



Conflict and negotiation in Colombia: Are pre-donations useful? ☆, ☆, ☆



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ABSTRACT

We model conflict between two agents in which each one has two possible strategies: cease-fire or rejection of the truce. We use the concept of pre-donations, namely, a redefinition of the game in which each agent commits to transfer a share of its output to the other agent (Sertel, 1991). Conditions are established under which a system of pre-donations may facilitate a truce. In particular, for conflicts involving high costs there is a distributive mechanism, acceptable for both parties, whereby cease-fire is the best strategy for both of them. However, in many cases the conditions are not right for such a scheme of pre-donations to be effective. Some limitations of the framework are analyzed and the model is extended to deal with certain shortcomings in the basic setup. To illustrate the relevance of the theoretical results, we briefly describe the circumstances that have characterized the negotiation processes between the Colombian government and various illegal groups in this long-lasting armed conflict.

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1. Introduction

Why do some internal conflicts succeed in reaching a truce, demobilization or a negotiated settlement while in others the combatants withdraw from the negotiating table and return to war or do not even consider the possibility of a truce? Why do some processes fail, even when they have managed to get opposing parties to sit down to talk? These questions are posed in a growing body of literature on internal conflict and peace processes that points out several reasons for the failures and successes of conflict resolution efforts. Among the explanatory factors are the type and terms of the settlement, lack of third-party support, the significance of ethnic and

religious identities, and economic and political incentives. In addition, a number of sensitive points in the peace process have been identified as possibly complicating the process. They include the strategies and objectives of each party, ongoing hostilities during the peace process and the design of the negotiation agenda.

The literature on civil war termination and conflict resolution has two main streams. The first one is the *rational choice* approach, which considers negotiated settlement as a function of economic, institutional or military conditions that may encourage combatants to initiate dialog. From this perspective, the success of negotiations largely depends on the presence of specific, or even unique conditions. The second approach, which relies on *conflict resolution techniques*, underlines the ability of parties to solve their conflicts. In other words, once dialog is initiated, the success of the process relies on parties' ability to put an end to the inner reasons for war. In this paper, we follow the former approach, rational choice.

We study conflict between two agents, a guerrilla group and the government. We assume that the conflict is triggered by distributive issues, namely, guerrillas fight in order to expropriate legal agents' income and thus increase their own income. Legal agents are represented by the government and they can invest in defense in order to reduce the appropriated share. Each agent has two possible strategies: cease-fire or rejection of the truce. For the guerrilla group, the cease-fire implies relinquishing the appropriated income but also reducing confrontation-related costs. For the

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government, the cease-fire strategy implies a reduction in defense expenditure but also a higher appropriated share if the guerrilla group chooses the no-truce strategy.

In this setting, we use the concept of pre-donations, namely, a redefinition of the game in which an agent may commit to transfer a share of its output to the other agent (Sertel, 1991, 1992), and explain the conditions under which a system of pre-donations may facilitate a truce. We find that for conflicts involving high costs there is a pre-donations scheme, acceptable for both parties, which makes cease-fire the best strategy. However, in many cases the conditions are not right for the scheme of pre-donations to be effective. Given that we adopt a broad concept of wealth which includes political power, a pre-donations scheme, which normally implies transfer of wealth, may also imply transfer of political power.

We also analyze some limitations of the proposed framework and extend the model in order to deal with some of these shortcomings. First, we consider the case of different perceptions about the strength of the parties which reduces the possibility of an acceptable pre-donations scheme. In particular, overconfidence may explain why some agents in conflict do not accept a peaceful settlement. Second, we consider the relation between military expenditure and appropriated share, assuming that the strength of the parties depends on the money invested in weapons, military organization, etc. In this case a pre-donations scheme is useful to reduce military expenditure and, therefore, the intensity of the conflict. However, escalation of warfare may be the appropriate strategy for both parties in order to increase the chances of an acceptable pre-donations scheme. Finally, illegal groups may have other income sources (e.g. coca and poppy crops), in which case the success of a pre-donations system depends not only on the costs of the conflict, but also on the income that rebels draw from non-appropriative activities. In this case, the efforts of the government may be directed at destroying illegal sources of income.

In general, the feasibility of a successful pre-donations system depends on the relationship between the costs of the conflict and the income of legal agents, as well as on the perceptions of the two parties of their relative strengths and the trust between them. In, general, the feasibility of the pre-donations solution increases with the costs of the conflict. Additionally, the presence of a trusted mediator may increase the likelihood of a successful pre-donation solution when there is lack of trust and different perceptions.

Finally, in order to illustrate the relevance of the theoretical results, we briefly describe some of the circumstances that have characterized the negotiation processes between the Colombian government and various illegal groups. In particular, we refer to the negotiation attempts with the Revolutionary Armed Forces of Colombia (known by the acronym FARC) between 1991 and 1998, the successful negotiation with and eventual demobilization of the M-19 guerrillas at the end of the 1980s, and the negotiation process between the Colombian government and the right-wing paramilitary group United Self-Defence Forces of Colombia (known by the acronym AUC) in 2003. We also refer briefly to the negotiation process started in 2012 between FARC and the government known as *Diálogos de La Habana*.

The rest of the paper is organized as follows: In Section 2, we review the related literature. In Section 3 we present the basic game and results. In Section 4, we extend the basic model and, finally, we conclude in Section 5.

2. Literature review

2.1. Theory and international evidence

In the literature on conflicts, income inequality is usually considered to be one of the determinants of economic conflicts. Russet

(1964) was one of the first scholars to test the correlation between inequality and violence, and found evidence of a linear relation between the Gini coefficient and the number of violent deaths between 1950 and 1962. After Russet (1964), several studies have addressed the issue of inequality and conflicts. However, there is no consensus about the empirical results. Some authors claim that inequality in the distribution of assets increases the likelihood of social conflicts (Alesina and Perotti, 1996), while others find no such causal relation (Collier, 1999; Collier and Hoeffler, 1998, 1999, 2004).

In recent decades, scholars have refined research techniques and narrowed the object of studies repeatedly finding that, while vertical income inequality does not increase the risk of war onset (Collier and Hoeffler, 2004; Fearon and Laitin, 2003), horizontal inequalities, i.e. social and economic disparities between societal groups, seem to be positively related with the outbreak of conflict (Stewart, 2002; Østby, 2008).²

On the theoretical side, Jack Hirshleifer made one of the first attempts to model economic conflicts. The economic theory of conflict follows, in general terms, the framework built by Hirshleifer (1987, 1988, 1989) and is based upon the assumption that agents involved in conflicts optimally split their resources between productive activities and conflict.³

Following this approach, some authors study the effectiveness of income re-distribution as a way to solve conflicts. Grossman (1995) claims that the redistribution of property income to the working class may be the optimal response of the propertied class to the threat of illegal appropriation. Along the same lines, Mejía and Posada (2006) explain that ruling elites in oligarchic societies may rely on income redistribution to the poor in order to prevent them from attempting a revolution.

Other authors⁴ have shown that land reforms, changes in fiscal policy and other ways of redistributing income or wealth may be in the interest of the agents who are giving up a share of their wealth. Finally, Noh (2002) brings new elements to the analysis, showing that the best way to end a distributive conflict may be a combination of income transfers and military expenditure.

One of the main problems regarding civil conflict is that the agents in conflict are often not willing to settle. So, in order to understand the real possibilities of a settlement, the issue of negotiation must be addressed. On the one hand, there is no complete information; therefore perceptions about the probability of victory differ among agents, reducing the likelihood of a settlement. On the other hand, the demands of the rebels often go beyond income re-distribution to include political power. Manson and Fett (1996) address the first issue. Assuming a simple model of rational calculation of the utility and cost of war and settlement, they introduce uncertainty in the analysis. In this setting, the likelihood that both parties will agree to a settlement depends to a great extent on each party's estimate of its probability of victory.

Other authors have studied the problem of asymmetric information. Zartman (2001) argues that incentives to settle can come in two forms, as current or as contingent modifiers of present values. Contingent incentives must be credible, "both as to their own feasibility and as to the willingness of the other party to implement them". Dal Bó and Powell (2007) claim that insiders often have better information about an organization's resources

² Other branches of the literature find that inequality affects crime, homicides, robbery and imprisonment (Dollar et al., 2000; Fajnzylber et al., 1998, 1999, 2002; Jacobs and Helms, 1996).

³ Several studies have extended Hirshleifer's basic model. See, among others, Grossman (1991), Skaperdas (1992), Neary (1997), Garfinkel and Skaperdas (2007), Dixit (2004), Spolaore (2004), Zuleta (2004), Caruso (2006) and Zuleta (2008).

⁴ See Azam (1995), Roemer (1998) and Zuleta (2004), among others.

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