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# Two Steps Forward and One Step Back: An Assessment of How Uneven Economic Development Affects the Number of Civil Wars

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# Two Steps Forward and One Step Back: An Assessment of How Uneven Economic Development Affects the Number of Civil Wars

## **Abstract**

The effects of economic development are enormously important in understanding the causes of civil war and the requirements for successful post-conflict reconstruction. In recent decades we have seen an increase in the number of civil wars because of a phenomenon known as the conflict trap. I question why we see an increase in civil wars and what role unstable economic development plays in contributing to the conflict trap. This paper offers evidence to support the hypothesis that uneven economic development increases the risk of multiple civil wars occurring in a short amount of time. Based on the results of testing my hypothesis I suggest that the conflict trap can be broken, and the risk of civil war decreased, when economic growth is stabilized. I suggest participation in the global economic community as a mechanism for stabilizing economic growth.

## **Keywords**

Civil War, Uneven Economic Development, Conflict

## **Disciplines**

Environmental Policy | Environmental Studies | Peace and Conflict Studies | Political Science | Public Affairs, Public Policy and Public Administration

## **Comments**

This paper was written for Professor Caroline Hartzell's course, *POL 351: The Political Economy of Armed Conflict*, Fall 2015.

Two Steps Forward and One Step Back:

An Assessment of How Uneven Economic Development Affects the Number  
of Civil Wars

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Professor Hartzell

Pol 351: Economic of Armed Conflict

November 18, 2015

## **I. Abstract:**

The effects of economic development are enormously important in understanding the causes of civil war and the requirements for successful post-conflict reconstruction. In recent decades we have seen an increase in the number of civil wars because of a phenomenon known as the conflict trap. I question why we see an increase in civil wars and what role unstable economic development plays in contributing to the conflict trap. This paper offers evidence to support the hypothesis that uneven economic development increases the risk of multiple civil wars occurring in a short amount of time. Based on the results of testing my hypothesis I suggest that the conflict trap can be broken, and the risk of civil war decreased, when economic growth is stabilized. I suggest participation in the global economic community as a mechanism for stabilizing economic growth.

## **II. The Conflict Trap:**

Throughout history, wars have had a significant impact on state formation. War has influenced the spread of technology, disease, goods and knowledge, the development of cultures and the rise and fall of civilizations (Acemoglu and Robinson, 2012). Scholars, historians, anthropologists, and political scientists have studied wars and conflicts for centuries. They seek to understand how war has shaped human history, affected the development of government and society, and structured the motives which lead a nation to become involved in an armed conflict. Scholars have identified many different types of conflicts and warfare throughout human history, from internal and external conflicts, to conventional warfare and total war. While much of the history of war involves conflicts between external state actors, such as the Crusades, Wars of Imperialism, World War I, World War II and the Cold War, the twentieth century has seen a major increase in the number of internal armed conflicts (Collier, 2003). While we can track benefits and positive effects on development resulting from external conflicts between states throughout history,

much of the current analysis of internal armed conflict suggests that it is much harder to identify benefits for states that fall into internal conflict (Collier, 2003; Barbieri and Reuveny, 2005; Seay, 2015). Specifically, there are concerns about cycles of internal armed conflict in developing states and what can be done to break said cycles of violence. This paper seeks to add to the literature on this topic, analysing internal armed conflict by focusing on civil wars. In particular, this study seeks to address the role that uneven economic development plays in the cycle of civil wars in developing nations today.

A variety of factors have been found to increase the risk of civil war, as well as the length of a civil war. Significant factors include levels of development, ethnic fractionalization, regime types, and a state involvement in the global market. However, civil war is complex, and while we can identify common trends among civil wars, every internal conflict is unique to its state because of factors such as state history, culture and level of development. In recent years we have seen reoccurring civil wars, or occasions of nations experiencing more than one civil war within a given year or short time frame. This phenomenon has become known as the conflict trap. Evidence suggests that today a country that is reaching the end of a civil war faces around a forty-four percent risk of returning to conflict within five years (Collier, 2003). The evidence suggests that the odds are worse for countries that have low average income, perceived large amount of natural resources, and hostile neighbors. This helps to explain why the bulk of civil wars since the 1990's has occurred in less-developed countries (Murdoch and Sandler, 2002). Accordingly this research asks: Why do we see recurring civil wars throughout the twentieth and twenty-first centuries?

In this paper I theorize that uneven economic development plays a significant role in causing a country to fall into the conflict trap. Existing research focuses on the effects of civil war on the creation of uneven economic development. However, I believe that uneven development can, in turn, have a significant effect on a nation's ability to end conflict and

reduce the risk of civil war. I hypothesize that high levels of uneven economic development increase the potential for recurring conflict or multiple civil wars within a short time frame. The findings of this research supports the hypothesis in that there is a positive relationship between high levels of uneven economic development and multiple civil wars per year. Based on these results, I conclude that uneven economic development is a significant factor in increasing the risk of a country falling into the conflict trap. This suggests that post-war reconstruction could play an enormously important role in breaking cycles of conflict and improving economic development.

The importance of identifying influential factors that increase the risk of civil war cannot go unacknowledged. For nations that are in civil war, the outcomes of those wars are internally oriented. This can complicate the process of reconstruction and, without the presence of a clear, strong leader to mitigate or overcome the effects of the civil war, the nation will face problems with recovery and potentially fall back into conflict. Factors that increase the risk of civil war are not only important in understanding what has led to an increase in civil wars over the past sixty years, but they are also important to understand in order to allow us to identify how these risks affect the global community overall. In the current era of globalization, nations are becoming increasingly connected through global economic mechanisms, the spread of technologies, communication, and through global initiatives to create peace and end poverty. Today, when civil war breaks out in one nation, the effects may be felt around the world. Civil war directly affects neighboring nations by increasing their risk of conflict, affecting the flow of trade in the region, causing a flow of refugees which puts a strain on neighboring countries' economies, and increasing the spread of diseases such as malaria and HIV. Civil war in one nation can destabilize a region.

Effects of national conflict are felt throughout the international community as well. As previously stated, the global economy can be greatly affected when nations fall into

internal conflict. One way in which we can see how the global market is affected by civil wars is by watching the daily price of commodities such as oil. Over the past half century, as oil-producing countries entered into civil conflict, we have seen oil prices rise around the world (Branch, 2011). In recent years, civil wars have directly affected the international community through increased levels of international terrorism, increased the production and distribution of hard drugs, and increased the global spread of AIDS (Collier, 2003). Recent events in 2015 have shown how global terrorism is a threat to countless countries around the world. We know that civil war increases the spread of global terrorism; therefore if we can find a way to decrease the risk of civil war, we can work to make the world a safer place.

### **III. Identifying the Problem:**

#### **i. Civil War**

Before we can identify factors that increase the risk of civil war, we need to define what conflict and civil war are. The Uppsala Conflict Data Program (UCDP), published by the Department of Peace and Conflict Research at Uppsala University in Sweden, defines conflict, both state-based and non-state based, as a contested incompatibility that concerns government and/or territory where the use of armed force between two parties which results in at least 25 battle-related deaths (Melander, 2015). Internal armed conflict, such as civil war, is when a conflict occurs within the specific parameters of “a government of a state and one or more internal opposition group(s) are in conflict without intervention from other states” (2015). Paul Collier and Anke Hoeffler, two professors of African Economics at Oxford University, add to our definition of conflict by providing a definition for civil war. Collier and Hoeffler define civil war as: “internal conflict with at least 1,000 combat-related deaths per year. In order to distinguish wars from massacres, both government forces and an identifiable rebel organization must suffer at least 5% of the 1,000 combat-related deaths per year” (2004). Using this definition of civil war Collier and Hoeffler found that out of 161

countries, 79 had experienced civil war at some point in a time period from 1960-1999 (Collier and Hoeffler, 2004). Because a large portion of nations have experienced civil war in the past half century, the debate surrounding the causes and effects of civil war is very active.

One of the most active debates currently surrounding civil war is the debate around what effects a civil war has on a nation's cycles of development. Seonjou Kang and James Meernik, two professors from the University of North Texas, theorize that civil war has the potential to benefit a nation's economy. They suggest that civil war has the potential beneficial consequence of replacing old regimes and governments that have become corrupt, ineffective, or discriminatory (Kang and Meernik, 2005). Kang and Meernik found that post-conflict economic growth trends are stronger when the opposition or rebel forces win the civil war (2005). If a civil war ends with a new, vibrant government taking control of the country, then there is the potential for new opportunities for the society to reinvigorate itself. Such opportunities could include: "investment from abroad if the new government is able to convince foreign investors, major donors, and perhaps its own diaspora that it is committed to fresh and sensible economic policies" (Kang and Meernik p 92, 2005). Other scholars suggest that civil war can "improve efficiency in the economy, reduce the power of rent-seeking special interests, bring technological innovations, and advance human capital" (Olson, 1982; Organski, 1980; Kang and Meernik, 2005). However, I find that this literature focuses on the idea that civil wars end with clearly defined winners. I not only is this not always the case but, even when a civil war concludes with a clearly defined victorious group, their intentions are not always to seek the betterment of society as a whole.

Other scholars have developed models and theories that support the idea that civil war has negative impacts on society that outweigh any potential positive impacts. Paul Collier theorizes that the very fact that a country has undergone a civil war, no matter the magnitude of destruction or the length of the conflict endured, the idea that a country had a civil war



creates long-lasting devastating effect for a nation's development (Collier, 1999). Collier states that "civil war creates a prejudice that the society is prone violence" and that even if there is a peace settlement ending the war, fear of renewed conflict may prevent post-conflict recovery from utilizing all the resources available and increase the risk of economic loss (1999). For example, after a country experiences a civil war, foreign investors may be wary of investment if there is fear of renewed conflict. This creates an uphill battle for post-conflict recovery, and makes it difficult for a country's economy to return to pre-war levels of economic activity.

Previous research has found that slow economic recovery right after a conflict greatly increases the risk of a second conflict occurring within a five-year time period. This creates the phenomenon of a conflict traps; when a nation is stuck in a cycle of civil war followed by slow recovery, leading to the outbreak of a second civil war soon after (Collier, 2003). We can see the effects of the conflict trap phenomenon when we look at examples of countries that have low levels of average income that enter into civil wars. Significant evidence compiled by a number of scholars concludes that low income has the statistical tendency to increase the length of a civil war, as well as increase the potential that the country will have further conflicts after a peace agreement has been reached (Collier, 2003). Some scholars argue that even when peace is established after a civil war, that peace is extremely fragile because global changes have made civil wars easier to sustain by allowing rebel groups to raise, finance and acquire armaments particularly easily (Collier, 2003). What this means is that the risk of multiple civil wars occurring in a short period of time increases the slower or more uneven economic development is. While there is an ongoing debate over the effects of economic development in post-conflict recovery, my research attempts to provide further evidence in support of the conclusion that uneven economic development increases the risk of multiple civil wars occurring in a short period of time.

## **ii. Uneven Economic Development**

Many scholars have written about how civil war causes uneven economic development. The Quality of Government (QOG) Standard dataset 2015, published by the University of Gothenburg, defines uneven economic development as “ethnic, religious, or regional disparities that lead governments to be uneven in their commitment to social contracts and responsibilities to their nation” (QOG, 2015). Evidence of uneven economic development includes long periods of low national income (GDP), slow rates of post-conflict reconstruction, low rates of investment, a large percent of a country’s population living in poverty, and, most importantly, unstable economic growth. Donald Harris, Professor of Economics at Stanford University, states that uneven economic development is identified by using: levels of labor productivity in multiple sectors, levels of wages, occupational and skilled composition of labor force, the degree of mechanization, rates of profit, rates of growth and the size structure of firms (2006).

I believe the failure to properly recover from civil war dramatically increases the potential for uneven economic development. According to Collier, civil war affects economic growth in four defining ways: destroying, disrupting, diversity and depleting national resources (1999). Collier finds that the duration of civil war and the degree of resource depletion caused by the war has an effect on levels of uneven economic development during post-conflict reconstruction (1999). James Murdoch, a professor from the University of Texas, and Todd Sandler, a professor from the University of Southern California, developed a model that showed that civil wars have a modest, but significant negative influences on GDP per capita (2002). They found that even with the restoration of peace and the implementation of policies designed to encourage reconstruction, pre-war economic levels, as well as economic growth are difficult to re-establish (2002).

I believe that these scholars fail to mention other factors that may impact uneven development. These include levels of ethnic fractionalization, the degree to which a country is involved in the global economy levels of governmental corruption, and levels of technological advancement. My paper seeks to address this gap by providing statistical testing of the relationship between the number of civil wars per year and uneven economic development when controlling for ethnic fractionalization, corruption and involvement in the global economy.

#### **IV. Civil War and Economic Development's Abusive Relationship:**

In an endeavour to add another perspective to the existing literature regarding the causes of civil war and answer my research question, this research examines how uneven economic development affects the number of civil wars per year. As previously mentioned, the importance of identifying factors that increase the occurrence of civil war cannot be under-emphasized in an era of global terrorism and increasing frequency of civil wars. Previous research has emphasized how successful reconstruction in post-conflict societies depends on fast economic recovery in order to avoid the recurrence of civil war. War causes poverty and underdevelopment. More importantly however, the reason for concentrating on uneven economic development is that one of the key roots of conflict is the failure of economic development. As other scholars and academics have found, economic development leads to a decline in reliance on physical resources, and increases the value of intellectual and financial capital, which are critical to productivity in modern economics (Kang and Meernik, 2005; Gartzke, 2007). Most importantly, economic development brings with it the ability to project power, which decreases a state's vulnerability to internal and external threats. Besides reducing a state's vulnerability to internal and external conflict, economic development improves standards of living, and reduces the risk of ethnic conflict, both of which have been identified as being critical in decreasing the risk of internal conflict. Based on the significant

role economic development places in reducing the risk of internal armed conflict, I hypothesize that uneven economic development will have the reverse effect and increase the likelihood of civil war.

H1: High levels of uneven economic development will increase number of civil wars in a country per year.

In testing my hypothesis, I recognize that civil wars are complex and often have a number of variables that lead to the ultimate emergence of conflict. Therefore, when I test my hypothesis, although I treat uneven economic development as my central explanatory variable for the incidence of civil war, I include a number of rival explanations. The three rival variables I test for are ethnic fractionalization, economic globalization, and levels of corruption within a country's government.

**i. Rival Theory: Ethnic Fractionalization**

Ethnic fractionalization describes the size and proportion of ethnic diversity within a state. Conflict scholars such as Dr. Robert Ted Gurr, a Political Science Professor at the University of New York, have found that ethnic fractionalization is a mechanism by which the differences between groups leads to segregation within society (1968). This segregation can be manipulated politically, economically, and socially to create discrimination, which leads to the development of grievances within marginalized ethnic groups. Gurr's theory of discrimination implies that the greater the grievances through economic, political or social discrimination, the greater the potential for violence (1968). While some scholars investigate how ethnic fractionalization increases the likelihood of civil war, others study how ethnic fractionalization affects economic growth. Assuming that the economic factors that lead to the outbreak of civil war in a country are in some way manipulated by public policies, professors William Easterly and Ross Levine from the John F. Kennedy School of Government, find that "ethnic diversity relates to the creation of inefficient public policies and reduces long-term economic growth," thus creating uneven development (1997). The

logic behind the argument that ethnic fractionalization increases the risk of civil war is that ethnic diversity has the potential to contribute to a lack of national unity, causing tensions within a country based on cultural and political differences. Because an individual's identity is highly personal, we can conclude an individual would be more likely to mobilize in order to define their identity when threatened than when their identity is not. Therefore high ethnic fractionalization has the potential for increasing the risk of civil war.

## **ii. Economic Globalization**

The effect of economic globalization on civil war is currently under debate. There are three dominant theories examining the role of economic globalization in civil war: that globalization promotes peace; that globalization promotes civil war; and, lastly, that globalization does not have an effect on civil war. The theory that globalization promotes peace implies that free global markets promote economic development which reduces the risk of civil war (Barbieri and Reuveny, 2005). The theory that economic globalization increases the risk of civil war uses the logic that mechanism within economic globalization. The logic behind this theory is that states that participate in the global market have less direct control over their economies, which reduces the government's ability to be effective in creating domestic economic policies that could benefit domestic growth. Other mechanisms for increasing conflict utilized by this theory include how globalization can lead to developing nations becoming dependent on international hand-outs, which increases the risk of conflict and slows economic growth (Branch, 2011). The last theory relating the effect that economic globalization has on civil war is that globalization has no effect on civil war. Katherine Barbieri and Rafail Reuveny suggest that there is currently an insignificant amount of evidence that supports the theory that actors initiating civil war consider globalization at all (2005).

### **iii. Corruption**

Adam Branch, has written extensively on how the results of civil wars and the introduction of a new government can lead to increased corruption and fear of retribution against the losing side (2011). He theorizes that civil wars in the past two decades have been fought out of a desire for political control, and that if a new government is to be established after a civil war, more often than not this new government will not care about long-term development (2011). Corruption within a government and economy lead to a lack of accountability, meaning governments are no longer following their end of the social contract that defines the relationship between a nation and its citizens. When governments are no longer accountable to their citizens, we see that generally the level of human rights abuses within the countries increase, which in turn increases the risk of civil war.

### **V. Research design:**

I analyse my hypothesis using the Quality of Government (QOG) Standard 2015 dataset published by the University of Gothenburg. Specifically, I use the time-series (TS) version. The TS version provides data from 1946 to 2014, with the unit of analysis of country-year (e.g Sweden-1946, Sweden-1947 and so on). This study measures the correlation between uneven economic development and the number of civil wars per year, from 2005 to 2013. By identifying whether uneven economic development has an effect on the number of civil wars per year I can support my hypothesis. However, as previously stated, civil war is complex, usually having multiple factors that contain major influence over the potential outbreak of conflict. Therefore while testing uneven economic development as my central explanatory variable, I also test other potential factors affecting the number of civil wars per year through the use of a number of control variables. These controls include ethnic fractionalization, economic globalization, and data from the Corruption Percentage Index (CPI).

Dependent variable: To measure the number of civil wars per year I used the internal armed conflict variable (ucdp\_type3) from the QOG Standard dataset (2015). With data from 1946-2013, this variable identifies the number of internal armed conflicts per country in a given year based on statistical data. Ucdp\_type3 is part of a larger dataset, UCDP/PRIO Armed Conflict Dataset from the Uppsala Conflict Data Program (UCDP, 2014).

Central Explanatory variable: To measure uneven economic development I used the uneven economic development variable (ffp\_ued) from the QOG Standard dataset (2015). With data from 2005-2013, ffp\_ued is measured based on pressures and measures taken from the GINI coefficient, income share of highest 10%, income share of lowest 10, urban-rural service distribution, and slum population for each country included in the QOG Standard data in a given year. Ffp\_ued is coded from 0-10 with 10 representing least stable levels of economic development, meaning higher levels of uneven economic development (QOG Codebook, 2015). 0 represents entirely even economic development (QOG Codebook, 2015).

Controls: Three controls were used to test the relationship between the central explanatory variable and the dependent variable: ethnic fractionalization, economic globalization, and levels of corruption. Ethnic fractionalization (al\_ethnic) is measured using a combination of racial and linguistic characteristics, and is coded from 0, representing characteristics between different ethnic groups that are exactly the same, ranging to higher numbers that suggest less probability for different ethnic groups to share the same characteristics (QOG Codebook, 2015). Data for al\_ethnic is available for years 1946-2012. Economic globalization (dr\_eg) is measured by the actual flows of trade and investments, as well as restrictions on trade and capital such as tariff rates per country given a year between 1970 and 2010. Dr\_eg is coded 0-100, which 100 meaning the highest level of economic globalization and 0 meaning the lowest levels of economic globalization. Levels of corruption were tested using the CPI variable (ti\_cpi), through the QOG Standard Dataset.

This data on corruption originally came from the Transparency International database. Transparency International measures percentage of corruption per country in a given year through surveys that determine the misuse of public power for private benefit (Treisman, 2007). *Ti\_cpi* is coded 0-100, with 0 meaning high levels of corruption, to 100, meaning low levels of corruption. The time period for which CPI is measured is from 1995-2013.

Because my dependent variable consists of a count of civil wars in a country per year I used a Poisson regression analysis to test my hypothesis. I observed 347 cases when I used a Poisson regression analysis. The Poisson regression analysis describes the relationship between my dependent variable and central explanatory variable, accounting for the controls. We can interpret this relationship by looking at the Poisson regression coefficient which is read as: “for a one unit change in the predictor variable (central explanatory variable), the difference in the logs of expected counts is expected to change by the respective regression coefficient, given the other predictor variables (controls) in the model are held constant” (QOG Codebook, 2015).

## **VI. Results:**

Table 1 represents the results of my study. Analysis of my results shows that there is a statistically significant relationship between uneven economic development (*ffp\_ued*) and count of internal armed conflicts (*ucdp\_type3*) which support my hypothesis that high levels of uneven economic development will increase the risk of civil war. My test results showed a chi2 of 253.63 and Pseudo R2 of .3774. Looking specifically at the results for uneven economic development (*ffp\_ued*), we can see the coefficient is positive, with a magnitude of .7929, demonstrating a positive relationship to the dependent variable. This positive relationship tells us that at high levels of uneven economic development we will statistically find an increased number of civil wars per year, with a .1108 standard deviation error while holding the other variables constant. From these results we can estimate that if uneven



development were to decrease by one point, then the difference in the logs of expected counts would increase while holding the other variables in the model constant. I read the results this way because uneven economic development (ffp\_ued) is coded with higher number representing the statistically least stable economies, thus implying that higher levels of economic instability will increase the risk of civil war. This means that we can expect if uneven economic development decreases (or as economic growth becomes more stable) the frequency of civil wars per year will also decrease.

Table 1 also demonstrates how the controls ethnic fractionalization, economic globalization and corruption percentage index affects the relationship between uneven economic globalization and civil war. The results for ethnic fractionalization (al\_ethnic) show that ethnic fractionalization has a negative relationship (-.8546) with the count of internal armed conflict (ucdp\_type3) under the central explanatory variable. These results were found to be statistically significant at the  $p < .05$  level with a .3438 standard deviation of error. Ethnic fractionalization (al\_ethnic) is coded with the lower numbers signifying less ethnic fractionalization. What we can interpret from these results is that because ethnic fractionalization has a negative relationship with the dependent variable, ethnic fractionalization decreases the risk of civil war when a country is experiencing high levels of uneven economic development. The results for economic globalization (dr\_eg) also show a negative relationship (-.0225) with the count of internal armed conflict under the central explanatory variable. Because economic globalization (dr\_eg) is coded with lower numbers representing lower participation in the global economy, we can read these results as higher levels of economic globalization reducing the risk of civil war when a country is experiencing unstable economic development. The results for economic globalization are statistically significant at a .0067 standard deviation of error. Lastly, the results for the corruption percentage index (ti\_cpi) showed a positive relationship (.0355) with the count of internal

armed conflict per year under the central explanatory variable. Recall that CPI is coded in a way that countries with low levels of corruption have high scores for CPI and countries high levels of corruption have lower scores. What these results suggest is that at increased levels of corruption, we see the potential for a decrease in the number of civil wars per year when a country is experiencing unstable economic development. However, the results found when testing this relationship were not statistically significant, with a P value of .729.

I believe the biggest take away from these results is the significant role unstable economic development has in increasing the number of internal armed conflicts experienced by a country in a given year. These results support the theory of the conflict trap as suggested by scholars such as Collier (2003) and Harris (2006). Uneven economic development proves to increase the risk of civil war, and the civil wars then create/increase unstable economic development, trapping countries in a loop of failure to develop and failure to resolve conflict. Furthermore, these results suggest that economic globalization plays a role in decreasing the risk of civil war, even in the presence of uneven economic development. These results should highlight to policymakers who wish to break the conflict trap influential role that globalization can play in decreasing the risk of civil war and encouraging rapid economic growth in post-conflict reconstruction.

## **VII. Conclusion:**

Today, long periods of civil war followed by extended periods of recovery and slow economic development are the reality for many nations around the world. The bulk of civil wars since the 1990's have occurred in less-developed countries. Based on my results, I would suggest this is due to the conflict trap phenomenon (Murdoch and Sandler, 2002). My research found that uneven economic development significantly influences the risk of civil war. This research adds to the literature that stresses the importance of positive economic growth and speedy economic recovery during reconstruction in order to reduce the risk of

internal armed conflict and violence. This study advances the research on this subject by suggesting that civil war can be avoided if policymakers in developing nations pay specific attention to reducing corruption and stabilizing growth.

Finally, I suggest that there is a need for future research on how developing nations can work to stabilize their economies in order to reduce the risk of civil war. Based on my results, economic globalization plays a role in reducing the risk of conflict when a country is experiencing uneven development. Therefore, I would suggest that future research focus on the role of globalization as well as on incorporating the international community in a nation's development. Currently there is a large debate over the effects of foreign aid in sustainability and the improvement of development. While I believe foreign aid has the potential to be beneficial, I would suggest to policymakers and those trying to stabilize their economies look at how international investment can improve economic conditions. International investment might help reduce the risk of civil war by reducing uneven development, improving accountability (reducing corruption) and reducing the potentially harmful risks of high ethnic fractionalization. Overall, without economic development trying to reduce the risk of conflict or move past a civil war is like trying to take two steps forward and taking one step back.

## **VIII. Tables and Data**

**Table 1: Effect of Uneven Economic Development on the Number of Internal Armed Conflicts per Year**

<b>Variable</b>	<b>Model</b>
Uneven Economic Development	.7929*** (.1108)
Ethnic Fractionalization	-.8546* (.3438)
Economic Globalization	-.0225*** (.0067)
Corruption Percentage Index	.0356 (.1028)
N	347
Pseudo R <sup>2</sup>	0.3774
Prob>chi2	0.000

\*p<.05; \*\*p<.01;\*\*\*p<.001

Raw stata data from testing my hypothesis:

```
. poisson ucdp_type3 ffp_ued al_ethnic dr_eg ti_cpi
```

```
Iteration 0: log likelihood = -210.54369
Iteration 1: log likelihood = -209.23926
Iteration 2: log likelihood = -209.23497
Iteration 3: log likelihood = -209.23497
```

```
Poisson regression                Number of obs   =          347
                                LR chi2(4)         =        253.63
                                Prob > chi2        =         0.0000
Log likelihood = -209.23497       Pseudo R2       =         0.3774
```

ucdp_type3	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
ffp_ued	.7929194	.1108284	7.15	0.000	.5756997	1.010139
al_ethnic	-.8546218	.3438556	-2.49	0.013	-1.528566	-.1806771
dr_eg	-.0225442	.0067968	-3.32	0.001	-.0358656	-.0092227
ti_cpi	.0355864	.1028116	0.35	0.729	-.1659207	.2370935
_cons	-5.27894	1.194009	-4.42	0.000	-7.619154	-2.938726

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