

Stop Conflict Before It Starts

Sep. 17th, 2006

 Send to Kindle

Dozens of countries have suffered through civil conflicts in the past few decades. The humanitarian consequences have been staggering: 3 million civilian deaths in Congo and hundreds of thousands more in Rwanda, Sierra Leone, and Sudan. The direct human impacts for survivors are enormous, and there may be lasting economic setbacks for whole societies.

Likewise, the regional spillover effects are devastating for neighboring countries faced with refugees, lawlessness on their borders, and the illicit trade in drugs and arms that often proliferate in conflict zones.

But what causes this instability, and what can be done about it? Recent research shows that what is called for is fresh thinking about how foreign aid should be structured, to head off civil conflicts before they ever start.

Oversimplifying a little, there are two main lines of inquiry among researchers about the causes of conflict. One set of theories stresses political repression. It predicts that violent clashes should be most likely to break out in dictatorships and ethnically divided societies. The second set claims deteriorating economic conditions are the key triggers sparking civil insurgencies. Indeed, extreme poverty can breed angry armed movements aiming to loot the assets and natural resources controlled by elites, especially when legitimate earning options are scarce.

Research by Oxford economists Paul Collier and Anke Hoeffler finds poverty and falling income are the critical drivers of violent conflict globally. Complicating

the analysis, however, is something academics call reverse causality: Could violence be leading to poor economic outcomes in the data, rather than vice versa?

TO AVOID THE PROBLEM of reverse causality, my colleagues Shanker Satyanath and Ernest Sergenti at New York University and I employ an alternative statistical approach. Using annual data for African countries during the 1980s and 1990s, we estimate the effect of droughts on armed strife. Droughts lead to large drops in income in Africa, where most people rely on rain-fed subsistence agriculture. Droughts also have the analytical advantage of not being subject to reverse causality: Civil war does not cause drought.

Our research finds that a 5% drop in per capita income due to drought increases the likelihood of a civil conflict in the following year by nearly one half. That's a very large effect. This analysis highlights the key role that economic volatility can play while suggesting some important real world implications for the design of foreign aid.

Currently, most foreign aid focuses on long-term investments in infrastructure or education but does little to deal with such short-term triggers of violence as drought or falling export commodity prices. But our research suggests a larger share of aid should aim to dampen the sharp falls in income that actually generate recruits for rebel movements.

One possible solution is for more foreign aid to play an explicit insurance role. I call this new type of aid Rapid Conflict Prevention Support. RCPS aid would target countries suffering temporary income drops due to poor weather or commodity price declines, both easily monitored by aid donors. Better yet, there would be little incentive for local regimes to "game" the system to receive such financing, since weather and global commodity prices are outside the control of any single country.

RCPS aid would bolster local economies when the risk of instability is high, but could be reduced quickly when conditions improve. RCPS might be most effective by providing temporary public works jobs for unemployed young men, the group most likely to participate in armed violence. Rural insurance programs in more prosperous African nations, such as the Drought Relief Program in Botswana, could serve as models.

True, humanitarian aid also can serve as insurance. But it's usually provided after conflict has broken out. By contrast, RCPS would use economic indicators to identify nations most likely to suffer future strife, increasing aid before violence erupts. Such prevention is better than a more costly cure.

Given the meager results of most foreign aid, alternatives like RCPS deserve serious consideration. Civil wars have claimed millions of lives and have created havens for criminals and terrorists. If RCPS could reduce the chance of a conflict, even slightly, wouldn't it be worth it?

Views expressed in Outside Shot are solely those of contributors.

By Edward Miguel

<https://www.bloomberg.com/news/articles/2006-09-17/stop-conflict-before-it-starts>