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Economic Causes of Civil Conflict and Their Implications for Policy

Paul Collier

THIS CHAPTER PRESENTS an economic perspective on the causes of civil war, based on empirical patterns globally over the period 1965–99. During this period, the risk of civil war has been systematically related to a few economic conditions, such as dependence upon primary commodity exports and low national income. Conversely, and astonishingly, objective measures of social grievance, such as inequality, a lack of democracy, and ethnic and religious divisions, have had no systematic effect on risk. I argue that this is because civil wars occur where rebel organizations are financially viable. The Michigan Militia was unable to grow beyond a handful of part-time volunteers, whereas the FARC in Colombia has grown to employ around twelve thousand people. The factors that account for this difference between failure and success are to be found not in the "causes" that these two rebel organizations claim to espouse, but in their radically different opportunities to raise revenue. The FARC earns around $700 million per year from drugs and kidnapping, whereas the Michigan Militia is probably broke.

The central importance of the financial viability of the rebel organization as the cause of civil war is why civil wars are so unlike international wars. Governments can always finance an army out of taxation, and so governments can always fight each other. The circumstances in which a rebel organization can finance an army are unusual. This is why my analysis is confined to civil war: what I have to say has little or no bearing on intergovernment war. Because the results are so counterintuitive, I start by arguing why social scientists should be distrustful of the loud public discourse on conflict. I then turn to the evidence, describing each of the risk factors in civil war. I then try to explain the observed pattern, focusing on the circumstances in which rebel organizations are viable. Finally, I turn to the policy implications. I argue that because the economic dimensions of civil war have been largely neglected, both governments and the international

community have missed substantial opportunities for promoting peace.

GREED OR GRIEVANCE? WHY WE CAN'T TRUST THE DISCOURSE

There is a profound gap between popular perceptions of the causes of conflict and the results from recent economic analysis. Popular perceptions see rebellion as a protest motivated by genuine and extreme grievance; rebels are public-spirited heroes fighting against injustice. Economic analysis sees rebellion as more like a form of organized crime. Either economists are being excessively cynical or popular perceptions are badly misled. I first want to suggest why popular perceptions may indeed be wrong.

Popular perceptions are shaped by the discourse that conflicts themselves generate. The parties to a civil war do not stay silent: they are not white mice observed by scientists. They offer explanations for their actions. Indeed, both parties to a conflict will make a major effort to have good public relations. The larger rebel organizations will hire professional public relations firms to promote their explanation, and the governments that they are opposing will routinely hire rival public relations firms.

Imagine, for a moment, that you are the leader of a rebel organization, needing to offer an explanation of your goals. What are the likely elements? Most surely, they will be a litany of grievances against the government, for its oppression, unfairness, and perhaps victimization of some part of the population that your organization claims to represent. That is, your language will be the language of protest. You will style your rebellion as a protest movement driven to the extremity of violence by the extremity of the conditions that "your" people face. Almost certainly, the government will have responded to your insurgency with an incompetent counterinsurgency campaign. "Almost certainly" because counterinsurgency is extremely difficult.

The most obvious difficulty that a government faces in counterinsurgency is getting its army to fight. People prefer not to risk getting killed. Governments try various economic incentives to overcome this problem. For example, in one recent African conflict the government decided to pay its soldiers a premium if they were in a combat zone. Shortly after this incentive was introduced, the war appeared to spread alarmingly. In previously safe areas rebel groups set off explosions near barracks. It transpired that government soldiers were probably planting these bombs themselves. However, the more serious problems occur when the government succeeds in persuading its army to fight but then lacks the means to control the behavior of soldiers on the ground. From Vietnam onward, the result has been atrocities. Rebel groups may even hope for government atrocities because the atrocities then fuel the grievances. This discourse of grievance is how most people understand the causes of conflict. A thorough analysis of the causes of a conflict then becomes a matter of tracing back the grievances and countergrievances in the history of protest.

An economist views conflict rather differently. Economists who have studied rebellions tend to think of them not as the ultimate protest movements, but as the ultimate manifestation of organized crime. As Herschel Grossman (1999, 269) states, "in such insurrections the insurgents are indistinguishable from bandits or pirates." Rebellion is large-scale predation of productive economic activities. I will shortly set out why economists see rebellion in this way and the rather powerful evidence for it. However, their view is so at odds with the popular discourse on conflict that there is a temptation to dismiss it as fanciful. The techniques of economics do not help its arguments: compared with the compelling historical detail produced by histories of protest, the economist's approach seems arcane and

technocratic. So, before I explain why economists see rebellion as they do, I want to show why the discourse on conflict cannot be taken at face value.

For a few moments, suspend disbelief and suppose that most rebel movements are pretty close to being large-scale variants of organized crime. *The discourse would be exactly the same as if they were protest movements.* Unlike organized crime, rebel movements need good international public relations and they need to motivate their recruits to kill. They need good international public relations because most of them are partially dependent upon international financial support. They need to motivate their recruits to kill because, unlike a mafia, a predatory rebel organization is periodically going to have to fight for its survival against government forces. A rebel organization simply cannot afford to be regarded as criminal: it is not good publicity and it is not sufficiently motivating. Rebel organizations have to develop a discourse of grievance in order to function. Grievance is to a rebel organization what image is to a business. In each case the organization will devote advertising resources to promote it. In the economist's view of conflict, grievance will turn out to be neither a cause of conflict nor an accidental by-product of it. Rather, a sense of grievance is deliberately generated by rebel organizations. The sense of grievance may be based upon some objective grounds for complaint, or it may be conjured up by massaging prejudices. However, while this distinction is morally interesting to observers—is the cause just?—it is of no practical importance. The organization simply needs to generate a sense of grievance; otherwise it will fail as an organization and so tend to fade away.

This interpretation of conflict is obviously not shared by rebel organizations or by the people who honestly support them: the justice of the struggle seems central to success. By contrast, the economic theory of conflict argues that the motivation of conflict is unimportant; what matters is whether the organization can sustain itself financially. It is this, rather than any objective grounds for grievance, that determines whether a country will experience civil war. The rebel organization can be motivated by a whole range of considerations. It may be motivated by perceived grievances, or it may simply want the power conferred by becoming the government. Regardless of why the organization is fighting, it can fight only if it is financially viable during the conflict. War cannot be fought just on hopes or hatreds. Predatory behavior during the conflict may not be the objective of the rebel organization, but it is the organization's means of financing the conflict. By predatory behavior I mean the use of force to extort goods or money from their legitimate owners.

The economic theory of conflict, then, assumes that perceived grievances and the lust for power are found more or less equally in all societies. Groups are capable of perceiving that they have grievances more or less regardless of their objective circumstances, a social phenomenon known as relative deprivation. Some people will have a lust for power more or less regardless of the objective benefits conferred by power. In this case, *it is the feasibility of predation that determines the risk of conflict.* Predation may be just a regrettable necessity on the road to perceived justice or power, but it is the conditions for predation that are decisive. Whether conflict is motivated by predation or simply made possible by it, these two accounts come to the same conclusion: rebellion is unrelated to objective circumstances of grievance while being caused by the feasibility of predation.

On the most cynical variant of the predation theory, rebellion is motivated by greed, so that it occurs when rebels can do well out of war. On the power-seeking variant of the predation theory, rebels are motivated by a lust for power, but rebellion occurs only when rebels can do well out of war. On the subjective grievance variant of the predation theory, rebels are motivated by grievances, imagined or real,

but rebellion occurs only when rebels can do well out of war. These three variants have in common the implications that rebels are not necessarily heroes struggling for a particularly worthwhile cause and that the feasibility of predation explains conflict. They can thus be grouped together in contrast to the objective grievance theory of conflict, in which rebels are indeed heroes struggling for a worthwhile cause, with the intensity of objective grievances explaining the occurrence of conflict.

Economists would argue that it is not really necessary to distinguish between the three variants of the predation theory. It does not really matter whether rebels are motivated by greed, by a lust for power, or by grievance, as long as what causes conflict is the feasibility of predation. Indeed, economists tend to set little credence on the explanations that people give for their behavior. Economists prefer to work by "revealed preference": people gradually reveal their true motivation by the pattern of their behavior, even if they choose to disguise the painful truth from themselves. Rebel leaders may come to believe their own propaganda much of the time, but if their words are decried by their behavior, then their words have little explanatory power.

There is less reason to doubt that those who support rebellion from afar are genuinely committed to the cause of grievance redressal. However, such supporters may simply have been duped. Rebel leaders have always sought outside supporters—"useful idiots," in Lenin's telling phrase. Among the people who are most susceptible to the discourse of grievance are those who care most passionately about oppression, inequality, and injustice. In short, if rebellion presents itself as the ultimate protest movement, it will attract as noncombatant supporters those who normally support protest movements. The economic theory of conflict argues that these people have been taken in by accepting the discourse at face value. As a proposition in social science this theory of conflict is a case of modern economics meeting old marxism. As in Marx, the underlying cause of conflict is economic: in this case, the rebel organization is predatory upon certain parts of the economy. As in Marx, the "superstructure" is a set of beliefs that are false. The difference is simply that it is the *rebel* supporters who have the "false consciousness": they are gulled into believing the discourse that self-interested rebel leaders promote.

So, "greed or grievance"?—we can't tell from the discourse. Occasionally the discourse is rather blatantly at variance with the behavior. Take the recently settled conflict in Sierra Leone. A rebel organization built itself into around twenty thousand recruits and opposed the government. The rebel organization produced the usual litany of grievances, and its very scale suggested that it had widespread support. Sierra Leone is, however, a major exporter of diamonds, and there was considerable evidence that the rebel organization was involved in this business on a large scale. During peace negotiations the rebel leader was offered and accepted the vice presidency of the country. This, we might imagine, would be a good basis for addressing rebel grievances. However, the offer was not sufficient to persuade the rebel leader to accept the peace settlement. He had one further demand, which, once acceded to, produced a (temporary) settlement. His demand was to be the minister of mining. Cases such as this are at least suggestive that something other than grievance may be going on beneath the surface of the discourse. It is to this hidden structure of rebellion that I now turn.

THE EVIDENCE

Modern economics has two powerful tools: statistics and theory. People who are not economists are seldom convinced simply by economic theory, so I will begin with the statistical evidence. Anke Hoeffler and I have analyzed the pattern of conflict using a large

new database on civil wars during the period from 1965 to 1999 (Collier and Hoeffler 2000). Following the political science convention, we classify a civil war as an internal conflict with at least one thousand battle-related deaths. During 1960–99 there were seventy-four civil wars globally. We analyzed why these wars occurred among the 161 countries in our sample. We divided the period into seven five-year subperiods and attempted to predict the occurrence of war during a subperiod by examining the characteristics at its start. The statistical techniques we used were logit and probit regressions. In practice, some civil wars occur in countries for which there are virtually no other data. We know that the country had a war, but we do not know enough of its other characteristics to include it in our analysis. This reduces our sample to forty-four civil wars. However, this number is still sufficient to find some strong patterns. The forty-four wars are listed (with asterisks) in table 1.

In order to get some feel for how important different risk factors are, it is useful to think of a baseline country. I will take as a baseline a country whose characteristics were all at the mean of our sample. By construction then, this is an extraordinarily ordinary country. These characteristics give it a risk of civil conflict of around 14 percent in any particular five-year period. Now, one by one, I will vary some of the more important risk factors.

The most powerful risk factor is a high level of primary commodity dependence. Countries that have a substantial share of their income (GDP) coming from the export of primary commodities are radically more at risk for conflict. The most dangerous level of primary commodity dependence is 26 percent of GDP. At this level the otherwise ordinary country has a risk of conflict of 23 percent. By contrast, if it had no primary commodity exports (but was otherwise the same, with characteristics still at the mean of the sample), its risk would fall to only one half of 1 percent. Thus, without primary commodity exports, ordinary countries are pretty safe from internal conflict. When such exports are substantial, countries are in danger. Primary commodities are thus a major part of the conflict story. What else matters?

Both geography and history matter. Geography matters because if the population is highly geographically dispersed, the country is harder for the government to control than if everyone lives in the same small area. The geography of the Democratic Republic of the Congo (DRC, formerly Zaire) makes it unusually hard for government forces to control the country because the population lives around the fringes of a huge area, with the three main cities in the extreme west, extreme southeast, and extreme north. By comparison, Singapore would be a nightmare for a rebellion. In this city-state there is nowhere to hide, and government forces could be anywhere in the country within an hour. With Congo-like geographic dispersion our otherwise ordinary country has a risk of conflict of around 50 percent, whereas with Singapore-like concentration its risk falls to around 3 percent.

History matters because if a country has recently had a civil war its risk of further war is much higher. Immediately after the end of hostilities there is a 40 percent chance of further conflict. This risk then falls around one percentage point for each year of peace. However, how much history matters depends upon the size of the diaspora. For example, some countries have very large diasporas in the United States relative to their remaining resident population, whereas others do not. Suppose that our otherwise ordinary country has ended a civil war five years ago and now wants to know what its chances are for peace during the next five years. If the country has an unusually large U.S. diaspora, its chances of conflict are 36 percent. If it has an unusually small diaspora, its chances of conflict are only 6 percent. So, diasporas appear to make life for those left behind much more dangerous in postconflict situations.

Economic opportunities also matter. Conflict is concentrated in countries with little

Table 1. Major Armed Conflicts, 1960–99

An asterisk indicates inclusion in the statistical analysis.

Country	Start of the War	End of the War	Country	Start of the War	End of the War
Afghanistan	04/78	02/92	Mozambique	10/64	11/75
Afghanistan	05/92	ongoing	*Mozambique	07/76	10/92
Algeria	07/62	12/62	Myanmar/Burma	1968	10/80
*Algeria	05/91	ongoing	*Myanmar/Burma	02/83	07/95
Angola	02/61	11/75	*Nicaragua	10/78	07/79
*Angola	11/75	05/91	*Nicaragua	03/82	04/90
Angola	09/92	ongoing	*Nigeria	01/66	01/70
Azerbaijan	04/91	10/94	*Nigeria	12/80	08/84
Bosnia	03/92	11/95	*Pakistan	03/71	12/71
*Burundi	04/72	12/73	Pakistan	07/73	07/77
*Burundi	08/88	08/88	*Peru	03/82	12/96
Burundi	11/91	ongoing	*Philippines	09/72	12/96
Cambodia	03/70	10/91	*Romania	12/89	12/89
*Chad	03/80	08/88	Russia	12/94	08/96
*Colombia	04/84	ongoing	Russia	09/99	ongoing
*Cyprus	7/74	8/74	Rwanda	11/63	02/64
*Dominica	04/65	09/65	*Rwanda	10/90	07/94
*El Salvador	10/79	01/92	*Somalia	04/82	05/88
*Ethiopia	07/74	05/91	*Somalia	05/88	12/92
Georgia	06/91	12/93	*Sri Lanka	04/71	05/71
*Guatemala	07/66	07/72	*Sri Lanka	07/83	ongoing
*Guatemala	04/84	03/94	Sudan	10/63	02/72
Guinea-Bissau	12/62	12/74	*Sudan	07/83	ongoing
*India	08/65	08/65	Tajikistan	04/92	12/94
India	1984	1994	*Turkey	07/91	ongoing
*Indonesia	06/75	09/82	*Uganda	05/66	06/66
*Iran	03/74	03/75	*Uganda	10/80	04/88
*Iran	09/78	12/79	Vietnam	01/60	04/75
*Iran	06/81	05/82	Yemen	05/90	10/94
*Iraq	07/74	03/75	Yemen Arab Republic	11/62	09/69
*Iraq	01/85	12/92	Yemen People's Republic	01/86	01/86
*Jordan	09/71	09/71	Yugoslavia	04/90	01/92
Laos	07/60	02/73	Yugoslavia	10/98	04/99
Lebanon	05/75	09/92	Zaire/DRC	07/60	09/65
*Liberia	12/89	11/91	*Zaire/DRC	09/91	12/96
Liberia	10/92	11/96	*Zaire/DRC	09/97	09/99
*Morocco	10/75	11/89	*Zimbabwe	12/72	12/79

education. The average country in our sample had only 45 percent of its young males in secondary education. A country that has ten percentage points more of its youth in schools—say 55 percent instead of 45 percent—cuts its risk of conflict from 14 percent to around 10 percent. Conflict is more likely in countries with fast population growth: each percentage point on the rate of population growth raises the risk of conflict by around 2.5 percentage points. Conflict is also more likely in countries in economic decline. Each percentage point off the growth rate of per capita income raises the risk of conflict by around one percentage point.

The ethnic and religious composition of the country matters. If there is one dominant ethnic group that constitutes between 45 percent and 90 percent of the population—enough to give it control, but not enough to make discrimination against a minority pointless—the risk of conflict doubles. For example, in Sri Lanka the Tamils are a minority of around 12 percent of the population, and in Rwanda the Tutsis are around 10 percent to 15 percent of the population. Of course, in Sri Lanka the Tamils are a weak minority, whereas in Rwanda the Tutsis are a strong minority, controlling the government. However, clearly, in Rwanda, the Tutsi minority is too scared of being subject to ethnic dominance to hand over power. While ethnic dominance is a problem, ethnic and religious diversity does not make a society more dangerous—in fact, it makes it safer. A country that is ethnically and religiously homogeneous is surprisingly dangerous—the risk is 23 percent. By comparison, a country with ethnic and religious diversity equal to the maximum we find in our sample has a risk of only around 3 percent. Other than in the cases in which the largest ethnic group makes up between 45 percent and 90 percent of the population, diversity makes a society much safer.

Finally, some good news. Since 1990 the world has been significantly safer from civil conflict. If we add a dummy variable for the period since the end of the Cold War, it is statistically significant with a large effect. If we hold the causes of conflict constant at the average, we find that the risk of conflict was only half as great during the 1990s as during the Cold War. Of course, some of the other causes of conflict also changed during the 1990s—on average, per capita incomes rose faster than during the 1980s, which also reduced the risk of conflict. However, some countries became more dependent upon primary commodity exports or their economies collapsed, and these countries became more prone to conflict. As of 1995, the country with the highest risk of civil conflict according to our analysis was Zaire, with a three-in-four chance of conflict occurring within the next five years. Sadly, our model predicted this all too accurately.

This has been the statistical pattern of civil conflict since 1960. It is interesting both for what is important and for what is not. Clearly, there are some powerful dangers coming from primary commodities and diasporas, and there used to be risks from the Cold War. However, equally striking is what does *not* appear to affect conflict risk. Inequality, whether of incomes or of assets, has no discernible effect. Unequal societies are not more prone to conflict. A lack of democratic rights appears to have no significant effect. Ethnic and religious diversity, as noted, far from increasing the risk of conflict, actually reduces it. These are all obvious proxies for objective grievances. Unequal, ethnically divided societies whose members have few political rights may sound exactly like the sort of places that would be most prone to rebellion. They are surely the sort of places most in need of protest. And yet, such places, as far as we can tell, have no higher risk of violent conflict than anywhere else—indeed, thanks to their ethnic diversity, they are somewhat safer. The only protest-type variable that matters is a society characterized by ethnic dominance. This may be because we are not measuring objective grievances well enough. However, we

have made an honest effort to utilize all the available comparable indices of objective grievance, of which there are now a number. At least as a working hypothesis, civil war is much more strongly related to the economic and geographic variables I have discussed than it is to objective grievances.

There are thus two surprises to be explained: Why is rebellion so unrelated to the objective need for protest, and why is it so strongly related to primary commodities and diasporas?

WHY IS REBELLION NOT LIKE PROTEST?

According to economists who have studied the dynamics of protest (Kuran 1989), the first problem with getting a protest going is that it is a "public good." That is, even if the protest succeeds in securing justice, everyone will benefit whether or not they bother to take part in the protest. Always, public goods face collective action problems: it makes more individual sense to free-ride on the efforts of others, and if everyone free-rides, nothing happens. This is a problem in a protest because the government might punish people who take part, unless there are so many people that there is safety in numbers. Further, in order to protest, most people will lose a day of income. This is one reason why such a high proportion of protesters are often students. The temptation to free-ride on a justice-seeking *rebellion* is very much stronger than the temptation to free-ride on a justice-seeking *protest*. A protest costs little, risks little, and offers a sense of citizenship. In effect, protestors are forcing an open election on an issue. Rebellion is a full-time commitment, and it is dangerous. Economists would predict that the collective action problem for a justice-seeking rebellion would usually be insuperable.

In analyzing the dynamics of protest, Kuran saw that a successful protest is one that escalates and that this depends upon a cascade of participation, drawing in increasingly lukewarm supporters. Suppose the potential supporters of a protest are ranked in order of their willingness to take personal risk. The most ardent supporters join the protest first, at the stage when, because the protest is small, it is easy for the government to victimize participants. Each time an additional supporter joins the protest, the risks of punishment for participation go down. The cascade depends upon the reduction in this risk inducing enough people to change their minds and join the protest that the risk falls further, inducing another group of people to change their minds. If the cascade works, then when a few committed people create an initial spark, it turns into a prairie fire. Could the rebellions we observe be failed protest movements, cases where a brave few hundred created the spark, but the rest of the society failed to ignite, leaving the brave core to turn into guerrilla fighters against the government? Are rebels just heroes who have been let down by the mass of cowards and so driven into more violent actions to protect themselves? Well, if they were, we would observe a clear pattern in rebellion.

Kuran suggests that the cascade is more likely to work in fairly homogeneous societies. In such societies there will be a dense continuum of opinion. Many people will be on the margin of changing their minds and so will be swung into action as the risks of government punishment start to fall. By contrast, if the society is split up into many different groups who see the concerns of other groups as irrelevant to their own, instead of a continuum of opinion there will be clusters broken by gaps. As soon as the cascade reaches the first gap it stops. One implication of this insight is that the societies in which protest will get stuck are those that are diverse. That is, if rebellions are the stuff of heroes let down by cowards, we should expect to find more of them in diverse societies. Recall that in fact we find precisely the opposite. Diverse societies have a much lower risk of rebellion than do homogeneous

societies. Of course, if we scour history sufficiently thoroughly we will find examples of protest movements that aborted into rebellion. If we scour history we can find anything. However, the image of the rebel band as that part of the population that is the most dedicated and self-sacrificing is difficult to reconcile with the facts. Rebellion is not generally linked to the objective grievances—inequality, political repression, diversity—which are repeatedly used in rebel discourse. Nor is its incidence high in societies where we would expect protest movements to face the most difficulties. The sole exception to this is that in situations of ethnic dominance—with or without democracy—minorities (or majorities) may take to the gun. Other than this, the modern rebel appears truly to have been a "rebel without a cause."

WHAT CONDITIONS MAKE PREDATORY REBELLIONS PROFITABLE?

Empirically, the risk of rebellion is strongly linked to three economic conditions: dependence upon primary commodity exports, low average income of the country, and slow growth. I now suggest why this is the case.

Primary commodity exports are the most lootable of all economic activities. An economy that is dependent upon them thus offers plenty of opportunities for predatory rebellion. (For a formal model of loot-seeking rebellion, see Collier 2000b.) One indication that primary commodity exports are highly lootable is that they are also the most heavily taxed activity—the same characteristics that make it easy for governments to tax them make it easy for rebels to loot them. Indeed, rebel predation is just illegal taxation. Conversely, in some countries government has been described as legalized predation in which primary commodities are heavily taxed in order to finance the government elite. In the worst cases, those who are the victims of such predation may not discriminate much between the behavior of the rebel organization and that of the government. This does not, however, mean that the rebels are "no worse" than the government. The presence of a rebel organization plunges the society into civil war, and the costs of war are likely to outweigh the costs of government predation.

Primary commodity exports are especially vulnerable to looting and taxation because their production relies heavily on long-lasting and immobile assets. A mine shaft that has been sunk is worth exploiting even if much of the anticipated profits are lost to rebels. Coffee trees that have been planted are worth harvesting even if much of the coffee has to be surrendered. Thus, rebel predation does not kill the activity off or shift it elsewhere as would happen were manufacturing the target. Further, because the produce is exported, it has to be transported to the port. Along the way there are many geographic "choke points" where rebels can extract a tribute if they control the choke points, even if only spasmodically. The government can be presumed to control the best choke point of all—the port itself. This behavior makes a rebel group somewhat like organized crime. However, it is organized crime with a difference. The government will try to defend the choke points from rebel attacks—it is, after all, defending its own revenue. Hence, unlike a mafia, the rebel group must expect sometimes to confront substantial government forces and so will need to protect itself. Rebel groups therefore need to be much larger than mafias. Typically, rebel organizations have five hundred to five thousand fighters, whereas mafias number generally in the range of twenty to five hundred. It is because rebel organizations need to be large and to confront government forces in order to function as predators that conflicts can produce cumulative mortality in excess of one thousand and so qualify empirically as civil wars.

Why is the risk of conflict much higher in countries where incomes are low? The

explanation that jumps to mind is that when people are poor they have little to lose from joining a rebel group, so that rebel organizations find recruitment cheap. There may be something in this, but if young men can be recruited cheaply for the rebel organization, they can also be recruited cheaply by the government. Hence, low income does not automatically give rebellion an advantage. However, indirectly, low income does advantage the rebels. Around the world, the share of income that accrues to the government as tax revenue rises with income. For example, most OECD governments get around 40 percent of national income as tax revenue. In the really poor economies, like Ghana and Uganda in the early 1980s, the government was only raising around 6 percent of national income as taxation. This reduces the capacity of the government to spend on defense, and so makes rebel predation easier. Indeed, in low-income economies, governments will typically derive about half of their revenue from taxes on primary commodity exports (directly or indirectly), so that their revenue base is similar to that of the rebels. At higher income levels the government supplements these revenues with revenues from taxes on other economic activities. Thus, poor countries have a high incidence of conflict because governments cannot afford to supply either adequate defense or other public services to the population. Of course, there may be other reasons why poverty makes it easier for rebels. Poverty can make people desperate or angry. However, if this was an important effect we would expect to find that inequality makes conflict more likely: for a given level of average income, the more unequal the income distribution, the more severe the poverty of the poorest. In fact, inequality does not seem to effect the risk of conflict. Rebellion seems not to be the rage of the poor.

Indeed, if anything, rebellion seems to be the rage of the rich. One way in which rebel groups can lock in to predation of primary commodity exports is if they can secede with the land on which the primary commodities are produced. Such attempted secessions by rich regions are common. The Katangan secession movement in Zaire was based in the copper-mining region; the Biafran secession movement in Nigeria was based in the oil-producing region; the Aceh secession movement in Indonesia is based in an oil-producing region with per capita GDP three times the national average; the successful Eritrean secession was of a region with double the per capita income of the rest of Ethiopia. To the extent that the rebel group is not just benefiting itself through predation, but is fighting a political cause, that cause is the grievance of a rich minority at paying taxes to the poor majority. Such rebellions may have more in common with the politics of Staten Island (where a rich suburb is trying to secede from the tax jurisdiction of New York) than those of Robin Hood.

Slow economic growth and rapid population growth both make rebellion more likely. Presumably, they assist rebel recruitment. The rebel organization needs to build itself up fairly fast in order to survive against the army. Hence, for a given level of income, if there are few job opportunities, few schooling opportunities, and many young people needing work, the rebel organization has an easier task.

So, the observed pattern of rebellion is intelligible. High primary commodity exports, low income, and slow growth are a cocktail that makes predatory rebellions more financially viable. In such circumstances rebels can do well out of war.

WHY DOES ETHNIC DIVERSITY MAKE A SOCIETY SAFER, NOT MORE DANGEROUS?

One of the most striking empirical regularities is that societies that are diverse in terms of ethnicity and religion are significantly safer than societies that are homogeneous. If ethnic and religious hatreds were an important cause

of conflict, the pattern would be the reverse, since in homogeneous societies there would be nobody to hate. Evidently, conflict is not being generated by such hatreds. However, it is less evident why diversity makes a society considerably safer, instead of simply having no effect.

I think that diversity makes a society safer because it makes rebellion more difficult. This is because, first and foremost, a rebel organization is neither a mafia nor a protest movement, but an army. Armies face huge problems of organizational cohesion and motivation. To fight effectively, soldiers must overcome their individual instincts to avoid danger and must take risks to help other members of their team. Military history abounds in stories of small groups defeating larger groups because they were better fighting units. The government army also faces these problems, but it has the advantage of already having had a long time to deal with them. By contrast, the rebel organization cannot usually afford to take years to build up its morale before it starts operations: it must recruit from scratch and rapidly start fighting. One simple principle is to keep the recruits as alike one another as possible. The more social ties there are within the organization—the same kin group, or at least same ethnic group, language group, and religion—the easier it will be to build a fighting force. This may be especially true of the officer core. The easiest way for a government to defeat a rebellion may be to buy off some of the officers. The more "social capital" there is within the group, the more cohesive it is likely to be.

This principle implies that in ethnically diverse societies rebellions will tend to be ethnically particular. This has two important corollaries. First, the more that the society is divided into a patchwork of different ethnic and religious groups, the more difficult it will be to recruit a force of a sufficient scale to be viable. For example, in Africa the average ethnolinguistic group has only around two hundred fifty thousand people, of whom around twenty-five thousand will be young males. Thus, even before we allow for any further divisions of religion, an organization of five thousand fighters would need to recruit 20 percent of the age group. Diversity in the society thus makes the rebel task more difficult and so makes rebellion less likely.

The second corollary is that where conflict does take place in ethnically diverse societies it will take the form of some particular ethnic group rebelling against the government. As in any army, recruits will be motivated to kill the enemy by basic indoctrination in why the enemy deserves to be killed. Indeed, the simple Leninist theory of the rebel organization, which many rebel movements adopt even if they do not adopt marxist ideology, is that people are initially so oppressed that they do not realize they are oppressed. *It is a key task of the rebel organization to make people realize that they are the victims of injustice.* The economic theory of rebellion accepts this proposition and makes one simple but reasonable extension: the rebel organization can inculcate a subjective sense of injustice whether or not this is objectively justified. The rebel organization needs to inculcate a sense of injustice and will work to create it. From this follows a hatred of the enemy and a willingness to fight.

The inculcation of grievance is not a frivolous activity; it is vital for an effective fighting force. Take, for example, the Eritrean People's Liberation Front (EPLF), which staged probably the most effective rebellion in recent history. Its recruitment base was barely 2 million people and it had little foreign government support, yet it defeated an Ethiopian army of over four hundred thousand men that was supported by Russia. Its success obviously depended upon having its much smaller army well motivated. The EPLF deliberately built this motivation by routinely withdrawing its recruits from the front for six months to send them on indoctrination courses. If the society in which the rebellion occurs is ethnically diverse, the rebel organization will nevertheless be ethnically

homogeneous to assist cohesion. Since the rebels will therefore be ethnically different from most of the rest of society, the obvious discourse for the rebel leadership to adopt with its recruits is that of ethnic grievance. Hence, ethnic grievance is actively manufactured by the rebel organization as a necessary way of motivating its forces. As a result, where conflicts occur in ethnically diverse societies, they will look and sound as though they were caused by ethnic hatreds.

A more remarkable example is the conflict in Somalia. Somalia is one of the most ethnically homogeneous societies in the world although, as in all traditional societies, within the single ethnic group are many lineage or kin groups. In the initial postindependence period, political power had been shared reasonably comfortably among these clan groups. However, in the instability following a dictatorship, a political opportunist, Mohammed Farah Aideed, induced the group living around the national arsenal to seize its considerable contents. The group then proceeded to build an army around these armaments. Building an army fast, Aideed based recruitment on his clan and its proximate lineage groups—in the absence of ethnic distinctions, clan membership was the only basis for creating cohesion in a fighting force. The excluded clans naturally felt threatened by this bid for power and so armed themselves in response. The resulting violent conflict in effect turned what had been a patchwork of closely related clusters of people into large rival groupings that hated one another. The conflict created the equivalent of interethnic hatred in an ethnically unified society.

A surprisingly similar example is the recent conflict in the Democratic Republic of the Congo (DRC). The DRC, a society that is highly ethnically diverse, is at the opposite end of the spectrum from Somalia. When President Laurent Kabila fell out with his Tutsi military support, he needed to build an army to oppose it. Because the DRC was so ethnically divided, this was difficult. Kabila needed to recruit across ethnic boundaries in order to build a sufficient fighting force. He therefore manufactured an encompassing ethnic grouping, of which all groups other than the Tutsis were members. Just as Aideed had forged several clans in Somalia into a common fighting group distinct from the excluded clans, so Kabila hoped to forge several ethnic groups into a common fighting group. In both cases, the conflict created a need to manufacture intergroup hatred, but the basic conditions for it—a society divided into two large groups—did not exist. In both cases military necessity led to the invention not just of the grievances but of the groupings themselves. Conflict is not caused by divisions; rather, it actively needs to create them.

When such conflicts are viewed during or after the event, the observer sees ethnic hatred. The parties to the conflict have used the discourse of group hatred to build fighting organizations. It is natural for observers to interpret such conflicts as being caused by ethnic hatred. Instead, the conflicts have caused the intergroup hatred and may even, as in Somalia, have created the groups.

If the rebel organization succeeds in generating group grievance, perhaps by manufacturing both the grievance and the group, the resulting civil war becomes defined in terms of political conflict. However, it is the military needs of the rebel organization that have created this political conflict rather than objective grievances. Analysts often reason back from the political discourse during conflict and deduce that the war was the consequence of particularly intense political conflict, in turn based upon particularly strong reasons for grievance. Yet the intensity of objective grievance does not predict civil war. Many societies sustain intense political conflict for many years without this developing into war. Political conflict is universal, whereas civil war is rare. My argument is that where rebellions happen to be financially viable, wars will occur. As part of the process of war, the rebel organization must

generate group grievance for military effectiveness. The generation of group grievance politicizes the war. Thus, the war produces the intense political conflict, not the intense political conflict the war.

IF DIVERSITY INCREASES SAFETY, WHY IS ETHNIC DOMINANCE SO DANGEROUS?

The one exception to the rule that homogeneous societies are more dangerous than diverse societies is ethnic dominance. By ethnic dominance I mean a society in which the largest single ethnic group makes up somewhere between 45 percent and 90 percent of the population. It is not difficult to see why such societies are dangerous. Having 45 percent or more of the population is sufficient in a democracy to give the group permanent control, or what political scientists call a stable winning coalition. Having less than 90 percent of the population suggests that it may be worth exploiting this power by transferring resources from the minority. If the minority is much smaller than 10 percent of the population, there is normally so little to be gained by exploiting it that the gain may be more than swallowed up in the costs of the transfer system.

Thus, in societies characterized by ethnic dominance, the majority probably has both the power to exploit the minority and an interest in doing so. The minority may become sufficiently fearful of permanent exploitation that it decides to fight. This is the exception to the absence of objective grievance effects, and a reason for it may be that democracy can offer no prospect of redress. In diverse societies not characterized by ethnic dominance, small groups that are excluded from power can hope at some stage to bid themselves into a winning coalition. Even dictators do not last forever. Thus, for example, in Kenya, where no tribe has close to a majority, the fifteen years of President Jomo Kenyatta's rule strongly favored his own large tribe, the Kikuyu. However, Kenyatta had chosen as his vice president someone from a very minor tribe. On the death of Kenyatta, the vice president, Daniel arap Moi, succeeded to the presidency and has managed since 1978 to hold together a winning coalition of small tribes, excluding both the Kikuyu and the Luo, the two largest tribal groups. The small tribes in Kenyatta's Kenya were thus right to hope for eventual redress through the political, rather than the military, process. By contrast, in societies characterized by ethnic dominance, the minority has little to hope for through the political process. Thus, it is possible that rebellion in societies with ethnic dominance is the behavior of despair. Note that it makes little difference whether it is the majority or the minority that is in power. Even if the minority is in power, it dare not trust democracy because it does not trust the majority. This is perhaps the case with the Tutsi-dominated governments of Rwanda and Burundi, and perhaps even of the minority Tigrean-dominated government of Ethiopia.

WHY ARE DIASPORAS SO DANGEROUS?

Recall that empirically if a country that has recently ended a conflict has a large diaspora living in the United States, its risk that the conflict will resume is sharply increased.

There is little mystery about this effect. Diasporas sometimes harbor rather romanticized attachments to their group of origin and may nurse grievances as a form of asserting continued belonging. They are much richer than the people in their country of origin and so can afford to finance vengeance. Above all, they do not have to suffer any of the awful consequences of renewed conflict because they are not living in the country. Hence, they are a ready market for rebel groups touting vengeance and so are a source of finance for renewed conflict. They are also a source of pressure for

secession. For example, the (peaceful) secession of Slovakia from the then Czechoslovakia was initiated not in Czechoslovakia itself, but in the Czechoslovak diaspora organizations in North America. City by city in North America, the diaspora organization divorced.[1] The reductio ad absurdum of such a trend would be for immigrant populations of the United States and the European Union to split their countries of origin into tiny "ethnic theme parks" while themselves enjoying the advantages of living in nations with scale and diversity.

Another source of foreign finance is governments that are enemies of the incumbent government. During the Cold War each of the superpowers offered inducements for Third World governments to align with it. Once a government had done this, it became the potential target of destabilization efforts from the other superpower. One means of destabilization was to fund rebel groups. Once the Cold War ended, the need for such destabilization ended, and so the external finance for rebel organizations declined, which perhaps explains why the risk of civil conflict was lower during the 1990s.

SO WHAT CAN BE DONE?

I have spent a long time on the diagnosis of the problem because different diagnoses lead to radically different policy solutions.

If you accept the conventional grievance account of conflict, then the appropriate policy interventions are to address the possible objective causes of grievance. On this account, countries should reduce inequality and increase political rights. These noble objectives are desirable on many grounds, but if the objective is civil peace, then on my analysis they will be ineffective.

A further policy, if you accept the grievance account, may be to redraw borders, split countries, and even move populations so as to achieve greater ethnic homogeneity. By contrast, if you accept that diversity makes countries safer, then this is the road to increased civil conflict and presumably also to increased international conflict. Perhaps a recent example of such an eventuality is the breakup of Yugoslavia. In the old Yugoslavia there was a sufficiently high degree of diversity that no one group constituted a majority—the society was not characterized by ethnic dominance. First, Slovenia, the richest region of Yugoslavia, seceded in what could be interpreted as an instance of the "rage of the rich," although there were most surely other motivations. Then Croatia, the next richest region, also seceded. Owing to these two secessions, the residual Yugoslavia was characterized by ethnic dominance. Civil and international war followed.

Hence, the policies that proceed from the grievance diagnosis are variously ineffective and counterproductive if you accept the predation diagnosis. What policies would work if this alternative interpretation of conflict is in fact correct? First, we need to distinguish between conflict prevention and postconflict situations. Before conflict, the approach implied by the predation analysis is to work through the major risk factors, identifying how to reduce them. Note that this approach is radically different from the more traditional approach, which attempts to identify grievances and redress them. The new approach is basically one of making it harder for rebel organizations to get established, and addressing objective grievances is not usually an effective way to achieve this goal. Postconflict, the problem is rather different. Rebel organizations have forced themselves onto the political landscape and have generated group grievance. Although both the grievances and the groups may be manufactured, they now exist and postconflict policy must address them. Hence, whereas conflict prevention should not be built around the reduction of objective grievances, the construction of sustainable peace in postconflict societies will have to address the subjective grievances of the parties to the conflict. I therefore consider the policies

for conflict prevention and postconflict peacebuilding separately.

POLICIES FOR CONFLICT PREVENTION

Each society is different. The overall risk of conflict in a society is built up from a series of risk factors, and the balance of risk factors will differ from one country to another. Hence, the first step in conflict prevention is to decompose the overall risk into its constituent components and then put the most effort into reducing those risks that are the most important and the most amenable to policy. I take the potential risk factors in turn.

Economies with around a quarter of GDP coming from natural resource exports are acutely at risk of civil conflict. Four strategies may reduce this risk. First, the government can facilitate diversification of the economy away from dependence upon primary commodities. Better economic policy promotes diversification. In a really poor policy environment, the only export activities that survive are those with high location-specific rents. The World Bank's annual measure of policy (the Country Policy and Institutional Assessment) is significant in explaining the extent of primary commodity dependence. Policy improvement, sustained over a five-year period, reduces dependence in the next five-year period.

Second, the international donor community can target aid to these societies. Aid reinforces the effect of good policies in reducing primary commodity dependence.

Third, a government can try to make loot-seeking rebels unpopular by transparently using the revenue from primary commodity exports to fund effective basic service delivery. If the population sees government funding primary education and rural health care centers rather than Swiss bank accounts, then the population is going to be more hostile to rebels. There are, however, limits to the effectiveness of community support for the government as a check on rebellion. For example, many of the youths who fought for the rebel movement in Sierra Leone are so unpopular that they dare not return to their communities, but this unpopularity did not stop them from joining a rebellion. The rebels deliberately targeted drug addicts and children for recruitment and so had an unusually dependent labor force.

Fourth, the international community can make it more difficult for rebel groups to sell the commodities they loot. Most of the international markets in commodities are, at some point along the marketing chain, fairly narrow, in the sense that there are not many market participants. Although primary commodities are more difficult to identify than branded manufactured goods, they differ in quality, and so markets can usually identify the origin of the commodity in the process of determining its quality. For example, at the stage at which diamonds are cut, their provenance can be established with reasonable accuracy, and diamond cutting is a highly skilled activity that can potentially be subject to a degree of international regulation. Of course, it will never be possible to drive illegal supplies out of the market, but it should be possible to drive them to the fringes of the market, where the goods can be sold only at a deep discount. Rebel predation would then become less lucrative.

Low income and economic decline are further risk factors. There is no quick fix for low income. However, within a single generation it is now possible for most poverty-stricken societies to lift themselves out of poverty. In a single generation South Korea managed to grow from a per capita income of $300 a year to $10,000 a year. Most very poor countries have poor economic policies. Changing these policies is often politically difficult because in the short term vested interests lose, but many societies have faced down these interests and transformed themselves. In such situations international aid has been shown to be effective in accelerating growth. For example, during

the 1990s Uganda transformed its economic policies and, with the help of the international donor community, sustained a 7 percent annual growth rate. It is on track to realize the government objective of overcoming poverty within a generation. Within Uganda, a rebel group called the AFL recruits by offering the unemployed 200,000 shillings per month (around $150). Rapid growth will gradually make recruitment harder.

A further risk factor is ethnic dominance. If a society has a single ethnic group that is large enough to dominate democratic institutions, then democracy itself is not sufficient to reassure minorities. Ethnic dominance is a difficult problem. The most realistic approach is to entrench minority rights in the constitution. This can be done by explicitly legislating either group rights or strong individual rights. If all individuals are secure from discrimination, then individuals in minority groups are secure. The scope for this approach depends upon the credibility of the checks and balances that the state can erect upon government power. Usually, state institutions are not strong enough for this degree of trust, and so they can usefully be reinforced by international or regional commitments. For example, the European Union is requiring that the many Eastern European countries hoping to join it treat their minorities equally. Latvia moderated its policies toward its Russian minority in response to this requirement.

If governments and the international community can defuse the risk from primary commodity exports, generate rapid growth, and provide credible guarantees to minorities, then they can radically reduce the risk of conflict. They can achieve conflict prevention through large effort on a few risk factors.

POLICIES FOR POSTCONFLICT PEACEBUILDING

All the policies that are appropriate for conflict prevention are also appropriate for postconflict peacebuilding. However, they are unlikely to be sufficient. In the first decade of postconflict peace, societies face roughly double the risk of conflict predicted by the preconflict risk factors. Postconflict societies are thus at substantial additional risk because of what has happened to them during conflict.

Several factors may account for this increase in risk. A rebel organization has built an effective military capability, in part by the manufacture of group grievance, and in part by the accumulation of armaments, money, and military skills. People have become used to violence, so that the norms that inhibit political violence in most societies will have been eroded. People's political allegiance may have polarized, so that, as in Somalia, ethnic dominance has been created by the conflict even if the society was initially either diverse or homogeneous.

Many societies have severe objective group grievances that sustain intense political conflict, without getting close to civil war. Group grievance and intense political conflict are not in themselves dangerous: they are indeed the normal stuff of democratic politics. However, in postconflict societies, civil war has first built intense political conflict and then conducted that conflict through violence. Whereas most of the societies that have group grievances have no tradition of conducting their political conflict by means of violence, postconflict societies may have no tradition of conducting their political conflict nonviolently.

The rebel organization usually maintains its effectiveness during the postconflict period. Compared with a preconflict society with the same risk factors, the postconflict society is therefore much better prepared for war. The rebel organization has already recruited, motivated, armed, and saved. For example, Jonas Savimbi, the head of the Angolan rebel organization UNITA, was reputed to have accumulated over $4 billion in financial assets during the first war, some of which he then used to finance the start of the second.

burden of bad expectations that the old institutions carry.

The combination of primary commodity predation and opportunism implies that some people do well out of war (Collier 2000a). Although most people lose, others have an interest in war restarting. Hence, when wars do restart, they are not necessarily simply an outpouring of irrational hatred or deep fears. Indeed, both hatreds and fears can be played upon by those who expect to gain materially. One way in which a postconflict government can defend the peace against such manipulation is to publicize self-interest for what it is. Society at large needs to recognize that some groups have an interest in a return to conflict.

A corollary of this analysis is that rebel organizations, existing or prospective, can be viewed as rational economic agents. This has both a hopeful and a cautionary implication. The hopeful implication is that rebel organizations are likely to respond to incentives. For example, were the UN Security Council to introduce sanctions that made the economic and military circumstances of rebellion more difficult, the incidence of rebellion would decline. The cautionary implication is that it may be of little avail to buy off rebel groups. In countries where the objective conditions make rebellion financially feasible, if one group is bought off, others are likely to occupy the "market" opportunity for the generation of grievance.

CONCLUSION

Popular perceptions of the causes of civil conflict take at face value the discourse of the rebel organization. Civil war appears as an intense political contest, fueled by grievances that are so severe as to have burst the banks of normal political channels. Rebellions are thus interpreted as the ultimate protest movements, their cadres being self-sacrificing heroes struggling against oppression. In fact, most rebellions cannot be like this. When the main grievances —inequality, political repression, and ethnic and religious divisions—are measured objectively, they provide no explanatory power in predicting rebellion. These objective grievances and hatreds simply cannot usually be the cause of violent conflict. They may well generate intense political conflict, but such conflict does not usually escalate to violent conflict.

By contrast, economic characteristics—dependence on primary commodity exports, low average incomes, slow growth, and large diasporas—are all significant and powerful predictors of civil war. Rebellions either have the objective of natural resource predation or are critically dependent upon natural resource predation to pursue other objectives. These, rather than objective grievances, are the risk factors that conflict prevention must reduce if it is to be successful. Since to date conflict prevention has paid scant attention to these causes of conflict, there is probably considerable scope for policy, both domestic and international, to prevent civil conflict more effectively.

While objective grievances do not generate violent conflict, violent conflict generates subjective grievances. This is not just a by-product of conflict, but an essential activity of a rebel organization. Rebel military success depends upon motivating its soldiers to kill the enemy, and this—as in the classic Leninist theory of rebel organizations—requires indoctrination. Hence, by the end of a civil war, there is intense intergroup hatred based upon perceived grievances. A conflict has been generated that has no boundaries between political and violent actions. The task in postconflict societies is partly, as in preconflict societies, to reduce the objective risk factors. However, because of this legacy of induced polarizing grievance, postconflict societies are much more at risk than is implied by the inherited risk factors. Either boundaries must be reestablished between the political contest and violence or the political contest must be resolved. Neither of these is easy, which is why, once a civil war has occurred, the chances of further conflict are so high.