Economic Development:
Broader Implications of the Darfur Genocide

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Two Key Messages

1. Conflict not only has direct effects, it has broader long-term impacts by undermining economic development.

2. Broad-based economic development is a prerequisite for reconciliation.
Outline

1. The economic setting – Poverty & Inequality
2. Broader impact of conflict
3. Reconciliation
4. Concluding Remarks
Poverty in Developing Countries

Different from poverty in developed countries...

– Magnitude

– Duration
Magnitude & Duration of Poverty

Figure 1: Comparative Poverty Dynamics

Sources: USA: Naifeh (1998), others BASIS CRSP project. Poverty line levels are all in inflation-adjusted 2002 US dollars.
Transitory vs. Chronic Poverty

• **Developed countries**: Transitory Poverty

• **Developing countries**: Chronic Poverty
  – Rural
  – Agriculture
What do we know about Sudan?

• Poverty & Inequality - ???
  – Last household survey was in 1978
  – 85% of rural population?
  – Per capita income ≈ $810
  – Worse for the poor when consider inequality

• Human development indicators
  – Life expectancy at birth ≈ 55
  – Adult literacy ≈ 60%
  – Primary school enrollment rate ≈ 58%
  – Child malnutrition ≈ 41%
  – Child mortality ≈ 1 in 10 kids doesn’t live to 5
Outline

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Vicious Cycle

Conflict $\Rightarrow$ Development Failure
Conflicts ⇒ Development Failure

Preconditions for Development

- **Trust** – (e.g. Why pay a taxi driver?)
- Functioning institutions
  - Legal
  - Educational
  - Health
  - Credit
  - Insurance
- Stability
  - Physical
  - Economic
Conflict $\Rightarrow$ Development Failure

- *Fear of conflict* – development costs
  - Trust in social contracts breaks down
  - Less entrepreneurial risk taking
  - Diversion of resources
    - *From* social sectors (e.g. health and education)
    - *To* military
Why do we care about development costs?
- Vulnerable households/individuals hurt!
- Example: Deaths from…
  - Malnutrition
  - Diarrhoea
  - Malaria
  - TB

These deaths are preventable…
…and are also a consequence of conflict!
Conflict ⇒ Development Failure

How bad is it???

– It is difficult to say.
– Cannot observe the **counterfactual**
  • Would children have died from malnutrition in the absence of conflict???
  • Yes!
– Appropriate question:
  “How many more children have died of malnutrition because of conflict?”
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Conflict ↔ Development Failure

• What do we mean by “development”?
  – “uniformly high physical quality of life”
  – “equal access to the capability to function”

• Commonality…?
  – “Equality”
  – Equality of choice
Conflict ↔ Development Failure

Equality & Conflict

– *Tunnel Effect* & willingness to accept inequality

– Control over resources → Source of conflict
  • Power = control over resources
    – Kenya – Kikuyu & Luo ethnic groups
    – Rwanda & Burundi – Hutus & Tutsis
    – Sudan
      » North-South civil war
      » Darfur
Reconciliation

Breaking the *vicious cycle* requires…

– Peace & Stability

– Addressing inequities in access to development
Reconciliation

Example: **Rwanda**

- Peace & Reconciliation Process
- Democratic Institution Building
- Human Rights Promotion
- *Economic Peace Building*
  - *Poverty reduction – a key goal of the government*
  - *Limited-duration affirmative-action policies for Hutus?*

*Caveat: Broad-based economic development on its own is not enough.*
Outline

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Main Messages

• Conflict: A *cause* of development failure
  – Impact of conflict is broader than the direct terrorization and loss of life.
  – Effects not confined to immediate country

• Conflict: A *consequence* of development failure
  – Long-term peace & stability requires broad-based economic development.
  – Humanitarian vs. Development assistance