



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

Benjamin Spatz, Aditya Sarkar, Alex de Waal

March 2021

Overview

The political marketplace framework (PMF) is useful for civic and humanitarian actors in turbulent countries and for external policymakers seeking to promote stability, peace, democracy and development. The PMF describes the logic of monetized transactional politics and provides a clear-eyed evaluation of the challenges and dangers facing reformers.

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

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

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

General Precepts to Inform Peacemaking, Democratization and Institution-Building

The following six general precepts—or default assumptions—emerge from research and underpin the PMF:

1. Transactional Politics Trump Institutional Politics

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

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

There are two ‘currencies’ for transaction politics—violence and material reward. The transactional politician typically uses both. In a political market, the monetary element is dominant, systemic and follows readily-understood rules. But the violent element remains, sometimes in the background.

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

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

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

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

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

agreements are not ‘political settlements’ that will endure: they are elite bargains that are as good as the political market conditions in which they were struck.

5. *Elites Dominate and Instrumentalize Populations*

The political market reduces people to commodities; power is based on the instrumentalization of people. Most of the time ‘the people’ do not have a role beyond being instrumentalized as part of elite political contests. The PMF does *not* explain revolutionary changes such as civic uprisings. However, it *does* explain why rulers—as well as other political elites and external actors—consistently fail both to predict the occasions on which civic revolutions succeed, and also what is required for them to consolidate democratic gains.

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

‘Off ramps’ from political markets to institutionalized systems are rare and difficult. Transactional politics usually overwhelms reformist initiatives. Well-meaning assistance to reform is likely to be co-opted into transactional strategies. Liberalizing reforms in authoritarian systems run a high risk of marketizing the political arena. Three broad types of interventions should be considered:

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

How to Use the Political Marketplace Framework

The vocabulary of the PMF is intuitive to decision-makers in turbulent countries. Indeed it is derived from their own decision-making methods. Using the PMF requires, first, internalizing the PMF’s assumptions (about political actors, their objectives, formal and

informal institutions, the role of political finance and political budgets, the price of politics, etc.), and second, having expert knowledge of the political system in question.

Seven research questions guide the application of the toolkit. Not every question needs to be answered in detail, but all should be considered during the analysis. While the political scientist may find these questions hard to define with precision or quantify, actors within the systems and expert policymakers can usually answer the questions with relative ease.

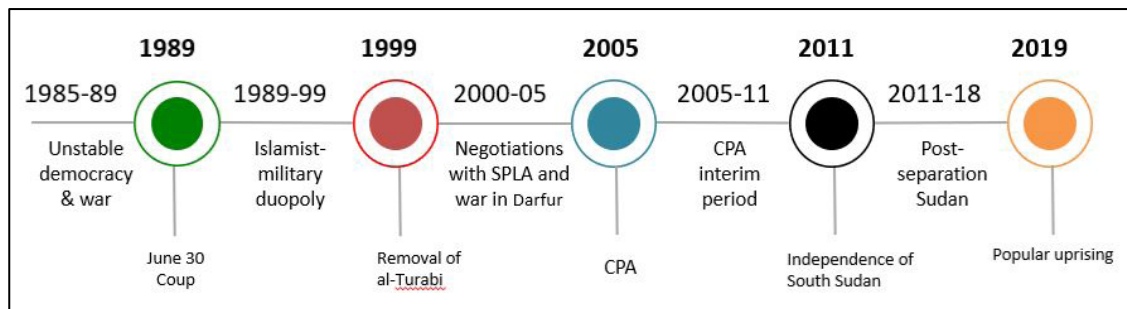
The PMF is neither a snapshot of the situation as it exists today nor a guide to very long-term outcomes. Instead it provides a tool to understand how politicians can be expected to behave under conditions of normal turbulence and how the system as a whole can respond to major disruptions and shocks.

The seven questions are as follows:

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

The purpose of this exercise is to grasp how the current political dispensation depends upon particular arrangements of power and money and the kind of major disruptions that might impel it to change.

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



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

This is a quick evaluation of the main players and the supporting cast in order to structure the analysis. Who are the major political, armed, commercial and civic players? For each, what is the relative importance of the capacity to exercise violence versus bribery, or to contribute to the public good?

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

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

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

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

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

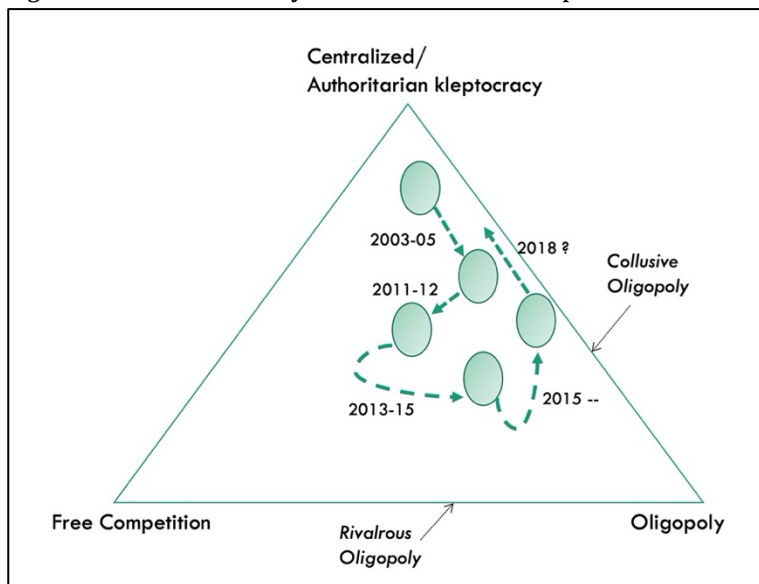
What kind of alliances do members of the political elite form and with what kinds of other actors (i.e., of the same stature or with superior or less-powerful actors)? In other words, how is the political market organized? There are three possible 'ideal types':

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

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

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

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



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

This question relates to the price of political office, loyalty and services. It is difficult to answer with quantitative precision (not least because the price of politics may not be purely monetary but influenced by factors such as personal security and access to power structures based on family connections or ethnic identity) but is extraordinarily important. It aims to understand whether politics are persistently inflationary—are

political-military entrepreneurs demanding increasing amounts of money for providing loyalty and services? Is it becoming more or less difficult to mobilize violence and money? Despite the difficulties of measuring the price of politics, it is a concept and measure that actors in the political marketplace intuitively understand and they can usually answer the question of whether the price is increasing, stable or decreasing, with ease.

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

This is related to, but is not the same as the previous questions and is particularly pertinent for identifying shifts in the political marketplace over time. Essentially this question seeks to investigate whether new political actors are entering the political arena, or whether existing actors are merely shifting alliances or organizing themselves differently. Actors in the political marketplace can usually answer this question readily.

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