

College of the Holy Cross
Department of Economics

Economics 316
Economics of Peace, Conflict, and Defense

Fall 2009
Professor Anderton

TEXT AND READINGS:

Required Texts:

Charles Anderton and John Carter, *Principles of Conflict Economics: A Primer for Social Scientists*, New York: Cambridge University Press, 2009.

Other Readings:

Other required readings are posted to Moodle or will be passed out in class.
A daily or weekly periodical with substantial international coverage is recommended.

COURSE DESCRIPTION:

We use economic principles and methods to study and understand the causes and potential amelioration of violent conflicts in the international system. We also consider the effects of conflicts on economic activities. In Part A of the course we examine foundational models and principles of conflict economics. In Part B we explore various theoretical and empirical perspectives on the causes, consequences, and policy implications of war between and within nations and between nations and non-state groups. Among the topics studied in the course are conflict data sources; historical trends in violent conflicts; rational choice and game theoretic perspectives on conflict and cooperation; geography and technology of conflict; the bargaining theory of war; risk factors for interstate conflicts, civil wars, genocides, and terrorism; and third party engagement.

OFFICE AND OFFICE HOURS:

Office: Stein 507 Office Hours: Monday and Wednesday 2:30-3:45
Phone: 793-3441 Tuesday 11:00-12:00
Campus Box: 85A and by appointment

COURSE REQUIREMENTS:

Your course grade will be determined from the following:

2 Semester Exams	100 points each (20% each)
2 Quizzes	40 points each (8% each)
Conflict Data Project	50 points (10%)
Conflict Briefing (Group Project)	50 points (10%)
Online Conflict Analysis Course	5 bonus points on final exam
Cumulative Final Exam	<u>120 points (24%)</u>
Total	500 points (100%)

Your letter grade is based on the percent of the total course points that you have at the end of the semester as follows (usual rounding procedures apply, e.g., 93.3% rounds to 93 and is an A-):

94% - 100%	A	83 - 86	B	73 - 76	C	60 - 65	D
90 - 93	A-	80 - 82	B-	70 - 72	C-	< 60	F
87 - 89	B+	77 - 79	C+	66 - 69	D+		

EXAMS AND QUIZZES:

- Quiz 1: Thursday, September 24
- Exam 1: Tuesday, October 6
- Quiz 2: Thursday, November 5
- Exam 2: Thursday, November 19
- Cumulative Final Exam: Section 1 (8:00 class), Thursday, December 17 at 8:30 AM
Section 2 (9:30 class), Saturday, December 12 at 2:30 PM

You can be exempt from a semester exam or quiz only if you obtain an excused absence. In cases where an absence is excused, a revised weighting scheme will be worked out over *remaining* exams. No make-ups will be given.

Department policy requires that department calculators be used for all exams and quizzes.

CONFLICT PROJECTS AND ONLINE CONFLICT COURSE:

Separate handouts for these projects will be passed out in class.

PROBLEM SETS:

Approximately every week a problem set will be handed out in class. Problem sets give you practice in applying the material learned in class and in your readings. The problems do not have to be handed in, but the practice they provide is essential for developing a mastery of the material. Except for the first problem set, answers to odd-numbered quantitative problems will be provided. You are free to work together on problem sets. You are also free to meet with me if you would like to discuss any of the problem set questions.

ATTENDANCE:

Attendance is expected and it is important for doing well in the course. Some of the concepts, models, and applications covered in class cannot be found in the book or articles. Obtaining this information second-hand from a classmate's notes is not as effective as acquiring the information first-hand.

MOODLE:

From the Holy Cross homepage, click Administration and then Educational Technology. To the right, click Moodle CMS and then log in. Here you will find links to PowerPoint Slides, Problem Sets, and other course items.

ACADEMIC HONESTY:

According to the College's academic honesty policy, all members of the College community are expected to abide by the highest standards of academic integrity. For exams, quizzes, and projects you should not use improper means to gain credit or assist someone else in improperly gaining credit. More detailed information about academic honesty will be provided throughout the term, particularly when you receive the conflict projects. If you have any questions or concerns about matters of academic integrity, please feel free to speak with me during office hours or by appointment.

Unless you are expecting an important message, please turn off your cell phone and please refrain from text messaging during class. Thank you.

COURSE OUTLINE

I recommend that you bring colored pencils to class for note taking.

I. Introduction to the Course

1. A typology of violent conflicts (or what do we mean by war?)
2. Data overview of macro conflicts: wars, sub-war conflicts, terrorism, and genocides
3. Data overview of micro conflicts: crime, piracy, and human trafficking
4. Contemporary conflict “hot spots”
5. The conflict cycle
6. What does conflict have to do with economics?
7. Methodology of conflict economics
8. Course objectives and plan

Text: *Principles of Conflict Economics*, chapter 1

Reading/Assignment: USIP Online Course in Conflict Analysis (see class handout)

PART A: FOUNDATIONAL PRINCIPLES AND MODELS OF CONFLICT ECONOMICS

II. Production Concepts with Applications to Conflict

1. Production functions
2. Production possibilities frontier
3. Trade and economic growth in the production possibilities model
4. Economic costs of conflict: diversion, destruction, disruption
5. Defense spending and economic growth: crowding out, crowding in, growth spin-offs
6. Applications to North Korea

Text: *Principles of Conflict Economics*, chapter 2

III. Rational Choice and Supply and Demand Models with Applications to Conflict

1. Elements of the rational choice model: preferences (utility) and budget constraint
2. Optimal choice
3. Individual demand
4. Changes in income and price
5. Income and substitution effects
6. Applications: fungibility of foreign aid, land mines, and child soldiers
7. Supply and demand model
8. Applications: difficulty of small arms control and the liberal peace hypothesis
9. Taxonomy of goods

Text: *Principles of Conflict Economics*, chapter 3

IV. Game Theory Models of Conflict and Cooperation

1. Definitions and terminology of game theory
2. Sequential games and rollback equilibrium
3. Simultaneous-move games and Nash equilibrium
4. Chicken
5. The peacekeeping game
6. Prisoners’ dilemma
7. Arms rivalry as prisoner’s dilemma
8. Repeated prisoner’s dilemma

Text: *Principles of Conflict Economics*, chapter 4

V. Geography and Technology of Conflict

1. Boulding's model of spatial conflict
2. Defensive and offensive military innovations
3. Military bases, buffer zones, and peacekeeping forces
4. Strategic depth
5. O'Sullivan's three-dimensional model of spatial conflict
6. Lanchester model of war attrition
7. Lanchester attack/defend model and the inherent propensity toward peace or war
8. Applications: Egypt/Israel 1967 war and militarization of space
9. Empirical studies of military technology and geography
 - a. Determinants of secession
 - b. Offense-defense theory and evidence

Text: *Principles of Conflict Economics*, chapter 9 (skim section 9.4)

PART B: CAUSES, CONSEQUENCES, AND AMELIORATION OF VIOLENT CONFLICT

VI. The Bargaining Theory of War

1. Elements of conflict and settlement
2. Rationalist sources of violent conflict
 - a. Inconsistent expectations owing to incomplete information
 - b. Reputation
 - c. Indivisibilities
 - d. Preemptive military technologies
 - e. Preventive war
 - f. Elimination of a persistent rival
 - g. Malevolent preferences
 - h. Political bias
3. Third-party intervention

Text: *Principles of Conflict Economics*, chapter 5

VII. Conflict between States

1. The conflict life cycle (once again)
2. Definitions of interstate war and sub-war conflict
3. Data overview of interstate wars and militarized interstate disputes
4. The bargaining model and interstate war
5. Empirical studies of interstate conflict
 - a. Risk factors for interstate conflict
 - b. Conflict termination
 - c. Economic costs of World War I

Text: *Principles of Conflict Economics*, chapter 6

VIII. Conflict within States: Civil Wars and Sub-War Civil Conflicts

1. Definitions and examples of intrastate conflict
2. Data overview of armed civil conflicts
3. Theoretical perspectives on civil war
4. A net revenue model of rebellion
5. Empirical studies of civil war
 - a. Risk factors for civil war
 - b. Conflict termination
 - c. Economic consequences of civil strife

Text: *Principles of Conflict Economics*, chapter 7

IX. Genocides and Mass Killings

1. Definitions and examples of genocides and mass killings
2. Data overview of genocides and politicides
3. Social psychology perspectives on genocide
4. An evolutionary game model of the emergence of genocidal preference
5. Bargaining theory perspectives on the activation of genocide
6. Empirical studies of genocide risk

Text: *Principles of Conflict Economics*, pp. 112 and 120.

Readings: N. Kristof (2009) "What to Do about Darfur" *NY Review of Books*.

J. Waller (2007) *Becoming Evil: How Ordinary People Commit Genocide...*, pp. 3-24.

S. Milgram (1963) "Behavioral Study of Obedience," *J. of Abnormal and Social Psych.*

B. Harff (2003) "No Lessons Learned from the Holocaust?..." *Amer. Political Sci. Rev.*

Reserve: DVD Film, *Ghosts of Rwanda* (2 hrs.), on reserve in Multimedia Center

X. Terrorism

1. Defining terrorism
2. Data overview of international and domestic terrorism
3. Rational choice model of terrorism
4. Game theory perspectives on terrorism
 - a. Government/terrorist hostage game
 - b. Counterterrorism policy and the free rider problem
5. Empirical studies of terrorism
 - a. Risk factors for conventional, WMD, and suicide terrorism
 - b. Economic consequences of terrorism

Text: *Principles of Conflict Economics*, chapter 8

XI. Third Party Engagement (if time permits)

1. The conflict life cycle (once again)
2. Types and definitions of third party engagement
3. Overview of peace operations by the UN, NATO, other IGOs, and NGOs
4. Principles and practices of conflict mediation and post-conflict peace-building
5. Empirical and case study evidence on third party engagement

Readings: To be determined

XII. Conflict Briefings

XIII. Course Summary

Cumulative Final Exam: **Section 1 (8:00 class), Thursday, December 17 at 8:30 AM**
 Section 2 (9:30 class), Saturday, December 12 at 2:30 PM