Course description. Much of economics has to do with the allocation of scarce resources under the assumption that property rights are well-defined and perfectly enforced. In such a setting, individuals are envisioned as making a living through production and exchange only. Yet, casual observation shows clearly that the assumption of well-defined and perfectly enforced property rights is very strong. Individuals can and do make a living not only by producing, but also by taking what others have produced. In this course, using tools of economics, we will study such activities, considered broadly under the term of “conflict.”

Conflict takes many forms, some including violence, such as wars between nations, civil wars, organized criminal and ordinary crime. However, there are more refined forms of conflict as well, for example, where groups of individuals compete for economic advantage through lobbying, rent-seeking, and litigation. Our primary objective in this course is to explore the economic significance of such activities.

Prerequisites. Economics 100A-B or the equivalent. Students should be comfortable using the tools of calculus.

Textbook and readings. Much, but not all, of the background and supplementary reading comes from the following book, which is available at the UCI bookstore:


Additional reading materials are listed on the course outline, with full citations provided after the outline.

Course web page. <https://eee.uci.edu/18f/62250>

Requirements. There will be two take-home exams and a final exam. Each counts one-third of your final grade. There is also an optional (extra-credit) paper (see details below).

Drop policy. In accordance with Departmental policy, students will not be permitted to drop this course after the second week of classes.
Course outline.  Possible topics and recommended readings:

1. **Introduction.**  
   *Topics:* Introduction; motivation.  

2. **Preliminaries.**  
   *Topics:* Review of economics and game theory.  

3. **Basic models of conflict.**  
   *Topics:* Technology of conflict; rent seeking models; guns-butter trade off.  

4. **Settlement in the shadow of conflict.**  
   *Topics:* Bargaining and the possibilities for peaceful settlement.  

5. **Conflict and alliances.**  
   *Topics:* Alliance formation in distributional conflict; the emergence and size of states.  

6. **Civil conflict.**  
   *Topics:* Sources of civil conflict; paths to peace.  
   *Readings:* Anderton and Carter, 7; Blattman and Miguel (2010); Blouin (2018).

7. **Trade and conflict.**  
   *Topics:* Conflict as a hindrance to trade; the effects of trade on conflict.  
   *Readings:* Anderton and Carter, 12.3; Dal Bo and Dal Bo (2012); Findlay and O’Rourke (2012); Garfinkel, Syropoulos and Skaperdas (2009).

8. **Terrorism.**  
   *Topics:* Terrorism as a tactic in conflict; counter-terrorism.  
   *Readings:* Anderton and Carter, 8.
Full citations to the articles listed above. All can be accessed online. Links are embedded in this document. Simply click on the name(s) of the author(s).


* To access this article, you must be connected to the internet through UCI.
To encourage you to dig a little deeper into the course material, I am offering an extra credit project, in the form of an optional paper. The focus of your paper should be an application of any of the theories we discuss over the quarter to a particular example of “conflict,” either historical or contemporary.

– First you should give an account of the example you choose. In particular, describe the key elements, including the decision makers, the actions taken by the decision makers, the timing of their actions and the payoffs. (Your application might require some modification of a theory we have discussed, but an example that requires no modification is perfectly fine.)

– Second, once you have described how your example fits the theory, you should use the theory to derive some results, hopefully predictions that map onto what we have actually observed or observe now.

Depending on how far you take the analysis, the paper can be as short as 5 pages, but should be no longer than 15 pages. Be sure to list all reference materials at the end of the paper. The amount of extra credit you receive will depend on the strength of your paper, both writing and content.

You are strongly advised to talk with me before embarking on this project. Towards the end of the quarter, I would like to take some class time to discuss all of the projects.

In any case, to receive any extra credit, you must submit to me (electronically) the final version of your paper (pdf format please) by Wednesday November 28th, 5pm.