

The impacts of globalization on internal conflict

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Abstract

The level of internal conflict has increased during the period of globalization. Is this situation accidental? Or, does globalization affect internal conflict systematically? This paper is written for answering the aforementioned questions by using Ordered Logistic Regression method. According to the result, overall globalization increases the level of internal conflict. In particular, economic globalization reduces the level of internal social conflict. However, political globalization and social globalization deteriorate the current conflict situation. Based on the empirical analysis, it can be said that government should take different policy paths economically, politically, and socio-culturally when it handles with the issues on globalization.

1. Introduction

According to the Samsung Economic Research Institute(Park et al., 2009), if conflict index of a country falls by 10%, per capital GDP will increase up to 7.1 %. Rodrik(1998) also argues that if a country does not handle with internal conflict adequately and if a country does not have well-managed conflict resolution system , it will confront with social schism, poor productivity, and stagnant national growth rate. Those factors are all considered as social costs. However, if a country does not manage internal conflict well, internal conflict can be momentum for national development(Park et al., 2009). Because internal conflict calls attention to the fundamental social problems which have been huddles for national growth. This attention makes it possible to make a place for a variety of parties to engage in conversation that ultimately fosters solidarity and harmony. The new-emerged emotion and attention can bring about positive social change(Pruitt and Kim, 2004). Chua(2009) points out that the common factor of the countries which are now called “empire¹” is low internal conflict level, and high tolerance standard. Since the level of internal conflict is closely related to economic growth and national development, a government should contemplate the ways to make effectual conflict management system in which social shocks happened in various social spheres are able to be absorbed.

As far as conflict management system is concerned, although many researchers have considered domestic factors such as the level of democracy, political stability, and economic growth rate, international factors should be considered deeply(Kalyvas and Balcells, 2010; Olzak, 2011). The variable of globalization can be thought as the representative international factor. Economic globalization started from free mobilization of capital, labor, and commodity has broken down national barriers. As economic interdependence becomes deepened, lots of international organizations in charge of managing mutual dependence have been organized. These organizations have accelerated political and social globalization(Sung, 2001). Due to globalization in which walls among countries have become lowered and the degree of international integration has become intensified, domestic factors are not the only things which can influence on society. Therefore, not only domestic factors but also international factors can be a big impact on the level of internal conflict. This is the reason why government should input the variable of globalization when designing conflict management system or considering the ways to lower the level of internal conflict.

The unified conclusion has not been made in the literatures about the effect of globalization on internal conflict(Barbieri and Reuveny, 2005; Bussman and Schneider, 2007; Tidwell and Lerche, 2004). There is one type of scholars who insist that since globalization is a primary cause of economic growth which contributes to redistribution of national wealth, and mature democracy in which internal conflict is able to be successfully resolved in the established institution, government should try to follow the wave of globalization incessantly(Bussman

¹ The Rome empire, the Tang Dynasty, the Mongol empire, the medieval Spain empire, the Dutch empire, the Ottoman, Ming, and Mughal empires, the British empire, and the American empire are regarded as “empire”.

and Schneider, 2007; Sachs and Warner, 1995). In contrary to this argument, there is the other type of researchers who argue that since globalization is a main cause of economic inequality, unstable political situation, and cultural clash, the variable of globalization should be considered as a negative factor for conflict management and resolution(Mason, 2003; Boswell and Dixon, 1990).

Since it is expected that globalization will be in process continuously(Barberi and Reuveny, 2005; Tidwell and Lerche, 2004), government should consider the external factor of globalization seriously. In other words, if globalization is a positive factor on decreasing the level of internal conflict, government should try to make and implement institutions in which society will be more exposed to the global world. If globalization is a negative factor on reducing the level of internal conflict, government should make efforts for constructing conflict management system which effectively prevents negative effects of globalization. Under the situation that overall national development is highly related to the level of internal conflict, the research for drawing clear picture about the effect of globalization on internal conflict is necessary for government.

Using a pooled time series and cross sectional dataset and analyzing the data with ordered logistic regression method, the purpose of this paper is to explore the relationship between globalization and internal conflict. When it comes to considering internal conflict, is globalization positive or negative? If the variable of globalization is divided into three-sub types, economic globalization, political globalization, and social globalization, what are the results of each globalization? These are the research questions which I wish to explore in this paper.

The questions and answers provided in the paper are closely related to the theme of 2012 EPIK conference. The main purpose of EPIK conference is to contemplate the ways to draw new lines in the transformative era. A number of ongoing transformation have changed the global world continuously. In order to manage transformation successfully, the causes of transformation and the repercussions of the change should be analyzed in detail. The main themes of the paper, globalization and internal conflict, are the cause and the conclusion of the transformation. In this perspective, this paper may attribute to draw new lines.

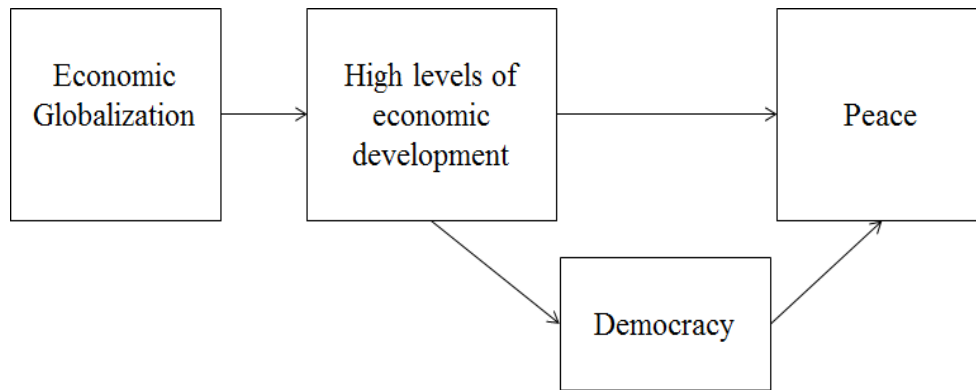
The rest of the paper is organized as follows. The next is literature review section. Section 3 explains the model including the methodology. Section 4 presents the results of regression analyses. The last section discusses policy implications of the result.

2. Literature review

2.1. Economic globalization and internal conflict

The representative scholars who are in favor of globalization are liberalists especially commercial liberalist. According to them, economic globalization is the main cause of economic development which leads to more mature democracy and more stabilized political situation. The final repercussion of this mechanism is low level of internal conflict(Bussman and Schneider, 2007). The process can be expressed like below.

< Figure 2-1 The argument of liberalist >



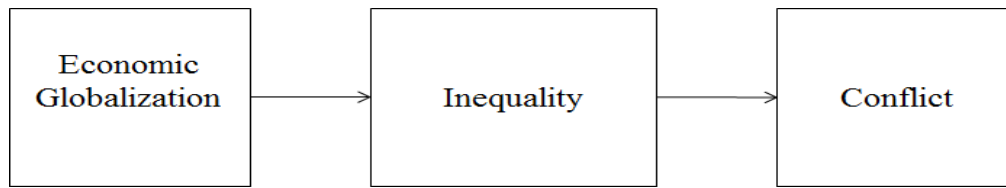
Source: Hegre and Gleditsch, 2001

High levels of economic development can be achieved by economic globalization, and economic growth is able to provide citizens with high-quality welfare service. If government does offer various and more improved welfare service, people do not have any incentives to participate in violent protest and rebellion, which is the primary cause of peaceful and low level of internal conflict society(Sachs and Warner, 1995; Hegre and Gleditsch, 2001). Economic development can also be achieved by economic openness. Since the fruit of economic openness improves the administrative quality of government and strengthens the power of police and military, rebellion and protest can be controlled in advance and effectively managed *post facto*(Collier and Hoeffler, 2002; Fearon and Laitin, 2003; Elbadawi and Hegre, 2004).

In contrast to the common belief, Reuveny and Li(2003) claim that diminished level of inequality accomplished by economic globalization can lessen the level of internal conflict. The process is summarized as follows. Economic globalization makes a country focus on industry which has comparative advantage. This facilitates competition in the world across the board which breaks down the situation of monopoly, decreases the value of product, and lowers the price. Finally, it upgrades the life quality standard of most people. In other words, since the degree of relative deprivation came from comparison is lowered, the level of internal group conflict is diminished, and the absolute level of life quality is appreciated, the overall level of internal conflict becomes decreased.

Compared to liberalist's argument, there are lots of researchers who insist that economic globalization increases the level of internal conflict. They are called structuralist. Structuralist insists that economic openness and free trade following from economic globalization deprive humane and natural resource. In this process, poverty and inequality become spread and general standard of justice in society becomes lowered. Especially for developing countries, there exists distinct division between elite group and the others. This polarization makes structured inequality which is very arduous to be solved. The claim of structuralist can be demonstrated like below.

< Figure 2-2 The argument of structuralist >



Source: Hegre and Gleditsch, 2001

The argument of structuralist is mainly based on dependency theory. According to dependency theory, the world economy is divided into the countries which are on the core and the countries which are on the periphery. The economy structure of the countries which are on the periphery is also split into the core and the periphery. The core part in which the local elite and foreigners gain power experiences abundant wealth by exporting manufactures to developing countries. However, the periphery part which lacks productive facilities remains underdeveloped. This gap has made structured inequality in developing countries, which is detrimental to managing and resolving internal conflict.

The other explanation is possible without employing dependency theory. In the open economy, government is easily influenced by external economic and political shocks. Intervention from global market, international organizations and other countries has been an obstacle for government to make its own economic and financial policies(Obmae, 1999). Domestic price is fluctuated by external economic and political shocks and volatile money of foreign investors gives a negative impact on government's macroeconomic policies. Therefore, it is very hard for government to make stable and predictable economic institutions(Barbieri and Reuveny, 2005; Eatwell and Taylor, 1998). When government cannot expand the area of welfare as government likes and economic policies and institutions are not under the control of government, economic inequality increases more and more. It can be direct cause of internal conflict(Mason, 2003).

2.2. Political globalization and internal conflict

Political globalization is narrowly defined as diffusion of democracy(Chua, 2004). After the cold war, it seems that political institution of democracy has been spread faster compared to the past. In the frame of economic globalization and internal conflict, most of researches focus on the direct relationship between these two variables. However, when political globalization and internal conflict are concerned, the variable of economic globalization is mostly put in the model.

Chua(2004) introduces the opinion of globalization supporters. They claim that spread of capitalism and democracy(progress of economic globalization and political globalization) can be panacea for eradicating social ills. Specifically, since capitalism has been regarded as the most efficient economic system and democracy is considered as the fairest political system through the history, diffusion of capitalism and democracy flourishes community in which each individual becomes more responsible and unconstrained. Those who have accountability

to themselves are not inclined to fall into hatred. Rather, they try to cooperate with each other to solve common problems. Due to the mechanism, the supporters of globalization have insisted that economic globalization and political globalization are indispensable factors to lessen the level of internal conflict. Friedman(2000) also argues that since global spread of free market and democracy stimulates people's desire of success and demolishes not only geographical but also interpersonal border, each people recognizes them as well-intentioned competitor.

However, there is an argument that clash between economic globalization and political globalization has made chronic internal conflict. Chua(2004) claims that economic globalization is not of use to increase the level of national wealth. Rather, it deteriorates economic inequality, making society unstable. Since a few people have tremendous amounts of money and natural resource such as diamond and silver in a capitalistic society, severe grievance is brought in the mind of most impoverished people. Under this situation, if the institution of democracy spreads simultaneously, politicians inevitably will become demagogue in order to get votes from the poor². The level of intergroup conflict will be aggravated, deteriorating overall degree of internal conflict in society.

Some scholars view that although political globalization is very necessary to decrease the level of internal conflict, economic globalization is an obstacle to let effectively work the positive mechanism of political globalization on the level of internal conflict(Korean Political Science Association, 2007). In particular, the main point of economic globalization is to deconstruct structure of high costs and low efficiency. Therefore, through the process of economic globalization, public political sphere, which has been regarded as the structure of high costs and low efficiency, has become narrow. In this situation, the positive mechanism of democracy on internal conflict cannot be operated.

Economic globalization prevents democracy from being operated by facilitating conservatism sweeping of middle class. Based on the argument of Moore(1996), since people who are in the middle class have enough money to sustain their lives, they have strong inclination to embrace other classes and they are in favor of the institution of democracy. Also, since their political ideology is not skewed, middle class acts as buffer from ideological conflict(Korean Political Science Association, 2007). However, international conflict and inequality stemmed from economic globalization attenuate the influence of middle class and bring attitude change of middle class. In other words, those who are in middle class do not cooperate with other classes anymore and try to protect their power with reliance on authoritarian government(Dahrendorf, 1999). The basic foundation of democracy becomes fragile in this situation(Korean Political Science Association, 2007; Stiglitz, 2002).

² The representative example is President Mugabe in Zimbabwe who became political demagogue in order to get unrestrained power(Chua, 2004). President Mugabe asked most black people for struggling against a few white people who had dominated rich soil. He had always made a political promise that he could help them in order to get back fertile land. The behavior of President Mugabe has expedited social division. It is the main cause of high level of internal conflict.

2.3. Social globalization and internal conflict

Social globalization means “change” under the situation that information moves faster, international intervention becomes stronger, and various people with different cultural perspective meet more and more compared to before(Dreher, 2003). According to this definition of social globalization, social globalization can be considered as a concept attenuating the degree of sovereignty³.

As social globalization progresses, international society including international organizations intervenes a country more and more. Members of international society are able to advise politicians in order to solve domestic political puzzles, oppress authoritarian government to protect basic human right, become mediators to resolve internal conflict successfully, and spread universal institutions such as democracy(Mason, 2003). This intervention is expected to be useful for decreasing the level of internal conflict.

However, the positive role of international society can be offset by other factors. Although development of communication can contribute to reducing the level of internal conflict by allowing international society to intervene a country, people who are involved in conflict are able to spread their will and assemble more easily with the help of developed communication infrastructure, making arduous to resolve conflict. For instance, anti-government group can easily purchase weapons of mass destruction through the space of the Internet and cooperate with other anti-government groups, rendering conflict situation more severe(Mason, 2003; Berdal, 2003). Social globalization may be a factor which deteriorates internal conflict.

The interaction among different cultures is notorious cause which has been detrimental to the level of internal conflict. Especially, if the principle of tolerance is not used and ethnic nationalism is worked, harsh internal conflict may happen(Olzak, 2011). The representative example of this can be found in France. Since France is a country based on single culture, the main purpose of French school is to assimilate different students into French culture. Therefore, French society is not tolerant when students who have different culture or skin color express their own identity. To French people, wearing *hijab* in a school seems refusal to be assimilated into one France. There has been cultural conflict between the French government which focuses on one French culture and Muslim who concentrates on the freedom of expression and religion(Parekh, 2002). Multiculturalism occurred by contact of different culture has become one of the staple cause for internal conflict

2.4. Limitation of existing literature

The researches on conflict have some limitations. First, the researchers have not considered international factors sufficiently(Kalyvas and Balcells, 2010; Olzak, 2011). In the process of

³ Because of this reason, social globalization and international intervention can be closely connected. Dreher’s own definition of social globalization includes international intervention. Also, inconsistent information from lots of sources, influences from global society, and people’s multicolor thought could skyrocket uncertainty and unpredictability. Uncertainty and unpredictability deescalate state-oriented policy making and implementation(Kim, 2008). The enervated state power could be the primary cause for international intervention.

economic, political, and social integration, the domestic level of conflict is not determined by only domestic factors. Although international variables can play an important role on the level of internal conflict, international factors(ex. Globalization) have not been controlled in most of the researches on conflict. Rather, domestic factors such as the level of democracy and economic growth rate have been put in the model. There are a few researches in which the variable of globalization is contemplated in the equation. However, only economic globalization is added in the equation. Various types of globalization such as political globalization and social globalization are ignored. In other words, there are lots of researches which view conflict with microscopic perspective. Though there are some researches which analyze conflict with macroscopic perspective, the explanation cannot be said that it is enough to show the entire picture on the relationship between international factors and internal conflict.

Second, there are a variety of variables which influence on the level of internal conflict. Some variables should be considered among those variables; these variables are inequality and government capability. As economy becomes open more and more, generally the level of inequality increases, deteriorating the degree of conflict among classes. If the capability of government is excellent, it can suppress people's grievance ahead of time by delivering high-quality policies. Also, even if conflict arises, government is able to control it effectively *post facto*. Therefore, these two variables should be put in the equation. However, many researches on conflict and the relationship between globalization and internal conflict have not controlled these variables at the same time. This may be the reason why one direction causal relationship is not observed in the previous literatures.

Third, many scholars equal political globalization to spread of democracy. Although political globalization was mainly facilitated by diffusion of democracy(Huntington, 1991), political globalization is not exactly equivalent to spread of democracy. The concept of spread of democracy and political globalization needs to be separated.

Therefore, this paper is written in order to reduce academic gap by focusing on the variable of globalization as an international factor, analyzing specific effect of economic globalization, political globalization and social globalization on the level of internal conflict, and adding the variables of inequality and government effectiveness.

3. The model

3.1. Dependent variable

Internal conflict Most of researches on internal conflict in the arena of political science focus on civil war. Frequently-used variables to measure internal conflict are civil war onset(Fearon and Laitin, 2003; Savun and Tirone, 2011), civil war duration(Fearon, 2004), and number of fatalities during civil war(Olzak, 2011; Miguel, Satyanath, and Sergenti, 2004). The data on the number of fatalities have been accumulated through Uppsala Conflict Data Program(UCDP). The database is appraised positively by the scholars because it has been constructed more transparently and it has shown in-depth pictures on internal conflict(Miguel, Satyanath, and Sergenti, 2004). Therefore, the number of fatalities is employed as a proxy for

internal conflict in this paper⁴.

Two things are necessary to be considered as internal armed conflict: the fight among over two groups arisen from the problems of governance or territory and fatalities over twenty five⁵. In specific, if the number of fatalities is below twenty five in a year, it is called “minor armed conflict”. If the number of fatalities is more than twenty six and under a thousand, it is called “intermediate armed conflict”. If the number of fatalities is more than one thousand, it is called “war”. When the number of fatalities is zero, the situation is coded zero in the data. The situation of minor armed conflict is coded one, intermediate armed conflict is coded two, and war is coded as three in the data set.

3.2. Independent variable

Globalization Variables such as Foreign Direct Investment(FDI) and the degree of trade openness have been used as proxies to represent globalization. However, KOF Index of Globalization presented by Swiss Federal Institute of Technology is employed in this paper. Overall KOF index of globalization is a combination of economic globalization, political globalization, and social globalization. The range of KOF index of globalization is between zero and a hundred. The high KOF index of globalization means that the degree of globalization is high.

Economic globalization Economic globalization is calculated by the summation of the data on actual flows and the data on restriction. The data on actual flows is measured by the aggregate of some variables: the degree of trade, FDI, portfolio investment, and wage of foreigners out of GDP. The data on restriction is computed by the total of some factors: how much competitiveness of imported products gets fallen by tariff or non-tariff barrier, a tariff rate in average, the amount of tax which government can collect from international trade, and the degree of restriction a foreigner should face in the process of owning a company.

Political globalization Political globalization is measured by the summation of some factors: how many embassies exist in a country, how many international memberships a country has, how much degree a country is involved in the United Nations Security Council missions, and the number of approved treaty in a congress after 1945.

Social globalization Social globalization is composed of three parts: the data on personal contact, the data on information flow, and the data on cultural proximity. The data on

⁴ Other different variables such as the number of protests and people who participated in protest can be used as proxies in the model. However, it is very difficult to find the data including the information. It can be thought that the scope of fatalities from armed conflict is too small to analyze conflict situation. However, since most of the researches on internal conflict in political science have concentrated on civil war, and it is very difficult to find other kinds of data, employing the number of fatalities as a dependent variable seems appropriate.

⁵ It can be confirmed at the site of University of Uppsala: <http://www.pcr.uu.se>

personal contact includes the information on how many international calls are, the degree of global movement of commodity, service, financial good, and income, how many people go out a country, how many people go in a country, the degree of foreigners out of total population, and the amount of international mail. The data on information flow contains the information on how many internet users are per one thousand people, how many people do have television per one thousand people, and the amount of newspaper and periodical publication sales out of GDP. The data on cultural proximity includes the information on the number of Mcdonald's and Ikea, and the amount of book and pamphlet sales.

3.3. Control variable

3.3.1. Economic factor

Income inequality A lot of empirical researches have not clarified the relationship between income inequality and internal conflict (Fearon, 2011; Miguel, Satyanath, and Sergenti, 2004; Bussman and Schneider, 2007). In addition to that, the variable of income inequality has not been included in most of the researches on conflict. However, since it is easily expected that income inequality is an important factor to influence on internal conflict intuitively and other studies argue that income inequality is important (Rodrik, 1998; Parl et al., 2009; Korean Political Science Association, 2007; Botton, 2004), the variable of income inequality has been put in the model. The source of the data is SWIID (Standardized World Income Inequality Database).

National wealth The variable of national wealth is an indispensable factor which affects the level of internal conflict. If economic growth rate or GDP per capita is high, it is highly expected that a society experiences low level of internal conflict (Fearon and Laitin, 2003; Collier and Hoeffler, 1998). The reason is that people who live in more affluent country do not have any inclination to participate in the situation of conflict. Also, government is able to invest more money into making infrastructure for preventing conflict. The source of data is United Nations Statistics Division.

3.3.2. Political factor

Democracy In a common sense, it can be easily said that democracy plays an important role in deciding the level of internal conflict. However, theoretical and empirical arguments regarding the effect of democracy have not been unified in the previous literature (Savun and Tirone, 2011; Sambanis, 2002). Democracy can play a positive role on internal conflict by settling rational discussion culture, letting people express their own and diverse opinions publicly in the institution, and making people to participate in public decision making process (Elbadawi and Sambanis, 2000; Fearon, 2004; Savan and Tirone, 2011). On the other hand, although theoretically democracy can guarantee all people to participate in the institution, most of people cannot raise their voice in reality, making the gap between the theory and the reality (Chua, 2004). Also, since democratic government is incapable of

controlling conflict compared to authoritarian government, democracy is deemed as ineffectual institution(Savun and Tirone, 2011). To control the effect of democracy on internal conflict, democracy index made by Freedom House is used in the paper.

Government effectiveness and corruption To arrange the level of internal conflict, the role of government should not be ignored. Since public policy is closely related to interests of various people, public policy which cannot satisfy all of people in most of cases is the primary cause of conflict inherently. However, government should not give up for making satisfied public policy as much as possible. It is entirely up to the capability of government.

Also, if government is corrupted, fair implementation of public policy becomes very difficult, bringing severe inequality and social division. In this perspective, the variables regarding government are important. To capture this effect, government effectiveness index made by World Bank is used, and Corruption Perceptions Index(CPI) made by Transparency Institutional is employed.

3.3.3. Social factor

Fraction of ethnicity, culture, and religion If a society has high degree of fraction, the level of conflict may be severe. Since members do not have common history, language, and culture, clashes among a variety of people may happen easily(Horowitz, 2003; Olzak, 2011; Park et al., 2009; Sambanis, 2002; Reynal-Querrol, 2002; Elbadawi and Sambanis, 2000; Bhavnani and Midownik, 2009). The degree of fraction cannot be controlled by government artificially. Therefore, conflict stemmed from fraction cannot be resolved easily. To control the degree of fraction, fraction of ethnicity, culture, and religion is put into the model. The data on fraction of ethnicity and culture is acquired from Fearon(2003). The data on fraction of religion used in this paper is made by Reynal-Querol(2002).

3.4 Research method

Until just recently a lot of researchers have used Ordinary Least Square(OLS) regression even though dependent variable's form is categorical(Walsh, 1987; Allison, 1999). However, according to Allison(1999), this way makes coefficient estimates inefficient and standard error estimates inconsistent. To correct this problem, ordered logistic regression method is used in the paper. Also, to prevent the problem caused by endogeneity, one year time gap between the dependent variable and the other variables is applied into the model. The form of the model is following.

$$\begin{aligned} \text{Conflict}_{i,t} = & \beta_0 + \beta_1(\text{globalization})_{i,t-1} + \beta_2(\text{inequality})_{i,t-1} + \beta_3(\text{GDP})_{i,t-1} \\ & + \beta_4(\text{democracy})_{i,t-1} + \beta_5(\text{government effectiveness})_{i,t-1} + \beta_6(\text{CPI})_{i,t-1} \\ & + \beta_7(\text{ethnic fraction})_{i,t-1} + \beta_8(\text{religious fraction})_{i,t-1} + \beta_9(\text{cultural fraction})_{i,t-1} \end{aligned}$$

$$\begin{aligned}
\text{Conflict}_{i,t} = & \beta_0 + \beta_1(\text{econ global})_{i,t-1} + \beta_2(\text{poli global})_{i,t-1} + \beta_3(\text{social global})_{i,t-1} \\
& + \beta_4(\text{inequality})_{i,t-1} + \beta_5(\text{GDP})_{i,t-1} + \beta_6(\text{democracy})_{i,t-1} \\
& + \beta_7(\text{government effectiveness})_{i,t-1} + \beta_8(\text{CPI})_{i,t-1} + \beta_9(\text{ethnic fraction})_{i,t-1} \\
& + \beta_{10}(\text{religious fraction})_{i,t-1} + \beta_{11}(\text{cultural fraction})_{i,t-1}
\end{aligned}$$

4. The result

4.1. Descriptive statistics

< Table 4.1 Univariate statistics of Key variables >

Variable		N	Mean	S.D.	Min	Max	
Dependent variable	Internal conflict	968	0.301	0.775	0	3	
Independent variable	Globalization	968	59.066	16.175	23.57	93.46	
	Economic globalization	952	59.206	17.445	16.04	97.74	
	Political globalization	968	66.804	19.858	24	98.3	
	Social globalization	960	54.461	20.709	10.99	94.2	
Control variable	Economic factor	Income inequality	937	39.443	9.523	21.695	67.337
		GDP(log)	968	10.397	0.931	8.299	13.038
	Political factor	Democracy	968	7.025	2.714	0.75	10
		Government effectiveness	605	0.148	0.993	-1.74	2.64
		Corruption	634	4.75	2.421	0.4	10
	Social factor	Ethnicity fraction	896	0.441	0.263	0.004	1
		Religion fraction	775	0.275	0.237	0.001	0.782
		Culture fraction	912	0.282	0.201	0	0.733

The table shows the result of univariate statistics of key variables from 1997 to 2004⁶. The average level of internal conflict is 0.3 which is very low compared to maximum level. This is the repercussion of the fact that the number of fatalities is under 25 in most of the conflict cases. According to Fearon(2003), Papua New Guinea's value of ethnicity fraction is 1. The countries which show the value of 0 on cultural fraction are Argentina, Dominican Republic,

⁶ Compared to other numerous longitudinal researches, the term from 1997 to 2004 seems short for drawing the robust relationship between internal conflict and globalization. The reason why the year of 1997 is selected as the first year for the analysis is that the flow of globalization had been criticized severely because of 1997 East Asia economic crisis at 1997. Although the trend of globalization was hit at 1997, the world has been continuously more globalized after 1997. The reason why the year of 2004 is selected as the last year for the research is that balanced panel structure including not only maximum years but also maximum countries needs to be built. Missing data problem has been on the surface conspicuously after 2005, the data after 2005 was deleted. Even though the term is short for the analysis, since country-specific heterogeneity can be controlled effectively in the balanced panel structure(Koo et al., forthcoming), the meaningful result can be induced.

Rwanda, Egypt, and Uruguay.

4.2. Result of the ordered logistic regression

< Table 4.2 Regression result >

Variable		Coefficient	S.D.	Wald	Odds	
Intercept 0		6.243*	3.746	2.778		
Intercept 1		6.529*	3.748	3.035		
Intercept 2		8.458**	3.776	5.016		
Independent variable	Globalization	0.085***	0.026	10.379	1.089	
Control variable	Economic factor	Income inequality	0.059**	0.028	4.330	1.061
		GDP(log)	-1.106***	0.299	13.644	0.331
	Political factor	Democracy	0.093	0.099	0.868	1.097
		Government effectiveness	0.814	0.679	1.437	2.258
		Corruption	-0.012	0.270	0.002	0.988
	Social factor	Ethnicity fraction	-5.308***	1.329	14.372	0.006
		Religion fraction	6.389***	1.593	16.088	595.686
Culture fraction		0.376	1.194	0.099	1.456	

1) The dependent variable is internal conflict made by UCDP.

2) * <0.1 ; ** <0.05 ; *** <0.01

3) N= 324⁷

4) Likelihood Ratio= 80.4802 (p <0.0001)

The variables of globalization, income inequality, GDP, ethnicity fraction, and religion fraction are statistically significant. The other variables are not statistically significant. When logistic regression method is used, the concept of odds ratio is appeared. Odds ratio means that when one unit of the explanatory variable increases, the possibility of change in the dependent variable is. Since odds ratio makes the interpretation more intuitive.

First, if one unit of globalization increases, odds ratio in which the level of internal conflict increases one more unit is multiplied by 1.089. This means that as a country becomes more globalized, the level of internal conflict will increase. This statistical result is opposed to other academic results aforementioned written. Bussman and Schneider(2007), Barbieri and Reuveny(2005), and Hegre and Gleditch(2001) commonly introduce the debate on the effect of globalization on internal conflict, contend that more empirical researches are necessary to draw more accurate picture, and finally suggest that globalization contributes to making the

⁷ The reason why N decreased substantially comes from the original data problem. The control variable of government effectiveness measured by World Bank shows a lot of blanks. However, the total N is sufficient to do statistical analysis.

society more harmonious. The primary reason why the result is different is that they define the concept of globalization narrowly. Globalization is mostly measured through foreign direct investment and trade openness. In other words, overall globalization is equivalent to economic globalization in their perspectives. Compared to these studies, the variable of globalization employed in this paper combines economic, political, and social globalization. Since economic globalization does not represent overall globalization in these days, it seems that the result addressed in the paper accounts for the reality more precisely.

Second, as the level of income inequality increases, odds ratio in which the level of internal conflict increases one more unit is multiplied by 1.061. Income inequality is the most representative variable which affects negatively on internal conflict (Park et al., 2009; Rodrik, 1998; Korean Political Science Association, 2007). So government should diminish the level of income inequality for a harmonious society. In contrast with the other empirical researches, the variable of income inequality is statistically significant. It may be the reason that the data from SWIID is robust (Solt, 2009).

Third, as economy grows, odds ratio in which the level of internal conflict decreases one more unit is multiplied by 0.331. Economy growth plays a positive role to diminish the level of internal conflict (Fearon and Laitin, 2003; Collier and Hoeffler, 1998). The reason why economy growth is beneficial for internal conflict resolution is explained in the previous part.

Fourth, as ethnicity fraction deepens, odds ratio in which the level of internal conflict decreases one more unit is multiplied by 0.006. In a common sense, mono-ethnic society is better for controlling internal conflict (Lake and Rothchild, 1996). However, it may not be true. A lot of previous researches point out that if a society has only two types of ethnicity, the tension between these ethnicity is high (Reynal-Querrol, 2002; Bhavnani and Miodownik, 2009). However, if there are many types of ethnicity more than two, the argument is not clarified (Sambanis, 2002; Elbadawi and Sambanis, 2000). If conflict happens between two ethnicities, other groups of ethnicities may arbitrate it.

The result of religion fraction is different from the result of ethnicity fraction. Through the whole history, religion is a staple cause for not only internal conflict but also international conflict. Since most of people cannot give up their religious faith, conflict stemmed from religion is difficult to resolve.

< Table 4.3 Regression result >

Variable		Coefficient	S.D.	Wald	Odds
Intercept 0		6.897	4.330	2.537	
Intercept 1		7.186*	4.332	2.759	
Intercept 2		9.249**	4.341	4.540	
Independent variable	Globalization				
	Economic globalization	-0.096***	0.032	8.739	0.909
	Political globalization	0.094***	0.021	19.397	1.099
	Social globalization	0.177***	0.044	16.599	1.194
Economic factor	Income inequality	0.139***	0.040	11.903	1.149
	GDP(log)	-2.083***	0.447	21.796	0.125

Control variable	Political factor	Democracy	0.154	0.120	1.642	1.166
		Government effectiveness	0.811	0.712	1.297	2.250
		Corruption	-0.029	0.272	0.011	0.971
	Social factor	Ethnicity fraction	-7.277***	1.644	19.541	<0.001
		Religion fraction	12.507***	2.379	27.629	>999.999
		Culture fraction	2.315	1.493	2.406	1.127

1) The dependent variable is internal conflict made by UCDP.

2) * <0.1 ; ** <0.05 ; *** <0.01

3) N= 321

4) Likelihood Ratio= 110.276 ($p<0.0001$)

Table 4.3 shows the specific effect of globalization on internal conflict. First, as economy becomes open, odds ratio in which the level of internal conflict decreases one more unit is multiplied by 0.909. Existing literatures are not unified on the effect of economic globalization on internal conflict. The result supports some previous literatures in which the effect of globalization is positive (Bussman and Schneider (2007); Barbieri and Reuveny, 2005; Hegre and Gleditch, 2001). It may be possible that income growth followed by economic globalization decreases uncertainty of people's lives, yields more satisfied people in reality, thus attenuating the desire of participating in conflict situation.

Compared to the positive effect of economic globalization, political globalization and social globalization are negative on the level of internal conflict. Statistically, as political globalization progresses, odds ratio in which the level of internal conflict increases one more unit is multiplied by 1.099. It may be the reason that as a country globalizes politically, its decision on public policy or domestic politics is influenced by other countries or international organizations more and more. There may be severe clashes between people who are in favor of international intervention and people who dislike global interference. This difference in attitude toward global intervention often exacerbates internal conflict such as Syria and Egypt.

Similarly, as social globalization proceeds, odds ratio in which the level of internal conflict increases one more unit is multiplied by 1.194. As a country becomes socially globalized, the number of interaction with diverse people who have different thoughts, culture, history, and religion may cause internal conflict in a country. Olzak (2011) and Chua (2004) also confirms that social globalization is detrimental to the level of internal conflict. According to them, since each ethnicity has lived in different social milieu, social globalization facilitating meeting with different ethnicity brings about ethnic tensions. In a nutshell, when people become exposed to unaccustomed social atmosphere, the level of conflict can be deteriorated.

5. Conclusion

Since the degree of internal conflict is closely related to economic growth and social integration, leaders have contemplated the ways to decrease the level of internal conflict and a lot of researches have been done in order to find out positive factors or negative factors on internal conflict. Most of previous researches have been focused on the internal variables

such as democracy, income inequality, and national wealth. In the past, the degree of international intervention was low. So considering only internal factors is enough for searching the meaningful variables. However, now international factor affects a society more and more, making the meaning of previous literatures less realistic. Based on the recognition, the research is done to reduce the academic gap. As a result, globalization seems that it increases the level of internal conflict. Specifically, economic globalization decreases the level of internal conflict. However, political globalization and social globalization make the degree of internal conflict worse.

Even though globalization brings negative result on internal conflict, a lot of researchers recognize that globalization is an inevitable element. Therefore, if a government decides to avoid the flow of globalization, it can be said that the government does not appreciate the reality accurately. In this situation, a government should be geared to construct institutions and implement policies in order to reduce the negative impact of globalization. Particularly, it is indicated that political globalization and social globalization are pessimistic. It may be interpreted that the cause is emerging difference made from both globalization. Hence, a government should aggressively make and design institutions for preventing clashes and for integrating members while trying to acquire economic benefits from economic openness.

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