* **Breaking the Conflict Trap: Civil War and Development Policy**

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| **Author** | Paul Collier |
| **Author** | V. L. Elliott |
| **Author** | Havard Hegre |
| **Author** | Anke Hoeffler |
| **Author** | Marta Reynal-Querol |
| **Author** | Nicholas Sambanis |
| **Place** | Washington, DC : New York |
| **Publisher** | World Bank Publications |
| **ISBN** | 978-0-8213-5481-0 |
| **Date** | May 30, 2003 |
| **Abstract** | Civil war conflict is a core development issue. The existence of civil war can dramatically slow a country's development process, especially in low-income countries which are more vulnerable to civil war conflict. Conversely, development can impede civil war. When development succeeds, countries become safer―when development fails, they experience a greater risk of being caught in a conflict trap. Ultimately, civil war is a failure of development.'Breaking the Conflict Trap' identifies the dire consequences that civil war has on the development process and offers three main findings. First, civil war has adverse ripple effects that are often not taken into account by those who determine whether wars start or end. Second, some countries are more likely than others to experience civil war conflict and thus, the risks of civil war differ considerably according to a country's characteristics including its economic stability. Finally, Breaking the Conflict Trap explores viable international measures that can be taken to reduce the global incidence of civil war and proposes a practical agenda for action.This book should serve as a wake up call to anyone in the international community who still thinks that development and conflict are distinct issues. |

* **Civil Wars & the Post–Cold War International Order**

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| **Type** | Journal Article |
| **Author** | Bruce D. Jones |
| **Author** | Stephen John Stedman |
| **URL** | <https://doi.org/10.1162/DAED_a_00457> |
| **Volume** | 146 |
| **Issue** | 4 |
| **Pages** | 33-44 |
| **Publication** | Daedalus |
| **Date** | September 21, 2017 |
| **Journal Abbr** | Daedalus |
| **Abstract** | By the standards of prosperity and peace, the post-Cold War international order has been an unparalleled success. Over the last thirty years, there has been more creation of wealth and a greater reduction of poverty, disease, and food insecurity than in all of previous history. During the same period, the numbers and lethality of wars have decreased. These facts have not deterred an alternative assessment that civil violence, terrorism, failed states, and numbers of refugees are at unprecedentedly high levels. But there is no global crisis of failed states and endemic civil war, no global crisis of refugees and migration, and no global crisis of disorder. Instead, what we have seen is a particular historical crisis unfold in the greater Middle East, which has collapsed order within that region and has fed the biggest threat to international order: populism in the United States and Europe. |

* **Consequences of Civil Conflict**

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| **Type** | Report |
| **Author** | Scott Gates |
| **Author** | Håvard Hegre |
| **Author** | Håvard Mokleiv Nygård |
| **Author** | Håvard Strand |
| **Place** | Washington, D.C. |
| **Date** | 2011 |
| **Series Title** | World Development Report 2011, Background Paper |
| **Institution** | World Bank |
| **Abstract** | This paper reviews the literature on the development consequences of internal armed conflict and state fragility and analyzes the relationship using data from World Development Indicators, UCDP/PRIO Armed Conflict Data, andWorld Bank state fragility assessments. Our main focus is on a set of development indicators that capture seven of the Millenium Development Goals, but we also look briefly into the effect of conflict and fragility on growth, human rights abuses, and democratization. We analyze these relationships using a variety of methods { averages by conflict and fragility status; cross-sectional regression analyses of change in each indicator over the time frame for which we have data; fixed-effects regression analyses of the impact on each indicator for each five-year period 1965-2009; as well as occasional panel time series models and matching techniques. The analyses leave no doubt that conflict, fragility and poor development outcomes are closely related { these problems largely occur in the same set of developing countries, most of which are located in Asia and Sub-Saharan Africa. Acknowledging the diffculty of analyzing the effect of conflict on a set of indicators that we know are also causally related to the onset of conflict, we still conclude that conflict and fragility at least exacerbate these pre-existing conditions. Conflict and fragility are indeed major obstacles to development for several indicators. |

* **Determinants of Foreign Direct Investment Inflows to Africa**

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| **Type** | Book Section |
| **Author** | Alemayehu Geda |
| **Author** | Addis Yimer |
| **Editor** | Almas Heshmati |
| **URL** | <https://doi.org/10.1007/978-3-319-76493-1_3> |
| **Place** | Cham, Switzerland |
| **Publisher** | Springer International Publishing |
| **Pages** | 55-93 |
| **Date** | 2018 |
| **Abstract** | Based on a new analytical country classification of African economies as fragile, factor and investment driven economies, we identify the main determinants of FDI inflows to Africa. Using a panel co-integration approach for the period 1996–2012 we find market size, availability of natural resources, openness to international trade, a stable macroeconomic environment, better infrastructure and an effective bureaucracy to have a strong positive impact in attracting FDI to Africa. On the other hand, political and macroeconomic instability and high financial and transfer risks have a negative effect in attracting FDI to the continent. However, the effect of these factors varies significantly across the analytical country classification that we have developed. Among all FDI determinants only government effectiveness and natural resource abundance are important across all countries. This suggests the importance of emphasizing different policies in different countries or country groups. Moreover, our analysis also suggests that the new analytical classification developed in this study can be an important guide for operational and analytical works of continental organizations such as the African Development Bank, the Economic Commission for Africa and the African Union. |

* **Do Political Stability and Democracy Increase National Growth? Evidence from African Countries Using the GMM Method**

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| **Type** | Journal Article |
| **Author** | Nahed Zghidi |
| **Volume** | 05 |
| **Issue** | 01 |
| **Pages** | 1-5 |
| **Publication** | Journal of Global Economics |
| **Date** | 2017 |
| **Abstract** | The objective of this paper is to examine the relationship between political stability, democracy, and economic growth for 31 African countries covering the 1986/2014 period. To achieve this goal, first, the impact of political stability on economic growth was first investigated. Second, the transmission channels between democracy and economic growth were described. Finally, through a panel estimation using the GMM method, the positive and statistically significant impact of democracy and political stability on these countries economic growth was confirmed. |

* **Does Political Instability Lead to Higher Inflation? A Panel Data Analysis**

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| **Type** | Journal Article |
| **Author** | Ari Aisen |
| **Author** | Francisco Jose Veiga |
| **Volume** | 38 |
| **Issue** | 5 |
| **Pages** | 1379-1389 |
| **Publication** | Journal of Money, Credit, and Banking |
| **Date** | 2006 |
| **Abstract** | Economists generally accept the proposition that high inflation rates generate inefficiencies that reduce society's welfare and economic growth. However, determining the causes of the worldwide diversity of inflationary experiences is an important challenge not yet satisfactorily confronted by the profession. Based on a dataset covering around 100 countries for the period 1960–99 and using modern panel data econometric techniques to control for endogeneity, this paper shows that a higher degree of political instability is associated with higher inflation. The paper also draws relevant policy implications for the optimal design of inflation stabilization programs and of the institutions favorable to price stability. |

* **Has International Aid Promoted Economic Growth in Africa?**

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| --- | --- |
| **Type** | Journal Article |
| **Author** | Jinyang Cai |
| **Author** | Zuting Zheng |
| **Author** | Ruifa Hu |
| **Author** | Carl E. Pray |
| **Author** | Qianqian Shao |
| **Volume** | 30 |
| **Issue** | 3 |
| **Pages** | 239-251 |
| **Publication** | African Development Review |
| **Date** | September 9, 2018 |
| **Journal Abbr** | African Development Review |
| **Abstract** | Using panel data on 47 African countries from 1980-2013, this paper investigates the effects of aid on Africa's economic growth from the perspective of political stability. We find that international aid can promote economic growth in Africa, but the effectiveness of aid depends on countries' political stability. Further, the intensity of aid affects its effectiveness. When the aid-GDP ratio is between 0 and 69 per cent, aid can promote economic growth in recipient countries, and when this ratio is 27 per cent, the marginal impact of aid on economic growth is maximized. The findings of this paper suggest that providers of aid should avoid providing a substantial amount of aid to countries at risk of political unrest, and they must determine the optimal scale of aid based on the economic development of recipient countries in order to enable aid to generate better results. Recipient countries should maintain social and political stability and ensure that they do not develop an excessive dependence on aid so that they can achieve the self-sustainable development of their own economies. |

**Notes:**

* + Main findings: the effectiveness of foreign aid depends on the political stability of the host country:

"We find that international aid can promote economic growth in Africa, but the effectiveness of aid depends on countries’ political stability. Further, the intensity of aid affects its effectiveness. When the aid–GDP ratio is between 0 and 69 per cent, aid can promote economic growth in recipient countries, and when this ratio is 27 per cent, the marginal impact of aid on economic growth is maximized."

* **How Does Political Instability Affect Economic Growth?**

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| --- | --- |
| **Type** | Report |
| **Author** | Ari Aisen |
| **Author** | Francisco José Veiga |
| **Place** | Washington, D.C. |
| **Date** | 2011 March |
| **Institution** | International Monetary Fund |
| **Report Type** | IMF Working Paper |
| **Abstract** | The purpose of this paper is to empirically determine the effects of political instability on economic growth. By using the system-GMM estimator for linear dynamic panel data models on a sample covering up to 169 countries, and 5-year periods from 1960 to 2004, we find that higher degrees of political instability are associated with lower growth rates of GDP per capita. Regarding the channels of transmission, we find that political instability adversely affects growth by lowering the rates of productivity growth and, to a smaller degree, physical and human capital accumulation. Finally, economic freedom and ethnic homogeneity are beneficial to growth, while democracy may have a small negative effect. |

* **Impact of Institutional and Political Variables On Foreign Direct Investment in Developing Countries**

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| **Type** | Journal Article |
| **Author** | Hang Phung |
| **Volume** | 25 |
| **Issue** | 1 |
| **Pages** | 15 |
| **Publication** | The Park Place Economist |
| **Date** | 2017 |
| **Journal Abbr** | The Park Place Economist |
| **Abstract** | Literature on foreign direct investment (FDI) has been focusing on its traditional determinants for a long time and lack of attention to institutional and political variables. However, in recent years, the pattern of the world FDI flows is observed to show a shift away from developed countries towards developing countries. Such shift is argued to be the result of the improvement in institutional qualities and political stability in developing countries to make investment climate more appealing to foreign investors. The impact of institutional qualities on FDI flows, however, have not been investigated by many studies in the field of FDI. To address this shortcoming, this research studies the relationship between institutional and political variables on FDI inflows in developing countries. |

* **Inflation and Political Instability in Eight Latin American Countries 1946-83**

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| **Type** | Journal Article |
| **Author** | Martin Paldam |
| **Volume** | 52 |
| **Issue** | 2 |
| **Pages** | 143-168 |
| **Publication** | Public Choice |
| **Date** | 1987 |
| **DOI** | [10.1007/BF00123874](http://doi.org/10.1007/BF00123874) |
| **Abstract** | The path of consumer price rises is compared with data for the incidence of political change and the frequency of military regimes from 1946 to 1984 for the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela. A highly significant connection between the frequency of military government and the level of inflation is found. This appears to be due to two other significant results: (i) The military regimes are relatively unstable ones. (ii) Inflation normally turns upwards under civilian and downwards under military regimes, i.e., the military regimes are relatively strong in fighting inflation. Finally, it is demonstrated that few regimes survive a spell of hyperinflation. |

* **Madagascar: Measuring the Impact of the Political Crisis**

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| **Type** | Web Page |
| **Author** | World Bank |
| **Date** | 2013 |
| **Abstract** | The protracted political crisis in Madagascar has taken a heavy toll on its economy and its people, especially the most vulnerable. More than 92 percent of the population lives under $2 a day and poverty has sharply increased. Only a sustainable end to the stalemate will enable the country to focus on fostering economic growth. |

* **Peace and Security in Northern Uganda**

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| **Type** | Book Section |
| **Author** | Robert Senath Esuruku |
| **Editor** | Christine Atieno |
| **Editor** | Colin Robinson |
| **Place** | Cham |
| **Publisher** | Springer International Publishing |
| **Pages** | 7-36 |
| **Date** | 2019 |
| **Abstract** | Northern Uganda is still recovering from the impacts of over 20 years of civil war between the Lord’s Resistance Army (LRA) and the Government of Uganda (GoU). The aftermath of displacement and resettlement, psychological trauma, reintegration of former combatants, children born in captivity, land conflicts and sexual and gender-based violence (SGBV) continue to worry communities. The region exhibits the lowest indicators in the country in terms of poverty, economic and social opportunities and human development. This paper discusses the trends, status and new dimensions of peace and security issues in post-war northern Uganda. |

* **Political Instability and Economic Growth**

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| --- | --- |
| **Type** | Journal Article |
| **Author** | Alberto Alesina |
| **Author** | Sule Özler |
| **Author** | Nouriel Roubini |
| **Author** | Phillip Swagel |
| **Volume** | 1 |
| **Issue** | 2 |
| **Pages** | 189-211 |
| **Publication** | Journal of Economic Growth |
| **Date** | June 1, 1996 |
| **Journal Abbr** | J Econ Growth |
| **Abstract** | This paper investigates the relationship between political instability and per capita GDP growth in a sample of 113 countries for the period 1950 through 1982. We define political instability as the propensity of a government collapse, and we estimate a model in which such a measure of political instability and economic growth are jointly determined. The main result of this paper is that in countries and time periods with a high propensity of government collapse, growth is significantly lower than otherwise. We also discuss the effects of different types of government changes on growth. |

* **Political Instability and Economic Growth: Evidence from Two Decades of Transition in CEE**

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| **Type** | Journal Article |
| **Author** | Henryk Gurgul |
| **Author** | Łukasz Lach |
| **Volume** | 46 |
| **Issue** | 2 |
| **Pages** | 189-202 |
| **Publication** | Communist and Post-Communist Studies |
| **Date** | 2013 |
| **Abstract** | This paper examines the nexus between political instability and economic growth in 10 CEE countries in transition in the period 1990-2009. Our results support the contention that political instability defined as a propensity for government change had a negative impact on growth. On the other hand, there was no causality in the opposite direction. A sensitivity analysis based on the application of a few hundred different variants of the initial econometric model confirmed the abovementioned findings only in the case where major government changes were applied to the definition of political instability. |

* **Political Instability and Food Security**

|  |  |
| --- | --- |
| **Type** | Journal Article |
| **Author** | B. James Deaton |
| **Author** | Bethany Lipka |
| **Volume** | 3 |
| **Issue** | 1 |
| **Pages** | 29-33 |
| **Publication** | Journal of Food Security |
| **Date** | 2015 |
| **Abstract** | In this paper we identify seven of the most food insecure countries of the developing world according to FAO data. These seven countries fall within both the quartile of developing countries with the highest prevalence of undernourishment and the quartile of developing countries with the highest increase in prevalence of undernourishment within the most recent five-year period recorded by the FAO. We provide a set of graphs and figures to further inform the relative position of these countries, as well as a comparison of determinants and measures of food security for these countries and the rest of the developing world. One relationship that is emphasized is the positive relationship between political stability and food security. |

* **Political Instability, Corruption and Policy Formation: The Case of Environmental Policy**

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| **Type** | Journal Article |
| **Author** | Per G. Fredriksson |
| **Author** | Jakob Svensson |
| **Volume** | 87 |
| **Issue** | 7-8 |
| **Publication** | Journal of Public Economics |
| **Date** | 8/2003 |
| **Abstract** | This paper develops a theory of environmental policy formation, taking into consideration the degree of corruptibility and political turbulence. The predictions that emerge are that the interaction between the two variables is important. Political instability has a negative effect on the stringency of environmental regulations if the level of corruption is low, but a positive effect when the degree of corruption is high. Corruption reduces the stringency of environmental regulations, but the effect disappears as political instability increases. The empirical findings are fully consistent with the predictions of the model. |

* **Political Instability: Effects on Financial Development, Roots in the Severity of Economic Inequality**

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| **Type** | Journal Article |
| **Author** | Mark J. Roe |
| **Author** | Jordan I. Siegel |
| **Volume** | 39 |
| **Issue** | 3 |
| **Pages** | 279-309 |
| **Publication** | Journal of Comparative Economics |
| **Date** | September 1, 2011 |
| **Abstract** | We here bring forward strong evidence that political instability impedes financial development, with its variation a primary determinant of differences in financial development around the world. As such, it needs to be added to the short list of major determinants of financial development. First, structural conditions first postulated by Engerman and Sokoloff (2002) as generating long-term inequality are shown here to have strong empirical support as exogenous determinants of political instability. Second, that exogenously-determined political instability in turn holds back financial development, even when we control for factors prominent in the last decade’s cross-country studies of financial development. The findings indicate that inequality-perpetuating conditions that result in political instability and weak democracy are fundamental roadblocks for international organizations like the World Bank that seek to promote financial development. The evidence here includes country fixed effect regressions and an instrumental model inspired by Engerman and Sokoloff’s (2002) work, which to our knowledge has not yet been used in finance and which is consistent with current tests as valid instruments. Four conventional measures of national political instability – Alesina and Perotti’s (1996) well-known index of instability, a subsequent index derived from Banks’ (2005) work, and two indices of managerial perceptions of nation-by-nation political instability – persistently predict a wide range of national financial development outcomes. Political instability’s significance is time consistent in cross-sectional regressions back to the 1960s, the period when the key data becomes available, robust in both country fixed effects and instrumental variable regressions, and consistent across multiple measures of instability and of financial development. Overall, the results indicate the existence of an important channel running from structural inequality to political instability, principally in nondemocratic settings, and then to financial backwardness. The robust significance of that channel extends existing work demonstrating the importance of political economy explanations for financial development and financial backwardness. It should help to better understand which policies will work for financial development, because political instability has causes, cures, and effects quite distinct from those of many of the key institutions most studied in the past decade as explaining financial backwardness. |

* **Political Risk and Real Exchange Rate: What Can We Learn from Recent Developments in Panel Data Econometrics for Emerging and Developing Countries?**

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| **Type** | Journal Article |
| **Author** | Mohsen Bahmani-Oskooee |
| **Author** | Thouraya Hadj Amor |
| **Author** | Ridha Nouira |
| **Author** | Christophe Rault |
| **Publication** | Journal of Quantitative Economics |
| **Date** | October 26, 2018 |
| **Journal Abbr** | Journal of Quantitative Economics |
| **Abstract** | This paper focuses on the analysis of the long-run response of the real exchange rate (RER) to political risks and tests whether non-economic variables have an impact on RER in 31 emerging and developing countries. We use annual data from the International Country Risk Guide database over the 1984–2016 period. Based on the recently developed method of cross-sectionally augmented ARDL approach of Chudik and Pesaran (J Econ 188:393–420, 2015b), and the panel threshold estimation of Chudik et al. (Rev Econ Stat 99(1):135–150, 2017) our main findings are the following: (1) countries experiencing a high degree of corruption, a high risk to investment, or a high degree of political instability tend to experience a real exchange rate depreciation, (2) there exists strong evidence for a threshold effect on the relationship between investment profile-RER, corruption-RER and political instability-RER. Specifically, political instability and corruption adversely affect real exchange rate especially when they exceed the threshold. (3) The effects of bureaucracy, law, and order seem to be statistically insignificant on the RER. Our findings are robust to the inclusion of the Balassa–Samuelson effect in the estimated equations. |

**Notes:**

* + one of the findings: "political instability and corruption adversely affect real exchange rate especially when they exceed the threshold"
* **Political stability as determinant of terrorist attacks in developed and developing countries: An empirical multivariate classification analysis**

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| **Type** | Conference Paper |
| **Author** | Jakub Odehnal |
| **Author** | Marek Sedlacik |
| **Pages** | 090005 |
| **Date** | 2018 |
| **Abstract** | The aim of this paper is to empirically investigate the determinants of terrorist attacks in a sample of 159 developed and developing countries. The results present the performance of a classification tree to classify countries on the basis of the relation between the institutional environment and terrorism risk. The classification results therefore clearly shows the significant influence of the variable Political Stability and Absence of Violence (PSAV) that splits the original 159 analysed countries into two branches facing distinctly different terrorism risks. |
| **Proceedings Title** | AIP Conference Proceedings 1978 |

* **The (hidden) Costs of Political Instability: Evidence from Kenya's 2007 Election Crisis**

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| **Type** | Journal Article |
| **Author** | Pascaline Dupas |
| **Author** | Jonathan Robinson |
| **Volume** | 99 |
| **Issue** | 2 |
| **Pages** | 314-329 |
| **Publication** | Journal of Development Economics |
| **Date** | 11/2012 |
| **Abstract** | This paper studies the microeconomic impacts of the political crisis and civil conflict that immediately followed the December 2007 presidential election in Kenya. Income, expenditures, and consumption dramatically declined for a broad segment of the rural population for the duration of the conflict. To make up for the income shortfall, women who supply transactional sex engaged in higher risk sex both during and after the crisis. While this particular crisis was likely too short for these behavioral responses to seriously increase the risk of HIV or other STIs for these women, such responses could have long-term repercussions for health in countries with longer or more frequent crises. Overall, our results suggest that social unrest can be an important channel through which political instability can affect long-term outcomes such as health. |

* **The Economic Impact of Political Instability and Mass Civil Protest**

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| **Type** | Report |
| **Author** | Samer Matta |
| **Author** | Simon Appleton |
| **Author** | Michael Bleaney |
| **Place** | Nottingham, UK |
| **Date** | 2017 |
| **Series Title** | CREDIT Research Paper No. 17/03 |
| **Institution** | Centre for Research in Economic Development and International Trade (CREDIT), University of Nottingham |
| **Abstract** | Previous work has investigated whether political instability has a negative effect on economic growth, with mixed results, largely because political instability can take various forms. Using synthetic control methodology, which constructs a counterfactual in the absence of political instability, we estimate the output effect of 38 regime crises in the period 1970-2011. A crucial factor is whether crises are accompanied by mass civil protest. In the crises accompanied by mass civil protest, there is typically an immediate fall in output which is never recovered in the subsequent five years. In crises unaccompanied by protest, there are usually no significant effects. |

* **The Effects of Transition and Political Instability on Foreign Direct Investment Inflows: Central Europe and the Balkans**

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| --- | --- |
| **Type** | Journal Article |
| **Author** | Josef C. Brada |
| **Author** | Ali M. Kutan |
| **Author** | Taner M. Yigit |
| **Volume** | 14 |
| **Issue** | 4 |
| **Pages** | 649-680 |
| **Publication** | The Economics of Transition |
| **Date** | 10/2006 |
| **Abstract** | This paper examines the effects of transition and of political instability on foreign direct investment (FDI) flows to the transition economies of Central Europe, the Baltics and the Balkans. We find that FDI flows to transition economies unaffected by conflict and political instability exceed those that would be expected for comparable West European countries. Success with stabilization and reform increased the volume of FDI inflows. In the case of Balkan counties, conflict and instability reduced FDI inflows below what one would expect for comparable West European countries, and reform and stabilization failures further reduced FDI to the region. Thus, we find that the economic costs of instability in the Balkans in terms of foregone FDI have been quite high. |

* **The Impact of Political Instability on Madagascar Vanilla Exports**

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| **Type** | Journal Article |
| **Author** | Anselme Andriamahery |
| **Author** | Jun Zhou |
| **Volume** | 06 |
| **Issue** | 04 |
| **Pages** | 27 |
| **Publication** | Open Journal of Social Sciences |
| **Date** | 2018-04-18 |
| **Abstract** | The main purpose of this paper is to investigate how the political instability in 2009 affected the Madagascar vanilla exports. Madagascar vanilla sector has experienced robust growth over the past decade which contributes to both the economy and the job creation, especially in northeast region where Vanilla was planted. However, this growth faced a serious problem after the political instability in 2009. This paper shows that the suspension of Africa Growth and Opportunity Act (AGOA), due to the political instability, had a large negative impact on vanilla exports. To estimate its impacts on vanilla exports, the international trade data permit us to isolate those impacts from various factors between Madagascar and other vanilla exporting countries by using the different-in-different (DID) technique. We take the sample of 2007 to 2011 by using Tobit model with random effects in addition to OLS with fixed effect in order to observe how far political instability hampers the vanilla exports in Madagascar. Through analysis, we find that the political instability has a negative effect on economic growth in terms of Madagascar vanilla exports. |

* **The Impact of Political Instability on the Economic Growth of Ecowas Member Countries**

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| **Type** | Journal Article |
| **Author** | Godwin Okafor |
| **Volume** | 28 |
| **Issue** | 2 |
| **Pages** | 208-229 |
| **Publication** | Defence and Peace Economics |
| **Date** | 2017-03-04 |
| **Abstract** | This study contributes to the literature on political instability and economic growth by specifically investigating the impact of political instability on the economic growth of member countries of the Economic Community of West African States (ECOWAS). West Africa is regarded as the riskiest sub-region within the African continent. To achieve this objective, this study employed panel data techniques (fixed effects and generalised method of moments) on a sample of 15 ECOWAS member countries for the period 2005–2012. The findings from the analyses showed that terrorism, poor governance, social unrest, youth unemployment, death rate and natural resource rent have negative relationships with economic growth. The findings and policy implications deduced from this study could not have been any timelier considering the recent escalation of instability in West African countries and their fragile growth prospects. |

* **The Influence of Political Regime Vs. Political Instability on Real Output: Evidence from the Mena Region**

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| **Type** | Journal Article |
| **Author** | Osama D. Sweidan |
| **Volume** | 44 |
| **Issue** | 1 |
| **Publication** | Journal of Economic Studies |
| **Date** | 2017 |
| **Abstract** | Purpose This paper empirically compares and contrasts the effect of the nature of the political regime versus the political instability on real output in a group of countries from the Middle East and North Africa (MENA) during the period (1980-2011). This part of the world has been going through a series of unstable political regimes and continuous political instability events for over seven decades. Design/methodology/approach We employ a time-series cross-sectional Prais–Winsten regression model with panel-corrected standard errors (PCSE). Findings We conclude that the relationship between the nature of the political regime and real output is mixed (negative and positive), this impact seems to get changed to a positive value, whenever the regimes’ instability events are mitigated. However, the influence of political instability on real output has a negative benchmark level. We also notice that the effect of the political regime on real output is stronger over all the sample of the study. Our results depart somehow from the previous studies’ findings. Therefore, the implication of our conclusion is to investigate how and why the effects of these uncertainties turned positive. Originality/value Our paper contributes to literature from three perspectives. First, we compare the effects on real output from different types of political system uncertainties. Second, we extract evidence on this topic from the most unstable region of the world, the MENA region. Third, we use a new econometric technique compare to the previous studies. |

* **The Relation Between Political Stability and Economic Growth: The Turkish Case**

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| --- | --- |
| **Type** | Journal Article |
| **Author** | Ahmet Diken |
| **Author** | Raif Parlakkaya |
| **Author** | Erkan Kara |
| **Author** | Oğuzhan Kodalak |
| **Issue** | 40 |
| **Pages** | 176-185 |
| **Publication** | Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi |
| **Date** | 2018 |
| **Abstract** | This study investigates the long run relationship between political stability and economic growth of Turkey in between 2002 and 2016. Political stability has been referred to be one the causes of existence of strong institutions together with democracy for economic development for countries around the world. Empirical investigations have shown that strong institutions will be supported by political stability and democratic governance, and that these institutions will bring about robust economic growth. This work first focuses on how political stability index is related with the country’s economic output level (GDP) and then the focus moves on to see the long run relation between political stability and several other prevalent macro-economic variables such as inflation rate, exchange rate and short term interest rates. For this purpose, a bivariate regression models were used by running ARDL method. The study found that the political stability index, when used as sole independent variable, had no long run relationship with each of the selected macro-economic variables including gross domestic product when testing by Bound test of Pesaran. Later, a multivariate regression was used to see the effect of political stability index together with selected macro-economic variables on economic growth of Turkey. Upon building our econometric modeling for long run relation, the multivariate regression results suggest that, while political stability has positive relation with economic growth in the long run, it seems to be irrelevant in the short term. In addition, inflation is found to have a negative relation with economic growth in the long run, that is, when inflation increases the economic growth slows down in Turkey. One of the finding is that lagged value of exchange rate imply that decareasing value of Turkish lira put downward pressure on the economic growth. |

* **Who Is Afraid of Political Instability?**

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| **Type** | Journal Article |
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| **Abstract** | An unstable macroeconomic environment is often regarded as detrimental to economic growth. Among the sources contributing to such instability, much of the blame has been assigned to political issues. This paper empirically tests for a causal and negative long-run relation between political instability and economic growth but finds no evidence of such a relationship. Sensitivity analysis indicates that there is a contemporaneous negative relationship but also that, in the long run and ignoring institutional factors, the group of African countries plays the determining role. |