Economic and Political Causes of Conflict: An Overview and Some Policy Implications

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Abstract

Civil war continues to be a major feature of contemporary developing countries, and a source of underdevelopment. Although much contemporary conflict seems to be about political, ethnic, or religious differences, in fact these conflicts generally have an economic and a political basis. This paper reviews the major theories that have been put forward to explain this generally harmful and dysfunctional phenomenon. It covers both theories that emphasise individual motives as the prime explanation of conflict and those that focus more on group motivations.

Horizontal inequalities (or inequalities among groups) form one fundamental economic and political cause. Others include poor economic opportunities and deficient social services leading to a failed social contract, environmental degradation, and the potential enrichment that accompanies some conflicts. These motives have global as well as domestic dimensions.

Appropriate policies depend on the specific situation; notably, which of these underlying causes is most applicable. For prevention, it is imperative to address political as well as economic inequalities. Many of the policies needed for conflict prevention and for the protection of people during war differ from the policies currently advocated (and often required) by the international development community, especially by the international financial institutions. The new security environment has increased the global nature of conflicts and supported governments’ capacity to repress rebellions, but it has not addressed the underlying economic, social, or political causes.
Economic and Political Causes of Conflict: An Overview and Some Policy Implications

By Graham K Brown and Frances Stewart

Violent conflict is undoubtedly a major cause of underdevelopment. Both country studies and cross-country regressions have demonstrated the heavy economic costs of civil wars. Indeed, twenty-two out of the thirty-one countries with the lowest human development have experienced civil war since 1990. It is also widely accepted that underdevelopment is a major cause of conflict, thus giving rise to a vicious cycle in which poverty begets conflict and conflict begets poverty, summarized as “the conflict trap” by Paul Collier and others. Yet the assumption of a straightforward causal relationship between poverty and conflict is oversimple, as indicated by the middle- and high-income areas that suffer conflict—such as Middle Eastern countries, Northern Ireland, the Balkan countries, and the Basque region of Spain—and by very poor areas that avoid conflict, such as Malawi, Tanzania, and Zambia. This chapter explores the economic causes of contemporary civil wars, asking whether it is simply poverty that causes conflict or if more complex situations are involved and identifying policies that might help prevent conflict and its recurrence.

The incidence of conflict has changed over time, as figures 1 and 2 show. Between 1945 and the late 1980s, there was a steady rise in conflict. After the end of the Cold War, conflict incidence fell off sharply; but since 9/11, that downward trend has stopped, if not reversed. Africa suffered by far the largest number of major conflicts during the 1990s, with more than 40 percent of the total, but lesser conflicts (those with deaths of twenty-five to one thousand annually and more than one thousand cumulatively) were concentrated in Asia. These numbers show that there is no simple equation between poverty and conflict—poverty at a global level fell proportionately (although it was constant or rising in absolute numbers) during much of the period. However, the incidence of conflict is undoubtedly heaviest among low-income countries. Thus it is estimated that, from 1960 to 1995, 0.5 percent of the population of low-income countries died due to conflict, while the proportion was 0.3 percent among lower-middle-income countries and 0.1 percent among upper-middle-income countries. Econometric analysis also shows that low income per capita is a predisposing factor for conflict.

Not only incidence but also the nature of conflict has shifted during the post–World War II period. Wars coded as “extra-systemic”—essentially violent decolonization struggles—were
largely a thing of the past by the mid-1970s, and interstate conflict has also declined drastically over the past decades; between 2004 and 2010, there were no ongoing interstate wars at all. In contrast, the proportion of civil conflicts that have become “internationalized” has been growing steadily since 9/11. In recent years, around 30 percent of all conflicts were internationalized; even at the height of the Cold War era “proxy wars,” this figure rarely exceeded 15 percent and was never more than 20 percent. Hence, while the “conflict trap” and associated economic arguments explain part of the reason why countries experience civil war, a fuller explanation needs to take political and international dimensions into account, as well as economic motivations extending beyond low incomes.

**Figure 1.** Incidence of Conflict by Geographic Region, 1946–2012

![Incidence of Conflict by Geographic Region, 1946–2012](image)

*Source: Uppsala/Prio Armed Conflict Dataset*.

**Figure 2.** Incidence of Conflict by Type, 1946–2012
Any review shows a considerable variety of types of conflicts, distinguished by their ideology and forms of mobilization, the nature of warfare, and the extent of external intervention or influence. Important types of conflicts over the past decades include:

- **“Wars by proxy.”** During the Cold War, the East and the West supported different sides of some locally fought conflicts with funds, arms, and “advisers” in order to capture a particular country for their own side. Examples are the wars in Central America, Vietnam, Mozambique, and Afghanistan. Some of these wars ended with the Cold War, but others gained a life of their own (e.g., Afghanistan). New forms of proxy conflicts are associated with the war against terrorism, such as the current US military supported counterinsurgency operations in the secessionist Muslim south of the Philippines and support for repression of the Taliban in Pakistan.

- **Military “interventions” in domestic conflict by outside powers,** generally motivated by political or economic objectives of the intervening country. Since the end of the Cold War particularly, this type of conflict has predominantly been associated with the West. Examples are Kosovo, the 2001 invasion of Afghanistan, and the wars in Iraq. But there are other examples that do not involve the West, such as Vietnam’s invasion of Cambodia.
• Revolutionary or ideological wars that aim to overturn the established order. Examples are the wars waged by the Khmer Rouge in Cambodia, the Colombian conflict (especially in its early stages), the Shining Path in Peru, and the Maoists in Nepal. Rebellions aimed at installing democracy in repressive regimes (as in Syria) or at imposing a particular ideology (e.g., to institute sharia law, as in Mali) are also examples.

• Wars fought for regional independence or autonomy, such as the wars in Eritrea (Ethiopia), Biafra (Nigeria), Sri Lanka (the Tamils), Chechnya (Russia), southern Sudan, Kosovo, Spain (the Basques), and the southern Philippines (Muslim separatists).

• Wars fought to gain (or retain) political supremacy by particular groups representing specific cultures (ethnicities or religion). These include the conflicts in Rwanda, Burundi, Northern Ireland, and Uganda. Such wars may be fought primarily by individual groups or by coalitions of groups, as occurred, for example, in the conflicts in the Democratic Republic of the Congo (DRC) and Sierra Leone.

Some conflicts fall into more than one of these categories. Besides the first two categories—which clearly involve external forces—most conflicts have international or regional dimensions; the DRC is a contemporary example, with direct and indirect interventions by a number of countries in the region. These international dimensions can complicate or facilitate peacemaking.

Some wars are initiated by the economically deprived and those without political power, and others are initiated by the relatively privileged. The variety and complexity of the typology of conflicts suggest that there is no simple, single causal explanation for war. The next section of this chapter reviews four alternative economic explanations of conflict. The subsequent section provides an account of different dynamics of mobilization and summarizes some of the evidence for and against each explanation. The final section considers policy implications emanating from the conclusions of this review.

### Economic Explanations of Violent Conflict

Although some observers attribute contemporary conflicts to fundamental differences arising from ethnicity or religion, such differences are evidently an insufficient explanation; many multiethnic or multireligious societies live peacefully—for example, Ghana and Tanzania—while others are at peace for decades before experiencing conflict. In fact, the vast majority of multiethnic societies are at peace. As Abner Cohen succinctly stated four decades ago:
Men may and do certainly joke about or ridicule the strange and bizarre customs of men from other ethnic groups, because these customs are different from their own. But they do not fight over such differences alone. When men do, on the other hand, fight across ethnic lines it is nearly always the case that they fight over some fundamental issues concerning the distribution and exercise of power, whether economic, political, or both.¹⁸

Four economic explanations have dominated recent analysis: the first points to group motives and group inequalities as a source of conflict; the second focuses on individual gains from conflict; the third is derived from a failed “social contract”; and the fourth theorizes that environmental pressures are a major source of conflict (“green war”).

**Group Motivation**

Political conflicts, in contrast to most forms of criminality, consist of fighting between groups that wish to gain independence or take over the state and groups that resist this course of action, aiming to preserve the integrity of the nation or their power.⁹ Each group is united under a common banner, with broadly common purposes. These common purposes may be termed “group motives” for conflict. Although individual motivation is also important, group motivation and mobilization underlie many political conflicts.

Groups engaged in internal conflict are often united by a common ethnic or religious identity. Some authors include religious identity under the generic term “ethnicity,”¹⁰ and in many conflicts, opposing groups differ in both ethnicity and religion, and it is difficult to differentiate between the two as prime movers, as in, for example, Bosnia, Sri Lanka, and the middle belt of Nigeria. In other conflicts, one or another identity is clearly the relevant difference, such as ethnicity in Burundi and Rwanda, or religion in Northern Ireland or the Philippines. Moreover, there are differences between ethnic and religious forms of mobilization in organization, mobilization strategies, opportunities for securing external support, and the motives of both leaders and followers that make it relevant to distinguish the two in analysis of conflict motivation and dynamics.¹¹

Since 1945, the proportion of conflicts attributable to ethnic or religious differences has been steadily increasing (see figure 3). These conflicts are generally presented as either religious or ethnic; these identities provide a powerful source of mobilization and unity. It seems that the
proportion of conflicts based on religious differences is increasing: Muslims versus others (e.g., in Mali), Buddhists versus Muslims (e.g., in Myanmar), and many different denominations of Islam in conflicts in the Middle East. Nonetheless, many multiethnic and multireligious societies live relatively peacefully, and in many situations the majority of people do not perceive ethnic or religious identities as being of overriding importance. Hence the need to look beyond religion or ethnicity to find the causes of what are commonly described as “ethnic” or “religious” conflicts.

One plausible hypothesis is that conflict occurs where there are significant underlying differences in access to economic or political resources among ethnic or religious groups, providing both leaders and followers with a strong motive to fight. Ted Robert Gurr terms such group differences “relative deprivation”; Frances Stewart defines differences in groups’ access to economic, social, and political resources as “horizontal inequalities,” in contrast to the traditional “vertical” inequalities that apply to individuals rather than groups. The horizontal inequalities explanation of conflict is based on the view that cultural differences that coincide with economic and political differences between groups can cause deep resentments that may lead to violent struggles. These inequalities may involve regional differentiation, in which case they often lead to separatist movements (as in Aceh, Indonesia, and the Tamil regions of Sri Lanka), or different identities may occur within the same geographic space (such as in Rwanda, Northern Ireland, and Uganda), where political participation and economic and political rights are at stake.

Figure 3. Trends in Ethnic Conflict, 1945–2004
Horizontal inequalities (HIs) are multidimensional, involving access to a variety of resources along economic, social, and political vectors or dimensions. Along the economic vector, not only income is important, but access to employment and to a variety of assets (e.g., land, credit, education) comes into play. Along the social vector, access to services (e.g., health care, water) and to assets (e.g., housing) can form relevant HIs. The political vector includes power at the top (e.g., the presidency, the cabinet), at lower levels (e.g., parliamentary assemblies, local government), in the bureaucracy at all levels, and in the army and the police. The relevant HIs are those that matter to people, and this varies across societies. For example, in Zimbabwe unequal access to land is important, while in Northern Ireland conflict concerned HIs in housing, education, and jobs. HIs seem to be more provocative where they are consistent across the political and economic dimensions. The evidence suggests that economic and social HIs provide the conditions that lead to dissatisfaction among the general population and, consequently, give rise to the possibilities of political mobilization, but political exclusion is likely to trigger conflict by giving group leaders a powerful motive to organize in order to gain support. There is also often a provocative cultural dimension in group mobilization. Examples of cultural issues that give rise to inequalities and resentments are decisions on official languages, religion, or cultural events that favor one group or another; in the presence of other conditions, such
cultural events can provoke violence. The Orange marches in Northern Ireland and the adoption of Sinhalese as the official language in Sri Lanka are specific examples.

Although HIs may give rise to political movements, these political movements are not necessarily violent. Whether they become violent depends on whether demands are accommodated by the political system or whether they meet resistance. The violent reaction of those in power to the claims made by opposition groups (who may initially be protesting peacefully) is often the major source of escalation in violence, as indicated by events in Libya and Syria. It is important to note that relatively rich groups may instigate conflict, as well as relatively poor groups. The relatively rich do so mainly to preserve their riches (and/or power) for themselves, while the relatively poor do so out of a sense of injustice with the intention of achieving some redistribution. For example, Sudan’s attack on Darfur and earlier, the South, is an example of a richer group aiming to repress a poorer one in order to seize their resources; while the Sri Lankan Tamils rebellion is an example of a poorer group seeking autonomy.

Empirical evidence that severe HIs constitute a significant cause of violent conflict is accumulating. In the socioeconomic dimension, cross-sectional quantitative analyses have shown a significant relationship between socioeconomic inequality and conflict. Early country-level studies—such as Luca Mancini’s analysis of the role of horizontal inequality in explaining regional variation in the wave of communal conflicts that occurred in Indonesia after the fall of Suharto’s regime in 1998 and Gates and Murshed’s finding of a significant relationship between “spatial” HIs (i.e., differentials between geographical regions) and the intensity of the Maoist insurgency in Nepal—have been supplemented by cross-sectional country studies that find HIs a powerful explanatory variable for the incidence of conflict. Using Demographic and Health Survey data, Gudrun Østby and her collaborators found evidence of the impact of ethnic and regional HIs on conflict incidence in Sub-Saharan Africa. Using historical measures of regional gross domestic product, Graham Brown found evidence that the intersection of regional disparity with ethnic distinctiveness accounts significantly for the incidence of violent secessionism. Lars Erik Cederman et al. use geocoded proxies for wealth and ethnic group location to provide a global analysis that confirms these findings.

There is also substantial case study evidence; for example, Stewart’s review of the experiences of nine countries shows not only that an increase in socioeconomic HIs has preceded the emergence of violent conflict but also that reductions in socioeconomic HIs, such as occurred in
Northern Ireland during the 1980s, may contribute to the conditions for a peaceful resolution of such conflict. However, the connection between HIs and violent conflict is not an automatic one, and some societies show severe HIs without experiencing conflict (e.g., Bolivia, Brazil, and Ghana). Political inclusiveness is one reason that some societies avoid conflict despite severe economic HIs; Ghana, for example, has included political representation of all major groups in government. Political HIs—the exclusion or underrepresentation of groups within the political structure of a state—can provoke violent conflict when they change abruptly. In Côte d'Ivoire, for example, Félix Houphouët-Boigny avoided significant conflict for three decades, largely due to the policy of balancing representatives of the major groups in positions of importance in the government and bureaucracy. Following Houphouët-Boigny's death and the introduction of multiparty elections in the early 1990s, political leaders sought to mobilize ethnic sentiments to enforce their grip on power; they thus undermined Houphouët-Boigny's careful balancing act, leading to a spiral of ethnicization, xenophobia, and, ultimately, civil war.\(^{19}\)

Econometric evidence, as well as case studies, shows that violent conflict is most likely when political and socioeconomic HIs exist at the same time.\(^{20}\) Conflict is likely to erupt in such a situation because the political inequalities motivate leaders to mobilize in order to gain power, while the socioeconomic inequalities provide potential followers with a powerful grievance.

**Private Motivation**

People who fight have their own private motivations for doing so, as well as loyalty to the group that is fighting. War confers benefits as well as costs on some individuals. Political sociologists such as David Keen and Mark Duffield and economists such as Paul Collier and Anke Hoeffler have emphasized private or individual motivation as the fundamental cause of conflict.\(^{21}\) The private motivation hypothesis has its basis in rational choice economics, arguing that the net economic advantages of war to some individuals motivate them to fight.\(^{22}\) In this approach, group identities are regarded not as an independent factor but as instruments, created or accentuated to help fulfill the private motives of those who fight (especially leaders).

Keen lists many ways in which war confers individual benefit on particular categories of people: it permits people, especially uneducated young men, to gain employment as soldiers; it offers opportunities to loot, to profiteer from shortages and from aid; to trade arms; and to carry out illicit production and trade. Where alternative opportunities are few, because of low incomes and poor employment, and the possibilities of enrichment by war are considerable, wars are likely to
be more numerous and last longer. Moreover, conflicts may persist because some powerful actors benefit through the manipulation of scarcity, smuggling, among other actions, and have no interest in resolving the conflict. An oft-cited case used to support this argument is the role of “conflict diamonds” in the protraction of the civil war in Sierra Leone. Private motivation seems also to be a predominant factor behind the persistent conflict in the DRC, where abundant natural resources offer big rewards to those who control them.

Collier and Hoeffler put forward econometric evidence to support the view that “greed” motivates people to fight, on the basis of the observation that conflict incidence increases as the share of primary products exports in GDP rises (up to a point) which, it is argued, supports the view that conflict is caused by individual greed. However, the share of primary products exports in GDP is a very crude approximation of greed, and the econometric results have been shown to lose significance with alternative specifications. There is stronger econometric evidence that oil resources are associated with conflict, but this, too, depends on the model specification and exclusions of outliers. Case studies suggest that even where natural resources are abundant, private motives are rarely the full explanation. As a study of seven countries in conflict concluded: “Very few contemporary conflicts can be adequately captured as pure instance of ‘resource wars.’ . . . Economic incentives have not been the only or even the primary causes of these conflicts.”

Research into motivation of those who have joined militias or have given them support suggests that people have a variety of motives, including the search for security and escape from traditional hierarchies (particularly in the case of women) and what has been termed the “pleasure of agency.”

In some cases, leaders may be motivated by self-aggrandizement, while their followers may not follow maximizing logic but may be coerced into fighting or persuaded to fight by leaders playing up religious or ethnic differences and grievances:

Grievance is to a rebel organization what image is to a business. In the economist’s view of conflict, grievance will turn out to be neither a cause of conflict, nor an accidental by-product of it. Rather, a sense of grievance is deliberately generated by rebel organizations . . . [Rebel supporters] are gulled into believing the discourse which self-interested rebel leaders promote.
At this point, the group explanation and the individual explanation of conflict come together. It is hard to persuade people to risk their lives for grievances that are not genuine (i.e., unless there is some sort of exclusion or economic horizontal inequality), while it seems that leaders may be, at least in part, motivated by personal ambition in both the HI and the individual maximizing paradigms. In both cases, it is argued that they are motivated by their political exclusion (i.e., political HIs), which denies them access to resources and power.

It is clear that although they are generally not a sufficient explanation of conflict, expected rewards sometimes play a role in the decision to rebel. As Collier notes, citing the cases of Aceh (Indonesia), Biafra (Nigeria), and Katanga (Zaire), separatist rebellion often emerges in resource-rich areas of a country; he concludes that rebellion is “the rage of the rich.” Yet there are also examples of separatist movements in regions with poor resource endowment—for example, the Muslim rebellion in Thailand, the Tamils in Sri Lanka, and Eritrea and Bangladesh. In resource-rich areas, the gains (and motivation) may be individual or group, or both. However, even in many of these cases, the leaders of the rebellions left lucrative and safe positions to instigate rebellion. Hasan di Tiro, for example, left a secure position at the United Nations in New York to instigate the Acehnese uprising. In the case of Colombia, often depicted as a greed-motivated conflict, interviews with both leaders and those who were mobilized to fight show that generally their economic position worsened as a result of participating in the conflict; most put forward ideological reasons for fighting, including the issue of land reform. Thus, short-run self-aggrandizement does not seem to be uppermost as a motive for these leaders. Moreover, even the conflicts in the natural resource-rich areas were framed in ethnic terms: the Acehnese in Indonesia, the Igbo in Biafra, and the “authentic” Katanga groups (as opposed to migrant communities) in Zaire. It seems that the objective of promoting political and cultural autonomy for the ethnic group was also an important source of mobilization.

Hence, while individual maximization is certainly part of the story, it is clearly not the whole story. Group identities and group mobilization are also generally present. Although leaders undoubtedly often do sell identities as a way of securing support, they cannot create an identity out of nothing: “The [past] acts as a constraint on invention. Though the past can be read in different ways, it is not any past.” A common history, language, culture, or religion is generally required to generate felt identities powerful enough to mobilize people for conflict. Nor can
leaders expect support unless there are genuine grievances—political, economic, social, or cultural—among those who follow them.

**Failure of the Social Contract**

A third explanation of violent conflict points directly to grievances. It derives from the view that social stability is premised on an implicit social contract between the people and the government. According to this (hypothetical) contract, people accept state authority as long as the state delivers services and provides reasonable economic conditions in terms of employment and incomes. With economic stagnation or decline and worsening state services, the social contract breaks down and violence results. Thus, high (and rising) levels of poverty and a decline in state services would be expected to cause conflict; indeed, early social contract theorists such as Thomas Hobbes used precisely such logic to explain the emergence of a social contract, albeit one that he thought would be absolutist in nature. High vertical inequality might also be associated with such a failure, unless accompanied by populist measures to compensate the deprived. Conversely, political institutions that are able to channel and respond to socioeconomic discontents strengthen the social contract and thus reduce the risk of conflict.

Considerable evidence from econometric studies shows that conflict incidence is higher among countries with lower per capita incomes, life expectancy, and economic growth. Many analyses have found an inverted U curve relationship between the extent of democratization in a country and the risk of conflict, whereby the incidence of conflict in both consolidated democracies and extreme authoritarian regimes is lower than in those countries that fall into categories in between. The usual interpretation of this trend is that “stable” democracies are indeed able to avert violent conflict through a strong social contract, whereas strongly authoritarian regimes are able to suppress potential conflict in the manner of a Hobbesian Leviathan. Recent attention has focused on the process of democratization as a time of particular vulnerability to the emergence of conflict. Jack Snyder argues that the process of democratization can be hijacked by ethnonationalist mobilization. With Edward Mansfield, Snyder also argues that early democracies may be more belligerent internationally as well, because ethnic and nationalist rhetoric is invoked where institutions are weak. Marta Reynal-Querol suggests that it is the particular type of democracy—whether it has a presidential system, and whether the outcomes of votes are majoritarian, winner-takes-all or involve proportional representation—that affects the propensity for conflict, rather than the level of “democracy” per se.
“Green War” (Environmental Scarcity)

A fourth explanation of violent conflict, associated with the work of Thomas Homer-Dixon, is the “green war,” or “environmental scarcity,” argument. The essence of this perspective is that the contest for control over declining natural resources, often intensified by population pressures, is a major cause of violent conflict around the world. Poorer societies are more at risk because they are “less able to buffer themselves” from environmental pressures. Three dimensions of environmental scarcity may lead to conflict: “supply-induced scarcity,” linked to the “depletion and degradation of an environmental resource”; “demand-induced scarcity,” linked to population growth and the consequent extra pressures on existing resources; and “structural scarcity,” which “arises from an unequal distribution of a resource that concentrates it in the hands of a relatively few people.” Writing in the early 1990s, the Toronto Group predicted “an upsurge of violence in the coming decades that will be induced or aggravated by scarcity.”

The environmental scarcity hypothesis, in its various manifestations, overlaps substantially with the other hypotheses discussed here. It overlaps with the social contract hypothesis, for instance, in viewing poverty as the root cause of conflict, although it points to specific environmental causes of such poverty. It can also overlap with the group motivation approach, as proponents emphasize that environmental pressures often lead to conflict where there are “groups with strong collective identities that can coherently challenge state authority.” Indeed, the “structural scarcity” dimension of the green war approach is very similar to the models of relative deprivation and horizontal inequality, albeit restricted to a particular dimension of inequality. In other manifestations, notably Robert Kaplan’s prediction of a “coming anarchy” linking environmental degradation with increasing criminality and lawlessness, the environmental scarcity argument has more in common with the private motivation approach.

The environmental scarcity view has been criticized by James Fairhead, who argues that conflict is associated not with scarcity but with environmental riches, interpreting environmental riches as the presence of valuable natural resources such as those found in the DRC. The environmental riches hypothesis thus fits into the private motivation/greed hypothesis. In fact, both environmental poverty and environmental riches may cause conflict, for different reasons and in different circumstances.
Other critiques of the green war hypothesis include accusations of a lack of conceptual clarity and concerns about the somewhat fatalistic approach that leaves few policy options open for conflict prevention and resolution. In addition, the decade that has passed since Homer-Dixon and Kaplan predicted an increase in conflict has seen, instead, a significant decline in worldwide conflict. A systematic review of the evidence on climate change and conflict by Ole Magnus Theisen, Nils Petter Gleditsch, and Halvard Buhaug found no strong evidence of a link between the two. It remains to be seen whether the experience of future decades will validate such predictions. Nonetheless, it is clear that although pressures arising from environmental scarcity may play an important role in many conflicts, the environmental scarcity hypothesis is—and really doesn’t claim to be more—only a partial theory that contributes toward an understanding of causes of conflict, but not the general conditions under which conflict is likely to arise.

These theories of conflict causes appear, in their extreme formulations, to be diametrically opposed—the oft-cited “greed versus grievance” debate being a clear example. But, as seen above, more often than not, proponents of one perspective accept or support in part the insights of others. Some conflicts are neatly explained by one of the explanations, some are explained by others, and some clearly have multiple causes. For example, Keen has described the long conflict in Sudan, which finally ended in the secession of South Sudan, as the product of individual greed as government and soldiers used the war to advance their own economic positions. Yet, the conflict can also be seen as an example of sharp HIs, where southerners rebelled against their exploitation and sought autonomy while northerners sought to preserve their privilege. The rebellion in the south can also be seen as an example of a failed social contract: although provision of services for the country as a whole had been improving, service provision in the south was grossly inadequate, there was no physical security, and there was virtually no advantage to being part of the Sudanese state. Finally, the poverty of Sudanese (in both the south and the west) can be interpreted as partly due to environmental pressures, and the wars can be explained as being green wars. Most contemporary conflicts can similarly be explained in terms of more than one of the four explanations advanced here, although in many cases, one (or two) of the explanations is dominant.

One rather simple conclusion, that qualitative analysts of conflict are mostly aware of but quantitative analysts tend to overlook, is that the broad causal theories discussed involve a degree of oversimplification and excessive generalization. The causes and dynamics of any single conflict are typically complex and sometimes contradictory and involve aspects of many,
if not all, of the perspectives discussed. Yet it is important to understand which explanation
dominates in a particular case, because that perspective has important implications for policy
prescriptions for the prevention and resolution of the conflict.

**Financing Conflict**

One interpretation of some of the evidence is that the availability of financial or other
resources—either to enable governments to suppress potential conflicts or to facilitate rebel
activities—determines the incidence and duration of conflict. Governments in relatively rich
countries can collect more revenue and consequently spend more on security, making conflict
less likely, while the availability of natural resources that are accessible to opposition groups,
such as diamonds or timber, in turn finance the activities of these groups, thus explaining the
greater propensity to conflict in countries where such resources are available (such as the DRC,
Angola, Afghanistan, and Colombia). If this premise is taken as the entire explanation, there
underlying it is a basic assumption that all societies have a propensity for conflict, and that
conflict will break out if it is not suppressed and/or the resources to finance rebellion are
available. A less extreme position is that financing becomes an issue only when other conflict-
causing elements are present.

Jeremy Weinstein takes the latter position and argues that the nature and extent of finance
available (for rebels) determines the nature of a conflict: if natural resources are available to
finance rebels, then mercenary armies are more likely to emerge, but in the absence of natural
resources, conflicts are financed by local populations and are carried out by dedicated voluntary
fighters motivated by ideology or ethnic loyalties.

**Conflict, Poverty, and Underdevelopment**

Where does this leave the "poverty and underdevelopment" explanation of conflict? Each of the
explanations intersects differently with poverty and underdevelopment. Table 1 illustrates these
intersections, showing the main variables associated with conflict according to the different
explanations. As far as group differences and HIs are concerned, relative poverty, not absolute
poverty, matters. For the avoidance of civil wars, what matters is sharing resources of all kinds
across all communities; shared poverty and underdevelopment do not lead to conflict. Where a
society is poor but some groups succeed in securing a disproportionate share of resources,
there may be a predisposition to conflict; Nepal is an example, where strong caste and
geographic inequality have led to acute relative deprivation in the context of a society that is
generally quite poor. Moving to the international dimensions of contemporary conflicts, underdevelopment in the Global South is associated with acute North/South HIs that may be potentially destabilizing. A more specific case is the sharp economic divide between Palestine and Israel, and, more generally between Muslims and non-Muslims, which are a mobilizing factor for Muslims generally—and form an element in current terrorist threats.

Table 1. Summary of Hypotheses and Evidence on Causal Factors in Conflict

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<tr>
<th>Economic Variables Associated with Conflict</th>
<th>Evidence of Association with Conflict</th>
<th>Hypotheses</th>
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<tbody>
<tr>
<td>Decline/stagnation in per capita incomes</td>
<td>Cross-country and case study support</td>
<td>Failure of social contract; environmental degradation; low opportunity costs of war—private motive; Government lacks finance to suppress conflict.</td>
</tr>
<tr>
<td>Horizontal inequality</td>
<td>Cross-country and case study support</td>
<td>Group motives for conflict (HIs)</td>
</tr>
<tr>
<td>Vertical inequality</td>
<td>Conflicting evidence</td>
<td>Failure of social contract</td>
</tr>
<tr>
<td>High poverty</td>
<td>Cross country and case study support.</td>
<td>Failure of social contract; green war; private motives</td>
</tr>
<tr>
<td>Reduced government revenue and social expenditure</td>
<td>Case study evidence; limited statistical investigation; no evidence for association with IMF programs</td>
<td>Failure of social contract; weak government ability to suppress conflict—failed state</td>
</tr>
<tr>
<td>High levels of natural resources</td>
<td>Support for mineral resources only</td>
<td>Private motives (and financing)</td>
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<tr>
<th>Political Factors Associated with Conflict</th>
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<td>History of conflict</td>
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<tr>
<td>State expenditure as low proportion of national income</td>
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<tr>
<td>Unequal access to political power among groups</td>
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<td>Intermediate political regime</td>
</tr>
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For those who emphasize individual maximization and rational choice, poverty and underdevelopment lower the opportunity costs of wars. If people, especially young men, lack
employment or fruitful income-earning opportunities, the moderate “riches” conferred by war may offer them an attractive option. Those who argue for the overwhelming importance of individual motivation of this type point to the empirical correlations of conflict incidence with low average incomes and low levels of education. However, this view of conflict is based on the premise that fighting does offer opportunities for enrichment, which is difficult to argue in very poor societies such as Afghanistan and Somalia.

The social contract theory incorporates poverty as part of the explanation of conflict. The social contract fails when the state fails to deliver—in terms of social services, economic opportunities, and physical security. Poverty and underdevelopment are certainly part of this failure; Afghanistan and Somalia are clear examples. Yet there are poor societies where the state succeeds in providing basic services and sharing the limited opportunities. Low average incomes in a society do not necessarily imply a failed social contract. Some poor states—for example, Tanzania—succeed in delivering sufficient, if minimal, social services and physical security and avoid chronic conflict.

The green war hypothesis is certainly in tune with an explanation associated with poverty and underdevelopment, to the extent that poverty is caused by environmental pressures. However, there are many other causes of poverty and underdevelopment, so the green explanation does not provide a general connection between poverty, underdevelopment, and conflict. Although there are many connections between poverty and conflict, the view that if we could only eliminate poverty we would also eliminate conflict is not supported by either the analysis presented here or by evidence. Recent conflicts in the Arab world, for example, support this view: poverty ratios in Egypt, Libya, and Syria, for example, are low by global standards. On the one hand, absolute poverty might be eliminated, yet conflict could well persist, as long as HIs continue and some groups are excluded politically as well as economically. On the other hand, a poor society can also be a fair and inclusive one and need not be prone to conflict. Conflict may become less likely when development efforts are successful, leading to a lessening of some sources of conflict, as is shown by the econometric evidence. But policies for the prevention of conflict need to go beyond raising average incomes or reducing poverty if they are to be successful.
Economic, Social, and Political Policies Aimed at Preventing Conflict

Economic and social policies may contribute in each of the three stages of conflict: preconflict, conflict, and postconflict. In a preconflict situation, where there is no conflict but there is a high probability of one occurring, preventive policies should be aimed at changing the underlying conditions in such a way as to make the outbreak of conflict less likely. When a conflict has broken out, economic and social policies can help protect the economy and the people against some of the costs resulting from the conflict; for example, through food distribution. After a conflict has ended, policies are needed to help reconstruct the economy. This section focuses primarily on preventive policies; these are most relevant to the preconflict situation but are also relevant to the other stages, particularly the postconflict situation, because there is generally a high probability of conflict recurring soon after it has ended, and it is therefore vital to introduce preventive policies. The postconflict stage also requires straightforward reconstruction policies, such as investment to replace destroyed facilities, and measures to integrate the combatants into peaceful activities—politics that are not considered here.

If conflicts are regarded as irrational or caused by unavoidable ethnic clashes, there is little role for policy other than repression or separating people from different groups. But to the extent that conflicts are the outcome of economic causes, preventive policies may be effective in reducing their incidence. Each of the different theories discussed here has implications for preventive policies. Which policies are relevant depends on a country's situation and which theory most closely approximates the situation.

Evidence suggests that the following types of countries are clearly vulnerable to conflict:

- Low-income, low–human development countries, given the fact that at least half of these countries have been in conflict at some time over the past thirty years and that econometric evidence points to low income as a correlate with conflict

- Any country that has been in conflict over the past thirty years, because the evidence shows that previous conflict is the most significant pointer to further conflict

- Any country with high HIs in political or economic dimensions, because such countries are likely to suffer from conflict

- Countries whose political regime is repressive but likely to liberalise, or countries in an “intermediate” state of transition from strong repressive regimes to more democratic
regimes because previously suppressed grievances come to the fore as liberalization occurs and governments in such situations are often not accommodating.

Three types of policies are needed, directed at the main factors responsible for conflict:

- Policies to address HIs (i.e., aimed at group motives)
- Policies to reduce the functionality of conflict (i.e., to address private motives)
- Policies to promote equitable and sustainable development (i.e., to address social contract failures and environmental pressures)

**Correcting HIs**

The general direction of policy change to avoid violence must be to reduce group inequalities. To achieve this, politically, economically, and socially inclusive policies are necessary. These include policies to achieve geographically balanced benefits, as well as balance between ethnicities, religions, or races. Politically, this means that all major groups in a society participate in political power (e.g., by becoming members of the administration, the army, and the police).

Inclusive economic outcomes require that horizontal inequality in economic aspects (assets, employment, and incomes) be moderate; inclusive social outcomes require that horizontal inequality in social participation and well-being also be moderate. “Moderate” is a loose term. Group equality would be the ideal. “Horizontal equity” describes a degree of horizontal inequality that is acceptable to major groups in society and consequently would be unlikely to provoke conflict. The effect of any measure of inequality on conflict-propensity increases if it occurs systematically over a number of dimensions and grows over time. These are the considerations which should enter into a judgment of what an acceptable degree of horizontal inequality is. The general objective of inclusivity and moderate horizontal inequality will translate into specific policy recommendations differently in particular cases, depending on the relevant groups in the society, the dimensions of importance in the particular society, and if there is substantial horizontal inequality.

**Political Inclusivity.** The most universal requirement is for political inclusivity because the monopolization of political power by one group or another is often responsible for many of the other inequalities as well as being deeply resented for itself. Yet, achieving political inclusivity is among the most difficult changes to bring about. Political inclusivity is not just a matter of democracy, defined as rule with the support of the majority, because majority rule can be
consistent with the abuse of minorities, for example, in the recent history of Rwanda, Cambodia, and Zimbabwe. As long ago as the 1830s, Alexis de Tocqueville identified the potential problems of the “tyranny of the majority.” In a politically inclusive democratic system, particular types of proportional representation are needed to ensure participation by all major groups in the elected bodies. For inclusive government, representation of all such groups is essential not only at the level of the cabinet but also in other organs of government. For political inclusivity, moreover, members of major groups need to be included at all levels of the civil service, the army, and the police. An excellent example of how the institutionalization of inclusive politics can avert conflict comes from Switzerland, where the 1848 federal constitution institutionalized a high degree of power sharing, bringing to an end centuries of intermittent fighting between Protestant and Catholic cantons (albeit the constitution excluded women from voting until 1971).

Political participation can occur at many levels (e.g., central, regional, local), in different types of decisions (e.g., defense, economic, social), and in different institutions (e.g., army, police, civil service). Full political participation means that significant groups in the population participate across the board and their presence is not just nominal. There are many ways full political participation can be promoted, all of which have been adopted in some form or another in divided societies. Some of the most powerful ways include the following:

- **A federal constitution.** Where groups are mainly separate geographically, a federal constitution can empower different groups, as in the case of Belgium and Switzerland. Nigeria is an example of how the design of the constitution can affect the propensity to conflict. India is an example of a huge developing country that has maintained peace at a national level, partly due to its federal constitution.

- **The extent and nature of decentralization.** Decentralization, like federalism, can contribute to power sharing. This may have been one reason why Bolivia avoided conflict despite deep HIs. But decentralization does not always work in the intended way; it can replace one set of power brokers with another, which may or may not diffuse group domination. Where groups are geographically concentrated, such decentralization may give greater political power to previously underrepresented groups, but it can also lead to continued (or even greater)
disempowerment for some (normally minority) groups within the decentralized areas, as is also the case with federalism (e.g., in Nigeria).

- **The voting system.** A proportional representation (PR) system, or similar voting system, gives more power to minorities, but even with PR, a majority can dominate decision making unless a power-sharing system in elected assemblies and other government bodies is also adopted. Such systems are rare in developing countries, although no country with PR has had serious internal conflict.\(^{58}\)

- **The nature of the elected assemblies.** In a bicameral assembly, it is possible to combine democratic representation in one house of the assembly with geographic (as in the United States) or group representation in the other. In India, for instance, group reservations operate for Scheduled Castes and Scheduled Tribes in the Lok Sabha lower house, while the Rajya Sabha upper house is organized along regional lines. The voting system within assemblies can also be designed to prevent a single group from dominating (e.g., by requiring a two-thirds majority or by granting veto powers to particular groups).

- **Seat reservation in parliament for particular groups.** This has been adopted in a number of multiethnic societies, such as Burundi and Lebanon as well as for the unscheduled castes and tribes in India and also for women in a large number of cases.\(^{59}\) It is an important feature of the new Iraqi constitution.

- **Employment allocations within government.** There can be formal or informal provisions for a fair share of political posts at every level, including the presidency, the cabinet, the senior civil service, the military, and the police. For example, there is provision for three presidents in Bosnia and Herzegovina; postconflict Cambodia had two prime ministers for many years.

- **Citizenship rights.** These can be comprehensive, covering all who live in an area, or highly restrictive, requiring several generations of residence or extended only to “blood” relatives of some “original” inhabitants. Exclusionary citizenship rights can be highly provocative (as in Côte d’Ivoire in the 1990s), but relatively easy access to citizenship rights can also generate local resentment where this is seen as an attempt to “dilute” a regional minority, as in the Malaysian state of Sabah.
• **Constraints on political parties.** When there are no constraints, political parties in divided societies tend to become “ethnic.”\(^6^0\) For this reason, multiparty elections often provoke violence.\(^6^1\) Policies toward political parties range from outlawing them altogether (as in Yoweri Museveni’s Uganda) to requiring them to have multiethnic support (as in Nigeria). Although such policies can prevent or reduce the ethnicization of party politics, they can prove problematic where genuine regional grievances exist. The Indonesian constitution, for instance, bans regional political parties, a major sticking point in the peace negotiations in the Indonesian province of Aceh in 2005.

• **Human rights protection.** Strong protection of civil liberties and human rights does not ensure power sharing, but it does limit the abuse of power and clearly plays an important role. Conversely, some (semi-) authoritarian regimes have used the ethnic diversity of their population to justify limitations on human rights, particularly those relating to freedom of speech and freedom of assembly.

This account briefly touches on the many policies that can be used to ensure political participation of major groups. Many instances can be cited of political systems designed to achieve inclusive and balanced political participation in sharply divided societies struggling to maintain peace and cohesion. Among developed countries, Belgium and Switzerland are prime examples. Many developing countries initially suppressed these problems through authoritarian regimes, but the political issues associated with multiethnic societies are coming to the fore with democratization. The widely recommended formula of majoritarian multiparty democracy is proving inadequate, and postconflict countries have struggled to find alternative, more inclusive models. Nigeria, Fiji, Ethiopia, and Malaysia are examples, having modified their political systems as a consequence of political unrest. It is clear that policies to address political HIs need to accompany economic and social policies if renewed conflict is to be avoided.

*Economic and Social Inclusivity.* Deciding what “economic and social inclusivity” means is not a straightforward task. Should one aim for equality in opportunities in access to resources or in outcomes? Apparent equality of opportunities may lead to very unequal outcomes because of a variety of implicit practices and past disadvantages of some groups relative to others. The liberal philosophy of “equal opportunities” is at best a necessary condition for advancing group equality. Equality in access to resources is likely to get closer to providing a genuine level playing field, but it may still result in inequalities of outcomes (defined very broadly in terms of
health, educational achievements and income per capita) because the disadvantaged group is likely to be less efficient at using a particular set of assets. For equality of outcomes, inequality in access to targetable assets may be necessary, such as with education, land, and capital. Policies toward achieving greater group equality in economic entitlements can be divided into three types, although the distinctions are not watertight: policies aimed at changing processes that are directly or indirectly discriminatory can be adopted; assistance directed to particular groups; and targets and quotas for education, land distribution, and financial and physical assets.

Policies aimed at changing discriminatory processes may not be so different from policies to promote competition. Anti-discriminatory policies are likely to be the most acceptable type of policy and can have a significant impact. For example, addressing discrimination was a major component of the policy set adopted in Northern Ireland.

The second type of policy concerns the nature and distribution of public funds, often involving a redirection of expenditure across regions or neighborhoods, as well as groups within them. This is in principle within the control of the government, but it may meet resistance from privileged regions or from the government itself to the extent that it represents privileged groups. This type of policy requires careful review of the implications of all public expenditure (and other relevant policies) for the group distribution of benefits. It is noteworthy that such a review does not form an explicit consideration in the public expenditure reviews supported by international donors, or that of most governments.

The third type of policy, pertaining to quotas and targets, is the most controversial and politically provocative. It is this type of policy that many people refer to when they talk of “affirmative action,” although affirmative action can be interpreted as including all three types of policies. If the public sector constitutes a major source of HIs (in education, employment, and infrastructure), much can be achieved through direct action by the government. HIs located in the private sector are more difficult to tackle, though all three types of policies will make a contribution. The growing horizontal inequality in incomes in Guatemala since the Peace Agreements in the late 1990s, despite some government action to correct inequalities, shows the importance of tackling inequalities that originate in the private sector, while in South Africa vertical income distribution has been widening despite explicit policies aimed at reducing racial inequalities.62
There are many cases where affirmative action has been adopted in one way or another, pointing to a large range of possible policies. Such policies have been adopted in the North (as in the United States, New Zealand, and Northern Ireland) and the South (as in Fiji, India, Malaysia, South Africa, and Sri Lanka). They have been introduced in different political circumstances: some by disadvantaged majorities; for example in Fiji (ethnic Fijians), Malaysia (Malays/Bumiputera), Namibia (black population), South Africa (black population), and Sri Lanka (Sinhalese); and others introduced by advantaged majorities for disadvantaged minorities; for example in Brazil, India, Northern Ireland, and the United States. The former, with firmer political support, tends to be more extensive.

Policies that have been introduced to correct group inequalities include:

- **Policies to correct asset distribution.** These include policies to improve the group distribution of land through redistribution of government-owned land, forcible eviction, purchases, and restrictions on ownership (adopted in Malaysia, Zimbabwe, Fiji, and Namibia); policies concerning the terms of privatization (Fiji and Malaysia); and policies regarding credit allocation preferences (Fiji and Malaysia), training and education (Brazil, New Zealand, Malaysia, and the United States), and housing and public sector infrastructure (South Africa, and Northern Ireland).

- **Policies to correct income and employment distribution.** These include policies concerning employment quotas in the public sector (Malaysia, Sri Lanka, and India) and the requirement for balanced employment in the private sector (South Africa); and policies regarding transfer payments (although there are many cases of age-, disability-, and gender-related transfers, transfers according to ethnicity, religion, or race are rare).

Reductions in sharp HIs may be essential to produce a stable society, but the introduction of policies to this end can be provocative. The most clear-cut example is Sri Lanka, where policies to improve the position of the Sinhalese contributed to Tamil rebellion. In Zimbabwe, land policies, along with other policies, have been introduced in a highly provocative way and can hardly be taken as a model. In Kenya, land settlement policies introduced after independence reduced inequality in land ownership between Africans and Europeans, but at the cost of
creating injustices among African ethnic groups, which later led to violence.\textsuperscript{64} Although some action is necessary if conflict is to be avoided in the longer run, such policies must be introduced with sensitivity. In Malaysia, which with its New Economic Policy (NEP) instituted arguably the most extensive and comprehensive policy package in history to reduce HIs, the successful implementation of these policies largely depended on acceptance of their political necessity by all groups precisely because of the risk of instability associated with the status quo ante. Nonetheless, Chinese discontent with the NEP strengthened in the mid-1980s, when the spectacular growth of the previous decade stalled, suggesting that such policies are best implemented in an economic environment that is otherwise favorable.\textsuperscript{65} Generally, opposition to affirmative action tends to grow over time, especially if the inequalities have been substantially reduced. This happened in the United States and in Northern Ireland as well as in Malaysia. Consequently, it is important to devise an “exit” strategy from the start.

\textit{Reducing Private Incentives}

For conflict prevention, it is helpful to introduce policies aimed at reducing the functionality of conflict. One important aspect of such policies is to increase people’s peacetime economic opportunities by extending their access to education and other assets and through a dynamic peacetime economy that offers people employment and earnings opportunities, so the gains that may be made during conflict (e.g., through theft, smuggling, and looting) are less attractive.

Much of the profiting from war arises because of general lawlessness—where a weak state has little control over criminality. Strengthening the state can be an important aspect of preventive policies, yet the policy agenda today tends to weaken the state through the strong push toward the market, cutbacks in government expenditure, the increasing use of nongovernmental organizations (NGOs) for service delivery, and moves toward decentralization of government, as for example in El Salvador. Governance reforms demanding greater transparency and accountability, aimed at improving the integrity and efficiency of the state, may not strengthen the state in the way required.

Expanding employment opportunities for young men is generally important in preventive policy, and especially for postconflict societies. High male unemployment is frequently associated with outbreaks of conflict—for example, in Sri Lanka and Algeria—while lack of opportunities in general is a common feature of many countries when conflict breaks out, including, for example, in the preconflict situation in Sierra Leone.
Another set of policies commonly recommended to reduce the private incentives for war, as well as the financing of it, aim at reducing the "rents" arising from natural resources. These consist partly of domestic reforms, such as greater transparency and competition in the production and marketing of natural resources, and partly of international policies that may reduce trade in war commodities, such as diamonds and drugs. As with the policies discussed earlier, what is appropriate differs from country to country.

**Restoring the Social Contract**

Policies to restore the social contract have two important aspects. One is to generate equitable and sustainable economic growth. The other is to ensure that the government provides essential services—including health care, education, economic infrastructure, and security—that form an essential part of the social contract.

Although it is universally agreed that equitable and sustainable development would make conflict less likely, this is difficult to achieve in conflict-prone countries. Many such countries have recently experienced conflict, with all the adverse implications for development that conflict entails. Moreover, even in peace, it is difficult to generate sustained development in poor countries with weak human capital, especially those heavily dependent on primary products.

A great deal of analysis has been devoted to delineating the conditions for widely shared growth. Economic growth requires sustained investment in physical and human capital, political stability, and a fair international system, including flows of aid to poor countries, modest debt servicing requirements, and stable terms of trade. It also requires a reasonably responsible and effective government. Equitable growth requires a fair distribution of assets, especially land; a comprehensive educational system; a robust employment situation; and a variety of safety nets for those who are unable to participate fully in the economy. In practice, very few poor countries meet these requirements, particularly those falling into the "vulnerable to conflict" category. In addition, the universal and effective provision of basic services is a critical requirement of the social contract, and one that is clearly not being fulfilled in many developing countries. Yet this aspect of the contract is probably the easiest to achieve because the cost of basic services is just a fraction of the national income, even in poor countries.
Taken as a whole, these form an ambitious set of policies. Particularly challenging is the aim of achieving equitable and sustainable growth, especially for low-income countries that have recently suffered conflict—the most vulnerable category of countries. One reassuring aspect is that the policies relevant to the different types of causes are in general consistent with one another. Indeed, some are complementary or even the same. For example, policies that promote horizontal equality will also generally improve vertical income distribution, and the converse is likely to be true. Policies that promote inclusive and equitable growth are also likely to reduce the incentives for low-income people to become fighters because they will generate jobs and other income-earning opportunities. Policies that help fulfill the social contract, by extending basic services to everyone, will also help promote economic growth because of the critical importance of human capital for growth. Policies that improve the physical security of a country are likely to help attract investment and thereby promote growth. Thus the policies reinforce one another. Moreover, they are generally desirable policies even without considering their conflict implications, as they lead to a fair and prospering society.

Policy change, however, is particularly difficult to achieve in the context of a country prone to violence, especially one with a history of conflict. In this context, there are inherited memories and grievances, entrenched group identities, and intergroup animosities. The government is rarely broadly based, often representing only a subset of the groups potentially involved in conflict. It would be naive to think that the government even invariably wants to promote peace, given the prevalence of state-instigated violence. In the case of Uganda, for example, the governments of Idi Amin and Milton Obote were responsible for much of the violence. The same is true in Sudan.

Hence the context for introducing policy change must be recognized as structurally unfavorable. Nonetheless, some governments give high priority to promoting peace (e.g., Nelson Mandela in South Africa; Yoweri Museveni when he first came to power in Uganda; and, arguably, the Maoist government in Nepal) and are willing to promote inclusive policies; in other cases, the majority group constitutes the relatively deprived one and is therefore keen to correct HIs (e.g., Malaysia and South Africa). In Nigeria, the entire population wanted to avoid a recurrence of the highly damaging civil war (1967–70) and therefore agreed on changing the constitution so that it would be more inclusive, but the government did not take corresponding action to address socioeconomic inequalities, which provided fertile ground for new conflicts.

The role of the international community is therefore important. Yet despite this, and the fact that peace-promoting policies contribute to development, it is surprising the extent to which such policies are not the bread and butter of the international community’s policy agenda. A review of
donor policies toward countries that had ended long conflicts and were clearly vulnerable to their renewal concluded that the leading economic institutions—the International Monetary Fund (IMF) and the World Bank—gave major emphasis to recommending macropolicies, market-oriented policies to promote competition and efficiency, and poverty-reduction policies, but largely ignored policies aimed at horizontal equality and, for the most part, vertical inequality. This created a dissonance between the policies recommended and those likely to sustain peace; for example:

- IMF insistence on the normal macro-budgetary requirements tends to impede the expenditures needed for infrastructural investment and social sector recovery; for example, in El Salvador and Nicaragua.

- Policies rarely support the revenue-raising needed to extend social services and often involve reductions in trade taxes; for example, in Rwanda, where government revenue was only 10 percent of GNP, and in Guatemala.

- The objective of correcting HIs (or increasing inclusivity) is often recognized but implementation is rare. The need for inclusive development is mentioned in World Bank documents, but in most cases no specific policies are recommended for this, nor are the policies extended beyond the immediate postconflict situation to vulnerable countries generally. Analysis of Mozambique’s postconflict situation, dominated by international agencies, shows the limited efforts devoted to correcting HIs—indeed, in Mozambique, economic postconflict policies, including aid distribution, worsened HIs—while the political system virtually disenfranchised major groups.

Poverty reduction strategy papers supported by the World Bank sometimes acknowledge the importance of reducing exclusion but rarely recommend explicit policies. Similarly, the political dialogue conducted by the international community with developing countries generally stresses the need for multiparty democracy rather than the need for inclusive government. Preventive policies of the types just reviewed must become part of development policy toward vulnerable societies.

A notable exception to the above trend is Nepal in the post conflict-period from 2006. Before the insurgency, the international community adopted its normal policy set, but donor policy shifted remarkably following the escalation of the Maoist insurgency in 2001. Whereas previously the
World Bank and other major donors emphasized macroeconomic reforms, after the conflict ended they addressed socioeconomic exclusion as an important element of their country assistance strategy.74 Neither the World Bank nor other donors have yet addressed political exclusion, however.75

The New International Security Environment and Conflict in Poor Countries

The globalized nature of most conflicts has increased in many respects—in the nature of the conflicts and the support they get, in military interventions, and in finance and restrictions over finance—although it is easy to exaggerate the change. Almost everything one says about global connections could have been said before, but there has been a change in degree if not in kind. In the post–Cold War environment, East-West conflicts have been replaced by a variety of types of conflict, including location-specific conflicts, often with an ethnic or religious dimension; conflicts motivated by the objective of instituting democratic forms of government; and global tensions and violence associated with a divide between Muslims and others.76 Each type is frequently associated with underlying HIs. This section considers how each of the four underlying socioeconomic causes of conflict—HIs, private motivations, failed social contracts, and green war—have played out at the global level, particularly in recent years.

For the world as a whole, inequalities between countries have been falling, mainly due to the rapid growth of China and India.77 The politicization of global inequalities, however, has increased. At a general level, this is exemplified by dissatisfaction with the role and governance structures of global financial institutions and the initiation of regional and bilateral alternatives. More serious is that inequalities are high and increasing along the most significant cultural fault line—between Muslims and others—both at a cross-country level and within countries in both the North and the South. For example, there are big and growing economic gaps between Israelis and Palestinians, between Western countries and the Middle East, and between Muslim populations within particular countries and the rest of the population of those countries (e.g., the United Kingdom and France and many developing countries). These inequalities feed into political mobilization at both local and global levels.

As the HI hypothesis suggests, this dimension of inequality is particularly dangerous because it falls along culturally distinct lines and makes mobilization along those lines more likely. Even moderate, broadly pro-Western Muslim leaders such as former Malaysian prime minister Abdullah Ahmad Badawi have interpreted the “war on terror” and the associated global
insecurity in such terms: “Muslims see ourselves as a collective ummah [global community of the faithful]. . . . This is why Muslims who are not affected by poverty or have nothing to do with Palestine feel strongly about this issue. This is why without addressing the root causes, the war against terrorism will not succeed.”

With the growth of international migration and of global media connections, groups increasingly consider not just their local relative position but also their international one—where identities cross nations—and mobilize and provide support for conflicts across borders. This is most evident in Muslim countries, where international connections, finance, and fighters move from one locality to another. For example, fighters from Afghanistan have moved to Algeria and to Iraq; Muslims in the Philippines and Thailand receive support internationally; and British and French Muslims move to Iraq and Afghanistan. The globalization of perceptions of inequality means that the inequalities in some countries—such as those faced by Muslims in Europe relative to non-Muslims—provoke not only conflict in those countries but also support for conflict against the West elsewhere. Similarly, the inequalities between Palestinians and Israelis are used to justify and stimulate conflict in many other places. Global interventionism, especially of Western countries fighting and providing finance for conflicts involving Muslim populations, feeds into such perceptions.

Governments in developing countries are able to classify rebellions as “terrorist” and thus to cash in on the war on terror, gaining military equipment and financing. This trend extends beyond conflicts involving Muslim populations; for example, the Philippine, Sri Lankan, Nepalese, Colombian, and Pakistan governments have gained various types of support for what they now define as their wars against “terrorists.”

In terms of the private motivations hypothesis, globalization has extended to the international arena possibilities of profiting from conflict as well as gaining financing for it. For example, “conditions of armed conflict boost narcotics production and enable insurgents to become involved in the drug trade to finance their struggle,” thereby creating a “crime-terror nexus.” Notable examples are Afghanistan and Colombia. Nonetheless, the involvement of relatively rich Muslim individuals and groups in terrorist incidents and Muslim insurgency demonstrates the limitations of the private motivations hypothesis in accounting for many contemporary conflicts from a Muslim perspective. Yet Western interventions have been attributed to the expectation of commercial profits from natural resources (especially oil) and from
“reconstruction” of postwar economies (well exemplified by the case of Iraq), gives some credence to the hypothesis that private motivations play an important role in some of the Western motivation underlying the war against terror.

It is more difficult to employ the failed social contract hypothesis to explain the new international security environment, because there is no clear “international social contract” in the absence of global government. This approach, however, brings attention to the failure of major Western countries and international institutions, such as the United Nations and the Bretton Woods institutions, to promote development and security for all. The enduring poverty in some parts of the world breeds discontent and resentment, makes local conflict and political disintegration more likely, and provides some sort of “haven” for global “terrorists” and a location for the illegal movement of goods and funds to finance global conflicts.

The relationship between resource scarcity/distribution and the new international security environment is an important area for investigation. Even before the invasion of Iraq, scholars and political commentators were noting that “the determination to ensure US access to overseas supplies of vital resources . . . [and] the protection of global resource flows is becoming an increasingly prominent feature of the American security policy.” Oil is not the only global resource that is linked to the international security environment. Control of water resources has been linked in particular to the Israeli occupation of Palestinian territory, a claim that long predates the current transformation of international security. Empirical research has found some evidence linking water resources to international conflict, although the causality is not clear.

It was argued earlier that preventive policies toward conflict need to address the underlying causes, including inequality, unemployment, and poverty. This remains true in the new environment, although it is now necessary to consider not just domestic inequality but also global inequality. Yet the global remedies adopted to date have not been of that kind; they have consisted of the provision of military support and aid to improve the repression of rebellion and support for the interdiction of financial flows that might fund such rebellions. Similarly, dialogue with developing countries facing conflict has focused on repression rather than development, while military resource transfers to vulnerable countries, such as Pakistan, greatly exceed development support.
Economic and technological globalization has brought enhanced globalization of motives for, and finance of, conflict. A new security agenda has emerged aimed at suppressing terrorism globally, but it has not been accompanied by the type of social, economic, and political policies needed for sustained conflict prevention.

**Conclusion**

Although much contemporary conflict seems to be about political, ethnic, or religious differences, in fact these conflicts generally have an economic and a political basis. HI's form one fundamental economic and political cause. Others include poor economic opportunities and deficient social services leading to a failed social contract, environmental degradation, and the potential enrichment that accompanies some conflicts. These motives have global as well as domestic dimensions.

Appropriate policies depend on the specific situation; notably, which of these underlying causes is most applicable. Hence, careful analysis of the local situation is essential. For prevention, it is imperative to address political as well as economic inequalities. Many of the policies needed for conflict prevention and for the protection of people during war differ from the policies currently advocated (and often required) by the international development community, especially by the international financial institutions. The new security environment has increased the global nature of conflicts and supported governments’ capacity to repress rebellions, but it has not addressed the underlying economic, social, or political causes.

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5 See http://www.pcr.uu.se/research/UCDP/ for data.
6 For example, see Samuel P. Huntington, “The Clash of Civilizations?” Foreign Affairs 72, no. 3 (1993): 22–49.
10 “Ethnic groups are defined by ascriptive differences, whether the indicum is color, appearance, language, religion, some other indicator of common origin, or some combination thereof.” See Horowitz, Ethnic Groups in Conflict, 17. (Emphasis added.).
24 Collier and Hoeffler, “Greed and Grievance in Civil War.”
25 James D. Fearon, “Primary Commodity Exports and Civil War,” *Journal of Conflict Resolution* 49, no. 4 (2005): 483–507. See also the other papers on the subject in this special issue.
30 Ibid., 10.
31 Gutiérrez Sanín, “Criminal Rebels?”

See, for example, Tanja Ellingsen, “Colorful Community or Ethnic Witches’ Brew? Multiethnicity and Domestic Conflict during and after the Cold War,” *Journal of Conflict Resolution* 44, no. 2 (2000): 228–49.


52 The most recent data from the World Bank’s World Development Indicators shows that for Egypt, the $1.25 head-count poverty rate was 2.0 percent in 2005, while the $2.00-a-day rate was 18.5 percent and for Syria in 2004, the $1.25 poverty rate was 1.7 percent and the $2.00 a day was 16.9 percent.

53 For exploration of policies during the war stage, see Stewart and Fitzgerald, War and Underdevelopment.


56 See Frances Stewart, Policies towards Horizontal Inequalities in Post-Conflict Reconstruction, (CRISE Working Paper No. 7 (Centre for Research on Inequality, Human Security and Ethnicity, Oxford University, Oxford, 2005), appendices A2 and A3.


58 A possible counterexample here is Israel, which practices proportional representation, although the conflict with the Palestinians is not an “internal” conflict per se.

over a hundred countries have quotas for the representation of women and over thirty for the representation of minorities.

60 Horowitz, *Ethnic Groups in Conflict*.


68 Langer, Stewart, and Venugopal, eds., *Horizontal Inequalities and Post-Conflict Development* (London: Palgrave, 2012). [is this the book meant? see also notes 70 and 71.]

69 Tilman Brück, Valpy Fitzgerald, and Arturo Grigsby, *Enhancing the Private Sector Contribution to Post-War Recovery in Poor Countries* (Queen Elizabeth House Working Paper

71 Collier et al., *Breaking the Conflict Trap*. [see note 63]


78 Abdullah Ahmad Badawi (speech at the Oxford Centre of Islamic Studies, Magdalen College, Oxford University, 2004).


