

ECON 4918: ECONOMICS OF CONFLICT

The first two exercises below are based on the article “A Model of Ethnic Conflict”.

- (i) Revisit Observation 2. Try to work through the proof.
- (ii) Suppose radicalism increases across-the-board for *both* groups. What will happen to *overall* conflict: increase/decrease/ambiguous?

The remaining ones are based on the article “Implications of an Economic Theory of Conflict: Hindu-Muslim Violence in India”.

- (iii) Consider the two types of “protection” in the model: purely *human*-based and fixed *physical capital*-based protection. Revisit Proposition 1. Where does the need for the threshold y^* arise in part (a)?
- (iv) Why is it important to account for within-group inequality in the regressions?
- (v) What are the main endogeneity concerns? Discuss the merits and demerits of the Instrumental Variables (IV) approach. Can you think of alternative IV strategies?