Brown, Graham K. "Development and Conflict: Theoretical and Empirical Linkages." *Securing Peace: State-Building and Economic Development in Post-Conflict Countries*. Ed. Richard Kozul-Wright and Piergiuseppe Fortunato. London: Bloomsbury Academic, 2011. 53–70. The United Nations Series on Development. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781849665872.ch-003>>.

Downloaded from Bloomsbury Collections, www.bloomsburycollections.com, 26 April 2023, 04:45 UTC.

Copyright © United Nations 2011. You may share this work for non-commercial purposes only, provided you give attribution to the copyright holder and the publisher, and provide a link to the Creative Commons licence.

Chapter 3

Development and Conflict: Theoretical and Empirical Linkages

GRAHAM K. BROWN

INTRODUCTION: DEVELOPMENT AND THE 'CONFLICT TRAP'

Escaping the 'conflict trap' is one of the most critical challenges facing the least developed nations today. Countries with low levels of development experience more civil conflict than those with higher levels of development, but conflict itself retards human development thus, for some countries, generating a cycle of violence and developmental failure. The association between low levels of national income and the incidence of violent conflict is probably one of the most firmly established findings of the economic literature on conflict (Hegre and Sambanis, 2006). Figure 3.1 shows the strength of this link over the decade of the 1990s. More than half the countries with a GDP per capita of US\$2000 or less in 1990/1991 experienced some form of civil war between then and the year 2000; less than one-fifth of countries with GDP per capita over this mark experienced conflict. Moreover, conflict in poorer countries has typically been longer lasting and more intense than in countries with higher levels of GDP; on average, each country below the \$2000 mark in 1991 spent an average of a third of the subsequently ten years in conflict; countries above this mark, spent on average less than one year of the decade in conflict.

The causal chain from low human development to conflict is difficult to unpick, but the range of impacts of conflict on human development are well-established, although it is important to note that these impacts vary markedly in their magnitude between cases. Much of the literature on the economic and developmental consequences of conflict has focused on major civil war, although recent econometric studies confirm the negative economic impact of a range of types of political violence, from riots up to civil war (Bodea and Elbadawi, 2008).

Figure 3.1: **The GDP-conflict link in the 1990s**

Source: Calculated from Fearon and Laitin (2003) dataset.

Some of the direct impacts of conflict on human development are obvious: loss of life and injury reduce life expectancy and quality of life, often considerably. Nutrition typically suffers as a consequence of reduced incomes and agricultural outputs; estimates of average calorie consumption in the countries worst affected by conflict between 1970 and 1995 show a decline of up to 70 per cent (Stewart, *et al.*, 2001). Infant mortality rates rise by an average of around 13 per cent (Hoeffler and Reynal-Querol, 2003). Health can also be adversely affected by the spread of disease, including in some cases HIV/AIDS; the negative impact of conflict-induced disease on disability-adjusted life years often persists long after fighting ceases (Ghobarah, *et al.*, 2003).

Less immediate impacts on human development arise from distortions in development strategies and opportunities imposed by the conflict. Conflict erodes the tax base and often diverts expenditure away from service provision in education and healthcare, towards security and defence spending; government spending on health and education fell by over 40 per cent in Angola, Liberia, Uganda and El Salvador over the course of their respective conflicts (Stewart, *et al.*, 2001).

THEORIES OF CONFLICT

As mentioned above, the impacts of conflict on development are relatively clear and there is also a clear *association* between low levels of development

and a high risk of conflict, but the causal mechanisms on this side are much less clear, and subject to some serious contestation. Stewart and Brown (2007) usefully categorize the political economy literature on conflict into three major approaches:

- Theories that emphasize the failure of the social contract as the prime driver of conflict;
- Theories that emphasize ‘group motivations’, which see conflict as driven primary by disparities in the distribution of social and political resources between groups usually bonded by a common identity such as religion, ethnicity or regional affiliation. This view is mostly associated with the ‘relative deprivation’ theory of Ted Gurr and the ‘horizontal inequalities’ hypothesis of Frances Stewart (Gurr, 1970, 2000; Stewart, 2008); and,
- Theories that emphasize ‘private motivations’, which see conflict as driven by private agendas of people, or groups of people, who hope to profit personally from conflict. This view mostly associated with the work of the economist Paul Collier, but also David Keen and, to an extent, Mark Duffield (Duffield, 1994; Keen, 2001; Collier and Hoeffler, 2004).

It is clear that all the three accounts of violent conflict have something to offer in explaining civil unrest, and hence developing policies to minimize that risk, but that conversely none of the three offers a complete explanation of civil conflict.

The Social Contract

The idea of a ‘social contract’ between society at large and the state that rules over it is, implicitly or explicitly, a fundamental building block of many theories of government. Since the ancient Greeks, different interpretations have been forwarded of the social contract idea, but the central idea has remained the same: the ultimate right to legitimate rule (‘sovereignty’) lies with the broad populace of a territory, but this right is ceded to the state in return for guaranteed observation of civil and political individual rights. In extremely pessimistic formulations such as that of Thomas Hobbes (1996), the state is required to prevent a ‘war of all against all’, but a more general contention of social contract theories is that while the state is a practical necessity in a society of individuals and groups with differing interests and desires, this does not mean that the state has *carte blanche* to act as it will.

Social conflict—including violence—in this view emerges primarily from the failure of the state to make good on its side of the social contract. Crudely

put, social contract theories of conflict suggest that when states rule, or are perceived as ruling, unjustly or when states fail to provide the conditions for development, they forfeit their right to power and if they do not give up power willingly, society may mobilize violently against the state to oust it. What kind of features, then, might we expect to see in states that are failing in social contract terms? High levels of poverty, low levels of GDP per capita and high levels of inequality might all be taken as indicators of a failed social contract and, indeed, econometric testing suggests that countries that exhibit such characteristics are indeed more likely to experience conflict than other countries (Auvinen and Nafziger, 1999; Nafziger and Auvinen, 2002), although the link between overall inequality and conflict is a highly contested one (Lichbach, 1989; Cramer, 2003).

But while low developmental levels are statistically strong indicators of conflict liability, there are also many countries with low levels of human development that do not experience social conflict or civil war. Rather than taking a statistical approach, then, some economists have examined the social contract using formal economic modelling to identify important features of a social contract that may affect the ability of the state to maintain conditions for peaceful development (Addison and Murshed, 2001; Azam and Mesnard, 2001). The details of their models need not detain us too far here, but they point to two important conclusions:

- A functioning fiscal system that is seen as fair and inclusionary. Where fiscal distribution is seen to privilege particular groups over other, an effective social contract is unlikely to be (re-)established. The demand here is for a 'broad-based' development focused not only on GDP growth but also on service delivery and poverty reduction, and for an effective taxation system that raises a significant proportion of GDP as state revenue in a progressive manner; and,
- Credible government commitments to maintaining this system. So long as the state is perceived as lacking commitment to these goals, an effective social contract may not be established. Cautionary lessons can be drawn here from Guatemala's post-conflict experience. In Guatemala, a comprehensive peace process between 1994 and 1996 saw the signing of total of 12 different accords covering areas as diverse as indigenous rights, agrarian reform and the electoral system. Under-pinning these accords, however, was the commitment to reform the tax structure and increase tax revenue to 12 per cent of GDP (still a relatively low figure for a country such as Guatemala) in order to finance these new accords. As Rodas-Martini (2007, p. 117) notes, however, 'the country's economic elite did not embrace this agenda unequivocally, and the leverage for the

international community and former guerrillas to press for compliance was modest at best. As a result, the Guatemalan government has largely failed to make good on these commitments. While major violent conflict has not returned to Guatemala, the country has also failed to move forward significantly from the tense post-conflict environment of the mid-1990s.

Taken together, these economic conditions for a functioning social contract can be reinterpreted as the need for states to focus on achieving the broader demands of human development than narrow economic growth. In this context the mixed blessings of revenues from substantial deposits of natural resources, including gas and oil, can be better understood. On the one hand, such sources of revenue provide 'windfall' income that can be (although by no means has always been) used for service delivery and improved human development. On the other hand, however, natural resource revenues arguably lack credibility and are easily diverted for corrupt accumulation, undermining the social contract.

Thus far we have focused on the economic conditions for a secure and stable social contract that promotes human development and mitigates the risk of conflict. Political institutions are also important, however. Political legitimacy and the ability of the state to protect its citizens from violence (state 'authority') are crucial to the functioning of an effective social contract. Political legitimacy can take a wide range of institutional forms and should not be seen as the exclusive domain of one particular set of institutions. Nonetheless, there is clear empirical evidence that substantively democratic political institutions tend to enhance the conditions for peaceful development. Extreme autocracies also typically experience low levels of civil conflict, but for rather more negative reasons—simple repression, conditions which hardly favour human development. From an institutional perspective, then, it is middling regimes or 'anocracies'—those which are not fully democratic, but not extreme autocratic either—which are most susceptible to civil conflict, as they do not have the same level of political legitimacy of full democracies but are not sufficiently oppressive to override the social contract (Hegre, *et al.*, 2001). Even democracy, however, takes time to embed itself within political culture and countries that have undergone a recent transition to democracy are often at higher risk of civil conflict (Snyder, 2000; Gates, *et al.*, 2006).

We started out from the observation that the absolute level of development in a country is one of the strongest indicators of civil conflict and that, empirically, countries with lower levels of development are more at risk of conflict and that conflict itself retards development, fostering the vicious cycle

of a 'conflict trap' for some poor countries. This observation, however, is of only limited use: many poor countries do *not* experience conflict and, moreover, there are few clues to useful policy implications in bald developmental associations. By progressing through a social contract argument, however, we have seen that a possible 'virtuous cycle' scenario exists, which we can term the 'democratic developmental state' (Robinson and White, 1998; Mkandawire, 2001), whereby democratic political institutions combined with a credible state commitment to developmental goals create the conditions for the emergence of a strong social contract and broad-based economic growth.

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 political stability and 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. In practice, very few poor countries do attain 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 (UNDP, 2004). Yet this aspect of the contract is probably the easiest to achieve since the cost of basic services represents just a small fraction of the national income even in poor countries.

Disparities in Development and Conflict

While the 'social contract' theory of conflict posits a link between absolute levels of human development and conflict, an alternative, complementary perspective highlights the extent to which sub-national *variations* in the level of human development can be an important driver of conflict. In particular, the 'relative deprivation' theory of Ted Gurr, and Frances Stewart's concept of 'horizontal inequalities' have drawn attention to the extent to which developmental disparities between ethnic, religious and culturally defined groups generate political tensions that can ultimately lead to conflict (Gurr, 1970, 2000; Stewart, 2002, 2008). These theories draw on the 'group motivation' approach identified above. Cross-sectional econometric studies (Østby, 2008; Brown, 2009) and country case studies (Gates and Murshed, 2005; Langer, 2005) have confirmed the extent to which such disparities can drive conflict.

Groups engaged in internal conflict are often united by a common ethnic or religious identity. Since 1945, the proportion of conflicts attributable to ethnic violence has been steadily increasing (Figure 3.2). Such conflicts are generally presented as religious (e.g. the Philippines or Thailand, where, in both cases, the rebels are Muslims and the national government non-Muslim) or ethnic (as in Rwanda or Burundi); such identities provide a powerful source of mobilization and unity. Yet, many multi-ethnic and multi-religious societies live relatively peacefully, and in many situations, ethnic or religious identities are not perceived as of overriding importance by the majority of people. Hence we need to look beyond religion or ethnicity, as such, to find the causes of 'ethnic' conflict. One plausible hypothesis is that it is where there are significant underlying differences in access to economic or political resources, providing both leaders and followers with a strong motive to fight, that ethnic or religious differences can lead to violent mobilization. Gurr (1970, 1993) terms such group differences 'relative deprivation' and Stewart defines differences in groups' access to economic, social and political resources as 'horizontal inequalities'. In contrast to the traditional 'vertical' inequality that ranks individuals in measures such as the Gini coefficient, the horizontal inequalities explanation of conflict is based on the view that when cultural differences coincide with economic and political differences between groups, this 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

Figure 3.2: **Trends in ethnic conflict, 1945–2004**

Source: Marshall (2005).

regions of Sri Lanka); or the different identities may occur within the same geographic space (such as in Rwanda, Northern Ireland or Uganda), when political participation and economic and political rights are at stake.

Empirical evidence is accumulating that severe horizontal inequalities do indeed constitute a significant cause of violent conflict. In the socio-economic dimension, cross-sectional quantitative analyses, both across districts within a single country and across countries, have shown a significant relationship between various dimensions of socio-economic inequality and conflict. Mancini (2008), for instance, shows that differences in infant mortality rates—which can be taken as a broad proxy for baseline levels of socio-economic deprivation—between ethnic or religious groups within the 300 districts of Indonesia help explain the location of the wave of communal conflicts that occurred after the fall of Suharto's New Order regime in 1998. Gates and Murshed (2005) found a significant relationship between 'spatial' horizontal inequalities and the intensity of the Maoist insurgency in Nepal. Although multi-countries studies have been hampered by a lack of consistent and comparable data, some supporting evidence has been found by Østby (2008) in a multi-country multi-regional study, while Barrows (1976) found similar evidence across African countries. There is also a large amount of case study evidence—for example, Stewart's (2002) review of the experiences of nine countries shows not only that increasing socio-economic horizontal inequalities have preceded the emergence of violent conflict, but that reductions in socio-economic horizontal inequalities—such as occurred in Northern Ireland during the 1980s—may contribute to the conditions for a peaceful resolution of such conflicts. However, the connection between horizontal inequalities and violent conflict is not an automatic one, and some societies show severe horizontal inequalities without experiencing conflict (e.g. Bolivia, Brazil or Ghana). Political inclusiveness is one reason that some societies avoid conflict despite severe economic horizontal inequalities; for example, Ghana has included political representation of all major groups in government. Equally Nigeria has managed an uneasy peace (post-Biafra) by following the federal principle of incorporating people from all regions in government at every level, while horizontal inequalities were not consistent—most political power was in the hands of northerners, but the southern parts of the country were better off from an economic and social perspective.

Political horizontal inequalities—the exclusion or under-representation of groups within the political structure of a state—can provoke violent conflict, when they change abruptly. In the former 'African Miracle' of Côte d'Ivoire, three decades of post-independence rule by Felix Houphouët-Boigny avoided significant conflict, 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 multi-party elections in the early 1990s, political leaders sought to mobilize ethnic sentiments to enforce their grip on power and thus undermined Houphouët-Boigny's careful balancing act, leading to a spiral of ethnicization, xenophobia and, ultimately, civil war (Langer, 2005).

Much of the work on horizontal inequalities has focused on ethnic disparities in human development, but an important additional aspect relates to the political geography of inequality. Spatial disparities in human development are a common feature of many developing countries, particularly in Asia (Kanbur and Venables, 2005; Kanbur, *et al.*, 2006). Intuitively, the intersection of regional inequalities with ethnic diversity is likely to be particularly incendiary for a number of reasons. First, where ethnic groups are regionally concentrated, the visibility of relative deprivation is likely to be greater. Second, regionally concentrated ethnic groups often have differing (pre-colonial) historical experiences, which can be—and often are—drawn upon in mobilizing separatist movements (Brown, 2008). Finally, for disaffected regionally concentrated ethnic groups, secession could be seen as a viable option—although in fact it is very rarely entirely successful, largely because of the broad opposition of the international community to claims for separation except in the most brutal cases of state oppression (Fearon, 2004).

Quantitative analysis suggests that there is indeed a systematic relationship between spatial-ethnic inequalities in human development and the incidence of secessionist and regionalist violence. Østby's (2008) quantitative cross-sectional analysis of the incidence of civil conflict in 55 developing countries tests a range of models of horizontal inequality and does indeed find the strongest explanatory power in a model that interacts levels of regional horizontal inequality with the degree of political exclusion imposed by the state. Within the specific institutional context of federal systems, Bakke and Wibbels' (2006) quantitative analysis also finds that the level of ethnic contestation is conditionally linked to the interaction between regional inequalities and ethnic diversity of the sub-national regions.

To some extent then, the horizontal inequalities explanation of the link between human development and civil conflict can be seen as a particular type of social contract failure, where the state fails to deliver the social contract for a geographic, ethnic or religious subsection of the population. But it is important to recognize that, particularly in the case of secessionist violence, relatively well-off groups can also be the instigators of civil conflict (Hechter, 2000).

Political institutions again play a crucial role in mediating and mitigating the potency of horizontal inequalities for violent rebellion. The peaceful management of horizontal inequalities is largely linked to different forms and degrees of decentralized government. The term 'decentralization' covers a wide range of institutional arrangements. Treisman (2007) distinguishes between 'administrative decentralization', where the implementation of centrally-determined policy is undertaken by local agents; 'political decentralization', which involves a degree of policy-making authority at lower levels and may or may not include 'appointment decentralization'—local elections—and 'constitutional decentralization', where local bodies are given a constitutional say in central policy making as well; and, 'fiscal decentralization', where sub-national tiers of government have some responsibility for tax and expenditure decision and/or constitute a significant proportion of total government revenues and spending.

Different forms of decentralization appear to be more successful in different contexts. Full federalism, with extensive political and fiscal decentralization, appears to have played a mitigating role in places like Nigeria (Suberu, 1998) and Malaysia (Brown, 2005), for instance, but has also been more problematic in other contexts. An important dimension here appears to relate to the *number* of sub-national administrative units (e.g. states, provinces, etc.). Federal systems with a small number of states have typically experienced political instability at the national level resulting either in shift away from federalism towards a unitary state, as happened in Cameroon, or else the break-up of the federation either peacefully (e.g. Senegambia) or violently (e.g. East Pakistan's secession in 1971). More generally, Brendan O'Leary has suggested that federalism is most stable where the country has what he terms a *Staatsvolk*, 'a national or ethnic people who are demographically or electorally dominant'. O'Leary's logic here is straightforward: 'an ethno-national group with a decisive majority of the federal population has no reason to fear federation. A *Staatsvolk* may be more willing to have its own national territory divided up into multiple regions, states or provinces, knowing that it is not likely to be coerced by minority peoples at the federal level' (O'Leary, 2001).

Much of the recent scholarly attention that has been paid to decentralization rather than federalism has been driven by the rapid spread of decentralized forms of government, particularly in Latin America, parts of Africa and South Asia (World Bank, 2003). Largely supported by international organizations, including the World Bank, this turn to decentralization has been primarily a vehicle for poverty-reduction efforts. Decentralized institutions are thought to encourage political participation, and hence make government more accountable and improve service

delivery (Seabright, 1996; Bardhan and Mookherjee, 2006), as well as to allow for 'policy differentiation' according to 'heterogeneous tastes' between different local communities (Treisman, 2007).

This suggests that fiscal decentralization should mitigate the chances of civil conflict in conditions of horizontal inequality. Empirical studies broadly confirm this. Murshed and Tadjoeeddin (2008) argue that fiscal decentralization may alleviate 'pent up frustrations' with the central state through the kind of localization and accountability processes outlined above, and find econometric support for this in a cross-district study of districts in Java, Indonesia, with a particularly strong impact in relatively wealthy districts. Their study, however, is of relatively small-scale 'everyday' violence in a largely ethnically homogenous setting and may not be generalizable in other contexts. Bakke and Wibbels (2006) do provide cross-country econometric evidence that fiscal decentralization, contingent on the level of regional inequality and ethnic diversity, can help dampen protest and conflict potential, but their study is limited only to countries with federal constitutions. Jean-Pierre Tranchant's study arrives at similar conclusions, but that the impact of fiscal decentralization is mediated by the quality of institutions (2008). He finds systematic evidence of a conflict-mitigating impact of fiscal decentralization, but that this is mediated by institutional quality and state capacity.

Private Motivations and the 'Greed' Hypothesis

People who fight are, of course, individuals with their own private motivation as well as being members of a group. War confers benefits as well as costs on some individuals. Political sociologists, such as Keen (1998) and Duffield (1994); and economists, such as Collier and Hoeffler (2004) have emphasized private or individual motivation as the fundamental cause of conflict. 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 (Hirshleifer, 1994). In this approach, group identities are not regarded as an independent factor but are instruments, created to help fulfil 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 in drugs, diamonds, timber, etc. 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 longer. Conflicts may persist because some powerful actors benefit through the manipulation of scarcity, smuggling and so forth and have no interest in resolving the conflict. An often cited case used to support this argument is the role of 'conflict diamonds' in the protraction of the civil war in Sierra Leone (Collier, 2000: 5). Private motivation seems also to be a predominant factor behind the persistent conflict in the Democratic Republic of Congo, where abundant natural resources offer big rewards to those who control them.

Collier and Hoeffler (2004) put forward econometric evidence to support the 'greed' hypothesis, arguing that the observation that conflict incidence increases as the share of primary products exports in GDP rise (up to a point), 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 results have been shown not to be robust to alternative specifications (Fearon, 2005). There is stronger evidence that oil resources are associated with conflict, but this too depends on the model specification and exclusions of outliers (Fearon and Laitin, 2003; Humphreys and Varshney, 2004). Case studies suggest that even where natural resources are abundant, private maximizing motives are rarely the full explanation. 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. (Ballentine and Sherman, 2003: 259–260)

It is difficult to accept that rational choice can explain the extreme case of suicide attacks, although Mark Harrison (2005) has recently developed a model that attempts to explain these attacks by appealing to a person's sense of identity and self-worth. However, in so doing, the explanation moves right away from individual aggrandizement to community injustices and community constraints and incentives which influence individual's perceptions of their own identity. Although suicide attacks account for only a small proportion of violence, and can be argued to be unrepresentative, most cases of conflict involve a high risk of death or debilitating injury, which, from a rational choice perspective, would seriously hamper future opportunities for utility, so that 'rational' actors might be likely to choose another option before engaging in rebellion. However, while this argument seems relevant to those directly involved in fighting, it may have less force when applied to leaders who are rarely killed or injured. Hence leaders could be motivated by self-aggrandizement while their followers may not follow maximizing logic but

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. (Collier, 2000: 5)

At this point, the group explanation and individual explanation of conflict come together. Grievances are hard to sell to the extent of people risking their lives if they are not genuine (i.e. unless there is some sort of exclusion or economic horizontal inequalities), while it seems that leaders may be, at least in part, motivated by personal ambition in both the horizontal inequalities and the individual maximizing paradigms. In both cases, it is argued that they are motivated by political exclusion (i.e. political horizontal inequalities) which denies them access to resources and power.

While generally not a sufficient explanation of conflict, it is clear that the 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, leading him to conclude that rebellion is 'the rage of the rich' (2000, p. 10). However, 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 or the cases of Eritrea and Bangladesh. In resource rich areas, the gains (and motivation) may be individual or group, or both. However, in many cases, the leaders of the rebellions left lucrative and safe positions to instigate rebellion. Hassan 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, including the issue of land reform (Sanín, 2004). Thus, short-run aggrandizement does not seem to be uppermost as a motive for these leaders. Moreover, the conflicts in the natural resource rich areas were framed in ethnic terms—the Acehnese in Indonesia, the Igbo in Nigeria and the 'authentic' Katanga groups (as opposed to migrant communities) in Zaire. It seems that promoting the objective of political and cultural autonomy for the ethnic group was also an important source of mobilization.

Hence, while individual maximization is undoubtedly part of the story, it is clearly not the whole story. Group identities and group mobilization is also generally present. While 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' (Smith, 1991, pp. 357–358). 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 among those who follow them—political, economic, social or cultural.

CONCLUSIONS

In this chapter, we have reviewed explanations of societal conflict and violence located within the broad concept of a failed social contract, both in terms of a systemic failure of the social contract across the entire state, and in terms of a partial failure of the social contract in its extension to a particular group or groups in society. It is important to remember, however, that not all violent conflicts can be understood entirely or predominantly in terms of a failed social contract, and that some conflicts are substantially driven by predation and private interest.

It was also noted, however, that the challenges of developing a functioning social contract are likely to be particularly challenging for newly independent countries. Countries or regions that have gained independence in the aftermath of protracted conflict are often left with conflicting legacies. On the one hand, shared experiences of oppression and resistance can generate strong associational bonds and the basis of an 'imagined community' (Anderson, 1991), from which the sense of mutual association vital for the effective functioning of a social contract can emerge. On the other hand, however, conflict legacies create significant problems for new nations to negotiate. Firstly, as we have discussed above, conflict typically impacts the economy severely, leaving behind, in the case of newly independent countries, a dual challenge of economic reconstruction and political construction. Secondly, and somewhat perversely, the very attainment of independence in the face of oppression can legitimize violence as a means of achieving political ends—one of the reasons theorists of international law are often reluctant to accept normative arguments for secession in all but the most extreme cases of oppression (Buchanan, 2004).

Nonetheless, we have seen that broad socio-economic characteristics associated with 'under-development' constitute conditions conducive to

the emergence of violent conflict. But, where a functioning social contract exists that extends to the whole population, poor countries have been able to avoid conflict and embark on developmental programmes. Crucial here is the building of inclusive political institutions, backed up by an effective and fair fiscal system. Yet this institution building has both subjective and substantive dimensions. While real progress needs to be made in representative democracy and equitable sharing of economic development, the perception of these dynamics is partially based on public expectations. This represents an opportunity for while expanding and developing public institutions is a time consuming undertaking other avenues exists to impact the lives and perception of communities.

REFERENCES

- Addison, T., and S. M. Murshed (2001). From conflict to reconstruction: Reviving the social contract. WIDER Discussion Paper No. 2001/48. Helsinki: World Institute for Development Economics Research.
- Anderson, B. (1991). *Imagined Communities*. London: Verso/New Left Books.
- Auvinen, J., and E. W. Nafziger (1999). The sources of humanitarian emergencies. *Journal of Conflict Resolution*, vol. 43, No. 3, pp. 267–290.
- Azam, J. P., and A. Mesnard (2001). Civil war and the social contract. Paper prepared for the Royal Economic Society Conference. Durham, 9–11 April.
- Bakke, K. M., and E. Wibbels (2006). Diversity, disparity and civil conflict in federal states. *World Politics*, vol. 59, No. 1, pp. 1–50.
- Ballentine, K., and J. Sherman (2003). *The Political Economy of Armed Conflict: Beyond Greed and Grievance*. Boulder, Colorado: Lynne Rienner.
- Bardhan, P., and D. Mookherjee (2006). Decentralisation and accountability in infrastructure delivery in developing countries. *The Economic Journal*, vol. 116, No. 508, pp. 101–127.
- Barrows, W. L. (1976). Ethnic diversity and political instability in Black Africa. *Comparative Political Studies*, vol. 9, No. 2, pp. 139–170.
- Bodea, C., and I. A. Elbadawi (2008). Political Violence and Economic Growth. Policy Research Working Paper 4692. Washington, D.C.: World Bank.
- Brown, G. K. (2005). Bottomline Federalism: Dynamics of identity, inequality, and autonomy in Sabah, Malaysia. Paper presented at the conference on Threats and Opportunities in Development. Oxford, Queen Elizabeth House: Department of International Development, University of Oxford.
- Brown, G. K. (2008). Horizontal inequalities and separatism in Southeast Asia: A comparative perspective. In *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*, F. Stewart, ed. Basingstoke, United Kingdom: Palgrave MacMillan.

- Brown, G. K. (2009). Regional autonomy, spatial disparity, and ethnoregional protest in contemporary democracies: A panel data analysis, 1985–2003. *Ethnopolitics*, vol. 8, No. 1.
- Buchanan, A. E. (2004). *Justice, Legitimacy, and Self-Determination: Moral Foundations for International Law*. Oxford, United Kingdom: Oxford University Press.
- Collier, Paul (2000). *Economic Causes of Conflict and their Implications for Policy*. Washington, D.C.: World Bank.
- Collier, P., and A. Hoeffler (2004). Greed and grievance in civil war. *Oxford Economic Papers*, vol. 56, No. 4, pp. 563–595.
- Cramer, C. (2003). Does inequality cause conflict? *Journal of International Development*, vol. 15, No. 4, pp. 397–412.
- Duffield, M. R. (1994). The political economy of internal war: Asset transfer, complex emergencies and international aid. In *War and Hunger: Rethinking International Responses to Complex Emergencies*, J. Macrae and A. Zwi, eds. London: Zed Books.
- Fearon, J. D. (2004). Separatist wars, partition, and world order. *Security Studies*, vol. 13, No. 4, pp. 394–415.
- Fearon, J. D. (2005). Primary commodity exports and civil war. *Journal of Conflict Resolution*, vol. 49, No. 4, pp. 483–507.
- Fearon, J. D., and D. D. Laitin (2003). Ethnicity, insurgency and civil war. *American Political Science Review*, vol. 97, No. 1, pp. 75–90.
- Fearon, J. D., and D. D. Laitin (2003). Replication data: Ethnicity, insurgency and civil war. Available at <http://www.stanford.edu/group/ethnic/publicdata/publicdata.html>.
- Gates, S., H. Hegre, and others (2006). Institutional inconsistency and political instability: Polity duration, 1800–2000. *American Journal of Political Science*, vol. 50, No. 4, pp. 893–908.
- Gates, S., and S. M. Murshed (2005). Spatial-horizontal inequality and the Maoist insurgency in Nepal. *Review of Development Economics*, vol. 9, No. 1.
- Ghobarah, H. A., P. Huth, and others (2003). Civil wars kill and main people long after the shooting stops. *The American Political Science Review*, vol. 97, No. 2, pp. 189–202.
- Gurr, T. R. (1970). *Why Men Rebel*. Princeton, New Jersey: Princeton University Press.
- Gurr, T. R. (1993). *Minorities at Risk: A Global View of Ethnopolitical Conflicts*. Washington, D.C.: United States Institute of Peace Press.
- Gurr, T. R. (2000). *People Versus States: Minorities at Risk in the New Century*. Washington, D.C.: United States Institute of Peace Press.
- Harrison, M. (2005). An economist looks at suicide terrorism. In *Terrorism: Challenge for the 21st century? Understandings and responses*, C. Ankerson, ed. London: Polity Press.
- Hechter, M. (2000). *Containing Nationalism*. Oxford, United Kingdom: Oxford University Press.
- Hegre, H., T. Ellingsen, and others (2001). Towards a democratic civil peace? Democracy, political change, and civil war, 1816–1992. *American Political Science Review*, vol. 95, No. 1, pp. 33–48.
- Hegre, H., and N. Sambanis (2006). Sensitivity analysis of empirical results on civil war onset. *Journal of Conflict Resolution*, vol. 50, No. 4, pp. 508–535.
- Hirschleifer, J. (1994). The dark side of the force. *Economic Inquiry*, vol. 32, No. 1, pp. 1–10.
- Hobbes, T. (1996). *Leviathan*. Cambridge, United Kingdom: Cambridge University Press.

- Hoeffler, A., and M. Reynal-Querol (2003). *Measuring the Costs of Conflict*. Oxford, United Kingdom: Oxford University, Centre for the Study of African Economies.
- Humphreys, M., and A. Varshney (2004). Violent conflict and the Millennium Development Goals: Diagnosis and recommendations. CSGD Working Paper Series. New York: Columbia University.
- Kanbur, R., and A. J. Venables, eds. (2005). *Spatial Inequality and Development*. WIDER Studies in Development Economics. Oxford, United Kingdom: Oxford University Press.
- Kanbur, R., A. J. Venables, and others, eds. (2006). *Spatial Disparities in Human Development: Perspectives from Asia*. Tokyo, New York, Paris: United Nations University Press.
- Keen, D. (1998). *The Economic Functions of Violence in Civil War*. Oxford, United Kingdom: International Institute of Strategic Studies, Oxford University Press.
- Keen, D. (2001). Sudan: conflict and rationality. In *War and Underdevelopment, Volume Two, Country Experiences*. F. Stewart, E. V. K. Fitzgerald and Associates, eds. Oxford, United Kingdom: Oxford University Press, pp. 220–239.
- Langer, A. (2005). Horizontal inequalities and violent group mobilisation in Côte d'Ivoire. *Oxford Development Studies*, vol. 33, No. 1, pp. 25–45.
- Lichbach, M. I. (1989). An evaluation of 'Does economic inequality breed political conflict?' studies. *World Politics*, vol. 41, No. 4, pp. 431–470.
- Mancini, L. (2008). Horizontal inequality and communal violence: Evidence from Indonesian districts. In *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*, F. Stewart, ed. Basingstoke, United Kingdom: Palgrave MacMillan.
- Marshall, M. G. (2005). Major Episodes of Political Violence, 1946–2004. Centre for Systemic Peace. Available at <http://members.aol.com/cspm/gm/warlist/htm>.
- Mkandawire, T. (2001). Thinking about developmental states in Africa. *Cambridge Journal of Economics*, vol. 25, No. 3, pp. 289–313.
- Murshed, S. M., and M. Z. Tadjoeddin (2008). Is fiscal decentralization conflict abating? Routine violence and district level government in Java, Indonesia. MICROCON Research Working Paper No. 7. Brighton: MICROCON.
- Nafziger, E. W., and J. Auvinen (2002). Economic development, inequality, war and state violence. *World Development*, vol. 30, No. 2, pp. 153–163.
- O'Leary, B. (2001). An iron law of nationalism and federation? A (neo-Diceyan) theory of the necessity of a federal Staatsvolk and of consociational rescue. *Nations and Nationalism*, vol. 7, No. 3, pp. 273–296.
- Østby, G. (2008). Horizontal inequalities, political environment and civil conflict: Evidence from 55 developing countries. In *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*, F. Stewart, ed. Basingstoke, United Kingdom: Palgrave MacMillan.
- Robinson, M., and G. White, eds. (1998). *The Democratic Developmental State: Political and Institutional Design*. Oxford, United Kingdom: Oxford University Press.
- Rodas-Martini, P. (2007). Building fiscal provisions into peace agreements: Cautionary tales from Guatemala. In *Peace and the Public Purse: Economic Policies for Postwar Statebuilding*, J. K. Boyce and M. O'Donnell, eds. Boulder, Colorado: Lynne Rienner, pp. 85–118.

- Sanín, F. G. (2004). Criminal rebels? A discussion of civil war and criminality from the Colombian experience. *Politics and Society*, vol. 32, No. 22, pp. 257–285.
- Seabright, P. (1996). Accountability and decentralization in government: An incomplete contracts model. *European Economic Review*, vol. 40, No. 1, pp. 61–89.
- Smith, A. D. (1991). The nation: Invented, imagined, reconstructed? *Millennium: Journal of International Studies*, vol. 20, pp. 353–368.
- Snyder, J. (2000). *From Voting to Violence*. New York: W.W. Norton.
- Stewart, F. (2002). Horizontal inequalities: A neglected dimension of development. Queen Elizabeth House Working Paper Series No. 81.
- Stewart, F., ed. (2008). *Horizontal Inequalities and Conflict: Understanding Group Mobilization in Multiethnic Societies*. London: Palgrave.
- Stewart, F., and G. Brown (2007). Motivations for conflict: Groups and individuals. In *Leashing the Dogs of War: Conflict Management in a Divided World*, C. Crocker, F. O. Hampson and P. Aall, eds. Washington, D.C.: United States Institute of Peace, pp. 219–242.
- Stewart, F., C. Huang, and others (2001). Internal wars: An empirical overview of the economic and social consequences. In *War and Underdevelopment, Volume One*, F. Stewart and V. Fitzgerald and Associates, eds. Oxford, United Kingdom: Oxford University Press, pp. 67–103.
- Suberu, R. (1998). States' creation and the political economy of Nigerian federalism. In *Federalism and Political Restructuring in Nigeria*, K. Amuwo, A. Agbaje, R. Suberu and G. Héroult, eds. Ibadan, Nigeria: Spectrum Books, pp. 276–296.
- Tranchant, J. P. (2008). Fiscal decentralisation, institutional quality and ethnic conflict: A panel data analysis, 1985–2001. *Conflict, Security and Development*, vol. 8, No. 4, pp. 491–514.
- Treisman, D. (2007). *The Architecture of Government: Rethinking Political Decentralization*. Cambridge, United Kingdom: Cambridge University Press.
- UNDP (2004). *Human Development Report 2004: Cultural Liberty in Today's Diverse World*. New York: United Nations Development Programme.
- World Bank (2003). *World Development Report 2004: Making Services Work for Poor People*. Washington, D.C.: World Bank.