Local Public Goods Expenditure and Ethnic Conflict: Evidence from China
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Figure 1: Spatial Distribution of Ethnic conflicts in Xinjiang (County Level), 1990–2005.

INTRODUCTION

Country-level regressions show the strong evidence for the pacifying effect of public goods spending (Burgoon 2006; Thyne 2006; Fjelde and De Soysa 2012).

However, few civil conflict studies explore the roles played by subnational level governments. Specifically, how does local government spending on public goods affect the risk of ethnic conflicts?

This study is one of the first comprehensive quantitative analyses on ethnic violence in China.

Those counties with more government spending on public goods were significantly less likely to experience ethnic conflicts.

CONTEXT: ETHNIC CONFLICTS IN XINJIANG

The Xinjiang province is the most violent region of China during the last several decades. The ongoing ethnic conflicts are mainly between the Uyghur group and the Han Chinese.

From 1990 to 2005, there were 213 ethnic conflict events occurred in Xinjiang. Of these 213 events, 183 events can be explicitly identified as violent (nearly 86% of all conflict events).

Xinjiang is characterized by poverty, inequality, ethnic group concentration, and unfavorable geographic factors.

THEORY: THE PACIFYING EFFECT OF PUBLIC GOODS EXPENDITURE

- **Public Goods Provision and Opportunity Cost**: Investments on local public goods can improve the real income of local minorities. Consequently, the opportunity costs of joining insurgency organizations increase.
- **Public Goods Provision and Horizontal Inequality**: The increasing provision of public goods generates stability because of the narrowing horizontal inequality between different ethnic groups.
- **Public Goods Provision and Intelligence**: More public goods expenditures improve the state’s ability of collecting information among ethnic minorities.

DATA: ETHNIC VIOLENCE IN CHINA (EVC)

- **Dependent Variable**: Cao et al. (2015), which is the most comprehensive dataset on ethnic violence in China
- **Independent Variable**: local education expenditure is the key independent variable. Public education is the purest public goods in the Xinjiang context. The data are taken from National Prefecture and County Finance Statistics Compendium, 1996–2005.
- **Other Controls**: spatial lag, GDP per capita, population intensity, the spatial concentration of the local minority group, ethnic fractionalization and polarization, border county, the distance to the provincial capital, and oilfields.

Figure 2: Annual Ethnic conflicts in Xinjiang, 1990–2005.

ANALYSIS

- **Unit of Analysis**: a panel dataset consisting of entire 102 county-level administrative units in the Xinjiang province from 1996 through 2005
- **Method**: logit models including a cubic polynomial, all standard errors are clustered by county, and all temporary changing independent variables are one-year lagged
- **Robustness Checks**: the spatial lag, the fixed effect, the negative binomial model, the negative binomial model with fixed effect, and the zero-inflated negative binomial model

Figure 3: Education Spending on Predicted Probability of Ethnic Conflict.

DISCUSSION

There is a strong negative association between local government spending on education and the risk of ethnic conflicts in Xinjiang, China.

Future Research Agenda 1: What is the specific mechanism underlying the appeasing effect of local public goods provision?

Future Research Agenda 2: Under which conditions do local governments spend more money on buying off local minority elites instead of providing more public goods?