

Conflict, Inequality and the Provision of a Public Good in a Model of Location Choice

Abhra Roy *

Preliminary Draft

ABSTRACT

We analyze a model of conflict between an insurgent minority and a government. The median voter chooses an optimal tax rate and the government chooses between how much public good to provide and how much to allocate towards defense. The insurgent minority chooses the probability and the location of the attack. We compare between two scenarios: a) when the government is only concerned about security and b) when it maximizes welfare. In this context, we show that the government apportions more resources in the provision of public good when it is more concerned about security than when it is concerned about welfare. Consequently, the location of attack lies more to the left under security concern. We also show that support for the government among the minority is greater when security concerns are higher. Finally, we show that both the tax rate and the provision of defense increases when inequality is higher. Finally, we explore how the results model change in the presence of a left and a right wing media outlet.

KEY WORDS: Location Choice; Public Good; Repression; Inequality.

JEL Classification: H56; J15; D63; D74.

*Department of Economics, Finance and Quantitative Analysis,
Kennesaw State University,
560 Parliament Garden Way, Kennesaw, Ga-30144.
Electronic address: aroy1@kennesaw.edu; jpaul17@kennesaw.edu