Are we facing a wave of conflict in high-income countries?

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> **"To overcome these challenges – to restore the soul and to secure the future of America – requires more than words. It requires that most elusive of things in a democracy. Unity. Unity."** —***President Joseph R. Biden 2021 Inauguration Address*** *on the need for unity in the face of COVID-19, calls for racial justice, climate change, political extremism, white supremacy and domestic terrorism*

The recent wave of violent protests and unrest across the developed world – the storming of the US Capitol during the electoral college process and the riots in the Netherlands, among others – questions the assumption that high-income countries have become immune to large-scale internal political violence. Are we facing a new wave of high-income conflict? At a minimum, increased violent unrest, political assassinations, and domestic terrorism in the next ten years seem possible, unless governments focus on avoiding impunity and establishing shared understanding of facts, reducing inequality and prejudice, and building institutional resilience.

Figure 1: Societal stressors that increase conflict risk

RISK FACTORS / STRESSES	INTERNAL	EXTERNAL
Political	• Lack of trust between citizens and state • Manipulation by political leaders of inequalities between groups (regional, ethnic, racial or religious) • Perceived threats to values and status	• External political interference and support for violence
Security and Justice	• Legacy of violence and trauma • Ethnic, religious, or regional competition • Real or perceived discrimination • Human rights abuses	• Invasion, occupation • Cross-border conflict spillovers • Transnational terrorism • International criminal networks
Economic and Social	• Youth unemployment • Inequality, vertical (crime) and horizontal (civil conflict) • Natural resource wealth • Severe corruption • Rapid urbanization • Gender inequality and prevalence of domestic violence	• Price shocks • Climate change

Source: World Bank. 2011. *World Development Report 2011: Conflict, Security, and Development*, adapted by NYU CIC for new research.

A parallel – the shift in conflict from low-income to middle-income countries

Our work on conflict and crisis prevention has focused largely on developing countries, since that is where the majority of violent conflicts have occurred in the last thirty years. Yet we have already seen one major conflict shift that has confounded the expectations of "conflict experts," like our own institution, as the incidence of conflict moved from low- to middle-income countries after 2000. It is worth looking at this shift to see what parallels it has for the risks run by high-income countries today, and the lesson it provides for the need to challenge our own assumptions.

Political scientists and economists working on civil war used to believe that the poverty of countries was strongly determinant of their conflict risk. As indicated in Paul Collier's works, "The Conflict Trap" and "The Bottom Billion," a group of very poor states were being left behind developmentally and driven by repeated bouts of violence. Indeed, in the 1960s, 70 percent of wars and violent conflicts took place in low-income countries. But by the early 2000s, only 40 percent took place in low-income countries, and by 2016, middle-income countries had 2.6 times the number of active conflicts than low-income countries. Today, according to the World Bank, 74 percent of the almost two billion people affected by violence or the imminent threat of violence live in middle-income countries. Many middle-income countries affected are in the Middle East, but by no means all – Central Asia, Pakistan, Colombia, and the Philippines have all seen significant internal conflict in this period.

Why did conflict shift to middle income countries? The 2011 World Development Report explains that conflict happens when stressors such as youth unemployment, rapid urbanization, regional, ethnic, or religious competition, or efforts to capture natural resource wealth increase beyond the capacity of national institutions to absorb them. The joint UN and World Bank 2018 study Pathways to Peace added evidence that when political leadership manipulates "perceptions of exclusion and injustice, rooted in inequalities across groups," risks rise. Other recent research has demonstrated the importance of values, belonging, and status (both positively and when they are seen as under threat) in motivating adherence to violent groups, as well as the role of violence against women and children as a leading indicator of extremism. Stressors can be external as well as internal, including transnational terrorism and international criminal networks, and regional or global economic shocks.

What we found in the 2000s and 2010s was that many middle-income countries were facing increased stresses in areas few policy makers were paying attention to. Countries such as Tunisia, lauded as one of the best performers worldwide on the Millennium Development Goals, saw the spark that fueled uprisings across the Middle East because of grievances over "invisible areas" of development – rising inequality, abuses by the security forces, corruption, arrogance of elites ("hogra"), and external interference.

The degree of stress on societies matters, but so does their capacity to absorb shocks, essentially the capacity, accountability, and legitimacy of their institutions. This means that societies with political, security, justice, economic, and social institutions that are seen to be competent and fair are able to absorb stresses that other societies could not. Institutional strengths largely explain why Ghana or Senegal have not experienced the repeated civil wars of their neighbors, or why Spain could address the deep political rifts around the Catalan independence referendum in 2017 without falling into outright conflict.

Institutional strength was also the primary reason why high- and middle-income countries were thought to be impervious (with some exceptions such as the long-running conflict in Colombia, and the regional conflicts in Northern Ireland and the Basque region) to the type of violence that had plagued low-income countries: their institutions were considered to be stronger. Yet it also become clear in the last two decades that middle-income countries' institutions often face increasing difficulties in keeping up with the aspirations of citizens. This can be thought of as an "institutional trap." The essential idea is that middle-income countries experience an institutional tension in face of societies' heightened aspirations. People do not trust public institutions and do not support reinforcing them, resulting in weak taxation or a large informal sector. This in turn limits the resources that states have to provide better public goods, further reinforcing people's distrust.

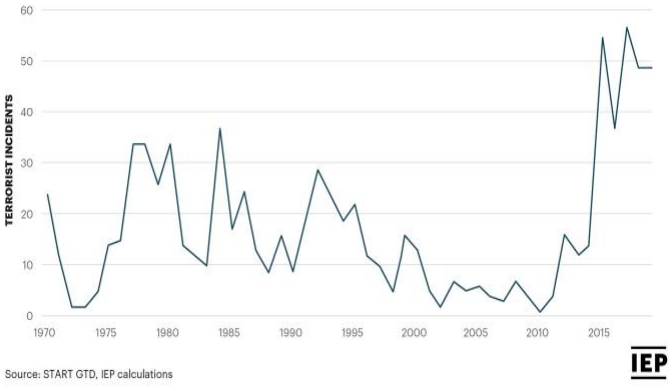
At the same time as the shift in conflict incidence from low- to middle-income countries, patterns of violence have changed. Internal conflicts in the 1980s and 1990s were dominated by long running wars between governments and well-organized rebel groups. Now the picture is much less organized. Conflict between armed groups that do not involve the state rose sharply after 2010. Internationalized conflicts have increased. "Organized" conflict has in many cases mutated into more amorphous and complex outbreaks of violence, often blending criminal and political drivers.

The question is whether some of these stressors and institutional weaknesses, which took many middle-income countries by surprise, are increasingly present in high income countries too.

Are high-income countries at risk?

High-income countries have bloody histories of external and internal warfare, and it is only recently that conflicts in Northern Ireland and the Basque region have been settled. Far-right terrorist attacks have increased sharply in high-income countries since 2010 (see Figure 2). Additionally, specific locations in high-income countries also have among the world's highest levels of criminal violence: St. Louis in the US is the thirteenth most violent city in the world. So, to some extent, violence is already in these countries.

Figure 2: Far-right terrorist incidents in the West, 1970-2019



Source: IEP's Global Terrorism Index

Yet these examples, while deeply traumatic, are specific in time or place and do not amount to a threat to state institutions. Developed country populations tend to think of themselves as peaceful societies. In this context, the mob storming of the US Capitol on January 6, 2021, was a profound shock to many Americans, as was the degree of violence and looting by rioters taking advantage of protests against lockdown in the Netherlands. A significant question for most high-income countries is whether these events augur trouble ahead. In a piece in June 2020 on conflict risks and the US elections, we argued that while the warning light was flashing orange for the US, it still had the institutions needed for

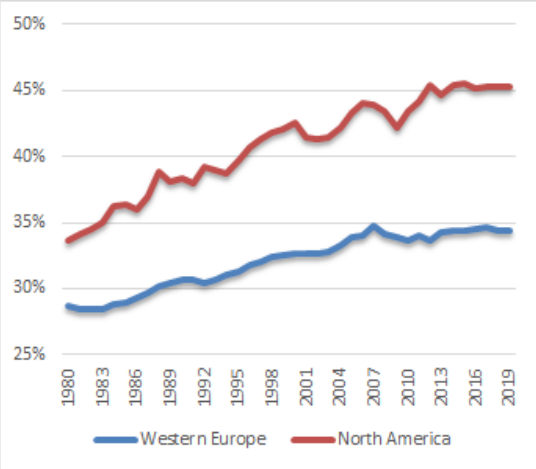
resilience. In the aftermath of the violent incidents of the new year, it is worth looking more systematically at stressors and institutional resilience in high-income countries.

Rising risks pre-COVID

The most relevant stressors for high-income societies relate to inequality, demographic shifts, manipulative discourse from some political leaders, and external interference.

Inequality. Since 1980, there has been a clear rise in the income earned by the top 10 percent of European and North American earners (see Figure 3), exacerbated by the 2008 financial crisis. Wealth differences have increased even more than income inequality, with house prices acting as a key source of grievance. A two-tier economy has emerged in developed countries, in which labor markets polarize, generating a surplus of basic jobs and gigs at the bottom, with a dearth of opportunities in the middle that would allow for upward mobility. Stable job contracts with a promise of career development became a privilege. This wedge often overlaps with identity-based group divides. In addition to income and wealth, a form of cultural inequality has developed in many high-income countries, where the poor are disparaged as "deplorables" and similar terms – a contrast to the post–World War I years when workers' contributions were lauded in liberal democracies, in part as a bulwark to the threat of communism.

Figure 3: Share of National Income Captured by Top 10% Earners in North America and Western Europe



Source: World Inequality Database

Demographic shifts, in particular immigration and refugee arrivals, have also dominated political discourse in many high-income countries in the last decade. Aside from the legal and moral requirements to receive those fleeing persecution, economists unite on the net benefits for hosting states, sending states and migrants themselves. Contrary to popular discourse, studies show that migrants are more likely to be gainfully employed than native-born populations in G20 countries, and that there is no statistical link between refugees and migrants and crime. Nonetheless, there are many historical examples of the arrival of newcomers in societies sparking violent opposition, and racist tropes about refugees and migrants have been central to mobilization by white supremacist groups in recent years. 68 percent of international migrants globally are in high-income countries: while in some historically high-immigrant countries such as the US and Australia flows have recently decreased, in others such as Korea, Japan, and Spain they have risen.

Change in the accepted norms of political discourse by leadership has also played a key role in both stoking and legitimizing aggression toward "others": President Trump is the most obvious example, but political figures in other high-income countries have also been accused of breaching norms of democratic discourse. Migrants and refugees have borne the brunt of much of this rise in political othering. Yet a broader rhetoric of demonization is evident, with outright hate speech being reinforced by more subtly dehumanizing messaging that together create an enabling environment for violent social animus. Although the link between political discourse and political violence is complex (and often works in reverse), evidence suggests that even mildly violent rhetoric can increase

support for violence. According to one study, acts of domestic terrorism occur nearly 10 times more often in countries where politicians frequently use hate speech compared to countries where they rarely or never do. *External interference.* External political and security interference is a well-evidenced risk for internal conflict. Traditionally, the literature on this has dealt with invasion and occupation, armed cross-border incursions, and financial support from external power to rebel groups. High-income countries remain well protected against this type of direct external interference. Not so, however, in the cyber realm: external cyber interference in political and electoral processes is a reality now facing high-income countries that did not exist twenty years ago.

Trust in institutions. The last fifteen years has also seen a falling trust in national governments in Mediterranean European nations, the US, and other high-income countries (see Figure 4 and 5). North-western EU nations appear to have largely resisted the downward trend, stabilizing at their pre-Great Recession levels. As with economic inequality, trust was adversely affected by the 2008 crisis: the perception that stimulus programs went primarily to the wealthy, and the slow recovery for the poor and middle class were followed by a sharp decline in political trust in some liberal democracies. Political parties, which in most high-income countries commanded firm allegiances and played strong social roles in the decades after World War II, have lost the ability to retain allegiances of different social and economic constituencies – like business and labor – over time.

Figure 4: Measure of Popular Support for Government in 35 OECD Countries

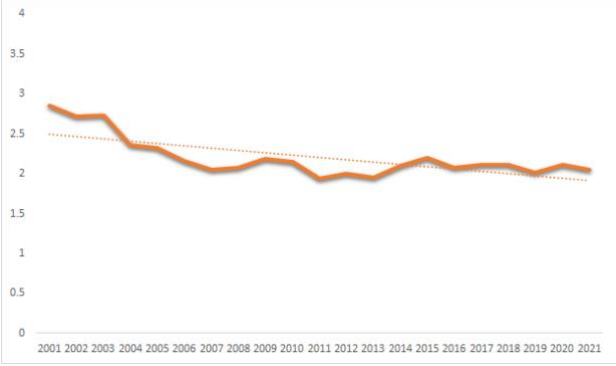
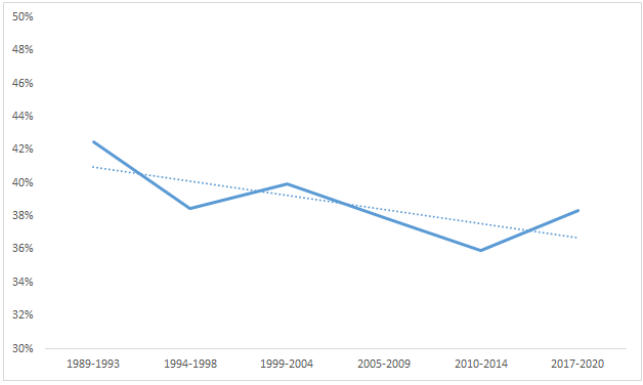


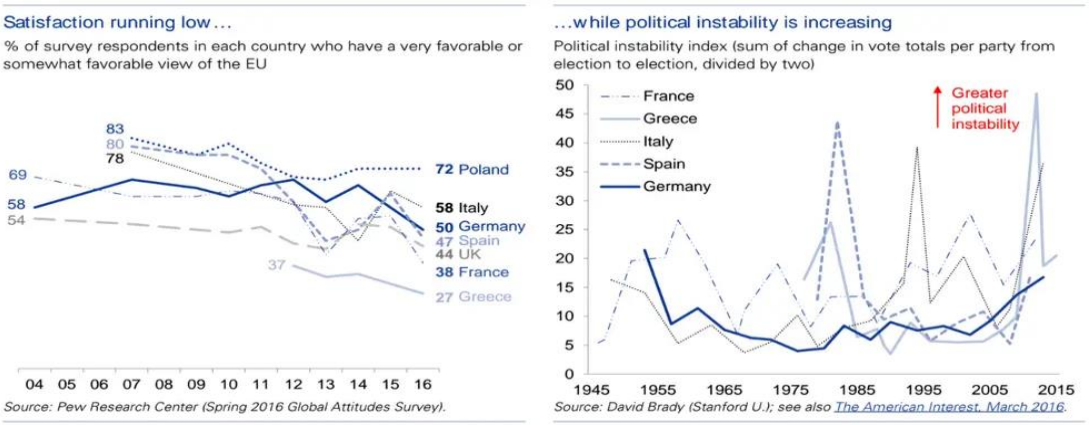
Figure 5: Opinion Polling on Support for Government in available OECD Countries



Source: Adapted by NYU CIC based on data from PCR ICRG and World Values Survey

Trade unions, which played a strong role in negotiating social compacts to underpin both political and economic stability in Europe in particular and helped channel grievances from the poor to political party leadership, have seen sharp membership declines. Today's political landscape in high-income countries is much more volatile than that of the 1950s to 1980s (see Figure 6).

Figure 6: Trust and Political Volatility in the EU



Source: Pew Research Center, *Spring 2016 Global Attitudes Survey* and David Brady, *American Interest March 2016,* Stanford University.

More speculatively, the post-2000 period appears to have seen a decay in the perceived neutrality of key national institutions in some high-income countries. The most obvious examples are in the US – the refusal to respect the results of the 2020 election, the now commonplace practice of referring to Supreme Court judges not only by name, but with reference to which party appointed them, the attempt in the "1776" commission to bias the national education curriculum. But similar tendencies can be seen in some European countries – the front page branding by the UK Daily Mail of the three judges who ruled that Brexit required the consent of parliament as "enemies of the people" in 2016, for example.

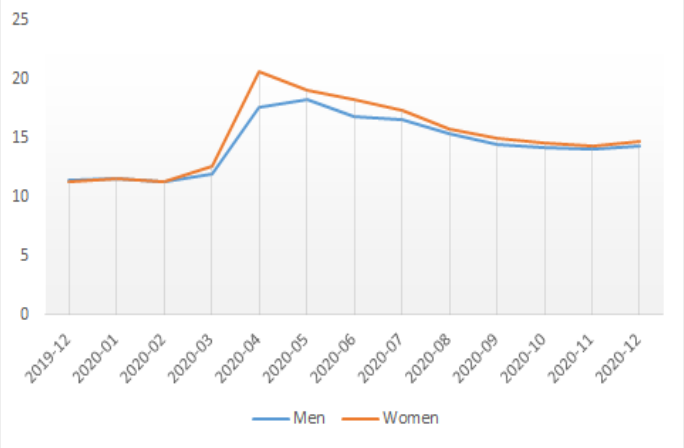
Sometimes this is pure conspiracy theory, but it is no less a threat for that: the well-known ability of social media algorithms to move people towards extremist content is likely to accelerate perceptions that national institutions have been captured by "the other," whoever you believe the other to be. Sometimes it simply reflects increased attention to longstanding, real problems. The Black Lives Matter movement's mobilization against racial injustice, which helped expose many aspects of systemic racism and the legacy of slavery worldwide, reflected a deep history of mistrust between communities of color and the security forces. The movement resonated across almost all high-income countries, not only in the US.

The Impact of COVID-19

We are still in the middle of the impact of COVID-19, and it is too early to understand the full implications on conflict. Nonetheless, this "mother of all shocks" clearly affects some of these pre-existing conflict risks, including:

- *Income and employment loss*. Various types of economic shocks – sudden drops in GDP, unemployment, price shocks – are associated with conflict risk. COVID-19's economic impact is the deepest since World War II and the broadest since 1870. The OECD is now predicting that the unemployment will remain high well into 2021 as a result collapsed economic activity in many sectors. For young people, and especially for vulnerable youth, the COVID-19 crisis poses considerable risks in the fields of education, employment, mental health and disposable income (see Figure 7). The cost of COVID-19 will also, in the end, require fiscal measures in high-income countries to pay for ballooning deficits, and these in themselves can be triggers of conflict. During 2018-2019, the unrest witnessed across Chile, Ecuador, France, Jordan, Saudi Arabia, and Nigeria had a common economic motif: resistance to attempted changes in energy subsidies or taxes.

Figure 7: Youth Unemployment in OECD Countries

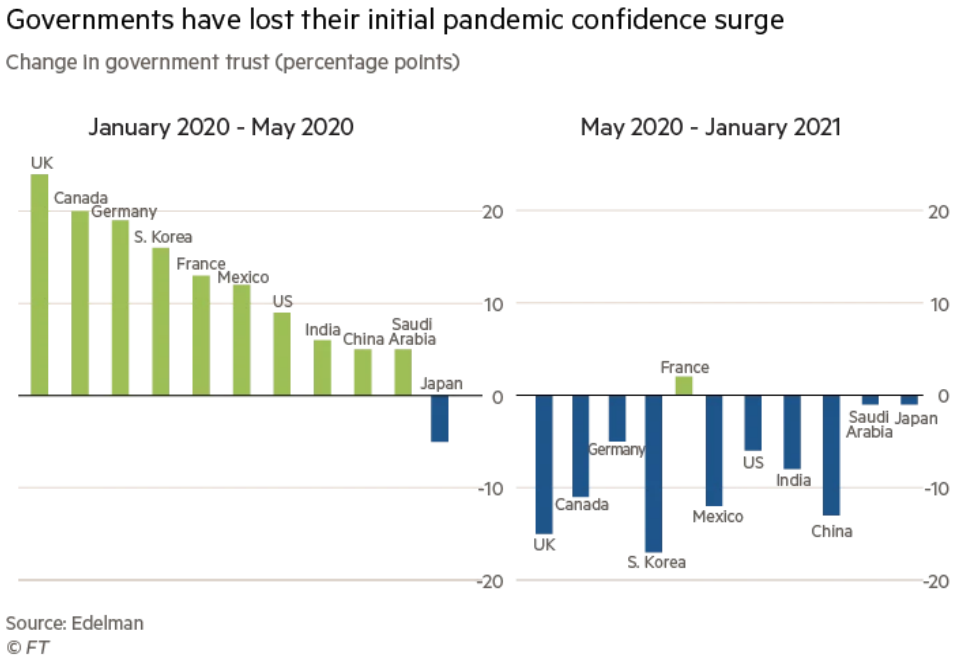


Source: OECD Data - Youth Unemployment Data 2020

- *Inequality*. The pandemic appears to have increased inequality in high income countries in several different ways. Firstly, the top half of societies were able to protect themselves more easily than the bottom: more likely to be able to work from home, less likely to face unemployment or loss in income, with better access to healthcare, digital connectivity, and remote educational services. Secondly, the pandemic has exposed inequalities between groups, including disproportionate deaths and morbidity in minority ethnic and racial populations, and widely varying regional performance within countries.
- *Domestic violence and mental health*. Lockdown measures have increased domestic violence worldwide and put children more at risk of domestic violence in the long term. France has seen an increase of 30 percent in domestic violence's cases, and 90 percent of domestic violence in Hubei Province in China is related to COVID-19. Experience of domestic violence is correlated with an increased probability of later recruitment into extremist groups and with wider social violence.
- *Security fears and attraction to extremist ideology*. In the US, on top of existing tensions, firearms sales have increased sharply in 2020. While the number of firearms in itself need not necessarily be a risk factor, they are an enabler and vector of lethal violence, and the purchasing binge shows concerns for security among Americans. Indicators also show that attempts to access far-right extremist content on search engines have increased by 68 percent in Australia and 37 percent in the US.
- *Lockdowns and policing*. The use of policing to enforce public health measures, perceived by some as draconian, has also caused skirmishes that further undermine perceived state legitimacy, particularly as forces dealing with issues outside their usual purview may be unprepared. In a recent report, ACLED noted an uptick in demonstrations across several high-income countries European countries, with much of the uptick linked to issues of political polarization and anti-lockdown sentiments.

- *Mixed patterns on institutional trust.* The first months of the pandemic saw rises in trust in government worldwide – as, in effect, citizens realized that there are some problems that cannot be solved on their own. However, this trust appears to have dissipated in many countries, as recently measured by the Edelman Trust Barometer/FT (see Figure 8). Recent rises in complaints over the rollout of vaccinations also augur more tensions vis-a-vis citizens' expectations of their governments.

Figure 8: Increased trust immediately after COVID-19 is dissipating fast



Source: The Financial Times

In summary, there are strong indications that we may see more internal violence in the developed world in the next ten years. There are many forms this may take – with violent unrest, increased political assassinations, and domestic terrorism probably the most likely.

What can be done?

The first point for high-income countries will be to recognize that they have risks – that sustaining peace, in United Nations terms, is an ongoing struggle. All societies have social fractures, and none of them is immune to violence. High-income countries, like middle- and low-income ones, are not a homogeneous group: each has its own set of stressors and its own capacities to respond. The developed world should adopt systematic monitoring of their risk factors for violence and address them. At a local level, some of these efforts already exist, for instance through local safety audits in countries such as France and Canada. Broadening this approach would enable high societies to better understand their specific risks and adopt relevant strategies to address them.

There are also some lessons from countries that have successfully prevented the escalation of violence in the past. Essentially, these revolve around avoiding impunity and recovering shared truth and memory, rebuilding the confidence of citizens in an inclusive state, and strengthening institutional legitimacy.

- *Avoiding impunity, recovering truth*. Once violence becomes normalized in societies, it is difficult to rope it back. Since the trends we describe are fairly recent in high-income countries, it is possible to signal early and clearly that violence is not tolerated. This applies to criminal acts during demonstrations: many countries have also launched broader prosecutions of those who incited violence, up to and including senior politicians, security force leaders and heads of state. Some have also established Truth Commissions to identify patterns of abuse and a shared understanding of facts. Truth Commissions are a tool used not only in situations of mass human rights abuse such as Guatemala, Argentina, Chile, or Sierra Leone, but also for more specific problems. Canada, for example, established a Truth Commission to look at the history of discrimination and abuse of indigenous people in the school system.
- *Rebuilding confidence in an inclusive state*. Those who commit crimes should be prosecuted, but societies cannot and should not prosecute all those who vote for parties that espouse divisive rhetoric. Reaching out is necessary, rebuilding the trust of citizens in the state and each other. There are genuine grievances on many sides in high-income countries – historically disadvantaged groups rightly resent historic and current prejudice, while poor communities of majority races and ethnicities (such as communities in mining or industrial towns, and some rural areas) also rightly resent being left behind in a period of fast growth but rising inequality. Delivering quick, inclusive programs is key, with the obvious examples at present being vaccines and social protection. Getting local communities to determine priorities for socio-economic recovery and discuss exclusion, as Indonesia did during democratic transition, would also be a useful practice for high income countries to strengthen.
- *Strengthening institutional legitimacy*. The last few years have laid bare significant institutional deficits in liberal democracies. While there are different challenges in different countries, these range from the basics – unequal access to services despite high average provision, declining voter turnout, poor labor protections, bias in the security forces, electoral systems that do not weigh all votes equally – to the new institutional needs of the twenty-first century, such as norms and regulations on the use of social media during elections, and enhanced cyber security. Alongside delivering practical and equitable social and economic goods, states will have to take on the painful task of institutional rejuvenation. Here, many high-income countries have their own history to return to, in the aftermath of World War II or the Cold War – as well as more recent efforts such as gun legislation in Australia, tracking links between security forces and white extremists in Germany and local security contracts. There are also lessons from middle- and low-income countries, for example on electoral codes of conduct, and the formation of broad local peace committees

Research shows that the path to conflict is not overnight – countries generally have warning signs for several years. High-income countries can and should be able to avoid escalating violence – if they take the risks seriously and act now.