

**Opponent Note to the Challenge Paper,
“The Challenge of Reducing the Global Incidence of Civil War” by
Paul Collier and Anke Hoeffler as prepared for the Copenhagen Consensus**

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1. Purpose of this Opponent Note

The purpose of this opponent note is to provide a counterbalance to the challenge paper, “The Challenge of Reducing the Global Incidence of Civil War” by Paul Collier and Anke Hoeffler (the “CH Paper”). It will evaluate the issues covered in the CH paper and will reach some conclusions about these issues, some of which differ from the paper or go beyond it. It will, in addition, discuss other issues involved in civil wars as well as issues involved in other types of conflicts that are not treated in this paper.

2. The Focus of the CH Paper

The focus of the CH paper is civil wars, especially those in Africa, which has been the area of concern of its authors. Their paper is largely based on their recent book *Breaking the Conflict Trap: Civil War and Development Policy* (See Collier 2003), which, in turn, is based on many past publications, particularly those of Paul Collier. The authors correctly note that international conflict has become less common while civil wars have become more common. This is true, but international conflicts do, of course, exist and some are of great importance, such as the recent U.S. led wars in Afghanistan and Iraq and their aftermaths that should also be addressed in a study of conflict and its avoidance.

Civil wars are, nonetheless, extremely important, particularly in Africa, where some of the biggest wars have been fought in recent years and up to the present. (See Ali and Matthews, Eds., 1999). Huge civil wars have been fought or are being fought in, among other places, Angola, Congo, and Sudan. Unfortunately these wars are largely unreported and, if they are reported in the press they are mostly confined to the back pages of publications while they are largely unreported in the broadcast media. As a result, these wars are mostly unknown to the general public, and many specialists have not treated them in depth, with Paul Collier’s work in this area being an important exception. The paper concerns civil wars in Africa, such as those mentioned above but also those in Liberia, Sierra Leone, Somalia, and Cote d’Ivoire. It also concerns civil wars on other continents, such as those in Asia (including Afghanistan and Cambodia), Europe (including Bosnia and Serbia) and Latin America (including Colombia, El Salvador, and Haiti),

3. The Benefits of a Reduction in the Global Incidence of Civil War

The CH paper attempts to establish credible lower-bound estimates of the benefits that would stem from a reduction in the global incidence of civil war. They note that these benefits accrue at three levels: national, regional, and global, although one could also add the local level. At the national level the authors state that the benefits are partly economic and partly social. One might add the political benefits of a stable national government vs. the instability that would stem from civil war, with a change in government or many such changes that could lead to a failed state. There are also other benefits – health, environment, etc., some of which are discussed below. The CH paper measures the economic benefits of avoiding civil war by the effects of civil war on growth, and it measures the social benefits in terms of Disability Adjusted Life Years (DALYs). The authors also estimate the regional benefits of avoiding war in terms of its effects on economic growth. Finally, the global benefits of conflict reduction, as the authors correctly note, are the most difficult to estimate and are left unquantified, although the paper does discuss in general terms the global impacts of civil wars in terms of AIDS, drugs, and safe havens for terrorists.

4. Three Opportunities Treated in the CH Paper

The CH paper focuses on three opportunities: the prevention of civil war in currently peaceful environments, the shortening of conflicts in currently war-ridden environments, and the reduction in the risk of the resumption of conflict in post-conflict situations. These so-called “opportunities” are analogous to Schelling’s canonical goals of arms control: to prevent war; to reduce the damage resulting from war, which in a civil war is related to the length of the war; and to reduce the cost of arming, which is related to the war resuming in the civil war context. (See Schelling, 1960, 1966 and Schelling and Halperin, 1961)

The CH paper states that probably the highest payoff is from the third of these opportunities: an improved intervention in post-conflict situations to reduce the risk of the war resuming, but this is questionable. Given the huge costs of civil wars in their first days and weeks, as seen, for example, in the genocide in Rwanda, a case can be made that the highest payoff is from the first opportunity, simply preventing civil war in the first place. The paper states that renewed violence accounts for around half of all global civil wars and argues that such resumptions of conflict provide an opportunity for “highly focused interventions,” while they refer to prevention as a “highly diffuse approach.” In many cases, however, it is possible to foresee the outbreak of violence in a nation and to take steps to forestall it, while in others it might be able to contain it at an early stage, either of which would yield a very high payoff. Thus, the focus of international public policy should be on all of these opportunities, with a balanced approach to all three.

5. The CH Instruments for Conflict Prevention: Aid, Transparency in Natural Resources, and Some Others

The CH paper investigates two instruments for conflict prevention: aid and transparency in natural resources. The former is based on their reasoning that the risk of conflict is much higher in countries with low per-capita income, negative growth, and dependence on natural resource exports, such as many of the nations in Africa that have suffered from civil war. They argue that interventions that improve the economic characteristics of nations can reduce their tendency to engage in civil conflict. Their approach is based on their assumptions that a country receiving aid will experience higher growth that this, in turn, will reduce the chance of conflict. Both of these assumptions are highly questionable, however. In many cases, particularly in sub-Saharan Africa, aid funds have done little more than add to the offshore bank accounts of dictators through corruption and other criminal acts. Examples include Mobutu in Zaire and Charles Taylor in Liberia. Such aid does not necessarily add to economic growth. This is also shown in the empirical findings of the CH paper, where they estimate that an extra two percentage points of aid raises the growth rate by only 0.2 percentage points, which they admit is a “relatively modest gain” and which they attribute, to the problem of diminishing returns. As they note, “...conflict prevention achieved purely by unselective aid programmes to low-income countries is not very cost-effective. The benefits amount to less than ten percent of the costs.” This lack of effectiveness of aid in preventing conflict is reiterated in their conclusions as: “The most disappointing instrument is, in a sense, the most obvious and the most readily available. This is aid for conflict prevention.” Probably more important than financial aid is technical assistance to help create the institutions of a modern economy that can facilitate growth and development. Establishing such an infrastructure could have substantial payoffs, as seen in the literature on economic institutions. (See North, 1990)

As to the second part of the CH reasoning, higher growth does not necessarily lead to reduced conflict since economic resources may just feed the acquisition of arms and even make the country a more attractive target for expatriates who would like to take it over and commandeer these resources. The authors find in their empirical work that three economic characteristics have significant and substantial effects on the risk of conflict: the level of income, its rate of growth, and the degree of dependence on primary commodity exports, but the effect of growth appears to be relatively small, a one percent increase in the growth rate sustained over a period of ten years having the effect of reducing the risk of civil war over the first five-year period from 13.8 percent to 12.7 percent, a relatively small effect. Taking account of the income level effect lowers the risk in the second five-year period to 12.2 percent, but even this is still a relatively small effect.

The other instrument that the CH paper treats is greater transparency in natural resources, which they see as “an important and cheap practical

instrument.” They refer to the adverse effects of natural resource dependence on development but do not elaborate on why that is the case or how greater transparency in this area could prevent conflict. One argument might be that greater transparency would enable one to trace the use of natural resources to fund a continuing civil war, as in the case of so-called “conflict diamonds.” These are diamonds that are exported, where the proceeds of their sale are used to continue a civil war, as happened in Angola. If greater transparency could reduce the chance of this occurring then this instrument might be a useful way to prevent or shorten a civil war. A counterargument, however, would be that greater transparency would identify where a country is building up its capital, making them the target for a civil war. In any case, the mechanisms connecting greater transparency in natural resources to conflict prevention must be elaborated. In fact, there are countries that are heavily dependent on exports from extractive industries that have not had a civil war and, conversely, there are countries with no such dependence that have had a civil war. Thus, this issue must be studied more carefully, looking at the effects of dependence on natural resources on corruption and the way revenues from sales of such resources have fueled war in some countries but not in others.

The CH paper does not consider other possible instruments to prevent conflict. Looking at the issue as an economist, one might treat both the supply and demand for conflict. As to the supply, conflict in civil wars requires arms, and most poor countries, such as those in Africa, do not have the indigenous capability to produce arms. Depriving these nations of arms by cutting off their arms supply could be an effective means to reduce conflict from breaking out, continuing, or restarting. The CH paper mentions that control of the trade in armaments as one worth serious effort. Oscar Arias, the former President of Costa Rica and the winner of the Nobel Peace Prize, has made a proposal along these lines. (See Arias, 1996, 2002) His proposal was that the major industrial nations, particularly the permanent members of the UN Security Council, China, France, Russia, the United Kingdom, and the United States, impose an embargo on all arms shipments to sub-Saharan Africa. These are the major arms exporting nations and if they would stop shipping weapons into the region that could go a long way to reducing conflict in this part of the world, a region that has suffered inordinately from civil wars, including some of the largest in recent years. A type of precedent for this Arias proposal is the Tripartite Agreement under which three of these major powers, France, the United Kingdom, and the United States, agreed to limit the quantity and type of weapons they were shipping to the Middle East, which worked reasonably well until the Soviet Union started to ship weapons to Egypt in 1958, after which the agreement collapsed.

More generally, one of the best ways to prevent civil war is to reduce the resources of the people who would engage in such conflict, including not only their access to arms but also their access to financial resources, to personnel, to mercenaries, to training, etc. Such a reduced access could be achieved by concerted actions of neighboring states in policing the borders and by the great

powers and international organizations in monitoring of flows of arms, money, and people to the nation in risk. (Sandler, 2002 argues that this is the best approach to fighting terrorism)

The other side of this approach is the demand for conflict. This is where the tools of diplomacy could be important in mediating conflicts, establishing a peace agreement, or installing troops to preserve or restore order. These types of instruments for preventing conflict would probably be more effective in preventing conflict than the two that are discussed in the CH paper. (See Stedman, Rothchild, and Cousens, 2002 on establishing peace agreements. See also President Jimmy Carter, 1984, 2001 about his experience in negotiating agreements to prevent war)

Another instrument to prevent conflict is the use of peacekeeping forces, whether from the UN or regional military groups, as happened in the case of Liberia, or even former colonial powers, as happened in the case of Sierra Leone. These peacekeepers can restrain the warring parties and preserve the peace, avoiding conflict, whether before it starts or during a civil war or to prevent the repeat of such a war. (See Klein and Marwah, 1996, Rotberg, et. al., 2000, and Brahimi, 2000)

6. An Instrument for Shortening Conflict: Tracking of Natural Resources and Some Others

The CH paper considers only one instrument for shortening conflict: the tracking of natural resources, which they suggest is the most promising intervention. As their paper notes, such tracking through a certification process has the potential of choking off those arms that are purchased with sales of oil, gold, diamonds, and other natural resources. An example is the Kimberley process to limit sales of conflict diamonds, and the CH paper notes that it played an important role in ending the civil wars in Sierra Leone and Angola. It also notes that the same approach has been applied to other natural resources, including timber, and could be applied to yet others, including oil and drugs, many of which originate in areas of civil conflict.

There are other instruments that could also be considered to shorten conflicts, including arms embargoes, diplomacy, and peacekeeping troops, as discussed above. The CH paper tested using an econometric approach whether there have been any systematic effects of either economic or military interventions on the duration of civil wars. They found that there was no type of intervention that was systematically effective and thus concluded that the international community lacks effective instruments. More detailed studies should be done along these lines, however, considering different types of economic or military intervention and evaluating their effectiveness, as well as considering other such instruments. For example, it appears that UN peacekeeping interventions have been successful when they are small missions in terms of

funding and numbers of soldiers but less successful in the case of large missions. Other instruments might include economic sanctions that have worked in some cases despite the often-stated claim that they are never effective (See Hufbauer, Schott, and Elliott, 1997)

7. Instruments for Reducing the Chance of the Resumption of Conflict: Aid and Military Intervention

The CH paper reports that about half of all civil wars are relapses into conflict during the first decade of peace following a previous conflict. Thus, they conclude that the diplomatic and military resources of the world community should be focused on such situations to try to prevent such a relapse using whatever tools at its disposal – economic, political, diplomatic, military, etc.

The CH paper considers only two instruments for reducing the risk of reversion to conflict in post-conflict situations: aid to promote economic growth and military expenditure. The paper claims that aid is particularly effective in post-conflict circumstances but that both its scale and its timing have been flawed. Aid has the same problems in this situation as those discussed above, where the connections between both aid and growth and between growth and reduction of conflict are problematic. In fact, the CH paper finds that on a cost-benefit basis such aid is ineffective, with the net present value of the cost of post-conflict aid, at \$12.4 billion, exceeding its benefits of \$10.6 billion, although the paper notes that other global benefits and benefits in terms of poverty reduction have not been treated. Aid by itself is probably not effective as when it feeds the resources of either side in the conflict, whether directly or through corruption, it only provides them the wherewithal to resume the conflict. Where it can be effective is part of a larger package of reform and institution building that ensures that it does not stimulate further conflict.

The CH paper mainly treats military intervention in terms of military spending rather than the use of foreign or international military forces. It also considers military intervention only in this situation and not as a way of preventing war in the first place or as a way to shorten a conflict even though it has this potential as well. The paper argues that foreign military intervention is likely to be more effective than domestic military forces. This historical record also supports this view. Colonial powers used their military to accomplish both war prevention and the shortening of conflicts in their colonies, with armies used to prevent the outbreak of conflict and to shorten conflicts that did break out. A classic example was the French Foreign Legion in the French colonies in Africa. In the post-colonial world the UN peacekeeping forces to some extent serve this function of preventing war outbreak in potential conflicts, of shortening conflicts that are raging, and of preventing the resumption of conflict in post-conflict situations, the three situations treated in the paper. In its conclusions, the CH paper finds that the most effective instrument for preventing civil wars is external military intervention under Chapter VII of the United Nations Charter to enforce

peace in an immediate post-conflict situation and to maintain it over a decade during which the risks of reversion to conflict are very high. They find that such external military intervention, if adopted universally in post-conflict situations would have a massive payoff of over \$300 billion, even after assuming that after their withdrawal the situation reverts to what it would have been without the military presence.

Along these lines, the CH paper suggests an opportunity for international military intervention designed to keep the peace. This opportunity is to combine an external military presence with the government making deep cuts in its military budget to obtain a peace dividend. This proposal makes sense as a foreign military presence could be effective in preserving peace, but deep cuts in the government's military budget are valuable not as a way of obtaining a peace dividend, which is doubtful in any case in the short run. Rather this is a way of limiting their role in a potential resumption of the civil war and at the same time a way of signaling the opposition forces that they are not intending to resume the conflict. The CH paper illustrates an external military presence in the case of British troops in Sierra Leone and suggests that this might be a model for 12 other post-conflict situations. (On the peace dividend and its different results in the long run and the short run, see Intriligator, 1996)

8. Benefits of Reducing the Incidence of Civil War

The CH paper treats the benefits stemming from a reduced incidence of civil war at the national, regional, and global level. At the national level they assert that the benefits stem from avoiding a reduction in the rate of economic growth. Surely civil war would lower the growth rate due to the diversion of resources from production and distribution to war fighting as well as the generally chaotic situation during such a war. Indeed the paper finds that each year of civil war reduces the growth rate by around 2.2 percent. At the same time, there are direct costs of lost lives, loss of infrastructure, and many others that go beyond simply reduced growth. These costs should be considered in any study of avoiding civil wars.

The CH paper estimates the costs of a typical civil war, or, equivalently, the benefit stemming from avoiding such a war, as \$45 billion in net present value [NPV] terms. This remarkable figure is obtained by their estimate of the loss of GDP to the country directly affected, amounting to 105 percent of initial GDP, the diversion of spending into the military in the country directly affected, amounting to 18 percent of GDP and a similar diversion in neighbors amounting to 12 percent of GDP. The total cost is thus the equivalent of 202 percent of GDP. The average GDP of conflict-affected low-income countries just prior to conflict is \$19.7 billion, so the representative conflict cost around \$40 billion. To this they add health costs of around \$5 billion, leading to their estimate of \$45 billion as the cost of a typical civil war in a low-income country. While this cost estimate is subject to many uncertainties, it is a huge amount that dwarfs the cost of

potential ways of avoiding such a war, whether through diplomacy, military intervention, or other means. The implication is that the world as a whole should not ignore these wars but rather work assiduously to avoid them if at all possible. As the paper properly notes, “Even these lower-bound estimates suggest that the economic and social costs of civil war are enormous. As such the issue clearly deserves international attention. The question is not whether the problem is important, but rather whether there are instruments that can be used effectively to tackle the problem through international action.”

This conclusion on the importance of avoiding civil wars is reinforced by what the authors refer to as the “conflict trap,” namely the high chance that a country that has had a civil war that ended will have another war. Taking account of the higher probability of a civil war for a nation suffering such a war, which amounts to over 40 percent as compared to around 14 percent for a typical low-income country. Discounting back to the beginning of the first conflict, results in an additional cost of around \$12 billion, yielding a total cost of \$57 billion. Even this huge figure does not account for global effects that the authors note are important but difficult to quantify. These include drugs, AIDS, and international terrorism, with added very large costs. Clearly, there are very high rewards to preventing, shortening, or stopping the resumption of civil wars. This much is clearly demonstrated in the CH paper. What is less convincing are the instruments that they propose to deal with this issue, whether aid or transparency in natural resources. These are relatively weak ways of avoiding civil wars, and there are more potent instruments that could be used, including diplomacy and military intervention.

9. Other Dimensions of the Problem of Avoiding Civil Wars

There are yet other dimensions of the challenge of avoiding civil wars, including those of health, the environment, politics, psychology, international relations, and others as well. It is a mistake to ignore these other dimensions that can also have profound economic effects.

As to health, DALYs do not tell the entire story, given the cost of burdening the health system, given the fact that the wounded in a civil war must be treated, given the fact that as a result of a civil war people are not able to work or to harvest food, etc. These effects of war via loss of health should be treated. The CH paper does refer to the deterioration of health as a result of civil war, including forced population movements and the collapse of basic health services, leading to the loss of millions of DALYs, which they compute, using an assumed value of \$1,000 per DALY as around \$5 billion for a typical civil war. This is an underestimate, however, as it does not account for other health costs involved in a civil war.

As to the environment, wars, including civil wars, have a devastating effect on the environment, which imposes costs on the nation, including loss of

agricultural land, loss of potable water, etc. These costs are acute during and after a war and some are long-term, lasting many years. They can also spill over to neighboring countries.

As to politics, civil wars are sometimes fought to overthrow a brutal dictator, but the result is in some cases to lead to the takeover of the country by another dictator and a sequence of civil wars. These political factors also have economic consequences in terms of lack of an appropriate infrastructure for an economy to function, corruption that has the effect of diverting scarce resources, etc.

As to psychology, that is also part of the problem of civil wars and a challenge to stopping them or ending them. Belligerents during such a war argue: "Why stop now?" They will also try to avoid any show of weakness arguing against a settlement or even a negotiated end to the conflict by saying that "We will look weak." The idea of stopping fighting or not resuming a war will be met with "We can't give them what they want, so we can't stop fighting," leading to unbridgeable divides, uncontrollable armies, and an inability to stop the war. These factors must be overcome to stop civil wars, and they must be carefully studied. (See Smith, 1995 and Berdal, 1996)

As to international relations, it is often the case that other nations, particularly neighboring states or great power states play a role in initiating or inhibiting a civil war, and they could play an important role in stopping it. There are usually both domestic causes and international factors at work in starting any particular civil war, and the international community can play an important role in stopping or shortening such wars.

10. Other Conflict Challenges

While there are certainly challenges stemming from civil wars, there are other conflict challenges stemming from international wars, from military interventions, from acts of terrorism, from the burden of spending on arms, from the issues of proliferation and arms control, and other related issues that have not been addressed in the CH paper. These might be addressed in future papers dealing with the global challenge of conflict. Many significant problems of potential conflict exist today, and some specific areas that call for further study and analysis in this area include:

- The dangers of regional conflicts growing from local issues into wider conflagrations
 - The potential role of international organizations, major powers, weapons of mass destruction, deterrence or other mechanisms in avoiding major conflicts
 - Arms races, current regional arms races, and the outbreak of war
 - Arms sales, particularly to nations in unstable regions.
 - Accidental or inadvertent nuclear war
 - Proliferation of nuclear weapons and of other weapons of mass

destruction, including demand and supply factors

- Terrorism, and, in particular, the extremely dangerous potential acquisition of nuclear weapons or other weapons of mass destruction by terrorist groups.

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