance of building state capacity for post-conflict countries (Paris 2004; Ghani and Lockhart 2008; Fjelde and De Soysa 2009; but see Hameiri 2009). This literature developed out of a recognition that the international community was hollowing out state capacity by creating a parallel bureaucracy consisting of UN civilian staff, international NGOs, bilateral donors, and, nowadays, private contractors. While this parallel bureaucracy problem still persists, capacity-building proponents have made strengthening government institutions a cornerstone policy for international actors in post-conflict states. For example, in a major policy document, the UN Department of Economic and Social Affairs ‘considers the “nuts and bolts” of capacity-building for public service in post-conflict situations to be one of its foremost areas of concern’.

What is missing from this discourse is explicit recognition that not all government institutions are equally worthy of support and, further, that informal actors have an important role to play in the development of the post-war order. For example, Gordy points out that the investigation following the Djinjic killing uncovered that high-ranking officials in law enforcement were deeply connected to organized crime. This included the case of Milan Sarajlic, Serbia’s deputy state prosecutor at the time, who admitted to blocking legal proceedings against organized crime bosses and to thwarting...
criminal investigations against them. He also admitted to accepting €150,000
to reveal the whereabouts of a protected witness. In this case, supporting the
judiciary without knowing that the formal actor was actually beholden to a
powerful organized crime group would have only strengthened the position
of informal actors and entrenched economic power structures that are
harmful to the public interest.

If the formal and informal worlds are as deeply intertwined as this chapter
argues, then the current emphasis by scholars and policy makers on strength-
ening formal institutions and formal actors without due regard for informal pol-
itics is deeply problematic. Without a clear understanding of informal actors
and the role that they play in local politics, international actors may be uninten-
tionally entrenching economic and political institutions that are viewed as
illegitimate by the local population.

The informal influence of major powers

Finally, it is important to acknowledge that major powers – especially from
the West – have exerted their formal and informal influence on post-conflict
states in ways that have been detrimental to the public interest of those coun-
tries. Even when key Western powers intervene with humanitarian intentions
(as with the distribution of aid or the protection of civilians), it would be
naive to think that they will not subsequently use their influence to benefit
their commercial interests and impose their political values. In both the
US-led Iraq invasion of 2003 and the 2011 NATO-led intervention in Libya, a
common ‘person-on-the-street’ perception was that Western countries had
chosen to fight these wars because they had set their sights on securing access
to key oil supplies. This view of Western intentions was confirmed when UK
Defence Secretary Philip Hammond asked British firms to ‘pack their suit-
cases’ and head to Libya to secure oil and reconstruction contracts the day
after former leader Muammar Gaddafi was killed by the National Transi-
tional Council.10

Whether or not oil proved part of the motivating force for intervention in
either of these cases is beside the point given the substantial informal influ-
ence wielded by those with strong military links to the post-conflict regimes.
In Iraq, despite outward appearances of favouring non-American firms for
primary contracts, the subcontracting of oil services through the tender
process has been overwhelmingly dominated by American companies like
Halliburton, Baker Hughes, Weatherford International, and Schlumberger
(Kramer 2011). In fact, the most financially profitable part of the Iraqi con-
tracts has arguably been in contracts for oil drilling, well building, and equip-
ment maintenance. As noted by Andrei Kuzyaev, the president of Russian
firm Lukoil Overseas, ‘For America, the important thing is open access to
reserves. And that is what is happening in Iraq’ (ibid.).

The controversial awarding of a 25-year concession for a key iron ore mine
in Liberia provides another case in point. In 2005, multinational conglomera-
te Mittal Steel won the right to develop the Mount Nimba mine for an
investment of $900 million (Bermúdez-Lugo 2009). However, the process by which Mittal was chosen was fraught with irregularities and accusations of impropriety. In this case, after undertaking an open international bidding process, an Inter-Ministerial Technical Committee assessed the bids and initially awarded the contract to the firm Global Infrastructure Holdings Limited (GIHL). This decision was subsequently overturned by then head-of-state Gyude Bryant on the grounds that ‘the Project must be more widely advertised’ (Willie 2004). The Technical Committee went through the entire process again. Again, GIHL was chosen. At this point, the Assistant Minister of Labour at the time said:

the Ministry of Labor’s representative was asked by the Committee Chairman, Mr. Mulbah Willie, to change the result in favor of Mittal Steel because Chairman Bryant and the US Embassy want Mittal Steel to be the successful bidder for the award of a Mineral Development Agreement.

(Mulbah 2005, emphasis added)

Liberia’s iron ore deal reveals the delicate balance that post-conflict governments must maintain. On the face of it, it appears that the public interest has lost out to the influence of foreign interests. Yet there is also a credible case to be made that Liberia’s transitional government strategically prioritized its relationship with the US. From this perspective, even though Mittal’s bid might not have been the most competitive on economic grounds, it is possible to reasonably conclude that the Liberian government may actually have been acting in the public’s best interests. American support was required on too many other fronts to risk jeopardizing this relationship.

In addition to problems with the bidding process, the agreement itself also sparked controversy because the terms of the deal were deemed to heavily favour Mittal (Global Witness 2006; Cook 2007; Bermúdez-Lugo 2009). The contract was later reviewed and renegotiated under the auspices of GEMAP, a programme that, ironically, Western donors themselves had forced on Liberia as a response to its problem of pervasive corruption.

While Mittal won the bid in the end, this process reveals the inherent tensions between the West’s purported good governance agenda and its political and corporate interests. On the one hand, Western powers demand that post-conflict governments take decisions offering the greatest public benefit; on the other hand, these same powers will lobby as hard as they can for the commercial and political interests of their own countries. Post-conflict governments are stuck in a Catch-22.

Expecting powerful states to cede the advantage of their informal influence in a post-conflict period is unrealistic. As China, India, and other emerging countries wield increasing economic clout and become more actively engaged in post-conflict countries, the pressure on major powers to exploit their informal influence when strategic and political interests are at stake will only intensify. Even where powerful countries consciously avoid pressuring post-conflict governments into giving them preferential
treatment, those responsible for a peaceful transition will still feel vulnerable to the implicit threat that military or political support could be withdrawn in the absence of a quid pro quo deal. Given the importance of external support in these conditions, post-conflict governments will struggle to balance the overall long-term public interest of their societies with the short-term imperative of managing relations with powerful international actors.

Conclusion

This chapter has focused on the role of informal actors, defining what they are and establishing why they are critical to the post-conflict period. It describes how the conditions of the post-conflict moment allow informal actors to exploit their political connections for private gain. It then demonstrates how three key statebuilding policies – stability, liberalization, and capacity building – can actually strengthen informal actors and undermine the public interest. In each case, informal actors can and have leveraged their influence to take advantage of these processes in a way that entrenches inequality between those who are politically connected and those who are not.

To the extent that many of these informal actors are also in a position to exploit their conflict capital, their financial capital, and their access to insider information, it is also possible to fix the rules, regulations, and processes entirely in their own favour. The exceptional malleability of a post-conflict government’s institutions means that informal actors have an opportunity to shape the political and economic realms in ways that provide substantial private benefit to informal actors, often at the expense of the public interest. These new patterns of interaction will define the future of state–society relations.

Fundamentally, informal actors are not accountable for their actions. It is difficult to hold to account informal actors who wield power and make decisions that affect the public welfare when the identities of these individuals cannot even be confirmed and their actions are not documented. In a post-conflict environment where hearsay and speculation often pass for evidence, one thing that can be done by post-conflict societies is to closely monitor key individuals in power and publicly scrutinize all major important decisions. While improved transparency and accountability by themselves are unlikely to directly improve short-term outcomes, forcing these processes open for public inspection and discussion should at least stimulate a debate about acceptable standards of behaviour for formal actors. While eliminating the influence of the most notorious informal actors in a post-conflict environment may be impossible, mitigating their negative impact is well within the reach of post-conflict governments and international actors.
Notes

1 Although the ‘international community’ is often associated with Western powers, I use it here in the broadest sense, to include those from developed and developing countries who are active in post-conflict situations. The term is intended to encompass state actors, international organizations, regional organizations, bilateral agencies, international NGOs, and foreign businesses. In this chapter, it refers to all external actors.

2 Thanks to Dominik Zaum and Mats Berdal.

3 This delineation poses some problems. For example, diplomats from other countries who are lobbying for their country’s interests are categorized as informal actors. Similarly, foreign corporations and international organizations are also considered informal actors. This chapter emphasizes how these actors exert their informal influence.


5 It is not uniformly true that state institutions emerge out of civil war in a weaker state. For example, see Sri Lanka and Uganda.


7 See also Cheng and Zaum 2011a.

8 See for example Donais 2004 for a discussion of this in the context of privatization in Bosnia.

9 UN Department of Economic and Social Affairs (2007), Building Capacities for Public Service in Post-Conflict Countries, UN doc. ST/ESA/PAD/SER.E/121, 4.


11 One of the successes claimed by GEMAP is that the terms of the Mittal deal were successfully renegotiated, increasing the company’s investment from $900 million to $1.3 billion.

12 The Liberian transitional government’s defence in court claimed that the process for awarding the concession was ‘a political process exclusively within the domain of the Executive Branch of Government’. See Global Infrastructure Holding Limited 2005.