

Security, Governance, Development

James D. Fearon
Department of Political Science
Stanford University

Comments for IGC State-building workshop

September 26, 2010

Points

1. Among poorest countries (and more generally), striking decline in prevalence of large-scale civil conflict since mid-1990s.
 - ▶ Probably mainly due to two effects of end of Cold War: Increased major power intervention/PKOs, and reduction in classical insurgencies financed by superpowers.
 - ▶ Lots of low-level, “sons of the soil” conflicts remain, but typically localized econ impact.
2. Thus not clear how big a problem violent conflict is for development now, except in some obvious and egregious cases.

Points

3. What about econ development and broader notions of “good governance” or “good institutions” (the objects of state building)?
 - ▶ Some minimum level of political order is obviously necessary (Hobbes), and plausible that “good institutions” explain a large part of long-run growth of the West and some other states.
 - ▶ But in medium run, even over four decades, country growth rates are stunningly variable, with apparently not much of the variance explained by measures of “good governance” / “good institutions” .
 - ▶ Bad measures of governance/institutions? Bad measures of growth? Importance of these factors (above some threshold) overstated?

Points

4. “Good governance” as measured by WGI or ICRG does forecast lower conflict risk in future years, and governance tends to dominate per capita income.
 - ▶ Covariates of civil war/conflict: Low income, large population, mountains, big oil production, recent independence, recent pol instability, partial democ, ELF (if include small conflicts).
 - ▶ Not related: income inequality; if control for income, democracy, “youth bulge”, ELF (wars).
 - ▶ State capabs vs labor-market explanations for correlation of low income and conflict.

Questions

- ▶ Re problem of econ development and how to do foreign aid, is state building of interest on account of a small number of governance disasters, or much more broadly? If think the latter, why?
- ▶ Can an economist here explain to me why growth rates are so remarkably volatile? Isn't this important?
- ▶ How to better measure “good governance” / “good institutions” (the object of state-building)? No one much likes expert-ratings-based measures, for some good reasons. But what more objective measures would be feasible and conceptually defensible? Tax recovery? Efficiency of public service provision? (A good first thing to do would be to compare objective measures more systematically to the perceptual ones.) Unlikely to get good time series data for many countries?

Armed conflict and growth rates

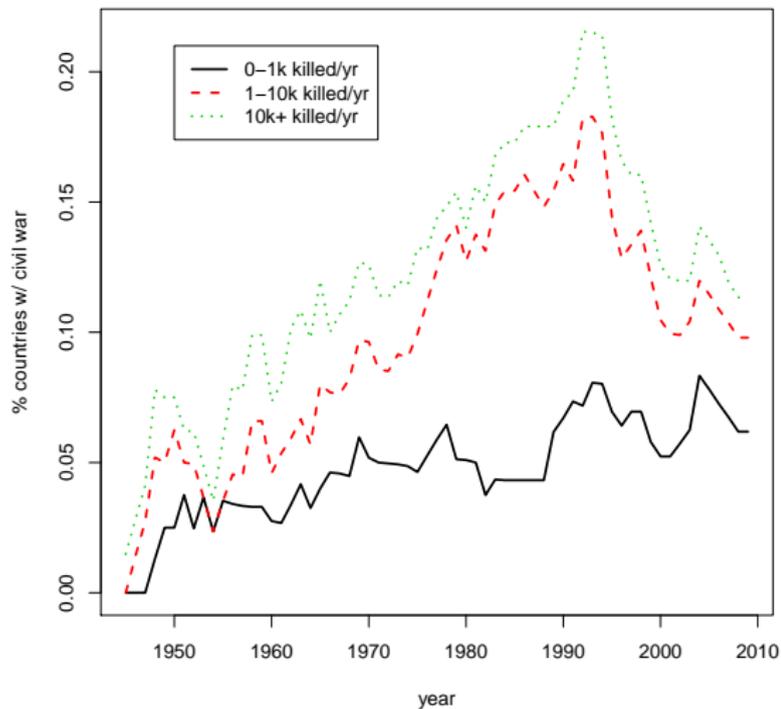
conflict level	all	SSA	Asia	NA/ME	LA/Ca
minor (< 1k kia/yr)	-0.09	-1.18	0.21	-2.3	-0.01
medium (1-10k kia/yr)	-1.67**	-2.38*	0.07	-0.07	-3.08**
major (> 10k kia/yr)	-3.28**	-4.78**	-4.12*	-5.03***	-0.49

Coef's from regression of annual growth on war levels and country and decade dummies, 1945-2008.

** signif at .01, * at .05, with country country clustered se's.

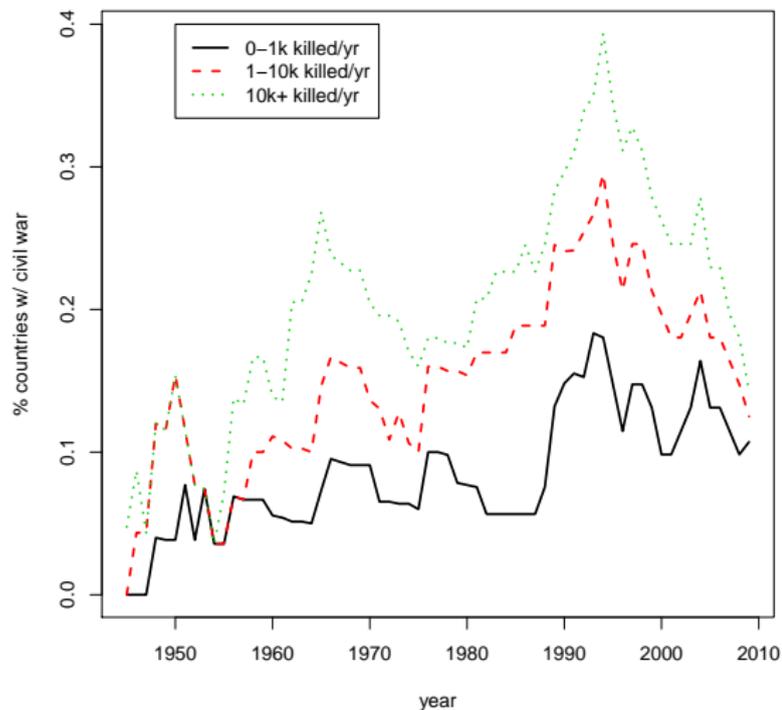
Decline in armed conflict since 1995

Figure 1. Civil war prevalence



Poorest 1/3 countries

Figure 2. Civil war prevalence in poorest 1/3 countries



Ended civil wars occurring in 1995

country	conflict	years	outcome	PKO?
sri lanka	LTTE, etc.	1983-09	govt victory	
china	Xinjiang	1990-98	govt victory	
tajikistan	UTO	1992-97	govt victory	yes
croatia	Krajina	1992-95	govt victory	yes
peru	Sendero Luminoso	1981-95	govt victory	
angola	UNITA	1975-02	govt victory	
angola	FLEC (Cabinda)	1992-04	govt victory	
chad	FARF, other rebels in south	1992-98	govt victory	
cambodia	Khmer Rouge, FUNCINPEC, etc	1978-98	govt victory, peace agreement	yes
bangladesh	Chittagong Hills/Shanti Bahini	1976-97	govt victory, peace agreement	
guatemala	URNG, various	1968-96	govt victory, peace agreement	yes
sierra leone	RUF, AFRC, etc.	1991-00	govt victory, peace agreement	yes
papua n.g.	BRA (Bougainville)	1988-98	peace agreement	yes
bosnia	Rep. Srpska/Croats	1992-95	peace agreement	yes
burundi	Hutu groups v. govt	1993-06	peace agreement	yes
sudan	SPLA, etc.	1983-05	peace agreement	yes
uk	IRA	1969-98	peace agreement	
haiti	Mil. coup	1991-95	rebel victory	yes
rwanda	RPF, genocide	1990-02	rebel victory	
liberia	NPFL (Taylor), INPFL (Johnson)	1989-96	rebel victory, peace agreement	yes
indonesia	E. Timor	1975-99	secession, weak state	yes

On-going civil wars occurring in 1995

country	conflict	years	outcome	PKO?
afghanistan	v. Taliban	1992-01	ongoing, high level	yes
india	Naxalites	1988-	ongoing, high level	
somalia	post-Barre war	1991-	ongoing, high level	
philippines	MNLF, MILF	1970-	ongoing, low level	
burma	CPB, Karens, etc.	1948-	ongoing, low level	
philippines	NPA	1969-	ongoing, low level	
india	Kashmir	1989-	ongoing, low level	
india	N.East rebels	1956-	ongoing, low level	
pakistan	MQM:Sindhis v. Mohajirs	1993-99	ongoing, low level	
russia	Chechnya	1994-96	ongoing, low level	
colombia	FARC, ELN, etc	1963-	ongoing, low level	
algeria	FIS,GIA, GSPC	1992-	ongoing, low level	
turkey	PKK	1984-	ongoing, low level	
israel	Palestinian insurgents	1949-	ongoing, low level	
chad	FROLINAT, various ...	1965-	ongoing, low level	
senegal	MFDC (Casamance)	1989-	ongoing, low level	
uganda	LRA, West Nile, etc.	1989-	ongoing, low level	
ethiopia	Oromo Lib. Front	1992-	ongoing, low level	

WGI governance measures and growth, 1997-2008

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
log(income)96	-0.29 (0.29)	-1.09** (0.34)	-0.30 (0.30)	-0.67* (0.33)	-0.90* (0.35)	-0.80* (0.34)	-0.84* (0.33)
grwth8595	-0.07 (0.06)	-0.13* (0.06)	-0.07 (0.06)	-0.08 (0.06)	-0.11 [†] (0.06)	-0.10 (0.06)	-0.11 [†] (0.06)
oil96	1.80* (0.71)	2.66*** (0.71)	1.81* (0.76)	2.05** (0.71)	2.52*** (0.74)	2.55*** (0.76)	2.59*** (0.73)
ge96		1.59*** (0.41)					
voice96			0.01 (0.34)				
polstab96				0.64* (0.30)			
rol96					1.19** (0.41)		
corrupt96						1.05* (0.41)	
regqual96							1.19** (0.37)
constant	5.60* (2.38)	12.73*** (2.92)	5.63* (2.60)	8.87** (2.81)	10.96*** (2.98)	10.29*** (2.97)	10.70*** (2.81)
N	183	183	183	183	183	183	183
R ²	0.18	0.25	0.18	0.20	0.22	0.21	0.23
adj. R ²	0.14	0.21	0.14	0.16	0.18	0.17	0.19

Standard errors in parentheses. Region dummies included but not shown.

[†] significant at $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$

ICRG governance measures and growth, 90s and 00s

	Model 1	Model 2	Model 3	Model 4
$\log(\text{income})_{t-1}$	-1.07** (0.33)	-0.94** (0.33)	-0.89** (0.33)	-0.87* (0.35)
growth_{t-1}	0.06 (0.10)	0.09 (0.10)	0.09 (0.10)	0.10 (0.10)
oil	1.70** (0.61)	1.69** (0.64)	1.76** (0.66)	1.69* (0.65)
year = 2000	1.92*** (0.36)	1.80*** (0.37)	1.99*** (0.37)	1.95*** (0.36)
ip_{t-1}	0.36* (0.18)			
rol_{t-1}		0.30 (0.20)		
corrupt_{t-1}			0.26 (0.28)	
bq_{t-1}				0.16 (0.24)
constant	9.04*** (2.55)	9.13*** (2.67)	8.81** (2.68)	9.15** (2.85)
N	247	247	247	247
R^2	0.28	0.28	0.27	0.27
adj. R^2	0.25	0.24	0.24	0.24

Country clustered se's in parentheses

Region dummies included by not shown.

† significant at $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$