



The effect of the Israeli–Palestinian conflict on child labor and school attendance in the West Bank

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ABSTRACT

In this paper we analyze the impact of the Israeli–Palestinian conflict on child labor and school attendance of Palestinian children in the West Bank between the beginning of the Al-Aqsa Intifada (September 2000) and the end of 2006. In particular, we investigate the effects, on children's status, of number of days Israel closed its border with Palestinian Territories. We find that an increase in the number of closure days increases child labor while it (weakly) reduces school attendance in the West Bank. We provide evidence on different mechanisms that possibly account for these results.

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1. Introduction

The economic and social consequences of violent conflicts are especially dramatic for children. Yet the economic literature studying how children are affected by conflicts is still quite small. The few studies analyzing the micro-economic effects of conflicts on children mostly focus on the impact on school enrollment and attainment (Akresh and de Walque, 2008; Shemyakina, 2011). This paper contributes to this literature by analyzing the effect of a violent conflict on both child labor and school attendance.

The Israeli–Palestinian conflict provides a unique case to study the microeconomic effect of a conflict given its peculiar historical and economic context. Starting from the Six-Day War in 1967, the West Bank and the Gaza Strip have been occupied by Israel. Since then, periods of conflict of different intensity followed one after another. After a decade of (relative) amelioration of the economic and political situation during the 1990s, the situation had dramatically worsened since the beginning of Al-Aqsa Intifada (also called Second Intifada) in September 2000. In response to the re-surge of the conflict, Israel started increasingly imposing on Palestinians a number of mobility

restrictions through different security measures: closures of borders, curfews and sieges. In particular, the closure of border bans the movement of labor and goods between the Palestinian Territories (the West Bank and the Gaza Strip) and Israel as well as between the West Bank and Gaza Strip. During closure days it is impossible for Palestinian workers employed in Israel to reach their workplaces. Given that they represent a relevant share of Palestinian workers, closures turned out to strongly affect the whole Palestinian economy (World Bank, 2004).

In this paper we analyze the effect of closures on child labor and school attendance of 10–14 years old Palestinian children in the West Bank between the beginning of the Second Intifada and the end of 2006. Exploiting the exogenous variation in the number of closure days, we show that the intensity of the conflict increases the probability of child labor and weakly reduces school attendance. These results are robust to the inclusion of a number of controls and a set of econometric specifications. The magnitude of the effect is not negligible: in our main specification a 10 day increase in the quarterly number of closure days increases the probability of child labor by 16%. We also provide some evidence on different and possibly simultaneous transmission mechanisms through which the conflict may have affected child labor and school attendance. Our estimates indicate that an increase in the number of closure days reduces local market wages in the West Bank, household income and the probability that the father is employed in Israel. At the same time, closures increase

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the probability that parents are unemployed. All these outcomes are positively correlated with child labor suggesting that the overall worsening of the local economic conditions caused by closures is one possible economic mechanism behind the increase in child labor.

We also find that closures significantly increase unpaid family work but not wage work. Since most of children who work in the West Bank are in fact unpaid family workers in household enterprises or farms, this suggests that an important transmission mechanism through which closures affect child labor is their impact on the economic prospects and choices made by those households.

The contribution of our paper to the literature is twofold. To the best of our knowledge, this is the first paper that describes the evolution and determinants of child labor and school attendance in the West Bank after the beginning of the Second Intifada. In doing so, we use a unique dataset obtained by merging different waves of the Palestinian Labor Force Survey and a dataset containing information on the 10–14 years old children for the surveyed households. As far as we know, this is also the first paper to study the effect that a conflict may have – through its impact on the local economic conditions – on child labor.

The paper is structured as follows. The next section reviews three strands of literature that are related to our paper. Section 3 presents the estimation strategy and the econometric model. Section 4 describes the dataset and the characteristics of child labor and school attendance in the West Bank. Section 5 presents the estimation results and a number of robustness checks. Section 6 concludes the paper.

2. Literature

Our paper is closely related to the growing literature on the impact of negative shocks on child labor and school attendance. Among the shocks considered in the literature there are the decline in crop income (Beegle et al., 2006; Jacoby and Skoufias, 1997), the job loss of the household head (Duryea et al., 2007; Skoufias and Parker, 2006) and a variety of natural disasters (Guarcello et al., 2010). While the magnitudes of the estimated effects differ across studies, findings broadly suggest that a negative shock increases the probability of child labor and decreases school attendance. Others have analyzed the impact of macroeconomic shocks and political instability on children's status (see for instance Lim, 2000; Skoufias and Parker, 2001). Duryea and Arends-Kuening (2003) document that during the years of economic crisis, the substitution effect (i.e. child labor increases with the market wage) is reduced while the effect of household income on the probability of child labor and schooling does not change. The exposure to a violent conflict can be considered as another type of negative shock affecting households and children.

Most of research on the impact of conflict on children concerns how it affects school enrollment and attainment.¹ The received empirical evidence on the effect of armed conflict on children's schooling is mixed. Some studies find that conflicts have small impacts on the outcomes of interest (for instance Chen et al., 2008). Others tend to find long-term negative effects of violent conflict on school enrollment, school attainment and also on school drop-out (*inter alia* Akresh and de Walque, 2008 for Rwanda; Chamarbagwala and Morán, 2011 for Guatemala; Leon, 2012 for Peru; Shemyakina, 2011 for Tajikistan; Swee, 2009 for Bosnia and Herzegovina; Rodriguez and Fabio Sanchez, 2012 for Colombia). As far as we know, Rodriguez and Fabio Sanchez (2012) is the only paper that analyzes the impact of an armed conflict on child labor. Using data for Colombia, they show that the conflict affects child labor by reducing (local) economic activity, life expectancies and school quality.

The Israeli–Palestinian conflict is one of the longest and politically most relevant conflicts. Recently researchers have started analyzing

¹ Estevan and Baland (2007) provides a model that links exposure to a conflict (mortality risk) with household choice concerning schooling and child labour.

its impact on different dimensions of the Palestinian economy and in particular on the labor market. The Palestinian labor market is quite peculiar: domestic unemployment and wage have, for long, strongly responded to job opportunities and wage dynamics in Israel (Angrist, 1996; Farsakh, 2002; Kadri and MacMillen, 1998; Shaban, 1993). It is not surprising that by the late 1990s – under conditions of relatively open but controlled borders – more than one-fifth of the Palestinian labor force used to commute daily to their workplace in Israel (Ruppert Bulmer, 2003).² After the beginning of the Second Intifada, closures of borders (together with a number of other measures) have been increasingly used to prevent the movement of all Palestinians, including authorized workers, between the Palestinian Territories and Israel. While closures are intended to be a security measure adopted in the presence of surges, or expected surges, in the conflict, their effects turned out to be much more pervasive, affecting the whole Palestinian economy and in particular the labor market (B'Tselem, 2007; OCHA, 2007; PCBS, 2001; United Nations, 2002; World Bank, 2004).

Ruppert Bulmer (2003) studies the effect of changes in the Israeli border policy on daily Palestinian labor flows to Israel, unemployment and wages. The calibrated model predicts that closures would raise total unemployment among Palestinian workers while increasing domestic employment. The latter effect is the result of the downward pressures on wages caused by the return of workers previously employed in Israel. Aranki (2004) and Miaari and Sauer (2011) both estimate the effect of closures on the Palestinian labor market using data from the PCBS Labor Force Survey. Their results suggest that closures increase the probability of being unemployed and decrease the monthly earnings of Palestinian workers regardless of their work location (Israel or the Palestinian Territories). Al Kafri (2003) finds that between 2000 and 2001 (i.e. before and after the Second Intifada began) child labor increased for male children while school attendance decreased for female children. However, his analysis does not include the number of closure days, the market wage and the household income as explanatory variables, nor is able to identify the channels through which the conflict may affect children's status.

3. Estimation strategy and econometric model

We study the effect of changes in the intensity of the conflict on child labor and school attendance in the West Bank. The closure of the borders between Israel and the West Bank – our measure of the intensity of the conflict – applies to all districts in the same way. Hence, identification of the main parameter, namely the effect of closure days on the probability of child labor and school attendance, is obtained from the within year variation in the number of closure days. The identifying assumption is that the variation in the number of closure days in all districts within a year is plausibly exogenous to the Palestinian labor market conditions. Section 4.1 is devoted to provide evidence on this point.

We use quarterly data to estimate two separate probit regressions for the following probability models:

$$\Pr(\text{cl}_{ijzt} = 1) = \alpha_{\text{cl}} + \beta_{\text{cl}} \text{closure days}_t + X'_{ijzt} \phi_{\text{cl}} + \text{district} + \text{year} + \epsilon_{ijzt} \quad (1)$$

$$\Pr(\text{sc}_{ijzt} = 1) = \alpha_{\text{sc}} + \beta_{\text{sc}} \text{closure days}_t + X'_{ijzt} \phi_{\text{sc}} + \text{district} + \text{year} + u_{ijzt} \quad (2)$$

² Until the late 1980s, Palestinians and Israelis could move freely between each other's territories. Israel introduced permit requirements in 1991 to control the movements of Palestinian workers. After the 1993 Oslo Accords permit controls and other mobility restrictions (i.e. temporary border closures) were started to be strictly enforced.

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