

The Economic Impact of political instability: A case Study of Côte d'Ivoire

Jean Stéphane KOFFI*

Abidjan Port Authority-Department of Economic Studies and Planification, Abidjan, Côte d'Ivoire, jskoffi@yahoo.fr

Since 1999, Côte d'Ivoire has been suffering from political instability. After the coup d'état in 1999, and the conflict in 2002 which divided the country, Côte d'Ivoire experienced a period of political unrest during the second round of presidential elections of 2010. It broke out when these last years economic situation and socio-political environment were improving. Five months later, the specter of post-election crisis is still rooted in the whole economy. Thus, this paper is motivated by the research of the impact of political instability on economic growth, especially the last post-election crisis. Through a “diff-in-diff” method with construction of a synthetic control group, we prove that since 2002 Côte d'Ivoire has suffered from loss of wealth creation estimated to 6.14 % in 2003, and in 2011 26.22% of real GDP that would occur without crisis. These losses were exacerbated with recent post-election crisis whose effects are estimated to 11 percentage points relative to real GDP of synthetic counterfactual without political instability. These results show the importance of peace for harmonious growth of nations.

Key Words: post-election crisis, economic growth, synthetic counterfactual.