

OSTROM WORKSHOP COLLOQUIUM SERIES

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Hidden Drivers of Violence Diffusion: Evidence from Illegal Oil Siphoning in Mexico

Monday, April 13, 2020

12:00–1:00 PM • Presented via Zoom Meeting

<https://iu.zoom.us/j/2395327669>

This paper develops a model of spatial violence diffusion when criminal organizations specialized in one illegal activity (e.g., drug trafficking) are attacked by security forces and tests its theoretical implications using the wave of violence triggered by the Mexican War on Drugs. The model predicts that violence will spread to locations with strategic value for other illegal activities (e.g., oil siphoning). We find evidence supporting this prediction. We document that the Mexican War on Drugs induced drug trafficking organizations to begin stealing oil from the Mexican oil pipeline network and this portfolio reallocation of illegal activities affected the spatial diffusion of violence. We show that violence increased in locations in the oil pipeline network with no strategic value for drug trafficking. Also aligned with the theoretical predictions of the model, we find that violence increased more in isolated branches of the oil pipeline network, which are more complicated to protect by the authorities and where simultaneously opening several illegal taps produces a severe negative externality.

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[Gustavo Torrens](#)' research centers on understanding how institutions influence economic outcomes, the determinants of institutions and institutional change. He has published in *Journal of International Economics*, *Games and Economic Behavior* and *Public Choice* and received the 2016 Award of the National Academy of Sciences of Argentina. Gustavo received his Ph.D. in Economics from Washington University in St. Louis and he is currently Assistant Professor in the Department of Economics at IU and Director of the Political Economy Program at the Ostrom Workshop.

Due to the COVID-19 pandemic, this will be a virtual presentation. Join instantly using the link above. For questions, contact Allison Sturgeon (sturgeon@iu.edu; 812/855-3151).