

ENEMY AT THE GATES: VARIATION IN ECONOMIC GROWTH FROM CIVIL CONFLICT

ABSTRACT. There has been much disagreement about the relationship between civil wars and state economic performance. While civil war is often associated with poor economic performance, some states have managed robust growth despite periods of domestic armed conflict. We find this disagreement results from not accounting for the spatial distribution of conflict within a country. A robust literature in economics stresses the role major cities play in economic growth. We hypothesize that the economic impact of civil conflict is contingent on the conflict's location relative to major urban centers within a state. We use subnational data on the location of conflict relative to urban areas to test the impact of domestic conflict on annual GDP growth. In doing so, we bridge the economic development literature on the importance of cities with extant literature on the effect of armed conflict to provide a novel explanation for the paradox of high macroeconomic growth in conflict ridden countries.