

Freie Universität Berlin
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Summer Semester 2016

Conflict & Development

Seminar: Wednesdays, 12:00 – 14:00. Garystr. 55, Room 323.

Office Hours: Thursdays, 10:00 – 12:00. Garystr. 55, Room 104.

Modules:

Master of Science in Economics: *Entwicklungstheorien und -strategien*

Master of Arts in East European Studies: *Methoden der Wirtschaftsgeschichte und der Ressourcenökonomie*

This course aims at introducing students to the recent literature on conflict and economic development. To date, the study of conflicts has been dominated by political scientists, which prejudices the phenomenon as purely political. However, the use of economic theory and statistical evidence alongside the traditional case-studies can offer valuable analytical insights on the causes of inter- and intrastate conflicts and terrorism and its effect on economic development. Students are introduced to models of armed conflict. We discuss cross-country evidence and case-studies which aim at increasing understanding of what economists have in their tool kit for estimating the causal impact of various conflicts on outcomes relevant for growth and vice-versa. At the end of this course students will not only have achieved a better understanding of what rational choice explanations for war are but also how conflicts affect growth-relevant variables. Students wanting to participate in the class must either possess a basic understanding of econometrics at Bachelor level or be willing to catch up; econometric concepts will, however, be briefly repeated in a review session. This course will discuss a limited set of academic articles in depth; students are expected to read these articles before class. Furthermore, students are expected to prepare a 20-minute presentation on an assigned paper in a week of their choice, which will be evaluated by their peers for clarity of speech, presentation style and ability to convey the information of the scientific paper.

Grade:

Research Paper

Basic Literature

Blattman Christopher, and Edward Miguel. 2010. "Civil War." *Journal of Economic Literature* 48 (1): 3–57.

Collier Paul, and Anke Hoeffler. 2007. "Civil War." In *Handbook of Defense Economics*, 2: 711–39, Elsevier.

Garfinkel Michelle R., and Stergios Skaperdas. 2007. "Economics of Conflict: An Overview". *Handbook of Defense Economics*, Vol. 2, Elsevier.

Enders, Todd, and Walter Sandler. 2008. "Economic Consequences of Terrorism in Developed and Developing Countries: An Overview", *Cambridge University Press*.

Stock, James H. and Mark W Watson. 2012. Introduction to Econometrics. *The Pearson Series in Economics*. 3. ed., Boston.

Week 1. Introduction

- Fearon James D. 1995. "Rationalist Explanations for War". *International Organization* 49 (3): 379–414.

Week 2. Contest Models I+II

- Hirshleifer Jack. 1988. "The Analytics of Continuing Conflict". *Synthese* 76 (2): 201–33.
- Grossman Herschel I. 1999. "Kleptocracy and Revolutions". *Oxford Economic Papers* 51 (2): 267–83.

Week 3. Bargaining Models I+II

- Powell, R. (2002). "Bargaining Theory and International Conflict". *Annual Review of Political Science*, 5(1), 1.
- Brito D. L. and Intriligator M. D. (1985). "Conflict, War, and Redistribution". *American Political Science Review*, 79(4): 943–957.

Week 4. Review: Empirical Modeling in Conflict Research

- Stock, James H. and Mark W Watson. 2012. Introduction to Econometrics. *The Pearson Series in Economics*. 3. ed., Boston.

Week 5. War and State I

- Bates, Robert, Avner Greif, and Smita Singh. 2002. "Organizing Violence". *Journal of Conflict Resolution* 46 (5): 599–628.
- Bellows, John, and Edward Miguel. 2006. "War and Institutions: New Evidence from Sierra Leone". *American Economic Review* 96 (2): 394–99.

Week 6. War and State II

- Besley Timothy and Torsten Persson. 2009. "The Origins of State Capacity: Property Rights, Taxation, and Politics". *American Economic Review* 99 (4): 1218–44.
- Besley Timothy and Torsten Persson. 2008. "Wars and State Capacity". *Journal of the European Economic Association* 6 (2/3): 522–30.

Week 7. Civil War I

- Montalvo J. G. and M. Reynal-Querol (2005). Ethnic Polarization, Potential Conflict, and Civil Wars. *American Economic Review*, 95(3): 796–816.
- Fearon, James and David Laitin (2003). "Ethnicity, Insurgency, and Civil War". *American Political Science Review*, 97(1), 75–90.

- Collier Paul, and Anke Hoeffler (2004). "Greed and Grievance in Civil War". *Oxford Economic Papers* 56 (4): 563–95.
- Guidolin, Massimo, and Eliana La Ferrara. 2007. "Diamonds Are Forever, Wars Are Not: Is Conflict Bad for Private Firms?". *American Economic Review* 97 (5): 1978–93.
- MacCulloch Robert. 2004. "The Impact of Income on the Taste for Revolt". *American Journal of Political Science* 48 (4): 830–48.

Week 8. Civil War II

- Esteban, J. & D. Ray (2008). "On the Saliency of Ethnic Conflict". *American Economic Review* 98(5): 2185–2202.
- Janus Thorsten, and Daniel Riera-Crichton. 2015. "Economic Shocks, Civil War and Ethnicity". *Journal of Development Economics* 115: 32–44.
- Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. 2004. "Economic Shocks and Civil Conflict: An Instrumental Variables Approach". *Journal of Political Economy* 112 (4): 725–53.
- Angrist, Joshua D, and Adriana D Kugler. 2008. "Rural Windfall or a New Resource Curse? Coca, Income, and Civil Conflict in Colombia". *Review of Economics and Statistics* 90 (2): 191–215.

Week 9. Terrorism I

- D. G. (2007). Terrorism: A game-theoretic approach. In *Handbook of Defense Economics*, Vol. 2: 775–813.
- Blomberg S. Brock, Gregory D. Hess, and Athanasios Orphanides. 2004. "The Macroeconomic Consequences of Terrorism". *Journal of Monetary Economics* 51 (5): 1007–32.
- Nitsch, Volker, and Dieter Schumacher. 2004. "Terrorism and International Trade: An Empirical Investigation". *European Journal of Political Economy* 20 (2): 423–33.

Week 10. Terrorism II

- Chen, Andrew H., and Thomas F. Siems. 2004. "The Effects of Terrorism on Global Capital Markets". *European Journal of Political Economy* 20 (2): 349–66.
- Eldor, R., & R. Melnick (2004). "Financial markets and terrorism". *European Journal of Political Economy* 20(2), 367–386.
- Berman E., & D. D. Laitin (2008). "Religion, terrorism and public goods: Testing the club model". *Journal of Public Economics*, 92(10-11): 1942–1967.
- Frey Bruno S. and Simon Luechinger. 2004. "Decentralization as a Disincentive for Terror". *European Journal of Political Economy* 20 (2): 509–15.

Week 11. Leaders I

- Olson, Mancur. 1993. "Dictatorship, Democracy, and Development". *American Political Science Review* 87 (3): 567–76.
- Jones, Benjamin F, and Benjamin A. Olken. 2005. "Do Leaders Matter? National Leadership and Growth Since World War II". *Quarterly Journal of Economics* 120 (3): 835–64.

Week 12. Leaders II

- Jackson, M. O., & M. Morelli (2007). "Political Bias and War". *American Economic Review*, 97(4): 1353–1373.
- Jones Benjamin F. and Benjamin A. Olken. 2009. "Hit or Miss? The Effect of Assassinations on Institutions and War". *American Economic Journal: Macroeconomics* 1 (2): 55–87.

Week 13. War and Urban Growth

- Brakman Steven, Harry Garretsen and Marc Schramm. 2004. "The Strategic Bombing of German Cities during World War II and Its Impact on City Growth". *Journal of Economic Geography* 4 (2): 201-18.
- Davis Donald R., and David E. Weinstein. 2002. "Bones, Bombs, and Break Points: The Geography of Economic Activity". *American Economic Review* 92 (5): 1269-89.
- Miguel Edward, and Gérard Roland. 2011. "The Long-Run Impact of Bombing Vietnam". *Journal of Development Economics* 96 (1): 1-15.

Week 14. War and Human Capital

- Van den Berg Gerard J., Maarten Lindeboom and France Portrait. 2006. "Economic Conditions Early in Life and Individual Mortality". *American Economic Review* 96 (1): 290-302.
- Rodríguez Catherine and Fabio Sánchez. 2012. "Armed Conflict Exposure, Human Capital Investments, and Child Labor: Evidence from Colombia". *Defense and Peace Economics* 23 (2): 161-84.
- Blattman Christopher, and Jeannie Annan. 2010. "The Consequences of Child Soldiering". *Review of Economics and Statistics* 92 (4): 882-98.