

Conflict and Human Development

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Introduction

War and HD closely linked in a two way vicious cycle

- War is a major threat to HD; 8/10 of worst HDI countries have been or are at war.
- Lack of HD is an important cause of war

Anyone concerned with HD MUST

A. consider policies DURING conflict

B. Consider policies towards prevention of conflict

This lecture explores the two way connection between war and HD, based on two studies:

1. QEH research on consequences of conflict published as *War and Underdevelopment*.
2. CRISE programme on causes of conflict

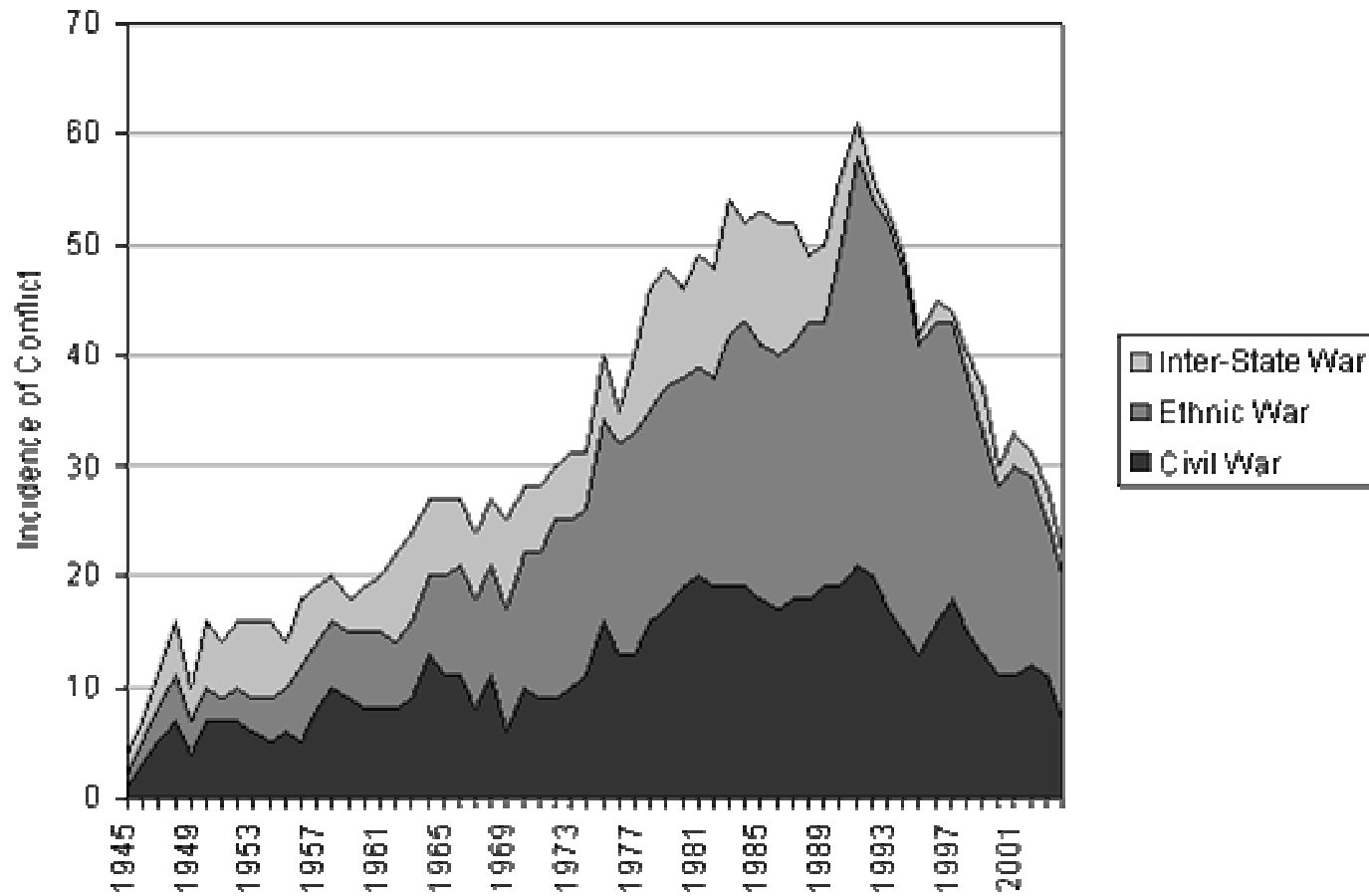
Structure of talk

- Incidence of war
- Nature of war
- Types of war
- How war is likely to affect human development
- Evidence from major recent wars
- Some policy implications
- What we know about the causes of conflict
- Policy conclusions for preventing conflict.

Incidence of war

- The number of serious wars has been rising since 1950.
- Acceleration immediately after 1989 (end Cold War).
- Some decline post-1995.
- Proportion of 'ethnic' conflict rising

Numbers of conflicts: 1945-2004



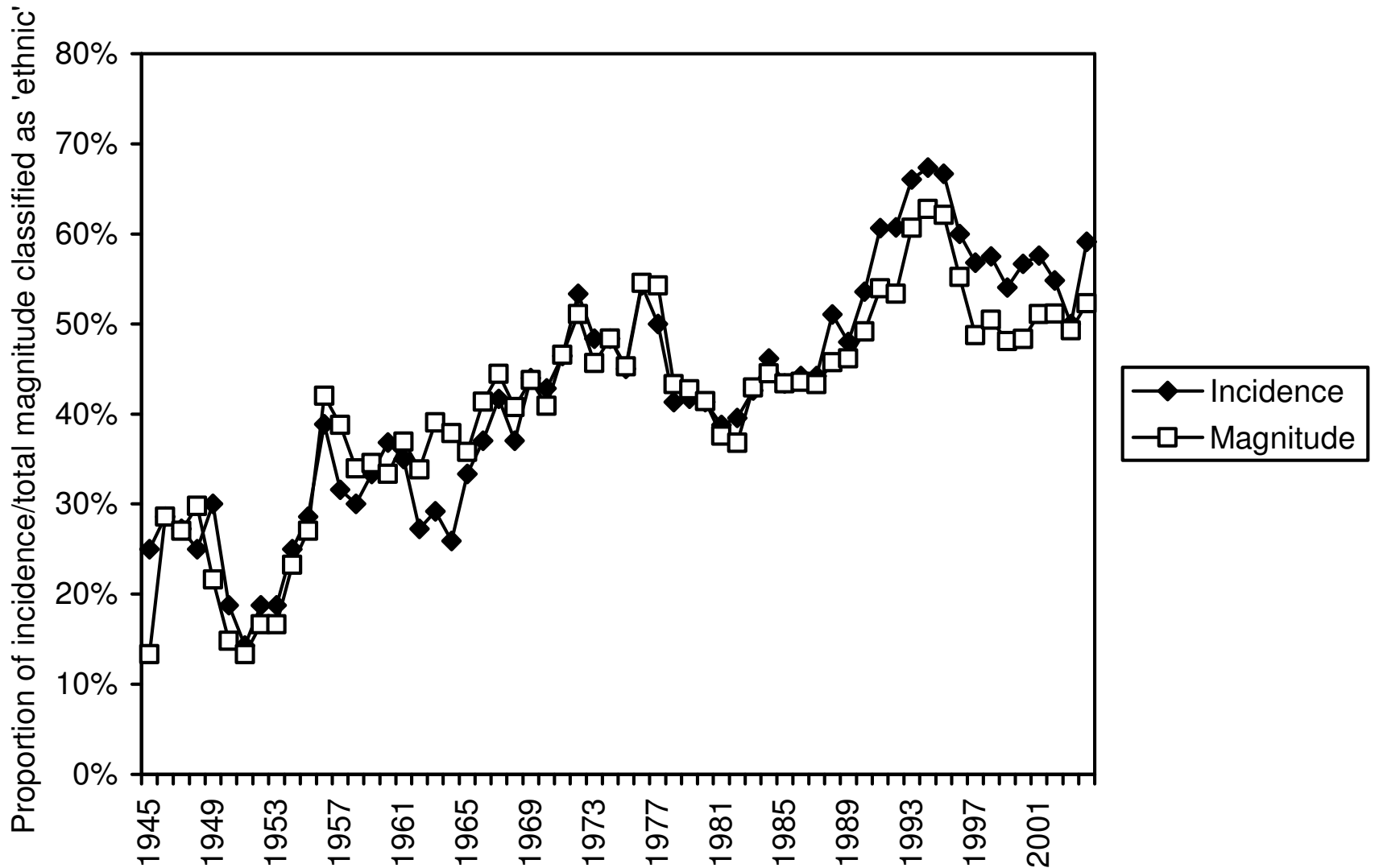


Figure 1: Trends in ethnic conflict, 1945-2004, Source: Marshall (2005)

Nature of wars

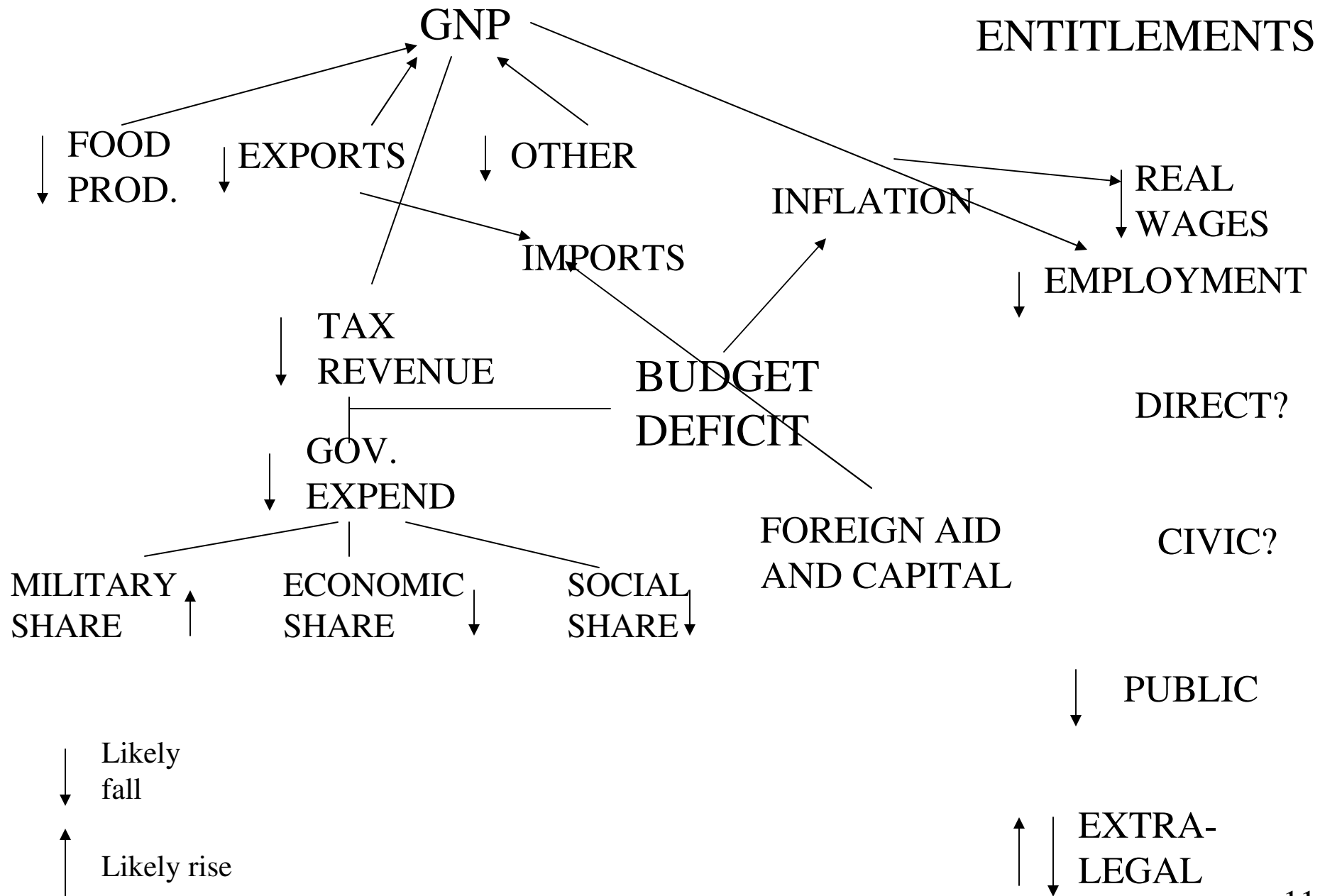
- Mainly intra-national not international, despite international interventions.
- Incidence heaviest in low-income countries:
 - 1960-95, 0.5% of population of low-income died;
 - 0.25% of middle-income;
 - 0.2% of high-income.
- Incidence heaviest in Africa – 1.5% of pop. died. Resurgence end 1990s greatest in Africa.
- Deaths far greatest among civilians (90% typical); differs from international wars.

Types of war

- ❑ **Cold War:** many 'wars by proxy' : East and West fought in third world country
 - e..g. Central America; Vietnam; Mozambique; Afghanistan. Some ended with end of Cold War, but some got life of their own (e.g. Afghanistan). ?New wars by proxy in 'fight against terrorism'.
- ❑ **Revolutionary wars,** aiming to overturn established order – Cambodia, Colombia, Maoists in Nepal.
- ❑ **Wars for Regional independence**
 - Eritrea, Biafra, Tamils in Sri Lanka, S. Sudan, Kosova, the Basques in Spain, rebels in Southern Philippines.
- ❑ **Wars fought to gain (or retain) political supremacy by particular groups,** divided e.g. by ethnicity, religion...
 - Rwanda, Burundi, N.Ireland, Uganda.

How war is likely to affect the economy and HD

- Macro-impact
- Meso-impact
- Micro-impact



Macro

- Direct affects on production (agriculture, industry); and trade
- Indirect effect from foreign exchange shortage.
- Govt. tax revenue, expenditure.
- Budget deficit.
- Inflation.

Meso-level.

- Government
 - Military expenditure rises
 - Social and economic expenditure declines
- Production
 - Tradables fall
 - Non-tradables rise

HD- impact

- Family disintegration
- Fleeing
- Women increased role
- Lost entitlements

Methodological issues

- Case studies (seven); and international data on 25 worst affected countries, 1970-1995.
- Weak data
- The counterfactual
 - before and after
 - with and without
 - regional comparisons

Case studies

- Afghanistan
- Mozambique
- Nicaragua
- Sierra Leone
- Sri Lanka
- Sudan
- Uganda

Findings:macro

- GDP almost always negative impact – supported by econometric work.
- **Investment** (public and private) negative, but foreign savings meant it fell by less than domestic savings.
- **Consumption** per head fell with per capita GDP, though generally not proportionately, as savings ratio fell.
- Exports in US dollars fell in two-thirds of the countries; But six countries achieved a rise. Both Angola (exporting minerals) and Iran (oil) high rates of growth of exports.
- But **import capacity** often held up – supported by aid and private credit: foreign debt spiralled.
- **Agriculture** – negative, especially where people fled (Mozambique; Afghanistan); and where war occurred in central agricultural area – Uganda; Cambodia. But agricultural growth sustained in Sri Lanka, Sudan.

- **Government Revenue, biggest divergencies.**
- Nicaragua and Ethiopia revenue ratio rose sharply.
- Sustained revenue collection in Mozambique, Angola and Vietnam.
- Uganda and Iran it fell dramatically. Large fall in Somalia, Cambodia and Afghanistan
- **Expenditure increased more than revenue.**
Budget deficits increased everywhere
- **Massive deficits** in Mozambique, Nicaragua and Somalia - more than 15% of GDP. Elsewhere (e.g. Uganda and El Salvador) small deficits of less than 5% of GDP.

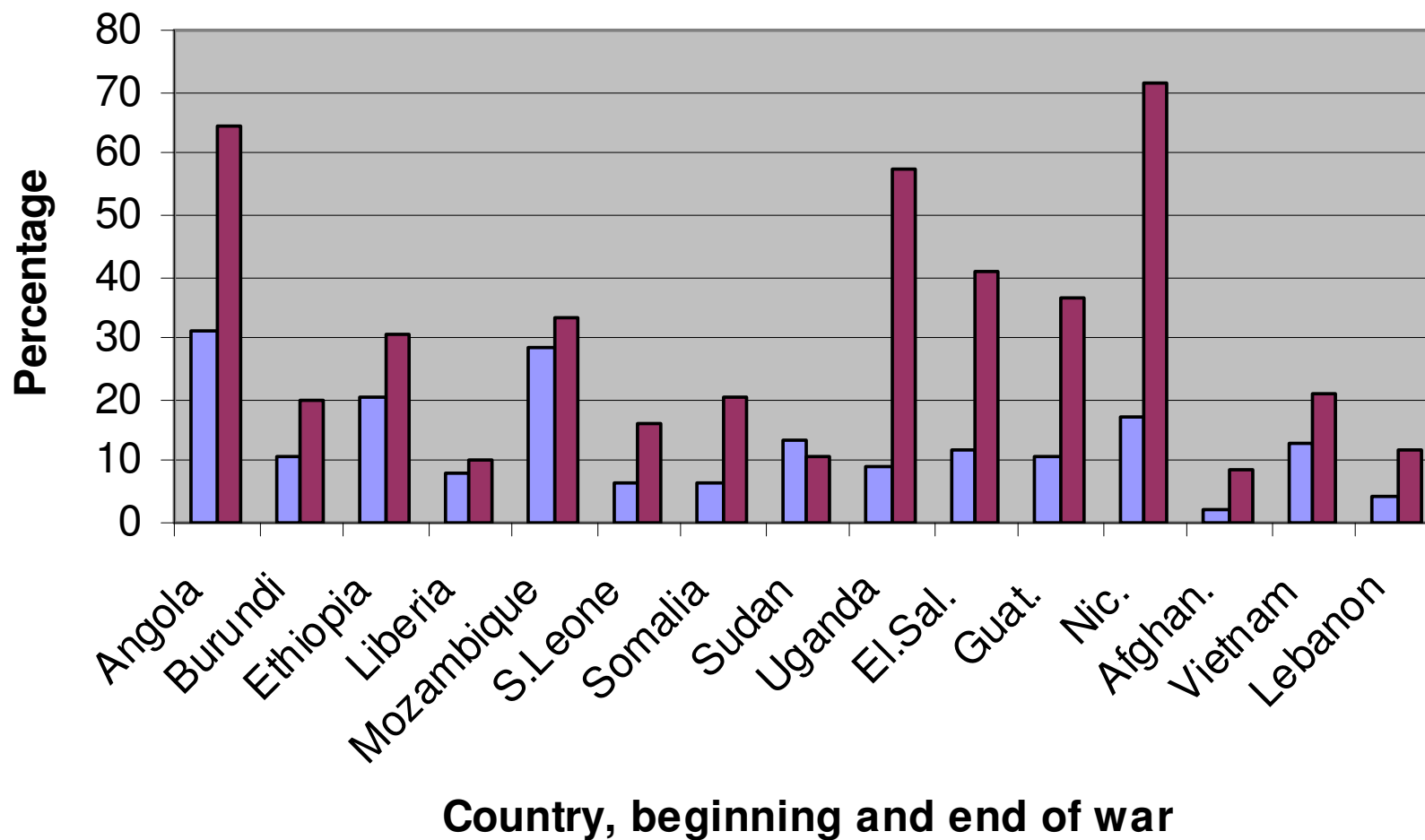
Inflation

- Inflation important for entitlements (Bengal famine).
- The inflation rate generally rose, as predicted, but mostly moderate. Over 1,000% in Nicaragua. Other LA countries below regional average. Rates of over 40% a year in Mozambique, Uganda, Somalia and Sudan. African countries above regional average.

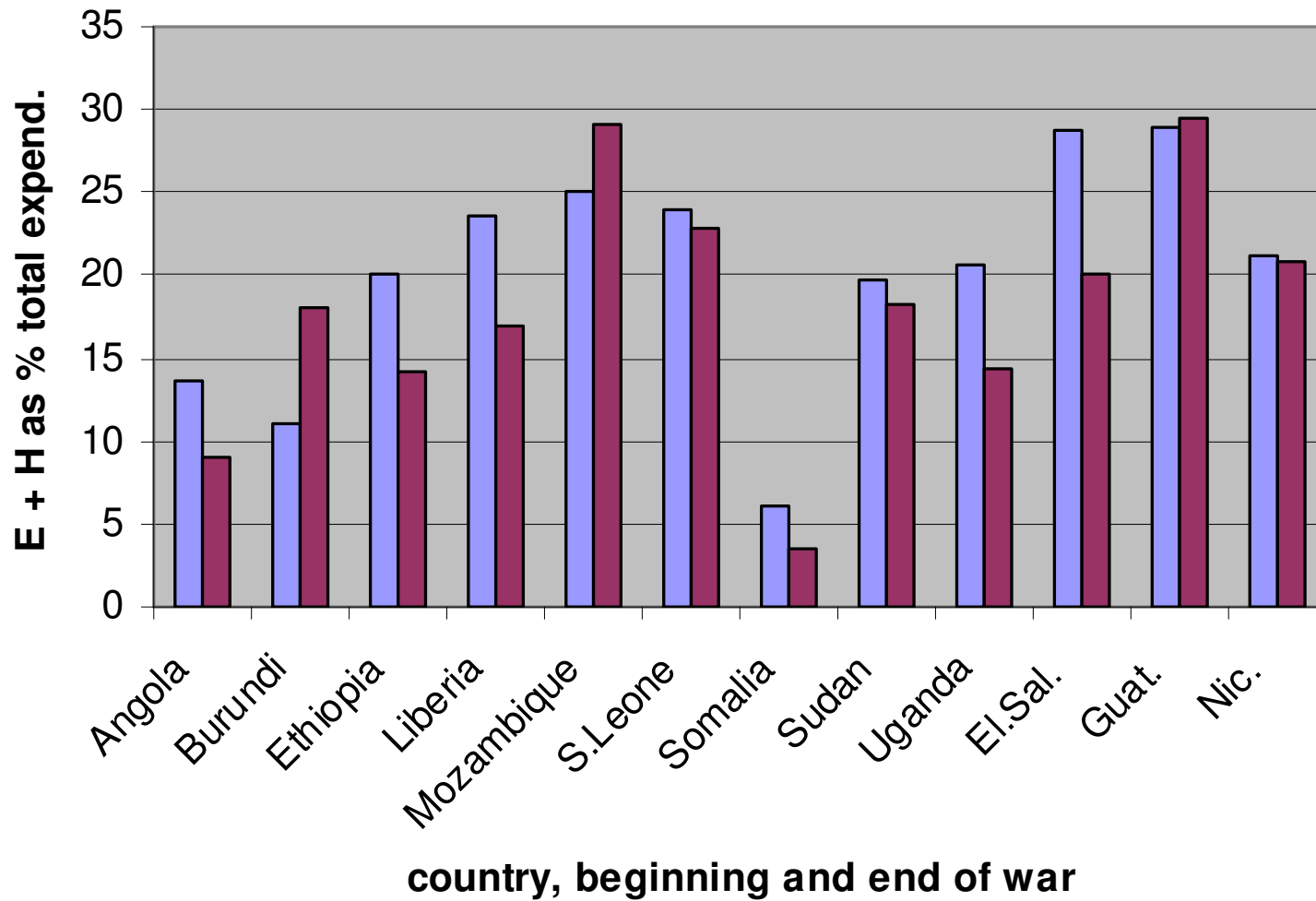
Findings (meso)

- **Sectoral shifts** : switch to subsistence and informal activities, including simple production and trading (particularly smuggling); towards agriculture.
- Share of **government expenditure** allocated to **military** invariably rose; in most cases the **share of social expenditure** fell (sometimes severely -- Ethiopia and El Salvador).
- Social expenditure share *sustained at high levels in Mozambique, Guatemala and Nicaragua.*
- Social expenditure fell sharply in Uganda, El Salvador (over 50% per head).

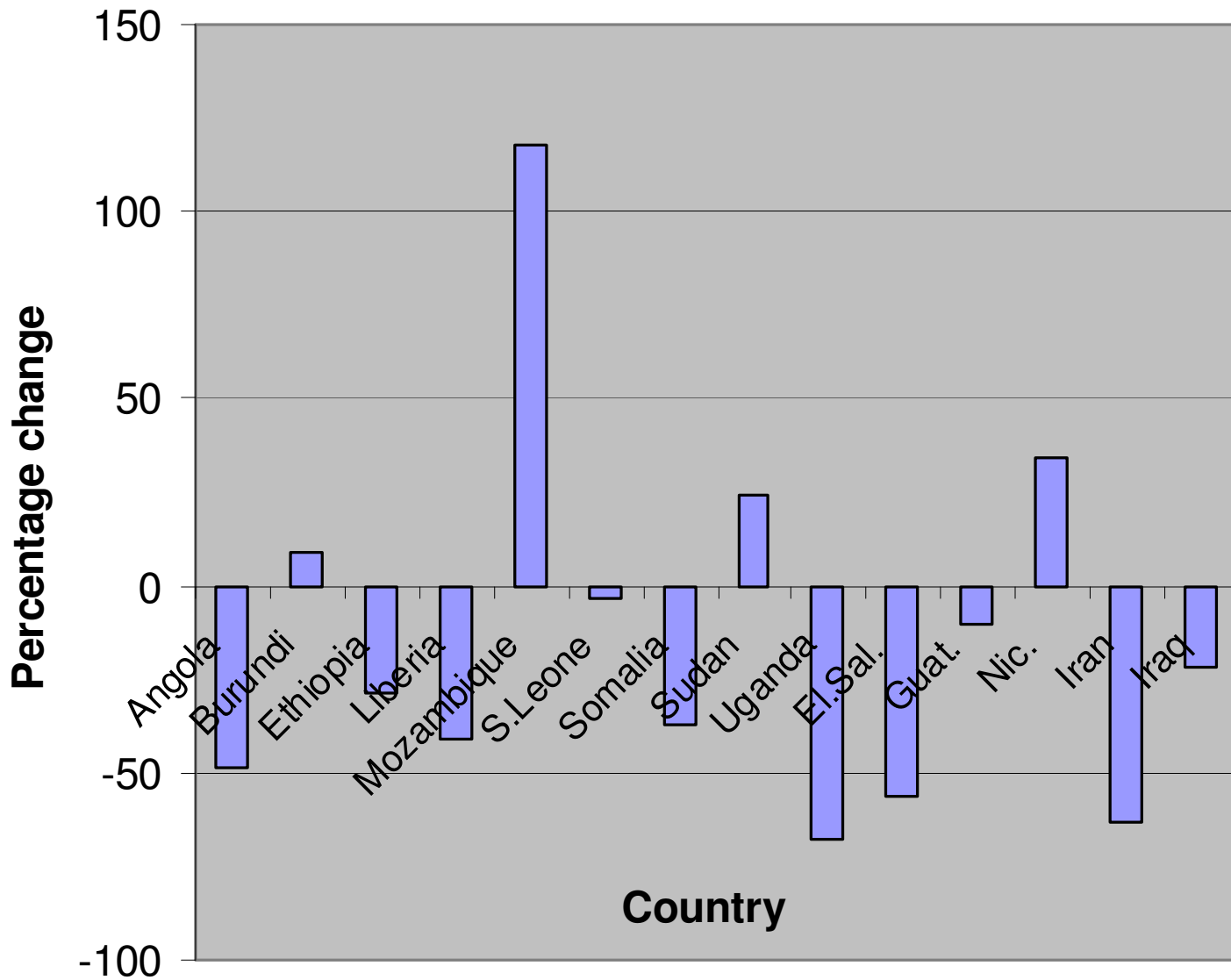
Military expenditure as % total gov. exp.



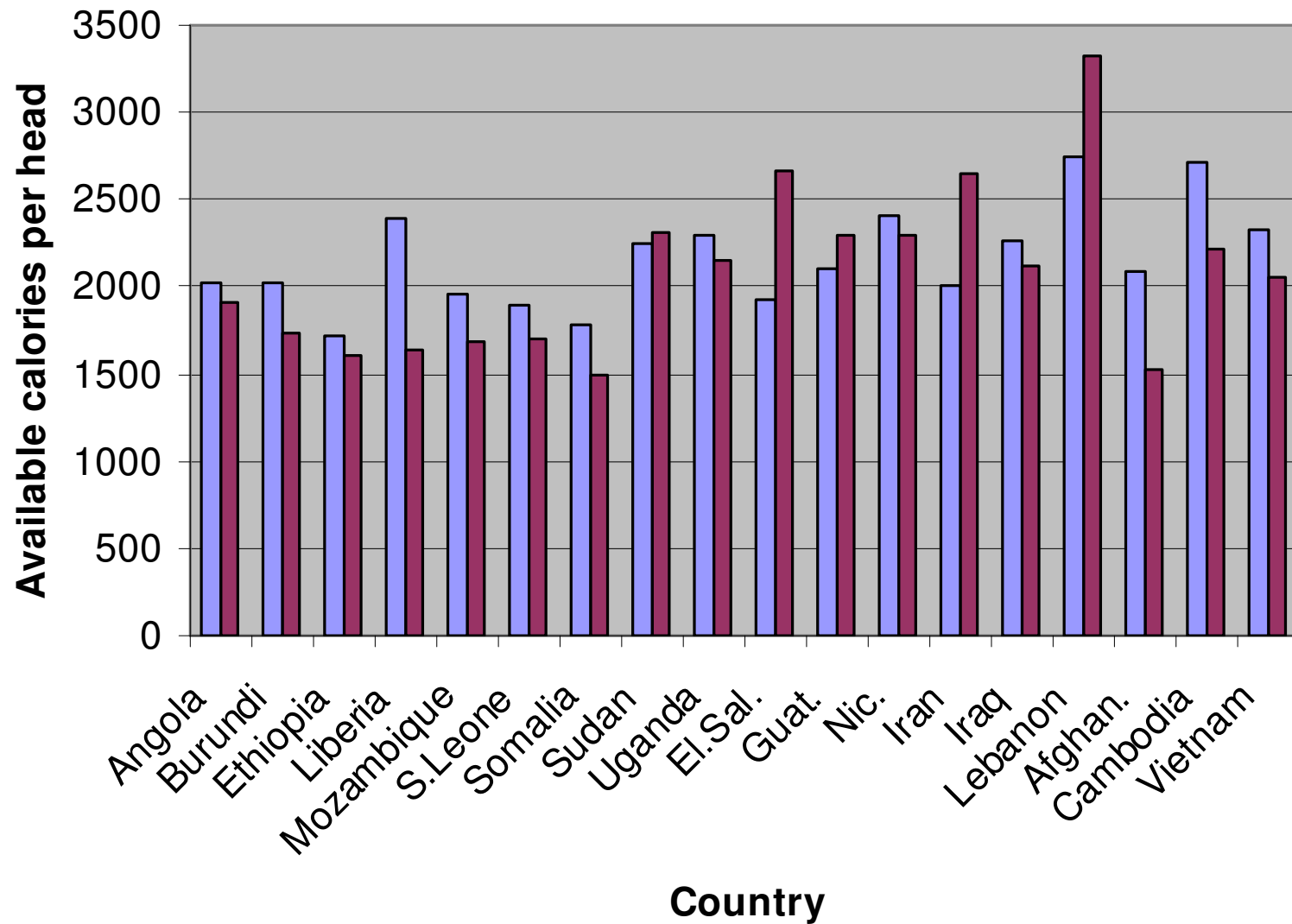
Educ. and health expend. as % of total



Change in expenditure per head on social sectors over war



Daily calories per head, beginning and end of war



Summary of entitlement changes

Entitlements = people's command over resources.

Market entitlements fell

- wages from employment;
- earnings from self-employment;
- rising inflation

Direct entitlements rose, except where the war made production difficult – e.g. in mined areas in Afghanistan, Mozambique; the Lowero triangle Uganda.

Public entitlements mostly fell, especially sharply where tax capacity collapsed. ***But in a few cases governments managed to preserve and even increase them.***

Civic entitlements compensated for losses in some cases: e.g. Sri Lanka. But where the wars were most fierce, the ability of communities and NGOs to respond was limited.

Non-legal entitlements (looting, illegal trade) invariably rose with losers as well as gainers. New sources of trade and gain - illegal and legal: poppy production in Afghanistan; smuggling; informal sector Mozambique.

Development costs

- Every study showed heavy **development costs:**
 - Destruction of physical plant
 - land
 - human resources (death and light)
 - social and organisational capital
- And new investment reduced.
- Yet emergence of new forms of capital including social and organisational

HD costs

- Lost entitlements including worsening provision of basic needs goods and services – doctors, nurses, education and food availability
- Split families
- Orphans and separated children
- Refugees.
- Psychological trauma

Estimates of Cumulative costs of war

Country	Additional cumulative infant deaths % of 1995 pop.	Lost cumulative income ratio to 1995 GDP
Angola	0.73	-1.48
Burundi	0.13	Slight +
Ethiopia	1.57	-3.95
Liberia	1.76	-1.56
Mozambique	Impr.	-2.83
Sierra Leone	0.57	-1.47
Somalia	0.31	-0.29
Sudan	0.22	-1.72
Uganda	2.03	-0.5
El Salvador	Improved	-5.67
Guatemala	Improved	Slight +
Nicaragua	0.53	-13.5
Iran	0.37	-11.0
Iraq	1.5	-48.1

Large variability of costs

- Economic and social, due to
 - Nature of war (geography; weapons; duration; embargoes)
 - Nature of economy (flexible/rigid)
 - Nature of government (strong/weak; malevolent/benign)
 - People's own reactions (economic adjustments; flight...)
- Variability and heavy civilian costs suggests potential for policy.

Policy objectives towards countries at war or vulnerable to war

1. To maintain entitlements of the vulnerable, especially to food and health services. Aim for self-sustaining solutions.
2. To counter the functionality of war and provide incentives for peaceful activities - reducing opportunities for profiteering from the war, and increasing alternative economic and political opportunities.
3. To reduce the underlying causes of conflict

Types of policy helpful for sustaining HD: during wars

- Do not confine assistance to relief/ humanitarian assistance;
- ‘Normal’ adjustment policies are generally not helpful.
- Important to sustain foreign exchange earnings (I.e. avoid embargos).
- Important to support macro-policies to sustain output
- Policies towards food security essential:
 - Support for agriculture
 - Employment schemes and support for self-employment
- Make use of:
 - Food rationing, subsidies and food aid
- Basic health services especially important in war
- Monitoring critical

Information needed

1. The major cause of entitlement collapse.
2. The nature of the authorities; internal actors are the most important.
3. The nature of local NGOs and communities, their political position and strength.
4. The main causes of war in each case (varies from case to case)

Fundamental causes of conflicts

– alternative views

- Cultural: ‘Age old enmities between ethnic groups’ ‘Clash of civilisations’.
- Economic: individual greed/grievance; groups motives
- Political – particular events; or political systems

Cultural explanation

- Conflicting identities, arising from fundamental differences between people
 - too much emphasis to cultural differences. In many contexts no major conflict despite plurality of cultures (Tanzania; Malaysia; Brazil).
 - Only 0.01% of potential cultural conflicts in Africa are actual conflicts.
 - Identities *constructed*, not given.
 - Constructed and accentuated by leaders to achieve objectives
 - e.g. economic (Cohen);
 - political/administrative (colonial governments);
 - conflict – as mobilising agent.

Constructions of identity –

1. Colonial influence

- In nineteenth century ‘far from there being a single ‘tribal’ identity, most Africans moved in and out of multiple identities, defining themselves at one moment as subject to this chief, at another moment as a member of that cult, at another moment as part of this clan, and at yet another moment as an initiate in that professional guild.’ (Ranger).
- ‘Modern Central Africa tribes are not so much survivals from a pre-colonial past but rather colonial creations by colonial officers and African intellectuals..’ (Wim van Binsbergen)

2. Construction and Use of identity for economic purposes

- Examples
 - Hausa in Nigeria; trading networks
 - Lebanese in East and West Africa
 - Immigrant groups in US

3. Construction and Use of identities for mobilising support for conflict

- Powerful mobilising agent. Bosnia, Rwanda, Sudan....(many non-ethnic conflicts also)
- But not plucked from air – constrained by history, language etc. Those with perceptions of common identity share some markers (language, behaviour, rituals..).
- Differences seem real to participants.
- Turton the ‘very effectiveness [of ethnicity] as a means of advancing group interests depends upon its being seen as “primordial” by those who make claims in its name’

But for conflict, other elements needed as well as perceived differences in identities

- Need to look for political or economic elements.
- Cultural differences only become salient – or potentially a means of mobilisation, when OTHER factors present.
- Cohen
 - ‘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’

Economic explanations

1. Group motives: group differences
(horizontal inequalities: political, economic and social)
2. Individual greed: profits and jobs from wars
(Keen; Collier and Hoeffler)
3. Failure of social contract (inequality and poverty and lack of social services).
4. Greenwar (Kaplan, Homer Dixon).

Group motives: Examples of HIs in conflict situations

Political Participation	Economic		Social access and outcomes
	Assets	Empl/ incomes	
Political participation in Government <i>Fiji,, Burundi, Bosnia and Herzegovinia, Uganda Sri Lanka</i>	Land, <i>Fiji, Cambodia, El Salvador</i>	Incomes <i>Malaysia, Fiji, Chiapas</i>	Education <i>Rwanda, Burundi, Haiti S.Africa, Uganda, Kosova</i>
	Private capital <i>S.Africa, Burundi, Rwanda</i>	Govt. employment <i>Sri Lanka, Fiji</i>	Health services <i>Burundi, N.Uganda, Chiapas</i>
	Govt. infrastructure <i>Chiapas, Burundi</i>	Private employment <i>Fijo, N.Ireland</i>	Safe water <i>Uganda, Chiapas</i>
Army/police <i>Fiji N.Ireland Burundi Kosova</i>	Aid <i>Afghanistan Sudan, Rwanda</i>	'elite employment' <i>Fiji, Chiapas, Nireland</i>	Housing <i>N.Ireland, S.Africa</i>
	Natural resources <i>Liberia, Sierra Leone</i>	Unemployment <i>Algeria, N.Ireland S.Africa</i>	Poverty <i>Chiapas, Uganda, Safrica</i>

Different types of conflict depending on

- Geographical distribution of population
- Relative numbers in different groups
- Ties and support from outside (diaspora)
- Role and nature of government

Empirical evidence on group motivation-
case studies and econometric evidence

- Group inequality (horizontal inequalities/HIs): strong case study evidence.
- Also statistical (Barrow, Gurr, Ostby, Mancini)– but data difficulties.
- Most conflictual where HIs are consistent and growing. And political HIs sharp.

Private motivation – individual greed and opportunity costs balanced

- Case studies: Sudan; Sierra Leone; Congo; Liberia...Rent-seeking (Burma, but can also be peace-making).
- Econometric (Collier and Hoeffler). But serious problems with methodology

Conclusions on private incentives

- ‘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).
- More likely (and accepted) that these can PROLONG conflicts, than that they cause them
- But need to be considered in ‘solutions’

Failed social contract

- Strong econometric evidence that there is more conflict among poorer countries; countries with lower life expectancy; and lower economic growth (cause and effect issue).
- No systematic evidence on share of government or provision of services. But some indications.
- IMF etc. NOT statistically associated with more conflict.

Greenwar

- Case studies contradictory
- Some evidence for Rwanda re-land pressure; Ethiopia and Sudan.
- But also evidence for 'riches' causing conflict.
- Gurr found ecological and demographic stress related to demands for autonomy.

Political explanations

- ‘Events’ (aircrash; murder of Archduke....).
Triggers, not fundamental causes.
- Strength of state: ‘failed states’
- Political institutions (authoritarian or democratic)
- Horizontal inequalities in political control and resources

Evidence on political explanations

- ‘Intermediate’ regimes, or regimes in transition worst.
- Strong correlation with history of previous conflict.
- Case study evidence on ‘failed states’ (but cause or effect?)
- Political HIs are v important

Conclusion on evidence

- All types of explanation have some support.
- All predispose, not simple cause/effect
- More than one explanation applies to many cases:
 - e.g. Sudan: horizontal inequalities and ‘greed’;
 - Rwanda; horizontal inequalities and greenwar;
 - Sierra Leone: ‘greed’ and failed social contract.
- Different types of conflict – different explanations.

In summary: main variables predisposing to conflict

- Decline/stagnation in economy
- Horizontal inequality – economic AND political
- High poverty
- Low social expenditure
- Valuable natural resources
- History of conflict
- Low state resources and weak governments

Also a number of international mechanisms that assist conflict

- Direct interventions.
- Commodity trade, where commodities valuable:
 - Diamonds (African conflicts)
 - Timber (Cambodia; Burma; some in Africa)
 - Oil (Nigeria; Sudan; Indonesia)
 - drugs
- Other financial mechanisms
 - Aid (Sudan)
 - Diasporas (e.g. Sri Lanka)
 - Credit (general)
 - Arms trade (general)

Preventative policies

- Needed for ALL vulnerable economies, I.e.
 - Low-income
 - History of conflict; post-conflict countries
 - High horizontal inequalities;
 - intermediate political regimes
- Note serious ‘political economy issues’.
Varies with situation.

Types of policy

1. Policies towards horizontal inequalities
2. Policies towards 'functionality' of conflict
3. Policies to promote equitable development.
4. Policies towards financing of conflict
5. National and international policies

1. Correcting horizontal inequalities

- *Inclusive, politically, socially, economically. Aim for only moderate inequalities.*
- **Political: inclusivity –**
 - depends on constitution, not simply democracy;
 - proportional representation;
 - restrictions on political system.
 - Human Rights policies
 - Note ALL levels (army, civil service, police as well as government).

Economic and social inclusivity

- Government sector:
 - deliberate policies towards public expenditure; employment; social services
- Private sector
 - Taxes/subsidies;
 - Structural requirements; balanced access to employment and assets
 - Asset distribution

2. Reducing functionality of conflict

- Providing good alternative occupations
- Short term employment and compensation (e.g. resource rights) for stopping fighting
- Restricting opportunities from conflict (Kimberley process).

3. Policies to promote equitable development

- Growth promoting. Particular problems for post-conflict countries with heavy debt.
- Growth must be equitable (cf Rwanda)
- IFI policies sometimes contain peace-conditionality (e.g. with respect to defence expenditure).
- In general, macro and micro policies recommended today fails in terms of prevention because:
 1. Not growth and employment promoting
 2. No attention to horizontal inequalities
 3. Democracy often advocated without considering need for constraints: 'structured democracy'.

4. Policies towards international financing of conflict

- This is international issue. Probably where international community's focus is strongest at present.
- But major deficiencies, loopholes where policy is being adopted (international finance; diamonds; drugs)
- And major political economy obstacles to good policy (e.g. arms trade; oil revenue).

Preventative policies as part of development policy

- Preventative policies should be applied systematically and form part of development policy.
- At present neither economic, nor political conditionality includes policies towards horizontal inequalities.

Conclusions

1. Policies towards countries in conflict must be a major concern for those who give priority to HD.
2. First best policy is to bring war to an end, but wars can last years or even decades, and during this time economic and social policies can moderate (or accentuate) the human costs of conflict.
3. Appropriate policies depend on the actual situation, the nature of the war, its economic effects, and the power and position of governmental and non-governmental institutions.
4. A key requirement is effective monitoring of economies at war. Governments, NGOs and aid donors should cooperate in ensuring comprehensive and timely monitoring.