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WITHIN-GROUP AND OUT-GROUP TRUST IN THE AFTERMATH OF CONFLICT: EVIDENCE FROM A CIVIL CONFLICT IN PAKISTAN[1]

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Trust is an essential part of social capital and it leads to economic, social, and institutional consequences. Constructing trust within a community is directly related to the peace in the community. We see that civil conflicts affect the trust level of the community. In this study, we investigate the impact of civil conflict on within-group and out-group trust. To test this, we used the Spatial Regression Discontinuity Design technique for chosen areas of Pakistan. We found that during conflict times within-group bond is stronger than out-group trust, and migration increased with the conflict level.

ÇATIŞMA SONRASI GRUP İÇİ VE GRUP DIŞI GÜVEN: PAKİSTAN'DAKİ BİR SİVİL ÇATIŞMADAN ÖRNEK

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Ö z e t

Güven, sosyal sermayenin önemli bir parçasıdır ve ekonomik, sosyal ve kurumsal sonuçlara yol açar. Bir toplum içinde güven inşa etmek, toplumdaki barış ile doğrudan ilişkilidir. İç çatışmaların toplumun güven düzeyini etkilediğini görüyoruz. Bu çalışmada, iç çatışmanın grup içi ve grup dışı güven üzerindeki etkisini araştırıyoruz. Bunu test etmek için, Pakistan'ın seçilmiş bölgeleri için Mekansal Regresyon Kesintili Tasarım tekniğini kullandık. Çatışma zamanlarında grup içi bağın grup dışı güvenden daha güçlü olduğunu ve çatışma düzeyiyle birlikte göçün arttığını bulduk.

[1] Ali, M., Güreşçi, G., & Khan, K. (2023). Within-group and Out-group Trust in the Aftermath of Conflict: Evidence from a Civil Conflict in Pakistan, *Uluslararası Sosyal ve Ekonomik Çalışmalar Dergisi*, 4(1), 33-44.

INTRODUCTION

The optimal level of trust is believed to facilitate and encourage productive social and economic interactions among the agents of a society. To put it differently, the societal progress is perceived level of trust at a society (Conzo and Salustri, 2019). Trust is defined as individuals' expectations about others' cooperative attitude or inclination to reciprocate a favor (Werner, 2016). Trust as an essential part of social capital is viewed as the lubricant of the entire socio-economic system (Szkudlarek and Biglieri, 2016). A high level of trust is supposed to encourage the long run economic growth (Bjørnskov, 2017), financial development (Elkhuizen et al., 2018), credibility of public authorities (Ramesh, 2017), efficiency of institutions and equality of resources distribution (Sønderskov and Dinesen, 2016). Additionally, trust fosters cooperation and civic engagement (Bjørnskov, 2012), and minimizes the role of complicated formal institutions in contract enforcement (Duan, 2012), solves collective action problems (Six et al., 2015), facilitates the coordinated efforts of individuals (Zanini and Migueles, 2013), and lowers the transaction costs (Holmberg and Rothstein, 2017).[2] In brief, trust encourages the desired social outcomes.

Trust in post-conflict setting retains higher importance, as it assists the process of peace and reconciliation. Trust molds the individuals' beliefs system and provides basis for normalizing the tension by negotiating on the conflicting issues (Werner, 2016). For instance, when a society is sufficiently characterized by a trust, agents could efficiently formulate strategies that could help them to resolve the underlying disputes.[3] Nevertheless, the level of trust itself remains vulnerable to the moral hazard and adverse selection (Cox, 2007). Alternatively, decreasing trust is related with the outset of conflict and lack of stability of negotiated settlement (Wong, 2016). Whereas, the agents conflicting strategies in return enhance the likelihood of perceived risk, undermine trust, and disrupt

dialogue process (Whitt and Wilson, 2007). This situation thus leads to a vicious cycle of violence (Rohner et al., 2013).

At the literature we see that studies mostly examine various socio-economic effects of the level of trust, but less focus have been placed on the determinants of trust, in particular, how violent conflict affects the level of trust in a society. Rather pessimistic views predict that violent conflict leads to lawlessness, chaos, and widespread disorder. Consequently, the inhabitants loss their communal networks and perceive the reduced sense of security (DeRouen and Bercovitch, 2008). Alternatively, violence leads to general feelings of resentment, which promotes social segregation and distrust towards out-group members.

Nonetheless, a new established literature believes that conflict not always leads to destruction; rather it results in social outcomes. For instance, people who live during war are more civic-minded and politically engaged (Voors et al., 2012), these people learn new valences (Balcells, 2012), increase their social networks (Parkinson, 2013). Therefore, such pro-social transformation encourages the individuals to develop social capital to defend them. Alternatively, such changes in the behavior of the citizens positively affect the level of trust and thus support reconciliation in conflict zone (Werner, 2016). Those inhabitants, which

[2] Individuals living in high-trust level societies have the benefit of doing economic transactions easily and devote less effort and resources to protect themselves from being exploited (Knack and Keefer, 1997).

[3] The lack of trust or distrust is one of the core aspects that propels groups towards or holds groups in conflict e.g. (Eidelson and Eidelson, 2003).

personally exposed to violent conflict; for instance, physically injured or incurred financial loss, could have different level of trust than those who indirectly involve by only observing the terrible events (De Luca and Verpoorten, 2011). Usually, the increase in the level of trust in the form of collective coping strategies are more likely to happen among the within-group members during the conflict times (Choi and Bowles, 2007).[4] Alternatively, as predicted by the evolutionary theory, the victims of conflict are more likely to exhibit higher trust to their group members (Bowles, 2008). Nevertheless, the negative experiences and fright in conflict zone might promote antipathy and distrust towards the out-group members (Werner, 2016).

Driven from the discussion, trust is undeniably an important factor for smooth functioning of a society. Nevertheless, the level of trust remains endogenous to a violent shock. Unfortunately, very little attention is devoted to such legacy of violent conflict. Assuming the endogenous structure of trust in Pakistan, this study inquires that how the violent conflict affects the level of within-group and out-group trust of the residents.

VIOLENT CONFLICT IN DISTRICT SWAT

The district Swat is an administrative unit which is in the Khyber Pakhtunkhwa (KP) (formerly the North-West Frontier Province or NWFP) province of Pakistan. According to the national census of 2017, the district has 2.31 millions of population. The people of Swat district belong to the Pashtun tribes and their economic, social, and political interactions are mainly determined by Islamic principles and Pashtun' culture. The conflict started at the term Tehrik-e-Nifaz-e-Shariah-Mohammadi (TNSM) (Orakzai, 2011). The TNSM received interest across the country, when the Khan decided to start an armed struggle; Tor-Patki (The Black Turban), to challenge the Un-Islamic Laws of the State and impose the Sharia's laws on the inhabitants of the district. To enforce TNSM agenda and pressurize the government, the followers of the Khan seized public property, abducted government officials, and controlled the administration of the district. Nevertheless, to encounter the TNSM and restore the state writ, the government used the armed forces (Kronstadt, 2010). However, to resolve the conflict peacefully, the provincial government ended the operation after a short period of time and started negotiations with TNSM. Consequently, the provincial government revealed agreement to the demands of the TNSM, and executed the Sharia courts via Nezam-e-Shariat Regulation. This regulation resulted in a parallel judicial system, under which supplicant had the choices to avail the traditional or the Sharia courts (Rome, 2009).

When the US started war against Al-Qaeda in Afghanistan, the Khan announced the War against the US forces. However, when Pakistan decided to be the ally of the US forces in war against terror, the government banned the TNSM and then imprisoned the Khan. Nevertheless, Fazal Hayat (known by Maulana Fazalullah), headed the movement and tried to strengthen his position through establishing close ties with other militants groups in the country. To impose his manipulated Islamic ideology of opposing girls education, the formal justice system, and informal institutions; Fazalullah established a radio station. Through the radio campaign and

[4] When a large number of community individuals simultaneously experience the direct consequences of war, the whole community seems to adopt a more prosaically equilibrium (Bauer *et al.*, 2016). Whereas, such prosaically behavior, besides other changes, motivates the individuals for the solution of actual problems of the community. Bellows and Miguel (2006) note that besides other behavioral changes, war victims involve in "road brushing", i.e., a local infrastructure maintenance activity.

swift support in various natural calamities, the Fazalullah succeeded to gain the support of the common people (Siddique, 2010). Nevertheless, when the government started an operation in the capital city; Islamabad to stop a rising Islamist movement in the country, the Fazalullah found it best opportunity to announce the violent movement against the state in 2007. To encounter the militants, the government started a military operation (Siddique, 2008). During the period of 2007-2009, the conflict touched the peak point, when the militants regularly attacked the security forces, elected representatives, and civil society. In addition, they demolished the police stations, hospitals, schools, and informal institutional structure of the district. In these two years, the militants fully captured the 70 percent area of the district, which included 59 villages (Orakzai, 2011).

Nevertheless, in 2008, the provincial government started negotiations with militants to bring life to a normal position in the district. To facilitate the dialogue process, the government decided to release the Khan in 2008 (Kronstadt, 2010). The government showed agreement to execution of 16-points peace agenda in April 2008. Unfortunately, the span of accord remained for short time period. After the breakdown of agreement, a new and strong wave of violence erupted during which the militant controlled all the strategically important places of the district. With the hope of peace the Sharia laws were implementing in the district by the government through the religious courts system under a Qazi (Judge). But Khan refused to be member of negotiation team. With this refusal in the mid-2009, the militant increased their violent activities. On the other hand, the government realized that a massive military operation is the only option to deal with the growing militancy. Therefore in the 2009, government started a military operation. The operation helped the government to clear the district from the militants but increased internal migration. The UN Refugee Agency (UNHCR) and government of Pakistan reports claimed that almost 2 million people migrated.

Social legacies of war largely remain the unexplored part of wartime research. Recently, various researchers attempted to explain how various aspects of trust emerge and evolve in response to conflict shock. Maluku, Indonesia, Werner (2016) examined the trust forms among Muslims and Christians students. They analysed the behaviour of the students with using a trust game and a questionnaire, and found that violent conflict increased the within-group trust but reduce the out-group trust. Becchetti et al. (2011) used public good game and trust game, and they found that conflict did not alter the level of trust. Cassar et al. (2011) observed that violence reduced trust level in Tajikistan. Conzo and Salustri (2019) estimate violent shock (World War II) on the trust. They considered the retrospective data of those Europeans, who aged above 50. They found that this reduced average trust in the adulthood. Gilligan et al. (2014) implemented a dictator game for Nepal's civil war. They found that it increased public goods provision, cooperation level and trust. Mironova and Whitt (2014) used lab-in-the-field experiments for ethnic violence in Kosovo, and found pro-social norms within-groups. Malasquez (2016) found that conflict lowered trust in Peru. Rohner et al. (2013) searched for the consequences of the conflict in Uganda, and they also found that conflict reduces trust level.

METHODOLOGY

The main purpose of this study is to see the effect of conflict on within-group and out-group trusts. For this purpose we collected data through a structured questionnaire in two districts, these are Buner and Swat. They have 165 and 105 villages respectively. 116 and 83 villages are picked from Swat and Buner randomly. These are called primary sampling units (PSU).

And also we have secondary sampling units (SSU). These units are households. We get these data from the population census report of Pakistan of 2017. At this year Swat's population is 274.620, and Buner's 94.095. And we randomly selected 400 households from each district.

In this study, we focus on within-group and out-group trusts in post-coflict life. Within-group trust is related with the trust on familiy members, relatives, neighborhoods and local community leaders. Out-group trust is related with the trust on strangers. We have a scale from 1 to 4. 1 shows no trust, 4 shows the highest level of trust. We have some economic control variables in this study. First one is income, and we used total monthly earnings of the households. The other variable is employment status. For this, we used dummy. 1 shows employed household head, 0 shows unemployed head of household. Our control variables are age, number of years in education, and marital status, and the last one is household size. We used zero for rural population and 1 for urban population. And we used distance to the conflict zones (in kilometers)

The descriptive of the variables for the year 2010 suggest that on average within-group trust is high in district Swat (2.964) than district Buner (2.396), however, the out-group trust is lower in district Swat (2.182) than district Buner (2.938). Interestingly, the same patterns in within-group trust and out-group prevail even after the 9 years later of conflict, i.e., in 2018. For instance, the descriptive statistic for the year 2018 suggest that on average within-group trust is high in district Swat (2.7825) than district Buner (2.312), however, the average out-group trust is lower in district Swat (2.47) as compared to district Buner (3.06).

Swat and Buner have some common characteristics. Their population mostly consist of Yousafzai tribe, and they were ruled by a Monarch family. In fact, when peace agreement signed between the state and militants to restore the peace in Swat escalated violent activities and challenged the state writ in the neighbouring districts, like Shangla, Dir, and Buner (Avis, 2016). The militants initially entered into the Daggar Tehsil of Buner, and attempted to suppress the state power and indigenous people. According to the information obtained from local administration, they targeted different areas in Daggar Tehsil; namely Ghazikhanai, Sultanwas, Gookand, and Shalbandai. Nevertheless, when militants attempted to start their violent struggle in Buner, they faced armed resistance of the reaidents. The inhabitants of Buner formed Lashkar (Citizens Militia) in the leadership of local political leader Fateh Khan, which with his companions resisted many attacks and killed several militants' fighters.[5] Additionally, state armed forces conducted operation in the selected areas of Buner and established check post on borderline which not only pushed back militants to Swat, but also stopped their further entry to Buner. This conflicting situation in Buner resulted into a partial migration from the mentioned areas. However, the duration and intensity of conflict which occurred in specific areas of Buner remained reasonably lower than district Swat. For instance, the operation led by the paramilitary Frontier Corps (FC) took only 2 weeks to clear the areas of Buner from all terrorist. Besides, the government instructed the migrated people of Buner to go back to their homes.[6] This quick return to Buner indicated government hopes for a similarly swift return of the civilian to Swat. As mentioned earlier, Buner largely remained unaffected in the conflict. The local administration's report suggests that only 5% area of Buner affected during the battle. Hence, besides prolong historical ties, the spillover effects of conflict to Buner might be a threat

[5] See also https://nation.com.pk/04-Nov-2012/anti-taliban-leader-killed-in-buner-suicide-hit.
[6] For detail see also https://www.mcclatchydc.com/news/nation-world/world/article24538744.html.

to our identification strategy. To solve this issue, we specify the union councils in Buner where the conflict occurred and drop them from our sample. This strategy helps us to create a more realistic counterfactual.

When we look at the probabilities, we see that we can accept that null hypothesis of no significant differences in the covariates. Because of the homogenous districts caused to expose to violent shock. We used Spatial Regression Discontinuity Design (SRDD) and this takes into account location of the regions. Thanks to this we could see spatial effect of conflict.

CONCLUSION AND POLICY IMPLICATIONS

Trust level neither affected by the regions (urban and rural areas) nor by the level of migration. Alternatively, the change in within group trust is totally related to the conflict exposure. Our findings are similar with the other trust studies[7]. During the violent times within-group bond is strong, but out-group trust is low. For instance, at the model 4 we see that conflict-affected district dropped on average by 0.781 and 0.589 per cent respectively from 2010 to 2018. But region and displacement dummies are insignificant.

The earlier studies such as Mironova and Whitt (2018) documented the same relationship between conflict and out-group trust. The reduction in the out-group trust is attributed to the fact that when in conflict zone, inhabitants repeatedly face destruction and violence. And OLS estimates gives to combine treatment effect. At panel (A) is higher (0.237; 0.195).

It is obvious to note that immediately and after years later of the conflict, the people in the conflicted region have lower out-group trust. And we can say that out-group trust increases with the distance from the conflict area.

[7] Blattman (2009), Bellows and Miguel (2009), Gilligan et al. (2014), Voors et al. (2012).

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Table 1: Conflict and Trust (OLS)								
Panel (A) Within-group Trust								
	Within-group Trust (2010)				**Within-group Trust (2018)**			
Variables	**(Model 1)**	**(Model 2)**	**(Model 3)**	**(Model4)**	**(Model 1)**	**(Model 2)**	**(Model 3)**	**(Model4)**
Conflict	0.595***	0.596***	0.596***	0.597***	0.499***	0.503***	0.502***	0.504***
	(0.040)	(0.041)	(0.041)	(0.041)	(0.037)	(0.037)	(0.037)	(0.037)
Displacement	-0.044	-0.047	-0.043	-0.043	-0.048	-0.050	-0.050	-0.051
	(0.046)	(0.046)	(0.046)	(0.046)	(0.043)	(0.043)	(0.043)	(0.043)
Region Dummy	0.000	-0.002	-0.004	-0.005	0.024	0.023	0.021	0.021
	(0.029)	(0.029)	(0.029)	(0.029)	(0.027)	(0.027)	(0.027)	(0.027)
Constant	2.396***	2.455***	2.394***	2.473***	2.302***	3.251***	3.187***	3.238***
	(0.021)	(0.265)	(0.289)	(0.298)	(0.021)	(0.377)	(0.402)	(0.403)
Observations	800	800	800	800	800	800	800	800
R-squared	0.334	0.336	0.340	0.341	0.274	0.281	0.283	0.285
Economic Controls	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Demographic Controls	No	No	Yes	Yes	No	No	Yes	Yes
Religious Controls	No	No	No	Yes	No	No	No	Yes
Panel (B) Out-group Trust								
	Out-group Trust (2010)				**Out-group Trust (2018)**			
Variables	**(Model 1)**	**(Model 2)**	**(Model 3)**	**(Model4)**	**(Model 1)**	**(Model 2)**	**(Model 3)**	**(Model4)**
Conflict	-0.778***	-0.779***	-0.782***	-0.781***	-0.592***	-0.593***	-0.592***	-0.589***
	(0.051)	(0.052)	(0.052)	(0.052)	(0.054)	(0.054)	(0.054)	(0.054)
Displacement	0.029	0.029	0.031	0.032	0.000	0.002	0.003	0.001
	(0.053)	(0.053)	(0.055)	(0.055)	(0.056)	(0.056)	(0.057)	(0.057)
Region Dummy	0.053	0.052	0.056	0.056	0.035	0.033	0.038	0.038
	(0.039)	(0.039)	(0.039)	(0.039)	(0.040)	(0.040)	(0.040)	(0.040)
Constant	2.917***	2.386***	2.287***	2.326***	3.046***	2.631***	2.723***	2.812***
	(0.032)	(0.356)	(0.372)	(0.383)	(0.034)	(0.571)	(0.607)	(0.607)
Observations	800	800	800	800	800	800	800	800
R-squared	0.331	0.334	0.340	0.340	0.217	0.218	0.223	0.225
Economic Controls	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Demographic	No	No	Yes	Yes	No	No	Yes	Yes

Controls								
Religious Controls	No	No	No	Yes	No	No	No	Yes
*** p<0.01, ** p<0.05, * p<0.1.								

Table 2: Conflict and Trust (SRDD)

Panel (A) Within-group Trust						
	Within-group Trust (2010)			**Within-group Trust (2018)**		
	Bandwidth			**Bandwidth**		
	[10-44km]	**[45-60km]**	**[61-93km]**	**[10-44km]**	**[45-60km]**	**[61-93km]**
Variables	**(Model 1)**	**(Model 2)**	**(Model 3)**	**(Model 1)**	**(Model 2)**	**(Model 3)**
Conflict	0.156***	0.237***	0.127***	0.133***	0.195***	0.117***
	(0.015)	(0.025)	(0.012)	(0.014)	(0.027)	(0.011)
Displacement	-0.048	-0.087	-0.008	-0.042	-0.045	-0.080*
	(0.054)	(0.119)	(0.051)	(0.051)	(0.123)	(0.048)
Border Distance	0.006***	0.038***	-0.002	0.013***	0.032***	0.000
	(0.002)	(0.006)	(0.002)	(0.002)	(0.006)	(0.002)
Constant	2.752***	-0.528	2.158***	2.353***	1.182	3.740***
	(0.423)	(0.735)	(0.441)	(0.562)	(1.003)	(0.543)
Observations	348	165	287	348	165	287
R-squared	0.361	0.621	0.424	0.351	0.528	0.382
Economic Controls, Demographic Controls, and Religious Controls	Yes	Yes	Yes	Yes	Yes	Yes
Panel (B) Out-group Trust						
	Out-group Trust (2010)			**Out-group Trust (2018)**		
	Bandwidth			**Bandwidth**		
	[10-44km]	**[45-60km]**	**[61-93km]**	**[10-44km]**	**[45-60km]**	**[61-93km]**
Variables	**(Model 1)**	**(Model 2)**	**(Model 3)**	**(Model 1)**	**(Model 2)**	**(Model 3)**
Conflict	-0.214***	-0.259***	-0.163***	-0.151***	-0.204***	-0.129***
	(0.022)	(0.027)	(0.018)	(0.022)	(0.035)	(0.018)
Displacement	-0.008**	-0.035***	0.004	-0.016***	-0.030***	0.002
	(0.004)	(0.009)	(0.002)	(0.003)	(0.009)	(0.002)
Border Distance	0.089	0.040	0.053	-0.014	0.037	0.067
	(0.076)	(0.138)	(0.076)	(0.079)	(0.144)	(0.080)
Constant	3.149***	4.153***	2.116***	3.458***	5.508***	2.718***
	(0.565)	(1.008)	(0.618)	(0.914)	(1.349)	(0.937)
Observations	348	165	287	348	165	287
R-squared	0.328	0.558	0.351	0.239	0.435	0.234
Economic Controls, Demographic Controls, and Religious Controls	Yes	Yes	Yes	Yes	Yes	Yes

*** p<0.01, ** p<0.05, * p<0.1.