

PhD study

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Innovation and Economic Development under Conflict

There is an increasing literature that has studied the effect of economic activity under conflict (Angrist and Kugler 2008; Mondragón-Vélez and Peña 2010; Bozzoli, Brück and Wald 2013; Dube and Vargas 2013). Some of the studies find that conflict has a negative effect on private economic activity, others find that conflict increases economic activity (Ciarli, Di Maio and Langlotz 2015; Brück, Naudé and Verwimp 2013). Few studies attempt to characterise which kind of activity increases or decreases under conflict, and whether the types of activities that grow have a positive or a negative effect on economic development (Ciarli, Kofol and Menon (2015) being an exception).

There is even less research done on how violent conflict may affect innovation activities at the micro level (arguably no evidence exist). This project should seek to address this void by analysing the interaction between violent conflict and innovation activities at the firm and/or at the household level. The project should use advanced micro econometric tools to identify the effect of conflict on innovation. Results are expected to provide much needed implications on how innovation policies are affected in development contexts in which institutions are weakened by violent and long term conflict.

The project may also investigate the other direction of causality: how innovative activity influence conflict. Does more innovation attract more looting? Or does it increase the opportunity cost of entering the conflict for the population? Or does innovation reduce employment, therefore reducing the opportunity cost of entering the conflict market? Or both? Which mechanism prevails?

References

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