Diasporas and Conflict
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Abstract

We build a model of conflict in which two groups contest a resource and must decide on the optimal allocation of labor between fighting and productive activities. In this setting, a diaspora emanating from one of the two groups can get actively involved in the conflict by transferring financial resources to its origin country. We find that the diaspora influences the war outcome and, above a certain size, contributes to the escalation of violence. Given the characteristics of the conflict equilibrium, the two groups of residents prefer to negotiate a peaceful settlement if there exists a sharing rule that makes both of them better off than war. We then identify the characteristics of the economy such that the diaspora acts as a peace-wrecking force or triggers a transition towards peace. A dynamic version of the model with an endogenous diaspora allows us to analyze the joint evolution of migration and conflict in the home country, discuss the role of openness to migration and the possibility of multiple equilibria, and draw some policy implications.

Keywords: Diasporas; Conflict; International Migration.
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