

Interview - Gilles Carbonnier

Written by E-International Relations

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Gilles Carbonnier is professor of development economics at the Graduate Institute of International and Development Studies in Geneva. His research and teaching focuses on illicit financial flows, the governance of natural resources, and the economics of war and humanitarianism. His latest book is entitled *Humanitarian Economics. War, Disaster and the Global Aid Market*. Gilles Carbonnier is editor-in-chief of the eJournal *International Development Policy*. He serves as President of Geneva's Centre for Education and Research in Humanitarian Action (CERAH), and as Vice-President of the European Association of Development Institutes. Before pursuing an academic career, Gilles Carbonnier gained professional experience in the field of humanitarian action (International Committee of the Red Cross (ICRC) and Médecins Sans Frontières (MSF)) and international trade (General Agreement on Tariffs and Trade (GATT)/World Trade Organisation (WTO)).

Where do you see the most exciting research/debates happening in your field?

Development economists widely discarded war and disaster until the mid-1990s. This comes as a surprise to the extent that developing economies had been badly affected by man-made and 'natural' disasters throughout the Cold War. Yet civil war was considered an abnormal event, which disrupted the 'ordinary business of life' and was not amenable to economic analysis. One of the first books that attempted to get to grips with the economic dimensions of civil war was not written by economists, but by other social scientists and humanitarian practitioners (Economie des guerres civiles).

Since then, there has been a boom in the empirical literature on the economics of war, terrorism, and disaster. Recent studies focus on issues such as the securitization of disaster risks, or the micro-determinants of armed groups' behaviour. Rational choice models help to better understand combatants' decisions and shed light on the crude rationality that presides over grave violations of international humanitarian law (IHL), such as the systematic bombing of hospitals in Syria and Yemen over the past months. Integrating cost-benefit calculus into the analysis can help frontline humanitarian workers better negotiate access to the field. It can help them obtain greater respect for the fundamental principles of humanity that set limits to the otherwise unrestrained exercise of violence.

Beyond standard cost-benefit calculus, advances in behavioural economics together with insights from cognitive science offer tremendous potential to explain how pre-established mental models and evolving social norms shape humanitarian outcomes and, conversely, how acute crises can rapidly alter such norms and mental models. This offers great potential to reconsider how best to promote and seek to enforce IHL in very diverse politico-institutional settings.

How has the way you understand the world changed over time, and what (or who) prompted the most significant shifts in your thinking?

I came to realize that our specific disciplinary lenses have an enormous influence on how we apprehend complex social phenomena. Jack Hirshleifer, who was a longtime professor of economics at UCLA and pioneer in studying 'the dark side of force' – the economic functions of violence and the functioning of war economies beyond the voluntary exchange of goods and services mediated by the market – noted in his 1993 presidential address to the Western Economic Association International:

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As we come to explore this continent [armed conflict], economists will encounter a number of native tribes – historians, sociologists, philosophers, etc. – who, in their various intellectually primitive ways, have preceded us in reconnoitring the dark side of human activity.

Once we economists get involved, quite properly we'll of course be brushing aside these a-theoretical aborigines.

While Hirshleifer was right to underline economists' belated exploration of civil war, his prediction that economists would brush aside others is a recipe for adding catastrophe to disaster. On the contrary, over the past years I came to consider interdisciplinary engagement as an imperative to reconstruct an otherwise fragmented understanding of social reality, be it when it comes to the rationale behind suicide bombings or the killing of war prisoners, or when evaluating the effectiveness of foreign aid used as a counterinsurgency instrument, in the context of so-called hearts-and-minds campaigns. This requires dialogue across epistemological traditions ranging from hypothetico-deductive methods aimed at testing theory-based models to inductive approaches grounded in the observation of field reality. This in turn requires an ability to integrate some of the concepts, methods and paradigms of other disciplines.

What are some of the key changes you have seen in the humanitarian sector during your career for the ICRC and as an academic?

The sector literally exploded. During my first assignment as a humanitarian worker in El Salvador in 1989, there was just one humanitarian agency operating in the conflict zones across the battle lines. Today, hundreds of organizations flock to war- and disaster-hit regions. An increasing number of them come from emerging economies and the Gulf states. There is also a steep rise in the number of local responders, in particular in middle-income countries with ever greater response capacity. That said, the sector remains dominated by an oligopoly of a dozen or so Western donors and another dozen large humanitarian organizations. Yet they face mounting pressure to devolve more power and resources to national and local actors ('localizing aid').

Scholarly interest in the economics of war and disaster has also risen substantially since the 1990s. There has been a notable shift from large-N panel data analysis that sought to better identify the causes and consequences of civil war (or rebellion) to micro-level studies on the transformational impact of conflict itself. Transfers from research to policy and practice have been slow and limited. For example, it took decades for scholarly insights on famine, household economics and vulnerability analysis to trickle down into improved needs assessments by aid agencies in complex emergencies. Greater cross-sectoral interactions would be beneficial to both researchers and practitioners.

You have recently published *Humanitarian Economics*. Can you outline what humanitarian economics involves and why it is important?

I wanted to address a range of questions raised by students in class and in my exchanges with humanitarian practitioners, such as: how can the economics of war and terrorism inform humanitarians' negotiations with combatants, and shed light on the role of aid in conflict? To what extent can and should emotions and altruism be incorporated in a rational-choice framework? How do economic incentives influence kidnap for ransom and the fate of prisoners? Looking at financial markets, what do catastrophe bonds and risk-linked securities mean for disaster risk management? What are the potential and limits of business-humanitarian partnerships?

Linking theory, research and practice, my book highlights how humanitarian economics can address some of today's thorniest humanitarian challenges. It is the first to outline this emerging field of study and practice, which encompasses the economics and political economy of war, disaster, terrorism and humanitarianism. I have sought to highlight how humanitarian economics can help policymakers and practitioners better understand complex emergencies and strengthen the humanitarian sector's ability to assess and address the needs of affected people – while minimizing the negative side-effects of aid. Conversely, the book illustrates how research on/in acute and chronic crises challenges specific assumptions underlying neoclassical economics. The book further sheds light on the workings of the aid market itself and how external interventions add to the transformative power of war and disaster, looking at the tensions between relief, development, peacebuilding and statebuilding.

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The first chapters deal with epistemological tensions and explore how the humanitarian marketplace has evolved since the end of the Cold War, looking at supply, demand and 'needs' for humanitarian assistance and protection. The central part of the book deals with the contributions of war economics, terrorism economics and disaster economics to our understanding of complex and chronic crises. I consider in particular distributional issues involving the costs and humanitarian consequences – but also the benefits – of crises while treating foreign aid as embedded in contemporary disaster and war economies. At a more micro level, I explore how Syrian refugees seek to survive and make a living in Lebanon. This case illustrates the complexity of humanitarian action in an urban, middle-income country environment, and allows us to dwell on the pros and cons of cash-based assistance.

Let me add that Humanitarian Economics is not intended only for economists and humanitarians, but should be of interest to a wider readership of interested stakeholders.

In the book you state that 'humanitarianism is in crisis'. Why is this the case?

Considering the past 25 years, there has been a remarkable boom of the humanitarian market. Total funding for international humanitarian assistance has increased from some \$3bn to \$28bn. While the share of humanitarian aid accounted for less than three percent of official development assistance (ODA) by the end of the Cold War, today it accounts for more than 12 percent. Despite the expansion of humanitarianism as an ideology and a global movement, war crimes are on the rise and international humanitarian organizations have very limited access where it matters most: in the heart of armed conflicts. As a result, millions of people go largely unprotected and unassisted. Besides, we do not understand enough about local relief initiatives.

In your book you also argue that too often, humanitarian action serves "as a foreign policy option by default, a smokescreen for diplomatic and military failure that makes the unacceptable more tolerable". Do the motivations of states and donor organisations have much effect on the potential outcomes of humanitarian action?

Humanitarian action has become a foreign policy instrument by default in the context of protracted 'humanitarian crises'. The latter is a misnomer: such crises are political in nature and cannot be solved by humanitarian responses. Humanitarianism has become a tenet of global governance. It is part and parcel of the global political entertainment scene as it thrives on, and feeds into, the media. It remains as critical as ever that humanitarian action does not substitute political action nor erodes the political resolve to put an end to protracted crises.

In a recent journal article you assessed business-humanitarian partnerships (BHPs). Could you explain the increased collaboration between the humanitarian sector and business? Do you see this as a largely positive collaboration?

The business and humanitarian worlds obviously pursue different objectives. Yet they may develop effective partnerships on a case-by-case basis, out of mutual interest. My starting point is to avoid considering business as a unitary actor and explore potential entry points in specific sectors such as ICT, agribusiness or pharmaceuticals. Humanitarian actors can address risks and opportunities through a variety of modalities ranging from advocacy and campaigning (e.g. greater respect for human rights) to staff secondment and operational collaborations in the field.

In any case, humanitarian organizations have to carefully weigh the risks against the benefits, all the more so because they operate in a contested public arena and are under increasing scrutiny from various stakeholders including donors, civil society, armed groups and aid beneficiaries. To preserve their licence to operate, several pathways to legitimacy must be considered when partnering with business: (i) moral fit with the corporate partner, (ii) procedural or input legitimacy of the partnership arrangement and (iii) outcome legitimacy. The latter is critical to the extent that business-humanitarian partnerships often seek to enhance humanitarian outcomes. However, evaluating the specific benefits that can be attributed to BHPs remains a challenge and deserves more research.

You have also looked at 'disaster economics', considering the costs and impacts of natural hazards. What are some of the new instruments available in this area and do you consider them effective?

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Research has shown time and again that investing in disaster prevention and preparedness is cost effective. But there are strong political-economy constraints against investing money in prevention. Rarely does it pay for a government to increase taxes to invest in ex-ante disaster risk reduction while it is politically more rewarding to mobilize international assistance and take the lead of reconstruction efforts after a disaster has struck. As a result, funding for disaster risk management has remained quite low despite repeated political commitments to the contrary.

As disaster risk insurance and risk-linked securities start expanding in middle-income countries, the insurance industry and more broadly the capital markets acquire a vested interest in promoting such financial products in emerging markets. This is a game changer, with the potential to transfer a larger share of disaster costs out of affected countries onto global financial markets.

The design and marketing of disaster risk insurance products is often carried out in partnership with multilateral and bilateral aid agencies. As the insurance industry and the aid sector develop greater cooperation, they also face greater competition. More investment in prevention and preparedness reduces the need for outside help. Yet as long as political leaders in disaster-prone countries believe that foreign aid will pour in as soon as a disaster strikes, the incentives to pay premiums on insurance or interests on catastrophic risk bonds remain low (unless a government seeks to reduce aid dependence out of a concern for national sovereignty).

You are the Editor-in-chief of *International Development Policy*, an e-journal which is open access and publishes work from both academics and practitioners. Do you think other academic fields, particularly in Politics and IR, could benefit from this format? If so, how?

When I took over in 2010, the journal was targeting a Swiss audience with a few hundred subscribers. In 2015, some 250,000 people worldwide consulted our e-journal while 35,000 downloaded an article in pdf format. Publishing peer-reviewed articles next to policy debates and other products in open access, e-format allowed us to enhance the journal outreach and the diversity of papers. That said, it is more difficult to offer an effective platform for debate between research and policy. A recent evaluation of our e-journal provided anecdotal evidence hinting at the fact that policymakers perceive the journal as 'too academic' to influence evidence-based policy making. This raises a whole set of questions related to research-policy transfer efforts by academia versus think-tanks and advocacy organizations.

What is the most important advice you could give to young scholars of international affairs and economics?

Based on a solid command of the major theoretical strands and methodological tools in your area of specialization, broaden your analytical lenses. Venture into bi-disciplinary research and teaching. Engage in interdisciplinary collaboration to reconstruct the complex social reality that individual disciplines tend to approach in a fragmented manner. Seek cross-sectoral dialogue with practitioners and other stakeholders in your own field of interest (a fruitful way to get fresh intuitions for further research). Last and not least, pay attention to global-local interactions as well as to locally-produced knowledge. This is what we seek to offer to our students at the Graduate Institute in Geneva.

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This interview was conducted by Jane Kirkpatrick. Jane is an Editor-at-large at E-IR.