

Statement of Research

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My general research interests include the economics of terrorism, development economics, new institutional and organizational economics and social change. I explore these topics using a number of tools including econometrics, analytical narratives, comparative institutional analysis, and studies using quasi-experimental designs. I use these tools to address a wide variety of collective action problems and to gain more thorough understanding of the dynamics between governments, legal and extra-legal actors and a means to improve outcomes of security and development policies. In what follows, I summarize the key aspects of my research agenda. I have undertaken a broad program of theoretical, empirical and ethnographic research studying two core questions. First, how does development shapes and how is shaped by political violence? Second, what are the operational mechanism that underline institutional responses from poor communities in environments where people were exposed to violence?

The primary goal of my dissertation, *The Political Economy of Development and Terrorism in Latin America*, is to examine the role of violence in determining internal arrangements within extralegal organizations and social change within developing countries. The first chapter examines the impact of Augusto Pinochet's autocracy on the Chilean economy. The study compares outcomes under Pinochet's autocracy with those in a synthetic counterfactual made of a weighted average of countries with similar institutional processes. Using a quasi-experimental method, the synthetic-control, I find that relative to the counterfactual, GDP per capita did not diverge till several years after Pinochet's coup. In contrast, health outcomes measured by life expectancy improved immediately after Pinochet's installment, though only slightly. These findings I present suggests that the remarkable "Chilean miracle" did not depend on Pinochet's autocracy, but arguably the expected transition to democracy served as a credible commitment for the government not to backslide to bad economic policies and consolidated the path of economic growth a decade later.

Chapter two analyzes two contrasting systems of governance that emerged among multiple extralegal organizations in rural Peru confronting terrorism and crime. I compare and explain the vertical and horizontal organizational structures of these two groups of communities that scaled up to national proportions. I am interested in the determinants of the rules in these organizations, and how the adoption of these practices shaped their effectiveness and expansion. One group, the northern peasantry, confronted crime, and ubiquitous cattle rustling. They had a horizontal organizational structure –governance decisions and security were coordinated among autonomous patrol units and alternative communal authorities. Although the northern patrols had limited knowledge on the provision of security, they gradually became capable of responding to emerging events more quickly by better uses of their local knowledge. The second group, the southern peasantry confronted terrorism, the Shining Path of Peru. Their structure was hierarchical –the leadership had information about the violence capacity of the patrol units under his command, but it confronted costly oversee of the emerging events affecting the communities, and it became difficult to trust corrective actions implemented at the lower levels or even by alternative institutions within the communities. His authority increasingly prevailed over any other traditional arrangement. Even though the horizontal and vertical structures of the

communities look conflicting, both were an institutional response to the variation of external threats, and in both cases, the Peruvian peasants obtained a high degree of success.

One binding constraint for growth and development in emerging economies and low-income countries is the effect of violence, both tangible and intangible. In chapter three I investigate the long-run impacts of conflict on state capacity, using terrorism in Peru as a case study. The evidence on the long-term impact rests upon a difference-in-difference strategy to illustrate that individuals subject to a greater intensity of violence are less inclined to trust government institutions and obey regulations. Most of the analysis of the effects of violence focus on the short-term and their economic impacts. My findings provide more evidence and extend the literature to the difficulties to rebuild state capacity and the pervasiveness of violence in the long run. They also provide direction regarding how development policy may reduce the potential inefficiencies of state capacity problems.

My research also examines other issues related to conflict and development. In one study, I examine the persistent role of women in violent organizations by scrutinizing revolutionary movements. Specifically, I focus on the internal governance institutions and compares them to the arrangements within the societies where these groups emerged and how the new order within violent groups provide a different incentive for women to increase their participation. I also investigate the use of terrorism as a coordination strategy to expand and enforce agreements within a terrorist organization. Their hierarchical organizational form allowed them to overcome internal conflict and exploit terror as an instrumental strategy to build its structure. Another project seeks to explain the role of violence to enforce agreements and replace the formal government. I analyze the sizeable annual brawl that occurs in Christmas in the southern Andes in Peru.

Looking forward, my goal is to expand my findings to more universal implications. Current work in these areas is balanced by the recognition that threats to global stability emerge from weak or failed states and require the exploration of unconventional connections across disciplines and organizations. Because of those research requirements I also expect to benefit from other scholars' contributions to elucidate and empirically test the dynamic of economic and political development on conflict and post-conflict regions. Preferably, I intend to conduct research in key locations in developing countries for that purpose. Perhaps most importantly, my research will extend the fruitful comparative institutional analysis and rigorous empirical examination into aspects of political violence and development which will provide significant implications for future security policy and development research.