

# Economic costs of civil war



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Costalli, S., Moretti, L., & Pischedda, C. (2014). The Economic Costs of Civil War: Synthetic

Counterfactual Evidence and the Effects of Ethnic Fractionalization. *HiCN Working*

*Papers, 184* .

This paper provides an analysis of the role of the civil war in the destruction of the economy of a particular region. This paper directly relates to the topic of big business because it is virtually impossible for any business organization to achieve growth in an environment that is not stable. Civil wars and conflicts normally have the capability of destroying the economy of a given region, and this is better reflected in Iraq, Sub-Saharan Africa and various regions of the world, which are prone to civil wars. This paper provides a detailed analysis on the impact of civil wars within an economy, and the best policies to enact for purposes of protecting a given economy from collapse.

This paper directly relates to the current issues that involve the manner which organizations are doing business. This is because of globalization, and the era of multi-national corporations, where business organizations are involved in an expansion strategy aimed at increasing the share of their markets, and their profits. However, these organizations cannot invest in a hostile climate that is full of civil war. This is because they would most definitely make losses, and infrastructures do not exist, that can help in the facilitation of business activities. Therefore, having a complete understanding of the political and business environment of a particular

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region is important because it helps in the development of a decision on whether to expand in a given economy or not.

The reason I choose this paper is based on the fact that the world is currently experiencing a series of civil wars. This includes a civil war in Lebanon, Syria, Iraq, Libya, Somalia, Nigeria, etc. These wars play a role in limiting the growth of these states, and in the conduction of international trade. For example, a country such as Nigeria, Iraq and Libya has various multi-national corporations which are in charge of drilling oil, and exploring oil substances. Civil conflicts and political instability would scare off international investors, leading to the collapse of the economies of these countries.

The limitation of this paper, is that it does not provide adequate information on how to prevent civil wars. I intend to get this information from books, specifically books written about democracy and politics. Political journals would also be another source of information aimed at supplementing the information contained in this article.

This is the first article I would review, specifically because it introduces us to factors that may hinder the emergence of big business organizations within an economy.

Sab, R. (2014). Economic Impact of Selected Conflicts in the Middle East: What Can We Learn from the Past? *IMF Working Papers* .

This paper examines the causes of conflict, in making countries to be unstable. This paper concerns itself with Middle-East, where it analyzes how civil wars, political instabilities has led to a slowdown in economic growth, high inflation, loss of revenues, large fiscal deficits etc.

Through this paper, we are able to learn that it is virtually impossible to carry out business activities in a political environment that is not stable.

This paper relates with the current business environment, because of the concept of international trade, where multi-national companies normally seek to invest in stable political economies. Therefore, we are able to learn while these companies do not invest in most unstable countries of Middle East. The motivation of using this article, is based on the need of understanding how politics play a role in influencing the growth of business organization.

There are gaps in this paper, and one is that it does not provide the methods to use in promoting good governance and political stability. Therefore, I intend to use books, specifically, books on democracy and governance for purposes of addressing the shortcomings of this article. This is the second article I would review, because it is directly related to the first article.

Wandschneider, K. (2014). Capital Controls and Recovery from the Financial Crisis of the

1930s. *C. E. P. R. Discussion Papers, 10019* .

This paper relates to the topic Big Business because it outlines and explains the various capital regulatory measures that were enacted by government

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organizations in the financial crisis that occurred during the periods of 1930s. It is very essential to understand the response of the regimes during these eras, in terms of capital flights, because big business organizations are always characterized by the control of large capitals that they use for purposes of investing within the regions or areas of their operations. To safeguard the collapse of an economy because of capital flights, it is necessary to introduce capital control measures that are targeted to big business organizations. Hence this article is very important, because it provides this kind of information.

The information contained in this article is highly relevant in the current business environment. This is because the world has just experienced a global recession which was similar to that which took place in the 1930s. The response of the government was also the regulation of large business enterprises, and interfering with their activities for purposes of protecting them from going bankrupt. This aspect of the regulation of big business organization is therefore important, because of the great role they play in the development of the economy of a particular state or region. The global recession affected almost all major international companies, and they were at the verge of collapsing, hence the intervention of their home governments.

This paper is therefore a motivation to me, because it explains the methods used in controlling and regulating big business organizations so that they may not fail in their operations. However, this paper only centers on the role of government in regulating big business organization, hence the reduction of capital flights from these economies. It does not explain the role of other

stakeholders such as investors, customers, etc. I intend to find this kind of information from other journals of economics, finance and business.

## **References:**

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