



Chronic poverty and violent conflict: 'fragile states' and the social compact



A hairdresser cuts a customer's hair in a makeshift barbershop that he has set-up in the abandoned tax department of the derelict National Bank of Liberia (Monrovia, Liberia). Photo © Tim A. Hetherington / Panos Pictures (2005)

What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty. Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation. This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

Key Points

- Violent conflict drives people into chronic poverty, as they lose assets and access to markets, and as public provision of social spending falls.
- Policies to reduce chronic poverty and inequality may help lessen the potential for violent conflict. Persistent poverty can be a factor in the outbreak of conflict, if it leads to increased social discontent, or if organised violence offers some of the poor a better livelihood than peace.
- The chronically poor are very often the victims of violence, especially women, children and the elderly, and people suffering ill-health or impairment. Using anti-poverty policy to prevent conflict may lead to a focus on the needs of young men, as potential combatants; but other groups should not be forgotten.
- Post-war recovery may benefit many of the poor just below the poverty line if they are able to secure and build their assets; but the chronically poor may see little in the way of recovery when they lack assets and human capital. Social protection programmes are important to help them exit poverty.
- Post-conflict growth can be narrow in its benefits, and post-conflict states correspondingly fragile. A good fiscal system is necessary to mobilise the revenue created by growth, convert it into pro-poor public spending, and build a social compact based on mutual obligations between citizen and state.



Introduction

Between 320 and 443 million people are now trapped in chronic poverty, poverty that often lasts for their entire lifetime. That's roughly equivalent to the combined populations of the US and Japan. Sixty per cent of the chronically poor live in the most chronically deprived countries. Violence is a problem for the poor in all societies, but especially so in these countries: of 32 countries classed as 'across-the-board chronically deprived', 19 have experienced major violent conflicts since 1970 (a higher proportion than for other classes of country), and internal conflict is associated with chronic deprivation.

In the **Chronic Poverty Report 2008–09** we discuss how violent conflict, state fragility and chronic poverty are related and how conflict contributes to the five poverty traps identified in the report. Conflict obviously contributes to the insecurity trap – forcing poor people to prioritise short-term survival over long-term investment. But conflict and state fragility are also related to limited citizenship, where states ignore or exploit the poor; spatial disadvantage, where regional power struggles lead to violence; social discrimination, both fuelling discontent and exposing the sufferers to atrocities in wartime; and poor work opportunities, which can make recruiting fighters easier.

The building of an inclusive social compact between state and population is particularly urgent in chronically deprived countries; and is essential for ending chronic poverty. Here we focus on the relationship between conflict and chronic poverty, and highlight policy levers at both international and national level to increase the chances of building a just social compact in fragile post-conflict states.

Poverty as a cause of violent conflict

It is widely held that poverty can be a factor in the outbreak of violent conflict. However, there is less clarity on the exact mechanisms for this, or whether chronic poverty is particularly associated with conflict. We suggest that there are two main ways in which chronic poverty may contribute to increased violent conflict, which are likely to interact.

• **Chronic poverty fuelling social discontent**

Firstly, persistent poverty may increase social discontent. This does not automatically lead to violent conflict. Confrontation with elites carries high risks for people with few material assets or socio-political connections, and demands resources that they may not have. And

people suffering poverty may not perceive themselves as sharing a common cause. But where their discontent is politicised, and where there is little prospect of nonviolent political change, violent conflict becomes more likely. For example, peasant fatalism in El Salvador was transformed by left-wing social movements in the 1970s; following brutal repression of these movements, civil war erupted in the 1980s. It is not only economic hardship that is important, but also the social experience of powerlessness associated with chronic poverty. At the end of the El Salvador war, one insurgent commented: "Higher incomes? Who knows? But that we not be seen as slaves, that we've won."¹

Of course the mobilisation need not be based on class solidarity, nor put poverty reduction explicitly on the agenda. Where poverty and inequality coincide with cultural or regional identities – so called 'horizontal inequalities' – the potential for conflict also appears to rise. And in some cases, discontent may be exploited by ambitious political actors more interested in personal gain – the 'greed' of a few preying on the 'grievance' of many.

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• **Poverty makes recruiting fighters easier**

Desperate lack of economic opportunity is the second route from chronic poverty to conflict. No society entirely avoids violent crime, and otherwise peaceful societies can have high levels of violent organised crime (Brazil, for example). Although violent organised crime and civil war are distinctly different social phenomena, there are many intersecting points. Leaders need to recruit followers and the lack of viable peaceful livelihoods makes recruitment easier, whether it is into a criminal gang in a Brazilian *favela* or into an armed militia in a Congolese village. Where chronically poor people are concerned, this is hardly 'greed'. In Sierra Leone, satisfying basic needs – food, education and security – were important motivations for the largely very poor combatants. In some cases, of course, combatants are recruited by force. It may be that chronically poor people – particularly children – have the least material and social resources with which to buy or bargain their way out of such situations.

However, when conflicts persist and endure, personal gain becomes a more important factor in maintaining them. Lucrative opportunities to loot, sell valuable minerals and trade in drugs become available, and are developed to finance purchases of weapons and mercenaries. This can happen even in conflicts that began to redress a sense of injustice. War can become organised crime on a large scale. This can offer the able-bodied poor opportunities that they never had in peace – young uneducated men

and women may be recruited as fighters – at the same time as many more vulnerable people are further impoverished.

Stopping conflicts once they have begun is difficult: as the years of conflict rise, not only are divisions deepened and new grievances created; but more people have a stake, both economic and social, in conflict persisting. This can apply as much to government forces ordered to put down a large-scale rebellion as to the rebels themselves, with both pursuing lucrative livelihoods (sometimes in tacit co-operation).

Violence as a cause of impoverishment

However, while a few may benefit from being useful to fighting groups, this is unlikely to be the case for most people in poverty. Instead, their already weak economic, social and political position makes them particularly vulnerable to the direct and indirect loss of assets and economic opportunities due to conflict. Laws or social norms of protection and rights may be increasingly disregarded by more powerful actors; their limited assets may be seized to provision combatants; they may be targets for acts of terror or revenge, especially the rape of women.

• **Health, nutrition and education**

The horrible death and mutilation inflicted upon people in war is matched – and in many cases exceeded by – the deaths caused by the accompanying hunger and disease. One estimate is that adult and infant mortality increases by 13 per cent during conflict and remains 11 per cent higher for at least five years.² People may suffer physical impairment and psychological trauma during war. Especially because of stigma or lack of appropriate health care services, this may drive people into chronic poverty. International sanctions to bring belligerents to the peace table may have the unintended effect of worsening the lot of the poor. There is some evidence of sanctions worsening nutritional status in Burundi, and sanctions against the Saddam Hussein regime in Iraq were much criticised for their impact on child health and nutrition in particular.

But paradoxically, the nutritional status of some of the chronically poor may improve during conflict if they reach camps for internally displaced persons (IDPs) and refugees where they receive food and medical assistance (and perhaps some education as well). And while camps are not always safe havens from violence – from without or within, residents may face fewer non-conflict risks than they did at home (or at least no more). For example thousands of the Mozambicans who returned home after the country's 16-year civil war were killed in the country's 2002 floods.

Education also suffers during wartime, not only through the physical destruction of schools (which were a deliberate

target during Mozambique's civil war) but also due to heightened insecurity and therefore fears to send children out to school, and collapses in household income which reduce people's ability to afford to send children to school. One study calculates that an increase of 10 per cent in the proportion of households affected by civil conflict in Uganda reduces investment in schooling by about one year.³ The impacts can be very different for different groups: the 1992–1998 civil war in Tajikistan saw a sharp drop in school enrolments of girls but not boys, and in urban areas rather than rural areas. Households allocated their reduced resources to educating boys, and were also afraid of girls being harassed by the military; urban incomes fell more sharply than rural incomes, and rural households had some subsistence income to fall back on.⁴ However, the chronically poor may never have had much access to education, or have been able to afford to send their children to school, in peacetime.

• **Social relations under stress**

Conflict also rips apart the social capital of societies, as flight and displacement (often for many years) damages family and social bonds. In the worst cases, young children are inducted into armies and forced to commit atrocities against their own people as a way of severing their social bonds and hardening them to violence. Market-exchange is undermined as people's trust in each other falls, with the consequence that traditional mechanisms for coping with shocks such as selling assets become more difficult. In 1994, the year of the genocide in Rwanda, Tutsi households feared to take their cattle to market; and when they were able to, prices were low. Predatory behaviour also leads to resource depletion and environmental degradation.

New social capital also arises as people try to protect themselves, including the mutual-support groups formed by street children in Angola, the Democratic Republic of Congo (DRC) and Haiti. Sometimes these co-operative groups form the basis for new livelihoods keeping people above the poverty line or helping them to cross it, but the chronically poor are generally those with the least access to the assets and networks necessary to achieve this.

The possibilities for poverty reduction in the context of large-scale violence cannot be seen in isolation from the question of how political power is exercised.

• **War economies – what hope for 'decent work' or redistribution?**

During wartime, overall economic activity and employment are reduced when insecurity and uncertainty make people reluctant to create new businesses or to invest in their farms. Not only does the total level of investment by large, small and micro enterprises fall, it also becomes very distorted: towards activities that deliver a quick profit (especially trading in scarce commodities) and away from investing in activities that have a longer-term (but now more uncertain) payoff. (The exception, in terms of levels of investment at least, is the mineral sector, which is often a protected enclave



providing revenue for governments and/or rebels.) The opportunities for unskilled labour thus created tend to be characterised by insecure and exploitative terms of employment with little attention to labour rights.

Unless the country is mineral-rich, the revenue base almost always declines during violent conflict, as incomes and trade contract and tax-collection institutions degrade. This endangers already weak safety nets and social sector provisions for poor people. In mineral-rich countries undergoing conflict there may be ample revenues available for poverty reduction (Congo-Brazzaville and Angola are examples), but these are often not used to this end - disappearing instead into a non-transparent fiscal system for elite use. Progress in this area has been patchy at best, and while measures such as the Extractive Industries Transparency Initiative (EITI) may improve accountability, this is not evident in many countries.

War and the politics of poverty reduction

Injustice may therefore help start a war, but strategies to restore justice may not be sufficient to stop it. This has consequences for how far it is possible to get poverty reduction adopted as a political priority in any moves towards a settlement. In some cases, peace settlements offer opportunities to rewrite national myths and expand the political agenda to include tackling poverty. One example is Bangladesh in the early 1970s, when the suffering of women in the war of independence created popular sympathy for a national nutrition programme targeting poor rural women.

However, in other cases – perhaps particularly where criminal-type organisations have become prominent – the domestic policy agenda may instead be dominated by placating the powerful potential ‘spoilers’ to peace. Liberia during Charles Taylor’s presidency is one example, where Taylor’s campaign slogan “He killed my ma, he killed my pa, but I will vote for him” grimly illustrated how appeasement can triumph over other priorities.⁵ Afghanistan today is arguably another, with a weak central government whose continued existence depends on placating warlords, offering them enough to ensure co-operation (handing out political and administrative appointments, for example) without having much in the way of mechanisms to achieve fundamental change. Even when poverty is on the policy agenda, it may be seen through a ‘security’ lens, which can lead to a focus on those social groups seen as constituting a security threat – often poor young men – rather than e.g. women, or older people.

The possibilities for poverty reduction in the context of large-scale violence cannot therefore be seen in isolation

from the question of how political power is exercised there, including the balance of power between competing groups. These are often divided along ethnic, religious and/or regional lines, with the poor sometimes constituting a political force (when they form the army of a separatist region, for example) but often marginalised from political decision-making. Their potential political power is often the prerogative of competing political elites, recruiting the poor as voters or fighters as necessary.

The poor and their recovery from violent conflict

Therefore, success in reducing and ending conflict need not imply that poverty reduction has been adequately addressed, nor that chronic poverty is high up on the agenda either. A society may achieve a large measure of peace without a strong anti-poverty agenda. Even if a well-defined poverty reduction strategy is in place, it may be very difficult to implement given the institutional decline that takes place during war. Effective poverty reduction is therefore inseparable from the larger task of building effective and accountable states. This is expensive, in both financial and human resources. In the short-term, the social protection needs of those people least able to benefit from post-war growth (e.g. the ill, elderly or disabled) need attention and possibly extended humanitarian assistance.

• Post-war growth

While ‘war to peace’ transitions are often uneasy, uneven and hard to define – formal peace agreements may not mark the end of all violence on the ground – post-war economic growth can be rapid when it comes, as farms and enterprises restart themselves. Bringing agricultural land back into production by clearing land mines and other ‘unexploded ordnance’, and resettling rural communities is a priority, especially for food-security. The rehabilitation of transport and storage networks also helps by reconnecting rural markets with towns and with each other, thereby recreating national and regional food markets to move food from surplus to deficit areas.

But it can be narrow in its benefits, and the prospects for poor people to gain from it depend on their situation. As food aid supplies diminish, so the chronically poor will be increasingly reliant on purchases in the market. For the poor who are just below the poverty line, who are able-bodied, have some land, cattle and other assets, the end of war brings opportunities to restart agricultural livelihoods and to sell surpluses into markets that are recovering. The able-bodied chronically poor without many assets may see their situation improve when labour demand increases. But the chronically poor who are too ill or old to find much work may experience a



deteriorating situation, especially if wartime humanitarian assistance is rapidly wound down and if no replacement safety nets are rapidly put in place.

Priority to the resettlement and rehabilitation of the chronically poor may be possible. But it is difficult, when many millions of people need to be resettled, and when many of them will start to make their own way home, in part to ensure first claim on the best land. Those with the least resources (and least political capital) can lose out in the land-grab that often occurs once peace holds—which raises the value of prime agricultural land close to markets. Enhancing poor people's tenure security (where the poor have land) might help them benefit more from the 'recovery' phase.

Chronically poor people may in any case be concentrated in areas and regions of limited agricultural potential, subject to environmental stress, and with only limited connections to major markets. In fact, some may not wish to return. While some will wish to, perhaps having found life in their place of 'refuge' difficult and precarious, others may prefer to settle where they have fled, rather than go back to an uncertain future at 'home'.

Post conflict economies usually go through many economic reform programmes, some of which begin, as in Mozambique and Sri Lanka, during the war itself. Much is made of the pros and cons of economic liberalisation and privatisation, both of

which are highly contentious. But the really important reforms for the long term are those in the fiscal area—the system of taxing and spending and its relationship to the overall macro-economic framework. Even if growth itself is narrow in its benefits – going mainly to the non-poor or those just below the poverty line—the larger tax base generated by growth can be mobilised to build social protection. But this can only occur if there is early investment in rebuilding tax and public expenditure systems, often involving wholesale reform as well. In the meantime, the chronically poor will be highly vulnerable even if the overall economy is recovering.

Conclusions

• *Violent conflict often intensifies chronic poverty*

In this briefing we have discussed how poverty may lead to conflict, and explored some of the implications of large-scale violence for people in chronic poverty. It is important to understand the detail of *who* is involved *how* in each particular context. Some able-bodied younger people may find conflict a path out of poverty, through becoming fighters. However, others, and particularly older or less able-bodied people, may be further impoverished, victimised or simply neglected. Some refugee camps may be places of despair or danger; in others, the inhabitants will have access to more resources and services than at home – although this only highlights the low levels of peacetime provision.

Indeed, just as violent conflict can be seen as an intensification of the conflict inherent in everyday life, so it is often true that war accentuates the problems that the chronically poor often already face in peacetime. Lack of access to good income-earning opportunities; lack of material and other assets such as health and education; lack of social status and political power; all these make surviving, let alone thriving, during violent conflict particularly difficult. The same applies to the recovery and reconstruction process, where the cessation of full-scale war does not mean the end of politics and conflicts of interest, and many of those most vulnerable to further dispossession or exclusion from the benefits of peace are already chronically poor.

• *Action at international level*

There are actions that the international community can take to help. **More vigorous and effective action against bribery, money laundering and the international trade in weapons and mercenaries, would make it harder for the wealthy and powerful to engage in violence to achieve their ends.** There has been progress in each of these areas – for example, in 2005 Swiss banks were forced by the country's Supreme Court to return US\$505 million, looted by the late General Sani Abacha, and the money now placed into a special poverty fund by the Nigerian government. However, much more remains to be done.

Box 1: Violence and pro-policy in Bihar and West Bengal

The North Indian states of Bihar and West Bengal inherited similarly unequal and exploitative agricultural economies on India's independence, with some of the highest poverty rates in India. In the late 1960s they saw a series of rural rebellions, culminating in the Maoist Naxalbari uprising. But since the 1970s, leftist governments in West Bengal have enacted a programme of land reforms involving nearly 2 million beneficiary households. This included increasing the security of tenancies, and distributing land to the landless. Political violence has declined markedly and the rural poverty rate declined to around the all-India average.

Meanwhile, in Bihar, Congress and other parties held onto power and land reform on the Bengal scale did not happen. Over 75% of landholdings were judged marginal or sub-marginal in 2000. Political violence, pitting various caste or class militias against each other, is widespread, inequality has increased, and the rural poverty rate remains high.

This comparison suggests that policies to help poor people gain assets (such as land) can lessen the risk of social conflict turning violent. Clearly the history of both these states is complex and there is more to their politics than land reform. But a wider survey of policy and conflict at state level in India offers some support to this thesis, concluding that public expenditure on social services and higher rates of education enrolments were associated with reduced civil unrest and violent conflict.

Source: Justino, 2006; Kumar, 2004



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(CPRC) is an international partnership of universities, research institutes and NGOs, with the central aim of creating knowledge that contributes to both the speed and quality of poverty reduction, and a focus on assisting those who are trapped in poverty, particularly in sub-Saharan Africa and South Asia.

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Some advocate military interventions to end conflicts and halt state collapse. In some cases this has brought some hope for the chronically poor: military action and peacekeeping removed the “spoilers” in Liberia and Sierra Leone – countries impoverished by years of war. But this wave of interventionism has been unsystematic, and in many other cases interventions have been under-resourced (e.g. Darfur), or misdirected and disastrous (e.g. Somalia). And looking beyond military-based interventions, there are limits to what international actors can do through direct assistance. While there have been successful cases of internationally-assisted recovery from conflict – like Mozambique and Aceh – the breakdown of peace in Sri Lanka, or Timor Leste’s ongoing troubles, illustrate the challenges.

• **A social compact for fragile states**

Removing individual spoilers is not enough. Removing one Charles Taylor leaves many potential Taylors to take the stage, if the conditions that provide them with the opportunity – chronic poverty, weak economies, and ineffective or even predatory states – persist. **If war can be ended, and post-conflict recovery begun, it is vital for societies to start to construct what we term a social compact – a set of mutual obligations between the state and its people.** That social compact drives the process of political, social and economic change that hopefully propels societies towards a better more prosperous future. This removes the context in which the Charles Taylors of this world thrive. The question then becomes, how best to build such a compact in fragile states?

Historically, there are different models for achieving a viable social compact, but common to all is an effective system of public finance, including revenue generation. This is especially

important in fragile states: new leaders need to get off to a good start, delivering ‘quick wins’. However, in a ‘post-conflict’ situation, where needs are enormous and there is a focus on ‘kick-starting’ the economy, the needs of the very poorest may be missed. We suggest that many of those quick wins should be in areas directly engaging with chronic poverty – basic health services and infrastructure to remote (often rebellious) regions. In societies characterised by high levels of inequality in access to land and other productive assets, redistributing these assets themselves may be desirable but also risk provoking new conflict, and exposing the chronically poor to violent backlashes from those who fear losing out. A safer route may be incorporating redistribution into the fiscal system. This can be through progressive taxation (of capital gains from land sales, for example) to finance public spending that creates better livelihoods and human capital for the poor.

Reducing people’s risk via law and order, services and infrastructure is the way forward. In particular, we suggest that **social protection transfers to the poorest can help ensure basic standards of living and increase livelihood security, and even make growth more inclusive – possibly lessening the potential for renewed conflict.** In the short term, decision-making on the timetable for phasing out ‘relief’ programmes, and identifying appropriate ‘recovery’ interventions, should take into account the possibility that the poorest or most socially marginalised may have unmet social protection needs, even after ‘recovery’ in general is well underway. In the longer term, building the fiscal capacity of the post-conflict state is vital. Thus, rather than an abstract entity (or even worse, something that they do everything to avoid), the state enters meaningfully into the lives of poor people.

This policy brief was written by Tony Addison and Tim Brauhnoltz-Speight

This policy brief accompanies the **Chronic Poverty Report 2008-09: Escaping Poverty Traps**. It draws directly from the report, where full references can be found.

Endnotes

- ¹ Wood, E. J. (2003) *Insurgent collective action and civil war in El Salvador*, Cambridge University Press: 1
- ² Justino 2006: 8
- ³ Justino 2006: 6
- ⁴ Justino 2006: 6-7
- ⁵ Tran, M. (2007) *The political trail of Charles Taylor*, *The Guardian* June 4th 2007, London

Further reading

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This policy brief is based on the Chronic Poverty Report 2008-09: Escaping Poverty Traps.
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