

# The Economic Costs of Civil Wars

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## Abstract:

This article assesses empirical studies of the economic costs of internal armed conflicts. The reviewed works are divided into accounting and modeling methods. Cost is seen as the difference between the counterfactual production without conflict and the actual production. The average economic cost of internal armed conflict is a 3.7% yearly reduction of GDP. There are large differences between the estimates, even for the same country. One of the reasons for pursuing such studies is to give improved basis for more cost-effective post-conflict reconstruction. This is better achieved with an accounting method where different sectors of the economy can be differentiated.

**Keywords:** economic costs of war, conflict, civil war