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# COVID-19 and Conflict: Major Risks and Policy Responses

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## 1 The Shape of Things to Come: Conflict Risks Heightened by COVID-19

While in the very short-run some COVID-19 induced sanitary measures, such as lockdowns, may (mechanically) reduce the scope for political violence, in this essay we shall argue that in the medium- and long-run the COVID-19 pandemic entails the risk of heightening the likelihood of conflict. In particular, in what follows we shall outline through what main channels the current COVID-19 pandemic may result in higher conflict risk. We shall distinguish between four major dimensions, namely i) spiking poverty, ii) education under stress, iii) potential for repression, and iv) reduced inter-dependence. After discussing them in turn, policy recommendations on attenuating these risks will be formulated.

A typical feature of canonical conflict models is that poverty, low human capital and lack of economic perspectives and opportunities provide a fertile breeding ground for conflict (see Hirshleifer 2001; Konrad 2009). When lawful employment and integrating the labour force only yields dismal returns – barely enough to survive – the opportunity cost of leaving productive activities and becoming a combatant is low. A person who is poor, desperate and destitute may on average more easily be coaxed into leaving legal employment. Having large fringes of the population suffering from poverty may hence make it easier and cheaper to recruit a rebel army. Empirical results have by and large been in line with this standard prediction of conflict theory, as there is indeed a

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strong association between poverty and conflict. As surveyed by Dell, Jones, and Olken (2014), there is ample evidence of negative income shocks fuelling political violence, and as argued by Collier, Hoeffler, and Rohner (2009), poverty is empirically a key risk factor making an armed challenge to the state feasible.

*COVID-19 entails a major risk of aggravating poverty and inequality.* While in many countries parts of the labour force are barely affected economically by the pandemic – working remotely in secure jobs at full pay – those in temporary, informal or precarious employment are often hit hardest. Many of these jobs are gone for good and in many instances, there is not much of a social safety net allowing for the newly unemployed to maintain an income close to pre-pandemic levels. As highlighted by historical examples of major economic crises, those who have lost everything and lack perspectives for prosperity can be easy prey for political manipulation and radicalisation. This is powerfully illustrated by the expansion of fascist movements during the 1930s following the 1929 stock market crash and the subsequent great depression.<sup>1</sup> Today's era is characterized by widespread populist movements and it is not far-fetched that COVID-19 induced poverty spikes could fuel electoral support of populists (see Guiso et al. 2020) and thereby aggravate the stirring of political hatred and inter-group tensions.

*A second, related risk is that universal schooling comes under strain during the pandemic.* As found in recent research (Rohner and Saia 2020), education can constitute a powerful rampart against inter-group conflict. When compulsory public schooling gets now discontinued for sanitary reasons, this entails the risk of parts of the population being stuck with substantially reduced human capital and dismal job market perspectives. As argued above, this can reduce the opportunity cost of “swapping the plough for the rifle”. While the risks linked to acute poverty spikes described above may kick in very rapidly, the impact of the human capital gap may be resented only later – yet could have longer-lasting negative implications. Another notable feature of this risk is that it may hit different places and population groups very differently – those from a privileged background may be barely affected (with home-schooling by educated parents, privately hired educators or online schooling making up for face-to-face interaction in schools), while poor population groups in poor countries may be disproportionately hit. This may further aggravate inequalities both in terms of education and eventually in income, with such a rise in inequalities persisting potentially over time.

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<sup>1</sup> While fascist movements started in some cases already in the 1920s (take e.g. Benito Mussolini who came to power in 1922), the 1930s were a time of fascist expansion and – e.g. in the case of Adolf Hitler's NSDAP—of grab of power.

*A third major political risk of the COVID-19 pandemic is mounting repression, strains on freedom of expression and hollowing out of democracy.*<sup>2</sup> Already before the beginning of the COVID-19 pandemic, democracy worldwide has been under severe stress, with overall global democracy scores displaying negative trends for the last 10 years (see Laurent-Lucchetti, Rohner, and Thoenig 2020, for a discussion of democracy trends and a rationale and evidence of why democracy fosters peace). There is a very real and substantial risk that this negative tendency could be further aggravated by COVID-19. The reason is that legitimate sanitary concerns call for social distancing and for avoiding too large accumulations of people. This, however, provides a formidable pretext for (would-be) autocrats to restrain the freedom of assembly. In the same vein, contact tracing constitutes a powerful tool for limiting the spread of infections. Again, however, contact tracing can also help autocratic regimes extending their grip on society by building up water-tight surveillance. Finally, it is attractive for political leaders to carry out unpopular measures when “the world is not watching” (Durante and Zhuravskaya 2018). This is typically frequently the case during a situation of acute crisis, such as the current COVID-19 pandemic, where the main focus of many governments lies on putting in place the appropriate domestic sanitary measures.

*Last, but not least, international cooperation, inter-dependence and trade may suffer from the COVID-19 pandemic.* Drawing on the classic liberal argument of inter-dependence fostering peace, a series of articles (Martin, Mayer, and Thoenig 2008; Polachek 1980; Rohner, Mathias, and Thoenig 2013), have found in formal game-theoretic models and empirical analysis that inter-group business and bilateral trade can promote peace between two countries or groups. The rationale is that inter-dependence increases the opportunity costs of engaging in a conflict with the other party, as this would result in forgone economics gains. Beyond the existing econometric results, the creation of the European Coal and Steel Community (ECSC) – giving eventually birth to the European Union – is a telling example of how bottom-up economic interaction and growing inter-dependence and trust building can drive down the risk of renewed wars. Put bluntly, by making war costlier, trade can contribute to peace. The trouble with the current situation is that governments may – in reply to epidemiological considerations– choose to close borders and rely to a larger extent on domestic production (fearing the disruption of global supply chains). While the sanitary logic is understandable, this entails the negative side effect of making the world less integrated, and diminished inter-dependence and dropping trade flows reduce the conflict costs of

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<sup>2</sup> In the current special issue, the article of Coyne and Yatsyshina (2020) focuses on the related question of “Pandemic Police States”.

forgone trade, and hence weaken the business ramparts against renewed domestic or international wars.

## 2 What Policy Replies can Attenuate These COVID-19 Related Political Risks?

As far as the threat of rising poverty and inequality is concerned, an important first principle to keep in mind is that COVID-19 should be seen as an unanticipated shock hitting different people and professions differently. Whether economically one is hit harder or barely affected is largely beyond individual control. While for example many academics or IT specialists have been able to carry on working at full pay, independent owners of small businesses (think e.g. of a restaurant or barber shop) or working in the informal sector have been severely hit. Given that a year ago literally nobody could anticipate a pandemic of such a scale, being economically hit harder or softer can be seen as above all a question of bad luck, largely free of any moral hazard (nobody self-selected into a profession in 2019, anticipating the COVID-19 pandemic). Hence, it makes sense to regard this unanticipated negative and idiosyncratically heterogeneous shock as a textbook case for insurance at the society level.<sup>3</sup> This calls for solidarity and for smoothing the COVID-19 shock through fiscally financed redistribution. Those hit less by COVID-19 will have a higher taxable income, and will hence pay higher taxes than those hit hardest, and social spending can make sure that there exists a functioning social safety net to prevent the sliding into poverty of those most unfortunate. General anti-poverty measures and support of those hit hardest by COVID-19 allow to prevent a spike in poverty and inequality, which is a goal in itself, and on top of that attenuate the risk of a surge in the risk of political violence.

When it comes to preventing the depletion of human capital, it is important to put much emphasis and priority on making sure that universal school access is guaranteed. In current policy debates schooling quality and access is often seen as a less urgent and forefront matter during the COVID-19 pandemic, but it would be shortsighted to take the risk of substantial human capital depletion. In situations, where sanitary worries rule out face-to-face teaching, it is important to invest in facilities for efficient distance learning. While it is understandable that in the most acute phases of the pandemic flattening the curve of infections and economic

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<sup>3</sup> This argument has been made in more detail in the following VOXEU column: <https://voxeu.org/article/economics-wage-compensation-and-corona-loans>.

survival are the dominant considerations, it is still key to not forget investments in human capital that will matter very heavily in the medium and long-run, not just economically, but also in terms of fostering peace, as discussed above.

Addressing the third aforementioned risk factor – (would-be) autocrats exploiting epidemiological measures for hollowing out checks and balances— is particularly difficult. The fact that there are legitimate sanitary reasons for social distancing and contact tracing make it harder to disentangle efficient health policies for politically-motivated crack-downs. In the cases where it becomes clear that democracy is being demolished under the pretext of fighting the pandemic (e.g. when states of emergency suspending the rule of law are in place longer than judged necessary by leading epidemiologists or when online freedom of expression is targeted despite being unrelated to social distancing), it is important for democratic countries and global public opinion to clearly voice their disapproval and signal negative consequences for the politicians making their country sliding down a slippery slope towards dictatorship.

Finally, international cooperation and coordination remain as important as ever – especially in periods of crises. While it may be tempting for populist governments to designate foreign countries as scapegoats, and stir up tensions, the effects of bad coordination of measures can be self-defeating for combating the pandemic. In addition, low-level social tensions may escalate into even more dangerous international disputes. A key role in fighting COVID-19 is played by international organizations such as the United Nations and the World Health Organization (WHO). Especially as far as the WHO is concerned, its scientific leadership on sanitary measures has the potential to play a crucial role of coordination. As long as no vaccine or reliable treatment exists against COVID-19, the only hope of containment lies in a global application of efficient sanitary measures. If some countries do not follow health recommendations of the leading scientists on COVID-19, this entails the risk of ever persisting breeding grounds for new infection hotspots that then with high probability sooner or later spread elsewhere. As has been seen at the beginning of the pandemic, even the full shutdown of the city of Wuhan in China did not suffice to limit the global spread of the virus, which highlights that one country alone – as closed and autarkic it strives to be—will have a hard time to isolate itself from COVID-19 and defeat the virus on its own. If there is one lesson from this, global threats like COVID-19 (or climate change, for the matter) are best fought globally – with countries around the world coordinating their efforts and showing solidarity in helping out harder hit regions.

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**Supplementary Material:** The online version of this article offers supplementary material (<https://doi.org/10.1515/peps-2020-0043>).