

Institute of Social Studies Conflict and Development Conference

by Sam Perlo-Freeman

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On September 4 2003, the Institute of Social Studies in The Hague held a conference on Conflict and Development, organised by Professor S. Mansoob Murshed, the first holder of the ISS's new rotating Prince Claus Chair in Development and Equity.

In the first session on rational choice models and quantitative approaches, Professor Murshed gave a paper on "Globalisation and the Rise of Conflict in Developing Countries." After noting the recent literature on the economic causes of conflict, he argued that such factors can be addressed when there are viable dispute-settlement and resource-sharing mechanisms. Social contracts are needed to give potential rebels more utility from peace than war. But most post-colonial states have weak social contracts. As regards conflict termination, he said warring parties tend to renege on peace treaties-on average 'peace processes' had to go through seven iterations before conflict ends. He also discussed his recent model of transnational terrorism, based on a three-player game involving a state, a rebel group, and the state's external sponsor.

Dr. Anke Hoeffler presented the results of a recent World Bank report, "Breaking the Conflict Trap: Civil War and Development Policy" (downloadable at <http://econ.worldbank.org/prr/CivilWarPRR/>), by Paul Collier, herself, et al. Describing civil war as "development in reverse", she outlined the human and economic costs of conflict both in the affected country, neighbouring countries and worldwide. Civil wars lead to massive displacement of peoples, leading to greater poverty and heightened susceptibility to diseases such as malaria. Host countries for refugees suffer lower growth, with an average of 1,400 extra malaria cases for every 1,000 refugees. Also, 95% of global production of hard drugs is in countries with civil wars. She reiterated conclusions from Collier & Hoeffler (2002) that the three key economic factors making a country susceptible to civil war are low income, low economic growth, and high natural resource dependence. The first two produce a pool of potential rebel recruits amongst disaffected young men, while the third is a potential source of finance for conflict. The fourth key determinant of conflict is the legacy of prior conflict - the "conflict trap," whereby conflict weakens economies and leaves a legacy of atrocities. The report argues for:

- targeting development aid at the poorest and most conflict-risky nations;
- measures to squeeze potential sources of rebel finance;
- and carefully managed economic and peacekeeping intervention continuing through the post-conflict decade.

Regionally agreed military spending reductions are also recommended. The report supports measures such as the Kimberley process targeting "conflict diamonds," measures to cushion resource-dependant countries from shocks caused by falls in commodity prices, and greater openness and scrutiny of government use of natural resource revenues since misuse can create fertile motives for rebellion.

Professor Scott Gates of PRIO presented his paper, Modelling the Duration of Civil Wars: Selection Bias, Measurement and Estimation Issues, and discussed a number of methodological problems that arise in this field.

I presented a literature survey of the effects of military spending on economic growth and development and outlined some of the arguments for and against the claim that there are beneficial economic effects of military spending. These include: potential technological spin-offs, infrastructure development, education and training of young men in the armed forces, and can be posed against the diversion of human and fiscal resources from civilian uses, the potential crowding-out of investment, and the potential for military industrialisation to distort

economic development.

I also discussed some of the empirical results, such as Benoit's finding of a positive effect of military expenditure on growth, and the negative overall effects resulting from simultaneous equation models through crowding-out of investment. I suggested that overall the balance of evidence is for a negative effect, though this is highly dependant on choice of model. Economic benefits from reducing military expenditure are not automatic, but depend on managed programs to redirect economic resources from military to civil use. For post-conflict countries, re-integrating demobilised soldiers is critical. I further suggested that a powerful military establishment could have a strongly negative effect on sustainable economic development through its protection of environmentally destructive projects, and through rent-seeking activities by the military. Here I cited the military repression of opposition to Shell in Nigeria, BP in Colombia and Freeport McMoran in West Papua, Indonesia. The military in Indonesia gets 75% of its income from its own tax-exempt businesses, with payments from private actors leading to corruption, economic distortions, and unsustainable looting of natural resources.

Other presentations included Dr. Kevin Clements of International Alert who argued for a joint approach between governments, NGOs and Inter-Governmental Organisations, coordinating the different communities working on debt, conflict resolution, human rights and governance and military issues.

Professor Bas de Gaay Fortman of the Netherlands Institute of Human Rights (SIM), and the University of Utrecht, presented a paper on "Early, Early Warnings: Collective Violence in a Multi-Dimensional Setting" and suggested that a series of inter-disciplinary case-studies would be needed to construct an "early, early warning" system.

In the final session, Professor Mohammad Salih of the ISS presented a paper on "Development as Conflict," where he argued that the model of "development" promoted by the West was itself the cause of conflict in the developing world. And finally, professor Georg Frerks of the Clingendael Institute, Utrecht and Wageningen Universities presented a paper on "Development as Conflict Resolution" noting that the conflict-development nexus is complex because changes that remove causes of conflict may also create new causes.

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