

The Economics of Armed Conflict

Institut für Volkswirtschaftslehre
Summer Semester 2024



Content

Not so long ago, economists did not study armed conflict. This field was considered outside of mainstream economics, as the canonical model in economics presupposes a peaceful setting whereby two agents trade goods or services out of their free will and for mutual benefit. Armed conflict, it was believed, does not fit into this canonical model and, therefore, does not need to be studied by economists. It was even believed that agents would not have a reason to go to war as long as trade took place because it would be too costly for them. The latter point may summarize the German position versus Russia before the current conflict: “Let us trade with Russia to keep the peace.” However, what if an agent (individual, group, or state) believes in having a comparative advantage in the use of violence? In that way, the agent may want to appropriate the goods/services by force¹.

Today, economists study the causes as well as the consequences of armed conflict and violence. Students will make their empirical contribution to the topic by conducting a literature review or analyzing micro- and macro-level data.

Prerequisites

Basic knowledge of Microeconomics and Macroeconomics is required. Knowledge of Econometrics and knowledge or willingness to learn Quasi-Experimental Designs is required in order to understand the empirical literature.

Requirements

The following are required from seminar participants:

- Attendance at the kick-off meeting
- At least one consultation meeting with the instructor
- Seminar presentation (20-minute presentation and 10-minute discussion)
- Active participation and contribution to other presentations
- Submission of the term paper (10-12 pages including references)

For each seminar topic (see below), two scientific papers are provided as core literature. Each paper may focus on a different sub-topic. The selected literature should first be discussed in detail in the student's term paper: What is the research question? What are the hypotheses? Which methods are used? What are the results?

Subsequently, an independent extension of the findings is to be made. Examples might include comparison with recent research literature, independently extending the analyses

¹This seminar was inspired by the seminar of Prof. Dr. Philip Verwimp that he taught at the University of Göttingen in 2022.

to more recent time points, replicating the results using data from a different temporal or geographic context, or deriving and discussing economic or social policy measures. The student's research plan should be discussed individually with the instructor.

In the kick-off meeting, information about the seminar schedule is given, and the topics are distributed. In addition, helpful hints are given on how to conduct and write a research paper. The seminar language is English. Hence students are expected to present and write their term papers in English.

The guidelines for scientific papers at the Institute of Economics can be found **here**. The formal guidelines must be strictly adhered to. Formal aspects are part of the evaluation of the term paper.

Registration

Students can register for the seminar via Stud.IP from 05.03.2024.

Important dates

- from 05.03.2024: Registration via Stud.IP
- 05.04.2024: Kick-off meeting and topic distribution (13:00-14:30, VWL institute)
- 17.05.2024: Consultation meeting (13:00-16:00, VWL institute)
- 21.06.2024: Block seminar, presentation (9:00 - 15:00, VWL institute)
- 01.08.2024: Submission deadline for the term paper (until the end of day, via E-mail)

Seminar topics and literature

Each topic below is accompanied by suggested literature. Please note that each suggested paper within a topic can be the foundation for the student's research.

1. Resource Endowments and Conflict

- Crost, B., & Felter, J. H. (2020). Export crops and civil conflict. *Journal of the European Economic Association*, 18(3), 1484-1520. <https://doi.org/10.1093/jeea/jvz025>
- Berman, N., Couttenier, M., Rohner, D., & Thoenig, M. (2017). This mine is mine! How minerals fuel conflicts in Africa. *American Economic Review*, 107(6), 1564-1610. <https://doi.org/10.1257/aer.20150774>

2. Ethnic Diversity and Conflict

- Korovkin, V., Makarin, A. (2023). Conflict and intergroup trade: Evidence from the 2014 Russia-Ukraine crisis. *American Economic Review*, 113(1), 34-70. <https://doi.org/10.1257/aer.20191701>
- Esteban, J., Mayoral, L., Ray, D. (2012). Ethnicity and conflict: An empirical study. *American Economic Review*, 102(4), 1310-1342. <http://dx.doi.org/10.1257/aer.102.4.1310>

3. Inequality and Conflict

- Forsberg, E., Olsson, L. (2021). Examining gender inequality and armed conflict at the subnational level. *Journal of Global Security Studies*, 6(2). <https://doi.org/10.1093/jogss/ogaa023>
- Mercier, M., Ngenzebuke, R. L., Verwimp, P. (2020). Violence exposure and poverty: Evidence from the Burundi civil war. *Journal of Comparative Economics*, 48(4), 822-840. <https://doi.org/10.1016/j.jce.2020.04.005>

4. Foreign Aid and Conflict

- Dell, M., Querubin, P. (2023). Nation building through foreign military intervention: Evidence from Discontinuities in Military Strategies. *The Quarterly Journal of Economics*, 133(2), 701–764. <https://doi.org/10.1093/qje/qjx037>
- Crost, B., Felter, J., Johnston, P. (2014). Aid under fire: Development projects and civil conflict. *American Economic Review*, 104(6), 1833-1856. <http://dx.doi.org/10.1257/aer.104.6.1833>

5. Conflict and Health

- Sánchez-Ariza, Juliana, Jorge Cuartas, and Andrés Moya (2023). The Mental Health of Caregivers and Young Children in Conflict-Affected Settings. *AEA Papers and Proceedings*, 113: 336-41. <https://doi.org/10.1257/pandp.20231017>
- Minoiu, Camelia, and Olga Shemyakina (2012). Child Health and Conflict in Côte d'Ivoire. *American Economic Review*, 102 (3): 294-99. . <http://dx.doi.org/10.1257/aer.102.3.294>

6. Conflict and Education

- Unfried, K., Kis-Katos, K. (2023). The heterogeneous effects of conflict on education: A spatial analysis in Sub-Saharan Africa. *Journal of Peace Research*, 60(6), 968-984. <https://doi.org/10.1177/00223433221099557>
- Brück, T., Di Maio, M., Miaari, S. H. (2019). Learning the hard way: The effect of violent conflict on student academic achievement. *Journal of the European Economic Association*, 17(5), 1502-1537. <https://doi.org/10.1093/jeea/jvy051>

Additional literature:

- Angrist, J.D. and Pischke, J.S., 2009. *Mostly harmless econometrics: An empiricist's companion*. Princeton university press.
- Huntington-Klein, N., 2021. *The Effect. An Introduction to Research Design and Causality*. Routledge. <https://theeffectbook.net/>
- Cunningham, S., 2021. *Causal inference: The mixtape*. Yale university press. <https://mixtape.scunning.com/>
- Nikolov, P., 2022. *Writing Tips for Economics Research Papers–2021-2022 Edition* (No. 15057). IZA Discussion Papers.
- Schimmel, J. (2012): *Writing Science: How to write papers that get cited and proposals that get funded*, Oxford University Press, Oxford.

Seminar Organization

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