Globalisation and Armed Conflict

(Detailed outline of workshop

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1. **Relation to existing research**

Theoretical work: Recent theoretical work on the trade-conflict relationship has largely been influenced by the relative gains-argument that the use of resources can be an important means to wield power. Morrow (1997) has shown in an evaluation of Gowa´s (1994) sophisticated extension of this traditional realist argument that this conjecture does not generally hold. While Morrow´s research further demonstrates that trade between enemies even occurs during wartime, the different Dorussen models (1997, 1999) examine additional complexities such a balance of power and leadership structures, equally qualifying the much criticized, but still highly influential realist conjecture.

Some other authors have, in a more informal way, tried to link the issue of trade interdependence to the literature on rentseeking and the democratic peace. Weede (1995) argues in an Olsonian piece that non-democratic states are less efficient and more prone towards socially harmful redistribution towards groups that prevent trade. According to the indirect argument derived from this vantage point, international conflict is ultimately a consequence of the activities into which protectionist "distributional coalitions" engage. Other authors, especially from the research group around John Oneal and Bruce Russett, have advanced an unconditional peace-through-trade-hypothesis which they try to trace back to the writings of Kant and 19th century liberal economists (Oneal and Russett 1999, Russett, Oneal and Davis 1998).

Empirical work: While the impact of foreign direct investment on state behavior has played an important role in the 1970s and 1980s, almost no recent research looks into this question. Most studies focus, by contrast, on the relationship between trade and conflict. Some of the newest results in this area will be published in a special issue of *the Journal of Peace Research* (for a more extensive literature discussion see Barbieri and Schneider 1999 in this issue). While Katherine Barbieri and Jack Levy (1999) surprisingly detect almost no impact of war on bilateral trade, other studies in this special issue are much more supportive of the liberal hypotheses. The most prominent example is the study by Oneal and Russett (1999) who refute some objections against their earlier work. One empirically-based contradiction to the liberal hypothesis were Barbieri´s earlier studies (1996, 1997) in which she finds a positive relationship between trade and conflict. The work by Beck, Katz and Tucker (1998), which was primarily methodologically motivated, came only up with a confirmation of the null-hypothesis.

If we finish our brief overview with some results on investment and conflict, we would like to single out the studies by Glenn Firebaugh. In articles published in the *American Journal of Sociology* in 1992 and 1996, he has indirectly attacked the hypothesis by dependency theorists that increased levels of foreign direct investment are a major source of both civil and interstate conflict. Firebaugh by contrast shows that the objections of the dependency school have been based on a misinterpretation of the sign for capital stock as a negative dependency effect. In fact, it is merely a `denominator effect' when both flow and stock appear in the same

regression equation. Firebaugh concludes that FDI has a positive effect on economic growth, although less so than domestic investment.

Our brief survey reveals that the dispute on the interrelationship between globalisation and conflict is largely unresolved and that major aspects of this nexus have not found the scientific attention they deserve. Hence, although some of the recent contributions to this literature are impressive, we would like to single out some problems that our proposed workshop would address:

First, we still do not possess solid theoretical foundations that provide a convicing causal mechanism for the eventual link between globalisation and conflict. Although the early expected utility models supported the claim that the relationship is unconditional, the more recent game-theoretic work suggests that the interrelationship, if it exists at all, is dependent on some crucial intervening variables like enforcement or monitoring costs. Morrow (1999) also suggests that crisis bargaining models should be used to study the causal nexus, a suggestion which has not yet been taken up in the empirical studies.

Second, the empirical foundations of the studies in this field are frequently somewhat shaky. For instance, most of the studies in the dependency tradition depend on measures of foreign capital penetration collected in the late 1970s while ignoring many of the cautions expressed by the researchers who compiled them. Most recent studies of the impact of trade on interstate conflict data suffer from a lack of trade data outside the period of the Cold War. Studies of dependency and internal conflict tend to rely on content analysis of newspaper sources, covering relatively short time-periods. The data on regime type are usually either based on Freedom House (with a very limited time frame) or the Polity project, both of which have subjective elements in the coding which are hard to assess. Data on inequalities in income or land tenure have also suffered from poor coverage and low comparability.

Third, most of the studies in the dependency tradition have concentrated on the effects of economic dependency on growth and have paid relatively little attention to conflict. This is also true of most of the recent work by economists on the liberalisation of capital and on the effects of foreign investment. The debate on liberal peace has concentrated on interstate conflict rather than on civil conflict, the currently dominant form of conflict.

Fourth, much of the liberal writing has ignored work in the dependency tradition and vice versa. The literature also suffers from insufficient interaction between the economists on the one hand and sociologists and political scientists on the other.

Fifith and finally, much of the new and widely publicised work on globalisation is limited to rather impressionistic empirical evidence. There is a need to review that literature systematically in order to see if new empirical tests should be devised to respond to the new debate.

2. Type of Paper

Since we aim at bringing together people with different perspectives and research agendas, we encourage the submission of quite diverse papers. Generally, we expect both theoretical and empirical papers which will fall into the following categories:

Theoretical papers: Papergivers in this category will try to uncover eventual causal mechanisms in the relationship between globalisation and militarised conflict. These participants will have partly a training in formal theory. We would, however, also like to encourage the submission of paper propoals that promise to look into the history of the idea that the internationalisation process and peace are interrelated in a systematic fashion.

Empirical papers: Since there is host of studies on the interrelationship between trade and conflict, we would particularly like to encourage the submission of papers that include other salient indicators of global interdependence – investment and cultural penetration in particular. We are in accordance with our research questions also interested in proposals that explore the interrelationship between civil conflict and globalisation in a systematic fashion.

3. Literature:

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Oneal, John R. & Bruce M. Russett 1997. "The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950-1985", in *International Studies Quarterly* 41/2, June, pp. 267-294

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