



Maitreyee

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Dear HDCA Members,

Last year, several issues of *Maitreyee* discussed the challenges of a multi-dimensional approach to wellbeing. How to select relevant dimensions? How to measure them? Another question that arises is that of the interdependence between the different dimensions. How does the capability to read influence the capability to be healthy? How does the capability to live in a violence-free environment influence the capability for political participation? This February issue of *Maitreyee* focuses on one capability, the capability to work, which has significant consequences for the realization of other capabilities.

Being employed, and receiving a decent income in exchange for one's work, enables one to buy food for oneself and the members of one's family. It enables one to pay for rent or a mortgage. It enables one to have social relations with colleagues and extend one's social network. Employment also offers a sense of self-respect, of feeling useful to others and contributing to society. There is much more to employment than income. In this issue, we discuss employment as a dimension of human development, and how it can contribute to promoting other dimensions.

Siddiq Osmani opens up the 'Insights' section by exploring the links between employment and various human development dimensions in relation to the MDGs. Jean Drèze then argues that employment can be an important source of empowerment. He discusses this in the context the Employment Guarantee Scheme, an initiative recently launched to promote employment among the poor in India. Maria Ana Lugo concludes the section by analyzing some internationally comparable indicators for employment that could be used in wellbeing measurement.

'In the Practice' relates the experience of employment from the grassroots. Pedro Flores recounts a dialogue he had in Mexico City with a second-hand good trader. Angus Ritchie tells the story of a recent campaign in one of the poorest areas of the UK. The campaign illustrates the power of political organizing among the marginalized in bringing policy changes.

After more than two years of collaboration, the co-editor of *Maitreyee*, Manu Mathai, had to step down in order to concentrate on his PhD. If you are interested in taking up the task, please do contact me.

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Insights

The Role of Employment in Promoting Human Development¹

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Lack of satisfaction at the pace of human development in the 1980s inspired the United Nations to convene a series of global conferences in the 1990s to identify the problems involved and to commit the world community to addressing those problems. These World Summits set a series of goals, the Millennium Development Goals (MDGs), which has become the anchor around which international agencies have since tried to organize their developmental activities. The ongoing discussion on the *modus operandi* and the feasibility of achieving these targets has focused largely on the lack of resources. While resources are no doubt important, it is equally important to adopt the right kind of policies and institutions. This paper argues that a well-designed employment policy will go a long way towards promoting some human development outcomes linked to the MDGs.

Reducing income poverty

The importance of employment in the context of poverty stems from the fact that poor people rely mainly on the use of their labour power – whether as wage-labour or in self-employment – to earn their livelihood. How much labour power they are able to use – i.e. the quantity of employment – is an important determinant of their income. Also important, however, is the return to labour, which depends to a large extent on the portfolio of assets (including physical assets, human capital and social capital) with which they pursue their livelihood. If either the quantity of employment or the rate of return to labour is low, a worker is likely to live in poverty.

For growth to be able to reduce poverty fast, the nature of the growth process must be such that the forces creating underemployment and low returns to labour are weakened. Whether this will happen or not depends on three sets of underlying factors: 1) The growth factor: the rate at which the production potential of the economy expands, as represented by an upward shift of the production possibility frontier; 2) The elasticity factor: the extent to which an upward shift of the production possibility frontier enhances the employment potential – the latter being defined as the scope for improving the quality and quantity of employment; and 3) The integrability factor: the extent to which the poor are able to integrate into economic processes so that, when growth occurs and the employment potential expands, they can take advantage of the greater scope for improving the quality and quantity of employment (Osmani, 2006).

Rapid growth and high elasticity of the employment potential can together ensure that economic activities create greater opportunities for workers to increase their income through a combination of greater employment and higher returns to labour. However, workers do not necessarily mean ‘poor workers’, and opportunities are not necessarily seized. So, even a combination of rapid growth and high elasticity does not guarantee a rapid rate of poverty reduction. Much depends on the correspondence between the structure of opportunities that are opened up and the structure of capabilities possessed by the poor. The integrability factor refers to the degree of this correspondence.

¹ This is a condensed and slightly modified version of a paper entitled ‘Employment and Human Development: Promoting the Millennium Development Goals’, forthcoming in *Indian Journal of Human Development*. The paper has been summarized by Séverine Deneulin.

Women's empowerment

Since it is women who bear children and in most societies still carry the primary responsibility for rearing them, women's capabilities have a strong impact on the capabilities of children. Improvement in women's capabilities, however, is highly contingent on their empowerment. If women are empowered, they would not only be better able to look after themselves but would also be able to do more for their children's health and education.

Women's employment can play an important role here by contributing towards the empowerment of women. The principal mechanism through which women's employment exerts its influence is by affecting the process through which decisions are taken within the household. Maternal health, children's education, and child nutrition are all outcomes of complex processes in which an important role is played by households' decisions about how to allocate the limited resources available to them to different members of the household and to different uses. An employment strategy that seeks to redress female disadvantage in the labour market may affect the decision-making process in the household in a manner that will promote children's health and education.

The important policy question then revolves around the issue of how to strengthen the bargaining power of women. In a pioneering work, Boserup (1970) had speculated that creating employment opportunities for women outside the household would be an effective way of improving their bargaining power. The argument is based on the premise that society attaches more value to working for cash than to working for subsistence. The work that women do in a traditional household – cooking, caring, engaging in subsistence production, and so on – may be intrinsically no less valuable for the well-being of the household than the income that men earn working outside. But the fact remains that it is working for cash outside the household that gives men a superior status in traditional societies. If women's status, and thus their bargaining power, is to be improved, they too must be given opportunities to earn income outside the household (L. Osmani 2007; Kabeer 1997).

Primary education

One of the major constraints to promoting education is that of the demand for education. For education to spread, parents must be willing to send their children to schools, but in many poor societies they are found to be keener to utilise their children's labour for the benefit of the household economy than to educate them. Sending children to school involves costs – both the direct costs of clothes, books, fees, etc. and the indirect opportunity cost of forgone income as parents lose the contribution of children to the household economy. Only if the perceived benefits of education outweigh these costs would desire be transformed into effective demand. Employment can play a crucial role in achieving this transformation.

There are a number of pathways through which expansion in employment opportunities can stimulate the demand for education. The first is by raising the returns to education. In an economy where employment opportunities are scarce, and seasonal unemployment and chronic underemployment are rife, parents will understandably be loath to invest in children's education – in terms of incurring the direct costs of schooling as well as forgoing the children's economic contribution to the household. The cost-benefit calculation will, however, tilt in favour of schooling as the prospect for productive employment improves. This will raise the demand for education.

This pathway relates the expected rate of return to education in future to demand for education at present. One of its limitations is that when parents are credit-constrained higher expected rate of return to education in future will not necessarily lead to higher investment in education today (Ranjan 1999). Prospects of better employment opportunities for their children will certainly make the parents want to invest more in their education, because they

know that any investments made today will be more than paid for when the children grow up and get good jobs. The problem, however, is that the parents may be too poor today to bear the costs, while at the same time imperfections in the credit market do not allow them to borrow against future earnings of children.

Under such conditions, employment can still be a major determinant of the demand for education, but the relevant variable in this case is not the expected future earnings of children but the current employment prospects of the parents themselves. It is only when child labour is not considered essential for the survival of the family that parents would be able to send their children to school. Creation of productive employment opportunities for poor parents is, therefore, an important pathway through which the demand for education can be strengthened.

While a general expansion in employment opportunities will help achieve the education goal, it is arguable that expansion in women's employment would have an especially salutary effect. There are two distinct but related pathways through which this may happen. One of them operates through improvement in women's status and the other through fertility decisions.

Children's health and nutrition

The nutritional status of children is the outcome of what has come to be known as the nutrition-infection nexus. Poor nutritional status can be a consequence of either low level of nutritional intake through the food consumed or of frequent infections caused by the lack of hygiene and healthcare. Quite often these two factors reinforce each other's effect. The causal role of the nutrition-infection nexus suggests that there are three major proximate determinants of child nutritional status – viz. food, hygiene and care. For policy purposes, it is important to identify the underlying socio-economic variables that shape these proximate determinants. Household income is obviously one such variable. Higher income will enable parents to provide better food consumption, a more hygienic living environment and better care for their children. Well-designed employment strategies can play an important role here by enabling households to earn higher incomes.

But the potential role of employment in combating child malnutrition goes far beyond the contribution it can make to household income. This wider role comes into play through women's employment in particular, in so far as employment can empower women and raise their status relative to men. This is because women's status happens to be one of the most powerful underlying variables that determine children's nutritional status. Women's status affects child nutrition through a number of pathways. Better status strengthens women's bargaining power within the household and enables them to take better care of themselves in terms of greater access to food and healthcare. Another pathway consists in the link between improvement in women's status and their ability to take care of children after they are born. The hypothesis is that women tend to spend more on children's nutrition and healthcare than do men; therefore, if women's status within the household improves they will be able to bargain harder for allocating household's resources more towards children's well-being.

Environmental sustainability

A great deal of environmental degradation in the developing world has occurred due to rampant commercialisation associated with economic growth. Excessive deforestation due to commercial logging and destruction of local flora and fauna in mining regions are examples of this kind of degradation. There is, however, another type of degradation that occurs not so much because of growth-induced commercialisation but under the combined pressure of poverty and population growth – a process that has been characterised as the environment-population-poverty nexus. The operation of this nexus is best exemplified by the well known

phenomenon of the ‘tragedy of the commons’, which refers to the depletion of common property resources, such as forests, fisheries, grazing land, and so on.

Employment policy has a potentially valuable role to play especially in the latter type of environmental degradation. Employment policies should recognise and allow for poor people’s dependence on natural resources but at the same time it must create productive employment opportunities that are not overly dependent on the use of such resources. Access to alternative employment opportunities will not only make them less desperate to degrade the environment but will also enable them to protect and regenerate it. An additional mechanism through which pursuit of the employment objective can complement the goal of environmental sustainability is to undertake specific projects such as social forestry, improvement and conservation of water bodies, land development and protection, and so on. Since these activities are highly labour-intensive in nature, they can serve as an instrument of employment promotion and environmental sustainability at the same time.

Conclusion

Many of the causal connections between employment and selected human development outcomes explored here are in the form of hypotheses, for which adequate empirical evidence has yet to emerge. But it is hoped that further clarification of the analytical issues involved will lay the foundations for more relevant empirical work.

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Employment and Empowerment²

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In a conversation with Mulk Raj Anand, way back in May 1950, Dr. Ambedkar aptly described capitalism as a ‘dictatorship of the private employer’. I often remembered this expression last summer, during the Rozgar Adhikar Yatra, as we travelled through some of India’s poorest districts – Badwani, Banswara, Nandurbar, Palamau, Puruliya, Sonebhadra, Surguja, among others. Everywhere we went, the rural economy looked like a graveyard and unemployment was people’s main concern. This concern was poignantly expressed at public hearings held on the way. One labourer, for instance, said: ‘the dream I have for my son is that he should get at least 15 days of casual labour every month’. His dream was not that his son would earn the minimum wage, or become a skilled labourer – he just wanted 15 days of casual work every month. With agricultural wages as low as 25 or 30 rupees a day in many of these districts, it is not difficult to imagine the living conditions of a family that survives on 15 days’ earnings.

² This article first appeared in the *Sahara Time*, 1 January 2006. Other material on the Employment Guarantee Scheme by Jean Drèze will appear in the June issue of *Maitreyee*.

In the same conversation, Mulk Raj Anand asked Ambedkar why the right to work had not been made a fundamental right in the Indian Constitution. Dr. Ambedkar laconically replied, 'I was only one of the members of the drafting Committee'. The right to work ended up in the Directive Principles of the Constitution, along with other economic and social rights such as the right to education and the right to health.

The Directive Principles of State Policy were expected to be fought for politically. Article 37 of the Constitution explicitly states that they 'shall not be enforced by any court'. However, this does not preclude enacting laws that embody these Directive Principles. In fact, the same Article goes on to say that these Principles are 'fundamental in the governance of the country', and that it is the duty of the government to 'apply these principles in making laws'.

Recent Supreme Court orders on mid-day meals in primary schools illustrate the possibility of building legal safeguards for economic and social rights. Today, every child attending primary school is entitled to a cooked mid-day meal as a matter of right. This is a legal entitlement, enforceable in Court. Without these orders, it is very unlikely that mid-day meals would have been extended to more than 100 million children in the last four years. The Right to Education Bill is another example of the possibility of framing laws that give concrete expression to the Directive Principles.

Similarly, the National Rural Employment Guarantee Act 2005 can be seen as a step towards legal enforcement of the right to work. It is a limited step, especially since the employment guarantee is limited to '100 days per household per year'. Nevertheless the Act has much value as a tool of empowerment for rural labourers.

In particular, the Act can help to break the 'dictatorship of the private employer'. Today, rural labourers have no bargaining power. The fear of unemployment divides them and puts them at the mercy of private contractors and other exploiters. If rural labourers can get employment on public works at the minimum wage, as a matter of right, they will be able to demand minimum wages from private employers as well. Guaranteed employment on public works will also empower them to resist exploitative work conditions in the private sector. Further, the Employment Guarantee Act is a unique opportunity for them to organise and fight for related rights such as the right to social security.

The Employment Guarantee Act can also help to empower women, by giving them independent income-earning opportunities. This point emerges in many studies of Maharashtra's Employment Guarantee Scheme (EGS). For instance, in her interviews with women working under EGS in the 1980s, Devaki Jain often found that 'having once tasted the value of bringing home a money wage from their own labour, they had developed a sense of confidence and also release from the authority of the family and had started to gain the confidence to take up other types of work in the area'. Similarly, in a recent assessment of Maharashtra's EGS, Aruna Bagchee argues that the payment of equal wages to men and women is one reason 'why the EGS was so popular among women labourers'. In areas where rural women are traditionally homebound, such as Uttar Pradesh, the Employment Guarantee Act has an even more significant role to play as a means of empowering rural women and curbing gender discrimination.

The passage of the National Rural Employment Guarantee Act (NREGA) is a victory of sorts for Indian democracy. It shows that the underprivileged majority is not completely marginalised in this elitist political system. With adequate political organisation, their demands can prevail over privileged interests.

However, the real challenge is not the enactment of NREGA but its implementation on the ground. In India as elsewhere, the history of social legislation shows that it often takes a long time for people to be able to claim their rights, even after laws have been passed. Some laws, such as the Minimum Wages Act, have remained on paper for decades without making

much impact, except in states like Kerala where labourers are vocal and organised. Similarly, NREGA is unlikely to succeed without sustained political commitment and public pressure.

Recent developments are not particularly encouraging in this respect. So far, little progress has been made towards timely and effective implementation of NREGA. Three months after the Act was passed in Parliament, the draft Rules and Guidelines of NREGA are full of unresolved issues. The National Employment Guarantee Council is yet to be formed, and no financial mechanism has been put in place to ensure that budget allocations adjust to the demand for work. More importantly, the government has made little effort to publicise the Act and create the political momentum required for such an ambitious programme to succeed. There is a sharp contrast here with the situation in Maharashtra in the 1970s, when the Employment Guarantee Scheme, according to Aruna Bagchee, 'galvanised the administration with a rare sense of momentum'.

Politically, there is something puzzling about the government's apathy on this issue. The Employment Guarantee Act is a visionary initiative that could fire the imagination of the public. Unfortunately, the government seems to be swallowing the Act like a bitter pill.

There is also some lethargy among citizens' organisations. Last year, the campaign for NREGA led to a nice wave of conventions, rallies, yatras, public hearings and other creative initiatives. Also, there were impressive demonstrations of solidarity and unity among organisations committed to the right to work. But after the Act was passed the movement lost steam, temporarily at least.

The imminent 'notification' of NREGA in 200 districts is an opportunity to revive this movement for the right to work. As Anuradha Joshi puts it in another recent study of Maharashtra's EGS, the Act is likely to lead to 'a flourishing of activist organizations that would help mobilize the poor in their interests'. It is chiefly through this empowerment process that the Act has the potential to lead to far-reaching economic, social and political change in rural India.

Employment: A proposal for internationally comparable indicators

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Employment: a missing dimension?

Employment is the main source of income for most families in the world as well as of accomplishment and security.³ While certainly not a new dimension of well-being, it is sometimes forgotten in human development studies and poverty reduction policies or, at least, not considered in the depth it deserves. Having a good and decent job is generally associated with being out of poverty, however poverty is defined. Additionally, employment can give a sense of self-respect and fulfilment (Sen, 1975). Hence employment constitutes an intrinsically valued part of individuals' well-being. Any economic development and poverty reduction agenda should include an analysis of the labour market situation. The problem is that at present researchers have insufficient information on employment for an adequate analysis. OPHI advocates collecting information in developing countries on seven indicators of employment to help specialists and policy makers answer these questions at a global level.

³ The term 'employment' is used here to refer to any occupation that a person performs with the expectation of receiving payment in cash or kind. It includes wage-employees and self-employed persons.

The aim is to complement ‘traditional’ indicators⁴ to provide a deeper understanding of both the *quantity* and *quality* of employment. The set of indicators proposed addresses quality of employment in four spheres: protection, income, time, and safety.

Why more indicators?

For the purpose of poverty analysis, the traditional approach to labour market indicators presents two main weaknesses. First, most indicators are not as relevant in the developing world as they are in developed economies, hence they do not provide an accurate picture of labour markets in these countries. Most of the poor do work, primarily in informal activities. Worldwide, more than 500 million people work but still live on less than US\$ 1 a day (ILO, 2007). In the poorest regions - Africa, South Asia and Latin America - on average, only 5 to 10 percent of the active population is unemployed (ILO, 2007) while between 50 and 80 percent of employment in non-agricultural activities is informal (Chen et al., 2005). Moreover, at most 2 in 5 workers in low-income Sub-Saharan Africa have wage employment, whether formal or informal. In this context, indicators of the conditions of work could be as, if not more, important than the availability of work. It is thus imperative to have better data to describe characteristics of the labour force which fall outside the traditional idea of employment (i.e., wage employment), and which can be used to compare labour markets across countries.

A second weakness of traditional labour force data surveys is that they do not always include extensive questions on the household and its members. Labour Force Surveys are conducted periodically on a relative large sample and provide detailed information on the employment of the individual, hence allowing a deep understanding of working conditions. However, because of the nature of the exercise, these questionnaires include only a few questions related to the household and members outside the labour force. Multi-purpose surveys – such as the World Bank Living Standard Measurement Surveys (LSMS) – on the other hand, use a relatively more complex and longer questionnaire, and are conducted less frequently. But in most countries it is not possible to link these surveys to relate labour market conditions to household outcomes, such as levels of consumption, health, education, dwelling and other characteristics that inform people’s well-being. This also implies that information about the spheres of work and family are maintained separately, contrary to the situation prevailing in reality. We therefore stress the need to include detailed labour market questions in household surveys and/or to allow for formal linkages between labour force and multi-purpose household surveys as key to improving our understanding of the determinants and effects of poverty.

Seven indicators

Building on existing efforts of leading international institutions such as ILO, World Bank and WIEGO, we propose a small list of internationally-comparable labour market indicators that, together with traditional ones, would give a better description of employment in developing countries. We therefore do not intend to ‘reinvent the wheel’ but rather take the work of experts to provide a summary list reflecting the current consensus, also in concordance with a concept of individuals’ well-being as understood by OPHI.

We examine four distinct dimensions that define quality of employment: time, income, social protection, and safety. Naturally, all these dimensions will often overlap to a

⁴ The list of traditional indicators of employment used as point of departure include those proposed by ILO in the LABORSTA (economically active population, employment, unemployment, hours of work, wages, labour cost, consumer price indices, occupational injuries and strikes and lockouts, status of employment – wage employee, self-employed, employer – and sector of activity – agriculture, industry, services) plus child employment (UNICEF).

great extent, so that measuring one could be sufficient to obtain information about the other. Still, as the overlap is not perfect and in some countries is more prevalent than in others, we prefer to emphasise each of them. The indicators suggested are the following:⁵

1. Protection: Informal employment

The first indicator aims to capture the degree of workers' ability to protect her- or himself from adverse employment-related situations (including changes in activity and prices, health and family) and to cushion their impact. That is, it identifies 'informal employment' – a term for all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements, and includes all types of work from commerce and services to industry and agriculture (Husmanns, 2004). Doubts remain as to whether this concept and way it is usually measured, does indeed capture all types of vulnerabilities related to employment, however it is an important start.

2. Income: Income from employment

The second indicator, earnings, suggests the extent to which a person is able to cope with possible adverse hazard, especially in the absence of predefined arrangement (formal or informal). Also, in as much as a person's fulfilment with the activity performed is related to its societal value, earnings enhance the worker's self-respect and satisfaction with his or her employment. While data on income are relatively available for wage employees and self-employed in agriculture, it is rarely collected for non-agricultural self-employed. Yet, in the poorest countries, this category represents the major source of labour. We therefore encourage the efforts towards estimating self-employed earnings as a good proxy for quality of work, and to understand labour prospects, even if that information lacks the reliability and comparability of other measures (i.e., consumption or expenditure) or other sectors (i.e. wage employees).⁶

3. Safety: Occupational hazard

Data on occupational hazard, safety and health conditions of employment are lacking for developing countries.⁷ This lack of information is troubling because the level of fatality from work-related injuries and diseases is on the increase in low- and middle-income economies (ILO, 2005). The main difficulty faced in obtaining these data is that a considerable proportion of workers that are not wage employees, but rather informally self-employed whose place of work and living coincide (Forastieri, 1999). In this respect, household surveys can prove ideal in obtaining such information and would require simply adding a few questions or a module on occupational safety and health.

4 to 6. Time: under- and over-employment and multiple activities

Underemployment reflects underutilization of the productive capacity of the labour force. Time-related underemployment represents only one component of under-employment, but is, to date, the only one that has been agreed to and properly defined by international labour statisticians. Formally, a person is considered underemployed if she or he works insufficient

⁵ Lugo (2007) proposed questions that may need to be added to household surveys to obtain these indicators. Many important aspects of employment in developing economies are still omitted, not because they lack relevance, but because the exercise requires choosing a limited set. Missing valuable aspects include rights at work, unpaid domestic work, job seasonality, and the possibility to move if working conditions are better elsewhere, all of which are particularly crucial to understanding the living conditions of the population.

⁶ Alternative approaches to measuring non-agricultural self-employment income can be found in Aslam (2006), McKenzie (2004), and McKenzie and Woodruff (2006).

⁷ LABORSTA database formally includes occupational injuries but the availability of this information for low- and middle-income countries is, at present, quite limited and, for many countries, includes information only for employees or, even more stringently, for "insured employees".

hours in relation to an alternative employment situation in which the person is willing and available to engage. A second type of labour force mis-utilization is reflected in over-employment, understood as inadequate employment related to excessive hours when the person is willing to work fewer hours for less income, but cannot do so. In the context of developing countries, over-employment often goes hand in hand with multiple activities and low earnings from employment. Accordingly, the final indicator related to time is the number of income generating jobs a person has. The challenge for all three indicators is to obtain accurate data on working time when self-employment is common and the separation between family and enterprise activities either in space or time is not clear-cut.

7. Discouraged Unemployed

In the context of a scarcity of well-paid jobs, a person would prefer to work but is discouraged and has given up hope of finding work, either from personal or others' experience. Hence, he or she does not 'actively search' for employment and is normally counted as inactive. Most labour force surveys already include a set of questions to identify these individuals; here we underscore the importance of incorporating such questions in household questionnaires.

Policy Recommendations

Employment policy should aim to provide jobs that are safe, meaningful, and offer sufficient income. But data that enable us to ascertain whether good quality employment for the poor has expanded are missing for most countries. Having the right information is thus fundamental understanding the problematic and designing instruments to remedy it. With respect to employment, there is an imperative need to improve both the availability of data (more countries) and the spectrum of dimensions covered in the existing surveys. In order to evaluate progress, national and international institutions need only to add a small number of questions to their existing household questionnaires used to assess the quality of life of their population. We encourage national statistic offices to regularly gather and make public seven indicators on the working lives of the working poor, so as to understand whether and how the conditions of workers can be further improved. It is a small step with a potentially enormous repercussion on how employment is thought and analysed by the policy making and research world. This information, in turn, could answer a number interesting research hypotheses related to individuals' well-being and their deprivations. Some examples include the study of gender disparities at work, household decisions regarding demand for education, family strategies to diversify earnings-related risk, life-satisfaction and employment characteristics, etc. More generally, these data could inform a richer portrait of poverty – both by permitting 'employment poverty' to be incorporated as a key facet of multidimensional poverty measures and by enabling more nuanced consideration of the relationship between 'employment poverty' and the many other dimensions of poverty.

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In the Practice

Employment and valuable capabilities in Mexico

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In Mexico, as well as in other parts of the world, there are people whose employment is selling second-hand goods. These people go to apartment buildings and neighbourhoods to buy used things that people no longer want. This merchandise can vary from clothing, electronic appliances and tableware to CDs and toys. The profit in this business lies in buying things at a very low price and later going to the open-air markets and selling them at a higher price. So, the 'second-hand goods dealer' is a collector of useless things that he occasionally can improve, and then he sells them in open markets.

The case that I am discussing here is that of Jorge Solís who began to work as a second-hand goods dealer when he was 17 years old. This was because he and his mother 'were left on their own'. His brothers and sisters had married and no one was still there to help out with the household expenses. When Jorge became a second-hand goods dealer, he dropped out of school; he then married at 20 and he is now 48 years old and has two children.

The way that the people know that the second-hand goods dealer is in the neighbourhood is because they hear him shouting: 'Old appliances you want to sell'. In this way, the consumers hear him and we invite him to our homes to see what we have. One of these days, I saw Jorge through the window and I invited him in to see the merchandise that I had. Here is the conversation we had:

Pedro: Sir, I didn't hear you shout. I want to sell several things.

Jorge: The thing is that I can't shout, my friend. I have a sore throat.

Pedro: Have you taken some medicine for your sore throat?

Jorge: No, my friend, I don't have enough money to buy medicine.

Pedro: But if you don't buy any medicine you won't get better and you won't be able to shout. As a consequence, we won't be able to hear you and we won't offer you our things.

Jorge: Well, yes, my friend, but there is no other way. I just hope that people see me instead of hearing me shout, and then I will be able to get something today and sell it.

What does this simple story illustrate in terms of the capability approach? Jorge did not have the functionings required to be healthy and this restricted his possibilities of promoting his services and receiving an economic income. If Jorge does not have more money than he needs to eat, he can't buy the medicine he needs for his throat to heal, and then, the circle of freedom restrictions cannot be broken.

The fundamental lesson is that the basic functioning of enjoying good health can affect the development of Jorge's capability. Not having good health is also limited by the lack of instrumental freedoms, specifically, economic means and protective security. Jorge, as a worker, had not social security, namely access to health services for free.

Jorge earns around \$2,500 Mexican pesos per month (US\$250) and that he spends this money on food. But, how can he buy medicine if he gets sick? The last time I saw Jorge he told me that his daughter now is working and she registered him at the *Instituto Mexicano del Seguro Social* (Mexican Institute for Social Security) so he now can get free medical care. Lastly, I asked Jorge if he planned to continue working in the same area of business and he answered me: 'I couldn't work in anything else. What else could I do?'

The Living Wage Campaign in London: Working for Justice and Expanding Capabilities

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The tower of One Canada Square is visible from most parts of East London. It is the centrepiece of Canary Wharf - the gleaming financial centre built in one of the poorest parts of London's poorest region. With the 2012 Olympics approaching, another set of landmarks will soon arise a few miles north-east. Once again, at great expense, 'regeneration' is being brought to the city's most deprived neighbourhoods.

True regeneration is just what such areas need. But residents have reason to be fearful about what exactly they will get. Canary Wharf illustrates the dangers and ambiguities of 'regeneration' as it actually happens. For it has colonised the space, making little or no attempt at harmony with the communities and landmarks that went before. There is concern that the Olympics might follow the same pattern. Such large-scale projects have a tendency to overshoot their budgets. As the deadline for delivery looms the stadia must be built. Will not the much-vaunted 'legacy benefits' be the most vulnerable to swingeing last-minute cuts.

These two developments have been key targets of a grassroots movement to make 'regeneration' live up to its promises. London Citizens is an alliance of nearly one hundred faith and community organisations. These include churches and mosques with tens of thousands of weekly worshippers, trade union branches, schools and student unions. Its purposes are to strengthen relationships within and between its member groups, to foster authentic local leadership, and to build common action on issues which can command the active support of its diverse membership.

The organisation's longest-running and most successful action is its Living Wage campaign. Well-paid financial workers in Canary Wharf will have a London weighting added to their pay packet for the extra costs of living in the capital. Paying a Living Wage (currently set at £7.50) would enable those currently on the national minimum wage to live with dignity in London.

The campaign has a number of distinctive features, which has enabled it to put millions of pounds into the hands of London's lowest paid workers. Firstly, it is a unique alliance of faith, community and labour. In London, churches and mosques remain the largest centres of ongoing, value-driven, intentional community. So when the alliance holds a city-wide assembly it can bring together 2000 people to hold politicians and business leaders to account.

Such an alliance is able to reclaim political territory occupied by the 'Moral Majority' with its blend of market liberalism and social conservatism. Part of the case for a 'Living Wage' is its *contribution* to family values. Recent research shows British children to be at the foot of the wellbeing tables for OECD nations, despite the size and power of our economy. Some of the saddest figures concern the amount of attention, interest and engagement given by adults to children in UK households. Faith groups in London Citizens are making the case for an economy in which parents and carers can earn what they need without working round the clock.

Secondly, the focus is on achievable goals. Power, local leaders are taught, has to be taken. It is rarely, if ever, seceded without a struggle. So it is important to choose one's battles carefully.

London Citizens is committed to struggle that is peaceful, and aimed at constructive resolution. Its tactics are memorable and often humorous. As part of the campaign to get HSBC to pay a Living Wage at its world HQ on Canary Wharf, East End nuns saved up the

candle money from one of the largest Catholic churches, and jammed up a branch in the centre of London by paying it in coin by coin. The bank was helpless: the Catholic parish in question banked with HSBC and so was a legitimate customer. In any case, setting security guards on nuns in full view of the cameras was hardly an option.

Thirdly, the ultimate goal is to develop the capabilities of local people. The 'iron rule' of London Citizens is 'do not do for others what they can do for themselves'. Its negotiations, both in public assemblies and private meetings, are led by local citizens. Much of the alliance's budget comes from the membership dues of affiliating institutions - none is taken from government. Most of this money is spent on a team of professional organisers whose role is to teach, mentor and develop these local citizens.

The focus on winnable actions is crucial to this expansion of capabilities. In East London, residents' experience is often of things being done *to* them. At worst, this can lead to a defensive cynicism. If one expects little, and keeps out of public life, frustration and disappointment can be minimised. If people are to return to political engagement they need experiences, however modest, of success. Beginning with 'pavement politics' (campaigns about waste disposal, factory emissions and the built environment) London Citizens has gradually mobilised an alliance capable of bigger successes.

The campaign around the 2012 Olympics has been a case in point. Firstly, the diversity of the alliance gave its demands a credibility any one part would have lacked.

Secondly, the goals set were realistic: the alliance spent little time debating whether the Olympics would be a good thing for London, for it did not have the power to decide. But it had enough power either significantly to augment or subvert the image of an excited local citizenry 'backing the bid'. Therefore it worked out a realistic and appropriate set of 'People's Guarantees' (including a commitment to making London 2012 the first Living Wage Olympics). These were its price for endorsement of the bid, and a concordat was signed by the bid leaders and London Citizens in 2004.

Thirdly, local leaders have developed. At the 2006 East London Assembly, 1000 people saw the officers of the Olympic Delivery Agency (ODA) sounding less than convincing on the honouring of the concordat. After a year of action and negotiation, the 2007 Assembly included an impressive and specific set of answers by the ODA's Chief Executive. It was a powerful example of how local people can develop confidence in public life. These expanded capabilities may well be the most lasting legacy of the Living Wage Campaign.

NEWS AND INFORMATION

⇒ HDCA Summer School on Capability and Multidimensional Poverty

28 August - 9 September 2008, New Delhi, India.

The purpose of this intensive summer school is to provide a thorough conceptual and technical introduction to current literature and techniques of measuring and comparing capabilities. It is aimed for Masters & PhD students, post-docs and researchers who are working on multidimensional poverty and capability measurement or analysis.

More information at: www.ophi.org.uk

⇒ HDCA 2008 Conference on 'Equality, Inclusion and Human Development'

10-13 September 2008, New Delhi, India

More information at: www.hd-ca.org

⇒ MSc in Wellbeing and Human Development

The programme is multi-disciplinary and combines economic, political, sociological and anthropological analyses of the concepts of wellbeing and its relevance for international development with insights from philosophy and psychology. Applications are now open for academic year 2008-9. There is the possibility of a three-month certificate.

More information at: <http://www.bath.ac.uk/econ-dev/pg/mwhd.htm>

⇒ Oxford Human Development Training Course

13-27 September 2008, St Catherine's College, Oxford

Further information at: <http://hdr.undp.org/en/nhdr/training/>

⇒ Launch of the Human Development consultancy agency, TARAA.

TARAA believes that capacity for development is not a neutral endeavour as it is embedded in the notion in which development is conceived as a process of expanding the real freedoms people enjoy. Freedom depends on social and economic arrangements as well as political and civil rights.

More information at: <http://www.taraa.co.in>