

AMERICAN UNIVERSITY
School of International Service

ECONOMICS OF VIOLENCE AND PEACE (SIS-619.015) FALL 2018

- Time: Wednesday 08:20 PM – 10:50 PM
- Venue: SIS355

Instructor:

Dr. Kwaku Nuamah

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Office Hours:

- Tuesday: 1:00 PM - 3:00 PM
- Friday: 1:00 PM – 3:00 PM

DESCRIPTION

The main purpose of this course is to train students to think critically about the economic dimensions of violence and peace processes in the international arena. It is designed to equip students with analytic tools essential to a rigorous study of how economic factors shape (and are in turn shaped by) organized forms of violence and peace processes. Our goal is *learn how 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 initiatives in the global system.

The course is organized in 4 parts. Part 1 (Week 1) introduces students to the field of violence and peace economics and continues with a brief review of the economic analysis of recent war and peace decisions.

Part 2 (Weeks 2 and 3) reviews key economic theories and their applications to problems of violence and peace. Theories considered in Week 2 include gains from trade, opportunity costs, free-riding, and expected utility. Theories considered in Week 3 include rational choice, game theory, market equilibrium, production possibility models, and bargaining models.

Part 3 (Weeks 4, 5 and 6) focuses on economic models of war planning and execution. Models considered include utility of private military contractors (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).

Part 4 explores key issues and trends in the political economy of international violence. Topics covered include the security effects of economic shocks (Week 7), the relationship between organized crime and rebellion (Week 8), and the political economy of terrorism finance (Week 9).

Part 5 concludes the course by considering the role of economics in international peacemaking. It opens with a look at how economic incentives can be used to encourage desired behavior changes in targets (Week 10) and continues to consider how to transform war economies (Week 11) as well as the politics of financing peacekeeping, DDR, Security Sector Reform and refugee resettlement projects (Week 12). We then shift our attention to the roles that the private sector can play to support peace efforts (Week 14), and end the class with an assessment of the peace dividend argument and the case for promoting peace economics (Week 15).

There will be no class in Week 13 (Thanksgiving Holiday).

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
- Demonstrate familiarity with major approaches to the study of violence and peace economics
- Show a 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 a deeper knowledge of the economics of private military contracting by the United States and others.
- Show a deeper understanding of the politics of international peacekeeping finance
- Critically evaluate assumptions underlying foreign-funded Security Sector Reform projects
- Demonstrate a deeper understanding of the economics of disarmament, demobilization and reintegration in post war societies
- Demonstrate a nuanced view of the economics of refugee resettlement models
- Demonstrate a deeper knowledge of the dynamics of war economies and of the best practices for their transformation
- Show deeper understanding of the relative merits of sanctions and other economic peacemaking tools
- Demonstrate a sophisticated view of the roles that private sector actors can play to aid peace
- Critically evaluate and draw nuanced conclusions on the “peace dividend” argument

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. “Iraq for Sale” Film Review	(10%)
4. Response Papers (2)	(20%)
5. Economic sanctions memo	(10%)
6. Final Paper Outline & Bibliography	(5%)
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 4, the class shall watch 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 by 8PM on Saturday, September 22, 2018.

• ***Short Response Papers (20%)***

Students will write 2 short papers (each not to exceed 2 double-spaced pages, excluding notes) responding to questions on themes and problems covered in the assigned readings. The papers shall be due on the Monday of the topic week. Students will also sign up to do an in-class discussion of their paper. Each response paper will be worth up to 10% for a total of 20% of your final grade

- ***Economic Sanctions Memo (10%)***

In Week 10, each student will produce a short (2 pages maximum) memo critiquing a current United States government economic sanctions policy and propose measures for improvement. The memo will be worth up 10% of your final grade. It will be due by 8 PM on Saturday November 3, 2018

- ***Final Paper Outline and Bibliography (5%)***

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 and bibliography for the final paper will be submitted to the instructor for comments by Monday November 26, 2018. It shall be worth up to 5% of your course grade.

- ***Final Paper (35%)***

The final paper will be worth up to 35% of the final grade. It shall be due by 8PM on Wednesday December 12, 2018.

- 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 uploaded on blackboard on the due date 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 must adhere to American University’s Academic Integrity Code, which you can find at: <http://www.american.edu/academics/integrity/code.cfm>. 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 a declared pandemic or other emergency, students should refer to the AU Web site <http://www.american.edu/emergency/> and the AU information line at (202) 885-1100 for

university-wide information, contact faculty and dean's office for course and school/college-specific information.

CLASS OUTLINE AND READING LIST

PART 1: INTRODUCTION

WEEK 1 (AUGUST 29): 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.

PART 2: KEY ECONOMIC THEORIES & THEIR APPLICATION TO VIOLENCE AND PEACE

WEEK 2 (SEPTEMBER 5): GAINS FROM TRADE, OPPORTUNITY COSTS, FREE-RIDING, EXPECTED UTILITY

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.
- Hardin, Russell, "The Free Rider Problem," *The Stanford Encyclopedia of Philosophy*. Spring 2013.
- Briggs, R. A., "Normative Theories of Rational Choice: Expected Utility," *The Stanford Encyclopedia of Philosophy*. Spring 2017.

WEEK 3 (SEPTEMBER 12): RATIONAL CHOICE, MARKET EQUILIBRIUM, PRODUCTION POSSIBILITY MODELS, BARGAINING MODELS

Read:

- Cramer, Christopher. "Homo Economicus goes to war. Methodological individualism, rational choice, and the political economy of war." *World Development*. 30, 11: 1845-1864.
- Anderton, Charles H., and John R. Carter. "Production Possibilities and the Guns versus Butter Trade-off." In *Principles of conflict economics: A Primer for Social Scientists*. Cambridge University Press (2009).
- Anderton, Charles H., and John R. Carter. "Rational Choice and Equilibrium." In *Principles of conflict economics: A Primer for Social Scientists*. Cambridge University Press (2009).
- Anderton, Charles H., and John R. Carter. "A Bargaining Model of Conflict." In *Principles of conflict economics: A Primer for Social Scientists*. Cambridge University Press (2009).

PART 3: ECONOMIC MODELS OF WAR PLANNING AND EXECUTION

WEEK 4 (SEPTEMBER 19): UTILITY OF PRIVATE MILITARY CORPORATIONS

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 Forces in Historical Perspective." In *Private Armed Forces and Global Security*. Santa Barbara, CA: Praeger (2010).
- Singer, P. W. "Outsourcing War." *Foreign Affairs* 84, no. 2 (2005): 119-32
- ❖ **Documentary (watch before class):**
 - *Iraq for Sale: The War Profiteers* (Culver City, CA: Brave New Films, 2006)
- ❖ **Due this Week:**
 - *Film Review paper (due at 8 PM on Saturday, September 22, 2018)*

WEEK 5 (SEPTEMBER 26): 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.
- Intriligator, Michael D., and Dagobert L. Brito. "Can Arms Races Lead to the Outbreak of War?" *The Journal of Conflict Resolution* 28, no. 1 (1984): 63-84
- Cramer, Christopher. "Does Inequality Cause Conflict?" *Journal of International Development*, 15, 397-412 (2003).
- Lisa Margonelli. "The Power of the Gini Index." *Pacific Standard: The Science of Society*, January 22, 2013.

WEEK 6 (OCTOBER 3): PREDATION THEORY AND CIVIL WAR INITIATION

Read:

- 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
- 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.

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

WEEK 7 (OCTOBER 10): ECONOMIC SHOCKS 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
- Bazzi, Samuel, and Christopher Blattman. "Economic Shocks and Conflict: Evidence from Commodity Prices." *American Economic Journal: Macroeconomics* 6, no. 4 (2014): 1-38

WEEK 8 (OCTOBER 17): ORGANIZED CRIME, REBELLION AND CONFLICT

Read:

- Collier, Paul. “Rebellion as a Quasi-Criminal Activity,” *Journal of Conflict Resolution* December 2000 Vol. 44 No. 6 839-853
- Tilly, Charles. “War making and State Making as Organized Crime.” In Evans, Peter et al. *Bringing the State Back In*. Cambridge: Cambridge University Press, 1985.
- 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
- McClintock, Cynthia. “The Evolution of Internal War in Peru: The Conjunction of Need, Creed, and Organizational Finance.” 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 9 (OCTOBER 24): 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
- Clarke, Colin et al. “Financial Futures of the Islamic State of Iraq and the Levant.” *Findings from a RAND Corporation Workshop*. RAND Corporation, 2017.

- Keating, Tom. “Rethinking CTF Strategy: Using Finance to Stop Terrorists.” *Newsbrief*, May 2016 Vol. 36 No 3
- Jacobson, Michael. “Terrorist Financing and the Internet,” *Studies in Conflict & Terrorism*. 33:353–363, 2010

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

WEEK 10 (OCTOBER 31): ECONOMIC INCENTIVES & 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
- 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.
- 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.

❖ Due This Week

- *Sanctions Policy Memo (due at 8:00 PM on Saturday November 3, 2018)*

WEEK 11 (NOVEMBER 7): TRANSFORMING 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.
- 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*. Washington DC: Woodrow Wilson International Center for Scholars, 2005

- Liebenberg, Sybert, et al. “A theory of war economies: formation, maintenance and dismantling.” *African Security Review*. Volume 24 Issue 3, 2015.
- Goodhand, Jonathan. “From war economy to peace economy?” *Paper presented at State reconstruction and international engagement in Afghanistan*, 30 May – 1 June 2003, London School of Economics and Political Science and University of Bonn.

WEEK 12 (NOVEMBER 14): POLITICAL ECONOMY OF PEACEKEEPING, DDR, SSR & REFUGEE SETTLEMENT

Read:

- 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.
- Carnahan, Michael, William Durch and Scott Gilmore. “Economic Impact of Peacekeeping.” *United Nations Peacekeeping Best Practices Report*, March 2006
- Collier, Paul and Alexander Betts. “Why denying refugees the right to work is a catastrophic.” *The Guardian*, March 22, 2017. Available online at: <https://www.theguardian.com/world/2017/mar/22/why-denying-refugees-the-right-to-work-is-a-catastrophic-error#img-2error>
- Crawley, Heaven. “Why jobs in special economic zones won’t solve the problems facing the world’s refugees.” *The Conversation*, April 6, 2017

WEEK 13 (NOVEMBER 21): THANKSGIVING –NO CLASS

WEEK 14 (NOVEMBER 28): THE PRIVATE SECTOR, CORPORATE SOCIAL RESPONSIBILITY AND OPTIONS FOR PEACEMAKING

Read:

- Vines, Alex. “The Business of Peace: Tiny Roland, Financial Incentives and the Mozambican Settlement.” *Accord*, Issue 3, 1998.
- Ford, Jolyon. “Engaging the private sector in post-conflict recovery: perspectives for SADPA.” *ISS Paper 269*, October 2014

- Rettberg, Angelika. "The Private Sector and Peace in El Salvador, Guatemala, and Colombia." *Journal of Latin American Studies* 39, no. 3 (2007): 463-94.
- Control Risks Group, "The Peace Dividend: Mitigating Challenges and Seizing Opportunities in Colombia's Post-Conflict Period." *Control Risks Group Report*, 2016.
- Schwencke, Ken. "Internet Company That Does Business With Hate Sites Alters Complaint Policies." *ProPublica*, May 10, 2017.

❖ **Due This Week:**

- ***Final Paper Outlines (due by 8:00 PM on Monday, November 26, 2018)***

WEEK 15 (DECEMBER 5): PEACE DIVIDENDS & THE CASE FOR PEACE ECONOMICS

Read:

- Mintz, Alex, and Randolph T. Stevenson. "Defense Expenditures, Economic Growth, and the "Peace Dividend": A Longitudinal Analysis of 103 Countries." *The Journal of Conflict Resolution* 39, no. 2 (1995)
- Lee, Dwight R., and Richard K. Vedder. "The Political Economy of the Peace Dividend." *Public Choice* 88, no. 1/2 (1996): 29-42.
- O'Hearn, Denis. "Peace Dividend, Foreign Investment, and Economic Regeneration: The Northern Irish Case." *Social Problems* 47, no. 2 (2000): 180-200.
- Pkalya, Ruto. "Peace Dividends: Consolidating the Peace Process and Establishing the Foundations for a Successful Political Transition In Kenya: 2010-2013." *Amani Papers*.
UNDP

❖ **FINAL PAPER DUE BY 8:00 PM ON DECEMBER 12, 2018**