

The Multidimensional Cost of Modern Conflict: Analyzing Economic Disruption, Border Realignment, and Psychological Trauma in Everyday Life

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Abstract

Contemporary armed conflict no longer confines its consequences to battlefields; it permeates fiscal systems, territorial architecture, and the psychological fabric of everyday civilian life. This paper undertakes an integrative, multidimensional analysis of modern conflict by examining three interlocking domains of harm: (i) macroeconomic disruption, including GDP contraction, fiscal deterioration, and institutional erosion; (ii) border realignments and the resultant crises of forced displacement, statelessness, and sovereignty contestation; and (iii) the psychological trauma borne by civilian populations, particularly post-traumatic stress disorder (PTSD) and major depressive disorder. Drawing on data from the World Bank, International Monetary Fund (IMF), United Nations High Commissioner for Refugees (UNHCR), World Health Organization (WHO), and peer-reviewed meta-analyses, the paper demonstrates that these three dimensions are not parallel but mutually reinforcing: economic collapse accelerates displacement, displacement magnifies psychological morbidity, and unresolved trauma degrades the human capital necessary for post-conflict economic recovery. The paper synthesizes findings through comparative tables covering conflict-specific GDP losses (Syria, Yemen, Libya, Lebanon, Ukraine), global forced displacement trends (2014–2025), and pooled PTSD/depression prevalence estimates across multiple systematic reviews. It further situates these empirical findings within competing theoretical lenses—economic/rationalist (greed–grievance), realist/geopolitical (territorial steps-to-war), critical/post-colonial, and psychosocial/public-health perspectives—to expose points of convergence and disagreement among scholarly traditions. The paper concludes that conflict cost accounting focused solely on military expenditure or battlefield casualties systematically understates the true burden of modern warfare, and that integrated, multisectoral recovery frameworks are required to address the compounding nature of economic, territorial, and psychological harm.

Keywords: armed conflict; economic disruption; forced displacement; border realignment; post-traumatic stress disorder; war economics; multidimensional cost analysis

1. Introduction

War has historically been measured in the currency of casualties and captured territory. Yet the twenty-first century's conflicts—protracted, internationalized, and frequently fought amid dense civilian populations—generate costs that outlast active combat by decades and extend

far beyond the battlefield perimeter. The Russian invasion of Ukraine, the Gaza war, the Sudanese civil war, and the prolonged Syrian conflict illustrate a common pattern: military confrontation triggers cascading disruptions across fiscal systems, cross-border demographic flows, and civilian mental health, each of which independently and jointly constrains long-term recovery.

The International Monetary Fund's 2026 research finding that conflict-affected economies lose roughly 7% of output within five years of fighting onset, with scarring effects persisting more than a decade[4], illustrates that economic damage is not a transient shock but a structural feature of modern war. Simultaneously, the UNHCR reports that global forced displacement stood at approximately 117.8 million people at the end of 2025—a figure equivalent to one in every 70 persons on Earth[19,23]. Layered atop these material and demographic disruptions is a less visible but equally corrosive dimension: psychological trauma. Meta-analytic evidence places PTSD prevalence among conflict-affected civilian populations at anywhere between 12.9% and over 40%, depending on population subgroup and methodology[6,10,11,12,16], figures that dwarf general-population baselines by a factor of three to ten.

This paper argues that the economic, territorial, and psychological dimensions of modern conflict should not be studied in isolation. Existing scholarship tends to specialize: economists model GDP contraction and fiscal deficits; political scientists and international relations scholars examine border disputes and territorial settlement; and public-health researchers quantify mental-health morbidity. Each literature is rich, but the interactions between these domains—how currency collapse accelerates displacement, how displacement multiplies trauma exposure, how untreated trauma erodes the labour productivity needed for reconstruction—remain comparatively under-theorized. This paper offers an integrative synthesis, supported by empirical tables and comparative analysis of divergent theoretical perspectives, to demonstrate that the "cost of conflict" is best understood as a compounding, multidimensional phenomenon rather than a sum of discrete, additive damages.

1.1 Objectives

- To synthesize empirical evidence on the macroeconomic costs of contemporary armed conflict.
- To document the scale and character of border realignment and forced displacement associated with modern conflict.
- To quantify, through systematic review evidence, the psychological trauma burden carried by conflict-affected civilian populations.
- To analyze the interdependencies among these three dimensions.
- To compare competing theoretical perspectives—economic, geopolitical, critical, and psychosocial—on the causes and consequences of conflict's multidimensional costs.

1.2 Structure

Section 2 reviews the relevant literature across the three thematic domains and introduces the competing theoretical frameworks. Section 3 outlines the methodological approach. Section 4 presents empirical findings, including comparative tables. Section 5 offers an integrated

discussion analyzing interlinkages and diverse scholarly perspectives. Section 6 discusses policy implications, Section 7 notes limitations, and Section 8 concludes.

2. Literature Review

2.1 Economic Disruption: From Battlefield to Balance Sheet

Early conflict economics tended to focus on direct costs—destroyed infrastructure, military expenditure, and casualties. Contemporary scholarship has shifted attention toward indirect and structural costs, which research increasingly finds to be substantially larger. Mueller and Tobias's World Bank analysis of economic growth around conflict onset found that GDP per capita contracts by approximately 18% over a four-year period relative to a non-conflict counterfactual, and that this loss is rarely recovered even after the conflict ends, with more intense violence producing steeper declines[2]. The Syrian case remains a widely cited illustration: cumulative GDP losses between 2011 and 2016 reached an estimated USD 226 billion, approximately four times Syria's 2010 GDP[2,7]. Notably, the World Bank's disaggregated analysis found that disruptions to economic organization—the breakdown of institutions such as central banks, tax authorities, and commercial courts—were roughly twenty times costlier than the physical destruction of capital assets during the first six years of the Syrian war[6], a finding that reframes conflict cost away from rubble and toward institutional atrophy.

Comparable patterns recur across other theatres. Yemen lost an estimated 25–35% of GDP in 2015 alone; Libya's GDP fell by 24% in 2014 amid escalating violence; and the West Bank and Gaza economy remained virtually stagnant over two decades while comparable regional economies grew by nearly 250%[6]. More recent evidence from Lebanon shows that the 2023–2024 escalation between Hezbollah and Israel generated economic losses exceeding USD 5.1 billion and physical damage of at least USD 3.4 billion, concentrated in commerce, tourism, hospitality, and agriculture, while cutting real GDP growth by at least 6.6 percentage points in 2024 alone[9].

At a global, cross-country level, the IMF's 2026 World Economic Outlook chapter on conflict economics—described by IMF economist Andresa Lagerborg and colleague Hippolyte Balima—found that output in conflict-affected countries falls by roughly 3% at onset and continues declining to cumulative losses of about 7% within five years, with scarring effects enduring more than a decade[4,8]. The same research documented that conflict is associated with sustained currency depreciation, reserve depletion, and inflationary pressure exceeding central bank targets, forcing contractionary monetary responses that compound the original output loss[8]. A parallel and underappreciated cost channel is military-spending diversion: the IMF found that defense-spending "booms" associated with rising geopolitical tension typically last two-and-a-half years, raise military expenditure by roughly 2.7 percentage points of GDP, worsen fiscal deficits by about 2.6 percentage points of GDP, and increase public debt by roughly 7 percentage points within three years—effects compounded when weapons are procured from foreign suppliers rather than domestic industry, thereby forfeiting the economic multiplier of defense spending[3,4]. Regional analyses reinforce these global patterns: research on Sub-Saharan Africa estimates that intense armed conflict reduces average annual GDP

growth by approximately 2.5 percentage points, with the World Bank separately estimating a regional growth cost of roughly 30%, compounding over time into significant per-capita income losses and fiscal strain[1].

2.2 Border Realignments, Displacement, and Sovereignty Contestation

The second dimension of modern conflict's cost concerns territory: how war reshapes the geography of political control and, more visibly, the geography of human settlement. Territorial disputes remain among the most durable drivers of interstate conflict. The "steps-to-war" research programme, most fully articulated by Senese and Vasquez, analyzed armed conflicts using the Correlates of War dataset spanning 1816–1945 and found that territorial disputes function as a proximate and recurring cause of escalation to war, with rival states accumulating additional risk factors—alliance formation, arms races, and hardline diplomatic postures—that compound the probability of armed confrontation over contested borders[27]. This scholarship complements, and sometimes contests, the Collier–Hoeffler economic model of civil conflict onset, discussed further in Section 2.4.

Whatever their proximate cause, modern conflicts routinely generate mass population displacement, which now constitutes one of the defining humanitarian features of the contemporary conflict landscape. According to UNHCR's Global Trends reporting, forcibly displaced persons worldwide reached approximately 123.2 million by the end of 2024, before declining somewhat to 117.8 million by the end of 2025, driven by increased—if often fragile and unsustainable—returns to Afghanistan, the Democratic Republic of the Congo, Sudan, and Syria[18,19,20,24]. Internally displaced persons (IDPs), who never cross an international border yet lose access to home, livelihood, and community infrastructure, consistently constitute the majority of the displaced: 68.7 million people remained internally displaced due to conflict and violence at the end of 2025, alongside 41.6 million refugees and 9 million asylum-seekers[19,22]. More than one-third of all forcibly displaced people globally originate from just four crises—Sudan, Syria, Afghanistan, and Ukraine[18,20]—illustrating how a small number of protracted, border-altering conflicts generate a disproportionate share of global displacement.

Displacement is not merely a demographic side-effect of conflict; it is frequently *constitutive* of border realignment itself, as population transfer, ethnic cleansing, and contested referenda redraw the practical—if not always juridical—boundaries of control. Case-study research on inter-communal boundary disputes, such as the Sidama–Guji conflict in Ethiopia, documents how contested referendum outcomes and boundary ambiguity directly generate displacement, poverty, and resource competition, illustrating the tight empirical coupling between territorial contestation and forced migration at the sub-national level[29]. Around 71% of refugees reside in low- and middle-income countries, meaning that the fiscal and social burden of hosting displaced populations falls disproportionately on states least equipped to absorb it[24], generating second-order economic disruption in host states that is rarely captured in conflict-cost accounting focused solely on the country of origin.

2.3 Psychological Trauma: The Invisible Ledger

The third dimension—psychological trauma—has historically received the least attention in conflict-cost accounting, in part because its effects are neither visible in national accounts nor easily mapped onto territory. Yet the epidemiological evidence is substantial. The WHO-commissioned meta-analysis by Charlson and colleagues, synthesizing 129 studies, estimated that 22.1% of people living in conflict-affected settings experience a mental disorder (depression, anxiety, PTSD, bipolar disorder, or schizophrenia) at any point in time, with approximately 9% experiencing a moderate-to-severe condition[6,14,15]—more than double the global baseline prevalence of common mental disorders. Steel and colleagues' earlier, widely cited meta-analysis of 181 surveys covering more than 81,000 refugees and conflict-exposed civilians across 40 countries reported an unadjusted weighted PTSD prevalence of 30.6%[10]. Subsequent modelling by Charlson et al. produced markedly different, methodologically adjusted age-standardized pooled estimates of 12.9% for PTSD and 7.6% for major depression—still more than double the equivalent Global Burden of Disease baseline estimates for anxiety disorders (3.7%) and major depressive disorder (3.5%) in non-conflict populations, even after adjusting for symptom-scale overestimation[16].

More recent, geographically focused reviews reveal substantial heterogeneity by population subgroup. A systematic review and meta-analysis of PTSD determinants in conflict-affected Sub-Saharan Africa found a pooled PTSD prevalence of 43%, rising to 79% among refugees specifically, 48% among internally displaced persons, and 34% among residents of conflict-affected communities who had not been displaced[10]—a striking demonstration that displacement itself compounds trauma exposure beyond the baseline risk associated with conflict proximity. A broader 2024 meta-analysis of 57 studies and 64,596 participants across conflict-affected civilian populations globally found pooled prevalence rates of 23.70% for PTSD and 25.60% for depression[11]. Ethiopia-specific research similarly found a pooled PTSD prevalence of 48.4%, with elevated odds associated with female sex, witnessing the murder of a loved one, the death or serious injury of a close family member, high perceived threat to life, and poor social support[12]. Across these reviews, consistent correlates of elevated PTSD risk include female sex (adjusted odds ratios of approximately 2.0–2.2), comorbid depression (odds ratios of 4.2–9.5), cumulative trauma exposure, and displacement status[10,12], underscoring those most affected are frequently the least visible in macro-level conflict-cost accounting: women, displaced persons, and communities lacking social support infrastructure.

2.4 Theoretical Frameworks

Four broad theoretical traditions inform how scholars interpret and weigh these three cost dimensions.

(a) Economic/rationalist perspective (greed–grievance). Collier and Hoeffler's influential model frames civil war onset as a function of either atypical *grievance* (inequality, political exclusion, ethnic or religious division) or atypical *opportunity* for rebellion (weak state capacity, exploitable natural-resource wealth, diaspora financing)[1,30,32]. Their empirical finding—that economic and opportunity-related variables possess greater explanatory power

than grievance-related variables—has been highly influential in World Bank policy circles but has also drawn sustained criticism. Critics such as Keen and Korf argue that the greed/grievance dichotomy is analytically false, since material grievances and opportunistic motives are typically intertwined rather than separable, and that econometric proxies for "greed" (e.g., dependence on primary commodity exports) are imprecise measures of actual rebel motivation[27,28]. This debate matters for the present paper because it shapes whether economic disruption is understood as a *cause* of conflict (resource predation, state fragility) or purely a *consequence* of conflict (destruction, disinvestment)—in practice, the evidence supports a two-way, self-reinforcing relationship.

(b) Realist/geopolitical perspective (steps-to-war and territorial integrity). International-relations scholarship rooted in the "steps-to-war" tradition treats territorial disputes as a distinct and powerful driver of interstate conflict, independent of economic opportunity structures[27]. This perspective privileges sovereignty, border delimitation, and alliance politics as the central analytical units, treating economic and psychological costs as downstream consequences of geopolitical contestation rather than causal factors in their own right.

(c) Critical/post-colonial perspective. A third tradition, informed by dependency theory and post-colonial critique, situates conflict economics within longer histories of resource extraction, externally imposed borders, and asymmetric global power relations. From this vantage point, the concentration of refugee-hosting burden in low- and middle-income countries[24] is not incidental but reflects a structurally unequal international order in which the states least responsible for triggering conflict—and least resourced to absorb its consequences—bear a disproportionate share of the humanitarian cost, while military-industrial exporters in wealthier states benefit from arms sales that have doubled in real terms over two decades[7].

(d) Psychosocial/public-health perspective. Finally, the public-health and psychosocial tradition, exemplified by WHO-commissioned epidemiological modelling, treats mental disorder burden as a first-order cost of conflict deserving of resource allocation comparable to physical reconstruction[6,14]. This perspective explicitly rejects the implicit hierarchy in much conflict-recovery policy, wherein infrastructure and macroeconomic stabilization are prioritized while mental-health system investment is treated as a secondary, discretionary concern.

This paper does not adjudicate definitively among these frameworks; rather, Section 5 uses them as complementary lenses to interpret the empirical findings presented in Section 4.

3. Methodology

This paper adopts a **narrative-integrative review methodology** combined with **secondary comparative data synthesis**. Given the breadth of the research question—spanning economics, political geography, and clinical epidemiology—a single-method empirical design (e.g., primary survey research or econometric modelling) would necessarily exclude two of the three thematic pillars. Instead, the paper synthesizes findings from (i) institutional reports and datasets (World Bank, IMF, UNHCR, WHO), (ii) peer-reviewed systematic reviews and meta-

analyses in clinical and public-health journals, and (iii) political-science and economics scholarship on conflict causation and territorial disputes.

Data extraction followed three criteria: (1) recency, prioritizing sources published or updated within the last decade, with particular emphasis on the most current UNHCR and IMF releases; (2) methodological rigor, prioritizing systematic reviews and meta-analyses over single-site studies for the psychological-trauma dimension; and (3) triangulation, cross-referencing figures across at least two independent sources where possible (e.g., Syrian GDP-loss estimates corroborated across multiple World Bank-derived publications). Comparative tables in Section 4 were constructed by tabulating the most recent, methodologically strongest point estimates identified during the review, with confidence intervals reported where available. The paper explicitly does not claim to offer new primary data; its contribution is the cross-domain synthesis and theoretical integration of existing, credible secondary evidence.

4. Results and Empirical Findings

4.1 Economic Disruption: Comparative Country and Global Evidence

Table 1. Selected Economic Costs of Modern Armed Conflict

Conflict Context /	Economic Indicator	Estimated Value	Source	Conflict Context /
Syria (2011–2016)	Cumulative GDP loss	USD 226 billion (~4× 2010 GDP)	World Bank[2,7]	Syria (2011–2016)
Syria (2011–2017)	Relative cost of institutional disruption vs. capital destruction	~20× more costly	World Bank[6]	Syria (2011–2017)
Yemen (2015)	Single-year GDP contraction	25–35%	IMF[6]	Yemen (2015)
Libya (2014)	Single-year GDP contraction	24%	IMF[6]	Libya (2014)
West Bank and Gaza (20-yr period)	Growth differential vs. regional peers	Stagnant vs. ~250% regional growth	World Bank[6]	West Bank and Gaza (20-yr period)
Lebanon (Oct 2023–Oct 2024)	Direct economic losses	USD 5.1 billion	World Bank[9]	Lebanon (Oct 2023–Oct 2024)
Lebanon (Oct 2023–Oct 2024)	Physical/housing damage	USD 3.4 billion (99,209 housing units)	World Bank[9]	Lebanon (Oct 2023–Oct 2024)
Lebanon (2024)	Real GDP growth reduction	≥6.6 percentage points	World Bank[9]	Lebanon (2024)

Global average (cross-country)	Cumulative output loss, 5 years post-onset	~7%	IMF[4,8]	Global average (cross-country)
Global average (cross-country)	Output decline at conflict onset	~3%	IMF[8]	Global average (cross-country)
Sub-Saharan Africa (regional)	Average annual GDP growth reduction (intense conflict)	~2.5 percentage points	Regional synthesis[1]	Sub-Saharan Africa (regional)
Sub-Saharan Africa (regional, World Bank estimate)	Conflict cost to regional GDP growth	~30%	World Bank (2024)[1]	Sub-Saharan Africa (regional, World Bank estimate)
Post-independence SSA (historical)	Average GDP growth-rate reduction	~0.5%	Artadi & Sala-i-Martin (2003), cited in[1]	Post-independence SSA (historical)
Global defense-spending booms	Fiscal deficit deterioration	~2.6 percentage points of GDP (within 3 years)	IMF[3,4]	Global defense-spending booms
Global defense-spending booms	Public debt increase	~7 percentage points of GDP (within 3 years)	IMF[3,4]	Global defense-spending booms
Global	Recurrence risk of relapse into conflict within 5 years	~40% of countries	IMF[4,5]	Global

Interpretation. Table 1 demonstrates two recurring patterns. First, single-country conflicts (Syria, Yemen, Libya, Lebanon) produce economic contractions an order of magnitude larger than global cross-country averages, indicating that country-specific institutional fragility and conflict intensity amplify losses well beyond baseline expectations. Second, the finding that institutional disruption costs roughly twenty times more than physical capital destruction in Syria[6] challenges reconstruction paradigms that prioritize rebuilding physical infrastructure over restoring governance capacity, revenue administration, and judicial function—a point returned to in Section 6.

4.2 Border Realignment and Forced Displacement

Table 2. Global Forced Displacement Trends, Selected Years

Period	Total Forcibly Displaced	Refugees	Asylum-Seekers	IDPs (conflict/violence)	Source
End 2024	123.2 million	~43.7 million*	~8 million*	73.5 million	UNHCR[18,25]

Apr 2025 (interim)	122.1 million	—	—	—	UNHCR[18,20]
Mid-2025 (June)	117.3 million	42.5 million	—	67.8 million	UNHCR[24]
End 2025	117.8 million	41.6 million	9 million	68.7 million	UNHCR[19,21,22,23]

*Derived from aggregate reporting; UNHCR's category definitions shifted slightly between reporting periods (see Section 7, Limitations).

Table 3. Displacement Concentration and Structural Features

Feature	Statistic	Source
Share of displaced originating from top 4 crises (Sudan, Syria, Afghanistan, Ukraine)	>33% of global total	UNHCR[18,20]
Sudan internal displacement (largest single crisis)	9.1 million (end 2025)	UNHCR[22]
Share of refugees hosted in low/middle-income countries	~71–73%	UNHCR[20,24]
Refugees in protracted displacement (>5 years)	~66%	UNHCR[26]
Share of displaced who never cross an international border (IDPs)	~60% (3 of 5 displaced)	UNHCR[18,26]
Stateless persons globally	4.4–4.5 million	UNHCR[19,20]
IDPs returning to origin (2024)	8.2 million	UNHCR[18,20]
Refugees returning to origin (2024)	1.6 million	UNHCR[18]

Interpretation. The data reveal that "resolution" of displacement crises, as measured by returns, is frequently illusory: UNHCR's own reporting notes that many 2024 returns to Afghanistan, Syria, and South Sudan occurred under conditions of continuing fragility and instability, rendering such returns "far from ideal and often unsustainable"[18]. This suggests that raw displacement figures likely understate the true duration and depth of border-realignment crises, since a population counted as "returned" may in practice remain in a state of unresolved insecurity, precarious tenure, or renewed displacement risk.

4.3 Psychological Trauma: Comparative Meta-Analytic Evidence

Table 4. Pooled PTSD and Depression Prevalence in Conflict-Affected Populations, Selected Meta-Analyses

Study / Scope	Population	Pooled PTSD Prevalence	Pooled Depression Prevalence	Source
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Steel et al. (181 surveys, 40 countries, >81,000 participants)	Refugees & conflict-exposed civilians	30.6% (95% CI 26.3–35.2)	—	[10]
Charlson et al., WHO-commissioned (129 studies)	General conflict-affected populations	Included within 22.1% any mental disorder; 9% moderate-severe	Included within 22.1%	[6,14,15]
Charlson et al., epidemiological model (age-adjusted)	Conflict-affected civilians	12.9% (95% UI 6.9–22.9)	7.6% (95% UI 5.1–10.9, major depression)	[16]
2024 global meta-analysis (57 studies, 64,596 participants)	Civilians in armed-conflict regions	23.70%	25.60%	[11]
Sub-Saharan Africa regional meta-analysis	Conflict-affected adults (overall)	43% (95% CI 35.9–50.0)	—	[10]
— same review, by subgroup	Refugees	79%	—	[10]
— same review, by subgroup	Internally displaced persons	48%	—	[10]
— same review, by subgroup	Non-displaced residents of conflict-affected communities	34%	—	[10]
Ethiopia-specific meta-analysis (9 studies, 6,107 participants)	War-affected communities	48.4% (95% CI 37.1–59.8)	—	[12]
WHO general estimate	Conflict situations	21.7%	—	[12]
Somaliland IDP cross-sectional study	Internally displaced persons, Burao	38.2%	63.4%	[17]

Interpretation. Two patterns dominate Table 4. First, displacement status functions as a substantial trauma multiplier: within a single meta-analytic sample, PTSD prevalence more than doubles moving from non-displaced conflict-zone residents (34%) to internally displaced persons (48%) to refugees (79%)[10]. Second, methodological choices—symptom-checklist screening versus clinical diagnostic interview, cross-sectional versus longitudinal design, and adjustment for age structure—produce a wide estimate range (roughly 12.9% to 79%), a heterogeneity issue explicitly acknowledged in the underlying reviews (I^2 statistics exceeding 99% in some analyses)[10]. Even the most conservative, methodologically adjusted estimates

(12.9% PTSD, 7.6% major depression)[16] remain more than double corresponding non-conflict Global Burden of Disease baselines, indicating that regardless of measurement approach, conflict exposure carries a robust, non-trivial mental-health cost.

4.4 Cross-Domain Synthesis Table

Table 5. Integrated Snapshot: Three Dimensions of Modern Conflict Cost

Dimension	Representative Global/Regional Metric	Representative Case-Specific Metric
Economic disruption	~7% cumulative output loss within 5 years, global average[4,8]	USD 226 billion cumulative GDP loss, Syria 2011–2016[2,7]
Border realignment / displacement	117.8 million forcibly displaced, end 2025[19,23]	9.1 million IDPs, Sudan, end 2025[22]
Psychological trauma	22.1% any mental disorder among conflict-affected populations[6,14]	79% PTSD prevalence among conflict-zone refugees[10]

This table underscores the paper's central empirical claim: whichever dimension is examined, credible international data converge on the same conclusion—conflict's costs are large, persistent, and disproportionately concentrated among the most vulnerable subgroups (displaced persons, women, residents of low-income host states).

5. Discussion: Interlinkages and Competing Perspectives

5.1 The Compounding Cycle

The evidence assembled in Section 4 supports a compounding-cycle model rather than an additive-cost model. Economic collapse—driven by institutional breakdown, currency depreciation, and fiscal deterioration[6,8]—reduces household resilience and accelerates outmigration, contributing to the scale of displacement documented in Table 2. Displacement, in turn, is the single strongest predictor of elevated PTSD prevalence identified in the meta-analytic literature, with refugee populations exhibiting nearly double the PTSD prevalence of non-displaced conflict-zone residents[10]. Untreated psychological trauma subsequently degrades the human capital—labour-force participation, cognitive function, caregiving capacity—required for post-conflict economic recovery, closing the loop back to Section 4.1's finding that conflict-driven output losses persist for more than a decade[4,8]. This cyclical structure suggests that interventions targeting only one dimension (e.g., macroeconomic stabilization loans without parallel investment in displaced-population mental-health services) are likely to underperform relative to integrated interventions.

5.2 Economic/Rationalist versus Realist/Geopolitical Perspectives

The economic (greed–grievance) and realist (steps-to-war/territorial) perspectives offer complementary but not fully reconcilable explanations for conflict onset and, by extension,

differing prescriptions for cost mitigation. The economic perspective, emphasizing resource predation and state fragility[1,30], implies that reducing the "lootability" of natural-resource revenue streams and strengthening fiscal institutions should reduce both conflict onset and its associated economic costs. The realist/territorial perspective, by contrast, emphasizes that many modern conflicts—Russia–Ukraine, India–Pakistan border tensions, numerous African inter-communal boundary disputes[27,29]—are driven by contested sovereignty claims that are largely insensitive to economic incentive structures; no plausible resource-revenue-sharing arrangement resolves a dispute over the location of an international border. Critics of the Collier-Hoeffler framework, including Keen and Korf, argue precisely that reducing conflict motivation to an economically tractable variable (proxied, for instance, by primary-commodity export dependence) obscures the historical, territorial, and identity-based dimensions that the realist tradition foregrounds[27,28]. For the purposes of this paper's multidimensional framework, the practical implication is that economic-disruption mitigation and border-dispute resolution likely require distinct policy instruments—macro-fiscal support and institutional strengthening for the former, mediated territorial settlement and confidence-building measures for the latter—even though both dimensions interact with, and are worsened by, the same underlying conflict episode.

5.3 The Critical/Post-Colonial Perspective on Asymmetric Burden

A critical perspective adds an important corrective to purely technical cost accounting: the burden of modern conflict is not randomly distributed across the international system. UNHCR data showing that 71–73% of refugees are hosted in low- and middle-income countries[20,24], combined with IMF findings that global arms sales—concentrated among manufacturers based in wealthy states—have doubled in real terms over two decades even as conflict-affected states suffer the bulk of the economic contraction[7], supports the critical-theory contention that the international political economy of conflict distributes costs and benefits asymmetrically. From this perspective, technical policy recommendations regarding fiscal stabilization or displacement management, however sound, risk being insufficient if they do not also address the structural incentives—arms exports, resource extraction, geopolitical proxy competition—that sustain conflict in the first place. This perspective does not claim empirical superiority over the economic or realist accounts; rather, it insists that any complete accounting of "cost" must include a distributional dimension: cost to whom, and benefit to whom.

5.4 The Psychosocial/Public-Health Perspective and the Case for Parity of Investment

The psychosocial perspective, grounded in the WHO's epidemiological modelling[6,14], makes an explicit normative claim: mental-health burden should receive resource allocation commensurate with its scale, rather than being treated as a residual concern after infrastructure and macroeconomic priorities are addressed. The magnitude of the disparity is stark. While reconstruction financing—as in the Syrian and Lebanese cases documented in Table 1—typically runs into the billions of dollars and attracts sustained multilateral attention, mental-health system investment in conflict-affected and post-conflict states remains chronically underfunded relative to documented need, a point implicit in the persistent 22.1% mental-disorder prevalence finding despite decades of humanitarian intervention[6,14,15]. The Somaliland case study, showing depression prevalence of 63.4% among internally displaced

persons[17], illustrates that in some of the most acute displacement contexts, psychological morbidity may be the *modal* rather than exceptional civilian experience—a finding with direct implications for how "everyday life" is reconstituted, or fails to be reconstituted, after conflict.

5.5 Gendered and Social Dimensions

Across nearly every meta-analysis reviewed, female sex emerged as a consistent, statistically robust predictor of elevated PTSD risk, with adjusted odds ratios clustering around 2.0–2.2[10,12]. This pattern likely reflects a composite of factors documented in the underlying literature: differential exposure to gender-based violence during conflict and displacement, caregiving burdens that compound stress exposure, and reduced access to social and economic support structures in displacement settings. Poor social support itself was independently associated with markedly elevated PTSD odds (odds ratio 4.4 in the Ethiopian sample)[12], suggesting that the erosion of community and family networks—a direct consequence of the border realignment and displacement documented in Section 4.2—is not merely correlated with psychological harm but may be causally implicated in its persistence.

6. Policy Implications

The findings support several policy-relevant conclusions. First, post-conflict reconstruction financing should explicitly account for institutional-restoration costs, which the Syrian evidence suggests may exceed physical-capital reconstruction costs by an order of magnitude[6]; donor frameworks weighted heavily toward physical infrastructure risk misallocating resources relative to the evidence. Second, displacement-management frameworks should treat protracted displacement (affecting an estimated 66% of the global refugee population)[26] as a structural rather than transitional condition, with corresponding long-term investment in host-country service capacity rather than short-term emergency provisioning alone. Third, mental-health system strengthening in conflict-affected and host states should be integrated into the core financing architecture of humanitarian and reconstruction response, rather than treated as an ancillary sector, given the scale of documented morbidity and its demonstrated interaction with long-run economic recovery. Fourth, given the disproportionate hosting burden borne by low- and middle-income states, burden-sharing mechanisms within the international refugee protection regime warrant continued reform to align hosting capacity with hosting responsibility.

7. Limitations

This review is subject to several limitations. First, as a narrative-integrative synthesis rather than a formal systematic review with pre-registered protocol, the selection of sources, while guided by explicit criteria (Section 3), cannot claim the exhaustive coverage of a PRISMA-compliant systematic review. Second, the psychological-trauma literature reviewed in Section 4.3 exhibits substantial methodological heterogeneity (I^2 values frequently exceeding 90–99%), meaning pooled estimates should be interpreted as indicative ranges rather than precise point estimates; the underlying reviews themselves note this limitation[10,11]. Third, UNHCR displacement statistics are subject to periodic revision and definitional adjustment across reporting cycles (for example, shifts in how Palestine refugees under UNRWA's mandate are

counted relative to overall IDP totals)[21], complicating strict year-on-year comparability. Fourth, economic-cost estimates for actively ongoing conflicts (e.g., Lebanon, Sudan) are necessarily provisional and likely to be revised upward as more complete damage assessments become available, as explicitly noted in the World Bank's own Lebanon reporting[9]. Finally, this paper's integrative framework, while analytically useful, does not constitute formal causal-inference testing of the compounding-cycle hypothesis advanced in Section 5.1; establishing rigorous causal pathways between economic collapse, displacement, and trauma prevalence would require longitudinal, ideally panel-based, primary research beyond the scope of this synthesis.

8. Conclusion

Modern armed conflict imposes costs that are simultaneously economic, territorial, and psychological, and these three dimensions interact in ways that existing sectoral literatures—conflict economics, international-relations border-dispute scholarship, and clinical epidemiology—have not yet fully integrated. The evidence reviewed here demonstrates that economic contraction following conflict onset is deep and durable, frequently persisting for more than a decade and driven as much by institutional as by physical destruction; that border realignment generates historically unprecedented levels of forced displacement, now affecting one in every 70 people worldwide, with displacement itself acting as a powerful multiplier of psychological harm; and that psychological trauma, measured through PTSD and depression prevalence several multiples above non-conflict baselines, constitutes an under-resourced but substantial component of conflict's total cost. Competing theoretical perspectives—economic, realist, critical, and psychosocial—illuminate different facets of this multidimensional burden and imply different, complementary policy responses. A comprehensive accounting of the true cost of modern conflict, and a correspondingly comprehensive recovery strategy, must therefore integrate fiscal reconstruction, durable displacement solutions, and mental-health system investment as co-equal and mutually reinforcing priorities, rather than treating any one dimension as a proxy for the whole.

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