Development and Conflict
Lecture for Causes of Political Violence course
Masaryk University 12.3.2015

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Overview

Overview

- Reading list:
  - Fearon and Laitin (2003)
  - Olson (1993)
  - Gates et al. (2012)
  - Collier (2000)
  - Hegre (2015)

Overview

- The decline of war
- .. coincides with a globally spreading process of socio-economic development
- Development and peace: the correlation
- Why is development associated with peace?
- How peace leads to development
- How peace and development might have joint explanations

The decline of war

- Growing literature documenting a decline of war
- ... at least after WW II, but also over a longer period
- Steven Pinker, Azar Gat, Lawrence Keeley
- Three general sets of explanations
  - State control (a 'civilizing process')
  - Normative change (a 'humanitarian revolution')
  - Emergence of a 'liberal world':
    - Development
    - Democracy
    - Trade (international and domestic)
    - International organizations
- Azar Gat: Increasing benefits of peace due to changes to economic structure
- What is the role of socio-economic development?
- Will concentrate on internal armed conflict

The decline of war: Conflicts per year 1400–2000 (Pinker)

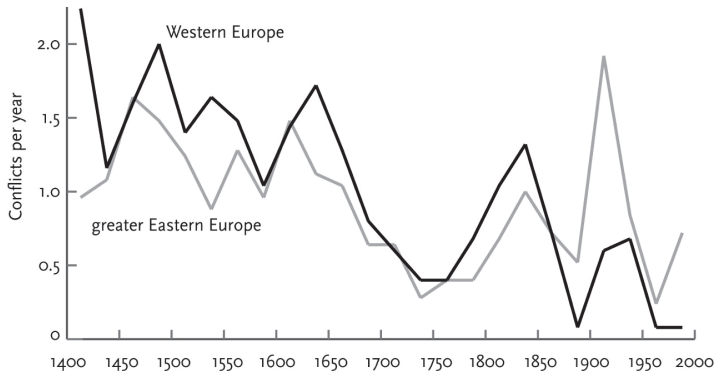**FIGURE 5-17.**

Figure 5–17. Conflicts per year in greater Europe, 1400–2000

Source: Conflict Catalog, Brecke, 1999; Long & Brecke, 2003. The conflicts are aggregated over 25-year periods and include interstate and civil wars, genocides, insurrections, and riots. "Western Europe"

The decline of war: Battle deaths, 1946–2013
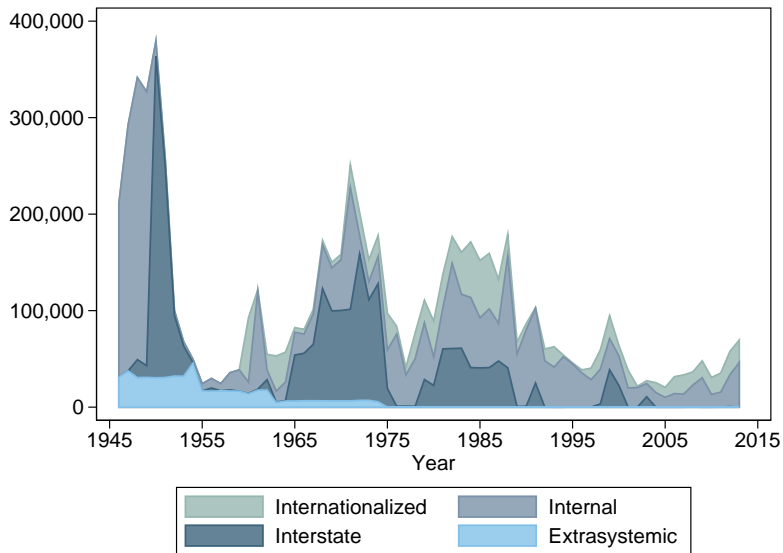
Sources: UCDP, Lacina & Gleditsch 2005, Hegre & Kristiansen 2014

Poverty reduction and incidence of conflict
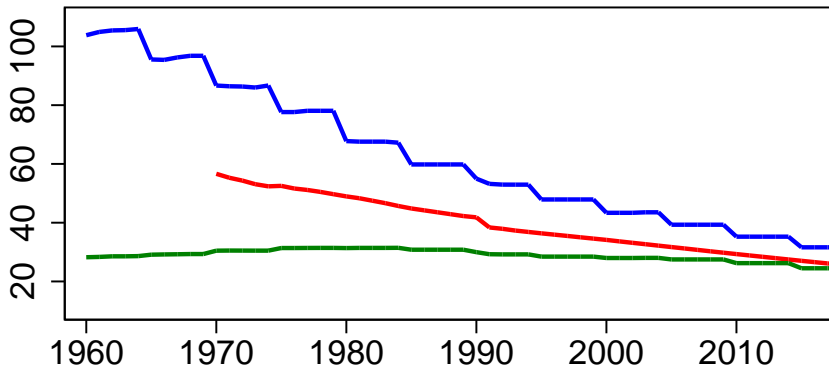
Sources: UN *World Population Prospects*; IIASA

- Global averages in infant mortality rates, proportion of population without secondary education, and proportion of population aged 15–24 years.

What is development?

- Developed economies predominantly based on manufacturing and service production
  - ▶ High importance of financial capital
  - ▶ Economic diversification and division of labor
  - ▶ Educated and skilled labor force
  - ▶ Relatively little poverty
  - ▶ Low fertility rates, large elderly population
  - ▶ Property rights protection and often representative political systems
  - ▶ Advanced bureaucracies; strong militaries
- Non-developed ones derive most of its income from agriculture and other forms of natural resource extraction
- High average income
- Oil-rich economies not necessarily 'developed'
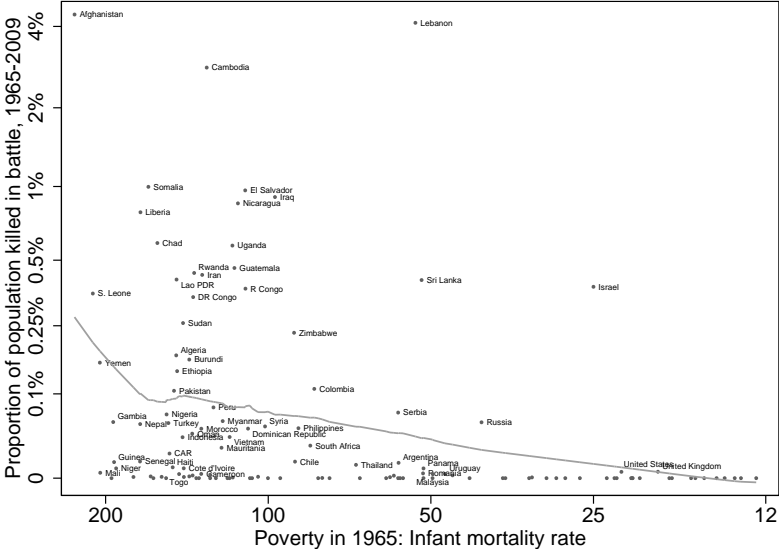
Development and domestic conflict

Fearon & Laitin 2003: Statistical estimation

TABLE 1. Logit Analyses of Determinants of Civil War Onset, 1945–99

	Model				
	(1) Civil War	(2) "Ethnic" War	(3) Civil War	(4) Civil War (Plus Empires)	(5) Civil War (COW)
Prior war	−0.954** (0.314)	−0.849* (0.388)	−0.916** (0.312)	−0.688** (0.264)	−0.551 (0.374)
Per capita income[a,b]	−0.344*** (0.072)	−0.379*** (0.100)	−0.318*** (0.071)	−0.305*** (0.063)	−0.309*** (0.079)
log(population)[a,b]	0.263*** (0.073)	0.389*** (0.110)	0.272*** (0.074)	0.267*** (0.069)	0.223** (0.079)
log(% mountainous)	0.219** (0.085)	0.120 (0.106)	0.199* (0.085)	0.192* (0.082)	0.418*** (0.103)
Noncontiguous state	0.443 (0.274)	0.481 (0.398)	0.426 (0.272)	0.798** (0.241)	−0.171 (0.328)
Oil exporter	0.858** (0.279)	0.809* (0.352)	0.751** (0.278)	0.548* (0.262)	1.269*** (0.297)
New state	1.709*** (0.339)	1.777*** (0.415)	1.658*** (0.342)	1.523*** (0.332)	1.147** (0.413)
Instability[a]	0.618** (0.235)	0.385 (0.316)	0.513* (0.242)	0.548* (0.225)	0.584* (0.268)
Democracy[a,c]	0.021 (0.017)	0.013 (0.022)			
Ethnic fractionalization	0.166 (0.373)	0.146 (0.584)	0.164 (0.368)	0.490 (0.345)	−0.119 (0.396)
Religious fractionalization	0.285 (0.509)	1.533* (0.724)	0.326 (0.506)		1.176* (0.563)
Anocracy[a]			0.521* (0.237)		0.597* (0.261)
Democracy[a,d]			0.127 (0.304)		0.219 (0.354)
Constant	−6.731*** (0.736)	−8.450*** (1.092)	−7.019*** (0.751)	−6.801*** (0.681)	−7.503*** (0.854)
N	6327	5186	6327	6360	5378

Note: The dependent variable is coded "1" for country years in which a civil war began and "0" in all others. Standard errors are in parentheses. Estimations performed using Stata 7.0. *$p < .05$; **$p < .01$; ***$p < .001$.
[a] Lagged one year.
[b] In 1000's.
[c] Polity IV; varies from −10 to 10.
[d] Dichotomous.

Development: Empirical results

- Hardly any high-income countries with internal armed conflict
- Fearon & Laitin find that increasing income with 1,000 dollars decrease log odds of internal conflict onset with 0.344
- This corresponds to a reduction from 10 to 7%, or from 50 to 42%
- Other studies: Doubling GDP per capita has same effect
- Oil producers have twice as high risk of armed conflict, controlling for GDP per capita

Development: Empirical results

- Most quantitative studies agree that income per capita or other development indicators are among the most robust predictors of conflict
- Economic growth also has a strong conflict-reducing effect
- Average income tends to 'trump' democracy statistically for internal conflicts
- Relation much less clear for interstate conflict: possibly for neighboring countries, but development increases capacity for long-distance wars (Gartzke, 2007)

Empirical regularities:
Development reduces the risk of armed conflict

Figure 13.4. The Estimated Relationship between GDP per Capita and Civil War
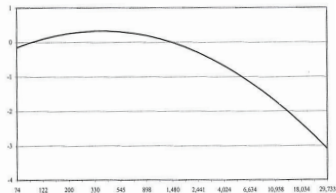
Note: The figure plots the natural logarithm of the estimated risk of civil war relative to the baseline, which has GDP per capita at the mean.

- Internally: more strongly for upper-middle income countries
- Also indications that the relationship is stronger for democracies than for non-democracies
- High income that is due to natural resource extraction is less effective per dollar, but not necessarily negative
- Indications that development reinforces the effects of trade and democracy

Development = domestic peace – why?

- Poverty may be an incentive for conflict in itself: Marx and Engels'(1848) claim that the ends of poor workers 'can be attained only by the forcible overthrow of all existing social conditions ... The proletarians have nothing to lose but their chains'
- Low income implies opportunities for violence entrepreneurs
- Poor-country governments have trouble controlling their territory
- Development is economic diversification – development is 'domestic globalization'
- Indirect effect through political institutions
- Education and the cognitive ability to maintain peaceful relations
- Boix: Asset mobility/lootability

Poverty: Deprivation

- Poverty leads to frustration and aggression $\Rightarrow$ conflict
- Most rebel groups state revolution, democratization, or poverty reduction as their goal – Nepalese Maoists; Sierra Leone's 'Revolutionary United Front'
- But rebel group leaders are often from elites: Che Guevara (Medical student), Dr. John Garang (PhD in Agricultural economics), Prachandra (Brahmin caste)
- Poverty is inversely related to political activity in several surveys

Collier: The collective action problem for rebel recruitment

- Potential rational rebel group recruits: Whether the government gets overthrown is not dependent only on my participation, but on many others'
- In fact, the best would be that someone else carries out the revolution, since I benefit as much from that
- The collective action problem is a N-player generalization of the PD game
- Free-rider problems may be reduced by institutions that enforce repeated interactions (e.g. political parties or ethnic groups)

Collier: The time-inconsistency problem

- Revolutions must be fought before justice is achieved
- Effective revolutions must be hierarchically organized
- Upon victory, the rebel leadership will be in a position to replace the former dictator, and the rebel soldiers may be no better off than before
- This is a time-consistency or a commitment problem

Collier: Empirical implications

- If Collier's argument is wrong, we would expect to see civil wars to be more common in ethnically fragmented, unequal and non-democratic countries where there is lots of unjustice
- But civil wars happen in poor, slow-growing countries
- Collier attributes this to the low 'opportunity costs' in poor countries rather than to the 'deprivation'

Alternative organization of rebellion

- To solve these problems, a rebel leader must rely on private incentives (greed) rather than on justice
- Private incentives: salary, loot, forced recruitment, opportunities for violent behavior
- We cannot observe true motivations of rebel group leaders, but some at least are motivated by private rather than public incentives
- Even those that started out as revolutionary movements may be forced into greed-based ones

Government control: Infrastructure

- Fearon & Laitin: Investment in infrastructure increases governments' counter-insurgency capabilities – roads, telecommunications
- Wealth increases quality and organization of counter-insurgency operations

Asset specificity

- Asset specificity or asset immobility: Wealth is concentrated in immobile assets
- E.g. agricultural land, mines, oil
- Mobile assets: Financial capital, human capital
- It is easier to use physical force to control immobile assets than mobile ones

Detour 1: Inequality

- Bussmann & Schneider indicate asymmetric effects of globalization on income
- Hegre, Gissinger, Gleditsch show that trade may increase inequality
- ... although studies strongly suggest that economic growth reduces poverty
- Ambiguous evidence for a link inequality – internal armed conflict
  - But Boix (2008) and studies of horizontal inequality are exceptions

Boix: When does political violence take place?

- Setup of model:
    - Two types of individuals: a poor majority and a wealthy minority
    - The wealthy initially control the government but may choose to accept democracy
    - If they choose democracy, the median voter sets a tax rate that redistributes from the wealthy to the poor
    - If they do not choose democracy, the poor may
        - ⋆ acquiesce and right-wing authoritarianism follows
        - ⋆ Revolt and violence takes place, eventually leading either to a left-wing regime where the wealthy's assets are expropriated or to right-wing authoritarianism

Boix: When does political violence take place?

- Parameters:
  - ▶ Inequality: the wealth of the rich relative to the poor
  - ▶ Country-specificity of assets – how productive capital is at home relative to abroad (how mobile it is)
  - ▶ Repression costs – how likely it is that the elites will be able to put down a rebellion
  - ▶ Uncertainty about the true repression costs/probability that a revolution will succeed

Intuitions of the model

- Violence does not occur under low to medium levels of inequality *and* asset specificity
  - Demands for democratization will succeed, since the median voter will vote for lower redistributive tax rates:
    - When inequality is moderate
    - When the assets of the rich can be moved abroad
- Violence more probable if inequality is larger *or* assets more country-specific
  - Demands for democratization will not succeed since the wealthy have more to lose
  - At least when repression costs are low
- Intra-elite fighting happens where the poor can easily be repressed and asset specificity is high – when there is lots of immobile wealth to grab and little mobile capital to be lost as collateral damage

Boix' empirical demonstration

- Measure of inequality: Percentage of family farms (owned by families; no more than four workers)
  - Land-based inequality measure most relevant to the theoretical argument
- Measure of asset mobility: 'Index of occupational diversity': Percentage of labor force outside agriculture and proportion of population living in cities

TABLE 2
PREDICTED PROBABILITY OF CIVIL WAR ONSET OVER 5 YEARS BY SIZE OF
AGRARIAN SECTOR AND LANDHOLDING INEQUALITY

		Share of Family Farms over Total Cultivated Land (Percentiles)				
		10	*30*	*50*	*70*	*90*
	10	0.08	0.08	0.08	0.08	0.08
Index of	30	0.06	0.05	0.04	0.03	0.02
Occupational	50	0.05	0.03	0.02	0.01	0.01
Diversification	70	0.04	0.02	0.01	0.00	0.00
	90	0.04	0.01	0.00	0.00	0.00

Lagged value of civil war set to 0; all other variables set at their median values.
SOURCE: Simulation based on Table 1, column 1.

- The military-political world
  - ▶ Territorial expansion is main route to maximize wealth, power, access to markets and resources, and security
  - ▶ All units compete for primacy – cooperate only to achieve balance of power
  - ▶ Self-sufficiency an important goal – homogenous countries
  - ▶ Interaction is zero-sum
  - ▶ Anarchy: War is always a realistic option to achieve gains
- Examples:
  - ▶ 17th century Europe
  - ▶ Iraq under Saddam Hussein
  - ▶ Russia today?

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- The trading world
  - ▶ Trade is main route to maximize wealth, power, and access to markets and resources
  - ▶ States are differentiated in function
  - ▶ Security is maximized by means of alliances
  - ▶ Units compete, but within a context of accepted interdependence
  - ▶ Interaction is positive-sum rather than zero-sum
- Examples:
  - ▶ 14th century Hansa League
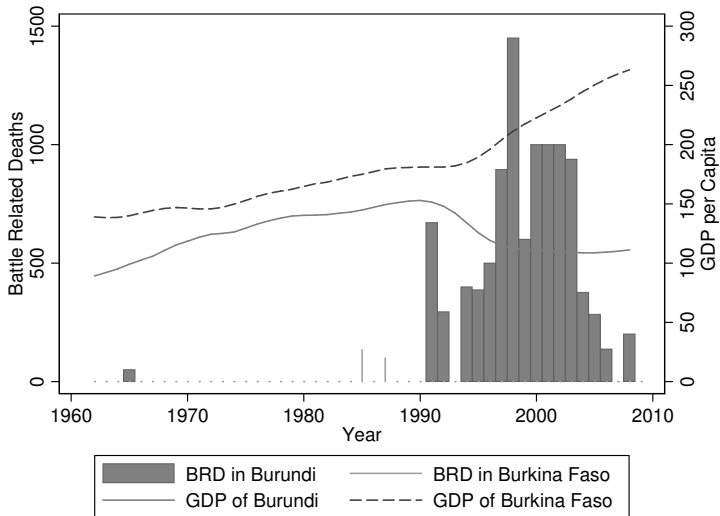 - ▶ late 20th century Europe
  - ▶ China today?

Rosecrance: Necessary to choose one of the two worlds

- The two worlds or strategies are incompatible
    - War undermines the trust required for trade (protection of property rights)
    - Access to resources and markets through trade reduces incentives for territorial expansion
    - Reliance on rule of law versus military power to settle international conflicts
    - Specialization and differentiation unattractive without pre-existing security
    - Mercantilist policies hinder trade

- The liberal peace literature's finding of a negative correlation between trade and conflict is an outcome of states' choice of strategy

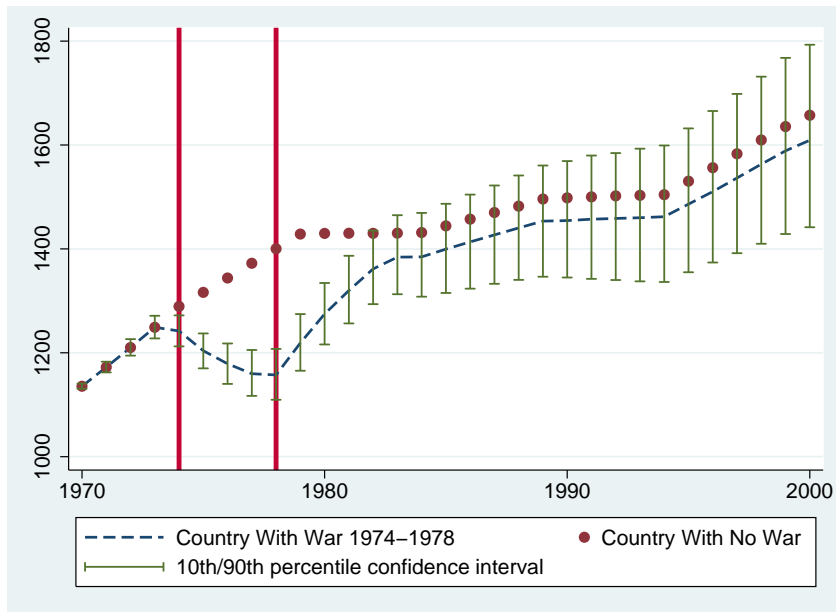# Growth decreases conflict, conflict decreases growth

- Growth decreases risk of internal conflict – also shown when reciprocal causation is taken into account
- Internal and external conflict decreases growth

Internal conflict decreases growth

Internal conflict decreases growth

Figure axes: x-axis 1970, 1980, 1990, 2000; y-axis 1000, 1200, 1400, 1600, 1800

Legend:
- - - - Country With War 1974–1978   ● Country With No War
├──┤ 10th/90th percentile confidence interval

Internal conflict decreases growth

Legend:
- - - - Country With War 1974–1986
- ● Country With No War
- ⊢——⊣ 10th/90th percentile confidence interval
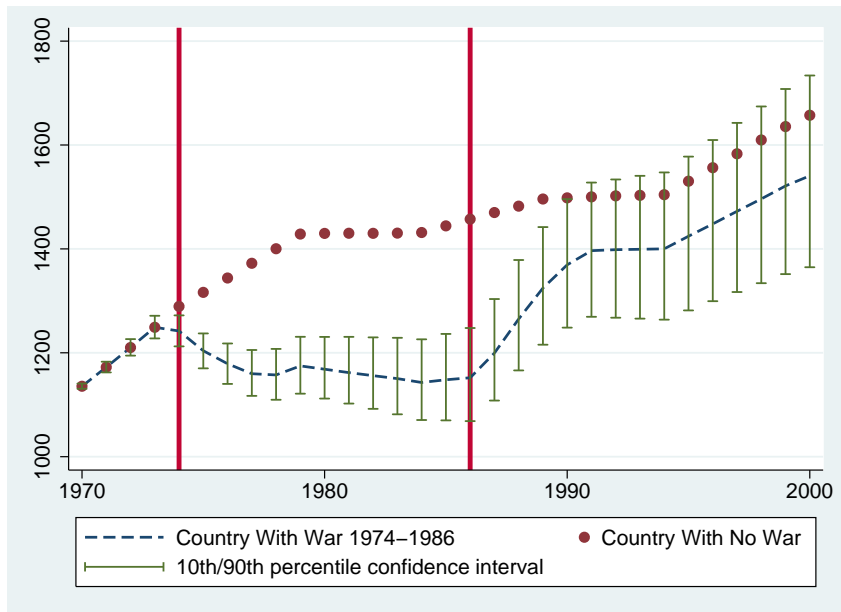
Ghobarah et al: Four sources of differences in health outcomes

- The extent to which populations are exposed to conditions that increase the risk of death, disease, and disability
- The financial and human resources available for addressing the public health needs of populations
- The level of resources actually allocated to public health needs by the private and public sectors
- The degree to which resources actually allocated to public health are efficiently utilized

Conflicts tend to affect all these

Gates et al: A conflict of median severity (2,500 direct battle-related deaths:

- Increases undernourished proportion of population by 3.3% – 300,000 people in a country of 10,000,000
- Removes a year from the expected life of every citizen
- Leads to a 10% increase in infant mortality rates
- Over a five-year period, the 2,500 direct deaths are accompanied by the deaths of 5,000 newborn
- Cuts 1.8% of population off from access to safe water

Indirect effect through political institutions

- Democratic institutions are more frequent, stable, effective, and less corrupt in high-income countries
- Stability of institutional setup is critical to domestic peace (Hegre et al 2001)

The relationship between development and democratic stability

Year: 2000. Source: Strand et al. 2011.

Determinant of democracy: MDP society
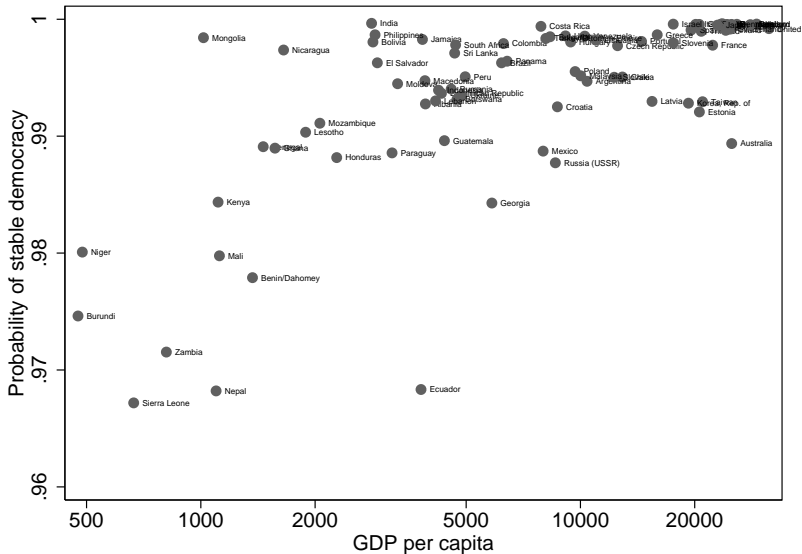
- Robert Dahl:
  Democratic institutions are clearly more stable in 'modern dynamic pluralist' societies, characterized by:
    - Urbanization
    - Occupational diversity
    - High education levels
    - High levels of citizens' well-being
    - Production mainly carried out by relatively autonomous and market-oriented firms

Mancur Olson: Dictatorship, democracy, and development

- 'Roving bandits' that become dominant in a territory has an incentive to monopolize theft (taxation) and become stationary
- Producers and productivity benefit from stationary banditry
  - Stationary bandits have longer time horizons and benefit from higher productivity
  - Public good provision (e.g. order) increases productivity and tax income
  - A sub-maximum tax rate enhances productivity and investment, reduces capital flight, and increases tax returns to the king in absolute terms

Mancur Olson: Dictatorship, democracy, and development

- This leads to decreased tax returns to the autocrat in *relative* terms –
  the relative value of being the autocrat decreases
- The marginal utility of taking over power for rivaling elites diminishes
  relative to alternative investment opportunities
- Environments conducive to development and democracy are similar:
  - ▶ Governments need to respect individual property rights
  - ▶ Political institutions must guarantee against leaders with short time
    horizons in the future
  - ▶ Autocracies may have long time horizons for a while, but mature
    democracies are better at keeping myopic leaders out of power in the
    long run
- Democracy more likely if the formation of multiple miniautocracies is
  infeasible – this is the case if communities are tightly interwoven
  economically?

Mancur Olson: Implications for the liberal peace

- Democracy, trade, and peace emerge as a result of strong incentives for leaders to promote prosperity
- Democracy, trade, and peace reinforce each other
- Democracy and trade does not cause peace, but are complimentary aspects of a rational equilibrium
- Aspects of teleology also here?

Conclusions

- ..
- ..
    - ▶ Development and shift to trading-state strategies
    - ▶ Autocrats' incentives to promote order and prosperity

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