

H i C N Households in Conflict Network

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Vulnerability to Conflict: a micro-perspective

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1. Purpose

The purpose of this outline is to contribute building blocks to a baseline conceptual paper on the micro analysis of households in conflict, for the HiCN.

In Helsinki, we discussed the model of the agricultural household as a key micro-economic cornerstone of our approach. The graph we drew at that time, I believe is still an important element to guide our discussion. Central to it is that conflict events are seen as exogenous shocks that impact household welfare and household behaviour. In that respect, conflict shocks can be treated much like price shocks, weather shocks and other exogenous shocks.

I am not going to develop this line of thinking here further (but I definitely believe we should use and develop this line of thinking further).

What I would like to do is to engage in another line of thinking, that promises, I believe, to be very relevant for what we want to do, namely the literature on VULNERABILITY in development economics. The treatment of conflict as an exogenous shock namely has its limitations. It deals primarily with the impact (consequences) of conflict for poverty. It is an ex-post analysis. In HiCN however, our objective is much wider: we want to distinguish (deal with) several types of conflict and not only with its consequences, but also with its causes and processes.

Therefore, what I would like us to do, is to see if we can use (and develop further) existing approaches in development economics that render us new and innovative insights in the micro-analysis of conflict. It occurs to me that the vulnerability literature bears potential fruit in this regard.

2. Literature on Vulnerability

In the literature, vulnerability is defined as expected poverty, as the magnitude of the threat of poverty: households are defined as vulnerable when they fall below the poverty line as soon as something happens. They are in danger of becoming poor because they cannot cope with uninsured risk. The literature usually qualifies vulnerability as ‘vulnerability to absolute income poverty or consumption poverty’ , but it is also extended to ‘vulnerability for not

being able to complete primary school' , 'vulnerability to mortality before the age of one' and so on (Dercon, 2005). Poverty is measured ex-post, while vulnerability is measured ex-ante.

In the same sense, we can measure the effect of conflict on household welfare ex-post (this can be named the classical way, after the shock occurred), but in a vulnerability context, we are more interested in an ex-ante measure, or the threat of being engulfed in conflict. Thus, HiCN could develop a new measure, call it 'Vulnerability to Conflict' (VtC) which draws from the 'vulnerability to poverty' literature.

Also, for our measure, VtC, we are not only, or even not primarily interested in households that risk to fall below the poverty line. This is an important part of what we want to achieve, but this is the limited (or call it classical) effect: a conflict shock may bring a household below the poverty line. As I said, this is important, but it seems limited. What with those conflicts that do not bring households under the poverty line? Are they not important? Are those conflicts whose economic effect is not in the first place to increase poverty but to change the structure of the economy?

Thus, it seems to me that a VtC measure should not (or not in the first place) be defined in relation to poverty or to an ex-post situation. I think VtC can or should be an overall concept that measures a household's or an individual's magnitude to become affected by conflict.

What we want to know is what type of household is (ex-ante) vulnerable to what type of conflict. Some very different examples first:

- a household whose oldest son is a member of the IRA, is vulnerable (likely to suffer from) a violent uprising or demonstration in Northern Ireland. They could namely find their son thrown in prison or even be killed, with loss of labour and subsequently income as a consequence;
- a household head who joins the new Iraqi police force is vulnerable to a terrorist attack and his household will suffer loss of labour and income from it;
- A Chinese trader is vulnerable to theft and loss of all his property by acts of Indonesian gangs;
- Sudanese of African origin living in the Darfur region of their country are vulnerable to attacks by government sponsored militias;

- Wealthy businessmen are very vulnerable to a Maoist rebellion, but not vulnerable in a Pinochet-like coup d'etat;
- A large farmer with a lot of non liquid assets is highly vulnerable in a type of conflict which includes a mass refugee flow, but is not very vulnerable in a city guerrilla.

So it seems like the vulnerability of these people to specific and very different kinds of violence is related (meaning not independent of or not exogenous) to one or more of their own characteristics or own behaviours (being a member of the IRA, being a policeman, being a Chinese trader, being a black person in Sudan) and their vulnerability is also linked to the place of residence. The same Chinese trader would not face the same vulnerability when we would be living in Belgium.

Thus, the vulnerability to conflict we are interested in, is linked to certain attributes of a person, certain attributes of the conflict itself and the place of residence. For example, the IRA member may be LESS vulnerable to robbery by a youth militia in Northern Ireland compared to an old lady, as these youth will think twice before they rob an IRA member.

Therefore, the key issue for HiCN could be to develop a VtC concept or measure.

Drawing from the vulnerability to poverty literature, Dercon (2005) writes that papers that have tried to apply vulnerability to their data have often focussed on the probability of being poor. Dercon writes that a more fruitful approach would be to make profiles: finding the correlates of higher and lower vulnerability, based on initial conditions, household and community histories and policy measures. In an example cited by Dercon (Ligon and Schechter, 2003), the authors find that education reduces vulnerability (to poverty). This is what I mean with using this literature to establish a VtC measure. In such an analysis, that uses the same methods as in the existing literature, it could well be that education *increases vulnerability to certain types of conflict* (eg Khmer Rouge in Cambodia, 1972 massacres in Burundi, Cultural Revolution in China).

Interestingly, Dercon (2005) writes that ‘ Just as with the standard (ex-post) poverty profiles, it could therefore be possible to generate multivariate vulnerability profiles for different contexts, and make statements on the relative differences in vulnerability between different

types of households in different localities. This is exactly what I mean, HiCN could do with a VtC.

3. A crucial problem

Such ex-ante analysis faces the following problem: how to generate the possible outcomes in different states of the world? Indeed, one needs a forecasting model for outcomes and the necessary data to estimate or calibrate a distribution of outcomes using information ex-ante.

In my paper in the JDE for example, I wrote that the degree of one's activity in the land and labour market is a good predictor of one's chance to become a perpetrator of genocide. Of course, my analysis was done ex-post with the data at hand, but one could think of writing such a paper before the genocide, based on what we know of the characteristics of household members in our data base and the overall characteristics of the Rwandan economy. This is how I see a VtC measure. It could contribute to the literature on victimisation as well as to the literature on perpetrators of violence.

In fact, the appropriateness of different forecasting models will depend on the underlying time-series properties of the outcome series.

4. Some Literature

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