Globalization and the Prevention of Ethnic Wars at the Local Level: A Cross-Country Analysis

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Abstract
This study seeks to investigate how economic globalization and the rule of law affect the onset of ethnic war at the local level. While several empirical studies have explored the roles of globalization and the rule of law on large-scale civil war, most ethnic wars do not reach the intensity of civil war. As a consequence, we have a weak understanding of how globalization and rule of law affect the risk of ethnic war. This study links the literatures on ethnic war, globalization, and the rule of law, and examines the concomitant effects of economic globalization and rule of law on low-intensity ethnic war onsets. It is expected that both can reduce the risk of ethnic war because each constrains state power and, at the same time, enhances opportunities for ethnic inclusion. Analyses of 140 countries from 1997 to 2010 show that both economic globalization and the rule of law significantly lower the risk of low-intensity ethnic war, and the discrimination of ethnic populations increases this risk. To facilitate peace at local levels, international policy makers and states should promote global economic integration, the rule of law, and ethnic inclusion.

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This study examines the potentially transforming effects of economic globalization and the rule of law on the onset of low-intensity ethnic wars. A large number of studies have investigated the factors associated with civil wars, conventionally defined as events that result in over 1,000 battlefield-related deaths (Choi, 2018; Fearon & Laitin, 2003; Hegre, Ellingsen, Gates & Gleditsch, 2001). However, most conflicts in the post-Cold War era have not been large-scale civil wars, but have been low-intensity ethnic wars, conventionally defined as years with over 25 battlefield-related deaths (Cederman & Girardin, 2007; Fearon, 2010). Low-intensity ethnic wars have been defined as clashes between ethnic rebel groups and government forces. Given their frequency, low intensity ethnic wars arguably pose great threat to the security and development of local communities and states today (Cederman, Gleditsch, & Wucherpfennig, 2017; Vogt, Bormann, Ruegger, Cederman, Hunziker, & Girardin, 2015).

The ethnic competition and rent-seeking perspectives in the conflict literature have produced the most supported findings on the determinants of ethnic conflict (Collier & Hoeffler, 2004; Easterly, 2001; Esman & Herring, 2001). These perspectives place competition for state power at the center of ethno-nationalist conflicts and group grievances (Tang, 2015). Drawing on these perspectives, this study argues that economic globalization and rule of law should be expected to reduce the risk of low-intensity ethnic war, because both constrain state power and create opportunities for ethnic inclusion.

Economic globalization means in part economic openness, which facilitates the growth and proliferation of business and technology transfers, providing more socioeconomic opportunities to different ethnic communities at local levels (Dreher, 2006; Mason & Griffin, 2003). The rule of law means supremacy of law with an impartial judicial system, equality before the law, transparency, and legal protections for individual rights in a society (Kaufman & Kraay, 2015). While a few studies have examined globalization and rule of law in analyses of large scale wars (see for example, Choi, 2018; Olzak, 2011), these factors have not been examined together or in analyses of low-intensity ethnic wars.

Cases from Sub-Saharan African countries give credence to the theoretical expectations of this study. South Africa and Namibia had relatively high levels of ethnic conflict in the 1990s. Since then, both countries have implemented more open economic policies that have encouraged trade and foreign investment, and both have adopted regulatory laws at international standards. With these changes, the levels of conflict significantly decreased in both countries, especially when compared with other countries in the neighborhood, such as Chad, Ethiopia, and Sudan, which have had closed economies and weak rule of law (Dreher, 2006; Kaufman & Kraay, 2015; Krause & Suzuki, 2005).

This study proceeds by reviewing the extant literature on ethnic war. Then, the theoretical argument and expectations are discussed, tying together the literatures on ethnic war, globalization, and the rule of law. Following that, the methods, measures, and data sources are explained, and then the results of the regression analyses are presented. The study concludes with a discussion of the implications of the findings for research and policymaking aimed at reducing the specter of ethnic wars.

Preventing Ethnic Wars at Local Levels

The distinguishing characteristic of ethnic war from other types of internal war (i.e. civil war) is its emphasis on collectivist group identity. Ethno-nationalism describes a collectivist identity, which is a belief that all members of an ethnic group “should seek to work together economically and politically to advance their ethnic group (collectivist) interests against other nations” (Szymanski, 1983, p. 430). Such a collectivist identity can politicize and sometimes can give birth to terrorist or armed group activities, as well as wars (Connor, 1994). Ethnic diversity in a society has been generally considered a necessary but not a sufficient condition for ethnic war (Tang, 2015). An ethnic war involves armed actions and attacks by members of one or more ethnic groups targeted at the state, in order to achieve ethnicity-related goals such as capturing the
power of the state, controlling resources, or demanding legal recognition or rights for their ethnic groups. Ethnic wars are generally defined as clashes between ethnic rebel groups and government forces, as they are usually initiated by mobilized ethnic groups against the state (Cederman et al., 2017; Fearon & Laitin, 2003; Gurr, 2000).

As one of the most influential explanations for ethnic war, *ethnic competition and rent-seeking theory* (Collier & Hoeffler, 2004; Connor, 1994; Esman & Herring, 2001) offers the idea that power competition along ethnic lines nurtures rent-seeking behavior among ethnic groups. In a vicious circle, rent seeking—the pursuit of special favors and privileges from state authorities—hinders economic growth, which in turn reduces the capacity of states to prevent war. The zero-sum-like competition for state rents and poor economic conditions intensify grievances among discriminated groups. Poverty also aids rebel recruitment by guerilla leaders (Collier & Hoeffler, 2004; Esman & Herring, 2001; Fearon & Laitin, 2003).

The ethnic competition and rent-seeking view has inspired a myriad of empirical studies that have investigated the determinants of different types of internal wars, including large scale civil and ethnic wars, with different focuses. However, what is less understood in this literature is the effects of economic globalization and the rule of law on low-intensity ethnic wars. As economic globalization and the rule of law seem to be penetrating into various countries around the world, the analysis of these factors for ethnic war prevention deserves particular attention. For example, developing countries, such as the Gambia, Namibia, and Mongolia, have been economically globalizing through trade and foreign investments, and have adopted certain aspects of rule of law in their business relations (Dreher, 2006). Drawing insights from the literatures on ethnic war, globalization, and rule of law, the next two sections present the theoretical argument and expectations of this study regarding the roles of economic globalization and rule of law in ethnic war prevention.

**Economic Globalization and Ethnic War Prevention**

Is there a relationship between economic globalization and local ethnic wars? Economic globalization can be generally defined as economic openness and an increasing volume of economic relations among countries (Dreher, 2006; Mason & Griffin, 2003). In the post-Cold War era, many governments and international institutions, such as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO), have promoted liberal and open market policies designed to facilitate and increase foreign economic relations, including trade, foreign investments, and technology and skill transfers (Fioretos & Heldt, 2019; IMF, 2002; World Bank, 2019a). What has been the impact of increasing levels of states' foreign economic relations on ethnic communities and ethnic wars at the local level?

According to the liberal perspective, open markets and liberalization promote economic development and growth, and thus should have increased the opportunity costs of political violence in the post-Cold War era (Dreher, 2006; Sachs & Warner, 2000). Economic growth with globalization can strengthen governments by providing them with more revenue to fight off rebels and insurgents (Barbieri & Reuveny, 2005; Fearon & Laitin, 2003; Mason & Griffin, 2003). While there can be winners and losers with globalization, citizens of lower economic statuses still reap the benefits of economic globalization, and thus globalization should reduce the incentive to support and join rebel groups (Bussman & Schneider, 2007).

Another way economic globalization might promote peace is that states with open economies are less able to affect domestic economic performance. Since the penetration of foreign investors and multinational corporations (MNCs) can constrain governments' control over internal revenues, globalization should make a state less of a prize for rebels (Snyder, 1999). For example, Botswana is an ethnically diverse country with little or no ethnic conflict in its recent history. While among the poorest countries in the 1960s, it successfully transitioned to an upper middle-income economy in the past two decades. Starting in the 1970s the government pursued open and liberal policies, and invited foreign investment and technology to build
business and the economy (World Bank, 2019b). In addition to being a diamond-rich country, a condition conducive to rent-seeking politics and conflict, the Botswanan state also developed diverse global interactions (i.e. trade and exports) in multiple productive sectors such as beef, manufacturing, and tourism. This may have been a key factor in their successful avoidance of intense political competition over their rich diamond resources. Many scholars attribute Botswana’s economic success and social stability to its integration with the global economy and institutions (Robinson, Acemoglu, & Johnson, 2003).

A few earlier studies found some evidence supportive of the pacifying effects of globalization, focusing on large-scale civil war. Bussman and Schneider (2007) reported that higher levels of trade openness decreased the likelihood of civil war onset on a sample of 127 countries between 1950 and 2000. Flaten and Soysa (2012) found that globalization significantly decreased the chances of civil war onset. Krause and Suzuki (2005) also reported that countries in both Asia and in Sub-Saharan Africa were less likely to experience civil war when there was an increase in trade openness. Whereas all of these studies reported the effect of trade on large scale civil wars, the impact of economic globalization on the onset of low-intensity ethnic war has not been investigated. Consequently, drawing on the above literature, this study suggests the following hypothesis:

\[ H1. \text{States with higher levels of economic globalization have a lower risk of low-intensity ethnic war onset than states with lower levels of economic globalization.} \]

The next section discusses the relationship between the rule of law and ethnic war in light of the relevant literature, suggesting also the rule of law as an important factor for curbing the risk of ethnic war.

**The Rule of Law and Ethnic War Prevention**

Broadly defined, the rule of law in this study refers to the supremacy of law above the state and society and its equal application to all individuals, including officials in governing institutions (Boies, 2006; Kaufman & Kraay, 2015; North, 1990). Thus, the rule of law concept here emphasizes the existence of institutional-legal constraints on state power to prevent outright favoritism and corruption by public officials in their political and economic dealings, and to promote equality before the law as well as the impartiality of the state. A great number of political economists have contended or reported that a rule of law that promotes impartiality of the state and imposes checks on government aids economic growth (Acemoglu & Robinson, 2012; Kaufman & Kraay, 2015; North, 1990; Olson, 2000). International economic institutions, such as the World Bank, the IMF, and the WTO have also often encouraged these components of the rule of law in business and economic relations, suggesting that they are crucial for economic growth and development (Fioretos & Heldt, 2019; IMF, 2002; Kaufman & Kraay, 2015).

Does the rule of law that advances the principles of supremacy of law and equality before the law work as a preventive mechanism for ethnic wars? This study develops the idea that the rule of law that regulates political and business environment not only facilitates economic development (Acemoglu & Robinson, 2012; North, 1990; Olson, 2000), but can also prevent the occurrence of ethnic war. A system of rule of law can lower the risk of an ethnic war by elevating at least three legal conflict preventive mechanisms in a society: an independent judiciary; legal protections for individuals and group rights, including property rights and physical rights; and compliance with international law and treaties. All these factors constrain the state from arbitrary or discriminatory treatment of individuals. Limiting state power through an impartial judiciary, equal rights for individuals and groups, and international law and treaties, a system of rule of law can advance justice and opportunities for all individuals beyond ethnic group ties. It can also diminish the role of the state as a center of power and rent-seeking.
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The first dimension of the rule of law in this study, an independent or impartial judicial system, is highly crucial in conflict prevention. An independent judicial system can elevate justice and equal treatment before the law, allowing means such as courts and due processes to address and solve ethnic and individual problems in accordance with law (Boies, 2006; Gould & Mukendi, 1989; Mauro, 1995; Ratner, 2000). The regulation of the political and business environment under the rule of law with an impartial judiciary warrants particular attention in ethnically divided societies to prevent favoritism and corruption in public offices on the basis of ethnicity. As discussed in the literature above, ethnic competition and rent-seeking for state power and resources can foster a conducive environment for ethnic exclusion and ethnic war. Corruption and lack of transparency can reinforce the distribution of resources and public spending on the basis of ethnic ties, putting vulnerable ethnic groups at a disadvantage (Easterly, 2001; Gould & Mukendi, 1989; Mauro, 1995; Ratner, 2000).

Numerous studies have documented that in the absence of constraints and checks on states, ethnic leaders and politicians frequently adopt rent-seeking behavior in political and business relations, giving favors to their ethnic groups (Esman & Herring, 2001; Maddox, 2001). In many African countries, poor economic growth has often been associated with weak institutions, poor governance, and rent-seeking (Alesina & Ferrara, 2005; Barro, 1991; Easterly & Levine, 1997; Mauro, 1995). With weak or no judicial means to address their problems, disadvantaged individuals and communities may turn to their closest ethnic organizations for favors, showing loyalty to prominent group leaders (i.e. political, clan, rebel and so on) (Gen, 2003; Miall, Ramsbotham, & Woodhouse, 1999).

For example, Maddox (2001) showed that in the Ivory Coast, politicians often used their regional extended-family and corporate kin ties in government to repress other ethnic groups as they competed for economic and political resources. Baylis and Robert (2004) reported that where formal institutions and legal structures were poorly developed, in particular in new democracies, political leaders often prioritized ethnic ties in the distribution of resources. In their case study, Easterly and Levine (1997) showed that rent-seeking along ethnic lines hindered the adoption of growth-promoting public policies in Sub-Saharan Africa. They also found that ethnic conflict seemed to decrease as the quality of institutions, in terms of rule of law, improved.

The second important dimension of the rule of law for conflict prevention is the availability of legal rights for individuals to be able to address and defend their problems through court procedures (Boies, 2006). This provides an additional check on the state's power for arbitrary treatment or discrimination of individuals and groups in political and business affairs. Among individual rights that need to be protected by laws against the state’s arbitrary discrimination, civil and physical rights are especially crucial. These are the subset of personal rights that enable individuals to protect their private property and be free from arbitrary actions by governments on the basis of religious, ethnic, or other identity reasons, such as extrajudicial killing and imprisonment without due process (Gibney & Dalton, 1996).

Recent studies have found significant correlations between states’ rule of law traditions and their respect for individual rights, in particular, civil and physical rights (Mitchell, Ring, & Spellman, 2013). A number of studies report that states with strong rule of law traditions with independent judiciaries have had better individual rights and liberties than other states (Joiremen, 2001; Mitchell, Ring, & Spellman, 2013; Scully, 1987). For example, Joiremen (2001) showed that common law countries with strong judicial systems in Africa demonstrated superior records in maintaining the rule of law and protecting individual rights and liberties.

The third important conflict-preventive dynamic that a rule of law system can promote in a state is the compliance with international law (Boies, 2006; Koh, 1997). If a rule of law in a state is based on the idea of the supremacy of law, then it is likely to foster norms of compliance with international laws and treaties (Boies, 2006; Koh, 1997; Mitchell, Ring, & Spellman, 2013). Although it has not been clear in empirical research if and how states comply with international law, a few studies have indicated that there is a relationship
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between the rule of law traditions of states and their willingness to sign and comply with international laws and treaties, especially regarding the protection of individual rights (Boies, 2006; Koh, 1997; Simmons, 2009). Simmons (2009) demonstrated with empirical analyses and case studies that the ratification of treaties led to better practices of civil and individual rights in states.

Thus, the compliance of states with international law can aid ethnic conflict prevention at the state level through the advancement of individual and group rights with international treaties. For example, the UN Guiding Principles on Business and Human Rights are a set of global guidelines for states and companies that are designed to address group rights in business operations. These principles are based on UN human rights and labor standards as set by the Human Rights Council, and endorsed by 193 member states of the UN. One part of the Guiding Principles is the corporate responsibility to respect ethnic and minority rights (United Nations Human Rights Office of the High Commissioner, 2011). These kinds of internationally adopted human rights obligations and policies towards ethnic groups can be extended to state and local levels with legal provisions in the regulation of business and corporations. There is an increasing acceptance that corporate responsibility should include measures against discrimination of ethnic minorities.

Examples of international policies that promote opportunities with a rule of law can be seen in the United Nation's Development Programme (UNDP). For instance, following the armed rebellion in Mali in 2012, the UNDP started a project aimed at institution building to provide justice, jobs, and security. In multiple countries the UNDP projects have been helping to build courts, security, and infrastructure, and delivering training programs in order to restore justice, particularly for the protection of women among disadvantaged groups (UNDP, 2017).

In summary, a system of law that promotes equal opportunities with an impartial justice system and individual rights is likely to work against the formation of organizational sectarian and armed activity based on ethnicity. It would also make it harder for ethnic leaders to recruit combatants and mobilize people around an in-group identity. Thus, this study's second central hypothesis is summarized as follows:

**H2. States with stronger rule of law have a lower risk of low-intensity ethnic war onset than states with weaker rule of law.**

Beyond this study's main variables of economic globalization and the rule of law, a number of factors have been shown to affect the risk of war in states. Following the theoretical arguments and the hypotheses to be tested, the article proceeds with a brief discussion of these factors affecting ethnic war.

**Other Factors Influencing Ethnic War**

**Democracy**

A number of scholars in the ethnicity literature have offered that electoral democracy can contribute to politicizing ethnicity by reinforcing power competition over state resources along ethnic lines (Collier & Hoeffler, 2004; Fearon & Laitin, 2003; Snyder, 1999). Others have argued that political freedoms can facilitate the mobilization of ethnicity because it is easier to organize in a free and open society (Horowitz, 1985; Rajan & Subramanian, 2008). Several studies have showed that ethnic outbidding has been a common phenomenon in ethnically divided democracies, where politicians tend to compete for the support of certain groups at the expense of others. It has been argued that ethnic diversity in democracies may intensify competition for policy favors, thus causing more state resources to be wasted on rent seeking rather than expended on public goods (Bluedorn, 2001; Heckelman & Wilson, 2013; Horowitz, 1985; Posen, 1993).

Overall, the findings in empirical research on the impact of regime type on ethnic conflict have not been clear-cut, but there is some evidence that democracy increases the risk of ethnic conflict. For example, Hegre
et al. (2001) found an inverted-U shape relationship between democracy and civil war, indicating that countries with medium levels of democracy were the most likely to experience wars. Similarly, a few studies reported that democracy increased the risk of ethnic war (Collier & Hoeffler, 2004; Snyder, 1999). In fact, there are some countries that have had democratic institutions for many years yet seem to have had prolonged ethnic conflicts, such as India (Singh, 2000). Thus, democracy appears to contribute to ethnic conflicts depending on its length and its interaction with other political factors in a specific nation.

**State Capacity Factors: Income, Oil Resources, Geography, and Population**

Studies that have focused on state capacity in the conflict literature have explored a number of state capacity related variables as possibly influential in the emergence of different types of internal war. For example, Fearon and Laitin (2003) suggested that the factors that put countries at risk for a civil war were poverty, terrain type, population size, and political stability. Economic capacity and the resources of states were particularly emphasized as crucial factors for influencing civil and ethnic wars.

Many empirical studies in this line of research have reported low levels of economic development, and the existence of oil resources, as among the most robust correlates of ethnic war (Alesina & Ferrara, 2005; Brancati, 2006; Brown & Boswell, 1997; Choi, 2018; Collier & Hoeffler, 2004; Ellingsen, 2000; Fearon & Laitin, 2003; Fish & Kroenig, 2006). According to the general findings in this literature, poor economic conditions, indicated by low income levels, refer to a weak state capacity and increase the risk of ethnic war. Mountainous geography is also conceived as an indicator of weak state capacity, and has been shown to increase the likelihood of ethnic war (Collier & Hoeffler, 2004). Compatible with this literature, this study controls for income (a proxy of economic development), oil production, mountainous terrain, and population size.

**Ethnic Discrimination and Accommodation**

Following Ted Gurr’s grievance and relative deprivation theory (2000), a newer line of research emerged focusing on the analysis of ethnic discrimination and exclusion from state power in explaining the onset of ethnic wars (Cederman et al., 2017; Cederman & Girardin, 2007; Cederman, Gleditsch, & Buhaug, 2013; Regan & Norton, 2005). These scholars emphasized ethnic accommodation and political inclusion as crucial mechanisms in averting ethnic wars. Among the prominent studies in this wave of scholarship, Cederman, Wimmer, and Min (2010) argued that the state itself has been at the center of ethnic conflict, and power distribution and sharing within the state have played a crucial role in the outbreak of ethnic war. They suggested that state institutions were usually captured by certain ethnic groups, leaving others out, and ethnic wars have resulted from the competing ethno-nationalist claims over state power.

Consistent with this argument, Regan and Norton (2005) found empirical evidence that political discrimination increased the risk of ethnic wars. In a similar manner, a number of recent studies have showed that group accommodation and inclusion in state power reduce the likelihood of the onset of ethnic war (Cederman et al., 2017; Vogt et al., 2015; Wimmer, Cederman, & Min, 2009). For example, Cederman et al. (2017) demonstrated that ethnic wars have declined since the mid-1990s, due to increasing levels of democratic power-sharing arrangements in developing countries.

Since prior studies found ethnic discrimination to be a contributing factor to ethnic war, this study includes this variable in its empirical models. The section on methods below describes the measures and data sources for all the variables to be tested.
Method

This study examined the effects of economic globalization and the rule of law on the onset of ethnic war with large-N data analyses. In testing the hypotheses, compatible with most studies of civil war, this study constructed a dataset of all sovereign member-states as identified by the Correlates of War (COW) project, aggregated annually. The section below explains the measures and data sources for the variables. The subsequent section reports the analyses of a sample of 140 countries between 1997 and 2010.

Measures and Data Sources

Ethnic War

The dependent variable, the onset of Ethnic War, was assessed drawing on the Ethnic Power Relations (EPR) dataset version 2014 (Vogt et al., 2015). Data are available for all 151 countries with population sizes greater than one million that existed over the temporal domain of this study. The EPR data identify armed conflicts utilizing the UCDP/PRIO Armed Conflict dataset (Gleditsch, Wallensteen, Eriksson, & Sollenberg, 2002), and recodes these conflicts in consideration of ethnic groups’ involvement in them. Thus, ethnic war is defined as any armed and organized confrontation between government troops and rebel organizations that reaches in any year 25 or more battle deaths. This threshold thus includes the rarer large scale civil wars as well as the far more common low-intensity conflicts. It includes armed conflict between the government of a state and one or more internal opposition group(s), with or without intervention from other states (Gleditsch et al., 2002, p. 619). The variable Ethnic War is coded 1 in a year a new ethnic war starts; otherwise 0. In standard form, years of on-going ethnic wars were dropped from the analysis (Wimmer et al., 2009).

Economic Globalization

To gauge the first main independent variable Economic Globalization, this study used the Swiss Economic Institute’s Globalization Index (KOF), which includes a large sample of countries across time and in different regions (Dreher, 2006). The KOF index is constructed as a weighted average of two sub-indexes measuring, respectively, actual economic flows and existing restrictions on trade and capital. The first index accounts for trade (percent of GDP), foreign direct investment, stocks (percent of GDP), portfolio investment (percent of GDP), and income payments to foreign nationals (percent of GDP). The second index accounts for economic restrictions, such as hidden import barriers, mean tariff rate, taxes on international trade (percent of current revenue), and capital account restrictions.

Rule of law

The second main independent variable is the Rule of Law. The rule of law implies a number of factors in the legal system, including effective law enforcement with a human rights approach, strong legal protections for individuals, contract enforcement, effective bureaucracy that includes measures against corruption, independence of judicial systems, and government regulation over business, especially in the areas of employment and labor with consideration of equal opportunities for individuals. The best proximate measure and data that capture or include these dimensions of rule of law is offered by the Worldwide Governance Indicators (WGI) dataset of the World Bank. These data are widely utilized, especially in the political economy literatures, to assess the levels of rule of law in nations (Fearon, 2010; Kaufmann & Kraay, 2015).
The variable *Rule of Law* in the WGI dataset is constructed as an aggregate indicator drawing on multiple surveys in developed and developing countries, with data sources from over 30 non-governmental and international organizations and private sector firms. It captures perceptions of how people follow the rules of society, including contract enforcement, human rights, property rights, the police, and the degree of judicial independence. Data are available for every country in the EPR dataset, but start only in the year 1996, thus setting the lower temporal domain of this study. The variable *Rule of Law* is in units of a standard normal distribution with higher values indicating higher rule of law.

**Control Variables**

To test the effect of *Democracy* on the onset of ethnic war, the widely used Polity IV dataset from the Center for Systematic Peace was used (Marshall, Gurr, & Jaggers, 2012). These data code democratic and autocratic authority and regime characteristics in all countries with a population greater than 500,000 in 2015. The measure is drawn from the *Polity 2* variable and ranges from −10 (the lowest level of democracy) and +10 (the highest level of democracy).

To measure *Ethnic Discrimination*, this study followed Cederman et al. (2017) and used the group discrimination data in the EPR dataset. This variable indicates the percent of the population subjected to any targeted discrimination by the state, with the intent of excluding them from political power. Such active discrimination can be either formal or informal, but always refers to the domain of public politics and thus excludes discrimination in the socio-economic sphere. Cederman et al. (2017) also test other measures of ethnic accommodation, including the level of power-sharing arrangements among groups, the monopoly or dominant status of ruling elites, and the territorial autonomy of groups. In this study's preliminary analyses, none of these were significant in bivariate tests, thus leaving the Ethnic Discrimination measure as the seemingly best gauge of ethnic discrimination for the analyses. To gauge economic development, data on gross domestic product (*GDP*) per capita from the Penn World Tables were utilized (Heston, Summers, & Aten, 2012).

In addition to the above factors, there were five variables included in every model; *Oil*, *Ethnic Fractionalization*, *Mountainous Terrain*, *Population*, and ongoing *Civil War*. All of these are prominent factors in the literature on civil and ethnic conflict. This article therefore includes these in all models as a precaution against reporting spurious results (Blalock, 1979, p. 468-474).

For the *Oil* variable, oil production per capita data are utilized from the EPR dataset. Some suggest that it is better to gauge oil production rather than exports, since the latter is dependent on other economic sectors (Wimmer & Min, 2006). Data for the *Ethnic Fractionalization* and *Mountainous Terrain* variables were also adopted from the EPR dataset. The ethnic fractionalization data originate with Fearon and Laitin (2003). This is a commonly employed ethnic fractionalization index based on data from Atlas Narodov Mira (1964). The mountainous terrain variable is the difference between the highest and lowest point of elevation in each country. *Population* data were obtained from the Penn World Tables (Heston et al., 2012).

The data for *Civil War* were taken from the EPR dataset and include all civil wars, not only ethnic ones. As discussed above, civil war is defined as conflicts with 1,000 or more battlefield-related deaths, far more than the 25-death threshold of *Ethnic War*, and is thus relatively rare. The dataset assigns an ongoing war to equal 1 in all years in which a war was fought, and 0 for years of peace (Wimmer et al., 2009). Ongoing civil war is controlled, because it could affect the odds of an ethnic war onset, unrelated to the larger ongoing war.

Summary definitions of all independent variables, along with their data sources, can be viewed in Table 1. In addition, peace years and cubic spline variables were included in all models to control for temporal dependence in the binary dependent variable, as recommended by Beck, Katz, and Tucker (1998).
Because causes should occur before effects, in standard form all independent variables were lagged one year before the dependent variable. In the EPR data over the period of 1997 and 2010, eight countries were in ethnic war throughout the temporal domain, and thus could have no ethnic war onsets. These countries were dropped, reducing the sample to 140 countries (these eight countries are: Ethiopia, India, Israel, Myanmar, Philippines, Sudan, Turkey, and Uganda). These data are available for replication purposes at https://sciences.ucf.edu/politics/person/demet-mousseau/.

Table 1
Variable Definitions and Data Sources

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Definitions</th>
<th>Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Globalization</td>
<td>% GDP flows from trade, foreign direct investment, portfolio investment, and income payments to foreign nationals</td>
<td>KOF Index of Globalization (Dreher, 2006)</td>
</tr>
<tr>
<td>Rule of law</td>
<td>Index drawn from multiple sources. Confidence in rule of law, in particular contract enforcement, property rights, the police, and the courts.</td>
<td>World Bank Governance Indicators (Kaufman &amp; Kraay, 2015)</td>
</tr>
<tr>
<td>Democracy</td>
<td>Ordinal 21-point</td>
<td>Polity IV (Marshall et al., 2012)</td>
</tr>
<tr>
<td>Ethnic Discrimination</td>
<td>% group population subject to discrimination from political power by the state (political exclusion)</td>
<td>EPR version 2014 (Vogt et al., 2015)</td>
</tr>
<tr>
<td>GDP</td>
<td>Real gross domestic product per capita, ppp</td>
<td>Penn World Tables 7.1 (Heston et al., 2012)</td>
</tr>
<tr>
<td>Oil production\text{logged} &amp; Oil Production per capita</td>
<td>EPR version 2014 (Vogt et al., 2015)</td>
<td></td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>Ethno-linguistic differences among groups</td>
<td>EPR (Cederman et al., 2010); (Fearon &amp; Laitin, 2003)</td>
</tr>
<tr>
<td>Mountainous terrain</td>
<td>Proportion of the country that is mountainous</td>
<td>EPR version 2014 (Vogt et al., 2015)</td>
</tr>
<tr>
<td>Population\text{logged}</td>
<td>Population, logged</td>
<td>Penn World Tables 7.1 (Heston et al., 2012)</td>
</tr>
<tr>
<td>Civil War</td>
<td>Dummy indication of ongoing armed civil conflict or internationalized armed civil conflict between the government and at least one other party that led to at least 25 battle-related fatalities in the year</td>
<td>EPR (EPR utilizes PRIO/Uppsala Armed Conflict Dataset); (Gleditsch et al., 2002)</td>
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Results

Considering that ethnic war onsets are rare events that occur in less than 2% of the data-points, the probability of these events was estimated using rare events multivariate logistic regression (Tomz, King, & Zeng, 2003). When drawing inferences in econometric analyses it is important to be sensitive to potential flows of causation among the independent variables (Blalock, 1979, p. 473-474). Accordingly, the analyses start with the base model of control variables reported significant in prior studies, as discussed above. To be highly cautious in our inferences, the key variables Economic Globalization and Rule of Law were then added separately to this base model, one at a time, to see if each would have an effect on the risk of ethnic war above and beyond the base model. Then, Economic Globalization and Rule of Law were tested together with the base models, to see if each would have an independent effect above and beyond the base variables and each other. Finally, insignificant control variables that may be caused by Economic Globalization and Rule of Law were removed from the estimate. As explained by Blalock (1979), in econometric estimations any factors that could be consequents of the independent variables of interest should be omitted in order to estimate the theorized impact of these variables on the dependent variable.

Model 1 in Table 2 provided the base model of factors reported significant in prior conflict studies. In this model, the coefficients for Democracy (-0.03), Oil (-0.04) and Population (0.04) were not significant at usual thresholds. All remaining control variables in Model 1 were significant and in their expected directions. Unsurprisingly, the coefficient for Ethnic Discrimination (4.32) indicated that countries with larger percentages of their populations subjected to discrimination by the state, with the intent of excluding them from political power, were significantly more likely than other countries to have ethnic wars. Also expected, countries with lower GDP (-0.51), greater Ethic Fractionalization (2.40), more Mountainous Terrain (0.23), and with ongoing Civil War (1.68), were at significantly greater risk than others of ethnic war.

With the base model established (Model 1), Model 2 was structured by adding consideration of Economic Globalization. The negative and significant coefficient for this variable (-0.04) supports the expectations of H1 that states with higher levels of economic globalization appear to have a lower risk of low-intensity ethnic war onset than states with lower levels of economic globalization. Regarding the base model (Model 1) variables, the coefficient for GDP (-0.26) became insignificant, suggesting that Economic Globalization may account for prior findings that GDP reduces the risk of ethnic war (Fearon & Laitin, 2003).

Model 3 was created by adding the Rule of Law to base Model 1. In this model the negative and significant coefficient for the Rule of Law (-0.82) supports the expectations of H2 that states with stronger rule of law appear to have a lower risk of low-intensity ethnic war onset than states with weaker rule of law. Considering the base model variables, the coefficient for GDP (-0.18) was insignificant, indicating that, like Economic Globalization in Model 2, the Rule of Law may also account for prior findings that GDP reduces the risk of ethnic war.

Models 2 and 3 corroborated H1 and H2 that economic globalization and the rule of law, respectively, reduce the risk of ethnic war in countries. As discussed above, these variables were examined separately in Models 2 and 3, in order to observe their independent effects on the risk of ethnic war. However, it is also useful to assess both factors in the same model. Accordingly, Model 4 was estimated with both economic globalization and the rule of law in the same model. The coefficients reflect the impact of each on ethnic war independent of any possible relationship with the other. In Model 4, each coefficient retained its significance at usual thresholds. Economic Globalization (-0.03) and Rule of Law (-1.28) each appear to independently reduce the risk of ethnic war.
### Table 2

**Factors in the Onset of Ethnic War, 1997-2010***

<table>
<thead>
<tr>
<th>Ethnic War</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic globalization t-1</td>
<td>-0.04 *</td>
<td>-0.04 *</td>
<td>-0.03 *</td>
<td>-0.04 **</td>
<td></td>
</tr>
<tr>
<td>Rule of law t-1</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>Democracy t-1</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.01</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Ethnic discrimination (%) t-1</td>
<td>4.32 ***</td>
<td>4.13 ***</td>
<td>4.17 ***</td>
<td>3.88 ***</td>
<td>4.05 ***</td>
</tr>
<tr>
<td>GDP per capita, logged t-1</td>
<td>-0.51 **</td>
<td>-0.26</td>
<td>-0.18</td>
<td>0.04</td>
<td>-</td>
</tr>
<tr>
<td>Oil logged t-1</td>
<td>0.30</td>
<td>0.42</td>
<td>0.38</td>
<td>0.43</td>
<td>-</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>2.40 ***</td>
<td>2.06 ***</td>
<td>2.38 **</td>
<td>2.37 ***</td>
<td>2.44 ***</td>
</tr>
<tr>
<td>Mountainous terrain</td>
<td>0.23 *</td>
<td>0.16</td>
<td>0.17</td>
<td>0.10</td>
<td>0.08</td>
</tr>
<tr>
<td>Population logged</td>
<td>0.04</td>
<td>0.02</td>
<td>0.05</td>
<td>0.04</td>
<td>0.07</td>
</tr>
<tr>
<td>Civil war t-1</td>
<td>1.68 **</td>
<td>1.90 **</td>
<td>1.74 **</td>
<td>2.26 ***</td>
<td>2.39 ***</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.42</td>
<td>-2.80</td>
<td>-6.78</td>
<td>*</td>
<td>-7.03 **</td>
</tr>
<tr>
<td>N</td>
<td>1,767</td>
<td>1,578</td>
<td>1,767</td>
<td>1,578</td>
<td>1,593</td>
</tr>
<tr>
<td>Clusters</td>
<td>140</td>
<td>123</td>
<td>140</td>
<td>123</td>
<td>124</td>
</tr>
<tr>
<td>R-square</td>
<td>0.24</td>
<td>0.26</td>
<td>0.25</td>
<td>0.29</td>
<td>0.28</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.38</td>
<td>1.83</td>
<td>1.80</td>
<td>2.11</td>
<td>1.46</td>
</tr>
</tbody>
</table>

* Rare event logistic coefficients with robust standard errors clustered by country. Peace years with three cubic splines included but not shown (Beck, Katz, & Tucker, 1998). *** p < .01, ** p < .05, * p < .10, one-tailed tests.

The insignificant coefficients for GDP with the introduction of Economic Globalization and Rule of Law in Models 2, 3, and 4 indicate that level of economic development may not be sufficient for explaining the onset of low-intensity war. Examples of countries in the data with below median levels of GDP and above median levels of both Globalization and Rule of Law included the Gambia, Namibia, Jordan, and Mongolia. These developing countries also appeared with few or no ethnic wars between 1997 and 2010, the period in which they were globalizing and becoming more rule of law oriented countries.

Final Model 5 was designed to estimate the independent effects of globalization and rule of law apart from any causation of these factors on the insignificant control variables (Blalock, 1979). An additional
consideration was the high collinearity of GDP with Globalization and Rule of Law: as can be seen in Table 3, Globalization, Rule of Law, and GDP correlated moderately, between 0.74 and 0.78. These correlations did not pose a risk to our estimates, as they were below the rule-of-thumb risk zone for multicollinearity of 0.85. Also, the mean variance inflation factor (VIF) for Model 4 was only 2.11, which was far below the VIF rule-of-thumb risk zone for multicollinearity of 10 or above. This indicates that there were enough countries in the sample with low levels of GDP but high levels of economic globalization and rule of law to draw confident inferences, including those with relatively less ethnic conflict, such as the Gambia, Namibia, Jordan, and Mongolia as noted.

Nevertheless, the correlation of GDP with Globalization and Rule of Law suggested some causation among these variables. That the inclusion of Globalization and Rule of Law in Models 2-4 caused GDP to become insignificant indicated that GDP has no independent impact on ethnic war apart from whatever relationship it has with Globalization and Rule of Law, suggesting that the relationship of GDP with ethnic war was spurious and accounted for by these factors. Accordingly, Model 5 dropped GDP, along with the two other insignificant factors that could possibly be caused by globalization or the rule of law; Democracy and Oil. As can be seen, both Economic Globalization (-0.04) and Rule of Law (-1.34) remained significant and in their expected negative directions.

Finally, as an added precaution, Models 2-4 were re-estimated (unreported) with all control variables that could possibly be caused by Globalization and Rule of Law removed (these are Democracy, Ethnic Discrimination, GDP, Oil, and Civil War). Identical results were obtained, showing that globalization and rule of law have robust independent impacts on the risk of ethnic war.

Because Model 5 excluded the insignificant factors that could possibly be caused by globalization or the rule of law (GDP, Democracy, and Oil), the coefficients for Economic Globalization and the Rule of Law in Model 5 were used to assess the impacts of these factors on the risk of ethnic war. The effect of each was calculated with all other factors assumed to have the value of zero. The coefficient for Economic Globalization (-0.04) indicated that a one standard deviation boost in this factor decreased the odds of ethnic war onset a substantial 53%. The coefficient for Rule of Law (-1.34) suggested that a one standard deviation increase in this factor decreased the odds of ethnic war onset a substantial 78%. The coefficient for Ethnic Discrimination (4.05) indicated that a one standard deviation boost in this factor increased the odds of the onset of ethnic war a substantial 59%.

Overall, the analyses here implied that the globalization of the economy, the rule of law, and the ending of ethnic discrimination and exclusion have been the most important factors in lowering the risk of the onset of ethnic war in the period between 1997 and 2010. These results have been consistent with the expectations of this study, which highlights the possible transforming effects of economic globalization and rule of law for the prevention of ethnic wars. Many countries, including developing ones, have been integrating with the global economy and adopting regulations and laws at international standards in conducting economic, business, and legal relations in the post-Cold War era (Dreher, 2006; Kaufman & Kraay, 2015). International and global forces might have created opportunities at local and state levels and constrained states’ control of resources and revenues. While the forces involved in globalization can diffuse economic resources and production into local areas, making the state a less worthy prize to compete over, a system of rule of law can provide justice and legal protections for all individuals and groups in political and business relations. In this way, both economic globalization and rule of law can work together to alleviate ethnic tensions and reduce the risk of the onset of ethnic war.
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Table 3
Summary Statistics and Correlations with Globalization and Rule of Law

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min.</th>
<th>Max.</th>
<th>Glob-</th>
<th>Rule of Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic globalization t-1</td>
<td>1,599</td>
<td>58.19</td>
<td>17.75</td>
<td>8.57</td>
<td>96.58</td>
<td>----</td>
<td>.74</td>
</tr>
<tr>
<td>Rule of law t-1</td>
<td>1,810</td>
<td>-.16</td>
<td>1.01</td>
<td>-2.67</td>
<td>2.00</td>
<td>.74</td>
<td>----</td>
</tr>
<tr>
<td>Democracy t-1</td>
<td>1,775</td>
<td>3.74</td>
<td>6.46</td>
<td>-10.00</td>
<td>10.00</td>
<td>.47</td>
<td>.51</td>
</tr>
<tr>
<td>Ethnic discrimination (%) t-1</td>
<td>1,802</td>
<td>0.03</td>
<td>0.09</td>
<td>0.00</td>
<td>0.84</td>
<td>-.03</td>
<td>-.06</td>
</tr>
<tr>
<td>GDP per capita, logged t-1</td>
<td>1,810</td>
<td>8.52</td>
<td>1.35</td>
<td>5.18</td>
<td>11.10</td>
<td>.78</td>
<td>.78</td>
</tr>
<tr>
<td>Oil logged t-1</td>
<td>1,806</td>
<td>0.39</td>
<td>0.82</td>
<td>0.00</td>
<td>4.18</td>
<td>.15</td>
<td>.12</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>1,810</td>
<td>0.39</td>
<td>0.27</td>
<td>0.00</td>
<td>0.93</td>
<td>-.33</td>
<td>-.36</td>
</tr>
<tr>
<td>Mountainous terrain</td>
<td>1,810</td>
<td>2.08</td>
<td>1.43</td>
<td>0.00</td>
<td>4.42</td>
<td>-.08</td>
<td>-.13</td>
</tr>
<tr>
<td>Population logged</td>
<td>1,810</td>
<td>9.31</td>
<td>1.30</td>
<td>6.50</td>
<td>14.10</td>
<td>-.16</td>
<td>.03</td>
</tr>
<tr>
<td>Civil war t-1</td>
<td>1,810</td>
<td>0.05</td>
<td>0.22</td>
<td>0.00</td>
<td>1.00</td>
<td>.05</td>
<td>.05</td>
</tr>
</tbody>
</table>

Discussion

Ethnic war as a form of internal war has been prevalent in the post-Cold War era, leading to violence and deaths, and threatening the security and development of populations. Conflict prevention in ethnically divided states deserves great attention, as factors preventing low-intensity ethnic wars have not been broadly investigated in empirical conflict research. This study offered an ethnic war prevention framework, suggesting that economic globalization and rule of law concomitantly reduce the risk of ethnic war. Building on the ethnic competition and rent-seeking approaches to conflict and drawing insights from the globalization and rule of law interdisciplinary literatures, this study argued that economic globalization and rule of law can alleviate ethnic war because they both constrain the state's power and control over resources, and increase socioeconomic opportunities at local levels for communities.

The empirical analyses here have provided support for this argument. Economic globalization and the rule of law had significant and negative effects on the onset of low-intensity ethnic war across all the models tested. The findings on democracy and oil resources were insignificant, indicating that neither factor is an influential trigger of low-intensity ethnic wars. The empirical results in this study also indicated that ethnic discrimination and exclusion from political power has been a significant factor increasing the risk of ethnic war. This finding was consistent with prior studies that found that ethnic discrimination or exclusion from political power has increased the likelihood of ethnic war (Cederman et al., 2017; Gurr, 2000). Accordingly, this study has implications across multiple research areas in several ways, since it provided interdisciplinary bridges among the ethnic war, globalization, and rule of law literatures.

First, the finding on economic globalization supported the liberal arguments, that states’ integration with the global economy through external relations such as foreign investment and trade has had pacifying effects on ethnic war. Second, the findings here also supported the role of the rule of law as a form of governance in ethnic war prevention, showing in a large sample that countries with stronger rule of law have had less risk of ethnic war than countries with weak rule of law. These findings were supportive of earlier studies that investigated this question with small cases and found some evidence that poor institutions and weak rule of law were associated with rent-seeking and ethnic conflict (Easterly & Levine, 1997; Maddox,
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Third, this study advanced the conceptualization of rule of law as a conflict preventive mechanism. Defined as the supremacy of law and checks on governments through an independent judiciary and legal protections for individuals and group rights, the rule of law would diminish the role of the state as the center of power and rent-seeking and reduce ethnic discrimination and favors in states’ political and business affairs. When the rule of law was weak, individuals were less able to utilize protections and opportunities through legitimized legal means to advance their conditions, and thus they were more likely to turn to group-level securities and leaders to meet their needs.

The essential components of these laws discussed and proposed here for conflict prevention are compatible with internationally adopted treaties and standards, and can be worked on by states to promote justice, rights, equal opportunity, and inclusion for all individuals from different ethnic backgrounds. While economic globalization expands socioeconomic opportunities, a rule of law can promote justice and transparency in the political and business environment. Thus, both factors can create cross-cutting advantages to individuals and groups, moderating ethnic tensions and loyalty to ethnic leaders. In this way, both factors can facilitate ethnic war prevention by states.

Limitations and Direction for Future Research

This study suggests that further examinations of globalization and rule of law for the prevention of ethnic war are in order. As with all empirical studies, the analyses do not perfectly isolate causation. This study relied on standard popular measures for all variables, but there is no way to know that every measure validly reflects the theorized causation associated with it. Nor can we be certain that the data do not have some unknown systematic error. Thus, regression analyses of panel data are best treated as tentative, with the potential to inspire follow-on investigations. That the results here are highly robust suggests that further investigation on different aspects of globalization and states’ governing laws is warranted. For example, qualitative research with single or comparative cases can advance our understanding of which aspects of economic globalization and rule of law work better in specific contexts. Another promising direction is to disaggregate the globalization and rule of law variables, to test more directly the specific paths of causation of exactly how globalization and rule of law reduce the risk of ethnic war.

Conclusion

This study concludes with the policy implications for reducing local ethnic tensions and rebel fighting: international policymakers and states should promote international economic and business relations and rule of law among states. International policy should advance global economic integration and a rule of law that emphasizes justice with an impartial judiciary, legal rights for individuals such as property rights and civil rights (i.e., right to due process), and compliance with international law and treaties especially regarding the protection of individual and group rights in business operations. In this way, by helping the establishment of globalization and the rule of law, policymakers can work to aid political and business connections among local, state, and global communities, and strengthen the foundation for ethnic peace.
References


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Author Note

The author is grateful for the insightful and constructive comments of the anonymous reviewers.

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