

Economics and Peace

A special issue of Economic Policy

Armed conflicts of varying types are endemic in many areas of the world. In some cases, foreign powers actively **intervene** in different ways, but even when the asserted **goal is to bring peace**, the **outcome** often seems to be quite **different**.

Modern Europe, as an outstanding example of persistent peaceful cooperation between different nations that previously fought bloody wars for centuries, can play an effective role in the international community with the goal of bringing peace and reducing conflict throughout the world. There seems to be a **gap**, however, between the **policy debate** and the suggestions coming from **research in social sciences** about what the most effective ways to achieve this goal are.

In its effort to close this gap and to inform the policy debate with results coming from the most advanced theoretical and empirical research, *Economic Policy* has selected **four articles** for a special issue on “Economics and Peace”.

The first paper of this issue analyses a major policy problem which the international community has often faced recently and which it will certainly face again in the future: **can foreign military intervention put an end to a conflict and foster peace?**

‘Intervention and peace’ [\[read\]](#)
Using a theoretical model combined with the analysis of an impressive set of historical examples, *David Levine and Salvatore Modica* show that a **conflict is often prolonged for a long time by a foreign intervention** aimed at just protecting the “weak” from the “strong”. By definition, an intervention with this degree of intensity is barely sufficient to keep the “weak” alive, while the conflict continues for ever. No intervention would instead quickly lead to peace, after the victory of the “strong” against the “weak” and a similar outcome would follow a very intense intervention in favour of the original “weak”, transforming them into the winning “strong”. This analysis highlights the existence of a **dis-**

turbing trade-off for the international policymaker: reaching peace quickly is desirable on the one hand, but it can be achieved only at the cost of reducing the protection of the “weak” against the “strong”.

Whatever the choice of the international community along this trade-off, this paper suggests that when foreign intervention is the only option on the table, it means that it is ... too late. Policy should preferably find **alternative ways to prevent the emergence of conflict** and to reduce its intensity, thus **avoiding the need for foreign intervention**.

The other three papers study strategies that go in this direction: better health conditions, lower barriers to particular types of trade and more institutionalised power sharing.

‘Long term exposure to malaria and violence in Africa’ [\[read\]](#)
Matteo Cervellati, Elena Esposito, Uwe Sunde and Simona Valmori

suggest that appropriate **health policies may substantially reduce the emergence of conflicts in developing countries**. This claim is based on highly disaggregated geographical data that allows the authors to study the link between long-term exposure to malaria and the frequency of civil violence. In line with predictions from the epidemiology of immunity, local areas that are characterized by intermediate malaria exposure exhibit higher conflict incidents than areas with very low or very high exposure. The policy implications of this analysis are explored using information on the substantial scale up in anti-malarial interventions after 2005 in Africa in the context of the Roll Back Malaria programme. By exploiting data about the timing of these interventions, the authors provide suggestive evidence that the implementation of **anti-malarial policies led to a reduction in civil violence** but only in areas where adults are more at risk. No evidence of sizable effects can be detected in areas with high malaria transmission, where acquired immunities in adults already offer substantial protection

against infection even in the absence of health policies. These results are suggestive of potentially **important effects of anti-malaria policies**, above and beyond the basic improvement of health conditions.

‘Trading for peace’ [\[read\]](#)

Trade is sometimes surprisingly observed to be associated with inter-ethnic conflict and the impoverishment of indigenous communities. *Saumitra Jha* examines the conditions under which **trade can instead become an important factor in fostering peace**. The intuitive idea is that within the two sides of a conflict, a fraction of the population runs productive activities that are complementary to those on the other side and therefore has more to gain from trading with the opponent. The other part of the population instead, producing goods that are substitutable with those of the opposite side, gains more from violence and destruction of the opponent. **When inter-ethnic complementa-**

rities exist, trade can support peaceful coexistence over long time horizons. In contrast, when ethnic groups compete on substitutable products or when the source of inter-ethnic complementarity can easily be expropriated by one faction, trade can lead to opposite outcomes. This analysis suggests that peace building requires giving greater support to the trade oriented and complementary parts of the population on the two sides of a conflict, which are more interested in peace than war. This suggestion is supported by a **detailed analysis of contemporary evidence and historical cases** of organizations and institutions created to engender trade and support peace, drawn from Africa, Asia Europe and Latin America.

‘Can a power-sharing foster peace? Evidence from Northern Ireland’ [\[read\]](#)

An appealing theoretical argument suggests that in highly polarized and conflictual communities, institu-

tions enforcing an **organized rotation of power between the different factions may lead to more peaceful relationships**. There are historical examples supporting the validity of this intuition (e.g. Switzerland), but hardly any statistical evaluation of the extent to which power-sharing can effectively reduce violence and conflict. *Hannes Mueller and Dominic Rohner*, use very disaggregated data from **Northern Ireland**, on the identity of the chairman and the vice-chairman in district councils, and define power-sharing at the local level as a situation where none of the sectarian parties holds both chairs. Using data on council elections in which the protestant party obtained a **vote share nearing 50%**, they can compare cities in which almost by chance the protestants had a **full majority**, with very similar cities in which they did not reach the full majority and **power had to be shared**. The authors show convincingly that in the latter cities **casualties** due to the religious conflict **declined in a significant way**.

The papers in this special issue thus provide specific policy advice on how potential conflicts can be reduced in intensity, if not resolved, through expanding policies for better health, more trading opportunities for complementary goods and more institutionalized power sharing in areas in which conflict exists or may explode. Such longer-term approaches may help to foster peace so that the problematic choice of foreign military intervention does not even have to become an option on the table.

The four papers in this edition of the *Economic Policy Digest* will be presented at the 66th panel meeting held in Brussels on 19-20 October 2017.

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