

Conflict and Participation

Economics, Politics, and African Societies: TA o8

Vincent Tanutama

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University of Chicago

Harris School of Public Policy

Discussion Section

Participation Points

- Today grants the last participation points.
- The participation was binary to encourage all kinds of participation (verbal/written, in class/session/offline).
- Very likely that I miscount. Happy to discuss alternative arrangements and other concerns after today's session.
- Please ask questions about course materials before Wednesday May 26 on Form <https://forms.gle/mTfL5UWRfLtmNFC56>. I will base next week's session only on your questions.

Exam Question Logistics

- Practice questions were taken from last year and do not reflect the questions to be asked this year. Materials have changed.
- Practice answers guide how to answer the questions.
- Typically 3-4 developed arguments, each with paraphrase/quotes. Extra points for quotes not from introduction. Therefore, 0.75-1.5 page response single-spaced.
- We will give you enough time to answer the take-home exam. Last year was 24 hours. Hopefully more this year.
- Main topics: conventional social science on Africa (ethnicity, conflict), external influence vs agency, traditional institutions (spheres of exchange, magic, gender differentiation), social embeddedness (wealth in people, clientship), state vs society.

Another practice question (if you want)

- Practice answer sent before Friday May 28 5pm gives sense how I will grade and counts toward 1 missing participation.
- Does not substitute final exam.
- Please drop it on Canvas Assignment.

Why did President Mobutu of DRC have a harder fundamental problem to solve than Seretse Khama, the first Prime Minister of Botswana, and what were the consequences of this for economic performance?

Discussion Questions

1. What are the standard theories in political economy of why people fight? How did “Forging of a Rebel” and “Fighting for the Rainfores” challenge these theories?
2. When is citizen participation productive for development?

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Why Fight?

Standard Theory in Political Economy: Conflict is inefficient

- Conflict is a surplus reallocation mechanism from Weak to Strong.
- It is inefficient because surplus is being destroyed.
- **Coase Theorem:** Initial allocation of resources do not matter for efficiency when **transaction costs** are non-existent, because agents can make **unrestricted transfers**.
- Why doesn't Weak commit to transferring resources to prevent Strong's attack?
 - Transaction costs: incomplete information, commitment problem, agency problem.
 - Limited transfers: Weak has no side resources to transfer.
- Framework is developed in Brito and Intriligator (1985) and Fearon (1995), summarized in Baliga and Sjöström (2013), and contextualized in Blattman (2022).

Incomplete information and commitment problem

- Incomplete information incentivizes parties to invest in military capacity to signal might and war ensues with + probability.
- *Once conflict starts*, commitment problem may *intensify* it.
- Neither side is willing to put down the weapon because of lack of credible commitment to agree on side transfers or cease-fire. (Prisoner's dilemma)
- Could this model explain ongoing conflicts in the Tigray, Kivu? Note that model explains incidence/intensification, not onset.
- Can be avoided if today's utility is baked into today's sidepayments (Fearon, 1995).

Complete information and commitment problem

- For conflict due to commitment problem to occur under complete information, there must be “issue indivisibility.”
- The surplus to be reallocated is believed to be unamenable to continuous division, e.g. Holy Sites, territorial power?
- Under the Coasian framework, the required side transfer is ∞ .

Economic shocks affects the direction of commitment problem

- Think about discovery of coltan in eastern DRC, diamond in Sierra Leone, or oil in Nigeria. Many conflicts are tightly linked to resources as financing source, i.e. “materialistic motives”.
- Framework is developed by Dal Bó and Dal Bó (2011) and empirically tested in Colombia by Dube and Vargas (2013).
- A rise in contestable surplus (e.g. price shocks, new discovery) can increase gains from appropriating the resource, increasing **rapacity**. Conflict increases.
- But if labor is used to appropriate resources, economic boom reduces increases the **opportunity cost** of violence. Conflict decreases.

Agency Problem

- Leaders do not internalize the cost of conflict, borne by agents.
- Agency cost can be reduced by other motives: magical warfare technology (Nunn and Sanchez de la Sierra, 2017), ethno-nationalism, exploited by political entrepreneurs.
- Related to Hannah Arendt's **banality of evil** argument (Arendt, 1964), paraphrased by (Hedlund, 2019):

*Since the publication of her articles on the Eichmann trial, Arendt's banality of evil theory has become widely cited in commentary on human behavior in conditions of war. Her theory has helped to show that when military power is consolidated and distributed among the masses, when a **top-down administrative process coordinates duties**, and when the victims become anonymous and dehumanized, any "ordinary" person's **ethics and morals might be set aside in favor of compliance**—thus he or she may become an accessory to murder in the wider orchestration of war.*

Beyond rationalist explanation for warfare: “Forging of A Rebel”

- Hedlund (2019) further argues that “**Hutu rebels**” being “driven to violence by the structural and political circumstances of the war that were disempowering and unfair to them and their families.” (p. 15)
- Past injustices drive participation, e.g. El Salvador (Wood, 2003), Vietnam (Scott, 1977), and the Kivus.
- Probability that an individual participates in a Congolese militia is 2.55 pp (2.36 times) larger in each subsequent year a household has been attacked, consistent with intrinsic motivation of selection into violence (Marchais et al., 2021).
- (There is no commitment problem or limited transfer here. Indivisible argument?)

Becoming standard theory: Intrinsic Preferences

- Preference inception: Driven by the attacks that are the most gruesome and at a young age in the HH.
- Preference formation: Persistence >5 years after the attack.
- Preference micro-foundation: **parochial altruism**: A preference for favoring the members of one's ethnic, racial or language group (Bernhard, Fischbacher and Fehr, 2006).
- Attacks on the village chief, on other households, and on other villages cannot explain participation into Congolese militia.
- Not sure how to view this from **utilitarian** or **deontological** lens..

Why Participate?

Collective willingness of both state and its constituents

- Remember the neoclassical argument for state? What finances protection rackets? Tax revenue from constituents.
- When is citizen participation productive for development? One possibility is when citizens participate in revenue collection motive of the state **and** state allocates revenue for private and public goods.
- We see examples from Bates on when and why revenue reallocation fails in Ghana but not Kenya, from Prof. Sánchez de la Sierra on when states are left to “se débrouiller”.
- Prof. Robinson argues that the corridor for the state-society engagement for development (liberty) is narrow (Acemoglu and Robinson, 2019).

Tax compliance and revenue increases in Kananga (Weigel, 2020)

- Being visited by a city tax collector increases tax compliance by 11% and revenue by USD 0.20 per household (assuming 240k HH ~ USD 48k increase, raising provincial revenue to 5% from property tax).
- Who/Why participates?
 - **Pecuniary incentives:** More educated, richer, low marginal tax rates (Bergeron, Tourek and Weigel, 2021)
 - **Tax morale:** more positive attitude towards government.
- Why did city governments not run away with the money?
 - Hypothesized: high uncertainty about government audit. Empirically tested: opposite effects in Jharkand where bureaucratic expectation of audit increases with misappropriation, and concentrated incentives (Wong, 2021). Consistent with both: U-shaped response to audit certainty.
 - One-shot interaction eliminates collusive bribery (Tirole, 1986).

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Why taxation translates to beliefs about government

- One possibility is the *signaling* of state capacity which raised the expected benefits from participation (**updating**).
 - If citizens were to update about government functions, there should be spillovers of perception of activity to control nbhs.
 - Flat response of participation on distance to nearest treated nbhs.
- Another possibility is compliance now raises citizens' position to trade future demands for public goods and compliance (**bargaining**).
 - The argument is paying now increases the threat of not paying later if citizens do not receive public goods.
 - Being registered as a taxpayer and not future interactions with collectors was what predicts participation.
 - Demands for better governance in discussions.
 - I assume this is why the paper was celebrated for the results on participation dividend: social capacity increases!!

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- **Monday:** The Data is Gold, Africa's Latent Assets, Congo Calling
- **Friday:** Exam Review. Please send questions through anonymous form by Wednesday:
<https://forms.gle/gW3oyBQDof7BzhHC9>

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