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**Method in the Madness? A Political-Economy
Analysis of Ethnic Conflicts in Less Developed
Countries**

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Abstract

This paper is an attempt, from a political economist's point of view, to look for some clear
patterns in the horrendous complexities of the ethnic and sectarian conflicts that are raging in
less developed countries. We emphasize the importance of some institutional failures (like
the decline of mediating institutions or of pre-existing structures of credible commitment)
rather than mere cultural and historical animosities behind the collapse of inter-ethnic
understandings and compromises. The rise in ethnic conflicts is not always associated with
economic deterioration, sometimes quite the contrary. The effects of market expansion are
also ambiguous. In our discussion of policy lessons we have tried to look for various ways,
both political and economic, of constructing institutionalized incentives for conciliatory
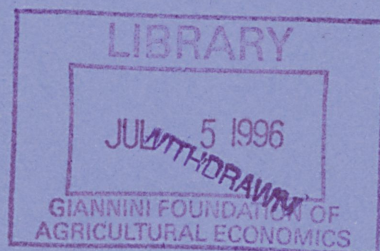actions.

Method in the Madness ?
A Political-Economy Analysis of Ethnic Conflicts in Less Developed Countries[*]

by

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I Introduction

A spectre is haunting much of the world today, that of ethnic and sectarian conflicts. Particularly in countries with less developed or transitional economies the ethnic cauldron frequently seems to be boiling over, leading to much distress and devastation. In this paper we use the word 'ethnic' as a generic label to include all racial, tribal, religious or linguistic groupings. Table 1 provides a rough list of 32 wars or war-like situations raging in almost as many countries in different parts of the world during 1995, wars which were mostly in the nature of civil wars or arising out of them. Figure 1 shows global trends in ethnopolitical conflicts between 1945 and 1989, in which any of the 233 community groups selected for study in Gurr (1993) were involved. Ethnic conflict is clearly widespread and in some areas has increased in intensity in recent years.

In the face of this inexorable tragedy the international policy-making and intellectual community are often prone to throw up their hands in utter despair. The foreign policy establishment in Western countries, baffled by the layers of complexity in the problems of the

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ethnic hotspots, dreads the idea of getting involved in "quagmires". Even the intellectual community, as their eyes glaze over television images of massacres in Rwanda or the destruction of Sarajevo, sometimes tend to attribute all this to the historical memories of primordial hatred among ethnic groups, about which very little presumably can be done. Yet it is not uncommon to see communities sharing some historical animosities coexisting peacefully (sometimes even intermarrying) for generations (Serbs, Croats, and Muslims in ex-Yugoslavia, for example), and then something snaps and communal violence erupts. To understand these eruptions we have therefore to go beyond pointing to the primordial antagonisms and examine the nature of that crucial 'something' and see if it can be placed within some meaningful framework.

Radical sociologists and historians often attribute post-colonial communal conflicts to colonial machinations of divide-and-rule. While there are no doubt many instances of colonial rulers exploiting pre-existing cultural cleavages to their advantage, some of the nationalist or sub-nationalist ideology (for example, that behind Tamil secessionism in Sri Lanka or Sikh secessionism in India, or the successful secession of the Bengalis from erstwhile Pakistan) is actually more modern. Violent ethnic conflicts in the city of Karachi in Pakistan or in the state of Assam in India, in both cases between the locals and recent migrants have also very little to do directly with the distorting legacies of colonial administration. Economists in their turn often associate sectarian conflicts with pre-capitalism and expect these to fade away with the development of markets, modern technology and capitalist institutions. Yet there are cases (the conflict in the advanced state of Punjab in India or the frequent communal riots in recent years in Bombay, the booming financial capital of India, or in Ahmedabad, a leading industrial centre, are examples) where capitalism and communalism have moved together. It is thus important to look for some clear patterns in the horrendous complexities of ethnic and sectarian conflicts (without denying the historical, geo-political and societal particularities in individual cases) and to see if these suggest some ways of mitigating conflicts (without being glib about prescriptions for 'conflict management'). This paper is a brief and partial attempt in this direction, in general from the political-economy point of view.

II Inter-group Economic Competition

A commonplace observation in the literature on ethnic conflicts is that a straightforward relationship between these conflicts and conflicts of economic interest is difficult to establish. Passions rather than interests are reported to hold sway, and people often find it more fruitful to try to understand the cultural roots of identity formation and exclusivity and the social process of escalation into violence. There are, however, many important economic factors which often lurk in the background, even though for understanding the origin of ethnic preferences or the level and intensity of hostilities or the group dynamics of their spinning out of control one may have to look elsewhere. We shall start with an enumeration of some of these economic factors.

Many of these factors have to do with aspects of inter-ethnic competition on economic matters. This competition may take place at various levels: (a) within the working class, (b) between middleman minorities and their customers, (c) within the professional elite, (d) among producers, traders, and other operators, (e) between 'ethnoclasses', and (f) between regions.

(a) A common area of conflict is in the low-skill job market. This is familiar enough in Western Europe and North America where the rising tide of anti-immigrant politics reflects the working class fear of being undercut by alien low-wage workers, particularly when unemployment and job insecurity are rampant and prolonged. There are analogous conflicts in poor countries as well: in colonial days in Guyana and Trinidad between the Creoles and the descendants of indentured labourers brought from India; between the Mossi immigrants and the locals in the Ivory Coast; between the Muslim Bangladeshi immigrants and locals in parts of India in recent years; between the Vietnamese 'boat people' and locals in different parts of Southeast Asia, and so on. But, as Horowitz (1985) points out, the ethnic segmentation of the labour market that usually takes place, with the poorer immigrants taking up jobs which the locals by and large choose to move away from, keeps the inter-ethnic competition from being as acute as it otherwise could be. Even so, as the anti-immigrant tensions in Western Europe show, things can turn quite nasty in spite of a marked ethnic division of labour.

(b) Historically, the more well-known conflicts are between certain middleman minority groups (in occupations like money-lending or trading or in renting out) and their resentful customers. The Chinese in Southeast Asia, the Indians in East Africa and the Jews in pre-war Europe have been well-known targets of such ethnic resentment. In the Hindu-Muslim conflicts of pre-Partition India and in the more recent Hindu-Sikh conflicts in Punjab the stereotypical image of the Hindu that was resented was often that of a bania (trader) or a landlord. Horowitz (1985) refers to a study that asked African university students about their attitudes to the trading minorities in their countries -- Indians in Uganda, Lebanese in Nigeria, Ghana, and Senegal, and Armenians in Ethiopia; they were generally hostile to the trading groups, most often on economic grounds, and described them as 'exploiting', 'money-minded', or 'dishonest'. Such hostile attitude on the part of the members of the elite may not always be shared by the common people, as Horowitz points out, but more often than not elite opinion may have disproportionate influence in fomenting conflicts.

(c) What has been sometimes described as the 'tribalism of the elite' pertains particulary to competition for jobs in the government service (and admission to higher education, which acts as a passport to those jobs). This tribalism can actually be more vicious and protracted compared to traditional tribal conflicts, because the booty in question is access to the resources of a much more powerful agency, the government. Even when the private sector pays more, the public sector ensures more job security and opportunities for corrupt income, and in any case in many poor countries the government is the major employer in the formal sector. Besides, ethnic representation in government service is part of the symbolic prestige (and a matter of opportunity and aspiration) for even the non-elite members of a community. This provides the background for many of the ethnic conflicts in the world in recent years: the very effective bumiputera (son of the soil) movement in Malaysia and Indonesia against the Chinese and the Indians; the perceived overrepresentation of Tamils in professional jobs that initially spurred Sinhalese militancy and the

resultant policies of discrimination against Tamils in Sri Lanka; the struggle between 'backward' and 'forward' castes on the issue of caste quotas in government jobs in India; the agitations against the non-Maharastrians in Bombay, against the Ibos in Nigeria, against the Kewri in Mauritania, against Northerners in Southern Sudan, against Southerners in Northern Chad, and so on. Professional careerist aspirations sometimes fuel separatist sentiment among the elite of backward or disadvantaged communities.[1]

(d) Economic rivalries among producers, traders and other operators sometimes take the form of ethnic conflicts. In some towns in North India riots grow out of clashes between Hindu businessmen and the new traders and small manufacturerers from the Muslim community trying to break the dominance of the former. (Sometimes during religious festivals outbreaks of ethnic violence are associated with rituals of public self-assertion by the upwardly mobile sections of both communities). In Kenya many of the restrictive measures against Indian traders were sponsored by an active lobbying group, the Kenya African Wholesalers and Distributors. Similarly, in Uganda the petty traders largely from the Baganda community were active against the Indian traders. The Malaya and Filipino business groups have instigated government action against Chinese merchants in Malaysia and the Philippines respectively. The minority trading groups in their turn utilize various in-house and guild techniques to raise barriers to entry in some lines of business and form ethnic cartels.

Among farmers land has, of course, been a major bone of ethnic contention throughout history. Even in recent years ethnic conflicts have erupted with encroachments of the cultivating and grazing lands of the indigenous or tribal people by migrants and settlers from other communities (as in Assam, Tripura, Mizoram, and the Chittagong Hills in the eastern part of the Indian subcontinent, or in Guatemala and Northern Brazil). Disputes in sharing of water have

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[1] It is interesting to note that the Muslim separatist movement that resulted in the Partition of India in 1947 was led by a secular elite (under the leadership of a thoroughly Westernised M.A.Jinnah), not the religious elite.

caused ethnic tensions (as between Palestinians and Israelis, between Tamils and Kannadas in South India, and between Jat Sikhs in Punjab and Jats in Haryana and Rajasthan in North India). Irrigation dams and hydro-electric projects have led to ethnic agitations among displaced tribal people in different parts of India. Disputes on rights of tribal people over forests and mineral resources have led to ethnic conflicts and demands for a tribal homeland known as Jharkhand in Central-East India.

Ethnic riots are sometimes a part of turf battles over valuable resources between rival gangs belonging to different communities. In urban protection rackets, smuggling and other illegal activities, in strike-breaking (on behalf of industrial magnates) or in real estate speculation, groups in organized crime have sometimes used local animosities against members of other ethnic communities to keep their rivals' economic operations in check, as various investigative studies of Hindu-Muslim riots in Indian cities have sometimes indicated.[2] Ethnic strife may thus be a part of the policy of restrictive business practices by the neighbourhood mafia. It has also been observed in Indian cities with rent-control and high real estate prices (as in Bombay), ethnic riots provide an opportunity for slumlords and their agents to use arson and other terror tactics to carry out tenant eviction and slum-clearance where the tenants primarily belong particularly to a victimised community.

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[2] See the detailed and painstaking reports and analysis of Engineer (1989). Here are two typical examples:
" The rivalry between two illicit liquor gangs led respectively by a Hindu and a Muslim erupted in the form of communal riots in Baroda during September-October 1982. One of the gangs led by Shiva Kahar enjoyed the support of a section of the ruling party. . . politicians today need both money and muscle power of the underworld gangs to finance and win elections. They in turn provide them with immunity against any action."
On the Moradabad riots of 1980 : " The higher wages in the brass industry and entrepreneurship brought about not only greater prosperity among the Muslims, it also began to lessen the importance of the middleman, often Hindu, in business transactions. Some of the Muslim entrepreneurs even managed to get direct orders from West Asian countries. The Hindu middlemen thus edged out began to rally round the Jan Sangh (now BJP) which has its base among petty businessmen."

(e) The case of 'ethnoclasses' refers to some situations where there is a large overlap between ethnic stratification and class division. The ethnic warfare over many years between the Tutsi minority (which is generally wealthier in terms of cattle and land) and the numerically larger Hutu in Rwanda and Burundi has had many of the characteristics of class warfare. In the conflict between the Maronite Christians and the impoverished Shi'is in Lebanon, or in that between Thakurs and other upper-caste landlords and the landless Chamars and other low-caste groups in Uttar Pradesh and Bihar in North India, ethnic and class struggle often go together.

(f) Inter-regional competition sometimes takes the form of ethnic conflicts and in extreme cases contributes to secessionist movements and in some unusual cases to irredentism (i.e. attempts to retrieve ethnic kinsmen across territorial borders, as in the case of the Kurds straddling four countries: Iraq, Iran, Turkey, and Syria). Interregional economic disparity is a pervasive fact of life, particularly in countries of any significant size. Groups in backward regions usually complain of unfair treatment and 'internal colonialism' by which they refer to extraction of resources for the benefit of and investment in other regions and discrimination by the centre against them in jobs, education, and subsidies. This, for example, used to be a major source of disgruntlement for the Bengalis in erstwhile Pakistan. Groups in advanced regions in turn complain about their having to unduly subsidise backward regions. For example, the better-off regions like Croatia and Slovenia in ex-Yugoslavia increasingly and vehemently objected to the redistributive policy of FADURK -- the Federal Fund for the Accelerated Development of the Underdeveloped Republics and Kosovo. A protest song among the industrially advanced Basques reportedly describes Spain as "a cow with its muzzle in the Basque country and its udder in Madrid".

In Table 2, taken from Horowitz (1985), there is a simple matrix of some potentially secessionist groups in different parts of the world by their advanced or backward status and by their location in advanced or backward regions. This matrix thus also takes into account cases of

advanced groups in backward regions (like the Ibo in eastern Nigeria and the Tamils in north-east Sri Lanka) and backward groups in advanced regions (like the Lunda in Zaire, who were active in the Katangan secessionist movement).

For the advanced groups in advanced regions, if one looks at economic factors alone, it is a trade-off between the benefits of continuing to participate in a larger state (like economies of scale in the provision of public goods and in catering to a larger market) and the burden of subsidising poorer regions. Economic factors are unlikely to be the only or even the most important consideration in a group contemplating secession. But if the balance in this trade-off calculation turns out to be substantially positive, it is likely to act as a damper on separatist sentiment. This may be reinforced if the advanced group has, as is frequently the case, spread itself beyond its own region and developed its business and professional interests in far-flung corners of the country: a prosperous cross-regional diaspora may thus act as an insurance against rampant secessionism. Examples for this are provided by the Yorubas in Nigeria (although they are getting a little restive lately after being pushed about by northern military generals), by the Baganda in Uganda, by the Luo in Kenya, and by the Lozi in Zambia.

For similar reasons the advanced groups from backward regions are usually ambivalent about separatism. The cases of the Ibos in Nigeria in the 1960's and more recently of the Tamils in Sri Lanka are those where these groups were driven to desperate actions like secessionist movements only after long years of discrimination and violence against them, herding many of them back to their not-so-advanced home regions. Similarly, the very recent assertions of autonomy by the Lubas in the Eastern Kasai province of Zaire have come after many of them were violently thrown out of the neighbouring province of Shaba.

The most frequent case of separatism is from backward groups particularly in backward regions. A major instigating factor is the calculation of the elite in these groups, who are currently outcompeted, that they stand to gain from the creation of new opportunities in civil service jobs and in business even though in a smaller and poorer state. The non-elite, who have much to lose from the potential withdrawal of central subsidies and of the skills and capital of the advanced migrant

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groups in their midst, are sometimes overpowered by their anxiety of domination by outsiders, particularly if the latter operate with heavy-handed repressiveness (as the West Pakistanis did in East Pakistan, the Arab Northerners did and do in Southern Sudan, as the Iraqis do in Kurdish regions, as the Indonesians do in East Timor, or the Chinese in Tibet).

III Markets, Adjustments, and Ethnic Tensions

We have in the preceding section discussed the various levels of inter-ethnic economic competition. While these delineate the arenas of conflict, two general economic issues have played particularly prominent roles in these arenas in recent years. One relates to cases of failed economic policy and the other to the more general question of the impact of expansion of the market and global economic integration.

Failed economic policies often provide the context of despair and desperation which encourage channelling of frustrations on ethnic lines. In Yugoslavia towards the end of the 1980's, the leader of the discredited old economic regime, Slobodan Milosevic, forestalled economic and political reforms that would have swept him out of power by a systematic ethnification of politics. In Tadzhikistan the struggle for power between the nomenklatura who controlled the levers of political and economic power in the old policy regime and the excluded local Muslims has taken the form of ethnic hostilities. In North Africa the failure of the old economic regime of state control, nationalisation and import-substituting industrialisation, and particularly the corruption and the privileged life among the elite that it has nurtured, have spawned powerful Islamic movements popular among the lower classes. This in turn has had an adverse impact on ethnic minorities (like the Berbers in Algeria and the Copts in Egypt). Economic malaise also implies that there are fewer avenues open for economic advancement and this encourages in some people particularistic attempts to seek ways of climbing up that are more tightly dependent on ethnic connections.

Failed economic policies bring in their wake domestic and international pressures for some, by now standard, stringent measures. In this context it has sometimes been suggested that the ethnic tensions have been exacerbated by the hardships of the stabilisation and structural adjustment programmes often imposed on debt-ridden countries by the international financial institutions like the IMF and the World Bank. There is no doubt that the policies of fiscal austerity that these programmes bring about make ethnic accommodation and compromise through selective subsidies and patronage distribution more difficult, and thus tend to undermine the pre-existing social contract and unravel long-standing political coalitions. Furthermore, given the political realities (of weak and fragemented organisation of the poor), the budgetary axe often falls more heavily on social and economic programmes for the poor, which include some of the already disadvantaged minorities (in Latin America, for example, the indigenous people are among the poorest of the poor). Of course, in eruptions of violence the urban lower-middle classes often take the leadership. These and other sections of the urban population may be hit hard by wage cuts and the unemployment and retrenchment in the existing overmanned and inefficient industries, often in the public sector, and by the price rises for essential consumer goods and important services (like public transportation) induced by the withdrawal of subsidies and by devaluation. Exchange rate policies in general and trade liberalization that form part of the adjustment package may lead to a contraction of the non-traded sector which include the informal services sector where many of the lower-income groups earn their livelihood. But all this still leaves the question of the counterfactual open: would the lower-income ethnic minorities have fared any better if the government refused to follow the structural adjustment programme? In the latter part of the 1980's the governments in Peru and Algeria resisted the adoption of the adjustment programmes; the consequences, if anything, were worse. On the basis of cross-national empirical evidence in Latin America and Africa Haggard et al (1995) conclude: " it (the evidence) carries no indication that adjustment programmes connected with IMF or World Bank intervention carry the greatest potential for social violence. Unrest is as much the product of the catastrophic economic situation which obtained before the adjustment as of the adjustment measures themselves".

On the general question of the impact of markets on ethnic tensions there are again arguments on both sides. On the one hand, markets may weaken ethnicity on several grounds. Markets and profit opportunities give salience to incentives at the individual level and thus may undermine the hold of collective passions. As Keynes (1936) says in a somewhat different context:[3] "Dangerous human proclivities can be canalized into comparatively harmless channels by the existence of opportunity for money-making and private wealth". Markets also make it possible for the separation of the economic from the political-cultural spheres of existence, which are usually merged in pre-capitalist formations, and thus tend to delimit the influence of ethnicity. Besides, markets by improving outside opportunities and exit options for individual members of an ethnic group may reduce the effectiveness of its social sanctions and norms and thus its cohesiveness, resulting in a devaluation of ethnic networking and exclusiveness. Markets also make ethnic discrimination more costly for the perpetrator of discrimination. Finally, to the extent the expansion of markets at the expense of restrictive controls and regulations helps economic growth, the enlargement of the pie facilitates ethnic compromises. At the same time a reduction in the size of the rent (generated by these regulations) to be contested may reduce rent-seeking efforts and conflicts, as the literature on contested rent starting with Tullock (1980) suggests.

On the other hand, market expansion may accentuate ethnic problems by increasing inequality, polarization, dislocation, social fragmentation and the attendant group anxieties. When a country moves to a market system from a system of controls and regulations or from a traditional patron-client system, the consequent resource reallocation rewards the more enterprising and the more efficient (and often the already better endowed) leaving other individuals and groups behind, and even when the winners can afford to compensate the losers, in the actual political process they seldom do. In this reallocation process there are inevitable dislocations from declining industries, occupations and regions, and some groups do not have the skills, the human capital, and the access to credit, information and connections to make adjustments to the new technologies,

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[3] For a more sophisticated discussion of the opposition of passions and interest-motivated behaviour in earlier European thought, see Hirschman (1977).

locations and opportunities easily. At the same time the reduced role of the government diminishes its ability to insure the losing groups against these hardships and other external shocks and to assuage conflicts through redistributive transfers. Global integration of commodity and capital markets severely reduces the policy options of the nation-state, disrupts the process of building the institutions that govern the incipient national economy, and weakens the state's capacity to mediate in ethnic disputes.

One of the frequent sources of ethnic conflict involves the market value of land and its possession. As the market expands, some of the land on which peasants have carried out cultivation and grazing for generations under some informal rules of community control increases in value, and pressures arise to 'enclose' and privatise the property rights on that land. It is not uncommon in such cases for the poor minority groups to be dispossessed and deprived of their traditional communal rights on the land. The history of many countries is replete with instances of ethnic violence in such situations. One recent example in Africa is the conflict that began in 1989 as a consequence of the massive Senegal River Valley project: as land values in the river valley rose, the Mauritanian Arab elite passed new laws on land ownership denying black Africans their traditional rights; the consequent eruptions of violence killed many people in both Mauritania and Senegal. Even in the urban sector as land values rise we have cited above cases of how real estate racketeers in India sometimes use ethnic divisions to evict people. In any case as urban congestion drives more and more people, already cut off from their rural moorings, into overcrowded slums with appalling conditions of amenities, internecine violence often lurks just beneath the surface.

When there are increasing returns to scale, some of the low-fixed-cost, small-scale handicrafts produced by indigenous artisanship tend to be wiped out in the market by mass-produced manufactures, thus threatening the livelihood of some ethnic minorities and indigenous people. It has long been recognised in economic geography that when there are agglomeration economies of scale in manufacturing, the centripetal forces will lead to regional economic concentration and polarisation. If the ethnic groups in a country are territorially distinct, then the

market process may thus accentuate existing ethnic inequalities which can be a source of discontent. In human resource development (like investment in the kind of education for children) and in general socialisation (acquiring 'cultural capital') minority ethnic groups often face a cruel dilemma between the advantages of assimilation with the 'mainstream' (that largely follow from scale economies and human capital externalities) and the loss of group autonomy and dignity.

Going beyond national economies of scale, one should note that global economic integration by making small countries economically viable (drawing upon the scale economies of the world market through international trade) may encourage ethnic separatism. The ethnic majority of Taiwanese, as their small island economy became a major economic powerhouse based to a large extent on international economies of scale, can justifiably feel, KMT leadership's protestations to the contrary, that they can afford to be independent; in a less integrated international economy they would have valued the mainland China connection more. (With NAFTA, Quebec separatists may have a better economic chance than before!)

IV Ethnicity as a Political Mobilisation Device

In the last two sections we have discussed the economic factors that may be at the background of ethnic conflicts. We shall now discuss the political factors that provide the agency as well as the mechanism of ethnic mobilisation. (Table 3 indicates the political and economic disadvantage status of some of the significant ethnic groups in Asia and Africa that were involved in violent conflicts in the 1980's).

Western countries went through long periods of absolutism and formation of powerful states before the appearance of nationalist ideology. In contrast in many (though not all) of the ex-colonies in Asia and Africa the nationalist ideologies were forged out of a struggle for political identity based on diverse indigenous cultural roots sometimes even before modern state-building

got underway. (To some extent this is also true in Eastern Europe, the Balkans and Central Asia where diverse cultural formations took political shape out of the dissolution of the Hapsburg, Ottoman and Tsarist empires in the early decades of this century and that of the Soviet empire in its last decade or so). Many of the post-colonial states, particularly in Africa, were artificial (often cartographically carved up in the state-rooms of Europe) entities with juridical and military trappings but without an embedded and encapsulating political and administrative structure or integrated national markets. Their writ often did not run very far into the society. In some cases the territorial expansion of the polity and the economy under colonial rule had helped somewhat in enlarging the transactional network of pre-existing small communities and forming ethnic amalgams out of them (as in the case of the Kikuyu in Kenya or the Bangala in Zaire), but a trans-ethnic historical mythology to provide legitimacy and ballast to the post-colonial state was missing in most cases. In some situations the relevant groups were never reconciled to unification under one state even at the beginning of its formation (as in the case of the Southerners in Sudan or the Eritreans in Ethiopia or the Karens in Myanmar) and the subsequent history was marked by endemic secessionism.

The ideology of identity politics is, of course, socially constructed, as historical memories are adapted and traditions are often 'invented' (the 19th-century French scholar, Ernest Renan once said: 'getting its history wrong is part of being a nation').[4] There is a certain fluidity and malleability in the boundaries of community identity or in the mythology of ethnicity-based nationalities or sub-nationalities as 'imagined communities'.[5] This gives considerable leverage to political leaders bent on using ethnicity as a mobilisation device. As Ignatieff (1993) comments in connection with the current tragedy in the Balkans, "it is not how the past dictates to the present,

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[4] In fact , as Hobsbawm says in his introduction to Hobsbawm and Ranger(1983), " we should expect (such invention) to occur more frequently when a rapid transformation of society weakens or destroys the social patterns for which 'old' traditions had been designed".

[5] The major reference work on the political imagination in the formation of nationalities is, of course, Anderson (1983).

but how the present manipulates the past that is decisive". In any case ethnic groups are often easier to organise and consolidate than interest groups since the norms restricting entry and exit are more powerful (and the boundaries less fluid and the defining characteristics more easily identifiable) in the former.

In India in recent years Hindu nationalist leaders have cynically and occasionally successfully manipulated religious mythology to mobilise electoral support, resulting in a substantial increase in communal divisiveness. Post-Independent India under the leadership of Nehru had established a non-denominational state based on a secular constitution and largely secularised laws, attempting to separate the private sphere of personal faith and the public arena of political legitimacy. But there has always been a great deal of tension between this secular state and the larger society where religious influence was pervasive. This tension has been exacerbated by the exigencies of 'vote-bank' politics: the ethnically mobilised pockets of Muslim voters (their social and economic backwardness in most areas and understandable insecurities in a largely Hindu society made them particularly susceptible to such mobilisation by sectarian and sometimes obscurantist leaders) in some parts of the country were wooed by the ruling Congress Party sometimes with distinctly non-secular concessions (for example in the form of religiously based separate personal law for Muslims on matters of marriage, divorce and inheritance) which made the charge of 'appeasement' brought by Hindu fanatics look credible. To this was added the largely unsubstantiated (but widely shared among the Hindu community) demographic anxieties (about the larger population growth of Muslims through higher fertility and immigration) and the suspicion of extra-territorial loyalty of the Muslims (Pan-Islamic in general, and to the 'enemy' country Pakistan in particular). This was the context in which the Hindu nationalists' reconstruction of mythology and an attempted homogeneisation and Semitization of Hinduism paid dividends for them in terms of popular support and communalisation of politics. Communal violence became frequent in recent years after a period of relative quiet in Hindu-Muslim relations for the first three decades after Independence.

Not merely is it common in many countries to observe similar attempts by ethnic entrepreneurs to reorganise historical memory to serve a modernist political purpose, but the methods of mass mobilisation used in ethnification of politics are often ultra-modern in character. The revolutions in communications technology now enable the most atavistic rhetoric of the ethnic leader to reach a far wider audience and with a great deal more vividness than the old tribal chieftain could ever dream about. Ancient prejudices are transmitted through the most sophisticated media, just as ancient vendettas are carried out with the most modern military weaponry. The channels of access to resources, technology and arms for even the remotest secessionist group have been globalised to an unprecedented extent.

The intensity of ethnic mobilisation sometimes betrays some anxiety about intra-group cohesiveness. For example, the religious revivalist groups, like their counterparts on the radical left, are always worried about heretics and renegades in their midst. They become more aggressive in their exclusivist positions if they perceive their unity to be precarious or if a group identity crisis looms large. The gerontocracy in some ethnic groups (mindful of the need to safeguard their sunk ethnic-specific investments) is worried about the temptations of their young to stray from their old customs and defy their old leadership as they become exposed to outside values and mores with the process of modernisation. Of course the foot soldiers in ethnic movements are usually provided by the young, drawn from the ranks of the demoralised unemployed, looking for faith, hope and arms-toting bravado.

Sometimes intra-ethnic competition hardens ethnic posturing as a political aggregation device. In India the Hindu nationalists have used this device to paper over the many fissures in the Hindu society on caste and class lines. It is also worth noting that they usually have a large following among sections of the vernacular middle class who resent the influence of the more sophisticated and usually the more affluent Westernised elite. (This is somewhat similar to the resentment of the liberal Westernised elite among the Muslim militants in North Africa or in Iran, who try to use political Islam as an aggregation device). In general, intra-ethnic animosities make

inter-ethnic compromises more difficult as the moderates are afraid of their conciliatory actions being decried as a 'sellout' by the extremists.

V Ethnic Composition, Political Structure, and Eruptions of Violence

Intra-ethnic competition in chauvinism is encouraged by certain characteristics of the electoral and the party system. Ethnically based parties in a winner-take-all (or first-past-the-post) electoral system tend to push the parties to extreme ethnic demands. Under such a system in Sri Lanka for the first three decades after Independence the two main Sinhalese parties, UNP and SLFP, vied with each other in pandering to Sinhalese ethnic sentiments against Tamils, which pushed the Tamils ultimately to take to arms, a process that the later constitutional changes in the system were unable to avert. One of the stabilising factors of democracy is to provide opportunities for inclusiveness in a divided society. But when one group is permanently excluded as a consequence of the electoral and the party system, as has happened frequently in Africa, the legitimacy of democracy is undermined and violence is seen as the only alternative by that group.

The incentives provided by electoral arithmetic and the composition of the constituencies also a play a role in helping or hindering multi-ethnic coalitions. In Sri Lanka the parliamentary constituencies are highly polarised. Even in the early seventies, in four-fifths of the total number of constituencies the Tamil vote was insignificant; on the other hand in the small number of constituencies in which the Tamils had a plurality, they usually had an overwhelming majority. In such a situation an ethnic group does not have much to offer electorally to the moderates in a party of an opposing ethnic group, whereas each party caught in intra-ethnic competition has an incentive to pander to its extreme wings. In contrast, in Malaysia not merely are the non-Malay minorities (Chinese and Indian) numerically much larger than the Sinhalese Tamils, they are not regionally concentrated and they form significant proportions of the electorate in an overwhelming majority of the constituencies. So in many constituencies the minorities have the power to punish

Malay extremists and reward moderates. This kind of heterogeneity in the composition of the electorate facilitates inter-ethnic coalitions on the basis of exchange of votes between the partners.[6] (These issues are obviously not captured in the simple negative correlation in cross-country data, as reported in Mauro (1995), between the index of ethnolinguistic fragmentation -- computed in Taylor and Hudson (1972) -- and an index of political stability computed from Business International data).

In general, ethnically dispersed societies tend to have such safeguards originating from mutual vulnerability of groups which fosters inter-ethnic compromises in the polity even in the absence of general goodwill. Large, ethnically dispersed, societies (like India or Nigeria) may also have some latitude in localising and containing ethnic conflicts without necessarily putting the whole state apparatus on the line. The post-colonial state in India has had to fight ethnic brush-fires almost all the time, separatist movements occasionally in the south, often in the north-east and more recently in the north-west and periodic eruptions of Hindu-Muslim riots. But, more often than not, these could be dealt with one at a time, without the fires totally engulfing and wrecking the whole state (as they sometimes have in smaller, more ethnically polarised, societies in Africa). There are thus economies of scale (and of heterogeneity) in ethnic firefighting.

We have commented above on how ethnically based parties can widen and deepen ethnic cleavages. But we should also note that a party in general can act as a useful mediating institution between civil society and the state. In multi-ethnic plural societies while acting as conduits for group demands they can also have an influence in moderating and regulating them. We have noted above that there was a relative quiet in Hindu-Muslim violence in India in the first three decades after Independence; India in that period had also a relatively successful experience of containing

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[6] For a more detailed comparative study of Sri Lanka and Malayasia on this point, see Horowitz (1989). In non-democratic set-ups the ethnic composition of the military vis-a-vis the general social composition of the population is also very important, as the case of Rwanda with the dominance of the minority Tutsis in the army in a Hutu-majority country has shown repeatedly and disastrously. For a discussion of the military as an instrument for advancement of ethnic claims to power, see Horowitz (1985).

intense conflicts of linguistic groups in such a polyglot country. It is not a coincidence that this period was characterised by the effective operation of a massive country-wide organisation, the Congress Party, with an elaborate but resilient network of transactional negotiations and a political machine much larger than even the formidable organisations of the LDP in Japan or the Christian Democrats in Italy at that time. Many political observers in India associate the rise in ethnic violence with the decline in this huge mediating institution, along with other decaying governance structures[7] (as, for example, represented by the politicisation of the bureaucracy and the police and the growing nexus between the politicians and the criminal underworld). When such mediating institutions fail in their functions, the organisational channels of demand articulation and conflict resolution are easily clogged, and group tensions spill over into the streets with increasing frequency in agitational politics, anomic violence and intransigent extremism. The origin of the rebellion, now largely suppressed with brutal means, of the Sikhs in Punjab (a relatively prosperous group with dispersed interests in other parts of India, which should have worked against separatism, but with added complications arising from international factors like support from adjoining Pakistan) had much to do with the diminished institutional capacity of the ruling party to negotiate compromises in time and in general to follow the policies of inclusive accommodation that paid good dividends elsewhere in India during earlier decades; instead, through short-sighted manipulative politics, what was essentially a movement for regional autonomy was allowed to spin out of control.

The battered but as yet remarkably resilient structures of democratic negotiations in most parts of India still offer some means for inter-ethnic accommodation. The political-institutional failures are much more severe in many other countries, particularly in Africa. The extreme cases in recent history are, of course, provided by Lebanon (where for a prolonged period in an organisational vacuum without functioning political parties the armed private militias ruled the

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[7] For a detailed account of the erosion of established political authority and of the institutional capacity to absorb conflicts, see Kohli (1990).

roost), and currently by Somalia and Liberia, Rwanda and Burundi (where the governance structures have basically collapsed).

We have noted above that reciprocal vulnerability in electoral fortunes may help inter-ethnic compromises. But when democratic institutions and credible mechanisms of commitment and arbitration collapse, the ethnic composition in different regions may be such that there is reciprocal vulnerability to violence. In such situations each group is afraid of being victimised and sometimes this fear drives them to strike first in a preemptive move to minimise damage. As Weingast (1994) argues with a game-theoretic example applied to the process of disintegration of Yugoslavia, the damage from victimhood is often so large that even small probabilities that the other group will act aggressively can induce the first group to initiate violence, even when the latter would have preferred to live in peaceful coexistence. Ethnic hatred is thus not adequate to explain this strategic recourse to violence against one's best intentions. Block (1993) quotes a young Croatian at Mostar: "I really don't hate Muslims -- but because of the situation I want to kill them all". This young man originally intended to sit the war out, but the 'situation' in Mostar caught up with him; he had to choose to fight and preemptively kill or leave his community like a traitor or a coward.

Weingast (1994) also uses the same model to explain why it is often the case that after a long period of quiescence ethnic violence seems to erupt suddenly. We have alluded above to the failure of mediating institutions in India in explaining the spate of Hindu-Muslim riots in recent years after a long period of relative quiet. Weingast's model is also one of institutional failure: when there is a breakdown in some of the pre-existing institutions of trust and commitment, a group reevaluates the probability of facing aggression from an opposing group, and when that probability exceeds a critical value (below which peace is maintained), fears of becoming a victim will induce the former group to initiate violence.

But one still needs to explain the decision-making process of the individual member of a rampaging group. Why does he conform to the group decision? If we do not want to write it off simply as irrational zealotry, we can think of some alternative mechanisms. One is suggested by the case of the Croatian young man cited above: social sanctions on deviant behavior. (There are

now quite a few models in economics -- Akerlof's (1984) is one of the most well-known -- of a Nash equilibrium of individual conformity to unpleasant group behaviour arising out of a mutually sustaining network of social sanctions; of course, the sanctions diminish in effectiveness as the group size increases). Potential dissidents may be too pessimistic about the success of dissent and the failure to challenge the group behaviour thus becomes a self-fulfilling prophecy. Then there are cases of positive externalities, whereby the more people adopt a particular behaviour pattern the more it is convenient for the others to join the bandwagon, and as more people join in, the equilibrium 'tips' over (to use Schelling's (1960) idea of a 'tipping equilibrium') from, say, an equilibrium of communal tolerance to one of hostilities. Kuran (1995) shows how individuals often engage in ethnic preference falsification in an effort to accommodate perceived social pressures and how such interdependence among individuals can influence the pace and nature of ethnification.

But there is an additional, though related, element of fragility in uninformed mass behaviour, in the sense that small perturbations can frequently lead to large shifts. Anyone who has ever observed the formation of rumours and noted how important a role rumours (particularly about violence perpetrated by members of an opposed community) play in sparking communal riots in a hitherto quiet neighbourhood, cannot but think of the dynamics of imitative decision processes which are in the nature of what has been called informational cascades. In a model of volatile fads and fashions an informational cascade has been described by Bikhchandani, Hirshleifer and Welch (1992) as a situation when it is optimal for an individual, having observed the actions of those ahead of him, to follow the behaviour of the preceding individual without regard to his own information. They show in a model of sequential decision-making process under uncertainty that at some stage a decision-taker will ignore his private information and act only on the information obtained from previous decisions of others. (Thus, to apply this theory to our current context, a Hindu or a Serb will ignore his private information about his friendly Muslim neighbour and go by what others have told him about the aggressive propensities of Muslims). This also means that, unlike in the mechanisms of conformity described in the

preceding paragraph, where the process becomes more robust as the number of followers increases, the 'depth' of an informational cascade need not rise with the number of adopters: once a cascade has started, adoptions by more people are uninformative; a cascade aggregates the information of only a few early individuals' actions. Thus conformity in this case may be brittle and may break with arrival of new and credible information. The public policy implications of this will be discussed in part of the last section in this paper.

VI Policy Isuues: Political Institutions of Commitment

We have discussed the economic factors that are sometimes at the background of ethnic turmoil and the political mechanisms of mobilisation and the institutions of mediation and containment in situations of conflict. In this and the next section we shall try to draw some policy lessons from the above discussion. In the real world the actual situations of conflict are much too complex and wrapped in particularities of history, culture, geo-politics and personal ambitions of leaders to be amenable to neat policy prescriptions derived from structured and streamlined models of analysis. The complexities are sometimes so overwhelming that we tend to throw up our hands in despair or look away until the warring factions bleed themselves to exhaustion. It is the task of a political-economy analyst to discern some patterns, however oversimplified, some method in the madness, and look for ways of constructing incentives for conciliatory actions. Working towards an incentive structure that induces otherwise disaffected people to patch up and cooperate is more useful than mere exhortations or sermons about solidarity and fraternity or drastic measures like banning ethnic parties (which drive them underground and encourage violence). To be of sustained value these incentives are to be embodied in institutions, and institution-building is, of course, easier said than done.

We shall start with political institutions that provide guarantees against fears of victimhood and subjugation (and the consequent preemptive agression) and mechanisms of commitment on the part of the state as well as the contending groups in a plural society. In a democratic set-up this usually involves constitutional arrangements for checks and balances and separation of powers (with an independent judiciary to enforce these arrangements), and the constitution should be sufficiently difficult to amend, making the commitments credible.[8]

The separation of powers is to be installed not just between the executive, the legislature and the judiciary, but within the legislature each party with numerically significant seats should have some veto power not on day-to-day legislation but on some pre-defined set of basic issues. Such a multiple veto system reduces the flexibility of operation, apart from hardening ethnic distinctions, but in situations of pre-existing deep distrust it may be an unavoidable price to be paid for assuring rival groups against suspicion of being excluded on important matters. Power-sharing, in the form of allowing leaders of major defeated parties to have some representation in a coalition government, needs to be institutionalised (even beyond the kind of consociational arrangements illustrated by Lijphart (1977) from the experience of small pluaralistic societies in parts of Europe). Recent attempts in South Africa to share power between leaders of white and black tribes, and the arrangement in Zimbabwe adopted earlier in sharing power between the country's Shona majority and Ndebele minority have been functioning reasonably well. Below the top leadership level one important contentious issue arises from attempted ethnification of the police and the bureaucracy on the part of the majority ethnic party. (One of the major factors that drove the Serbs in Croatia to initiate guerilla action was the decision by Croatia to remove Serbs from local police forces; the Hindu-Muslim and backward caste- forward caste conflicts in recent years in North India have been exacerbated by politicisation of the local police and bureaucracy by the ruling party in the state governments, with the victimised community in these conflict situations looking upon the latter,with some justification, as partisans and accomplices rather than

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[8] As Singh and Wright (1995) emphasise these constitutional safeguards are partcularly important for small minority groups with low bargaining strength.

protectors). Institutional safeguards against such ethnification of the arms of the state and means of redress in cases of institutional violations are absolutely crucial in maintaining legitimacy of the state and reducing suspicion among ethnic groups.

The electoral system has to give incentives for the formation of multi-ethnic coalitions and inter-ethnic accommodation and to encourage the exchange of votes between moderates in contending ethnic parties. We have seen above how the system in Sri Lanka used to be deficient in this respect compared to that in Malaysia. Many ethnically divided polities have noted the damaging effects of the first-past-the-post electoral rule in single-member constituencies, particularly if the ethnic groups are regionally polarised. Sri Lanka adopted, somewhat late, a preferential system of voting in presidential elections in which the second or third preferences of minorities might turn out to be important for the majority group. After the tragic war on Biafra, the Nigerian Second Republic devised a presidential electoral formula in which election to the presidency required a candidate to win a plurality of votes nationwide plus at least 25 percent of the vote in no fewer than two-thirds of the 19 states. These attempts at confronting a structural incentive problem are important to study, even though they did not quite solve the problem in Sri Lanka or Nigeria, as we know. Similarly, the first-past-the-post rule, by giving the majority party a disproportionate number of seats, often causes frustration in a minority ethnic party. This may be assuaged by the proportional representation rule. The latter may sometimes produce a proliferation of splinter parties and thus instability of another kind, but the evidence on this is mixed (and besides, one may insist on some threshold size of a party, as in Germany).

When the ethnic groups are somewhat territorially distinct devolution of power in the form of a federal structure and regional autonomy are obviously important. Such devolutions fragment the support of some dominant majority groups (this has been the effect of Nigerian federalism on the dominance of the Hausa-Fulani) and disperse the points of conflict and compartmentalise it in sub-state units or intra-ethnic groups[9] (as with the familiar Russian dolls, there are always groups

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[9] To quote Horowitz (1985), " Where groups are territorially concentrated, devolution may have utility, not because it provides 'self-determination', but because, once power is

within groups, and the attention gets deflected from a dangerously overheated centre). The larger the number of states, usually the better for such dispersal of tension. (The 19 states in the Nigerian Second Republic served that purpose; with a similar goal in mind, the proposed new constitution in Ethiopia draws up nine new regions so that in each, except the south, one of the eight main ethnic groups dominates). Regional autonomy often diffuses ethnic separatism: relatively successful cases in recent years include that of the Miskitos in Nicaragua and the Moros in the Philippines. On the other hand, regional autonomy may block the prospects of civil service jobs for advanced groups from backward regions outside their own regions and may be a source of discontent.

Federalism and regional autonomy imply both administrative and fiscal decentralisation. From the point of view of ethinic conflicts decentralisation not merely deflects the focus of tension away from the centre, it reduces the power of the central bureaucracy which is often uncoordinated and insensitive to local needs of particular groups. By increasing local accountability of officials and adjusting the delivery of public services to fit the diversity of preferences of different groups (this is, for example, culturally very important in the case of children's education both in terms of curriculum and language of instruction), decentralisation can go a long way in diffusing tensions.

But there are many administrative and fiscal constraints that may reduce the expected benefits of decentralisation. In particular, fiscal competition among the regions and mobility of capital seriously restrain the ability of the regional government to follow its own tax, expenditure, and regulatory options, much to the disgruntlement of the potential separatists. Furthermore, given the limited revenue-raising capacity as well as the pressures on expenditure of the sub-national units of administration, there is often a built-in tendency towards vertical fiscal imbalance and dependence on central transfers. This has two major political-economic effects which can feed back onto ethnic conflicts. First, if the ethnic groups are territorially distinct the majority ethnic party at the centre can use the local units' dependence on central transfer to manipulate alliances against and inflict selective punishments on rival ethnic groups. Secondly, when the subnational governments are frequently bailed out by the centre, the resultant fiscal indiscipline of

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devolved, it becomes somewhat more difficult to determine who the self is".

the former may exacerbate the problem of fiscal deficit and macro-economic instability for the country as a whole, which ultimately makes the adjustment problems (that particulary some of the poorer groups bear the brunt of) that much harder. In cases when the centre tries to harden the budget constraint and let local units raise their resources (through taxes, borrowing and foreign investment), the ensuing competition usually favours the regions with better endowments and infrastructure. In some countries, as part of the structural adjustment programme, the centre has tried to shift the fiscal responsibility of some redistributive programmes to the underfunded local units, with serious implications for poor ethnic groups in backward regions.

The political dilemma of announcing a policy of devolution of power has to do with its appropriate timing. If it is considered as yielding "too early" to sectarian agitations, it encourages a whole host of hitherto dormant movements in other regions and groups and the state may soon be engulfed in them; this is the argument that usually persuades the leaders at the centre to drag their feet. On the other hand, if it is considered as "too late", it may only signal the weakness or vacillation of a government reacting to separatist violence and may encourage a further escalation of violence and demands spiralling to secession. It requires a great deal of political acumen and confidence on the part of the central leadership to demonstrate sensitivity to local-level grievances by devolving power preemptively and effectively, and at the same time to show credible commitment not to tolerate any compromise on the basic question of territorial integrity of the nation as a whole. The policy of power-sharing has to be steered slowly and cautiously (so as not to trigger a backlash in parts of the dominant group), but persistently and without reneging on agreed concessions (so as not to give the militant factions in the minority groups a reason to defect). This is quite a delicate task.

VII Economic Policy Issues

A major economic policy aimed at reduction of ethnic tension has been to provide preferential treatment to disadvantaged minorities in civil service jobs, admission to higher education, business contracts and permits, etc. Variants of this policy have been tried in Malaysia, India, the Southern Philippines, and elsewhere. Politicians, faced with ethnic turmoil, are sometimes quick to adopt these policies as a low-cost strategy. But these policies, even when their immediate financial costs are low, may be costly in the long run: job quotas for minorities may splinter the labour market, distort allocation of labour between covered and other sectors, and seriously impede efficiency and morale. Some people worry, for example, about the strucural safety of bridges built by ethnic-quota engineers and contractors. Since the quotas usually apply to public sector jobs only, this further exacerbates the declining efficiency of the public as opposed to the private sector. Even the objective of reducing tensions is not achieved in all cases; in North India the job "reservation" policy in favour of the so-called backward castes has produced a backlash among the upper castes and intensified inter-caste tensions. The preferential policy for business permits and contracts are in some cases easily bypassed with appropriate deals and bribes: in Malaysia and Indonesia these deals are called Ali-Baba combinations, Ali being the Muslim bumiputera or pribumi front man and Baba the Chinese businessman. In general the preferential policy, as under NEP in Malayasia, has largely resulted in a substantial trasfer of rent to the politically well-connected.

If, however, group-specific dynamic externalities and social capital (like peer effects, role models, etc.) are important determinants of economic success, as in the models of Benabou (1994) and Durlauf (1996), preferential policies can increase efficiency by changing the way workers are sorted across occupations and firms. In addition, if employers hold negative-stereotype views about minority worker productivity, and if in such cases the return to acquiring signals of ability is low or if signals are uninformative, preferential job policies for some time can help in eliminating stereotypes and thus improving incentives on the part of minority workers for skill acquisition, as Coate and Loury (1993) have pointed out. (If continued for too long the same policies can be a disincentive to skill-acquisition among members of the quota-protected group).

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To the extent preferential policies are supposed to cope with a historical handicap, their economic rationale is akin to that behind the age-old argument for infant-industry protection in early stages of development. Some disadvantaged groups need temporary protection against competition so that they can participate in "learning by doing" and on-the-job skill-formation before catching up with the others. Some of the standard arguments against infant-industry protection are also equally applicable against preferential policies. For example, the "infant", once protected, sometimes refuses to grow up: preferential policies, once adopted, are extremely difficult to reverse. The Indian constitution stipulated a specified duration for job reservation for the lowest castes and tribes in the social hierarchy; this has not merely been extended indefinitely, the principle of reservation has now been extended to a large number of other castes. Another argument against infant-industry protection is that even when the goal is justifiable, it may be achieved more efficiently through other policies. For example, a disadvantaged group may be helped by a preferential investment policy or development programmes in a region where the group is concentrated or with preferential loans, scholarships, job training programs and extension services for its members, instead of job quotas that bar qualified candidates coming from advanced groups. Such indirect policies of helping out backward groups are less likely to generate resentment among advanced groups (particularly because in this case the burden may be shared more evenly, whereas in the case of job quotas the redistributive burden falls on a subset of the advanced group).

The ultimate rationale behind preferential policies in civil service jobs, etc. has less to do with dynamic efficiency (as in the learning-by-doing argument for infant-industry protection), and more with institutionalised rent-sharing. Civil service jobs are looked upon as sinecures, with salaries that are much above the reservation income of the employees particularly when there is rampant unemployment even among the educated. Besides, at most levels these jobs come with a great deal of opportunity to earn various kinds of rental income arising out of the allocation of scarce permits and quotas or out of the various stages of implementation of policies of regulation. As governments have become more important in the economic life of many developing countries,

this rentier sector has become more prominent, and demands for rent-sharing from more and more mobilised groups have become insistent. Even at the expense of inefficiency some sharing of these spoils of office is, of course, to be tolerated for the sake of keeping ethnic envy and discontent under control. Privatisation, contrary to popular belief, is not a complete solution to the problem. In the context of most of these countries with limited competion in the market structure it is not unrealistic to expect privatisation to replace a rent-generating public monopoly only with an almost equally invidious rent haven of oligarchic or crony capitalism: the pressures from different groups for capitalising on political connections and contracts often continue unabated even after large-scale privatisation.

There are many other policies that suggest themselves from our analysis of the factors behind ethnic conflicts. For example, the revolt and resistance of tribal and indigenous people in many parts of the world against encroachments on their traditional rights to land, forests and mineral resources may be mitigated by stopping bureaucratic or commercial appropriation of the local commons and allowing the local communities to coordinate their management. There are several documented examples of successful and autonomous local community level cooperation in regulating the use of common property resources in different parts of the world[10]. In the case of big development projects uprooting and dispossessing many indigenous people from their traditional habitats and occupations, project designers, executors and lenders need to be more sensitive to the social and economic costs of dislocation. There have to be institutionalised mechanisms through which the grievances of the oustees are voiced and given sufficient weight in the project evaluation, the adequacy of compensation paid to them is to be judged by an independent body, and plans for their resettlement with provisions for adjustment assistance, retraining for new occupations, credit and information regularly monitored. Much too often the promises made to the displaced tribals by the government and private commercial interests before the project starts are subsequently breached with impunity.

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[10] See, for example, the discussion in Ostrom (1990) and Bardhan (1993).

Similarly, there have to be visible mechanisms to make sure that the sacrifices necessitated by macro-economic stabilisation programmes (including the slashing of social and welfare expenditures in order to reduce fiscal deficits) are equitably shared. In spite of all the talk about 'safety nets' and 'adjustment with a human face', much too often some disadvantaged groups find that agitational politics and street violence are the only way they can make the government respond to their concerns about the unfairness of the pain that is inflicted upon them. Urban inequality in particular makes mobilisation for sectarian violence easier. The festering slums in the metropolitan cities of the poor countries which absorb the poor migrants, economic refugees from rural destitution, provide the recruitment ground for the young toughs who serve the crime bosses and political leaders, and the arena for the turf battles that the latter fight (and when the rival leaders belong to a different community, the fights take the form of communal riots). Without a massive programme for vocational training and public works for the unemployed youth and for low-cost housing and improvement of amenities, the periodic eruptions will be difficult to stop. Then there is also the problem that improvement of urban slums will only attract more migration from the countryside, without further rural development and dispersal of industrial location.

We have seen before the role of rumours, information cascades and herd behaviour in urban communal riots. We have also noted that the actions of early leaders can influence the behaviour of others and that informationally the cascades are rather brittle. This suggests that the cascades may be senisitive to public information releases (many people have been impressed, to give an example from a different arena, by the effectiveness of public releases of information on the hazards of smoking in altering herd behaviour in smoking in some countries). Public information on what actually happened, on how a disturbance started, on who tried to take advantage of it, on instances of inter-community cooperation in the face of tremendous odds, etc., if effectively transmitted in the early stages, can stop some of the vicious rumours that fuel communal riots and calm group anxieties. The public information has to be released, however, by an agency (say, a widely-known impartial non-government organisation of social workers) that is

credible to all the communities involved; government broadcasts by themselves are often not trusted as the ruling bureaucracy is identified by one community or the other as an accomplice.

Finally, what are the policy implications for the international community? First of all, we believe that in spite of considerable odds international public opinion can still be mobilised to support non-vacillating and effective mediation (in peace-making as well as peace-keeping) by United Nations agencies in civil wars, backed up by a strong multi-national rapid deployment force and humanitarian aid early in the process. But the recent history of the Bosnian case suggests that wrong and vacillating ways of going about it can be counter-productive. Secondly, situations like Angola and Somalia where the ethnic conflicts were in early stages part of proxy fights of superpowers or like Lebanon where they were part of proxy fights of powerful neighbours, Israel and Syria, have to be avoided early through multilateral efforts in future. Thirdly, one presumes that the international community may have more mechanisms at its disposal in preventing inter-state wars than internal ethnic wars. The particular cases to watch out for in this context are where an ethnic group is a dominant majority in one country but an oppressed minority in a neighbouring country. Fourth, international lending agencies have to be much more sensitive than before to the displacement effects of development projects and to the dismantling of the pre-existing patronage-based social contract (not to speak of the already emaciated programmes of economic security for the poor) which they tend to push in their zeal to press ahead with market reforms and efficiency. Adjustment policies need to be suitably packaged with phased compensatory policies and temporary concessions to soften political resistance and build broad-based support. Fifth, when the ruling government in a country has lost its legitimacy as an impartial mediator in intense conflicts among ethnic groups, the international community, particularly through various government and non-government organisations, can act as a third-party arbitrator in resolving disputes, in underwriting commitments made by different groups and rendering them credible, in trying to make sure that promises are not reneged and elections are not rigged, and in publicising findings of international enquiries into charges of abuse of human rights on the part of the state and the rebel groups. Last but not the least, ethnic hatred in some cases may be primordial but it is

acted upon with particularly lethal effects with weapons provided by the armaments merchants of a handful of foreign countries. One wishes that the Western countries were as active in stopping armaments sales as they are in their campaign to stop the international drug traffic (in fact the two are linked: in some countries the ethnic rebels and even the government buy arms by selling drugs). Hardin (1995) cites a Somali's suggestion that the best thing foreigners could do now in Somalia is to buy up the assault rifles (which they once gave them) from the rival gangs.

In this paper we have emphasised the importance of some institutional failures rather than mere cultural and historical animosities behind the collapse of inter-ethnic understandings and coordination. Both over-time (say, in Yugoslavia or India) and cross-country (say, between Malayasia on the one hand and Sri Lanka or Sudan on the other) comparisons suggest that it is the decline of mediating institutions (like the political party as a forum of transactional negotiations) or of the pre-existing structures of credible commitment (in some African cases they were not firmly in place to start with) or the impact of built-in disincentives of the electoral and constitutional systems that often trigger the disintegration of ethnic compromises. The rise in ethnic conflicts is not always associated with economic deterioration; sometimes quite the contrary. The effects of market expansion are also ambiguous. In the context of various kinds of inter-ethnic competition ethnicity is more often a device to segment an expanding market, create rents and channelise the flow to particular groups. Ethnic bonding lowers the costs of collective action in appropriating the rent. As the government has become more important in economic activities, more and more mobilised groups have used ethnicity for staking a claim in the process of rent-sharing; the subsequent privatisation exercises have not escaped similar rentier pressures either. In our discussion of policy lessons we have tried to look for various ways, both political and economic, of constructing instituionalised incentives for conciliatory actions. There are obviously no easy solutions in this minefield of contemporary horrors.

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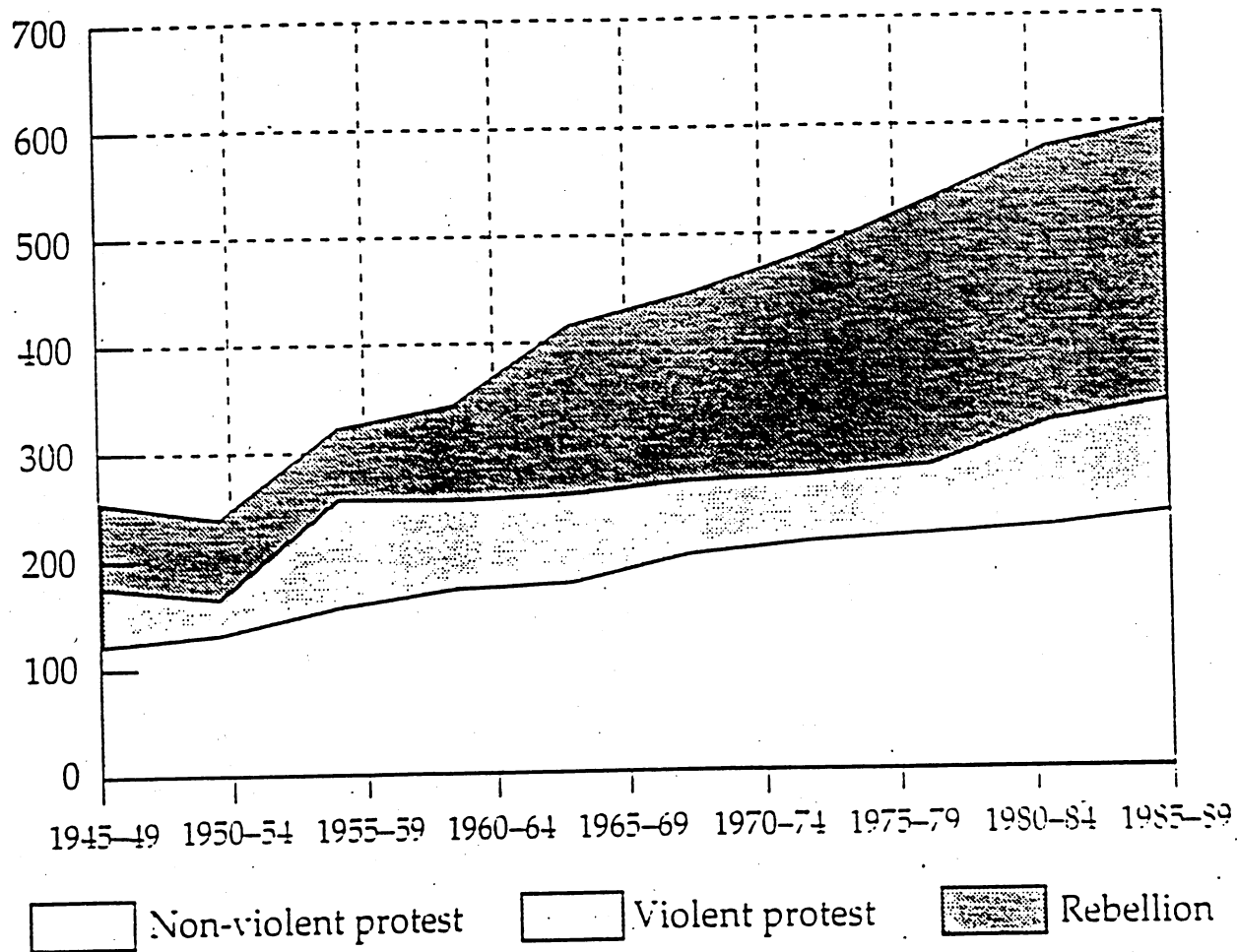 Regional Conflict", Stanford University, unpublished, 1994.

Figure 1

FIGURE 1   Global trends in minority conflict, 1945–1989. This figure is based on an analysis of 233 groups in the Minorities at Risk study.

The numbers do not represent numbers of events; rather, each group was scored for each five-year period on scales that registered the intensity of each type of conflict—nonviolent protest, violent protest, and rebellion. The figure was constructed by adding the scores for each type of conflict for each five-year period, then graphing them over time. The procedure and detailed trends are described in Gurr, *Minorities at Risk*, pp. 93–116.

Table 1

The World at War Today

Active Wars

		Start Date
Afghanistan	Asia	1978
Armenia-Azerbaijan*	Asia	1990
Bosnia-Herzegovina/Croatia*	Europe	1990
Burma (Myanmar)	Asia	1948
Cambodia	Asia	1979
Colombia	Latin America	1978
Georgia	Asia	1992
Indonesia	Asia	1975
Iraq (Kurds)	Middle East	1980
Iraq (Southern)	Middle East	1991
Liberia	Africa	1989
Lebanon	Middle East	1975
Philippines	Asia	1986
Russia (Chechnya)	Asia	1994
Rwanda	Africa	1990
Somalia	Africa	1991
Sri Lanka	Asia	1983
Sudan	Africa	1983
Tajikistan	Asia	1992
Turkey	Middle East	1984

Other Less-Intense or Latent Wars and Political Violence:

Algeria	North Africa	1992
Angola	Africa	1975
Bangladesh	Asia	1982
Burundi	Africa	1994
Guatemala	Latin America	1968
Iran	Middle East	1979
Israel	Middle East	1964
Moldova	Europe	1991
Pakistan-India*	Asia	1948
Peru-Ecuador*	Latin America	1995
India (internal)	Asia	1981
Western Sahara-Morocco*	North Africa	1976

*Cross-border wars/fighting

TABLE 2   POTENTIAL SECESSIONISTS, BY GROUP AND REGIONAL POSITION

	Backward Groups	Advanced Groups
Backward Regional Economies	Southern Sudanese Karens, Shans, others in Burma Muslims in the Philippines Muslims in Chad Kurds in Iraq Nagas and Mizos in India Muslims in Thailand Bengalis in Pakistan Northerners in Ghana[a]	Ibo in Nigeria Tamils in Sri Lanka Baluba (Kasai) in Zaire Lozi in Zambia[a] Kabyle Berbers in Algeria
Advanced Regional Economies	Lunda in Zaire Bakonjo in Uganda Batéké in Gabon[a]	Sikhs in Indian Punjab Basques in Spain Yoruba in Nigeria[a] Baganda in Uganda[a]

[a]Denotes groups that have not had a strong secessionist movement.

Source: Horowitz (1984).

Table 3
Significant Ethnic Groups in Asia and Africa Involved in Serious Conflicts and their Economic and Political Disadvantage Status

COUNTRY	GROUP	ECODIF	ECODIS	ECOSTRESS	POLDIF	POLDIS
1. Myanmar	Karens					
2.	Shans				*	
3. Philippines	Moros		*	*		
4. Sri Lanka	Sri Lankan Tamils					
5. Algeria	Berbers					*
6. Iran	Kurds	*	*		*	*
7. Iraq	Kurds	*	*	*	*	*
8.	Shi'is	*				
9. Israel	Arabs	*	*	*	*	*
10. Israel-occupied	Palestinians	*	*	*	*	*
11. Lebanon	Palestinians	*			*	*
12.	Maronite Christians					
13.	Shi'is	*	*		*	
14.	Sunnis					
15. Pakistan	Pashtuns					
16.	Sindhis	*	*			*
17. Turkey	Kurds	*	*	*	*	*
18. Angola	Ovimbundu		*			
19. Chad	Southerners				*	*
20. Ethiopia	Eritreans				*	
21.	Oromo		*			*
22.	Somalis	*	*		*	*
23.	Tigreans			*		
24. Somalia	Issaq					*
25. South Africa	Black Africans	*	*	*	*	*
26. Sudan	Southerners	*	*	*	*	*
27. Uganda	Ankole					
28.	Baganda					
29.	Langi					
30. Zaire	Lunda, Yeke					*
31. Zimbabwe	Ndebele					

Notes: This Table has been prepared from the basic data in the Appendix Tables in Gurr (1993). Only the ethnic groups with a population of 5 percent or above in the country's total population have been taken as a significant group (this, for example, rules out Sikhs, Nagas, Mizos, Kashmiris and some other groups in India from this Table). Only the countries in Asia (including the "Middle East") and Africa have been taken.

Groups in this table have been involved in "serious conflicts" in the 1980's by the following definition: any group that has been involved in violent protest with a score of 4 and above on a 7-point scale of ascending severity or involved in rebellion with a score of 4 and above on a 9-point scale, has been defined to be in serious conflict.

ECODIF (POLDIF) are summary ratings of six dimensions of inter-group differentials in economic (political) status and positions on a seven-category scale (ranging from -2 to +4).

ECOSTRESS is the sum of three ordinal scales (each with values from 1 to 3) of three kinds of ecological stress on group land and resources.

ECODIS (POLDIS) is a five-category ordinal scale (values from 0 to 4) of severity of economic (political) discrimination affecting group members.

Any case of a score of 3 or above in ECODIF, POLDIF, ECOSTRESS, ECODIS and POLDIS has been marked with a * in the table.

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