



## Transcript of podcast with Rachel Glennerster: “The Cost of Conflict”

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Hello, I'm Bruce Edwards and welcome to this podcast produced by the International Monetary Fund. In this program: economist Rachel Glennerster talks about how economic shocks and climate change are pushing more states into fragility.

**MS. GLENNERSTER [soundbite]:** *We ought to get better at understanding these risks and understanding what's predicting conflict and, therefore, coming in and helping to prevent.*

**MR. EDWARDS:** If current trends continue, 80 percent of the world's poorest people will live in fragile states by the year 2030. So, increasingly, most of the work of development will be about how to prevent conflict and how to kick start economies once the conflict has subsided.

Rachel Glennerster is the chief economist for the United Kingdom's Department for International Development (DFID). Before joining DFID, Glennerster was executive director of the Abdul Latif Jameel Poverty Action Lab. I met her after a presentation here at the IMF where she also once worked as an economist.

So, to what extent are fragile states a product of failing economies?

**MS. GLENNERSTER:** So, I wouldn't want to boil everything down in fragile states and assume that they were all the same and say that they're all driven by one thing. Obviously, every fragile state is different in many ways from each other, how they got there, how long they've been fragile. And in a sense, part of the point of them is they're complicated, and messy.

However, economists are starting to say some interesting things, I think, about fragile states. And there's certainly some good economic evidence that economic shocks can increase the chance of conflict, and increase the chance of violence. And so, while that's not the only thing going on, it can push things and people into conflict.

So, economics is an important part of fragility, even if it's not the only thing that's going on.

**MR. EDWARDS:** So, there seems to be certain regions that are more prone to conflict than others, for example, the Sahel in sub-Saharan Africa. What makes that region so unstable?

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**MS. GLENNERSTER:** So, again, as an economist I'm not maybe the best place to answer precisely that question, but I think one of the things that economics has shown is that the Sahel is at risk even more going forward because one of the things that we see as economists that affects conflict is climate change. So, if you look at the data and you see what happens when you have weather shocks, you see consistently that that increases the probability of conflict if there's an extreme weather shock.

And, the Sahel is vulnerable to weather shocks with two potential routes. One is that if you get a weather shock and a drought, that has an economic implication, but it also can push people out of the Sahel and further down in search of livelihoods, and that can have an impact on conflict as you sort of push different groups together and they're fighting over land. So, that's an area that's very vulnerable to climate change. And, we know from economic analysis that these weather shocks can have a direct effect on conflict through both the agricultural effect and there's migration and, potentially, fighting over resources.

But also, there's just this very simple thing about humans, which is, we are more likely to be violent if we're hot! And you see this not just in places that we think of as violent or conflict-ridden countries or poor countries. We see this in the US. We see this in rich countries. So, there's something very biological, too, that we have to take into account.

**MR. EDWARDS:** So, it's not necessarily only contained within the country that's having issues; there are spillover effects even then?

**MS. GLENNERSTER:** Yes, there are important spillovers from one country's conflict to another country's conflict. I've worked a lot in Sierra Leone and that was a conflict that really was imported from next door. Obviously, you had to have the conditions that would explode with that conflict coming from next door. But also, there're things that we do in the world in creating climate change, which are putting on these vulnerable countries, making them even more vulnerable.

**MR. EDWARDS:** Is there anything that the development community can do during a conflict or, economically does the work only start once the conflict is over?

**MS. GLENNERSTER:** It's actually rarely the case that you have conflict and then it stops. You often have this intermediate point where it's still very fragile. And I think there is a potential to come in and do development opportunities, which kind of distract people from the conflict and give them opportunities to be doing other things. And that, I think, is a really important area where the development community can come in and it's backed by this research suggesting that if you give people opportunities for productive things to do, that can reduce the conflict.

**MR. EDWARDS:** And certainly, it is the lack of opportunities, especially for the youth, that drives most of this conflict.

**MS. GLENNERSTER:** I mean, it's not that all youth who don't have anything to do are violent. We shouldn't absolutely say that. Most youth anywhere in the world are not. It's

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just saying, at the margin, that particular economic shocks can drive people into doing things that lead to horrible consequences for lots of people. So, I don't want to say no generalizing across a whole group of people, but it is true that the percentage of people in the population who are young, and particularly men in their late teens to early twenties, is quite a high predictor of whether there's violence in society. And again, this is not just about poor countries. You see this in rich countries. You see this in cities in Latin America. You see it in cities in the US. It's quite a high predictor of how much violence there is; it's just how many people are in this cohort.

And, I think psychologists are increasingly understanding that there's a psychology of youth of risk-taking and not thinking about long-term consequences. We all are bad at thinking about long-term consequences, but there's something very specific in that age group that makes people particularly bad at doing that.

And so, we ought to get better at understanding these risks and understanding what's predicting conflict and, therefore, coming in and helping to prevent, whether that's because they got a weather shock or whether it's because we know climate change is hurting these areas, or we know that there's vulnerabilities, and other reasons. And, sort of knowing that this is a problem and be willing to come in and try and do things quickly where there is a weather shock before things deteriorate.

**MR. EDWARDS:** So, you've looked at the problem of economic development in fragile countries and poor countries through many different lenses now, from your time at the Poverty Lab and from the IMF and now recently in the U.K.'s Ministry for International Development. What do you think is the most effective way of enabling economic development in these countries?

**MS. GLENNERSTER:** So, the thing that I've worked on in looking at economic development in the post-conflict environment is one of the biggest kinds of programs that donors do post-conflict, which is community-driven development. So, a large percentage of World Bank funding goes on these kinds of programs and they're really designed to come in quickly after a conflict and provide resources to communities. There's a lot of facilitation that goes with them and the attempt to also address the institutional tensions that you have in these communities.

So, again, taken from my experience in Sierra Leone, that war was very much intergenerational. It wasn't interethnic, it was intergenerational. So, the youth had very little say in decisions and so they kind of rebelled against the existing hierarchy. So, the idea was: come in, provide resources, build economic development, but also try and change the situation so that the youth had more say in decision making.

So, what we learned was, from a whole series of research that was done testing this model, is that it was quite effective in improving economic development, and improving economic outcomes on the ground in very, very difficult situations. It wasn't very good at doing the institutional change.

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So, when you say what's most effective, I think it's worth distinguishing effective in which ways. So, we've now gone back to those communities that received community-driven development many years ago—it's a long time since they got any money. The ones that got the money are still better off now than our comparison groups. There's a randomized controlled trial, very rigorous. The communities that got that immediate post-war assistance are better off economically now than the control group, which is fantastic that it had that long-term persistent effect.

And if we believe this other research that says economic opportunities reduces conflict, then, hopefully, it would also help with that. But, it did not change those underlying institutional tensions.

**MR. EDWARDS:** So, how do you help them build or at least strengthen these formal institutions? Because, if people continue to feel that they don't have a voice, chances are that conflict will return.

**MS. GLENNERSTER:** I would say that the most encouraging area on that aspect is strengthening democratic institutions, at least where you have them. So, in a lot of countries you have democratic institutions, but they're not very effectively giving people a voice. So, reforms that kind of broke down that barrier a bit—the one that we tested was having debates between members of parliament who are vying for the MP position. So, the candidates from different parties had to debate each other and then those debates were shown all around the constituency. That actually made people feel more engaged, they knew more about their MP, and the MP was actually then more accountable. He or she visited more often, and was less corrupt.

Another example is in India, where the formal political institutions were reformed to require that some of them that had local village parliaments, had to have a woman as the head. So, in a third of them they had to elect a woman. They could vote for different women, but it had to be a woman. That really changed social norms in a way that this community-driven development didn't over similar periods of time we were looking at.

So economically, I would do CDD; institutionally, I would do formal institutions.

**MR. EDWARDS:** Right. And just to clarify, CDD being community-driven development. Thank you so much.

**MS. GLENNERSTER:** Okay, great. Thanks.

**MR. EDWARDS:** That was Rachel Glennerster, chief economist for the United Kingdom's Department for International Development, talking about the economics behind fragile states.

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