

# Author's Accepted Manuscript

Social capital, conflict and welfare

Colin Jennings, Santiago Sanchez-Pages



PII: S0304-3878(16)30078-5  
DOI: <http://dx.doi.org/10.1016/j.jdeveco.2016.09.005>  
Reference: DEVEC2097

To appear in: *Journal of Development Economics*

Received date: 9 May 2016  
Revised date: 25 September 2016  
Accepted date: 30 September 2016

Cite this article as: Colin Jennings and Santiago Sanchez-Pages, Social capital conflict and welfare, *Journal of Development Economics* <http://dx.doi.org/10.1016/j.jdeveco.2016.09.005>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

# Social Capital, Conflict and Welfare\*

Colin Jennings                      Santiago Sanchez-Pages  
King's College London              University of Barcelona

October 1, 2016

## Abstract

This paper analyzes the role of external conflict as a force that can create social capital. Hostile inter-group interactions can help to resolve intra-group social dilemmas but these potential gains must be weighed against the insecurity of hostile relations with an out-group. Our central result is that the presence of an outside threat can induce higher levels of social capital either because a protective aspect of social capital comes into play and/or as a reallocation of investments from private to social capital. Given that social capital is potentially subject to free-riding, the threat, by promoting a greater level of social capital, can be welfare improving. When the threat is severe, social capital and welfare is more likely to fall. This effect of an external threat on social capital is stronger in poor economies. These results can shed light on the sometimes contradicting empirical evidence on the relationship between conflict and social capital.

**Keywords:** conflict, social capital, welfare, social cohesion.

**JEL codes:** D74, H41, Z13.

---

\*We thank Toke Aidt, Giuseppe De Feo, Michelle Garfinkel, Esther Hauk, David Hugh-Jones, Dominic Rohner, Petros Sekeris, two anonymous reviewers, audiences at the Universities of Barcelona, Brunel, Edinburgh, Portsmouth, the EPSA 2015 conference and the 2016 Stockholm Workshop in Advances in the Economics of Conflict for their comments and suggestions. Sanchez-Pages acknowledges funding from the Spanish Ministry of the Economy and Competitiveness research grant ECO2015-66281-P.

Download English Version:

<https://daneshyari.com/en/article/5094300>

Download Persian Version:

<https://daneshyari.com/article/5094300>

[Daneshyari.com](https://daneshyari.com)