“It has been said that arguing against globalization is like arguing against the laws of gravity”

— Kofi Annan

A qualitative case study on the relationship between economic globalization and social conflicts in Benin and Zambia

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Abstract: Economic globalization is said to promote peace and prosperity while reducing poverty and deter conflicts. Liberal scholars argue that economic globalization is more important than good governance/democracy for deterring conflict, and that the pacifying effects of economic globalization are universal. Dependency theorists on the other hand, argue that economic globalization is only beneficial for the core countries of the world while the periphery countries are being exploited of resources in exchange for instability and inequality. However, if economic globalization is more important than good governance and democracy, why then are there many developing countries with high levels of economic globalization and poverty and conflict? This study set out to examine the relationship between economic globalization and social conflicts in developing countries and found that the likelihood of social conflict increases with higher levels of economic globalization in developing countries.

The study is structured as following: The first part introduces economic globalization, research gap, research question and previous literature on the independent and dependent variable, as well as inequalities which is central to the causal mechanism. The second section presents previous theories on economic globalization, followed by the theory and causal story of this study and ends by presenting the definitions of the central concepts. The third section covers the research design and operationalization of variables. The fourth section contains the case studies, results and analysis and the fifth section concludes the study with summary, conclusion and policy implications.

1.1. Introduction

1.1.2. Motivation for research question

Economic globalization is said to promote peace and prosperity while reducing poverty and deter conflict, both between and within countries. Studies show that countries which are more economically globalized are less likely to experience civil war. Therefore, the liberal conclusion is that economic globalization must have a pacifying effect in the long run (Fjelde and de Soysa, 2010:296). However, these findings do not explain why developing countries with high levels of economic globalization; Angola, Rep. Congo, Nigeria, Yemen etc., suffer from severe poverty and intrastate conflicts. This raises questions whether the effects of economic globalization, which can be seen in well-developed countries, are the same for countries without fundamental factors of stability.

Even though there is substantial economic growth and most African countries are becoming more economically globalized, the resource-rich continent remains the poorest and most conflict-
prone on earth. Economic scholars like Korten (1995) and Joseph Stiglitz (2006), former chief economist at the World Bank, argue that economic globalization may promote economic growth, but a high GDP does not mean that all people benefit from the wealth. Stiglitz maintain that the current shape of economic globalization creates rich countries with poor people and large-scale inequalities (Stiglitz, 2006:63). Correspondingly, although global poverty has declined since 2001 and the world has become wealthier, the gap between rich and poor has increased. In 2017, Credit Suisse reported that 70.1 percent of the world's adult population owns only 3 percent of global wealth, while the wealthiest 8.6 percent hold 85.6 percent of global wealth (Inequality.org, 2017). In 2004, the World Commission on the Social Dimensions of Globalization reported that 59 percent of the world's population is living in countries with growing inequalities and unemployment, which continue to grow, as a result of economic globalization (Stiglitz, 2006:9, ILO, 2015).

It is clear that economic globalization has brought plenty of improvements to the world, however, it is also clear that those improvements are unequally distributed. Therefore, if economic globalization comes with consequences that undermine its own intentions, then it is of high importance to further examine not only its positive effects, but also the negative impacts. Not only to understand how the mechanisms of economic globalization may reinforce inequality, poverty and conflict, but also for the purpose of formulating better and more inclusive policies for the global economy in the future.

1.1.3. Purpose of the study

Previous studies on economic globalization have been large-N quantitative studies, focusing on economic globalization and civil war. However, economic globalization is not only said to deter war, it is also said to reduce poverty and deter conflict. Since there are many developing countries with high levels of economic globalization and intrastate conflicts, the theoretical argument of this study will build upon arguments posed by those scholars who argue that economic globalization benefits the rich at the expense of the vast majority of people.

It is important to accentuate that economic globalization may not cause civil war; although grievances and relative deprivations are well-studied reasons for why some groups decide to take up arms and fight the government (Collier, Hoeffler and Söderbom, 2004), the step from relative deprivations to civil war is rather large. Thus, this study argues that inequalities stemming from economic globalization are more likely to first lead to social conflict such as protest and riots, which may escalate into violent conflict/war depending on context, history, social norms etc. Therefore,
this study will engage in the debate by examining the dynamics of economic globalization in developing countries through the research question:

**What is the relationship between economic globalization and social conflict in developing countries?**

This study aims to contribute to the research field by providing a possible causal explanation as to why economic globalization has not managed to reduce poverty and develop, stabilize and bring peace to developing countries that are dependent on, and trading with, natural resources. Since most developing countries and natural resources are extracted and exported from the African continent, the scope of this study will include developing countries in sub-Saharan Africa.

1.1.4. Previous literature on economic globalization

Economic globalization is a well-studied topic within the economic-, international- and peace and conflict fields. However, the civil war literature on the effects of economic globalization present competing theoretical expectations and results: 1) economic globalization deters civil war 2) economic globalization increases the risk of civil war 3) economic globalization has no effect on civil war (Barbieri and Reuveny, 2005:1228).

Liberal scholars argue that economic globalization and an unregulated market will reduce poverty, bolster economic growth and deter conflicts between and within countries. Studies find that economic freedom is more important than good governance and democracy for deterring conflict (Fjelde and de Soysa, 2010:288) and the outcome of economic globalization and trade-relationships depends on what is being traded and on the symmetry of trade agreements. The gains from trade are most mutually beneficial and pacifying if there is a symmetrical relationship and the two trading states are of similar size and have equal power in the trade-relationship (Hegre 2004:427, Barbieri and Reuveny, 2005). Some find that a larger amount of trading countries decreases the likelihood of conflicts, while others find that the pacifying effects of trade declines in a trading system with multiple countries/actors (Hegre, 2002:113-114). Other studies found that economic globalization might have a dual effect and that higher levels of economic globalization is related to peace while changes in level of economic globalization is linked to political and social instability (Bussmann and Schneider, 2007:94).
Contrary, economic scholars find that unless economic globalization and openness is accompanied by improvements in a country’s financial-, institutional-, infrastructural-, and educational institutions economic openness and growth will cause social and/or political instability (Gu and Dong, 2011:1009-1010, Samimi and Jenatabadi, 2014:3). Moreover, studies have found that benefits from globalization are strongly reliant on a country’s ability to position itself on the global market. Chances of conflicts are higher if a country is trapped in the lower spectrum of the global market (Hausmann et.al, 2005:15) and the export of manufactured goods generates wealth and equality whereas export of raw-material fuel poverty and inequality (Gissinger and Gleditsch, 1999:327). Additionally, when a country is more economically globalized it is more vulnerable to external trade shocks and price changes, which increase the risk of civil conflict further (Cali and Mulabdic, 2017).

1.1.5. Previous literature on social conflict

Why do people protest? Social psychologists have conducted several studies aiming to explain why people are prepared to sacrifice time, wealth, health and sometimes even their lives for a common cause. Studies have found that people live in a perceived world and react depending on how they interpret their surroundings. This explains why people act and react differently to similar situations/events that unfold. Traditional theories on social protest assert that people join protests in order to express “grievances stemming from relative deprivation, frustration and/or perceived injustice” (van Stekelenburg and Klandermans, 2013:886-887).

In line with basic grievance theory, if a person believes that their own situation is worse than they deserve or are entitled to, relative deprivation is experienced and they may choose to act in order to change their situation. When personal-, and group grievances coincide and when people are treated badly, the incentives for participating in protests increase. Moreover, distributive and procedural justice are vital factors in the decision to participate or not in protests. People who are cynical towards the government but believe that they are being treated fairly are less likely to join protest, while those who believe that they are being unfairly treated are more likely to protest.

Moreover, by organizing and participating in protest people acquire knowledge on how political institutions function. This creates social capital. Putnam describes this as “resources embedded in a social structure which are accessed and or mobilized in purposive action” (Ibid, 2013:887-890) and the more social capital a group has the more likely they are to use it for the common good. However, grievances, relative deprivation and illegitimate inequality lay at the heart of social conflict theories (van Stekelenburg and Klandermans, 2013:888, 896).
1.1.6. Previous literature on inequalities and corruption

Socio-economic inequalities are closely related to unequal access and ownership of “monetary-, natural resource-, income and employment opportunities” including education, health-services and housing (Brown and Langer 2010:29). Moreover, horizontal inequalities endure, not due to deliberate political choices or unequal division of power, but because inequalities are the consequences of economic forces and mechanisms (Ibid, 2010:50). Rising inequalities have been found to hamper poverty reduction and as inequalities are often reproduced over time, an initial advantage allows for better access to resources, education, health-care etc., which makes privileged groups able to secure future benefits and advantages. Studies also find a significant relationship between inequalities, social disorder and political violence such as riots, strikes and terrorism (Østby, 2013:207 215, 223-225).

Studies examining how corruption affects the economy and the legal and democratic system assume that corruption violates the basic democratic doctrine in terms of equality, accountability and fairness. Hence, it weakens the legitimacy of the political system and leads people to distrust the government. Most people are unaware of how corrupt their governments are, but their perception of corruption strongly influence how they evaluate their political system and government performance (Anderson and Tverdova, 2003:104). Moreover, the process of economic globalization, promoted by Western governments and agencies, helps Multinational Corporations (MNC) to operate globally with impunity. Therefore, if and when MNC’s engage in corrupt activities/bribery they export corruption to developing countries where it undermines local democratic processes while increasing levels of poverty and inequality (Hawley, 2000:1-6).

2.1. Theory

2.1.2. Previous theories on economic globalization and conflict

Liberal economic theory, which is the foundation of economic globalizations, is based on the argument that economic globalization with free trading relationships is universally beneficial and has a pacifying effect on inter and intrastate relations. This is due to the fact that conflicts interrupt the flow of capital, and since economic gains are perceived as the primary factor of importance for human welfare and wellbeing, any rational actor would avoid conflict. The theory assumes that trade is occurring on a voluntary basis where both trading-partners benefit from the trade and therefore, if the trade-relationship is not beneficial one can, as a rational actor, withdraw from the trade-relationship. Although the liberal theory claims that everyone will be better off under
economic liberalization/globalization it does not promise that everyone will benefit equally (Barbieri, 2001:11, 22-23).

Contrary thereto, dependency theorists argue that trade and participation on the global market is not universally voluntarily and that developing countries, as a consequence of historical and colonial structures and relationships, are anything but free actors on the market and are therefore unable to benefit from economic globalization (Barbieri, 2001:28-29). Some argue that economic globalization, trade and foreign direct investments into periphery economies lead to the exploitation of natural resources and local populations, while transferring the majority of profit back to the core economies of the world, which generates and increases economic inequality between and within countries (Gissinger and Gleditsch, 1999: 327, 334). Moreover, if the universally pacifying effect of trade is correct, the effects and evidence thereof should “hold up across different samples, historical domains, conditions established through the use of control variables, and dimensions of trade dependence captured in related measures” (Barbieri, 2001:126).

Economic scholars emphasize that whether economic globalization and growth have a destructive or beneficial effect is strongly dependent on the level of progress in financial-, institutional-, infrastructural-, and educational development of a country and the governmental ability to distribute common goods to the population. They accentuate that unless economic globalization is accompanied by development in those sectors, it may cause political or social instability (Samimi and Jenatabadi, 2014:3, Gu and Dong, 2011:1009-1010).

2.1.3. Theoretical claim and causal story

This paper is examining the relationship between economic globalization and social conflict in developing countries. The current shape of economic globalization may have a pacifying effect in highly developed nations where the public sector is able to administrate the flow of capital while managing distribution of social services to the population. An open market is profoundly dependent on a large and strong public sector, not only for maintaining stability and peace, but also to protect property rights, enforce regulation and most essentially, protect people from the uncertainties and economical risks that comes with a free international market (Rodrik, 2011: 59-65, 103). Therefore, the same kind of globalization which is pacifying in developed countries, might have the opposite effect in developing countries which became economically globalized before they reached high levels of human development and where the public sector tends to be small, corrupt and inefficient.
The theoretical argument and causal story are built on the following reasoning: Considering that there is an international (and national) pressure on developing countries to develop democratic states, with democratic institutions, there are also public expectations on those democratic governments to deliver social services. However, the process of simultaneously developing democratic states/institutions and becoming more economically globalized is a clear-cut paradox.

On the one hand, the state is expected to provide social services to its citizen, on the other, economic globalization reduce state power/control over the domestic economy. In other words, the state is expected to provide more services with fewer resources. Moreover, most private-companies have little interest in providing higher salaries, pensions, better conditions, social services or protect the environment unless they are required to do so. In line with the scope of this study, when countries that rely on export of natural resources become more economically globalized, resources are extracted and exported abroad, along with the majority of revenues (as refinery-endustries are not usually in the same country or on the same continent and resources are much more valuable after being refined), while little or no revenues are returned to the local population. Instead, elite individuals, groups and corporations who control/own the natural resources and refineries benefit while the poor become poorer as the opportunities and access to resources and revenues remain with the already rich. Therefore, economic globalization may increase elite benefit, inequalities, poverty and corruption, which, in turn, work as the causal mechanism between economic globalization and social conflict in developing countries.

2.1.4 Arrow diagram illustrating the proposed theory

![Diagram](attachment://arrow_diagram.png)

This theoretical argument helps to explain why the process of economic globalization has had such a different effect in developing countries, and why higher levels of economic globalization may increase the likelihood of social conflicts in developing countries. Therefore, this study will examine the relationship between economic globalization and social conflict, in terms of strikes and protests which are related to economic issues. The testable implication/hypothesis that is drawn from this theoretical argument is as follows:

**H1:** Higher levels of economic globalization in developing countries increase the likelihood of social conflict.
2.1.5. Diagram of the hypothetical causal mechanism

* It is widely known that colonialism disadvantage the African continent in terms of socio-economic development (Noyoo, 2010:8). Therefore, even though colonialism is not central in this study, it is included as a precondition of developing countries in Africa and thus included in the causal mechanism.

2.1.6. Definition of central concepts

Globalization is a multidimensional concept defined as the process of interaction and integration among the people, cultures, ideas, knowledge, environment, economies, companies and governments of different nations (Levin Institute, 2017, Stiglitz, 2006:4). Even though this study focuses specifically on economic globalization it is important to remember that globalization is not one isolated factor that only affects one other component. Globalization encompasses every level of every society worldwide. However, for the purpose of this study, a more specific definition of economic globalization will be used.
Economic Globalization is defined as the global integration of economies through financial flows, investments and trade (IMF, 2000). Social Conflict is defined as strikes protests or riots with social, economic, or political motives (African Economic Outlook, 2017:312). The three control variables are: Corruption, defined as “the abuse of high-level power that benefits the few at the expense of the many, and causes serious and widespread harm to individuals and society” (Transparency International, 2017c). Democracy, defined as a polity where the “basic right of citizenship is to be exercised under conditions of freedom, equality, transparency and responsibility […] founded on the right of everyone to take part in the management of public affairs” (Inter-Parliamentary Council, 1997). Government Effectiveness, defined as the “perceptions of the quality of public and civil services, and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies” (Global Economy, 2017).

3.1. Research Design

This study sets out to examine the relationship between economic globalization and social conflict. It is a theory-driven comparative small-n qualitative empirical study with a particular interest in if higher levels of economic globalization cause social conflicts in developing countries. The study will examine the relationship between economic globalization and social conflicts between 2000-2014, since this time period represents a relevant and modern era of globalization and is therefore significant for current policy implications.

The chosen method for this study is a Structured Focused Comparison (SFC) which allows for in-depth examinations going beyond figures and numbers. However, data and indicators from various indexes will be used as proxies for the purpose of operationalizing the variables and provide coherent and comparable data. The answers to the questions posed to both cases in the case-study will provide a more in-depth analysis of the relationship.

3.1.2. Operationalization of independent variable (IV)

Economic Globalization, will be operationalized through the KOF-index which measures all “long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges” (KOF, 2017b) on a scale from 0-100, where 100 is fully globalized. The index was last updated in 2017 and provides data on economic globalization based on (1) actual economic flows including data on trade, foreign direct investment and portfolio investments, including the
sum of export/import, a nation’s total stock of financial assets and liabilities normalized by GDP, income payments to foreign nationals and capital in order to account for the extent to which foreigners are employed in the production processes (2) restrictions on trade and the use of capital, including import barriers, mean-tariffs, taxes on international trade, and capital controls.

All data is collected from the World Bank, IMF and the World Economic Forum’s Global Competitiveness Report (KOF, 2017b). The KOF-index is considered to be a measurement of high validity since it includes all relevant (defined) factors of the independent variable and represents the essence of economic globalization in a global context where all countries are measured on the same basis. It is also considered reliable since the index is built on existing data on financial flows from previous years and all countries are evaluated on the same criteria. What could be considered unreliable is that there are (most likely) informal trade deals and financial flows, such as tax evasions, bribes etc., that are not documented or included in those databases which affects the economic situation in the country of question. However, undocumented flows of capital and goods are somewhat accounted for by including levels of corruption as a control variable.

3.1.3. Operationalization of dependent variable (DV)

Social Conflict will be operationalized as protest and riot against government institutions or other political entities, business or private institutions, with social, economic and/or political motives which are carried out by civil society actors. Data will be retrieved from the Armed Conflict Location and Event Data Project (ACLED) codebook where protests and riots are a combined category including two kinds of events: (1) non-violent protests and (2) violent riots. ACLED is collecting information and data from: (1) local, regional, national and continental media which is reviewed on a daily basis, (2) NGO reports and (3) Africa-focused news reports and analysis.

ACLED is considered to be a reliable measurement for social conflicts, with 37,583 observations between 1997-2016, and data is collected based on the same criteria for all countries and events. It is also considered a valid measurement of social conflict since the operationalization captures the theoretical definition of social conflict.

3.1.4. Operationalization of control variables and inequality

Democracy is operationalized by The Economist Intelligence Unit’s Democracy index (2013) measuring how well a government performs in terms of the electoral process and pluralism, functioning of the government, political participation and political culture/civil liberties.
Corruption is measured by Transparency International’s global ranking. Government effectiveness is operationalized through the World Bank’s governance indicators capturing how effectively governments perform, formulate and implement policies, and how well they respect their citizens and the institutions that govern economic and social interactions among them (World Bank, 2017a).

Inequality is the central factor of the causal mechanism and will be operationalized through the Palma Ratio, which is “the ratio of the income share of the top 10 percent to that of the bottom 40 percent” (Cobham, 2013). The middle 50 percent of a population tend to have a relative stable share of national income across time and space, while economical changes and consequences mainly apply to the richest and poorest. Therefore, using the Palma Ratio better captures the inequality-gap between rich and poor within a country. There is no fixed scale for the Palma Ratio, however, 0 is the most equal, while the most unequal countries score 7 or higher (Cobham, 2013).

3.1.5. Sources of empirical material and data

Data for the independent variable will be collected from the KOF-index, whose methods of data collection are explained in the operationalization of the IV. Data on trade will be collected from IMF, World Bank and from the Chatham House database comprising data on trade with raw materials from the International Merchandise Trade statistics (IMTS) and the United Nations Commodity Trade Statistic Database (UN Comtrade) (Chatham House, 2017a). Data for the dependent variable will be collected from the ACLED. Empirical data for the remaining variables, will be retrieved from the United Nations Development Program (UNDP) database, Chatham House, the World Bank, Transparency International, the Global Economy database, the African Development Bank, country reports, news and scholarly articles, NGO’s, international organizations and various case-study books on development etc.

All sources are secondary sources meaning that there is a range of interpretation of events that potentially influences how events are described, and therefore there are several potential biases. Firstly, the information that is analysed in the study is included due to selection-bias in formulating questions for the SFC. Therefore, other factors that are excluded might be able to explain variation in the dependent variable based on other causes. Secondly, even though the occurrence of protests/riots that are included and compared are all related to social, economic or political reasons and carried out by civil society actors, it is not always clear who is protesting/riotting and the reasons for protesting are not always describes in detail. Moreover, ACLED builds on media reports from local, national and regional news-agencies which do not always operate without governmental
influence and hence, the reasons for protesting may not always be correct. As indicators for economic globalization and the control variables are all collected from international institutions they are considered to be relatively unbiased.

3.1.6. Method of analysis

This is a theoretically driven small-n empirical study aiming at explaining the relationship between economic globalization and social conflict in developing countries. In order to test the hypothesis; that higher levels of economic globalization increase the likelihood of social conflict in developing countries, this study will use the method of a Structural Focused Comparison since it allows for an in-depth examination of the causal mechanism and a relatively fair comparison between cases. The method is ‘structured’ in the sense that the researcher asks the same set of general questions in each case that is examined and answer those questions with a standardized data collection which allows for a systematic and parallel comparison of the cases in the search for causal effects (Powner, 2015: 105). The method is ‘focused’ in the sense that it only includes certain aspects of the chosen cases (George and Bennet, 2005: 67).

3.1.7. Cases and case selection

The case selection is based on John Stuart Mill’s ‘most similar case method’, where the chosen cases should be similar in all aspects except the variables of interest. The cases are chosen based on variation in the dependent variable and similarities on control variables which can be held constant, and therefore not explain variation in the dependent variable. By using this approach, it is possible to argue that it is the variation in the one independent variable that is causing the variation in the dependent variable, since we cannot explain variation with constants (Powner, 2015: 105). Moreover, as the cases were chosen based on similarities in the control variables, country and population size is not expected to affect variation in the DV.

The selected cases for this study are Benin and Zambia. Even though several African developing countries have high levels of economic globalization few are similar on factors that are commonly considered to be related to conflict, regime type, history of conflicts, poverty, corruption, levels of development etc. Benin and Zambia were chosen based on similar history, variation in the DV and similar values on the control variables, and since both countries have experienced long periods of peace and relative stability it allows for a fairer comparison of economic factors and how they may affect the likelihood of social conflicts in developing countries.
What can be criticized with regard to this case selection is that neither of the countries has experienced a civil war since independence, and therefore, the generalizability of the theory may not be widely applicable, also, the countries have been colonized by different European powers which has had different consequences in terms of how the country is managed. Therefore, outcomes may not be solely due to economic globalization. However, it can be argued that the theory is applicable to countries that have experienced civil war as well, since economic globalization may increase the risk of social conflict regardless of previous history of conflict.

The chosen time period, 2000-2014, was selected based on several criteria. Firstly, economic globalization has both immediate and long-term effects and therefore, looking at a longer time period better captures economic changes and impacts. Secondly, the world is becoming more economically globalized and so it is more relevant for policy implications to examine the effects of economic globalization in recent times. Thirdly, data on social conflicts has been improved and there are now extended data-series with analysed events of social conflicts from 1997 and onwards (ACLED, 2017). The quality of data on economic globalization has also improved, the KOF index was updated in 2017 and data on trade with natural resources have improved since 2000. Hence, the available data for both the IV and the DV are more reliable and allow for a fairer comparison.

4.1. Case-Studies

The following section presents the case-study of Benin where questions related to the variables are asked in order to gain a better understanding of the relationship between economic globalization and social conflicts. The same questions are posed and answered in the context of Zambia afterwards.

4.1.2. Benin

Located in Western Africa, with a population of approximately 10 million people Benin is one of the poorest countries on earth (World Bank, 2017b). Benin was formerly known as the kingdom of Dahomey where the royals dominated the regional slave trade and traded slaves for manufactured items. Following 1840, competition for resources and land between European imperial powers led the French to engage in military battles against Dahomey. By 1900 new borders had been drawn and Dahomey/Benin fell under French colonial rule. The colonial power enforced new centralized administrative-systems, taxations, laws and forced labour. Young men were conscripted and fought for France in both World Wars. By the end of WWII Benin’s economy
was devastated and the growing discontent became problematic for France. Benin was granted autonomy shortly after WWII, and gained independency in 1960 (Ryan, 2017, BBC, 2017). The following years were dominated by public dismay and power-struggles until Major Mathieu Kerekou seized power in 1972. He ruled Benin with a Marxist-Leninist ideology and remained in power until 1991 (BBC, 2017). Nicephor Soglo was the first democratically elected president and his victory in 1991 marked the first successful transition from autocracy to democracy in Africa. (Freedom House, 2017). Benin has calmly held six presidential-, seven legislative-, and three local elections since then and is considered one of the most peaceful and stable countries in Africa. In 2004, Benin and Nigeria agreed to redraw their shared border and in 2009 Benin announced that they had discovered “significant quantities” of offshore oil reserves close to the Benin-Nigeria border (BBC, 2017).

When Boni Yayi, former president of the regional development bank, was elected in 2006 he pledged to promote transparency, decentralization, privatization of state companies and to end corruption. In 2010, half the National Assembly requested his impeachment as he was suspected of economical fraud. However, the parliament did not have the votes needed to impeach him and even though he remained in power, it was the first time since 1960 that there was political opposition in Benin (Freedom House 2017).

4.1.3 IV: Economic Globalization

_How has the level of economic globalization changed within the chosen time period?_

4.1.3b. Table of economic globalization

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<td>33.13</td>
<td>32.22</td>
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<td>39.73</td>
<td>36.31</td>
<td>38.19</td>
<td>38.84</td>
<td>36.6</td>
<td>38.69</td>
<td>41.51</td>
<td>48.36</td>
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Source: KOF index on Globalization

Despite steady economic growth and substantial increases in levels of economic globalization, the average level (all sums added and divided by 15) of economic globalization is only 35/100 (KOF, 2017a). The total change since 2000 is 17.64 points which, on the one hand is an excessive increase, considering that European countries had an average change of 8 points in the same time, where most highly developed European countries became less economically globalized (KOF, 2017a).

However, an average of 35 points places Benin below the 50 percentiles and the country is considered as having low levels of economic globalization. Even for African countries where levels...
of economic globalization vary between 25-70, with some exceptions of higher levels, whereas the majority of European and North American counties score between 65-90 (KOF, 2017b).

**How has the human development improved in the same time?**

Two decades of substantial economic growth has had modest improvements in human development (Dover, 2017). On the United Nations development index, Benin scored 0.395 in 2000 and 0.485 in 2014, (Norway is most developed with 0.949 points) which makes the country one of the least developed countries on earth, with a global ranking of 167/188 (UNDP, 2017a).

Almost 65 percent of the Beninese population is under 25 years old, fertility rates are high and the use of contraceptives is low. Despite competent health-care personnel for antenatal care and delivery, the high levels of child mortality indicated that there is a need for better obstetric care (CIA, 2017). Under-five mortality rates remains at 99.5 per 1000 children and 270 of 1000 adults die before they are 60 years old (UNDP, 2017a). Almost half of the population is under 14 years old, and one third of all children under five years old are stunted due to malnutrition (Bandera, 2017).

**Has poverty been reduced along with increases of economic progress/globalization?**

Four formal strategies for reducing poverty have been implemented in Benin between 2000-2014, with the aim of strengthening the rural economy while monitoring demographic growth, develop infrastructure, diminish gender inequalities and improve the availability of micro-credit policies in order to support the economic empowerment of women. Although some progress has been made, and despite political stability and a steady economic growth for the past 20 years, poverty has not been reduced, rather it has increased, from 35.2 percent in 2009 to 40.1 percent in 2014 (Dover, 2017).
**How much of the population is affected by income and human development inequalities and how?**

The 21st century came with continuing and increasing poverty, unemployment, higher living costs and declining access to resources, which has forced approximately 4.4 million (40 percent of the population) to migrate to other West African countries. In 2011 an estimate of 76 percent of the population lived in on less than $3.10 a day, and approximately half of the population was living below the poverty line of $1.90 a day (Bandera, 2017, UNDP 2017a). As a consequence, human trafficking has increased and parents sell their children for as little as $15 to wealthy families who use them as household servants or to work under brutal conditions in mines, quarries or the agricultural sector in Nigeria and other neighbouring countries (CIA, 2017a, Bandera, 2017).

Inequalities between rich and poor, calculated by the Palma Ratio, were at a relative low value of 2.2*, income-inequality is 29.4 percent and inequalities were declining up until 2013 when inequalities increased again (UN, 2017b). Despite the fact that the informal sector is the main labour-market (AEO, 2013:1) only 1.1 percent of the population is officially unemployed while 87.7 percent of all workers are considered to be objects of vulnerable employment. Child labour, including children ages 4-15, is reaching 15 percent, as the mean years of schooling are only 3.5 and primary school dropout rates are at 46.6 percent (UNDP, 2017d).

A common source of income for the most vulnerable people in Benin is night-time trade and smuggling of fuel and goods across the neighbouring state-borders and with oil tankers off the coast of Benin. Fuel or ‘female companions’ can be traded for soap, cigarettes, notebooks or beer (Mark, 2012). While the informal sector and the smuggling networks are a crucial prop in the domestic economy, Benin is losing around $70m every year in revenues that could have been collected through taxations of legally imported fuel. On the other hand, three-quarters of the national fuel consumption stems from roadside sales and the smuggling provides thousands of informal jobs (Mark, 2012).

* See p.13 for explanation.

**How was the country affected by Structural Adjustment Program?**

Benin implemented three Structural Adjustment Programs (SAP’s) between 1989 and 1997, sponsored by the IMF and the World Bank. The SAP’s came with fiscal reforms of the public expenditure aimed to limit the budget deficit by controlling domestic demands, stabilizing prices and promoting export and competitiveness while reducing imports. The goal was to improve the management of the cotton sector, upgrade and provide basic education and health services, make
improvements in food security, infrastructure, communication technologies and an overall progress of the management of the resources in order to facilitate sustainable development. By the early 2000’s it became evident that the SAP’s had not and could not achieve their goals. Distribution and benefits of economic growth had negative social impacts; poverty had increased and spread, and despite some improvements in the functioning of ministries and institutions the lack of capacity soon led to insufficient governing which hampered the development of the private sector (African Development Bank, 2003a:6-8). The debt to the IMF and the World Bank increased and Benin is still one of the most heavily indebted countries on earth (World Bank, 2016). In 2000 Benin was granted a debt-relief and in 2001 the World Bank and the African Development Bank (ADB) granted another loan of 14 million for a Budget Reform Support Program, implemented in 2003, which aims at reducing poverty (ADB, 2003a:8).

Benin adopted a privatization policy regarding water, electricity, agriculture and telecommunications in 2001, and five years later the $307 million project the “Millennium Challenge Corporation” (MCC) was implemented in order to boost investments in the private sector (Ryan, 2017). In 2003, the ADB concluded that despite economic growth, social conditions had worsened under the SAP’s and there has been an increase of poverty and inequalities in distribution and access to food, drinking water, education, health, sanitation and housing. The SAP’s failed to address corruption, bad governance, public services and there were no improvements in the national management of resources (ADB, 2003:9).

**Which commodity-export is the country mainly dependent on?**

Benin’s economy is primarily agricultural and the primary export is cotton, (Ryan, 2017). The cotton production in Benin accounts for 40 percent of foreign exchange, 12 percent of the GDP and 60 percent of the national industry (Sasse, 2016). In the early 2000’s it yielded approximately 400,000 tons per year to an export value of $154m (Chatham House, 2017a). However, the cotton-production declined by 50 percent in 2011/12. This sharp drop was mainly due to mismanagement and a dominant informal sector where most jobs and 68 percent of the GDP are generated.

Additionally, half of Benin’s export is re-export to neighbouring countries, (meaning that they import goods for the purpose of exporting them) which further weakens the Beninese economy (AEO, 2013:1). Cotton, minerals and metals remain the main export-commodities but a growing demand for cashew nuts from India has accelerated the production, and export of cashew-nuts to India reached a value of $108m in 2012 (AEO, 2013:2, Chatham House, 2017a).
**Have there been any extreme global price changes of the main commodity and how has the country reacted to those?**

Global cotton prices have been stable between 2003-2014 with one peak in 2011 where the prices tripled. This coincided with the abrupt decline in Benin’s cotton production and hence, Benin did not benefit from the high prices (Market Insider, 2017, Daniels 2012). In 2000 the global price for a kilogram of cotton was $1.18 and it has remained low. During the price-peak in 2011 a kilogram was worth $5.06 and at the end of 2014, the price was down to $1.51 (Mundi, 2017a).

There have been several attempts from trade ministers and lawmakers to design policies that would help farmers in developing countries to gain a fair position for global competition. However, little progress has been made and poor small-scale farmers have small opportunities when competing with U.S. cotton-farmers who receive subsidies from the government. In 2005, trade negotiations began and the “Cotton 4” (Benin, Burkina Faso, Chad and Mali) asked for an end to the U.S. subsidies. Since then, negotiations have been deadlocked and U.S. subsidies are still in place. While cotton prices have risen, the farmers in Benin cannot enjoy the high prices on the global market. The inability to participate, compete and benefit from the global market has made Benin focus more on national and regional trade, as they have little opportunities on the international market. Local farmers emphasize that since they cannot change the U.S. they have to solve their problems independently from the global market (Daniels, 2012).

**How expensive and accessible is food?**

Half of the population is engaged in the agricultural sector and is dependent on their own food production. Traditional and internal trading systems still transfer and provide food between different regions and the country is largely self-sufficient in food production, despite a growing production of cash-crops (Ryan, 2017). The diet varies depending on season and location and the daily protein intake lies between 65-78g a day per person. Animal products are scares, with seafood being more dominant in areas close to the rivers and the sea. Meanwhile, plant-products such as cereals, maize, and cassava are very common (Gruber, 2009:40). Lack of adequate roads makes it difficult for rural farmers to transport their products to local markets and almost one million people faced food-shortages in the past ten years (Ryan, 2017). In 2011, food prices went up by 14.86 percent, while the average increase had been 4.4 percent yearly in the 2000’s (Trading Economics, 2017).
**Is the main export-commodity largely controlled by an external Multinational Corporation (or private company) and how does it affect the local community/society?**

There are a few official MNC’s in Benin. However, the Millennium Challenge Corporation (MCC) which was introduced in 2006 was designed and is overseen by the U.S. government MNC Stewart International. They granted huge funds for the transfer of the land rights from local farmers to the rich elite and foreign investors for speculative reasons, aiming at using the land for agricultural cash crops and products for export. Hence, it can be argued that the MCC is a covert MNC working on a large-scale land grabbing operation in the name of development (Herren, 2012:135-137).

The cotton sector was largely privatized between 2000-2012. In 2009, it was primarily controlled by the Association Interprofessionnelle du Coton (AIC), co-led by “the king of cotton” the current (2017) president Patrice Talon who has made a fortune with Benin’s cotton (Sasse, 2016). The AIC (mis)management led to the 2011/12 decline in cotton production, which led the (former) president Thomas Boni Yayi to retake government control over the cotton industry and urge for transparency and an end to corruption within the sector (Sasse, 2016). However, the widespread problems in the cotton-sector were not addressed and Benin remained dependent on neighbouring countries for the refinement of cotton, which is an extensive economic loss as prices are much higher for refined cotton (Sasse, 2016).

Local farmers are critical towards the governments management of the cotton sector. The Benin’s Cotton-Farmers’ Federation has expressed that the monopoly of the state and the private sector leaves them with no means to be heard and their request for a governmental panel on cotton, where all cotton-farmers have a vote, has been ignored (Sasse, 2016). Moreover, the 2009 findings of new oil reserves are believed to generate approximately 5 billion barrels in total and five private companies have signed deals with the government for further exploration (AEO, 2013:2).

### 4.1.4. DV: Social Conflict

**How many social conflicts have been present within the time-period?**

There have been 75 protests/riots carried out by Beninese civil society actors, where 61 took place between 2010-14 (ACLED, 2017). The vast majority 59/75 protests/riots were over issues such as; payment/non-payment of salaries, subsidies, wages, benefits, strikes where workers demanded higher salaries and/or better working conditions, health-workers demanding more resources/and payment of salaries, cotton-farmers, fuel-vendors and in 2010 thousands of people protested against the negative consequences of the SAP’s from the World Bank and the IMF (ACLED, 2017).
4.2.4b. Table showing quantities of social conflicts in relation to levels of economic globalization

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<td>1</td>
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<td>8</td>
<td>16</td>
<td>11</td>
<td>18</td>
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Source: KOF index and ACLED

Has the government imposed any restrictions on civil society’s ability to organize and/or express political views through protests?

Benin’s constitutional guarantees for freedom of expression as well as the right to join labour unions are generally respected in practice. Since labour unions had a key part in the democratization of Benin, they are regarded as a powerful and respected institution (Freedom House, 2010a). However, since 2005 there has been some political hardening, with governmental restrictions on the civil societies ability to organize and express themselves politically. Bans on protests, and/or curfews were implemented and arrests and violence against civilians have increased (AEO, 2017). When the medical unions went on strikes for half of 2009, seeking higher salaries, it led to the deterioration of healthcare and to the cancellation of a large-scale national vaccination-program (Freedom House, 2010a). Demonstrations held in 2011 were cracked down with police violence, tear-gas and arrests, which shows a downward-trend in terms of rights to protest/demonstrate. In 2013, peaceful protests were held without interruption from police or government, but the right to strike has become more limited due to new laws restricting certain sectors’ abilities to strike (Freedom House, 2014a).

4.1.5. Control Variables

4.1.6. Corruption

What is the public opinion on corruption and how does the government respond to it?

Benin has a strong and heterogeneous civil society which tend to actively and effectively uncover events/cases of corruption better than the government. Local NGO’s have a wide network where they cooperate to fight corruption, mainly through the National Organizations Front against Corruption (GAN, 2017). Corruption is widespread in the juridical system, irregular payments and
bribes are common in exchange for favourable sentences and there have been several financial scandals in the past years. The only institution that is considered to be operating freely from state-influence is the Constitutional Court which effectively monitor government actions (GAN, 2017).

Crime rates and corruption within the are high and 80 percent of the population is believed not to report crimes due to distrust in the police force. Public services suffer from high corruption levels and business routinely pay bribes to attain services and contracts. Property rights are protected in the constitution, but not respected in practice. The tax-administration is also corrupted, irregular payments/bribes are common and the majority of the population believes that tax officials are involved in economic fraud (GAN, 2017).

President Boni Yayi (2006-2016) made the fight against endemic corruption his main priority. A new law of conduct for government officials was introduced, who now have to declare their economic assets when they enter and leave office. This law led to the arrest of a petroleum tycoon and official audits of 60 state-owned companies and overseas embassies. Further corruption activities were uncovered in 2009 in the water and microfinance sectors. However, in 2010 president Yayi was accused of being involved in an investment scam where a firm had stolen $130 million in savings from approximately 100,000 Beninese citizens (Freedom House, 2010, 2012).

4.1.7. Democracy

**How well does the government protect civil liberties?**

The limited infrastructure causes logistical issues surrounding the elections and roughly one million people are believed to be excluded from the election-lists due to technical glitches. In general, elections are considered to be fair and free, freedom of press and speech are customarily respected in practice and several news agencies publish critical articles about the government and the opposition party. However, there were some troubling incidents surrounding the 2011 elections, where local journalists were beaten by the private security personnel of a National Assembly member. Moreover, while the internet is not restricted mobile-phone users must undergo an identity check and register their phones, and authorities interrupted national radio-sending’s twice during the election period. In general, the government is keen on protecting and promoting religious and academic freedoms and it is very rare that different groups clash (Freedom House, 2012, 2014a).
4.1.8. Government effectiveness

**How effective is the government at providing public/social services?**

The World Bank government effectiveness score is -0.5 on a scale from -2.5 to + 2.5, which makes Benin’s government the 132nd least effective government of 192 countries. What is worth mentioning is that Benin scored -0.27 in 2000, -0.62 in 2005, -0.58 in 2010 and -0.49 in 2014, which means that the government has become less effective in the 2000’s. Collected taxes constitute only 15 percent of the national GDP, indicating that there is a small public sector and little capital for public purposes (Global Economy, 2017). The running of public services is most inefficient in rural areas and only 38 percent of the population has access to electricity which is also amongst the most expensive in the world. Bribes are common in exchange for basic public services that citizens are entitled to (GAN, 2017). Quality of infrastructure is rated 24/100 and bad roads complicates daily life for many people (Chatham House, 2017a). The total health expenditure was $14.73 per person in 2000 and has steadily increased to $37.89 in 2014. The majority of people have access to drinking water, both in rural and urban areas (Global-economy, 2017). Governmental spending on education has been between 2.9-4.36 percent of the GDP between 2000-2014, and even though primary-school enrolment is over 100 percent, half drop out in secondary school and of those who continue, only 15 percent continue with higher education. Less than seven percent of the population uses the internet (UN, 2017a).

**How well is the functioning of the government?**

Political and civil rights are respected, both scoring 2/7 where 1 is the best. Rule of law is relatively weak, -0.58 on a -2.5 to + 2.5 scale. Examples of the weak rule of law include the case of a Constitutional Court judge, Dossou, who did not get his mandate renewed after dismissing the government’s case against a group of suspected coup-plotters. Yayi then appointed a number of new judges whereupon the nations judges went on a 72-hour strike. Dossou was accused of trying to illegally leave the country, his passport was confiscated, and by the end of 2013, the Unites States granted him asylum. Moreover, Yayi’s failed attempt to change the constitution in 2013 was strongly criticized for its lack of transparency (Freedom House, 2014a).
4.2.1. Zambia

Zambia is a landlocked country in Southern Africa and is highly dependent on the goodwill of its neighbouring countries for the export of goods (BBC, 2018). The population has doubled in the 2000’s, with an estimate of 16 million in 2017. Zambia is a resource-rich country and tribal traders had been extracting and trading copper, gold, ivory and slaves for centuries before Britain colonized the territory in 1889. In 1929, the British found large reserves of copper and minerals in the Copperbelt-region which pushed the expansion and development of the mines. Zambians were hired to work in the mines while the British government shipped the resources and revenues out of the country. As the independence movements swept over Africa, mine workers went on strike and eventually formed the United National Independence Party (UNIP), led by Kenneth Kaunda.

Zambia became independent in 1964 with Kaunda as its first president. (Sojkowski, 2018). The economy flourished in the 1960’s due to rising international copper prices, the government invested in the people/country by providing free and qualitative social welfare services along with improvements of infrastructure. However, the economy declined in the 1980’s, due to international price-changes and domestic mismanagement of the copper-industry (Noyoo, 2010:59-65). When Frederick Chiluba won the first multiparty elections in 1991 he pushed for economic deregulation and liberalization through SAP’s and the economy practically collapsed. State-owned companies were sold to private investors and living standards declined rapidly along with rising unemployment rates. Within the following nine months, Zambian workers protested and demanded an end to the SAP’s but Chiluba resisted and for the next ten years the economy declined along with increases in economic globalization (Noyoo, 2010:63-67, 90). Chiluba stayed in office until 2001 when opposition movements protested against his unconstitutional attempt to run for a third term. President Levy Mwanawasa was elected in 2001 but died in office in 2008, followed by Ruphia Banda 2008-11 and Michael Sata who was elected in 2011 and died in office in 2014 (BBC, 2018).

4.2.2. IV: Economic Globalization

*How has the level of economic globalization changed within the chosen time period?*

4.2.2b. Table of economic globalization

<table>
<thead>
<tr>
<th>Year</th>
<th>Eco.G.</th>
<th>Year</th>
<th>Eco.G.</th>
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<td>59.3</td>
<td>2014</td>
<td>64.53</td>
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</tbody>
</table>

Source: KOF index
Zambia has been well integrated onto the global market since 1970. The small change between 2000-2014 is considered normal and follows the pattern of most Western countries. The total ‘score’ of economic globalization has increased with 8.05 points between 2000-2014. Although this is a small/normal change, the average level (all sums added and divided by 15) of economic globalization for the same time period is approximately 62 which makes Zambia’s level of globalization equal to most North American countries, and equivalent to the levels of most European countries in the 1990’s (KOF, 2017b).

**How has the human development improved in the same time?**

Human development has seen minor improvements increasing from 0.424 to 0.579 between 2000-2014 (Norway is most developed with 0.949) (UNDP, 2017). The poorer part of the population has limited access to basic services and the dysfunction of social institutions hinders further development. HIV/AIDS remains a problem and many children are orphans and become the head of the household when the parents pass away. The youth constitute 68 percent of the population and it is largely this generation that will build and develop the country. However, they are at risk as they lack high-skilled knowledge and education that is vital for developing a country (Noyoo, 2010:172-174,177-179). Access to clean water and sanitation is limited, rural areas remain the most underdeveloped with living-conditions similar to those during colonialism. There is an urgent scarcity of housing as the housing-industry has been largely inactive since independence, resulting in large areas of shelters and slums (Ibid, 2010:154, 160,161). Under-five mortality rates are high, 64 out of 1000 children die before turning five, while approximately 300 of 1000 adults die before the age of 60 (UNDP, 2017b).

**Has poverty been reduced along with increases in economic development?**

A poverty reduction strategy was implemented in the early 2000’s with the aim of improving the quality of governance and living standards (IMF, 2002:32). Despite economic growth between 4.5-
10 percent annually since 2000, most Zambians are poorer today than they were in the 1960-70’s as incomes have declined with 50 percent (Fraser, 2010:9, IMF, 2002:21). Overall poverty for those living on less than $3.10 dollars a day have grown from 36.8 percent in 2000 to 48.5 percent in 2010 (World Bank, 2017c, IMF, 2002:21) reaching 79 percent in 2014. Meanwhile 64.6 percent of the population lives below the income poverty line of $1.90 dollars a day (Chatham House, 2017c, UNDP, 2017c).

**How much of the population is affected by income and human development inequalities and how?**

Zambia was the most prosperous country in sub-Saharan Africa until 1980, but changed into a low developing country by the beginning of the 21st century. In 2002, 73 percent of the population lived in poverty and lacked access to basic necessities such as clean water, food, housing, education, healthcare, income, employment opportunities (IMF, 2002:10). Poverty is worst in rural areas where 83 percent of the population live below the poverty line, but also increasing in urban areas 56 percent due to deteriorating industries and increasing unemployment (IMF, 2002:11).

Female-headed households are most vulnerable to extreme poverty which is also visible in the development of children as 15 percent of all children are underweight and 40 percent are stunted (Worley, 2017). Food prices are high and families spend more than half their income on basic food-products (Worley, 2017). The HIV/AIDS pandemic that spread through the country in the 1990’s worsened the poverty as the health-system, working environment and human capital was largely affected (IMF, 2002:11). HIV prevalence is still 13 percent of the adult population (UN, 2017b) and more than 600,000 so called AIDS-orphans need state-support for survival (Freedom House, 2002).

Children and young people are often send off to rural areas for work in mines or on construction sites (Noyoo, 2010:172-174), which further weakens nation abilities for poverty-reduction and development as adequate education and knowledge is scares (Binns, 2015). Income inequality is 48.6 percent and the Palma Ratio is 4.28*, making Zambia one of the most unequal countries (UN, 2017c, Fisher, 2013). Moreover, Zambia has been on the brink of facing the worst famine in human history since the early 2000’s when there were no rainfalls for two years. This affected 2.3 million households which were/are depend on agricultural food-production (Worley, 2017).

* See p.13 for explanation.
How was the country affected by Structural Adjustment Program?

The economic challenges that Zambia faced in the 1980-1990’s was not reduced by the implementation of SAP’s. In 1987, Kaunda abandoned the World Bank SAP’s and tried to implement his own development programs. Whether those would have helped Zambia’s development or not remains unknown as the abandonment of the SAP’s resulted in economic-sanctions and aid-freezes from Western donors. Less than two years passed before the government was forced to re-implement the SAP’s, which resulted in nation-wide protest, food-riots and a coup-attempt (Parsons, 2010:71).

The privatization of the copper mining-industry in the 1990’s was hailed by policymakers as fundamental to the country’s well-being. However, most Zambians did not agree to the selling of the mines or the foreign direct investments which followed, and they expressed worry about the increasing numbers of mining-accidents and unhealthy working conditions that came with privatization (Parsons, 2010:181-182). The SAP’s weakened the government’s capacity to provide social services and the positive consequences of economic globalization and liberalization did not reach the population. Several years into the process, most Zambians had a worse standard of living than before the privatization. From the two decades that Zambia has followed the strict economic rules of the SAP’s they have little but poverty and deprivation to show for it (Noyoo, 2010:13, 121). By the turn of the century, the majority of state-owned mines had been sold off and the liberalization and privatization of the Copperbelt mines have made few Zambians but some foreign investors very wealthy (Gewald and Soeters, 2010:174).

Which commodity-export is the country mainly dependent on?

Zambia is heavily dependent on copper-export and the economy is closely linked and dependent on global copper prices. In 1964, Zambia’s economic future looked bright, it was a middle-income country with one of the highest GDP’s in Africa. However, Zambia inherited the economic model of the colonial powers and all resources that were extracted were sold through the London Metal Exchange (LME) where foreign mine-owners collected the revenues from Zambian resources while little was returned to the people of Zambia.

Since independence, the state has fought for the rights of the revenues. President Kaunda established the Intergovernmental Council for Copper Exporting Countries, in cooperation with Chile, Peru and Congo/Zaire, Australia, Indonesia, Papua New Guinea and Yugoslavia in order to gain more power on the global market. However, former colonial countries were bound to their former colonial masters and could not benefit from international resource trade (Fraser, 2010:1-7).
In 2000 copper-export comprised $718m of the total export of $1.1bn, and half was exported to the UK. In 2014, Zambia had freed themselves more from colonial ties, and the largest export of copper went to Switzerland and China. Copper accounted for $11.6bn out of the total export of $13bn in 2014 (Chatham House, 2017b).

**Have there been any extreme global price changes of the main commodity and how has the country reacted to those?**

Zambia has been trying to benefit from the revenues of copper-extraction and export since 1964, when the mines were nationalized. Global prices declined sharply in the late 1960’s and remained low until the turn of the century when the World Bank and Western donors forced Zambia to privatize the mines. The mines were practically given away to foreign private investors who had a strong bargaining positions due to the weakness of the Zambian economy. Shortly after, copper-prices shot through the roof and a few private companies made a fortune with Zambian copper (Fraser, 2010:1-2). The price for a ton of copper increased from $6,7 in 2002 to $30,4 in 2008 (Simpasa and Adam, 2010:72).

In an attempt to profit from the global prices, the government implemented a new windmill tax in 2008 and the global prices hit rock-bottom. The government then feared that the mines would close and in order to secure employment they removed the tax, whereupon the prices shot straight back up again. Many Zambians believe that they have been tricked by an international conspiracy and the majority feel like they are not benefiting from privatization of the mines whereas foreign investors collect revenues at their expense (Fraser, 2010:2, Mususa, 2010:190). Numerous business-reforms have been implemented but they have only benefitted large businesses while small companies and farmers are unable to profit or compete on the national market, resulting in higher levels of unemployment and poverty.

In August 2014, the minister of local government proposed a new reform for reducing poverty and inequality by suggesting that the government invests in small-scale local businesses with the potential of employing one million people which would directly benefit the population (Chongo, 2014).

**How expensive and accessible is food?**

Food is unrealistically expensive for most Zambians and many are hungry and unable to work (Noyoo, 2010:12). The average family spends more than 64 percent of their total income on basic
food products; food insecurity remains high as almost half a million people lack access to a reliable food supply (Worley, 2017). The drought in the early 2000’s has had devastating impacts on the agricultural sector throughout the decade. 2.3 million households were critically affected and there was a decline in agricultural production which created a food deficit for local farmers and the access to food became restricted. Hunger has worsened since then and Zambia is currently the third hungriest nation in the world with almost half of the population being undernourished (McFerrin, 2017).

Is the main export-commodity largely controlled by an external MNC and how does it affect the local community/society?

Zambia is attractive to foreign investors and MNC as the country is highly globalized, has a liberal tax-regime, low restrictions on labour conditions and environmental regulations, and since the privatization began in the 2000’s the government has lost almost all power to control or pursue investors who now operate freely in the country. The network of international companies and corporations in Zambia is complex. It has been revealed that the majority of companies are controlled by the same group of individuals who have “shape-shifted” several of their companies to different investment funds, addresses, holding companies etc., in order to avoid responsibility for how they conduct business in Zambia (Gewald and Soeters, 2010:174-178).

Glencore International, which controls more than half of the world’s natural resources, owns or co-owns several mines in Zambia. Glencore bought the Mopani Copper Mines in 2000 and in 2009 it was discovered that Glencore had been helped by a UK commodity broker-firm to report lower profits and pay less tax. It is believed that Zambia lost up to $102m a year in corporate-tax (Doward, 2011, Davis, 2014). In 2002, the Anglo-American Corporation announced that they would withdraw from Zambia after 80 years of being the dominant mining company. Their shares in the mines were initially returned to the Zambian government who were forced to sell them and to London-based Vedanta Resources who have five mines in Zambia and report annual revenues of approximately $11bn (Vedanta 2017). In 2008, the Australian-Canadian company Equinox opened the Lumwana mine in Zambia, the largest copper mine on the continent (Adam and Simpasa, 2010:66-67).

However, Zambia’s copper prices are still regulated and set by the LME, and the future benefits for Zambia is largely determined by their actions (Larmer, 2010:49,55). In the labour sector, it is a common practice by foreign investors to neglect the workers of basic needs and rights, slave-like wages are paid and people work under inhuman conditions (Noyoo, 2010:165-166).
foreign companies and MNC provide only short-term contracts and unsafe working environments. The severity of this problem was brought to attention in 2005 when a foreign-owned dynamite factory exploded and fifty workers were blown into pieces. It was revealed that the workers in the factory were locked in, they had no protective clothing and safety standards were non-existing. Social and economic injustices are reinforced by the unequal distribution of resources in the country and the richest 10 percent owns 41 percent of the national income (Noyoo, 2010:166).

During the privatization process, foreign companies took advantage over the state’s weak abilities to secure profits, tax, pensions etc., and several social, economic and political problems arose. The government had received development loans which came with strict financial restrictions and therefore they were unable to step in where the private companies failed to meet the humanitarian demands. Inevitably, the majority of Zambians believe that the winners of economic globalization and privatization are foreign investors and traders, a view that has been used for political aims since 2008 (Fraser, 2010:15-17)

4.2.3. DV: Social Conflict

**How many social conflicts have been present?**

There have been 588 events of social conflict between 2000-2014. Roughly half have been strikes within different sectors where teachers, workers, and civil-, and public-sector employees have protested and demanded higher salaries, payment of salaries, better working conditions. 49 protests/riots have been directly linked to MNC’s in the Copperbelt. Health-workers protested 20 times in 2007, and there have been 45 occasions where students have been protesting against the non-payment of student benefits, food-subsidies, scholarships and for better facilities at the university. There have been protests against food and fuel prices, against inhuman treatment by managers at international companies where workers have gotten body parts cut off etc., and journalists have gone on strikes after not being paid for 3 months (ACLED, 2017).

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</tr>
</thead>
<tbody>
<tr>
<td>Eco.G.</td>
<td>56.48</td>
<td>56.66</td>
<td>59.24</td>
<td>54.97</td>
<td>59.28</td>
<td>57.59</td>
<td>60.1</td>
<td>64.1</td>
<td>60.73</td>
<td>55.29</td>
<td>61.01</td>
<td>56.87</td>
<td>53.1</td>
<td>59.3</td>
<td>64.53</td>
</tr>
<tr>
<td>Soc.C.</td>
<td>6</td>
<td>9</td>
<td>1</td>
<td>42</td>
<td>23</td>
<td>53</td>
<td>73</td>
<td>113</td>
<td>19</td>
<td>42</td>
<td>8</td>
<td>22</td>
<td>43</td>
<td>60</td>
<td>74</td>
</tr>
</tbody>
</table>

Source: KOF index and ACLED
Has the government imposed any restrictions on civil society’s ability to organize and/or express political views through protests?

Freedom to organize, protest and join organizations/unions are guaranteed under the constitution but generally not practically protected or respected by the government. According to Zambian law, any demonstration must give notice a week in advance but no permit is required. However, the police continuously break up “illegal” demonstrations claiming that they do not have permits (Freedom House 2014b). The law stipulates that people are free to join unions, strikes and collective bargaining, and while the working-unions have been successful in the past, the tolerance for workers strikes are contradictory and on decline. In 2013 the Zambian government insisted that the South African retailers Shoprite ought to pay their striking workers higher salaries, while a year later, when the public-sector nurses and midwives went on a strike demanding higher salaries and better working conditions, the government fired 200 health workers. In 2014 the Independent Law Association of Zambia asked the High Court to review the constitutionality of the Public Order Act but the request was dismissed. The Law Association claimed that this act discriminates against political opposition and the right to protest. Even NGO’s are required to register every five years under the 2009 NGO Act. This is considered a setback in the freedom of associations (Freedom House, 2014b).

4.2.4. Control Variables

4.2.5. Corruption

What is the public opinion on corruption and how does the government respond to it?

More than 40 percent of all people in Zambia who were in contact with public-service providers have been asked to pay bribes either for receiving a service they are entitled to, to avoid problems with authorities or to speed up a bureaucratic process (Lusaka-Times, 2011, Corruption watch, 2011:13). More than 50 percent believed that corruption has increased between 2008-2011 and the police are seen as the most corrupt institution. However, 50 percent trust the government to fight corruption and most Zambians could imagine getting involved in the fight against corruption (Corruption-watch, 2011:5,16). Judicial independence is guaranteed by law but not respected in practice. When president Sata took office in 2011 he claimed that the judicial system was corrupt and replaced the majority of top judges, especially those who had ruled in disfavour of Sata’s allies.
in earlier trials in 2009 where the directors of the Zambian Airways had received $30m from state development institutions, but were unable to declare where the money had gone (Lusaka-Times, 2009, Freedom House, 2014b). In June 2012, Sata’s cousin was appointed as chief of the Supreme Courts, without consent from the National Assembly, which has led to protests against the judicial system. Police-corruption is widespread and brutal as they operate with impunity and the conditions for prisoners are inhuman in most prisons in the country (Freedom House, 2014b).

When Sata won the presidential elections in 2011, he made some efforts to fight corruption. The Anti-Corruption Act was enacted in 2012 with the aim of allowing for the prosecution of public officials who abuse their power of office and misuse public funds. However, despite several promises for more transparency in governmental affair, the situation has not improved (Freedom House, 2014b).

4.2.6. Democracy

How well does the government protect civil liberties?

As the 2001 elections were internationally criticized, much effort was put into a transparent election process in 2006 which turned into the first positive development of democracy in Zambia (Freedom House, 2007). Despite democratic improvements, there are several human-rights violations in Zambia. Violence against children, child abuse, domestic and gender-based violence and police violence is common. There have been several occasions were police officers have shot at civilians for unclear reasons. There has also been political pressure before and during elections, which has been condemned as a violation of political and civil rights (Noyoo, 2010: 165).

Freedom of speech is a constitutional right but not respected in practice, new restrictions were implemented in 2013 and journalists engage in self-censorship (Freedom House, 2014b). Independent journalists have faced higher levels of governmental harassment since 2013 and most journalists work anonymously. Online news agencies such as the Zambian Watchdog and Zambia Reports have been blocked by authorities and government forces have raided the homes of several journalist, they had their computers and cameras confiscated and were charged for various crimes without evidence. However, religious and academic freedoms are respected (Freedom House, 2014b).
4.2.7. Government effectiveness

**How effective is the government at providing public/social services and how much of the population has access to those services?**

Government effectiveness scores -0.5 on a scale from -2.5 to +2.5, and despite some improvement in the 21st century, starting on -0.86 in 2000, -0.93 in 2005, -0.83 in 2010 and -0.5 in 2014, the Zambian government is not very effective in providing public and civil services free from political pressure, nor do they have high-quality formulation or implementation of policies or commitment to their policies. Tax-revenues have been below 16 percent of the GDP throughout the 2000’s while national health-expenditure have increased from $24.36 dollars per person in 2000, to $85.85 per person in 2014, constituting less than 6 percent of the GDP (Global-economy, 2017).

Only 22 percent of the population has access to electricity while infrastructure is relatively good for African standards, rated at 43/100 (Chatham House, 2017b). Access to clean water have increased from 34-51percent in rural areas but slightly decreased in urban areas (Global Economy, 2017). The lack of adequate education feeds the vicious circle of poverty in Zambia (Binns, 2015).

How well is the functioning of the government?

Corruption is widespread in all sectors of the society along with human rights violations and police violence. Political and civil rights score 3 and 4 on a scale from 1-7 where one is best, and the country has been rated as partly free throughout the 2000’s. A negative trend was seen towards the end of 2013 when the ruling party began to repress and harass the political opposition and implement the Public Oder Act constraining the opposition and civilian organizations to operate during the election campaign. The Sata government made several promises for more transparency and an end to corruption, but neither had been fulfilled by the time of his death in 2014 (Freedom House, 2014b).
4.3. Results and Analysis

4.3.1. Summary-table illustrating variation in the variables across the cases

<table>
<thead>
<tr>
<th>Variables</th>
<th>Benin</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IV</strong>: Economic Globalization (0-100, where 100 = fully globalized)</td>
<td>Average 2000-2014</td>
<td>Average 2000-2014</td>
</tr>
<tr>
<td></td>
<td>35</td>
<td>62</td>
</tr>
<tr>
<td>Trade with natural resources (total between 2000-2014)</td>
<td>Export</td>
<td>Import</td>
</tr>
<tr>
<td></td>
<td>$11.04bn / $14.60bn</td>
<td>$90.70bn / $23.36bn</td>
</tr>
<tr>
<td>Total export of primary commodity 2000-2014</td>
<td>$2.48bn (cotton)</td>
<td>$76.76bn (copper)</td>
</tr>
<tr>
<td>Control Variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corruption</td>
<td>36/100</td>
<td>37/100</td>
</tr>
<tr>
<td>Democracy</td>
<td>6.00</td>
<td>6.26</td>
</tr>
<tr>
<td>Government effectiveness</td>
<td>-0.5</td>
<td>-0.5</td>
</tr>
<tr>
<td><strong>DV</strong>: Social Conflict (protests, riots)</td>
<td>75</td>
<td>588</td>
</tr>
<tr>
<td>Inequalities</td>
<td>2.2</td>
<td>4.28</td>
</tr>
</tbody>
</table>

4.3.2 Table comparing changes in economic globalization with events of social conflicts

<table>
<thead>
<tr>
<th>Cases</th>
<th>Benin</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Economic Globalization</td>
<td>Social Conflicts</td>
</tr>
<tr>
<td>Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>30.72</td>
<td>1</td>
</tr>
<tr>
<td>2001</td>
<td>28.51</td>
<td>0</td>
</tr>
<tr>
<td>2002</td>
<td>28.22</td>
<td>1</td>
</tr>
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<td>2003</td>
<td>28.10</td>
<td>1</td>
</tr>
<tr>
<td>2004</td>
<td>33.13</td>
<td>5</td>
</tr>
<tr>
<td>2005</td>
<td>32.22</td>
<td>2</td>
</tr>
<tr>
<td>2006</td>
<td>34.29</td>
<td>1</td>
</tr>
<tr>
<td>2007</td>
<td>39.73</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>36.31</td>
<td>1</td>
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<td>2009</td>
<td>38.19</td>
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<tr>
<td>2010</td>
<td>38.84</td>
<td>8</td>
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<tr>
<td>2011</td>
<td>36.60</td>
<td>8</td>
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<td>2012</td>
<td>38.69</td>
<td>16</td>
</tr>
<tr>
<td>2013</td>
<td>41.51</td>
<td>11</td>
</tr>
<tr>
<td>2014</td>
<td>48.53</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: KOF and ACLED

4.3.3. Main Findings and analysis

The main findings of the study are that Zambia is more economically globalized, with an average score of 62 out of 100, is more unequal and the majority of people become poorer between 2000-2014 despite high levels of economic globalization. There have also been 588 events of social conflicts within the chosen time-frame. In comparison, Benin has an average economic globalization score of 35 out of 100, is less unequal and experienced 75 social conflicts between 2000-2014. The most relevant finding with regard to Benin is that in the two years (2013-14) when economic globalization sharply increased from 41.51 - 48.53, there was a significant increase of social conflicts with 29 protests/riots, out of the total of 75 conflicts occurring within the time frame. Moreover, poverty and inequalities worsened in those two years in comparison to previous years. These findings support the hypothesis and the theoretical argument of the study.
The empirical case-studies also show that economic globalization reduces a state’s power over the domestic economy. When the government of poor but resource-rich countries, in this study Benin and Zambia, try to develop, their only source of income is through export of natural resources into the global market or through taxation. However, since the state is not in control of the natural resources, due to privatization, and since it has little power to collect taxes and revenues from MNC’s and private companies, natural resource export does not generate enough income for the government to ensure human development and social improvements (and private companies have little interest in providing those services). These effects of economic globalization clash with the public expectations that a democratic government should provide public goods and social services such as education and healthcare etc., which may increase the feeling of relative deprivation as the bulk of benefits of economic globalization are not returned to the country or its people.

These findings can be interpreted to show that peace and prosperity, poverty reduction and deterrence of conflict are not only depending on levels of economic globalization. Since both countries have similar levels of democracy, government effectiveness and corruption (as well as poverty, education, access to food, healthcare etc.), but display variations both in economic globalization and social conflicts, it can be argued that it is the low quality of governance and institutions that, combined with higher levels of economic globalization, increases, poverty, inequalities and the likelihood of social conflict. This argument is supported by economic scholars.

4.3.4. Additional observations

It can further be observed that, contrary to the hypothesis, both increases and decreases in economic globalization seem to make social conflict more likely (see table 4.3.2.) This supports Bussmann and Schneider’s theory of a dual effect of economic globalization. However, the changes in levels of economic globalization that can be seen in both cases (excluding 2013-14 for Benin) are normal (compared to the rest of the world) and if such small changes are the cause of social unrest/conflict, then there should be social unrest in most countries worldwide since levels of economic globalization change yearly. Nevertheless, this finding indicated that there is more research needed in order to understand how changes in economic globalization affect intrastate relations.
4.3.5. Objections to research design

It should be noted that there are limits to this study. It is a small-n study looking into two cases over a 15-year period. There are causal steps that could have been investigated more thoroughly by looking at each year individually. However, as stated in the research design, economic changes have both immediate and long-term effects and by examining a longer time period this study nevertheless provides some relevant findings on the relationship between economic globalization and social conflicts in developing countries. Moreover, this study does not thoroughly examine the social conflicts that are included and does not conduct event-specific analyses of the protest/riots.

The author is aware of this and argues that the mere number of social conflicts can already be an indicator for the effects of economic globalization since these conflicts are all related to economic, social and/or political issues. Furthermore, the fact that neither Benin nor Zambia has had a civil war, allows for a fair comparison of the economic factors and how they may lead to social conflict, however it could also be argued that this makes the theory less generalizable to other developing countries which have experienced civil war. It is, however, arguable that the theory is applicable to cases where there have been civil wars, since economic globalization may have similar effects in post-conflict developing countries and increase, poverty, inequalities and the likelihood of social conflict.

It can also be argued that there are several alternative explanations for the variation in outcome. Other events, which are not included or accounted for in this study, due to selection-bias when formulating questions for the SFC, could have the causes of protests/riots. It can also be argued that the geographical location of the countries or their former colonial power partially caused the variation in outcome between the cases. The effect of economic globalization may also be influenced by the type of export commodities, natural resources or manufactured goods. It could, however, be argued that if economic globalization has the universal pacifying power it is said to have; location, history and the nature of exported goods should be insignificant for the outcome.

Nevertheless, the strength of the research design and this study is that Benin and Zambia are similar on several factors which are commonly related to conflict; democracy, corruption, government effectiveness and poverty. And despite differences in size, location, former colonial power and type of export-commodity, the comparison of the cases provides a solid assessment of the relationship between economic globalization and social conflict in developing countries.
5.1. Summary and Conclusions

5.1.2. Recap and purpose of the study

Previous studies have found that economic globalization promotes peace and prosperity while it reduces poverty and deters conflict, that economic openness is more important than good governance/democracy for deterring conflict and that countries with higher levels of economic globalization are less likely to experience civil conflict. However, these findings do not explain why developing countries with high levels of economic globalization suffer from severe poverty and intrastate conflicts. The aim of this study was to examine the relationship between economic globalization and social conflicts in developing countries, with the hypothesis “higher levels of economic globalization increase the likelihood of social conflict in developing countries”. The theoretical argument of the study claims that economic globalization does not have the same pacifying effects in developing countries since there is a lack of fundamental institutions necessary for managing in and out flows of capital. The empirical comparison of Benin and Zambia shows robust consistency with the hypothesis and the theoretical argument.

5.1.3. Conclusion

What can be concluded from this study is that the effects of economic globalization differ between developed and developing countries, and the pacifying effects of economic globalization are not universal. Furthermore, the findings indicate that high levels of economic globalization, without stable and uncrupt institutions, increases poverty, inequalities and the likelihood of social conflict. Even though no final conclusions can be drawn from this small-n study, the findings still contribute some new insights to the debate on the relationship between economic globalization and civil conflict, by examining social conflicts in developing countries, which have not received much focus in the field before. However, the findings of this study contradict the argument that economic globalization and openness is more important for deterring conflict than good governance/democracy, by suggesting that it is the lack of good governance and stable institutions that makes higher levels of economic globalization increase the likelihood of social conflicts in developing countries.
5.1.3. Policy Implications

It is important to emphasize that the aim of this study was not to dismiss economic globalization as an evil or destructive power. Rather the purpose of the study was to examine how the effects of economic globalization differ between developed and developing countries, in order to understand why economic globalization has not managed to reduce poverty and conflicts in resource-rich developing countries in Africa. What can be drawn from the results is that economic globalization seems to predominantly benefit the rich at the expense of the poor, both people and countries.

These inequalities seemingly increase the likelihood of social conflict to some extent. Future policies on the global economy should consider that a market is not self-created or self-regulated and it can be used either to maximize profits and wealth for a few or to improve life and living-standards for the majority of people. How economic globalization is shaped depends on law and policymakers as well as on civil societies around the world. It is arguable that in order for economic globalization to create the peace and prosperity it promises, while reducing poverty and conflict, the current shape of economic globalization must change. Moreover, it is evident that the issues of income inequalities and access to resources are not only present in developing countries.

Inequalities and unemployment are increasing all over the world. Therefore, future policies on economic globalization ought to be more inclusive for both people and countries, profits should be shared and distributed to the people. Revenues from raw material should be returned to the region where the material was extracted, in order to reduce poverty, enable development and prevent conflict in resource-rich developing countries. Future research should continue to examine economic globalization both in general and in context-specific case studies since the effects of economic globalization seem to be anything but universal.
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