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Just as investigators of homicide use a simple schema of the trinity of means, motive, and opportunity for narrowing down a list of culprits, scholars of armed interstate and civil conflict generally focus on motive and opportunity as analytical categories for narrowing down the causes of armed conflict (Collier 2000a; de Soysa 2002; Gartzke 2005; Hegre et al. 2001; Most and Starr 1989; Poe 2004). Social and individual grievances of various sorts, such as the lack of political rights, may provide motive for organising violence against a state, but opportunity must also exist, whatever the nature and level of grievance, which is a hard concept to measure objectively (Theuerkauf 2010). Such a perspective has also been salient for understanding revolution, where means and opportunity play a leading role (Tilly 1978). Recent research on violent conflict has focused on the capture of natural resources as motive, but more importantly, also as opportunity because expensive conflict can be financed (means) by looting resources.

This article takes a broader perspective on both opportunity and means to argue that autarky and economic mismanagement supply the ‘means, motive, and opportunity’ for organising civil war and for generating high social dissent because autarky spawns ‘organisational bases’ of insurgency that allow groups to succeed and be sustainable in the face of superior state forces – the degree of grievance alone cannot explain successful insurgency. This article will first briefly discuss

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why economic governance in a broader sense matters more than simple arguments about feasibility, and then demonstrate empirically the pacifying effects of economic freedom using multivariate regression models.¹

Consider Figure 1, which displays the global risk of civil war between 1946 and 2009. Civil war is defined as organised armed violence between identifiable rebel group(s) and a government where at least twenty-five deaths have occurred in a single year.²

The global risk of violent conflict has declined sharply since the end of the Cold War. Possible explanations for this phenomenon include a decrease in inter-ethnic tensions, a decline in economic inequalities, reductions of various sorts of social injustices and state repression, rising democracy, or other factors singly or in complex, interactive ways.³ In fact, it is highly unlikely that structural factors, often blamed for social grievances, such as structural poverty, have changed that much so suddenly. The steepest, sustained decline in violent conflicts has been in Latin America, where structural inequality is arguably highest.⁴ Sub-Saharan Africa saw a sudden steep decline since 1992, and only after 2001 does it show a rising trend again. It is highly unlikely that structural factors alone can explain this general downward trend since the end of the Cold War.

Clearly, superpower proxy wars generated by great power concerns, as well as home-grown ideological battles, seem to have mattered. More importantly, the means and opportunities for starting and sustaining rebellion were numerous because the superpowers and their allies supplied rebellion-specific capital (finance, materiel, safe-havens, and training). Under such conditions, domestic compromises were likely to be less feasible and local solutions to ethnic or other

Figure 1. The incidence of civil war with over 25 deaths in a single year, 1946–2009
frictions also less probable. Quite simply, the end of the Cold War has led to the scarcity of ‘rebellion-specific capital’ and increased the opportunity for local, regional, and international peacekeeping efforts and collective action for peace through international institutions (Mack 2007). Some analyses, generally opposed to explanations highlighting economic causes and to econometric analyses of hard data, rarely explain how collective action problems are overcome, or how civil wars are funded and supplied; instead, they tend to overemphasise ‘governance’ explanations without identifying the precise mechanisms that really matter beyond what the discourse of grievance supplies (see Zartman 2011, in this issue). Instances of bad governance unfortunately are ubiquitous and could be picked out for explaining just about anything. Why Sri Lankan Tamils rebelled and were successful at it for thirty years, whereas Malaysian Tamils have been unsuccessful at rebellion despite official and systematic discrimination, cannot be explained by grievances alone. Nor are explanations based on ‘cherry picking’ cases of events (as I have just done), without systematically examining the events and non-events of violence, a sound way to build a general understanding of the causes of conflict where representation rather than dispassionate fact-based analysis is likely to hide relevant facts.

**Why Economic Freedom? Some Theoretical Explanations**

While political rights of citizens have increased across the globe, there is very little correlation between the level of democracy and civil peace (Hegre et al. 2001). If the fight for political rights was a source of violence, particularly for disenfranchised ethnic groups, then opportunity to rebel rather than the lack of rights alone, is what must matter since many analyses find that increasing democracy fuels ethnic war, perhaps reducing the risk when democracy is better established (Jakobsen and de Soysa 2009; Snyder 2000). Turning our attention to a different, but related set of variables, one can observe enormous improvements in economic governance in recent years, due largely to the appeal and spread of free-market institutions and policies in many countries (Garrett 1998; Simmons, Dobbins, and Garrett 2004). How might market institutions, the more neglected aspect of the liberal peace, matter? In the eighteenth century, classical liberals such as Adam Smith, David Ricardo, and Bernard Mandeville argued that when individuals pursue self-interest, they serve a higher social purpose as if by a hidden hand (Stilwell 2006). Free markets provide the basis for prosperity – while other desired outcomes, such as peace, arise from cooperation among people acting out of self-interest. In this view, cooperation stems from the expectation of mutual gain, rather than from religious (or other) ethics, or from the inherent feelings of sympathy for others. Classical liberalism also holds that self-interested economic activity produces wealth more efficiently and that freer markets create and distribute goods and services (i.e., wealth) more efficiently, increasing the welfare of all – including the state because of expanding taxes. Consider the following observation, made in the 1830s by Alexis de Tocqueville, a keen observer of how democracy, rather than chaos, was taking root in the newly formed United States:
[Y]ou have some difficulty in understanding how men so independent do not constantly fall into the abuse of freedom. If, on the other hand, you survey the infinite number of trading companies in operation in the United States . . . you will readily comprehend why people so well employed are by no means tempted to perturb the state or to destroy that public tranquility by which they all profit.

(de Tocqueville 1994:118–19)

The growth of commerce marginalises violence because it binds people meaningfully to address the collective dilemmas stemming from violence – theft and deprivation. When Thomas Hobbes, who suffered the consequences of the English Civil War, thought that a ‘leviathan’ was necessary to enforce peace by monopolising the use of force, John Locke suggested that it was also possible with the consent of people (Ebenstein and Ebenstein 1992). As Pugh (2011, in this issue) has argued, the liberal agenda – as hijacked for convenience by the ‘aid and development industry’ – may not nourish the endogenous bases of peace likely to be found in local processes and often in informal settings.

**Why Economic Autarky Encourages Rebellion-Specific Capital**

I argue for a micro-logic that explains the more narrowly-based violence through insurgency, which we can observe since the end of the Cold War (Mueller 2004). The theory that free markets encourage social peace is founded on a single observation: _violent armed conflict has to be feasible to occur_. The question is what renders armed conflict feasible? While for many, such as Collier, Hoeffler, and Rohner (2009) it is finance, I argue that insurgency requires organisational bases that consist of much more than the logic of motive and finance. Moreover, having access to finance alone does not tell us why it was not deployed in a manner other than violence, since investment in regular economic activity without the high costs of violence would bring greater returns (loot).

5 First, war is a costly endeavour; it will not occur if those who invest in it do not expect the returns from war to be higher than the returns from peace. Thus, grievances alone are unlikely to bring about armed conflict: challenging the state requires significant financing and relatively large numbers of volunteers. But if people are capable of sufficiently organising human and financial resources to launch a rebellion, why wouldn’t they channel that energy to obtain relief from grievances _without_ engaging in costly violence? If returns from peace could be higher than for war, why not invest in production over costlier predation? The issue is that the overall conditions of economic governance determine the relative rates of return on costly violence.

In the perspective taken here, viability of conflict is shaped by many factors, including the size and nature of the payoffs for investing in violence rather than in other potentially ‘profitable’ enterprises. In the ‘loot-seeking’ model of rebellion, for example, in which high-value resources render rebellion both attractive and viable, loot is the expected payoff for the investment in rebellion (Collier 2000b). However, as the data show (see below), not all countries with lootable income, such
as natural resources, suffer civil wars, and there are plenty of places with very low or no access to natural resources, such as Sri Lanka and Nepal, that do experience civil war.

The argument that rebellion is based on opportunistic behaviour fails to take into account the opportunity costs associated with organised violence. In a globalised world with ample opportunity for profitable investment, any potential rebel could just as easily be a corporation – exporting natural resources and paying taxes to the state – instead of a warlord who has to invest much of the loot in continued conflict (not to mention the discomfort of living in hiding). In an environment that provides incentives for investment and enforces rules that safeguard profits, investing in production will be more attractive than investing in war. In fact, in a number of advanced market economies such as the United States and Italy, the high costs of remaining illegal have led many loot-seeking groups, like the Mafia, to move into the quasi-legitimate business world.

On the other hand, if the state or ruling elites monopolise all economic activity and expropriate the surpluses that are created in an economy – serving, in Mancur Olson’s terms, as a ‘roving’ rather than as a ‘stationary’ bandit – there will be few incentives to invest in taxable enterprise and ‘go legit’ (Olson 1993). Where property rights are insecure and capricious political processes govern economic life, productive enterprises are at risk, and there is motivation to organise in the shadows, by capturing rents and defending them (Skaperdas 2003). In closed, regulated economies, people invest in organisations that capture the ‘dead weight losses’ in the economy as rents since people still demand these goods that are not supplied legitimately by regular businesses.

Although shadow economies are often thought to emerge during war and its aftermath, in all likelihood they exist before war even begins. Consider the Mexican drug cartels, for example, which are engaged in a lucrative trade that lacks a legal infrastructure for handling transactions. The groups organise and fight in Mexico because violence is more viable there, but the impetus for the killing is the high demand for drugs across the border. Globally, such shadowy groups are now responsible for a large part of violent conflict (Mueller 2004). These groups survive and thrive because they have rebellion-specific capital: that is, organisational advantages over states, from armaments and tunnels to sophisticated command and communications networks, supply channels, and logistics. Finance alone can explain only some portion of what it takes to survive, which has to be endogenous to the decision to rebel over investing finance in other activity.

The conflict that plagues northern Mexico, for example, cannot be solved without governance-based efforts to alter the payoffs that accrue to those who invest in conflict-specific capital. In practical terms, there are two ways to address this issue – either militarily (that is, by suppressing the violence), or legislatively (that is, by legalising drugs in the United States and thereby eliminating the payoff for smuggling). It is surely not the degree of grievance of the Mexican drug lords that keeps them armed and supplied so they can survive the Mexican army, but it is a well-financed infrastructure of violence.
The Empirical Evidence

We have already seen (Figure 1) that the global risk of civil war has declined sharply since the end of the Cold War. However, to understand how conflict onset might be explained by increasing economic freedom, several other factors will need to be simultaneously accounted for. To determine the net effect of economic freedom on civil war – that is, the effect of one variable considered independently of other (potentially explanatory) variables – one must use multivariate regression models, which make it possible to gauge the size and direction of the impact of any one variable while other variables are held constant. In the analyses described in this section, standard data sets, independently collected by other researchers, were used to measure the phenomena under study; this approach minimises any biases the author may have introduced to the coding of data.

The two analyses presented below examine the effect of free markets on two types of political violence: the impact of economic freedom on the onset of civil war and on political repression of ‘physical integrity rights of people’ by states, a form of one-sided violence. The goal is to demonstrate, through more sophisticated means, that any bi-variate assessments relating one or another factor to the trend of conflicts shown in Figure 1 are not spurious – in other words, that economic freedom has a direct effect on civil peace and human rights, even when considered apart from ‘good institutions’ and a host of sundry control variables. In fact, assessing the effect of economic freedom against both regime type and income per capita is a useful exercise.

For the main variable of interest, economic freedom, the analysis relies on data from the Fraser Institute that measure the extent to which an economy is 1) free from state interference; and 2) allows private economic activity that is supported by impartial institutions (Gwartney and Lawson 2005). Economic freedom is judged according to twenty-two criteria, both objective (e.g., the government’s share of the economy, trade openness, restrictions on capital) and subjective (e.g., the level of independence of the judiciary). The index ranges from 0 (total autarky) to 10 (totally free). For example, the free-trade port of Hong Kong scores the highest in 2010 with a score of 9.05 whereas Zimbabwe is last with a score of 3.57. The main dependent variable (i.e., the outcome to be explained) in this analysis is the onset of civil war; the onset of violent conflict is relevant because one purpose of the analysis is to determine whether countries with high levels of economic freedom can maintain peace. The data used to measure armed conflict were obtained from the UCDP/PRIO Armed Conflict Dataset v4-2008 (Gleditsch et al. 2002). The second dependent variable is an indicator of ‘physical integrity rights’ that measures the degree to which governments refrain from political violence against its citizens (Cingranelli and Richards 1999). The index of rights is transposed so that it reflects the degree of repression, where 0 reflects no repression and 8 where repression is very high.

As shown in Table 1, countries with higher levels of economic freedom have a lower risk of civil war onset; moreover, this result is highly statistically significant (as is indicated by the negative sign of the coefficient). Interestingly, per capita income, which is often touted as one of the most robust explanations for the onset
Table 1. The effect of economic freedom on the onset of civil war, 1970–2006

<table>
<thead>
<tr>
<th>Variable</th>
<th>Effect on the onset of intrastate armed conflict</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic freedom&lt;sub&gt;_t−1&lt;/sub&gt;</td>
<td>−0.29***</td>
</tr>
<tr>
<td></td>
<td>(.11)</td>
</tr>
<tr>
<td>Per capita income&lt;sub&gt;_log, t−1&lt;/sub&gt;</td>
<td>−0.21</td>
</tr>
<tr>
<td></td>
<td>(0.14)</td>
</tr>
<tr>
<td>Growth in per capita income&lt;sub&gt;_t−1&lt;/sub&gt;</td>
<td>0.03*</td>
</tr>
<tr>
<td></td>
<td>(0.02)</td>
</tr>
<tr>
<td>Population size&lt;sub&gt;_log&lt;/sub&gt;</td>
<td>0.41***</td>
</tr>
<tr>
<td></td>
<td>(0.08)</td>
</tr>
<tr>
<td>Oil exporter</td>
<td>0.38</td>
</tr>
<tr>
<td></td>
<td>(0.30)</td>
</tr>
<tr>
<td>Ethnic fractionalisation</td>
<td>7.1***</td>
</tr>
<tr>
<td></td>
<td>(1.7)</td>
</tr>
<tr>
<td>Ethnic fractionalisation squared&lt;sup&gt;a&lt;/sup&gt;</td>
<td>−5.8***</td>
</tr>
<tr>
<td></td>
<td>(1.7)</td>
</tr>
<tr>
<td>Democracy</td>
<td>−0.03</td>
</tr>
<tr>
<td></td>
<td>(0.27)</td>
</tr>
<tr>
<td>Autocracy</td>
<td>−0.24</td>
</tr>
<tr>
<td></td>
<td>(0.33)</td>
</tr>
<tr>
<td>Incidence of conflict&lt;sub&gt;_t−1&lt;/sub&gt;</td>
<td>−0.29</td>
</tr>
<tr>
<td></td>
<td>(0.36)</td>
</tr>
<tr>
<td>Brevity of peace</td>
<td>0.33</td>
</tr>
<tr>
<td></td>
<td>(0.35)</td>
</tr>
<tr>
<td>Number of observations</td>
<td>3,346</td>
</tr>
<tr>
<td>Number of countries</td>
<td>122</td>
</tr>
</tbody>
</table>

Notes:
1. Robust standard errors are in parentheses. These standard errors are robust to statistical problems arising from heteroscedasticity (nonnormality of error terms) and serial correlation, or the correlation of the error term across panels.
2. The ‘log’ subscripts indicate that the data were log transformed to reduce the effects of extreme values.
3. The ‘t−1’ subscripts indicate that the independent variable was measured one year before the year of civil war onset.
***p < .01; *p < .10.

a. Ethnic fractionalisation squared models the quadratic effect of fractionalisation. (This is useful for testing whether conflict is dependent on ethnic fractionalisation in a linear or nonlinear way. In a linear relationship, if one variable changes, the other changes by a corresponding amount.)
of civil war (Hegre and Sambanis 2006), is not statistically significant, so the result is not explained by the fact that richer countries have higher levels of economic freedom. In robustness checks, which are designed to determine whether results are sensitive to changes in the models, the inclusion of measures of good institutions (such as lack of corruption) made no difference to the effects of economic freedom on the risk of civil war.11

But in real-world terms, how might economic freedom affect the risk of civil war? One way to explore this question is to ask to what extent economic freedom dampens the risk of civil war in a post-conflict setting. For a poor country (where the income is in the lowest twenty-fifth percentile) emerging from civil conflict, an improvement in the level of economic freedom from the twenty-fifth to the seventy-fifth percentile reduces the annual risk of civil war from 4.7% to 2.7%, a reduction of almost 60%.12 The following three comparisons will help put this shift in perspective:

- Moving the level of economic freedom from the twenty-fifth to the seventy-fifth percentile is analogous to instituting Botswana’s level of economic freedom in Sierra Leone: had Sierra Leone adopted Botswana’s level of economic freedom at the end of its civil war, in 2002, it would have roughly halved its risk of reverting to conflict.
- In the absence of improvements in economic freedom, a similar reduction in risk would take a full eight years of post-conflict peace.
- In terms of the effect on the risk of civil war, moving the level of economic freedom from the twenty-fifth to the seventy-fifth percentile has the same impact as moving from the twenty-fifth to the seventy-fifth percentile in per capita income distribution.

Although the war-averting effect of greater economic freedom is comparable to that of higher per capita income, it is presumably much easier for a country to reduce the risk of war by improving policies and building institutions, such as instituting proper macro-economic management by independent central banks, organising a credible commitment to property rights, and ensuring the freedom of markets for trade and investment from endogenous sources. Such processes are also more likely to generate the wealth that would help lower the risk of war. Notice, however, that the type of political regime does not explain the risk of civil war onset when economic governance is included in the model.

Next, I examine the effect of economic freedom on the level of political repression of people’s rights by governments, an indirect indicator of the level of social dissent in a country. Since some have criticised quantitative analyses for using civil war data that is defined as contests between rebels and governments with arbitrary thresholds as well as ignoring other forms of violence, particularly state perpetrated violence (see Zartman 2011, in this issue), I use a measure of political repression. As can be seen in Table 2, economic freedom has a statistically significant dampening effect on political repression – a result that is unaffected by per capita income or other relevant controls.13 And, as in the previous analysis, the
presence of good institutions had no effect on the interaction between economic freedom and political repression.\textsuperscript{14}

The direct substantive effects of economic freedom are large. For comparison’s sake, if all the nations in the world were frozen at the mean level of economic freedom (holding all other variables equal), and if economic freedom alone were changed to its maximum value, one could expect a 60% reduction in the risk of political repression.\textsuperscript{15} Remarkably, this is twice the impact associated with a shift from the average level of civil war to a world free of civil wars. Again, a number of different factors, such as the lack of corruption and bureaucratic quality were added to the model but economic freedom’s effect remained unchanged.

In summary, economic freedom lowers the risk of an onset of violent conflict. The statistical effect remains robust to a number of specification changes, and the net effect of economic freedom is larger and more significant than is per capita income level and regime type. Economic freedom also reduces political repression, which suggests that the peace effect of economic freedom is not working

\begin{table}
\centering
\caption{The effect of economic freedom on political repression, 1981–2006}
\begin{tabular}{ll}
\hline
Variable & Effect on political repression \\
\hline
Economic freedom $t-1$ & $-0.33$ \\
& ($-3.0$)*** \\
Oil exporter & $0.57$ \\
& ($2.0$)** \\
Per capita income $t-1$ (log) & $-0.35$ \\
& ($-4.4$)*** \\
Growth in per capita income $t-1$ & $-0.01$ \\
& ($-0.9$) \\
Democracy $t-1$ & $-0.97$ \\
& ($-5.0$)*** \\
Autocracy $t-1$ & $-.16$ \\
& ($-.77$) \\
Population size $t-1$ (log) & $0.38$ \\
& ($6.7$)*** \\
Ethnic fractionalisation & $-0.45$ \\
& ($-1.3$) \\
Civil war $t-1$ & $2.4$ \\
& ($9.4$)*** \\
Number of observations & 2,644 \\
Number of countries & 122 \\
\hline
\end{tabular}
\end{table}

\textit{Sources:} Data were drawn from World Bank 2007, Fearon and Laitin 2003, and Gurr and Jaggers 1995.

\textit{Notes:} Panel-corrected z-statistics are in parentheses. Year dummies (not shown) were computed with all tests.

\textit{***} $p < .01$, \textit{**} $p < .05$. 

presence of good institutions had no effect on the interaction between economic freedom and political repression.
through a repression effect since rulers can suppress violence by using a heavy hand against the mobilisation of dissent. Under conditions of fewer market distortions, thus, and fairer economic governance that reflects liberal values of free-market competition and respect for property, people seem to dissent less and states seem to repress less, lessening the trinity of means, motive, and opportunity for committing socially-costly violent conflict.

Conclusion

Scholars of the economics of civil war, such as Collier and Hoeffler (2004), argue that finance for organising violence is critical to understanding why it occurs. This article argues that ‘rebellion-specific capital’ is more than finance, and a broader perspective of how an economy is governed is necessary to understand the nature of insurgency because the payoffs to whether or not potential rebels start violence or legitimate businesses are dependent on factors governing economic life. I have argued that economic autarky leads to the build-up of rebellion-specific capital that is destabilising because it makes violent conflict more feasible in a broader sense. Indeed, the correlation between oil wealth and conflict is likely due to the fact that oil wealth is associated with top-heavy, autarchic economies that lead to thin market integration of regions and peoples where private economic activity is constrained. The empirical results show that economic freedom has a statistically significant negative effect on the onset of conflict and the violations of physical integrity rights of people by states, net of good institutions and per capita income, proxies often used to measure state capacity for deterring insurgency.

A number of observers have rejected the idea of using economic liberalisation as a blueprint for building better states, principally because such freedoms may be temporarily destabilising, even if they are desirable in the long run (Cramer 2009; Paris 2004). The critics of ‘liberal peace’ (see Pugh 2011, in this issue, for an outline of this concept) argue that nascent state institutions should be allowed to become institutionalised before economic liberalisation. The dilemma is that such institutionalisation can occur only after institutions that would serve particular functions – such as ensuring the enforcement of the proper ‘rules of the game’ within the polity and economy – are put in place. Privatisation, for example, should begin at some point before it becomes institutionalised: it is the very success of nascent institutions that allows them to develop legitimacy – and, eventually, to become institutionalised. Germany and Japan, for example, still cleave to many of the institutions that were imported (and even imposed) during the post-war years for one simple reason: they worked.

It might very well be that impartial, market-supporting institutions are hard to establish under the lawless conditions that characterise post-conflict societies, but to assume that market-supporting institutions should therefore not be established would be to confuse the symptoms of the disease with its cause. Where rent seeking is the norm, powerful actors will naturally resist the creation of impartial institutions that support markets, but the end of conflict certainly offers a great opportunity to impose such institutions from outside, as was the case with Germany and Japan. Fairer economic governance, as Adam Smith and other
liberals noticed centuries earlier, increases social wealth and reduces costly social
behaviour at the same time as it increases state capacity in a virtuous cycle – as if
by a hidden hand.

Acknowledgement

I thank the editors for valuable comments and suggestions. Only I am to blame for
any errors.

Notes

1 The theoretical arguments and the empirical evidence discussed here have been presented
in greater detail in de Soysa and Fjelde (2010).
2 The data are taken from the Uppsala Conflict Data Project (UCDP), available at
www.pcr.uu.se.
3 See the excellent discussion of theory and empirics of various causal factors in Hoeffler
4 For the Gini index, see Central Intelligence Agency, ‘Distribution of Family Income –
Gini Index,’ The World Factbook, available at:https://www.cia.gov/library/publications/the-
world-factbook/fields/2172.html.
5 For an explication of the proposition that conflict entrepreneurs might start rebellion for
private gain, see Hoeffler (2011, in this issue).
6 Deadweight loss is the economic activity that would be prevented because of excessive
taxation or other economic distortion. These deadweight losses are picked up in shadow
economies.
7 For a comparative view of warlordism, see Marten (2006).
8 For detailed explanation of the data and methods, see de Soysa and Fjelde (2010).
9 These data, which were obtained from the Fraser Institute, are available for five-year
intervals until 2000 and at one-year intervals thereafter. For the period between 1970 and
2000, interpolations were made for the time between the five-year intervals. For full details
on the data, see the Fraser Institute’s website, www.freetheworld.com/.
10 Conflict onset refers to the onset of an armed conflict involving organised rebel group(s)
and state authorities where at least twenty-five battle deaths have occurred in a single year.
We also include internationalised civil wars in this category.
11 For full details of this and other tests, see de Soysa and Fjelde (2010).
12 All variables apart from economic freedom, income, and conflict history were held at
their mean. All substantive effects were estimated using Clarify (King, Tomz, and Witten-
berg 2000).
13 There are many studies on the determinants of human rights violations. See Cingranelli
and Richards (1999) and de Soysa and Nordås (2007) for reviews of this literature. I stay as
close as possible to the standard models explaining political repression. The alternative to
the CIRI data, the political terror scale (PTS), yields the exact same results (see replication
data). For details on CIRI, visit http://ciri.binghamton.edu/, and for PTS, see http://
www.politicalterrorscale.org/.
14 Most of the results confirm previous findings. Per capita income has a strong negative
effect on repression, as does democracy. Population size and ongoing civil war, on the other
hand, show positive effects on repression, as reported also by others (see, e.g., Landman
2005). Adding a plethora of other variables, such as a British legal system and the history of
conflict made little difference to the result on economic freedom.
Marginal effects were computed as follows: 1) starting with a predicted probability for the model (at the value of 5 on the CIRI scale, which is roughly the mean of the sample); 2) holding all the control variables at their mean values; 3) re-computing the original prediction, using the maximum value of economic freedom while holding all other variables at their means; then 4) examining the differences between the two predictions.

For an excellent discussion of how good institutions of governance emerge under conditions of private ownership of natural resources, which in turn mitigates the ‘resource curse’, see Luong and Weinthal (2010).

References


