

# GPRG



## Global Poverty Research Group

Research Summary

2004



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# **GPRG**

**Directors**

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## List of abbreviations

<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ANC</b>	African National Congress
<b>CERDI</b>	Centre d'Etude et de Recherche sur le Développement International, Clermont-Ferrand
<b>CPRC</b>	Chronic Poverty Research Centre
<b>CSAE</b>	Centre for the Study of African Economies
<b>DALYs</b>	Disability Adjusted Life Years
<b>DFID</b>	Department for International Development
<b>ESRC</b>	Economic and Social Research Council
<b>FDI</b>	Foreign Direct Investment
<b>GPRG</b>	Global Poverty Research Group
<b>HIV</b>	Human Immunodeficiency Virus
<b>ICPD</b>	International Conference on Population and Development
<b>IDPM</b>	Institute for Development Policy and Management
<b>ILO</b>	International Labor Organization
<b>IMF</b>	International Monetary Fund
<b>ITC</b>	International Trade Centre
<b>JDS</b>	Journal of Development Studies
<b>LSE</b>	London School of Economics
<b>MDG</b>	Millennium Development Goal
<b>NCAER</b>	National Council of Applied Economic Research
<b>NGO</b>	Non-governmental organisation
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PRSPs</b>	Poverty Reduction Strategy Papers
<b>RPED</b>	Regional Programme on Enterprise Development
<b>SSA</b>	Sub-Saharan Africa
<b>IMF</b>	International Monetary Fund
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNDP</b>	United Nations Development Programme
<b>UNIDO</b>	United Nations Industrial Development Organisation
<b>WHO</b>	World Health Organization
<b>WIDER</b>	World Institute for Development Economics Research
<b>WTO</b>	World Trade Organization

## Director's report

The GPRG was formed in August 2002 with an exciting mandate: to move multi-disciplinary research on poverty from rhetoric to reality. In our first two years we have made substantial progress towards extending our understanding of the determinants of poverty and the quality of life using a much wider range of disciplinary approaches than is usual in this field.

The strength of an inter-disciplinary Group is its ability to draw on different concepts when discussing these development issues. From an anthropological perspective, the ways in which poverty is assessed has implications for the theories about its causes. It is argued that the focus of economists on a narrow range of variables underplays the significance of social relations in contributing to poverty outcomes. In assessing the causes and effects of poverty, work during the year has focused both on this anthropological approach, and the approach adopted by economists who focus more on quantitative dimensions and assessing the relative importance of various factors as determinants of poverty. This work has spanned both Asia and Africa.

The GPRG is committed to conducting research that assists policy makers in their endeavour to reduce poverty. With this focus in mind, the GPRG ran a series of presentations at the CSAE international conference 'Growth, poverty reduction and human development in Africa', held in Oxford in March 2004, which attracted a large number of participants from developing countries. Africa has been much in the news since the conference. Two major reports have appeared, both focused on the problems that Africa faces. The first was from the Millennium Project and advanced what it termed a practical plan to achieve the Millennium Development Goals. The second was the Report of the Commission for Africa arguing that ensuring economic success in Africa was part of our common interest. Both reports advocated the need for substantial additional aid for Africa and pointed out that such aid would be wasted without improved governance in many African countries.

Many of the activities of the Group have been directed to problem areas identified by these Reports, specifically in areas of conflict and governance. More generally, we report below on several projects designed to meet our objective of understanding outcomes – who are the poor; how is poverty related to income opportunities; and how are income and well-being related? To meet our objective of understanding the means by which welfare can be improved, we report extensive work on the themes of human and social capital, institutions and the provision of public services. To impact effectively on policy, we need to know not simply broad generalities but answers to very specific questions: which types of education impact on the poor; do public schools ensure equity of access; which policies towards the poor work? What follows shows the wide range of our activities designed to answer these questions.

**David Hulme**, University of Manchester

**Francis Teal**, University of Oxford



# Section 1: Inter-disciplinary research on poverty

## Introduction

The Global Poverty Research Group (GPRG) was set up in August 2002 as a response to the perceived need for a more multi-disciplinary approach to the problems faced by developing countries, and has now been in operation for two full years. The objective of the Research Group is to bring together a range of researchers diverse both in their disciplinary backgrounds and their range of expertise across countries. At the core of the Research Group is a collaboration between two institutions: the Centre for the Study of African Economies at Oxford (CSAE), and the Institute for Development Policy and Management at Manchester University (IDPM).

The collaboration between CSAE and IDPM has enabled the Research Group to link economists, sociologists, political scientists, human geographers and anthropologists who have many research interests in common. The IDPM has a long and respected record of work in the sociology and social anthropology of development and poverty and recently became part of the University of Manchester's School of Environment and Development. A particular emphasis of the Manchester researchers is their use of qualitative and participatory research methods. They have played a major role in tracking the multiple livelihoods of the poor by means of life histories, and have developed methods that allow concepts of capabilities to be assessed empirically, particularly in relation to the poor.

The Centre for the Study of African Economies (CSAE) is part of the Department of Economics at Oxford University. From 1991 to 2001 it was a Designated Research Centre of the Economic and Social Research Council (ESRC). Under its contracts with the ESRC, the CSAE sought to develop the application of quantitative methods to African economies. It did this by building new data sets, developing comparative ones, and exploring new methods for understanding the very poor performance of African economies. In the process, it has become part of an international network of researchers – in Africa, Europe and the United States – engaged in the analysis of the problems facing policy makers concerned with the future of Africa. Several key research staff have research interests outside of Africa – in India, China and South East Asia – so while the CSAE interprets its function as understanding the problems facing Africa, it views comparable work on other societies as an important means to that end.

In this Research Summary we highlight some of the key areas of research being undertaken by the Global Poverty Research Group and provide a more detailed overview of our activities of the last year.



## Objectives

The overall objective of the research programme is both substantive and methodological: to carry out a multi-disciplinary programme of work which will investigate poverty, inequality, and the quality of life. To meet that objective we have held a series of seminars focusing on both methodological and empirical issues. We have set up a website which uses the framework of the themes from the research to allow the presentation and integration of a large range of diverse work on the central research issue: what are the factors determining poverty, inequality and the quality of life in poor countries?

The first two of those themes focus on **objectives**:

- Poverty, intra-household allocation and well-being
- Income opportunities, inequality and the poor

The last three themes focus on **means**:

- Human capital, institutions and well-being
- Social capital, the provision of public services, and social safety nets
- Governance, social norms and social outcomes

The activities of the Group, some of which meet our broader objectives of ensuring our research impacts on poverty, and some of which are means to undertaking our research tasks, comprise the following:

- Publishing significant theoretical and empirical findings
- Collecting data to feed into both research and policy outcomes
- Establishing itself as a focus of collaboration between researchers and users
- Seeking co-sponsorship
- Engaging with users
- Engaging in the training of post-graduate students

## Meeting our objectives

The objectives set by the ESRC for the Research Group were to establish and pursue a multi-disciplinary programme of work on development. Different disciplines look at very different concepts and questions when discussing development. From an anthropological perspective, the ways in which poverty is assessed not only has implications for the strategies adopted to address it, but for theories about its causes. It is argued by some that the focus of economists on a narrow range of variables underplays the significance of social relations in contributing to poverty outcomes and the political structures which keep people poor. Anthropological approaches to the study of deprivation and inequality can provide a useful corrective to the homogenising effects of development perspectives on poverty. However, without the use of rigorous quantitative methods to analyse data (which can include many dimensions of the social relations which affect outcomes), it is impossible to move beyond generalities which are unhelpful to understanding the causes of poverty or

the effectiveness of alternative policies in reducing poverty.

We have been working on several projects to meet our objective of understanding outcomes – who are the poor, how is poverty related to income opportunities, and how are income and well-being related (details in Section Three). We have researched the topics of poverty, intra-household allocation and well-being, and work on inequality is being developed. The research covers policies towards poverty at a general level, and also includes detailed studies of poverty in Ethiopia, Ghana and Tanzania; markets and informal institutions; risk and the implications for poverty and gender-bias in the intra-household allocation of educational expenditure. Labour market outcomes have been a prominent focus of the research, with work on unemployment and wages in Africa and work on agricultural markets in Uganda and Ghana.

To meet our objective of understanding means, we have undertaken extensive work on the themes of human and social capital, institutions and the provision of public services and governance. A key question on which research is focusing is the ‘which one matters most’ question. The work on social capital has pointed out that not all social capital is ‘good’ for development. Work on human capital has shown that while the value of education in increasing income may be small for some levels of education, it is not obvious that services for health and education need to be or indeed can be supplied by the public sector. To impact effectively on policy, we need to know not simply broad generalities but answers to very specific questions: which types of education impact on the poor; do public schools ensure equity of access; which policies towards the poor work?

In seeking to understand these questions, the Group has collaborated on a special issue for *The Journal of Development Studies*, containing papers which span the views of several disciplines on how the question of development should be approached. Further details can be found in the Dissemination Highlights section below.

Progress towards meeting our objectives clearly implies that we need to move beyond internal conversations within the group, and to build links with outside researchers. As a step towards building these links, the Group organised a workshop in Oxford in December 2004, bringing together prominent researchers from several disciplines including economics, sociology, anthropology, psychology, philosophy and geography, each of whom have made significant contributions in their field. (Further details below.)

Establishing the Group as a focus of collaboration between researchers and users is a very important objective. One good example of a direct link between researchers, data and users is the Ghana cocoa surveys, the results of which were presented to the Cocoa Board in Ghana. This is an illustration of an important policy problem at the micro level: why has the productivity growth in the cocoa sector been so low?. Examples of other interactions with users are the extensive work carried out by Paul Collier, the Director of the CSAE, with respect to work on the Africa Commission; and also the work undertaken by GPRG members that has

fed into the work on the Chronic Poverty Report (see below for further details).

We have continued our work collecting data to feed into both research and policy outcomes. During 2003, data on coffee farmers in Uganda was collected and has been analysed during the course of this year by a DPhil student working with the Group. During 2004, a survey of cocoa farmers in Ghana was conducted, planned as a follow-up study to an earlier one funded by DFID and carried out in 2002. Also during the course of 2003-2004, we continued our data collection work in both Tanzania and Ghana, seeking to build up panel data of both firms and individuals.

We have also been successful during the year in obtaining co-sponsorship to complement the work of the Group. Additional research has been funded by UNIDO, the World Bank and DFID. Our engagement in the training of post-graduate students has also been maintained and strengthened. Another very successful training event was the UNIDO workshop in Oxford in March 2004, aimed at civil servants and development practitioners, and inviting participants from Algeria, Cameroon, Côte D'Ivoire, Nigeria, Senegal and Togo. This workshop has led directly to a UNIDO funded survey currently taking place in Nigeria, linked to policy issues of how to improve the environment for firms in Nigeria. As other research directed to the World Bank has strongly argued, one of the most important routes out on poverty in Africa is the creation of more and better paid jobs.

## **Dissemination highlights**

### **Journal of Development Studies special issue**

In its first year, the Group held a series of workshops, resulting in a proposal to the Journal of Development Studies (JDS) for a special issue entitled 'Understanding Poverty and Well-being: Bridging the Disciplines'. During the course of the year this project has been accepted by the Journal of Development Studies, and David Hulme and John Toye have been editing the papers and supervising the responses to referees. The JDS special issue contains papers which span the views of several disciplines on how the question of development should be approached. The papers show the approach that the Group has adopted in that it seeks to build bridges across disciplines, not to promote the subject as without a clear disciplinary base. Inter-disciplinarity means, in our view, researchers from different disciplines working together. In an overview paper, David Hulme and John Toye review the prospects for cross-disciplinary research (both multidisciplinary and interdisciplinary) and examine the ways in which forms of being 'disciplined', and the linkages between disciplines and professions, constrains such research. All the papers included in the special issue are available as GPRG working papers on the website at <http://www.gprg.org/pubs/workingpapers/default.htm>

## **Growth, Poverty Reduction and Human Development in Africa Conference**

The 2004 CSAE International Conference ‘Growth, poverty reduction and human development in Africa’ was held at St Catherine’s College on 21-22 March, and was an excellent opportunity for GPRG members to present their work to a wide audience of academics and policy makers. GPRG funding together with a grant from DFID made it possible to fully fund a large number of participants from developing countries. A plenary session was held on the final day with Jim Robinson (Berkeley), Tim Besley (LSE), Daniel Kaufman (World Bank), and Marcel Fafchamps (Oxford) speaking on ‘Trust, government and markets’. The keynote speech was on ‘Issues pertaining to health and HIV in sub-Saharan Africa’ given by Mark Gersovitz from Johns Hopkins University.

The conference covered 100 papers presented in five parallel sessions over the two days and was organised around six themes or tracks which participants could follow: *Agrarian Issues* – including work on child labour; *Firms* – their performance and impact on poverty; *Human Capital* – including work on AIDS and access to health care; *Macro Questions* – covering work on the impact of aid and public spending on growth; *Poverty* – its multi-dimensionality, measurement and the role of growth in its reduction; and *Risk* – how shocks affect welfare and the role of networks in enabling poor families to insure themselves. GPRG work was extensively discussed in all these themes, particularly in the sessions on Poverty. All the papers from the conference can be found on the CSAE website at:

<http://www.csaе.ox.ac.uk/conferences/2004-PRaHDiA/programme.html>

## **Chronic Poverty Report**

During the year, the central focus of the research of many members of the Group was work on poverty and policies towards the poor. The Chronic Poverty Research Centre (CPRC), with which several members of the GPRG Manchester group are associated, published a major report: *The Chronic Poverty Report 2004-05*. This Report was launched at the House of Commons in London on 12 May 2004, and is a good example of the synergies that exist in providing longer-term research funding to the same organisation where work focusing directly on poverty issues is also conducted. Background research on who the chronically poor are, where they live, and the sources of the poverty are analysed and documented in the Report.

The Report shows that between 300 and 420 million people globally are trapped in chronic poverty, experiencing deprivation over many years, and will often pass their poverty to their children. The Report’s concern about chronic poverty leads to a focus on poverty dynamics – the changes in well-being or ill-being that individuals and households experience over time.

Speaking at the launch, Chancellor Gordon Brown said, ‘This report is a landmark report. It is a challenge to any complacency, it is a call for change and it is a demand for urgent action.’ Hilary Benn noted that ‘The chronically poor are those who are last in the queue to benefit from

development; last in the queue to benefit from the Millennium Development Goals.’ He described the Chronic Poverty Report as ‘A mine of information...and also a call for action’. Much of the work that is summarised in the projects in Section 3 has fed into this landmark study. The report is on the CPRC website at

[http://idpm.man.ac.uk/cprc/chronic\\_poverty\\_report\\_2004.htm](http://idpm.man.ac.uk/cprc/chronic_poverty_report_2004.htm)

## **GPRG newsletter and website**

We have initiated a regular newsletter which is published twice a year. The first newsletter was issued in April 2004 and was sent out to over 3000 readers. It covered updates on current survey work, upcoming conferences and new publications, and included articles on measuring welfare from a multidisciplinary perspective. The second newsletter, published in November 2004, included articles outlining work by Ruth Hill on Ugandan coffee farmers, and work by Wendy Olsen on tenancy in India, as well as conference updates. The third newsletter has just been published and can be downloaded from the GPRG website at

<http://www.gprg.org/pubs/newsletters/default.htm>

The GPRG website has been redesigned thanks to a funding grant from the ESRC, and we are continuing to update it. We have improved the appearance of the home page, developed a more sophisticated navigation structure and included a search facility. We have also updated the links to external sites, added the GPRG working paper series and made the GPRG newsletters available online. Two in-depth project guides have been added to the website, and similar guides to cover the full range of GPRG projects are currently being written. We are also working on developing the dataset resources available online.

## **Networks, Behaviour and Poverty Workshop**

As mentioned above, the GPRG series of workshops has continued and been extended to include participants from outside the group. In December 2004, the GPRG invited 30 eminent researchers from several disciplines including economics, sociology, anthropology, psychology, philosophy and geography to take part in a workshop on *Networks, Behaviour, and Poverty* at the CSAE in Oxford. Recent empirical findings suggest that in developing countries formal market-supporting institutions are often absent or lacking. As a result, agents rely on social networks and behavioural norms to facilitate exchange, coordination and cooperation, and thereby to enhance their wellbeing. The purpose of the workshop was to identify promising avenues for research into the complex interaction between networks, behaviour, and poverty.

The list of participants included theorists as well as empirical researchers. Not all of the researchers specialise in poverty-related work, but were included because of their considerable experience in the analysis of socially embedded individuals. The purpose of the workshop was to facilitate an exchange of ideas between these researchers and those who, as development specialists, are endeavouring to take account of social

embeddedness in their theoretical and empirical work. The aim was to promote best practice and identify promising avenues for future research into the complex interaction between networks, behaviour, and poverty.

## Looking ahead

We have several conferences planned over the next year – details of which can be found on the GPRG website at <http://www.gprg.org/events/default.htm>.

The first is a conference in June on ‘Assessing the contribution of non-governmental organisations to development alternatives’, being held at IDPM in Manchester. It will consider the extent to which NGOs have secured the development alternatives to which they have aspired, and the extent to which these alternatives have spilled over into other institutions and geographical contexts. It will analyse the contribution of NGOs to the nature and direction of political, economic and social change.

In November 2005, we are holding a conference on ‘Redesigning states: Political corruption in theory and practice’ also at IDPM. This conference will ask why corruption is central, how it works and why poverty is a result. Is political corruption central to undermining development in Africa and beyond? If it is, can we identify corruption, measure it, and take successful measures to reduce or even eliminate it? If the Africa Commission call for £30 billion in aid per year for ten years is met, how can donors prevent the funds from being wasted by corrupt politicians, civil servants and company executives?

We will be also holding an international conference in Oxford in March 2006, on ‘Inequality, opportunity and identity’ which will draw together many of the themes of the GPRG research programme.

By providing the means for the collaboration between IDPM and CSAE, the ESRC funding has enabled researchers working in both qualitative and quantitative dimensions to interact. We have identified areas where the work is complementary, and the collaboration provides a means of extending work being undertaken at both IDPM and CSAE. One of these areas is social capital, in which there is active interdisciplinary research. A second is in work on measuring livelihoods. Are qualitative and quantitative approaches simply measuring different aspects of livelihoods, or are they different methods for measuring the same thing? A third is in the area of civil society and the impact that NGOs are increasingly having in some developing countries. A fourth is in the area of the effects of risk and investment outcomes in the rural economy of Africa where some of the poorest people in the world live. All these subjects offer the opportunity to address important research questions from a multi-disciplinary perspective.



## Section 2: Highlighted research

### Unemployment, race, poverty and wages in South Africa

*Geeta Kingdon and John Knight*

A central objective of the GPRG research programme is to understand the factors determining poverty, inequality and the quality of life in poor countries. It is often argued that South Africa is a middle income country and cannot usefully be linked with the much poorer countries in the rest of sub-Saharan Africa. There are two reasons why we think such a view misguided. The first is that while it is true that the average income of South Africa is relatively high, this hides deep poverty and inequality, and the incidence of poverty has been increasing. The second reason is that since the advent of democracy in South Africa, the economy has become increasingly linked to other countries in SSA. A successful and rapidly growing South African economy would be a major player in enabling other economies in SSA to grow much faster. However, the South African economy is failing to grow fast enough to provide jobs for its rapidly growing labour force. Research which understands the reasons for this outcome is vital for any agenda addressing issues of poverty in Africa.

The research we have undertaken on unemployment and poverty in South Africa feeds directly into our 'output' themes which are:

- Poverty, intra-household allocation and well-being
- Income opportunities, inequality and the poor

We show that education is a crucial variable in explaining some of these outcomes and so this work feeds into one of our themes on the means of improving welfare:

- Human capital, institutions and well-being

In this summary of GPRG work on South Africa, we cover the issues posed in measuring unemployment; whether the unemployment can be viewed as voluntary or involuntary; and how responsive are wages to unemployment rates.

#### Unemployment in South Africa

The unemployment rate in South Africa is one of the highest in the world, 36% to 42% since the year 2000 using the broad definition. Even according to the narrow definition, which applies a job-search test, 25-30% of adults who wanted work and actively looked for it were unemployed. Moreover, the unemployment rates for different groups reveal great disparity in the incidence of unemployment. Given the importance of employment income in total household income in South Africa, the varying incidence of unemployment across different groups has important implications for the distribution of income and for the incidence of poverty. It is of policy interest to know how the incidence of unemployment varies by worker characteristics. That is, what attributes are associated with being able to avoid unemployment. Moreover, it is of particular interest, in the South African context, to examine to what extent



differences in the productive and other observed characteristics of blacks and whites explain the race gap in unemployment. If the black-white differences in observed characteristics do not explain all the race-gap in unemployment rate, then this could be due either to labour market discrimination against blacks, or the fact that some important characteristics that differ between blacks and whites are unobserved. For example, black and white labour force participants may have faced different school quality when they were of school-going age.

In this research, the determinants of both entry into and the duration of unemployment in South Africa are being investigated using data from 1993, 1994 and 1997. The research aims to paint a picture of the distribution of unemployment in South Africa, asking the question ‘who are the unemployed?’ and identifying the characteristics that make a person more likely to be unemployed.

It is found that unemployment is very inequitably distributed in South Africa, and certain groups are much more likely to enter it, and to stay in it, than others (Table 1 below). Young, uneducated Africans living in homelands and remote areas are most vulnerable to unemployment. There are two particularly striking features of South African unemployment. Firstly, the fact that rural unemployment rates are higher than urban rates is atypical among countries and is explained by historical policies restricting mobility. Secondly, the majority (62%) of the unemployed have never held a job before, i.e. they entered unemployment from the time of entering the labour force. The very long duration of unemployment (more than one year) among a high proportion (68%) of the unemployed suggests that the demand-side of the labour market is responsible for a good part of the unemployment.

The analysis tells us the characteristics of the unfortunate people who are liable to be at the end of the queue for employment. Improving their characteristics may improve their place in the queue, but it will not necessarily reduce unemployment. In the African group – the group that suffers such catastrophically high unemployment rates – human capital characteristics such as education and employment experience dramatically reduce the chances of unemployment. However, a policy prescription that African education and skills should therefore be upgraded may not solve the problem: unless there are more jobs in the economy, upgrading the education of Africans will at best change the composition of employment in their favour. Of course, it is possible that expanding education and skills will reduce overall unemployment. The mechanism might be to increase the supply of skilled labour, for which there is market clearing (i.e. for which all supplied labour is employed), and to decrease the supply of unskilled labour, for which the market fails to clear, giving a surplus of workers.

**Table 1: Unemployment rate (%), by age, education, gender, region, and race**

	<b>Broad definition</b>	<b>Narrow definition</b>	<b>Broad-narrow gap</b>
<b>Race</b>			
African	41.2	26.2	15.0
Coloured	23.3	19.4	3.9
Indian	17.1	14.3	2.8
White	6.3	4.2	2.1
<b>Age</b>			
16-24	51.4	37.8	13.6
25-35	35.3	23.3	12.0
36-45	25.2	14.3	10.9
46-55	21.3	11.0	10.3
56-64	16.9	8.5	8.4
<b>Education</b>			
None	38.7	20.1	18.6
Primary	42.5	26.8	15.7
Junior	35.3	23.5	11.8
Secondary	28.3	19.5	8.8
Higher	5.7	3.9	1.8
<b>Gender</b>			
Male	26.2	17.3	8.9
Female	40.7	25.3	15.4
<b>Region</b>			
Rural	40.3	23.4	16.9
Urban	27.9	19.1	8.8

Source: October Household Survey, 1994.

The analysis suggests that racial differences in unemployment incidence cannot simply be dismissed as a problem of the poorer productive characteristics of the African, coloured, and Indian groups relative to the whites in South Africa. While a substantial part of the race gap in the incidence of unemployment in the mid-1990s was explained by inter-group differences in observed characteristics, there remained a large residual that could not be explained in this way. The residual may be due to employer discrimination, or to racial differences in unmeasured determinants such as the quality of education. Further research incorporating data on the quality of education is being undertaken with available cross-section data, though longitudinal data sets are ideally needed to examine policy questions concerning unemployment dynamics.

## The difficulty of measuring unemployment

Are jobless persons who want work but are not actively searching, unemployed or out of the labour force? Previous research on this issue has focused on North America, and used as the test whether the probability of transition to employment is similar for searching and non-searching jobless persons. The research programme is developing new tests as to whether those not searching but wanting work are distinct from the searching unemployed. It asks: are non-searching persons richer, happier, and do they have a lesser impact on local wages than the searchers? These tests are implemented using data from South Africa, a country in which unemployment is very high and where the treatment of non-searchers really matters for the understanding of poverty and labour market issues. The results favour the 'discouraged worker' view of the non-searching unemployed and the use of the broad, inclusive, measure of unemployment.

This work is using three new approaches to test the distinctness of the searching and non-searching unemployed states in conditions of high unemployment. We find, firstly, that in South Africa the non-searching unemployed are, on average, significantly more deprived than the searching (Table 2 below). The fact that they are not better off casts doubt on the interpretation based on tastes (lack of desire for employment), and favours the interpretation that active search is discouraged (low prospective returns to search). This view is supported by the evidence from a job-search model, which suggests that search is hampered by poverty, cost of job-search from remote rural areas, and high local unemployment. Secondly, the non-searching unemployed are not significantly happier than the searching unemployed. Their unemployment depresses their well-being to the same extent as is the case for the searching unemployed. Finally, evidence on the wage-unemployment relationship indicates that local wage determination takes non-searching workers into account as genuine labour force participants. The searching and the non-searching unemployed are very close in terms of potential labour supply.

The appropriate concept of unemployment necessarily depends on the purposes to which the ensuing measure will be put. In South Africa, unemployment is an important determinant of poverty and of well-being. A measure of unemployment is required which can illuminate anti-poverty policies. Two of the tests under this research are appropriate for this use of the unemployment measure. Unemployment also has an influence on wages and other labour market behaviour. Our third test is relevant in selecting the measure appropriate for gauging the state of the labour market. Taken together, the three tests suggest that there is no distinction between those searching and those not searching that would warrant the exclusion of the non-searching from the measure of unemployment; or any less policy concern for the non-searching than for the searching unemployed.

**Table 2: Sample of unemployed persons: Type of unemployment and socio-economic outcomes, SALDRU93 data**

	Non-searching unemployed	Searching unemployed	t-statistic for the test of the null hypothesis that the two means are equal
<b>Unemployment rate</b>			
Cluster unemployment rate	0.493	0.417	-12.01
Household unemployment rate	0.763	0.727	-4.45
<b>Per capita household income:</b>			
(Rand/month) - mean	162.541	232.234	5.37
- median	96.673	133.125	
<b>Per capita household expenditure:</b>			
(Rand/month) - mean	190.887	282.079	8.35
- median	136.017	184.069	
<b>Other indicators:</b>			
Below international poverty line \$1/d	0.485	0.381	-6.48
Number of assets	2.931	3.619	9.28
Years of education	6.793	7.595	6.75
African	0.953	0.796	-13.53
Household size	7.228	6.554	-5.56
<b>Living conditions:</b>			
Lives in a house/part of house	0.473	0.561	5.38
Number of household members per room	1.965	1.906	-1.41
Home is owned	0.773	0.705	-4.61
Dwelling has corrugated iron roof	0.681	0.571	-6.92
Piped water within or tap in yard	0.363	0.571	12.88
Has to fetch water daily	0.603	0.395	-12.91
Distance to water (meters)	305.931	170.513	-7.14
Dwelling has flush toilet	0.269	0.461	12.11
Dwelling has electricity connection	0.302	0.451	9.33
<b>Community characteristics:</b>			
Urban	0.352	0.599	15.39
Homeland	0.667	0.431	-14.69
Distance to facilities from home	111.096	74.124	-8.79
Community has tarred roads	0.100	0.236	10.65
Community roads impassable at certain times of year	0.563	0.402	-9.91
N	2775	1379	
Percentage of the total labour force	20.8%	10.4%	

Notes: Apart from 'years of education', all the non-community variables above are coded at the household level in the dataset. For the purposes of this table, however, we have assigned the value of the household variable to each individual member of the household, then taken the sub-sample of unemployed persons only (2775 non-searching and 1379 searching unemployed persons) and averaged the variables across individuals. Similarly, the community variables are assigned to each individual living in that community before averaging across unemployed individuals. The very high *household* unemployment rate indicates that unemployed people are likely to live in households where other members are unemployed as well. Of the 13316 labour force participants aged 16-64 in this dataset, 4154 were unemployed.

The evidence from South Africa is consistent with the prediction that very high unemployment will cause many of the unemployed to be discouraged workers. In such conditions, the non-searching unemployed are no less part of the labour force than the searching unemployed, and their joblessness is no less associated with deprivation.

Better data, such as a nationwide panel, are ideally required to be more certain that the relationships found in this research are causal. Cross-section findings cannot be definitive and, on this issue and many others, Statistics South Africa needs to move towards longitudinal data gathering in its (annual) October Household Surveys. For instance, the analysis of transition probabilities would be possible with panel data. However, the test that has been variously employed – whether the probability of transition to employment is higher for the searching than the non-searching unemployed – might fail to convince in conditions of high unemployment. If the non-searchers were deterred from active search by low job prospects and high search costs – actions which in turn further reduced their probability of employment – that would not necessarily mean that they wanted work any less than the searchers.

Given the sheer magnitude of unemployment and the 12-15 percentage point gap in the broad and narrow unemployment rates, the appropriate definition and measure of unemployment is an extremely important question for South Africa which deserves the best possible answer using the data that are currently available. It might be thought that unemployment, being so high, is sure to receive priority in policy-making even if the narrow definition is used. However, it is arguable that the political alliance between the ruling party (ANC) and the trade union organisation (Cosatu) encourages labour market policies which are inimical to employment creation and to unemployment reduction. The effective playing down of the unemployment problem through the use of the narrow measure lightens this counterweight to pro-union policies.

Clearly, there is an internationally agreed ILO definition of unemployment, and it is very helpful for international comparisons if each country calculates it. The research here does not propose that the broad measure replace the ILO-recommended narrow measure, even in South Africa. However, our findings imply that the non-searching unemployed deserve no less policy attention than do the searchers, and that the broad unemployment measure should be estimated alongside the narrow measure and given credence, in South Africa and in other high unemployment economies.

### **Is unemployment in South Africa voluntary or involuntary?**

Unemployment in South Africa is so widespread that it demands an explanation. What is unique and unusual about the South African labour market, in comparison with most developing and middle-income countries, is the smallness of the size of its informal sector and its corresponding large rate of open unemployment. South Africa is an international outlier in terms of the size of its informal sector (Tables 3 and 4 below). The

research under this programme examines a central question about South African unemployment. Why do the unemployed not enter the informal sector, as is common in other developing countries? And is South African unemployment largely voluntary? The data do not support the idea that unemployment is largely voluntary. The policy implications – that government should diminish labour market segmentation and the obstacles to entering the productive informal sector – may be relevant also to other developing countries with high unemployment.

The findings so far provide little support for the idea that unemployed people choose in any meaningful sense to be unemployed. We find that there is sharp earnings segmentation between the formal sector and the relatively small informal sector, and that the unemployed are substantially worse off even than the informally employed, in terms of both income and expenditure. This contradicts the luxury unemployment interpretation of joblessness, whereby higher household income reduces the incentive to become employed in the informal sector and increases the incentive to consume more leisure. It might be contended that, given the disutility of work, some people prefer to substitute leisure for higher monetary income, so that their apparent deprivation cannot be used to argue that they are constrained to be unemployed. However, if their unemployment is to be interpreted as voluntary, such people should be happier (or less unhappy) than if they were employed. The research shows that households with a high proportion of unemployed persons are very substantially and significantly less satisfied with their quality of life than households with a high proportion of informally employed. These results suggest that unemployment arises through impediments to entry into informal work, and they are at odds with the notion that unemployment is anything other than the better of two awful choices. Although this important issue deserves more research, we find various plausible reasons why the informal sector has been inhospitable to newcomers in South Africa.

In attempting to understand a crucial issue for South Africa, we have imperfect data. The quality of life questions are thus far only available at the household level; this information is more relevant at the individual level. Data on the distribution of consumption, and the sources of income, among members of the household would help to clarify the options available to the unemployed. A regular national panel household survey would help to overcome the problems of unobserved heterogeneity that have qualified our analysis, and would provide the longitudinal information on workers needed to understand more about the nature of unemployment and of informal sector employment, for instance by measuring the income changes resulting from transitions between employment states. A more precise reservation wage question is needed that collects information on expected hours of work per period, maximum acceptable distances to work, past wages, and past wage offers rejected; and which makes a dedicated attempt to obtain data on the minimum wage that would be acceptable for work, rather than the expected, fair or bargaining wage. Finally, and most importantly, our arguments pinpoint

the need to understand the potential barriers to entry into the informal sector in South Africa: surveys of unemployed people that specifically address this issue are required.

It is likely that most currently unemployed workers in South Africa are involuntarily unemployed in the sense that they would accept formal sector jobs at the going wages. Although each unemployed worker voluntarily chooses not to enter free-entry activities, this may well be because incomes in the free-entry part of the informal sector are extremely low. However, there is no real choice. For as long as barriers to entry continue to restrict opportunities in much of the informal sector, this sector will be unable to absorb significantly more of the currently jobless. Unemployed workers face a high probability of remaining unemployed, whatever their search activity. The need for policies that would reduce unemployment in South Africa is compelling. Our diagnosis yields two main policy implications. Government should try to diminish labour market segmentation and to overcome the obstacles to entering the productive informal sector.

**Table 3: Unemployment and informal employment**

	Urban unemployment rate	Employment rate in the informal sector(3)	Ratio of informal sector employment to unemployment
South Africa	29.3	18.9	0.7
Other Sub-Saharan Africa(1)	16.0	74.8	4.7
Benin	10.1	92.8	
Burkina Faso	--	77.0	
Chad	--	74.2	
Guinea	12.3	71.9	
Kenya	16.2	71.6	
Mali	9.9	78.6	
Mauritania	31.6	75.3	
Mozambique	--	73.5	
Zambia	--	58.3	
Latin America(1)(2)	8.1	56.9	7.0
Argentina	18.8	53.3	
Bolivia	3.6	63.6	
Brazil	4.6	57.6	
Colombia	9.0	55.5	
Ecuador	6.9	53.5	
Mexico	6.3	59.4	
Paraguay	5.6	65.5	
Venezuela	10.3	46.9	
<b>Asia (1)</b>	<b>5.3</b>	<b>63.0</b>	<b>11.9</b>
India	--	73.7	
Indonesia	7.2	77.9	
Pakistan	6.1	64.6	
Philippines	7.4	66.9	
Thailand	0.4	51.4	
Iran	--	43.5	

**Table 4: Percentage share of informal employment in total labour force, by definition of labour force**

	OHS 1997	OHS 1998	OHS 1999	LFS Feb 2000	LFS Sep 2000	LFS Feb 2001	LFS Sep 2001	LFS Feb 2002
Using Narrow Definition of LF								
IS employment/total narrow LF	19.0	17.0	20.3	27.4	26.6	27.7	21.4	22.5
Using Broad Definition of LF								
IS employment/total broad LF	15.2	14.2	16.9	24.1	23.0	23.7	17.8	18.8

Note: IS is short form for informal sector; LF is short form for labour force.

Source: Computed from Statistical Releases of Statistics South Africa.

Although South African unemployment is extremely high, a number of developing countries have comparable rates. For instance, in various years in the 1990s, countries with high national unemployment rates in Africa included Algeria (30%), Botswana (22%), urban Ethiopia (39%), urban Mauritania (32%), Morocco (22%), Zambia (25%) and Zimbabwe (22% in 1992 and estimated at 50% in 1999); in Latin America, Argentina (19%) and Colombia (21%); and in Southern Europe, Armenia (36%) and Macedonia (39%). It is possible that our diagnosis applies also to some of these countries. There is a case for research to compare the South African labour market with those of similar economies which have either suffered or avoided high unemployment.

## Unemployment and wages in South Africa

It is commonly claimed that the South African labour market is unusually inflexible owing to the strength of the unions and the system of centralised collective bargaining. One aspect of labour market inflexibility concerns the responsiveness of wages to local unemployment. This part of the research programme on the South African labour market is examining the relationship between unemployment and wages across space. The research shows that the elasticity (responsiveness) of wages to local unemployment rates (i.e. the extent to which wages change as the local unemployment rate changes) in South Africa is -0.1, similar to that found in other countries, including the US and the UK. This is striking because South Africa has a national unemployment rate of over 30%. We find that the wage curve elasticity persists over a much wider range of unemployment rates than in OECD countries, implying that unemployment in South Africa can have a large impact on wages.

The wage curve has been the subject of intensive discussion, primarily using OECD data where unemployment rates are typically 5-12%. The robustness of the wage curve, both across countries and across ranges of unemployment rates, has become an interesting question. In this research we are looking for a wage curve in South Africa, where the average unemployment rate is very high. We test for the wage curve relationship.



Even in the mid-1990s, after the relaxation of apartheid controls on mobility, the Harris-Todaro model (which posits a positive relationship between unemployment and wages) appeared to be irrelevant to South Africa. This finding presents a challenge to one of the best accepted theoretical models of the way the labour market operates in developing countries with high unemployment.

South Africa has one of the most interesting labour markets in the world. Its powerful labour market institutions and strong labour unions would suggest lesser flexibility of wages to local unemployment than in OECD countries. Yet we find that the South African wage curve elasticity is no weaker than in OECD countries, and that it is robust over a wide range of unemployment. Tripling unemployment from 10% to 30% reduces wages by approximately 30%. The wage curve was subjected to a range of robustness tests – allowing for possible endogeneity, dividing the workers into high/low unemployment rate areas, dividing the sample into different groups of workers, and allowing for the correlation of errors across individuals within regions – but none of these reduces the wage curve elasticity below about -0.10 over the range of unemployment between 10% and 30%. At rates of unemployment above 30%, the wage unemployment elasticity falls to zero. The South African labour market displays considerable wage-flexibility in response to local labour market conditions across this large country.

The research illuminates the important debate about the relevant definition of unemployment in South Africa. The South African government has adopted the narrow concept as the official definition, and has thus implicitly de-emphasised estimates of broad unemployment. Yet, our work so far indicates that the broad definition of unemployment is the appropriate one for labour market analysis in South Africa, since local wage determination takes discouraged workers into account as genuine labour force participants. Although even the narrow estimate of unemployment is high and justifies policy priority, the alliance between the ruling party and the trade union movement (representing the employed) might well lead to a playing down of the unemployment issue. Our argument in favour of the broad measure of unemployment therefore has policy relevance. Moreover, it is clear that unemployment contributes to poverty both directly and indirectly through its effect on the wage level.

### **Recent publications**

- Kingdon, G.** and **J. Knight**, 'What have we learnt about unemployment from microdatasets in South Africa?', *Social Dynamics*, Vol. 27 (1), 2002.
- Kingdon, G.** and **J. Knight**, 'Unemployment in South Africa: The Nature of the Beast', *World Development*, Vol. 32 (3), pp. 391-408, March 2004.
- Kingdon, G.** and **J. Knight**, 'Race and the incidence of unemployment in South Africa', *Review of Development Economics*, Vol. 8 (3), pp. 198-222, May 2004.
- Kingdon, G.** and **J. Knight**, 'Unemployment in South Africa 1995-2003: Causes, problems and policies', mimeo, GPRG, Department of Economics, University of Oxford, October 2004.
- Kingdon, G.** and **J. Knight**, 'Quality of schooling and the race gap in labour market outcomes in South Africa', mimeo, GPRG, Department of Economics, University of

Oxford, March 2005.

**Kingdon, G.** and **J. Knight**, 'How flexible are wages in response to unemployment in South Africa?', GPRG Working Paper 015, April 2005.

**Kingdon, G.** and **J. Knight**, 'Measuring unemployment when unemployment is high', *Labour Economics*, Vol. 13, forthcoming 2005.

## Thinking about poverty, well-being and human development

*David Alexander Clark*

There is no universal definition of poverty or well-being. Over the last two or three decades, however, it has been increasingly recognised that poverty, well-being and human development are complex multidimensional concepts that transcend the traditional focus on utility (happiness, desire-fulfilment, choice) and opulence (income, consumption, assets). Initially, the emphasis shifted from per capita income to employment and redistribution with growth. This was quickly followed by a shift towards basic needs construed in terms of inputs (the provision of essential goods and services) and then outcomes ('opportunities for a full life', 'life characteristics', etc).

In recent years, Amartya Sen's Capability Approach has provided the philosophical foundations and justification for a new paradigm of human development. In countless journal articles and books (beginning with the *Tanner Lectures* 'Equality of What?' first delivered at Stanford University in 1979), Sen has developed, refined and defended a framework that evaluates poverty, well-being and social justice in terms of human capability and achievement. For Sen, development involves the expansion of human capabilities – defined in terms of the substantive freedoms (the ability to achieve various 'doings' and 'beings') people have reason to value.

Sen's Capability Approach has been praised for (re)focusing on people as ends in themselves, and for broadening the informational base of welfare analyses. Over the last two decades, his framework has transformed the way in which social scientists, policy makers and practitioners comprehend and analyse human well-being and destitution. In particular, the Capability Approach has generated a whole new industry of theoretical and applied research centred round the United Nations *Human Development Reports* (published annually since 1990). But is there anything beyond 'development as capability expansion' or poverty as 'basic capability failure'? Several different strands of GPRG's research address this fundamental question. This work includes practical and theoretical research on concepts and perceptions of human well-being as well as attempts to develop new frameworks for measuring and analysing poverty.

### Concepts and perceptions of human well-being

The first strand of research is concerned with evaluating the capability approach and identifying the dimensions of human development. This work draws on David Clark's fieldwork in South Africa, which investigates perceptions of human well-being (a good form of life) among the urban and rural poor. This study found that the top aspects of a good life in

South Africa include jobs, housing, education, income, family and friends, religion, health, food, good clothes, recreations and relaxation, safety and economic security (see Table 1). These findings are consistent with the results of participatory poverty studies in Southern Africa and other parts of the world.

The fieldwork findings are used to evaluate Sen's capability framework. It was found that the distinction between the categories of *commodities*, *capabilities*, *achievements* and *utility* is less robust than Sen suggests. The capability approach overlaps with both utility and resource based concepts of well-being which are the very frameworks Sen has striven to replace. This conclusion, however, does not imply that we should re-endorse traditional notions of welfare. The criticisms levelled against these approaches by Sen and others remain valid. Instead, we only need recognise that the informational base of the capability approach should make more room for utility (broadly construed to include all valuable mental states) and the material basis of well-being. This is best accomplished from within the capability approach, as other frameworks are too narrow and exclude relevant information.

The fieldwork findings are also used to evaluate some abstract concepts of human well-being and development. The discussion focuses on Nussbaum's list of 'central human capabilities' and Sen's examples of intrinsically valuable capabilities. An attempt is also made to assess an augmented list of capabilities and needs compiled from the wider literature. The most notable conclusion to emerge from this exercise is that most ordinary people seem to share a common conception of the good which is not fundamentally at odds with most – although not all – of the capabilities advocated by scholars like Nussbaum and Sen. However, the lists advanced by Nussbaum and Sen overlook the value of income, housing, education, training and skills, jobs, sleep and rest, relaxation and recreation. While many of these items feature in other theories of human well-being and need, these theories tend to overstate the potential for consensus by listing capabilities that are not universally valued (e.g. exercise, travel and adventure, avoiding noise pollution).

These findings have important implications for theoretical accounts of well-being and human development. First, most of these theories abstract from the harsh realities of life and need to say more about the practical side of survival and development. For example, if some ethics are interpreted literally, the only obvious role for education to play is to promote cognitive capacities and the power of practical reason. No explicit provisions are made for acquiring practical skills, improving job prospects, or raising earnings, which are among the primary reasons for valuing an education in poor countries. Second, most theories of well-being should concern themselves with *mental* as well as *physical* states. While some conceptions of well-being pay lip service to the importance of happiness, few acknowledge the value of the diverse range of mental states (such as feeling confident, achieving peace of mind and experiencing pride) that contribute to a good form of life. Third, most theoretical accounts of well-

being and development need to say something more substantive about recreation and leisure, which help bridge the gap between a minimally decent form of life and a good life. Fourth, most theories of well-being are driven by some idealistic notion of virtuous living. In contrast, bottom-up conceptions of development are more balanced, typically include some hedonistic ends, and do not shun the material basis of well-being. Finally, the fieldwork findings indicate that the distinction between means and ends is less robust than most conceptions of human well-being and need imply. Many things are endowed with both intrinsic and instrumental value (to greater or lesser degrees). Investigating the complex relationships and interconnections between different capabilities generates important lessons for theory and policy.

## **Conceptualising, measuring and analysing poverty in a dynamic context**

Another strand of research focuses on the conceptualisation, measurement and analysis of poverty. This research identifies three ‘meta dimensions’ of poverty, which relate to: (1) depth and severity; (2) breadth and multidimensionality; and (3) time and duration. It is shown that our understanding of poverty has gradually evolved and broadened in each of these spheres. In particular, it is argued that the third and final meta-dimension – time and duration – has been neglected until relatively recently. Yet time, and in particular duration, matter for at least four reasons. First, there is a simple moral argument that says if  $x$  has experienced the same forms and depth and poverty as  $y$ , but for longer periods, then we should rank  $x$  as worse off than  $y$ . Second, incorporating time enriches our understanding of poverty, by enabling us to move from static comparisons of poverty (which compare estimates at different points in time) to dynamic analyses of poverty (which consider changing patterns of poverty over time). Third, recent research in the USA suggests important linkages between the depth of asset poverty and the duration and persistence of poverty. Finally, there are also important links between the duration of time spent in poverty, and individual and household survival strategies – particularly in terms of the effects on cognitive and physical capabilities and human agency.

An attempt is made to develop a framework that can incorporate the depth, breadth and duration of poverty. This involves building on Mozaffar Qizilbash’s poverty and vagueness methodology, which allows for the fact that poverty is a vague or fuzzy concept that can plausibly be specified in many different ways. In developing a framework to deal with this imprecision or ambiguity, Qizilbash distinguishes between two different kinds of vagueness: horizontal vagueness (vagueness about the admissible dimensions of poverty); and vertical vagueness (vagueness about the admissible poverty thresholds in particular dimensions). This framework is used to distinguish between:

- *The Core Poor*, i.e. those who are definitely or unambiguously poor given the many dimensions and thresholds of poverty;

- *The Non Poor*, i.e. those who are definitely not poor given the many different specifications of poverty; and
- *The Vulnerable*, i.e. those who are neither definitely poor nor definitely non poor in a given dimension.

Different methods of incorporating a third layer of vagueness (vagueness about the admissible time periods associated with a given dimension/threshold) are considered. These methods lead to the identification of several new analytical categories (such as the *chronically core poor* and the *transitory vulnerable*), which combine categories from the core poverty approach and chronic poverty approach (see Table 2). It is shown that the extended framework combines and enriches the policy insights from the core poverty and chronic poverty approaches.

**Table 1: The top 30 aspects of a ‘Good Life’ in Murraysburg and Wallacedene, RSA**

Jobs	Support of family
Housing	Relaxation
An education	Good area to live/live elsewhere
Adequate/regular income	Nice/good clothes
A good family	Security/safety
Living a religious/Christian life	Having/caring for children
Good health	Respect (especially for others)
Enough food	Sport(s)
Happiness/joy	To get married
Love (each other)	Independence (especially financial)
Good friends	Peace in the household/community
Education for children	Recreation
Motor car	Communication (between people)
Owning a business	Acquiring skills/qualifications
Understanding (between people)	Furniture

Source: Clark (2003)

**Table 2: Integrating Qizilbash's vagueness methodology with the Chronic Poverty Approach**

	<b>Non poor</b>	<b>Vulnerable</b>	<b>Poor in a non-core dimension</b>	<b>Core poor</b>
<b>Never Poor</b>	Non poor and secure	N/A	N/A	N/A
<b>Transitory poor</b>	<i>Transitory Vulnerable Type I</i> , i.e. people that are not definitely poor at the moment, but have either experienced poverty or vulnerability in the past and/or are likely to experience it in the near future.	<i>Transitory Vulnerable Type II</i> , i.e. people that are sometimes vulnerable to poverty in a given dimension that may or may not be core.	Sometimes poor in non core dimension(s)	<i>Transitory core poor</i> , i.e. people who sometimes experience poverty in at least one core dimension.
<b>Chronically Poor</b>	N/A	<i>Chronically vulnerable</i> , i.e. persistently vulnerable to definite poverty in a given dimension, which may or may not be core.	Persistently poor in non core dimension(s).	<i>Chronically Core Poor</i> , i.e. persistently poor in terms of at least one core dimension of poverty.

Source: Clark and Hulme (2005)

### Recent publications

**Clark, D.A.** and M. Qizilbash, 'Core poverty and extreme vulnerability in South Africa', *Discussion Paper No. 2002-3*, School of Economics, University of East Anglia, UK. Revised version: [http://www.geocities.com/poverty\\_in\\_southafrica](http://www.geocities.com/poverty_in_southafrica), 2002.

**Clark, D.A.**, 'Concepts and perceptions of human well-being: Some evidence from South Africa', *Oxford Development Studies*, 31(2), pp.173-196, 2003.

**Clark, D.A.** and **D. Hulme**, 'Integrating time into the conceptualisation, measurement and analysis of poverty: Towards an integrated framework for understanding the depth, breadth and duration of poverty', mimeo, 2004.

**Clark, D.A.**, 'Sen's Capability Approach and the Many Spaces of Human Well-Being', *Journal of Development Studies*, forthcoming, 2004.

## Sharing behaviour in cross-cultural perspective

*Abigail Barr*

Since 2000, Abigail Barr has been working with a team of sociologists, economists, evolutionary psychologists, and anthropologists researching the variability in pro-social behaviour across a wide variety of social contexts. Using an economic experiment, the team explored people's willingness to share resources equally rather than keeping them all to themselves. In economic experiments, people are invited to participate in games played for money. The games are designed to simulate various types of everyday situation but are played under controlled conditions to ensure that only certain impetuses come into play. In this study, the design of the experiment aimed to ensure that only individual sharing preferences and an understanding of what was acceptable within their own societies guided people's decisions. Traditionally, such experiments are conducted in university laboratories with students as subjects. However, in this project the subjects were adult individuals from 15 small-scale societies: from small hunter-gatherer villages in the Amazon jungle; from nomadic hunter-gatherer groups, small villages of subsistence and cash crop farmers, and herders in Sub-Saharan Africa; and from remote whaling villages in Asia. The team found that the extent to which people are willing to share resources varies considerably between societies.

In Figure 1, each row represents a different society and the arrayed data relates to people's willingness to share. In each row the diameters of the grey circles indicate the frequency with which individuals from that society gave away various proportions of a defined resource to their playing partners in the game. The average amount given away in each society is indicated by the black marker. The societies have been ordered, top-to-bottom, with reference to the mean proportion given away. Most people in the global sample gave away half, i.e. they shared equally. However, in some societies equal sharing was uncommon.

Little of the variation in sharing behaviour across individuals can be explained with reference to age, sex, wealth, education, or exposure to monetized markets. An individual's behaviour appears to be almost entirely determined by the society in which they live, suggesting that individual sharing behaviour may be guided by society-specific social norms. In contrast, variations in sharing behaviour across societies can be explained with reference to the degree to which livelihoods depend on interpersonal cooperation and involvement in markets for labour and products. A greater tendency towards equitable sharing is observed in societies where livelihoods depend more on interpersonal cooperation and where market exchange is more commonplace.

Figure 1: Variations in sharing behaviour across societies

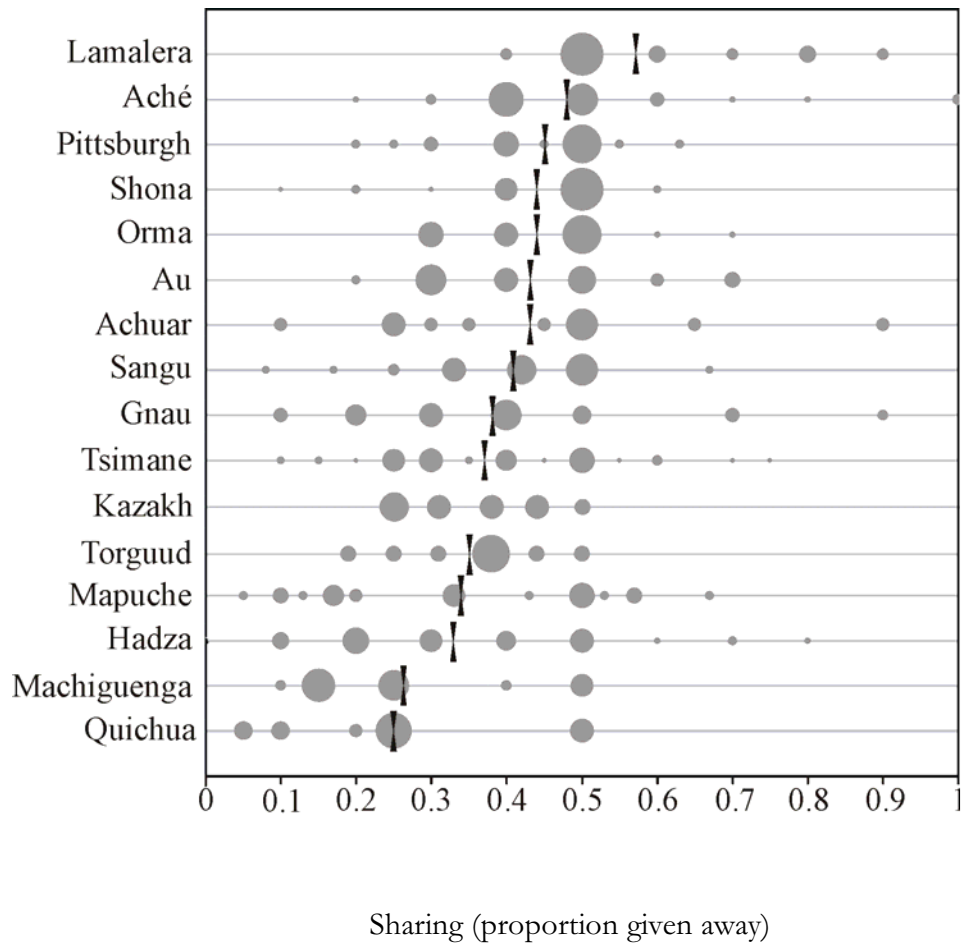
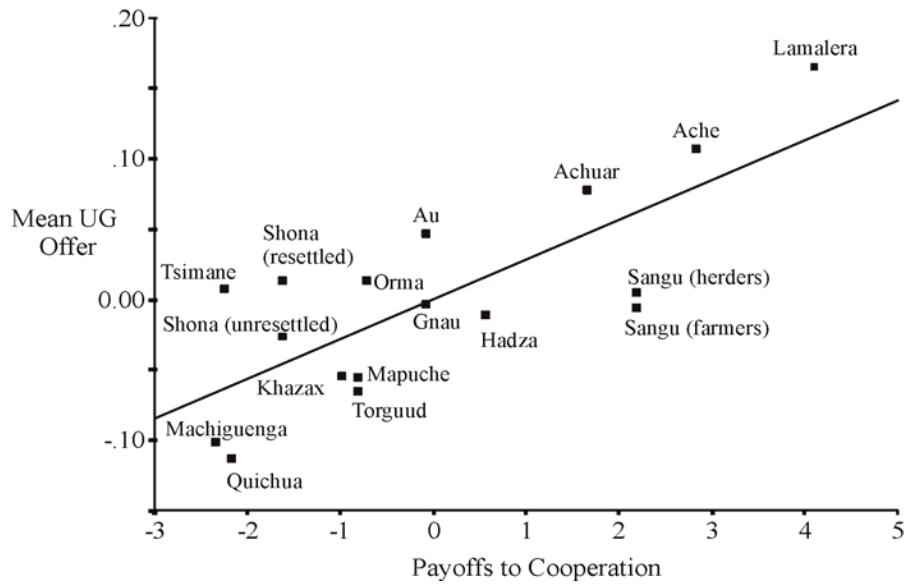
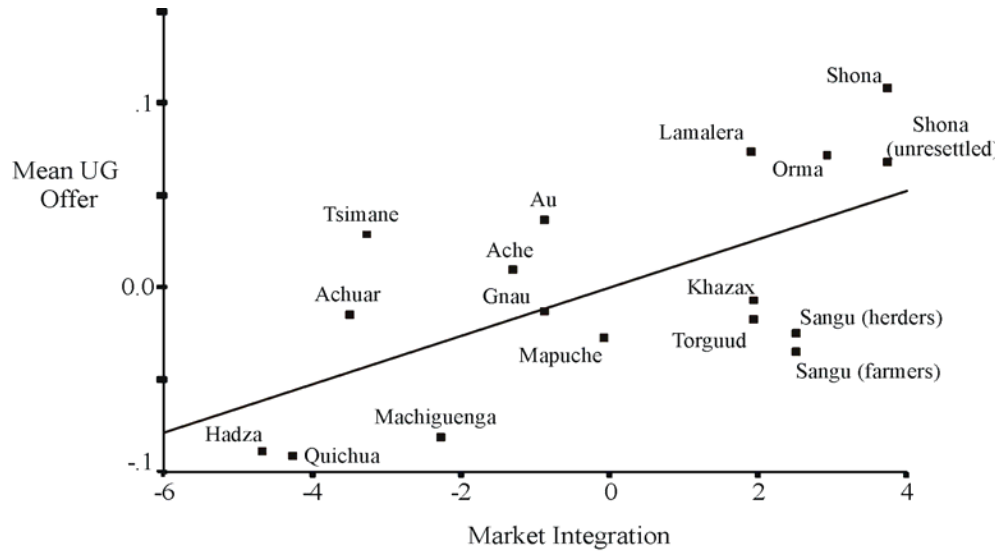




Figure 2: Sharing, cooperation market integration



In Figure 2 the mean willingness to share, i.e. the mean proportion of the defined resource given away, is plotted against the societies' ranks in terms of market integration and cooperation. In both cases the correlation is clear.

These findings have important implications for the assumptions we should make about individual behaviour. They suggest that both selfish and altruistic motivations affect individual behaviour, although the relative importance of each varies across societies. Where cooperation is necessary for survival, individuals are less selfish and more altruistic. And where involvement in market exchange is rare, individuals are more selfish and less altruistic.

## **Capabilities, reproductive health and well-being**

*Jocelyn DeJong*

Since 2002-3, Jocelyn DeJong has been involved in research applying Amartya Sen's capabilities framework to reproductive health and well-being. She has conducted preliminary conceptual research on the usefulness of the capabilities framework to reproductive health, analysing the conceptual groundwork for making such an application as well as the methodological challenges in doing so. The first paper to be published on this work argues for the need for cross-disciplinarity – in combining the insights and techniques of the technical fields of epidemiology and economics on the one hand with the more qualitative social sciences on the other – in order to understand why individuals are deprived of the capability to achieve reproductive health in diverse contexts.

### **Research questions**

Lack of reproductive health - the health consequences of sexuality and reproduction - constitutes a significant deprivation of well-being, particularly in developing countries. Yet the field is often marginalised within development studies. The limited interaction between reproductive health and social development is despite the fact that the field of reproductive health in part emerged in reaction against the preoccupation by development economists concerning rapid population growth in the South. In many ways the fault lies on both sides: mainstream development practitioners and researchers have been relatively uninformed about the importance of reproductive health, although the AIDS epidemic has forced some changes in this approach. In turn, reproductive health advocates and researchers have tended to ignore larger contextual parameters – including poverty and inequality – that contribute to reproductive health problems. This led some at the 1994 International Conference on Population and Development (ICPD) in Cairo to ask the question, 'Where is the D in the ICPD?'. Indeed, it has been argued that this failure to frame reproductive health within the political and economic constraints of the South created a divide between Northern and Southern reproductive health advocates at the ICPD itself.

The capabilities approach (pioneered by the Indian economist Amartya Sen, and elaborated on by the American feminist philosopher Martha

Nussbaum) has many positive features of relevance to bridging this gap. This approach rejects a utility based vision of development, arguing that what human beings are able to be and to do (including their health) and not access to resources or income should be the goal. It draws on a liberal philosophical framework – emphasising the importance of individual well-being in terms of what the individual is able to do and become – and the kind of life he or she is able to lead. While some of the ideas behind the capabilities approach have been incorporated in the UNDP's human development reports, the operationalisation and measurement of development in terms of capabilities are still at an early stage. To date, there have been no detailed attempts to address reproductive health within a capabilities framework.

## **The emergence of reproductive health**

At the 1994 International Conference on Population and Development (ICPD) in Cairo, the governments of 180 nations endorsed a new approach to population policy centred on the concept of reproductive health. Conceptually, the term has come to describe an approach which sees women's health and well-being as important in their own right, not as a means towards the ends of fertility reduction or child health. In the interpretation of the ICPD, reproductive health addresses the broad determinants of women's and men's autonomy in making reproductive decisions, and focuses on the legal-social and ethical contexts in which these decisions are made. As a panel of the American National Academy of Sciences concluded, robust reproductive health implies that: 1) every sex act should be free of coercion and infection; 2) every pregnancy should be intended; and 3) every birth should be healthy. The reality of human reproduction in developing countries is, of course, far from these goals, as is most visibly illustrated by the escalating HIV/AIDS epidemic.

Sen himself was at the forefront of those arguing that the alarmist perspectives on population growth that had dominated debates on the relationship between population and development in the 1960s and 1970s are not justified on empirical grounds. He was rightly concerned that they pose serious ethical problems in their programmatic consequences, encouraging a tendency towards coercion. Moreover, Sen argued that the re-directing of resource flows towards family planning – the logical extension of this alarmism – detracts from encouraging broader social development that is the most effective and ethical way of reducing population growth. He underscores the potential 'unintended social costs' of this kind of coercion in terms of loss of freedom, and practices such as sex-selective abortion in certain countries (eg. China), where a prevailing preference for sons means that female foetuses are more likely to be aborted than male.

Sen's arguments, however, were joined by those of other academics, as well as advocacy groups concerned about the abrogation of human rights witnessed in some population programmes – with the example of abusive programmes in India (during the State of Emergency in 1975) and China

widely cited as examples. A growing international women's movement since the 1970s had been arguing that women in the developing world often do not have reproductive autonomy: their male partners and other household and community members influence their decisions, particularly where cultural norms value women primarily for their childbearing role. Women's health advocates pointed out that women's lack of control over reproductive decisions limits their quality of life, imposes a heavy health burden on them, and ultimately constrains their participation in development processes. They pushed for policy changes: to make health services more responsive to women's needs and to treat the health consequences of reproduction, rather than being exclusively focused on lowering fertility. They also criticised the nature of many family planning programmes.

Thus the ground was laid for the shift that was observed in Cairo, from an emphasis in international population policy on aggregate population growth, to individual welfare and rights. Yet since 1994, implementation of this approach has faltered for a number of reasons, including lack of political commitment, seeming contradictions between the exigencies of implementing reproductive health and health sector reform simultaneously, and funding constraints.

## **Capabilities and their relevance to reproductive health**

According to Sen, although the starting point should be the individual, the social context is critical, as capabilities are buttressed by so-called 'social arrangements' which either support or deny their capabilities. Nussbaum has further developed the capabilities framework with a particular focus on women's capabilities in developing countries. She distinguishes between: 1) 'basic capabilities' generally innate from birth; 2) 'internal capabilities' which are developed states of the person; and 3) 'combined capabilities' *which require an appropriate political, economic and social environment for their exercise* (italics DeJong).

As Robeyns has noted, capabilities are ethically individualistic but not ontologically so – that is, they allow for the importance of social relations, care and cultural norms. In this sense, this framework is likely to be particularly helpful in analysing reproductive health, which inherently addresses relational processes of sexuality and reproduction. Moreover, this approach is able to address doings and beings in market as well as non-market settings – again a positive feature for analysing health outcomes which are not necessarily improved by addressing income, poverty or health care in isolation of broader contextual parameters (such as gender inequity, disempowerment or discrimination based on cultural or religious norms).

The question being asked in this research is: how can we address the social arrangements that are said to mediate individual capabilities for reproductive health? In particular, to what extent does the capabilities approach help us in analysing biases within society along political, cultural or other lines that lead to deprivation of capabilities – in this case reproductive health? Above all, using the capabilities approach to analyse

reproductive health puts questions of social justice, ethics and distributional concerns at the centre of the debate, and provides a normative framework explicitly based on a theory of justice rather than abstract exhortations. One would expect, therefore, that such an approach would provide the missing bridge between broader development debates, and narrow health sector interventions based on biomedical models of health. The objective of such a dialogue would be, on the one hand, to accord greater prominence to the costs to development of deprivation in this field. On the other hand, one would hope it would illuminate the social bases of poor reproductive health, and explore the relationships between poor outcomes in that sphere with other types of socio-economic disadvantage – a surprisingly under-researched area.

## **DALYs and their critics**

The prevailing and highly influential approach to measuring the burden of disease in a population, developed by the World Health Organization (WHO) and the World Bank, is use of so-called Disability Adjusted Life Years (or DALYs).<sup>1</sup> It is an attempt – based on the techniques and assumptions of epidemiology and economics as disciplines – to move away from measuring health solely by a focus on mortality. It incorporates in a single summary measure the collective experience of disability over lifetimes by discounting life-years to the present. Because of the claim that DALYs embody objectivity, comparability and authority, they have become the basic currency of international health policy debates, and have informed health sector reform or sector-wide approaches to the health sector over the last decade.

The application of DALYs has been in some ways a boon to reproductive health, in that there is now recognition that reproductive ill-health contributes 5-15% of the global burden of disease at a minimum; and whereas this figure represents 3% of the total disease burden for men, the equivalent figure for women is 22%. Nevertheless, in its explicit rejection of the importance of socio-economic context and social relations – in the argument that this would undermine objectivity – this measure has many weaknesses with regard to analysing reproductive health. How might the use of capabilities, with its explicit attention to social arrangements, provide new approaches to measuring reproductive health?

## **Current research**

Further research is now being conducted to apply this framework to reproductive health in the context of the Middle East. Empirical research has been conducted in Yemen, a country with some of the poorest reproductive health indicators in the world, to analyse the social implications of poor reproductive health for women, their families and communities in that context. An article based on this research is currently being co-authored with Dr Bothaina Attal from Yemen. The Middle East provides an interesting case, not only because it is relatively under-researched, but also because of the salience of religion in public discourse

on the sensitive issues of sexuality and reproduction. Moreover, whereas there is often strong negative reaction to the notion of reproductive rights in the region – with the assumption that such universalistic approaches fail to be sensitive to cultural contexts – a framework based on human capabilities may meet a more favourable response.

The next publication to result from this research will be policy-oriented, with the aim of illustrating how the application of capabilities to reproductive health may provide concrete differences both to the way in which this area of well-being is measured and conceptualised, and also in terms of policies leading to greater well-being.

### **Recent publications**

**DeJong, J.**, *Making an Impact in HIV and Aids. NGO Experiences of Scaling Up*, Rugby: ITDG Publishing, 2003.

**DeJong, J.**, 'Capabilities, reproductive health and well-being', GPRG Working Paper 005, 2004.

<sup>1</sup> DALYs are a unit used for measuring both the global burden of disease and the effectiveness of health interventions, as indicated by reductions in the disease burden. It is calculated as the present value of the future years of disability-free life that are lost as the result of the premature deaths or cases of disability occurring in a particular year.



## Section 3: Policy issues in development

### How best to assist Africa's development – by aid or by trade?

*John Toye*

One of the issues on which research within the GPRG focuses is the effects of trade on well-being. The expansion of trade can have a variety of impacts, both positive and negative, and it is important to identify and measure them. Although the most powerful influences on poverty reduction and the degree of inequality are domestic in origin, external linkages, both through trade and aid, also have significant effects. These trade and aid effects are a matter of concern and controversy among policy makers in Britain, and 2005 is the year in which they will be subject to unprecedented public scrutiny.

The Report of Mr Blair's Africa Commission places more emphasis on aid than on trade. It called for an approximate doubling of annual aid to the continent, to rise by 25 billion dollars by 2010 and, subject to improvements in governance, a further 25 billion dollars by 2015. The Commission highlighted infrastructure, public health services, and education, as well as conflict prevention management, corruption, and trade policy as key areas for investment. Specifically, the report asks rich nations to commit to a timetable for giving 0.7% of their annual income in aid, in addition to putting an end to protective trade barriers and subsidies that prevent African producers from accessing their markets.

Is this the best way to assist poor countries in Africa to develop? Like most of the policy packages that are currently on the table, the Commission focuses on both types of external linkage – more aid (including additional aid for debt relief), and improved market access for Africa's exports. But how should these two forms of assistance be combined? What should be the balance between them?

It used to be thought that aid was always more advantageous for a poor country, on the grounds that, unlike trade preferences of equivalent value, aid imposes a zero cost in domestic resources, whereas additional exports would impose a positive resource cost. Thus the assistance package should contain as much aid as the donor could afford, topped up with trade preferences. More recent research, by Christopher Adam and Steve O'Connell, advances other considerations that effectively reverse this conventional wisdom.<sup>1</sup>

The first of these is the recognition that the transfer of aid affects the recipient country's exchange rate in much the same way as does the discovery of natural resources (e.g. oil, gas, gold, diamonds yielding a continuing rent). Aid inflows cause the country's real exchange rate to appreciate. Just as with the 'Dutch disease' that followed the discovery of North Sea gas, so will aid, through the consequent exchange rate rise, undermine the international competitiveness of the recipient country's existing exports. Indirectly then, aid inflicts an economic loss, even when



there is no counterpart reverse transfer of resources.

The second novel consideration is that the gains from exporting have a dynamic element. Successful exporters learn something in the process of exporting and improve their ability to export in the future as a result of this 'learning by doing'. This dynamic gain is often shared with other local firms who become able to break into the export market for the first time. The extra productivity effect could be large enough – in conjunction with the Dutch disease effect of aid – to make a dollar's worth of resources transferred through import liberalisation more valuable than a dollar's worth given as aid. Adam and O'Connell have run plausible simulations that show that, when no export subsidy already exists, a switch from aid to trade concessions can increase exports by 5–8 per cent over a five-year period.

The empirical evidence on productivity spillover from exporting remains controversial among applied economists. It does seem to be clear at least that the most efficient African manufacturing firms are ones that have learned how to export. Some economists argue, however, that dynamic gains come from importing rather than exporting, because it is imported inputs that embody the latest technology of the advanced countries. In fact this objection makes little difference in the end, because most African countries face a balance of payments constraint. If capital formation, labour demand and productivity growth can all be induced by output growth, they do not constitute the overriding constraint on the growth of the developing countries. The most important constraint on growth is not on the supply side of the economy, but on the demand side. World demand for exports thus plays the key role as a stimulus for economic growth, because exports are the means of funding the imports needed for growth.

## **The export-productivity nexus in sub-Saharan Africa**

Neil Rankin's thesis addresses the different aspects of the productivity-exporting relation in sub-Saharan Africa.<sup>2</sup> He analysed data from a sample of 2,078 firms from five sub-Saharan African countries (Ghana, Kenya, Tanzania, Nigeria and South Africa). On the basis of this large sample, his research confirmed that few African manufacturing firms export, and little of their output typically goes abroad. The distinguishing features of exporting firms are identified: higher labour productivity; greater capital intensity; greater age and size; and more foreign ownership.

As Rankin points out, there are two different facets of the exporting/productivity nexus. One is a process by which more productive firms find themselves able to enter the export market, and do so. The other is the enhancement of productivity that exporting induces. Both facets of the productivity/exporting nexus may co-exist. Rankin's results show that this is indeed so.

The thesis innovates in three important dimensions of analysis. The first is to extend the time period beyond three years, in order to investigate the longer-term impact of exporting on productivity. The second

innovation is to explore whether firms that export a high share of their output ('export specialists') behave differently from the majority of exporting firms that do not. The third new departure is to examine whether firms that export only to other African countries ('regional exporters') have different productivity characteristics from those that export either to non-African countries or to both African and non-African destinations.

It is established that, for this sample of firms, the benefits of learning from exporting is only a once-for-all change of the level of productivity, and not a change in the rate of growth of productivity. It is also found that, for specialist exporters to international markets, the percentage exported is negatively associated with productivity. This is an unexpected outcome. A further surprise was that the more productive firms entered the export market in the case of Africa-bound exports only: for international exporters, higher productivity was not a determinant of exporting.

Rankin's results appear to be relevant to the current debate on the relative value to developing countries of more aid and greater trade access, because this policy debate turns in part on the productivity effects of exporting. A preliminary conclusion seems to be that, although Rankin's results modify the Adam-O'Connell calculation in interesting ways, they do not overturn the presumption that trade preferences (in the absence of export subsidies) will be more valuable than aid.

## **The political economy of aid**

Thus we still have to answer the following question. Why does the potential gain in efficiency from a switch away from aid to trade preferences remain unexploited by policy-makers? Why are initiatives like Mr Blair's Africa Commission so heavily weighted in favour of additional aid? Adam and O'Connell speculate that there are political forces affecting both donor and recipient countries that strongly favour the giving of aid over the granting of trade preferences. For the G8 countries, the gains to individual consumers (and voters) from granting greater trade access to African exporters will be small and very widely scattered. The losses inflicted on individual G8 producers will be larger and narrowly concentrated. The producers who lose will be better able to mobilize politically and lobby effectively against trade liberalisation than will the consumers who gain, even when the gains of the latter are greater than the losses of the former. This political outcome – deriving essentially from the costs of collective action – was evident in the anti-globalisation protests in Seattle in 1999.

In developing countries, the politically significant point is that aid is delivered directly to the government and public sector. By contrast, the benefit of greater trade access accrues to the successful exporters in the private sector. The government prefers aid because it has a weak capacity to tax the private sector, and aid acts as a substitute for more domestic taxation. In order to get the benefit of extra revenue without extra taxation, the recipient government is willing to forego considerable

potential efficiency gains.

Donors and recipients of development assistance thus have a common interest in exaggerating the effectiveness of aid as a policy measure that will advance economic development, relative to relaxing trade restrictions. This tendency to collaborate has many policy implications. An obvious one is that plans for rapid expansion of aid programmes may not be well based on realistic estimates of how much aid recipients are able to absorb constructively. Another is that schemes for a 'give now, pay later' aid programme, such as the proposed International Finance Facility, would impose a future liability on G8 taxpayers for limited current benefit to developing countries.

A third implication is that, if more aid is to be given, it should be directed towards strengthening institutional capacity in the promotion of international trade – its skills in trade negotiation in the international arena, and its efficiency in export promotion schemes at home.

### **Trade-related technical assistance: Linking national and international dimensions**

Having surveyed the rationale for aid to be used in support of the development of international trade in the previous sections, we come to the question of the extent to which the actions of the international organisations mandated with this task are consistent and harmonious – in a word, whether policy is coherent. Certainly, ten years ago the picture here was a bleak one. In the first place, very little technical assistance to developing and transition countries was related to trade. A trustworthy estimate was that in 1998, no more than two per cent of total technical assistance was trade-related. This was in stark contrast to the many vaguely worded promises of assistance to developing country members that appeared in the Uruguay Round Agreements.

Secondly, the trade-related assistance that was provided was made up of a multiplicity of sporadic and disjointed initiatives, with little or no coordination. Although in one way or another, each project was aimed at trade development, the ensemble was not related to a broader strategy of development that the country was undertaking. The function of trade liberalisation in promoting an overall plan for development was often neglected. Rather, a narrow view was taken that the object should be to ensure the fulfilment of existing trade obligations in the WTO. Trade diplomats of the recipient country identified trade officials as the client group, while the project donors independently designed the technical input that they were to receive. Not surprisingly, perhaps, it proved difficult to attract very much financial support for trade-related technical assistance conceived in this form.

The WTO Ministerial Conference of 1996 directed that the main providers of trade-related technical assistance (WTO, UNCTAD, ITC, IMF, World Bank and UNDP) should develop a more integrated approach, and from this the Integrated Framework was born. However,

for the first three years of its existence this failed too. Again, the definition of the country's needs was left in the hands of trade officials only, and so lacked endorsement and support from other parts of the recipient government. Especially important here was the lack of engagement with the finance and planning ministries, the economic ministries and agencies concerned with social services. This ensured that trade liberalisation, and resources to advance it, remained marginal to the other efforts for economic development.

The marginal position of trade liberalisation in the development plans of recipient countries was mirrored in the thinking of the international organisations. In the work of the World Bank, for example, there remained an inconsistency between the practice of including trade liberalisation as a condition in structural adjustment loans, and the limited discussion in the PRSPs of the role of trade in stimulating production and growth. A study made in 2003 stated that, 'the extent and depth of trade coverage in completed PRSPs is limited. Most PRSPs tend to focus more on expenditure than on economic growth.'<sup>3</sup> Given the virtual invisibility of trade in the central document of a country's development policy, it is not surprising that requests for trade-related technical assistance continued to receive low priority, and that aid funding for it failed to materialise.

Since 2001, fresh efforts have been made by donors to breathe life into the Integrated Framework. Seventeen bilateral donors set up a Trust Fund in order to fund country studies of the impact of trade reform and technical assistance for trade-related human capacity building. Studies have been completed for a small number of countries. The trade diagnostic studies are integrated in two senses. They are integrated organisationally, in that technical resources from the six institutions are deployed in complementary segments of each study, with one institution – usually the World Bank or UNDP – pulling them together in a final document. In addition, the purpose of the document is to analyse how trade liberalisation is integrated with other policies to promote development – how it is expected to contribute to economic growth and to change the level and pattern of poverty. These renewed efforts to make integration a reality at the country level are to be welcomed.

At the same time, it is clear that there is a further dimension of integration that demands attention. This is the integration of national policies on trade and development with the international negotiating machinery. Susan Prowse has made an important recent proposal on how to do this.<sup>4</sup> The proposal is motivated by an understanding of the WTO's problem of integrating its numerous new developing country members in a way that will make them less resistant to negotiating on new WTO rules in the future (see section 2 above). She points out that, at present, issues of members' compliance with their existing WTO obligations are dealt with in a series of WTO subject committees. While this procedure has the advantage of bringing specialist subject knowledge and experience to bear on compliance issues, it is also very labour-intensive and non-integrated.

Prowse proposes an alternative procedure, in which the whole range of

compliance issues is dealt with for each country. The analytical basis for this would be the country's trade diagnostic study, which would include recommendations for the appropriate sequencing of reforms; the complementary policies necessary for trade reform to succeed, and their cost; and a matrix of the country's trade-related capacity building needs. The country could provide information on the steps it had taken on all aspects of trade reform, so that its efforts could be judged as a whole. Experts' recommendations could then be presented as part of the existing WTO Trade Policy Review mechanism. WTO members would then arbitrate the recommendations, keeping the dispute settlement mechanism in the background as a final resort should all else fail. Donors would then have an intellectually sounder and more legitimate basis on which to allocate trade-related technical assistance. This is certainly a well thought out proposal which, if adopted, could improve the performance of the international community in a vital area of policy that has until very recently endured years of neglect.

The way forward for the international organisations may be summed up in a threefold formula: country focus; comprehensiveness; and cooperation. Make the individual *country* the focus of a needs analysis, of a customised package of trade-related assistance, and of the evaluation of compliance with WTO obligations. Ensure that trade promotion is dealt with in a *comprehensive* manner, both analytically in programming assistance, and in evaluating country performance. Build joint missions that draw on the specialist skills of each international organisation, in the light of each country's identified needs; and work together *cooperatively* from diagnosis, through delivery of technical assistance to the international deliberations on country compliance.

<sup>1</sup> Christopher Adam and Steve O'Connell, *Economic Journal*, 2004.

<sup>2</sup> Neil Rankin, *The Determinants of Manufacturing Exports from Sub-Saharan Africa*, D. Phil dissertation, University of Oxford, 2005.

<sup>3</sup> Adrian Hewitt and Ian Gillson, *A Review of the Trade and Poverty Content in PRSPs and Loan-Related Documents*, London, Overseas Development Institute, 2003, p.16.

<sup>4</sup> Susan Prowse, "The Role of International and National Agencies in Trade-Related Capacity Building", *The World Economy*, Vol. 25, No. 9, September 2002, p.1235-61.

## Education for poverty reduction

*Francis Teal*

The first Millennium Development Goal (MDG) is the halving of extreme poverty by 2015, and the second is the achievement of universal primary education. The recent reports by the Millennium Project and the Africa Commission both point to the need for new substantial aid packages to meet these goals. Research under the GPRG programme has focused on several dimensions relevant to these large policy issues. Possibly the most basic of these is the question: will expanding primary education lead to a reduction in poverty?

Posing such a question might be thought irrelevant for two rather different reasons. The first is that the answer is obviously yes. The second

is that as halving poverty and expanding primary education are desirable goals in themselves, it is not necessarily important to understand how they are linked. In the first part of this note it will be argued that the answer is certainly not obvious; whether the goals need to be linked will be considered later.

## **Primary education and poverty reduction**

Economists have a well-deserved reputation for being unable to agree. However, there is one empirical proposition on which there would be universal assent: increasing education goes with increases in income. It is in moving beyond that view that economists revert to type, for there is no agreement as to whether increases in education lead to increases in income in a causal sense. Part of the brief of the GPRG is to carry our research across disciplines, and in doing that, one of the things that becomes very clear is that different disciplines mean very different things by the notion of causation. Economists have a simple question in mind: if you invest in education will income increase? The reason that an association between education and income – a universally agreed fact – does not necessarily imply that increasing education would increase income, is that there may be some other factor which explains the association. An issue that has worried economists a great deal in their search to explain the relationship between education and income, is the role of ability. Is it not possible that the income that goes with education is not the result of the education, but the result of the high ability of individuals who get educated?

Economists have accumulated a lot of empirical evidence to try and address this issue, and have been innovative in their attempts to separate the effects of ability on incomes. Think of an experiment in which primary schools are expanded in ways that alter the access to education for those who have not previously had the opportunity to go to school – very much what the Millennium Development Goals envisage doing. If one sees an increase of income for those who have got this newly acquired education, surely that is convincing evidence that education does increase income? In fact, there are studies which have exactly the sort of data one needs to do this, and their findings are rather surprising. Rather than education being less valuable than one might have thought – based on the view that some of the increase in income associated with education is due to ability – it turns out to be even more valuable. One interpretation that has been given to this result is that education is more valuable at low levels, so those going to primary school get higher returns than those going to secondary school and beyond. If this is a correct interpretation of the evidence, then it seems expanding primary education will help the first Millennium Development Goal of halving poverty.

This is not a new thought and it is one which underlies much of the policy discussion in this area. The World Bank in its 'Priorities and Strategies for Education: A World Bank Sector Review', published in 1995, gave prominence to the view that priority be given to expanding primary education. Such an emphasis is seen as being justified, in part, by the finding that returns to education are highest at lower levels.<sup>1</sup> What does that mean, and does the evidence support this supposition?

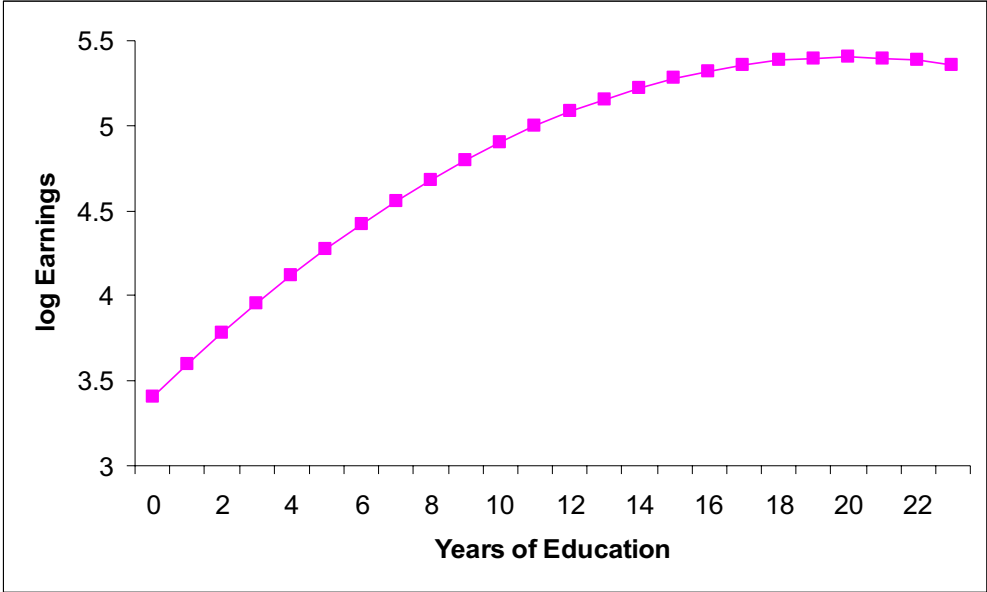
## Education and earnings

The shape of the relationship between earnings and education is a key factor for understanding how policies of education expansion will impact on incomes. Figure 1 shows two possible relationships between earnings and education. The top part of the Figure shows that earnings increase with education until a maximum is reached at about 18 years of education. (The function shown links the log of earnings to the level of education, implying that the slope of the line shows the percentage increase in earnings that arise from one additional year of education.) This type of function is called concave: it shows that while earnings increase with education, they do so at a slower and slower rate until increases cease. The bottom part of Figure 1 shows another function, which also demonstrates that earnings increase with education; but the shape of the relationship is very different. Now, the increase in earnings for those with low levels of education is quite modest, while for those with high earnings the increases are large. This is a convex function.

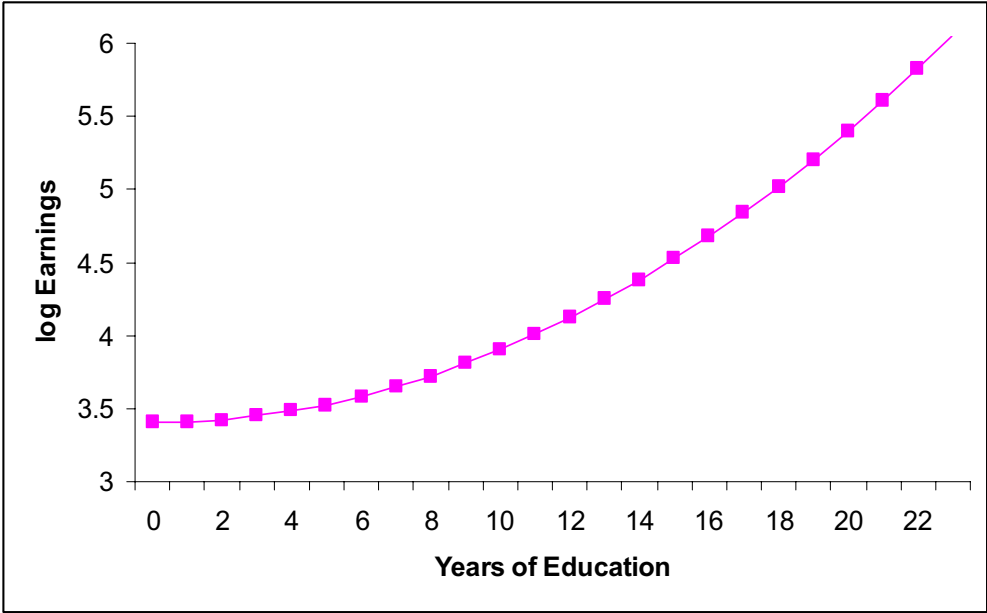
The economic basis for the argument that primary education has a big impact on incomes, is that the relationship of earnings to education looks like the top part of the Figure 1, not the bottom. Most economists would think that the concave relationship, that shown in the top part, is much more likely than the convex relationship shown in the bottom part. Why?

If earnings and education have a convex shape, it means that the value of the education is increasing as more is acquired. The curves in Figure 1 are drawn so that an individual with no education earns some US\$30 a month (the vertical axis is in logs, so  $\exp(3.4)=30$ ), very roughly the per capita income standards used in assessing poverty in the MDGs. After twelve years of education, income will double to about US\$60 a month. However, if the individual goes on to post-graduate education, their earnings would rise to US\$200 per month, more than three times higher than those educated to secondary level, and more than seven times higher than the uneducated. Clearly, if the costs of going to school are roughly constant, then individuals are going to want more and more education. In contrast, if the shape of the earnings relationship is like that in the top of Figure 1, the difference between secondary education earnings and those of a post-graduate is only 38 per cent. In both cases the difference between the post-graduate and the uneducated is the same – a sevenfold difference in earnings – but the pattern of the increase (i.e. when it occurs) differs radically, depending on the shape of the relationship.

Figure 1: A concave relationship between education and earnings



A convex relationship between education and earnings





## What the evidence suggests for the relationship

While the most commonly held view would undoubtedly back the concave shape, evidence is now accumulating that this may not be correct. Some research has already found that the underlying pattern of returns to education follow a convex shape, and are not concave after all.

For poor developing countries, such as those in sub-Saharan Africa, evidence is very limited as to what the earnings function looks like, and how the returns to education have changed over time. Much of the available evidence is limited to relatively short periods of time. In urban Ethiopia, educational returns did not change despite labour market reforms instituted in the early 1990s. By contrast, in Uganda between 1992 and 1999, returns to education increased markedly; and in Ghana from 1987 to 1991 there is evidence of rising returns. Where longer run comparisons have been made, however, there is evidence of a fall in the returns to education. In South Africa, research has found that returns to primary education declined from 1960 to 1975. In Kenyan urban labour markets between 1978 and 1995, returns to education for workers with secondary education and below also declined.

## New evidence from Kenya and Tanzania

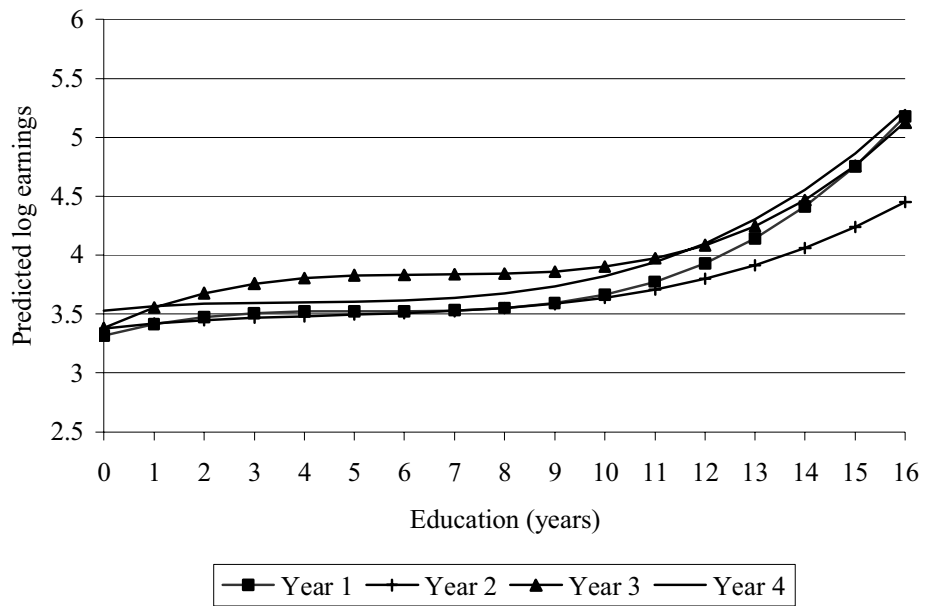
A recent GPRG working paper (GPRG-WPS-017)<sup>2</sup> considers these issues, using comparable repeated cross-section data on workers in manufacturing firms in Kenya and Tanzania over the 1990s. For both countries, we have four years of data: the Kenyan data cover 1993–1995 and 2000; the Tanzanian data cover 1993, 1994, 1999 and 2001.<sup>3</sup> It is possible to put the results in a longer term context, as excellent data already exist for the returns to education in Kenya and Tanzania in 1980. Further, the different educational policies pursued by Kenya and Tanzania in the period since independence make a comparison of these two countries particularly interesting. In the 1980s, while Kenya allowed a rapid expansion of secondary education, much of it privately financed, Tanzania severely restricted access to secondary education, and introduced wage polices to reduce income differentials. In the 1990s, educational and other policies in Tanzania became much more similar to those in Kenya. A comparative analysis of these two countries over this period can therefore shed light on some of the general connections between education policy, education and earnings (e.g. whether the returns to education change when policies change, and if so, how quickly).

What does this new data show? The paper presents data separately for the young and the old, where a young person is defined as one less than 30 years old. Figure 2 (taken from GPRG-WPS-0017) shows an empirical version of the type of stylised patterns given in Figure 1 for young people from Kenya. Year 1 is 1993 and year 4 is 2000. One can see that the pattern shown for young people in 2000 is for an earnings relationship which is convex rather than concave. Figure 3 shows a similar pattern for young people in Tanzania, where Year 4 refers to 2001.

It is clear that for none of the years shown, and for neither country, is there any evidence of a concave relationship such as that shown in the top part of Figure 1. The largest gains to education occur at the highest levels.

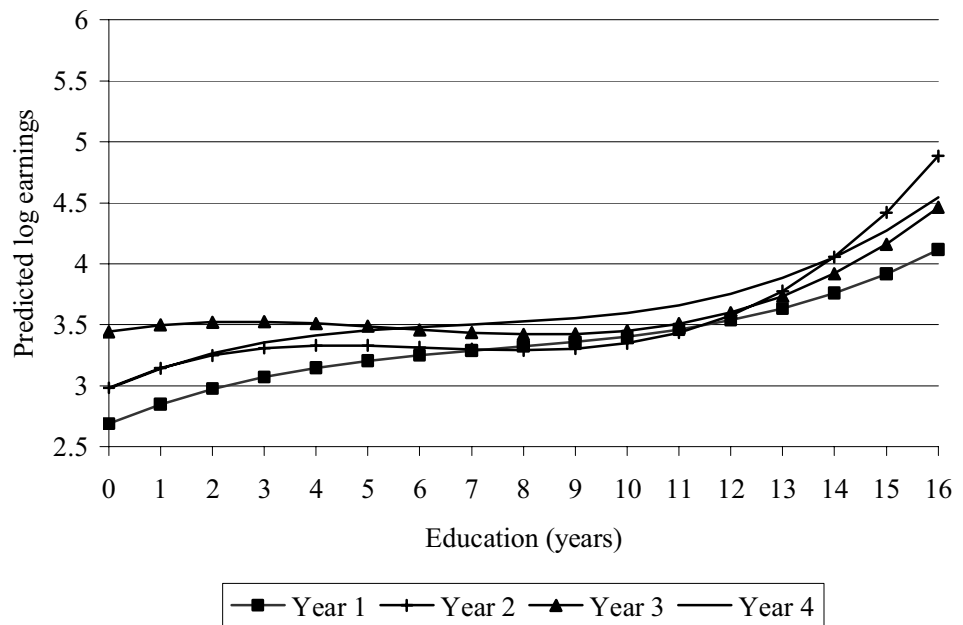
**Figure 2: Earnings and education, polynomial specification: Kenya**

i) Age group: Young



**Figure 3: Earnings and education, polynomial specification: Tanzania**

i) Age group: Young



## **So much investment in education, so little growth in Africa**

One of the puzzles of the literature on education has been that, while there is very strong evidence from individual data that earnings and education are closely linked, this finding has been much less apparent when the question has been asked of macro data, i.e. data at the level of the national economy.

If, in fact, the earnings function is convex, of the form shown in Figures 2 and 3, then the findings from micro data that high earnings goes with high education can be linked to the findings of the macro data that much educational expansion does not yield increases in income. If expansion has been concentrated in a region where the relationship with incomes is flat, then expanding education will not impact on income. Individual data will still, of course, show large increases in income with large amounts of education. In particular, and for the purpose of answering our central question, giving priority to investment in primary education may have little impact on poverty.

## **Do the goals need to be linked?**

Finally, we return to the possibility that the data and evidence produced here is irrelevant to the policy debate. Halving poverty and expanding primary education can both be seen as important separate goals and as such, it could be argued, should not be linked. However, when there is so much debate on the effectiveness of an increase in aid, the links must remain of relevance. If expanding primary education does not impact on poverty reduction, then the resources devoted to it may meet one goal only. If both goals are desirable and the instrument of aid meets only one, there are choices to be made.

<sup>1</sup> see Psacharopoulos, George (1994), 'Returns to Investment in Education: A Global Update', *World Development* 22:9, pp.1325-1343; and Psacharopoulos, George and Harry Anthony Patrinos (2002), 'Returns to Investment in Education: A Further Update', World Bank Research Working Paper 2881. Washington D.C: The World Bank.

<sup>2</sup> GPRG-WPS-017 is available at: <http://www.gprg.org/pubs/workingpapers/default.htm>

<sup>3</sup> The first three waves of the Kenyan data, and the first two waves of the Tanzanian data, were collected as part of the World Bank's Regional Program on Enterprise Development (RPED), while the remaining waves of the data were collected by teams from the Centre for the Study of African Economies, University of Oxford. The survey instruments and the sampling design were very similar both over time and across the two countries, thus providing an excellent basis for comparative analysis. For general information on the surveys, see <http://www.csae.ox.ac.uk/reports/main.html> where reports on both Kenya and Tanzania can be found.

## Section 4: Summary of current research

GPRG research is organised around five themes, and each theme has a number of different projects associated with it. This section outlines the work going on within these themes, in addition to that highlighted in Section 2.

### **Theme 1: Poverty, intra-household allocation and well-being**

Policies towards poverty  
Markets, risk and the implications for poverty  
Quantitative and qualitative approaches to the measurement of welfare  
Anthropological approaches to understanding poverty  
Gender-bias in the intra-household allocation of educational expenditure

### **Theme 2: Income opportunities, inequality and the poor**

Unemployment, race and poverty in South Africa  
Firms, wages and employment in Africa  
Agricultural markets in Africa  
Trajectories of livelihood change  
Impact of remittances on poverty

### **Theme 3: Human capital, institutions and well-being**

Human capital acquisition  
Policy issues in Indian education  
Modelling and measuring the impact of educational expenditures  
Returns to education in low skill economies

### **Theme 4: Social capital, the provision of public services, and social safety nets**

Social capital and development  
Insecurity, social safety nets, insurance and risk  
Information, health-related well-being and social networks of the poor in developing countries  
Reproductive health and well-being

### **Theme 5: Governance, social norms and social outcomes**

Social norms and economic man  
Institutions and development in Uganda  
Governing redistribution: Economic empowerment, informalisation and property regimes  
Governance and microfinance  
Globalisation, aid and macro policy towards development

# Theme 1: Poverty, intra-household allocation and well-being

## Policies towards poverty – Ethiopia

A country in which detailed panel data have been collected by CSAE researchers is Ethiopia. The availability of panel data means that it is possible to investigate if the households in the panel have seen rises in income. It is argued that the main factors driving income fluctuation are relative price changes with resulting changes in the returns to land, labour, human capital and location. The experience of the poor is mixed. For some of the poor their poverty was persistent. These findings are particularly important, as the poor in Ethiopia are amongst the poorest people in the continent.

### Recent publications

**Dercon, S.** and P. Krishnan, 'Changes in poverty in villages in rural Ethiopia: 1989-95', in A. Booth and P. Mosley (eds.), *The New Poverty Strategies*, London: Palgrave MacMillan, 2003.

Grant, U., **D. Hulme, K. Moore** and A. Shepherd, *Chronic Poverty Report 2004-05*, Manchester: IDPM/CPRC, April 2004.

## Markets, risk and the implications for poverty

Running in parallel with policy focused work has been fundamental research on market institutions in Africa. In a major study published during the year – 'Market Institutions in sub-Saharan Africa' – Marcel Fafchamps provides a wide-ranging review of the evidence as to how markets operate in Africa. The study draws on work from both manufacturing firms in Africa and agricultural traders. It shows that in order to understand the processes by which markets operate in Africa, it is necessary to understand how contacts work when the legal institutions to enforce contracts either do not exist or are too expensive for many of the market participants to use. African business practices can be seen as a response to the poor quality of the formal business environment. The study documents how risk is mitigated, and how trust and networks play an important role in enabling business transactions to occur. The study builds on and extends work by non-economists who have argued that trust and reputation among individuals and communities play an important role in creating an enabling environment for trade. The final chapter of the book draws out some policy implications. While African institutions have successfully adapted in many dimensions, there remain problems especially in terms of entering areas of business where a certain minimum size is necessary. This is an area of particular concern to microenterprises. While market entry is easy, growth and survival are not. As other work in the programme has shown, even relatively efficient micro firms have difficulty surviving. It is also the case that these firms are far more labour-intensive than large firms. The work draws attention to the policy concerns that need to be addressed if such firms are to be enabled to grow.

### Recent publications

**Fafchamps, M.**, *Market in Sub-Saharan Africa: Theory and Evidence*, Boston: MIT Press, January 2004.

## Quantitative and qualitative approaches to the measurement of welfare

Arguments for cross-disciplinary research in development studies have been applied recently to work on poverty, inequality and well-being. However, the intellectual barrier between economics and the other social science subjects continues to be powerful. In this part of the programme, the Group has produced a series of papers which provide a multi-disciplinary perspective on the issue of conceptualising and measuring welfare. In an overview paper, David Hulme and John Toye review the prospects for cross-disciplinary research (both multidisciplinary and interdisciplinary), and examine the ways in which forms of being 'disciplined', and the linkages between disciplines and professions, constrains such research. They also introduce the papers in the collection and explain their relationship to the quest for cross-disciplinary research on poverty issues. Their conclusion is that cross-discipline working should be promoted and that both interdisciplinary and multidisciplinary approaches can benefit research on poverty and well-being, provided that their specific merits and demerits are evaluated in relation to the research task in hand.

### Recent publications

#### Special Issue of *Journal of Development Studies*, forthcoming

**Hulme, D.** and **J. Toye**, 'The case for cross-disciplinary social science research on poverty, inequality and well-being', GPRG Working Paper 001.

**Teal, F.**, 'Consumption, welfare and well-being in Ghana in the 1990s', GPRG Working Paper 002.

**Kingdon, G.** and **J. Knight**, 'Subjective well-being poverty versus income poverty and capabilities poverty?', GPRG Working Paper 003.

**Lawson, D.**, **A. McKay** and **J. Okidi**, 'Poverty persistence and transitions in Uganda: A combined qualitative and quantitative analysis', GPRG Working Paper 004.

**De Jong, J.**, 'Capabilities, reproductive health and well-being', GPRG Working Paper 005.

**Hickey, S.**, 'Capturing the political? The role of political analysis in the multi-disciplining of development studies', GPRG Working Paper 006.

**Fafchamps, M.**, 'Development and social capital', GPRG Working Paper 007.

**Olsen, W.**, 'Pluralism, poverty and sharecropping: Cultivating open-mindedness in development studies', GPRG Working Paper 008.

**Green, M.**, 'Representing poverty and attacking representations: Some anthropological perspectives on poverty in development', GPRG Working Paper 009.

**Awan, M.A.** and **K. Moore**, (compilers), *Between Hope & Despair - Pakistan Participatory Poverty Assessment - Azad Jammu & Kashmir Report*, Islamabad: GoAJK, September 2003.

**Clark, D.**, 'Concepts and perceptions of human well-being: Some evidence from South Africa', *Oxford Development Studies*, Vol. 31 (2), pp.173-196, 2003.

**Clark, D.**, 'Sen's capability approach and the many spaces of human well-being', *Journal of Development Studies*, forthcoming 2005.

**Clark, D.** and **M. Qizilbash**, 'The capability approach and fuzzy poverty measures: An application to the South African context', *Social Indicators Research*, forthcoming 2005.

**Kingdon, G.** and **J. Knight**, 'Well-being poverty versus income poverty and capabilities poverty', CSAE Working Paper 03:16, 2003.

**Kingdon, G.** and **J. Knight**, 'Community, comparisons and subjective well-being in a

- divided society', CSAE Working Paper 04:21, 2004.
- Knight, J.** and L. Song, 'Chinese peasant choices. Migration, rural industry or farming', *Oxford Development Studies*, Vol. 31 (2), pp.123-147, 2003.
- Knight, J.**, S. Weir and T. Woldehanna, 'The role of education in facilitating risk-taking and innovation in agriculture', *Journal of Development Studies*, Vol. 39 (6), 2003.
- Knight, J.** and L. Shi, 'Three poverties in urban China', *Jinji Wentu*, (in Chinese), 2003.
- Knight, J.** and L. Shi, 'Wages, profitability and labour market segmentation in China', CSAE Mimeo, 2003.

## **Anthropological approaches to understanding poverty**

Since joining the group in March 2003, Maia Green has begun work on the methodological approaches that anthropology can bring to understanding poverty in itself, and as an object of development interventions. This has led to two papers, one dealing with anthropological approaches to 'poverty' as a category in development and another dealing with how anthropology engages with development institutions and policy. She has also embarked on field research in Tanzania examining cultural attitudes towards poverty, wealth and ill-being, and the social construction of well-being in rural agricultural communities.

### **Recent publications**

- Green, M.**, 'Social development, institutional analysis and anthropology? Applying anthropology in and to development', in S. Pink (ed.), *Applications of Anthropology*, London: Berghahn, forthcoming 2005.
- Green, M.** and **Hulme, D.**, 'From correlates and characteristics to causes: Thinking about poverty from a chronic poverty perspective', *World Development*, forthcoming 2005.
- Green, M.** and Mesaki, S., 'The birth of the salon: Poverty, modernization and dealing with witchcraft in Southern Tanzania', *American Ethnologist*, forthcoming 2005.

## **Gender bias in the intra-household allocation of educational expenditure**

This project has addressed the issue of gender bias in India. The research has measured the gender gap in educational expenditure in Indian households using the 1994 NCAER rural survey data from 33,000 households across 16 major states. It examined gender bias in educational expenditures, both directly by inspecting individual level expenditures, and also indirectly using the household consumption-based (Engel curve) methodology. The reliability of the indirect method has been called into question recently because it has generally failed to confirm bias even where it is known to exist. This failure may be to do with the aggregate nature of the data employed in the method. Since meals are prepared centrally within a household, the food consumption of each individual member is not easily isolated and measured. However, consumption of (or expenditure on) a good such as education is more readily measured since it is very individual-specific. The paper investigates whether the indirect method confirms gender-differences in educational expenditure in states where the direct method – using individual-level data – shows significant gender differences in educational expenditure. It does not. The research concludes that to reliably measure the gender gap in education expenditure, there is no

substitute for individual-level data on expenditures. The study confirms that lower educational expenditures on girls are a within-household phenomenon.

#### **Recent publications**

**Kingdon, G.**, 'Where has all the bias gone? Detecting gender bias in the household allocation of educational expenditure in India', *Economic Development and Cultural Change*, forthcoming 2005.

## **Theme 2: Income opportunities, inequality and the poor**

### **Unemployment, race and poverty in South Africa**

The unemployment rate in South Africa is one of the highest in the world, 36% to 42% since the year 2000 using the broad definition. Even according to the narrow definition, which applies a job-search test, 25-30% of adults who wanted work and actively looked for it were unemployed. Moreover, the unemployment rates for different groups reveal great disparity in the incidence of unemployment. Given the importance of employment income in total household income in South Africa, the varying incidence of unemployment across different groups has important implications for the distribution of income and for the incidence of poverty. In this research, being undertaken by Geeta Kingdon and John Knight, the determinants of both entry into, and the duration of, unemployment in South Africa have been investigated using data from 1993, 1994 and 1997. The research aims to paint a picture of the distribution of unemployment in South Africa, asking the question 'who are the unemployed?' and identifying the characteristics that make a person more likely to be unemployed.

#### **Recent publications**

**Kingdon, G. and J. Knight**, 'Race and the incidence of unemployment in South Africa', *Review of Development Economics*, Vol. 8 (3), 2004.

**Kingdon, G. and J. Knight**, 'Unemployment in South Africa: The nature of the beast', *World Development*, Vol. 32 (3), 2004.

**Kingdon, G. and J. Knight**, 'Unemployment in South Africa 1995-2003: Causes, problems and policies', CSAE Mimeo, October 2004.

**Kingdon, G. and J. Knight**, 'The measurement of unemployment when unemployment is high', *Labour Economics*, forthcoming 2005.

### **Firms, wages and employment in Africa**

In parallel with the study of South Africa discussed in the previous section, work has been proceeding on understanding how jobs are created within other sub-Saharan African countries. There are several linked issues that the papers have covered. It is clear from the analysis of firm level data that smaller firms are much better at creating jobs than large ones. It is equally clear that larger firms pay workers more for reasons which are not explained by the higher skills of the workers. The policy problem posed is clear: how can more and better paid jobs be created? Several of the papers cited below directly address that issue.

The fact that the most successful countries to grow over the last thirty



years have been successful exporters has led to extensive research into the linkages between exporting and growth. At the macro level, links from trade to productivity growth have been found. At the micro level, links from exporting to firm performance have been investigated. There is evidence that more efficient firms are enabled to enter the export market and that there is also feedback. Firms do learn from exporting. There is also evidence that firms which are in, or enter, the export market have rates of growth of employment much higher than non-exporting firms. All of which points to the possibility that it is the poor performance of manufacturing firms in exporting in Africa which is a key source of its poverty. Wage jobs are simply not being created fast enough to absorb the rapidly growing labour force.

### Recent publications

- Barr, A.** and P. Serneels, 'Wages and reciprocity in the workplace,' CSAE Working Paper 04:18, 2004.
- Bigsten, A., **P. Collier, S. Dercon, M. Fafchamps,** B. Gauthier, J.W. Gunning, A. Isaksson, A. Oduro, R. Oostendorp, C. Pattillo, M. Söderbom, **F. Teal** and A. Zeufack, 'Risk sharing in labor markets', *World Bank Economic Review*, Vol. 17 (3), pp. 349-366, 2003.
- Bigsten, A., **P. Collier, S. Dercon, M. Fafchamps,** B. Gauthier, J.W. Gunning, M. Söderbom, A. Oduro, R. Oostendorp, C. Pattillo, **F. Teal** and A. Zeufack, 'Do African manufacturing firms learn from exporting?', *Journal of Development Studies*, Vol. 40 (3), pp.115-141, 2004.
- Söderbom, M. and **F. Teal**, 'Are manufacturing exports the key to economic success in Africa?', *Journal of African Economies*, Vol. 12 (1), pp.1-29, 2003.
- Söderbom, M. and **F. Teal**, 'Credit constraints in manufacturing enterprises in Africa', *Journal of African Economies*, Vol. 12 (1), pp.104-12, 2003.
- Söderbom, M. and **F. Teal**, 'How can policy towards manufacturing in Africa reduce poverty? A review of the current evidence from cross-country firm studies', in A. Gutowski, T. Kneduk, M. Meyn, S. Pitamber and K. Wohlmuth (eds.), *African Development Perspectives Yearbook 2002/03*, Muenster: African Entrepreneurship and Private Sector Development, 2004.
- Söderbom, M. and **F. Teal**, 'Size and efficiency in African manufacturing firms: Evidence from firm-level panel data', *Journal of Development Economics*, Vol. 73, pp.369-394, 2004.
- Söderbom, M., **F. Teal** and A. Wambugu, 'Unobserved heterogeneity and the relation between earnings and firm size: Evidence from two developing countries', *Economic Letters*, forthcoming 2005.
- Teal, F.**, 'How do the RPED surveys inform the debate on the investment climate', Berlin Workshop Series 2005, the World Bank, forthcoming 2005.

## Agricultural markets in Africa

The poor in Africa are predominantly rural. Within the CSAE, much work has focused on Ghana and Uganda. CSAE staff have conducted surveys of cocoa farmers in Ghana and of coffee farmers in Uganda. In Ghana, the questions posed have been how much agricultural productivity has risen over the period since the early 1990s and how any rise in productivity has been effected. The survey in Uganda has been initially concerned with the links between international and domestic prices and how well farmers can be insured against fluctuations in price.

### Recent publications

**Fafchamps, M.**, R. Hill, A. Kaudha and R. Nsibirwa, 'The transmission of international commodity prices to domestic producers', CSAE Working Paper 03:14, 2003.

**Fafchamps, M.** and R. Hill, 'Selling at the farm-gate or travelling to market', CSAE Working Paper 04:30, 2004.

**Teal, F.** and M. Vigneri, 'Production changes in Ghana cocoa farming households under market reforms', CSAE Working Paper 04:16, 2004.

## Trajectories of livelihood change

This module of research examines earnings opportunities for poor people in Indian contexts using secondary data, primary survey data and qualitative data. The research includes three main sub-areas. Firstly, secondary data is used to review agricultural productivity differences across farm types in the context of a growing female contribution to the labour of farming. The differences in remuneration of female and male farm workers will be stressed. A typology of tenant households will highlight the use of tenancy by poor workers to offset their shortage of land and water. Secondly, primary data from two villages will be used to examine strategic choices made at household and individual level regarding strategies for exiting poverty, including tenancy as a strategy. Thirdly, the possibility that trajectories for exiting poverty might include attempts to rent in land will be considered using detailed case studies and/or life histories. Some implications for agencies which support agricultural development and which provide inputs, extension, credit and infrastructure will be discussed after the final analysis of the data.

Previous studies show that national datasets understate the extent of tenancy. The literature review conducted in 2003 showed that existing theoretical options for studying tenancy also leave a few gaps. Specifically, the resource allocation theory presumes that households maximise income, without allowing for risk and vulnerability; the Marxist theory assumes that tenancy is a polarising factor, whereas data shows more nuanced variations in experience; and neoclassical theories have tended to suffer from methodological individualism. In order to offset these gaps, the proposed research will explore how strategies are negotiated within households (qualitative data); how legal and institutional factors mediate the polarising or other impact of tenancy on income distribution (comparative study of national secondary data from the National Council of Applied Economic Research and National Sample Survey); and how the meanings and impact of tenancy differ between social classes and individuals (local qualitative data). The research design for the primary research was finalised during 2003-2004 for fieldwork during 2004-2005. Contact with research centres and users in India has begun and meanwhile the analysis of secondary data has been started. Possibilities for examining an Indian panel data set on rural households are being explored.

### Recent publications

Cheng, S., **W. Olsen**, D. Southerton and A. Warde, *Convergence of practices of consumption in Europe and USA*, International Association for Time-Use Research Conference, Brussels, August 2003.

Edusah, S., T. Hara and **W. Olsen**, 'The use of questionnaires in research on Ghanaian small-scale industry', in P. Downward (ed.), *Applied Economics and the Critical Realist*

- Critique*, London: Routledge, 2003.
- Hall, D. and D. Wason, 'Poverty and chronic poverty in Lesotho 2', CPRC Working Paper, forthcoming 2005.
- Olsen, W.**, 'Methodological triangulation and realist research: An Indian case study', in C. New and B. Carter (eds.), *Critical Realism and Empirical Research*, London: Routledge, 2003.
- Olsen, W.** and S. Walby, *The gender wage gap and gendered work histories in the UK*, British Household Panel Survey Conference, Colchester, July 2003.
- Olsen, W.**, 'Globalisation, liberalisation and a paradox of social exclusion in Sri Lanka', in A.H. Carling (ed.), *Globalisation: Identity, Polity and Economy*, London: I.B. Tauris, forthcoming 2005.

## Impact of remittances on poverty

Much research work has concerned the role of remittance income and processes of economic informalisation more generally on the well-being of those, both receivers and non-receivers, left behind. Empirical evidence about the impact of migrant remittances on poverty and well-being in developing countries has been developed mostly by economists, and generally concludes that remittances are beneficial to development. However, this remains a scant literature, with no generic body of theory that encapsulates assessment of such impacts. Because of the multi-disciplinary nature of remittance studies, and the multifarious nature of the impacts, methodological pluralism is a key feature of the empirical work investigating remittances. In spite of this, most empirical studies on the impact of remittances on poverty have tended to narrowly define it in terms of formally transmitted pecuniary (monetary) assets rather than physical and social assets (Gammeltoft, 2002). There is increasing evidence to show that remittances are much more than pecuniary assets (Rodriguez, 1996; Clark and Drinkwater, 2001; Ballard, 2002; Orozco, 2002), and that official remittances comprise less than half of the total transfers (Choucri, 1986; Russell, 1996; Puri and Ritzema, 1999; Bracking, 2003). The implication of this for researching the impact of remittances on poverty, is that additional attention still needs to be paid to these often neglected areas of remittances, i.e. the informal, and other non-monetary forms of remittance transfers that also impact on well-being. Bracking (2003) explores socio-political analysis to better understand who and who does not benefit from remittance income. In relation primarily to Zimbabwe, the paper suggests that who sends money to whom is of critical importance to the welfare of those left behind, and to the outcome of the current political crisis more generally. Remittance income here both contributes to the expansion of the informalised economy, while also underwriting patrimonialism, thus liquidating competing systems of social welfare distribution whose (re)integration is key to the future political dispensation.

### Recent publications

- Bracking, S.**, 'Sending money home: Are remittances always beneficial to those who stay behind?', *Journal of International Development*, Vol. 15, pp.633-644, 2003.
- Kothari, U.**, 'Introduction: Migration, staying put and livelihoods', *Journal of International Development*, Vol. 15, pp.607-609, 2003.
- Kothari, U.**, 'Staying put and staying poor', *Journal of International Development*, Vol. 15, pp. 645-657, 2003.

## Theme 3: Human capital, institutions and well-being

### Human capital acquisition

Human capital is both a dimension of well-being, incorporated for example in the UNDP human development index, and a potentially important determinant of well-being, reflected in the view that investment in human capital underpins the ability of poor countries to grow. How human capital is supplied and how it is used is very dependent on the institutions which characterise a society. In this part of the research, Geeta Kingdon has worked with researchers in other institutions to understand the processes which explain the encouraging improvements in education outcomes in India in recent years, and also to explore how political economy factors impinge on the functioning of school education.

#### Recent publications

Cassen, R., **G. Kingdon**, K. McNay and L. Visaria, 'Education and literacy', in R. Cassen, T. Dyson, and L. Visaria (eds.), *21st Century India - Population, Environment and Human Development*, Oxford: Oxford University Press, January 2004.

**Kingdon, G.** and M. Muzammil, 'The political economy of education in India: Teacher politics in Uttar Pradesh', New Delhi: Oxford University Press, January 2003.

### Policy issues in Indian education

Further work is underway to expand this line of enquiry using data from 12,000 students across 188 schools in 16 major Indian states. The work will also include an examination of the effect of class-size on student achievement. Teachers are by far the most expensive input into schooling: teacher salaries typically account for more than 90% of total recurring school costs in India. Whether and in what ranges teacher-pupil ratio is related to student achievement is therefore a very policy-relevant issue for Indian education policy-makers, as is the question whether performance related pay improves student achievement.

#### Recent publications

**Kingdon, G.** and **F. Teal**, 'Does performance related pay for teachers improve student achievement? Some evidence from India', CSAE Working Paper 02:06, 2002.

### Modelling and measuring the impact of educational expenditures

In work exploiting an important and new data set which has been collected for Tanzania, a range of questions is being tackled as to how educational outcomes can be improved.

#### Recent publications

Das, J., **S. Dercon**, J. Habyarimana and P. Krishnan, 'Teacher shocks and student learning: Evidence from Zambia', CSAE Working Paper 04:26, 2004.

Das, J., **S. Dercon**, J. Habyarimana and P. Krishnan, 'When can school inputs improve test-scores', Policy Research Working Paper 3217, World Bank, Washington D.C., 2004. Also published as CSAE Working Paper 04:25, 2004.

## Returns to education in low skill economies

In this project a series of questions are being posed. How have the returns to education been changing? Have these changes resulted in changes in the shape of the earning function? How have any changes differed over age groups? What are the results telling us about education policy? In modelling the returns to education what are the key econometric issues that matter?

### Recent publications

Kahyarara, G., M. Söderbom, F. Teal and A. Wambugu, 'The dynamics of returns to education in Kenyan and Tanzanian manufacturing', CSAE Working Paper 03:17, 2003.

## Theme 4: Social capital, the provision of public services, and social safety nets

### Social capital and development

Both the meaning of the term social capital and its usefulness to social science research have been hotly disputed subjects. This is in part due to the fact that different disciplines have adopted the term, and while in principle it might be thought that it would provide a bridge across disciplines, in practice that has not proved to be the case. The work within the GPRG on this topic reflects the diversity of approach that can be taken. Some of the work approaches the topic from a development studies perspective, in which the use of the term social capital is discussed within the context of how the concept was used as part of the research or policy agenda of actors in the development process. Such an approach stands in marked contrast to how economists have sought to make use of the concept. In their approach, the term is identified with some dimension of the process by which outputs are obtained, and an attempt is made to define how much this measure affects output. Work within the group has identified areas where this approach has been more or less successful.

In many respects, the divides in research on social capital reflect the divides between qualitative and quantitative methods discussed above. While in principle these approaches complement each other, in practice it has proved difficult if not impossible to ensure this happens. We are some way from knowing if social capital does play a major part in the development process, and from agreeing how the question can most usefully be addressed.

### Recent publications

Batterbury, S., A. Bebbington, S. Duvall, D. Lewis, E. Olson, A. Shah and M.S. Siddiqi, 'Practice, power and meaning: Frameworks for studying organisational culture in multi-agency rural development projects', *Journal of International Development*, Vol. 15, pp.541-557, 2003.

**Bebbington, A.**, 'Global networks and local developments. Agendas for development geography', *Tijdschrift voor Economische et Sociale Geografie*, Vol. 94 (3), pp.297-309, 2003.

**Bebbington, A.**, L. Dharmawan, E. Farmi and S. Guggenheim, 'Exploring social capital debates at the World Bank', *Journal of Development Studies*, Vol. 40 (5), pp.33-64, 2004.

- Bebbington, A.**, 'Social capital and development studies 1: Critique, debate, progress?', *Progress in Development Studies*, Vol. 4 (4), pp.343-349, 2004.
- Bebbington, A.**, L. Dharmawan, E. Farmi and S. Guggenheim, 'Village politics, culture and community driven development: Insights from Indonesia', *Progress in Development Studies*, Vol. 4 (3), pp.1-19, 2004.
- Bebbington, A.**, 'Donor-NGO relations and representations of livelihood in nongovernmental aid chains', *World Development*, forthcoming 2005.
- Bebbington, A.**, L. Dharmawan, E. Farmi and S. Guggenheim, 'Local capacity, village governance and the political economy of rural development in Indonesia', *World Development*, forthcoming 2005.
- Bebbington, A.** and **U. Kothari**, 'Network ethnographies: Life, livelihood and politics in transnational development relationships', *Environment and Planning A*, forthcoming 2005.
- Durlauf, S. and **M. Fafchamps**, 'Empirical studies of social capital: A critical survey', in Steve Durlauf et al. (eds.), *Handbook of Economic Growth, Volume 3*, Oxford: Elsevier, forthcoming 2005.
- Fafchamps, M.** and B. Minten, 'Social capital and the firm: Evidence from agricultural trade', in Christiaan Grootaert and T. van Bastelaer (eds.), *The Role of Social Capital in Development: An Empirical Assessment*, Cambridge: Cambridge University Press, 2003.

## Insecurity, social safety nets, insurance and risk

Poor rural and urban households in developing countries face substantial risks. How they handle this risk and the role of risk-management and risk-coping strategies, including self-insurance through savings and informal insurance mechanisms, has been the subject of much work within the group.

### Recent publications

- Ayalew, D., **S. Dercon** and P. Krishnan, 'Demobilisation, land and household livelihoods', in T. Addison (ed.), *From Conflict to Recovery*, Oxford: Oxford University Press, 2004.
- Bold, T., **S. Dercon**, J. De Weerd and A. Pankhurst, 'Extending insurance: Funeral societies in Ethiopia and Tanzania', CSAE Working Paper 04:27, 2004.
- Bold, T., C. Calvo and **S. Dercon**, 'Insurance for the poor?', Mimeo, 2004.
- Collier, P., **S. Dercon** and J. Mackinnon, 'Density versus quality in social sector provision: The use of household data for budgetary choices in Ethiopia', *World Bank Economic Review* pp.425-448, 2003.
- Dercon, S.** and P. Krishnan, 'Food aid and informal insurance', CSAE Working Paper 03:01, 2003.
- Dercon, S.** and P. Krishnan, 'Risk-sharing and public transfers', *Economic Journal*, pp.C86-C94, 2003.
- Dercon, S.** (ed.), *Insurance Against Poverty*, Oxford: Oxford University Press, 2004.
- Fafchamps, M.**, *Rural Poverty, Risk, and Development*, London: Elgar Publishing, December 2003.
- Fafchamps, M.** and F. Gubert, 'Contingent loan repayment in the Philippines', Department of Economics Working Paper 215, 2004.
- Fafchamps, M.** and B. Minten, 'Insecurity and welfare', CSAE Working Paper 04:31, 2004.

## Information, health-related well-being and social networks of the poor in developing countries

Preliminary work has been conducted on the ways in which social capital varies in the lives of the poor depending on whether they are, or are not, digitally connected. Three findings have emerged:

- The greater overt value to well-being emerges from the resources accessed via social capital (such as information) rather than social capital per se.

- This value emerges most in the lives of the poor in relation to particular events (shocks such as deaths, floods, illness) and particular issues (employment, health).
- At present, so few of the poor in developing countries are digitally connected that the central focus for the work will be on information (specifically public/reproductive health-related information) in livelihoods of the poor rather than information technology.

#### **Recent publications**

**Heeks, R.**, 'i-Development not e-development', *Journal of International Development*, 14 (1), pp.1-12, 2002.

**Heeks, R.**, 'Theories, research and writings on ICTs and development', *iConnect*, Issue 6, 2002.

### **Reproductive health and well-being**

Increasing evidence is available to suggest that globally, reproductive health problems account for a heavy burden of ill-health as well as preventable mortality, and therefore represent a significant component of the lack of well-being in developing countries. Yet to date, for a number of reasons, there has been insufficient dialogue between advocates or researchers of reproductive health, and those within the wider development domain. Historical focus on reducing population growth has been the main area of interface between these two fields. Only recently has there been international recognition of the importance of maternal mortality as the health indicator with greatest discrepancy between North and South, and a move away from promoting population policies to reduce fertility, and instead towards policies which recognise the contribution of reproductive health to development (DeJong 2000).

#### **Recent publications**

**DeJong, J.**, 'Population and development: From population control to reproductive health', in C. Kirkpatrick, R. Clarke and C. Polidano (eds.), *Handbook of Development Policy and Management*, Edward Elgar, 2002.

**DeJong, J.**, 'Making an impact in HIV and AIDS: NGO experiences of scaling up', Intermediate Technology Development Group, 2003.

**DeJong, J.**, (with Armando Barrientos), 'Child poverty and cash transfers', Childhood Poverty Research Centre, Save the Children and the Chronic Poverty Research Centre (University of Manchester), 2004.

**DeJong, J.**, 'La santé reproductive au Moyen-Orient: un program d'action défini au niveau international?', pp.47-61 in Sylvia Chiffolleau (ed.) *Politiques de santé sous influence internationale*. Paris/Lyon, Maisonneuve et Larose/Maison de l'Orient et de la Méditerranée, forthcoming 2005. [in French].

## **Theme 5: Governance, social norms and social outcomes**

The final theme of the research group is another aspect of well-being which has been the subject of much recent research, that of governance. In the last year work on both social norms and social outcomes has been a major activity within the group.

## Social norms and 'economic man'

In this new and cross-disciplinary project, Abigail Barr has been working with researchers across a wide range of disciplines to ask whether 'economic man' exists. In field experiments, people are involved in the playing of games under controlled conditions. Traditionally, such experiments are conducted in university laboratories with students as subjects. This affords the experimenters a great deal of control, but has caused many to question the relevance of experiments to our understanding of how people in general and especially in developing countries make decisions. Now, an increasing number of economists and anthropologists (although still probably not more than 30) have started running field experiments. These experiments have involved farmers, urban workers, truck drivers, schoolchildren, hunters, gatherers, whalers, and many other types of people. They have been conducted on doorsteps, in sitting rooms, in village meeting places, under large trees, in worker common rooms, on beaches, in truckers' cafés, in club houses and in school classrooms; but in every case they have still involved playing games for real money or food or something of value.

### Recent publications

Alvard, M., **A. Barr**, S. Bowles, R. Boyd, C. Camerer, J. Ensminger, E. Fehr, F. Gil-White, H. Gintis, M. Gurven, J. Henrich, K. Hill, F. Marlowe, R. McElreath, J. Patton, N. Smith and D. Tracer, 'Economic man' in cross-cultural perspective', *Behavioral and Brain Sciences*, forthcoming 2005.

**Barr, A.**, 'Trust and expected trustworthiness: Experimental evidence from Zimbabwean villages', *The Economic Journal*, 113 (489), pp.614-630, 2003.

**Barr, A.**, 'Forging effective new communities: The evolution of civil society in Zimbabwean resettled villages', *World Development*, Vol. 32 (10), pp.1753-1766, 2004.

## Institutions and development in Uganda

The research instruments that have been used to analyse both household and firm data have been developed by researchers at the CSAE to investigate issues of institutional quality. In Uganda the NGO sector has been growing in size since the 1980s. As donors and governments try to work more closely with NGOs there has been a growing need for accurate data on the activities and capacity of the sector. The Ugandan government's motivation for this NGO survey is its desire to upgrade its partnership with the NGO sector. It is the intention of the government to promote this partnership, and to enhance and upgrade the capacity of NGOs in order to enable the NGO sector to participate effectively in service delivery, and raise the pace of development in rural areas and in poverty eradication nationwide.

The World Bank is conducting a study of NGOs as service providers in developing countries. The objectives of the study are to describe the work of development NGOs in Bangladesh and Uganda, assess their effectiveness and efficiency, analyse resource flows to and from NGOs and incentives within the organisations, and understand what factors motivate NGOs and their staff. To that end, the World Bank is collaborating with the CSAE to compile, clean, and analyse data from surveys of NGOs in



Uganda and Bangladesh, and then to co-author academic papers based on the data.

### **Recent publications**

**Barr, A., M. Fafchamps** and T. Owens, 'The resources and governance of non-governmental organizations in Uganda,' *World Development*, forthcoming 2005.

**Bebbington, A. and S. Hickey**, 'NGOs and civil society', in D.A. Clark (ed.), *The Elgar Companion to Development Studies*, Cheltenham: Edward Elgar, forthcoming 2005.

## **Governing redistribution: Economic empowerment, informalisation and property regimes**

This project explores the relationship between deliberative government intervention to reduce structural inequalities in the southern African region, and growth and employment responses. This research begins with the premise that widespread social well-being requires that economic accumulation regimes be inclusive, stable and enabled to provide occupations for the population. In a region characterised by historical injustice in the distribution of economic resources, low current levels of FDI, an HIV pandemic, and job retrenchment in its historically important mining and plantation sectors, 'good' economic governance is critical to promoting inclusive economic change. The current econometric literature on the relationship between income inequality and growth is inconclusive at a generic level, and indicates both regional and country specific variance in results. This research contributes to the debate by reviewing the experience of particular government policies in the area of black empowerment legislation on changes in employment rates and income (re)distribution. This develops the conclusion from earlier work in the CPRC that state-sponsored redistribution policy has an important role to play in changing underlying property rights regimes for the benefit of the poor. Further empirical work is planned to test whether the potential for poverty reduction derivative of these policies has been hindered by a racially-based exclusion of black empowerment companies from bank resources; and/or whether the corruption evident in policy implementation is undermining competitiveness and potential wealth redistribution. This research is important in terms of contributing to the debate on economic justice in southern Africa.

### **Recent publications**

**Bracking, S.** and G. Harrison, 'Africa: Imperialism goes naked', *Monthly Review*, Vol. 55 (6), 2003.

**Bracking, S.**, 'Impact of remittances on vulnerability - experiences from Zimbabwe', *Field Exchange*, Issue 21, pp.7, 2004.

**Bracking, S.**, 'Neoclassical and structural analysis of poverty: Winning the 'economic kingdom' for the poor in southern Africa', *Third World Quarterly*, Vol. 25 (5), pp.887-901, 2004.

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- Bracking, S.**, 'Guided miscreants: Liberalism, myopias and the politics of representation', *World Development Special Edition*, forthcoming 2005.
- Bracking, S.** and **S. Hickey**, 'The politics of staying poor: Exploring the political space for poverty reduction in Uganda', *World Development*, forthcoming 2005.
- Hickey, S.**, and G. Mohan, 'Relocating participation within a radical politics of development: From practice to theory', *Development and Change*, Vol. 35 (2), 2004.

## **Microfinance and poverty reduction**

David Hulme continued his work on microfinance, drafting papers for two major journals. During the year he prepared plans to revisit households in India and Bangladesh that were surveyed in 2000 to assess how their strategies to obtain microfinancial services have changed. DFID has awarded him a grant of £12,000 to finance field survey costs 2005/2006. In addition, he ventured into the territory of macroeconomics following discussions at a GPRG meeting, and published a piece assessing the strengths and weaknesses of Gordon Brown's proposal for an International Finance Faculty.

### **Recent publications**

- Hulme, D.**, 'Balancing supply and demand: The emerging agenda for microfinance institutions', *Journal of Microfinance*, Vol. 5 (2), pp.1-6, 2003.
- Hulme, D.** and **K. Moore**, 'The international finance facility - reaching the MDG's without spending more?', *Journal of International Development*, Vol. 16 (6), pp.885-895, 2004.
- Hulme, D.**, 'Thinking "small" and the understanding of poverty: Maymana and Mofizul's story', *Journal of Human Development*, Vol. 5 (2), pp.161-176, 2004.

## **Globalisation, aid and macro policy towards development**

Globalisation, far from being an irresistible force, is the patient construction of an international order that facilitates international trade and investment on an equitable basis. The rapid expansion of the membership of the World Trade Organization since 1994 has complicated the process of negotiating fresh trade liberalisation measures in the Doha Round, launched in 2001. These negotiations have broken down dramatically at the Seattle and Cancun Ministerial meetings. In these difficult circumstances, it is important to develop a shared understanding of the results of trade liberalisation over the last 50 years. In addition, we have argued for a future international trade agenda that will rectify historical anomalies as well as maintaining a forward momentum of liberalisation.

Despite calls for their abolition, the International Monetary Fund and the World Bank are likely to remain the leading institutions for the multilateral financing of development, because they retain the confidence of G8 leaders. Yet there are many and varied proposals for their reform, which it is vital to evaluate if they are to remain relevant to the development agenda. A prominent example is the debate over selectivity versus improved loan conditionality in aid allocation. Currently, this has a high policy salience for the UK and other aid donors.

### Recent publications

- Collier, P.** and D. Dollar, 'Development effectiveness: What have we learnt', *Economic Journal*, Vol. 114 (496), pp.F244-F271, 2004.
- Toye, J.**, 'Changing perspectives in development economics', in H.-J. Chang (ed.), *Rethinking Development Economics*, London: Anthem Press, 2003.
- Toye, J.**, 'Introduction', in **J. Toye** (ed.), *Trade and Development: Directions for the 21st Century*, Cheltenham: Edward Elgar, 2003.
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- Toye, J.** and R. Toye, 'Raul Prebisch y los limites de la industrializacion', in C. Mallorquin (ed.), *La Economia Entre Vista*, Mexico: Universidad de la Ciudad de Mexico, 2003.
- Toye, J.**, 'The International Monetary Fund and the World Bank', in J. Michie (ed.), *The Handbook of Globalisation*, Cheltenham: Edward Elgar, 2003.
- Toye, J.** and R. Toye, 'Economic knowledge and managerial power at the United Nations: A comparative view', in M. Daunton and F. Trentmann (eds.), *Worlds of Political Economy*, Basingstoke: Palgrave Macmillan, 2004.

# Appendix A: Policy Committee

**Mr R. A. Annibale**, Vice-President, Managing Director, Citigroup, London.

**Sir T. Atkinson**, Warden, Nuffield College, University of Oxford.

**Mr C. Badenoch**, Chief Executive, World Vision.

**Mr D. L. Bevan**, Research Associate, CSAE, and Fellow of St John's College, University of Oxford.

**Mr L. Cockcroft**, adviser to the Gatsby Charitable Trust on Africa Programmes; board member, Transparency International.

**Professor P. Collier**, Director, CSAE, University of Oxford.

**Professor S. Dercon**, Professor of Development Economics and Fellow of Wolfson College.

**Mr C. Goodwin**, Chair, Global Minerals and Metals Corp.

**Sir M. Goulding**, KCMG, Warden, St Antony's College, University of Oxford.

**Professor D. Hulme**, Professor of Development Studies, Institute for Development Policy and Management, University of Manchester; Director, Chronic Poverty Research Centre, University of Manchester.

**Mr J. Kibazo**, Director of Communications and Public Affairs Division, Commonwealth Secretariat.

**Professor J. B. Knight**, Department of Economics, University of Oxford.

**Sir T. Lankester**, KCB, President, Corpus Christi College, University of Oxford.

**Sir M. McWilliam**, KCMG, Chair, CSAE Policy Committee.

**Dr F. Teal**, Deputy Director, CSAE, University of Oxford.

**Mr G. Teskey**, Head, Africa Policy Department, DFID.

**Mr T. Thiam**, Director, Group Strategy and Development, AVIVA Plc.

**Dr P. Woodhouse**, Institute for Development Policy and Management, University of Manchester.

## Appendix B: Staff and their areas of specialisation

**Abigail Barr**, Research Officer: microeconomics, experimental economics applied to development issues.

**Tony Bebbington**, Professor: civil society, NGPA, social movements in Latin America, donor agency learning in Indonesia.

**Sarah Bracking**, Lecturer: Politics and Development.

**Admos Chimhowu**, Lecturer: land reform, natural resource management, land settlement in Zimbabwe, rural livelihoods.

**David Clark**, Research Officer: Poverty, well-being and human development, South Africa.

**Paul Collier**, Director, and Fellow of St Antony's College: governance in low-income countries, especially the political economy of democracy; economic growth in Africa; economics of civil war; aid; globalisation and poverty.

**Jocelyn DeJong**, Lecturer: Social Policy and Social Development.

**Stefan Dercon**, Professor of Development Economics and Fellow of Wolfson College: microeconomics, poverty and welfare analysis.

**Marcel Fafchamps**, Deputy Director CSAE, Reader in the Department of Economics, Fellow of Mansfield College: microeconomics.

**Maia Green**, Senior Lecturer: scenario building/poverty futures, traditional medicine and entrepreneurship.

**Richard Heeks**, Senior Lecturer: Information Systems and Development.

**Sam Hickey**, Lecturer: Social Development.

**David Hulme**, Professor: Development Studies.

**Geeta Kingdon**, Research Officer: applied microeconomics, education, labour, gender.

**John Knight**, Professor of Economics and Fellow of St Edmund Hall: labour and human resource economics.

**Uma Kothari**, Senior Lecturer in Development Studies: development theory, processes of migration, informal economy.

**David Lawson**, Senior Lecturer: microeconomics of health and poverty, Uganda, Bangladesh, labour markets and poverty reduction.

**Karen Moore**, Research Associate: chronic and intergenerational poverty, childhood, gender and development, economic psychology, livelihoods approaches, microfinance.

**Wendy Olsen**, Lecturer: Socio-Economic Research.

**Rose Page**, Administrator, CSAE.

**Richard Payne**, IT Support Officer, CSAE.

**Francis Teal**, Deputy Director CSAE: microeconomics.

**John Toye**, Senior Research Associate, Queen Elizabeth House: development economics and the political economy of development.

**Phil Woodhouse**, Head of Institute and Senior Lecturer: Environment and Rural Development.

## Appendix C: Visitors

**Kofi Orleans-Lindsay**, European Business School, London, June 2002 - December 2003.

**Dejene Aredo**, Addis Ababa University, October 2003.

**Geoffroy van Lede**, Namur University, October 2003 - January 2004.

**Mamadou Ndong**, Ministry of Economy and Finance, Senegal, November 2003.

**Danila Serra**, November 2003 - July 2004.

**Binayak Sen**, Bangladesh Institute of Development Studies, Bangladesh, January 2004 - March 2004.

**Olatundun Adelegan**, University of Ibadan, February - March 2004.

**David Harvey**, City University of New York, March 2004.

**Tokunbo Osinubi**, University of Ibadan, March - April 2004.

**Tania Rajadel**, University of Paris 1, March - April 2004.

**Romain Housa**, University of Leuven, April - June 2004.

**Marijke Verpoorten**, Katholieke Universiteit Leuven, April - June 2004.

**Bereket Kebede**, University of East Anglia, June 2004.

**Ronelle Burger**, University of Stellenbosch, June - July 2004.

**Lisa Chauvet**, CERDI, Université d'Auvergne, June - July 2004

**Lungisile Ntsebeza**, University of Cape Town, July 2004.

**Pieter Serneels**, University of Copenhagen, from July 2004.

**Cheryl Doss**, Yale University, July - August 2004

**Douglas Gollin**, Yale University, July - August 2004.

**Najy Benhassine**, World Bank, August 2004.

**Bart Minten**, Cornell University, August 2004.

**Andries du Toit**, University of Western Cape, September 2004.

**Jawad El Othmani**, Ministry of Commerce, Industry and Telecommunications of Morocco, September 2004.

**Aasha Mehta**, IIPA, India, September 2004.

**Amine El Basri**, Ministry of Commerce, Industry and Telecommunications of Morocco, September - October 2004.

**Olutayo Adesina**, University of Ibadan, October - December 2004.

**Alastair Greig**, Department of Sociology, The Australian National University, October - December 2004.

**Prosper Bangwayo**, Università di Siena, October 2004 - September 2005.

**Marcela Tarazona**, University Los Andes, Colombia and University of Toulouse, November 2004.

**Said El Hamine**, Ministry of Commerce, Industry and Telecommunications of Morocco, November - December 2004.

**Jean Ensminger**, California Technology Institute, November - December 2004.

**Jeff Johnson**, University of East Carolina, November - December 2004.

# Appendix D: Bibliography

## Abigail Barr

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## Anthony Bebbington

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### **Sarah Bracking**

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## **Admos Chimhowu**

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## **David Clark**

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## **Paul Collier**

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### **Jocelyn DeJong**

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### **Stefan Dercon**

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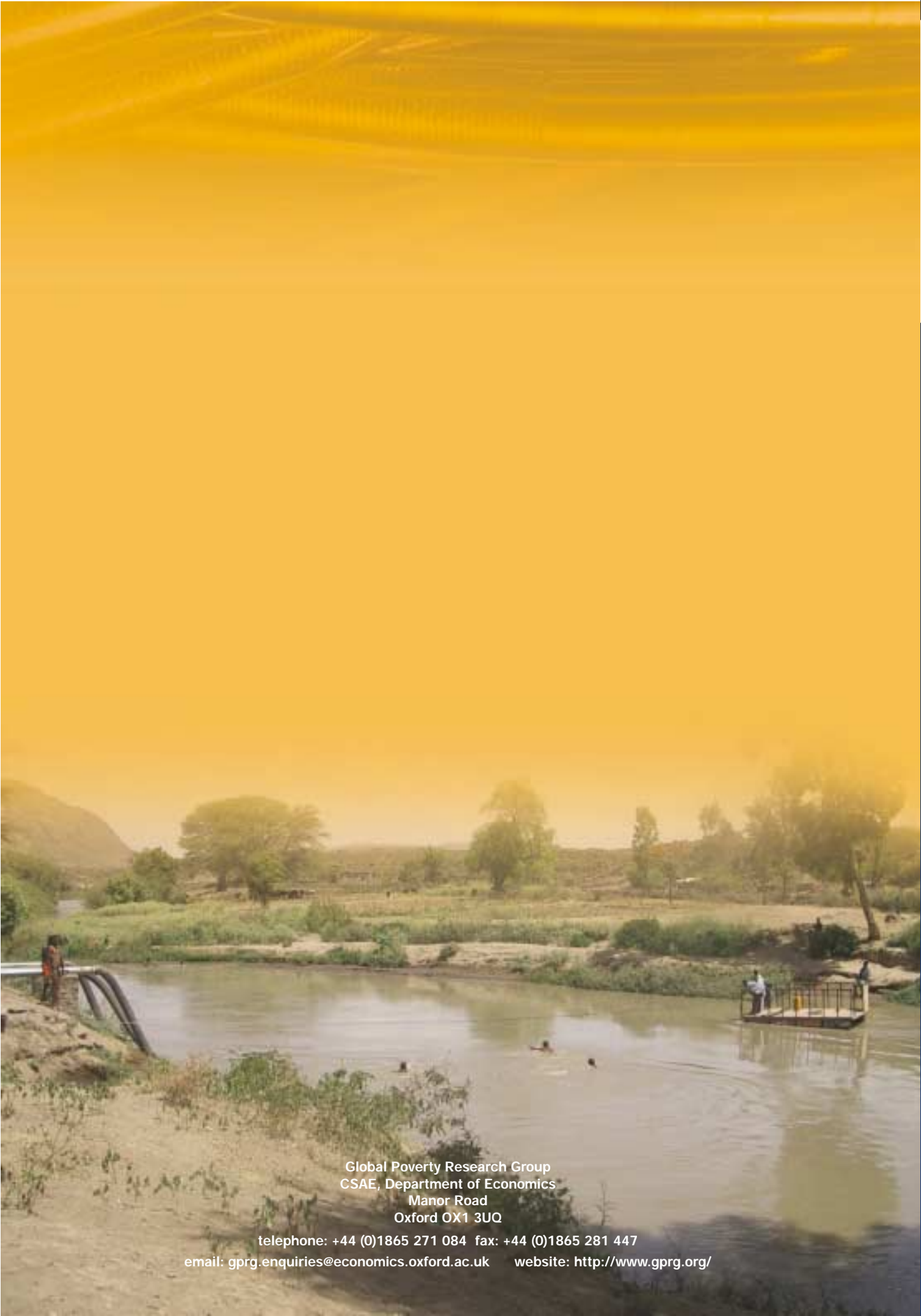
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