

Economic Development: Broader Implications of the Darfur Genocide

David Stifel
(stifeld@lafayette.edu)

March 17, 2008
Lafayette College Workshop on
“Darfur: Tragic Lessons and How to Convey Them”

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

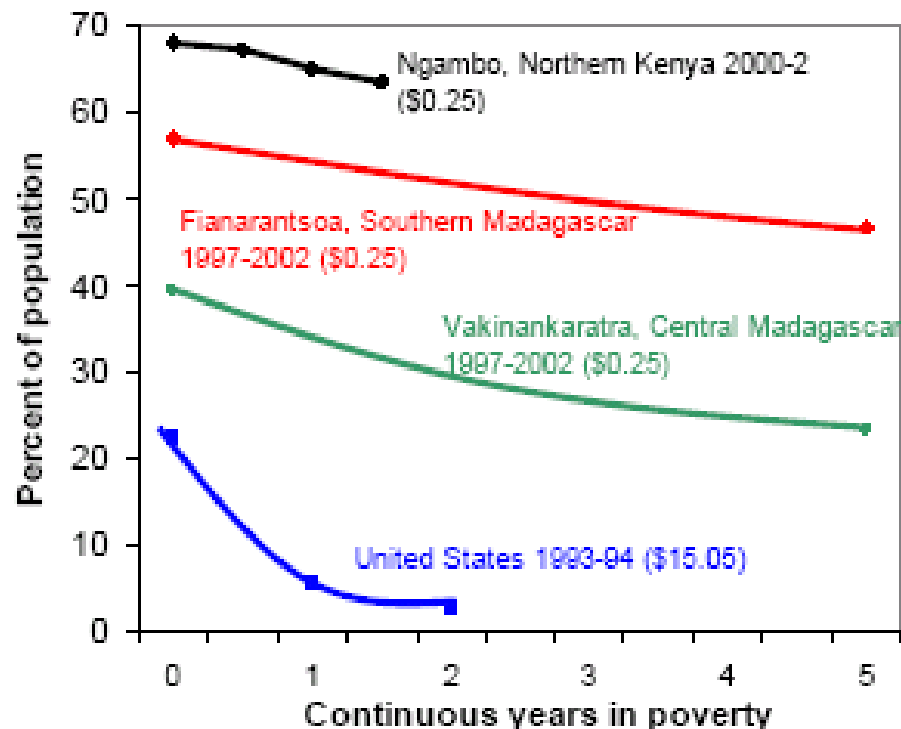
Poverty in Developing Countries

Different from poverty in *developed* countries...

- Magnitude
- Duration

Magnitude & Duration of Poverty

Figure 1: Comparative Poverty Dynamics



Sources: USA: Nafieh (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 \approx \$810
 - Worse for the poor when consider inequality
- Human development indicators
 - Life expectancy at birth \approx 55
 - Adult literacy \approx 60%
 - Primary school enrollment rate \approx 58%
 - Child malnutrition \approx 41%
 - Child mortality \approx 1 in 10 kids doesn't live to 5

Outline

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

Vicious Cycle

Conflict $\begin{matrix} \Rightarrow \\ \Leftarrow \end{matrix}$ *Development Failure*



Conflict \Rightarrow *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

Conflict ⇒ Development Failure

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 \Rightarrow *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?”

Outline

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

Conflict \Leftarrow *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

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

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