

## Copenhagen Consensus 2008 Perspective Paper

### Conflicts

*Perspective article on the Challenge Paper:  
“The Security Challenge in Conflict-Prone Countries”*

This version: March, 2008

Ibrahim A. Elbadawi  
Development Economic Research  
World Bank, Washington DC  
E-mail address: [ielbadawi@worldbank.org](mailto:ielbadawi@worldbank.org)

## 1. Introduction

In their challenge paper, Paul Collier, Lisa Chauvet and Haavard Hegre (henceforth, CCH) argue that the typically small low-income countries coming out of recent conflicts are likely to face enormous internal security risks from relapses into new civil wars or military coups. They cite recent evidence from the literature suggesting that post-conflict relapses account for 50 percent of the overall incidences of new civil wars. While they note that coups tend to be less frequent and less costly, they argue that they are, nevertheless, highly undesirable because they appear to be most effective in toppling nascent post-conflict democracies. They observe that currently governments that face these types of risk tend to respond by increasing military spending, which, they argue, has failed to reduce their security risks. Hence, both the risks and the response to it are costly.

CCH estimate the core costs of civil war and coups for a typical high risks post-conflict country. These estimates are derived from simulating empirical models of the growth consequences of civil wars, coups and the military expenditures associated with their underlined risks. The core costs, however, are likely to grossly understate the true costs because they fail to account for five omissions<sup>1</sup>. To account for these omissions, the authors also estimate scaled-up “centre-of-the-range” costs, which should be regarded as informed, though speculative, assessment of the true general equilibrium costs of post-conflict risks. The estimates suggest that the costs involved are, indeed, very high:

- The core cost of a typical civil war amounts to \$60 billion, while the full center-of-the-range estimates comes to a staggering \$250 billion
- Over the past 40 years, civil wars have exacted a core cost of about \$123 billion per year, and a full cost of \$500 billion a year
- Coups, on the other hand, have been associated with core and total costs of \$4 and \$16 billion a year, respectively.

Having established the high costs of post-conflict risks, and hence the high *gross* benefits of dealing with these risks, the authors discuss the analytical basis for their proposed prescriptive security package and the benefit-cost ratios associated with it. They develop a diagnosis based on the received literature, largely drawing on the empirical cross-country research by Collier and his research associates. The main thesis of this strand of the literature is that factors that influence “feasibility” of a rebellion, especially economic feasibility, are the main determinants of the risk of political violence. Therefore, high risk countries are those with low income, slow growth, high dependence on commodity exports, and rough terrain. Moreover, a more recent extension of the original Collier-

---

<sup>1</sup> These are that: the people affected by conflicts are disproportionately among the most impoverished in the world; the absence of peace frustrates all other potential development initiatives; the cost of civil wars are concentrated within a society; the cost of internal conflict are highly persistent; and, conflicts have global spill-over effects, including in terms of crime, disease and terrorism.

Hoeffler (2004a) model, which undertakes extensive robustness tests, also finds social characteristics to be robustly associated with high risk of civil war, including small population, large share of youth, and social fractionalization (Collier, Hoeffler and Rohner, 2007). However, the other fundamental finding of this literature is that political legitimacy, as accounted for by democracy, have no influence on the risk of civil war and that it tends to *increase* not *decrease* the risk of coups. While halving income, this literature suggests, increases the risk of coups by 35 percent, high repression (-5 or less in the Polity scale)<sup>2</sup> would increase such risk by 50 percent.

Based on their above *diagnosis* of post-conflict risks, CCH fundamental, if implicit, punch line appears to be that, aside from direct security measures, the only other viable response to post-conflict risks should be to directly address the problems of slow growth and lack of economic diversification. It can also be inferred from their diagnosis that political legitimacy, as desirable as it may be for its own intrinsic value, has no role in this process. Moreover, their *prognosis* of recent development is even more explicit with regard to the latter. They argue that high risks of civil wars and coups are more likely due to recent development associated with a combination of commodity booms in weakly governed poor countries (e.g. Collier and Goderis, 2007, 2007a); proliferation of democracy across low-income countries (Collier and Rohner, 2007); and the large number of negotiated peace settlements, which tend to have a history of high risks of relapse. Furthermore, negotiated peace settlements also include provisions for post-conflict elections, which have also been associated with high post-election risks, though they might lead to reduced risks prior to election time (Collier, Hoeffler and Soderbom, 2007).

On the backdrop of their seemingly compelling diagnosis-prognosis analytics, CCH develop their ultimate contribution, which is the prescriptive package for addressing post-conflict risks. The proposed package is benchmarked on development aid, which was assessed to be highly effective (as the post-conflict aid effectiveness literature suggests)<sup>3</sup> but not spectacular. They estimate that an aid package for a typical post-conflict country of about \$4 billion would generate an overall benefit of about \$14.25 billion, which suggests a benefit/cost ratio of 3.5:1. To increase the benefit/cost ratios to high enough levels, necessary for a credible response, CCH propose augmenting development aid with a reciprocal package of three military-related instruments:

---

<sup>2</sup> Polity is a global index of the standard of democracy and ranges from -10 (strongly autocratic) to 10 (strongly democratic); for a detailed description of these indices and data see: <http://www.cidcm.umd.edu/inscr/polity/>.

<sup>3</sup> See, for example, Collier and Hoeffler (2004b); Adam, Collier and Davies (2008); and, Elbadawi, Kaltani and Schmidt-Hebbel (2008).

- Linking development aid to an agreement to limit military spending by the recipient country
- Addressing security needs of the recipient country through provision of “peacekeeping force” and/or “over-the-horizon” security guarantees
- Verification of commitment to the military expenditure cap by a supra-national body with political legitimacy, such as the UN Peacebuilding Commission

This paper provides an alternative opposing perspective on the risks faced by post-conflict and other low-income countries. Drawing from other work in the literature, the diagnosis developed in this paper will attempt to challenge the “feasibility hypothesis” and establish lack of political legitimacy as a cause of conflicts. Moreover, we will argue that there is robust evidence from the growth literature linking democracy to growth sustainability, which have been the most difficult challenge facing low-income countries with fractionalized societies and high susceptibility to external shocks. Since high and sustained growth is critical for reducing post-conflict risks, democracy will be important even from a pure “feasibility hypothesis” hypothesis. We will also discuss the role of the UN peacekeeping mandate in peace-building, a totally neglected issue in the CCH analysis. It will be argued that the nature of the mandate is critical for sustained peace in the longer run, following the departure of the peacekeeping force. This analysis also highlights the role of domestic institutions and how they can be positively influenced by an expanded “transformational” UN mandate.

Section two presents the alternative diagnosis on democracy and political legitimacy; while section three discusses the issues regarding the nature of the UN mandate. Section four draws the implications of the alternative diagnosis for the proposed package and the cost-benefit calculus of CCH. Section five concludes.

## 2. An Alternative Diagnosis: Political Legitimacy Matters

Despite what appears to be compelling empirical evidence in support of the “feasibility hypothesis”, there is hardly a consensus, partly because the evidence is at odds with a large body of theoretical literature<sup>4</sup>. Moreover, the more recent literature that underpins this hypothesis makes the untenable assumption that the civil war outcome can be neatly isolated from the overall phenomenon of political violence<sup>5</sup> (Sambanis 2006 on terrorism is an exception). In his review of the main approaches and results of the study of civil war, Sambanis (2004) notes: “If we cannot understand why we get civil war instead of other forms of organized political violence, then we do not understand civil war at all” (Abstract). He goes on to write that: “For many countries caught in a conflict trap, civil

<sup>4</sup>Moreover, the “feasibility hypothesis” is also at odds with the conventional wisdom held by politicians and journalists; see Cederman and Girardin (2007) and the review of the culturalist perspective in Fearon and Laitin (2003).

<sup>5</sup>The empirical literature in this tradition includes Cederman and Girardin (2007), Collier and Hoeffler (2002), Ellingsen (2000), Reynal-Querol (2003), Sambanis (2001, 2004).

war is a phase in the cycle of violence. By isolating civil war in quantitative studies, we choose to focus on an event rather than a process, and we discard a lot of useful information that explains how we end up having a civil war” (pp. 268). Perhaps the only paper in the recent empirical literature that explicitly accounts for this consideration is Bodea and Elbadawi (2007a), who embed the study of civil war in a more general analysis of varieties of violent conflicts within the borders of the state. Empirically, other possible manifestations of irregular and violent contestation of political power are coups and riots or low intensity conflict. They develop a theory of risk of political violence that shows that the combinations of low income (or major shocks to the economy) and low standards of democracy are likely to be associated with high probability of violence, regardless of the social characteristics of a society and for all types of political violence. Further they argue that because existing lines of identity and contestation will provide motivational and informational advantages to potential rebel leaders to grow a rebel organization, social fractionalization will be most likely associated with civil war. Also, fractionalization does not necessarily affect coup and low intensity violence, because coups require other type of organizational advantages (insider presence in the police and military) and lower levels of violence tend to be more random and lack coherent organization.

Subscribing to this simple and, hopefully, intuitive theoretical framework, their paper uses a multinomial logit empirical specification, in which the manifestations of violence range from lower intensity armed violence to coups and civil wars. If civil war is just one of the alternative expressions of violent contestation of political power, a multinomial model is more appropriate than the use of logit or probit models<sup>6</sup>. To investigate the determinants of conflict, they estimate a family of encompassing multinomial regressions using a global database from 1950 to 1999, accounting for three types of domestic violence (civil wars, coups and other violent outcomes) as well as a host of “grievance” and “feasibility” variables commonly analyzed in the recent empirical literature. To test the effect of political regime on the risk of violent conflict they use a typology of democracy based on the two components of the Polity score that deal with competitiveness of the political system at the leadership and mass levels. They identify full-fledged democracies, partial non-factional democracies, partial factional democracies, partial autocracies and full-blown autocratic regimes. Their findings show that credible democratic regimes granting full political rights may reduce the risk of civil war more efficiently than repressive autocracy. They also find that countries most vulnerable to conflict, from violent demonstrations to coups and civil war are partial *factional* democracies, while partial *non-factional* democracies are not more risky than autocracies.

---

<sup>6</sup> Also, a multinomial framework is more appropriate than a bivariate model of domestic conflict (civil war, coups and armed violence lumped together) because it recognizes that different forms of conflict may have different determinants (Reagan and Norton 2005, O’Brien 2002).

These findings, is important because it suggests that the high risks associated with democratic transitions in poor countries, including post-conflict low-income countries, is not because their democracies are unstable and anocratic but rather because they tend to be factional, where institutional openness and political participation are channeled through networks rooted in traditional, ethnic identities. So rather than “throwing the baby with the bath tub”, a more nuanced diagnosis should investigate approaches to promote non-factional democracy, because it cannot be riskier than full autocracy.

Another pertinent contribution is Bruckner and Ciccone (2007), who analyze the impact of economic growth on the risk of civil wars in SSA. Following an innovative approach due to Miguel, Satyanath and Sergenti (2004) who instrument economic growth using rainfall, they introduce international commodity prices as an additional instrument as well as control for political regime type. They find that low growth increases the likelihood of both onset and incidence of civil war in autocracies. However, in countries with democratic institutions there is no statistically significant effect. Based on their results they make the following important conclusion, “Hence, our findings do not support the view that lower income growth raises the chance of civil war regardless of a country’s institutional setup. Instead, they point to an interaction between economic and institutional causes of civil war,” (p. 13).

One more, and very important, contribution arguing for democracy as a risk mitigating factor focuses on the regional dimensions of civil wars. In a recent paper Raleigh (2007) analyses the effects of neighborhood characteristics on a state’s risk of conflict and instability. Specifically, she asks the following vital questions: what is the interaction between neighboring conflict and political disorder? And, do democratic neighborhoods have different conflict trajectories than non-democratic neighborhoods and if so, where and why? The empirical analysis of this paper suggests that, especially for low-income countries, neighborhoods matter in that neighboring wars increases risks of civil war onset and that neighborhood political attributes can mitigate or aggravate country risks. In particular, it was found that “if a state is surrounded by stable, developed democracies the risk of conflict, regardless of income, never increases past 4%,” (p. 27). On the other hand, low-income countries in autocratic or anocratic neighborhood will be experience exceptionally high risk.

Finally, we briefly review the evidence on the indirect effect of democracy on risk through its impact on economic growth. In an extensive study, Barro (1996) finds democracy to have significant positive but non-monotonic effects on growth. The growth maximizing level of democracy (measured by the Freedom House index of political rights) suggested by Barro’s regression comes roughly equal to the levels prevailing in Malaysia and Mexico in 1994. He interprets his finding to suggest that at low levels of democracy (associated with extreme dictatorships) an increase in political rights “tends to enhance growth and investment because the benefit from limitations on government power is the key matter. But in places that have already achieved a moderate

amount of democracy, a further increase in political rights impairs growth and investment because the dominant effect comes from the intensified concern with income distribution.” (p. 37).

However, most subsequent studies have failed to replicate Barro’s result, as they do not find democracy (as well as autocracy, for that matter) to be robustly associated with long-term growth<sup>7</sup>. Nevertheless, given that civil liberties and political rights have intrinsic values of their own, it is still comforting to find that they at least do not constitute a trade-off for long-term growth--i.e. they are not necessarily less effective in promoting growth than authoritarian regimes. Moreover, Rodrik (1999), who himself finds no systematic relationship between democracy and long-term growth, argues that in fact democracies perform better than authoritarian regimes in other aspects of economic development<sup>8</sup>. In particular, he shows that long-run growth under democracies is more predictable; that democracies are more capable of handling adverse shocks; and that democracies pay higher wages, because they tend to promote more egalitarian social order. According to Rodrik, democracies are better at handling shocks because shocks tend to exacerbate conflict among social groups, especially in societies that are fractionalized along class or identity lines. When institutions for mediating such conflicts are weak or do not exist, economic costs of external shocks can be magnified due to policy reversals and adoption of growth-retarding short-run distributive policies. However, given that democracies provide the ultimate institutions of conflicts management, the social conflicts and the ensuing economic costs following external shocks should be lower under democracies than under authoritarian regimes.

Moreover, returning to the long-term growth effect of democracy, Bodea and Elbadawi (2007b) show that, akin to their political violence analysis, when democracy is disaggregated into well functioning, non-factional and factional partial democracies a more nuanced story emerges. They find that<sup>9</sup>, relative to autocracy, full democracy as well as partial but non-factional democracy have had positive impacts on growth. Moreover, they also find ethnic fractionalization to have a negative and direct effect on growth, though its effect is substantially ameliorated when inter-ethnic context is mediated by non-factional democracy, again even when it is only partial. Therefore, they

---

<sup>7</sup> For example, Rodrik (1999) finds no systematic relationship between democracy and long-term growth; while Helliwell (1994) finds that democracy spurs education and investment, but have no direct effect on growth when these two channels are controlled for. And, Tavares and Wacziarg (2001) estimate a system of simultaneous equations and find an indirect effect of democracy on growth through enhanced education, reduced inequality and lower government consumption.

<sup>8</sup> See also Rodrik and Wacziarg (2005), who find democratic transitions to be robustly associated with short-term growth; and they find this evidence to be particularly strong for socially fractionalized SSA and other low-income countries.

<sup>9</sup> Bodea and Elbadawi (2007b) estimate a dynamic panel model, which fully accounts for country heterogeneity and potential endogeneity; and controls for the impact of organized political violence and other growth controls, including democracy and social characteristics.

argue, that the growth impact of non-factional democracy is rather compelling because it does not only have a direct and positive effect on per-capita income growth but it also reduces the negative growth effect of ethnic fractionalization through an interaction term.

Taken together, the above reviewed literature suggests that following important findings. First, relative to full autocracy, fully functioning democracy reduces the risk of civil wars and other forms of political violence, while non-factional, even if partial, democracy has no direct impact on political violence. Second, because it is robustly associated with long-term growth, non-factional democracy indirectly contributes to reducing the risk of political violence. Third, though it may not be robustly associated with long-term growth, (aggregate) democracy is critical for growth sustainability, especially in socially fractionalized societies experiencing frequent external economic shocks, as the case for many low-income post-conflict countries. Therefore, unlike CCH diagnosis and their prospective prognosis, ours would suggest that promotion of democracy, especially non-factional democracy, should be a legitimate risk mitigation instrument and, therefore, a key component of the post-conflict peace-building strategy.

### 3. An Alternative Diagnosis: UN Mandate and Sustainable Peace

An important strand of the post-conflict risk/peace-building literature focuses on the concept of “sustainable peace”, which, according to the UN view, hinges on the “capacity of a sovereign state to resolve the natural conflicts to which all societies are prone by means other than war.”<sup>10</sup> The empirical articulation of this view is the “participatory peace” concept, which involves an end to war, no significant residual violence, undivided sovereignty, and a minimum level of political openness (Sambanis and Doyle, 2000, 2006)<sup>11</sup>. This literature analyzes the nature of the mandate governing UN peacekeeping operations that might be required for achieving this ambitious concept, which is obviously much more demanding than the more basic one that simply requires absence of war, or what Sambanis (2008) calls “negative peace”. In this literature the probability of peace-building success (such as participatory or negative peace) is specified as proportional to an area of the “peace” triangle, which is determined by three set of factors: degree of hostility in society; and the extent of local, and international competencies for peace-building. Greater hostility (ethno-religious war; high social fractionalization; no peace treaty; many factions; long wars; and many deaths and displacements) and low local competencies (reflected by low indicators of socio-economic development) make peace-building success less likely. Since most post-

<sup>10</sup> This is the formal definition adopted by the UN Security Council, as quoted in Sambanis (2008: p. 3).

<sup>11</sup> Empirically, Sambanis (2008) codes participatory peace as a binary variable that takes the value of 1, if all of the Doyle-Sambanis conditions of “participatory peace” are met *two years after the departure of a UN peacekeeping mission*, or two years after the end of conflict when no UN operation was involved. And, the threshold of political openness used was 3.0 in the Polity score.



conflict societies are characterized by high degree of hostilities and low local competency, the peace-building space hinges on greater commitment by the international community.

Using a logistic regression model of “participatory” peace-building success that also controls for hostility and local competency variables, Sambanis (2008) finds a significant and positive marginal short-run impact of UN missions (regardless of mandate). However, accounting for mandate by distinguishing between *facilitative* (monitoring and reporting) and *transformational* (multidimensional, enforcement, and transitional administration) UN missions suggests that the nature of the mandate is very crucial to success. With other variables held at their sample median, going from facilitative to transformational peacekeeping increases the probability of peace-building success by 36%. Moreover, the evidence also suggests that transformational UN missions are more robustly associated with participatory peace, and hence post-conflict democratization, than “economistic” factors, such as the level and growth rate of income per capita. Another pertinent contribution of Sambanis’s paper pertains to assessing the long-run impact of UN missions as a determinant of peace duration, simply defined as absence of war or “negative peace”. Using a survival probability model, he finds UN intervention reduces the risk of peace failure by 50%. However, in the long-run, peace-building success is found to be more closely associated with local capacity variables. While the effect of UN mission is less robust in the long-run, hostility variables are non-significant. Therefore, fast-growing, rapidly diversifying or high-income economies are far more likely to experience longer peace duration, even when hostilities remain high.

This research suggests, therefore, that “transformational” UN peace-keeping operations are very effective in promoting a broad concept of peace that entails post-conflict democratization and building of robust institutional capacity for mediating conflicts within the post-conflict society. Moreover, in the longer run, economic performance is the main determinant of post-conflict risk. Therefore, the ultimate long-term goal of peace-building should be to enable post-conflict societies to sustain high level of economic performance, in terms of high per capita growth and economic diversification. However, as the analysis of section two above suggests, sustaining high growth requires post-conflict democratization, which in turn, hinges on the nature of the UN mandate. Therefore, despite that high economic performance is the ultimate mitigation strategy against post-conflict risks; it is highly unlikely that such growth can be achieved without the support of a “transformational” UN operation in the immediate five-to-ten years following the end of conflict.

Another perspective emphasizing the importance of the emerging post-conflict political process for economic outcomes and, hence, peace is due to Philip Keefer (2008). He argues that because weakly credible leaders cannot persuade the majority of their citizenry to believe their promises, they are likely to undertake policies in the interest of the few specific groups that believe their promises, which lead to under-provision of

public goods, overprovision of private goods and high corruption. In such a distorted environment, he argues, citizens are less likely to resist efforts to unseat the incumbent elites. This is one way through which lack of political credibility can be a cause of conflict. Lack of political credibility also raises the risk of conflicts by weakening the resistance to an incipient counter-insurgency. Weakly credible leaders are incapable of mounting an effective counter-insurgency effort because they are also inept at making credible commitment to the counter-insurgents. Embedding empirical proxies for political credibility in a standard model of civil war onset, Keefer finds strong empirical support for his proposition<sup>12</sup>. The link between political credibility and provision of public goods, and hence growth suggests that Keefer's research should have strong implications for peace-building as well. This is because Sambanis's finding on the dominance of income and economic growth, as determinants of successful peace-building in the long-run, provides a link to the literature on the causes of civil wars, which has been shown to be driven by accumulated effects of low or negative growth. Therefore, the contribution by Keefer is important because it goes to the deep institutional issue of what determines the provision of public goods, growth, and hence the risk of conflict in a society, as well as the prospects for sustained peace when war ends.

#### 4. Implications for the Proposed Package

The alternative diagnoses of the above two sections suggest that high economic performance in post-conflict should be the ultimate mitigating strategy for post-conflict risks in the long-run. This supports the fundamental insight behind CCH benefit-cost calculus, which is anchored on the collapse of growth as a core input to cost and its revival as the benefit of peace. However, our analysis also suggests that both peace and post-conflict growth would require credible political processes that can transcend narrowly-focused identity politics; and that sustainability of growth may also require post-conflict democratization. Moreover, these post-conflict institutions are not likely to materialize without broad-based "transformational" UN operations during the immediate period following the end of conflicts. In terms of the direct influences on post-conflict risks, unlike those of CCH, I argue that lack of political legitimacy can be a direct cause of civil wars and coups. However, in socially fractionalized societies, factional democracies can be as bad as autocracy. Finally, the regional dimension of conflicts is also strongly emphasized in the alternative diagnosis of this article. While conflictive region can be a major source of instability for a member country, democratic neighborhood can exert a potent mitigating influence in a country that might otherwise be ripe for conflict.

---

<sup>12</sup> Keefer (2008) accounts for political credibility by "more continuous years of competitive elections" for the case of democracies; and in both democracies and autocracies by indicators of institutionalized or programmatic political parties.

Now we are ready to address the ultimate question of this opposing perspective to CCH, which is: what implications will this have for the CCH package and the associated benefit-cost calculus.

First, UN peacekeeping operations should be of “transformational” nature (in the sense of Sambanis<sup>13</sup>), to enable them to assist with the ultimate goal of creating (or restoring) political legitimacy in post-conflict, especially with regard to promoting stable inter-ethnic non-violent political contests. This consideration will have implications for the design of peace agreements as well as the benefit-cost calculus of UN PKO:

- The requirements of inclusive post-conflict political processes suggests that peace agreements should not be confined to the military protagonists in the civil war, such as the case of the two recent Sudanese peace agreements<sup>13</sup>; instead, even at the expense of complexity, peace agreements should avoid disenfranchising non-militarized stakeholders, such as political parties or local communities, who might have strong popular following
- The benefit-cost calculus should disaggregate cost of the UNPKO by mandate--because, though transformational PKO will be costlier, their benefits are likely to be spectacularly more significant if their impact on growth sustainability, through their potential role in promoting *non-factional* democratic transformation, is properly accounted for

Second, the design of PKO, “over-the-horizon” security guarantees as well as military spending conditionality should be sensitive to the underside risk of undermining the local legitimacy of the emerging post-conflict political order:

- The idea of hybrid PKO, involving a regional supra-national entity, such as the African Union participation with the UN in the Darfur PKO, is a very worthwhile initiative in terms of augmenting International legitimacy, which is often times viewed (rightly or wrongly) as subject to unduly excessive Western influence
- The “over-the-horizon” security guarantees should be explicitly anchored on the buy-in by the concerned national and supra-national political institutions; if anything, the largely successful British-led peace-keeping operation in Sierra

---

<sup>13</sup> These are the 2005 Comprehensive Peace Agreement between the National Congress Party (NCP)-led Government of the Sudan and the Sudanese People Liberation Movement (SPLM) that ended the longest civil war in Africa; and the dysfunctional Darfur Peace Agreement in 2007 between the Government of National Unity (led by the NCP and the SPLM) and one faction from the Darfur rebels. While the latter failed to stop the violence in Darfur, the former produced peace but uneasy co-existence between the two militarized parties.

Leone, including its “over-the-horizon” guarantee component, is partly attributed to its being subservient to the political process, while the struggling American-led one in Liberia has been insulated from parliamentary oversight<sup>14</sup>

- Again, the “over-the-horizon” security guarantees should also be guided by coherent objectives that enjoy wide appeal, such as the one articulated by CCH regarding the provision of security guarantees against coups to post-conflict democracies, which also happen to have strong pan-African support
- Aid conditionality associated with military expenditure could also benefit from buy-in by regional supra-national bodies, because supra-national arrangements adds further legitimacy as well as provide much needed peer pressure on member countries, especially if donor countries could commit to limiting arms sales to troubled regions affected by risks of civil wars and coups
- Admittedly, supra-national regional entities in poor regions, such as SSA, have not been very effective, which suggest that they would require substantial support in terms of equipment, training and technical capabilities before they can become dependable partners in PKO, especially “transformational” PKO; while this will surely add to the cost estimates, it should also likely to have large benefits

Third, the very important, but relatively neglected, regional dimensions of civil wars require a major rethink of the security and developmental approaches to peace-building:

- Promoting regional democracy, again in the context of partnership with supra-national regional bodies, should be an explicit agenda for the UN Peace-building Commission and other Western donor countries
- To further strengthen this regional orientation, the capacity of these entities as agents for the promotion of regional cooperation, and deeper economic interdependence among member states, should be enhanced through technical and financial support-- including through substantive partnerships with multilateral and bilateral development agencies on regional development initiatives on infrastructure, international water courses...etc.

Therefore, the implications of our different reading of the relevant literature and the subsequent alternative diagnosis of the issues involved would suggest significant modifications to the proposed package, both in terms of modalities and the calculus of the benefits-costs ratios.

---

<sup>14</sup> See McNamee, Mills and Napier (2007) for a detailed analysis.

## 5. Conclusions

Paul Collier, Lisa Chauvet and Haavard Hegre propose an integrated security package to deal with post-conflict risks from civil war relapses and coups. Though coups are less frequent and less costly, they have rightly argued that they, nevertheless, remain a serious threat to nascent post-conflict democracies. The proposed security package is composed of three military instruments: making development aid conditional on mutually agreed and verifiable limits to military expenditure; peace-keeping operation following end of civil wars; and provision of “over-the-horizon” security guarantees, including for protecting post-conflict democratically elected governments from coups. The proposed package is benchmarked on development aid, which was assessed by the authors to have good but not spectacular benefit-cost ratios. Development aid would, therefore, need to be augmented by further and more direct security measures. Moreover, they demonstrate that military expenditure--the response of choice (or perhaps of necessity) by insecure post-conflict governments—has, if any thing, been associated with further risks and higher leakages of development aid. Therefore, both the risk and the response are costly to post-conflict governments. Hence, the proposed cap on military expenditure, the authors argue, would not only close off a major source of risk, but it would also increase aid effectiveness. The other two security measures are direct risk-mitigating instruments that, the authors suggest, will be required to persuade post-conflict governments to agree to significant reductions in military expenditure.

The authors’ estimate of the risk-reduction associated with their proposed scale of peace-keeping and over-the-horizon guarantee operations is spectacular. Barring double counting, they suggest that the ten-year risk per country would fall from around 38 to just 9 percent. Taken together, their (centre-of-the-range) estimate of total cost of the package comes to \$10.8 billion per year, compared to a total benefit ranging from \$57 to \$192 billion per years. The associated benefit-cost ratio of the package ranges from 1:5 to 1:19, which is much higher than the corresponding ratio for development aid alone.

The proposed package is premised on the economic “feasibility” view of civil war risks, which suggests that high risk of civil wars and coups is associated with low income, slow growth, and high dependence on commodity exports as core determinants. However, according to this strand of the literature political legitimacy, as accounted for by democracy, has no direct influence on the risk of civil war and that it tends to increase not decrease the risk of coups. Moreover, the authors’ prognosis suggests even higher risks in the future associated with the recent wave of democratization in low-income countries, especially in those experiencing commodity booms.

In this article I provide an alternative diagnosis of the risks involved, based on a more inclusive reading of the received literature. This opposing perspective questions the validity of the “feasibility hypothesis”, and provides evidence on the relevance of political legitimacy as a direct risk mitigating factor. Moreover, democracy is also shown

to be critical for growth sustainability, which unlike igniting growth for a few years, remains the most difficult challenge facing low-income countries with fractionalized societies and high susceptibility to external shocks. Since high and sustained growth is critical for reducing post-conflict risks, democracy will be important even from the perspective of a pure “feasibility” hypothesis. Another important argument for democracy as a risk mitigating factor focuses on the regional dimensions of civil wars. This literature suggests that neighboring wars increases risks of civil war onset and that stable democratic neighborhood significantly reduces country risks. Furthermore, and unlike, CCH, the opposing perspective of this article emphasizes the role of domestic political intuitions as the ultimate providers of public goods, growth and security in the longer runs. Naturally, this recognition would require accounting for the complexities involved in the building of credible polity in the typically socially fractionalized post-conflict societies. This, in turn, highlights the critical significance of “transformational” UN peacekeeping operations in promoting post-conflict democratization and institution-building.

Therefore, by prematurely dismissing political legitimacy as a risk mitigating factor, the CCH package is, inherently, an externally driven proposal. Moreover, by ignoring the critical role of domestic institutions and the regional dimensions of conflicts and the risks generated by them, the proposed package also fails to account for the importance of the nature of the UN mandate as well as the need to involve supra-national entities as key partners in the peace-building process. As such, and despite the authors’ emphasis on reciprocity, the proposed package is also blatantly West-centric. Accounting for the issues raised by the opposing perspective, I discussed several adjustments to the proposed package, aimed at enhancing the ownership of national political institutions in the peace-building process and promote buy-in and partnership on the part of regional supra-national bodies. The implications of these adjustments for the benefit-cost calculus will be substantial, though they are not likely to reverse the fundamental conclusions regarding the spectacular net global benefits of pursuing pro-active peace-building agenda on the part of the international community.

## References

- Adam, Christopher, Paul Collier, and Victor Davies (2008). "Postconflict Monetary Reconstruction." World Bank Economic Review 22 (1).
- Barro, Robert (1996). "Determinants of Economic Growth: A Cross Country Empirical Study," NBER Working Paper no. 5698, August.
- Bodea, Cristina and Elbadawi (2007a), "Riots, Coups and Civil War: Revisiting the Greed and Grievance Debate." Post-Conflict Transition-Policy Research Working Paper # 4397, Development Economic Research Group, World Bank, Washington DC.
- Bodea, Cristina and Ibrahim Elbadawi (2007b), "Political Violence and Underdevelopment." Unpublished mimeo, presented at the Plenary Session of the AERC bi-annual Research Workshop: Nairobi, December 2006.
- Bruckner, Markus and Antonio Ciccone (2007), "Growth, Democracy and Civil War." CEPR Discussion Paper # 6568, November.
- Cederman, Lars-Erik and Luc Girardin (2007), "Beyond Fractionalization: Mapping Ethnicity onto Nationalist Insurgencies." American Political Science Review 101 (1): 173-186.
- Paul Collier, Lisa Chauvet and Haavard Hegre (2007), "The Security Challenge in Conflict-Prone Countries." A Challenge Paper for the Copenhagen Consensus, September.
- Collier, Paul and B. (2007), "Prospects for Commodity Exports: Hunky Dory or Humpty Dumpty?" World Economic.
- Collier, Paul and B. (2007a), "Commodity Prices and the Resource Curse: Resolving a Conundrum," unpublished mimeo, Department of Economics, Oxford University.
- Collier, Paul and Anke Hoeffler (2004a). "Greed, Grievance and Civil War." Oxford Economic Papers 26: 563-595.
- Collier, Paul, and Anke Hoeffler (2004b). "Aid, Policy and Growth in Post-Conflict Societies." European Economic Review 48 (5): 1125-45.
- Collier, Paul and Anke Hoeffler (2002). "On the Incidence of Civil War in Africa." Journal of Conflict Resolution 46(1): 13-28.

Collier, Paul, Anke Hoeffler and D. Rohner( 2007). “Beyond Greed and Grievance: Feasibility and Civil War,” unpublished mimeo, Department of Economics, Oxford University.

Collier, Paul, Anke Hoeffler and M. Soderbom (2007). “ Post-Conflict Risks.” Journal of Peace Research (forthcoming).

Collier, Paul and D. Rohner (2007). “ Conflict, Democracy and Development.” Journal of the European Economic Association (forthcoming).

Doyle, Michael W., and Nicholas Sambanis. (2006) . Making War and Building Peace: United Nations Peace Operations. Princeton, N.J.: Princeton University Press.

Doyle, Michael W., and Nicholas Sambanis. (2000). “International Peacebuilding: A Theoretical and Quantitative Analysis.” American Political Science Review 94 (4): 779–801.

Elbadawi, Ibrahim A., Linda Kaltani, and Klaus Schmidt-Hebbel (2008). “Foreign Aid, the Real Exchange Rate, and Growth in the Aftermath of Civil Wars.” World Bank Economic Review 22 (1).

Ellingsen, Tanja (2000). “Colorful Community of Ethnic Witches’ Brew? Multiethnicity and Domestic Conflict during and after the Cold War.” Journal of Conflict Resolution 44(2): 228-249.

Fearon, James and David Laitin. (2003). “Ethnicity, Insurgency and Civil War.” American Political Science Review 97(1): 75-89.

Helliwell, John (1994). “Empirical Linkages between Democracy and Economic Growth,” British Journal of Political Science 24, 225-248.

Keefer, Philip. 2008. “Insurgency and Credible Commitment in Autocracies and Democracies.” World Bank Economic Review 22 (1).

McNamee, Terence, Greg Mils and Mark Napier (2007),” Rebuilding Africa’s Fragile States,” unpublished mimeo, The Royal United Service Institute, London (www.rusi.org).

Miguel, Edward, S. Satyanath and E. Sergenti (2004). “Economic Shocks and Civil Conflicts: An Instrumental Variables Approach.” Journal of Political Economy 112 (41): 725-753.

O’Brien, Sean P. (2002). “Anticipating the Good, the Bad and the Ugly.” Journal of Conflict Resolution. 46(6): 791-811.



Raleigh, Clionadh (2007a), "Civil War Risk in Democratic and Non-Democratic Neighborhoods." Post-Conflict Transition-Policy Research Working Paper # 4260, Development Economic Research Group, World Bank, Washington DC.

Reagan, Patrick M. and Daniel Norton. (2005). "Greed, Grievance and Mobilization in Civil War." Journal of Conflict Resolution 49(3): 319-226.

Reynal-Querol, Marta. (2002). "Ethnicity, Political Systems and Civil Wars." Journal of Conflict Resolution 46(1): 29-54.

Sambanis, Nicholas. 2004. "What is Civil War? Conceptual and Empirical Complexities of an Operational Definition." Journal of Conflict Resolution 48(6): 814-858.

Rodrik, Dani (1999). "Where Did All the Growth Go? External Shocks, Social Conflict, and Growth Collapses," Journal of Economic Growth. Vol. 4, No. 4, pp. 385-412.

Rodrik, Dani and Romain Wacziarg. (2005). "Do Democratic Transitions Produce Bad Economic Outcomes?" American Economic Review, Papers and Proceedings, Vol. 95, No. 2, May 2005, pp. 50-55.

Sambanis, Nicholas. (2008). "Short- and Long-term Effects of United Nations Peace Operations." World Bank Economic Review 22 (1).

Sambanis, Nicholas (2006). "Terrorism and Civil War". Forthcoming in Phillip Keefer and Norman Loayza, eds. Terrorism and Development. Cambridge: Cambridge University Press.

Sambanis, Nicholas. (2004). "What is Civil War? Conceptual and Empirical Complexities of an Operational Definition." Journal of Conflict Resolution 48(6): 814-858.

Sambanis, Nicholas. (2001). "Do Ethnic and Non-ethnic Civil Wars Have the Same Causes? A Theoretical and Empirical Inquiry." Journal of Conflict Resolution 45(3): 259-82.

Tavares, Jose, and Romain Wacziarg (2001). "How democracy affects growth," European Economic Review, Elsevier, vol. 45(8), pages 1341-1378, August.