

"Civil War is Not a Stupid Thing": exploring growth, distribution and conflict linkages

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1. INTRODUCTION

Recent literature has highlighted the role of political instability in the relationship between growth and inequality. This literature ranges from warnings of rural uprisings in work on agrarian relations and economic performance (Binswanger et al, 1995) to econometric analysis of cross-country data for variables including inequality, democracy and growth (Alesina and Perotti, 1993, 1994). Indeed, the inclusion of a broader range of variables appears to be one reason why recent econometric contributions produce different "results" from earlier attempts to find empirical evidence of regular patterns connecting growth and distribution. The extent to which this literature, which is now reaching the proportions of a new received wisdom, has yet provided an adequate explanatory foundation for the alleged results of statistical analysis is debatable. But some commentators with an interest in conflict, or civil war, in developing countries have seized eagerly on these arguments since they appear to provide something lacking in the analysis of such wars, i.e. serious economic foundations.

The purpose of this paper is to explore the limits of the proposition, put starkly, that an iniquitous distribution of income "causes" civil strife and, more broadly, to explore the dimensions of the relationship between inequality and conflict. The main questions addressed are the following: how obvious is it that extreme inequality of distribution produces conflict; or are the categories of analysis in such a relationship too rigid to be of much use? How does conflict, once underway, influence the distribution of income and wealth? And how sure can we be about the negative effect of instability and conflict on development?

The paper proceeds by elaborating the possible relationship between distribution and conflict, and then by exploring some case studies of the origins of conflict in LDCs. The argument is that there is unlikely to be a straightforward correlation between conflict and distribution; that a broader range of factors need to be taken into account; and, moreover, that the relationships between various factors of significance will only

¹The author is grateful for comments from John Sender and Ha-Joon Chang, as well as for other comments received during an airing of an earlier version of the paper at the Faculty of Economics and Politics at Cambridge University.

achieve explanatory or causal power in specific and complex contexts, i.e. no functional relationships will hold, however comprehensive the set of variables included in a model. Indeed, it may be more interesting to consider whether a conflict generates or accentuates uneven distribution rather than the other way around; or even whether a conflict enables a reduction in inequality. The paper then make a few remarks concerning the effects of violent instability on growth prospects, particularly in the long-run.

2. MIGHT UNEVEN DISTRIBUTION LEAD TO CONFLICT?

2.1. The continuation of political economy by other means.

The title of this paper is taken from a short story by the Sicilian writer, Leonardo Sciascia; the story is about a Sicilian dragooned into fighting on Franco's side during the Spanish Civil War.

" A civil war is not a stupid thing, like a war between nations, the Italians fighting the English, or the Germans against the Russians, where I, a Sicilian sulphur miner, kill an English miner, and the Russian peasant shoots at the German peasant; a civil war is something more logical, a man starts shooting for the people and the things he loves, for the things he wants and against the people he hates; and noone makes a mistake about choosing which side to be on...Despite its atrocities, a civil war is a kind of *hora de la verdad*, a moment of truth..." ("Antimony", in Sicilian Uncles, p.189).

The quote neatly expresses the view that civil war, far from being an outbreak of irrational hysteria, perhaps based on some immutable and fixed "ethnic" antipathy², is rather a perfectly sensible venting of feelings that cannot be contained by "normal peacetime relations". The view is that civil war is fundamentally class based, and in this sense it is really about uneven distribution of income and/or wealth and of political power. For Sciascia, then, civil war is "a moment of truth": it exposes and brings to the surface a conflict that otherwise is only latent, hidden from view. So, while Clausewitz saw war as the continuation of politics by other means, we might

²Easterly and Levine (1997) argue that an "ethnic fragmentation" variable explains a significant proportion of the characteristics of poor sub-Saharan African economic performance such as low schooling, underdeveloped financial markets, distorted foreign exchange markets and poor infrastructure among other things; Kaplan (1994) is a rather more hysterical version of the pessimistic implications of ethnicity and irrationality in Africa.

suggest, a bit more awkwardly, that war is the continuation of political economy by particular means.

This view of the logic of civil war contrasts starkly with typical perceptions of civil war in developing countries: these wars used to be seen in terms of "proxy" Cold War ideological contests, and more recently have been seen in terms of some primordial anarchy; the latter, for example, is the understanding of African and other wars presented in an influential US paper titled "The Coming Anarchy", whose thesis has been described by some as the "New Barbarism Thesis".³ To the limited extent that economists have taken an interest in civil war in developing countries until recently, there has also been little acknowledgement that some logic might underpin such conflicts, or that the wars are at least partly generated by the political economy in which they break out. Furthermore, the standard view of civil war in LDCs, at any rate among economists, has been that wars are wholly negative in their impact: Rimmer, discussing war in Africa, for example, characterises conflict prone Africa in recent times in terms of a Hobbesian nightmare:

"In such condition there is no place for Industry; because the fruit thereof is uncertain; and consequently no Culture of the Earth, no Navigation, nor use of the commodities that may be imported by Sea; no commodious Building; no Instruments of moving, and removing such things as require much force; no Society, and which is worst of all, continuall feare, and danger of violent death; And the life of man, solitary, poore, nasty, brutish, and short" (quoted in Rimmer, 1995, pp.295-96).

2.2 Economic analysis of conflict in LDCs.

Briefly, there are two main strands to the recent attempts to fill in what has been called the "vacuum" created by the absence of a political economy of war in LDCs.⁴ The first comprises attempts to calculate the costs of war. Contributors to this exercise have concluded that there are direct and indirect costs of war, that the indirect costs are far greater than the direct costs, and that the costs of war endure long after a formal political peace is agreed.⁵ This work in many ways echoes war

³Robert Kaplan's "coming anarchy" referred not just to African conflicts but to others too, including the war in the aftermath of the break-up of Yugoslavia. Richards (1996), in his critique, points out that the starting point of Kaplan's thesis was the conflict in Sierra Leone.

⁴On the notion of this vacuum, see Green (1991).

⁵Contributions include Green (1991), Stewart (1993), Rimmer (1995) and UN Economic Commission for Africa (1989).

costing exercises performed during the First World War, but the recent work fails to take into account criticisms that were made of that earlier approach and has, therefore, ignored some useful warning signals. The recent costs of war literature also departs from the earlier work, however. For World War I estimates concluded that the economic cost, for example, of each war casualty was greater for a more advanced economy than for a less industrialised one: because less had been invested in a Russian soldier than in a British soldier by way of education and skills development, the economic loss of a Russian soldier was less. But costs of war exercises conducted lately with respect to African and other developing country conflicts are at pains to maximise in every way the cost to LDC economies of each and every type of war damage and to dramatise the presumed foregone growth of GDP and undermined economic flexibility.⁶

A second strand of war analysis of interest to economists in the past few years does take a slightly less exclusively pessimistic view of the effects of war, since its initial assumption is that during wartime certain individuals manage to accumulate wealth. Collier (1994), for example, applies the techniques of methodological individualism to wartime conditions. Collier argues that those who accumulate wealth in wartime display very particular asset holding preferences - for example, they may wish to hold wealth in relatively invisible forms, and either in extremely immobile or ultra-mobile forms (the chief example of the latter being capital flight). The analysis then proceeds to suggest that the major policy challenge in the aftermath of a war is to attract this wealth back into the country and towards productive fixed investments. The policy recommendations flow smoothly from the assumption that the state is partial and compromises perceptions of investor security.

2.3 War, distribution and growth: recent literature and applications.

Both approaches share a presumption that war is largely exogenous - they may make passing reference to the background to the war but this background and its material aspects are basically irrelevant to them. In this light it is interesting to consider some recent work that has explicitly analysed the political economy of war in relation to the

⁶This analytical attitude contrasts with arguments, put forward for example by some political analysts and sociologists, that conflict can have positive effects on social development; it also contrasts sharply with the experience of the socio-economic effects of conflict in countries participating in the major conflicts in the twentieth century, and with, for example, the expectations of Marx who noted "how certain economic phenomena, such as wage labour, machinery, etc., are developed at an earlier date through war and in armies than within bourgeois society" (see McLellan, 1977, 358). There may be very good reasons why there is a different socio-economic experience of war in relatively advanced and relatively less advanced economies, but these reasons at least need to be addressed rather than blithely presumed. Weeks (1997) looks a little more cautiously at the effects of war on growth and finds that, if one can say anything, growth was more affected in Latin American conflict countries than in the lower-income African conflict economies.

new wave of literature on growth and distribution. At the level of mainstream econometric analysis, conflict has been endogenised through the causal activities and interlinkages among quantifiable (in principle) variables such as income distribution indices, indices of political instability, investment rates and growth. Alesina and Perotti (1993, 1994) purport to explore the interface between endogenous growth theory and the "new political economy". They stress that a key link in the causal chain from equity to growth is political stability: they test for inequality provoking political instability and for political instability decreasing investment, and their suspicions are statistically confirmed on both counts. But the link is also made at a general level elsewhere. Binswanger et al (1995) argue that there is necessarily a "social cost of delayed [land] reform" (2690), an argument based on the generalisation that the social costs of failing to reform have often included peasant uprisings and civil war (ibid.). A number of very cursory country case-studies are appealed to in order to back up this claim - including Mozambique, Zimbabwe, Guatemala and El Salvador, Peru and Colombia - without exploration of the complexities of any of these conflicts.⁷ In trying to trace a comprehensive list of factors that might be included in a model of the economic causes of "complex humanitarian emergencies" Nafziger (1996) cites Alesina and Perotti and also asserts that inequality is a likely cause of conflict, but distinguishes between cases where this might be in the context of rapid growth (Nigeria) and those in the context of stagnation. One should, however, note that Alesina and Perotti (1994) do not themselves explicitly confront a relationship between inequality and civil war, but restrict their inquiry to the hypothesis that the greater the inequality the more likely political instability is.

A particular application of the recent literature is contained in work on the economic consequences of the peace settlement in El Salvador (e.g. Boyce, 1995). Some of the contributors to this work explicitly relate their analysis of the causes of the Salvadoran conflict and its post-war implications to this endogenous growth/new political economy literature, reporting the "results" of Alesina and Perotti (1994) and Rodrik (1994).⁸ From this perspective the "truth" of the Salvadorean political economy, as revealed in conflict, is ignored by unimaginative economic policies accompanying the peace deal, that promote productivity increases and export orientation only on the basis of low wages (labour market "flexibility"), rather than

⁷Myers and West (1996) also invoke the threat of rural disturbances as a consequence of unequal distribution of landholdings in Mozambique, though again with little hard evidence to support the warning; c.f. Cramer and Pontara (1997).

⁸Rodrik (1994) concludes that those countries with more equal land and income distribution have faster growth and that widespread access to land and education encourage investment.

by means of technological change and rising real wages and employment, i.e. rather than a more inclusive strategy taking into account the large-scale social exclusion that contributed to the conflict.

But while some of the contributions on El Salvador stress the inequality-conflict link more than others, it is clear that there are other factors beyond inequality that have been critical to the conflict, and that, indeed, remain critical to the country's prospects for political stability. One other aspect is the role of migration as a form of "Exit". It will be clear below that exit and the lack of exit have been important to the unfolding of conflict elsewhere; and, indeed, that categories of exclusion and inclusion (categories that do not neatly map onto Exit and Voice) may be more useful - if even less amenable to quantifiable and predictive analysis - than that of inequality. Paus (1995) argues that the abundance of foreign exchange in El Salvador, thanks to external assistance and remittances from migrant workers in the USA, has not only prevented an import shortage but has cushioned political pressures, chiefly because remittances have mitigated the erosion of living standards of the poor. She argues that a sharp decline in remittance revenues might push the country backwards politically, unless the promotion of own-earned export revenue is based more on the development of domestic technological capabilities and less on squeezing comparative advantage out of cheap labour.⁹

Like the character in Sciascia's story, there is a tendency in a range of recent work to dramatise the source of conflict in extreme polarities, to portray conflict as a function of sharp difference. But this obscures the fact that in most civil wars in LDCs people are usually fighting others not much different from themselves; and where violence is carried out in the name of inequality, frequently it is localised score-settling over relatively modest degrees of inequality, whatever the rhetoric of those mobilising this violence. This has certainly been true of cases discussed below, including conflicts in Rwanda, Mozambique, and Central America.

3. RECONSIDERING THE DISTRIBUTION/CONFLICT THESIS.

3.1 Complex relations between distribution and conflict

It is necessary to consider a little more closely the reasoning and evidence for a general presumption that distributional crises "lead to" conflict in the way suggested

⁹In this connection it is significant that the Clinton administration signed tougher immigration control legislation in 1997 (Financial Times,).

by cross-country econometric analysis. For reporting the results of this econometric literature and then appealing to one aspect of the history of one country, for example El Salvador, to bolster a causal interpretation of the econometric results, does not amount to a reliable "proof" of a law revealed by the event regularity (albeit probabilistic) suggested by this round of econometric exercises.

Queries about the empirical work in some of the recent growth, distribution and conflict literature concern the directness and direction of causality between unequal distribution (of income and/or particular assets such as land) and conflict or political instability, the fuzziness of the definitions of inequality for causal purposes, and the implication in virtually all recent literature by economists that political instability and/or conflict are necessarily and exclusively negative experiences for a developing country.

Regarding the direction of causality, the possibility of a causal relationship (not a predictable one, however) running in the other direction, i.e. from instability and conflict to changes in distribution is suggested below (Section 4). Alesina and Perotti (1994) hedge their model around with enough qualifications and marginal remarks about vicious circles to avoid an outright presumption of a rigid, linear causal relationship; nevertheless, their argument does convey support for a fairly one-way causal link, and others have taken this from their work while leaving aside the qualifications.

But a few other points may be made here. It often appears from the literature in development economics on distribution and growth that inequality is something that, if it can be conquered, can be conquered once and for all. Yet the reality of most societies is that as they evolve, usually awkwardly and at whatever pace, the experience of change provokes a series of waves of inequality, sometimes of a kind that is captured by aggregates of percentile shares of national income, sometimes spatially defined, sometimes perhaps ethnically or religiously, and so on.¹⁰ The classic cases where development combined with or even achieved by means of a record of low inequality - such as Sri Lanka - tend to confirm this idea; in other cases, such as South Korea, it may be significant that the potential for political tension arising from regional and other forms of inequality is diluted by the national contrast and concern with North Korea.

¹⁰c.f. Hirshman (1995).

In other words, it is not clear that there is any reason to expect that a developing country can erase, once and for all, income or asset distribution inequality and then hope to carry on growing without any further inequality or political instability.¹¹ Furthermore, the bias of most recent literature on the growth-distribution relationship is towards a suggestion that, the Kuznets inverted-U curve having been discarded, LDCs can all equally avoid income inequality as they seek rapidly to industrialise and develop, by means of appropriate investments in education and land reform. Yet, however appealing this idea is, a closer reading of capitalist development since the Second World War suggests that those countries that have managed to combine effective industrialisation with a good record of stable or improving income distribution have done so in very particular political and historical conditions.¹² Moreover, of some significance for the discussion in this paper, these conditions have generally included intense political instability or warfare (see below).¹³ And while data reveal little serious degree of distributional inequality in South Korea, for example, they do not capture common experiences of inequality in South Korea.

Inequality of income or asset distribution (in which assets typically refer to land above all) ought to be what can be termed a source of divisible conflict, i.e. a contest over more or less, as opposed to a non-divisible (either/or) conflict.¹⁴ Yet it is not clear in most of the literature that examines the relationship between distribution and economic development whether analysts mean solely income/asset distribution or these forms of distribution combined with other forms of distribution, or these forms of distribution combined with other, separate factors. For income/asset distribution might have variable political consequences depending on how it is perceived in a particular temporal-spatial context and on how it is affected by other factors in a political economy: i.e. the economic data can express a varying range of socio-economic realities, further undermining the notoriously unreliable comparability, on

¹¹Indeed, there has been evidence from the UK and USA that far from smoothly continuing its modern development along the latter and perhaps flatter slopes of an inverted-U relationship between growth and inequality, inequality has increased in recent years: for discussions of trends in US earnings and family income inequality and their various causes, see the Spring 1997 issue of the *Journal of Economic Perspectives*, for example Gottschalk (1997).

¹²Moreover, much current literature seeks to establish a conventional wisdom that while investment in education and primary health are important to securing growth without distributional inequality these investments will only have such an effect in combination with "sound" macroeconomic policy management, a free hand given to the price mechanism in domestic markets, and sufficient international "open-ness": neither the economic content of injunctions to open-ness or 3 per cent rules for budget deficit: GDP, nor the empirical record of economies such as Taiwan and South Korea, really bear out the programme suggested in this literature: c.f. on the difficulty of measuring "outward orientation", one current rhetorical obsession of the mainstream, Pritchett (1996).

¹³See Bowman (1997).

¹⁴See Hirschman (1995).

simply technical grounds, of income distribution data.¹⁵ These other factors may include not only the rate of economic growth and the degree of labour absorption, but also the significance of religious and/or ethnic differences, the nature of a society's integration into international social, intellectual and economic interactions, the strength of institutions and "voice" mechanisms or indeed the availability of "exit" options, the repressive power of the military, or the degree to which there is an entrenched and historically reproduced pattern of violence in socio-economic relations.¹⁶ To put it bluntly, two low-income economies with similar degrees of income distribution inequality as captured, perhaps, in a Gini-coefficient, may not produce the same degree or kind of political instability, if any.¹⁷ Furthermore, often the most intense "distributional" political tensions are fought out over the more localised and minor inequalities rather than the extreme polarities of, say, the ratio between the share of income accruing to the lowest 20 per cent of the population and the highest 20 per cent. Thus there was a strong element of local "score-settling" in the violence unleashed in the Rwandan genocide (African Rights, 1994; Andre and Platteau, 1996).

If inequality of distribution does lead to instability and conflict, then, one needs to explain further why this is so, since it is unlikely to do so all by itself. The explanation may lie in an exploration of why a society is not capable of resolving a divisible conflict, when one might expect this more/less conflict to be amenable to negotiation and compromise.¹⁸ This partly involves exploring cases where a divisible conflict interacts with a non-divisible tension; and partly it involves exploring where and why a divisible conflict not only has a non-divisible component but actually becomes non-divisible.¹⁹ Arguably, none of this can be easily deduced from a theoretical, ahistorical model, however sophisticated its array of variables.

¹⁵On the difficulties in comparing income distribution data across countries, see, for example, Paukert et al (1981) and World Bank (1997).

¹⁶ Thus conflict, as well as more obviously constructive observable events or patterns such as the enduring keyboard "QWERTY" layout or the domination of an industry by one geographical region internationally, may be the result of a degree of "path dependence"; for a discussion of the socio-economic relevance of path dependence see Lawson (1997) and David (1986).

¹⁷Furthermore, two countries with identical changes in Gini coefficients over time can have been experiencing vastly different processes of income distribution affecting different groups in different ways; see Kakwani (1980).

¹⁸On the concept of divisible and non-divisible conflicts, see Hirschman (1995): Hirschman does acknowledge that the distinction may not always be very clear and he points out that divisible conflicts can have non-divisible components, such as when striking workers in Latin America proclaim that they are fighting not just for higher wages but also for *respeto*, withheld allegedly by a racially/ethnically distinct ruling class.

¹⁹For if progressive change or new constructive ways or organising or producing things can become second-nature, to draw on another Hirschman concept, then there is no reason why negative patterns or violent relationships cannot also become repetitive, compulsively entrenched in social relations and institutions.

Certainly, a cursory inspection of distribution data - abstracting momentarily from the high degree of incomparability and national-level unreliability of data - does not present a striking correlation of higher degrees of inequality with level or type of political conflict. Table 1 presents inequality data for those countries that had particularly high casualties in "humanitarian emergencies" during 1992-94 and for which there are inequality data readily available, together with data on some other countries.

Table 1: Income distribution for selected countries	
	Gini index
<i>1992-94 Countries with humanitarian emergencies</i>	
Algeria	38.7
Guatemala	59.6
Rwanda	28.9
Sri Lanka	30.1
Colombia	51.3
Peru	44.9
South Africa	58.4
<i>Selected other countries</i>	
Pakistan	31.2
Brazil	63.4
Tanzania	38.1
Korea, Republic	35.7
Bolivia	42.0
Chile	56.5
Cote d'Ivoire	36.9
Ghana	33.9
Kenya	57.5
Zambia	46.2
Zimbabwe	56.8
Guinea-Bissau	56.2
Sources: World Bank (1997); Nafziger (1996), Chowdhury and Islam (1993).	

If we are to expect some kind of predictable pattern, a probabilistic event regularity according to which the more unequal a country the more prone to violent political instability, then this table is not very comforting. Algeria ought to be far more stable than Guatemala, Colombia or South Africa, certainly less unstable than Brazil, Chile, Kenya, Zambia and Zimbabwe, and clearly more unstable than Rwanda, Sri Lanka and Ghana. Rwanda and Sri Lanka ought to be among the more stable, less violent LDCs. Zimbabwe should be about as prone to violent instability as South Africa and

far more so than Ghana, Rwanda, Colombia and Algeria. Meanwhile, though data are not included in the World Bank's World Development Indicators it has been estimated that Malawi may suffer the highest degree of inequality in the distribution of income in Africa, including South Africa, and certainly is amongst the most unequal countries in the world²⁰: yet Malawi has been, till the early to mid-1990s, one of the most politically stable of LDCs, and the recent political changes there appear to have been achieved with a fairly modest amount of violence. Pakistan should be among the more stable countries politically. And Brazil should be, obviously, more prone to instability than any other country. Clearly, Brazil has experienced significant political instability, but this raises two further problems: what time-frame and lags should be factored in to a model relating inequality to political instability; and how is political instability to be defined, where are the distinctions between violent deaths from crime and those from politically related activities, how does one measure repressed or latent political instability other than highly subjectively, and does one regard extra-parliamentary but unarmed opposition political movements, such as the Movimento Sem-Terras (MST) grouping of landless Brazilians, as indicators of political instability or not? In short, it is doubtful whether any principal components concoction of a "socio-political index" could resolve the very basic empirical questions raised here.²¹

Furthermore, again with the proviso that the data are not very trustworthy, it appears that income distribution improved in Sub-Saharan Africa from the 1960s to the 1980s, with the share of the lowest quintile in national income rising from 2.8 per cent to 5.7 per cent and the highest quintile's share falling from 62.0 per cent to 48.9 per cent; in Latin America and the Caribbean the share of the lowest quintile remained stable while that of the highest quintile shrank from 61.6 per cent to 52.9 per cent (World Bank, 1997). Yet conflicts have proliferated since the 1960s in sub-Saharan Africa rather than declined.

It is worth exploring a little further one or two case studies, since it is the historical political economy of individual countries that gives rise to the issues discussed above. Here we shall abstract from external intervention in these conflicts. This is not because such intervention was of no importance; but, rather, because a strong case can be made to suggest that this external intervention has frequently been stressed to the exclusion of the domestic factors that usually are necessary to explain, as it were, the distribution of the flows of international meddling; nevertheless, it is clear that

²⁰c.f. Hanmer et al (1997, 4.6).

²¹For some information on the MST see Petras (1997).

external relations play a role in provoking the conflictual potential of inequalities. The following sub-sections emphasise the role of a number of combined factors, including exclusion by the state, economic crisis, the mobilisation of the poor towards violent causes by sections of the "non-poor", and the role of "identity" in dramatising the political economy of distributional issues.

3.2 Rwanda

The conflict in Rwanda has often been seen as the epitome of an outburst of irrational African backwardness. But that conflict emerged out of a historical political economy that, combined with more proximate developments since the late 1980s, generated a climate in which quite extraordinary violence was unleashed. There are a number of themes in this background that deserve to be highlighted. The foundation of the Rwandan state has for a long time been the monopoly of power by one section of society to the exclusion of another (Newbury, 1988). These groups, of course, are usually thought of as ethnically distinct - i.e. the Tutsis and the Hutus. But it is important to acknowledge that these very categories have material and class origins, that until relatively recently they allowed for "cross-border traffic", and that there is virtually no genuinely "ethnic" distinction between them (Mamdani, 1996; Prunier, 1995). The distinction between Hutus and Tutsis, and the exclusiveness of this distinction, hardened during the colonial period. The only difference achieved by the 1959 revolution in Rwanda was to swap round which group held onto the monopoly of power, not actually to alter the foundation of the state. Violence and pogroms after this revolution also confirmed a path of violence in Rwandan social relations that has shaped developments since. Hardened identity politics and an exclusivist state clearly dramatised distributional questions within Rwanda.

Towards the late 1980s various other developments took place within this context. First, a number of exiled Tutsis who had played a significant part in Yoweri Museveni's successful bid for power in Uganda were, after Museveni came to power, excluded from enjoying the benefits of the new regime by a law that forbade "foreigners" from owning land in Uganda. This appears to have had the effect of sharply reducing the opportunity cost, among this relatively organised and militarily capable group, of attempting to force their way back into the Rwanda from which their families had been ejected or had fled after 1959 (Austin, 1996). In other words, the Exit option was cut off. This group formed the Rwandan Patriotic Front (RPF) and in the early 1990s invaded northern Rwanda. Within Rwanda there were also changes. During the late 1980s the international coffee price slumped, with a direct

impact on the livelihoods of many small coffee farmers. Average land holdings had over time been shrinking, while there had not been an effective strategy either to plough coffee profits back into the expansion of primary commodity exports and processing or into the expansion of labour demand in industry. Furthermore, the Hutu extremist government was under pressure to "democratise".

It was within this climate of change and economic pressure that the ideology of Hutu Power evolved into a new extremism. The participants in the genocide were mobilised with promises of the redistribution of employment and education opportunities as well as with land. In short, the genocide could be seen as an extreme type of pre-election budgeting, under conditions of very scarce resources. While Rwandan society has never been riven by Latin American extremes of inequality in terms of asset and income distribution, the political history of the country made it possible for a threatened elite to dramatise (and in the process displace) a political and economic crisis in terms of a stark image of unfairness (i.e. that Tutsis, though officially marginalised, still monopolised the best education and employment opportunities). In other words, distribution of a kind was appealed to but in reality was not the root cause of the conflict, that relied on a coalition of perceived and actual material interests with cross-class (or, in the clean language of income distribution, cross-quintile) collective identity ties and histories. It should be noted, however, that this planned, mobilised violence was directed not exclusively at Tutsis but also at non-extremist Hutus (African Rights, 1994; Prunier, 1995).

3.3 Mozambique

Shifting to another case, that of Mozambique, there certainly were features of the domestic political economy (combined with the heritage of Portuguese colonialism) that helped to stoke a war that also owed a lot to fomenting activities of Rhodesian and then South African security forces. But distribution in the usual sense was probably not the major factor: indeed, although there are serious misconceptions in the image, Mozambique after independence in 1975 was often portrayed as a particularly "egalitarian" society in which poverty was at least shared by virtually everyone. Other factors were more important. One was the combination, in the Frelimo run state, of coercive and exclusive mobilisation with dramatic economic policy failure. The exclusiveness took the form of a nationalist project that was determinedly modern (at any rate, anti-traditional) in its form: Frelimo's nation building ideas amounted to treating the country and the population as a *tabula rasa* onto which it could project a vision of virtually immediate transition from indigence to successful socialism. Among the clearest examples of Frelimo's coercive vision

were its villagisation strategy and the infamous *Operação Produção*, in which the party rounded up what it took to be urban miscreants, but were typically the unemployed victims of the party's own failures, and dispatched them summarily to the economic frontline of the massive, stagnating state farms. Both policies, and especially the failed villagisation policy, generated immense resentment.

Ethnicity did not play nearly as sharp a role as in Rwanda, but a broader hardening of identity differences was significant in the production of a context for extreme violence. The rebel force, Renamo, whatever else its failings, managed quite successfully to attract support on the basis of being the opposite of Frelimo: that is, not rejecting so-called traditional customs and authorities, not dismissing religion, and not being Southerners. Again, economic stagnation and decline, more directly the extreme poverty of millions of people throughout the countryside, many of whom had been forced to live away from the villages, fields and cashew orchards they knew, or who were drafted in as labourers on the spectacularly mis-managed state farms, probably reduced the opportunity cost of accepting violence.²² Social and economic differentiation, rather than clear distributional issues, did not generate the conflict but they did play a significant role in influencing the pattern of recruitment, both voluntary and forced, by Renamo. For it has been observed that those with larger landholdings closer to village centres found it easier to move to more secure towns when the war edged closer, and that the poorer, more marginalised people who were left behind were easier prey for Renamo forced recruitment tactics and, also, some of them, especially youths, may have seen taking up arms as a relatively "rational" survival strategy, physically and economically.

3.4 Angola, Chiapas, elsewhere.

One could very easily draw on a number of other examples. The war in Angola, for example, shared many features with that in Mozambique, though it differed in that the fight for independence was itself more bitterly contested; and behind this lay a sharper separation of three inchoate collective identities formed by a coagulation of historical ties, particular and distinct circuits of economic activity and the infrastructure of movement, and different domains of religious denominational control and education of what would evolve into proto-nationalist Angolan elites (Birmingham, 1992). Recent warfare in Sierra Leone has similar elements: a sharp

²²The more recent literature on Mozambique makes it clear that to a large extent rural Mozambicans allowed Renamo activities in some areas rather than actually courting or instigating them (see, for example, Geffray, 1991). Moreover, one should be careful in assuming that Renamo represented the marginalised, the bottom of the distributional ladder: on the one hand, principally Renamo was shaped by wealthy foreign interests; on the other hand, its preferment for traditional values and the like meant that it served the interests of older rural elites such as village elders.

economic decline, the exclusion of one particular region by shutting down transport links to it, increasing unemployment of youth and insecurity in the wake of the departure of foreign mining companies, and the collapse of an education system once held up as a defining feature of national cohesion and advance (Richards, 1996). Another recent war, if it can genuinely be called a war, is the uprising in 1994 in Chiapas in southern Mexico. Added to a history of exclusion from the benefits of industrialisation in Mexico for the Indians of Chiapas, which had a distributional and class element as well as an identity element, there were particular moments of economic crisis and state exclusion that seem to have nurtured a readiness among thousands of *campesinos* to take up what paltry arms were available: for example, these peasant farmers were also hit by the steep drop of coffee prices in the early 1990s, to which the government, which had encouraged them to shift into coffee planting, responded by refusing to subsidise their survival of this price fluctuation (Guillermoprieto, 1995). Yet again, however, the Chiapas uprising was not a spontaneous outburst of the oppressed but a carefully prepared and staged event created in the minds of an embittered group of relatively elite ideologues.

Again, the concept of exclusion appears more useful than that of income distribution, and it is a concept that can encompass income distribution inequality but as one among a range of factors important in generating political instability and conflict. Moving beyond the more functionalist distribution-conflict analysis of El Salvadoran history, Paus (1995) suggests that the route to economic consolidation of the political peace in El Salvador lies in a shift towards a more inclusive policy framework for export promotion, based on improving productivity and competing internationally less on low wages and more on competitive real exchange rates, the structure of incentives and development of market knowledge. She argues that "exclusion is anathema to maintaining political stability". This is not identical to large-scale redistribution, especially of land, though it may include some income redistribution in time.

Another instance of violent instability was the anti-Muslim pogrom in the Indian city of Surat (in Gujarat) in late 1992. This has been seen as an arbitrary outbreak of irrational violence, vaguely related to poverty. But it has also been argued that the violence was clearly explainable, again not precisely in terms of distributional polarities but more in terms of social and material exclusion mixed with identity politics and mobilisation by sections of the non-poor. Breman (1993) argues that anti-Muslim violence perpetrated by migrant labourers from Oriya in Surat has to be understood against a background of extreme deprivation, the stripping of ties of

identity, and social and material exclusion in the midst of a phenomenally growing city. "To my understanding", writes Breman, "the city became fertile soil for such a disaster because the political climate has accepted no restrictions to the informalisation of the rapidly expanding economy". Footloose proletarians were deprived of "the minimally required stability that makes a social system worthwhile to belong to". Exit was not an easily available option since these migrant labourers had already exited their home areas and depended on staying in Surat; voice was constrained also but was displaced into vicious sectarianism once mobilised.²³

To sum up: if we look at a number of conflicts in developing countries in recent years, it is far from obvious that sharp unevenness of distribution of assets and income will necessarily generate conflict; and if income inequality is a necessary precondition of violent instability it is far from sufficient. This is not to say that distribution does not have a say in the descent into war: it may do, but is likely to have a smaller role in some conflicts than in others. The point is that a number of other features appear to be critical to the outbreak of, or build-up towards, a civil war. An extreme form of exclusion from the benefits of development, usually an exclusion at least permitted by the state, typically plays a role. But this exclusion cannot be reduced itself to distribution: to have sufficiently "generative" power, it seems to need to be cast in terms of identity difference. Perhaps in developing countries, where capitalist class formation is very much work in progress, class distinctions and their material parameters are not powerful enough to stimulate the logical class conflict dreamed up by Sciascia's reluctant falangist (except in the minds of disaffected bourgeois, see below). Moreover, it seems that rapid and severe economic decline is as important, as a precursor to conflict, as distributional crises. Lastly, mobilisation by a section of the elite is critical (the Hutu powerful threatened by pressure to democratise in Rwanda, African nationalists rejected by Frelimo and backed by foreign forces in Mozambique, discrete mission educated elites in different parts of Angola, radical sons of cabinet ministers in Chiapas).

All these factors point to a need to dismantle the dramatic clarity of Sciascia's image of civil war with which we began and to stay clear of the crude functionalist relationships implied by some recent literature on growth and distribution (where "political economy" is a matter of including more variables in econometric models, reducing political economy to event regularities by capturing complexity in a variable

²³Mobilised it apparently was: Breman claims there is evidence that migrant workers were told where Muslims lived, that petrol, iron rods and knives were distributed to the mob and that migrants were promised housing plots at cheap rates and were bought with ration cards issued by small traders allied to the BJP.

like the number of politically motivated assassinations). For generally these wars have involved people fighting people not much different from themselves, often led by the very people whom they ought perhaps to be fighting; though of course there is always also highly localised score settling in such wars, which tends to play on relatively small differences in wealth and power rather than on the larger distinctions dramatised by Gini coefficients. It should also be clear that each of these wars unfolded and gestated in a highly individual way: despite the attempt to stylise certain common features, we should be very wary of assuming there are clear, regular relationships between observable and quantifiable variables such that a particular value for one is associated with the especially violent expression of tension.

4. Does Conflict Cause Worsening Distribution?

4.1 Hurting the poor and providing opportunities for accumulation.

The interlinkages between distribution of income, political tension and conflict, and growth are clearly very complex: as well as considering how distributional unevenness might or might not directly provoke conflict it is interesting to consider another potential linkage. For conflict might itself affect distribution, in both the short and the longer run. The effects of war are reckoned broadly to be negative: war involves the destruction of infrastructure and hence the fragmentation and isolation of markets; war directly damages productive forces by killing and maiming individuals and by impeding agricultural and industrial production, by severing ties between, for example, labour and land through the strewing of land mines, or between industrial plant and agricultural inputs, and by typically draining foreign exchange away from productive usage. Health and education networks are starved of resources and frequently actually destroyed. Thousands, in cases like Mozambique millions, of people leave their rural homes and either move to refugee camps in neighbouring countries or move to other areas of their own country. In short, it is commonly presumed that war exacerbates poverty and the causes of poverty.

Meanwhile, wartime shortages and heightened risk create high return opportunities for those who can or are prepared to exploit them: hence, typically during wartime a small number of people succeed in accumulating wealth, while since public accountability is often another casualty of war those with close connections to the state may find a greater freedom of movement for corruption or wartime rent-seeking of one variety or another. Since the accumulation and commerce that does flourish in wartime conditions is usually unregulated (at any rate in LDC civil wars), the

progressive distributional possibilities of expanding wage labour employment are more remote; and wealth accumulated may often not be re-invested domestically but spirited out of the country. Altogether, wartime creates a perfect climate for flourishing inequality of distribution.

Evidence for this kind of dynamic can be found, among other places, in Mozambique. For example, Chingono's (1996) work on survival strategies in Manica Province during the civil war reveal economic activity that, in its "vicious market fundamentalism" was close to the violent predatory nature of Renamo rebels' reproduction, that in itself was a kind of violent parody, arguably, of Frelimo's own coercive and essentially unproductive economic policies. In this sense, aggressive forms of what Chingono calls a "grass roots war economy" revealed a profound structural crisis in the economy, making for one aspect of the protracted *hora de la verdad* that was the Mozambican war. Those who either had close bureaucratic connections to the state, such as those with easy access to second-hand clothes donated by overseas aid agencies and known as *calamidades*, or who were prepared to accept risks, such as truck driving on perilous rural roads, were able to forge varying degrees of economic success in the large shadow cast by the increasingly small official economy. Moreover, the state was completely unable to enforce labour laws and the labour movement itself was in decline: the wartime entrepreneurs enjoyed a super-exploitation of labour that bordered, according to Chingono, on slavery.

Now, for Chingono war creates social differentiation and inequality. However, arguably this analysis underestimates the degree to which there was already a process of differentiation and uneven capitalist development underway during the colonial period, i.e. before the post-independence civil war (Wuyts, 1986; Hermele, 1990; O'Laughlin, 1996). If we view wartime differentiation in this context, then the political economy of war can be characterised as an acceleration and exaggeration of trends and patterns that were present in some form before the war. War, in other words, acts on and dramatises features of a particular political economy as well as itself being partly generated by that political economy.

4.2 How indiscriminating is war's impact on the poor?

Nevertheless, even this notion needs some qualification and will in reality vary in significance between conflicts. While it is common sense that war in a developing country without a productive and employment war-related boom tends to damage the

material prospects of the majority of people, we should be careful not to apply this assumption uncritically to all situations. For one thing, as already suggested, empirical estimates of the cost of war are extremely difficult to substantiate, especially since war tends also to increase the extent to which a considerable portion of economic activity goes wholly undetected by statistical observation. Nor is evidence of mass population movement necessarily or exclusively an indicator of immiseration. There is evidence, for example, that thousands of female refugees from war in Mozambique are employed as farm labourers in the successful exporting citrus, tomato and avocado farms of Mpumalanga Province in South Africa; and that while their conditions of employment are appalling they may well be better off than they would be eking out a smallholder's livelihood on the margin of survival in southern Mozambique (Sender and Johnston, 1996; Standing, Sender and Weeks, 1996). This example is also another aspect of war not setting in motion social and economic processes but rather bringing about their acceleration; for labour migration from southern Mozambique to South Africa and other neighbouring countries is a long-established feature of Mozambique's economic integration into the region. Lastly, if we wish to think of war as immiserating it is necessary also to consider that poverty has usually also been exacerbated by state policy prior to the war. In such circumstances it is not always easy to distinguish between the "impact of war" and the impact of policy.

5. Is Instability/Conflict Bad for Growth?

5.1 War and long-run growth prospects: the possibility of catharsis.

The idea that maldistribution "produces" political instability and conflict brings with it the suggestion that this conflict, socially disruptive and a deterrent to investment, undermines growth. Certainly the standard work on the political economy of war in LDCs assumes that war damages growth prospects, with some explicitly arguing that the damage necessarily lasts long after the end of the war (Green, 1991). At its most assertive, this approach makes for quite grand counterfactual statements such as that: "in the absence of war Tanzania would probably have had a growth rate of GDP which was higher by 2 or 3 per cent per year from 1979 onwards" (Green, 1991, 243); or the assessment that the costs of war in Mozambique and Angola in the 1980-86 period amounted to "\$5,500 million for Mozambique and \$13,000 million for Angola...assuming non-war growth rates of 5 and 8 per cent respectively" (Green, 1991, 252).

But, firstly, to the extent that war is rooted in the political economy of a particular country, and hence more than just an interruption of an otherwise smooth, workable, peaceable and stable trajectory, it may be naive to attribute slower growth simply to war itself. For if war is some kind of "moment of truth" reflecting underlying tensions and obstacles to development, then presumably long-run growth prospects are already damaged by those underlying constraints and the earlier failure of the state and/or society to overcome them.

Secondly, there may be senses in which a war provokes consequences that support faster growth, either during or after the war. For example, part of the war costing exercise usually involves highlighting the deterioration of infrastructure such as ports, railways and roads, either through direct war damage or the indirect effects producing a non-replacement of capital stock and a lack of maintenance expenditure on infrastructure. Yet, as in Mozambique, the war may stimulate a massive inflow of foreign aid, much of it directed towards infrastructure rehabilitation, and it could be the case that this helps to produce a far more effective upgraded infrastructure than would otherwise have been developed in the short or medium term. Another example, requiring more research, would involve the stimulation to the development of capitalism through access via the state in wartime to opportunities for commerce and accumulation.

Conflict is typically though not explicitly seen in development economics to epitomise the imperfections and distortions of market conditions where development is regarded as a matter of moving towards greater and greater market perfection. Yet an alternative view of development is of a process of *cultivating* effective market distortions, or accumulating "competitive assets" that enable productive success (Amsden, 1997). Such assets and distortions - or at any rate free market violations - emerge from economies of scale and scope, and also from securing and then maintaining a competitive know-how edge and/or creating brand magnetism among consumers (nationally and in international markets); their formation traditionally has involved not just the innovative activities of isolated individual firms left well alone and encouraged by the "right" price signals in product, input and capital markets but also close and constructive state-business relations. From this perspective wartime controls and relations need not be so obviously anti-development. For the social ground upon which these competitive assets have been built by particular individuals, firms and institutions has itself, in successfully industrialised nations, taken time to form, time that has often involved different kinds and degrees of conflict and instability.

LDC war economies tend to be different from the war economies associated with industrialised nations fighting international wars, in that LDC war economies are not manufacturing munitions, uniforms, military hardware and equipment (though some have done so more than others); they are often not turning already existing industrial enterprises towards the war effort in the same way that British or German firms, for example, produced for the two world wars of the twentieth century. But they nevertheless do involve controls and attempts at mobilising the economy towards the purpose of victory in conflict or over destabilising opposition. And mobilisation efforts during conflicts create a basis for emerging social relations, for example between the state and firms, that may have a productive pay-off later.

Even where the single minded mobilisation of the economy fails, this failure may nevertheless represent part of the learning process that is common to development. Through economic reforms or post-conflict changes, there may remain links between state and business that can be mobilised, to different ends, more effectively. It should also be said that those that "do well out of the war" are not always *arriviste* speculators enjoying profitable spoils of trade in the interstices of state controls; frequently they have close ties to state personnel and institutions or are indeed part of the state apparatus. The extreme conditions of conflict may well provide opportunities to accelerate the learning process that provokes effective state-business relations and the productive exploitation of market advantage.²⁴

Lastly, and more grandly, conflict might act as a kind of cathartic provocation enabling a realignment of political and economic forces that, on the one hand, might have taken far longer to achieve under peacetime conditions and, on the other hand, might improve the growth prospects of the economy as well as the progressive and distributional potential of that growth. Boyce (1995) acknowledges that the "economic, political and social changes wrought by war have created the opportunity to at last redress [the extreme] inequalities and thereby lay the foundation for a more stable and prosperous future". This idea is a familiar one. For example, it has been argued that defeat in war for Spain against the USA in 1898 forced the Spanish to

²⁴It is no secret that in Mozambique, for example, many of those who have accumulated large landholdings and managerial positions in manufacturing firms in the aftermath of war and tried socialism - the double, and doubly failed, mobilised economy - are members or previous members of the state elite: they also have competitive assets taking the form, for example, of the know-how necessary to negotiate not only the labyrinthine state bureaucracy and its gaps in coverage but also the predilections of the enormous array of international donor organisations. In some senses, however, a war economy of sorts appears to endure beyond the peace, in which members of the state apparatus, and the military in particular, are busy exploiting competitive advantages in the regional Southern African and international markets for used military ware, stolen cars, and drugs (see Ellis, 1997).

abandon what was anyway a diversionary reliance on Cuba and the Philippines and to concentrate their energies on domestic change (Gibson, 1989). Conflict in Korea, in Greece, in Costa Rica during the twentieth century arguably had, or permitted, such a catharsis, enabling a radical shift in the balance of political forces and paving the way for, among other things, a more even distribution of income and a range of growth-promoting policies (Bowman, 1997). Similarly, it could be suggested that the intensity of the Rwandan genocide or the protracted conflicts in Angola and Mozambique could pave the way for the reformulation of the basis of the state and the content of "nation-ness" in these countries.²⁵ Therefore, if there is a cathartic potential we should be wary of assuming simple, regular patterns of influence of conflict on long-run growth. Nevertheless, an effective developmental catharsis is only a potential: there is no *a priori* guarantee that it will actually occur. Any number of factors - some more structural, some more proximate or propagatory - may divert or enhance this cathartic potential in each country.

This argument suggests that it is not exclusively in liberal pluralist societies that social conflicts of a clearly divisible and hence negotiable nature can paradoxically have constructive effects and may even be a systematically useful social adhesive agent (Hirschman, 1995). Furthermore, it is not clear that instability, politically and economically, is obviously a deterrent to growth; since economies such as Germany, Japan and the USA have experienced periods of heightened innovation and change precisely in conditions of instability of some degree (Elliot, 1997).²⁶

6. Conclusion: crisis, structure, relations

Clearly, there are interlinkages between distribution, conflict and growth. But these interlinkages are complex and cannot be read off or predicted from any convincing repeated empirical relationship between variables loaded with too much and often unclear meaning (often also filled by unreliable data). This argument may be one

²⁵Nation-ness (see Anderson, 1983) is a complex and more than local collective identity and is hence to some degree imagined; its conception and definition take place in two dimensions or projects at least, the popular and the official, and rather than being something immutable and inevitably fixed it appears to require constant sustenance and reconstitution, even change, by means of a variety of rules and rites; among the wide literature relevant to this concept see also Nairn (1994) and Colley (1992) - the latter especially gives insights into the relationship between conflict and the construction of British nation-ness. Despite the widespread fascination with "globalisation" there is a strong case for arguing that many or most LDC civil wars are essentially conflicts over the tensions of lateness, both in the sense of late industrialisation and in the sense of the late formation of nation-states.

²⁶Further examples of social tension and conflict of various forms arguably contributing to or provoking constructive social, political and economic change may include: links between industrial militancy and conflict in Sweden in the inter-war years and the formation of the so-called Swedish model; and the role of class conflicts and labour militancy in a context of social fragmentation in the formation of state-society "synergies" in Kerala, India (see Heller, 1996).

aspect of the larger argument that "political and economic progress are not tied together in any easy, straightforward, functional way" (Hirschman, 1995, 229) This paper has argued that the idea that inequality leads to instability or conflict and that conflict has exclusively negative effects on growth grossly oversimplifies the real relationships and the nature of their interaction, and can actually be misleading. There are clear counter-examples, such as India, which over a long period has combined highly unequal distribution of income and power with relative political stability; moreover, to the extent that there has been rising political instability in India recently, it is not clearly associated, certainly at an aggregate level, with a decline in investment or growth.

Maldistribution is not always necessary and is certainly not sufficient to provoke extreme instability. Where it is significant in the emergence of conflict, it is probably combined with low growth and sharp economic crisis before the war. It is also combined with other factors, including the political economy of identity relations, that themselves will not neatly fit into a quantifiable variable. Furthermore, where distributional issues are significant this certainly does not mean we can predict some cut-off point beyond which a given Gini coefficient (assuming the data are available and reliable) will be associated with a certain degree and form of instability or the outbreak of civil war.

Civil war is usually messier than the clear notion of a conflict between one class and another. Nevertheless, the idea of civil war as an *hora de la verdad*, a moment of truth, is genuinely useful. For the civil wars we have somewhat summarily discussed in this paper have indeed dramatised and helped to reveal underlying tensions in developing countries. In this sense, the political economy of civil war in LDCs may confirm Bhaskar's notion that "in periods of transition or crisis generative structures, previously opaque, become more visible" (Bhaskar, 1989, 48). From a long-run perspective, conflict as a revealing moment of truth is what gives it a potentially cathartic effect. This historical perspective is lacking among the ultra-pessimists of cost of war exercises. Moreover, an analytical approach that can conceive of such possibilities and complexities of outcome is clearly distinct from that adopted in recent econometric applications of so-called political economy, that appear to founder on the complexity of historical realities.

Finally, the arguments made in this paper suggest a need for considerable caution in the international application of supposedly equalising and stabilising policies, in the interests of political stability, peace and, somehow hence, growth. The appropriate

policies, in particular the appropriate and feasible policies, are likely to be specific to each country, though it is one implication of this paper that rather than hoping that growth will be spirited up from a prior set of conditions of equality, policies should focus on growth more urgently and seek to do so on a basis of inclusion, primarily through employment, rather than difficult-to-achieve redistribution of assets.

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