Polarization and Conflict

2. Economic Inequality and the Salience of Ethnicity

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R.C. Dutt Lectures

Summary of Yesterday's Lecture

Ethnic divisions an obvious suspect for social conflict, especially violence and civil war.

Yet despite detailed historical study, statistical evidence for this relationship remained doubtful.

Polarization rather than *fragmentation*.

Employing this measure, ethnic divisions do have a direct effect on conflict.

Horowitz (1985):

"In much of Asia and Africa, it is only modest hyperbole to assert that the Marxian prophecy has had an ethnic fulfillment."

Certainly hyperbole (maybe not even modest), but there is truth to it.

Brubaker and Laitin (1998)

''[An] aspect of the post-Cold War world to highlight is the eclipse of the left-right ideological axis that has defined the grand lines of much political conflict — and many civil wars — since the French Revolution . . .

''Today, these incentives to frame conflicts in grand ideological terms have disappeared . . . [T]his has led to a marked ethnicization of violent challenger-incumbent contests.''

In short, the "vertical war" certainly exists:

Hutu/Tutsi in Rwanda and Burundi

caste conflicts in India

Bengalis in pre-Bangladesh Pakistan

Muslims in the Philippines

Kurds in Iraq

Sikhs in the Punjab

Naxalites in India (not ethnic!)

But very often ethnic and religious conflicts are ''horizontal'':

Sinhalese/Tamils in Sri Lanka

Malays/Chinese in Malaysia

Hausa/Yoruba in Nigeria

Serbs/Croats in Bosnia-Hercegovina

Dalits/low-income-Muslims in Gujarat

Basques/others in Spain

Explanations

Primordialism or Near-Primordialism. Ancient hatreds.

By now a well-known strawman.

Does not explain widespread ethnic peace

Or the amount of economic looting when conflict *does* occur

Or the obvious historical evolution of ethnic labeling

Constructivism.

Fairly easy, then, to buy into this broad viewpoint.

On the other hand, maybe a bit too broad to be very useful.

Perhaps more useful to distinguish between two strands in the constructivist logic.

1. The elites (of some dominant ethnic group) initiate ethnic violence.

2. The "masses" follow.

A large set of case studies deals with the question of elite initiation.

Tambiah (1986) and Kapferer (1988) on Sri Lanka.

Tambiah (1996) more generally on Asia.

Brass (1997) on India.

Deng (1995) on the Sudan.

Woodward (1995) and especially Gagnon (1995) on Bosnia.

Earlier political theories of Simmel (1955) and Cosier (1956).

Fearon and Laitin (2000) write:

"If there is a dominant or most common narrative in the texts under review, it is that large-scale ethnic violence is provoked by elites seeking to gain, maintain or increase their hold on political power . . .

But they then go on to observe:

"A major puzzle in this story is why ethnic publics follow leaders down paths that seem to serve elite power interests most of all. None of the authors systematically addresses this question . . . [I]f violence and hardened ethnic boundaries serve elite but not popular interests, then what explains *popular* ethnic antipathies?"

Possibilities.

1. *Discourse.* The use of ''history'', framing, myth and legend to stir up mass passions.

Kapferer on myths of Vijaya.

Brass on the framing of violence as communal (then accepted by masses).

Woodward on ''psychological warfare'' of the Serbian elite.

Are the publics that easily led? [Maybe.]

2. *Group-Based Esteem and Bias.*

Something violent happens. Blame the Other for it.

3. *Bayesian Variant on Bias.*

[de Figueiredo and Weingast]

4. *Coordination Failure.*

Each side believes that the other side will attack. [Possible in situation with low lead times, but unlikely here.]

5. *The Publics Gain Too . . .*

land-grabbing (both urban and rural), destruction of businesses, driving out labour competition, settling old scores . . .

Straus on Darfur

Platteau on Rwanda

Bohr and Crisp on Kyrgyzstan

Spilerman on race riots in the US

Engineer on Hindu-Muslim riots

The model I present belongs to this last category.

Specifically, economic inequality *within* a group has its own perverse synergy.

The rich can supply *conflict resources* (finance, information, opportunities).

The poor can supply *conflict labour*.

It is this inequality that can make "horizontal conflict" focal.

In Summary

A theory of ethnic *salience*.

Ethnicity certainly a marker, but reject primor-dialism.

Economic/political power certainly a factor, but must deal with the possibility of class war.

Elite diversionary tactics a possibility, but "why do the publics follow?"

Summary, contd.

At the same time . . .

Must allow for both the outcomes of conflict
and peace

Must address how economic inequality affects
salience

A Model of Salience

1. *Class.*

"Rich"
population share n_r
per-capita income y_r
"Poor"
population share n_p
per-capita income y_p

A Model of Salience

1. *Class.*

"Rich"

$$y_r > y_p$$

"Poor"

$$n_p > n_r$$
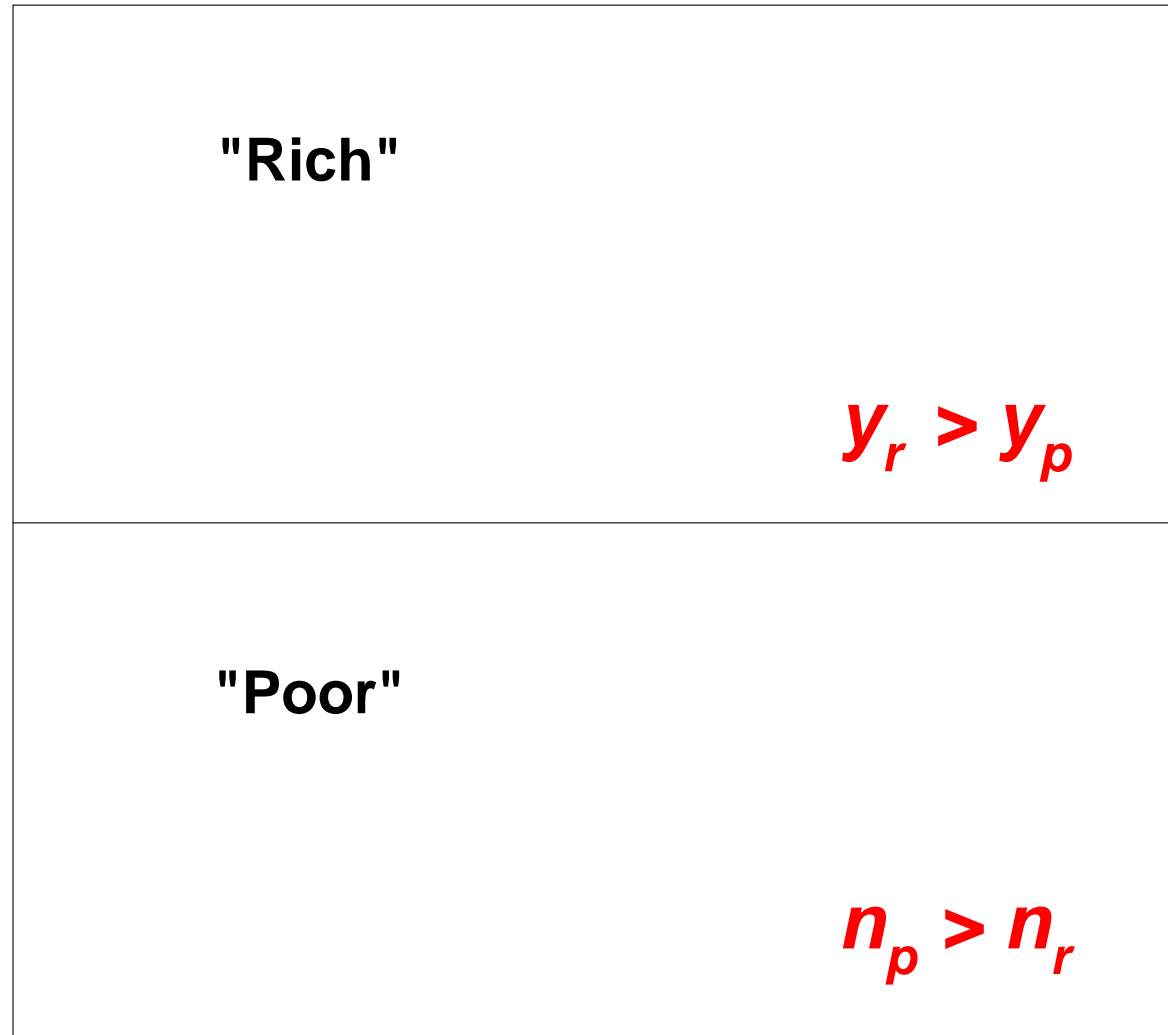
A Model of Salience

2. *Ethnicity.*

H	M
Population Share n_h	Population Share n_m

$n_h > n_m$
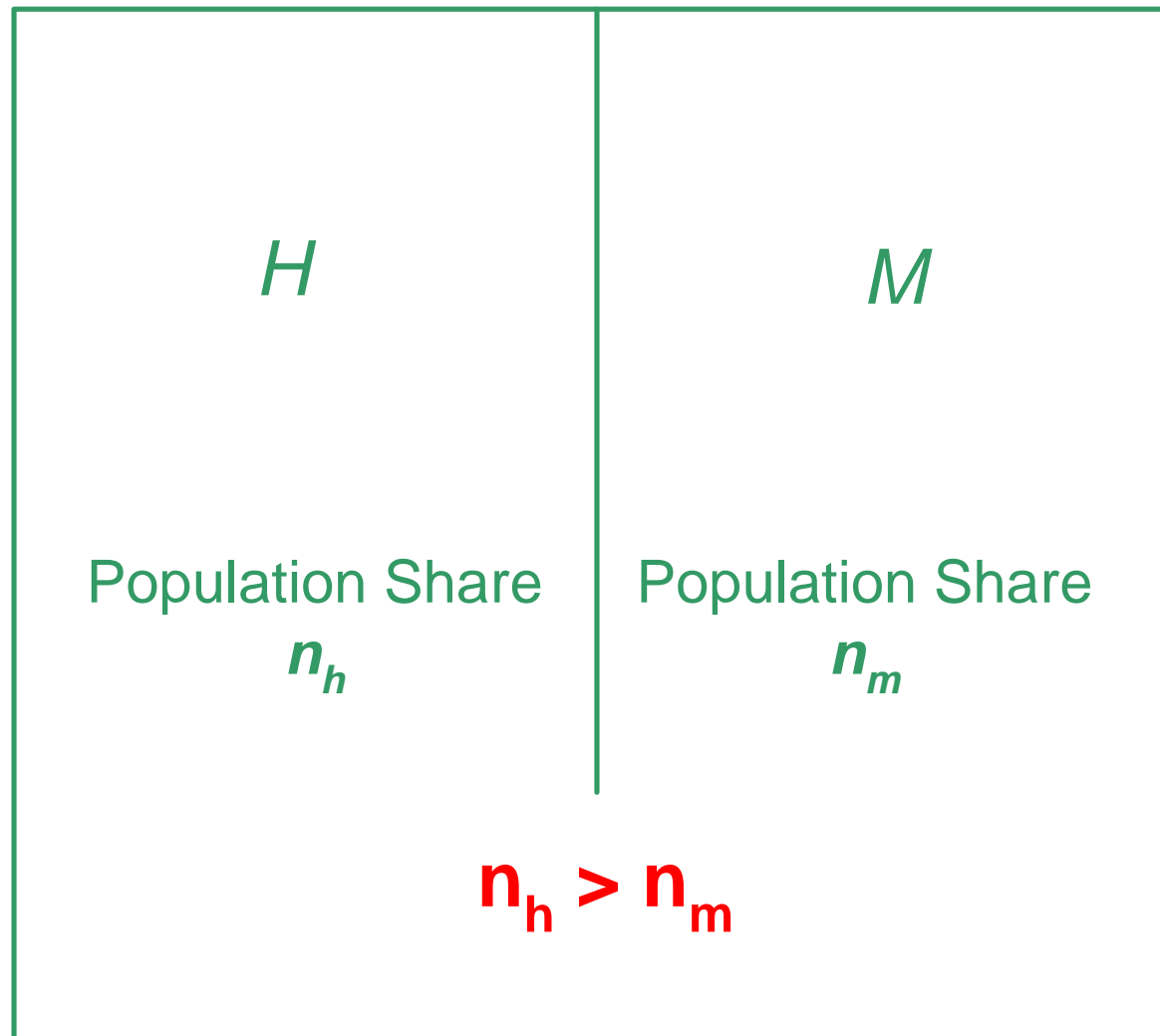
Focal Point I: Unranked Ethnic Groups
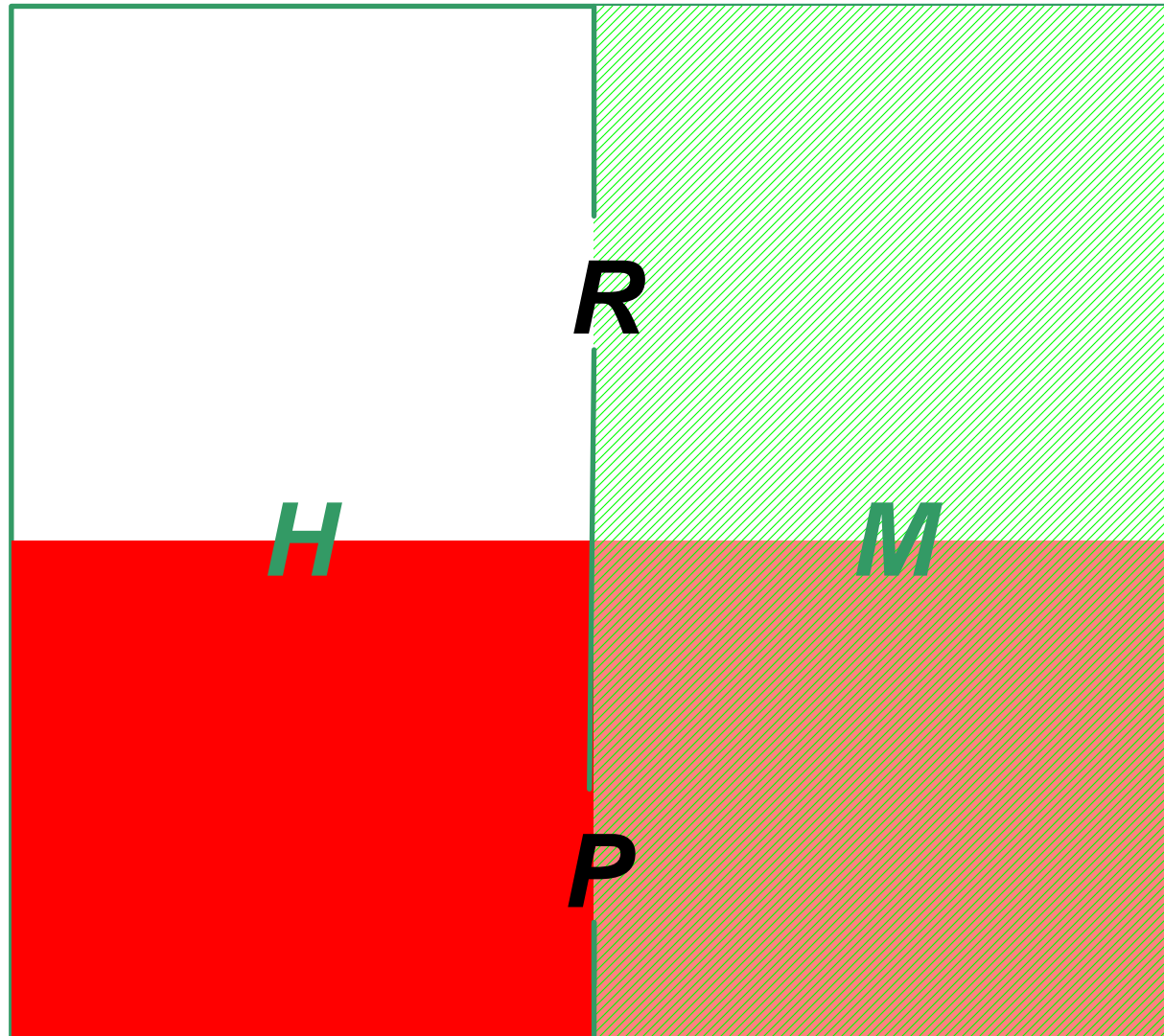
(Potential) conflicts over the seizing of "national budgets," used to "finance" or "tolerate" group-specific public goods.

Overall budget of C for class-based public goods.

health: public versus private

education: primary versus higher

infrastructure: transportation, electricity, communications

foreign investment

political power

Overall budget of E for ethnic-based public goods.

economic goods: natural resources which can be used to produce ethnic public goods

occupational categories dominated by certain ethnic groups

tagged public goods: temples, mosques, madrasas

reservations in jobs or political positions

ideologies: a Greater Serbia, Hindutva

political power

Conflicts, if any, must be the product of one of two possible types of "alliances".

A *class alliance* is a merging of interests over ethnic groups, but maintaining distinction between P and R.

The battle, then (if any), is over the capture of the class budget C.

An *ethnic alliance* is a merging of interests over classes, but maintaining distinction between H and M.

The battle, then (if any), is over the capture of the ethnic budget E.

Elements of a Strategic Approach

Stage 1. *Salience.* Alliances form (or not), either along class or along ethnic lines.

Stage 2. *Hostility.* Adoption of hostile or peaceful stances by one side or the other. If *either* side is hostile, move to Stage 3. Otherwise receive "peace payoffs".
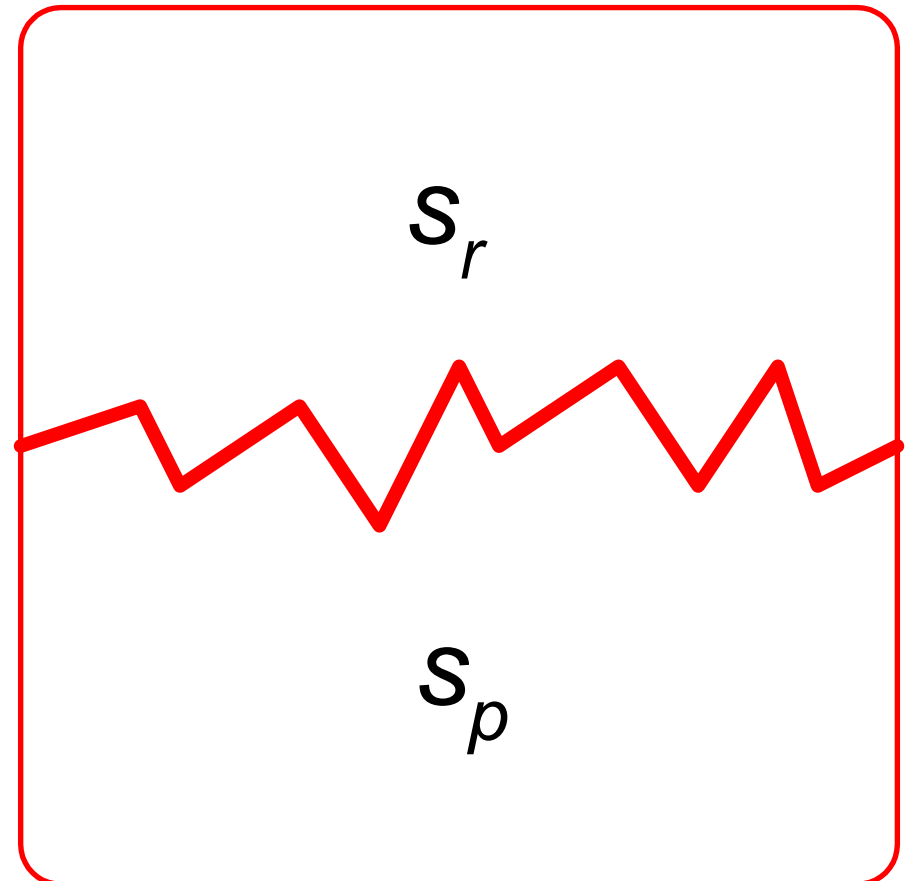
Stage 3. *Conflict.* Each alliance contributes *militants* or *activists*. They enter into conflict, and each side receives "conflict payoffs".

Peace payoffs.

Ethnic Budget E

Class Budget C

s_h

s_m

s_r

s_p
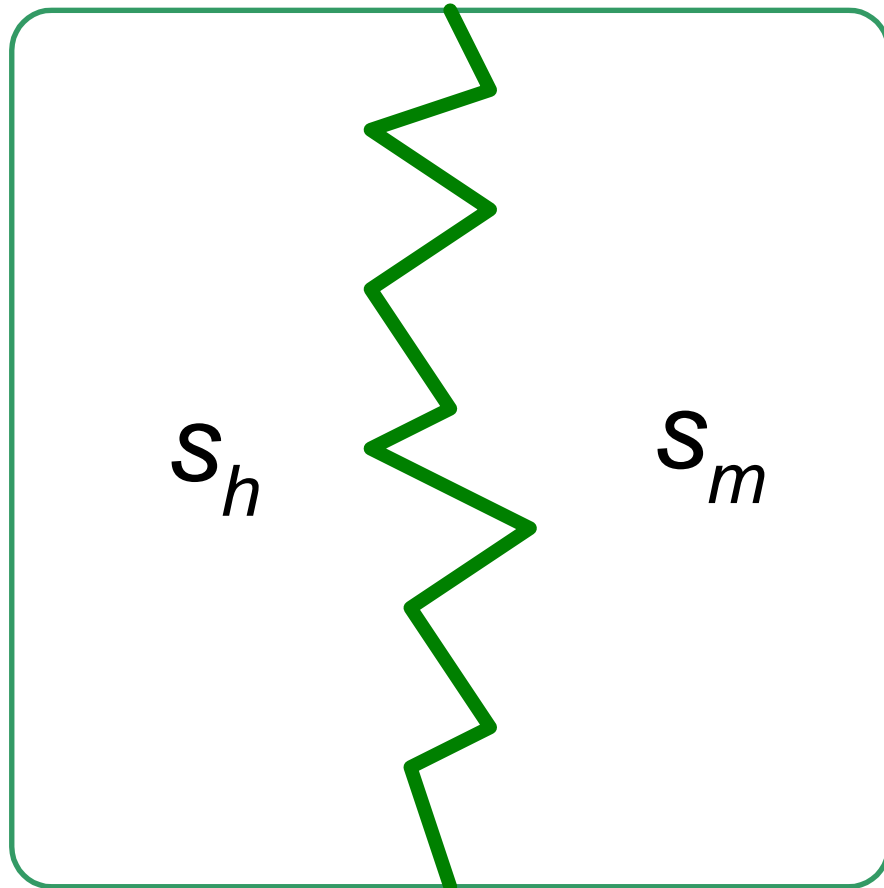
Individual in group ij with i a class index and j an ethnic index gets

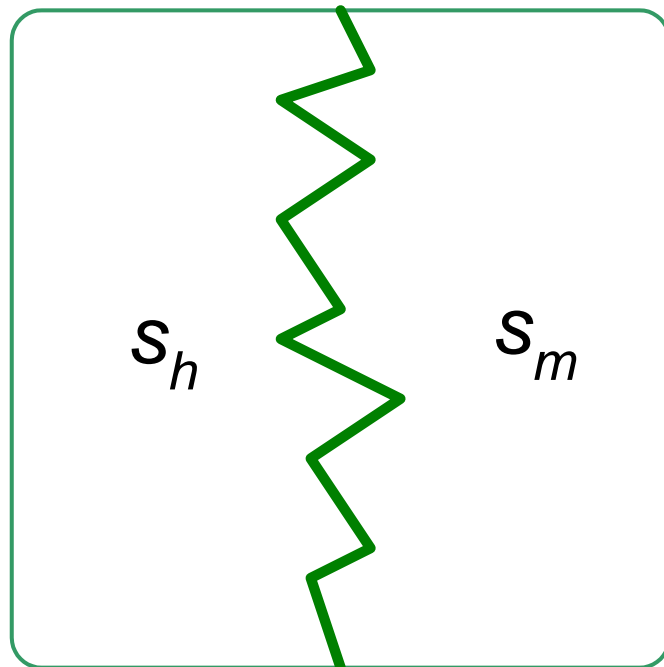$$u(y_i) + s_i C + s_j E.$$

Focal Point II. Peace Symmetry:

$C \simeq E$

$s_h = s_p = s_h = s_m = 1/2.$
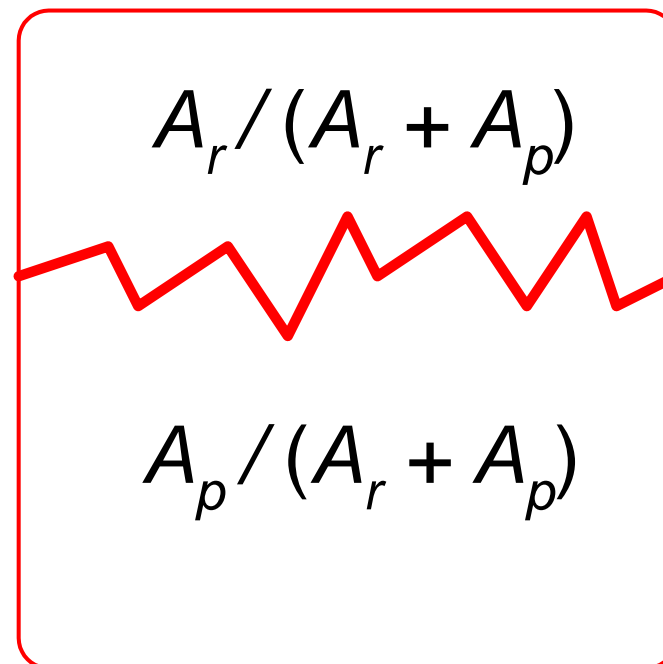
Conflict payoffs.

In class alliance, C-share proportional to activists A_i contributed by each side $i = p, r$. E-share untouched.

Ethnic Budget E **Class Budget C**
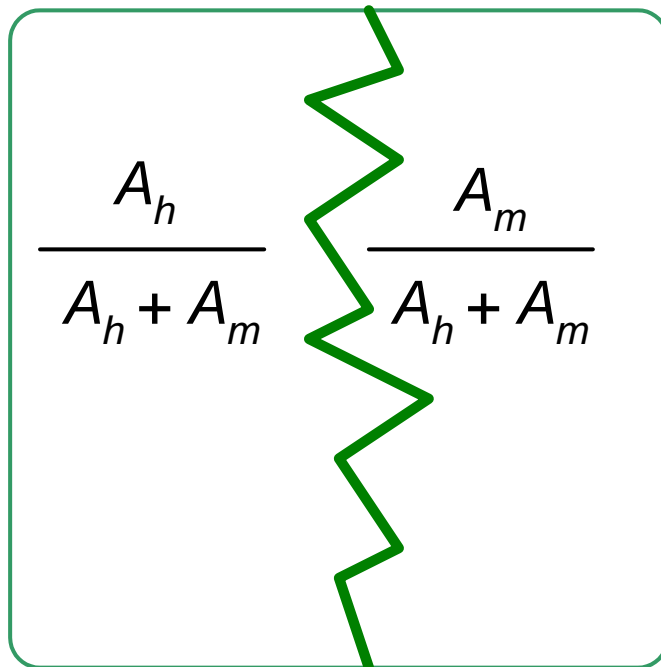
s_h s_m

$A_r / (A_r + A_p)$

$A_p / (A_r + A_p)$

Conflict payoffs.

In ethnic alliance, E-share proportional to activists A_j contributed by each side $j = h, m$. C-share untouched.

Ethnic Budget E

Class Budget C

$$\frac{A_h}{A_h + A_m} \qquad \frac{A_m}{A_h + A_m}$$

S_r

S_p
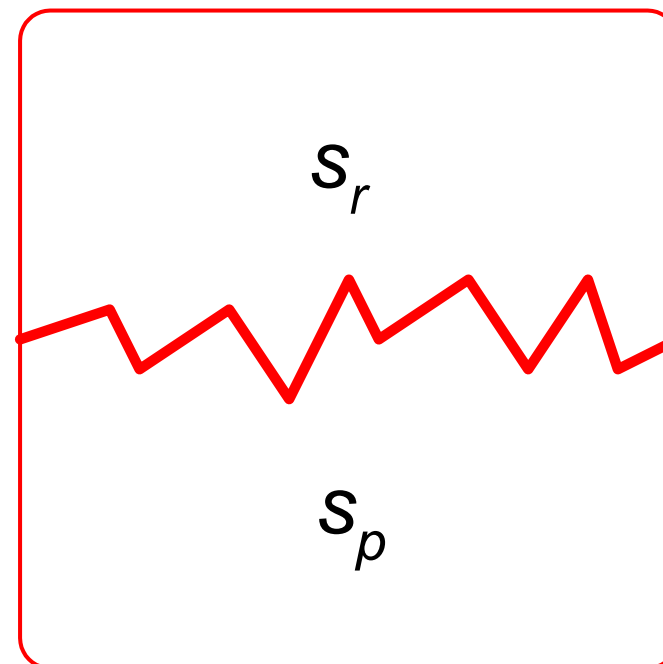
Activists need to be compensated.

Compensation rate generally connected to alliance incomes.

Let w_i be the compensation rate in alliance i.

Total expenditure for alliance i: $w_i A_i$.

Class conflict.

A person of ethnicity j who contributes finances f_{ji} to a class alliance i will get

$$u\left(y_i - f_{ji}\right) + \frac{A_i}{A_p + A_r}C + s_j E.$$

where A_i (times the compensation rate w_i) is the aggregate over all the individual finances.

Ethnic conflict.

A person of class i who contributes finances f_{ij} to an ethnic alliance j will get

$$u\left(y_i - f_{ij}\right) + \frac{A_j}{A_h + A_m}E + s_i C.$$

where A_j (times the compensation rate w_j) is the aggregate over all the individual finances.

Technique for solving these models: work "backwards" from Stage 3.

For each alliance, solve for equilibrium of conflict game.

In Stage 2, use this as prediction to decide whether or not to declare hostility.

In Stage 1, use Stage 2 predictions to form alliances.

The following proposition is fundamental.

Proposition.

For financial contributors to an alliance in stage 2 to willingly precipitate conflict, it is sufficient and generally necessary that

$$\frac{A_i}{A_i + A_j} > \sqrt{s_i}.$$

Quick sense of how this works:

Take class conflict for instance.

Class alliance i chooses hostility iff

$$\frac{A_i}{A_p + A_r}C + u\left(y_i - \frac{w_i A_i}{n_i}\right) > s_i C + u(y_i)$$

for one i.

Take class conflict for instance.

Class alliance i chooses hostility iff

$$u(y_i) - u\left(y_i - \frac{w_i A_i}{n_i}\right) < \left[\frac{A_i}{A_p + A_r} - s_i\right] C$$

By concavity of u, it is sufficient (and generally necessary) to check the inequality

$$u'\left(y_i - \frac{w_i A_i}{n_i}\right) \frac{w_i A_i}{n_i} < \left[\frac{A_i}{A_p + A_r} - s_i\right] C$$

$$u'\left(y_i - \frac{w_i A_i}{n_i}\right)\frac{w_i A_i}{n_i} < \left[\frac{A_i}{A_p + A_r} - s_i\right]C$$

Equilibrium conditions for conflict pin down the left-hand side:

Leaders in alliance i chooses A_i to maximize

$$\frac{A_i}{A_p + A_r}C + u\left(y_i - \frac{w_i A_i}{n_i}\right)$$

This yields the first-order condition

$$\frac{A_p A_r}{(A_p + A_r)^2}C = u'\left(y_i - \frac{w_i A_i}{n_i}\right)\frac{w_i A_i}{n_i}$$

So participation in conflict gives us

$$u'\left(y_i - \frac{w_i A_i}{n_i}\right)\frac{w_i A_i}{n_i} < \left[\frac{A_i}{A_p + A_r} - s_i\right]C$$

and the first-order condition gives us

$$\frac{A_p A_r}{(A_p + A_r)^2}C = u'\left(y_i - \frac{w_i A_i}{n_i}\right)\frac{w_i A_i}{n_i}$$

Combine:

$$C\left[\frac{A_p A_r}{(A_p + A_r)^2}\right] < \left[\frac{A_i}{A_p + A_r} - s_i\right]C$$

Combined expression:

$$C \left[\frac{A_p A_r}{(A_p + A_r)^2} \right] < \left[\frac{A_i}{A_p + A_r} - s_i \right] C$$

Remove the C in common:

$$\frac{A_p A_r}{(A_p + A_r)^2} < \frac{A_i}{A_p + A_r} - s_i$$

and transpose to get

$$\frac{A_i}{A_p + A_r} - \frac{A_p A_r}{(A_p + A_r)^2} > s_i$$

Remove the C in common:

$$\frac{A_p A_r}{(A_p + A_r)^2} < \frac{A_i}{A_p + A_r} - s_i$$

Rewrite:

$$\frac{A_i}{A_p + A_r} > \sqrt{s_i}$$

Linking A-share to population and economics.

Recall first-order condition:

$$\frac{A_p A_r}{(A_p + A_r)^2} C = u'\left(y_i - \frac{w_i A_i}{n_i}\right) \frac{w_i A_i}{n_i}$$

Linking A-share to population and economics.

So

$$u'\left(y_i - \frac{w_i A_i}{n_i}\right)\frac{w_i A_i}{n_i} = u'\left(y_j - \frac{w_j A_j}{n_j}\right)\frac{w_j A_j}{n_j}$$

In unranked conflict

$$\frac{A_i}{A_i + A_j} = \frac{n_i}{n_i + n_j} = n_i.$$

So the condition reduces to

$$n_i > \sqrt{s_i}.$$

With peace symmetry, this requires a population share of approx. 70%.

Conflicts are wasteful, so a substantial "tyranny of the majority" is required to make it worthwhile for one group.

For ranked class conflict, recall first-order condition again:

$$u'\left(y_i - \frac{w_i A_i}{n_i}\right)\frac{w_i A_i}{n_i} = u'\left(y_j - \frac{w_j A_j}{n_j}\right)\frac{w_j A_j}{n_j}$$

Reduces to

$$\frac{\alpha_j n_i}{\alpha_j n_i + \alpha_i n_j} > \sqrt{s_i},$$

where α_i is approx. $u'(y_i)w_i$.

Unlikely that this will ever hold for the rich:

$w_p = w_r$ (rich can "buy" conflict labour at the same rate as poor)

u is logarithmic.

Then condition for rich to initiate reduces to

$$\frac{n_r y_r}{n_r y_r + n_p y_p} > \sqrt{s_r},$$

That is, need $\sigma_r > \sqrt{s_r}$, where σ_r is income share of the rich.

World Bank (2003), Indian per-capita income is USD 460 (2001 dollars; PPP is about $2,500).

For class conflict, this is the appropriate division into "rich" and "poor".

Roughly 65–70 % earn below this mean; share around 35%.

So income share above mean very likely less than 70%. This isn't enough for the rich to precipitate conflict *even if we assume that the poor get an equal per-capita share of the public good.*

Class Conflict Summary

Unlikely to be precipitated by the rich (though possible in some cases).

Will be preferred to peace by the poor if there is substantial population dominance.

A Bit More on Ethnic Conflict

An ethnic alliance involves an understanding — implicit or explicit — among groups with disparate economic backgrounds.

Two modeling choices: the subgroups choose actions together, or independently.

Fortunately, the particular choice makes little difference to the results.

We adopt the independent contributions formulation here.

An equilibrium is *regular* if the rich have greater income than the poor after contributions.

Observation. Any regular equilibrium must involve the rich making *all* financial contributions, and the poor making none (though in general they will engage in compensated militancy).

Same intuition as in voluntary contributions model (e.g., Bergstrom-Blume-Varian).

Regular equilibrium characterized by the rich making contributions on either side of the alliance, and the poor supplying "conflict labour".

Two Propositions for the Salience Stage

Proposition. [ethnic salience for poor ethnic majority]

Make the two focal assumptions: unranked ethnicity and symmetric peace, and suppose that the rich have access to militants at the same compensation rates as the poor.

Assume moreover that the dominance of the ethnic majority is at least as high as that of the poor $(n_h \geq n_p)$.

Then in any regular equilibrium, the poor ethnic majority obtain higher payoffs from ethnic conflict relative to *both* class conflict and peace.

[Warning] It takes *both the rich and poor* to participate in an ethnic alliance, so that the proposition does not predict ethnic conflict.

By earlier proposition, the rich require $n_h \geq \sqrt{s_h}$, because they are contributors.

But the poor majoritarian are not (financial) contributors in a regular equilibrium.

Their preference for ethnic conflict over peace is driven by a far simpler condition:

$$n_h \geq s_h,$$

which is always met under peace symmetry.

Payoff to poor H from ethnic conflict:

$$n_h E + u(y_p) + s_p C = u(y_p) + \left(n_h + \frac{1}{2} \right) G$$

(where G is the common value of E and C).

Payoff to poor H from class conflict is

$$s_h E + u \left(y_p - \frac{w_p A_p}{n_p} \right) + \frac{A_p}{A_p + A_r} C$$

$$= u \left(y_p - \frac{w_p A_p}{n_p} \right) + \left(\frac{A_p}{A_p + A_r} + \frac{1}{2} \right) G$$

$$u(y_p) + \left(n_h + \frac{1}{2}\right) G \qquad \text{[EC]}$$

$$u\left(y_p - \frac{w_p A_p}{n_p}\right) + \left(\frac{A_p}{A_p + A_r} + \frac{1}{2}\right) G \qquad \text{[CC]}$$

Recall that

$$\frac{A_p}{A_p + A_r} = \frac{\alpha_r n_p}{\alpha_r n_p + \alpha_p n_r},$$

so if compensation rates are equal then $\alpha_r < \alpha_p$, and

$$\frac{A_p}{A_p + A_r} < n_p \le n_h$$

Undoubtedly this claim relies on a set of assumptions.

But method of proof shows that there is a lot of "fat" in the argument. Holds under weaker conditions.

Assumptions used: equality of division, large ethnic majority: $n_h \geq n_p$.

The Rich, and the Need for Diversionary Tactics

Proposition. [ethnic salience for rich ethnic majority]

Continue to make all the assumptions for the previous result.

Then the rich majoritarian group prefers ethnic conflict to class conflict whenever the poor prefer class conflict to peace.

Given, then, the reluctance of the rich to enter into class conflict, the only possible outcomes are ethnic conflict or peace.

Consider rich payoffs in the ethnic majority:

$$n_h E + u \left(y_r - \frac{w_h A_h}{n_{rh}} \right) + s_r C \qquad \text{[Ethnic War]}$$

$$s_h E + u \left(y_r - \frac{w_r A_r}{n_r} \right) + \frac{A_r}{A_p + A_r} C \qquad \text{[Class War]}$$

Consider rich payoffs in the ethnic majority:

$$n_h G + u \left(y_r - \frac{w_h A_h}{n_{rh}} \right) + s_r G \quad \text{[Ethnic War]}$$

$$s_h G + u \left(y_r - \frac{w_r A_r}{n_r} \right) + \frac{A_r}{A_p + A_r} G \quad \text{[Class War]}$$

Consider rich payoffs in the ethnic majority:

$$\left[n_h + \frac{1}{2} \right] G + u \left(y_r - \frac{w_h A_h}{n_{rh}} \right) \quad \text{[Ethnic War]}$$

$$\left[\frac{A_r}{A_p + A_r} + \frac{1}{2} \right] G + u \left(y_r - \frac{w_r A_r}{n_r} \right) \quad \text{[Class War]}$$

If poor prefer class conflict to peace,

$$\frac{A_p}{A_p + A_r} > \frac{1}{2}$$

Consider rich payoffs in the ethnic majority:

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$$\left[\frac{A_r}{A_p + A_r} + \frac{1}{2} \right] G + u \left(y_r - \frac{w_r A_r}{n_r} \right) \quad \text{[Class War]}$$

If poor prefer class conflict to peace,

$$\frac{A_r}{A_p + A_r} < \frac{1}{2} < n_h$$

So it is sufficient to show that

$$\frac{w_h A_h}{n_{rh}} < \frac{w_r A_r}{n_r}.$$

Use first-order condition for class conflict:

$$u'\left(y_r - \frac{w_r A_r}{n_r}\right)\frac{w_r A_r}{n_r}$$

So it is sufficient to show that

$$\frac{w_h A_h}{n_{rh}} < \frac{w_r A_r}{n_r}.$$

Use first-order condition for class conflict:

$$u'\left(y_r - \frac{w_r A_r}{n_r}\right)\frac{w_r A_r}{n_r} = \frac{A_p A_r}{(A_p + A_r)^2}G$$

$$> n_p(1 - n_p)G$$

So it is sufficient to show that

$$\frac{w_h A_h}{n_{rh}} < \frac{w_r A_r}{n_r}.$$

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$$> n_p(1-n_p)G > n_h(1-n_h)G$$

So it is sufficient to show that

$$\frac{w_h A_h}{n_{rh}} < \frac{w_r A_r}{n_r}.$$

Use first-order condition for class conflict:

$$u'\left(y_r - \frac{w_r A_r}{n_r}\right)\frac{w_r A_r}{n_r} = \frac{A_p A_r}{(A_p + A_r)^2}G$$

$$> n_p(1 - n_p)G > n_h(1 - n_h)G = u'\left(y_r - \frac{w_h A_h}{n_{rh}}\right)\frac{w_h A_h}{n_{rh}}$$

Majorities versus Minorities

Our model is one is which majority groups are decisive.

If ethnic goods are equally divided, the ethnic minority will never want to engage in ethnic conflict.

Therefore the majority groups (rich and poor) are potentially pivotal in all arrangements.

But the two ethnic majority subgroups are pivotal *in different ways*.

The poor ethnic majority is decisive in sparking a class conflict (they will be supported by the ethnic minority).

But ethnic conflict is more subtle.

In our lead case,

ethnic conflict $\succ_{poor}$ class conflict, and

ethnic conflict $\succ_{poor}$ peace.

A. If peace $\succ_{poor}$ class conflict, then the rich majoritarian is decisive across ethnic conflict and peace.

B. But if class conflict $\succ_{poor}$ peace, then the rich majoritarian *will* "choose" ethnic conflict to avoid the class war.

Taking Stock

The main result states that in the presence of economic inequality, there is a systemic bias towards ethnic conflict.

This is not at all to suggest that class conflict cannot occur.

For instance, it could certainly happen if $E \simeq 0$ and C is large.

The point is that under the peace symmetry conditions, ethnic identities may be focal.

Who Supplies Conflict Labour?

Young men, obviously, but overwhelmingly drawn from the poor.

Woodward on Bosnia:

''The actual characteristics of the fighting on the ground . . . reflected the socioeconomic basis of these politics far more than the ethnic coloration and historical revenge that characterized politicans' rhetoric. For many, war became a rare opportunity for enrichment, through theft or smuggling, in a period of serious economic decline.''

Kapferer on Sri Lanka:

"Sinhalese gangs made up largely of impover-ished and unemployed youth attacked Tamils in their houses and shops, settling old scores and looting."

Engineer on Gujarat:

"There is another factor which also should be seriously reflected upon: participation of Dalits and Backwards in this genocide on a big scale. Many have emphasised Dalit-Muslim unity to fight communal fascism. But the Hindutvawadis have instilled a sense of Hinduness among Dalits for their misuse against Muslims. The huge crowds of ten to fifteen thousand which collected and surrounded Muslims from all sides mostly consisted of Dalits and Backwards . . . They were no doubt given liquor and money plus incentive of loot. But this does not explain the fury with which they attacked."

Polarization Revisited

Disturbing implications for the measurement of multidimensional polarization.

Polarization emphasizes within-group *homogeneity* and cross-group *heterogeneity*.

Works fine (or seems to) when a single variable (wealth, political opinion, ethnicity).

When economic factors play a role in social conflict, however, the appropriate measure may be far more complex.

Summary

1. Why is so much social conflict ethnicized, rather than proceeding along "traditional" class lines?

2. We construct a simple model of ethnic salience to address this question.

3. The model permits both peace, as well the possibility of class- or ethnic-based alliances (identities?), leading to conflict.

4. When public goods are at stake, the poor and rich members of the dominant ethnic group are decisive in precipitating conflict or peace, but in different ways.

5. In particular, the poor ethnic majority are unilaterally decisive for class conflict (but need the lead of the rich for ethnic alliances).

6. The rich ethnic majority are often only too pleased to provide that lead.

7. Economic inequality is synergistic: the rich provide resources, the poor provide conflict labour. Thus ethnic conflict may be salient *precisely* in the presence of inequality.