

AMERICAN UNIVERSITY

ECONOMICS OF VIOLENCE AND PEACE (SIS-619.025)

Fall 2016

Instructor: Dr. Kwaku Nuamah
Time: Tuesday 05:30 PM – 08:00 PM
Venue: EQB 103
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DESCRIPTION

The purpose of this course is to train students to think critically about the economic effects of violence and peace processes in the international arena. It is designed to equip students with analytical tools essential to a rigorous study of how economic factors shape (and are in turn shaped by) processes of violence and peace. Our goal is learn to think like economists without losing view of the “big picture” of the interconnectedness of the wide variety of causal factors that shape the incidence, dynamics and termination of violence and peace processes.

The course is organized in 4 parts. Part 1 introduces students to the discipline of violence and peace economics (Week 1) and continues with a brief overview of some of the theories of international economics pertinent to our course (Week 2).

Part 2 (Weeks 3, 4, 5 and 6) focuses on economic models of war planning and execution systems. Models considered include opportunity costs of private military contractor deployments (Week 3), expected-utility and war initiation (Week 4); defense spending and the Gini index as indicators of impending war (Week 5), and the predation theory of civil war initiation (Week 6).

In Part 3, we explore issues and trends in the political economy of international violence. Topics covered include the security effects of falling oil prices (Week 7), economics of terrorism finance (Week 8), the relationship between organized crime and rebellion (Week 9), and dynamics of war economies (Week 10).

Part 4 concludes the course by considering the role of economics in international peacemaking. It opens with a look at how economic incentives encourage cooperation among disputants (Week 11), and continues with a closer look at the utility of economic sanctions as a peacemaking tool (Week 12). We then shift our attention to the political economy of peacekeeping finance (Week 14), and end the class with an exploration of the political economy of DDR finance (Week 15).

There shall be no class in Week 13 (Thanksgiving).

LEARNING OUTCOMES

By the end of the course, students should be able to:

- Show a deeper understanding of the economic dimensions of violence and peace in the international system
- Show familiarity with major approaches to the study of violence and peace economics
- Show appreciation for key economic drivers of violence and peace
- Analyze the positive and negative economic effects of violence and peace processes
- Show deeper understanding of the war and peace effects of global market fluctuations
- Show deeper appreciation for the value of economic indicators as predictor of the incidence of war
- Demonstrate deeper knowledge of the economics of private military contracting by the United States and others.
- Show familiarity with the economics of international peacekeeping projects
- Demonstrate a deeper understanding of the economics of disarmament, demobilization and reintegration (DDR) in post war societies
- Demonstrate deeper knowledge of the dynamics of war economies and best practices for their transformation
- Show deeper understanding of the relative merits of sanctions and other economic peacemaking tools

REQUIRED TEXTS:

One book is required for this class:

- Anson, Cynthia and I. William Zartman. *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed*. Washington DC: Johns Hopkins University Press, 2005
ISBN-10: 0801882982
ISBN-13: 978-0801882982

All other assigned reading will be made available on Blackboard.

GRADING POLICY:

Grades will be assessed according to the following criteria:

1. Attendance and Participation	(20%)
2. “War Profiteers” Film Review	(10%)
4. Response Papers (2)	(20%)
5. Economic sanctions policy assignment	(15%)
6. Final Paper	(35%)
Total	(100%)

Grade distribution for the course will be based on the following scale:

100-95: A
90-94: A-
85-89: B+
80-84: B
75-79: B-
70-74: C+
65-69: C

Attendance and Participation (20%)

Participation is an essential part of this class. Students are expected to come to class fully prepared to discuss assigned readings and to contribute meaningfully to all class activities and exercises. Active participation will constitute 15% of the final grade. Students will earn points for active and constructive participation in class discussion and exercises. I shall call on students at random to answer questions in class. Points will be deducted if you are unprepared or absent without prior notice. The other 5% of the mark will be allotted for attendance. Please note that 1% will be deducted from your final grade for each class session missed without a reasonable excuse. Missing more than 5 class sessions during the term will result in further mark penalties.

• ***“War Profiteers” Film Review (10%)***

In Week 3 (September 13, 2016), the class shall view and critique “*Iraq for Sale: The War Profiteers*,” a documentary exploring the economics of private military contractor deployments in Iraq. Students will write and submit a 2-page review of the film. The review shall be worth up to 10% of your final grade and will be due in class on September 20, 2016.

• ***Two Response Papers (20%)***

Students will write 2 short papers (each not to exceed 5 double-spaced pages excluding notes) responding to questions on themes and problems covered in the assigned readings. The papers shall be due as follows:

Short Response Paper 1: due by end of Week 6 (October 8, 2016)

Short Response Paper 2: due by the end of Week 14 (December 3, 2016)

Each response paper will be worth up to 10% for a total of 20% of your final grade

• ***Economic Sanction Policy Assignment (15%)***

Students will team up to produce a memo critiquing a current United States government economic sanctions policy and propose measures for improvement. The salient points of the memo shall be presented in class on November 15 (Week 12) and the final jointly written memo (which shall not exceed 5 double-spaced pages excluding notes), shall be due via email on November 19, 2016. The in-class presentation shall be worth up to 5% and the jointly written memo worth up to 10% for a total of 15% of your final grade.

• ***Final Paper (40%)***

In lieu of a final exam, students will write a 15-20 page paper exploring one or several of the problems covered in the course. Outlines for final papers will be submitted to the instructor for comments by November 29, 2016. The final paper will be worth up to 40% of the final grade. It shall be due by email on December 13, 2016.

❖ DETAILS OF ALL ASSIGNMENTS WILL BE DISCUSSED IN CLASS

GENERAL POLICIES AND NOTES

All written assignment must be typed, show proper use of the English language, and turned in on time. No late papers will be accepted. Assignments must be handed in personally on the due date in class unless otherwise stated. Note that I grade both content as well as presentation style so you should endeavor to follow the rules of proper usages of the language. You must also cite (properly) all borrowed ideas and phrases. Failure to cite “borrowed” ideas and phrases is plagiarism.

STATEMENT ON ACADEMIC INTEGRITY

All students are governed by American University's Academic Integrity Code, which details specific violations of ethical conduct that relate to academic integrity. By registering, you have acknowledged your awareness of the Academic Integrity Code, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. All of your work (whether oral or written) in this class is governed by the provisions of the Code. Academic violations, particularly plagiarism, have been increasing in recent years, partly due to web sites and other sources that offer information or papers that students can submit as their own work.

Defined by the Code, plagiarism is using the work, ideas, or words of someone else without attribution. Other violations include inappropriate collaboration (working on a project with another person but not acknowledging her or his contribution), dishonesty in examinations, whether in class or take-home, dishonesty in papers (not submitting original work), work done for one course and submitted to another, deliberate falsification of data, interference with other students' work, and copyright violations.

The adjudication process and possible penalties are listed in American University's Academic Integrity Code booklet, which is also available on the American University web site. The Instructor has the responsibility to monitor course assignments for violations of academic integrity, and the right to submit any suspicious assignments for electronic analysis to detect such violations.

Being a member of this academic community entitles each of us to a wide degree of freedom in the pursuit of scholarly interests; with that freedom, however, comes a responsibility to uphold the ethical standards of scholarly conduct.

STATEMENT ON DISABILITY SUPPORT SERVICES

If you experience difficulty in this course for any reason, please don't hesitate to consult with me. In addition to the resources of the department, a wide range of services is available to support you in your efforts to meet the course requirements.

Academic Support Center (x3360, MGC 243) offers study skills workshops, individual instruction, tutor referrals, and services for students with learning disabilities. Writing support is available in the ASC Writing Lab or in the Writing Center, Battelle 228.

Counseling Center (x3500, MGC 214) offers counseling and consultations regarding personal concerns, self-help information, and connections to off-campus mental health resources.

Disability Support Services (x3315, MGC 206) offers technical and practical support and assistance with accommodations for students with physical, medical, or psychological disabilities.

If you qualify for accommodations because of a disability, please notify me in a timely manner with a letter from the Academic Support Center or Disability Support Services so that we can make arrangements to address your needs.

STATEMENT ON EMERGENCY PREPAREDNESS

In the event of an emergency, American University will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to our students. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods.

Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. Faculty will communicate class-specific information to students via AU e-mail and Blackboard, while students must inform their faculty immediately of any absence. Students are responsible for checking their AU e-mail regularly and keeping themselves informed of emergencies.

In the event of an emergency, students should refer to the AU Student Portal, the AU Web site (www.prepared.american.edu) and the AU information line at (202) 885-1100 for general university-wide information, as well as contact their faculty and/or respective dean's office for course and school/ college-specific information.

CLASS OUTLINE AND READING LIST

PART 1: INTRODUCTION

WEEK 1 (AUGUST 30): INTRODUCTION TO ECONOMICS OF VIOLENCE AND PEACE

Read:

- Anson, Cynthia. “The Political Economy of War: Situating the Debate,” in Anson, Cynthia and I. William Zartman. *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed*. Washington DC: Woodrow Wilson International Center for Scholars, 2005.

WEEK 2 (SEPTEMBER 6): REVIEW OF MAJOR THEORIES

Read:

- Mankiw, N. Gregory. *Principles of Microeconomics*, 6th Edition. Mason, OH: South-Western Centage Learning (2012). Read chapter 3: “Independence and Gains from Trade.”
- Johnson, Dennis A. “Opportunity Cost: A Pedagogical Note.” *Southern Economic Journal* 50.3 (1984): 866–870.
- Cramer, Christopher. “Homo Economicus goes to war. Methodological individualism, rational choice, and the political economy of war.” *World Development*. 30, 11: 1845-1864.
- Doran, Charles. “Power Cycle Theory, the Shifting Tides of History, and Statecraft: Interpreting China's Rise,” *Bologna Center Journal of International Affairs*, Volume 17. April 2014.

PART 2: ECONOMIC MODELS OF WAR PLANNING AND EXECUTION

WEEK 3 (SEPTEMBER 13): ECONOMICS OF PRIVATE SECURITY DEPLOYMENT IN WAR THEATRES

Read:

- Kwok, James. “Armed Entrepreneurs: Private Military Companies in Iraq.” *Harvard International Review* 28.1 (2006). 34–37.

- Mayer, Don. “Peaceful Warriors: Private Military Security Companies and the Quest for Stable Societies.” *Journal of Business Ethics* 89 (2009): 387–401.
- Ortiz, Carlos. *Private Armed Forces and Global Security*. Santa Barbara, CA: Praeger (2010). Read Chapter 2: “Private Forces in Historical Perspective.”
- In-Class Film- *Iraq for Sale: The War Profiteers* (Culver City, CA: Brave New Films, 2006)

WEEK 4 (SEPTEMBER 20): UTILITY MAXIMIZATION; EXPECTED UTILITY AND WAR INITIATION; ALLIANCE THEORY AND CONFLICT INITIATION

Read:

- Varian, Hal. *Microeconomic Analysis*. 3rd Edition. New York, NY: W. Norton & Company (1992). Read Chapter 7: “Utility Maximization.”
- Bueno De Mesquita, Bruce. “The War Trap Revisited: A Revised Expected Utility Model.” *The American Political Science Review*. Vol. 79, No. 1 (Mar., 1985), pp. 156-177.
- Leeds, Brett Ashley, “Do Alliances Deter Aggression? The Influence of Military Alliances on the Initiation of Militarized Interstate Disputes, *American Journal of Political Science*, Vol. 47, No. 3, July 2003, Pp.
- Kimball, Anessa. Alliance Formation and Conflict Initiation: The Missing Link.” *Journal of Peace Research*. July (2006 43). 371-389.
- **Due This Week**
 - *Film Review Paper (Due on Tuesday September 20, 2016)*

WEEK 5 (SEPTEMBER 27): ECONOMIC MODELS OF WAR PREDICTION: MILITARY SPENDING; INEQUALITY, THE GINI INDEX AND CONFLICT

Read:

- Collier, Paul and Anke Hoeffler. “Military Spending and the Risks of Coups d’Etat,” Centre for the Study of African Economies Paper, Department of Economics, Oxford University. 2007.
- Cramer, Christopher. “Does Inequality Cause Conflict?” *Journal of International Development*, 15, 397–412 (2003).

- Kennes, Erik. “The Democratic Republic of the Congo: Structures of Greed, Networks of Need,” in Anson, Cynthia and I. William Zartman. *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed*. Washington DC: Woodrow Wilson International Center for Scholars, 2005.
- Lisa Margonelli. “The Power of the Gini Index.” *Pacific Standard: The Science of Society*, January 22, 2013.

WEEK 6 (OCTOBER 4): PREDATION THEORY AND CIVIL WAR INITIATION

Read:

- Kandeh, Jimmy. “The Criminalization of the RUF Insurgency in Sierra Leone,” in Anson, Cynthia and I. William Zartman. *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed*. Washington DC: Woodrow Wilson International Center for Scholars, 2005
- Le Billon, Philippe. “Resource Wealth and Angola’s Civil War,” in Anson, Cynthia and I. William Zartman. *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed*. Washington DC: Woodrow Wilson International Center for Scholars, 2005
- Collier, Paul. “Economic Causes of Civil War and their Implications for Policy,” *Department of Economics Paper*, Oxford University, April, 2006
- Ross, Michael. “Oil, Drugs and Diamonds: The Varying Roles of Natural Resources in Civil War,” in Karen Ballentine and Jake Sherman (eds), *The Political Economy of Armed Conflict: Beyond Greed and Grievance*. Boulder: Lynne Rienner, 2003.
- **Due This Week**
 - *Response Paper 1 (Due on Saturday October 8, 2016)*

PART 3: ISSUES & TRENDS IN THE POLITICAL ECONOMY OF VIOLENCE

WEEK 7 (OCTOBER 11): FALLING OIL PRICES AND GLOBAL SECURITY

Read:

- Friedman, Thomas. “The First Law of Petropolitics.” *Foreign Policy*; May/June 2006
- Reynolds, Douglas. “Soviet Economic Decline: Did an Oil Crisis Cause the Transition in

the Soviet Union?” *The Journal of Energy and Development*, Vol. 24 No. 1. 2000

- Klare, Michael. “The Hidden Risk of Plummeting Oil Prices: War.” *The Nation*, January 2016
- Dickie, Mure. “Oil price slump hits SNP case for Independence” *Financial Times*, August 24, 2016
- Dempsey, Judy. “Judy Asks: Will Cheap Oil Kill Global Stability?” Carnegie Europe blog-post. Posted: Wednesday, January 20, 2016. Available online at: <http://carnegieeurope.eu/strategieurope/?fa=62516>

WEEK 8 (OCTOBER 18): ECONOMICS OF TERRORISM FINANCE

Read:

- Kumar, Leena Thacker and Joel R. Campbell. “Global Governance: The Case of Money Laundering and Terrorist Financing” *Forum on Public Policy*, Vol. 2009 Issue 1, Special section p1
- Di Giovanni, Janine, Leah Mcgrath Goodman, and Damien Sharkov, “How Does ISIS Fund Its Reign of Terror? *Newsweek*, November 6, 2014
- Johnston, Patrick. “Islamic State's money problems: Column.” *USA Today*, March 4, 2016
- Michael Jacobson. “Terrorist Financing and the Internet,” *Studies in Conflict & Terrorism*. 33:353–363, 2010

WEEK 9 (OCTOBER 25): ORGANIZED CRIME, REBELLION AND CONFLICT

Read:

- Picard, Elizabeth. “Trafficking, Rents and Diaspora in the Lebanese War,” in Anson, Cynthia and I. William Zartman. *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed* *Rethinking the Economics of War: the Intersection of Need, Creed, and Greed*. Washington DC: Woodrow Wilson International Center for Scholars, 2005
- Collier, Paul. “Rebellion as a Quasi-Criminal Activity,” *Journal of Conflict Resolution* December 2000 Vol. 44 No. 6 839-853
- Doyle, Mark. “How DRC militias make their money,” *BBC News*, 29 June 2012.
- Chernick, Marc. “Economic Resources and Internal Armed Conflicts: Lessons from the Colombian Case,” in Anson, Cynthia and I. William Zartman. *Rethinking the Economics*

of War: the Intersection of Need, Creed, and Greed. Washington DC: Woodrow Wilson International Center for Scholars, 2005

WEEK 10 (NOVEMBER 1): DYNAMICS OF WAR ECONOMIES

Read:

- Studdard, Kaysie. “War Economies in a Regional Context: Overcoming the Challenges of Transformation,” *IPA Policy Report*. New York: International Peace Academy, March 2004.
- Palmer, Nicola. “Defining a Different War Economy-the Case of Sri Lanka,” *Berghof Handbook Dialog*, April 2005.
- Lock, Peter, “War Economies and the Shadow of Globalisation,” *Berghof Handbook Dialog*, April 2005.
- Titeca, Kristof, Luk Joossens and Martin Raw. “Blood cigarettes: cigarette smuggling and war economies in central and eastern Africa.” *Tobacco Control*, Vol. 20, No. 3 (May 2011), pp. 226-232.

PART 4: ISSUES & TRENDS IN THE POLITICAL ECONOMY OF PEACEMAKING

WEEK 11 (NOVEMBER 8): ECONOMIC INCENTIVES & MODELS OF COOPERATION

Read:

- Foran, Virginia, and Leonard S. Spector, “The Application of Incentives to Nuclear Proliferation” in Cortright, David (ed.), *the Price of Peace: Incentives and International Conflict Prevention*. Lanham, MD: Rowman and Littlefield, 1997.
- Cortright, David and Amitabh Mattoo. “Carrots and Cooperation: Incentives for Conflict Prevention in South Asia,” in Cortright, David (ED), *the Price of Peace: Incentives and International Conflict Prevention*. Lanham, MD: Rowman and Littlefield, 1997.
- Vayrynen, Raimo. “Economic Incentives and the Bosnian Peace Process,” in Cortright, David (ED), *the Price of Peace: Incentives and International Conflict Prevention*. Lanham, MD: Rowman and Littlefield, 1997.
- Vines, Alex. “The Business of Peace: Tiny Roland, Financial Incentives and the Mozambican Settlement.” *Accord*, Issue 3, 1998.

WEEK 12 (NOVEMBER 15): ECONOMIC SANCTIONS AND PEACEMAKING

Read:

- Hovi, Jon, Robert Huseby, and Detlef F. Sprinz. “When do (imposed) Economic Sanctions Work?” *World Politics* 57 (July 2005), 479–99
- Haass, Richard. “Economic Sanctions: Too Much of a Bad Thing,” *Brookings Policy Brief Series* # 33 of 186, June 1998
- Drezner, D.W. (2003). “The Hidden Hand of Economic Coercion.” *International Organization*, 57(3).
- Esfandiary, Dina. “Assessing the European Union’s Sanctions Policy: Iran as a Case Study. *EU Non-Proliferation Consortium Non-Proliferation Papers* No. 34. December 2013

❖ Due This Week

- *Economic sanctions policy presentation (Due on Tuesday November 15, 2016)*
- *Economic Sanctions Policy Memo (Due on Saturday, November 19, 2016)*

WEEK 13 (NOVEMBER 22): THANKSGIVING (NO CLASS)

WEEK 14 (NOVEMBER 29): POLITICAL ECONOMY OF PEACEKEEPING FINANCE

Read:

- Carnahan, Michael, William Durch and Scott Gilmore. “Economic Impact of Peacekeeping.” *United Nations Peacekeeping Best Practices Report*, March 2006
- United Nations. “Approved resources for peacekeeping operations for the period from 1 July 2014 to 30 June 2015” *General Assembly document A/C.5/68/26*, circulated 21 August 2014)
- Tardy, Thierry. “Funding peace operations: Better Value for EU Money.” *European Union Institute for Security Studies*, Issue 38, November 2013
- Schaefer, Brett D. and Morgan Lorraine Roach, “African Union: Transparency and Accountability Needed.” *Heritage Foundation Issue Brief*, No. 3535 March 2012

❖ Due This Week

- *Final Paper Outlines (Due on Tuesday November 29, 2016)*
- *Response Paper 2 (Due on Saturday December 3, 2016)*

WEEK 15 (DECEMBER 6): POLITICAL ECONOMY OF DDR FINANCE

Read:

- United Nations Organization. “Finance and Budgeting,” in *The Operational Guide to the Integrated Disarmament, Demobilization and Reintegration Standards*. New York, NY: DDR Resource Centre, 2014. Pages 92-100
- Pawson, Lara. “Ivory Coast's Difficult Disarmament.” *BBC News*, March 17, 2004.
- Wilen, Nina. “A Hybrid Peace through Locally Owned and Externally Financed SSR—DDR in Rwanda?” *Third World Quarterly*, Vol. 33, No. 7 (2012), pp. 1323-1336
- Willibald, Sigrid. “Does money work? Cash transfers to ex-combatants in disarmament, demobilisation and reintegration processes,” *Disasters*, September 2006.

❖ Due This Week

- *Final Paper (Due by 11:59 PM on Tuesday December 13, 2016)*