

THE INTERNATIONALIZATION OF CRIME, CONFLICT, AND VIOLENCE

Policy Research Talk

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Background

- Conflict, crime, and violence are increasingly internationalized
 - Political instability and failures of law enforcement in one country may have dramatic effects in others
 - Simultaneously, these countries are influenced by events happening and policies adopted outside their borders



Questions

- If countries have a stake in one another's political stability and rule of law, how do we want to think about international relations in a world where countries are sovereign?
- What global instruments exist to enhance domestic security and rule of law?
- How do individual countries organize themselves to address the collective action problem inherent to the provision of a regional/global public good?



Outline

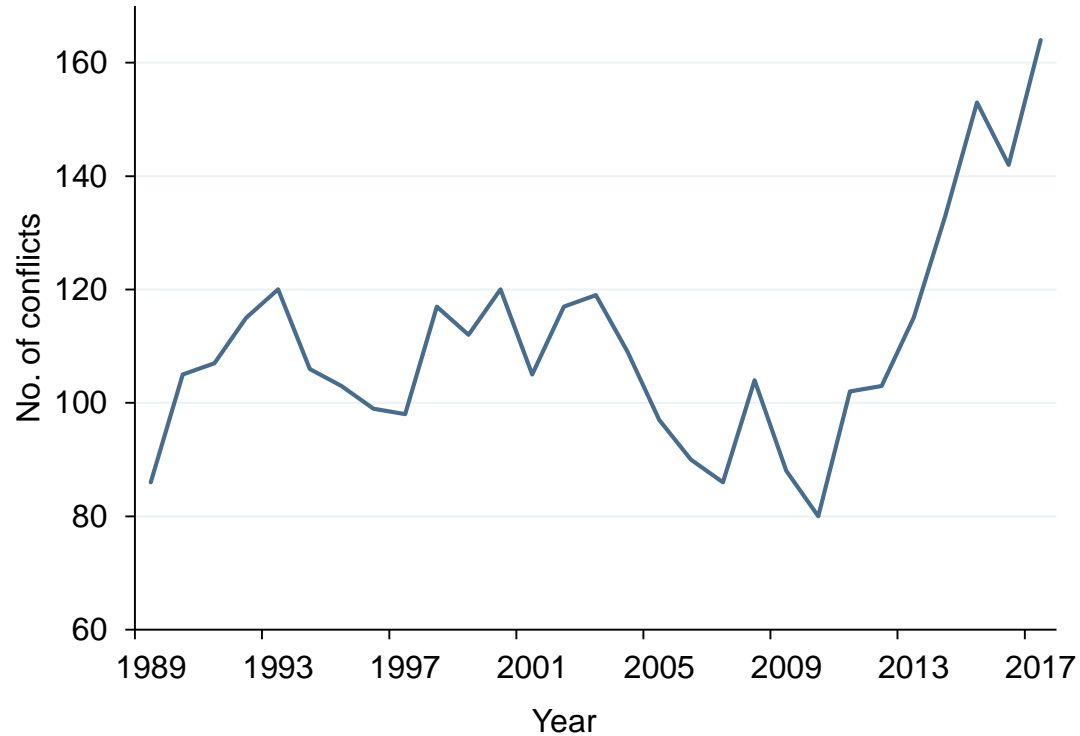
1. Give an account of the state of internalization of the spillovers of crime, conflict, and violence
2. Leverages evidence from academic inquiry within economics, political science and criminology to document the transborder determinants of crime, conflict, and violence
3. Discuss the policy instruments available to the international community in general and to the Bank in particular to ensure the adequate provision of global security



The Internalization of Crime, Conflict, and Violence

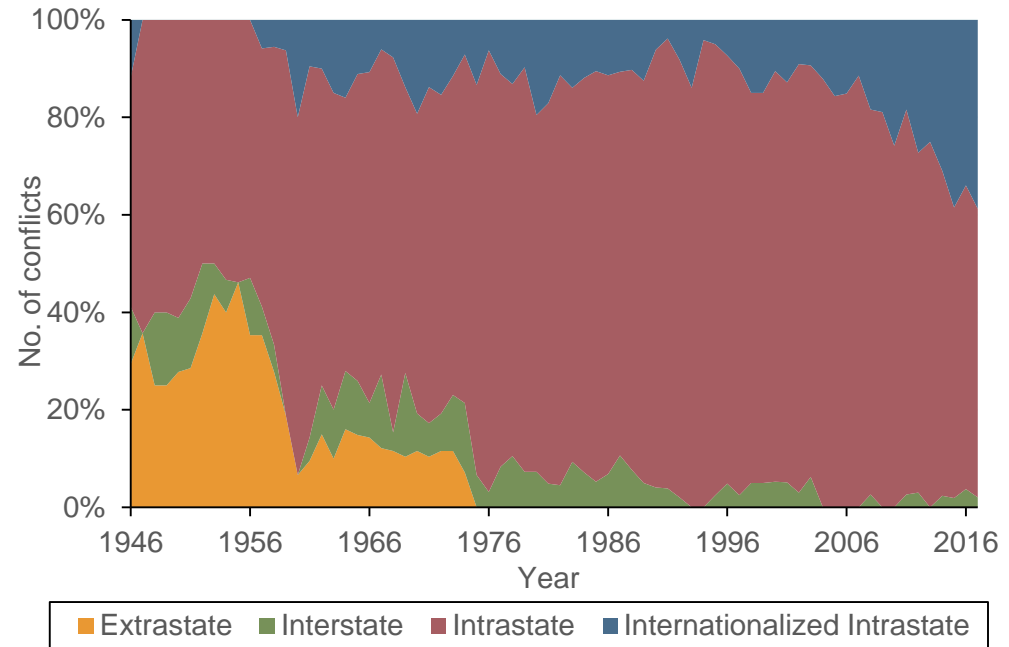


We're witnessing an increase in armed conflicts

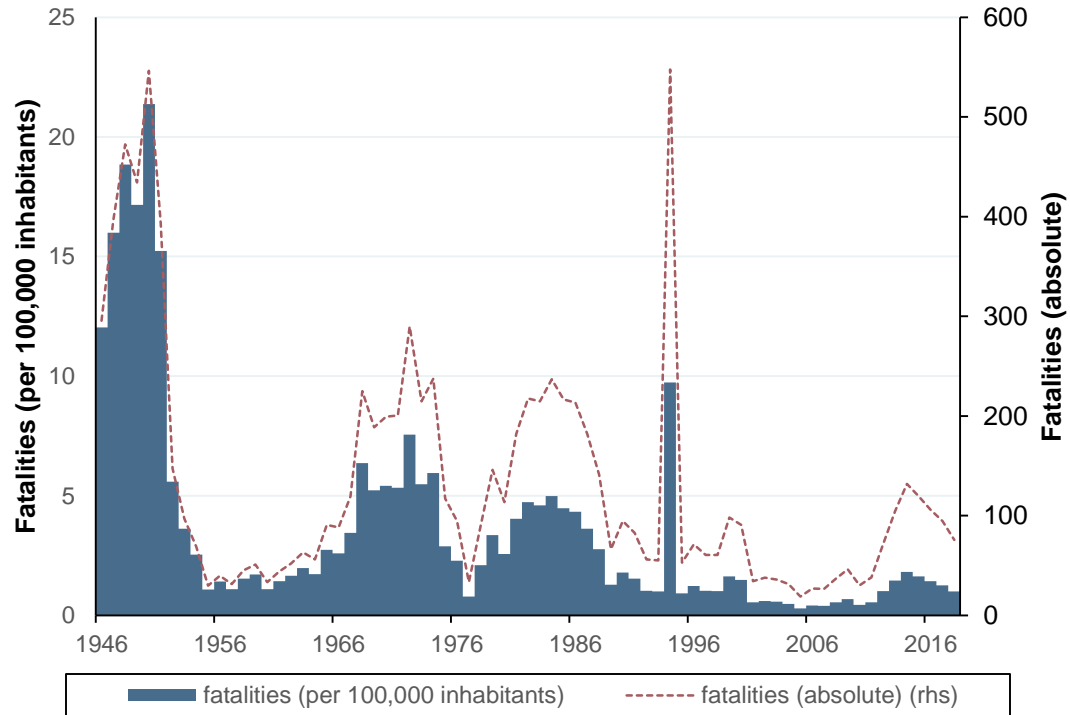


And a gradual change in the nature of conflict

40 percent of all state-based conflicts involved foreign interventions in 2017

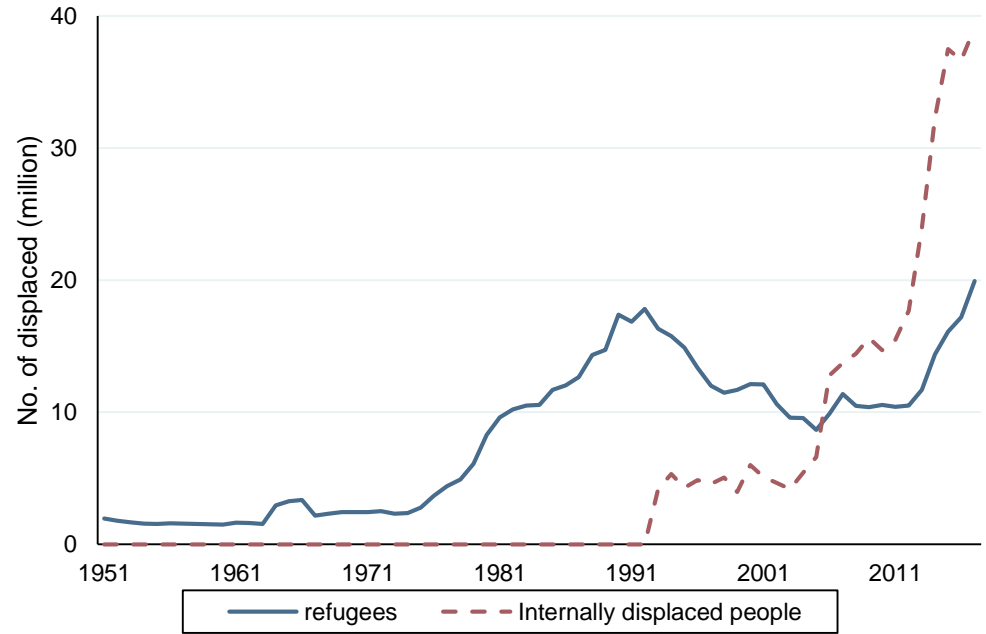


Fatalities related to armed conflicts have decreased

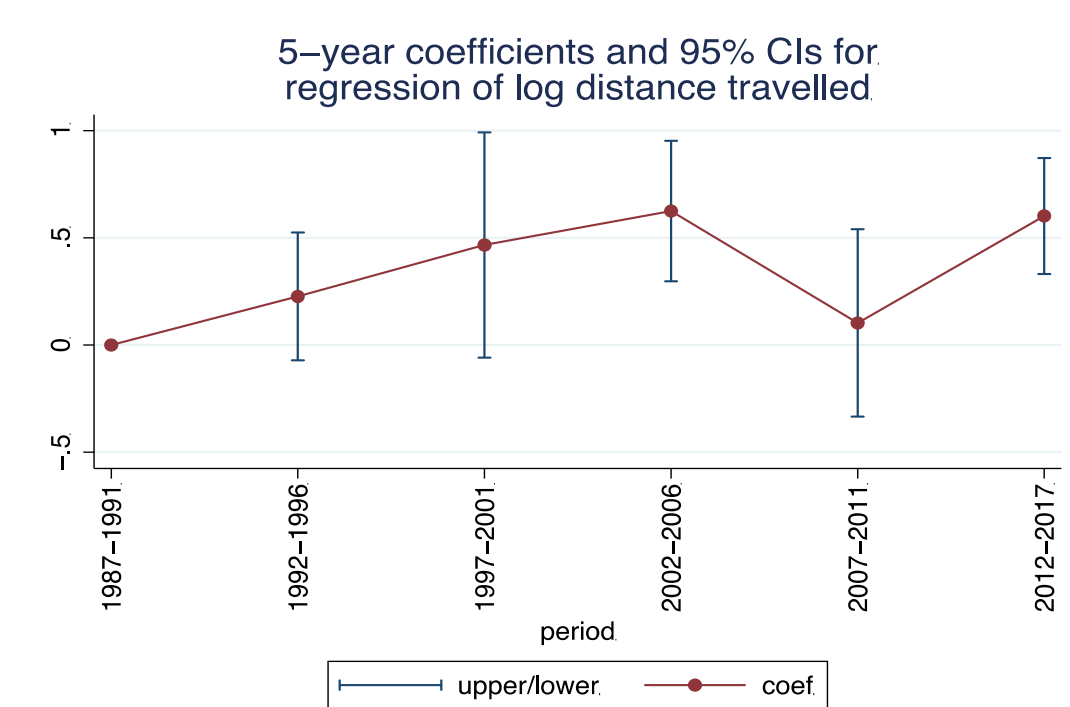


Meanwhile the stock of globally displaced people is rising

The stock of refugees and internally displaced people doubled in the past five years

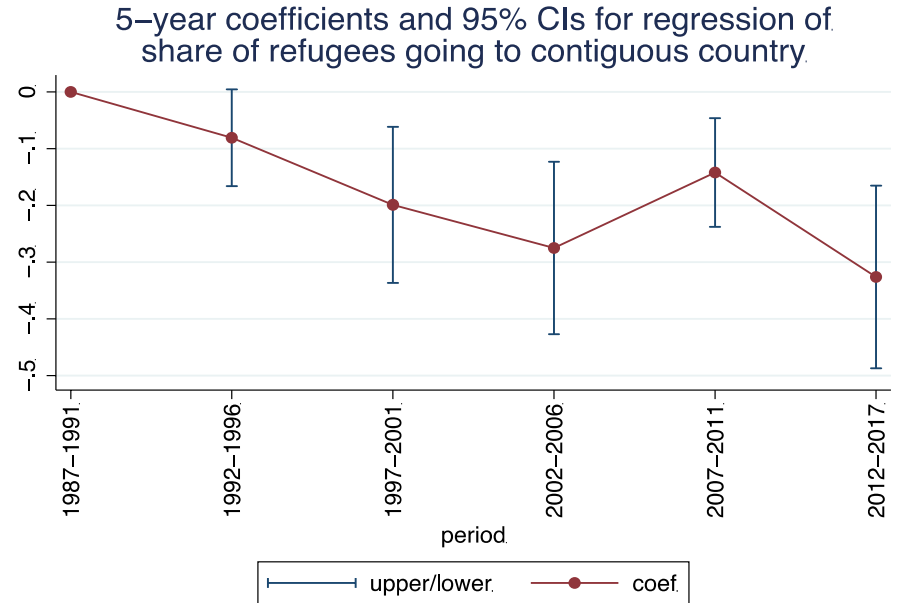


Refugees are travelling to farther destinations...



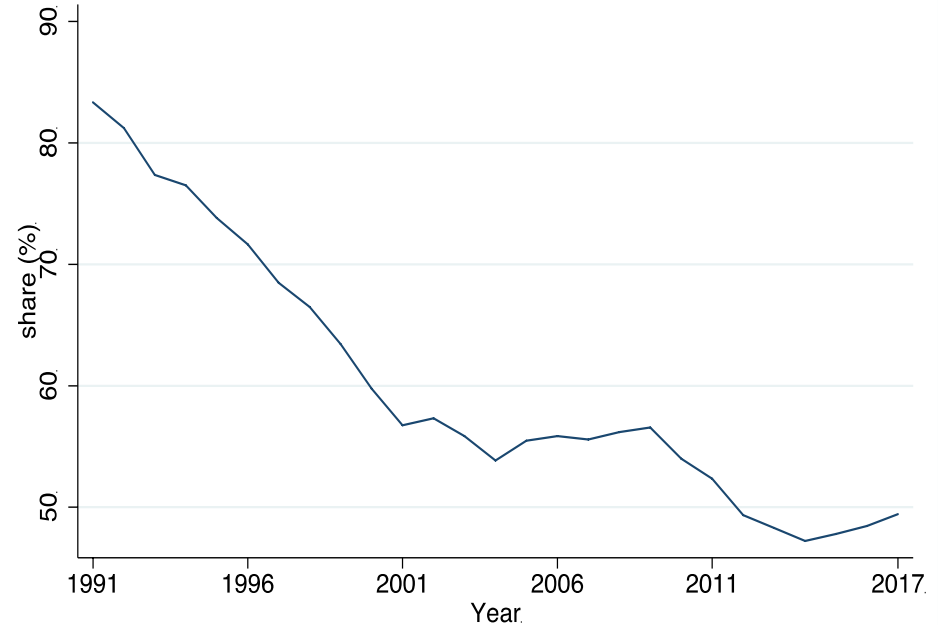
... and fewer settle in neighboring countries

The share of refugees going to a contiguous countries has decreased



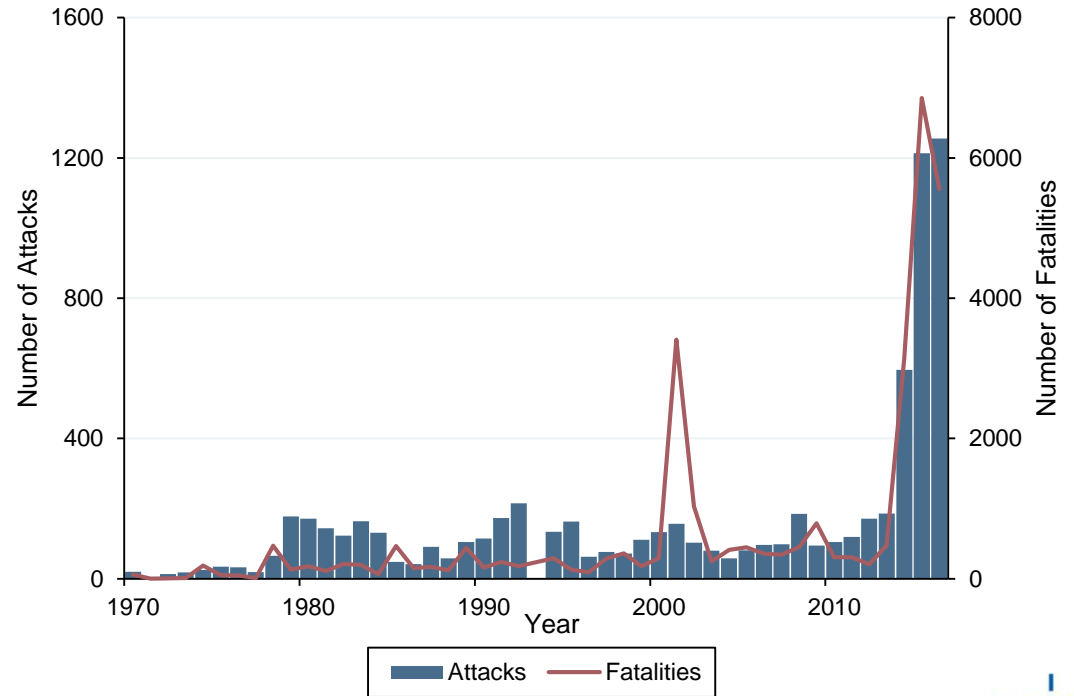
Refugee settlement is thus more spatially diffuse

The downward sloping Herfindahl index implies greater diversification of refugee flows across locations



Transnational terrorism is also on the rise...

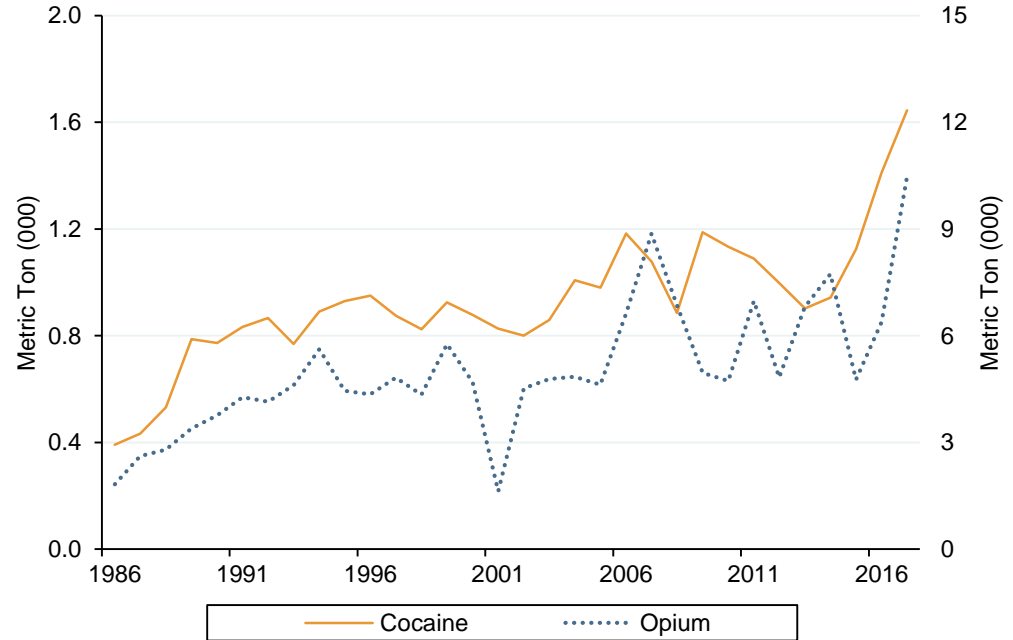
Within the last five years, the number of transnational attacks have increased by over 400 percent



Transnational criminal markets are growing

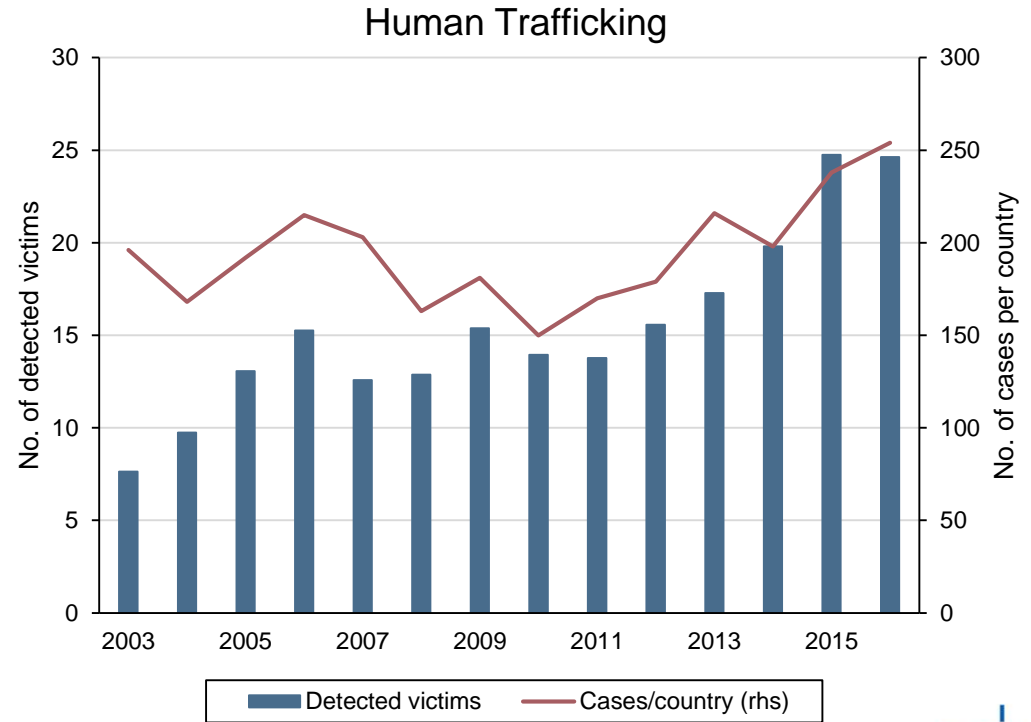
Total proceeds from transnational criminal networks are estimated to be in excess of US\$1.3 trillion by 2018 (1.5 percent of global GDP)

Production of cocaine and opium



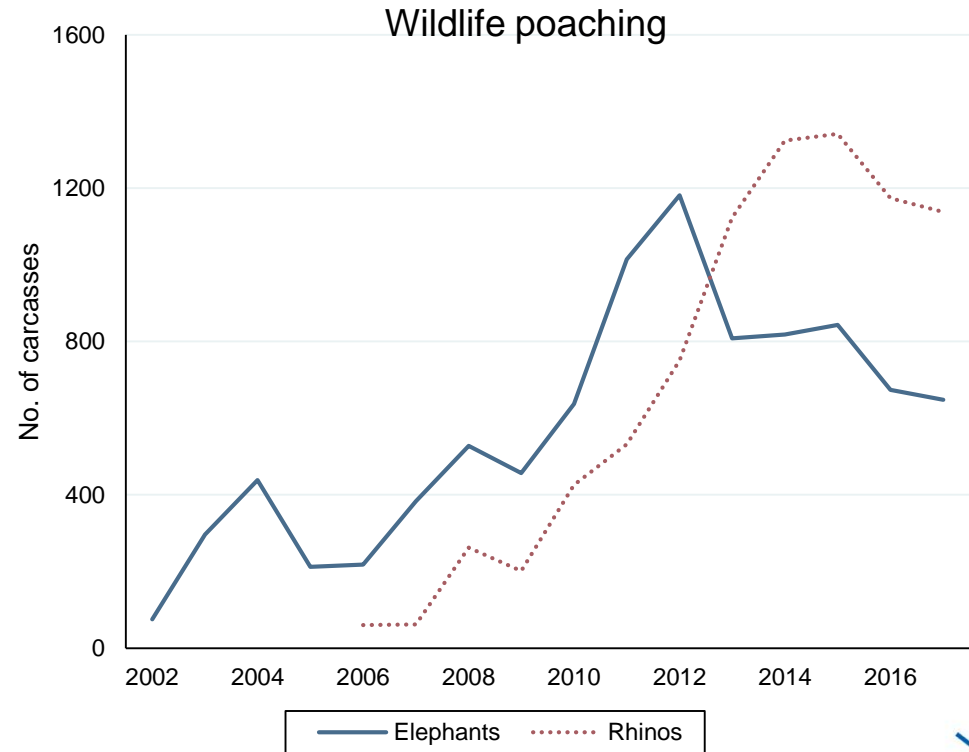
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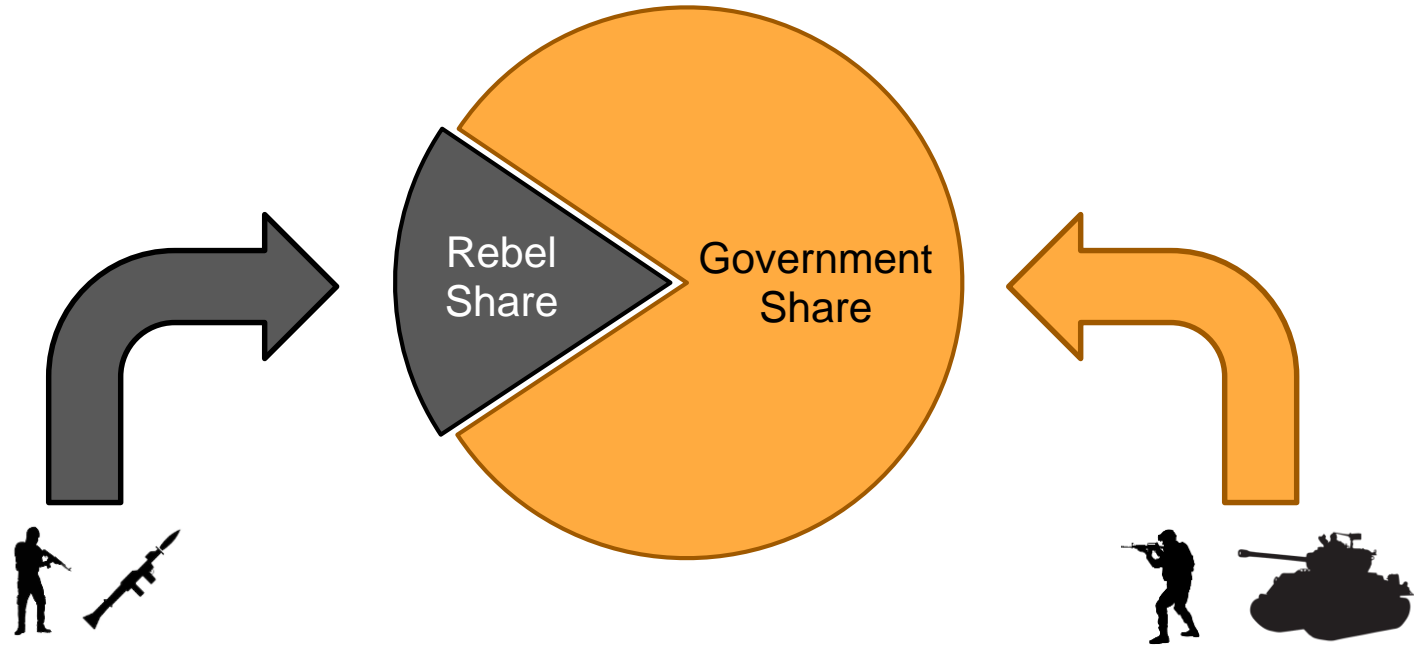
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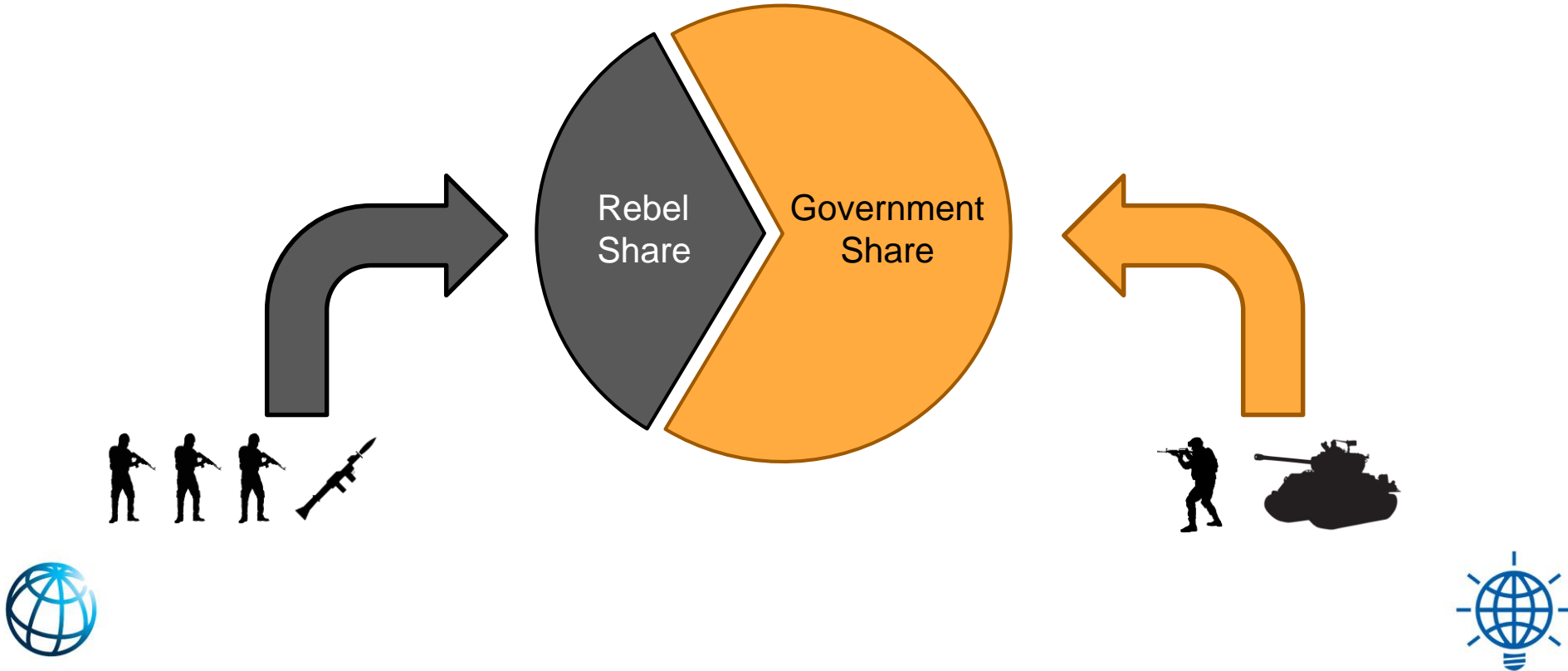
Transborder determinants of crime, conflict and violence



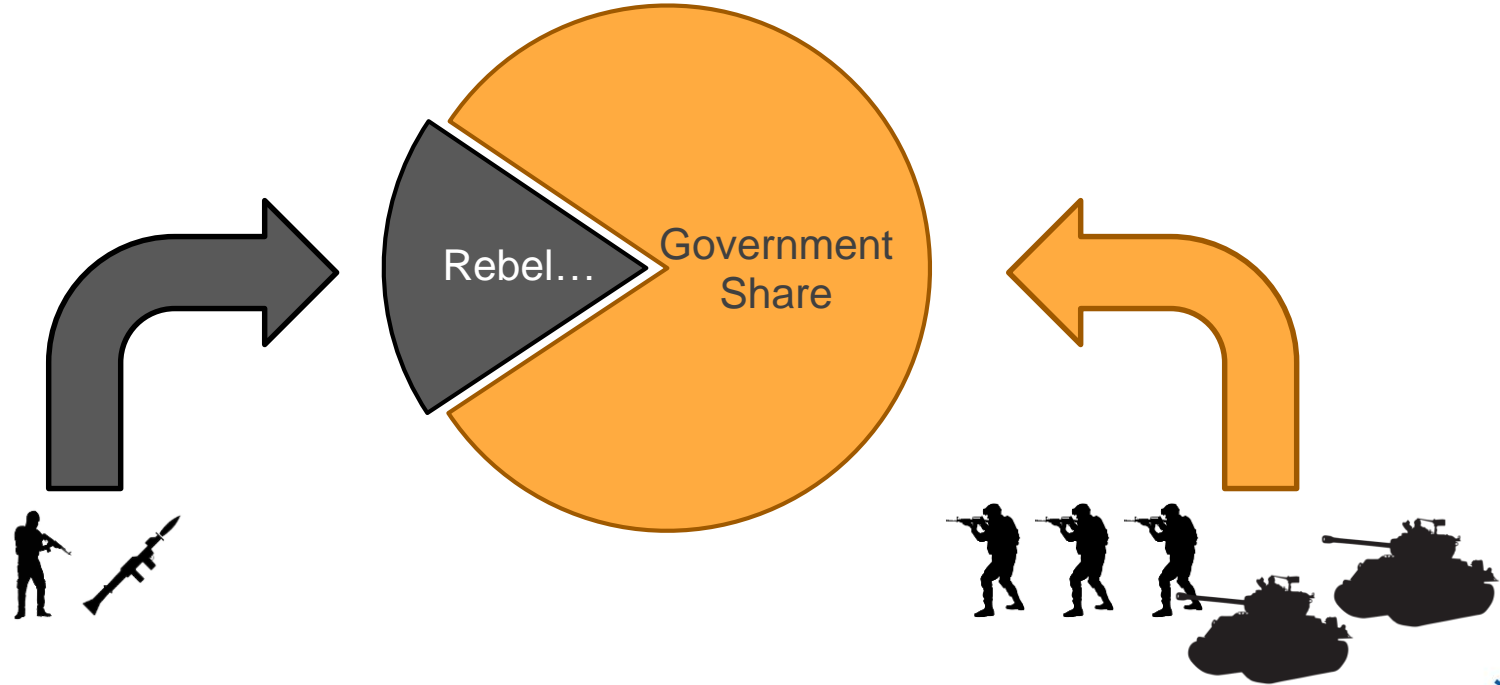
Conflict or crime is a contest over resources



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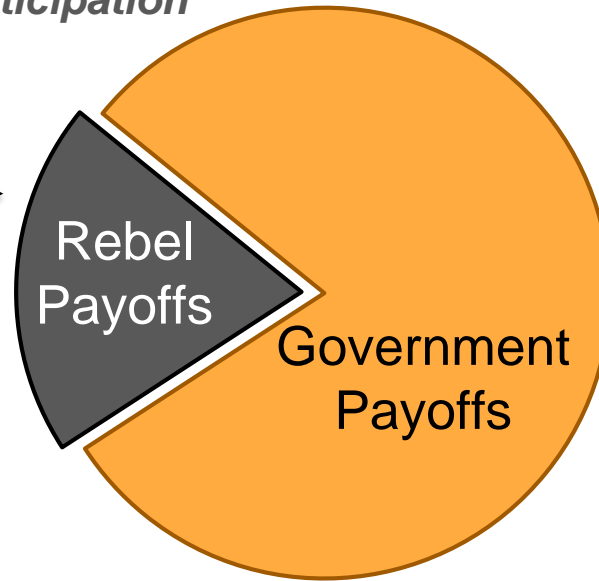
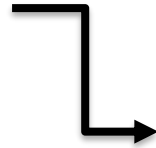


Conflict or crime is a contest over resources

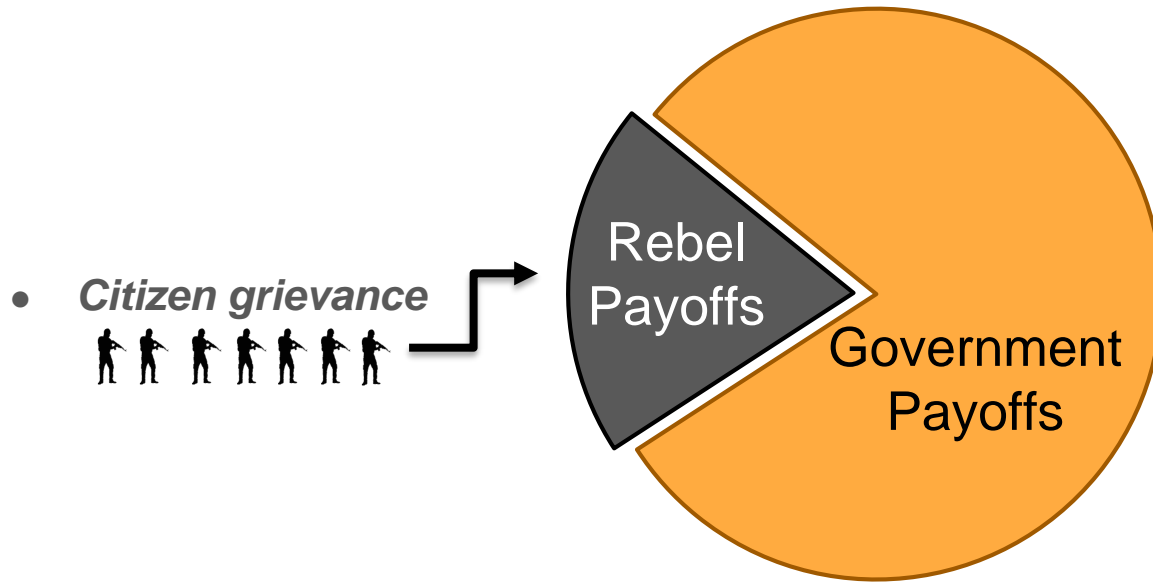


Research on the determinants of crime, conflict, and violence...

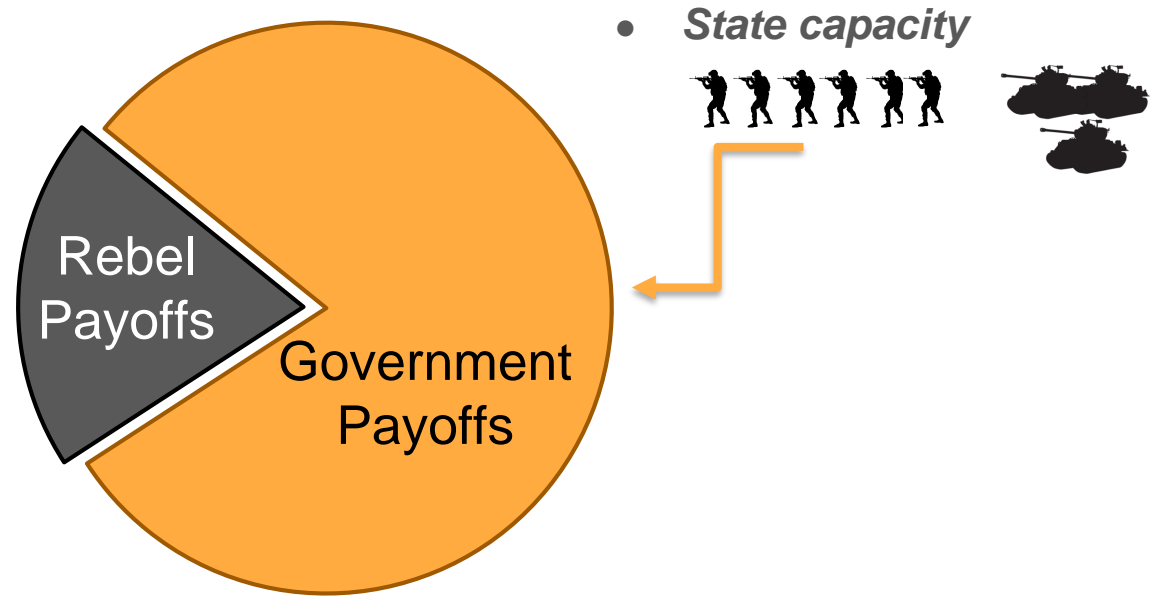
- *Opportunity cost of participation*



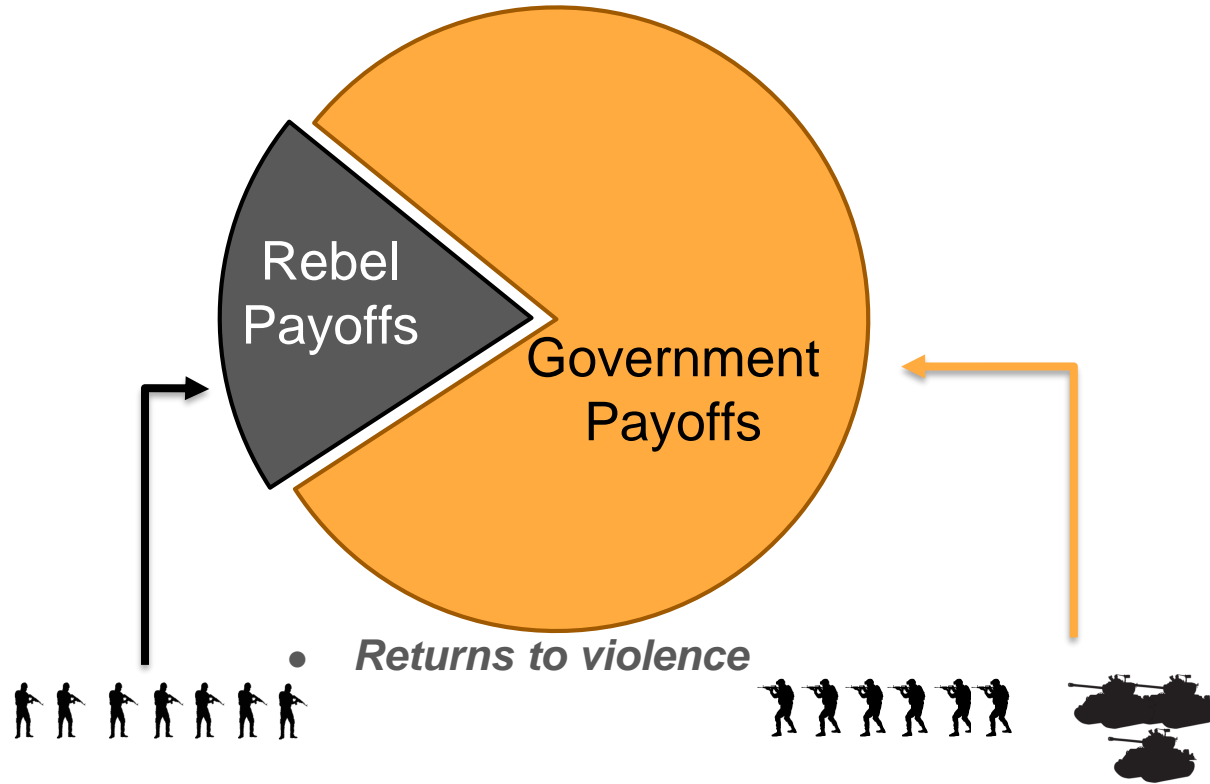
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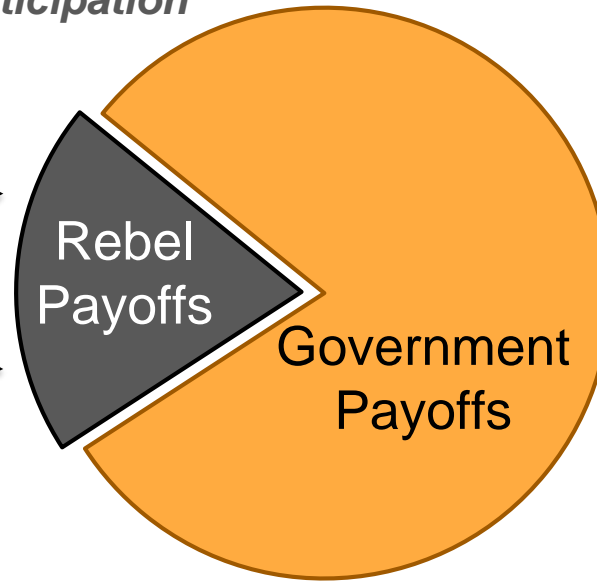


Research on the determinants of crime, conflict, and violence...

- *Opportunity cost of participation*



- *Citizen grievance*



- *State capacity*



- *Returns to violence*



... and helps identify transborder drivers of violence

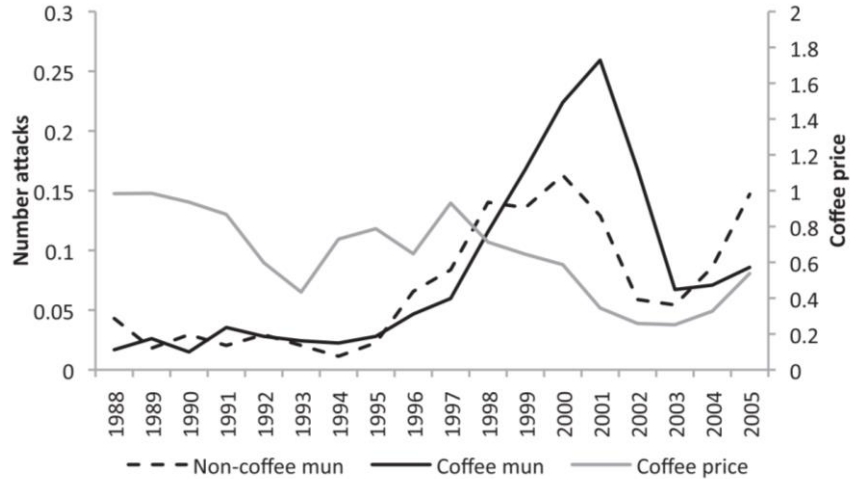
- *International shocks to demand or supply*
- *Conflict contagion*
- *Spillovers of foreign market regulation*



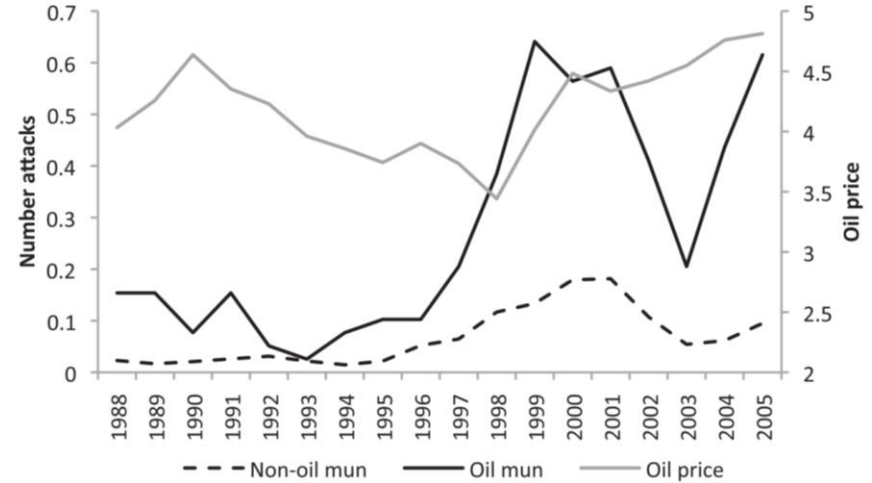
1. International Shocks to Demand and Supply

Integration into global markets makes countries vulnerable to external shocks

Paramilitary attacks

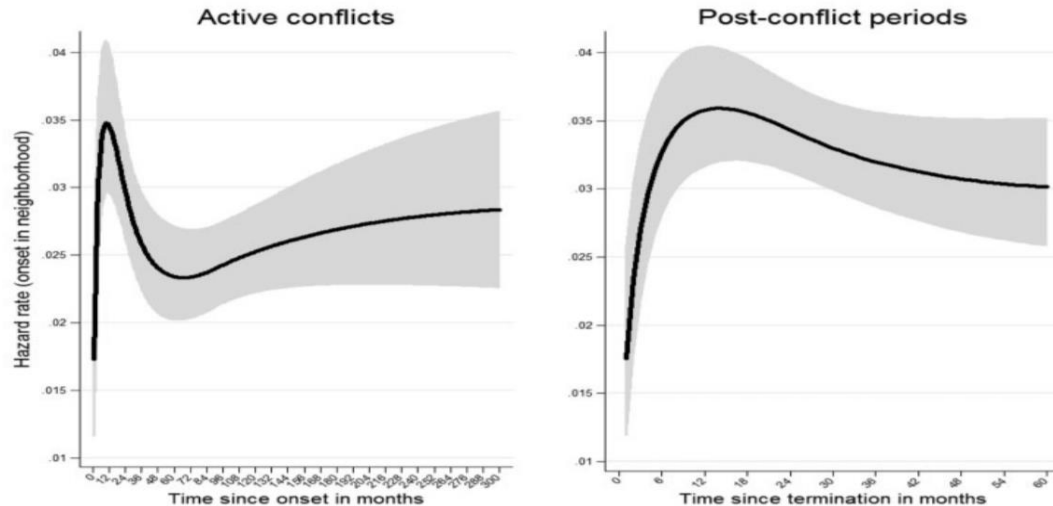


Paramilitary attacks



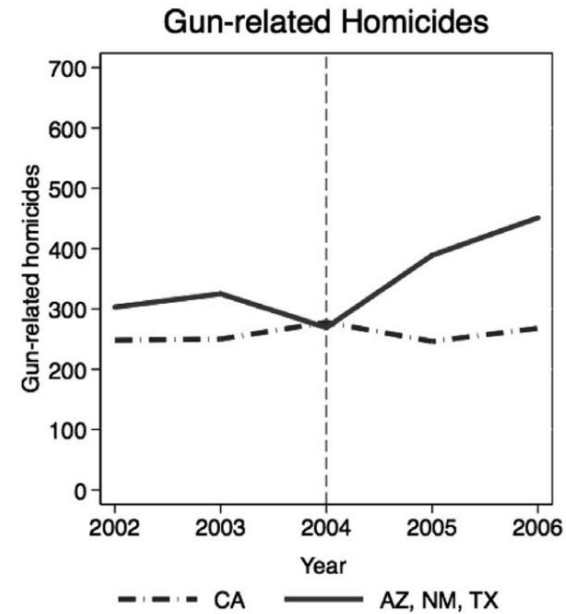
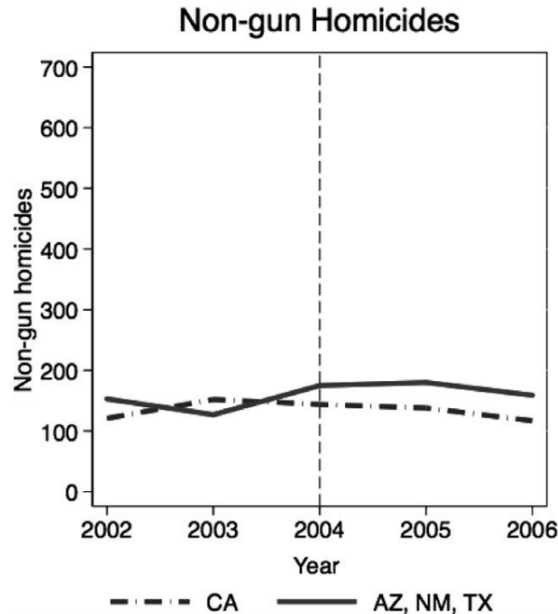
2. Conflict Contagion

Contagion alters the likelihood of conflict through both tangible factors such as flows of arms, fighters, and economic resources; or intangible processes such as the spread of lessons, inspiration, or clues



3. Spillovers of Foreign Market Regulation

Policy/ regulatory changes in one country can also affect product prices, especially when that country is a large player, as either a consumer or producer



Regional and Global Security in a Post-Sovereign World



Regional and Global Security in a Post-Sovereign World

- Global instruments of domestic security and rule of law
 - Foreign aid / economic sanctions
 - Military assistance/interventions
- Country strategic interests and collective action
 - Free-riding versus institutional capture



The Foreign Provision of Domestic Security:

- **Foreign aid / economic sanctions**

- **Change in economic opportunity cost**
- **vs. change in citizen grievances**

- **Military assistance / military interventions**

- **Change in state capacity**
- **vs. change in citizen grievance**



Foreign assistance and violence: what do we know?

- Military interventions – U.N. peacekeeping: ?
- Aid (in)-effectiveness literature and the “do no harm” principle
 - No consensus on impact of aid on violence
 - Aid is more likely to increase violence when
 - It is easily appropriable
 - It goes against political interest of dominant group



Foreign assistance and violence: what do we know?

- Aid and security are (strategic) complements
 - Aid reduces grievances against government/donor
 - Military interventions increase grievances
- Aid is more likely to be effective when
 - In areas under government control
 - Combined with increased investments in security



Foreign assistance and violence: what do we know?

1. Aid *can* do harm
2. Aid and security are complements



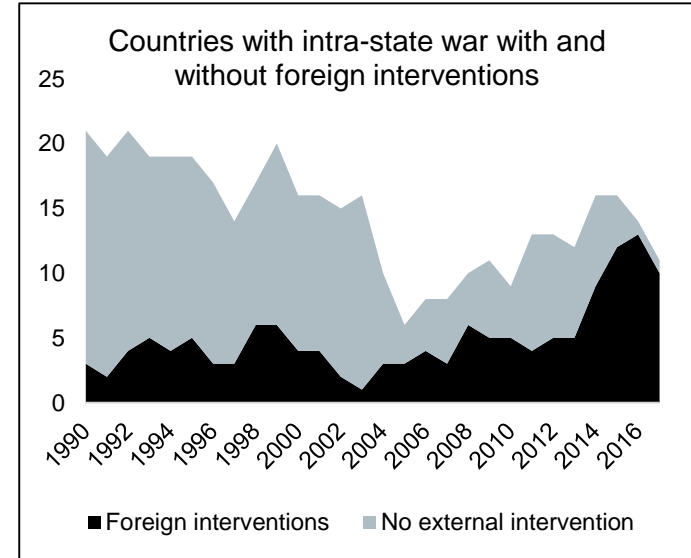
The political economy of foreign aid

- Global public goods: poverty reduction, conflict & fragility mitigation
- Self-interest motivations:
 - Historical ties (ethnic, colonial,...)
 - Domestic political economy (economic interests, political ideology)
- Self-interest motivations permeates to multilateral aid:
 - More aid/lending from UN/IMF/WB when more influence (UN Security council, quotas): 8% IMF lending increase & 10% increase in WB projects when in UNSC



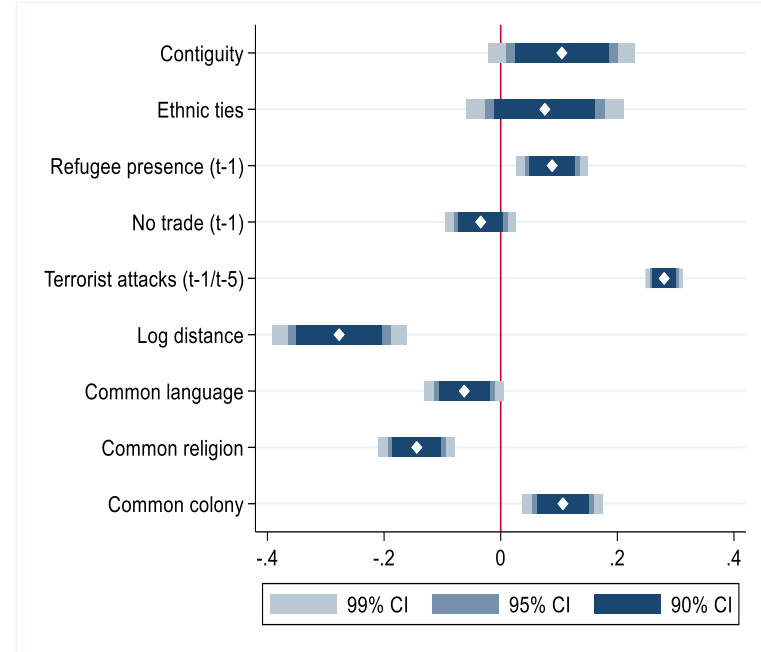
The political economy of military interventions

- Increase in foreign military engagement after 9/11 terrorist attacks.
 - Larger share of internationalized conflicts
 - More third countries are involved in each conflict (Afghanistan, Iraq,...)



Drivers of military interventions since 1991

- Anti-terrorism has become a salient driver:
 - Past terrorist attacks originated from a country in conflict increases the chances of intervention.
 - More interventions when a party in conflict was classified as terrorist organization
- Prevalence of strategic / self-interest motivations:
 - Spillovers (risk of contagion, refugees)
 - Ethnic, language, religion and colonial ties



What role for international organizations?



The delegation of foreign policy

- Policy coordination
- Free-riding
- Aggregation of “world” preferences



World Bank instruments and the Bank's FCV strategy

- Knowledge:
 - Data and knowledge instruments
- Lending:
 - MDTF (State and Peacebuilding TF; UN World Bank Fragility and Conflict Partnership TF)
 - Global Concessional Financing Facility
- Preference aggregation at the World Bank



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