

World Politics and Economic Hardship:

Forecasts and Lessons from the Depression

A Proposal Submitted to the US Institute of Peace

by

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Abstract

The Depression of the 1930s ignited domestic political conflicts on a global scale. Messianic leaders and authoritarian dictators of the Left and Right came to power in many countries. New mass communications technologies contributed to mass political movements and the rise of individuals who were skilled in their use. New enemies were imagined to blame for economic hardship (e.g., the capitalist system, Jews in the case of Germany). Within a decade, Hitler's rise eventually forced the US and its allies to fight WWII.

I suggest a two-part project: 1.) to assess and apply current models about the effects of economic hardship on world politics to forecast the road ahead; 2.) to develop new research tools (specifically, computer-assisted analysis of communications) to improve capacities for monitoring trends and early warning.

The two parts of the project are intended to identify fresh ideas and, via early warning, specific initiatives for better outcomes from the turbulent politics that probably lie ahead for many countries.

I. Background

The US, using its domestic experience in the current economic crisis as a guide, probably will under-estimate the political strains and potential conflict (including violent conflict) in

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countries where most of the world's peoples live. As a consequence of globalization, most UDC economies rely upon exports and economic demand from the advanced world and upon capital investments from the advanced world. The US government has a capacity to borrow \$ 1+ trillion/year to cushion economic hardship and re-stimulate its economy, but most of the world's peoples live in countries without an equivalent economic strength. Some states with nuclear weapons (e.g., Pakistan) already are vulnerable to political instability and the Russian government faces added restrictions on resources (from the fall of oil prices). And elsewhere the global economic crisis may be deeper, and more difficult to reverse, than the 12-18 month recovery that, with new leadership and nimble management, the Obama Administration envisions for the US. (For one overview of 1930s effects, see Rothermund, 2007).

We already can forecast - e.g., from the Central American revolutions during the Carter and Reagan Administrations when an economic shock (the Arab oil embargo and global recession) drove GDP downward by 30%-40% - that political systems run by oligarchs, with existing high levels of inequality, are likely locations for increased civil war when there are sudden, deep recessions (although the broader relations of poverty and violence in normal times are more complex). Even in advanced democratic countries it appears more likely that economic hardship will organize political conflict, and terrorist activity, if there is ethnic discrimination and new economic hardships are seen as unfairly imposed on different minority populations. (For example, unemployment and perceived economic discrimination against Muslim immigrant populations in the EU.)

II. Outline of the Project

A.) Review of Literatures and Methods; Baseline Forecasts; Advisory Committee

Since the Depression and Wright's A Study of War (1942) there has been impressive progress in understanding and (to a degree) forecasting domestic and international violence. These methods include traditional correlation studies (e.g., Singer & Wallace, 1979), computer simulations of the global system and individual countries (e.g., Bremer, 1987), specia-

lized studies of economic hardship and violence (e.g., Brainard & Chollet, 2007), syntheses drawn from many disciplines and methods (e.g., Hamburg, 2008; Carnegie Commission, 1998), and new studies of the growing range of global interconnections including diffusion of ethnic conflict via the news media and new communication technology (e.g., Hewitt, Wilkenfeld & Gurr, 2007; Lake & Rothschild, 1998). The first step will be to assess this literature, especially the rigorous and quantitative methods, to see what forecasts and early warnings emerge. Part of the task, using the good offices of the USIP in Washington, will be to meet with US government, World Bank, and IMF experts to identify a plausible range of economic forecasts and numbers for different countries and regions that can be combined with political data.

This step will include identifying an advisory committee for the project, drawn from leading social science researchers. I will ask their help to assure a full range of coverage and to critique an overview paper that I will prepare for an edited volume, World Politics and Economic Hardship: Forecasts and Lessons from the Depression for USIP. I also will ask their guidance for several commissioned, specialized papers by current researchers with models of unusual interest and/or who have suggestions for needed funding and improvements (e.g., Alker et al., 2001; Beck et al., 2001; King and Zeng, 2001).²

B.) Content Analysis and New Data Systems

It is likely that our existing capacities for forecasting and early warning can be improved by better data, especially by monitoring the new communications technologies and communication flows that are likely to be increasingly involved to organize political change. Thus, a second step of the project will be to improve rigorous computer-assisted analysis of commu-

² I also will contribute a second chapter to the volume, expanding upon Tetlock's (2006) work on expert political judgment and forecasting. The chapter will summarize forecasts by leading individual analysts that I will interview in Washington as part of the project. Although Tetlock's empirical research is skeptical about expert political forecasting, the interviews will be a useful foundation for dialogue, refinement of methods, and, perhaps, testing of practitioner theories that should be included by the academic world.

nication flows, to understand changes in cultures and world politics.

Content analysis methods were pioneered to study the mass communications politics of the 1930s, Nazi propaganda in WWII, and the revolutionary Communist and nationalist/anti-colonial politics in the 1950s. However, in 1959, the pioneers stopped their research and contributed to a message-in-a-bottle summary volume, edited by Ithiel de Sola Pool (Pool, 1959; Pool, 1969). They judged that content analysis methods (e.g., that required re-typing on punch cards and hand coding) were too costly. Further progress required improvements, by many orders of magnitude, in technology for acquiring digital input at low cost, mass storage, computer memory and processing capacity, and software to do refined analysis that went beyond the simple frequency counts and ratios used in early work.

Happily, today - fifty years later - the needed technologies are here. The global digital revolution means that all forms of communication (text, audio, and video) from many sources worldwide can be available on desktops for analysis. And the capacity for machine-assisted analysis has improved. Computers are not yet intelligent, by the dreams of early AI theorists, but they are becoming semi-intelligent and can help with basic tasks. Google, for example, has shown that very large online databases for different domains, and highly sophisticated statistical analysis, can quickly match which meanings, of several possible dictionary definitions of words, are intended by a Website designer and by a user conducting a search. (See also, for example, <http://translate.google.com>).

It is unlikely that computers will substitute for human analysts but they can work tirelessly, 24x7, on simple tasks that inform our understanding of distant political forces. They can monitor, index, and sort most of the world's news reports and provide instant desktop access to analysts for items of interest – and analysts can see global culture and world politics change, in real time. They can monitor the emotional intensity of language and television news, the growth and diffusion of aggressive rhetoric, demands for economic protectionism, protests about job discrimination against immigrant workers or ethnic minorities. They can

help to automate and increase the reliability of indices of political events (Schrodt, 2006; Schrodt, various). They can analyze political differences and changes in specific institutions or sub-cultures (e.g., a current MIT project analyzing speeches on Mosque Websites in the Muslim world; youth cultures). And there will be many additional applications.

This second task will use the good offices of USIP in Washington. It will focus on discussions with the US intelligence community, concerning new content analysis capabilities that might be useful to them, and develop a strategic plan of how public domain capabilities, located in the academic world, might be created and supported financially.

The second stage of the project will produce a set of working papers, reviewing needs and opportunities. I will write some of the papers and commission others in consultation with the advisory committee. I think that we will want refined proposals for:

- a.) Large Reference Databases, in the public domain and open to all researchers, to build the sophisticated probability tools for content analysis and the study of cultural and political change. (This will build upon Google's work to create Internet search capabilities; and, perhaps, upon similar probability analysis tools already underway in intelligence agencies.)
- b.) Support for a content analysis engine, similar to SAS or SPSS for numerical data. This open architecture software will be designed to use the Reference Databases, add analysis tools, and permit user-created modules developed by different researchers and research communities.
- c.) One or more NSF-supported centers as institutional homes for this work to grow.
- d.) Several well-targeted initial projects related to economic hardship and political violence in selected countries and/or regions.

This is exciting work which will build new capacity for all of the social sciences and international studies for the 21st century. I think the methods can be especially helpful to monitor global political responses to economic hardship and assist with early warning

III.) Is it Hopeless? Fresh Thinking for Prevention and Management

Underlying the two parts of this project is a commitment to early warning and to identify useful and timely interventions.³ However – if we are entering any sort of equivalent to the Great Depression – is it hopeless to discuss early warning and the possibility of foresight and timely interventions when the economic resources of all political systems and most individuals will become more limited simultaneously?

I suggest that there *are* grounds for hope even in the midst of a global crisis. First, there is extraordinary wealth in the world, compared with the 1930s. Given the large sums that governments now can spend, global stabilization expenditures in the tens of billions of dollars may be a vanishingly small percentage and, collectively, be diverted through the IMF or World Bank, or other institutions. There may be an abundance of useful and practical ideas that USIP can help to move forward.

Second, we also have stronger institutions for global problem-solving than in the 1930s and an international economic elite that, as a result of globalization, sees its future in global recovery. Third, we have the extraordinary benefit (compared to the 1930s) of the Keynesian conceptual framework that supports huge government spending – and promises light at the end of the tunnel if there is international cooperation and we avoid a retreat to protectionism.

³The Central American civil wars, cited above, are one recent example where more far-sighted policies might have been possible (Etheredge, 1986) – a view also held by a Kissinger Commission that studied the conflict and regional development options. Today, major countries may be willing to take a degree of wider regional responsibilities when there are long-term economic ties – e.g., the US for Mexico and Central America; the US and Canada in our hemisphere, China and Japan in Asia, etc.

A fourth ground for hope is that new communications technologies – that may accelerate political conflict – also might be organized to support the work of NGOs and organize private donors from wealthier countries, especially among the world’s youth populations. The \$700+ million raised by the Obama campaign indicates the magnitude of US philanthropy that might be available if leadership and on-line systems could be organized. We may be just beginning to understand how similar global support could be channeled through NGO projects

Fifth, even modest interventions that address only a portion of economic needs may have healthy political impacts (Rajapaksa & Dundes, 2006). Uniting for overarching, humanitarian goals – as Hamburg (2008) and others have emphasized – also can strengthen cultures of global cooperation and political health.

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