Rebel Governance and Development The Persistent Effects of Guerrillas in El Salvador

Author:Antonella Bandiera, Lelys I. Dinarte Diaz, Juan Miguel Jimenez, Sandra V. Rozo, Maria Micaela Sviatschi

How does rebel governance affect long-term development? We investigate the economic, social, and political consequences of temporary territorial control by guerrillas during the Salvadoran Civil War. During this period, these guerrillas displaced state authorities and promoted the creation of self-governing institutions that embodied local values and openly distrusted the state and elites. Using a spatial regression discontinuity design, we show that areas once under guerrilla control have experienced worse economic outcomes over the last 20 years compared with adjacent areas then controlled by the formal state. Our results suggest that community institutions in guerrilla-controlled areas led to enduring land fragmentation and disengagement with the government. We argue that when non-state actors develop alternative governance institutions, they can lead to negative development effects through lasting norms of distrust of out-groups.

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