

The Effects of Government Revenue and Spending on Domestic Unrest

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Many studies on civil war concentrate in their theoretical arguments on the role of the state. For some the quality of government institutions and bureaucracy depends on the state's capacity to collect taxes and fighting corruption. A government's share in the economy but also its spending patterns, i.e. whether it mainly provides public or private goods to its supporters, is also important with regard to relative deprivation arguments of violent protest. Investigating how a state extracts and spends resources can inform us about causal mechanisms linking state capacity and size to civil unrest. Empirical studies, however, do not find strong support relating various indicators of state capacity to civil war, findings that we replicate in our first tests. Next, we analyzed the taxing and spending capacity of a state with regard to a less organized form of violent unrest, riots. We find that a state's extractive capacity is unrelated to the number of riots we observe. However, the size of government has a conflict-reducing effect in our tests, but is not explained by spending on a public good like on education, a variable that is insignificantly related to riots.

March 9, 2011

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