Civil and Ethnic Conflict in Historical Political Economy

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Abstract

Despite great falls in global poverty, civil and ethnic conflict remains tragically common. In this chapter, I examine the patterns of persistence and change in conflict around the world through the lens of historical political economy. I compare two important approaches for measuring the impact of contemporary ethnic differences on conflict: ethno-linguistic fractionalization and polarization. I highlight two aspects which I believe are crucial for understanding these impacts but remain relatively understudied in this literature: the role of organizational capacity within groups and complementarities between groups. I illustrate these relationships through the history of Hindu-Muslim relations in South Asia, as well as drawing on broader contexts. Finally, I highlight some common pitfalls that arise from neglecting history when studying conflict, and promising directions for future research.

Keywords: Conflict, Civil War, Ethnic, Organizations, Historic, Legacies

1 Introduction

Despite great falls in poverty over the past century, we continue to live in a world with tragically high levels of conflict. Since World War II, two-fifths of countries experienced at least one civil war that took a thousand lives (Fearon and Laitin 2014). 6 million died in civil conflict, 10 million in all wars (Pettersson 2021). By the end of 2020, 82.1 million had been forcibly displaced. 1 With on-going wars in Ethiopia, Syria and Ukraine, these numbers continue to rise.

In this chapter, I examine the patterns of civil conflict around the world through a historic lens. I describe the persistence and change in conflict in space and time, and discuss the role of ethnic differences in these patterns. I compare two important approaches for measuring the impact of ethnic differences on conflict— including ethno-linguistic fractionalization and polarization. I highlight two areas that I believe are crucial but are still relatively understudied in

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this literature: the role of organizational capacity within groups and complementarities between groups, that can help explain some of the historical patterns. I illustrate these relationships by focusing on the history of Hindu-Muslim relations in South Asia, as well as drawing on broader contexts. Finally, I highlight some common pitfalls that arise from neglecting history when studying these phenomena, and promising directions for future research.

2 Patterns of Conflict

As Figure 1 shows, the nature and intensity of conflict has changed over time since the end of World War II. Large scale conflicts between states, such as the Korean War, were replaced by civil conflict and proxy wars during the Cold War. The end of the Cold War and a period of US hegemony brought a dramatic reduction in conflicts with foreign interventions, though civil conflicts continued. The decline of US hegemony and the re-emergence of Great Power competition since 2010 has been accompanied with resurgence of foreign intervention supporting civil conflict within states.

Beyond the loss of life, the economic costs of conflict have been severe as well. De Groot et al. (2022) estimate that global GDP in 2014 would have been, on average, 12% higher if there had been no violent conflict after 1970, corresponding to gross costs of conflict of $12 Trillion.

Figure 1: Battle-Related Deaths in Armed Conflicts, 1946-2020

Notes: Source: PRIO Battle Dataset (1946-2008); UCDP Battle-Related Deaths Dataset (2009-2020).
and foregone gross benefits of $2.3 Trillion. Again, they estimate that the lion’s share of the loss ($9.1 Trillion) comes from civil conflict rather than wars between states.2

Regionally, too, the costs of conflict have not been evenly shared. Countries in Asia experienced the greatest losses in both relative and absolute terms in the last fifty years, followed by countries in Africa and Latin America. While Europe has been relatively unaffected, North America may have even benefited from the conflicts elsewhere, to the tune of $0.9 Trillion (de Groot et al., 2022.)

To what extent do these patterns of conflict show historical persistence? Figure 2 shows the locations of major battles around the world from the end of the Napoleonic Wars (1815) to the end of World War 2 (top panel), overlaid on contemporary national boundaries. The bottom panel shows both major battles from 1945-2020, as well as a snapshot (in pink) of all battles from 2018-2020 in the Armed Conflict Location and Event Data (ACLED) project. As the Figure suggests, and consistent with the cost estimates above, there has been a dramatic shift in the locations of wars, both within and between continents and countries. The waves of battles experienced in the traditional battlefields in Europe prior to World War 2 largely subsided in the post-war era (with notable exceptions in the former Yugoslavia and, more recently, Ukraine). North America was the site of extensive violence as the United States expanded and then turned on itself in the 19th century. However, major battles have been rare since 1945. In Latin America, too, major battles have been relatively uncommon, replaced instead by extensive Cold War proxy insurgencies and later by drug-related violence (e.g. Dube and Vargas, 2013; Castillo and Kronick, 2020; Dell, 2015).

Asia and Africa, in contrast, have continued to witness battles both big and small erupt in historically-peaceful locations, even while others reignite in well-trodden battlefields.3 States, like Japan, that were among the most politically-fragmented in the world in 1868, with strong caste and clan identities, ceased to experience waves of civil conflict, even while their caste divisions diminished over time (Jansen, 2000; Jha, Mitchener and Takashima, in progress). But ethnically-diverse states like Indonesia, and those of South Asia, the Middle East and sub-Saharan Africa, experience them still. In these places, the clustering of violence-prone regions obscure post-war country boundaries, suggesting that forces that drive civil conflict do not necessarily respect national borders.4 In contrast, relatively ethnically homogeneous states, like Vietnam, despite experiencing extensive war, have not faced a legacy of low-level violence subsequently.

Under what conditions, then, do historically-determined factors shape contemporary con-

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2 de Groot et al. use panel fixed effects regressions, estimating both direct effects on countries involved in conflict and spillovers to others as well.
3 See also Fearon and Laitin (2014); Besley and Reynal-Querol (2014) and Dincecco, Fenske and Onorato (2019).
4 See Sambanis (2000); Sambanis and Schulhofer-Wohl (2009) on how partitions of groups via national borders often lead to inter-state conflict. Michalopoulos and Papaioannou (2016) further find more contemporary conflict in ethnic homelands in Africa divided by straight lines during the Congress of Berlin in 1885. Such boundaries can allow co-ethnics a safe haven or hinterland for regrouping and organization that facilitates insurgency (Schram, 2019).
flict? We begin by looking at the role of ethnicity.

3 Ethnic Conflict

As Blattman and Miguel (2010) note: “Ethnic nationalism is popularly viewed as the leading source of group cohesion and inter-group conflict” (italics their’s). Yet, given all potential pairs of ethnicities within national borders, the share that actually engage in conflict with others tends to be small. Fearon and Laitin (1996) estimate that in 36 African countries between independence and 1979, there were 20 incidents of violence (or 0.03 incidents per country per year) between two subordinate ethno-linguistic groups.

While conflict between two subordinate ethnic groups tends to be rare, larger ethnic groups are more likely to try to contest control of the state. Fearon (2008) observes that of 709 minority ethnic groups around the world that exceed 1% of the population, at least 14.1% had engaged in “significant rebellion against the state on behalf of the group” between 1945 and 1998. These shares are higher in Asia (30%) and the Middle East and North Africa (27.1%) than in sub-Saharan Africa (11.8%) or Latin America and the Caribbean (6.1%) (Fearon, 2008). Again, these patterns mirror the estimated costs of conflict above.

In a classic paper, Fearon and Laitin (2003) examine the determinants of the onset of civil wars between 1945 and 1999. They find that civil wars are most common in poor, large, newly-independent states with rugged terrain and access to natural resources. These patterns, they argue, are factors that likely proxy for low state capacity and which also allow for easier insurgency. Strikingly, and in contrast, they find that the extent to which countries are riven by ethnic divisions, as measured by their ethno-linguistic fractionalization indices (ELF), is not related to the probability of civil war, once one controls for income.

The method of measuring the extent of ethnic divisions does appear to matter, however, both theoretically and empirically. The ethno-linguistic fractionalization index can be interpreted as the probability that two randomly selected individuals are from different ethnic groups. In a series of papers, Esteban and Ray (1994), Montalvo and Reynal-Querol (2005), Esteban and Ray (2011) and Esteban, Mayoral and Ray (2012) take an alternative axiomatic approach. They develop alternative sets of measures of polarization based upon all potential antagonisms that individuals in a society might have with one another. These polarization measures incorporate a set of three features. First they argue that polarization should be higher the greater the distance or dissimilarity between groups, which they call alienation. Second groups should be more cohesive and identify more with one another when they are more similar to one another. Third is that size should matter: individuals or small groups should not matter for conflict as much as larger, significantly sized groups. Thus, countries with many small ethnic groups, such as Tanzania, which score highly on the ELF measure, do not score as highly according to these polarization measures. Indeed, Montalvo and Reynal-Querol (2005) find that their measure of

\[ 1 - \sum_{i=1}^{N} s_{ij}^2 \]

where \( s_{ij} \) is the share of ethnic group \( i \) in country \( j \).

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5 The ethno-linguistic fractionalization index is: 1 − \( \sum_{i=1}^{N} s_{ij}^2 \), where \( s_{ij} \) is the share of ethnic group \( i \) in country \( j \).
Figure 2: Battles since Napoleon and since World War 2
ethnic polarization, which is maximised at two similar sized groups, does correlate with ethnic conflict, even though ELF does not.\footnote{Their measure, which puts a strong weight on group identification, is $RQ = \sum_{i=1}^{m} n_i^2 (1 - n_i)$, where $n_i$ is the share in group $i$.}

Esteban and Ray (2011) further consider the incentives for individuals from different groups to ‘invest’ in conflict. They suggest that winning a battle to control the state gives the dominant ethnic group two types of benefits: control over public goods and pure redistribution of resources. Public goods may have different benefits for different groups, but no group can be completely excluded. This contrasts with other resources that can simply be stolen by and shared within the ethnic group in charge.

They show that when a country’s population is large, rather than income inequality mattering (as measured by the Gini coefficient), the level of conflict will be determined by a convex combination of ethnic polarization and ethnic fractionalization, provided that groups have some sense of cohesion. Further ethnic polarization should matter more when the state is mostly responsible for dealing out public goods, while ethnic fractionalization should matter more the more expropriable the resources of the state, and thus the more it can be privately seized and shared (Esteban and Ray 2011). Esteban et al. (2012) seek to operationalize a version of this model. They find that the coefficient on the Gini coefficient is (somewhat) negative: all else equal, more equal societies actually have more conflict. This suggests that ethnic group cohesion is important. Further the coefficient on polarization is significant and stronger than that on fractionalization. Thus, broadly speaking, ethnic conflict may be more about fighting over control over the public policies and the public goods states provide, rather than purely over redistributive politics.\footnote{On how ethnic divisions lead to greater distance between the preferences of individuals and the median voter, undermining support for public goods, see Alesina and La Ferrara (eg 2000), Alesina, Baqir and Hoxby (eg 2004), Alesina and La Ferrara (eg 2005). Desmet, Ortúñor-Ortín and Wacziarg (2017) use survey evidence to point out that there tends to be large variation in preferences and cultural differences even within ethnic groups. Powersharing arrangements, with representatives of different ethnic groups controlling particular ministries, have become a common approach in Africa and elsewhere (Francois, Rainer and Trebbi 2015, Mueller and Rohner 2018).}

These approaches have been very useful and informative in providing clues into the proximate causes of ethnic conflict, and civil conflict more generally. However, they also raise some key questions. Under what conditions can ethnic divisions actually mitigate conflict instead of only yielding potential antagonisms? Which ethnic groups are better able to organize themselves and why? When and why do individuals choose to contribute to and fight for a nation or their ethnicity and caste instead of their class? These are all processes where ignoring the relevant historical contexts, as is unfortunately still fairly common in papers published in modern economics, can lead to very skewed answers about the reasons for and implications of ethnic conflict.
4 Elements from History: Complementarities and Organization

The British and Americans, as George Bernard Shaw observed, are two peoples separated by a common language. Languages, common or otherwise, can be learned and forgotten, or imparted to the next generation. Ethnic distinctions can be reified through segregation or mitigated through interaction (e.g. Bisin and Verdier 2001). Thus treating ethno-linguistic distinctions between groups at any particular point of time as given, while perhaps being sensible when understanding short term, proximate phenomena, arguably makes much less sense when taking a longer historical perspective.

In fact, arguably, a key element of understanding the role of ethnicity from a historical perspective is that ethnicity is not just a label or category that leads to antagonism but, for different groups across history, one’s ethnicity has often been associated with particular economic and social endowments and opportunities. Historically, economic specialisation by ethnic groups has been common in many societies, with some forming endogamous units within which to transmit skills or endowments. This is often true of immigrant groups that bring economic and cultural links with their home regions and countries that can complement local communities (e.g. Ottaviano and Peri 2005). However, even in societies where immigration is limited, vocational opportunities and choices often shape and are shaped by group identities.

These traditional links between ethnic identity and economic endowments creates the possibility for complementarity – the possibility of gains from exchange between ethnic groups – that can weaken the incentives for violence. However, it also generates another possible reason for ethnic conflict beyond the political ones already mentioned – economic competition.

Between nations, comparative advantages are often assumed, (see e.g. Polachek and Seigle 2006), and the extent to which trade mitigates the incentives for war between two countries is shaped by how easily the bilateral trading relationship between the two can be substituted for by others (Martin, Mayer and Thoenig 2008). However, within countries, when individuals are geographically proximate and thus share many endowments, sustaining inter-group trade is often even more fragile. Particularly over long time horizons, individuals may face incentives to violently seize or, over long time periods, replicate one another’s production processes. This fragility of the gains from trade is accentuated when members of one group are more vulnerable: less capable of organizing violence. Under what conditions then can market exchange support peaceful coexistence and prosperity for vulnerable groups over time?

Jha 2018 considers a setting where individuals from two groups occupy a specific location. Members of these groups differ along two dimensions: their vulnerability (their capacity to organize violence) and their mobility (the quality of their outside options if they choose leave). For example, indigenous groups, with their knowledge, skills and networks concentrated locally, may find leaving a location more costly than for immigrant groups, who may have retained endowments and ties elsewhere. Every period, individuals from these groups can choose to leave. If they stay, they produce a good, and can choose to target another with violence to  

8See also Jha 2007, 2013 and Diaz-Cayeros, Espinosa-Balbuena and Jha 2022.
seize their profits.

In the case of vulnerable immigrant groups, Jha shows that over long time horizons, a *peaceful co-existence equilibrium*—a subgame perfect equilibrium with mixed populations, no agent having an incentive to leave, full production and no violence—exists if and only if locals and non-locals engage in economic activities that are weak complements, and for small populations, if and only if they are strong complements. If not, and instead the groups are in economic competition with one another, then over long time horizons, the strong will have an incentive to engage in violence against the vulnerable, not just to expropriate them, but also to induce them to leave, thereby reducing the future economic competition they face. In fact, for a strong local, for whom violence is cheap, a member of an immigrant group that competes economically will be a preferred target of violence relative to similarly weak individuals that compete from one’s own ethnic group, precisely because the better outside options make immigrants easier to induce to leave. Thus there is likely to be not just expropriative violence but *ethnic violence*.9

Over long horizons, in particular, the source of complementarity for vulnerable group members has to be robust in the sense of being costly to expropriate or replicate, otherwise, others will have incentives to do just that. Such robust complementarities often exist for middlemen minorities, whose complementarity stems from access to external trading networks. Trading networks are intangible, thus impossible to expropriate, and when the networks are large, become difficult to replicate. Further, not only may there be incentives for reduced violence, there will also be incentives to invest in further complementary ‘institutions’ that may further reduce these incentives. These institutions may involve business, religious and philanthropic organizations that facilitate coordination and transfers within and between groups, or cultural norms and beliefs supporting trust, trustworthiness, and continued complementarity in new areas. These can survive even if the initial complementary inter-ethnic relationships have been undermined over time.10

But beyond this, over long time horizons, vulnerable group members need to be able to credibly threaten to withhold their complementary production in order to deter coercion of production or expropriative violence. For less mobile vulnerable indigenous groups occupying valuable economic niches, this has often proved difficult. And too often in Latin America, the Caribbean and sub-Saharan Africa, new access to trade has led to violence and forced labour

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9 In the United States, for example, patterns of economic competition by different ethnic groups has been linked to race riots (eg Olzak [1992] Christian [2017]. Esteban and Ray [2008] provide an alternative but potentially complementary argument for why ethnic conflict is often salient over class conflict: there is complementarity between wealth and numbers in organizing violence. Rich members of an ethnic majority then prefer to invest resources to mobilize poor members of their community against minority members than face the alternative of redistributive class conflict. Relatedly, Glaeser ([2005]) suggests that pro-redistribution politicians have incentives to send messages inciting hatred against ethnic minorities when the minorities are relatively rich, while anti-redistribution politicians do the same when the minorities are poor. Given these incentives, media has proven effective at coordinating violence and ethnic hatreds (eg Adena, Enikolopov, Petrova, Santarosa and Zhuravskaya, 2015). [Wang 2021] Yanagizawa-Drott [2012] Müller and Schwarz [2020].

10 On the relationship between complementarities and robust comparative statics, see Milgrom and Roberts [1990]. On how complementary investments can generate momentum and persistence, see Milgrom, Qian and Roberts [1991] and Jha [2013]. On institutions as sets of beliefs, norms and organizations that induce regularities of behavior and evolve over time, see Greif [2005] and Greif and Laitin [2004].
instead (eg Nunn 2008 Dell 2010 Bobonis and Morrow 2014 Diaz-Cayeros et al. 2022). In contrast, vulnerable outsider groups, such as trading minorities, tend to be relatively mobile. By being so, they can also often credibly threaten to leave.\(^{11}\)

The choice to remain or relocate is also a key question for networks of individuals over longer periods of time. Given the many ways that individuals, groups and societies can adjust to the threat of violence over time, the patterns of conflict we see today reflects the culmination of centuries of exogenous factors, including environmental, economic and political shocks, but also individual and group decisions, and their legacies. To understand contemporary civil and ethnic conflict, therefore, it helps to understand the logic of how environments prone to conflict are selected by historical factors. I now illustrate this drawing from the history of South Asia. This is a setting that not only covers close to one-quarter of the world’s population, but is also home to a rich history of housing immense cultural diversity. This history has been punctuated at times with horrific violence, even while nearby communities exhibit remarkable degrees of tolerance as well.

5 An Illustration: Hindu and Muslims in India

The fourteen centuries of interactions—many peaceful, yet too many violently conflictual as well—between Hindus and Muslims in South Asia can provide a valuable illustration of the historical forces that drive contemporary civil and ethnic conflict. Figure 3 provides a graphical overview of these relationships over four epochs.

Figure 3(a) depicts the deciles of the length of time a South Asian region was under Muslim rule from the beginnings of Islam to the death of the last great Mughal emperor, Aurangzeb, in 1707, along with the incidence of major battles prior to the formal establishment of the British empire in India in 1858. Figure 3(b) shows the Muslim population share in a district in the last colonial census (in 1942) and the incidence of Hindu-Muslim riots between 1850 and the beginning of India’s first mass movement for Independence - the Khilafat or Non-Cooperation Movement in 1919. Figure 3(c) shows the pattern of riots when the movement ended in 1922 to 1950. Finally, Figure 3(d) shows the post-Partition (1950) Muslim share and incidence of riots in Independent India, from 1950-2019. Comparing these different epochs makes clear that there are a number of key patterns of both striking continuity, but also of important changes, over time.

\(^{11}\)Jha 2018 describes how, when their outside options are good, such as occurs with falls in barriers to immigration elsewhere, vulnerable outsiders that enjoyed robust complementarities, such as trading minorities in Indian Ocean ports, Europe and elsewhere, have been able to deter acquisitive dictators and others by threatening to leave and deny future trade. However, when the costs of leaving where high, these communities were more likely to see waves of pogroms instead. See also Diaz-Cayeros et al. (2022).
Figure 3: Hindu-Muslim Conflict over Time

Sources: Varshney and Wilkinson (2004), Jha and Wilkinson (2012), Jha (2013), Bhavnani and Jha (2022), Bharadwaj et al. (2008), Kitamura (2021), and Ahmed et al. (2022)
5.1 Complementarities and Competition as drivers of conflict

Incentives for tolerance and, unfortunately, for conflict as well, have shaped Hindu-Muslim interactions from many centuries: Muslims came to South Asia both as traders and as conquerors. Muslim rule and, with it Muslim patronage and faith, spread from major Muslim cities (see squares for the locations of mint towns in Figure 3(a)). A great raid in 1026, by the Sultan Mahmud of Ghazni, led to the destruction of the temple port-city of Somnath and a perception, including of contemporaries, of lasting inter-ethnic hatreds. And Somnath is not alone. As Figure 3(a) also shows, multiple invasions from Afghanistan led to great battles being fought along the old trade routes that linked India to the great marts and Silk Routes of central Asia.

Yet, the first and most enduring interactions between adherents of the new religion of Islam and the existing peoples of the subcontinent was through peaceful trading relationships. Arab Muslim traders came to South Asian ports in the seventh century, providing access to Middle Eastern markets for South Asian spices and artisanal products. Though a vulnerable minority group, these traders provided access to markets across the Middle East, northern Africa and southeast Asia to local Hindus in the natural harborages that would become the ports of medieval South Asia (see triangles in Figure 3(a).) They could also credibly threaten to leave any specific port for others, cutting off its trade, should they be targeted with violence (Jha, 2013, 2018). Even the authorities of the re-built Somnath temple would invite traders from Hormuz to settle on the temple lands and build a mosque, aware of the gains they would bring from trade (Thapar, 2004).

Both locals and traders faced incentives to develop organizations and norms that would reinforce trust and trade between groups. These have persisted into the modern period, despite the attenuation of Muslim overseas trade advantages with increased European intervention. Jha (2013) shows (and consistent with Figure 3(b)), former medieval trading ports that emerged at medieval natural harbors experienced five times fewer Hindu-Muslim riots between 1850-1950. They were also less likely to experience ethnic cleansing of their Muslim populations during the Partition (Jha and Wilkinson, 2012) (Figure 3(c)), and continued to show less violence after Indian independence as well, including during the Gujarat riots in 2002 (Jha, 2013, 2014) (Figure 3(d)).

These erstwhile medieval ports, despite being somewhat poorer having lost their trade, continued to enjoy greater Muslim populations into the modern period. Further, the effects of a medieval trading legacy on reducing violence were stronger in places where Muslims and Hindus were closer in population share to one another. As described above, these are where one might expect greater polarization and violence, not less. However such effects are again consistent with the logic of complementarity: in environments with ethnic specialization in

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12 Somnath remains a touchstone for modern religious mobilization, with L.K. Advani, then leader of the BJP, beginning his Rath Yatra from Somnath (Blakeslee, 2018).

13 Dincecco, Fenske, Menon and Mukherjee (2021) find that districts that experienced more conflict due to their proximity to the Khyber Pass tend also to be more developed today.
economic spheres, members of larger minorities are more likely to compete with each other, increasing the gains across ethnic lines. Indeed, household level evidence from 2003 shows that Muslims in these communities remained specialized in complementary economic activities. Further, they closed the wealth gap with Hindus relative to other urban Muslims, and were as likely as Hindus to vaccinate their sons against polio, an important indicator of contemporary inter-ethnic trust (Jha [2013]). These patterns were not accompanied by increased assimilation or secularization of identity, but rather greater participation in religious organizations. Religious and other civic organizations instead played an important role in preventing events that might have triggered violence from escalating into broader religious rioting (Varshney [2002]).

In contrast, other towns, particularly those where Hindus and Muslims had no incentives for inter-ethnic trade and instead had historically competed for patronage, developed ‘institutionalized riot systems’: organizations, often led by local political leaders, who sought to gain from such religious mobilization (Brass [2003]). These towns not only witnessed regular ethnic violence, but were particularly prone to doing so when the incumbent state governments, who controlled the police, faced lower competition, and thus less need to accommodate and protect Muslim vote blocks (Wilkinson [2004]).

5.2 Capacities for Organizing Violence

Historical conflict also entrenched itself in specific ways in colonial policy, that would have lasting consequences for different groups in South Asia to organize along ethnic lines. The British East India Company often faced fierce resistance as it expanded. However, one of its gravest challenges came from within its own ranks. Led by veterans of the British East India Company’s wars, the Uprising of 1857 would see regiments of Hindu and Muslim soldiers revolt and unite instead under the banner of the last Mughal emperor, Bahadur Shah Zafar.

The British would cease to recruit from the traditional recruiting areas of that rebellious army. Instead, they adopted a pseudo-scientific theory of martial races for military recruitment (Streets [2004]). Based on phrenology, vegetarianism, among other factors, the British classified different caste and religious groups as martial groups worthy of recruitment (see blue dashed areas in Figure 3). These differential recruiting policies would create important differences both within and between regions in the ability of members of different ethnic groups to organize themselves and threaten violence that would have dramatic effects on inter-ethnic relations in the aftermath of the two world wars (Jha and Wilkinson [2012]).

Counter to a narrative of primordial hatreds, while Hindu-Muslim riots did occur, they

14 Elsewhere too, ethnic identification, to some extent at least, is affected by political incentives and considerations. Groups that are political complements are more likely to be tolerant, while those that compete politically are less likely to support inter-marriage (Posner [2004]). Ethnic identification also appears to be heightened prior to elections (Eifert, Miguel and Posner [2010]), and may respond to status considerations as well. (e.g. Greif and Laitin [2004], Shayo [2020]. However, Jha [2013] finds that the local protective effects of historic inter-ethnic complementarities on reducing Hindu-Muslim riots in the towns of democratic India are particularly pronounced in the run-up to elections, and in states with fewer effective parties and thus lessened political incentives to protect minorities.
were relatively uncommon prior to World War I. As noted above, this was particularly true in erstwhile medieval ports, but riots were relatively rare more generally as well (Figure 3(b)). However, this changed with a dramatic surge and spread in Hindu-Muslim riots between the world wars (Figure 3(c)). The ability to organize was crucial. British promises of autonomy for its Indian provinces in exchange for support during the First World War were replaced instead by extensive crackdowns on public assembly and press freedom after the war. This was particularly the case in the heavily recruited Punjab province, which witnessed a massacre of unarmed civilians at Jallianwala Bagh in 1919. The period that followed saw the first major mass mobilizations in South Asian politics, mobilizing Muslims, Hindus and others. Planned in part to show inter-religious solidarity, these protest movements seeded local organizations that instead contributed to the first major wave of Hindu-Muslim riots in Indian history (Bhavnani and Jha, 2022).

Another shock to the capacity of different groups to organize in South Asia came with the Second World War. Undivided India mobilized 2.5 million troops, the largest volunteer army in world history. Its 268 infantry battalions would serve in fronts as diverse as the jungles of Burma, the deserts of north Africa and the mountains of Italy. Indian veterans would return home to a subcontinent on the brink of Independence and the prospect of Partition. Partitioning the sub-continent into a Muslim-majority and a Hindu-majority state had been seen as a viable potential political compromise to ward off ethnic conflict. Instead, the Partition deteriorated into a humanitarian tragedy. One of the greatest forced migrations in world history, 14.5 million were forcibly displaced, a and 3.4 million were unaccounted for by 1951 (Bharadwaj et al., 2008).

Yet, contemporary leaders did not anticipate either the scale nor the location of the violence that ensued (Talbot and Singh, 2009) (see also Figure 3(c, d)).

In this crisis environment, the war had an important impact in shaping the ability of different groups to mobilize along ethnic lines. Jha and Wilkinson (2012) exploit a shock to the organizational capacity of different groups due to the Second World War. Though recruited from specific caste groups in different districts, the battalions of India’s line infantry were, by design, trained and equipped to be interchangeable when assigned to combat. Jha and Wilkinson (2012) show that the ethnic cleansing during the Partition was worse when organized majorities encountered large but unorganized minorities. Large minorities pose greater political threat, and offer greater potential spoils from violence. Further disorganized minorities are less able to deter violence or move in its anticipation.

Importantly, the organizational capacity derived from war also had different effects in districts with a history of inter-ethnic complementarity as well. Districts with medieval ports not only witnessed significantly less ethnic cleansing during the Partition, those that received a positive shock to organizational capacity from the war were even more likely to retain their

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15 The Khilafat movement mobilized Sunni Muslims to pressure the British government to protect the Ottoman Sultan, the Caliph of Sunni Islam, who had chosen the losing side of the Great War. The Indian National Congress, now under Mohandas Gandhi’s leadership, mobilized in coordination with the Khilafat movement, but also to pursue greater freedoms at home.
vulnerable minority populations. Despite the great blood-lettings experienced by mixed populations in many districts of South Asia during the Partition, these medieval port towns, the focus of institutions of tolerance born from centuries of inter-ethnic complementarities, remained oases of peace.

6 Complementarities and Organizations Elsewhere

Inter-ethnic complementarities, competition and shocks to the organizational capacity of different groups have played important roles in shaping the propensity for ethnic conflict, assimilation, and peace, not just in South Asia.

In Europe, an important literature has examined the determinants of anti-Semitic violence and pogroms over time. Johnson, Koyama and Jedwab (2017) find that Jewish communities in Germany that provided complementary services to locals were also less likely to experience pogroms in the wake of the Black Death (1348-1353). Becker and Pascali (2019) show that in German Protestant jurisdictions where usury laws were relaxed during the Reformation in the 16th century (and thus Protestants could compete with Jews in finance) Jews faced increases in ethnic violence against following these reforms. In contrast, in Catholic areas, usury proscriptions were maintained, Jews retained complementarity in financial services, and they also faced less subsequent ethnic violence. Grosfeld, Sakalli and Zhuravskaya (2019) look at ethnic violence against Jews in the Pale of Settlement between 1800 and 1927. They find that political instability raised ethnic violence against Jews in the Pale of Settlement, where they provided complementary services, while crop failures and other short-term economic shocks that were not accompanied by political instability did not have these effects. Voigtländer and Voth (2012) find that in Hanseatic towns, where Jews arguably enjoyed complementary trading relationships, anti-Semitism did not persist through to the Nazi period, particularly when compared to other towns that experienced anti-Jewish pogroms during the First Crusade. Benbassa and Rodrigue (2000) point to the complementarity between the Sephardic Jewish migrants to Ottoman Salonica as a reason that it remained the most tolerant place for Jews for centuries.

Africa has been a focus of much of the literature on ethnic conflict. But here too, there appears to be evidence that inter-ethnic complementarities and their legacies may play a role in mitigating local violence. Montalvo and Reynal-Querol (2021) examine the relationship between economic growth (as measured by changes in nightlight luminosity) and ethnic fractionalization when one varies the size of the grid-cells at which these are calculated. They find a remarkably robust positive relationship between growth in nightlight intensity and fractionalization for grid cells that extend up to 1.5°, which also appears to correlate strongly with the presence of markets for trade at the intersection of ethnic homeland boundaries. However, the beneficial effects of fractionalization diminishes, and disappears, as the cell sizes get large. The paper argues that these patterns reflect the presence of the enhanced growth potential generated by local ethnic specialization and inter-ethnic complementary exchange at interfaces between ethnic groups.
This potential upside of diversity becomes less pronounced over large geographical space, where other factors may have offsetting effects.

McGuirk and Nunn (2021) find that previous inter-ethnic complementarities can break down with climate change. Pastoral groups in sub-Saharan Africa would previously arrive on agricultural lands after harvest, providing valuable services by feeding on stubble and providing manure. However, climate shocks have led them to arrive prior to harvest, breaking these complementarities and leading to increased conflict.

In Latin America, Diaz-Cayeros et al. (2022) use a rich set of primary sources, including Aztec tribute rolls and early 16th century censuses, to reconstruct the fate of indigenous settlements in Mexico. They show that the extent of the complementarity and non-replicability of goods produced by indigenous communities at the time of the Spanish Conquest of the Americas can explain which communities were more likely to survive the subsequent coercive violence and pandemics that led the average population to fall by 95% between 1548 and 1646.

As in the medieval ports of South Asia and the markets of Africa, complementarities also appear to lead to organizational legacies in the Andes of Peru. Artiles (2022) examines the role of altitude differences in generating complementary relationships within ethnic groups as well as across them, once they were forced to co-habit with one another by the Spanish. She finds that ethnic groups that spanned more climatic zones historically developed more inclusive organizations - unions- and better modern development outcomes. She finds that the intersection between ethnic groups are also interfaces that lead to the development of markets.

Organizational legacies can stem not just from complementarities in producing physical products, but from broader environments where there are complementarities in joint effort. Cooperation within and between groups can emerge when they would benefit from managing situations where different individuals can hold up one another, such as upstream and downstream economic activities (Williamson 1985), actual streams and watersheds and other common pool resources (Ostrom 1990), as well as to organize and deal collectively with shared risks (Wade 1988).

Organizational legacies may also be sustained over long periods of history. For example, Moscona, Nunn and Robinson (2020) compare sub-Saharan African ethnic groups that are organized around segmentary lineages to nearby groups that are not. They find groups with such long-standing segmentary organization experience more extensive civil conflict today. An intriguing question raised by this work is where do these types of clan-like organizations emerge from, and to what extent are they shaped by past conflicts.

As we have seen in South Asia, organizational capacities can emerge from more recent exoge-

\footnote{In contrast, Dippel (2011) finds that, when distinct Native American bands were forced into the same reservation, this had a major negative impact on income more than one hundred years later. The contrast between Dippel’s findings and Artiles may potentially be due to a lack of economic complementarity but enhanced political competition between groups in the former.}

\footnote{Indeed, Dincecco and Wang (2018) examine 1000 years of clan books in China. The writing of these books, that served to identify and record clan members, tends to coincide with times and places experiencing the most conflict. They argue that this is because the value of the clan was accentuated in times of conflict, causing greater investment in clan administration.}
nous shocks, including war deployments and colonial practice, as well. Fearon and Laitin (2014) examine whether “contemporary armed conflict has deep historical roots”. They compare the incidence of conflicts in countries after World War 2 to the nature of conflicts in the nineteenth and early twentieth century. Fearon and Laitin note that within regions, specifically Asia, the Middle East and Africa, groups that were mobilized to fight the colonial powers were more likely to fight against other groups after independence. Given that the British transplanted their martial race theories of recruitment to their African colonies as well, the organizational legacies of war visible in South Asia may have played an important role in shaping patterns of violence among Africa’s independent states as well.

More recently, the disbanding of the highly experienced Sunni majority Iraqi military by the United States, without providing alternative paths to employment, or carefully considering how such groups might find insurgency attractive in a fledgling majority-Shia democracy, is likely to go down in history as an avoidable error that proved to have tragic human and material costs.

7 Implications for Studying the Effects of Conflict and Identity

Thus, around the world, patterns of complementarity, competition and differential organizational capacity are arguably commonplace in shaping the propensity for civil conflict both in specific locations and, in interaction with changing political incentives, at specific moments of time. However, much of the literature that studies the effects of conflict and identity remains largely ahistorical.

In South Asia, for example, a number of intriguing papers find that the incidence of religious riots in a district in early childhood correlates with the likelihood that bank managers engage in religious discrimination in the provision of loans (Fisman, Sarkar, Skrastins and Vig, 2020), judges do so in bail decisions (Bharti and Roy, 2022), or that contemporaneous religious riots heighten ethnic identities and change food consumption for taboo foods such as beef and pork (Atkin, Colson-Sihra and Shayo, 2021).

These studies present informative conditional correlations on important sets of issues. However, taking the historical political economy perspective suggests some fruitful directions for taking these types of research going forward. As we have seen, in South Asia, for example, districts prone to ethnic riots are not randomly assigned. Instead they are the result of centuries of historical processes that shape the continued presence (or absence) of ethnically mixed communities, social norms (or a lack thereof) of inter-ethnic trust and tolerance, and underlying market conditions that make certain ethnic groups more able to integrate economically and shape local supply chains. The timing of violence also tends to reflect local political polarization and electoral incentives to protect minorities. Thus rather than being an exogenous shock, riots, together with discrimination, and identity salience, all arguably reflect differences in longer-term institutions that manifest themselves at specific times due to local political and

18Similarly, Besley and Reynal-Querol (2014) find that conflicts in Africa between 1400 and 1700 predict post-Independence conflict. See also Dincecco et al. (2019) and Jha and Wilkinson (in progress).
economic incentives.\textsuperscript{19}

A potentially valuable path forward for papers that study conflict, and others that seek to examine the effects of race riots in the United States, conflict in Africa, etc., then is to take the history seriously, gathering data on the underlying inter-ethnic economic and organizational arrangements that might drive conflict propensities particularly in interaction with changing political contexts over time, and assess how these might also bias, explain or generate heterogeneous patterns in the measured effects.

Another increasingly popular approach in the study of contemporary conflict is to take a conflict zone and generate a \textit{synthetic control} by weighting the trends in different unaffected areas in order to match specific trends in the conflict zone prior to the onset of the conflict (Abadie and Gardeazabal, 2003). As usual, a key question is whether the weighted sum of the different non-conflict regions that is used as the synthetic control really does evolve along a similar path as the conflict zone would have done. Again this might be more plausible if the candidate regions shared similar features in the relevant historical dimensions mentioned above that might also affect performance. Choosing weights on candidate regions to create a synthetic control that matches the conflict zone over a broader set of relevant historical, ethnic composition and other cultural and political factors described above rather than solely the standard economic production function of labor, capital and human capital may increase its plausibility. Similarly, checking that the vector of weights of the control does not load heavily on only a few control regions that are very far in terms of relevant historical and cultural characteristics from the conflict zone would improve both the estimate’s plausibility and the robustness as well.

A third common approach is to use regression discontinuity designs, including geographical ones across old borders, to study the effects of institutional and cultural differences. In a number of important cases, these borders were shaped by repeated and constant conflict and raiding between empires, kingdoms and ethnic groups. Such persistent conflicts may themselves be the effect of factors inducing economic or political competition, or may have direct effects, separate from broader institutional and cultural differences that induce a lack of development and trust locally. Comparing regression discontinuity estimates measured right at a historically contested border with estimates that leave out different buffers along the border can help assess sensitivity to these issues.

A related regression discontinuity approach is that of using close political elections to identify the effects of having winners from a particular identity versus losers. Based as they are upon such local comparisons, these studies also have naturally been ahistorical for the most part.\textsuperscript{20} Yet, when individuals tend to vote along ethnic lines, close electoral races may accentuate the incentives for ethnic cleansing in places with historical inter-ethnic competition and organizational differences, even while they may lower them in areas with inter-ethnic com-

\textsuperscript{19}The common practice of adding fixed effects to control for these historical factors does not account for differing trajectories over time and different propensities to respond to economic or political factors in specific periods.

\textsuperscript{20}Interestingly, there is a measurable incumbency advantage appearing in very close US Congressional elections as well (Caughey and Sekhon, 2011, Grimmer, 2011).
plementarity. Thus rather than winners being as good as random, their identities can highly predictable by the nature of these historical factors, and particularly so in close races where the incentives for ethnic cleansing and intimidation may be the highest (Jha, 2014). Checking for balance in close races on historical factors that shape incentives for conflict as well as the more conventional incumbency measures can again help add confidence around political regression discontinuity designs as well.

8 Concluding Remarks

Though we continue to live in a world with tragically high levels of conflict, taking a historical perspective offers both hope and directions to pursue, both for research and for policy. Conflicts do not seem to be as primordial as they are some times portrayed. Instead, many places that once encountered a lot of civil and ethnic conflict have enjoyed lasting peace. Even in countries and regions where conflict remains common, studying their historical roots suggest that they can be mitigated through economic approaches, and shaped by novel organizational structures. Rather than a world of mutual antagonisms shaped by ethnic and cultural identities, historical cultural factors may also provide avenues to mitigate contemporary conflict as well.

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References


21 For example, Jha (2014) finds that in the Gujarat elections that followed the 2002 religious riots, there appears to have been no strong incumbency effect for candidates for the incumbent BJP party seen by many as complicit in the violence. Yet, even in these close races, the probability that the winner of the 2002 election was from the BJP was heavily influenced by the nature of historical incentives. Relative to other close races, the BJP was less likely to win in medieval ports following the riots, and significantly more likely in medieval patronage cities where there was a history of inter-ethnic competition.
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