

Conflict Recurrence in Resource Wars
Understanding the Motivations Behind the Breakdown of
Peace Agreements in Petroleum Wars

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Abstract

Through quantitative analysis Siri Aas Rustad and Helga Malmin Binningsbø, in their 2012 joint study 'A price worth fighting for? Natural resources and conflict recurrence', find that there is a significant correlation between conflict recurrence and conflicts over natural resource revenue distribution. This paper takes this study and tests whether their quantitative findings can be applied to two cases. The aim of this paper is to gain a greater understanding of the motivations of actors who spoil peace agreements concerning petroleum conflicts. The motivations tested are economic grievance over distribution of oil, greed displayed by belligerents wanting a greater share of wealth than they are entitled to, and political motives of actors who use a recurrence of conflict to achieve or promote their political goals. The two case studies considered are the Aceh conflict concerning the breakdown of the 2002 Cessation of Hostilities Agreement, and the Chechen conflict featuring the breakdown of the 1996 Khasavyurt Agreement and the peace process thereafter.

Key Words: Conflict Recurrence, Peace Agreement, Spoilers, Aceh, Chechnya, Greed, Grievance, and Political Motives.

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Introduction

“Oil, in itself, is neither a blessing nor a curse, but simply a black viscous material”¹

Mary Kaldor, Terry Lyn Karl & Yahia Said

In its simplicity, the above quote, from the collective work of Mary Kaldor, Terry Lyn Karl and Yahia Said on oil wars, alludes to the complex question of why oil has been so fervently linked to the causes of both inter-state and civil wars. In 2011, a figure just shy of 13 million kilotonnes of oil equivalent was employed for energy use worldwide.² Energy production has become big business with major profits to be made from the extraction of petroleum with the pump price of gasoline increasing from \$0.8 (USD) in 2004 to \$1.4 (USD) in 2012.³ For underdeveloped states in the twenty first century, finding oil within your territory is like striking black gold. The revenues from extraction and the foreign direct investment it attracts can lift the country and its citizens out of poverty and economic despair.

Sadly, for many resource rich developing countries, this has not been the case. Michael Ross observes four general characteristics of states that are dependent on natural resource exportation; slow economic growth; high poverty rates; high corruption levels; and authoritarian governance.⁴ This phenomenon has often been cited as the ‘resource curse’ by scholars and politicians alike, and can be attributed to natural resources such as oil, diamonds and timber.

Oil exploration and extraction has been associated with increased corruption, conflict and environmental degradation. The competition for the control of oil can be directly linked to millions of deaths across the Middle East, Africa, South America and Eurasia. As Terry Lyn Karl argues, oil is unique and different in its characteristics (compared to other natural resources), and in the role it plays in the causation and continuation of conflict.⁵

Previous literature on resource wars has been dominated by scholars attempting to derive the link between natural resources and the causes and duration of conflict. Little work has been done however on the relationship between natural resources and the cessation of war. Many scholars have observed that resource conflicts are often ended by military victory, either by the state or the rebel group, but little attention has been paid to resource war

¹ Kaldor, Mary, Karl, Terry L. & Said, Yahia (2007), ‘Oil Wars’, *Pluto Press*, p.12

² Worldbank.org, Data, <http://data.worldbank.org/topic/energy-and-mining>, last seen 04/12/2014

³ Ibid.

⁴ Ross, Michael L. (2004), ‘What Do We Know about Natural Resources and Civil War?’, *Journal of Peace Research*, 41:3, p.350

⁵ Karl, T. L. (1997), ‘The Paradox of Plenty: Oil Booms and Petro-states’, *Berkeley University of California Press*, pp.46-49

termination via a peace agreement. Peace agreements in themselves are an interesting topic of discussion, with their sudden rise in popularity following the conclusion of the Cold War and the habitual conflict recurrence that generally follows. Depending on different studies between a quarter and a third of wars post-1945, terminated by a negotiated peace agreement, recur within five years of the signing of the agreement.⁶

In their joint article ‘A Price Worth Fighting For? Natural Resources and Conflict Recurrence’ Siri Aas Rustad and Helga Malmin Binningsbø find that peace periods after natural resource conflicts are 41.4% shorter than peace periods after non-natural resource conflicts.⁷ Through quantitative analysis they find that there is a significant correlation between conflict recurrence and conflicts over natural resource revenue distribution.⁸ They conclude that conflicts with natural resource (revenues) distribution mechanisms are more likely to resume than conflicts without distribution mechanisms.⁹

This paper questions Rustad and Binningsbø’s study in two respects. First it challenges their findings regarding mechanisms for the recurrence of war. It attempts to explore the question of whether oil conflicts recur due to disagreements concerning the distribution of revenue into greater detail than Rustad and Binningsbø do in their study. Secondly it questions Rustad and Binningsbø assumption that the recurrence of conflicts are likely to be caused by the same mechanisms in which ignited the initial conflict. The research question for this paper is therefore the following:

To what extent is the economic grievance over the distribution of petroleum revenue the main motivation behind the breakdown of peace agreements in petroleum conflicts?

This is an important question as not only does it contribute to a relatively untouched field of work within the academic sphere, it also has real world significance. With oil and gas becoming more and more potent world commodities, it is likely that petroleum wars will continue to emerge throughout the developing world as technological advances help find and extract new oil and gas sources. With the continuing rise of the Chinese economy and their own exploration for new resources, alongside the upheaval in oil rich countries such as Iraq and Libya, it is likely that oil wars will become more prevalent in the future, rather than diminish into history.

⁶ Call, Charles T. & Cousens, Elizabeth M (2008), ‘Ending Civil Wars and Building Peace: International Responses to War Torn Societies’, *International Studies Perspectives*, 9, p.3

⁷ Rustad, Siri Aas & Binningsbø, Helga Malmin (2012), ‘A price worth fighting for? Natural resources and conflict recurrence’, *Journal of Peace Research*, 49:4, p.540

⁸ Ibid. p.541

⁹ Ibid. p.542

This paper will attempt to answer the research question by first giving an overview of the links between natural resource abundance and conflict, with a special focus on petroleum as a natural resource. The literature review will further cover how States implement schemes for the distribution of resource revenue and how these policies can lead to the occurrence of violence and grievance. This will be followed by a summary of the differing motivations for war.

Based on the literature review this paper will derive a number of hypotheses which it will test against two case studies before concluding. The case studies chosen for this study are the recurrence of conflict after the Cessation of Hostilities Agreement (COHA), signed in December 2002 between the secessionist group GAM and the Indonesian government in the northern region of Aceh in Indonesia. The second case study concerns the recurrence of conflict in 1999 Chechnya following the brief peace brought about by the Khasavyurt Agreement in 1996 between the leaders of the Chechen rebel movement, and the Russian government. Based on the findings from the study conducted by Rustad and Binningsbø, it is the pre-supposed inclination of this thesis that economic grievance over resource revenue distribution play a significant role in recurrence of violence in petroleum wars.

Literature Review

The Resource Curse

Countries with large oil or other natural resource reserves often fall under the category of a 'rentier' state, which is a state who gains a prominent proportion of its national income from the rent of local resources that it exports to foreign states. Michael Ross argues that the rentier nature of these States can often breed the conditions for conflict, especially separatist or ethnic driven conflict. According to Ross, these rentier states, due to the large revenues they receive from natural resources, do not rely on taxes from their citizens.¹⁰ The lack of taxes impedes democracy which in itself impedes the fair distribution of public goods such as education, healthcare and income.¹¹ Ross observes four traits in rentier States; authoritarianism, high levels of corruption, low education levels, and slow economic growth.¹² When you couple these characteristics with the potential prize fund of controlling future natural resource exportation, this gives domestic groups the perfect environment to

¹⁰ Ross, Michael L. (2004), 'What Do We Know about Natural Resources and Civil War?' p.351

¹¹ Ibid.

¹² Ibid. p.350

initiate conflict and seize the rents for themselves.¹³ According to Ross, these movements are more likely to occur when there is a high concentration of resources in one area.¹⁴

Mary Kaldor, Terry Lyn Karl and Yahia Said focus the ‘resource curse’ argument in particular on States that enjoy high rents from oil. Much like Ross, they argue oil dependent states enjoy certain characteristics which create the potential for the outbreak of conflict. The national income generated in oil rentier States is composed not from household income (taxation) but from oil revenue or rent, this means the State gains money not from labour productivity but from the quality of the land.¹⁵ Due to the high capital (rather than labour) intensity that oil production ensues, the government has no incentive to care about the education and employment of its citizens as it can employ a small amount of more experienced foreign workers to work on the oil fields instead.¹⁶ Furthermore, oil prices are characterised with high levels of price volatility, making oil rentier States more vulnerable to periods of boom and bust than other economies.¹⁷ This lends to oil rentier States having to bespoken greater budget discipline and state planning, which again could aggravate local animosity towards the central government.¹⁸

Altogether Kaldor, Karl and Said come to the conclusion that oil rents weaken and hollow out State institutions through lack of legitimacy and accountability, causing growing grievance.¹⁹ These grievances are based on the influx of specialist foreign workers employed in the oil fields, degradation of environment, lack of local employment, and localised inflation from the oil enclave.²⁰ The authors observe an element of greed in the opportunism to gain control of oil rents and the private ambition for the large profits oil brings.²¹ Kaldor, Karl and Said also note that geographically, when oil is centralised and close to government, rebels will likely attempt a coup d’état, whereas when it is distant from the capital a secessionist movement is more likely to arise.²²

Scholars Tim Wegenast and Matthias Basedau link the onset of resource conflict with ethnic identity. They argue that both ethnic diversity and natural resources can provide the motive and opportunity for armed conflict, often easing any co-ordination problems with

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Kaldor, Mary, Karl, Terry L. & Said, Yahia (2007), ‘Oil Wars’, ‘Introduction’. P.12

¹⁶ Ibid. p.13

¹⁷ Ibid. p.14

¹⁸ Ibid. p.22

¹⁹ Ibid. p.23

²⁰ Ibid.

²¹ Ibid. p.20

²² Ibid.

rebellion.²³ Ethnic identities form recruitment pools for potential rebels, particularly when the involved ethnic groups feel marginalized politically, economically or socially.²⁴ Wegenast and Basedau argue that natural resource production can create ecologically, socially or revenue-related grievances, which overlies with ethnic-based hostility, thus increasing conflict risks.²⁵

The authors go on to claim that, whenever natural resources are present, ethnic diversity may actually lead to a higher potential for civil war.²⁶ They link oil to the “production of systematic economic, political and/or social inequalities between groups, such as the unequal distribution of oil rents, forced migration, environmental damage and the loss of land rights.”²⁷ They propose that oil production areas are commonly concentrated geographically and relatively small groups are likely to develop a right of ownership regarding ‘their’ oil.²⁸ In conclusion to their findings, they find that oil significantly reinforces the violence-enhancing effect of fractionalization.²⁹ They find that the more dependent a country is on oil, the more intense the relationship is between ethnic groups and resource conflict.³⁰ Overall their findings underline the assertion that resources such as oil may provide additional motives and means for ethnic rebel groups to take up arms.³¹

First we have seen how Ross makes the link between rentier State characteristics and increased domestic hostility, Ross’s work is then added to by the findings of Kalder, Karl and Said who focus solely on States dependent on oil revenues. Finally Wegenast and Basedau link the characteristics of an oil dependent State to ethnic driven hostility. These scholarly works are useful in that they highlight the causes of hostility, but fail to really account for how that hostility leaps forward into violent conflict. This paper aims to fill this gap. Considering the above literature concerning the natural resources of oil and gas, it will focus on these two products of petroleum extraction, rather than other resources such as diamonds or timber, and their relation to conflict recurrence.

²³ Wegenast, Tim C. & Basedau, Matthias (2014), ‘Ethnic fractionalization, natural resources and armed conflict’, *Conflict Management and Peace Science*, 31:4, pp..433-439

²⁴ Ibid. pp..433-439

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid. p.437

²⁸ Ibid.p.439

²⁹ Ibid. pp..433-439

³⁰ Ibid.

³¹ Ibid.

The Distribution of Revenue

In their article on the relationship between natural resources and conflict termination Rustad and Binningsbø consider three different mechanisms that link natural resources to conflict recurrence; disagreements over natural resource (revenue) distribution, creating financial opportunities for rebels, and aggravating ongoing conflicts through other roles than distributional claims or funding sources.³² The results show a strong correlation between conflict recurrence and disagreements over natural resource revenue distribution, but surprisingly not for funding of rebels or further aggravation mechanisms.³³

In ‘The Political Economy of Peacemaking’ Achim Wennmann sets out various distribution schemes available to a state. According to Wennmann, there are two structures of distribution; centralised distribution and decentralised distribution. Centralised distribution, as the name suggests, “involves central governments making ownership claims and right to profit due to collective ownership of resources”³⁴. In contrast, decentralised distribution is where revenue is re-patronised to the local or regional authorities to cover the cost of negative externalities that accompany resource extraction or exploitation of local lands.³⁵

These distribution mechanisms can undermine a peace process and lead to their breakdown or collapse. This paper has identified two mechanisms within the literature in which one could link revenue distribution mechanisms with the breakdown of a peace process;

- *Fragmentation mechanism*: “A mixture of economic interests and distrust over resource revenue sharing within armed groups leads to a breakdown of discipline and allegiance switching, or the crowding out of ideologically driven belligerents by opportunistic ones”.³⁶
- *Central-Periphery resentment mechanism*: Excessive centralisation can aggravate further separatist mobilization and encourage lack of trust.³⁷

³² Rustad, Siri Aas & Binningsbø, Helga Malmin (2012), ‘A price worth fighting for? Natural resources and Conflict Recurrence’.

³³ Ibid.

³⁴ Wennmann, Achim (2011), ‘The Political Economy of Peacemaking’, *Routledge*, p.79

³⁵ Ibid.

³⁶ Le Billon, Philippe & Nicholls, Eric (2007) Ending ‘Resource Wars’: Revenue Sharing, Economic Sanction or Military Intervention?, *International Peacekeeping*, 14:5. p.614

³⁷ Wennmann, Achim (2011), ‘The Political Economy of Peacemaking’

If this thesis is to come to the conclusion that disagreements over the distribution of natural resource revenue causes the breakdown of peace agreement, there must be evidence of at least one of these two mechanisms. These mechanisms must also be directly attributed to resource revenue distribution and not other disagreements such as the role of religion, political autonomy or military strategy.

This section of the literature review is important as it sets the foundation of what we are looking for, within the case studies, if economic grievance over the distribution of oil rent is to be found as the main motivation for the recurrence of conflict. Wennmann's overview of the different means to distribute rent is important, as it offers a background explanation as to whom local grievances can be aimed towards (central government and other local authorities).

Greed, Grievance and Political Motives

It is important, within this thesis, to understand the background motives that drive actors to initiate conflict. Current literature focuses on three motives; Greed, Grievance, and Political. Based on the findings in the Rustad and Binningsbø study, one would conclude that conflict occurrence in petroleum wars is likely to be caused by economic grievance. However if this paper is to find that assertion to be true, it must also take account of other motives, and subsequently reject them through its findings.

In their seminal work 'Greed and Grievance in Civil War' Collier and Hoeffler use quantitative analysis to determine the general reasons behind the outbreak of civil wars over the course of the second half of the twentieth century. Their results are conclusive in that they find a positive correlation between the outbreak of wars based on greed indicators and no correlation between the outbreak of war and grievance indicators.³⁸ They offer two factors of interest. The first indicator is that primary commodity exports substantially increase conflict risk.³⁹ The potential finance and profit from these exports increases the benefits of entering war. The second indicator is a low level of education and income among young males within the population. In this case young males feel their future will be brighter after the outbreak of war and the potential spoils conflict brings.⁴⁰ On the other hand Collier and Hoeffler find

³⁸ Collier, Paul & Hoeffler, Anke (2004), 'Greed and Grievance in Civil War', *Oxford Economic Papers*, 56:4

³⁹ *Ibid.* p.569

⁴⁰ *Ibid.*

most proxies for grievance were insignificant, such as inequality, political rights, ethnic polarization, and religious fractionalization.⁴¹

Alternatively, one proponent of grievance as a motive for conflict is David Keen. Inspired by the work of Frances Stewart, Keen objects to Collier and Hoeffler's findings, arguing that grievances are often interwoven with greed, and are potentially the catalyst in radicalising agents to the point of violence. Keen encompasses Stewart's theory that horizontal inequalities can often explain outbreaks in conflict.⁴² Collier and Hoeffler focus on vertical inequalities, that is inequality between individuals and households, whereas Keen and Stewart emphasize horizontal inequalities among groups.⁴³ They allude to resource conflicts in particular as being motivated by horizontal inequalities, which lead to local level or separatist conflicts.⁴⁴

A final lens in which to view the underlying motivations of resource wars goes beyond the greed versus grievance debate. This viewpoint requires us to take a step back in history and look at conflicts through the eyes of the 19th century Austrian Major General Carl von Clausewitz. Clausewitz saw wars being used mainly as a political instrument, or "a mere continuation of policy by other means".⁴⁵ Clausewitz understands politics as "the collective strengths and weaknesses of a body of people, to include its resources, alliances and treaties, and its own decision-making processes as well as the skill and personalities of its policy makers."⁴⁶ In this sense, actors may view a peace agreement as a weakness within their political makeup and thus choose to undermine it. They could also view natural resources as a potential source to strengthen their political standing and thus re-engage in conflict in order to attain and control them.

Isabelle Duyvesteyn augments Clausewitz's theory to fit contemporary conflicts, arguing that local or rebel factions often initiate war for political reasons, rather than for greed or grievance.⁴⁷ Duyvesteyn puts forward the view that though there are elements of ethnic rivalry and economic interests motivating war, "they only play a role in combination with, if not subjected to, the political interests of the protagonists involved in the fighting."⁴⁸ In reference to resource conflicts, Duyvesteyn makes the case that they are not simply

⁴¹ Ibid.

⁴² Keen, David (2004), 'Greed and Grievance in Civil Wars', *International Affairs*, 88: 4

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Echevarria II, Antulio J. (2003) 'Globalization and the Clausewitzian Nature of War, The European Legacy: Toward New Paradigms', 8:3, p.321

⁴⁶ Ibid.

⁴⁷ Duyvesteyn, Isabelle (2000) 'Contemporary war: Ethnic conflict, resource conflict or something else?', *Civil Wars*, 3:1

⁴⁸ Ibid. p.93

motivated by economic goals, but predominately by political goals instead. Gaining control of resources and their revenues can be used by rebels to finance their army and keep their war machine going.⁴⁹ Economic grievance amongst the local population can also be used by rebels as a recruitment mechanism, playing on civilian dissatisfaction to bolster their number of troops and increase the rebel's chances of winning the war.⁵⁰

The works of Collier and Hoeffler, alongside that of David Keen, highlight the importance of greed and grievance as motivations for conflict. Isabelle Duyvesteyn then reintroduces political motives into the greed and grievance debate. These three motives stand out strongly within the literature on resource conflicts and conflict recurrence. The three mechanisms used by Rustad and Binningsbø can be related to each motivation; were disagreement over distribution refers to grievance, funding opportunities can be linked to greed, and aggravation of ongoing conflict can be related to political motives. The next section of this paper will set out how these motivations will be operationalised and tested.

Theoretical Framework

Based on the current literature on the motivations of conflict and the characteristics of resource wars, this paper will test the research question using three hypotheses. The first hypothesis is the central hypothesis, which follows on from the quantitative findings of the Rustad and Binningsbø study. The two other hypotheses are used as alternative explanations for understanding the main motivations leading to the breakdown of the peace agreement and its process. Two mechanisms are attached to each hypothesis and act as indicators for that particular motive.

In his work on greed and grievance David Keen finds that horizontal inequalities can aggravate local resentment to the point of violence and rebellion. Horizontal inequalities refer to those suffered between groups. It is easy to make the connection between Keen's findings and that of Rustad and Binningsbø, as one can infer that economic grievance over the distribution of resource revenue can occur if a marginalised group is resentful towards a elite or governing group who are gaining all the benefits from resource rents. This can especially be the case when the marginalised group in question has heritage rights over the land in which the natural resource is extracted. The central hypothesis is therefore;

⁴⁹ Ibid.

⁵⁰ Ibid.

H₁: The main motivation leading to the recurrence of war is economic grievance over the future distribution of petroleum revenues.

If this hypothesis is found to be true, this paper must find evidence of at least one of the two mechanisms alluded to in the literature review; fragmentation and central-periphery resentment.

The second hypothesis in this paper concerns the motivation of greed in resource conflicts. Like with the motivation of grievance, this paper has focused the motivation of greed into two mechanisms based on the literature review. The first mechanism is the Domestic Conflict Premium mechanism, identified by Macartan Humphrey. The domestic conflict premium mechanism is the “increased likelihood of spoilers to a peace agreement who want a greater share of the profits than what they are entitled to”.⁵¹ According to this mechanism greedy spoilers could be internal actors who are demanding above their fair share of benefits from the agreement. Likewise they could be external actors whose only access to profits and wealth is in the environment of conflict. These are likely to be criminal actors.

The second mechanism regarding greed is taken from the Rustad and Binningsbø article, and is the Source of Funding mechanism. The Source of Funding mechanism relates to actors who gain income or funding directly due to the conflict, and undermine the peace process because a settled peace would cut off this source of funding. This mechanism encompasses military personnel being paid for security, politicians being sponsored to engage in conflict or rebels funded to commit terrorist attacks.

In essence, greedy spoilers are actors who undermine the peace process for selfish reasons. They feel a return to conflict is likely to increase their own financial interests, even if it is not in the interest of all other actors. In order to conclude that the motivation of greed played a significant role in the recurrence of conflict, this paper must observe evidence of either the Domestic Conflict Premium mechanism or the Source of Funding mechanism. The second hypothesis is therefore;

H₂: The main motivation leading to the recurrence of conflict was greed displayed by spoilers to the agreement.

⁵¹ Humphreys, Macartan (2005) ‘Natural Resources, Conflict, and Conflict Resolution: Uncovering the Mechanisms’, p.516

The third hypothesis concerns the political motivations of actors involved in the conflict. Based on the writings by Major General Carl von Clausewitz, and then augmented by Isabelle Duyvesteyn, peace agreements can potentially break down due to political manoeuvres by faction leaders or the government.

This paper attaches two mechanisms to political motivation. The first mechanism is the Political Support mechanism. This refers to actors undermining the peace process in order to increase their own political support. Political support can be interpreted in two ways. The first is to use the recurrence of conflict to increase your public support, either to win an election or increase your legitimacy. The second attachment to political support mechanism is to re-engage in war to build ties with political, religious or general interest groups. An example of such interest group could be a political party, the military or a religious church. The second mechanism is the Monopoly of Power mechanism. This refers to groups causing the recurrence of war because they want to achieve the monopoly of violence or political power in the region. This could be a rebel faction hoping to gain full autonomy or secession, or the central government attempting to finally squash a rebel movement.

If political motivations are found to be the main motivation behind the recurrence of conflict in the two case studies, then one of these two mechanisms must be present. The third hypothesis is therefore;

H₃: The main cause of the recurrence of conflict was the actions by leaders of either side made for political gains.

In their article Rustad and Binningsbø test three mechanisms, one for each motivation of greed, grievance, and political. This paper on the other hand tests six different mechanisms; two each for grievance, greed and political. As this study uses qualitative research, it is able to delve further into the question of what truly motivated the actors to re-engage in war, whereas Rustad and Binningsbø were restricted in their quantitative study. It is also important to test a greater number of mechanisms in order question Rustad and Binningsbø's assumption that the cause of the first conflict is likely to be the same cause of the recurrence of conflict. By going into greater detail regarding each motivation, this paper will be able to conclude whether economic grievances of natural resource distribution play a significant role in conflict recurrence.

Research Design

Dependent Variable: The dependent variable in this study is conflict recurrence. This occurs when the peace agreement previously agreed to by warring parties breaks down and the resumption of violence rises to similar levels of the previous war within a short period of time.

Independent Variables: There are three independent variables, each concerning a particular motivation for undermining a peace agreement. The first is economic grievance due to a disagreement over the distribution of revenue from petroleum extraction and sales. The second independent variable is the element of greed which can be measured by observing the actions of greedy spoilers (actors who claim more than are entitled to) within the peace process. The last independent variable studied in this paper is political motives and actions. These are actions that are deliberately made to increase a faction's or leader's political standing. This could include public popularity or a push for absolute rule over a region.

Data Collection and methods of analysis: Through the use of process tracing using an in depth small N study case analysis, this thesis aims to derive the level of influence economic grievances have on the failure of peace agreements in petroleum wars. It uses secondary sources such as newspaper articles, published scholarly work, and NGO reports to gain an in depth understanding behind the causes of peace agreement failure within the case studies.

Case Selection and Justification: The two cases chosen for this thesis are two failed peace agreements in conflicts deemed oil wars. The first case study is the failure of the Cessation of Hostilities Agreement (CoHA) signed on the 9th of December, 2002 concerning the conflict between 'Free Aceh Movement' (GAM) and the Indonesian government based in the oil rich region of Aceh. The Free Aceh Movement is a separatist movement who claim rights over the large oil reserves in the Aceh region. The conflict has run from the late 1970's and was brought to a situation of hostile peace after the region suffered large scale devastation from the Boxing Day tsunami in 2004.

The second case study selected is the failure of the 1996 Khazavyurt peace agreement between Chechen rebels and the Russian government. The Chechen war is another secessionist movement with a long historical background, in a region where significant oil fields and pipelines are found. The first modern conflict ran from 1994-1996, with the

conflict recurring in 1999 after the rise of Vladimir Putin as Russian president. The conflict continues to plague the region to this day.

These cases have been chosen for a number of reasons. First, they were both included in the database for the Rustad and Binningsbø study, justifying them as resource conflicts with significant oil and gas reserves. Secondly, both are conflicts driven by strong ethnic identity and are conflicts with a history of centre-periphery grievances. Based on the findings of Tim Wegenast and Matthias Basedau on the strong correlation of oil extraction, ethnic identity, and conflict, this paper argues that conflicts which involve a strong ethnic identity and grievance are most likely to involve disagreements over natural resource revenue distribution, as local actors have stronger attachment to land. This makes the cases of Chechnya and Aceh, ‘most likely’ cases in this study. Last but not least both involved a negotiated agreement, signed by both sides, which ultimately failed after a recurrence of war within 5 years of the original peace agreement.

Both the Aceh and Chechnya case are most likely cases for economic grievance over the distribution of oil revenue to occur and be the main motivation for the recurrence of conflict in these regions. Political and economic power in both Russia and Indonesia is highly centralised, giving reason for any economic grievance from regional ethnic groups. The reasoning behind analysing two most likely cases, and not one, is to give the study greater depth and the findings added precedence.

Aceh Conflict and the breakdown of the Cessation of Hostilities Agreement, 2002

Brief Historical Overview

Aceh is a historical region, located in the north east tip of Indonesia, on the island of Sumatra. It is historical in the sense it is the believed birthplace of Islam in Indonesia and has a rich heritage, dating back thousands of years. Populated by an Acehnese ethnic majority, Aceh is also a resource rich region of Indonesia, being home to 10% of Indonesia’s oil reserves and the Arun gas fields, one of the largest natural gas fields in the world.⁵²

There has been three eras of note before the current conflict in Aceh. The first era was dated between 1524 and 1873 and was characterised by the fight for control over the Malayan world.⁵³ This era included the seventeenth century ‘Golden Age’ of Aceh in which the

⁵² Herbst, Jeffrey, McNamee, Terence & Mills, Greg (2012), ‘On the Fault Line’, *Profile Books*, p.109

⁵³ Barter, Shane Joshua (2008), ‘Resources, religion, rebellion: the sources and lessons of Acehnese Separatism’, *Small Wars & Insurgencies*, 19:1, pp.39–61

Acehnese won a series of wars against the European powers and Islamic principles were implemented across the region.⁵⁴ The second era of note was from 1873 to 1943, which was dominated by the Dutch invasion and the subsequent struggles for independence.⁵⁵ The Dutch invasion was described as the ‘biggest, bloodiest, costliest military operation in Dutch colonial history’ as the Dutch, in response to Acehnese defiance to their rule, committed a number of atrocities to both Acehnese citizens and tradition.⁵⁶ In 1949, the Dutch transferred sovereignty over the region to the central Indonesian government.⁵⁷ This transfer of sovereignty led Aceh into a third epoch of history.

Before the Dutch handed over sovereignty to the Indonesian capital, Aceh had been formerly part of the ‘State of Aceh-Sumatra’, separate from the rest of Indonesia. The transfer of power was therefore seen as an illegal reassignment of sovereignty to yet another colonial power, this time being the Javanese.⁵⁸ This grievance led the Acehnese leadership to enter the Darul Islam (House of Islam) rebellion in 1953, against the secular Indonesian government.⁵⁹ The Darul Islam rebellion diffused with political and cultural concessions offered to Aceh in 1959.⁶⁰ Part of those concessions was to give the Aceh region ‘special statuses, allowing the region to be ruled by Islamic law and values.’⁶¹ This special status was neither upheld nor respected by the Indonesian government in the years that followed.

The year 1976 saw the return of Hasan di Tiro to Aceh, a former overseas representative of the Darul Islam rebellion and businessman, keen to fulfil his family tradition of rebellion against colonial powers in Aceh.⁶² With a handful of supporters Hasan di Tiro declared Aceh an Independent republic on the 4th of December 1976 and created the Gerakan Aceh Merdeka (Free Aceh Movement) or GAM to rid the region of the Javanese colonialist.⁶³ Di Tiro’s original uprising however was unsuccessful. In the late 1970’s the Indonesian authorities performed a large scale crackdown on GAM activities, shutting down their operations.⁶⁴ The uprising was foiled and its leaders were exiled abroad.

Despite its failure, the original uprising was deeply rooted in economic grievance over the exploitation of Aceh’s natural resources and the environmental degradation it caused.

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Ibid. p.40

⁵⁷ Herbst, Jeffrey , McNamee, Terence & Mills, Greg (2012), ‘On the Fault Line’, p.104-119

⁵⁸ Ibid.

⁵⁹ Barter, Shane Joshua (2008), ‘Resources, Religion, Rebellion: the Sources and Lessons of Acehnese Separatism’

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Tan, Andrew T.H (2007), ‘A Handbook of Terrorism and Insurgency in Southeast Asia’, *Edward Elgar Publishing Limited*.

⁶³ Ibid.

⁶⁴ Ibid.

There are arguments that di Tiro's own failure to gain a contract in the Arun fields in 1974, losing to a foreign firm Doral International, was the spark that led him to create GAM and ignite the original rebellion.⁶⁵ In his published memoirs, di Tiro makes reference to this grievance on a number of occasions;

“The whole world knows that our country has been laid bare by the Javanese colonialists at the feet of multinationals to be raped. Our mineral and forest resources have been put up to the world markets for clearance sale for quick cash for the Javanese generals and their foreign backers.”⁶⁶

(JUNE 15, 1977)

“In a Cabinet meeting today we decide that it is time to begin preparation to safeguard our natural resources. That are being increasingly plundered by the Javanese and their foreign cohorts, especially our oil and gas. They in fact, have made us pay for the cost of our own oppression and colonization by Javanese Indonesia. Without the money they are making from the illegal sale of our oil and gas, the Javanese will never be able to finance their colonial war against us... We have an eerie feeling to know how we, Acehnese, who by all the laws in` the world, are the legal owners of this land, have been chased out of our own land by the Javanese soldiers to make way for foreign corporations to exploit our ancestral land with us still living on it, our land being sold and bought in international market place at such prices, and we the legitimate owners of this land do not know where our next meal will come from.”⁶⁷

(OCTOBER 16, 1977)

These statements clearly indicate that the initial Aceh conflict involved strong grievances concerning oil distribution and the negative externalities oil production ensues. However, one can also infer from the lack of popular support and civilian participation in the original uprising that this was a grievance held by the elite members of the GAM organisation and not by the ordinary citizen of Aceh. It can be argued that it is likely that these leaders own personal business interests, much like di Tiro, were being severely hampered by large foreign conglomerates, igniting their anger against the central Javanese government.⁶⁸

⁶⁵ Barter, Shane Joshua (2008), 'Resources, Religion, Rebellion: the Sources and Lessons of Acehnese Separatism'

⁶⁶ Di Tiro, Hasan (1984), 'The Price of Freedom: The unfinished diary of Tengku Hasan di Tiro', *National Liberation Front of Aceh Sumatra*, P.75

⁶⁷ Ibid. p.105

⁶⁸ Barter, Shane Joshua (2008), 'Resources, Religion, Rebellion: the Sources and Lessons of Acehnese Separatism' p.46

Violence and Events leading to Peace Agreement

Despite laying dormant for much of the 1980's, GAM regained support and ascendancy from 1989 after repressive military operations became frequent across the Aceh region. GAM insurgents returned to Aceh in the late 1980's after extensive training in Libya; the resistance was small but enough for the New Order government to declare Aceh a 'Daerah Operasi Militer' (Military Operations Area) or DOM.⁶⁹ This period of DOM lasted from 1989-1998 and was "designed to inflict systematic violence against not only the GAM movement but suspected supporters and sympathisers."⁷⁰ The DOM period included incidents of torture, destroying of private property, harassment, and killings by state military, in what the government called 'Shock Therapy' to scare citizens away from secessionist sentiment.⁷¹

Far from reducing secessionist sentiment, the DOM period increased support for GAM and its goal of independence, with membership peaking in the 1990's.⁷² The repressive tactics by state officials also helped to create a new generation of Acehnese rebels, whose experience of government relations was one of violent repression and injustice.⁷³ Their particular grievance was not one based on economic conditions and the repatriation of revenue, but of human rights and civil liberties.⁷⁴ These particular members of GAM have typically been traumatized personally by DOM or have seen family members or friends suffer at the hands of state officials and want revenge.⁷⁵ GAM's membership grew not only by members motivated by revenge but also for financial gain.⁷⁶ These members increased the number of criminal actions associated with GAM, such as extortion and kidnapping.⁷⁷

In 1998, the controversial president Suharto was ousted from office along with his New Order government. It had been a consistent policy of Suharto's government to oppress and swarm resource rich regions, such as Aceh, with security personnel in order to keep its economic interests protected.⁷⁸ The government of the newly appointed president Bacharuddin Jusuf Habibie, ushered in after the fall of the New Order regime, were different however. It favoured reform "to end corruption, collusion, and nepotism, and to promote

⁶⁹ Ibid.

⁷⁰ Herbst, Jeffrey, McNamee, Terence & Mills, Greg (2012), 'On the Fault Line', p.108

⁷¹ Ibid.

⁷² Schulze, Kirsten E. (2003), 'The Struggle for an Independent Aceh: The Ideology, Capacity, and Strategy of GAM', *Studies in Conflict & Terrorism*, 26:4. P.250

⁷³ Ibid.

⁷⁴ Ibid. p.250

⁷⁵ Schulze, Kirsten E. (2003), 'The Struggle for an Independent Aceh: The Ideology, Capacity, and Strategy of GAM'

⁷⁶ Ibid.

⁷⁷ Ibid. p.250

⁷⁸ Herbst, Jeffrey, McNamee, Terence & Mills, Greg (2012), 'On the Fault Line' p.104-119

democratization as well as the realignment of civil-military relations.”⁷⁹ The new laws passed on decentralisation and regional autonomy helped to significantly alter the centre-regional balance of power in Indonesia.⁸⁰

Although it was the government of Habibie that first initiated a change in attitude to the Aceh conflict, it was Indonesia’s fourth president, Abdurrahman Wahid who first initiated peace talks in 1999. Wahid’s first achievement was the Humanitarian Pause, signed on the 12th May 2000 by both parties. Despite its initial good intentions, and positive talks in Geneva facilitated by the Henri Dunat Center for Humanitarian Dialogue (HDC), the agreement was built on mutual distrust and security forces that were actively opposed to it.⁸¹ The pause caused a reduction in violence but did not stop it entirely, suggesting that neither side felt the peace would last long.⁸² They proved to be correct. After a number of secessionist protests by the citizens of Aceh and an ascendency of assassinations by both sides, the Humanitarian Pause broke down.⁸³

The government refused to accommodate GAM’s secessionist stance. The frustration from the government’s stubbornness increased the violence and military operations from GAM’s side. The majority of GAM’s military operations were aimed at Aceh’s oil and gas industry. In 2001 ExxonMobil, the worlds largest publicly traded international oil and gas company, halted production due to the high level of violence both aimed and surrounding its gas fields.⁸⁴ This alarmed the US (home of ExxonMobil), Japan and Korea (main importers of Aceh gas) who put pressure on the central government to stop the conflict once and for all.⁸⁵

The central government responded by offering the Acehnese civilians a new deal on Special Autonomy, in which they hoped would alleviate civilian grievance and undercut GAM support.⁸⁶ Law Number 18, passed on the 9th of August 2001, on ‘Special Autonomy for the Province of Aceh Special Region as the Province of Nangroe Aceh Darussalam’, also known as the NAD law, restructured the distribution of petroleum and natural gas revenues so that “Aceh would receive 70% of the revenues generated from its own oil and gas

⁷⁹ Schulze, Kirsten E. (2003), ‘The Struggle for an Independent Aceh: The Ideology, Capacity, and Strategy of GAM’, p.241

⁸⁰ Herbst, Jeffrey, McNamee, Terence & Mills, Greg (2012), ‘On the Fault Line’ p.104-119

⁸¹ Aspinall, Edward & Crouch, Harold (2003), ‘The Aceh Peace Process: Why it Failed’, *East-West Center Washington*, pp.14-20

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Ibid. p.21

⁸⁵ Ibid.

⁸⁶ Ibid. p.24

fields, with the remaining 30% going to the central government".⁸⁷ This share would be reduced to 50% after an 8 year period.⁸⁸ This was a generous amount compared to the distribution to the neighbouring region of Padua, which only gained 15% of petroleum revenue and 30% of natural gas revenue.⁸⁹ The law sanctioned the direct election of a local governor, with the governor allowed to make appointments on security and law officials. The creation of district heads and a symbolic head of state, the Wahi Nanggroe, was also passed into law.⁹⁰ Finally the law made further concessions on the implementation of Islamic Law.⁹¹

Cessation of Hostilities Agreement (CoHA), 2002

The CoHA agreement was the first chance for Aceh to end the 26 year long conflict for good. The agreement was brought about for three reasons; mutual feeling from both sides that they needed to 'give peace a chance'; both sides desire for legitimacy; and finally a genuine commitment to the peace process from key leaders.⁹² The agreement also came about through substantial international pressure from HDC, US, Japan, the World Bank and the EU.⁹³ The HDC brought together a team of 'wise men' consisting of retired dignitaries whose international stature could reinforce the peace process.⁹⁴ They included retired US Marine General Anthony Zinni, former Thai Foreign minister Surin Pitsuwan, former Yugoslav ambassador to Indonesia Budimir Loncar, and Swedish diplomat Bengt Soberberg.⁹⁵

GAM was persuaded to enter the talks, but had two conditions that first needed to be met. They were international mediation, and for talks to be held outside of Indonesia.⁹⁶ The talks however were nearly over before they began. Shortly after GAM had accepted the invitation for peace talks, the talks were significantly undermined by the assassination of GAM ground commander Abdullah Syafi'ie in his home along with his wife.⁹⁷ The assassination of Syafi'ie was carried out by government military and was perceived as deliberate attempt by them to destabilize the peace process.⁹⁸ Despite these initial setbacks, in May 2002 both sides released a joint statement, following talks in Geneva, stating two points;

⁸⁷ Wennmann, Achim (2011), 'The Political economy of Peacemaking', *Routledge*, p.84

⁸⁸ *Ibid.* p.85

⁸⁹ Aspinall, Edward & Crouch, Harold (2003), 'The Aceh Peace Process: Why it Failed'. P.24-26

⁹⁰ *Ibid.*

⁹¹ *Ibid.*

⁹² Tan, Andrew T.H (2007), 'A Handbook of Terrorism and Insurgency in Southeast Asia'

⁹³ Aspinall, Edward & Crouch, Harold (2003), 'The Aceh Peace Process: Why it Failed'. pp.26-30

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

⁹⁶ *Ibid.*

⁹⁷ *Ibid.*

⁹⁸ *Ibid.*

(1) the use of the NAD law as a starting point for further all-inclusive talks, (2) agreement to work with all speed to end violence.⁹⁹

The peace agreement was finally signed on the 9th December, 2002, with CoHA coming into immediate effect. The agreement was built on two principles; demilitarization and clearing the path for further all inclusive talks. The demilitarization involved GAM handing over its armoury to third parties at specific locations.¹⁰⁰ The state had to relocate its own security forces and change its strategic thinking from one of an offensive operation to positions based on defence.¹⁰¹ Peace zones were also implemented and a Joint Security Council (JSC) created to help implement and monitor the demilitarization of both sides.¹⁰² The all inclusive dialogue was based on agreeing an augmented version of the NAD law.¹⁰³

Breakdown and Aftermath

The CoHA began to breakdown from March 2003 as the weakness and limitations of the JSC began to show.¹⁰⁴ The lack of credible security guarantees led to both agents of the agreement to renege on their demilitarization promises.¹⁰⁵ Peace zones were not properly secured, GAM failed to meet its deadlines for de-arming, and the Indonesian government refused to reduce its military presence and withdraw to appropriate defensive positions.¹⁰⁶

A problem with the peace agreement from the start was the difference in perception by both sides. GAM and Aceh's citizens saw the agreement as a de-facto promise from the government for future elections which would be a referendum for independence. On the other hand the Indonesian government saw the agreement as GAM finally giving up its goal of secession and accepting a generous compromise. The problem with the agreement was its use of ambiguous language, which allowed both sides to interpret the agreement in this way.¹⁰⁷ The agreement was focused heavily on the establishment and monitoring for peace, leaving the rest up to interpretation, which both sides duly did in their own interest.¹⁰⁸ It was these polarised perceptions that ultimately kept each side from implementing their demilitarisation promises as each side did not want to weaken its military capabilities if the other wasn't willing to compromise.

⁹⁹ Ibid.

¹⁰⁰ Ibid. pp.32-34

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ Ibid.

¹⁰⁴ Tan, Andrew T.H (2007), 'A Handbook of Terrorism and Insurgency in Southeast Asia'

¹⁰⁵ Ibid.

¹⁰⁶ Aspinall, Edward & Crouch, Harold (2003), 'The Aceh Peace Process: Why it Failed'.

¹⁰⁷ Reid, Anthony (2004) 'War, Peace and the Burden of History in Aceh', *Asian Ethnicity*, 5:3., pp.305-310

¹⁰⁸ Ibid.

As has already been established the military already tried to destabilize the agreement before it had even been signed with selected assassinations of leading GAM figures; the military continued in this vein once the agreement had been signed. Using tactics similar to those successful in East Timor, elements of the military tried to wreck the agreement from the local level.¹⁰⁹ Pro-Jakarta military, controlled by the government TNI security forces actively targeted JSC and HDC personnel and property.¹¹⁰ For example on 6th of April 2003 forces set fire to JSC offices in Langsa, East Aceh.¹¹¹

One motive for the military actions was the benefits it gained from the war in Aceh. Not only did it increase its political importance in Jakarta, it also benefitted financially from the war. The Indonesian National Budget provided only 30% of financial requirements for security forces, the other 70% they had to find themselves.¹¹² Under the threat of GAM the oil and gas industry would provide the government forces much needed funds for private security and protection.¹¹³ A long and stable peace therefore was not in the militaries prerogative as it would substantially undermine their standing in Jakarta and funding.¹¹⁴

The period of peace negotiations was characterised by upheaval in the central government. The impeachment of President Wahid in 2001 led to the rise of his successor Megawati Sukarnoputri. Due to the nature of the means by which she entered office, Megawati had to consolidate her power in office. One such strategy was to build closer ties to the Indonesian military, an organisation from which her predecessor had shunned and distanced the central office.¹¹⁵ With this new found relationship Megawati's stance towards the agreement became harder. While instructing the TNI to prepare for security operations, Megawati offered GAM two non-negotiable terms; drop the goal of independence and hand in your arms to neutral warehouses.¹¹⁶

In response GAM called for talks in Tokyo on the 17th of May, 2003. On their way to negotiations, GAM's negotiators were arrested by Indonesian state officials. Although they were eventually released, Megawati had already played her hand, on the 18th of May 30,000 TNI troops were sent into Aceh to suppress secessionist movement, supported by 12,000 police staff.¹¹⁷ The speed and efficiency of the operation not only highlighted the strong co-

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Aspinall, Edward & Crouch, Harold (2003), 'The Aceh Peace Process: Why it Failed'. p.3

¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ Tan, Andrew T.H (2007), 'A Handbook of Terrorism and Insurgency in Southeast Asia'

¹¹⁶ Aspinall, Edward & Crouch, Harold (2003), 'The Aceh Peace Process: Why it Failed'.

¹¹⁷ Ibid. p.45

operation between the central office and the military but also the readiness and willingness for conflict that the Indonesian military and government had for falling back into war.¹¹⁸

The invasion of troops and the arrests of the GAM negotiators meant the CoHA had officially collapsed. It must also be noted that GAM also worked to undermine the peace agreement by failing to hand over arms and actively mobilising pro-secessionist movements in Aceh, some of which were violent. After May 18th 2003 a resumption of the DOM period of repression was sustained until the Boxing Day Tsunami of 2004, which caused large destruction in Aceh.¹¹⁹ In light of the widespread humanitarian efforts needed in Aceh after the Tsunami, both sides agreed it was in the greater interest to bring the conflict to an end once again and settle differences.¹²⁰

In 2005 the Memorandum of Understanding between the Government of the Republic of Indonesia and the Free Aceh Movement agreement (MoU), also known as the Helsinki Accord, was signed by both sides. The agreement included article 1.3.4 stating that “Aceh is entitled to retain seventy (70) per cent of the revenues from all current and future hydrocarbon deposits and other natural resources in the territory of Aceh as well as in the territorial sea surrounding Aceh”.¹²¹ This was the same distribution provision found in the NAD law of 2001. However the MoU did include one noticeable difference from previous agreements and laws, the right to stand for elections was expanded to non-national parties. This meant GAM members could contest local elections, a right they had previously been denied.

The Case of Aceh: Analysis

In their internal review HDC published its own examination of why the CoHA peace process broke down. Their report offers a number of reasons why the peace failed to last, with the lack of parallel political negotiations being their most fervent explanation. It also goes into detail regarding the actions of the agents of the peace process and to what extent these actions undermined their peace efforts. One conclusion drawn from the report is the lack of any real revenue distribution dispute undermining the agreement, or either of the two mechanisms for economic grievance.¹²² This is a common trait across all the literature written

¹¹⁸ Tan, Andrew T.H (2007), ‘A Handbook of Terrorism and Insurgency in Southeast Asia’

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Article 1.3.4 (Under heading of ‘Economy’), Memorandum of Understanding between the Government of the Republic of Indonesia and the Free Aceh Movement, 2005.

¹²² Aceh Initiative, Internal Review, Geneva, November 2003, Centre for Humanitarian Dialogue

on the Acehese conflict from 1989 onwards and on the CoHA agreement itself. One can deduct from this that economic grievance over the future distribution of petroleum revenues was not the main motivation leading to the recurrence of war in this particular conflict and had weak significance on the breakdown of the peace agreement. Henceforth the central hypothesis is proven not to be true in the case of Aceh.

This paper observes a number of indicators for this argument. One is that despite the NAD law and the generous distribution it entailed being directly involved in the peace agreement (as the basis for future all inclusive dialogue), CoHA still broke down. Now it can be argued that perhaps seventy percent of Acehese oil and natural gas revenue was not enough for the leaders of GAM and the local population. However this percentage was maintained in the MoU agreement in 2005. This is despite the fact that, if anything, the GAM leaders were entitled to ask for more revenue in 2005 to help re-build and develop Aceh after the devastation of the 2004 Boxing Day Tsunami. A 70:30 ratio therefore appears to of been an acceptable contract in 2002 and 2003. The only significant difference of note with the MoU agreement in 2005 and the NAD law of 2001 was the allowance of GAM to stand as a democratic party in local and regional elections. One can infer therefore that the main sticking point with the NAD law was not the distribution of oil revenues but the lack of political freedom given to GAM.

A second indicator was the evolution of GAM as a force of mobilisation of the Acehese people. In 1976, when Hasan di Tiro first stepped back onto Acehese shores and declared Aceh an independent republic, the fight was very much one based on economic grievance and the centralisation of Acehese natural resource revenues of the Javanese central government. However in its early days GAM was unsuccessful in building support and gaining mass mobilization. The original movement subsequently was defeated and lay dormant for up to a decade. GAM support only peaked in the 1990's when the DOM period was at its peak and the central government and its security forces were carrying out massive atrocities on the local population. GAM and the secessionist movement can, in many respects, be separated into two distinct generations. The first motivated by economic grievances and the second by social injustice and the protection of human rights. This change in perspective was highlighted by GAM demanding an international presence and environment for the peace talks, which gave the Acehese people greater protection from gross violations of human rights.

The main grievances held by the leaders of GAM and the people of Aceh therefore appear to be ones of democracy and civil liberties, not economic. This does not support the conclusions from the Rustad and Binningsbø study and the original argument of this paper. Instead, it is apparent that there were no spoilers to the peace agreement who were motivated by economic grievance over the distribution of natural resource revenue. There is no definitive evidence for either of the two mechanisms for economic grievance; fragmentation, and center-periphery resentment.

If economic grievance did not play a role in the recurrence of conflict, to what extent did greed motivate spoilers to undermine the peace agreement? As defined within the literature review, greed is the “excessive desire to acquire or possess more than what one needs or deserves, especially with respect to material wealth”¹²³ The main guilty culprit of greed was the Indonesian military and security forces. Encouraged by the financial gains of the conflict, the military were always against the peace agreement and attempted to foil them from the first talks until the complete breakdown in May 2003. Greed was also prevalent on the GAM side, though not directly linked to the leadership. There were many criminal actors, who under the guise of GAM forces, carried out extortion and abductions, for financial gains after the peace agreement were signed.¹²⁴ The funding mechanism was therefore particularly prevalent in the case of Aceh and the breakdown of CoHA, especially in regard to the state military. Likewise the criminal elements of the GAM force can be found guilty of the conflict premium mechanism.

A final actor who can be attributed to acting out of greed and at the same time undermining peace is ExxonMobil Oil Corporation, the largest investor in the region. In their internal report, HDC are very critical of the lack of interest in the peace process displayed by ExxonMobil. The report claimed “Despite attempts by HDC to include Exxon Mobil in the dialogue process, it was uninterested, and was solely focused on profit and company gain.”¹²⁵ Based on this account of their lack of action and focus on personal profit and gain, ExxonMobil can be accused of weakening the peace agreement by not participating within it. They continued to maintain strong links with the military¹²⁶ and it was perhaps this relationship that motivated them to stay out of the peace process.

If the Indonesian security forces were guilty of spoiling the CoHA out of greed, they can equally be found guilty of using the recurrence of war to improve their own political

¹²³ The American Heritage Dictionary of the English Language (2000), Fourth Edition copyright, Houghton Mifflin Company.

¹²⁴ Schulze, Kirsten E. (2003), ‘The Struggle for an Independent Aceh: The Ideology, Capacity, and Strategy of GAM’ p.255

¹²⁵ Aceh Initiative, Internal Review, Geneva, November 2003, Centre for Humanitarian Dialogue, p.40

¹²⁶ Ibid.

standing. During his reign as President, Wahid purposely distanced himself from the Indonesian military, which had played such a central role in the ousted New Order regime of President Suharto, leaving them in relative political isolation. When Wahid was impeached however, the military used the political weakness of his successor President Megawati to regain their position in Jakarta. In return for their support, Megawati hardened her attitude towards the peace process in Aceh and increased her willingness and readiness for the recurrence of conflict. This was shown by the swift actions made by Megawati and the TNI on the 18th May 2003 after the official breakdown of talks and the CoHA. It must also be noted that a military crackdown against GAM was widely supported by the public and the media.¹²⁷ Megawati used the breakdown of the agreement in her favour and to gain greater public support after the failure of the Wahid regime. The actions of Megawati are clear examples of the political support mechanism in action in how she used the recurrence of war to gain political legitimacy from the people and the military.

Both the government of Indonesia and GAM had strong political goals on which they were not ready to compromise. The problem was these goals were conflicting. GAM's insistence on Independence and the government's stubbornness to prevent any mobilization for secession made the foundations for a successful CoHA weak. When both sides realised that they would be unable to achieve their goals through the all inclusive talks held after the signed agreement, both began mobilising for the resumption of war. GAM began recruiting and halted its process of demilitarization, while the government gave the military the green light it had been asking for to mobilize for a fresh offensive. It is clear from the literature that both were willing to resume the conflict as they felt it was a better means by which to achieve their unequivocal political goals. Again this is a clear example of the Monopoly of Power mechanism in action, where both undermined the peace agreement as they felt their political aims were best served with the resumption of conflict.

Overall this paper finds that, in the case of Aceh and the failure of the COHA peace process, there is little evidence to suggest that economic grievance over the distribution of oil and gas revenue was the main motivation behind spoilers to peace following the signed peace agreement. First and foremost there is no hard evidence to suggest the occurrence of the fragmentation or center-periphery resentment mechanism. Instead there appears to be significant evidence to suggest that the funding and the conflict premium mechanism was present, based on the actions of the Acehnese criminals and Indonesian security forces. This

¹²⁷ Aspinall, Edward & Crouch, Harold (2003), 'The Aceh Peace Process: Why it Failed'. p.45

suggests greed played a role in undermining the peace agreement, but not necessarily its complete breakdown.

The most significant motive found in the case of Aceh was the motive to achieve political goals. The case supports Clausewitz's theory that war is a mere continuation of policies by different means, as both GAM and the Indonesian government used the recurrence of conflict to try and achieve their political aims when the peace process appeared to be doing little for either side. GAM in particular can be found guilty of the monopoly of power mechanism as they aimed to gain full military and political control of the Aceh region, meaning they failed to adhere to the conditions of the peace agreement. The President's office and the Indonesian military also undermined the peace process through the political support mechanism, in order to increase their political standing and support from both inside and outside the Indonesian political elite.

The case of Aceh fails to support Rustad and Binningsbø's findings from their quantitative findings on the recurrence of war in resource conflicts. The question now is whether Aceh is an anomaly or typical case. This paper will now study the case of Chechnya and the breakdown of the 1996 Khasavyurt Agreement to observe whether the findings from the Aceh case can be found in another 'most likely case'. The Chechen case meets the same criteria as Aceh, in that it is a most likely case for a dispute over the distribution of natural resources to arise.

Chechen Conflict and the breakdown of the Khasavyurt Agreement, 1996

Brief Historical Overview

Chechnya is a south westerly region of Russia, neighbouring the state of Georgia and fellow Russian region of Dagestan. It is part of the geopolitically important Caucasian region, sandwiched between the Caspian and Black sea. Although it is home to roughly only 1% of total Russian oil reserves, it also plays an important role in the transportation of Azerbaijani oil to Europe and the refining of Russian oil, making Grozny (Chechen Capital) a key industrial hub.¹²⁸ Demographically Chechnya has a vast majority ethnic Chechen and Muslim population.

¹²⁸ Charles T. Call (2012), 'Why Peace Fails: The Causes and Prevention of Civil War Recurrence', *Georgetown University Press*, p.110

The existence of conflict in Chechnya can be dated back to the Tsar era, under Ivan the Terrible (1547-1584) who began the Russian expansion into the northern Caucasus.¹²⁹ The Tsar era was ridden with conflict in the Caucasus, including the resistance led by Sheikh Mansur from 1783 and the 30 year long Caucasian war in the nineteenth century (1829-1859).¹³⁰ Despite being declared an ‘autonomous republic within the Russian Federation’ in 1936, Stalin decided to deport the whole Chechen population to work in North Kazakhstan, among other destinations, in 1944 for their alleged collaboration with Nazi Germany during World War Two.¹³¹ Indeed, many had been recruited and fought on the side of the Axis. However it is believed many more Chechens died fighting in the Red Army.¹³² The Chechen exiles were not allowed to return until 1957, creating a whole generation of Chechens born and raised in exile.

After the fall of the Soviet Union, the Chechens secessionist movement was able to organize, forming the Chechen National Congress (CNC) in 1989.¹³³ In 1992 the CNC produced the Chechen constitution, which declared Chechnya an independent republic. The constitution stated, in Article 1;

“Chechen Republic is sovereign democratic legal state created as a result of self-determination of Chechen people. It has the supreme right concerning the territory and national riches; independently determines external and internal policy; adopts the Constitution and laws having leadership in its territory. The state sovereignty of Chechen Republic is indivisible.”¹³⁴

Between 1991 and 1994 Chechnya was left as a quasi-independent state, while the Russian elite attempted to resolve the problems left behind after the fall of the Berlin wall.¹³⁵ Up until mid-1992 Chechnya paid no custom tax, as there were no custom posts, meaning huge profits could be made from the exportation of oil from Chechnya.¹³⁶ These ‘golden months’ provided the Chechen leadership the motivation and belief that independence was possible.¹³⁷

¹²⁹ Ashour, Omar (2004), ‘Security, Oil, and Internal Politics: The Causes of the Russo- Chechen Conflicts’, *Studies in Conflict & Terrorism*, 27:2. pp.129-132

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Ibid.

¹³³ Ibid.

¹³⁴ Chechen National Congress Constitution 1992, Article 1

¹³⁵ Ashour, Omar (2004), ‘Security, Oil, and Internal Politics: The Causes of the Russo- Chechen Conflicts’ pp.129-132

¹³⁶ Shermatova, Sanobar (2003), ‘The War for Chechen Oil’, *Capitalism Nature Socialism*, 14:1

¹³⁷ Hughes, James (2007), ‘Chechnya: From Nationalism to Jihad’, *University of Pennsylvania Press*

This period also observed an increase in the level of crime in the illegal extraction, refining and exportation of oil.¹³⁸

Despite the Chechen elites benefitting from the Kremlin internal power struggle, profiting from the established oil extraction, refinery and transportation industries, the Chechen population suffered in this period. The standard of living declined with Moscow stopping paying state salaries and pensions.¹³⁹ Crime also rose along with an increase in migrant workers drawn into Chechnya by the oil industry. These factors led to the mass rally at the presidential palace in Grozny, in the autumn of 1993, demanding greater economic transparency and justice.¹⁴⁰

The period leading up to the first Chechen war was also characterised by a ‘clash of personalities’ between the Russian President Boris Yeltsin and the first Chechen President Dzhokhar Dudayev.¹⁴¹ Dudayev first aggravated the Russian elites by nationalising all Chechen oil and infrastructure assets, accompanied by aggressive secessionist and nationalist rhetoric.¹⁴² Not only was Dudayev preventing the flow of oil revenues from Chechnya into Moscow, he was also seeking foreign partners for the Chechen oil industry, leading a major international tour to states such as Jordan, Saudi Arabia, the UK, US, and Germany.¹⁴³ For the Russian elite in Moscow, this type of activity had to be stopped, coming to the conclusion that an independent Chechnya, under a hostile leader such as Dudayev, posed a significant threat to future Russian economic and strategic interests.¹⁴⁴ In 1994 Yeltsin declared the Chechen leadership an “illegal dictatorship” ran by a group of “Bandits”.¹⁴⁵

The First War

On the 11th of December 1994 Russian forces moved into Chechnya to defeat the independence movement and restore law and order in Chechnya.¹⁴⁶ The forces mobilised into a three pronged attack, from the south, north and west of Grozny.¹⁴⁷ Despite initial confidence that the war will be short and the Chechen rebels will be easy to defeat, the Russian army soon fell into disarray and lost any momentum built up after the initial

¹³⁸ Shermatova, Sanobar (2003), ‘The War for Chechen Oil’

¹³⁹ Ibid.

¹⁴⁰ Ibid.

¹⁴¹ Hughes, James (2007), ‘Chechnya: From Nationalism to Jihad’ p.57-62

¹⁴² Ibid.

¹⁴³ Ibid.

¹⁴⁴ Ibid.

¹⁴⁵ Ashour, Omar (2004), ‘Security, Oil, and Internal Politics: The Causes of the Russo- Chechen Conflicts’ p.134

¹⁴⁶ Call, Charles T. (2012), ‘Why Peace Fails: The Causes and Prevention of Civil War Recurrence’, p.106

¹⁴⁷ Ashour, Omar (2004), ‘Security, Oil, and Internal Politics: The Causes of the Russo- Chechen Conflicts’

invasion.¹⁴⁸ The first Chechen war soon highlighted that the modern Russian army was “uncoordinated, underfunded, incompetent, and corrupt”.¹⁴⁹ This incompetency led to the spread of mutiny in the Russian forces, with orders being dismissed and frustration rife.¹⁵⁰

The first Chechen war caused large-scale destruction and casualties, particularly for civilians. On the one hand, Russian troops were found to be venting their anger on the failure of what they believed should be a routine military victory on Chechen civilians. Killings, rape, torture and kidnapping were all carried out by Russian soldiers on Chechen civilians.¹⁵¹ On the other, the Chechen rebels carried out systematic attacks on potential Russian collaborators and ethnic Russian civilians both within Chechnya and neighbouring regions.¹⁵² According to conservative estimates, 36,000 civilians lost their lives in the first war (other estimates put it as high as 160,000 civilian deaths¹⁵³). These were accompanied by the estimated deaths of 4,000 Chechen rebels and 7,500 Russian soldiers.¹⁵⁴ On top of this human destruction, food was in short supply, health provision non-existent and hospitals and schools destroyed.¹⁵⁵

In April 1996 Chechen President Dudayev was killed by Russian missiles, giving Chechen rebels the motivation to unite for one last push towards Grozny.¹⁵⁶ After a two year campaign the Chechen rebels defeated the Russian military in August 1996 and re-took Grozny.¹⁵⁷ In what was a humiliating defeat for the Russians, Yeltsin begrudgingly agreed to negotiated peace talks and a full withdrawal of Russian troops from Chechnya. It must be noted here that the Russian military were fervently against signing a peace agreement. They felt they deserved another offensive against the Chechen rebels, blaming the lack of funding as the reason behind defeat.¹⁵⁸ The Russian military were keen to reinstate some pride and feared that the military defeat from the Chechen rebels would significantly reduce their political wield in the Kremlin and place at the front table.

¹⁴⁸ Kaldor, Mary , Karl, Terry L. & Said, Yahia (2007), ‘Oil Wars’, ‘Greed and Grievance in Chechnya’

¹⁴⁹ Ibid. p.138

¹⁵⁰ Ibid.

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ Ibid.

¹⁵⁴ Lanskoj, Miriam (2003), ‘Chechnya's Internal Fragmentation, 1996 – 1999’, *The Fletcher Forum of World Affairs*, 27:2, p.186

¹⁵⁵ Ibid.

¹⁵⁶ Call, Charles T. (2012), ‘Why Peace Fails: The Causes and Prevention of Civil War Recurrence’ p.107

¹⁵⁷ Kaldor, Mary , Karl, Terry L. & Said, Yahia (2007), ‘Oil Wars’, ‘Greed and Grievance in Chechnya’

¹⁵⁸ Ibid.p.139

The Khasavyurt Agreement (1996) and the Following Peace Process

The Khasavyurt agreement was mediated by the Swiss diplomat Tim Guldemann, Head of Organisation for Security and Cooperation in Europe (OSCE) assistance group. The OSCE was also given a mandate to co-ordinate the international observation of the 1997 elections in Chechnya.¹⁵⁹ Apart from the mediation from the OSCE, there was little other international presence during the talks.¹⁶⁰

The Khasavyurt agreement was the original ceasefire agreement which was followed by a full Treaty and bilateral agreements between the Kremlin and the Presidential office of Aslan Maskhadov, Dudayev's successor, in 1997.¹⁶¹ Maskhadov was the former chief of staff under Dudayev and took over the leadership role after Dudayev's death in 1996, eventually being elected President in 1997.¹⁶² Maskhadov was seen by many Chechens as the only leader who could lead Chechnya's post-war recovery and find a settlement with Russia.¹⁶³ Maskhadov was known as an excellent general but also a moderate who could do business with the Russians and still get a favourable deal for Chechnya.¹⁶⁴ On the other side of the table was General Aleksandr Lebed, appointed by Yeltsin to negotiate on behalf of the Russian government.

The agreement itself acknowledged the withdrawal of Russian troops from Chechnya, the protection, security and equality of rights for the Chechen people, and the assurance for future negotiation and peaceful resolutions.¹⁶⁵ It was signed by both Lebed and Maskhadov, on the 31st August 1996. This was followed up by the 'Principles for Determining the Basis for Mutual Relations between the Russian Federation and the Chechen Republic' which had three provisions. They are the 'basis for mutual relations...to be determined in accordance with universally recognised principles and norms of international law'¹⁶⁶, the establishment of a joint commission composed of both Chechen and Russian representatives charged with monitoring and implementing the peace agreement, and finally the observation of human and civil rights, the principles of equality and the rights of people to self-determination.¹⁶⁷

¹⁵⁹ Shedd, Juliette R. (2008) When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996, *Civil Wars*, 10:2

¹⁶⁰ Hughes, James (2007), 'Chechnya: From Nationalism to Jihad'

¹⁶¹ Call, Charles T. (2012), 'Why Peace Fails: The Causes and Prevention of Civil War Recurrence'

¹⁶² Lansky, Miriam (2003), 'Chechnya's Internal Fragmentation, 1996 – 1999' p.188

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Khasavyurt Joint Declaration and Principles for Mutual Relations Khasavyurt, Dagestan, 31 August 1996

¹⁶⁶ Principles for Determining the Basis for Mutual Relations between the Russian Federation and the Chechen Republic

¹⁶⁷ Ibid.

The inclusion of the provision for Chechnya to be recognised by international law, was one that Maskhadov was adamant to be included in the agreement.¹⁶⁸ The provision includes the recognition of Chechnya by the United Nations and other international bodies. Maskhadov wanted this provision in order to protect Chechnya from future violations of human rights by Russian officials. As Maskhadov explains, if Chechnya gained international recognition, “the whole world won’t shrug its shoulders and say that this is Russia’s internal affair”¹⁶⁹

In May 1997 both Yeltsin and the newly elected Chechen President Mashkadov signed an official treaty entitled ‘Treaty on Peace and the Principles of Mutual Relations between the Russian Federation and the Chechen Republic of Ichkeri’.¹⁷⁰ The treaty also only had three provisions; (1) renouncing the use of force or threat of force to resolve the dispute; (2) constructing relations in accordance with international law; and (3) The treaty would be basis for further agreements.¹⁷¹ It was also noted that the issue of the Chechnya’s status (of independence) will not be dealt with until 31st December 2001.¹⁷²

Within the treaty there were a number of signs that Russia was warming to the idea of an independent Chechnya. First, the title of ‘Treaty’ is usually only reserved for agreements between two sovereign states. Secondly the reference to the term ‘Ichkeria’ was previously rejected by the Russian authorities as it was a name used by ethnic Chechens to refer to their homeland.¹⁷³ However, this ended up being much to do about nothing. Lebed had been shrewd in his approach to the negotiations, knowing full well that the Kremlin would never allow Chechen independence. He also played on the divisions within the Chechen camp between the pragmatists and the idealists by allowing the Chechens to choose the wording of the agreement, while in return ensuring the content was far from the rubberstamp of independence that the Chechen elites wanted it to be.¹⁷⁴ These divisions in the Chechen camp would eventually prove to a significant factor in the breakdown of the agreement.

A final bilateral agreement that came within the parameter of the peace process emanating from the Khasavyurt agreement was concerning the economic relations between the Russian state and the Chechen Republic, agreed on 23rd November 1996. The agreement aimed to serve Chechnya’s dire need for humanitarian assistance and construction following

¹⁶⁸ Lanskoj, Miriam (2003), ‘Chechnya’s Internal Fragmentation, 1996 – 1999’, p.189

¹⁶⁹ Ibid. p.189

¹⁷⁰ Shedd, Juliette R. (2008), ‘When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996’

¹⁷¹ Ibid.

¹⁷² Ibid.

¹⁷³ Call, Charles T. (2012), ‘Why Peace Fails: The Causes and Prevention of Civil War Recurrence’ p.108

¹⁷⁴ Hughes, James (2007), ‘Chechnya: From Nationalism to Jihad’

the destruction of the first war. The agreement also stated that the Chechens guarantee the safety of the pipeline transportation, sites of extraction and process of oil and gas. Nowhere in the agreement did it refer to a provision on the distribution of revenue from the extraction of oil or gas. In September 1997 Russia, Azerbaijan and Chechnya signed a treaty on the transportation of Caspian oil. Chechnya was to be paid \$4.57 per tonne for pumping services, which would be paid by Russia, to the Chechen authorities.¹⁷⁵

The Breakdown and Aftermath

On 17th August 1998, Russia was hit by a financial crisis that caused it to devalue the Rouble and default on its debt. At this time, Moscow also stopped its payments to Chechnya that it owed for the pumping services of Caspian sea oil.¹⁷⁶ Despite continued demands from Maskhadov for the payment of its debt, the Russian Federation refused. Shortly after, the Kremlin imposed a virtual economic blockade on Chechnya, denying it the sufficient funds it needed for the damage infrastructure and development.¹⁷⁷ Russia also blocked the creation of a common market between Georgia, Chechnya and Azerbaijan, based on the European model.¹⁷⁸ This breakdown of financial income left Chechnya on its knees. Workers were not getting paid, putting Maskhadov's grip on the peace in Chechnya severely in jeopardy.

The Russian default and blockade caused widespread destabilisation of the oil pipelines running through Chechnya. Oil theft became rampant with members from all sides of the conflict collaborating to gain a share of the spoils.¹⁷⁹ In 1999, oil workers held several rallies to demand law and order be brought to the oil industry, Maskhadov attempted to regain control of the situation but it was very much too little too late.¹⁸⁰ The controversy surrounded what the Russian journalist Anne Politkovskaya has christened 'miracle fields' in the Argun area, an area which the Baku-Novorossiisk pipeline runs through.¹⁸¹ The 'miracle fields' comprise an exposed pipeline, with numerous illegal holes and wells sprouting from it. The oil runs freely out and into pre-made tanks, from which the oil is taken and then refined, ready for transportation to foreign regions.¹⁸² These wells are controlled by field commanders who are either bequeathed them by Chechen warlords for honourable service, or gained by

¹⁷⁵ Shermatova, Sanobar (2003), 'The War for Chechen Oil', p.118

¹⁷⁶ Ibid.

¹⁷⁷ Kaldor, Mary, Karl, Terry L. & Said, Yahia (2007), 'Oil Wars', 'Greed and Grievance in Chechnya'

¹⁷⁸ Ibid.

¹⁷⁹ Shermatova, Sanobar (2003), 'The War for Chechen Oil'

¹⁸⁰ Ibid.

¹⁸¹ Politkovskaya, Anna (2001), 'A Dirty War', *The Harvill Press: London*, pp.122-124

¹⁸² Ibid.

force. The oil wells served to destabilize the peace process before 1999 as they were often an arena for violence and served to finance criminals who objected to the peace agreement.

The responsibilities for the illegal extraction and sale of oil are split into different functions. First there is the owner of the well, who generally is under the protection of the government or authorities, then the guards whose job is to protect the well from rivals attempting to steal or destroy it.¹⁸³ Lastly, there are those who are charged with transporting the oil out of Chechnya. These transporters will have foreign contacts to whom they can sell.¹⁸⁴ This illegal market promises huge profits and spoils for those involved in any of the process; it also involves large scale co-operation between actors across the conflict. The process also benefits from an unstable and anarchical environment which comes with conflict. When the Russian forces returned in 1999, far from shutting down this illegal market they joined it, offering protection and contacts.¹⁸⁵ Due to its mutual benefit and potential for large spoils, this illegal market only serves to undermine the actions of proponents for peace.

As Lebed had hoped, the Chechen rebels undermined the peace process through fragmentation and internal conflict. Following the Khasavyurt agreement the Chechen perspective was that Russia wanted to delay Chechen Independence for five years because they still needed time to sell the idea to the Russian people.¹⁸⁶ However it became apparent from 1998 onwards that Russia had no plans to allow Chechnya to gain independence. This political back hand, along with the economic depravity, caused a large rift within the Chechen leadership between the moderates (westerners), led by Maskadov, and the idealists (easterners) led by Shamil Basayev and Omar Ibn al Khattab. The moderates looked to Europe and had ideals based on human rights, whereas the idealists looked to the Arab Middle East and Islamisation, especially Wahhabism.¹⁸⁷ On the 9th of November 1999 the opposition to Maskadov organised its own congress, with what they claimed to be 4,700 attendants.¹⁸⁸ The congress passed two resolutions of note, (1) calling for the fairer distribution of earnings from the oil sector, and (2) that policies come further in line with Islamic rules and values.¹⁸⁹

During his time in office, Maskadov had been a proponent of greater collaboration with Russia and the Kremlin. Maskadov was willing to negotiate a single economic, defence

¹⁸³ Shermatova, Sanobar (2003), 'The War for Chechen Oil' p.120

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

¹⁸⁶ Shedd, Juliette R. (2008) When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996

¹⁸⁷ Politkovskaya, Anna (2003), 'A Small Corner of Hell: Dispatches from Chechnya', *The University of Chicago Press*, pp.177-180

¹⁸⁸ Lansky, Miriam (2003), 'Chechnya's Internal Fragmentation, 1996 – 1999', p.199

¹⁸⁹ Ibid.

and diplomatic space between Russia and Chechnya, if Russia was willing to allow Chechnya international recognition.¹⁹⁰ In the name of peace, Maskadov was very keen to find a common language between himself and his Russian counterparts.¹⁹¹ On the other, Basayev and Khattab wanted to settle for nothing less than independence and furthermore the unification of Chechnya and Dagestan as a single Islamic state.¹⁹²

Basayev and Khattab held a number of economic grievances, not only from the Russian economic blockade but also by the lack of resource profit coming from Maskadov and the central Chechen authorities. In response, they sought to find funding from other sources, and found it readily available from the Islamist international terrorist network al-Qaeda.¹⁹³ In return for acts of terrorism, al-Qaeda would provide sponsorship for their particular faction.¹⁹⁴ Using this new found finance, Basayev and Khattab began initiating strategic violence and acts of terrorism in Dagestan in an attempt bring it into the Chechen conflict and in the future, under the same rule.

The actions by Basayev and Khattab and their followers agitated the Russians in two respects; firstly if Dagestan was to be united with Chechnya, the territory would be a huge strategic and geopolitical loss to Russia; secondly the Islamisation of the Chechen conflict and the involvement of al Qaeda and foreign fighters posed an altogether separate problem for the Kremlin. These factors not only built support for a second conflict in Chechnya amongst the Russian people, they gave the Russian military the excuse it had been searching for, i.e. to mobilise for a chance of redemption in Chechnya.

The Russian military had always been against the peace process from 1996, they felt they had been cheated out of victory and deserved another offensive at the rebels. Many in the Kremlin agreed with the military officials, believing that a peace process in the long run would not act in Russian interests. The 1996 Presidential elections however posed a stumbling block for those wishing to send the troops into Chechnya once again, with pro-peace candidates gaining support.¹⁹⁵ Yeltsin had to temporarily change his stance, and supported the peace process.¹⁹⁶ Once he had succeeded in the election, this obstacle had been

¹⁹⁰ Ibid.

¹⁹¹ Ibid.

¹⁹² Call, Charles T. (2012), 'Why Peace Fails: The Causes and Prevention of Civil War Recurrence'

¹⁹³ Kaldor, Mary, Karl, Terry L. & Said, Yahia (2007), 'Oil Wars', 'Greed and Grievance in Chechnya', p.148

¹⁹⁴ Ibid.

¹⁹⁵ Shedd, Juliette R. (2008) When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996, p.98

¹⁹⁶ Ibid.

removed and he could begin work on bringing Chechnya back under Moscow's control.¹⁹⁷ From this point onwards, the Kremlin acted as a spoiler to the agreement.¹⁹⁸

The Russian aims throughout the peace process maintained to be; to discourage secessionist sentiment and mobilisation in Chechnya, to stop the spread of such sentiment in neighbouring regions, and to maintain military and political control of the important geopolitical strategic region of the north Caucasus.¹⁹⁹ These objectives were accelerated not only by the actions of the Islamist rebels but also by the rise of Yeltsin's chosen successor, Vladimir Putin. An ex-KGB officer, Putin's rise to power came very much out of nowhere. He needed to build both strategic and popular support if he was to gain and maintain the Presidential office. With the destruction and misery caused by terrorist acts carried out by Chechen Islamist rebels being broadcast across Russian television, public support began to evolve from one supporting peaceful solution to the general support for the re-engagement of war.²⁰⁰ Putin used this changing public perception to his favour, building the foundations of his campaign on the "promise to deal with terrorists and violence".²⁰¹ Putin also used the conflict to build relations with the Russian military, whom he kept as a close ally.²⁰²

In September 1999, two months before Yeltsin's resignation as Russian President and five months before the presidential elections, a series of bombs went off in a Moscow apartment block, killing nearly 300 people.²⁰³ Although the presidential office blamed Chechen terrorists for the attack, there were rumours and conspiracies that it had in fact been the work of the KGB.²⁰⁴ Despite the uncertainty of the identity of the Moscow bomber, one certainty is that the attack acted as a catalyst (alongside Basayev and Khattab's invasion of Dagestan) for the second Chechen conflict which commenced later that year. It also caused a huge rise in Putin's popularity and carried him to the presidency.

The second Chechen war continues to the present day, characterised by sporadic acts of violence and terrorism. Significant events include the Beslan school hostage siege in 2004 that left at least 331 people dead and the siege at a Moscow theatre in 2002 that left 129 dead.²⁰⁵ Both events were the actions of Chechen rebels and connected with the leadership of Basayev. In response the KGB claimed responsibility for the assassinations of the Chechen

¹⁹⁷ Ibid.

¹⁹⁸ Ibid.

¹⁹⁹ Ashour, Omar (2004), 'Security, Oil, and Internal Politics: The Causes of the Russo-Chechen Conflicts'

²⁰⁰ Shedd, Juliette R. (2008) When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996, p.98

²⁰¹ Ibid.

²⁰² Kaldor, Mary, Karl, Terry L. & Said, Yahia (2007), 'Oil Wars'

²⁰³ Ashour, Omar (2004), 'Security, Oil, and Internal Politics: The Causes of the Russo-Chechen Conflicts', p.137

²⁰⁴ Ibid.

²⁰⁵ BBC News Obituary: Shamil Basayev, last seen 02/12/2014, <http://news.bbc.co.uk/2/hi/europe/4727935.stm>

Leaders Ibn al Khattab, Aslan Maskadov, and Shamil Basayev (among others), who were killed in the years 2002, 2004, and 2006 respectively.

The Case of Chechnya: Analysis

When considering the two mechanisms for economic grievance motivation, the one that appears most apparent in the Chechen case is the fragmentation mechanism. In their break away congress the Chechen ‘easterners’ specifically highlighted their grievance at the lack of or unfair distribution of income from the oil industry and passed a resolution demanding a greater share for the starving people of Chechnya. As predicted, the Chechen rebel group fractured into the moderates and pragmatists against the ideologically driven and hard core idealists. Basayev and Khattab were displeased with Maskadov’s concessions to the Russian government, including his willingness to encompass a joint economic, defence and diplomacy union with the Russian Federation. The fragmentation of the Chechen rebels and the actions of Basayev and Khattab thereafter was certainly a major contribution to the breakdown of the peace process after the Khasavyurt agreement.

The question however rises: was this economic grievance genuine and was the fragmentation of the Chechen rebels mainly motivated by economic grievance over the distribution of revenue from the oil revenue or other factors? In the 1997 Chechen presidential elections Basayev had run against Maskadov but lost, placing second in the final result. It can be argued that Basayev and the ‘easterners’ used this economic grievance as a way of building support for their cause, and diminishing support for Maskadov, rather than out of genuine grievance. The reason why this argument is made is two-fold. For one, Basayev and Khattab enjoyed oil profits as much as any other Chechen warlord. Most of the profit from the oil sector was acquired illegally and organised by field commanders such as Basayev and Khattab. Secondly the main difference between the easterners and the westerners was a religious cleavage. Maskadov represented the majority and more moderate Sufi Muslims, whereas Basayev and Khattab represented the more extreme Islam in the form of Wahhabism.²⁰⁶ The split therefore wasn’t one based on economic grievance but one based on religion and the quest for power.

The Russian blockade also aggravated Chechen grievance and created further distrust towards Moscow. However considering the rebels continued to benefit from the illegal extraction of oil, and gained revenue that way, this is not a major factor in the recurrence of

²⁰⁶ Shedd, Juliette R. (2008) When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996

war. Instead a major grievance, which appears to have overtaken any original economic grievance is one of human rights abuses and the protection of civil liberties. This is highlighted by Maskadov's insistence on the provision of international recognition in the peace agreement, while being willing to compromise and negotiate other aspects, including the economy.

A second indicator was the occurrence of what Anna Politkovskaya observes as blood avengers as actors in the conflict.²⁰⁷ Blood avengers were a third recognisable force in the Chechen conflict. These were composed of numerous small factions whose pure intention was redemption for fallen family relatives or friends.²⁰⁸ They were independent actors, with no chain of command or planned actions and waged a personal war which would end only once they had satisfied their need for revenge.²⁰⁹ They gained weapons and funding by attaching themselves to criminal activity and were partly responsible for the sporadic acts of violence before the outbreak of war.²¹⁰

Greed is a difficult component to distinguish when analysing the breakdown of the peace process in Chechnya from 1996-1999. Due to the anarchical environment and economic deprivation experienced in Chechnya it is hard to differentiate between need and greed. A case can certainly be put forward that the criminal activities surrounding the illegal oil wells acted out of greed. The criminal 'black' oil economy severely undermined Maskadov's leadership by preventing him from building a peaceful and resourceful Chechnya. It also gave other leaders the impetus to challenge his leadership, leading to internal conflict and a lack of cohesion within the Chechen leadership.

Basayev and Khattab can also be accused of undermining the peace process through the motivation of greed. By accepting al Qaeda's invitation for sponsorship, they gave the Russians a further excuse to re-engage in military force. The link with al Qaeda also helped change the international and domestic perception of the Chechen rebels from one of deprived and persecuted secessionists, into extremist terrorists. Despite his best intentions to engage with his Russian counterparts, Maskadov was similarly mistrusted, damaging the peace negotiations. Al Qaeda finance proved too lucrative for the 'easterners' to refuse. In fact it was so lucrative that it motivated the Islamist rebels to carry out terrorist attacks, even if it

²⁰⁷ Politkovskaya, Anna (2003), 'A Small Corner of Hell: Dispatches from Chechnya', p.180

²⁰⁸ Ibid.

²⁰⁹ Ibid.

²¹⁰ Ibid.

did not promote their own political interests.²¹¹ The flow of money from Saudi Arabia fuelled their motivation for war, for as long as there was conflict there was money to be earned.

There is evidence, from this analysis, of both the funding mechanism, and the conflict premium mechanism. The conflict environment enables criminals to continue the illegal extraction of oil and is an example of the conflict premium mechanism at work. Secondly the funding mechanism became present when al Qaeda provided funding to the easterner rebels to carry out terrorist attacks and undermine the peace process.

By far the most convincing motivation for the breakdown of the peace process is the political motivations, especially from the Russian side. First and foremost Putin used the war to gain political momentum leading up to the presidential elections in 1999 and to build allies within the military, and is a clear example of the political support mechanism. Putin favoured the recurrence of conflict because it helped him build credibility and implement illiberal policies such as the erosion of the freedom of press and the strengthening of presidential power with minimal checks and balances.²¹²

The Kremlin however had been undermining the peace process long before Putin became a presidential candidate. After Yeltsin had won the 1996 election, he could act freely towards Chechnya, immediately making it known that it was too strategically important for Russia to lose. It is here that one can accuse the Russian government of undermining the peace process through the monopoly of power mechanism. Chechnya is geopolitically important as it can be seen as a gateway between the oil rich Azerbaijan and Europe. If Russia was to lose Chechnya, it would open a door for the US and its western allies to gain power in the region and sideline Russian interests. This nearly occurred when there were proposals for a Baku-Tbilisi-Ceyhan pipeline to be built between Azerbaijan and Turkey, bypassing Russia.²¹³ The plans were mediated by the US in a direct attempt to loosen Russia's grip on the pipelines bringing oil and gas to Europe.²¹⁴ This threat became even graver when the Chechen 'easterner' rebels attempted to annexe Dagestan alongside Chechnya from Russian control.

The 'easterners' attempt to bring together Dagestan and Chechnya, to form a single Islamic state can be seen as the monopoly of power mechanism playing, a significant role in spoiling the peace agreement. Violence and attacks were often carried out in Dagestan to try and ignite rebellion. Their total goal of absolute autonomy and the creation of an Islamic state

²¹¹ Kaldor, Mary , Karl, Terry L. & Said, Yahia (2007), 'Oil Wars' p.140

²¹² Shedd, Juliette R. (2008) When Peace Agreements Create Spoilers: The Russo-Chechen Agreement of 1996

²¹³ Kaldor, Mary , Karl, Terry L. & Said, Yahia (2007), 'Oil Wars' p.136

²¹⁴ Ibid.

made sure the ‘easterners’ were never willing to accept the peace agreement and acted as if it did not exist. The easterners can also be found guilty of the political support mechanism, using the tool of economic grievance in an attempt to gain support for their cause and reignite the war.

Overall, the case of Chechnya is an example where political motivations are arguably the most fervent reason why the peace process, following the Khasavyurt agreement in 1996, failed. Both sides of the conflict can be observed undermining the peace agreement through both the political support mechanism and the monopoly of power mechanism. The absolute political objectives of the Kremlin, post 1996 presidential election, and those by the ‘easterner’ Chechen rebel leaders proved an unassailable mix, which caused the breakdown of peace and the ignition of the second conflict in 1999. Greed too played a role in undermining the peace process, with funds from the illegal extraction of oil and al Qaeda, causing continued violence and tension in the region. These riches changed priorities from ones best served in peace to ones easier accomplished in an environment of war.

Although there are examples of the fragmentation mechanism, this can be seen as based on political objectives and religious differences. The main grievance that aided the breakdown of peace appeared to be regarding human rights and civil liberties, rather than economic. The case of Chechnya therefore does not support Rustad and Binningsbø’s study and the central hypothesis.

Conclusion

To directly answer the research question ‘To what extent is the economic grievance over the distribution of petroleum revenue the main motivation behind the breakdown of peace agreements in petroleum conflicts?’ considering the findings from both the Aceh and Chechnya case studies, this paper concludes that economic grievance over the distribution of petroleum revenue is not the main motivation behind the breakdown of peace agreements in petroleum conflicts. Instead this paper finds it to only be a minor, if not peripheral motivation, which is overshadowed by other motivations, especially political. The cases of Chechnya and Aceh and the failure of the relevant peace agreements introduce a number of similarities between them, and act as evidence for this paper’s concluding theory on the motivations behind the recurrence of conflict in petroleum wars.

Economic grievance of the distribution of oil and gas revenue played an important role in mobilising the secessionist rebels in both Aceh and Chechnya and was an important

motivation for the onset of both original conflicts. However, after the first conflict and the intermediary peace process, other grievances became more prominent and sidelined the issue of revenue distribution. Due to the original grievances involving employment, the environment, and revenue distribution, the oil industry became a major target for rebel faction military operations. In response, due to oil's key economic and strategic role, the central government respond to these attacks with aggressive policies of repression, using a large military contingent. This aggression from national security forces led to new grievances concerning human rights and civil liberties abuses, which then took priority once a peace agreement has been signed, for fear of the return of government forces. Once the peace agreement had been signed, neither the fragmentation nor centre-periphery resentment mechanisms can be found to have a significant effect on the breakdown of the agreement. This process can be found in both cases studied and is the reason why this paper's first and central hypothesis is rejected.

The second hypothesis concerns greed as the main motivation for the recurrence of war. This paper finds greed as only a medial motivation for conflict recurrence. In both Aceh and Chechnya, criminals, government military, and rebel militia gain financial returns from the prominent oil industry in the region. These gains can be gained legally, through security contracts, or illegally such as extortion of industry workers and companies, or the illegal extraction and refining of oil that was so widespread in Chechnya. These financial gains change actors' priorities, and put into effect the funding mechanism. None of these enterprises can be undertaken in a peaceful environment, they depend on the chaotic and dangerous environment of war, actors therefore object to any peace agreement and act to undermine it, creating the environment for the conflict premium mechanism to flourish.

Based on the cases of Aceh and Chechnya this paper concludes that, although the motive of greed can undermine and sufficiently weaken a peace agreement, it is not potent enough to bring it down and cause a recurrence of war. This paper therefore rejects our second hypothesis, concerning the motivation of greed as the main cause for the recurrence of war.

This leaves this paper with just the last hypothesis to help explain the motivations behind the recurrence of conflict in petroleum wars. The last hypothesis takes on Clausewitz's theory of war and proposes that political motives drive actors to break a peace agreement. Based on the findings of the Aceh and Chechen case, this paper concludes that political motives are indeed the main motivation behind the breakdown of a peace agreement and the recurrence of conflict in petroleum wars. This conclusion is justified as follows; the

central governments security and military forces have been found to cause grievance and express greed, which have both undermined the peace agreement, however it is their political motives which have the more profound effect on lasting peace. Due to the nature of peace agreements, they only occur when there is a military stalemate or lack of overall military victory. In both cases the state military was tasked by the central government to suppress the secessionist movement and its rebel militia. In both cases the government forces failed to achieve this task. This left a precarious political position after the peace agreement as their image and political use had been put into question and damaged. It therefore became the military's objective to foil the peace process and achieve another chance to prove themselves.

In each case the military, where able to achieve this due to the political environment that both presidential offices, found itself in at the time of the peace process. Due to the failure of the first war, among other factors, the incumbent president either before or after the peace agreement came under a lot of political pressure and was severely weak. In Indonesia President Wahid faced impeachment, whereas in Russia Yeltsin resigned under the threat of impeachment. In fact Yeltsin backed Putin as his successor as he offered him a legal pardon if he became president. Their successors therefore entered office weak and shadowed by the failure of their predecessors and needed to gain credibility and support. They found credibility in showing the population that they were a strong leader willing to take on secessionist rebel 'terrorists' and gained support from the military who wanted redemption. Presidents Putin and Megawati were both readily willing to break the peace agreement to improve their own political ambitions and standing and act as clear examples of the political support mechanism occurring. As Clausewitz predicted, they used the State army to achieve these political aims rather than peaceful means.

In both Aceh and Chechnya it was the motives and actions of the central government that ultimately led to the breakdown of the peace agreement. However the total goals of the secessionist rebels also played a prominent role in the collapse of the peace process. The failure to give up the goal of independence made for a weak peace as, unless the environment became more favourable towards the possibility of absolute autonomy, the peace agreement was destined to fail. The ethnic groups studied in this paper wanted complete political as well as economic independence, and the chance of self-determination, meaning their actions and goals can be related to the monopoly of power mechanism. The government refused to grant this wish and purposely composed the agreement and peace environment to prevent this goal being achieved. The peace agreements in both cases were shallow and ambiguous, allowing

the rebels to interpret it in their own interests, at the same time ensuring the State can deny them their interests when the time came for them to demand it.

This paper has found finding political motives are the main cause in the breakdown of peace agreements in petroleum conflicts, contradicting the Rustad and Binningsbø study. Another contradiction between this paper and the Rustad and Binningsbø study is the finding that the causes of the recurrence of conflict were separate and distinct to the causes of the original conflict. Indeed, economic grievances can be found to play a significant role in the outbreak of the original war. However, over time these grievances evolve with the continued devastation of conflict. This is a weakness in the Rustad and Binningsbø account of conflict recurrence in resource conflicts and needs to be addressed and further studied.

Further Thoughts

This study has focused on the recurrence of wars involving ethnic secessionist rebellions in petroleum rich regions. It would be interesting to study whether the findings of this paper can be applied to wars involving other natural resources, such as diamonds or timber. Both cases involve secessionist rebellions, which naturally gives the conflict a political dimension. To perhaps further strengthen the findings, it would be prudent to test the conclusions against a conflict where there is no goal of secession. The case studies were chosen due to their strong ethnic dimension, offering a higher chance for the occurrence of economic grievance over the distribution of revenue. However, perhaps this focus needs to be broadened to include other conflicts with different characteristics? Altogether, this study has shown that Clausewitz's theory of war should not be placed on the backburner of academic study, which has tended to focus mainly on greed and grievance as the motivations for war. Clausewitz's theory is still as prevalent today as it was in the nineteenth century when his theory was first proscribed.

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