

Title Economic Theory and Violent Conflict

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ABSTRACT

Until recently neoclassical economic theorists have argued that there is no basis for violent conflict to occur if all decision makers are rational and acquisitive. This view is still sometimes expressed today, for example by Paul Krugman in his Pop Internationalism. However, since the 1960s, mainstream economists have constructed formal models of violent conflict and also developed the economics of asymmetric information, thereby providing the basis for explaining violence more generally. For the most part the formal models are patently unsatisfactory since they exclude exchange, and allow only for production and predation. And far too much weight has been placed on the importance of asymmetric information, some political scientists even claiming that it constitutes the sole cause of conflict when agents are rational and acquisitive. By contrast, this paper argues that there are many other bases for violent conflict even if we confine analysis to contexts where agents are rational and acquisitive and the causal fundamentals are treated in a neoclassical fashion.

Best Wishes,
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