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Economy, public administration and legal relations under the permanent armed conflicts: paradoxes and regularities of development

Abstract. The paper incorporates a recurrently resonating question: «How does a long-standing armed conflict influence the economy of the warring countries in the contemporary polycentric world where foreign-policy activity of the new «centres of power» acquires somewhat chaotic, unpredictable pattern?»

Modern warfare resembles a multi-act theatrical performance with an extremely intricate script and its main actors not present in the scene but rather staying behind the curtains. Regrettably, the human casualties in these confrontations are real. They are a tribute paid to the two aspirations inherent in the humankind - for enrichment and for power. It may look as a paradox but the economy, similar to the nature, demonstrates the capacity for survival in the extreme conditions. In our case, in the conditions of permanent wars being waged for over half a century. On the example of the Israeli-Palestinian and the Indo-Pakistani conflicts, it has been proven that a long-standing inter-state conflict may become a «catalyst» for growth of economic potential or in the least ensure the stability of the development of the state. Despite the fact that both warring «dyads» consist of the players from different «weight categories» (the countries vary considerably by the population size, economic capacity and government spending), we have revealed a multitude of inherent common trends in the development of economy, system of public administration and social relations in general.

We conclude that a prolonged state of «turbulence» persisting in the Middle East and South Asia, with every capacity of the economies of the countries for stabilization and development even in the conditions of war, presents a threat to the entire world. Maintaining the stability of systems with the help of destructive measures is the strategy similar to «using the time bomb with undefined impact time and zone».

Keywords: Permanent Armed Conflict; Economic Growth; Policy; Legal Relations; Israel; Palestine; India; Pakistan
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Економіка, державне управління та правові відносини в умовах перманентних збройних конфліктів: парадокси й закономірності розвитку

Анотація. У статті своєрідним рефреном звучить питання: «Як тривалий збройний конфлікт впливає на економіку воюючих країн у сучасному поліцентричному світі, в якому зовнішньополітична активність нових «центрів сили» набуває подекуди хаотичний, непередбачуваний характер?»

Сучасні війни нагадують багатоактне театральне дійство з надзвичайно заплутаним сценарієм, і головні актори в ньому не на сцені, а за кулісами. На жаль, людські жертви в цих протистояннях є справжніми. Вони є даниною двом незмінно притаманним людству прагненням – до збагачення й до влади. Парадоксально, але економіка, так само як і природа, демонструє унікальну здатність до виживання в умовах війни.

На прикладі ізраїльсько-палестинського та індо-пакистанського конфліктів доведено, що довготривалий міждержавний конфлікт може стати навіть «каталізатором» для зростання економічного потенціалу або щонайменше забезпечити стабільність розвитку держави.

Ключові слова: перманентний збройний конфлікт; економічне зростання; державна політика; правові відносини; Ізраїль; Палестина; Індія; Пакистан.

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Экономика, государственное управление и правовые отношения в условиях перманентных вооруженных конфликтов: парадоксы и закономерности развития

Аннотация. На примере двух наиболее известных по своей длительности и масштабности конфликтов в восточноазиатском регионе – израильско-палестинском и индо-пакистанском, исследованы особенности государственного управления, развития экономики и правовых отношений в условиях перманентной войны между государствами. Доказано, что длительный межгосударственный конфликт может стать «катализатором» для роста экономического потенциала или, как минимум, обеспечить его стабильность. В статье подвергается сомнению приемлемость для воюющих стран принципа, согласно которому экономический рост обязательно сопровождается качественным управлением и эволюцией правовых отношений. Собственно, парадокс и состоит в том, что деструктивность в качестве инструмента социально-политической мобилизации общества приводит в случае исследуемых стран к положительному эффекту или же обеспечивает там состояние равновесия и стабильности. Вмешательство же мировых «центров силы» в эти противостояния порой приводит к непредсказуемым и катастрофическим последствиям: к власти приходят лидеры авторитарного толка, агрессивно настроенные к своим покровителям. Формирование в коллективном сознании образа внешнего врага как «чужого» по религиозным, этническим, культурным или другим признакам, поддержка в обществе настроений антагонизма действительно могут на неопределенное время обеспечить максимальную мобилизацию материальных и человеческих ресурсов. В то же время, согласно теории самоорганизации систем, такая государственная политика неизбежно приведет эти страны на «перепутье»: хаос или переход на более совершенный уровень? Когда воюющие страны достигнут этой точки бифуркации, – лишь вопрос времени.

Ключевые слова: перманентный вооруженный конфликт; экономический рост; государственная политика; правовые отношения; Израиль; Палестина; Индия; Пакистан.

1. Introduction

The history of military conflicts as well as the search for causes of their occurrence and means to overcome dates back many centuries. The humankind continues the practice of solving the problems by force of arms despite the humanization of social relations, development of science and technology, improvement of legal norms and public consciousness overall. However, in the contemporary glocal world with its globalized institutionalization of living space and simultaneously occurring localization of globality the threat of conflicts with various degrees of complexity is only increasing. Consequently, causes, consequences and solutions to these conflicts by means of optimizing government administration and international relations will always stay «in the limelight» for scientists, politicians, government officials, opinion leaders, etc. At the same time, research on this particular field of study within both the academic discourse and on the level of public debates is largely fragmented. For instance, the consideration is given to particular conflict «stories» while the factors which cause such conflicts and often fuel them for decades are being interpreted out of «context», such as the geopolitical situation, global economic cataclysms, intergovernmental, legal and institutional initiatives. Alternatively, the analysis may only be focusing on a specific disciplinary field (economic, legal, political, etc.) which further narrows down the range of options with regard to providing a solution to the given problem.

Furthermore, stereotypes entrenched in the public consciousness cause considerable hindrance. For example, «poverty is the major cause of armed conflicts», «democracy is the most efficient means of preventing violence», «conflict between unequal (according to territorial, economic and other attributes) entities is always solved in favour of a stronger «player», etc. As an instance, it is considered to be an a priori assumption that an armed conflict invariably results in systemic and indvertible collapse of the state. We intend to prove that the contemporary world, where the relations between the states resemble an «inextricable tangle», such statement ceases to be axiomatic. In the «shadow» of the conflict between several subjects (states, intergovernmental structures, organizations) typically several more parties may be found which are interested in catalyzing the confrontation according to their own scenario. Such «behind-the-scenes» influence is especially apparent on the example of long-standing armed conflicts in post-colonial or newly created states. The significance of the external interference for the development of economy of belligerent parties may not be treated as expressly negative or positive.

The presented work attempts at providing an unbiased study of the state of economic development, peculiarities of public administration and legal relations in countries which continue their existence in the state of permanent war.

For the purpose of research, we have selected the most large-scale and long-running conflicts in Middle Eastern (or West Asian) and South Asian countries - the Israeli-Palestinian conflict and the Indo-Pakistani wars. According to various sources, the total death toll in these conflicts has been estimated to be over a million casualties.

The choice of these particular hotbeds of armed conflicts for analysis is not incidental. With the collapse of the Soviet Union the nexus of the Euro-Atlantic community has become the foundation for international political globalization which led to the formation of the «Americentrism». The political demand for conflicts has coincided with the start of formation of two new bipolar entities - «The North» and «The South». The Middle East and South Asia have both played a crucial part in this process.

To identify the state of economy, peculiarities of public administration and legal relations in the aforementioned belligerent countries, a research has been conducted on the dynamic of specific indicators of their development over the past 10 years (2008-2018), compared to the data as of 1998. Furthermore, data for 2019 was utilized where available. Criteria for analysis:

- GDP per capita (USD) - p ;
- unemployment rate (%) - p_1 ;
- annual population growth rate (%) - p_2 ;
- health expenditure as a share of GDP - p_3 ;
- public expenditure on education (%) - p_4 ;
- Human Development Index - p_5 ;
- total public debt (% of GDP) - p_6 ;
- current account balance (billion USD) - p_7 ;
- military expenditure as a share of GDP (%) - p_8 .

Monitoring of the efficiency of public administration was conducted with the help of the data from the «Worldwide Governance Indicators» (WGI) project - generalized conclusions related to the quality of administration from multiple respondents who represent research facilities, think tanks, non-state organizations and the private sector. The authors of the project - Daniel Kaufmann (Natural Resource Governance Institute (NRGI), Brookings Institution) & Aart Kraay (World Bank Development Research Group). Out of six parameters of WGI research, three were utilized within the scope of our study, namely: «Government Effectiveness», «Rule of Law», «Political Stability and Absence of Violence/Terrorism».

2. Brief Literature Review

Causal links between armed conflicts and economic state of the warring countries are insufficiently researched. The studies are predominantly concerned with the causes or particular social and political factors of conflicts within specific temporal and spatial perspectives (Dasandi, 2014; Braithwaite, Dasandi, & Hudson, 2016; Lewin, 2016; Moffatt, 2018). The prospects of cooldown or escalation in the most dangerous «flashpoints» of the modern world were investigated by Cohn-Sherbok & El-Alami (2015); Fraser (2015), Anziska & Baconi (2016). A considerable attention among contemporary scholars is given to the issue of increasing nuclear threat as an aftermath of long-standing armed conflicts, namely, in the works of Brewster (2015); Yusuf & Kirk (2016); Basrur (2018); Carranza & Mario (2018); and Sasikumar (2019).

Unprofitability of wars is perceived as an axiom and within the contemporary scientific discourse the issue is primarily referred to expenditures on armaments and outcome of their increase for the national economy. At the same time the scope of difference between long-term and short-term armed conflicts by their impact upon national economy is not widely regarded as the subject of extensive debate in scholarly circles. As an exception, the work by Yildirim & Öcal (2006) may be cited wherein, on the example of India, it was proven: economic growth is possible only in the conditions of short-term wars.

To exemplify a thorough scientific approach to the issue of calculating the «costs» of war it is worth quoting the work by Ron P. Smith (2014) «The economic costs of military conflict». The author relies upon four key questions: the first concerns the purpose of the calculation (why is it being done?), the second concerns the counter-factual element (which comparison is being made?), the third concerns the data (where are the indicators drawn upon?), and finally the fourth concerns the aggregation and evaluation (how are the elements of costs combined according to outcome, timing and individuals involved).

Overall, the impact of permanent and prolonged inter-state conflicts upon the economy with consideration for transformation of models of public administration and legal relations requires a more in-depth investigation which would be carried out within the scope of this paper.

3. The Purpose of the paper is to establish how long-standing armed conflicts between the countries affect the state of their economic development and investigate their inherent peculiarities of public administration and legal relations.

4. Results

4.1. The Israeli-Palestinian conflict within the context of social and economic development of Middle Eastern countries

From the mid-1940s to the early 1960s the Middle East has become a sui generis «arena» of silent partnership between the USSR and the USA which was conceived with the intention to level down the role of Great Britain and France as former leaders of the pre-war system of international relations. It was exactly during this period that the post-colonial phase of development for the majority of Eastern world countries began, which marked the emergence of new states and erupting territorial disputes. Until the late 1980s events in this region had been performing a deterrent function for both «nuclear titans». With the onset of international political globalization in the 2000s the Middle East once again became the epicentre of struggles between major geopolitical players. The «shell» of these struggles manifests itself primarily through national liberation movements while the «core» is still represented by the acute interest in resources, markets and political benefits. The region is permanently stricken by crises caused by a vast number of factors besides an apparent external interference. These factors include the fragmentation of countries which are divided on religious, ethnic, political

and other grounds as well as demographic «shifts» which lead to a drastic increase in the number of young people, predominantly unemployed and ready to provide for their living with weapon in hand.

The Middle East is presently the largest resource «treasure chest» for developed industrial countries as well as China and India, both of which demonstrate explosive economic growth in the last decade. Therefore it comes as no surprise that the political, military and economic situation in this region exerts a significant impact on global energy and arms markets. Furthermore the Middle East is considered to be the centre of «Islamic world» - a peculiar religious and cultural areal which bears a sacred significance to the adherents of Islam across the globe.

Since 2010 the conflict potential of the Middle East has enhanced due to the events referred to as «The Arab Spring». Having commenced in Tunisia and Egypt, it culminated in Libya with its repercussions reaching Yemen and Bahrein while in Syria this protest movement eventually transformed into the civil war with involvement of external forces. The string of these events created conditions for the formation of a conglomeration of states territorially located between Mauritania and Sudan which, by some means or other, depend on the forces of political Islam and Al-Qaeda. Overall these conflicts in the Middle East predominantly go beyond the borders of belligerent countries and prove to have an adverse effect upon neighbouring countries and entire regions.

The Israeli-Palestinian conflict is regarded as one of the most complex and the most long-lasting in the recent history. Palestinians have perceived Israel as an occupier state from the very first days of its creation and the fact that emigrants from Europe were settled on the land which was a place of permanent residence for Palestinian Arabs was considered as an invasion. The Jews at the same time were asserting the right for their own country while the occupation of the simultaneously created State of Palestine was being justified by the fact that these lands had previously been captured by a coalition of Arab states - Egypt, Syria and Jordan. The situation was further complicated, on the one part, through the spread of the idea of radical Zionism which stipulated the glorification of the state of Israel through the expansion of territories as well. On the other part - the adherents of the Pan-Arabic idea were striving to recreate the Federation of Arab Republics in this territory. The final objective of the actions taken by the member states of the Arab League (Egypt, Syria, Lebanon, Jordan, Saudi Arabia, Iraq, Yemen) was to fend off the realization of the United Nations Partition Plan for Palestine, to destroy the newly-created Jewish state and to eventually create a united State of Palestine.

The Arab-Israeli conflict, which has lasted with irregular intervals since 1947, expressed itself in a number of regional armed conflicts, numerous military incursions by Israelis into the territories of neighbouring countries, large-scale revolts of Palestinian Arabs, terrorist attacks on the part of both sides not only in their own territories but also all around the globe. Tragic consequences of this conflict comprise over 50 thousand dead and 5 million refugees with the considerable number of those still remaining in refugee camps. Further to it, the conflict has expanded into adjacent countries, e.g. Lebanon.

The UN Resolutions No. 242 (1947) and No. 3379 (1975), by means of which the international community attempted to halt the aggression and assert the recognition of right of each of these states for sovereignty and peaceful coexistence, did not prove to change the situation to the better. A significant role therein was played by the official position of USA towards the conflicting parties: from the very outset USA provided active support to Israel, primarily through allocating funds for armaments and military training of Israelis. However, the attitude to the Israeli-Palestinian conflict on the part of USA has undergone considerable transformations in the course of time: while in 1960s-1980s the policy of coercion of anti-Israeli coalition to sign peace accords with Israel prevailed, in the 1990s the US demonstrated the change in political direction and advocated for granting Palestine an autonomy with subsequent recognition of its independence and relocation of Israeli colonists from the West Bank and the Gaza Strip into the territory of Israel.

Peace initiatives by international organizations generally came up against fierce resistance on the part of extremists from both parties. In particular, the radical movement Hamas had garnered increasing support among Palestinians. The process of mending the relations up to the present day demonstrates non-linear and often discontinuous pattern. It largely depends on which party - the «peace party» or the «war party» - is in office in Israel and how the Palestinian government manages to attain balance between the external pressure from international community and radicalized public moods. As a result of the search for compromises the Palestinian National Authority was established in 1994, while in 2012 the United Nations General Assembly granted Palestine the non-member observer state status.

It is exemplary that such long-lasting and virtually uninterrupted armed conflict proved to have a specific effect on the state of economic development of Israel and partially recognized the State of Palestine, as illustrated by the indicators of social and economic development of these countries provided in Table 1.

Based upon the results of the generalized data for 2008-2018, in comparison to 1998 the following trends have been revealed.

Despite the striking difference in the GDP (p) figures (Israeli GDP surpassed the Palestinian GDP by 30 times in 1998), in both cases its gradual increase is clearly evidenced over the past 20 years. It must be noted that the growth of Palestinian GDP has a more active and simultaneously more uniform pattern.

While in Israel the unemployment rate (p_1) over the past 10 years demonstrates a more dynamic downward trend - reduced practically by half in comparison to a previous decade when the difference in numbers constituted less than 30%, the corresponding indicator for Palestine is fluctuating within the extents of 20.9-30.2%, with lowest figures (20-23%) recorded precisely during the period of revitalization of peace processes in the region. In particular, when the voting took place at the UN General Assembly in November 2012 and 138 states voted in support of

Table 1:
Indicators of the social and economic development of Israel and Palestine (1998-2019)

	Country	1998	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
p	IL	24908	29557	27726	30670	33713	32525	36325	37696	35791	37333	40559	41728	43669
	PS	1442	1898	2043	2381	2677	2842	3062	3083	2997	3216	3277	3221	-
p_1	IL	10.7	7.7	9.4	8.3	7.1	6.9	6.3	5.9	5.3	4.8	4.2	4.0	3.34
	PS	13.9	26.6	24.5	23.7	20.9	23.0	23.4	26.9	25.8	26.9	27.4	30.2	24.0
p_2	IL	2.3	1.8	2.4	1.8	1.8	1.8	1.9	1.9	2.0	2.0	1.9	1.9	1.6
	PS	2.6	2.8	2.7	2.6	2.5	2.5	2.4	2.3	2.3	2.2	2.0	2.5	2.4
p_3	IL	5.8	7.0	7.1	7.1	7.0	7.1	7.1	7.2	7.4	7.3	7.3	7.4	7.6
	PS	-	-	-	-	-	-	-	-	-	-	-	-	-
p_4	IL	6.65	5.54	5.50	5.54	5.56	5.69	5.88	5.78	5.85	5.85	5.90	5.90	6.0
	PS	6.30	5.20	5.70	6.73	5.70	5.13	5.30	5.14	5.10	5.72	5.25	5.40	-
p_5	IL	0.84	0.88	0.88	0.89	0.89	0.89	0.90	0.90	0.90	0.90	0.90	0.90	0.90
	PS	0.48	0.66	0.67	0.67	0.68	0.69	0.68	0.68	0.69	0.69	0.69	0.68	0.69
p_6	IL	75.40	71.9	74.5	70.7	68.7	68.5	67.1	65.9	63.9	62.1	60.4	60.8	58.4
	PS	13.47	15.26	12.95	10.38	15.07	12.85	12.39	12.22	11.88	10.69	9.38	9.84	9.25
p_7	IL	-3.64	2.20	6.80	8.08	3.84	+941	8.64	12.49	15.28	10.60	8.10	9.50	13.71
	PS	-1.04	0.52	-1.40	-1.34	-1.85	-1.49	-1.47	-1.35	-1.38	-1.39	-1.32	-1.31	-1.07
p_8	IL	7.88	6.57	6.76	6.25	6.24	6.05	5.91	5.96	5.65	4.63	4.43	4.35	-
	PS	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes

Israel (IL); Palestine (PS).

Source: Compiled by the authors based on data as follows:

1998-2018:

$p-p_8$: IMF: World Economic Outlook (WEO), October 2019; World Development Indicators (WDI)

2019:

p_1 - IL: CEIC: <https://www.ceicdata.com/en/country/israel>

p_1 - PS: Palestine Unemployment Rate: <https://tradingeconomics.com/palestine/unemployment-rate>

p_2 - PS, IL: Worldometer: <https://www.worldometers.info/world-population/state-of-palestine-population>, <https://www.worldometers.info/world-population/israel-population>

p_3 - IL: The Jerusalem Post: <https://www.jpost.com/health-science/israeli-healthcare-expenditure-rises-remains-below-oecd-average-598982#:~:text=As%20a%20proportion%20of%20Israel's,average%20of%208.8%25%20of%20GDP>

p_4 - IL: The Jerusalem Post: <https://www.jpost.com/israel-news/oecd-despite-high-education-investment-israeli-students-receive-less-601192>

p_5 - PS, IL: Human Development Indicators: <http://hdr.undp.org/en/countries/profiles/PSE>,

<http://hdr.undp.org/en/countries/profiles/ISR>

p_6 - PS, IL: 2008-2019 International Monetary Fund: <https://fred.stlouisfed.org/series/WBGCAGDPG-DPPT>

p_7 - IL: OECD Data: <https://data.oecd.org/trade/current-account-balance.htm>

PS: World Development Indicators (WDI) - 1998: <https://knoema.com/atlas/Palestine/Current-account-balance>; International Monetary Fund - 2008-2019: <https://fred.stlouisfed.org/series/WBGCAGDPG-DPPT>

PS: p , p_3 , p_4 , p_8 : no data;

IL: p_8 : no data.

the independence of the State of Palestine. Compared to 1998 the number of the unemployed in Palestine as of 2018 more than doubled. According to annual population growth rate (p_2) Israel is consistently behind Palestine. While in 1998 the indicators of both countries according to this criterion did not discernibly differ (by 0.3%), in 2008 this gap was 1% in favour of Palestine. Subsequently the indicators of annual population growth rate in Israel underwent practically no change while the Palestinian population was decreasing (from 2.8% in 2008 to 2.0% in 2017) and only 2018 displayed positive dynamics.

In the Human Development Index (p_5) the gap between these states is consistently at 20% with insignificant fluctuations of several percent. It is to be noted that the indicators of Palestine (which has been fighting for its independence for the last 70 years and has not achieved complete recognition) according to this index are fairly high: within the category «Medium human development» it occupied the 3rd position among 37 states. Moreover, in contrast to Israel, where the situation improved by a mere 0.06% over the past 20 years, such indicator in Palestine increased by 0.02%. It is worth noting that both countries witnessed no significant positive changes according to this criterion over the past 10 years.

The situation with the total public debt (p_6) is better in Palestine when compared to Israel: from 15.26% in 2008 it gradually decreased to 9.25% in 2019. With the current trend towards its decrease this indicator in Israel is at least three times higher and varies between 74.5% and 58.4%. However, over the past decade it decreased by 16.1% while in the period of 1998 to 2008 - by only 3.5%.

It is noteworthy, in this regard, that the share of public expenditure on education (p_4) on the part of both states does not in fact differ and remains relatively high as far as the global practices are concerned - 5-6% of GDP. Such attitude to the education sector affirms the progressive development and strengthening of the economic capacity of both states. Palestine, investing so heavily into education (while having a striking difference with Israel in the volume of GDP and absence of such a scope of external financial support which Israel obtains from a number of states), has considerably better prospects for social and economic growth.

With regard to military expenditure, the data is available only for Israel and testifies to its significant reduction (p_8) - practically by half over the past 20 years (from 7.88% to 4.35% of GDP).

Hence, the long-standing military conflict in these territories has not led to the disruption of the economic capacity of both countries while by a number of criteria an actual steady growth of indicators may be observed.

4.2. The armed conflict between India and Pakistan: current state and prospects of economic and socio-political development

The countries of South Asia possess not only a diverse level of economic development but also diametrically opposed political systems. All this persists despite the fact the countries in the region have long-standing and ample traditions of cultural exchange. According to N. Chandoke (2008, 2011), South Asia represents a region burdened by numerous complex issues: immense social deprivation and profound inequality, on the one side, and frail democratic traditions and inclination towards authoritarianism, on the other side. The issue is further complicated by long-standing tensions between neighbouring states as well as linguistic and religious tensions within the states. All these factors led to the emergence of apparently polarized and somewhat intolerant civil societies and repressive states.

The Indo-Pakistani armed conflict (with partial involvement of the PRC) has also lasted since 1947 and its cause, same as in the case of Israel and Palestine, was the territorial identity of Kashmir - a disputed territory in the north-western Hindustan. After the collapse of «its empire» Great Britain initiated the creation of two states in these territories according to the religious principle: the followers of Hinduism obtained the state of India, the Muslims - Pakistan. Nonetheless, the territorial identity of Kashmir, where the population consisted of Muslims, Hindus and Buddhists remained undefined, which eventually led to the armed conflict.

Pakistan considers the Kashmir conflict an international dispute and propound the mediation with the participation of other states and carrying out a plebiscite, with reference to the United Nations resolution. For Pakistan a solution to the «Kashmir problem» is the primary requisite for any type of negotiations with India. The latter opposes the international involvement and declines the possibility of holding a plebiscite. The main requirement of the Indian government is the cessation of the «cross-border terrorism» - the immediate support by Pakistan of the Islamic militants in

the Indian state which is the territorial part of Kashmir. Further to it, India vehemently opposes any concessions and third-party interference.

The danger of the Indo-Pakistani conflict lies in the fact that it is taking place between two nuclear-weapon states and has a religious ground which promotes its spread through co-religionists from other countries. Further to it, the conflict is «simmering» near troubled Afghanistan and ambitious China both of which are to a certain extent involved in the dispute.

At the first glance, India and Pakistan are «players» from different «weight categories». The territory of India - 3.287 million sq. m. (the seventh place in the world), while Pakistan is only 0.796 million sq. m. (the thirty-sixth place in the world). A more distinct difference is in the number of population: 1.3 billion people (India) compared to 208 million people (Pakistan). Indian economy is one of the most powerful in the world, with its GDP occupying the 6th place among the countries of the world (USD 2.6 trillion which constitutes 2.3% of the global GDP), while the corresponding indicator in Pakistan constitutes USD 305 billion and occupies only the 40th position in the world. The size of the Indian armed forces is 4.2 million people, the Pakistani armed forces - 0.9 million people. However, such disparity is levelled down by the fact that both countries possess nuclear weapons and, according to unofficial sources, Pakistani nuclear assets are superior to the Indian ones. The growth in the influence of Pakistan in the international geopolitical landscape is achieved through the support of China which regards India as a dangerous competitor.

Thus, how did the conflict which has continued for over 70 years impact the economy of both countries? Combined indicators according to 9 criteria of social and economic development ($p-p_8$) of India and Pakistan for 1998-2019 are provided in Table 2.

For instance, from 1998 to 2018 the Indian GDP has increased more than fivefold, while in Pakistan - in 2.5 times. In 2019 for Pakistan this indicator has a negative dynamic in comparison with the previous period (- 11.32%). The unemployment rate in both countries during the last 20 years actually remains constant: 5-6%. In 2019, a number of jobless has reduced to 4.5%. At the same time, according to its population growth rate, Pakistan is ahead of India and, while in the case of the former a slight deceleration and stabilization are being observed - from 2.8% (1998) to 2.4% (2019), the former demonstrates a persistent decrease in the value of this indicator.

The trend regarding public expenditure on health and education, observed within the scope of this study in the conflicting dyad «Israel-Palestine», similarly manifests itself in the case of India and Pakistan: with a large discrepancy in GDP (p), economic and resource capacity of both countries, and namely expenditures on health and education, display no considerable discrepancy (circa 1% for health care (p_3) and 1-1.7% - for education (p_4). Similarly, there is only a minor discrepancy in the Human Development Index (p_5) of both countries. Since 1998, when the contrast constituted 0.04% in favour of India, the country managed to improve its result by only 0.05% in 2019. The total public debt (as % of GDP) in both countries is practically identical with the fluctuation between 1.2-2% (p_6), furthermore, over the past seven years levelling-off and stabilizing of these indicators are being observed. Nevertheless, the negative dynamic still takes place according to this indicator in Pakistan in 2019, although it has not yet become threatening.

Military expenditure (p_8) in Pakistan is approximately twice higher than in India and this trend persists for over 20 years (1998 - 5.41% in Pakistan and 2.72% in India; 2018 - 4.03% and 2.42%, respectively). Overall, complex indicators of social and economic development for both countries, despite their «weight categories», demonstrate no significant discrepancies and fluctuate between 0.68-0.55. These indicators remain steady and relatively high even though a prolonged armed conflict in these territories is ongoing for decades.

Experts of The World Economic Forum forecast booming economic growth in India in the upcoming decade. In their opinion, in 2020 the country will increase GDP growth rate to 7.8% which would allow to reach GDP (PPP) of USD 46.3 trillion by 2030. The anticipated strong economic growth is based, among others, upon demographic factors: the country possesses a relatively young population which makes the demand for mass employment extremely topical. It is expected that industrial manufacturing and service sectors alone will create over 100 million new jobs in the upcoming 10 years.

Simultaneously, the conflictogenity in South Asia remains steadily high which reflects upon the geopolitical situation not only in the region but also across the globe. Firstly, the major trade routes from the East to the West run through the Indian and the Pacific oceans as well as the Arabian Sea which all bound this territory from the west, the south and the east, therefore their safety is in

Table 2:
Indicators of the social and economic development of India and Pakistan, 1998-2019

	Country	1998	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
p	IN	361	1049	1153	1423	1498	1482	1486	1610	1640	1762	2014	2038	2044
	PK	624	1038	998	1032	1218	1254	1267	1312	1425	1440	1544	1565	1388
p_1	IN	5.6	5.3	5.6	5.6	5.6	5.7	5.7	5.6	5.6	5.5	5.4	5.3	5.3
	PK	5.9	5.2	5.5	5.6	6.0	6.0	6.0	6.0	5.9	6.0	6.0	6.1	4.5
p_2	IN	1.8	1.5	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.02
	PK	2.8	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.04
p_3	IN	3.7	3.5	3.5	3.3	3.2	3.3	3.7	3.6	3.6	3.7	3.7	3.8	-
	PK	2.7	2.9	2.6	2.6	2.3	2.4	2.6	2.7	2.7	2.8	2.8	2.9	-
p_4	IN	3.57	3.14	3.28	3.37	3.80	3.87	3.84	3.83	3.50	3.70	3.75	3.91	3.00
	PK	2.80	2.75	2.59	2.29	2.22	2.14	2.49	2.47	2.65	3.00	2.90	2.95	-
p_5	IN	0.48	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.64	0.65	0.65
	PK	0.44	0.51	0.52	0.53	0.53	0.53	0.54	0.55	0.55	0.56	0.56	0.56	0.56
p_6	IN	68.1	72.7	71.1	66.0	68.3	67.7	67.4	66.8	68.8	67.7	67.8	68.1	69.62
	PK	67.0	57.2	58.5	60.5	58.9	63.2	63.9	63.5	63.3	67.6	67.0	71.7	84.8
p_7	IN	-4.0	-27.9	-38.4	-47.9	-78.2	-87.8	-32.3	-26.8	-22.1	-14.4	-48.7	-57.2	-47.0
	PK	-2.1	-13.9	-9.3	-3.9	0.2	-4.7	-2.5	-3.1	-2.7	-4.9	-4.6	-4.3	-0.6
p_8	IN	2.72	2.55	2.89	2.71	2.65	2.54	2.47	2.50	2.41	2.51	2.51	2.42	-
	PK	5.41	3.46	3.27	3.42	3.29	3.48	3.47	3.48	3.55	3.59	3.77	4.03	-

Note:

India (IN), Pakistan (PK).

Source: Compiled by the authors based on data as follows:

1998-2018:

$p-p_8$: IMF: World Economic Outlook (WEO), October 2019; World Development Indicators (WDI)

2019:

p - IN, PK: CEIC: <https://www.ceicdata.com/en/indicator/india/gdp-per-capita>

p_1 - PK: World Economic Outlook (April 2020): <https://www.imf.org/external/datamapper/LUR@WEO/OEMDC/ADVEC/WEOWORLD>

IN: TheGlobalEconomy.com: https://ru.theglobaleconomy.com/India/Unemployment_rate

p_2 - PK, IN: Worldometers: <https://www.worldometers.info/world-population/pakistan-population>,
<https://www.worldometers.info/world-population/india-population>

p_3, p_8 - IN, PK: no data

p_4 - IN: Financial Express: <https://www.financialexpress.com/economy/how-much-india-spends-on-education-hint-its-less-than-rich-countries-average/1772269/#:~:text=The%20country%20spent%203%25%20of,crore%2C%20the%20Economic%20Survey%20said>

PK: no data

p_5 - PK, IN: Human Development Indicators: <http://hdr.undp.org/en/countries/profiles/IND>,
<http://hdr.undp.org/en/countries/profiles/PAK>

p_6 - IN, PK: Trading Economics:

<https://tradingeconomics.com/india/indicators>, <https://tradingeconomics.com/pakistan/indicators>

p_7 - IN: OECD Data (Q2 2019): <https://data.oecd.org/trade/current-account-balance.htm>

PK: Moody's Analytics. Economics Solutions: <https://www.economy.com/pakistan/current-account-balance>

p_8 - IN, PK: no data

direct dependence on the stability in the South Asian region. Secondly, since the Cold War era this region became the hotbed of confrontation between the USSR and USA due to the presence of the Soviet armed forces in Afghanistan and, since 2001, the «war zone» in the US counter-terror military effort once again in the territory of Afghanistan. Presently the causes of instability in South Asian region similarly stem from external interventions. As India is rapidly catching up with China by the indicators of economic growth, the competition between these two players for influence in the region acquires the form of strategic competition.

The attempts of China to provide help to countries which surround India and confront it for reasons of various degree of complexity (Pakistan, Bangladesh, Nepal) are becoming increasingly apparent. Such actions on the part of the state - one of the first by the level of economic development in the world - testify to its strong disturbance at the emergence of a strong rival and attempts to «neutralize» it by any means. Manifestations of such strategy can be traced in military (with regard to nuclear arms, inclusively) help to Pakistan as well as the construction of the port of Gwadar; continuing construction of the Karakoram Highway with the purpose of obtaining the access to the Indian ocean from the territory of Pakistan; sales of armaments and acquiring access to vitally important waterways in Bangladesh and Sri-Lanka; provoking conflicts with regard to the status of Kashmir; tacit consent with Nepal's Maoists; cementing strategic relations with Myanmar

military junta. Relations within the «triangle» of China - India - Pakistan have been analyzed in detail by Paul J. Smith (2013), and his prediction regarding Pakistan being used as a tool in the competitive struggle between two leaders of the world economy has already proved to be accurate.

4.3. In search for effective models of governance: contradictions and regularities of nation-building in warring countries

Efficiency of governing the democratic state is assured by creating and maintaining «safeguards» against excessive centralization of authority. This can be realized through the division of powers, delegation of authority, certain political and ideological leverages of counteraction. It must be noted that the latter are the most questionable due to the complexity of coexistence of various ideologies within the framework of a single system of public administration.

In Israel the government system relies upon two ideologies that serve to reflect opposing visions: 1) democracy, under which the person is considered to be the supreme value and the highest objective of the social order and the state; 2) Orthodox Judaism which postulates the person as the means. Democracy proclaims equality of rights and freedom for all the citizens of the state, while Orthodox Judaism - only for Jewish nationals.

The Provisional State Council (The People's Council), which represented the Jewish population back in 1948, proclaimed the «Declaration of the Establishment of the State of Israel», which declared the purpose of establishing the state as Jewish and democratic. It further set the timeline for the adoption of a constitution - October 1st, 1948, however until present it has not been adopted due to numerous contradictions within the society. The role similar to constitution is played by the document entitled «The Basic Laws of Israel».

The founders of the state of Israel did not attach particular importance to the choice of specific model of state governance. They followed the community traditions of the people, practice of Zionist movement governance as well as personal experience of Zionist leaders from the times of British colonization in Mandated Palestine. Weakness of this unsustainable parliamentary model expressed itself in the fact it did not define the carrier of the objectives of the state (constitution) and did not personalize its guarantor. The system of public administration in Israel represents a unique construct which has no equivalents around the globe. It is characterized by the duality of power represented by the simultaneous implementation of secular and religious legal provisions.

The principle of separation of powers found its partial embodiment in the Israeli legislation - only with regard to judicial power. In the Basic Laws «The Government» (article 33) and «The Knesset» (article 23) it is declared: minimum half of ministers, i.e. the representatives of the executive power, must also represent the legislative power (Knesset). In this way, the executive branch of power has become dependent upon the legislative branch of power. Ministers - member of Knesset - are monitoring the actions of the government and often use their authority in the interest of their own parties. Knesset, as a body of collective governance, serves to represent numerous parties of political interest which create ad hoc coalitions to take decisions beneficial to their political power which are often undemocratic. The existing duality of power represents an intensive source of instability.

In the conditions of the duality of power and religious contradictions, absence of the clearly defined «national idea» Israel manages to achieve social integrity and economic growth paradoxically due to the permanent «state of war». It is namely the external threat, which in the minds of the local population has been, for the longest time, associated with Palestine, that serves as a powerful unifying factor for diverse political forces and religious movements. It also allows diverting the attention of the society from the issue which over time becomes increasingly menacing for Israel's statehood - strengthening of ultra-orthodox movement. In the course of the entire existence of Israel political forces of orthodox minority are unceasingly and continuously enshrining religious rules of law in the legislation of the secular state. Within the framework of by-laws a total control is carried out on behalf of the secular state with sanctions being imposed for their violation. Such «diktat» is spreading directly or indirectly over the entire population of the country and bodies of public administration - from Knesset and Israeli government to the lowermost links within business entities. It reflects itself upon every sphere of life of the nation and the society: economic, social, legal, etc. Leaders of the political parties and democratic civic movements have not realized to a full extent the degree of this threat while the support of USA allows them to linger in false sense of confidence regarding the inviolability of the existing foundations of the state. Absence of internal resources and sustained legal

foundations of the statehood (constitution), religious contradictions, dependence on the external financial support - all of these factors pose serious challenges to Israel.

The role of religion in the public administration of India is also relatively prominent. Hinduism, back in the day, became the pivot of the national liberation movement with its ideologist Mahatma Gandhi, recognized as the saint among the people, created an entire moral and political philosophy based upon it. An aspiration to perceive the leader of the state as a saint or a deity is a feature inherent in the Indian mentality. The social power of religion in this country further consists in its sanctification of the traditional division into castes.

Another peculiarity of state structure of India is its intrinsic diversity within ethno-social as well as ethnic and religious aspects. In spite of the country being populated by a number of large ethnicities none of these ethnic communities constitute a majority. This renders it impossible for a certain ethnicity to dominate political and cultural life and encourages mutual acceptance and adaptability. In this respect India may serve as a role model for other multinational states, in particular in Africa.

An established (not imitated) democracy is a rare case for third-world countries and combined with high level of corruption and inequality in India combined with illiteracy and backwardness of a major part of the population and a developed political system. Furthermore, European-grade democracy and clearly defined middle class «coexist» with solely Indian prejudices primarily related to the division of society into castes.

Such contrasting effect is representative of transition economies in the process of dynamic development. Simultaneously, India is characterized by a peculiar feature non-existent in any other country of the world. This is the so-called «convergence of three worlds» - a developed capitalist, socialist and «third-world» countries - in a single one. The latter is connected with poverty and demographic pressure which results in powerful internal migration processes. Socialist «world» finds its reflection in the constitution of the state where India is officially referred to as socialist secular democratic republic. Apart from this, it is evidenced by the activity of the state with regard to the development of infrastructure and economy on the basis of Five-Year Plans. Strong regulatory function of the state is manifested through licensing and establishment of quotas small business, protection of the rights of workers by means of special legislation as well as setting quotas for seats in local-government bodies for women and member of lower castes. It is also worth noting an active role of the state in fighting against poverty, illiteracy and demographic cataclysms.

The attributes of the «first world» are evidenced in well-established democracy, institution of private property and other institutions of non-state sector of economy exemplified by large private corporations, functioning stock market, effective legal system and respect for the court. As for an Eastern country with a long-standing history of statehood establishment such attributes are extremely rare however they can be explained, to a significant extent, by the legacy of the colonial period. In India a stratum of society has been formed which consists of highly qualified professionals employed in private business of other, more developed countries. For instance, USA, Canada, Great Britain and the EU are actively utilizing services by Indian specialists through remote mode of work. It concerns, in particular, software development: the number of Indian programmers in the US Silicon Valley has already exceeded the number of Americans and specialists from other countries.

For countries in the state of conflict with Israel and India - Palestine and Pakistan, accordingly - there exists a common inherent feature with regard to the establishment of state structure. This refers to an evident impact upon the formation of social relations by religious and political forces and the perception by the governments of these countries of the issue of sovereignty primarily within the context of religious identity. In the case of Palestine the gravity of situation is augmented by the social vulnerability of the population, frustration at the results of the independent development of neighbouring Arab states, the feeling of hostility with USA that actively supports Israel, due to which, consequently, its military and political «weight» in the Middle East is growing. Approaches advocated by Palestinian Islamists are not novel practices and are similar to those employed by Iran. The fight for the sovereignty in the mindset of Palestinians is inextricably linked to such type of public administration that could allow to counter the «western» expansion and to liberate the Islamic territory from the «infidels» - the Jews. Antagonism, fight against external enemy - these are the cornerstones of the state policy which provides impetus for the development of economic potential.

Similarly significant is the role of Islam in the fight for independence of Kashmir that has become the ground for conflict between India and Pakistan.

In both cases of inter-state conflicts - Israel with Palestine and India with Pakistan - «the synergy of fight» on religious grounds becomes the factor favourable to the economic growth. In the strict sense the paradox consists in the fact that destructive conduct as an instrument of social and political mobilization of society in this case leads to the positive effect or ensures the state of balance and stability (evidenced by the indicators of development of the countries provided in sections 4.1 and 4.2). The role of public administration, therefore, is limited to primarily upholding the protest behaviours among the population in the relations with the opposing conflict party and maintaining the permanent situation of «turbulence» within the society. Monitoring of the efficiency of public administration in India, Pakistan, Israel (data for Palestine is unavailable) conducted on the basis of the data from «WGI» project (Table 3) supports this conclusion.

A sustained positive dynamics related to the indicators of efficiency of government activities in the course 1998-2018 is demonstrated solely by India, however, they overall remain relatively low - 0.28 in 2018 with the highest possible value of 2.5. The indicators of Pakistan in 2008 improved more than 1.5 times in comparison with 1998 while, at the same time, 2018 saw their slight decrease which, eventually, had no significant impact on the percentile rank (26.70-26.92). Similar indicator for Israel remains highest among three countries and in the course of the past 20 years it has undergone virtually no change (1.09-1.21). According to the criteria «Rule of law» all three countries demonstrate a decrease in indicators. The lowest and the most variable indicators are displayed according to the criteria of «Political Stability and Absence of Violence\Terrorism» in all countries. At the same time it is the most explicit in Pakistan: since 1998 when this indicator in three countries was approximately the same and percentile rank fluctuated between 12.77 and 14.89, it has decreased to 0.96 in 2008. While before 2018 it has improved by 3.4 times, it still remains the lowest one among the studied countries.

Table 3:
Indicators of efficiency of public administration according to «Worldwide Governance Indicators»

Indicator	Country	Year	Governance ¹ (-2.5 to 2.5)	Percentile ² Rank	Standard Error
Government Effectiveness	IN	1998	-0.006	55.44	0.20
		2008	-0.02	54.85	0.20
		2018	0.28	63.94	0.20
	PK	1998	-0.46	37.31	0.21
		2008	-0.72	26.70	0.20
		2018	-0.63	26.92	0.21
	IL	1998	1.09	83.94	0.21
		2008	1.33	87.38	0.23
		2018	1.21	86.06	0.22
Rule of law	IN	1998	0.35	64.00	0.19
		2008	0.09	57.69	0.14
		2018	0.03	55.29	0.14
	PK	1998	-0.76	25.50	0.22
		2008	-0.97	17.79	0.15
		2018	-0.67	27.88	0.15
	IL	1998	1.03	83.00	0.20
		2008	0.85	75.48	0.16
		2018	0.99	80.77	0.17
Political Stability and Absence of Violence\Terrorism	IN	1998	-1.20	12.77	0.35
		2008	-1.11	13.96	0.24
		2018	-0.96	14.76	0.21
	PK	1998	-1.12	14.89	0.35
		2008	-2.57	0.96	0.25
		2018	-2.27	3.33	0.22
	IL	1998	-1.12	14.36	0.35
		2008	-1.32	11.06	0.24
		2018	-0.93	15.24	0.22

Notes:

¹ Governance Score is an estimate of governance measured on a scale from approximately -2.5 to 2.5. Higher values correspond to better governance.

² Percentile Rank (0-100) is a rank of country among all countries in the world. 0 is the lowest rank and 100 is the highest one.

Source: Compiled by the authors based on data of WGI:
<http://info.worldbank.org/governance/wgi/Home/Reports>

The example of Palestine and Pakistan disproves the inviolability of the intuitive principle according to which «economic growth is accompanied by effective administration aimed at division of power, strengthening of regulatory framework, improvement of state institutions of self-government». From the other side, in accordance with the theory of self-organization, such state policy must inevitably lead the country to the «bifurcation point» - such condition when «systems become unstable with regard to fluctuations and a state of uncertainty ensues: chaos or transition into new, more advanced level of orderliness?» (Prigogine & Stengers, 1984).

5. Conclusions

Research findings concerning the state of the economy, peculiarities of public administration and legal relations in countries, which for a prolonged time exist in the state of permanent war, allow drawing conclusions.

In the absence of significant destruction of infrastructure and massive human casualties, when positional warfare has low intensity and the armed conflict acquires a predictable pattern with recurrent cycles of escalation and armistice, the economy «accommodates» itself to existing in the state of war and concurrently demonstrates the upward trend. It may appear paradoxical but long-standing inter-state conflict may become the factor of stability and predictability of economic development while short-term but devastating by their nature and violent, armed confrontations, in particular civil conflicts, inflict much larger losses. Consequently, their aftermath does not allow the economy to emerge out of recession for a prolonged period.

The Israeli-Palestinian and the Indo-Pakistani conflicts - the most prolonged in modern history - assert the validity of this point. And while both warring «dyads» consist of the players from different «weight categories» (the countries vary considerably by the population size, economic capacity and government spending) we have revealed a multitude of inherent common trends in the development of economy, system of public administration and social relations in general.

Firstly, for over twenty years (1998-2019) the economy of these countries demonstrates steady growth of indicators according to the majority of criteria. In some cases, this positive dynamic is more pronounced as, for instance, in the reduction of the total public debt and unemployment rate. In other cases - it is much less tangible as observed in population growth rate, expenditure on education and health expenditure. The gap in the indicators is steady and testifies to the identical pattern of social and economic development of each of the warring countries.

Secondly, confrontations on religious and ethnic grounds in these countries serve, on the one part, as a destabilizing factor within the society and on the other part - a potent mobilizing factor. There occurs a unification of the society around the idea of non-acceptance of the «other» on religious, ethnic or cultural grounds. Growing social antagonism may effectively trigger maximum mobilization of material and human resources. A different matter is when such public moods and attitudes are deliberately getting «fueled» within the society for the purpose of obtaining consistent gains from arms trade with third parties which are interested in the continuing conflict.

Hence, it is namely the external threat, which holds the society under pressure and induces maximum mobilization of internal material and human resources. It serves as a powerful unifying factor for various political forces and religious movements and it proves capable of giving a strong impetus to the development of economic potential or, as a minimum, to ensure its stability. We have determined that the religious factor is dominant in the formation of antagonistic policy between warring countries in the contemporary world. However, this factor is the sui generis «smokescreen» for disguising purely pragmatic interests of the states related to territory and resources.

Thirdly, the role of public administration in the conditions of prolonged conflicts becomes focused primarily upon upholding the protest behaviours among the population in the relations with the opposing conflict party and maintaining the permanent situation of antagonism within the society. This trend is most discernible in the example of Pakistan and Palestine. In the course of the study we have revealed a peculiarity of the public administration system inherent to India. It lies in a unique combination of «three worlds» within its social structure - the developed capitalist, the socialist and the one pertaining to «third-world» countries. Due to this peculiarity, the economy of India, notwithstanding its simmering conflict with Pakistan, will keep actively developing in the next ten years.

Ultimately, it must be noted that a prolonged state of «turbulence» persisting in the Middle East and South Asia, with every capacity of the economies of the countries for stabilization and

development even in the conditions of war, presents a threat to entire world. Maintaining the stability of systems (states) with the help of destructive measures (permanent war) is the strategy similar to «using the time bomb with undefined impact time and zone».

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