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Theoretical Perspectives on the Political Economy of Violence

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Violence results in great costs to communities throughout the world. This literature review examines how political economists have used political economy theory to understand violence. A brief history of economies and community governance in the Western world illustrates the interactions between economics and politics. Three sets of theories of political economy are described: classical theories, neo-classical theories, and radical theories, with case examples of collective violence and race riots. The review concludes with a conceptual framework designed to inform educators and practitioners.

KEYWORDS *Violence, political economy, theory*

INTRODUCTION

The twentieth century may be remembered as one of the most violent 100 years in human history. According to a World Health Organization report on violence and health, from 1900 to 2000, approximately 191 million people (half of these civilians) lost their lives due to violence, averaging about 1.6 million a year (World Health Organization, 2002). In America, approximately 5,177,120 crimes of violence occurred in 2007, or 20.1 per every 1,000 individuals (Bureau of Justice Statistics, 2010). Tragically, these statistics do not account for the many millions more who are physically injured from violence each year or those who suffer from less visible violence, such as emotional and psychological violence. In addition to the devastating effects of violence on individuals, families, and communities, the economic costs of violence (e.g., time away from work, medical care, child care, legal action) are very high; it is estimated that collective interpersonal violence alone costs 3.3% of America's gross domestic product, with public taxpayers bearing the

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brunt of this cost (World Health Organization, 2004). Though violence has been studied in many different contexts, this literature review examines the theoretical contributions of the interdisciplinary field of political economy to an understanding of collective violence and race riots. Three theoretical perspectives of political economy are discussed: classical theories, neo-classical theories, and radical political economy theories. Case examples are used to illustrate how political economists have applied political economy theories to help understand collective violence and race riots.

METHODS

First, a Google scholar search using the key phrase "political economy of violence" was conducted. Also, UC Berkeley's electronic database systems (Melvyl Pilot and OskiCat) were mined for relevant books and articles. The keywords included "political economy of violence," "introduction to political economy," "political economy theory," "race riots," and "poverty and violence."

LITERATURE REVIEW

The term *political economy* is a relatively new term, coming into use in the eighteenth century (Caporaso & Levine, 1992; Chilcote & Chilcote, 2000; Robbins, 1976). Differing definitions and usages of the term exist throughout discussions of political economy theory, making it challenging to specify an exact definition (Bates, 2001; Caporaso & Levine, 1992). However, for the purpose of this literature review, the term *political economy* refers primarily to the Caporaso and Levine (1992) definition captured in the phrase "the management of the economic affairs of the state" (p. 1), including (1) the nature of the self-regulation of markets for wealth accumulation and (2) the relationship of private and public interests to the wants and needs of individuals, communities, and states regarding wealth accumulation and distribution. Though political economy theories address these issues differently, these issues lie at the heart of discussions about political economy and are helpful in understanding how collective violence has been addressed by political economists.

BRIEF HISTORY OF ECONOMIC AND GOVERNMENT SYSTEMS LEADING TO CAPITALISM

Current theories on political economy can be understood within the context of a brief history of economic systems and communal governance in the

Western European world in relationship to the development of capitalism. Prior to the Middle Ages (pre-800 AD), in most of Western Europe, agriculture was the primary means of survival, and thus both economies and governing leadership existed within kinship systems of families and tribes; kinship-based life was perilous, marked by scarce resources and subsistence work for individual and family survival (Bates, 2010). Trading and markets eventually developed as a way for individuals to increase their chances of survival; if an individual does not have to rely solely on his or her family system for all resources, there is a better chance of having everything needed to survive, not to mention an opportunity to raise one's quality of life by benefitting from the labor and expertise of others (Bates, 2010). Kinship systems did not provide much opportunity for wealth accumulation or distribution as most interactions occurred within limited kinship systems and small trading markets. Laws and regulations were provided by larger, ruling bodies (in Western Europe, the most important of these being the Holy Roman Empire) but, due to the large distances covered by the Empire, for example, rule of law was fairly decentralized, and community decisions were made mostly within the kinship system (Hunt, 2002). During these times, economy and politics were not often separate entities with separate agendas but, more often, both were contained within the kinship system.

During the Middle Ages (approximately 500 CE to 1400 CE), kinship systems evolved into an organization of politics and economics called "feudalism" or "manorism" (Hunt, 2002). During this time, there were no national central governing bodies to enforce laws, so strict hierarchies of class structures formed, organized along both secular and religious lines, based on who had control of large parts of land and thus controlled wealth accumulation and distribution. The Catholic Church was the largest landowner in Western Europe, though secular ruling families also governed; thus, there was no middle class, just a ruling class and a servant class. The main economic institution during the Middle Ages was the "manor," and people who lived on the manor were either the ruling family, who owned the land, or serfs, who were given room and board in return for farming the land (Hunt, 2002). Though there were small towns with manufacturing centers and trading guilds, medieval society's economy was mostly based on agriculture; again, economics and politics were not separated but were contained within the manor and the feudal class system.

Eventually, around the fifteenth and sixteenth centuries (mostly due to the spread of trade and commerce due to a surplus of goods and increased transportation), feudal systems expanded into monarchies and nation-states, embracing mercantilism as their main economic and governance system. Mercantilism emphasized strict government control (by monarchs and/or leading families) of local economies and the circulation of commodities, with each group vying for more of the wealth (Bates, 2010; Chilcote, 2000; Hunt, 2002). Mercantilist systems attempted to protect local business by limiting competition and forbidding imports while encouraging exports (Hunt, 2002) and gave local ruling families and businesses the power to purchase rights (to tax locally, set local laws, and distribute local resources) from rulers in return for maintaining the power structure (Bates, 2010). Under mercantilism, groups competed with one another for a share of the existing commodities, and wealth was accumulated mostly through trade; individual initiative and prosperity were not encouraged or emphasized (Chilcote, 2010).

By the fifteenth century, however, commerce and trade industries had exploded throughout Western Europe, and beliefs about how economies and governments should coexist were changing dramatically. First, during mercantilism, a middle class had slowly started to form from craftsmen and merchants who had surpluses from their work and who often lived in growing port cities or other cities that were expanding from increased international trade. Merchants began to feel very limited in their ability to accumulate wealth under mercantilism's strong government regulations on trade and commerce (Hunt, 2002); it became more and more apparent that, contrary to traditional mercantilist systems, restrictions on trade and production were more harmful than helpful. Also during this time, the Christian, Protestant Reformation was taking hold, and Martin Luther and others advocated for a more individualistic world view by advocating for the rights of the poor and protested corruption and mistreatment by the Church and other ruling classes (Hunt, 2002). Individuals began to demand less control of their lives by rulers and governments, as reflected in demands for less market regulation and more free trade.

Classical Theories of Political Economy

Classical theories of political economy gained popularity in the fifteenth to seventeenth centuries during the gradual shift in the Western world from a mercantilist system to a capitalist system of the eighteenth century onward (Bates, 2010; Chilcote, 2010). Classical theories of political economy de-emphasized the interrelationship of economics and politics (Caporaso & Levine, 1992). Driven by merchants and craftsmen who wanted more freedom to acquire more profits, these theories stressed the need to disconnect the market from the official political realm; in fact, if left to its own devices (and freed from nation-state regulations and restrictions), the market was an independent entity capable of, and positioned to, regulate itself to the benefit of the majority of people. Thus, the major tenet of classic political economic theory is the "laissez-faire" approach to market regulation, or the confidence that the market, if left alone, will achieve its full potential and provide the most efficient and productive ways to accumulate wealth (Caporaso & Levine, 1992; Clark, 1998; Hunt, 2002). This led to an emphasis on growth and distribution and the development of a labor theory of value, suggesting that the value of goods is determined by the cost of labor involved, so the unregulated market results in a competitive effort to lower labor costs to maximize profit (Caporaso & Levine, 1992).

Though Karl Marx was the first to coin the term *classical political economy* (to propose a new theory of wealth accumulation and economic and government interaction), Adam Smith and David Ricardo are often credited as major founders and contributors to the classical political economy theory (Caporaso & Levine, 1992; Chilcote, 2000; Hunt, 2002; Perelman & Perelman, 2000; Robbins, 1976). In 1776, Smith published *An Inquiry into the Nature and Causes of the Wealth of Nations*, emphasizing that individuals are motivated to accumulate wealth because greater wealth ultimately results in greater overall happiness for individuals and, inadvertently, for society as a whole; in fact, in a free, unregulated market, the selfish, competitive actions of individuals are guided (as Smith wrote in one of his most famous analogies) by an invisible hand that maximizes wealth for individuals and thereby raises the overall contentment and happiness for society as a whole (Hunt, 2002, pp. 61–62). In previous kinship and mercantilist systems, individuals focused on supporting their families and were thus less motivated by private interest, ultimately limiting the amount of growth and wealth accumulation they could achieve (Caporaso & Levine, 1992). However, with the rise of capitalism came the idea that different modes of labor were available outside agriculture and that private individuals, driven by self-interest and challenged by competition, would ultimately find the most efficient use of capital and labor to achieve the largest possible accumulation of wealth (Robbins, 1976). Overall, an unregulated market that encourages individuals to act in their own self-interest for profit also encourages maximization of labor and capital, thus increasing wealth accumulation, which in the end achieves the overall largest benefit for the general public (Caporaso & Levine, 1992; Hunt, 2002; Robbins, 1976). Smith believed that competition placed a check on the exploitation of others and advocated that the government's primary role was to structure and maintain free markets and encourage competition and that future government involvement was unnecessary and even detrimental (Leiman, 1993).

One critique of classical political economy, most famously espoused by Karl Marx, is that the unregulated market ultimately encourages different forms of violence (Bates, 2010; Hunt, 2002; Perelman & Perelman, 2000). David Ricardo, often cited for his unsympathetic views of the poor and working classes, noted that capitalism required an upper capitalist class and a lower worker class to survive (Hunt, 2002). Ricardo, similar to Smith, felt strongly that the less government involvement in the market, the better the overall capitalist system would be but also emphasized that the forces of the free market would inevitably achieve equilibrium of social harmony and produce the largest economic gains. Marx, in his book *Capital*, took Ricardo and other classical political economists to task, accusing them of having inadvertently encouraged violence as people moved from agriculture to industrial work (Hunt, 2002, pp. 234–235). Though classical political economy theory ultimately proposed that general society would benefit overall from capitalism and the unregulated market, Marx and others acknowledged that individuals can be hurt by the unregulated market, particularly if something they invest in fails or if competition results in a better product that drives individuals out of the market; they insisted that human labor and suffering are equally important as wealth to measure when weighing the benefits of capitalism (Caporaso & Levine, 1992). Though capitalism often does facilitate the transition from the poverty of primitive life to a more modern, civil society, with an abundance of goods available for all and a higher overall quality of life for most people, it is inevitable that individuals may suffer (Caporaso & Levine, 1992).

Classical Theories and Collective Violence

Classical political economic theories tended to view class conflict and, as an extension, collective violence such as race riots as an unfortunate and inevitable result of capitalism, where low-wage labor is needed to keep the system going, and the competitive nature of a free market will inevitably result in some individuals' suffering (Caporaso & Levine, 1992). Classical political economists generally are less sympathetic to the plight of the poor, instead emphasizing that a free market gives each individual free choice and an opportunity to gain wealth. For example, as Adam Smith wrote in *An Inquiry*,

> the difference of natural talents in different men is, in reality, much less than we are aware of ... the difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education ... (Smith, as quoted in Hunt, 2002, p. 63).

This suggests that all humans are born with the same amount of talents, and though the division of labor does allow some to have more opportunities than others, a competitive free market should ultimately get rid of unnecessary inequality by allowing hard workers who invested in their education to succeed, implying that those who did not succeed did not lack opportunity but instead were lazy or had failed out of their own lack of effort (Clark, 1998, p. 154). Though classical political economic theories value freedom of all individuals and thus minimal government intervention into individual economic life, these theories tend to minimize conflict as inevitable but solvable, as the invisible hand of the free market would ultimately neutralize inequality. Poverty was viewed as the result of personal choice rather than a result of systemic injustice, and social harmony, with minimal conflict, would ultimately prevail as inequalities were neutralized in a true laissez-faire economy. Classical economic theory thus did not directly address race riots, but instead these ideas were built upon by neo-classical political economic theory and applied to race riots by neo-classical economists.

Neo-Classical Theories of Political Economy

Neo-classical theories of political economy built upon the classical theories of political economy with some major differences. Neo-classical theories began gaining strength around the mid-1800s in response to the world's changing economic and political landscape. Though Adam Smith and other classical economists had developed their theories while envisioning an economy composed mostly of smaller businesses that competed for consumers and resources, the mid-1800s saw an incredible growth of wealth in the hands of a few as industrialization, and the major technological and infrastructure changes that came with it, gained strength (Hunt, 2002). Also, on the political front, the concept of democracy had taken hold in the Western world and had proven its staying power; America had survived a civil war, democracy was still intact, and the war economy had contributed to the growth of the first set of national and international business corporations that had quite different needs than small businesses. The question of the government's role in imposing regulations onto these corporations and thus interfering with the market was at the forefront of the minds of political economists.

The term *neo-classical theories of political economy* is a very broad term that covers many complex patterns of thought and is still used in modern times to represent some strands of political and economic thought; this paper does not pretend to comprehensively cover all nuances of neo-classical theories of political economy but focuses instead on concepts of neo-classical theories that have been used to understand race riots. First, a major emphasis of neo-classical political economy is that of utility. Though classical theories proposed that value was determined by the cost of labor, neo-classical theories proposed that value was determined by utility. Jeremy Bentham first used the term *utility* in his book, *An Introduction to the Principles of Morals and Legislation*, and defined utility as "property in any object, whereby it tends to produce benefit, advantage, pleasure good, or happiness ... or ... to prevent the happening of mischief, pain, evil, or unhappiness to the party whose interest is considered" (Bentham, as quoted in Hunt, 2002, p. 131). Bentham saw human activity as driven solely by the desires of individuals to maximize pleasure and minimize pain.

Utilitarianism, the philosophy that grew out of the work of Bentham and others, emphasized that the best way to understand markets and their influence on society was to consider that individual consumers always act out of a "rational, calculating maximization of utility" (Hunt, 2002, p. 250); this principle of utility successfully changed the focus of political economists from more general growth and distribution to the rational behavior and choices of individuals (Caporaso & Levine, 1992; Clark, 1998; Hunt, 2002). Bentham and others attempted to demonstrate that under conditions of perfect competition in an unregulated market, humans were free actors who would always conduct a clear and simple analysis of the private costs and benefits of an action before pursuing an action (Clark, 1998). After this cost-benefit analysis, individuals could be counted on to make choices to maximize their happiness (benefits) and minimize the pain (costs). Thus, neo-classical theories suggested that free markets always result in ultimate economic and social efficiency and the most efficient distribution of resources, which affirmed the classical view that a laissez-faire economy would provide the best overall quality of life for most people.

The neo-classical theorists also hoped that the principle of utility could lead to the development of a science of political economy that could be stated with the mathematical precision of growing disciplines such as physics (Clark, 1998; Hunt, 2002). They began to use mathematics in economic analysis and used equations to express economic principles, all based on the idea of cost-benefit analysis and rational choice (Clark, 1998). Neo-classical theorists began to develop empirical and quantitative ways to test theories advanced by classical political economists. The neo-classical approaches fit nicely into the new industrialized economy of the nineteenth century, where large amounts of wealth were now distributed among a few large corporations, unlike the series of small businesses competing for wealth that Smith had envisioned. Though individuals are less likely to calmly conduct careful cost-benefit analyses before acting, corporations are built on precise calculations of maximizing profit and minimizing loss and have the staying power to make these types of calculations mandatory (Hunt, 2002). Along with the development of large corporations and neo-classical theories came the realization that market failure was inevitable (Caporaso & Levine, 1992; Hunt, 2002). Though ideally the free market—under perfect competitive conditions where individuals could rationally choose to maximize pleasure and minimize pain—produced the most efficient distribution of resources and maximized wealth, this perfect situation was hard to come by in reality. Instead, externalities, or situations when the consumption of resources by one individual causes a cost or benefit to an individual who did not voluntarily enter into the transaction, inevitably occur, particularly as businesses grew and corporations came to monopolize the market and control consumption and distribution (Caporaso & Levine, 1992; Hunt, 2002). Also, the existence of public goods, such as roads and education systems, pose another challenge to the free market, because the ultimate benefit of these goods cannot be channeled to just one individual or the person who paid for the good, and yet these goods are helpful overall to a healthy economy (Caporaso & Levine, 1992); similarly, property rights are invaluable to a free market, but property ownership has consequences and also requires a structure to make sure that the buying and selling of land occurs under competitive, free-market conditions (Caporaso & Levine, 1992). With the understanding of these consequences for public goods and property rights came the realization that the market could and did occasionally fail to allow perfect competitiveness for all individuals and, thus, was not always able to maintain equality for all individuals. Thus, in opposition to classical theorists, some neo-classical theorists (including John Maynard Keynes) proposed that government needed to intervene in the free market when it could not adjust itself automatically and needed assistance with enforcing contracts, implementing taxes to even out the consequences and protecting private property distribution, regulating public works, and other interventions (Hunt, 2002).

Neo-Classical Theories and Collective Violence

Similar to classical theorists, neo-classical theorists did hold that social harmony was the natural state of capitalism and a competitive, self-regulating market; neo-classical theorists have addressed conflict more directly than classical theorists but always maintaining the idea that conflict comes out of rational choice based on maximization of private gains and minimization of private losses. For example, in a neo-classical view of race riots, violence is seen as occurring only when individuals have weighed the private benefits and costs of violence and have decided that the private benefits of violence outweigh the private costs. Neo-classical theorists do not acknowledge that structural forces such as discrimination and poverty play a part in any individual's decision to engage in violence such as race riots; instead, cost-benefit analysis is used exclusively. For example, Gary Becker, in his 1957 book, *The Economics of Discrimination*, proposed an economic analysis of the economic consequences of discrimination. Becker describes some individuals as having a "taste for discrimination" (p. 14), and these "tastes" can drive individuals to indulge in racism and discrimination in their business practices. However, he proposes that ultimately, in a free, competitive, self-regulated market as envisioned by neo-classical theorists, discrimination and racism will ultimately be weeded out of the market. Assuming that all human beings do have the same inherent skills and capabilities and there are no differences in competency between ethnic groups, capitalists who indulge their taste for discrimination will pick a less-skilled person of one color over a more-skilled person of another color and ultimately limit their work force, putting themselves at an economic disadvantage compared to those employers who are not indulging a taste for discrimination and thus are utilizing the best, brightest, and most efficient workers, regardless of race. In this way, the market weeds out discrimination and racism, so the government does not need to interfere with policies to eliminate discrimination (Becker, 1957).

Thus, in a narrow neo-classical view of riots, discriminatory practices and structural racism are not viewed as contributors to race riots. Instead, neo-classical theorists have proposed a cost-benefit analysis of private costs and gains to understand collective violence and race riots. In 1968, Becker proposed a neo-classical economic approach to illegal behavior, arguing that it is the private costs of punishment that most effectively deter people from choosing to commit crimes. Becker recommended policies such as fines and other punishments as an optimal way to incur private costs on perpetrators while benefitting individual victims and even the public good (Becker, 1968).

In 1979, building on Becker's work, Gordon Tullock spelled out a neo-classical view of riots in an essay accusing prior theorists of revolutions and collective violence (such as riots) of placing too much emphasis on the public good of violence. Tullock felt that it is too easy to take a retrospective historical view of violence and romanticize the public good aspects of violence because people in the present benefit from the public good aspects of previous violence. Instead, using economic equations, Tullock proposed that in the moment, individuals always weigh the private costs (punishments) and benefits (rewards) of violence before engaging in violence, and those who are most likely to engage are those who have the highest private gain and the lowest private cost. Tullock mocked "the nosiest of 'revolutionaries'—the current radical left students" (p. 99), who claim to be rioting for the public good, except they riot almost exclusively in university settings, where there is very low chance of severe punishment and thus a very low private cost for themselves. Tullock sees these students as acting mostly out of concern for their own private costs, and the public good associated with their rioting is a pleasant afterthought (Tullock, 1979). Tullock admits that he has not tested his theory, and he encourages others to apply this neo-classical cost-benefit analysis to riots and test previously held assumptions about riots.

Neo-classical tools and theories have been applied to understand race riots in many different ways. For example, Fusfeld and Bates (1984) described how urban race riots of 1964–1968 in multiple American cities were met with violent police action and resulted in a major increase in social welfare income transfers allocated by the government into poor ghetto neighborhoods. They note that with increased social welfare income transfers to poor neighborhoods, fewer riots are likely to occur and proposed a neo-classical political economy model to understand this situation. They describe an equation that would likely be proposed by neo-classical theories: "Marginal cost of riots to taxpayers/cost of income transfers to taxpayers equals the marginal benefit to rioters/cost of police intervention;" society outside of the ghetto tries to maintain an equilibrium of lowest amount of income transfers to the poor (and thus lowest amount of cost to themselves) to prevent rioting (which has a high societal cost to individuals outside of the ghetto). They note a "demonstration effect" (p. 209): When race riots are put down by violent police action and high amounts of punishment, people involved in the riots are likely to see a high personal cost of rioting and to avoid rioting. However, if riots are met with income transfers, residents are more likely to riot again because they will see private gain from rioting. They note that smart policymakers should thus, according to the equation, use a balance of police intervention and income transfers to maintain equilibrium in the equation and thus peace in poor neighborhoods (Fusfeld & Bates, 1984). Similar to other critiques of neo-classical views of collective violence, Fusfeld and Bates state that this neo-classical model is lacking because it ignores larger structural forces of historical processes, such as discrimination and racism, poverty, and institutionalized oppression.

RADICAL THEORIES OF POLITICAL ECONOMY

The term *radical political economy* has been used by political economists since the 1960s to refer to theories of political economy that acknowledge structural forces (such as poverty, discrimination, and racism) and view class struggle and inequality as the brutal results of capitalism (Barone, 2004; Lippit, 1996). Radical political economy has its roots in Marx's critiques of classical and neo-classical political economy theories. Marx proposed that power structures are reinforced by capitalism and that inequality and poverty are the results of capitalism, during which the majority are oppressed to keep power in the hands of a few (Lippit, 1996). Using dialectical theory, Marx proposed that capitalism produces a series of contradictions (e.g., significant production and growth potential creates economic crises that undermines this potential for most of the population; Barone, 2004). He proposed that human labor is a form of capital and must be counted as such when identifying the costs of capitalism within the context of wealth accumulation. Thus, class struggle is historically the major root of change in societies throughout history, and Marx concluded that the laboring classes should rise up against the capitalist system because it was inherently oppressive to a majority of the populations (Barone, 2004; Lippit, 1996).

Marx suggested that the actual historical process by which capitalism took hold, called "previous, original, or primitive accumulation," was violent and vengeful toward the property-less classes (Perelman & Perelman, 2000). In a capitalist society, a primitive accumulation process exists in which some people will have the drive and innovation to acquire land and resources, but others will end up suffering and working tirelessly for the people with more resources with little individual gain. This is the division of wage labor that drives capitalism forward; however, individuals often suffer. For example, most of the pre-capitalist economic systems relied heavily on agriculture that gave many unskilled people jobs that directly provided their families with food and some land to live on, whereas capitalism created terrible working conditions in factories that provided a low standard of living and widened the gap between the rich and the poor (Hunt, 2002). Marx criticized the fact that classical and neo-classical theorists demonstrated little sympathy for the plight of people who did not achieve economic success or did not immediately embrace capitalism (Perelman & Perelman, 2000).

Radical political economy theories are greatly influenced by Marx's ideas as they combine a critique of capitalism as oppressive to the masses with a combination of mainstream economic approaches. Economists in the 1960s first started to observe that structural forces, (e.g., inequality, racism, sexism and heterosexism, and poverty) significantly impacted economic behavior by influencing the division of labor, wealth accumulation, rational choice, and other tenets of classical and neo-classical theories of political economy (Barone, 2004; Lippit, 1996). Contrary to classical political economists, who consider the market to be capable of regulating itself above everything else, radical political economists believe that the economic system does not exist in isolation from all the other systems, including political, social, and cultural systems. To understand modern problems, economists need to include variables that account for the historical and social change dimensions of multiple systems of interacting influence while also incorporating modern economic tools to conduct analyses of situations and make predictions.

RADICAL THEORIES AND COLLECTIVE VIOLENCE

Radical political economic theory has expanded the application of economic analysis to different arenas not typically considered in the realm of political economy, including race riots. Radical theorists are more open to the possibilities of structural forces such as discrimination and racism contributing to race riots. For example, Michael Reich has proposed a political economy theory of class conflict analysis that offers an alternative conclusion about the effects of the market on racism and discrimination than neo-conservative theory (Reich, 1996). Reich criticized neo-classical theories for shying away from explaining conflict because, in a perfect neo-classical market, collective violence is not necessary because the competitive market does away with inequality; thus, neo-classical theories do not offer a coherent explanation of the income inequality found in every capitalist society and the collective violence that accompanies inequality, such as riots. In fact, Reich found that instead of getting rid of discrimination (as proposed by neo-classical theories), the capitalist free market system actually encourages the perpetuation of racism and discrimination because rich whites disproportionately benefit from discrimination in the workplace, whereas black workers and poor white workers all lose out. As a result, collective violence of oppressed groups cannot be viewed simply as an individual's rational choices and actions. Reich includes structural variables in his analyses and finds that inequality and power differentials all affect income distribution, not just an individual's rational choices and actions (Reich, 1996).

Radical theories have been used to challenge neo-classical views of the causes of riots. For example, Dispasquale and Glaeser (1998) tested a neo-classical understanding of riots by comparing both private variables and community variables across the data on race riots from several American cities between 1960s and the 1990s. By a traditional neo-classical interpretation, only private variables that affect the benefit and cost experienced by private individuals (e.g., extent of policing, punishment cost and risks, property ownership, and the value of time) would show any effect on the likelihood of riots (DiPasquale & Glaeser, 1998). Conversely, if community costs related to ethnic composition, racial segregation, poverty, and community stability show any effect on the likelihood of riots, flaws in the neo-classical model would become apparent (DiPasquale & Glaeser, 1998). This study found a correlation between the incidence and intensity of riots and the private costs but did not show any correlation between the community-level variable of poverty and the incidence/intensity of riots. However, the study did show a correlation between a community-level variable of ethnic diversity and higher incidence/intensity of riots, challenging a narrow neo-classical view of rioting.

In an example of the application of more radical strategies to analyze the causes of race riots, Olzak, Shanahan, and McEeaney (1996) combined political economy theories with theories from sociology (deprivation and competition theories) and criminology (contagion theory) to look at the causes of 154 American race riots from 1960 to 1993. They hypothesized, among other things, that urban settings with high interracial contact have more collective violence than segregated communities. They found that a combination of many different factors increases the likelihood for riots, particularly a previous history of high segregation, followed by sudden interracial integration and thus competition; also, a history of previous violence in the city or country also increases likelihood of riots in cities with this history. They found that non-white poverty did not increase the chances of riots, and instead, all these other factors played a much larger role. Riots are complex phenomena that occur due to a combination of individual and structural factors, and theories on riots that look only at private cost-benefit motivations, as classical and neo-classical theorists often do, are missing part of the picture.

CONCLUSION

Collective violence has massive financial and personal costs for humans throughout the world. As illustrated in Figure 1, theories of political economy have attempted to address one form of violence, collective violence and rioting, in different ways. A brief history of the development of economic and government systems in the Western world demonstrates that as the West moved from kinship societies to feudalism to mercantilism to capitalism,

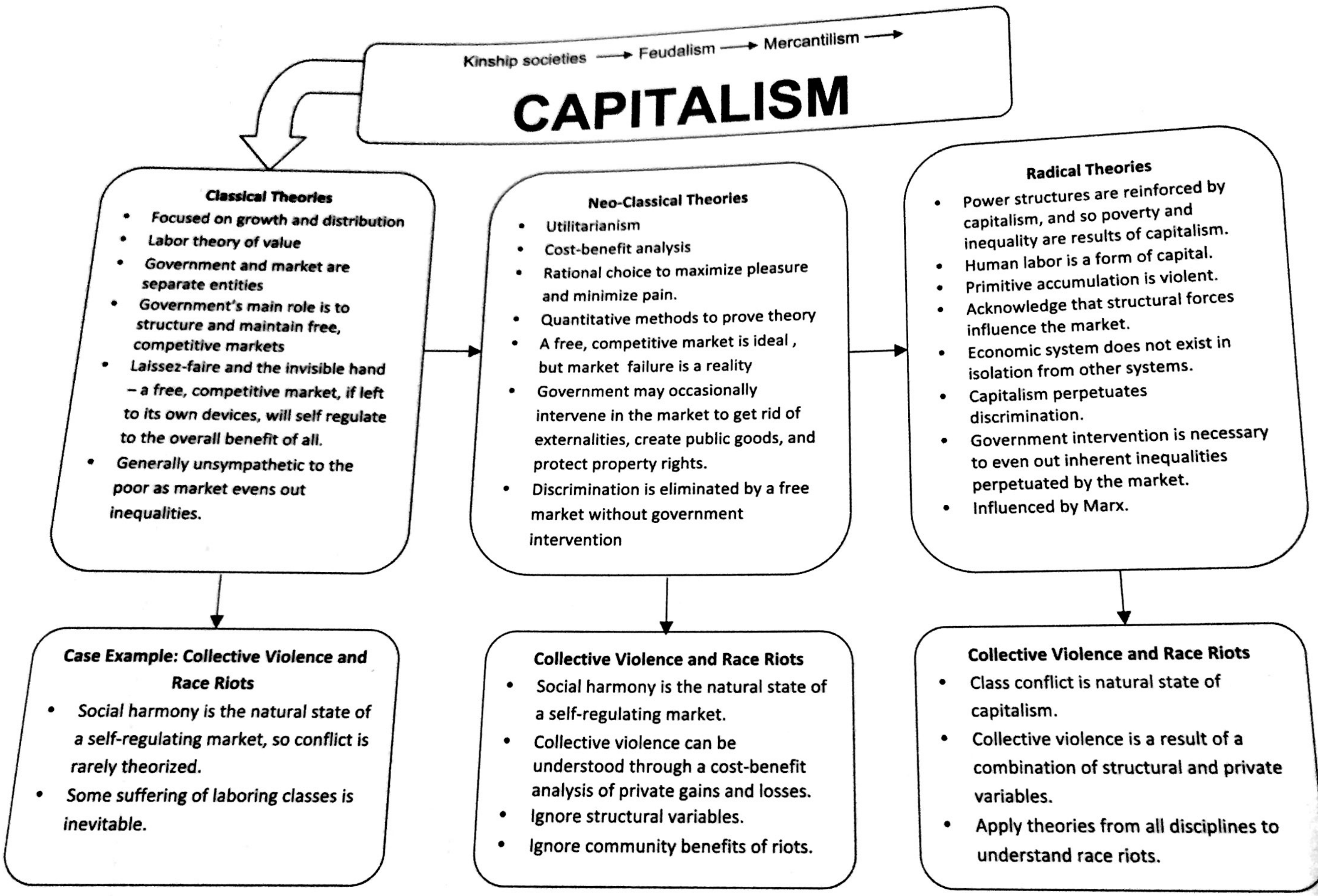

FIGURE 1 Theories of political economy of violence.

violence was an inherent aspect of these shifting systems. Classical political economic theories tended to emphasize that social harmony was the natural state of capitalism; as long as a free, competitive market existed without government intervention, capitalism would ultimately produce the highest quality of life for the most people. Classical theories thus rarely addressed class conflict, collective violence, or race riots. Neo-classical theorists extended the belief that social harmony was the natural state of capitalism but acknowledged that market failure was possible; thus, government intervention was occasionally necessary to circumvent some of the inevitable follies of the market. Neo-classical theorists did address collective violence and rioting to some extent but interpreted collective violence very narrowly by viewing individuals as motivated by a cost-benefit analysis of the private losses and gains from collective violence. These theories ignored the structural factors and community benefits of riots. Radical political economy theories considered class conflict, not social harmony, to be the natural state of capitalism. Building on Marx's writings, radical theorists believed that a free, competitive market perpetuated inequality, discrimination, poverty, and poor quality of life for the masses. As a result, government intervention is necessary to temper the negative effects of a free market for most people. Incorporating innovative theories from other disciplines, radical theorists viewed collective violence and riots as caused by a combination of structural and private variables and encouraged systemic change to address the inherent inequalities in a capitalist system.

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