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Conflict and the Millennium Development Goals

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Abstract

‘Quand les riches se font la guerre ce sont les pauvres qui meurent’
Jean-Paul Sartre *Le Diable et le Bon Dieu* (1951)

This paper reviews the effect of armed conflicts on development and, in particular, on the prospects of achieving the Millennium Development Goals. It explores the economic behaviour of countries affected by conflict and identifies the impact on different types of entitlement and in terms of human costs, particularly nutrition, health and education. It proposes a range of policy options that can be adopted towards countries at war.

Key words: Conflict, War, Poverty, Peace, Human Development, Macroeconomics, Debt, Aid, Relief, Health, Education, Nutrition, Politics, Culture

Introduction

Violent conflict constitutes one of the most important obstacles to the achievement of the Millennium Development Goals (MDGs). Countries in conflict frequently show *regress* rather than progress on the MDG indicators. Moreover, the incidence of conflict is especially heavy among the low-achieving countries so their failure is especially serious, in terms of prolonging deprivation and poverty. In fact, one-third of low-human development countries are currently in conflict and, taking a longer perspective (the past quarter century), over one-half of low-human development countries have been seriously affected by conflict.

Besides the direct impact of war in deaths, injuries and flight, conflict undermines the economy and government capacity, and consequently the possibility of achieving the MDGs. Moreover, development failure is one of the causes of conflict, as well as a consequence, so that some countries are stuck in a vicious cycle of *Conflict-MDG failure-Conflict-MDG failure*. The adverse effects are not confined to the country that is immediately involved in conflict: often there are regional impacts too, so that surrounding countries are also handicapped in their development efforts. Not only actual conflict,

but the fear of it also has serious costs for the MDGs as countries build up their military capacity, at the expense of the social sectors.

These facts mean that to protect and promote MDGs it is essential to try and protect MDGs during conflict, and also to introduce policies to prevent conflict occurring or recurring. The aim of this paper will be to identify policies that contribute to the first of these objectives. The paper begins with a review of the incidence of serious conflict over time, by region and level of development. It then analyses the threat to development posed by conflict, providing a framework and some empirical examples. In the light of these findings, policies are identified that could moderate the costs of conflict and help protect development gains during conflict. Policies are also proposed to help reduce conflict and/or prevent it recurring.

The incidence of conflict

Estimates of the numbers affected by conflict vary according to source and methodology. According to the Armed Conflict and Intervention Project, which includes all conflicts involving over 500 deaths per annum, incorporating a measure of the intensity of conflict, there was a large rise in wars, associated deaths and displaced persons from 1945, peaking in the early 1990s (Fig. 1). The data source for the warfare trends in Figure 1 come from the War List compiled by Marshall, whose estimates of direct deaths in conflicts with over 500 deaths per annum show a peak in the 1970s (with the Vietnam War), and a decline thereafter (Fig. 2). However, in Africa there is a continued rise until the 1980s, with a slight drop in the 1990s, and in Europe the main rise occurs in the 1990s. Over the period 1960–1999, one-half of the least developed countries and one-third of low and lower middle-income countries suffered conflict.

It is clear that the Cold War era was by no means one of political stability, as is sometimes suggested. In 1946, there were approximately 30 wars involving 500 or more deaths per annum; in the 1980s, there were more than 175 wars. Intra-state conflicts, or civil wars, were responsible for most of the rise. According to Marshall, civil (i.e. internal) conflicts accounted for almost 70% of the total.

Sivard's data, which includes death from the famines associated with wars as well as those directly killed in conflict, show a rise from nearly 0.5 million over the 1950s to more than 5.5 million in the 1980s. Wars in Asia accounted for most deaths in the 1970s (chiefly the Vietnam War), but since then there has been a steady rise in the incidence of wars in Africa. In the 1980s, African wars accounted for about one-half of the total deaths from war in developing countries, rising to around 60% in the 1990s.

In countries with low human development indicators, the proportion of people estimated to have been killed by wars (not including famines) was 0.02% in 1960–1999, 10 times higher than the medium human development indicator countries, and 20 times higher than the high human development indicator countries. The worst affected region was the Arab States, followed

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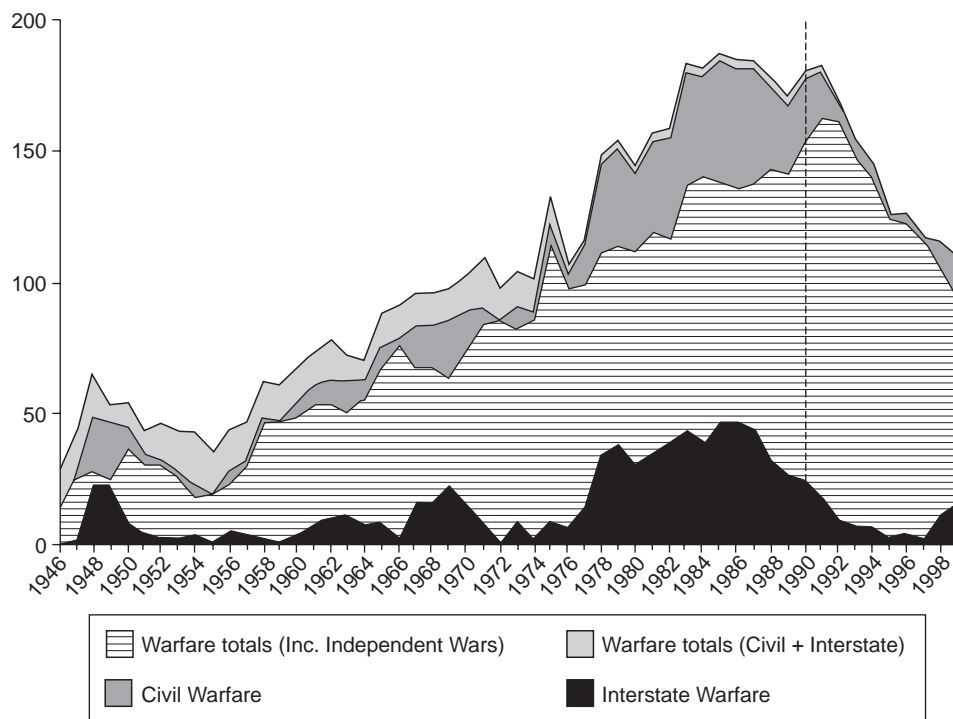


FIGURE 1. Global warfare totals, 1946-1999. *Source:* CSP website, 2000. Data are taken from the Armed Conflict and Intervention Project, which codes levels of violence in all types of major armed conflicts in the world from 1946 to 1999. A major armed conflict is defined as one that involves at least 500 fatalities. It may be inter-state or intra-state and the definition includes all episodes of international, civil, ethnic and genocidal violence and warfare. Each episode of conflict is coded on a scale of 1 to 10, according to an assessment of the full impact of the violence involved on the societies under their direct influence. These impacts include fatalities and casualties, resource depletion, destruction of infrastructure, population dislocations, psychological trauma, and adverse changes to psychological and political culture of affected social groups. The coded scores for all ongoing episodes of major armed conflict in all independent states in each year are aggregated together to give the global warfare trends presented in this graph. The data source for these warfare trends comes from the War List compiled by Marshall.

by sub-Saharan Africa. The proportions are much higher if deaths from war-associated famines are included.

Immediately after the end of the Cold War there was a rise in major conflicts in every region except Latin America, followed by a fall in each region from the mid-1990s (Fig. 3). At the end of the 1990s, there was a resurgence of serious conflict in Africa; in 1998, the number of serious conflicts was at the same level as at the peak in the early 1990s. Africa suffered by far the largest number of major conflicts during the 1990s, with more than 40% of the total. However, lesser conflicts (those with deaths of 25-1000 annually, and more than 1000 cumulatively) were concentrated in Asia.

The estimates of refugee numbers show parallel changes, with a rapid rise from 1975, particularly in Africa, peaking in 1990, at over 17 million in

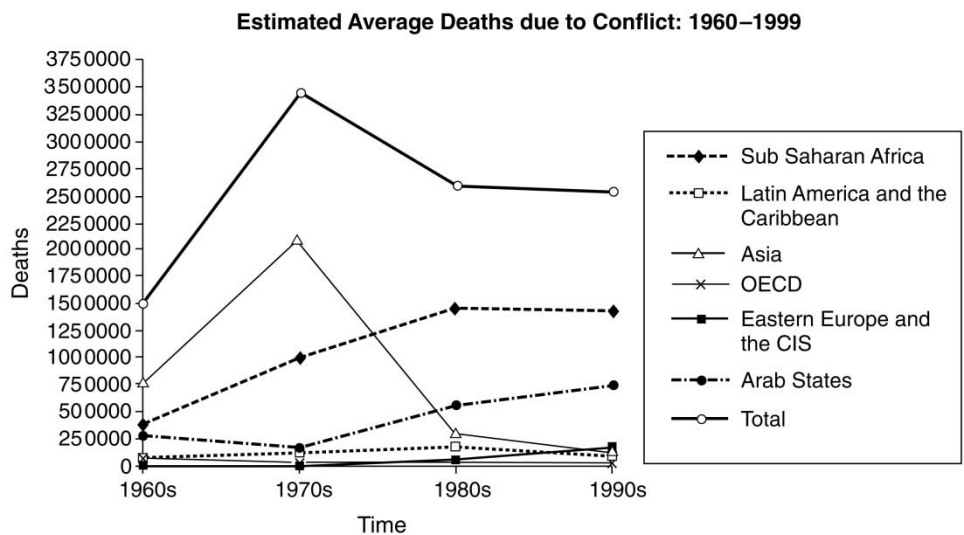


FIGURE 2. Estimated average deaths due to conflict, 1960-1999. *Source:* Marshall (2000).

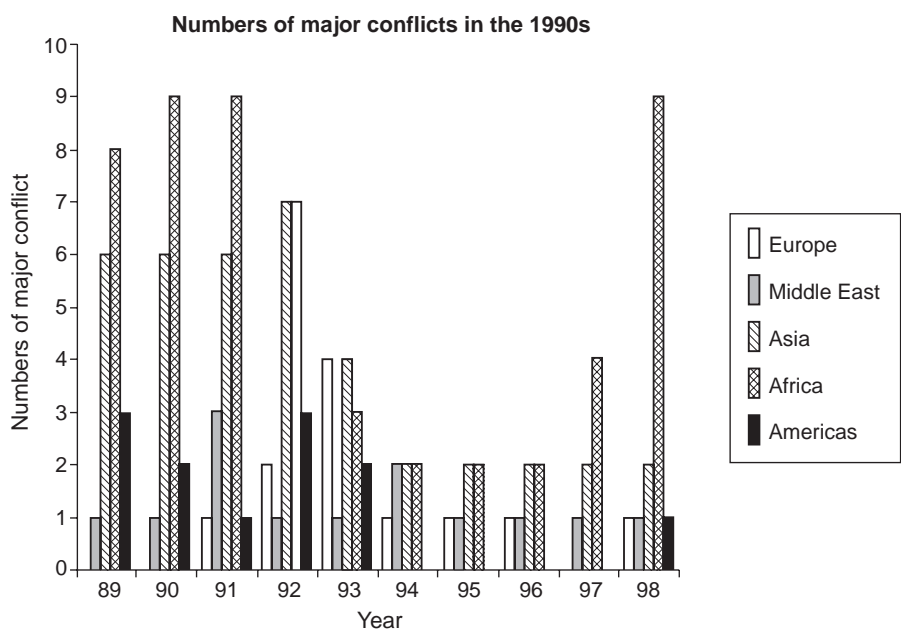


FIGURE 3. Conflicts with more than 1000 deaths per annum in the 1990s by region. *Source:* Wallensteen and Sollenberg (1999).

total, and declining since then in every region except Europe. The 1999 total was almost 12 million. Internal displacement is a considerably more serious problem than international refugees: in Africa, there were estimated to be almost 11 million internally displaced people in 2000 (Department for International Development (DFID), 2000).

The aggregate data thus show some improvement globally in recent years, but still extremely high levels of conflict by historic standards, particularly in Africa where around one-quarter of the countries were at war in 1998. War remains a potent threat to MDGs. This is especially the case since most of these wars are internal, although generally with international and regional connections. In such wars, damage to civilians (i.e. those who are not actively fighting) is consequently high. Not only are civilians deliberately targeted, but also the indirect consequences of war — resulting from economic disruptions caused by war — affect non-combatants particularly, while combatants are in some ways protected by their status.

During wars in Africa between 1970 and 1995, civilian deaths were estimated to amount to 95% or more of the total (Sivard, 1996). While in international wars some development indicators may improve as a result of wartime planning and rations (as they did, for example, in Britain in the Second World War), in internal wars protection of MDGs is much more difficult. However, international wars too can have major adverse effects on development, including population health, nutrition and education, as was indicated by the very heavy costs of the Iran/Iraq War, and the costs to Iraq of the Kuwait War and subsequent sanctions (Alnasrawi, 2001) as well as the war of 2003. Equally, as we shall see later, in certain internal wars — notably those that are on the periphery of the country, or where governments are able and determined to protect their populations — the main costs to MDGs can be avoided.

Types of conflict

It is helpful to identify a typology of conflicts since both causes and effects of conflict differ according to the type of conflict — and therefore so does the policy approach appropriate for reducing the incidence and costs. Of course, any typology is somewhat arbitrary, but important types of recent conflict include the following.

- ‘Wars by proxy’ fought during the Cold War, where East and West supported different sides of a locally fought conflict (often very generously) with finance, arms, and ‘advisers’ in order to capture that country for their own side in the Cold War. Examples are the wars in Central America, Vietnam, Mozambique, and Afghanistan. Some of these wars ended with the end of the Cold War, but some gained a life of their own (e.g. Afghanistan). Recently, there has been a new type of war-by-proxy, as the US provides support to governments against rebels, as part of the ‘war on terrorism’. Conversely, international support for rebels from Islamist, Al Qaeda, or other sources, may transform local agendas into international ones.

- Revolutionary wars, aiming to overturn established order; examples are the conflict in Cambodia in the 1970s and 1980s, the Colombian conflict (especially in its early stages), the Shining Path in Peru, and currently the Maoists in Nepal. Such wars tend to arise where there are high levels of inequality and deprivation, often coinciding with other differences (such as of ethnicity, or caste).
- Wars fought for regional independence (or autonomy), such as the wars in Eritrea, Biafra, the Tamils in Sri Lanka, Chechnya, Southern Sudan, Kosova, the Basques in Spain, and rebels in Southern Philippines.
- Wars fought to gain (or retain) political supremacy by particular groups, representing different cultures (ethnicities or religion). These included the conflicts in Rwanda, Burundi, Northern Ireland, and Uganda.
- Wars fought by coalitions of groups to gain political supremacy; for example, the Congo, Sierra Leone.
- Wars initiated by outside (typically Western) powers — provoked by some perceived abuses in the countries attacked, generally involving some potential threat to Western interests. Examples are Kosova, the recent Afghanistan conflict, the two wars against Iraq. These are generally preceded and accompanied by trade and financial embargoes, and are largely confined to aerial bombardment, with the main attack lasting quite a short time (months).

Some conflicts fall into more than one of these categories. Besides the first and last categories — which quintessentially involve external forces — most conflicts have international or regional dimensions; the Congo is a current example. These international dimensions can complicate (or facilitate) peace-making.

The nature of the war affects how it is fought and is relevant to its economic and social consequences. Thus, regional independence movements tend to be fought primarily in one geographical area, with some overflows elsewhere. In contrast, most of the other types of war can range geographically throughout the country. The ‘bombardment’ wars are particularly destructive of infrastructure.

The next section will analyse the mechanisms whereby wars affect the economy and achievements on MDGs, considering how these vary according to the type of war being fought.

How conflicts affect MDGs

There are complex interactions between events associated directly with war (fighting, movement of people, deaths, physical destruction, international embargoes, military expenditures) and developments in the macro-economy, meso-economy and micro-economy that lead to changes in individual entitlements and, consequently, changes in the achievement of MDGs. To take one example, movement of manpower may reduce the production of exports, thereby reducing foreign exchange earnings, import potential and, con-

sequently, further constraining output, leading to a decline in employment and earnings.

At the macro-level, we would expect a reduction of Gross National Product (GNP) (including exports and food production) as people move or are killed, as markets are disrupted and infrastructure is weakened. The immediate negative impact on exports would be likely to have knock-on negative effects on imports with further adverse impact on production. Tax revenue would be likely to fall as a proportion of GNP as government administrative capacity is weakened and the geographic reach of officials is reduced; budget deficits are likely to widen as a result, and aggregate expenditure to be cut.

At the meso-level, a shift to non-tradables is probable because of the disruption of markets, including a shift to subsistence and the informal sector (which would weaken the revenue basis). Within the government sector, a shift to military expenditure is likely at the expense of other types of expenditure (including social and economic).

All these effects would be expected to be more serious the more central the war is geographically, and the longer its duration.

Investigation of behaviour of war-affected countries sheds light on how far these negative effects are realized in practice, and whether countries can avoid them with appropriate policies. However, serious methodological problems arise in identifying precise effects, including huge data deficiencies, and the difficult question of the counterfactual, or what would have happened in the absence of war. The latter issue arises particularly because many of the countries at war were previously doing badly both economically and with respect to MDGs, and so continued weak performance is not necessarily due to the conflict. Moreover, the debt crisis hit many poor developing countries simultaneously with some recent wars, also with adverse effects. A variety of methods can be used to try and separate the consequences of conflict from those of other developments. Probably the most reliable is to compare the performance of war-affected countries with similar countries not affected by war in the same region (although these countries too may be adversely affected indirectly). The problem of inadequate data, however, remains very serious, irrespective of the method adopted.

Exploring economic behaviour of the 25 countries worst affected by conflict from 1960 to 1995 (see Table 1) led to the following general findings about economic behaviour during wars.¹

- Economic growth was almost always negatively affected, sometimes dramatically so, such as in Mozambique and Nicaragua; but aggregate output was least affected where the conflict was confined to one geographic region, as in Sri Lanka. The agricultural sector was usually particularly badly hit, especially if people were forced to move in the course of the conflict.
- Exports were invariably negatively affected. This stems from the general fall in production, a shift towards domestic markets, and disruptions in international markets. Nonetheless, import capacity often held up, financed

TABLE 1. Twenty-five conflicts where more than 2% of the 1995 population died (1970–1995)

Country	Date of war	Deaths (thousands)	% of 1995 population	% of deaths civilian	Notes
Cambodia	1975–1989	1221	12.2	69	North Vietnam and US intervene in civil war (1970–1975), Pol Pot, famine and mass killing (1975–1978), Vietnam vs Cambodia (1978–1979)
Kuwait	1990–1991	200	12.0	50	Iraq invades Kuwait; UN and US intervene (1990–1991)
Rwanda	1992, 1994–1995	502	8.4	na	Tutsis vs Hutus (1992), mass ethnic massacres (1994–1995)
Bosnia/Herzegovina	1992–1996	263	8.0	na	Civil war; massacres (1992–1995)
Angola	1975–1995	750	7.6	na	Independence war, then civil war (1975–1995)
Afghanistan	1978–1998	1550	7.1	65	USSR invasion, civil war (1978–1992); fighting among factions (1991+)
Liberia	1985–1988, 1990+	155	6.7	na	Reprisal for coup attempt (1985–1988); rebels vs government (1990+)
Mozambique	1981–1990	1050	6.2	95	Civil war; famine (1981–1990)
Somalia	1988+	355	5.6	99	Civil war, famine, UN/US intervention (1988+)
Burundi	1972, 1988–1995	280	5.3	na	Hutus vs government, massacres (1972), Tutsis killed Hutu civilians (1988–1995)
Lebanon	1975–1976, 1982–1990	163	4.9	71	Syria intervenes in civil War (1975–1976), Israel invasion plus civil war (1982–1990)
Sudan	1984+	1500	4.8	97	Government vs South civil war (1984+)
Uganda	1978–1979, 1981–1986	611	3.1	98	Amin killings (1971–1978), Tanzania and rebels vs Amin (1978–1979), army vs Museveni (1981–1986)
Iraq	1980–1988, 1991–1992, 1994+	400–600	3.0	10	Iran vs Iraq (1980–1988), Kurds killed by army (1988), Shiites rebel (1991–1992), Kuwait invasion (1990–1991), Kurds vs government (1994+)
Nicaragua	1981–1988	80	1.9	50	Sandinistas vs Somoza (1978–1979), Contras vs Sandanistas (1981–1988)
Vietnam	1965–1975, 1979, 1987	1000	1.4	49	US vs Vietnam (1965–1975), China vs Vietnam (1979, 1987)
El Salvador	1979–1991	75	1.4	67	Democratic Front vs government (1979–1991)
Guatemala	1966–1995	140	1.3	71	Government. vs peasants, US intervention (1966–1995)
Ethiopia	1974–1992	614	1.1	84	Eritrean revolt and famine (1974–1992),
Tajikistan	1992–1995	50	0.9	na	Communists vs Islam (1992–1995)
Iran	1978–1988	588	0.9	20	Islam vs Shah (1978–199), Iraq vs Iran (1980–1988)
Bangladesh	1971	1000	0.8	50	Independence war against Pakistan, Indian intervention (1971)
Cyprus	1974	5	0.7	60	Turkish invasion (1974)
Sierra Leone	1991–1998	30	0.7	na	Factional civil war (1991–1998)
Croatia	1991–1992	25	0.5	na	Civil war (1991–1992)

Source: Sivard (1996) and US Bureau of Statistics. na, not available; UN, United Nations.

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by aid and private credit, with the result that foreign debt spiralled. Foreign exchange, however, tended to be diverted towards military expenditure and essential consumption goods, leading to a shortage of foreign exchange for economic inputs. In Nicaragua, this was one of the main causes of a collapse in production.

- There were sectoral shifts with a switch to subsistence and informal activities, including simple production, production of previously outlawed commodities (notably drugs), and trading (particularly smuggling).
- Consumption per head invariably fell with per-capita Gross Domestic Product (GDP), although generally not proportionately.
- Government revenue as a share of GDP mostly fell among countries in conflict but, contrary to expectations, not always. In Nicaragua and Mozambique, it rose quite sharply, yet in other cases government revenue-raising was totally undermined, for example in Uganda. This difference was critical in determining whether the government could sustain public services. Government expenditure invariably rose more than revenue and budget deficits widened, financed by a combination of foreign and domestic borrowing and increased money supply. But despite the rising budget deficit, inflation was mostly quite moderate, and hyperinflation was rare.
- The share of government expenditure going to the military invariably rose (Fig. 4), and mostly the share of social expenditure fell (Fig. 5). Public provision of social services fell in most cases, dramatically in those cases where government revenue collapsed, for example in Uganda and Afghanistan. Yet both Nicaragua and Mozambique gave increased priority to social expenditure compared with the pre-war situation.
- There were invariably heavy development costs as each type of capital was subject to destruction (including physical plant, land, human

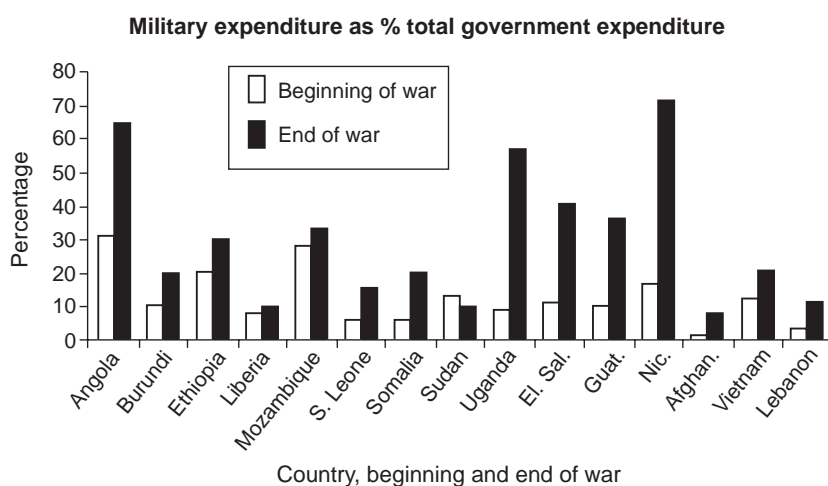


FIGURE 4. Military expenditure as the percentage of total government expenditure.

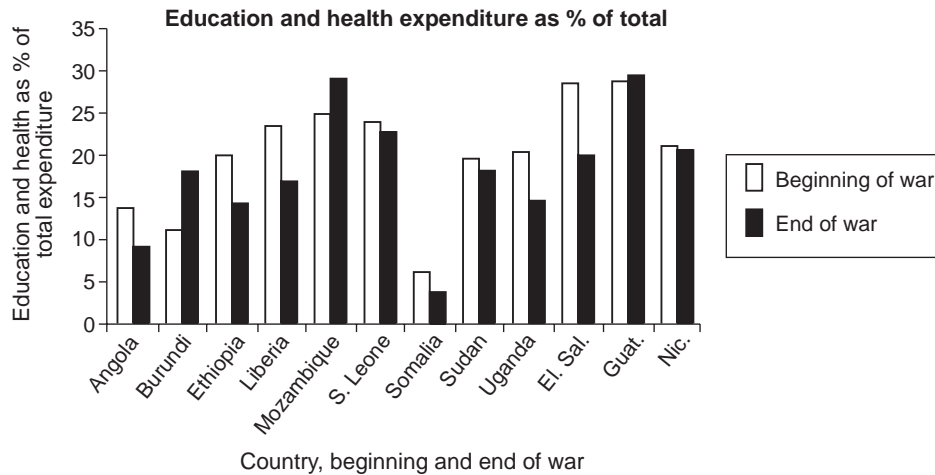


FIGURE 5. Education and health expenditure as the percentage of total expenditure.

resources, social and organizational capital), and new investment was reduced. Government investment and large-scale foreign and private investment fell quite sharply, although in general aggregate investment did not fall by as much as domestic savings, with increased foreign savings. Imai and Weinstein (2000) also find a fall in investment associated with war, particularly private investment. Investment has been found to decline especially sharply when the conflict is extensive.² Some new forms of capital emerge, however, including social and organizational, with new informal systems of banking, and quasi-government structures developing in rebel-held areas.

The impact of conflicts on MDGs depends on how these macro and meso effects translate into the impact on individuals in war situations, particularly on their command over resources, and their access to critical commodities including food and health services.

One way of analysing these effects is in terms of *entitlement failures*, adopting and extending Amartya Sen's concept. Entitlements represent people's command over resources. Extreme human suffering results when the entitlements of a household (or individual) fall below what is needed for subsistence. In the analysis of conflict, it is helpful to extend Sen's concept, which includes market or exchange entitlements and direct (or subsistence production) entitlements, to cover public entitlements (goods and services or subsidies provided by the government), civic entitlements (provided by communities or non-governmental organizations (NGOs)) and extra-legal entitlements. The complex economic effects of war can change each of these types of entitlement quite dramatically.

The following impacts of conflicts on different types of entitlements were observed.

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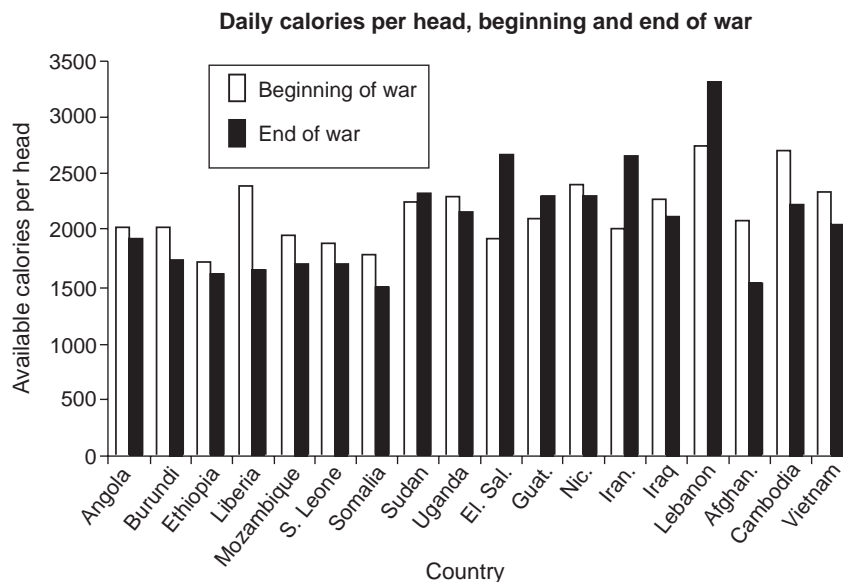


FIGURE 6. Daily calories per head at the beginning and end of the war.

- *Market entitlements* generally fell with the decline of formal sector production. Rising inflation, associated with the increasing budget deficits, further undermined real wages.
- *Direct entitlements* rose in some areas (e.g. in Uganda in the 1970s), but not where the war was such as to make production difficult or impossible (as in the areas mined in Afghanistan and Mozambique, and the war area of the Lowero triangle in Uganda in the mid-1980s).
- *Public entitlements* were mostly adversely affected, especially in those countries where the tax capacity collapsed. But in a few cases, a determined government managed to preserve and even increase these entitlements. In Mozambique, the Sudan and Nicaragua, social expenditure per head rose markedly during conflict (Fig. 7), while in almost every other country it fell sharply.
- *Civic entitlements* partially compensated for losses in other types of entitlement in some cases: communities, NGOs and rebel governmental structures were important, for example, in Sri Lanka. In Afghanistan in the 1990s, NGOs provided most of the (highly deficient) services available. But where the wars were most fierce, the ability of communities and NGOs to respond was reduced.
- *Extra-legal entitlements* invariably rose; but while there were gainers, there were also losers, who often suffered physical harm as well as loss of commodities. In some cases, new sources of trade and gain (some legal, some illegal) emerged (as with the informal sector in Mozambique and poppy production in Afghanistan), providing net additions to entitlements.

On balance, entitlements fell, as the downward movement in market entitlements was larger than compensatory effects from other types of entitlement. This is indicated by the reduction in consumption levels and worsening availability of calories per head (Fig. 6). Calories per head fell in most countries — sharply in Liberia, Afghanistan, and Cambodia — in some countries to grossly inadequate levels. The negative impact on entitlements affects MDGs adversely. This is made worse by the direct deaths and injuries caused by the violence, and by the changing composition of households as many men leave to fight, and in extreme cases by household flight, and sometimes total disintegration of the household.

Moreover, all the country studies indicated highly unequal distribution of the costs and benefits of conflict. In the Sudan, for example, Southerners were severely and deliberately deprived, while particular Northern groups — especially the army itself — gained from the war. In Sierra Leone, war-gangs on both sides gained from looting at the expense of the majority of the population. The middle classes generally were better able to protect themselves than the poor. In Afghanistan, for example, the middle classes were able to leave the country while the poor mostly did not have the resources to move.

Consequently, there were heavy human costs in most countries, with deteriorating nutrition, health and educational standards and worsening infant mortality compared with regional trends in 13 out of 17 cases. Communities disintegrated in the worst affected areas, and there was massive forced migration. As much as one-third of the population left Afghanistan, for example. There were also massive deaths from war-induced famines, notably in the Sudan. Econometric estimates suggest that economies in conflict on average grow 1-2% per annum more slowly than peacetime economies (World Bank cited by DFID 2001). Table 2 summarizes the aggregate costs in particular economies by adding up lost production and higher infant deaths as compared with what a country would have achieved had its performance followed the average behaviour of countries in the region, excluding those countries at war.

There were sharp variations in the economic costs. Very high costs (in cumulative terms) occurred where the war was prolonged. This explains the huge costs of the 1980s war in Iraq. Economic costs were also much higher where the war was located in a central part of the country or ranged all over it, and much less where it was confined to one part of the country; as for example in Sri Lanka, which increased its growth rate over the war years. Costs were also affected by the nature of the economy: for example, a large subsistence sector may help protect people, while in a flexible economy where import substitution is possible, the economic effects may be moderated. Nicaragua suffered from a relatively rigid economy coupled with the strict embargo on imports. Yet in Uganda, despite years of war and anarchy, nutrition levels did not seem to be seriously affected — except in the worst areas of fighting — because the majority of people were able to grow their own food (Jamal, 1991).

Costs in terms of additional infant deaths were extremely high in

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TABLE 2. Estimates of cumulative costs of war

Country	War years ^a	Additional cumulative infant deaths as % of 1995 population	Numbers of additional infant deaths over war years
Angola	1974-1995	0.73	- 1.48
Burundi	1987-1995	0.13	Slight +
Ethiopia	1973-1995	1.57	- 3.95
Liberia	1984-1995	1.76	1.56
Mozambique	1980-1995	Improvement	- 2.83
Sierra Leone	1990-1995	0.57	- 1.47
Somalia	1987-1995	0.31	- 0.29
Sudan	1983-1995	0.22	- 1.72
Uganda	1970-1990	2.03	- 0.5
El Salvador	1978-1995	Improvement	- 5.67
Guatemala	1965-1995	2.03	Slight +
Nicaragua	1977-1993	Improvement	- 13.5
Iran	1977-1993	0.37	- 10.99
Iraq	1979-1991	1.5	- 48.06
Cambodia	1970-1994	3.18	Not available
Sri Lanka	1983-2002	Large improvement	Plus
Vietnam	1970-1982	Improvement	Not available

Source: Stewart and Samman (2001).

^aThe war-affected period is defined as the year preceding the outbreak of conflict and the 5 years following the estimated end of the war.

Uganda, Ethiopia and Liberia; yet in El Salvador, Guatemala and Mozambique, infant death rates fell by more than the regional average. A critical factor here is the nature of the government: a government that becomes very weak, such as in Uganda during the war, loses the ability to provide essential services and relief. Strong governments can sustain services, but they will only do so if they are relatively benevolent, wishing to provide for all the people, despite the war. Sri Lanka, for example, continued to provide services to Tamil-controlled territory. In contrast, some strong governments may deliberately reduce food and basic services to 'enemy' territory. This was the case in Sudan. In some places, relatively strong rebel authorities develop (quasi-governments) that are able to supply services and help protect people; examples are the Tamil structures in North-East Sri Lanka, the Eritrean People's Liberation Front provisions of medical, veterinary and judicial services in Eritrea, similar quasi-governmental structures in Somaliland, and development of banking services and courts by Maoist rebels in Nepal (Humphreys, 2002; Reno, 2002).

The worst cases of increased infant deaths occurred where government services collapsed, and no substitute structures emerged. The best achievements occurred where government service provision was continued, either financed out of sustained economic growth (as in Guatemala or Sri Lanka) or because of a particularly strong government commitment to support the social sector (as in Mozambique). In Nicaragua, too, nutrition rates were sustained during the war and infant mortality rates fell (although not by as much as the regional average) because of government policies towards food subsidies and health services (Utting, 1987).

International actions can also affect costs. For example, the large supplies of food aid in Mozambique undoubtedly reduced death rates, although in Sudan food aid was too little, too late and maldistributed. Massive support for the Afghani refugees in Iran and Pakistan greatly lessened the human costs. The international community did little to offset costs in Sierra Leone, and in Nicaragua the burden of civil war was increased by US trade and aid embargoes.

People's own actions were important in moderating costs. In almost all cases, people found new economic possibilities — many created by the war — that enabled them to survive. The burgeoning of the informal sector in Mozambique during the war is one example. Smuggling and poppy sales contributed in Afghanistan, as does cocaine production in Colombia. In some countries, people protected themselves by flight, leaving the country in huge numbers in Afghanistan, or relocating within the country in Mozambique. People were rarely totally passive victims, but in the worst situations there was little they could do to protect themselves.

The exploration of economic behaviour during war, and especially the variations in behaviour and outcomes, suggests that economic and social policies of both governments and donors can be designed to reduce the economic and human costs of conflict, *even during the conflict*. Such policies will be considered in the next section.

Policies towards countries at war

The threats to MDGs posed by conflict are obvious from the earlier part of this paper. Moreover, the substantial variation in the extent of the costs caused by conflict suggests that costs can be reduced, even while conflict is ongoing. Of course, a first best policy would be to bring conflicts to an end; such policies are discussed elsewhere (Stewart, 2002). However, wars do persist, sometimes for decades. No serious attempt to eradicate world poverty can afford to neglect policies aimed at protecting people in countries in conflict, although, of course, care needs to be taken that the policies do not contribute to prolonging war. Policies towards countries in conflict should not be confined to humanitarian assistance, but should be directed at helping to sustain the economy and the ability of people to meet their own needs through their economic activities. The heterogeneity and complexity of war-affected economies make simple generalization about appropriate protective policies extremely difficult. Such policies must be sensitive to the conditions in the particular economy, the nature of the conflict, and, perhaps most important, the political situation.

Which actors are we considering in discussing policies towards countries in conflict? One class is external actors or the international community, which includes multilateral agencies; overseas governments, NGOs, and the private sector. Second, there are domestic actors (who, of course, are the most significant), including governments, (central and local), rebel authorities, and NGOs. Each find it especially difficult to act during war, since each

has its own political agenda, as well as severe constraints on power and effectiveness, partly due to conflict.

The problem of policy formation during war

It is important to underline the special problems with policy formation and execution during conflict. In the first place, government war aims may be to ensure the destruction of entitlements of some of the population, not to protect them, while many governments give priority to military expenditure over social. External assistance may be used by warring parties as an instrument of war rather than to support the livelihoods of the poor and thus reduce human costs. Moreover, governments may have limited or no control over events in rebel areas, and may also have very limited resources to do anything at all.

Similarly, international agents — especially bilateral donors — often allow foreign policy considerations to over-ride humanitarian ones. Multilateral development agencies are also subject to political constraints; and they are generally unwilling to modify their normal policies, whatever the costs, because of the dangers of ‘backsliding’ towards market-unfriendly policies. NGOs may be as concerned with their own access to resources and employment security as with the welfare of the people they deal with.³ Moreover, international NGOs often restrict their activities in conflict countries out of fear for the safety of their personnel. The foreign private sector may avoid war situations altogether because of the insecurity, or may contribute to war financing by paying for mineral concessions or buying commodities from warring parties.

If heavy human costs are to be avoided, it is essential that economic and social policies aimed at protecting entitlements are effective not just in government-held areas, but throughout the country including in rebel-held areas. In some contexts, the government itself may be prepared to deliver services to rebel-held areas. This was the case, for example, in Sri Lanka and Mozambique — from an ideological perspective, both governments were committed to reaching all the people, seeing political benefits from so doing. In strong contrast, the Sudanese government systematically deprived Southern Sudan of most services. In such situations, alternative mechanisms of authority may be needed to alleviate human hardship. In Sudan, the internationally organized ‘operation lifeline’ helped supply the South for many years, but with some serious interruptions. Rebel authorities in ‘liberated zones’ may take responsibility for public entitlements, employment and food policies — as they did in Tamil-held Sri Lanka. Renamo also made some contribution to feeding schemes in their area of control, as did some of the local commanders in Afghanistan.

The problem is exacerbated where the government has very limited resources and authority, and there are no stable and powerful alternative sources of authority. In Afghanistan, Sierra Leone and Somalia, for example, the central governments ceased to have adequate control or resources in the course of the conflicts. In such cases, neither the government nor rebel

authorities may be in a position to carry out the policies recommended here. Then the burden of carrying out the policies rests heavily on foreign humanitarian organizations, working with local NGOs and communities. These are the cases where the human costs of conflict are likely to be very high, although foreign and local NGOs were fairly effective, it seems, although unevenly, in Afghanistan in the 1990s. The other particularly difficult situation for the protection of people during conflict is represented by such cases as the Sudan or Iraq, which refused to adopt policies to support *comprehensive* basic entitlements. The need to channel aid through rebel authorities or NGOs independently of the country's government then arises, subordinating considerations of national sovereignty to humanitarian criteria.

For donors, war presents political problems, rarely confronted in normal times, raising morally and politically complex issues. On the one hand, from the perspective of reducing economic and social costs of war, donors should channel aid and support trade through governments during conflict so long as they believe that the aid will contribute to the required economic reconstruction or social services, even if they regard the governments in question as politically undesirable. However, where the government lacks authority or will to reach rebel areas, then donors also need to channel support to those in authority in these areas and the NGOs active there — which may conflict with donors' declared intention of 'not taking sides'. Avoiding political authority altogether and using NGOs alone as an aid channel is not a solution because NGO activities tend to be uneven and temporary, and it is governments (whether recognized or not) that form the only authority that can ultimately ensure security.

A further issue often raised is that external support (for humanitarian or development purposes) will inevitably partly go to war finance. Even when strictly targeted away from war finance, external support can generally be purloined to support government or opposition armies. Moreover, the fungibility of resources means that aid releases resources for the war effort. This has been used as an argument for refusing support to conflict countries, and for embargoes. Yet while it is near certain that human suffering results from such embargoes (Garfield, 1998), there is no evidence that such an approach would bring war to an end. On the one hand, conflicts in resource rich areas readily gain private finance through the sale of commodities and rights over them (as in Angola or the Congo). On the other hand, conflicts can continue for many years with limited external resources (e.g., in Afghanistan, Mozambique and Somalia) while trade embargoes have generally not been successful in securing political ends (Pape, 1998).

In general, the collapse of government appears to be the worst outcome for both economic development and human well-being. Hence, external (official and NGO) policies should normally support government authority and government revenue collection efforts. The need for foreign finance by countries suffering conflict may give external donors leverage; *war conditionality* can then be used to ensure that the government gives priority to social programmes and promotes food security throughout the country.⁴

Yet this assumes 'benign' donors. A major task for these 'independent' donors is to monitor other agencies and bilateral donors to ensure that their own policies/projects are supporting development and not war.⁵

A further serious problem arises from the political economy of the donor community itself: political and economic objectives and constraints of donors frequently outweigh humanitarian objectives — this appears to have been an important factor in many conflicts; for example, in Cambodia, Sudan and Rwanda, to mention just a few. Moreover, during and since the Cold War, foreign governments have themselves been responsible for sanctions and/or major military activity, including bombing infrastructure, as in Iraq, Kosovo, and Afghanistan, that have involved large humanitarian costs.

Relief versus development?

The objective of policies in conflict situations goes beyond immediate relief, to include the prevention and reversal of the destruction of the capacity of poor households to meet their own needs and of a poor economy to sustain itself. In other words, the objective should not simply be to help people survive in the short term — as is the case with most humanitarian assistance — but to reduce medium-term vulnerability and dependence by creating conditions in which households (and society) can become self-sustaining through their own activities. Policies that simply bring short-term relief (e.g. via feeding schemes in camps) — which dominate current efforts — essentially prolong dependence, and are often associated with rising death rates from disease.

This approach contrasts with the views represented by the so-called 'relief-development continuum', where policies directed towards immediate short-term relief are held to be primarily relevant in wartime, while only after peace has been reached can a smooth transition be made towards longer-term development. Both relief (offsetting acute deprivation in the short term) and development (contributing to a self-sustaining path for households and economies) should be central aspects of the aims of policy in conflict-affected countries: in general, one would be a failure without the other — acute deprivation will simply recur if policies do not contribute to a self-sustaining solution. In many situations, reconstruction of important elements of economic infrastructure and support for productive activities in agriculture and export capacity are essential to reduce the ongoing human costs of conflict. From the perspective of reducing medium-term human vulnerability, policies that are only valid at one end of the spectrum (typically humanitarian relief policies) are nearly always suboptimal.

While the aim is to protect people at a micro-economic level — to help sustain their capacity and entitlements — relevant policies are mainly at macro and meso-levels, because adverse developments at these levels as a consequence of conflict are largely responsible for hardship at the level of the household.

*Maintaining macro-economic stability and revenue*⁶

What happens to the macro-economy is hugely important for the protection of MDGs. Two over-riding aims of macro-economic policy during conflict should be to avoid large reductions in output and to prevent sharply accelerating rates of inflation, both of which can be highly damaging for people's entitlements. Bursts of inflation can lead to sudden and devastating changes in entitlements, sometimes resulting in mass deaths — as in the Bengal famine of the 1940s (Sen, 1981).

As shown earlier, reductions in output are the outcome of a great number of adverse developments associated with war — including physical destruction as well as economic disarticulation. Increased transaction costs and loss of productive capacity, and shortage of foreign exchange arising from falling exports and diversion to military expenditures are central features. In most current conflicts, loss of output, rather than inflation, has been the main cause of human problems. A particular problem arises when adverse climate changes (particularly drought in Africa), leading to a sharp drop in food production, coincide with wars, leading to a breakdown in the normal relief mechanisms.⁷ Thus, a major objective of macro-policy should be to sustain output, and sharply deflationary policies should be avoided. Yet where International Monetary Fund policies are adopted in war, the normal deflationary budgetary policies are required; for example, in Mozambique in the 1980s (Hanlon, 1991). Similar issues apply to the reconstruction phase.

An important source of output contraction is the decline in available foreign exchange. In order to sustain output, the aim should be to sustain the country's ability to finance productive imports, through assisting export markets and providing aid/loan support for such imports. Yet quite the opposite set of policies are often adopted — with international embargoes limiting exports and imports, with significant adverse consequences for employment, incomes and human welfare. Foreign credit is often available, but much of it for military purposes. Both credit for investment and foreign direct investment typically diminish sharply. Aid flows vary greatly according to the politics of the particular conflict; for example, aid in 1998 amounted to \$1.6 per person in Myanmar and to \$236 per person in Israel. Within the total flow, a large share goes to relief, with little development impact — nonetheless, the associated resource flows do help sustain the macro-economy.

To counter the distortions caused by foreign exchange shortages, which are unavoidable in a war context, policies should aim to ensure that the foreign exchange that is available goes to priority use — including basic inputs for agriculture and industry, essential medicines and, where necessary, food. Market allocation of the scarce foreign exchange tends to direct these resources to the consumption of war profiteers, rather than capacity-creating essentials. Import controls, or sectoral foreign exchange allocations, are therefore usually required for the allocation of foreign exchange in wartime — as was found in both Europe and the US during the Second World War.

These should be backed up by capital controls to moderate the inevitable capital flight; with appropriate regulatory support on the part of aid donors. Yet the opposite policies were adopted in Mozambique, which had a World Bank-supported adjustment programme during the war: some tariffs and import surcharges were allowed, but licensing, quotas and assignments of imported goods for priority uses were prohibited ((Hanlon, 1991, p. 136). In Angola, which adopted a dual exchange rate regime, luxury cars were mostly imported with foreign currency obtained at the official exchange rate, while food was most often imported using foreign currency obtained at the more expensive parallel market rate.

Balance-of-payments management under conditions of uncertain export income and aid commitments is difficult. Policies should aim to maintain a competitive real exchange rate in order to avoid disincentives to exports, but it is important to secure control over the nominal exchange rate in the inevitable macro-economic disequilibrium of war. Otherwise, the spiral of currency depreciation and cost of living inflation will affect entitlements adversely. In Angola, attempts at macro-reform in the 1990s led to hyperinflation due to incorrect policy sequencing as the kwanza was devalued without supporting monetary and fiscal restraint. Inflation rose from 160% in 1991 to 246% in 1992. The inflation particularly hit lower-income groups with no access to foreign exchange at the official rate (Kyle, 1998).

An obvious requirement in order to avoid excessive devaluations is for adequate foreign exchange reserves, which may require international support, as well as the protection of reserves available through import rationing and capital controls.

Preventing runaway inflation is a fundamental priority as it can become a major source of uncertainty and speculation in the private sector, makes public budgetary and financial control extremely difficult, as well as causing acute hardship as it impacts on household purchasing power. Inflation control is not simply a matter of the money supply, but also requires supply and demand management. While there needs to be some restraint on budget deficits, it should not be as stringent or as automatic as to create sharp deflation. Price liberalization during conflict can lead to sharp rises in inflation, as supply elasticities are low. In Mozambique, liberalization of prices caused a huge increase in the prices of rationed goods. An index of the prices of such goods (including maize, cooking oil, sugar, beans, soap and salt) increased from 100 in 1986 to 1667 in 1989, much more than most other consumer prices (Lopes *et al.*, 1991). Specific policies are needed to prevent excessive food price inflation given the particularly damaging effects this has on human well-being.

A further desirable feature of macro-economic policy in war (as at other times) is for consistency, thereby increasing the predictability and credibility of policy — which is particularly important for promoting private investment. Yet, of course, war is a time when this requirement is especially difficult to meet because of the sudden changes in the economy, new demands on the budget, and so on. Angola was notably unsuccessful in this regard, for example, after the resumption of war in 1992, the currency was re-valued,

and then devalued in stages. With a new government in 1996, the exchange rate was fixed, and many administrative controls were re-introduced (Augilar, 2001; De Sousa *et al.*, 2001). In contrast, Sri Lanka was much more consistent in its policy over the 20 years of war, and private investment and economic growth were sustained (of course, for other reasons as well as policy consistency).

From the perspective of maintaining public entitlements, essential economic services, such as agricultural extension, and public security, as well as to control budget deficits, strengthening revenue raising is essential. Weakening of the administration, a relative decline of the formal sector's share of output, the fall in exports and imports — typically important sources of revenue — and an increasing share of undeclared war profits, illegal activities and subsistence production, all tend to undermine revenue raising. The government needs to compensate by sustaining tax rates and the machinery of revenue-raising, and devising taxes on war-related activities. The sale of food aid can be one important source of revenue; as can be compulsory savings bonds, high taxes on non-basic consumption such as tobacco, alcohol, bottled drinks and gasoline, combined with high margins on services such as telephones and electricity.

As noted earlier, a sharp decline in revenue is *not* an inevitable concomitant of war: Sudan, Nicaragua and Sri Lanka succeeded in sustaining revenue as a share of the GDP. Reforms, such as reduced tariffs, which form part of many conventional adjustment packages, should be avoided during conflict and reconstruction when sustaining revenue is a prime objective. Yet the international financial institutions have demanded such reforms in the reconstruction period in Rwanda and Guatemala (Boyce, 2002). In Mozambique, the adjustment programme involved spending cuts to reign in the fiscal deficit. By 1988, spending on health and education was sharply down. Health expenditure was less than \$1 per capita compared with \$4 per capita (Hanlon, 1991, p. 137), while education was only one-third of the 1982 figure.

Macro-economic management is difficult during conflict in poor countries, partly because the administrative resources devoted to it are liable to be limited in both quantity and quality. Hence, rather simple rules are desirable, among which the most important appear to be:

- i. sustaining tax revenue as a proportion of the GDP;
- ii. containing the budget deficit to a level consistent with a stable inflation level;
- iii. maintaining a competitive real exchange rate; and
- iv. allocating scarce foreign exchange to essential imports.

Of course, it is also essential to consider whether the government has the administrative capacity to undertake these policies effectively.

Preventing entitlement failure

Both social and economic policies need to be directed at sustaining the share of aggregate output going to maintaining entitlements of the vulnerable. On

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the social side, meso-policies need to aim at sustaining public entitlements on basic health and education, and to ensure that everyone has access to adequate food. Preventive health measures, notably immunization, are particularly vital in war when unusual movement of people causes infections to spread rapidly.

Clearly, maintaining fiscal revenue is essential so that there are resources available for public expenditure on these items. With sufficient total levels of expenditure, public entitlements to health and education can be sustained even with a substantial increase in military expenditure — which is normally unavoidable. This was achieved in Burundi, Guatemala, Mozambique, and Nicaragua (Fig. 7). Moreover, basic health and education (i.e. primary health and education) account for only a fraction of social expenditure, so that strong prioritization of these services can ensure their maintenance even if total social expenditure is being cut.

Yet the problem is not only one of money. Teachers and doctors may flee in a war context, and health and education facilities can be destroyed. A flexible approach — involving, for example, mobile clinics and classrooms, the training and use of basic health workers and primary school teachers,

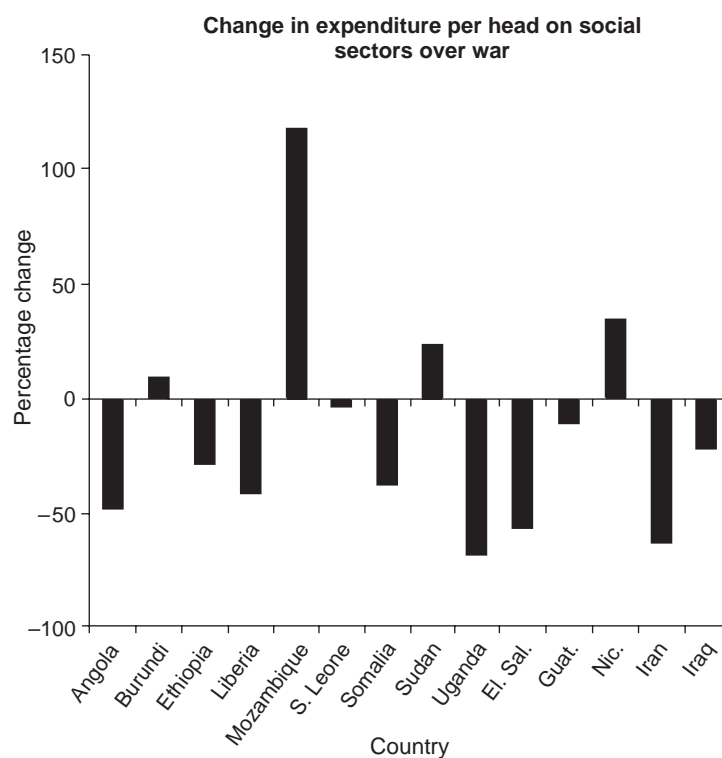


FIGURE 7. Change in expenditure per head on social sectors during war.

and periodic popular campaigns for immunization and sanitation — is needed. There are examples of such flexibility: Mozambique experimented with mobile clinics and classrooms when Renamo was targeting health and education buildings; and both sides in El Salvador called a successful halt to hostilities on three separate days so that infants and children could be immunized during the war.

Ensuring adequate access to food is one of the most fundamental aims of policy during conflict. Subsidies and rationing may be needed to prevent excessive economic and social costs — these policies were adopted by industrialized countries during war.⁸ To ensure food security during conflict requires that food prices are monitored and food price escalation avoided, through some combination of releasing supplies, controlling prices and rationing. Since sudden price changes can cause destitution or starvation (Sen, 1981), it is *not* appropriate to move towards a deregulated food market during conflict. A variety of policy instruments may contribute to food security, the most appropriate depending on the context. Food aid can be sold commercially in the urban areas (thereby moderating prices), with the proceeds used to support the budget, including the food-support schemes discussed later. If urban food prices escalate, food rations at subsidized prices may be effective for urban populations, and relatively easy to administer. Nicaragua succeeded in improving nutrition in war-affected regions during the conflict, through food subsidies and rations (Utting, 1987).

For the rural population, a combination of ensuring adequate agricultural support (seeds, fertilizer, etc., whose supply is often interrupted in war), employment schemes, and the provision of food in schools and clinics can achieve wide food access without encouraging movement into camps. Unless there is an acute problem of food supply in the rural areas — which may occur when there is drought as well as war — it is better to support rural population with loans, supplies of inputs or paid work rather than directly with food. This avoids the misallocation of food, logistical problems about its delivery and disincentives to local farmers. There are occasions when war causes a complete disruption of food production (e.g. when there is massive flight, or very intensive fighting, or troops purloin the food available) but this is normally confined to particular areas of the country so that if purchasing power is supported, food will be supplied commercially from other areas or neighbouring countries. For example, there was total disruption of agricultural production in the Lowero triangle area of Uganda in the mid-1980s, but food production in the rest of Uganda was not seriously affected (Matovu & Stewart, 2001).

The worst type of food policy consists of emergency supplies delivered to refugee camps. This encourages people to move to the camps, leaving their normal economic activity and spreading infectious diseases;⁹ it also disrupts the normal channels of food supply, reducing farm and traders' incomes, and thereby creating entitlement problems. Food supplies to camps can also be used to support war aims; for example, in Cambodia aid to camps was taken by Khmer Rouge fighters, while in Rwanda it sustained the Hutus responsible for the atrocities, allowing them to re-group and re-arm

(Boyce, 2002). In most circumstances, it is preferable to release food for sale through market channels. Entitlements can best be assured by works programmes, with direct support only for the very young and the very old. Food deliveries via schools may also help in promoting attendance and reducing the economic incentive for children to become soldiers or thieves to ensure food supplies. Food relief in camps is normally only necessary because action is delayed long after early warning signs have been observed, when the other policies discussed here would have been effective. Sometimes this policy is adopted because it fulfils other war-related policy objectives, as appears to have been the case in conflicts where camps played an important role (e.g. Afghanistan, Sudan, and Mozambique). The delay may itself be manipulated by those who want certain sections of society to move into camps (Keen, 1994).

On the economic side, meso-policies should be designed to support the market entitlements of the vulnerable by employment creation and assistance for agricultural production, and to support reduced transaction costs and the maintenance of production by allocating resources to essential investments. Such policies include the repair of energy facilities, export capacity, transport links and food stores; reducing war vulnerability where possible by constructing small-scale decentralized projects. The fundamental objective should be to protect essential entitlements where people live, with the appropriate combination of policies varying according to the circumstances. This requires early action, before an acute entitlement failure develops, and effective, regular and geographically comprehensive monitoring of human well-being, with speedy communication of results to relevant policy-makers. Such monitoring need not rely on official data collection alone; it can be drawn from the coordinated efforts of communities and NGOs.

As a number of authors have pointed out, war has numerous *functions* for those involved, serving their objectives of power and economic enrichment (Duffield, 1994; Keen, 1994, 1998; Collier, 2000). Some well-intentioned policies may actually increase the private incentives to continue war, but others may counter them. War-related aid, for example, gives rise to the potential for private gains. Conversely, the greater the opportunities for political and economic participation outside a war environment, the less the incentives to continue with the war. Design of policies towards countries in conflict needs to allow for the way that war confers benefits on particular groups, and thereby provides an incentive among such groups to prolong it. Considering such motivation does not reverse the policies discussed, which remain essential to reduce social and economic costs and, at the same time, offer alternative mechanisms of survival, making people less dependent on war opportunities for their survival. Being alert to the functions of war suggests stronger emphasis on two elements: first, towards employment creation and support of productive activities to provide alternative occupations for those who live by war; second, support for macro-policies aimed to ensure balance of supply and demand such that black-market opportunities are minimized, and thereby the possibilities of people gaining from these.

Actual international policy-making during wars

For the most part, the international community has not adopted development-oriented policies towards countries at war. Development efforts often stop altogether: “efforts to begin reconstruction now would be a waste of effort and resources” (Lancaster, 1990, p. 40).¹⁰ The opposite attitude is occasionally adopted during war, and more often immediately afterwards, treating such countries just like any other country, with the usual adjustment and development policies.¹¹ Both these approaches are wrong: the first because it leaves the people in countries in conflict without international support against the adverse economic effects of war; the second because the normal adjustment policies are inappropriate in countries subject to war shocks.

In some countries at war, there has been almost complete neglect by the international community; for example, in Burundi and Chechnya (Trintignac, 1999). In some, efforts have been deliberately to undermine the economy through sanctions, embargoes, and sometimes bombardment (as in Nicaragua and Iraq). In other countries, interventions have been confined to humanitarian interventions, which have often been too small in total, late in arriving, sometimes have been hijacked by warring parties, do not reach those most in need, and generally weaken rather than strengthen the economy and people’s ability to support themselves (examples are Rwanda, Angola, Sudan, and Somalia).

Conclusions

In conclusion, the following points require emphasis.

- Countries suffering conflict generally are among the worst performers on MDGs.
- Therefore, policies towards countries in conflict and towards preventing conflict are essential if many countries are to realize their MDGs.
- During conflicts, the first best policy is to bring war to an end; but wars can last years or even decades, and during this time economic and social policies can moderate, or accentuate, the costs of conflict. Any policies aimed at moderating the costs should also, of course, be supportive of peace-making.
- Appropriate policies during conflict depend on the actual situation; that is, the nature of the war, its economic effects, and the power and position of governmental and non-governmental institutions.
- A key requirement is effective monitoring of vulnerable economies and economies at war. Gathering social and economic information is critical, but currently much neglected, war-time requirement. Equally, ongoing monitoring of horizontal inequalities is essential.

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Notes

- 1 Because of data deficiencies, analysis of most issues was confined to a subset of the 25 countries. The analysis and findings are derived mainly from Stewart and Samman (2001).
- 2 For example, Imai and Weinstein find the investment share drops by 4% when conflict extends to one-half of the country.
- 3 See de Waal (1997).
- 4 Boyce (1995) suggests the use of war conditionality, somewhat on these lines.
- 5 Generally speaking, these independent donors are the aid agencies of the smaller countries, and the United Nations agencies devoted to human development and child welfare, but even these are subject to political pressures.
- 6 I have drawn heavily on Fitzgerald (2001) in discussing macro-policies.
- 7 While Sen is famously associated with the view that famine never occurs in democracies, outside the highly controlled economies (e.g. China and North Korea) famine that causes massive deaths seems invariably to occur during wars.
- 8 For British economic policy during the Second World War, see Hancock and Gowing (1949); for German policy, see US Strategic Bombing Survey (1945) and Milward (1965); for US policy, see Vatter (1985).
- 9 Disease rather than lack of food is the major cause of war-related deaths (de Waal, 1989).
- 10 Lancaster (1990, p. 40) is referring to the Horn of Africa. The World Bank clearly indicates that it does not have a policy for countries at war, in asking the question, in its main guidelines for policy towards reconstruction, "But what can external actors do to address conflict, not only in the aftermath of conflict, but before large-scale violence takes place" (World Bank, 1998).
- 11 According to Alvara de Soto, in El Salvador the international financial institutions "followed their perceived path as if there were no war" (p. 39).

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