

Patricia Justino: Poverty and Conflict: Theory

Patricia's session first covered theories of poverty's relation to conflict, and went on to look at how these theories can be tested through empirical research.

The theory of poverty and conflict

Robust evidence on the causes of civil war shows that low national incomes are almost always associated with the occurrence of civil wars; that mountains and forests facilitate insurgencies; and that natural resources often play an important role. Robust evidence on the duration of civil wars suggests that they tend to last for a long time (in 1999: 16 years was the global average). Common features of long-lasting wars include: involvement of guerrilla movements; conflicts over land or natural resources by ethnic groups; a rebel group financed by opium, diamonds or coca; presence of a few large ethnic groups; presence of large forest cover; and the presence of weak state institutions.

However, it is not clear whether we really understand the processes behind these findings. For example, how do we distinguish causes of mobilisation from triggers of violence? What motivates participation/support for armed groups? What explains types, intensity and organisation of violence? The onset and duration of wars is related to what happens to people during violence conflict, and what people do in areas of violence.

Conflict impacts on poverty through a range of welfare effects: direct effects, indirect effects and instrumental effects.

- Direct effects include household breakdown (through killings, injuries and physical and mental disability); effects on assets (which get lost or destroyed through heavy fighting and looting) and livelihoods (through the loss of assets); and displacement (civilian populations are often targets for armies and rebel groups, leading to cycles of displacement and poverty).
- Indirect effects include the effects of violence on local institutions especially local markets of exchange, employment, insurance and credit; effects on social networks and community relations; effects on political institutions and governance; and macro-economic effects.
- Instrumental effects include the disruption of coping strategies. Conflict is different from other shocks due to its deliberately destructive nature, including the intentional destruction of coping strategies.

The limited options left to poor households in this context often include household reallocation of labour, subsistence agriculture and migration.

Conflict can lead to poverty traps in three main ways. Firstly, individuals that are under wealth and human capital thresholds are prevented from prospering unless a large windfall can push them into recovery. Violent conflict can lower these thresholds through changes in health status, household labour allocations and household productive capacity. It can also reinforce mechanisms keeping households below these thresholds.

Secondly, there are effects on people's networks, which may break down during conflicts. For example, displacement into areas where productive activities cannot be accessed may trap households in criminal networks, or they may be forced to seek protection from militias.

Thirdly, there may also be institutional effects when political forces and social interactions result in dysfunctional institutions that perpetuate high inequalities in power and wealth.



Poverty can also lead to conflict traps. Poverty can be a basis for mobilisation through grievance, and can also be the basis for becoming a soldier or supporter of an armed group due to their provision of shelter, food, resources or information, and also through reducing the danger of denunciation. In fact, there are a number of different factors that can lead someone to be a fighter:

- Selective incentives
- Socio-emotional incentives
- Coercion and fear
- Costs of non-participation

Increased participation in and support for armed groups can increase the strength of armed groups. In this case, if the armed group faces weaker opposition, it may win the conflict and form a government. However, if the armed group faces opposition of similar or greater strength, the conflict may be prolonged in a vicious cycle of poverty and conflict.

From theory to practice

To test these theories we need information on a range of different factors. Firstly we need information on factors linking the viability of conflicts to household behaviour and decisions, and to socio economic preferences. Secondly, we need to empirically relate economic profiles of a cross-section of individuals to social and institutional transformation; strategies of governance throughout conflict; and the costs and advantage of participation.

In terms of data, we need panel data that follow the same household or household members across time, preferably with information before, during and after the conflict, with a good split between combatants and non-combatants. If this is not available, then we can match socio-economic data to conflict events, or carry out new fieldwork.

There are two important econometric issues to bear in mind:

- Endogeneity: conflicts affect household behaviour and economic status, but changes in household behaviour also impact on the course of conflicts.
- Sample selectivity bias and panel attrition: Attrition can occur because people die and disappear, and it is not possible to follow everyone. This is a non-random change in representativeness and initial weights. There can be selection bias due to the effects of violence (death, displacement, abduction, etc) and to self-selection in participating in the analysis to characteristics of the conflict.

A method for correction of these issues is the Heckman test. Step 1 is to calculate the probability of participation using exogenous characteristics; and step 2 is to incorporate individual/household probabilities as an explanatory variable.

In testing hypotheses about the impact of conflict on household poverty, econometric models looking at cross-section data need to have treatment and control populations. Those looking at a two year panel should use a multinomial model, and those looking at multi-year panels should use income mobility models and spell duration models.

When looking at the impact of poverty on conflict, data needs will depend on what we are trying to explain. To study the outbreak of conflict, or years of conflict, long time-series data is necessary. To analyse the intensity of violence, we might use geographical distribution data, informal accounts or government data. This might include information on the number of dead/injured, etc; the number of displaced persons or abductions; or the destruction of household assets and property, infrastructure and institutions in the community. When looking at the distribution or location of violence, we need geographic distribution data such as the intensity of fighting in a community, or the distance of households to fighting zones.

More information on these issues can be found in [MICROCON Research Working Paper 6: Poverty and Violent Conflict: A Micro Level Perspective on the Causes and Duration of Warfare](#) by Patricia Justino.