

Land Redistribution and Guerrilla Warfare

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Long abstract

One of the main concerns in recent economics of conflict (Garfinkel and Skaperdas, 2006) has been to understand the following puzzle: why do rational agents waste valuable resources in inefficient fighting activities? A precondition for this puzzle to be observed is imperfect property rights definition or enforcement. Under these circumstances, agents try to obtain the biggest share of the pie for themselves. And while the bargaining literature has much improved the understanding of the way the split takes place, in the conflict literature it is assumed that agents also have the possibility to use violent means to reach their goal. A dispute is thus likely to be settled either directly, when the players confront their respective armies/forces on the battlefield, or through a negotiated settlement in the shadow of power and fighting. And while the second solution is Pareto superior since no resources are wasted in fighting activity, this does not seem sufficient to deter agents from going to war.

The scope of this paper is much narrower: we try to comprehend guerrilla warfare as a consequence of land redistribution failures. Many guerrilla movements originated in the grievances suffered by grass-roots (Gurr, 1970). The aim of these groups has therefore often been the restoration, or the establishment of a fairer society by the redistribution of land (e.g. FARC, ELN in Colombia). Our aim is to understand the motivations behind the landlords' refusal to redistribute land even when the conflict option is more expensive.

The main arguments that have been put forth in the literature are commitment credibility (Powell, 2006), financial constraint (Fearon, 1995), and asymmetric information. Indeed, when a player is unable to credibly respect an agreement in the future, the opposing party will choose to strike at once. Both parties anticipate this mechanism and therefore recognize that immediate war is the unique credible equilibrium. In peasants' rebellions for land, however, the commitment problem explanation does not fit since, once the land has been redistributed, the guerrilla movement dissolves and no conflict could occur. Also the second explanation has no meaning in our setting: land redistribution is sufficient to restore the peasants' peaceful behavior and a landlord has land by definition. Finally, there is no doubt that many conflicts are rooted in informational problems, but this is not a systematic explanation of guerrilla warfare.

In this paper we provide an additional reason explaining the landlords' reluctance to redistribute land. Land redistribution generates a positive externality on fellow landlords because land transfers increase the opportunity cost of fighting for peasants and therefore reduce the pool of potential guerrilleros. We are in the typical public good provision problem implying that the incentives to transfer land decrease with the number of landlords. One of the main implications is that in places where land is extremely concentrated, land redistribution is more likely. This likelihood decreases as the number of landlords increases, thus implying that societies with more landlords may be more violent than societies with extreme land concentration. Another intriguing result concerns the social welfare which is not monotone in the number of landlords. Indeed, the

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social welfare function is U-shaped, with the highest resource waste in conflict occurring in intermediate land concentration.