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The incursion of Leviathan: wartime territorial control and post-conflict state capacity in Peru

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Abstract: How do civil war dynamics affect state-building decisions in the aftermath of conflict? This paper argues that, in the post-conflict period, the state focuses its efforts to build state capacity on areas in which state power has been eroded during wartime, with the goal of avoiding future insurgent threats. Using the Peruvian civil war as the case of study and relying on a difference-in-differences design employing data for the period 1961–2007, I show that contested and insurgent-controlled districts were targeted with the deployment of state bureaucrats after the end of the conflict, while only rebel-held territories improved their level of public goods and services provision. Results are complemented by anecdotal qualitative evidence and remain robust across several robustness checks. These findings contribute to a better understanding of the interrelation between state capacity and civil war, highlighting the potential state-building effects of internal armed conflicts.

Key words: civil war, state capacity, post-conflict, insurgency, Peru

JEL classification: D74, N46

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1 Introduction

The pernicious effects of civil wars have been extensively documented. Plenty of evidence shows that internal armed conflicts have a direct impact on economic development (Kang and Meernik 2005), institutional stability (Collier 2003), and identity polarization (Balcells 2012). The convergence of these negative effects has led scholars to conclude that civil wars are one of the core causes of state failure and state collapse (Bates 2015). However, the potential state-building effects of civil wars remain unexplored.

Despite an extensive literature portraying the fundamental role of state capacity expansion in the prevention of conflict outbreak (Fjelde and Soysa 2009), few studies focus on how the experience of war shapes state-building strategies during post-war periods in order to ensure the sustainment of peace. How do the dynamics of civil war affect state capacity decisions in the aftermath of conflict? Does the distribution of wartime territorial control affect post-conflict state-building measures? In this paper, I show that the defeat of a credible insurgent challenge might lead to the consolidation of the state at the subnational level in the aftermath of conflict,¹ particularly in areas that were under the influence of rebel groups during the war.

Two arguments prevail in the debate on the relation between conflict and state capacity. First, the opportunity thesis, which claims that countries with low levels of state capacity are more susceptible to war onset (Fearon and Laitin 2003). And second, the bellicist theory of state-making, which provides strong evidence that conflict processes impact the development of state structures (Tilly 1985). However, whether and how civil wars affect state capacity remains unclear, particularly from a subnational perspective. Aiming to fill this gap, I provide one of the first subnational studies on the determinants of state capacity in the post-war period, focusing on an often overlooked, but fundamental, dynamic of civil war: wartime territorial control.

This paper argues that whether a territory was contested or remained under state or insurgent control during a civil war has a profound impact on post-conflict levels of local state capacity. It contends that, if the state defeats the rebels, it will engage in two types of state-building measures to avoid future insurgent threats: (1) the consolidation of state control through the expansion of its bureaucratic structure; and (2) the development of state legitimacy through the improvement of civilians' material conditions. In other words, it will combine the enlargement of state power and a 'hearts and minds' approach to control and re-socialize civilians, as the state interprets wartime territorial control as a signal of potential insurgent re-emergence. Contrary to the conventional argument that civil wars have a negative effect on state capacity levels (Besley and Persson 2008), I point out the potential state-building effect of internal armed conflicts.

I test this argument by analysing one of the most paradigmatic cases of irregular war of the last century, the Maoist insurgency of Sendero Luminoso (SL), which took place in Peru in the 1980s and early 1990s. Despite the initial weakness of its actions, SL became one of the largest rebel groups in Latin America, establishing broad governance structures throughout the entire country. Once the conflict ended, the state implemented a profound set of reconstruction programmes and administrative reforms in those areas that were most affected by the war.

In order to test the implications of the theory in the context of the Peruvian civil war, I rely on a mixed-methods approach that combines the use of quantitative and qualitative evidence. For the

¹ This is in line with the findings of Balcells and Kalyvas (2022).

quantitative part, I use fine-grained data on wartime territorial control and state capacity at the district level for the period 1961–2007. I rely on a difference-in-differences design that compares the pre-war to post-war state-building trajectory of districts under insurgent and contested control with those that remained under the control of the state during wartime. The qualitative analysis relies on anecdotal evidence from secondary literature and semi-structured interviews.

Results provide strong support for the main theoretical expectation: areas where territory was disputed or under insurgent control received higher levels of state-building measures than areas controlled by incumbents. The state deployed more bureaucrats to both contested and rebel-controlled areas with the main goal of countering new insurgent threats. However, it only aimed to spur its legitimacy through the distribution of public goods and services to areas fully controlled by insurgents. This asymmetry is explained by the fact that the state aimed to counteract the potential effects of the wide set of governance structures established by insurgents in rebel-controlled areas, which could have increased affinity between rebels and civilians (Mampilly 2011).

This paper contributes to various strands of research. First, it adds nuance to the discussion on the relation between conflict and state capacity (Fearon and Laitin 2003) through a novel understanding of the determinants of state-building after the end of civil wars. It not only shows that certain wartime dynamics could promote state-building at the subnational level, but also highlights that states take due account of the failures that have made the onset and expansion of insurgencies possible.

Second, it contributes to the burgeoning literature on the legacies of war (Bauer et al. 2016; Blattman 2009), which has neglected the importance of fundamental civil war dynamics, such as territorial control and the role of the state as a strategic actor in the post-conflict era, as well as the interconnection between the distinct phases of civil war processes.

Third, the paper expands the novel literature on rebel governance (Arjona 2016; Mampilly 2011), which has paid little attention to the legacies of insurgent rule (Blair et al. 2022). And finally, it contributes to the broad set of works on distributive politics (Golden and Min 2013), bringing an understudied element to the centre of the discussion. Contrary to previous studies, most of which have focused on the short-term electoral benefits of targeted distribution (Schady 2000), I argue that the allocation of goods and services in the post-war period is shaped by the dynamics of the conflict, and that the state adopts a long-term perspective in its search for peacetime consolidation. While acknowledging the multiplicity of factors and the variety of incentives present in the allocation and distribution of state bureaucrats and welfare expenditure, this study brings to the forefront the relevance of certain factors shaping state decisions in the aftermath of war, especially those related to the war itself.

The rest of the paper is structured as follows. Section 2 explores the literature on the effects of conflict on state capacity and development. In Section 3 I argue that, in the aftermath of conflict, investments in state capacity should be focused on the development of both state control and state legitimacy. Section 4 details the case of the Peruvian civil war. Section 5 describes the data and identification strategy, and Section 6 presents the results. Section 7 concludes.

2 War and state capacity: the effects of external and internal conflicts

Given the effects that state capacity exerts on a variety of outcomes, including economic performance, corruption, respect for human rights, and political stability, understanding its determinants is of paramount importance. The studies of Charles Tilly on the causes of state

development conclude that international wars have historically led to the creation and consolidation of state structures. As military campaigns needed to be financed through taxes, states had incentives to develop a coherent set of administrative institutions capable of extracting enough resources to avoid the threat of foreign military invasion.

But, as argued by the Tilly (1975: 42), state-building is ‘the process of attacking and checking competitors and challengers *within* the territory claimed by the state’.² In recent years, a new set of studies have shifted the focus on the determinants of state capacity towards the impact of domestic political conflict (Garfias 2018; Slater 2010) and, more specifically, civil wars. Unlike prior cross-national studies (Besley and Persson 2008), recent works have unpacked and tested how different characteristics and dynamics of intra-state conflicts can affect distinct dimensions of state capacity (Blair et al. 2022; Lake 2022).

In parallel to this, an emerging literature on the legacies of civil war has started to analyse its short- and long-term effects. While at the macro level internal armed conflicts have been found to produce devastating effects (Chen et al. 2008), at the individual level exposure to wartime experiences shapes levels of political participation (Blattman 2009), political preferences (Balcells 2012), and pro-social behaviour (Bauer et al. 2016).

As a bridge between these two literatures, a new set of studies has recently begun to explore the impact of one of these conflict dynamics, wartime territorial control, on post-conflict levels of state capacity. Arias and De la Calle (2021), in their study of the Mexican War of Independence (1810–21), show that those municipalities that were controlled by government militias had higher levels of state capacity 80 years after the end of the conflict than those controlled by insurgents and those without conflict. They argue that this is explained by the easiness of cooperation between political and economic elites in these areas. In a similar vein, Liu (2022) studies how victorious rebels consolidate power after the end of irregular wars. She propounds a compelling argument based on organizational capacity being the main mechanism explaining divergence in post-war trajectories: the new revolutionary government mainly targets areas in which territorial control was contested during wartime. In territories that were controlled by the rebels, it relies on rebel governance institutions for post-conflict state-building, while areas controlled by opposition groups only see increases in security provisions.

Even though these papers prove to be foundational in the understanding of these processes, they suffer from restricted scope conditions that limit the validity of their findings. While Arias and De la Calle (2021) focus on an anti-colonial war, whose dynamics are completely different from contemporary conflicts, Liu (2022) narrows her findings to a small subset of the population of irregular wars. Previous studies have found that close to 70 per cent of irregular wars are won by incumbents (Balcells and Kalyvas 2014: 1408). Wars that end in insurgent defeat and those that conclude with rebel victory are not necessarily comparable. While victorious insurgents need to develop power, legitimacy, and state infrastructure from scratch, a victorious state can rely on existing structures and extend its reach to areas it was formerly not capable of penetrating or where it was displaced by the rebels.

This discussion shows that there is a need for a much more fine-grained understanding of the dynamics of state capacity and civil wars under distinct scenarios. A narrow focus on a small set of wars hinders our understanding of highly heterogeneous phenomena such as internal armed conflicts. While still applying stringent conditions, this is, to the best of my knowledge, the first

² Quoted in Slater (2010: 38).

study examining the dynamics of post-war state-building under the most common outcome in irregular wars, insurgent defeat.

3 Buying minds, convincing hearts, and the creation of order

Territorial control plays a critical role in intra-state conflicts. The control of territory during wartime has been found to be decisive for the understanding of key civil war dynamics, such as violence against civilians (Kalyvas 2006) and rebel tactical choices (De la Calle and Sánchez-Cuenca 2015). Furthermore, territorial control is a pre-requisite for insurgent groups aiming to govern civilians during wartime (Mampilly 2011). In contested and insurgent-controlled areas, the combination of patterns of segmented and fragmented authority, exposure to violence, and novel types of governance brings about new sorts of social order that transform the allegiances, expectations, values, and preferences of civilians and other actors at local level (Wood 2008).

How does the state face the prospect of penetrating areas where political and military power was disputed or relied on other actors during wartime? I argue that, in the aftermath of conflict, investments in state capacity should be focused on the development of both state control and state legitimacy, which can be achieved in two different ways: first, through the expansion of state reach, and second, by engaging in high levels of expenditure in public goods and services.

Regarding the restoration of state control, prior studies have shown that the demobilization of rebel groups is related to uncertain social orders in areas exposed to insurgent influence (Martin 2021). Thus, once the war is over, ‘states should seek to regain legitimate, military, social, institutional and political control over their entire territories’ (Daly 2016: 256), and they will mainly do so through the (re-)establishment of state institutions (Justino 2019). The development of state power at local level, focused on the provision of order, security, and governance, also mitigates some of the most common risks in the post-conflict period, especially combatants’ remilitarization (Daly 2016). Given that the onset and expansion of insurgencies in irregular civil wars is directly related to limited state reach in peripheral areas (Fearon and Laitin 2003), states take due account of the failures of the past and strategically invest in the development of administrative structures in order to forestall future rebel threats.

Civil wars also have the potential to erode the legitimacy of the state. During intra-state conflicts, states have been found to be the ones engaging in higher levels of violence against civilians (Valentino 2014). This, combined with the effectiveness of insurgents in channelling grievances (Cederman et al. 2013) and developing governance structures (Arjona 2016), makes the (re)construction of state legitimacy one of the hardest tasks in the post-conflict period. How can the state deal with this? Mainly, but not only, through expenditure on public goods and services. There is ample evidence that expenditure on welfare programmes in conflict-affected areas is effective in the development and recovery of state legitimacy, mainly through the winning-over of the ‘hearts and minds’ of civilians (Berman et al. 2011). Consequently, ‘cash transfer programs, government welfare expenditures, and government investments in infrastructure may be useful tools to improve the social contract and avoid (or at least mitigate or reduce) violence and conflict’ (Justino 2019: 1372).

However, processes of state consolidation are defined by their causal complexity. A multiplicity of factors can explain state decisions about the strategic allocation of state-building projects. I sustain that states aim to maximize state reach throughout the national territory to avoid the threat of insurgent revival. Contrary to the idea that the state would behave in conflict-affected areas as a kind of benevolent dictator, I argue that it engages in arduous processes of state consolidation

across the national territory, particularly in areas where state power was eroded during the conflict, to maximize the potential benefits of these actions. Three concrete benefits can be described.

The first is in direct relation to the Weberian conception of the state, where the state is defined as ‘a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory’ (Weber 1958: 78). This definition inherently conceives the projection of power throughout a nation’s territory as one of the core features of modern states. The territorial expansion of state power and the fact that ‘all states attempt to monopolize the concentrated means of violence within a given territory’ (Levi 1988: 2) lead to the reinforcement of state authority and social control, as well as to the consolidation of state structures, a precondition for the adequate implementation of policies (Skocpol 1985: 25–26).

A second benefit of this process of state expansion is the enhanced ability to extract resources from areas under state control. The expansion to peripheral areas with a low or null level of state penetration facilitates the extraction of revenues through taxes and the exploitation of natural resources, leading to positive feedback loops, as this same process strengthens the capacity of the state to project power beyond urban centres. This dynamic is similar to the one seen in interstate wars, where the threat of external actors operating away from central cities drives the projection of state authority to peripheral areas and the reinforcement of state structures (Tilly 1992).

Finally, the government, as the pivotal actor of the state, can directly benefit from processes of authority projection. In particular, the expansion of state control and, more concretely, investment in welfare projects to spur state legitimacy can reap electoral rewards for the incumbent and coalition insiders. As further described below, targeted investment can return important electoral outcomes for leaders holding power.

On the cost side, an array of factors can be highlighted. First, the threat of foreign subversion. As described by Lee (2020), foreign states could empower violent non-state actors in order to undermine state authority in peripheral areas of target countries. These proxy groups increase the cost for target states of eliminating existing bureaucratic structures, setting up their own parallel institutions, and fighting for civilian allegiances. In line with this argument, I expect that states aim to counteract the effectiveness of these organizations in peripheral areas and consolidate their own authority. A second potential cost in processes of state consolidation is the potential backlash of local elites. When states aim to consolidate their power across their territory, they may face the demands of other powerful elites whose authority could be undermined by the process of state expansion (Garfias 2018: 341). However, the potential costs of elite backlash diminish in contentious settings, as the latter promote the development of broad coalition pacts across elites to consolidate state power as a response to revolutionary threats (Slater 2010). Another fundamental cost derives from geographic constraints, such as rough terrain. The effective exercise of state authority requires the overcoming of geographic barriers for the establishment of state structures and the projection of coercive power. Given that this has been one of the core factors explaining why peripheral and remote regions in developing countries have been focal areas of rebellion in recent decades (Fearon and Laitin 2003), I expect that the benefits overcome the geographic costs, and therefore states will aim to maximize their level of consolidation throughout the national territory.

Once it has been established that the benefits of state expansion overcome its potential costs, it is fundamental to delve into the question of how long the effects of wartime dynamics persist in the post-conflict period. Do patterns of territorial control have lasting effects on the allocation of state-building measures in the aftermath of war? I argue that decisions over state-building will be shaped by the territorial nature of the conflict at least in the medium term (i.e. 10 to 15 years). This argument is based on three factors. First, the building-up of bureaucratic structures and the shaping

of allegiances of civilians to the state are lengthy processes that require consistency long after the end of the conflict. This applies especially countries with low levels of state presence in peripheral areas. If this imperative is combined with the profound changes in the social order produced by insurgents at the local level and with the potentially coercive nature of state actions, it can be expected that the spatial distribution of wartime territorial control will exert an influence on state-building decisions in the medium term. Second, in the aftermath of civil wars there is a high risk of conflict recurrence. Indeed, more than half of all civil wars have been found to relapse into war during the five years after the end of the conflict (Mason et al. 2011). Among the factors leading to this phenomenon is the high level of embeddedness of former combatants in communities under their area of influence (Daly 2016; Martin 2021). The reshaping of structures of authority and social norms at the local level are therefore long-term tasks. And finally, the structural factors that gave rise to the onset of insurgencies might still be in play, such as high levels of poverty, economic inequality, ethnic discrimination, or exclusion from political power (Cederman et al. 2013). Dealing with this set of problems requires enduring transformations that are not feasible in the short term.

On the basis of these assertions, I make three assumptions. First, that the state, in order to maximize its benefits, aims to consolidate its power throughout the entire national territory. Second, that there are budgetary constraints that limit the capacity of the state to expand its power and legitimacy. And third, as a direct consequence of the first, that the distribution of post-conflict state capacity will be geographically unequal, as the state will deploy bureaucrats and welfare expenditures in a strategic manner. How does the state distribute its state-building projects in the aftermath of war? Let us consider separately each of the state's options based on three different types of wartime territorial control: state control, insurgent control, and contestation.³

3.1 State-controlled areas

Comparatively, areas that remain under the control of the state during wartime are those that suffer the lowest level of disruption of the existing social order. State-controlled areas present low levels of exposure to conflict-related violence, which, if anything, will be employed by insurgents in an indiscriminate manner (Kalyvas 2006: 146–72). Moreover, they are characterized by the preservation of existing norms and patterns of authority. This makes the state the sole legitimate ruling force, with the consequential retention of its bureaucratic structure and the lack of parallel insurgent state institutions.

Even though there are a variety of reasons why the state might target state-controlled areas—because these have a higher level of organizational capacity (Liu 2022), as a reward for the loyalty of civilians during wartime, or thanks to the easiness of cooperation between political and economic elites (Arias and De la Calle 2021)—I argue that none of these is sufficient to fully understand state-building decisions in the aftermath of war. As territories controlled by incumbents during wartime are expected to have higher levels of state control, greater investment in these areas is not rational, especially considering budgetary constraints and the goal of maximizing the level of state reach throughout the entire country.

3.2 Contested areas

Contested areas remain in a power vacuum during the conflict, as neither incumbents nor rebels are capable of achieving full control of these territories. Two factors characterize contested spaces.

³ I categorize three different types of control based on Kalyvas (2006): full insurgent control (Kalyvas's zone 1); contested areas (Kalyvas's zones 2, 3, and 4); and full incumbent control (Kalyvas's zone 5).

First, the nonexistence of a clear authority, leading civilians to be caught in a crossfire between insurgents and state security forces (Stoll 1993). And second, as a consequence of the constant dispute over the control of territory, these areas tend to be the ones with the highest levels of exposure to violence, with a combination of selective violence against civilians by the stronger force and indiscriminate violence by the force with lower level control (Kalyvas 2006).

However, a particular type of violence plays a fundamental role in the attainment of territorial control, and that is the selective violence engaged in by insurgent groups against state bureaucrats. The process of controlling territory can be conceptualized as having two stages (Kalyvas 2006). First comes a military stage, in which rebels engage in selective violence against state representatives, such as local mayors, judges, or educational workers, in order to destroy all traces of existing state structures.⁴ And second, a political stage in which insurgents become the sole political authority through the development of rebel governance structures. In contested areas, this second phase is never fully achieved. Therefore, there will be a reduction of state power, but no parallel rebel governance institutions are established, rendering the task of developing strong ties between civilians and insurgents more difficult.

I therefore argue that, in the post-war period, states will aim to counterbalance the effects of selective violence against state representatives with the deployment of state bureaucrats and security forces. However, I do not expect the state to concentrate its efforts on the restoration of state legitimacy in these areas through welfare expenditure.

3.3 Insurgent-controlled areas

Areas controlled by rebel forces are characterized by insurgent hegemonic control. If sufficiently strong, rebels implement their own counter-state governance structures⁵: insurgents become the sovereign actors in these territories and engage in the administration of civilian affairs, providing services such as education, health, justice, and security (Arjona et al. 2015: 2). Groups also invest in the development of programmes of ideological indoctrination (Hoover-Green 2018; Sanin and Wood 2014), as well as in symbolic processes, including rituals, discourses, and a broad set of cultural practices. Mampilly (2011) highlights the effectiveness of these actions in strengthening the legitimacy of and support for insurgents, which may create long-lasting resentment against the state.

Informational asymmetries shape the reaction of the state in these territories, both during wartime and in the aftermath of war. Historical examples show that state agents tend to equate rebel territorial control with civilian support for insurgents, leading to major and indiscriminate repressive actions against civilians in insurgent-held territories (Wood 2003). Regardless of the real ties between rebels and individuals in insurgent-controlled areas, the post-conflict period is likely to be marked by civilians' preference falsification in order to avoid potential violent reprisals (Kuran 1991). I therefore argue that the state has incentives to re-socialize civilians under the ruling of the state in order to counteract the potential effects of the set of rebel practices described above.

Driven by this logic, I argue that, in the aftermath of war, state capacity efforts will be mostly targeted at wartime insurgent-controlled areas. Considering the deep changes in societal and institutional relations vis-à-vis civilians occurring in these territories (Wood 2008), these efforts

⁴ Insurgent groups also operate in peripheral territories characterized by a lack of state structures (Fearon and Laitin 2003).

⁵ I assume that rebels with full territorial control of an area will establish their own governance system (Arjona et al. 2015).

include both the expansion of state control and the distribution of public goods and services, in an attempt to re-socialize civilians under state rule and boost the legitimacy of the state.

Hypothesis 1 condenses the core implications of the theoretical argument:

H1: In the aftermath of war, territories controlled by insurgents during wartime will receive higher levels of bureaucratic personnel as well as public goods and services than state-controlled areas. Contested territories will only receive a higher number of state bureaucrats than districts controlled by the state.

4 Insurgency and state repression: an overview of the Peruvian conflict

Violence shaped the political landscape of Latin America during the Cold War period. The combination of high levels of state repression and the increasing strength that insurgent groups were acquiring in the region led to a spiral of vicious and violent actions. Nevertheless, Peru did not seem to present adequate conditions for the formation of new rebel groups. The failed guerrilla experiences of the '60s, combined with the political incorporation of left-wing parties, did not seem to favour the birth of insurgencies.

However, the stakes surprisingly changed on 17 May 1980, the day before the first democratic election in the country in more than a decade. In the small district of Chuschi, in the region of Ayacucho, a group of insurgents led by philosophy professor Abimael Guzmán burned the ballot boxes prepared for the elections. This was the first public action of Sendero Luminoso (SL). However, these actions were ignored by the Peruvian government and were considered as isolated attacks in an insignificant rural area.

But the government was not on the right track. This neglect of reality was exploited by SL, which expanded its influence in the region of Ayacucho and nearby territories. In 1982, the government decided to change its strategy, but the expansion of SL was already under way and it developed extensive guerrilla structures from 1983 onwards. The military, under the direction of President Belaúnde, began to attack the rebels, but its engagement in indiscriminate repression against civilians only widened the support base of SL. The appointment of Alan García to the presidency in 1985 brought changes in the strategy of the state. The most important of these was the partial externalization of the fight against insurgents through the creation and support of the so-called Rondas Campesinas, a set of rural protection patrols. The effectiveness of the Rondas, combined with the increasing reliance on violence against civilians by SL, brought the conflict to a new stage. Not only there was an important strategic shift by the rebels, who aimed to launch a major offensive and conquer Lima, but the appointment of Alberto Fujimori as President in 1990 also changed the counterinsurgency policies of the state.

The new state approach towards the rebels was based on repression against civilians, efficient intelligence, and exploitation of the decreasing support for SL. In the end, these tactics were highly effective. Abimael Guzmán was captured on 12 September 1992, and the process of disintegration was unavoidable for a highly centralized organization such as SL. In 1993, Guzmán and a dozen other rebel leaders signed a peace agreement, and the Fujimori government enacted a 'repentance law' for members of SL. By the end of that year, the majority of the former insurgents had either demobilized or been captured.

5 Data and identification strategy

5.1 Data

In order to test the hypothesis presented above, I rely on district-level data⁶ on state capacity and wartime territorial control in Peru from a variety of sources.

The outcome variables represent varying aspects of the multifaceted concept of state capacity. In this paper, I rely on Michael Mann's conception of state capacity as state infrastructural power, which he defined as 'the capacity to actually penetrate society and to implement logistically political decisions' (Mann 1986: 170). In the concrete operationalization of this concept, I distinguish between measures that consolidate state control from the provision of state services that might enhance state legitimacy. Therefore, relying on data from the Peruvian censuses between 1961 and 2007, I make use of two different measures that represent distinct components of state capacity.⁷

First, as a proxy for state control, I use a measure of the number of state bureaucrats per district.⁸ The presence of state personnel is a precondition for the adequate operation of state structures at the local level as well as for the provision of public goods. As thoroughly argued by Garfias (2018: 346): 'Almost any governmental action requires implementing agents [...] The decision to set up a minimum number of bureaucrats is a precondition [...] for the operation of local government'. The measure of state bureaucrats per district includes any kind of public servant working for the public administration, at the local, provincial, departmental, or national level, and does not include measures of state security forces. Data on state employees is available for the censuses of 1961, 1981, 1993, and 2007, facilitating the analysis of the evolution of the size of state bureaucracies at the district level since the pre-war period. Following the theoretical argument, I expect that the state aims to expand its bureaucrats both to areas that were controlled by the rebels during the war and to contested areas.

Second, as a proxy for state legitimacy, I rely on a variable capturing the distribution of a fundamental service: public electricity.⁹ Adequate access to basic infrastructure was one of the core civilian demands in the aftermath of the conflict. Given that public electric power is crucial for the promotion of the economic and social development of underdeveloped areas, it is not a surprise to see that it becomes a pivotal issue for civilians in conflict-affected countries (Mikulaschek et al. 2020). Through an instrumental fulfilment of civilian demands, the expansion of electricity services in conflict-affected areas could prompt state legitimacy in these areas and consolidate the process of state expansion. While the range of investments in public goods and social infrastructure that states could promote in post-conflict settings is wide, the centrality of electricity as one of the core factors shaping 'health, education, food security, gender equality, livelihoods, and poverty reduction' (World Bank 2018) makes it an adequate proxy for state-building decisions in the aftermath of conflict. This variable captures the percentage of households per district that have access to public electric power. Data on access to public electricity are available in the censuses of

⁶ See Appendix A (Online Appendix).

⁷ Specifically, from the Peruvian censuses of 1961 (only state bureaucrats), 1972 (only electricity), 1981, 1993, and 2007.

⁸ This variable is logged in the main empirical models.

⁹ The distribution of electricity in Peru in the period covered remained public.

1972, 1981, 1993, and 2007. As argued above, I expect access to electricity to be mainly targeted in the post-conflict period at areas that were under rebel control during wartime.

The measurement of the main independent variable, wartime territorial control, is particularly challenging from an empirical perspective (Anders 2020). A considerable set of studies make use of measures of violence as proxies for territorial control, which is not necessarily a reflection of patterns existent on the ground, where rebel-controlled areas could be oases of order and lack of violence (Arjona 2016). In this paper I rely on electoral boycott as a reliable measure of wartime territorial control (Allison 2010; Hatlebakk 2007).¹⁰ Specifically, I rely on the measures developed by De la Calle (2017), who proposes a three-level measure of control using electoral boycott as a proxy for rebel-controlled and contested areas. Since its first armed attack in 1980, and throughout the entire span of the conflict, SL banned electoral participation in those places under its control. De la Calle (2017) measures variations in electoral outcomes relying on data on the local elections held during the conflict. Using district–year as his main unit of analysis, he labels as areas controlled by SL those in which local elections did not take place; contested areas as those where the percentage of spoiled votes was over 50 per cent; and the rest as state-controlled districts.

On the basis of these data, I create a new cross-sectional measure of territorial control during the period 1983–93.¹¹ Specifically, districts are categorized on the basis of their overall exposure to any of these categories (50 per cent or over).¹² Figure 2 shows the distribution of territorial control in Peru. I have data on territorial control for 1,471 of the 1,491 districts: 1,227 were controlled by the state (83.41 per cent); 141 were under insurgent control (9.59 per cent); and 103 were contested (7 per cent). In line with evidence from secondary literature, the data show that SL-controlled areas were mainly located in the department of Ayacucho and in the Northern Amazonas and Andean regions of the country.¹³

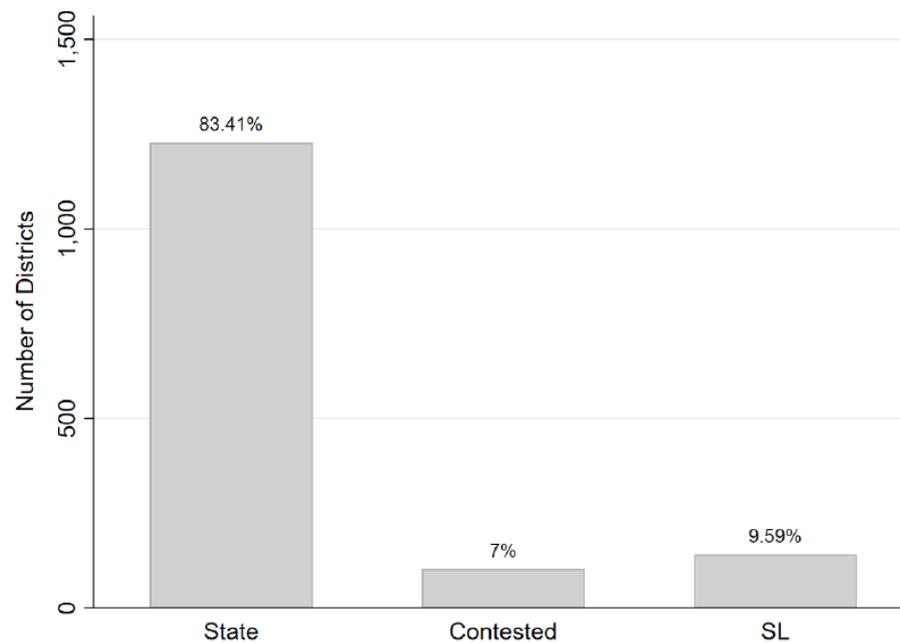
¹⁰ For a thorough discussion of this measure, see Appendix B3. Appendix F2 provides a battery of robustness tests.

¹¹ See Appendix D3 for a detailed description of the conflict period choice and Appendix F4 for robustness tests using distinct conflict timeframes.

¹² In case of a tie, the order of preference is: SL > Contested > State. See Appendix F2 for further tests.

¹³ See Figure A1 in Appendix B3.

Figure 2: Distribution of territorial control



Source: author's illustration.

5.2 Identification strategy

In order to estimate the potential impact of wartime territorial control on post-conflict levels of state capacity, I rely on a mixed-methods approach, combining the use of quantitative and qualitative evidence.

From a quantitative perspective, several inferential challenges arise. The core challenge is to deal with reverse causality issues. Two situations are of particular importance here. First, it could be the case that investments in state capacity prior to the war explain subsequent levels of capacity in the post-conflict period, offsetting the effect of wartime territorial control. And second, it may be that areas with already low levels of state capacity were more prone to the onset of conflict (Fearon and Laitin 2003). In other words, it is not only wartime dynamics that affect state capacity; the onset of conflict (and its subsequent dynamics) could also be directly related to levels of state expansion.

Another fundamental challenge when examining the effects of wartime territorial control on post-war levels of state capacity is to rule out the set of observed and unobserved confounding factors affecting this relation. This is of particular relevance given that the distribution of territorial control during conflict is not randomly assigned across districts. In order to deal with this, I rely on a difference-in-differences strategy, comparing the evolution of state capacity across districts that were either under insurgent control or contested (treatment groups) with those controlled by the state during the conflict (control group). Through this empirical design, I expect to capture the differential levels of investment in state capacity in the pre-war and conflict periods (1961/1972–

1981 and 1981–1993)¹⁴ compared with the post-war temporal frame (2007), isolating the effect of wartime territorial control. This is formalized in equations (1) and (2):

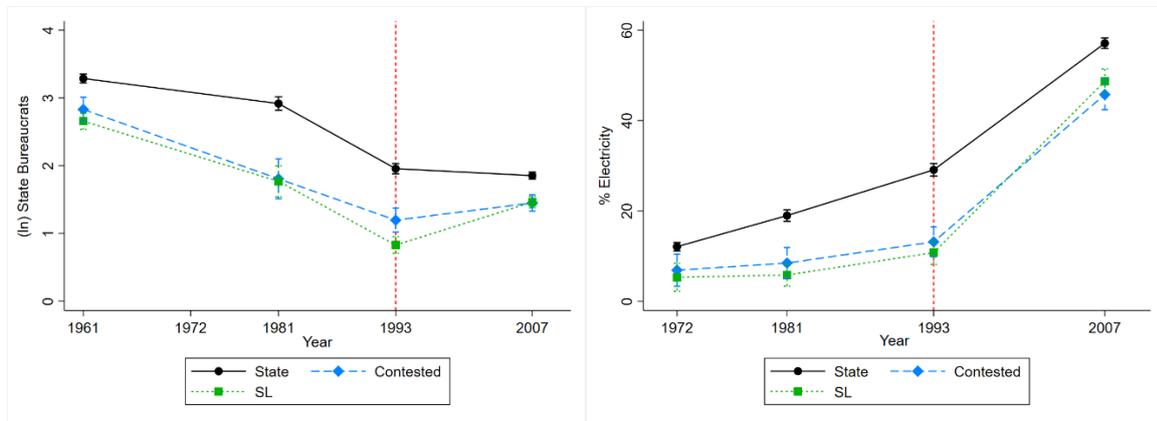
$$Y_{it} = \alpha_i + \delta_t + \beta(post_t \times insurgent_i) + X_{it}\gamma + \varepsilon_{it} \quad (1)$$

$$Y_{it} = \alpha_i + \delta_t + \beta(post_t \times contested_i) + X_{it}\gamma + \varepsilon_{it} \quad (2)$$

where Y_{it} represents the number of state bureaucrats and percentage of civilians with access to electricity in each district in different periods; α_i controls for district-fixed effects; δ_t captures year-fixed effects; $X_{it}\gamma$ is a set of time-varying control variables; and $\beta(post_t \times insurgent_i)$ and $\beta(post_t \times contested_i)$ are the treatment variables capturing the effect of insurgent and contested wartime territorial control over state capacity measures in the aftermath of conflict.

The core assumption behind this identification strategy is the parallel trends assumption. Under this assumption, if districts that were under insurgent control or that remained contested during the conflict had been under the control of the state, no change in state capacity would have occurred. In other words, treated and untreated districts would have followed parallel trends in the absence of conflict. As shown in Figure 3 below and in Figures A9 to A12 (Online Appendix), the measures of state bureaucrats and access to public electricity follow parallel trends for each type of territory in the pre-treatment period.

Figure 3: Parallel trends in state bureaucrats and electricity access



Source: author's illustration.

As stated before, one core issue when estimating the potential causal effect of wartime territorial control on state capacity is the presence of omitted variable bias. However, the use of municipal- and year-fixed effects reduces this concern. The use of district-fixed effects is fundamental for capturing potential sources of selection into treatment, such as geographic conditions, access to natural resources, and other economic incentives. Year-fixed effects control for national- or

¹⁴ For the pre-war period, only the 1961 census contains data on state bureaucrats at the district level. For electricity, only the 1972 census includes data at the subnational level.

provincial-level factors that evolve over time and that could have a direct impact over state-building decisions.

While the use of district- and year-fixed effects reduces the concern over potential confounding factors, it can be argued that other time-varying variables could be driving the relation between wartime territorial control and state capacity. More concretely, the threat of inference is particularly related to four factors. First, it cannot be disregarded that level of development could influence war dynamics such as territorial control and, more importantly, post-war state-building measures: although marginalized areas were the ones that suffered most from the conflict, the state might target these areas with state-building projects in the aftermath of war in order to redress their prior level of underdevelopment rather than to avoid the resurgence of rebel organizations. I try to deal with this through the inclusion of a variable capturing the level of literacy per district in each of the periods included in the main empirical models. (The lack of available data on other measures of development for the pre-war period hampers the capacity to comprehensively capture in an adequate way the role that pre-conflict development might play in state-building decisions in the aftermath of conflict.) Second, the observed relation could be a direct reflection of the electoral incentives of ambitious incumbents seeking to develop broad political coalitions through the targeting of marginalized voters with programmatic and clientelistic policies. This argument is directly connected to the long-standing debate in the distributive politics literature on the targeting of goods and services between core and swing districts (Cox and McCubbins 1986). Unlike prevailing positions, however, I posit that welfare expenditures in the post-war period will be mainly targeted at areas that are conceived as strongholds of opposition forces—in this case, of insurgent organizations—with the goal of winning over the hearts and minds of civilians and facilitating the effective demobilization of non-state armed groups. From an empirical perspective, I control for the potential impact of electoral incentives through the inclusion in the main models of a variable capturing the level of political competition at the local level.¹⁵ Third, I also control for the level of population density, which has been found to be a core determinant of state capacity measures in developing countries (Herbst 2000). And finally, I make use of a variable on the percentage of Spanish-speakers in each district, given that profound social divisions have been found to hamper investments in state capacity and governmental quality (Alesina and Zhuravskaya 2011). The inclusion of several time-varying controls reduces potential confounding biases.

Another potential explanation refers to the presence of commodities. After the end of the war, Peru began a process of commodity exploitation that promoted the economic development of the country during the late 1990s. Given that these commodities were mostly found in areas that suffered the presence of SL during the conflict, it is theoretically plausible to expect that the relation between wartime territorial control and post-war state-building measures was mediated by the existence of commodities. To reduce the level of protests and mobilization against resource extraction, the state could have targeted these communities with public investment, with the goal of facilitating the adequate exploitation of the commodities found in these areas. The lack of subnational data on commodity presence hampers the capacity to empirically test the validity of this mechanism.

Equations (1) and (2) are estimated through ordinary least squares (OLS) models, with the clustering of robust standard errors at the district level in order to deal with the potential presence of heteroskedasticity and serial correlation.

¹⁵ This variable measures the distance between the party of the incumbent and the core opposition party. I make use of data on the presidential elections of 1966, 1980, 1990, and 2006.

While the results aim to provide suggestive evidence on the relation between wartime territorial control and post-war state capacity, the core mechanisms developed in the theoretical section cannot be tested from a quantitative perspective. In order to overcome some of the limitations and inferential challenges of the difference-in-differences models, I combine these results with qualitative evidence from secondary literature and five semi-structured interviews. Interviewees were selected on the basis of their in-depth knowledge of state-building processes and their connection with the dynamics of the Peruvian civil war. The list of interviewees includes one former combatant of Sendero Luminoso, three state representatives, and the director of one of the key development programmes in the country, FONCODES.¹⁶

6 Results

6.1 Main results

As stated above, the core assumption behind the use of difference-in-differences models is the parallel trends assumption. This entails that the pre-treatment trends in levels of state capacity for insurgent-controlled and contested areas should parallel the pre-treatment values of districts that remained under state control during wartime.¹⁷ As shown in Figure 3 above, this assumption seems to hold: both for state bureaucrats and for access to electricity, the pre-treatment trends for rebel-controlled areas and contested districts parallel the trajectory of areas controlled by the state. This trajectory promptly changes in the post-treatment period, particularly for insurgent-controlled and contested districts with regard to the number of state bureaucrats and for rebel areas in respect of access to electricity.

Tables 1 and 2 present the results of the main difference-in-differences models. The independent variables capture the effect of wartime insurgent-control and contested control during the post-war period, using state districts as the reference category. Models (1) and (3) report the results without the inclusion of control variables, while models (2) and (4) report the results controlling for time-varying covariates. All models include district- and year-fixed effects.

¹⁶ See Appendix H.

¹⁷ See Appendix G1 for conditional parallel trends.

Table 1: Difference-in-differences state bureaucrats

	Model (1)	Model (2)	Model (3)	Model (4)
SL * Post	0.585*** (0.0705)	0.559*** (0.0779)		
CT * Post			0.344*** (0.0919)	0.302*** (0.101)
Illiteracy		-0.00334* (0.00189)		-0.00293 (0.00198)
(ln) Population density		0.0265 (0.0291)		0.0221 (0.0298)
Spanish percentage		-0.00159*** (0.000440)		-0.00184*** (0.000455)
Political competition		-0.00221** (0.000871)		-0.00236*** (0.000906)
Constant	3.224*** (0.0174)	3.615*** (0.130)	3.252*** (0.0176)	3.646*** (0.134)
Observations	5302	4368	5168	4282
R ²	0.436	0.431	0.429	0.423
Adjusted R ²	0.436	0.430	0.429	0.421

Note: dependent variable: State bureaucrats by district; state-controlled districts as reference category. All models include district- and year-fixed effects. Robust standard errors clustered by district in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: author's calculations.

Table 2: Difference-in-differences electricity

	Model (1)	Model (2)	Model (3)	Model (4)
SL * Post	7.170*** (1.900)	8.892*** (2.084)		
CT * Post			0.461 (2.402)	2.127 (2.560)
Illiteracy		0.0260 (0.0305)		0.0293 (0.0299)
(ln) Population density		-0.856* (0.479)		-0.891* (0.487)
Spanish percentage		-0.00303 (0.00778)		-0.00123 (0.00790)
Political competition		0.134*** (0.0196)		0.148*** (0.0200)
Constant	11.22*** (0.326)	2.406 (2.320)	11.76*** (0.325)	1.747 (2.319)
Observations	5117	4303	5024	4242
R ²	0.664	0.661	0.655	0.653
Adjusted R ²	0.664	0.660	0.655	0.653

Note: dependent variable: Proportion access to electricity by district; state-controlled districts as reference category. All models include district- and year-fixed effects. Robust standard errors clustered by district in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: author's calculations.

In line with the theoretical argument, wartime territorial control seems to be a fundamental factor explaining variation in state capacity in the post-conflict period. Districts controlled by insurgents received a higher number of state bureaucrats than districts that remained under state control ($p < 0.01$). Specifically, areas controlled by SL received approximately 75 per cent more state bureaucrats than areas under incumbent control. Moreover, insurgent-controlled districts received higher welfare expenditure than state-controlled areas. Access to electric power in SL districts was approximately 7 to 9 percentage points higher ($p < 0.01$): if the average municipality under incumbent control increased its electric provision by 28 percentage points, SL districts increased theirs by approximately 36 percentage points.

With regard to contested districts, these also received a higher number of state bureaucrats than incumbent-controlled areas. Specifically, the deployment of state forces in these districts was around 37 per cent higher than in state-controlled municipalities ($p < 0.01$). However, and as expected, insignificant effects are found in models (3) and (4) of Table 2 regarding the provision of electricity: the differences in the levels of investment in welfare expenditure between contested and state-controlled districts are statistically insignificant.

I also test for the potential impact of wartime territorial control on the expansion of military units, as prior evidence has shown that one of the main policies implemented by states in post-conflict periods for the (re-)establishment of state authority is the deployment of state security forces (Lake 2022).¹⁸ Given the lack of data on security forces per district before 1993, I run separate analyses (Table 3). Results remain in line with the theoretical predictions: the level of expansion of state control in insurgent-controlled and contested districts, measured as the percentage of state security forces, was significantly higher than in areas controlled by the state during wartime ($p < 0.01$ - $p < 0.1$). In other words, in the aftermath of war there was a process of expansion of state security forces in order to consolidate the presence of the state in conflict-affected territories with the goal of mitigating the risk of insurgent revival.

Table 3: OLS security forces

	Model (1)
SL * Post	14.57*** (3.969)
CT * Post	8.115* (4.568)
Controls	✓
Constant	-22.38 (20.40)
Observations	2556
R^2	0.881
Adjusted R^2	0.881

Note: dependent variable: Number of state security forces per district in 2007; state-controlled districts as reference category. Control variables: Illiteracy, Population Density, % Spanish, Political competition, Lag Army, Distance to provincial capital, Slope, and Size. All control variables are for the year 1993, including Lag Army. Robust standard errors clustered by district in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: author's illustration.

¹⁸ See Appendix F5.

In sum, wartime territorial control seems to be a key factor explaining post-conflict levels of state capacity. In the aftermath of war, while investment in the delivery of public goods and services seems to be concentrated in wartime rebel-controlled territories, the deployment of state bureaucrats and state security forces is targeted both at insurgent-controlled areas and at areas under dispute. Therefore, state-building decisions in the aftermath of civil war are directly linked to wartime dynamics and, more concretely, to the spatial distribution of territorial control during the conflict.

Robustness and difference-in-differences assumptions

In order to validate the findings presented above, I test the robustness of these results in the light of different analyses. The full set of robustness tests is included in the Online Appendix. The main results remain robust to the use of different specifications of the dependent and independent variables (Appendices F1–F2): the inclusion of violence as a control variable (Appendix D2); covering for distinct conflict frames (Appendix F4); the use of lagged dependent variable models (Appendix F8); the reliance on province- and department-fixed effects controlling for the inclusion of district-level confounders (Appendix F6); the inclusion of a battery of control variables (Appendix F3); testing for potential unit heterogeneity between urban and rural districts (Appendix E); the presence of spillover effects (Appendix F7); and controlling for potential ceiling effects (Appendix F9).

Regarding the difference-in-differences models, I test a variety of the core diagnostics. First, as shown in Figure 3 above, the fundamental parallel trends assumption holds both for insurgent-controlled and contested districts. Appendix G1 shows the results of the conditional parallel trends assumption, testing for the inclusion of the time-varying covariates of the core models, providing more robustness to the fulfilment of this assumption. Appendix G2 tests the presence of pre-treatment effects, using the year 1981 as a placebo. Most of the specifications remain statistically insignificant or in the contrary direction to the results shown in Tables 1 and 2. Finally, I test for covariate balance in the pre-treatment period. As shown in Appendix G3, there are no significant differences between areas under insurgent and contested control and areas controlled by the state. These results provide more robustness to the main findings the paper.

Endogeneity

One of the principal remaining concerns relates to potential endogeneity issues, as I have not been able to completely rule out the potential impact of state capacity on the distribution of wartime territorial control. While the civil war literature has found a causal effect of weak state capacity on the onset of civil war (Fearon and Laitin 2003), the growing literature on the determinants of territorial control and rebel governance points to other factors, such as the quality of local institutions or community collective action capacity (Arjona 2016; Rubin 2020). On this basis I argue that it is more theoretically intuitive to think of state capacity as a potential confounding factor than as a potential endogenous variable, since increases in state-building measures in the post-war period could be explained by the lack of state capacity before the war.

However, given that the distribution of wartime territorial control is not random and could be related to distinct measures of state presence, it is important to address this issue empirically. In the analyses I have tried to deal with this in a variety of ways, and particularly through the use of difference-in-differences models that include district- and year-fixed effects, as well as through the inclusion of an array of time-varying control variables. As another source of validity, I rely on difference-in-differences models with the use of matched samples. After controlling for a variety

of confounders,¹⁹ results remain significant and in the same direction as those presented in Tables 1 and 2 (see Appendix G4). While the use of matching techniques cannot fully deal with endogeneity issues, given the incapacity to control for unobservables, results provide increasing confidence on the potential relation between wartime territorial control and state-building decisions.

6.2 Qualitative evidence

Despite the stability of these results, it is still unclear which is the concrete causal mechanism explaining decisions by the state over state-building measures. Why did the state invest more in districts that were either contested or controlled by SL during wartime?

State control

As has been widely shown in the literature on civil war, insurgent groups have incentives to control territory, as this increases their chances of military success against the state (Arjona 2016; Kalyvas 2006). Sendero Luminoso was well aware of this and engaged in sustained territorial expansion from early 1983. In this quest for territorial control, SL cadres employed selective violence against state authorities present in these areas. As described by the CVR (2003: vol. VII, 217): ‘The elimination of local and communal authorities was a central objective of SL in order to control the population, first, and replace the leaderships, later. Faced with this situation, the authorities and leaders could flee or be killed.’ For example, in the city of Andahuaylas, SL cadres assassinated various state representatives and carried out attacks on a range of public agencies (CVR 2003). These actions led to the resignation of various state agents, creating a power vacuum that was filled by SL and accompanied by the development of its own governance structures. Isbell (1994: 71) describes how civilians initially supported these actions. In the district of Chuschi: ‘The communities [...] supported Sendero for the first two years because SL’s short-term goals corresponded with their own [such as] getting rid of the enemies [...]. [These included] thieves, abusive bureaucrats, state agents of change, and the new rich peasants.’ With the expansion of SL, the whole set of authority structures and power relations were modified in areas over which it retained full territorial control as well as in those that remained contested throughout the conflict. While in the former areas SL set up its own governance structures, the latter areas remained in a political power vacuum.

How was the whole set of power relations and institutional infrastructures replaced after the end of the war in these territories? During the Fujimori years (1990–2000), this was mainly done through a process of state penetration in war-affected areas, which was defined by its marked militarized character. The reports by the CVR provide a detailed account of this, arguing that, after the end of the conflict, ‘in several of the rural areas most affected by the internal war, the military represented and embodied, for many years, the state itself’ (CVR 2003: vol. III, 112). In a similar vein, Burt (2011: 336–37) describes how ‘the proliferation of military bases in rural communities and urban slums gave the Armed Forces vast power [...] This process of militarization showed the population the new power of state authorities to analyze, control and repress undesirable social behavior.’ Although the process of state penetration in war-affected areas continued under the governments of Toledo (2001–06) and García (2006–11), the level of militarization and security forces activity sharply declined.

¹⁹ Those included as control variables in the main models and, particularly, their pre-treatment values.

In conjunction with the results presented above, individual accounts of experiences in war-affected areas in Peru show the strategic role played by the development of state structures at the district level. Specifically, access to a variety of services, such as health and education, was not only used to earn civilian support, but also instrumentally exploited as a way of raising the level of state control in war-affected areas. As described by Wilson (2000: 4–5) the government ‘sought to re-establish the state presence in territories lost to Sendero by instigating a vast program of public works’, using state infrastructures as ‘a visual symbol, a reminder in the landscape of the return to a state of government’.

State legitimacy

Tracing granular decisions on the strategic allocation of welfare expenditures presents fundamental challenges. However, anecdotal evidence partially supports one of the main contentions of this paper: that the state aimed to promote its legitimacy vis-à-vis civilians through the strategic deployment of public goods and services, with a special focus on those territories that had been controlled by insurgents during the war.

In one of the interviews carried out as part of this project, a state representative during the Fujimori years argued that ‘these investments in infrastructure and development projects helped to consolidate the alliance between the population and the state for the effective demise of Sendero, especially in liberated areas, such as the high Andean regions’. The set of projects was limited to the provision of basic infrastructures, such as ‘electricity, schools, or medical posts’.²⁰ Indeed, in many of SL-controlled areas, ‘this was the first time that the state had reached the villages in more than 150 years’.²¹ Likewise, Palmer (1998: 10) shows how, after the end of the conflict, the state returned to the department of Ayacucho, one of SL’s strongholds, with a combination of investment in infrastructure and other welfare expenditure. Similar dynamics were seen in the department of Apurímac,²² which, together with Ayacucho and Madre de Dios, was among the regions with the highest level of territorial control by SL.²³ The dynamics in contested territories were slightly different, as in these districts ‘Sendero was completely discredited and people were without hope’.²⁴ Some of my interviewees argue that in these territories, unlike in areas controlled by SL, goods and services were provided by a diverse set of organizations, such as NGOs, international agencies, and the Church, the state being just one among a conglomerate of actors. This dynamic was particularly relevant in urban-marginal territories, a clear example of contested territories, especially at the end of the war.²⁵

Strategic expenditure on welfare was part of a multifaceted counter-insurgency policy. As the CVR (2003: 115) argues: ‘A second important component of the anti-subversive strategy, which allowed the government to withdraw support from SL, was the progressive attention to the needs of the population through social programmes’. In a similar vein, Palmer and Bolívar (2011: 3) state that SL was ‘progressively dismantled through cadre roundups, sympathizer rehabilitation, and rural micro development programmes’. In other words, policy practitioners and scholars agree that the provision of public goods, services, and infrastructure played a key role in the elimination of SL.

²⁰ Interview 2: former state representative.

²¹ Interview 4: former state representative.

²² Interview 5: development programme director.

²³ According to De la Calle (2017).

²⁴ Interview 2: former state representative.

²⁵ Interview 2: former state representative.

The implementation of these programmes was explicitly aimed at promoting the pacification of local communities,²⁶ and indeed they were effective in the achievement of this goal. For example, Palmer and Bolivar (2011: 7) argue that the partial elimination of these programmes is one of the key factors explaining the re-emergence of SL remnants in the early 2000s. The effects of the process of state consolidation in the post-war period can be summarized by the words of one of my interviewees, who argued that the fulfilment of long-standing civilian demands ‘took away the rallying cry of the armed left to fight’.²⁷

7 Conclusion

This paper challenges conventional wisdom on the relation between civil war and state capacity. The main finding of the paper is that the defeat of a credible insurgent challenge leads to a process of state expansion and consolidation at the subnational level in the aftermath of conflict, particularly in those areas that were under the influence of rebel groups during the war. In other words, wartime dynamics have a direct impact on post-war state-building decisions: once the conflict ends, the spatial distribution of territorial control shapes strategies of state expansion. With the main goal of preventing the revival of insurgent movements, the state will mainly target its state-building efforts at areas that suffered a higher level of erosion of state power during the war. While it will expand its control to disputed and rebel-controlled areas, it will aim to foster state legitimacy only in areas hitherto controlled by insurgents, in order to offset the potential effectiveness of rebel governance in these territories. These results should facilitate the understanding of processes of state expansion and consolidation in civil wars where the state faced insurgent groups sufficiently strong as to control a subset of the national territory and to implement their own governance structures during wartime. Examples of insurgencies fulfilling these conditions abound, including the LTTE in Sri Lanka, the National People’s Army in Philippines, the Naxalites in India, and the Taliban in Afghanistan.

Despite these findings, a set of limitations need to be acknowledged. First, the lack of annual data on state capacity measures makes the testing of the temporal effects of wartime dynamics on state-building decisions difficult. It is highly likely that the effects of territorial control are more relevant in the first years after the end of the war than, say, 15 years later. Second, data limitations also hinder the capacity for more fine-grained tests on the effects of wartime territorial control. There is a lack of data on the types of rebel governance structures and on patterns of displacement and resettlement, and available data on territorial control do not capture the variation analytically proposed by Kalyvas (2006) regarding contested territories. Finally, the validity of these findings might hold only under the umbrella of strict scope conditions: in irregular wars where the state defeats a strong insurgent force that has been able to maintain territorial control and establish insurgent institutions. Although, as stated above, examples of strong insurgent groups with high levels of territorial control and governance structures abound, recent evidence shows that most insurgent organizations fail before they have the capacity to control territory and establish governance structures (Lewis 2020).

Civil wars produce major political transformations. As conflict dynamics completely shift the landscape of social order and patterns of authority at the local level, the consolidation of peace and the establishment of effective government persists as one of the key challenges in the

²⁶ Interview 5: development programme director

²⁷ Interview 5: development programme director.

aftermath of wars. Understanding the determinants of state expansion and consolidation becomes of paramount importance for avoiding conflict traps. Despite the disruptive effects of civil wars, the search for peace might lead to a new way of bringing order and development to conflict-affected areas. In the quest for this goal, the annihilation of the internal enemy seems to reinforce the position of the state: the Leviathan is back.

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Appendix

The appendix is available as [supplementary material](https://www.wider.unu.edu/publication/incursion-leviathan-wartime-territorial-control-and-post-conflict-state-capacity-peru) on the working paper's webpage: <https://www.wider.unu.edu/publication/incursion-leviathan-wartime-territorial-control-and-post-conflict-state-capacity-peru>.