

ECONOMIC DEVELOPMENT, INEQUALITY, AND HUMANITARIAN EMERGENCIES

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Abstract

This paper focuses on a political economy of humanitarian emergencies, comprising a human-made crisis in which large numbers of people die from war and state violence. The article analyzes how economic decline, income inequality, pervasive rent seeking by ruling elites, a reduced surplus to threaten the survival income of a large portion of the population, a weakening state, and competition for control of mineral exports contribute to emergencies. Economic regress and political decay bring about relative deprivation or perception by influential social groups of injustice arising from a growing discrepancy between what they expect and get.

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1. INTRODUCTION

Economic stagnation, political decay, and deadly political violence interact in several ways: economic and political factors contribute to war, while war has an adverse effect on economic growth and political development. This paper focuses on how the political economy affects humanitarian emergencies, comprising a human-made crisis in which large numbers of people die and suffer from war, state violence, and refugee displacement (Väyrynen, 2000a).

Auvinen and Nafziger (1999) analyze econometrically the relationship between humanitarian emergencies² and their hypothesized sources in less-developed countries (LDCs). Their analysis indicates that stagnation and decline in real GDP, high income inequality, a high ratio of military expenditures to national income, and a tradition of violent conflict are sources of emergencies. The study also finds that countries that failed to adjust to chronic external deficits were more vulnerable to humanitarian emergencies. The findings are by and large consistent for three measures of the dependent variable and for many different regression models.³ In addition, political variables, such as predatory rule, authoritarianism, and state decay and collapse,⁴ interact with economic variables to affect vulnerability to humanitarian emergencies.

²War deaths are from the Correlates of War database (Singer and Small, 1994). Refugees (across international boundaries) are from U.S. Committee for Refugees (1980-1996). For discussion of these data, see Auvinen and Nafziger (1999, pp. 267-90).

³Regression models include ordinary least squares (OLS), generalized least squares (GLS or Prais-Winsten), two-stage least squares, fixed and random effects, tobit, and probit models. See Auvinen and Nafziger (2001, on-line) for the results of a few of these regressions.

⁴A weakening or decaying state is one experiencing a decline in the basic functions of the state, such as possessing authority and legitimacy, making laws, preserving order, and providing basic social services. A complete breakdown in these functions indicates a failing or collapsing state (Holsti 2000, pp. 246-50; Zartman 1995, pp. 1-7).

This paper discusses how factors embedded in the political economy of some developing countries contribute to humanitarian emergencies. “Political economy” includes not only economic analysis but also an examination of the interests of political leaders and policymakers who make economic decisions and members of the population who are affected by these decisions. This politico-economic analysis, based on a research project begun in 1996 by the UN University/World Institute for Development Economics Research (WIDER), Helsinki, and Queen Elizabeth House, Oxford (QEH), generalizes on the case studies of 13 war-affected LDCs, 1980-2000, discussed in Nafziger, Stewart, and Väyrynen, editors (2000), and explains the reasons for econometric findings from annual data from 124 LDCs during 1980-95 (Auvinen and Nafziger, 1999).⁵

2. STAGNATION AND DECLINE IN INCOMES

Contemporary emergencies are found in low- and middle-income (that is, developing) countries, suggesting a threshold above which war and massive state violence do not occur. A disproportional number of these states are also weak or failing (Holsti, 2000, pp. 243-50), a trait that interacts as cause and effect of their relative poverty. Moreover, emergencies are more likely to occur in countries experiencing stagnation in real GDP per capita and a breakdown in law and public services. These phenomena affect relative deprivation, the actors' perception of social injustice from a discrepancy between goods and conditions they expect and those they can get or keep. This deprivation often results from vertical (class) or horizontal (regional or communal) inequality (Stewart 2000, p.

⁵The database for war includes annual data on 124 countries for 1980 to 1995. To secure broad representation, we include all low- and middle-income countries with more than one million people, as

16), where the actors' income or conditions are related to those of others within society.

Relative deprivation spurs social discontent, which provides motivation for collective violence (Gurr, 1970). Among the components of emergencies, war and violence have major catalytic roles, adding to social disruption and political instability, undermining economic activity, spreading hunger and disease, and fueling refugee flows. Tangible and salient factors such as a marked deterioration of living conditions, especially during a period of high expectations, are more likely to produce socio-political discontent that may be mobilized into political violence.

Only a portion of violence, however, results from insurgent action. In fact, Holsti (2000) demonstrates that the policies of governing elites are at the root of most humanitarian emergencies, a fact not recognized in most research on war (cf. Collier, 2000a and Collier and Hoeffler, 2000a). Slow or negative per-capita growth puts ruling coalitions on the horns of a dilemma. Ruling elites can expand rent-seeking opportunities for existing political elites, contributing to further economic stagnation that can threaten the legitimacy of the regime and increase the probability of regime turnover. To forestall threats to the regime, political elites may use repression to suppress discontent or capture a greater share of the majority's shrinking surplus. These repressive policies may entail acts of direct violence against or withholding food and other supplies from politically disobedient groups, as in Sudan in the 1980s (Keen, 2000, pp. 292-94). Moreover, repression and economic discrimination may generate relative deprivation and trigger socio-political mobilization on the part of the groups affected, leading to further violence, worsening the humanitarian crisis.

indicated by the World Bank (1996, pp. 188-9).

Since economic deceleration or collapse can disrupt ruling coalitions and exacerbate mass discontent, we should not be surprised that since 1980 the globe, particularly Africa, has been more vulnerable to humanitarian emergencies. This increase in *intra*state political conflict and humanitarian emergencies in Africa in the last two decades of the twentieth century is linked to its negative per-capita growth in the 1970s and 1980s and virtual stagnation in the 1990s. Indeed in Africa, which had the highest death rate from wars,⁶ GDP per capita was lower in the late 1990s than it was at the end of the 1960s (World Bank, 2000, p. 1).

This stagnation and decline was often associated with, and exacerbated by, a predatory state, driven by ethnic and regional competition for the bounties of the state. Predatory rule involves a personalistic regime ruling through coercion, material inducement, and personality politics, tending to degrade the institutional foundations of the economy and state. Elites extract immediate rents and transfers rather than providing incentives for economic growth. In some predatory states, the ruling elite and their clients “use their positions and access to resources to plunder the national economy through graft, corruption, and extortion, and to participate in private business activities.” (Holsti, 2000, p. 251). Ake (1996, p. 42) contends that “Instead of being a public force, the state in Africa tends to be privatized, that is, appropriated to the service of private interests by the dominant faction of the elite.” People use funds at the disposal of the state for

⁶We found, like Collier and Hoeffler (2000b), that the incidence of armed conflicts in Africa exceeded the incidence in other developing regions in the 1990s. If Africa’s economic performance had been as high as that of non-African LDCs, Africa’s incidence of conflict would have been similar to that of other developing regions (*ibid.*). Collier and Hoeffler’s finding is similar to ours. Stewart, Huang, and Wang (2000) indicate that Africa had by far the greatest number of deaths (direct and indirect) from conflict, during 1960-95, as a proportion of the 1995 population, 1.5 per cent, compared to 0.5 per cent in the Middle East, 0.3 per cent in Asia and 0.1 per cent in Latin America.

systematic corruption, from petty survival venality at the lower echelons of government to kleptocracy at the top.

Humanitarian crises are more likely to occur in societies where the state is weak and venal, and thus subject to extensive rent-seeking, “an omnipresent policy to obtain private benefit from public action and resources.” (Väyrynen 2000b, p. 440). Cause and effect between state failure and rent seeking are not always clear. State failure need not necessarily result from the incapacity of public institutions. Instead, while “state failure can harm a great number of people, it can also benefit others,” (ibid., p. 442) especially governing elites and their allies. These elites may not benefit from avoiding political decay through nurturing free entry and the rule of law and reducing corruption and exploitation. Instead political leaders may gain more from extensive unproductive, profit-seeking activities in a political system they control than from long-term efforts to build a well-functioning state in which economic progress and democratic institutions flourish. These activities tend to be pervasive in countries that have abundant mineral exports (for example, diamonds and petroleum), such as Sierra Leone, Angola, Congo - Kinshasa, and Liberia (section 4), while predatory economic behavior has a lower pay-off in mineral-export-poor economies such as Tanzania and Togo.

The majority of countries with humanitarian emergencies have experienced several years (or even decades) of negative or stagnant growth, where growth refers to real growth in GNP or GDP per capita. Widespread negative growth among populations where a majority is close to levels of subsistence increases the vulnerability to humanitarian disasters. From 1980 to 1991, 40 of 58 (69 per cent of) Afro-Asian countries experienced negative growth, according to the World Bank's *World*

Development Report (1993, pp. 238-9). In contrast, from 1960 to 1980, only 9 of 53 had negative economic growth, according to the earlier World Bank annual (1982, pp. 110-1). In addition, the positive growth of Latin America and the Caribbean during the 1960s and 1970s also reversed to negative growth in the 1980s, according to the same World Bank sources. The interrelationships between growth and emergencies suggest that the increased emergencies in the early 1990s are connected to the developing world's disastrous growth record of the 1980s. This disastrous growth was accompanied by state decay, as ruling elites, facing limitations in dispersing benefits to a wide-ranging coalition of ethnic communities and economic groups, struggled for control, allied with other strongmen, and strengthened their military capability to repress potential rebels and dissidents.

Econometric and country evidence indicates that, holding other variables constant, slow real GDP growth helps explain humanitarian emergencies. Humanitarian emergencies also contribute to reduced (often negative) growth (Stewart *et al.*, 1997, pp. 11-41), although, according to econometric tests by Auvinen and Nafziger (1999), the direction of causation is weaker than from growth to emergencies. Contemporary humanitarian disaster is rarely episodic but is usually the culmination of longer-term politico-economic decay over a period of a decade or more. Negative per-capita growth interacts with political predation in a downward spiral, a spiral seen in African countries such as Angola, Ethiopia, Sudan, Somalia, Liberia, Sierra Leone, and Zaire (Congo).

Economic stagnation, frequently accompanied by chronic trade deficits and growing external debt, intensifies the need for economic adjustment and stabilization. A persistent external disequilibrium has costs whether countries adjust or not. But non-

adjustment has the greater cost;⁷ the longer the disequilibrium, the greater is the social damage and the more painful the adjustment. Most LDCs face frequent international balance-of-payments problems, which reduce the ability of political leaders to maintain control. But, abundant exports, such as minerals, together with a strong military, can provide the ruler or warlord with a modicum of security.

More than a decade of slow growth, rising borrowing costs, reduced concessional aid, a mounting debt crisis, and the increased economic liberalism of donors and international financial institutions, compelled LDC (especially African) elites to change their strategies during the 1980s and 1990s. Widespread economic liberalization and adjustment provided chances for challenging existing elites, threatening their positions, and contributing to increased opportunistic rent-seeking and overt repression. Cuts in spending reduced the funds to distribute to clients, and required greater military and police support to remain in power.

3. INCOME INEQUALITY

Large income inequality exacerbates the vulnerability of populations to humanitarian emergencies. Alesina and Perotti's (1996) cross-section study of 71 developing countries,

⁷ Auvinen and Nafziger (1999, p. 278) found that there was an inverse relationship between IMF credits as a percentage of GNP and emergencies. Some of the explanation may stem from the IMF's refraining from funding "basket cases" devastated by war and displacement. In that case, the negative coefficient would be picking up a reverse causal relationship. Indeed, our two-stage least squares results, using the IMF credits/GNP variable, confirmed this reverse causality. Moreover, when the IMF variable was used as a predictor for *lagged* values of dependent variables, its coefficients were larger than for the OLS regression, indicating that perhaps emergencies keep away the IMF rather than vice versa (*ibid.*, pp. 280-81). Thus, a potential emergency reduces the likelihood of receiving IMF and other international support for adjustment programs.

A major contributor to non-adjustment is the distortion from an overvalued domestic currency. Nafziger (1988, pp. 150-60) argues that African governments resist adjustments to market prices and exchange rates that interfere with state leaders' ability to build political support, especially in cities.

1960-85, finds that income inequality, by fueling social discontent, increases socio-political instability, as measured by deaths in domestic disturbances and assassinations (per million population) and coups (both successful and unsuccessful). Moreover, the policies of predatory and authoritarian rulers increase income inequality.

To measure income inequality, we used Gini coefficients calculated from an expanded and qualitatively improved dataset from Deininger and Squire (1996, pp. 56-91), although we still decided not to use data from studies they relied on which used incomparable research methodologies. We were able to find relationships between Gini and war, which World Bank researchers Collier and Hoeffler (1998) and others, without this dataset, could not find. Collier and Hoeffler (1998, p. 563) indicate “there is insufficient data to introduce distributional considerations into the empirical analysis.” Our regressions indicate that high Gini or income concentration contributes to humanitarian emergencies.

Indeed because of inadequate income inequality data, Collier (2000b, pp. 10-11, 13) argues “Inequality does not seem to effect the risk of conflict. Rebellion does not seem to be the rage of the poor. . . . Conflict is not caused by divisions, rather it actively needs to create them. . . . However, it is the military needs of the rebel organization which have created this political conflict rather than the objective grievances.”⁸

⁸Berdal and Malone (2000) ask whether greed or grievance drive contemporary civil wars. Our answer, *both* greed (section 4) and grievance (from deprivation and inequality), is consistent with most of their contributors but not with those of the World Bank’s Collier. His views are that “The only result that supports the grievance approach to conflict is that a prior period of rapid economic decline increases the risk of conflict.” (Collier 2000a, p. 97). But, Collier, who apparently did not use Deininger or Squire’s dataset, finds that inequality “has no effect on the risk of conflict according to the data. . . . The grievance theory of conflict thus finds surprisingly little empirical support” (ibid., pp. 97-98). Can we really argue that the East Timorans, the Kashmir *mujahidin*, Chechnyans, Palestinians, the Hutu, Nuba, and southern Sudanese, to name just a few, are motivated only by greed rather than grievance?

WIDER researchers (Nafziger et al., 2 vols., 2000), who include deaths from state violence as a part of humanitarian emergencies, examine deadly political violence more broadly than merely a focus on rebellions, and hold a contrasting view to that of Collier. Indeed the WIDER approach is consistent with the finding that objective grievances of poverty and inequality contribute to war and humanitarian emergencies.

Severe social tensions leading to humanitarian emergencies may even arise under conditions of positive (even rapid) growth and expanding resource availability. High inequality can contribute to the immiseration or absolute deprivation of portions of the population, even with growth. Absolute deprivation during substantial growth was experienced, for instance, by Igbo political elites, dominant in Nigeria's Eastern Region, in 1964-65. The East lost oil tax revenues from a change in its regional allocation by the federal government, which ceased distributing mineral export revenues to regional governments.

Moreover, through the demonstration effect of consumption levels of the relatively well off, high income concentration increases the perception of relative deprivation by substantial sections of the population, even when these do not experience absolute deprivation. The risk of political disintegration increases with a surge of income disparities by class, region, and community, especially when these disparities lack legitimacy among the population. Class and communal (regional, ethnic, and religious) economic differences often overlap, exacerbating perceived grievances and potential strife.

The trends and policies leading to this type of high income inequality result from historical legacies of discrimination (from colonialism, apartheid, failed past policies, and

so forth), from government policies in distributing land and other assets, taxation, and the benefits of public expenditure, from regional and ethnic economic competition, and from predatory rule. Growing regional inequality and limited regional economic integration, associated with economic enclaves, can exacerbate ethnic and regional competition and conflict.

Regional factors contributing to conflict include educational and employment differentials, revenue allocation, and language discrimination, which disadvantages minority language communities. Examples include the struggle for petroleum tax revenues and employment in the civil service and modern sector in Nigeria in the early to mid-1960s, the distribution of resources from East to West and employment discrimination against Bengalis in Pakistan in the 1950s and 1960s, the conflict between Hutu and Tutsi for control of the state and access to employment in Burundi and Rwanda, the contention over the distribution of falling economic resources and rising debt obligations in Yugoslavia in the 1980s and early 1990s, and the language, employment, and educational discrimination by the state against Tamils in post-independent Sri Lanka.

While high inequality is associated with emergencies, insurgency is more likely if the less advantaged can identify the perpetrators of their poverty and suffering. The examples of Nigeria, South Africa, and Chiapas, Mexico (Nafziger and Auvinen, 2000, pp. 105-08) illustrate the diverse patterns of how discriminatory government policies cause economic inequality, fuel social discontent, and lead to political conflict and humanitarian emergencies. These dynamics may even occur when either the nation's real per-capita GDP is growing, as in Nigeria, or when the disadvantaged group's economic

position is improving, as for nonwhite South Africans from the 1960s through the early 1980s.

High income inequality can be a source of humanitarian emergencies in both rapidly- and slow-growing countries. But, once a population is dissatisfied with income discrepancies and social discrimination, as the majority nonwhites were in white-ruled South Africa, the rising expectations associated with incremental reductions in poverty and inequality may actually spur the revolt, conflict, and state hostile action that exacerbates the probability of a humanitarian emergency⁹ (Davies, 1962, pp. 5-19).

4. COMPETITION FOR NATURAL RESOURCES

Collier contends (Collier and Hoeffler 1998, pp. 568-69; Collier 2000a, pp. 92-95) that the possession of primary commodities, especially exports, increases the occurrence and duration of civil war. Mwanasali (2000, p. 145) indicates the reasons why. “Primary commodity exports present several advantages to the belligerents. Because they are generic products, rather than brand names, their origin can easily be concealed. They are usually the most heavily taxable, especially in kind, and their production or marketing does not require the complicated processes, as is the case of manufactured goods.”

Primary goods include both agricultural (usually renewable) and mineral (largely nonrenewable) commodities. According to De Soysa’s statistical tests (2000, pp. 123-24), “the incidence of civil war is completely unrelated to the per capita availability of natural

⁹The International Federation of Red Cross and Red Crescent Society (1994) indicates that 3,750 people were killed in internal repression and resistance in South Africa in 1993. Moreover, Wallenstein and Sollenberg, (1996, 1997, and 1998) classify South Africa, 1991 to 1993, as a war.

resources, defined as the stocks of both renewable resources . . . and nonrenewables.” But, once De Soysa refines her independent variable to include only mineral resources, her result is highly significant. She finds that ‘the higher the per capita availability of . . . mineral wealth, the greater the incidence of conflict’ (ibid., p. 124). The following, based mainly on work by WIDER researchers (Nafziger et al., 2 vols., 2000), explains why minerals contribute to conflict and state violence.

In the struggle for allies during the cold war, the United States and the Soviet Union provided military and economic aid for developing countries. Sovereignty provided the opportunity to extract resources from the major powers in exchange for diplomatic support. Yet aid could provide the basis for supporting a patronage system for either the state or for insurgents in opposition. When the cold war ended in the early 1990s, nation-states and rebels in the developing world required different strategies and new sources of funds. Many countries in Africa and Asia needed control of resources to provide military and police power but only minimal services to control territory. Indeed with the International Monetary Fund (IMF)/World Bank emphasis on the market and private enterprise, predatory rulers often undermined their own bureaucracies to build personal power at the expense of health, education, and agricultural development (Reno, 2000, pp. 231-32; Väyrynen 2000b, pp. 437-79).

The struggle for control over minerals and other natural resources are important sources of conflict. In Angola, Sierra Leone, Liberia, and Congo - Kinshasa, rulers and warlords used exclusive contracts with foreign firms for diamonds and other minerals to “regularize” sources of revenue in lieu of a government agency to collect taxes (Reno,

1996, 1998, 2000). In comparison, however, Tanzania and Togo lacked the tradable resources to become a predatory society (Väyrynen 2000b, pp. 444-45).

After the decline of aid after the cold war, Sierra Leone was more susceptible to pressures for liberalization and adjustment from the IMF and World Bank. In 1991, the IMF, the Bank, and bilateral creditors offered loans and debt rescheduling worth \$625 million, about 80 per cent of GNP, if Sierra Leone reduced government expenditure and employment. In response, Freetown heeded the World Bank's advice (1994, pp. 22-51) to use private operators to run state services for a profit. But privatization did not eliminate the pressures of clients demanding payoffs but merely shifted the arena of clientage to the private sector. Sierra Leone's ruling elites, needing new ways of exercising power, used foreign firms to consolidate power and stave off threats from political rivals. In the 1990s, Sierra Leonean heads of state have relied on exclusive contracts with foreign firms for diamond mining to stabilize revenue, foreign mercenaries and advisors to replace the national army in providing security, and foreign contractors (sometimes the same mining or security firms) to provide other state services. In the process, rulers have found it advantageous to “destroy state agencies, to ‘cleanse’ them of politically threatening patrimonial hangers-on and use violence to extract resources from people under their control” (Reno, 1996, pp. 7-8, 12).

In Liberia, Charles Taylor used external commercial networks (foreign firms), some a legacy of the Samuel Doe regime of the late 1980s, to amass power over Liberia, and at times, the eastern periphery of Sierra Leone. Taylor's territory had its own currency and banking system, telecommunications network, airfields, export trade (in diamonds, timber, gold, and farm products) to support arms imports, and (until 1993) a

deepwater port. For Taylor, a warlord during most of the 1990s before being elected Liberia's president in 1997, controlling territory by building a patronage network was easier than building a state and its bureaucracy (Reno, 1995, p. 111). Indeed Taylor had access to annual revenues exceeding \$100 million, with an upper limit around \$200 million, from 1990 to 1996 (Reno 2000, pp. 243, 252).

Even Zaire's President Mobutu Sese Seko (1965-1997), like other hard-pressed rulers in weak African states, mimicked the "warlord" approach of his non-state rivals. But with the shrinking patronage base from foreign aid and investment, to prevent a coup by newly marginalized groups in the army or bureaucracy, Mobutu, similar to rulers in other retrenching African states, needed to reconfigure his political authority. In this situation, foreign firms and contractors served as a new source of patronage networks. Indigenous commercial interests that profit from the new rules are not independent capitalists with interests distinct from the state's. As Reno (1996, p. 16) points out, "Those who do not take part in accumulation on the ruler's terms are punished." Mobutu weathered the collapse of the state bureaucracy, but fell because his strategy of milking state assets had reached a limit, seriously weakening the patronage system. In 1997, his forces fell to the Alliance des Forces Democratique pour la Liberation (AFDI) of Laurent Kabila, the eventual president of the Democratic Republic of Congo until assassinated in 2001 (ibid., pp. 9-16; Reno, 1998, pp. 147-81).

State failure, as in Sierra Leone, Liberia, and Zaire, increases vulnerability to war and humanitarian emergencies. Yet, in a weak or failed state, some rulers, warlords, and traders are more likely to profit from war and violence than in peacetime. Indeed, as Väyrynen (2000b, p. 442) argues, war, political violence, and state failure do not result

from the incapacity of public institutions but from the fact that rulers, warlords, and their clients benefit from the harm thereby befalling a substantial share of the population.

Relative deprivation also helps explain the increased violence by belligerents and their clients. An abrupt rush of mineral wealth increases the expectations of prosperity, not only by the allies of rulers and warlords that control the resource but also the lure to potential rebels of combat to control the resource. Indeed, as Gurr (1970, pp. 73, 79) indicates, the intensity of deprivation felt increases with the discrepancy between potential and actual conditions, and with the length of time the deprivation persists. In Angola, Congo - Kinshasa, and Sierra Leone, the length and intensity of perceived deprivation were considerable.

5. OTHER FACTORS

Military centrality, as indicated by the ratio of military expenditure to GNP, contributes to humanitarian emergencies through several alternative dynamics. On the one hand, military resources are used to support predatory and authoritarian rulers, which generate desperate action and military response by the opposition; under political deprivation and in the absence of political mechanisms to settle grievances, full-scale rebellion becomes more likely. Alternatively, a strong military may overthrow either a democratic or an authoritarian regime, which may lead to political instability and humanitarian crises. Powerful armed forces constitute a constant threat to civilian regimes in less-developed countries. Particularly during economic austerity, the regimes are afraid to cut back military spending. Furthermore, they may strengthen the military to stave off threats from the opposition. This, in turn, entails heavy socio-economic costs for the population,

inducing further discontent and increasing the risk of rebellion. In very poor countries, an increasing budget allocation for the military may produce downright starvation and destitution.

Citizens adapt to a certain, acceptable level of violence through the cultural experience of violence. A tradition of intensive political violence makes societies more susceptible to war and humanitarian emergencies.¹⁰ Countries with a history of mass political mobilization for conflict, such as Rwanda, Burundi, and Colombia, are likely to be more susceptible to conflict in humanitarian emergencies than other, historically more peaceful countries. Conflict tradition is an indicator of the legitimacy of political violence.

In empirical studies, including conflict tradition in the model helps improve model specification. Auvinen (1997, p. 187) found that previous political protests, rebellions, and irregular transfers were related to present levels.

6. ETHNICITY

Ethnic identity is not a primordial “given.” Ethnicity, when implicated in humanitarian emergencies, is created, manifested, combined, and reconstituted in struggles to share benefits from modernization and self-government but is not a source of these struggles (Nafziger et al., 2 vols., 2000). This view, similar to Widner (1999, p. 406), is: “Ethnic identities are socially constructed, highly malleable, and situationally defined.” For example, the concept of the Yoruba people in Nigeria expanded under British reorganization since the beginning of the twentieth century, when Yoruba referred only to

the people of Oyo. Elites use identification with ethnic and regional communities, and even accentuate them, to transfer potential hostility from inequalities and power disparities within their communities to the elites and subjects of other communities. Alexander, McGregor, & Ranger (2000, pp. 305-06) argue: “The salience of ethnic antagonism in some recent wars cannot be explained as the inevitable resurgence of ancient tensions -- rather, they are the product of a reworking of historical memories in particular political contexts. . . . [E]thnicity is widely understood to be unnatural, to be historically “invented,” “constructed” or “imagined” and used “instrumentally” by politicians.” In many instances, ethnic antagonism emerges during conflict rather than being the cause of conflict.

In the 1980s in South Africa, ethnic consciousness and cleavages were deliberately aroused as part of government divide and rule implemented through the security apparatus. Chief Mangosuthu Buthelezi of the Zulu-based Inkatha Freedom Party used cultural symbolism to strengthen his and his party’s political power. During the most violent phase of the conflict in 1991-93, ethnic identities became further strengthened and reified, and their relevance as sources of political mobilization increased (Auvinen & Kivimaki 1998, p. 42; Auvinen & Kivimaki 2001; Taylor & Shaw 1994). In a similar way, Milosevic redeemed Serb nationalism by evoking the painful memory of the Kosovo Polje battle of 1389. In Somalia, President Siad Barre succeeded in holding power for 13 years after his failed military campaign in the Ogaden in 1977-78 by manipulating clan identities and thus dividing the opposition into several different movements. This strategy, however, led to his ousting in 1991. By having fueled clan

¹⁰ Auvinen and Nafziger (1999, pp. 278-79, 286) find a direct association between the number of deaths from domestic violence in the 1960s and 1970s and humanitarian emergencies in the 1980s and 1990s.

antagonisms, Barre made the instrumental use of clan affinities much easier for his opponents, who could build on his work (Auvinen and Kivimaki, 2000, pp. 187-230).

According to Collier (2000b, pp. 12-13): “Ethnic grievance is actively manufactured by the rebel organization as a necessary way of motivating its forces. As a result, where conflicts occur in ethnically diverse societies, they will look and sound as though they were caused by ethnic hatreds. . . . Conflict is not caused by divisions, rather it actively needs to create them. When such conflicts are viewed during or after the event, the observer sees ethnic hatred. The parties to the conflict have used the discourse of group hatred in order to build fighting organizations. It is natural for observers to interpret such conflicts as being caused by ethnic hatred. Instead, the conflicts have caused the inter-group hatred and may even, as in Somalia, have created the groups.”¹¹

7. CONCLUSION

This paper examines the way various factors within the political economy lead to humanitarian emergencies, characterized by war, state violence, and refugee displacement. A major factor responsible for the increase in emergencies in the 1990s is the developing world's stagnation and protracted decline in incomes, primarily in the 1980s, and its contribution to state decay and collapse. Economic decline and predatory rule that fail to provide state services lead to relative deprivation, or perception by influential social groups of injustice arising from a growing discrepancy between conditions they expect and those they can get. Relative deprivation spurs social

¹¹This view marks a departure from Collier and Hoeffler (1998, p. 567), in which one variable explaining civil war and its duration was the extent of ethno-linguistic fractionalization.

dissatisfaction and political violence. Poor economic performance undermines the legitimacy of a regime, increasing the probability of regime turnover. Political elites use repression to forestall threats to the regime and capture a greater share of the population's declining surplus. Repression and economic discrimination trigger further discontent and socio-political mobilization on the part of the groups affected, worsening the humanitarian crisis. Protracted economic stagnation increases the probability of population displacement, hunger and disease.

Slow or negative per-capita growth, which is often accompanied by a chronic external disequilibrium, necessitates stabilization and adjustment; those countries whose adjustment policies fail, so that they do not qualify for the IMF “Good Housekeeping seal,” are more vulnerable to humanitarian disaster.

Another factor, high income inequality, contributes to regional, ethnic, and class discrepancies that engendered crises. In addition, the competition for mineral resources by warlords and traders in weak states increases vulnerability to war and state violence. Another explanation for emergencies is military centrality, found more frequently in decaying states. Military centrality can spur conflicts as well as increase poverty. Furthermore, a tradition for violent conflict, in which violence becomes normatively justifiable in a society, increases the risk of a humanitarian emergency.

Contrary to a commonly held view, ethnicity is not usually a source of conflict and state violence but often emerges during conflict, sometimes as an invention or construction of politicians.

Since low average income, slow economic growth, high income inequality, and a decaying state are important contributors to emergencies, Third World states, with the

support of the international community, must strengthen and restructure the political economy of poor, inequalitarian, and weak states. The major changes LDC governments need to make are economic and political institutional changes – the development of a legal system, enhanced financial institutions, increased taxing capacity, greater investment in basic education and other forms of social capital, well-functioning resource and exchange markets, programs to target weaker segments of the population, and democratic institutions that accommodate and co-opt the country's various ethnic and regional communities. Institutional and infrastructural development increases the productivity of private investment and public spending and enhances the effectiveness of governance.

Industrialized countries and international agencies bear substantial responsibility for modifying the international economic order to enhance economic growth and adjustment. Developing regions can demand greater consideration of their economic interests within present international economic and political institutions. The interests of the Third World can generally be served by its enhanced flexibility and self-determination in designing paths toward adjustment and liberalization; a shift in the goals and openness of the IMF and World Bank; the restructuring of the international economic system for trade and capital flows; the opening of rich countries' markets; more technological transfer by foreign companies, bilateral donors, and international agencies; a greater coherence of aid programs; and increased international funding to reduce food crises, directly help the poor, ameliorate external shocks, and write down debt burdens.

A number of countries vulnerable to humanitarian emergencies are not amenable to political economy solutions. Policies of governing elites are indeed at the root of most

emergencies, and usually some powerful factions in society benefit from them. Yet a large number of countries vulnerable to emergencies have the will to change. Thus, there is a substantial scope for international, national, and nongovernmental economic and political actors to coordinate their long-term policies to reduce the developing world's vulnerability to humanitarian emergencies.

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