

Freie Universität Berlin

Julia Zimmermann, M. Sc.

Department of Economics / Institute for East European Studies

julia.zimmermann@fu-berlin.de

Summer term 2021

Conflict & Development (LV 31502)

Ort: Garystr.55/101

Zeit: Fr 10-16, first session on Friday, June 18th, 2021

Grade: Research Paper (regular participation) + presentation (active participation)

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. 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 either a 15-minute presentation on their own or a 25-minute presentation with a co-presenter on an assigned paper in a week of their choice. In order to introduce the students to a scholar-reviewer setting, their presentations will be challenged by one supplementary presenter. The final grade will then comprise of the above mentioned presentation and a seminar paper. The seminar paper will either be an article for which the students act as referee or a scientific contribution on their own. Students without the need for grading (Teilnahmeschein), will update the quality of academic social science in Wikipedia, by integrating required and recommended readings into relevant Wikipedia articles. The requirements will be discussed in class.

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. 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 5. 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 6. 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 7. 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 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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.