

Civil conflict and its causes

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Preface

At the outset of my doctoral research, I intended to study the causes of what I then believed was a particular class of conflicts: so-called ethnic conflicts. Very quickly, however, I found myself analysing conflicts in a Third World setting, with a focus on some plausible microeconomic mechanisms that underlie those conflicts. All along, I sensed that I could not grasp the distinguishing characteristics of *ethnic* conflicts. In Chapter 1, I explain why I believe to have been right in focusing on the economic, rather than the ethnic character of a considerable share of today's conflicts. The subsequent chapters deal with microeconomic foundations of civil conflict.

In Chapters 2 and 3, with Dirk Van de gaer, we study political areas in which two – ostensibly distinguishable – groups determine whether or not to cooperate with the other group. Although it is a standard set-up in the literature, it entails two nontrivial assumptions: first, it assumes that a country is populated by exactly two groups, and second, it assumes that groups manage to overcome the within-group coordination and free riding problems. The principal motive for these simplifying assumptions is not particularly high-minded: multiple-player games are just not as tractable as two-player games. Fortunately, however, the assumptions can also be rationalised on more honourable grounds. Needless to say that conflicts may involve more than two parties. But from Collier and Hoeffler [2004] we know that especially ethnic dominance – where a dominant ethnic group (with a small majority) faces an ethnic minority (whether or not a coalition of ethnic groups) – makes countries conflict-prone. To study the mechanisms underlying such cases, a two-player set-up is probably not inadequate. Moreover, extensive conflict research shows that a sizeable share of contemporary communally based conflicts is indeed fought between two groups (Gurr [1994]). That groups manage to overcome the free riding and coordination problem, may seem an even stronger assumption. There is, however, considerable support in the literature, especially in the context of ethnic groups, in favour of successful within-group coordination: sufficient levels of social control within ethnic groups and strong ethnic norms, supported by coercion, can unify a group's actions (see, among others, Roemer [1985]; Robinson [2001]; Gates [2002]; Bhavnani [2006]).

A more fundamental critique on considering two immutable groups, I believe, follows from the discussion on ethnicity in Chapter 1, from which we know that ethnic group

boundaries are permeable and mutable. Therefore, in Chapter 4, with Thomas Demuynck, we endogenise the number and size of the contending groups and, thus, allow for groups to be formed – whether or not ethnically – for joint rent seeking.

Chapter 1. ‘*Ethnic, a deceptive label*’ contains a conceptual discussion on the (academic) use of *ethnic* as a discriminating label of civil conflicts. Whether it is by facilitating the provision of public goods, or by motivating for the participation in life-threatening civil wars, the economic and political salience of ethnicity lies in its potential to mobilise for collective action. In a conflict where ethnicity matters, therefore, it need not necessarily be the ‘engine that powers the conflict.’ It may just as well serve merely as a binding and mobilising device in the pursuit of a group’s common goals. Therefore, I argue that ‘ethnic’ is not accurate enough as a distinguishing label in the context of civil conflict. Moreover, considering this conceptual flaw, I also advocate against the academic use of ‘ethnic conflict’ from a normative perspective. Without overstating its importance, I believe that by reifying the belief in a common ethnic history – thus fostering the cultivation or even creation of common myths – and considering the pejorative connotation (Western) public opinion attaches to an ethnically labelled conflict,¹ such academic labelling entails potential misuse by both local and international policy makers. Therefore, I argue for a disambiguation of the concept. It would, for example, be both helpful and desirable to distinguish between an *instrumental* ethnic conflict and a *primordial* ethnic conflict.

Chapter 2. In ‘*Natural resources and internal conflict*’ we study how the economic structure of a country may affect strategic interaction between its inhabitants. As discussed above, we consider two identifiable groups who choose whether or not to cooperate with members of the other group. The key contribution of this chapter is that we propose a categorisation of economies based on the degree to which conflict and segregation harm their productivity, and we demonstrate its usefulness in explaining conflict. By eliminating dominated strategies, and assuming exogenous beliefs in the trustworthiness of the other group, we show that especially economies that heavily depend on the *robust*² resource extraction sectors are conflict-prone. Furthermore, we show that the manipulation of trust is most effective in subsistence and plantation economies and that especially the latter will be prone to segregation.

Chapter 3. In ‘*Boycotts, power politics or trust building: how to prevent conflict?*’ we build on the model of Chapter 2 to study the effectiveness and predictability of four – external – policy tools to prevent conflict. We consider two types of boycotts, the manipulation of the balance of power and confidence building. Here too, we assume the societal costs

¹Ethnic conflict is popularly viewed as the inevitable consequence of irrational, innate ethnic loathing, as tribal and ancient-old hatred

²Robust resources encompass two established concepts in the literature: the highly concentrated and easily controlled *point* resources (like oil or kimberlite diamonds) and inexpensively harvested and easily smuggled *lootable* resources (like coltan or alluvial diamonds). See Chapter 2 for a more detailed discussion on robust resources.

of conflict and segregation to depend on the type of economic activity the country mainly depends on. Groups are assumed to be imperfectly informed on the cooperativeness of the other group. We study whether foreign intervention can induce Bayesian Nash equilibria, where both groups choose to cooperate and whether it can prevent equilibria where both choose to fight, and how easy it is to predict the effects of such external intervention. We show that a boycott that materialises as soon as one of the parties chooses not to cooperate is the only instrument that is unconditionally effective. Besides entailing moral issues of having to choose sides, both trust building and power politics are less effective. Moreover, although it is currently the most acclaimed policy instrument by e.g. the United Nations, the outcomes of trust building can be highly unpredictable.

Chapter 4. In ‘*International commodity prices and the persistence of civil conflict*’ we focus on a specific labour market situation, endemic to underdeveloped rural sub-Saharan Africa. We consider an economy with an agricultural sector that produces an internationally traded and priced tropical good (coffee or cocoa, for instance), a mining sector with monopolistic profits and a rebel sector that preys on the mining sector. Conflict only emerges if the mining sector generates enough excess profits for at least two rebel groups to be viable. Therefore, as stated above, the number of competing rebel groups is endogenously determined. First, we show that not only the price of mineral resources matters. Prices of internationally traded and priced tropical agricultural commodities matter just as much: a drop in those prices increases the attractiveness of other ‘economic’ activities such as rebellion or warfare and can, therefore, trigger civil conflict. Furthermore, we show that civil war carries a non-reversible component within it: by damaging agricultural productivity, it lowers market wages and, therefore, increases the profits in the mining sector. These higher profits in the mining sector, in turn, lower the threshold mineral prices above which conflict becomes lucrative for more than one rebel group.

General conclusion

“The purpose of studying civil conflict is of course to identify its causes. Ultimately, a better understanding of the circumstances that are conducive to civil conflict should enable governments and the international community to prevent it from erupting or at least to prevent it from reoccurring.” (Chapter 1, first sentences.) Ideally, therefore, this study contributes to a better understanding of *Civil conflict and its causes*. It should be acknowledged that the following general conclusions, which I draw from my doctoral research, go considerably beyond the much narrower conclusions which economic modelling typically allows for. I am confident, however, that, if handled cautiously, they remain pertinent from a policy point of view.

It is beyond doubt that ethnicity *matters* in many contemporary civil conflicts and that it may affect group behaviour and interaction through several fundamentally distinct channels. Remarkably, however, there is very little (if any) empirical or theoretical substantiation of the view most widely held among – notably Western – policy makers, reporters

and the general public, viz. that ethnic conflicts are *driven* by irrational, tribal or ancient old hatreds. We argue that the discrepancy between the academic concept and its popular perception may entail local and international political opportunism. In addition, by failing to discriminate between the various types of civil conflicts where contending groups have aligned ethnically, ‘ethnic conflict’ is also totally ineffectual as an analytic concept. The conceptual discussion in Chapter 1 therefore calls on the academic world to distinguish between different types of ethnic conflicts.

Although the subsequent chapters deal with civil conflict from a microeconomic perspective, each chapter implicitly also comprises some aspect of (ethnic) mobilisation. For example, when considering optimising behaviour at group level, especially when groups antagonise, one considers ‘representative’ group members and assumes that the groups have managed to overcome the problems of coordination and free riding. In a more general interpretation, therefore, Chapters 2 and 4 establish the economic prerequisites for deliberate (ethnic) mobilisation by some political elite to be successful and lucrative. Predatory elites are expected to be particularly prevalent in robust resource-dependent economies, while especially poor and tropical agricultural commodity-dependent economies appear vulnerable to the cultivation of (ethnic) distrust. Chapter 3, in turn, examines the tools which the international community has at its disposal to prevent an area from polarising (ethnically). Against the current international bias in favour of ‘soft’ intervention policies like confidence building, a credible threat of an economic boycott appears to be more effective.

Obviously, in a model where political entrepreneurs can instigate conflict strategies, a credible boycott discounts their potential gains from (ethnically) mobilising part of the population to their own benefit. Essentially, what Collier [2007, p. 149] advocates with ‘a charter for budget transparency’ would have a comparable effect: whether they are imposed by the international community (boycott) or institutionalised by national consensus or law (charter), to prevent groups from (violently) polarising in their attempt to further private or groups’ goals, there is a need for stringent mechanisms that discourage or inhibit embezzlement, appropriation or a skewed allocation of public resources.

Finally, from Chapters 2 and 4 we know that excessive dependence on either robust resources or tropical agricultural commodities makes countries (especially ethnically diverse ones) utterly susceptible to civil conflict. Therefore, to safeguard countries from civil conflict, this dissertation unambiguously argues in favour of a structural diversification of the economic activity.

Although fostering economic diversification undoubtedly belongs to the core responsibilities of local authorities, there are disquieting reasons why the international community too should feel concerned. First, however well-intentioned, it is conceivable that the Fair Trade movement’s stimuli to the production of, e.g., coffee or cocoa, exacerbate Third World countries’ dependence on tropical agricultural commodities and, thus, contribute to their proneness to conflict. Moreover, combined, First World export subsidies and the system of tariff escalation increase primary commodity dependence and inhibit the development of a secondary industry in the Third World. More fundamentally, therefore, First World agricultural policy undeniably produces a fertile ground for civil conflict in the Third World and, thus, imposes a highly underestimated cost on its resource-rich, but tropical

agricultural commodity-dependent, countries.

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