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Social Structure, Economic Exclusion, and Fragility? Pertinent Theories and Empirics from Africa

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Abstract

The current paper is keen to elucidating the nexus of social structure, economic exclusion, and wealth inequality as the instigating causes of political instability in the milieu of Africa. The paper uses eclectic notions including economic, sociological, and governance ideas. The panel dataset for the years 1990–2018 is amassed for 34 African countries, principally from the World Development Indicators, African Development Bank, and Fund for Peace databases. The country specific fixed effects regression has been run using STATA software. The statistical finding suggests that hierarchical social structures cause economic exclusion and trigger conflict. Conversely, adapting an inclusive development approach is the bearable remedy for the national social, economic, and political fragility of the countries. The foremost merit of the paper is that it encompasses the notion of structural and economic exclusion in the theories of peace and development.

Key words: social inclusion, social interaction models, conflicts, social justice, social economics

JEL: A13, B55, C31, D74, Q34

1. Introduction

1.1. Stage of Development, Economic Inequality and Political Conflicts

The theory of peace explicates the relationship between peace and development (Barnett, 2008; Galtung, 1981; 1990; Hettne, 1983; Sorensen, 1985). Nevertheless, it has been claimed that peace has not received enough contemplation in economic development studies in the post-cold period. For instance, Barnett (2008, p.76) states that "since the end of the cold war, the concept of 'peace' has been notably absent in the development literature." The account is indeed contentious. Whatever the case may be, this does not imply that the world has reached a state of peace, nor does it imply that the cold war "has ended". Meanwhile, neither the theories nor the empirics show an unsophisticated linkage between the level of development and peace (Galtung, 1981, 1990; Hettne, 1983; Sorensen, 1985). For instance, according to Sambanis (2004), compared to developing countries, developed ones are more victim of terrorism and vulnerable to nuclear war threats. Furthermore, the vast majority of the current terrorists are of middle-class reformers (Busher, 2011).

Conversely, Collier (2003) claims that the risk of political violence is four times greater in developing countries than in OECD countries. For example, despite the fact that civil wars are more common in less developed tribal states. As Sambanis (2004) points out, Duffield (2006) also underscores that there is no sustainable peace without sustainable development. Even intuitively, one can claim that not all underdeveloped countries are politically unstable, nor are all developed countries peaceful. This shows that there is no simplistic relation between the level of development and political instability.

Thus, the tie-up between underdevelopment and political violence needs further scrutiny. The other intricacy is that contemporary conflicts encompass not only a complex set of local factions and inter-elite grievances but also foreign interest groups. Besides, political violence may appear in different forms, and the same is true for economic prosperity (Acemoglu and Robinson, 2012).

In the transmission mechanism between economic exclusion and political violence, there are intermingled drivers. For instance, some empirical evidences suggest that in the early stages of development, income inequality and authoritarianism are common as witnessed by the newly developed countries (Johnson, 1981; Öniş, 1991; Deyo, 1987; Amsden, 1989; Wade, 1990). The fascinating story is that in the newly developed South-East and North-East Asian countries, the power of the authoritarian states declined as the development matures because the more middle class increased, the more political freedom and inclusive governance demanded. In 1980s Japan faced civil society-led particularly student union-led political movements towards democratization (Öniş,1991). Although significant economic prosperity was achieved in Japan before 1980s, income inequality was high that triggered a political movement in the 1980s (ibid.). Likewise, for instance, inequality has been leading to a series of attacks in Southern Africa since 2008 (Kerr, 2019). Although the region encompasses democratic states having a per capita income above the African average. This leads to the following hypothesis.

Hypothesis 1: Economic exclusion is a vigorous driver of political conflicts. Hence, addressing the exclusion through minimizing poverty and inequality is a sustainable resolution for conflicts.

1.2. Social Structures, Economic Inequality and Exclusion

The foremost merit of liberal democracy and neoclassical economic theories is that they encourage competition amongst economic actors so that efficiency and the propensity to innovate can be ensured, which ultimately causes economic growth. However, the main bottleneck in mainstream thought is that not all the rival economic actors are operating in equal structural and institutional settings. Yet, the heterodox economics hardly considers the social structures that significantly enable or disable economic development. Instead, it is assumed *citrus paribus* (Woldegiorgis, 2020a). In practice, there are structural and institutional hurdles that stand in the way of fair competition.

For instance, in ancient civilizations, the social classes and their economic consequences were well documented. In ancient Egypt, slaves, peasants, craftsmen, merchants, scribes, soldiers, government officials, and pharaoh were arranged respectively from the broad bottom to the narrow top of a social (structure) pyramid, which ultimately constrains fair but not free competition and the entitlement to, *inter alia*, resource ownership, freedom of education, and involvement and position in politics and religion (Okon, 2012). Similarly, in ancient Greece's social structure pyramid, slaves and immigrants, women and children, the jury, men from the country (assembly), the council, and gods and goddesses were arranged from the bottom to the narrow tip of the pyramid, respectively. The Athenians also had a social structure of slaves, freed slaves, middle class free men who were born outside of Athens, and upper-class people who owned slaves. The slaves were responsible for taking care of the property of the upper class. Thus, the upper class has the time freedom to deal with government, war, education, philosophy, etc. The slaves, workers, and/or servants were from the lower class. The middle class comprises artisans, merchants, bureaucrats, officers, and commoners. Kings, priests, and nobles were from the upper class (Manstead, 2018).

Likewise, in the ancient Roman social structure pyramid, slaves, freemen, plebeians, and patricians were placed from broad bottom to narrow tip, respectively. Although slaves were responsible for many laborious jobs, such as mines, factories, farming, and road construction, they had a few rights and their role was undervalued. Whereas, as the position on the pyramid gets higher, the social class is respected and entitlement to more wealth is guaranteed. Just like in the food chain, those at the top exploit those at the bottom. Those at the bottom were barred from reaping the economic benefits of their labour. Nowadays, concealed social

structure causes exclusion at least through employability, land ownership, citizenship and social mobility (Fang & Saks, 2021; Rivera, 2015), as cited in Kish-Gephart (2022).

The main takeaway from the above elucidation is that ancient societies had clear social hierarchies that determined resource and wealth ownership, freedom of movement, and freedom of opportunity such as education and civil and political rights. Even after democratization, this social class dichotomy has not been fully redressed. Did the social structures leave societies at the bottom of the hierarchy to be left behind? Yes, indeed. Do women enjoy equal pay as men do? Do people of different races and nationalities have the same social class in different societies? Do immigrants and emigrants enjoy the same privileges as local people? The simple answer is "no" for almost ubiquitously. Moreover, one can also recognise how historical and current social structures can affect the productivity, efficiency, innovation, participation in decision-making etc. that the subject matter of the mainstream economics often nose-dives in the matter. The historical social hierarchy has also an effect on the social mobility of the next generation within or between social strata in a society (ibid.).

In a Marxist perspective, the privileges of different social classes vary in different systems of governance, including slavery, feudalism, capitalism, socialism, and communism (Kish-Gephart, 2022). Although people in the lower social class show strong empathy towards one another, there were historical revolutions in which different social classes clashed with the extractive regimes. To mention some, slavery abolitionist movements, land for the tiller activism (anti-feudalism), feminist movements, Bolshevik and Menshevik were radical and violent to change the political status quo. This leads to the following hypothesis:

Hypothesis 2: Social structures cause inequity and injustice against the meaningful participating in economic decision making and benefiting from opportunities in a society. In that case, though not always, the excluded group has the propensity to oppose the incumbent extractive governance system. This means, inequity in social structures may trigger violence.

In that case, as the inclusive development approach is a multidimensional and multidisciplinary human-centred pro-poor notion, to comprehend the variables in a wholistic multidisciplinary framework. As the exclusions arise from multidimensional causes, inclusion needs the usage of eclectic approaches, including sociology and political economy (Sen, 1981,1999). Therefore, the current article is dedicated to showing how social structure,

economic exclusion, and conflicts intermingle. It also offers a policy recommendation based on statistical analyses. This enables to ameliorate the precarious status quo of those people who are left behind for structural and institutional reasons and the overall fragility of states.

Therefore, this paper aims to synthesize the intersection of peace and development theories and bring about empirical evidence. It particularly shows the transmission mechanism of social structures, economic exclusion into political instability and empirically proves that economic exclusion and inequality have been triggering political violence in Africa. The research questions are: Is there a direct fundamental association between economic exclusion and conflict? Is variance in the social structure a driver of conflict?

2. Literature

2.1. Theories

2.1.1. Exclusion and the Democratic Peace Theory

In his essay entitled "perpetual peace" the German philosopher Immanuel Kant is credited as the originator of the democratic peace theory (Doyle, 1983). The theory claims that compared to other forms of governance, democratic countries are less likely to enter into war because of the fact that inhibiting people are more included in the politics. This is for the fact that the political system and constitutional republics require the support of their citizens at least to enter into war. Therefore, the people are empowered to keep their political leaders accountable through their legislative procedure of consent. However, the theory is critiqued because the reverse does not always hold true. This means that not all peaceful countries are necessarily more democratic.

In fact, the theory was justified by the notion that rich countries are less likely to enter into war because they do not want to lose their wealth because of conflicts or full-fledged wars. Therefore, if politics is inclusive enough and the economy is equitable, people have less propensity to enter into war. However, there are still critics claiming that the theory lacks empirical evidence on the causality of democracy, peace, and prosperity (Polard, 1981; Owen, 1994; Gat, 2006; Cederman et al., 2014).

2.1.2. Exclusion and the Political-Economic Theories of Violence

The political theory of civil wars claims that there are two causes of civil wars: correlational and negotiation failures (Anyanwu, 2002; Florea, 2017). The correlational approach claims that there are socioeconomic triggering factors that are often termed as correlates of civil war. According to the notion, ethnic segregation, economic exclusion manifested as poverty, unemployment, wealth inequality, and inflation, etc., may cause conflict and civil war. In the negotiation failure approach, political violence is caused by institutional and structural problems. Furthermore, a lack of legitimacy, as well as ineffective diplomatic or negotiation failures, may lead to violence (Florea, 2017). Cederman et al. (2014) also claim that political exclusion triggers conflicts.

2.1.3. Structural Exclusion and Theory of Social Constructivism

According to the theory, conflicts and political violence are caused by inappropriate social positions and relations (Skelly, 2002). However, it has been underestimated that excluding social relations manifested in terms of social classes, cultural differences, language, racial profiles, geographical affiliations, religious affiliations, etc. that may trigger conflicts. According to the theory, embracing diversity is the key to socially inclusive and peaceful economic development (United Nations, 2016; WEF, 2017; UNDP, 2018). The opposite is the cause of political violence (ibid.). Cederman et al. (2014, p.57) also see "internal conflict as a function of political horizontal inequality, as manifested through the exclusion of ethnic groups from central executive state power." They also underscore how nationalist politics leads to the expansion of horizontal inequality and its consequences for internal conflict. Economic exclusion in the form of inequality and poverty affects everyone, but culturally distinct groups are likely to be affected more than the dominant group (Alesina et al., 1999; Jackson, 2013; Miguel and Gugerty, 2005) as cited in Dzutsati (2021).

2.1.4. Economic Exclusion and the Marxist Theory of War and Peace

According to Marx, political violence in the form of radical revolution is caused by the rejection of the greedy exploitation system. According to him, there is no endless exploitation of the poor. When the poor, particularly laborers, are "alienated" from fair remuneration for their basic living conditions, it is unavoidable that the exploited groups reorganize and collectively pursue a radical revolution which aims eventually ending the exploitation system and ensuring socioeconomic and political inclusion. According to the theory, if one agent keeps on taking

unfair advantage of another agent, then conflict of interest inevitably bears social unrest (Kára, 1968).

2.1.5. Economic Exclusion and the Entitlement Theory

Entitlement theory is based on John Locke's original ideas². Under the theory, people are characterized as ends per se and equals. Kant states, people are naturally entitled to own themselves and nature. Thus, for a peaceful and socially cohesive society, there is a need for justice in holdings (Nozick, 1994, p.150). According to Nozick, "a distribution is just if everyone is entitled to the holdings they possess under the distribution" (Nozick 1974, p.151). The other version of the entitlement theory is explained by Amartya Sen. Sen claims that every person is naturally entitled at least to basic necessities, fair treatment and dignity. According to the theory, any form of exclusion and famine is linked to an inability to exchange one's natural privilege in a society. Once people are unable to make their living, the society is prone to social evils, including violence and other moral hazards (Sen, 1981, 1999).

2.1.6. Exclusion and the Theory of Justice (Justice as Fairness)

In his theory of justice, John Rawls explains two principles of justice: equity and efficiency. In his first principle, Rawls states that people are entitled to the greatest basic liberties through equally open opportunities. In his second principle of justice, he underscores that all people are empowered to efficiency through a system of natural liberty and liberal equality. The second principle emphasises the difference principle, which is claimed to be handled through democratic equality (Rawls, 1973). According to the principles, inequality should only be accepted if it is "reasonably expected to be to everyone's advantage" (Rawls, 1999, 53).

2.2. Empirics

² John Locke claims that the earth (land) is the property of people in common. However, each people own their body and when they apply it as labour to nature; then, they are entitled property and wealth. He takes a simple example: 'when I pick an apple, I own the apple, but when everybody wants to pick the apple, there is a need of rule of the game'. *i.e.* institution. Rules of the game do not only cause wealth, but also distribution (Lock (1988), Woldegiorgis, 2020a, p.110; Brubaker, 2012).

In the 1980s, there was a zeal about the nexus of peace and development theories (Galtung, 1989; Hettne, 1983; Sorensen, 1985). The main enthusiasm of the theories was to explore the type of development that would facilitate the existence of peaceful economic, social, and political structures (Barnett, 2008). Since then, the empirical evidence has shown that the ever-growing economic inequality among individuals has left some groups excluded from the economic benefit, not only in developing but also in developed countries (Stiglitz, 2012). This is a concerning situation for a sustainable, cohesive and peaceful local and global society. Especially when the exclusion is exacerbated by structures and institutions, the risk of political violence may increase and jeopardise social cohesion and international relations (ibid.).

Anyanwu (2002) asserts, using the logit model, that level of development, natural resource availability, population size, democracy, and social fractionalisation are significant drivers of civil wars in Africa. Anyanwu also underscores that in the presence of weak institutions or extractive institutions, it is difficult to rectify a property right. Thus, the presence of "lootable" natural resources may be a haven for "loot-seeking" rebels. Obviously, they will clash with "justice-seeking" people. In the meantime, conflicts can break out. However, if there were more inclusive democratic institutions, people would have control over their governments. Thus, democracy empowers the majority but not all citizens to make sure looting politicians are accountable (Anyanwu, 2002; Collier, 2000; Humphreys, 2005; Acemoglu and Robinson, 2012).

Sambanis (2004, 14) also states that long-lasting inequality begets anger and anguish, which increases the propensity for radical reforms against incumbent regimes. Similarly, Stewart (2002) underscores that underprivileged groups are likely to seek reparation. Croissant's (2005) finding is that poverty is a robust root cause of violence, particularly when it is exacerbated by primordial divisions and the social structures are biased. Croissant also underlines that unemployment is also the main reason behind the ample rebel supply. On the other hand, Collier & Hoeffler (2004) claim that conflicts are triggered by greed. According to Collier's greed, war is fundamentally an economic phenomenon. Collier (2003) personally claims that the risk of a violent conflict eruption is four times greater in an impoverished country than in an OECD country.

2.3. Conceptual Framework

The paper is devoted to showing the nexus of a country’s political fragility situation in relation to social structure, inequality, exclusion, and inequality. The following figure is a simple hand summary of the eclectic theories discussed above.

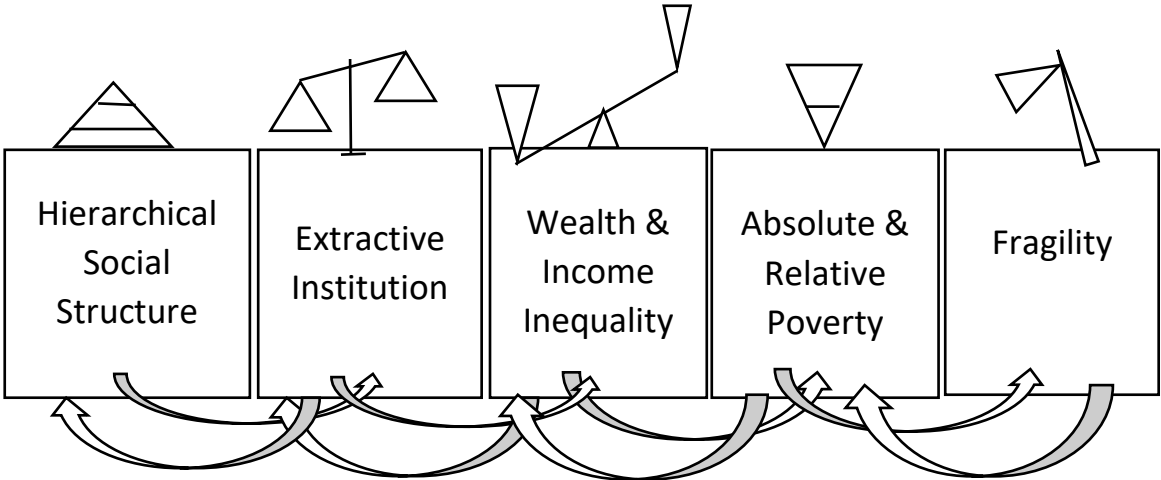


Figure 1: Conceptual model of vicious socio-political hierarchy, economic exclusion and Fragility. Source: drawn by the author based on the corresponding literature reviewed

The model (see figure 1) shows how hierarchical social structures cause extractive institutions, wealth and income inequality, absolute and relative poverty, and ultimately conflict. The variables have multiple channels of interaction; however, for ease of understanding, the proto-type version is presented. The feedback also shows how the conflict viciously bears further hierarchies, extractive institutions, inequality, poverty, and conflict. However, an important disclaimer is that, in rare circumstances, revolutions or social disobedience may end up with inclusive institutions (Rawls, 1973). For example, during the "Arab Spring," Tunisia became more democratic after the revolution (Acemoglu & Robinson, 2012).

According to the sociological model of social structure, societies have formal or informal social structures or hierarchies that affect not only social relations but also institutions. For instance, according to Acemoglu and Robinson (2012), before the industrial revolution, few aristocrats who were on the tip of the social hierarchies in Barbados, the capital of the West Indies, had been controlling the economic system, politics, and justice system. In the arrangement, the

slaves, who were the majority in society, had no room to get social, economic, or political entitlements. This gave rise to Marxist ideals and radical movements ("positive conflicts"), which ultimately collapsed the extractive systems.

In the model, hierarchical social structures (classes) are symbolically represented by a pyramid. An extractive institution is represented by an unbalanced scale. Wealth and income inequality are represented by a seesaw. Absolute and relative poverty are epitomised by a half-filled cup. Finally, the conflict is characterized to an axe, which viciously cuts the arrangement as a feedback to exclusion.

3. Definitions, Data Source and Method of Analysis

Just like in welfare economics and social economics, the theories in this paper are mostly in line with normative development approaches.³ After an extensive review of literature and presenting an analytical framework, the paper offers empirical evidence to justify that social structures and inequality are drivers of exclusion and fragility.

3.1. Definition of Variables

The Fragile States Index, or simply the fragility index, is a composite index showing the political instability of states. It has been published by the Fund for Peace. The notion was developed a quarter-century ago to evaluate the vulnerability of states to collapse. Twelve conflict risk indicators are grouped into four sub-indices, namely: i) cohesion fragility (security apparatus, factionalized elites, and group grievance); ii) economic fragility (economic decline, uneven economic development, and human flight plus brain drain); iii) political fragility (state legitimacy, public services, and human rights plus rule of law); and social fragility (demographic pressures, refugees plus internally displaced persons (IDP), and external intervention).⁴

On the other hand, the Inclusive Development Index (IDI) was introduced by the World Economic Forum (WEF) in 2017. Dörfel and Schumann (2022) also used the WEF IDI and

³ Social economics uses normative human values or value judgments as an applied economic policy instrument. It is intended to change the prevailing "undesirable reality and achieve a desirable end". "Social justice is a set of normative values which define and specify morally right social structures, relationships, and institutions to improve the wellbeing of people at the bottom of the social pyramid" (Rider, 2005).

⁴ Further information about the composite index is available at: <https://fragilestatesindex.org/indicators/> (Accessed 29 December 2021)

expanded it to include more countries longitudinally. Moreover, using the same procedure offered by the WEF, Woldegiorgis (2020a) calculated a multidimensional inclusive development index by incorporating more indicators and sub-indices pertinent to Africa (Woldegiorgis, 2020a).

3.2. Data Source and Methods of Analysis

The empirical analysis is based on secondary sources of data. The panel dataset for the years 1990–2018 has been mainly amassed for 34 African countries from the World Development Indicators and the Fund for Peace databases. Using statistical tests, individual specific fixed effects regression is found to be a suitable. The sample size represents 62% of the African countries and the sample countries and time period are chosen based on the availability of the CPIA index. Theoretically, the paper is linked to social interaction models. Accordingly, following the econometric regression, a sensitivity analysis is presented to check the robustness of the regression.

4. Discussion of Empirical Analysis

4.1. Economic Income Inequality as a Cause of Fragility in Africa

The African countries do not have the same poverty and inequality profiles.

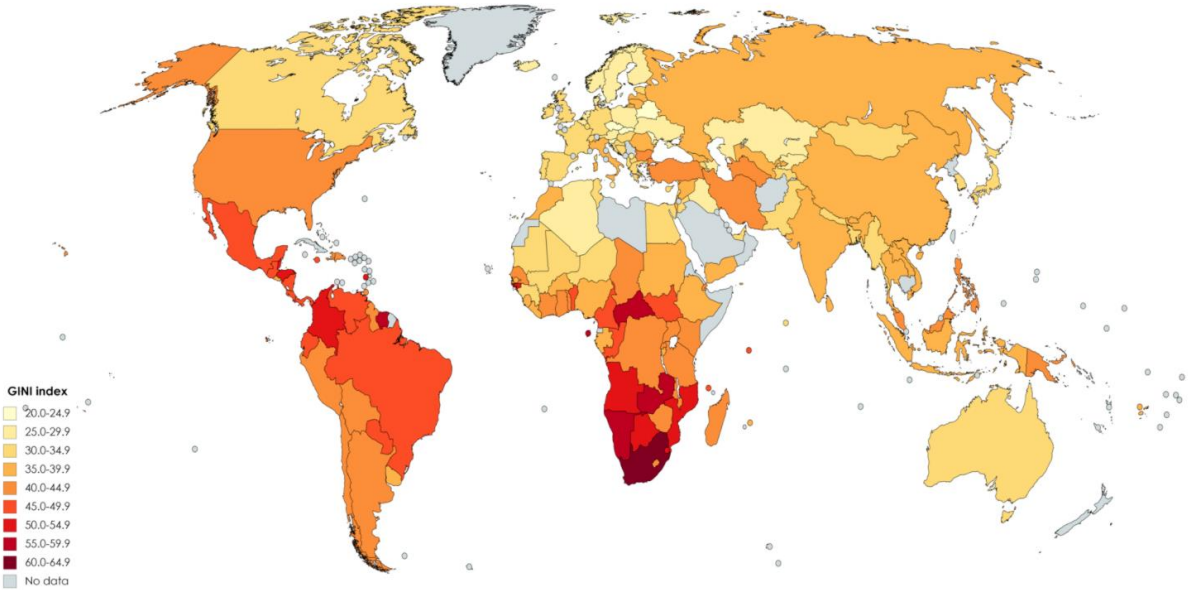
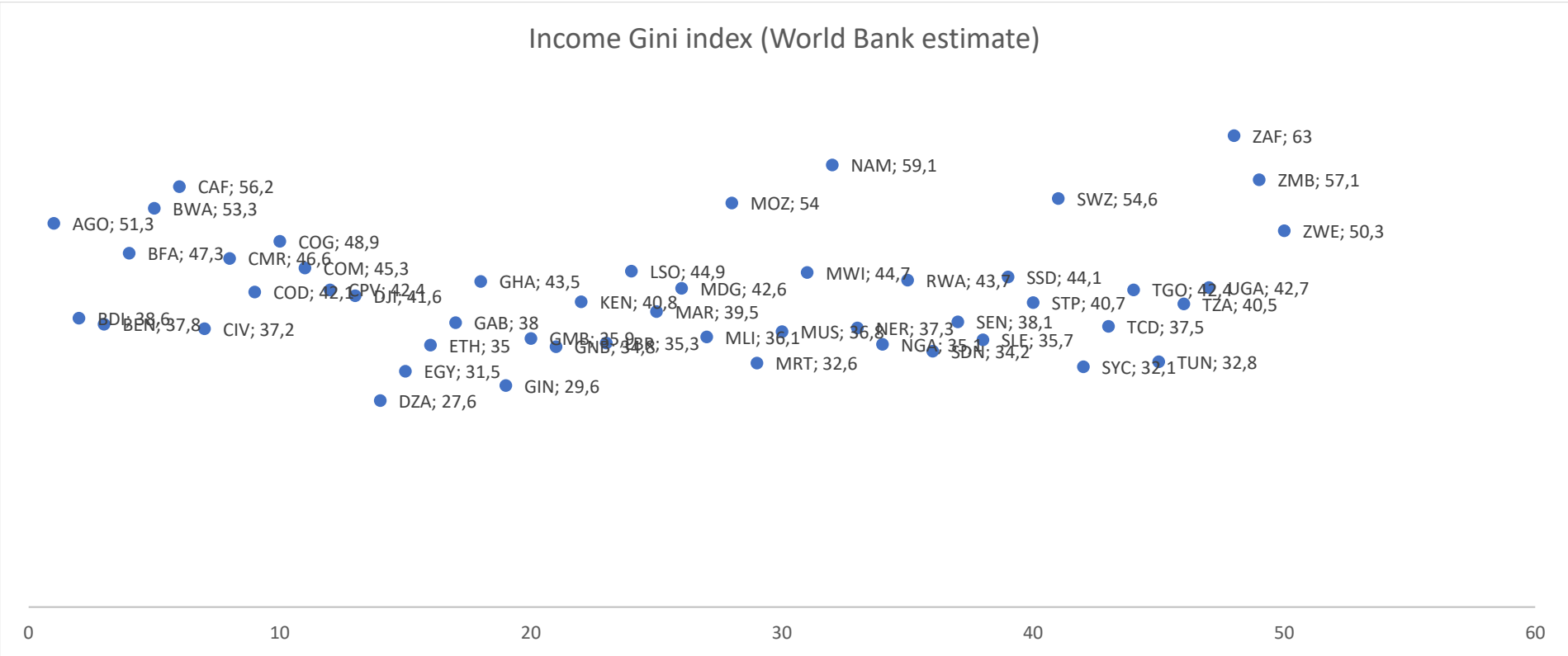


Figure 2: National Gini coefficient in 2018 Source: World map of GINI coefficients from World Bank

The figure shows that Southern Africa is the most economically unequal region in the world. Compared to Eastern Africa, Western Africa is economically more unequal. However, both the Western and Southern African countries are among the most resource endowed regions. Yet, in the western Africa, both inequality and poverty are more penetrating. However, the absolute poverty situation in Southern Africa is not as bottomless as the income inequality.



| Angola | Burundi | Benin | Burkina Faso | Botswana | Central African Republic | Cote d'Ivoire | Cameroun | Congo, Dem. Rep. | Congo, Rep. | Comoros | Cabo Verde | Djibouti | Algeria | Egypt, Arab Rep. | Ethiopia | Gabon |
|--------|---------|-------------|---------------|-------------|--------------------------|---------------|------------|------------------|-------------|------------|------------|-----------|--------------|------------------|----------|---------|
| AGO | BDI | BEN | BFA | BWA | CAF | CIV | CMR | COD | COG | COM | CPV | DJI | DZA | EGY | ETH | GAB |
| Ghana | Guinea | Gambia, The | Guinea-Bissau | Kenya | Liberia | Lesotho | Morocco | Madagascar | Mali | Mozambique | Mauritania | Mauritius | Malawi | Namibia | Niger | Nigeria |
| GHA | GIN | GMB | GNB | KEN | LBR | LSO | MAR | MDG | MLI | MOZ | MRT | MUS | MWI | NAM | NER | NGA |
| Rwanda | Sudan | Senegal | Sierra Leone | South Sudan | Sao Tome and Principe | Eswatini | Seychelles | Chad | Togo | Tunisia | Tanzania | Uganda | South Africa | Zambia | Zimbabwe | |
| RWA | SDN | SEN | SLE | SSD | STP | SWZ | SYC | TCD | TGO | TUN | TZA | UGA | ZAF | ZMB | ZWE | |

Figure 3: Income Gini index (World Bank estimate). Source: Drawn by the author based on the metadata from the World Development Indicators

4.2. Fragility and Inclusion Nexus

The following empirical analysis shows the nexus of inclusive development and fragility due to the fact that an inclusive development approach can serve as a policy instrument to redress the fragility of the selected countries (Acemoglu and Robinson, 2012; Stiglitz, 2012; Woldegiorgis, 2020a, 2020b; Dörfel and Schumann, 2022; United Nations, 2016; WEF, 2017; UNDP, 2018).

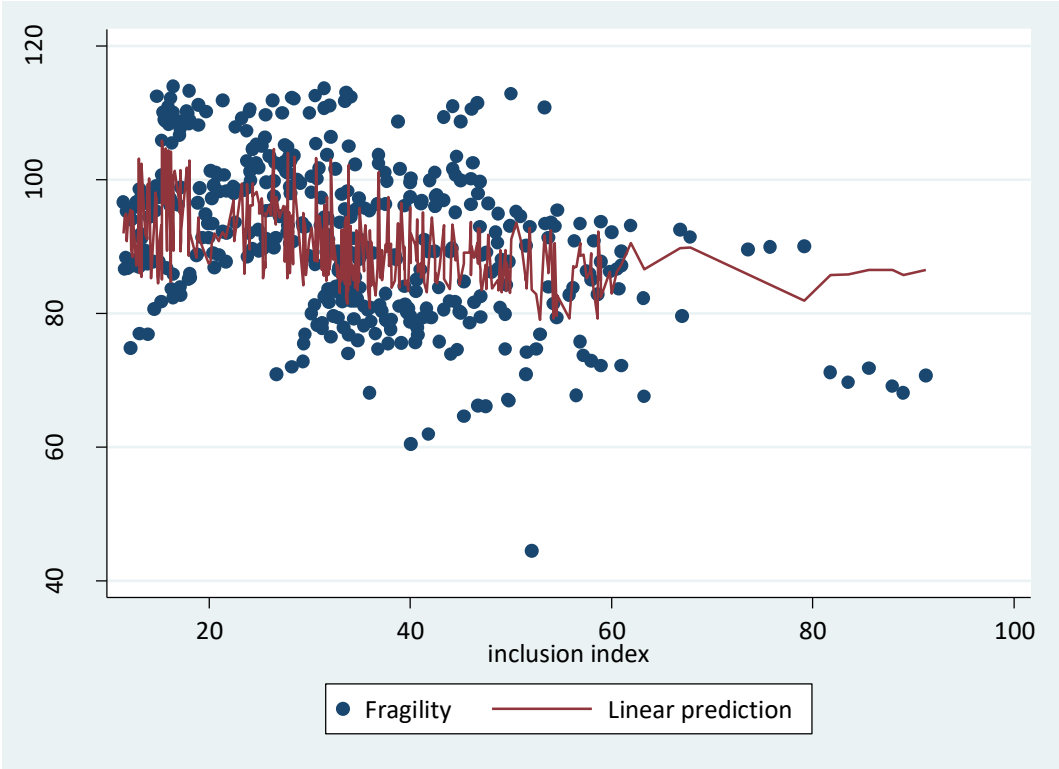


Figure 4: Fragility inclusion nexus Source: calculated by the author

In figure 4, the country fragility index is put on the y-axis and the inclusive development index is on the x-axis. The scatter plot shows that the fragility of a country is inversely related to its inclusive development index. This means that multi-dimensional inclusive development is a long-run remedy to improve the fragility of a country. Yet, as the inclusiveness index has remained minimal, the inverse relationship is not that discernible.

4.3. Fragility Social Structure (Gender) Nexus

Societies are often stratified into structurally related groups or sets of roles, with different functions and entitlements in society. However, the division of labour and social classes are not always based on ethical standards, nor are they based on efficiency. For instance, in ancient civilizations, women and men did not have the same entitlements. Even now, the gap has not yet been redressed. In this paper, the gender parity index is used as a proxy for the difference in social class (structure) in the selected African countries. The Gender Parity Index (GPI), or simply gender parity, or gender index, is a socioeconomic catalogue usually used to measure the relative access to education of females and males and it has been published by UNESCO. The basic index is calculated as the ratio of the number of females to the number of males enrolled in a given stage of education (in the current paper, secondary school).

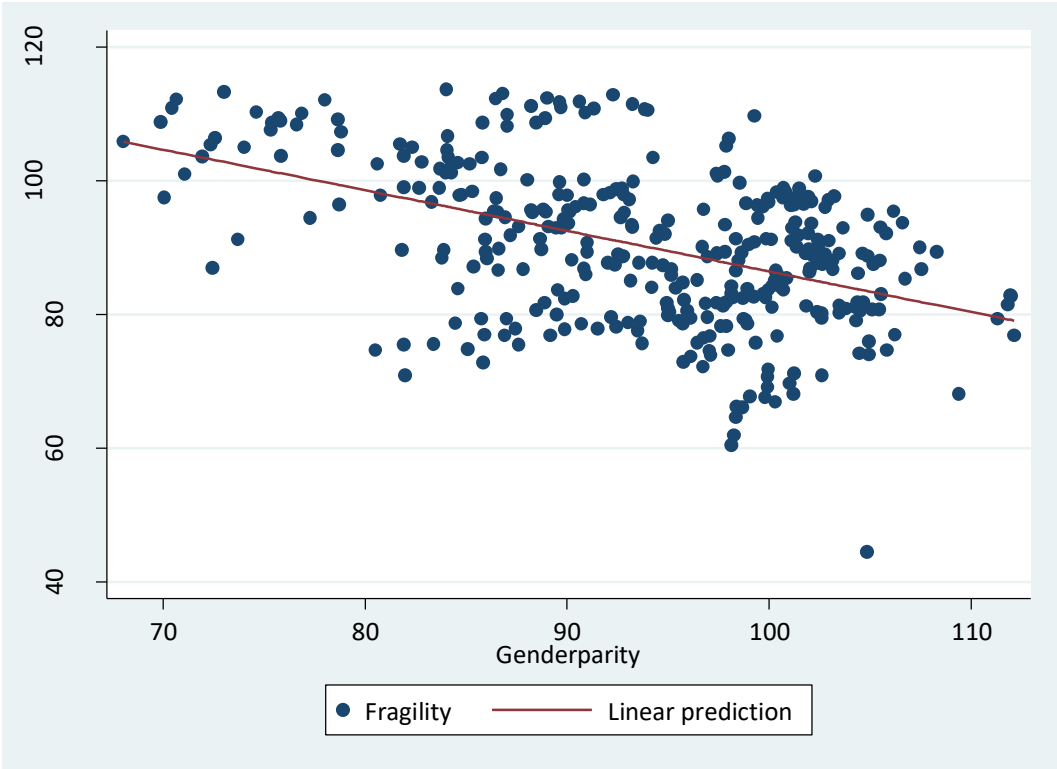


Figure: fragility inclusion nexus Source: calculated by the author

The figure shows that in the selected countries, the gender parity index is inversely correlated with the fragility index. It means that the inclusion of girls in education improves the fragility of countries, given other things constant. This might be due to, inter alia, the positive role of educated women in family planning, democratization, and overall development, which may ultimately improve the fragility of social cohesion.

4.4. Country Fragility-Unemployment Nexus

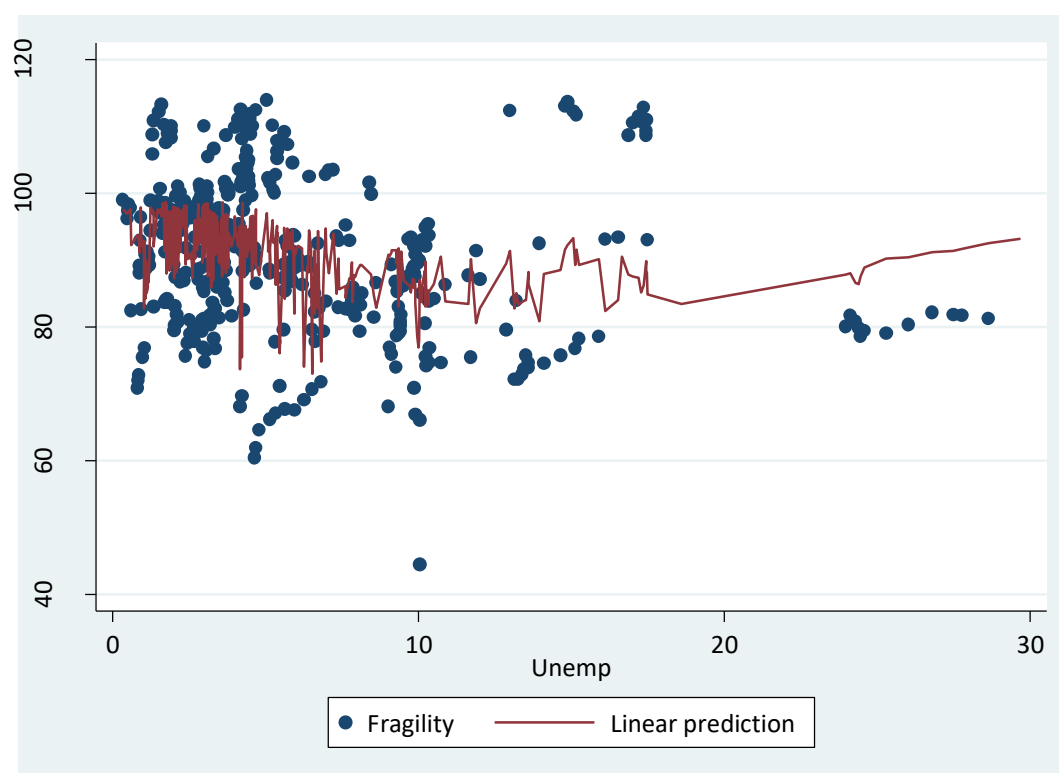


Figure: fragility inclusion nexus

Source: calculated by the author

Unemployment is one of the most pressing issue in the economic exclusion (Acemoglu and Robinson, 2012; Woldegiorgis, 2020a). From the above scatterplot the impressive upshot is that unemployment rate up to 15 percent has not been causing much fragility to African countries. However, remarkably the scatter plot shows that unemployment rate above 15 has been associated with increasing fragility. Fragility index is the summation of economic, social, political and cohesion delicateness⁵. The countries show not only high fragility index on average (≈ 91) but also high standard deviation (≈ 11.5) in their severity of fragility. Zimbabwe in 2009 accounts the maximum score but Mauritania was the most political stable country among the selected countries in the year 2014. The statistical figure of Ghana shows the highest inclusion index in the year 2014 among the selected countries. This might be caused by, among others, the relatively stable democracy and attractive social protection programs. Zimbabwe shows highest economic inequality in the year 2008 and 2009.

⁵ For further details, see <https://fragilestatesindex.org/indicators/e2/> (Retrieved 23 December 2021).

Table 1: Summary of Descriptive Statistics

| Variable | Proxy | Source | Observation | Mean | Std. Dev. | Min | Max |
|----------------------------|--|----------------------|-------------|-----------|-----------|-----------|-----------|
| Fragility | Country fragility index | Fund for Peace | 437 | 91.31831 | 11.52471 | 44.5 | 114 |
| Level of development | Natural Log of per capita income (LnPCI) | WDI | 443 | 6.717879 | 0.5846962 | 5.120245 | 8.097637 |
| Inflation | Consumer prices (annual percentage) | WDI | 431 | 7.14575 | 7.375571 | -8.97474 | 63.29251 |
| Technology | Mobile cellular subscriptions (per 100 people) | WDI | 434 | 54.04956 | 30.89535 | 2.671155 | 139.529 |
| Unemployment | Unemployment, total (% of total labor force) | WDI | 442 | 5.962964 | 5.232906 | 0.32 | 29.69 |
| CPIA | Country Policy and Institutional Assessment | World Bank and AfDB | 399 | 57.30588 | 9.62137 | 28.33333 | 81.52873 |
| Freedom | Freedom Score (political rights and civil liberties) | Freedom House | 342 | 58.10819 | 15.74606 | 24 | 89 |
| Labour force participation | Labor force participation rate (% of population) | WDI | 443 | 68.56205 | 11.53131 | 42.29 | 89.05 |
| Climate change | CO2 emissions (metric tons per capita) | WDI | 376 | 0.1293063 | 0.0945457 | 0.0266114 | 0.5780923 |
| Fertility | Fertility rate per woman | United Nations* | 443 | 5.111084 | 0.8312344 | 3.141 | 7.592 |
| Foreign Direct Investment | Foreign Direct Investment as a percentage of GDP | WDI | 443 | 4.612135 | 6.536562 | -4.84583 | 49.99791 |
| IDI | Inclusive development index | Woldegiorgis (2020a) | 443 | 34.37258 | 14.78654 | 11.50866 | 91.22741 |
| Income Inequality | Gini index | WDI | 66** | 41.89545 | 6.356884 | 30.8 | 57.1 |
| Social structure | Gender Parity index in secondary school | WDI | 360 | 93.94852 | 8.884041 | 68.042 | 112.125 |

WDI represents the World Development Indicators and AfDB represents the African Development Bank

*United Nations World Population Prospect 2019

**The number of observation of Gini index for the selected countries is minimum because of dearth of data

Table 2: Fixed Effects Regression Result

| Dependent Variable: Fragility Index | (1) | (2) | (3) | (4) |
|-------------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|
| Level of development | -0.498345 (1.821321) | -0.3050034 (2.050939) | -8.58317* (10.71375) | -0.3596222* (1.94395) |
| Inflation | 0.0711461 (0.0458688) | 0.0709524 (0.0459621) | 0.0905768** (0.2503873) | 0.0767354* (0.0468395) |
| Technology | -0.0424946** (0.0197524) | -0.0438974** (0.0209225) | -0.1186046** (0.067283) | -0.0279507** (0.0210625) |
| Unemployment | 0.0880894 (0.2477246) | 0.0869423 (0.2482389) | 0.4972041* (0.7242022) | 0.0094124 (0.2616333) |
| CPIA | -0.1272144 (0.085149) | -0.1297869 (0.0862097) | -0.0519244* (0.285069) | -0.0510819** (0.0931515) |
| Freedom | -0.1390902** (0.0591104) | -0.1390307** (0.059219) | -0.1648771** (0.2209343) | -0.1579082** (0.0671991) |
| Labour force participation | -0.0031957 (0.2059341) | -0.0009315 (0.2072762) | -0.5087538 (0.5679222) | -0.1298749 (0.2360997) |
| Climate change | 31.56622*** (10.40815) | 30.97326*** (10.81547) | 6.350783* (37.9446) | 27.64763** (10.72473) |
| Fertility | 1.463073 (1.807329) | 1.438 (1.814696) | 8.83738 * (7.766953) | 0.036295 (1.924003) |
| Foreign direct Investment | -0.0043759 (0.0469828) | -0.0052594 (0.0472627) | 0.3800894 (0.3759083) | 0.05165 (0.0537464) |
| IDI | | -0.0150061*** (0.0726857) | | |
| Income inequality | | | 0.2118089** (0.2113811) | |
| Social structure | | | | -0.2733493** (0.1218489) |
| Constant | 94.8137*** (25.07553) | 94.33123*** (825.22976) | 146.254* (128.9215) | 47.58** (31.27976) |
| Within R-Squ | 0.1447% | 0.1449 | 0.7130 | 0.7210 |
| F>0 | 0.000 | 0.000 | 0.001 | 0.000 |

*, **, *** indicate 10%, 5%, 1 % significance levels, respectively. Robust standard error in Parenthesis

Table 2 presents the experimental models. Column (1) presents the baseline regression result in which technology and freedom are statistically significant improves the fragility of the selected countries. Conversely, climate change significantly exacerbates fragility. The latest three regression models designated under columns (2), (3), and (4) are generated to see the

effect of the test variables on fragility. In model (2), technology, freedom score, and inclusion stand against fragility, but climate change aggravates fragility. In model (3), the fragility situation is improved by the level of development, macroeconomic policy and institutional quality, and democracy (freedom). On the contrary, inflation, unemployment, climate change, fertility rate, and income inequality all contribute significantly to a country's vulnerability. In model 4, the level of development, technology, policy and institutional quality, and inclusive social structure (gender parity) significantly enhance the fragility of the countries. Inflation and climate change, on the other hand, exacerbate the fragility.

To this end, the latest three regressions clearly show that inclusive development in general and inclusive social structure in particular significantly improve the fragility of the countries. On the other hand, inequality exacerbates the fragility of countries. Together, the regression model offers a notable empirical evidence for the hypotheses in the current study.

4.4. Post-Estimation Sensitivity Analysis

The modified Wald test is used to check for the presence of groupwise heteroskedasticity in the regression models. It shows that there is negligible heteroskedasticity. Thus, the parenthesis under the coefficients (see the regression table) show only standard errors. Is a country-specific fixed effects or random effects estimation or even ordinary least square (OLS) regression an appropriate model? As the Breusch-Pagan test result gives a statistically significant result, the OLS estimator should not be used. Thus, the Hausman test (HT) is used to choose between a fixed effects estimator and a random effects estimator. The HT is statistically significant for the null hypothesis, i.e., "difference in coefficients not systematic." Therefore, the fixed effects estimation is appropriate as it gives a consistent estimator. Accordingly, the fixed effects model is found to be the suitable regression model. Is there multi-collinearity? The correlation matrix shows that there is no high correlation among the variables. Therefore, the model is not suspicious of multicollinearity.

5. Conclusions and Policy Implications

Currently, conflict and full-fledged warfare are undergoing in various parts of the world. As a result, numerous nations are vulnerable to political tensions. Although economically more developed countries are not exceptions, most of the selected African countries are experiencing a new wave of internal conflicts, especially since 2010. As a result, millions of people have been displaced, among other social evils. Ethnicity and nationalism are claimed

to be among the most conflict-triggering factors in the region. This is because they are linked to resource and political power control interests. However, it is not easy to access data on ethnic segregations. That is why only the gender index is used in the analysis to capture the differential in social class and its consequences. The current paper exclusively brings together social positions and inequality as causes of economic exclusion and fragility.

As a case study the paper uses path dependence analysis and fetches evidences from ancient civilizations. For example, in ancient Egypt, slaves, peasants, craftsmen, merchants, scribes, soldiers, government officials, and monarchs had hierarchies of exclusion. As a result, control and benefit from national wealth were skewed. As the main contribution of this paper, the discourse about social structures may help understand the associated extractive social institutions in modern-day societies. Such extractive institutions have a profound impact on the development and peacefulness of societies which is in line with Acemoglu and Robinson (2012).

Moreover, rising inequality has also been a critical cause of civil disobedience and radical protests. However, the available literature shows a divided perspective on social inclusion and income inequality. In this aspect, the main contribution of this paper is that it offers empirical evidence for major drivers of the fragility of countries. It also gives a mental framework to comprehend the main drivers behind the delicacy of the African political landscape and beyond. The paper is timely, when the exclusion of certain segments of society from the benefit causes insecurity both within and outside the selected countries.

The statistically significant policy variables suggest that level of development, technological advancement, quality of macroeconomic policy, democratization, multidimensional inclusiveness, inclusive social structures, particularly for women, and inclusive development approach in general are intervention areas to address the fragility of the countries. On the other hand, inflation, unemployment, climate change, higher fertility rates, and income inequality has exacerbated the fragility of the selected countries. Accordingly, the statistical analysis suggests that African policymakers should address the delicate political economy by targeting the policy variables.

Finally, it is worthwhile to close discourse with the Immanuel Kant's famous quote, which says "poverty anywhere is a threat to prosperity everywhere" and Kofi Annan's statement "extreme poverty anywhere is a threat to human security everywhere".

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