

**Gerry Rogers (ed)** *Urban Poverty and the Labour Market: Access to Jobs and Incomes in Asian and Latin American Cities*. Geneva: International Labour Office. 1989. Price: 35 Swiss Francs (Softbound Edition).

In the period 1965 to 1985, the per capita consumption in the developing world went up by almost 70 percent. Yet one billion of the people in the developing countries today are living in poverty [World Development Report (1990)]. Despite the growth in incomes and consumption, the problem of poverty is enormous. In most development models a large reserve of low-paid workers (often rural based) is seen as a precondition for industrialization (often urban based), which in turn is seen as synonymous with development. It is the exploitation of these workers to generate the surpluses necessary for growth in the urban growth centres that forms the basis of policy in most developing countries. The very processes that generate this growth also make these workers the most vulnerable to poverty. And if stagnation or recession sets in, the results are disastrous. The book under review makes an effective contribution to focusing attention on the issues of urban poverty and the labour market.

This collection of nine case studies attempts to analyze ways in which the labour market structures and mechanisms result in or aggravate urban poverty in the developing countries. The long-term objective of the book is to "contribute to the design of labour market policies, in the context of overall strategies for the reduction of urban poverty, which take advantage of complementarities between [*sic*] labour market and other anti-poverty policies".

The editor of the book has quite skillfully chosen the case studies to highlight the fact that urban poverty arises as much from "labour processes" (a term he uses to include other non-market, often social, processes that affect labour use and reward) as from the more obvious factors such as overall levels of production and productivity. Once one starts to look behind and beyond the process of growth and productivity, the essential focus then is on understanding the nature and causes of differentiation in access. Differential access to the labour market is one of the more important causes of poverty. The editor stresses that the inequalities of access to the labour markets lead to stratification, of which poverty is one result.

The case studies highlight five distinct issues that have a direct bearing on both the overall incidence of poverty and the determination of who is poor; namely, the overall levels of labour productivity and remuneration; differentiation in jobs and rewards; unequal access to work of any sort; the possibilities for labour supply; and the dynamics of poverty for individuals and society as a whole, in response to changing labour market situations. These issues provide the common strains that link the analyses in the different case studies together.

The nine case studies or regional reviews are generally supposed to be city

studies; five in Latin America and four in South- and Southeast-Asia. However, as is obvious, it is not possible to confine the analysis to specific city studies because data are generally not available at this level of disaggregation. The studies aim to answer several questions such as: who are the urban poor; what are their main labour market characteristics; what role do different labour processes or labour market relationships play in the generation of poverty, and what labour market options are open to the poor; how has poverty evolved in recent years of world recession, and what labour market mechanisms and outcomes have been important in this process?

In a book that relates urban poverty to the labour market, it is easy to assume that labour market status alone identifies the poor. However, as the different studies show, the identification of the poor depends as much on the patterns of social organization and social security as it does on levels of productivity. In the case studies under review, four different criteria for identifying the poor are used, namely, absolute consumption; relative consumption or income; access to a range of public or semi-public goods and services; and subjective criteria based on perceptions and behavioural responses among the poor. The ECLAC Standard Economic Commission for Latin America and the Caribbean, which is based on two poverty lines (a food basket defined in relation to nutritional criteria and an extended basket covering non-food consumption specified as double the value of the food basket), is used in the case studies for four of the Latin American cities. In this measure, the percentage of people below the line defined by the food basket are classified as destitute while people below the extended basket line are defined as poor. Similar measures or variants thereof are used in the other city studies. A lot has been written in the literature about the inadequacy of the different measures in capturing the extent of poverty, and especially for the use of such indicators for cross-country comparisons. Yet these indicators survive for lack of better alternatives. For example, the assumption of non-food expenditures being twice the level of minimum food expenditures used in the Latin American case studies was suggested as early as 1969. [Orshansky 1969]. Since these poverty lines are based on some rough ideas of the consumption patterns, the group whose behaviour is to be reflected will crucially affect the poverty line. This makes such measures extremely unreliable for cross-country comparisons. Moreover, setting the poverty line slightly higher or slightly lower will define an entirely new group with an entirely different mix of labour market characteristics. Since the book is about understanding the interaction between the labour market and poverty based such an understanding, finding a common set of characteristics that is consistent in a number of urban settings in diverse developing economies is crucial. Such an endeavour is plagued by definitional problems not only on the poverty side but also on the labour market attributes and the classification of the characteristics of the poor.

The editor poses the issue of urban poverty as one of labour market vulnerab-

ility. The traditional informal-sector/formal-sector labour market classification is disaggregated into five categories, namely, protected wage work; competitive regular wage work; unprotected wage labour; self-employed and family labour; and marginal activities. It is suggested that poverty is likely to be present in the last four categories, the third group and the fifth group being the most vulnerable. The structure of production in each country would distribute the work force across the five categories, and the relative importance of each in turn would generate the characteristic patterns of poverty. However, due to data constraints, most of the case studies in the collection use only the informal-formal sector classification, although some do attempt to go beyond these classifications where the data permit.

The problems of labour market access can be observed not only in the levels of open unemployment but also in the levels of labour supply. While all the studies find open unemployment to be strongly associated with urban poverty, there is much less evidence of the role of underemployment. At the household level, the response to poverty can affect the levels of labour supply of women, male children, and older workers within the household. However, the often diverse patterns observed in the case studies highlight the interdependence between the labour supply and the labour market structures.

The case studies reveal that "the lack of education as a condition that distinguishes the poor is apparent" in all the regions studied. Education seems to play a rationing role in determining access to jobs, and this role seems to be one of discriminating against the poor. However, in the cases where open unemployment is fairly evenly distributed across educational levels, the "human capital" assumption that education is a strong proxy for permanent income is clearly weak.

An important area of study highlighted by the case studies is the interaction between aggregate economic behaviour, labour markets, and poverty. In particular, what happens to the trends in poverty in the face of overall economic growth and, more importantly, in the face of economic recession; and what is the interaction between labour market mechanisms and these poverty trends. Here again, a wide range of experience is seen in the case studies. Some generalities that emerge underscore the need to look at the changing structure of aggregate employment; more importantly, the need to find answers to how labour markets adapt to recession. The evidence in the case studies shows that, generally, this adaptation takes the form of relative growth of the informal sector.

One of the shortcomings often encountered in case studies which are presented as edited books is the lack of a common and strong underlying thesis. What is also lacking, generally, is a comprehensive overview that compares and contrasts the often conflicting evidence, knits the several common themes together, and provides a worthwhile synthesis of the different results. The book under review is a refreshing surprise on both counts. It has an interesting common theme that runs through the

collection of case studies, and it also offers an excellent overview that brings them all together. Its most important contribution is that it highlights the diverse heterogeneity of poverty in the urban labour market and underscores the need for a range of social policies, in addition to the obvious economic ones, to address the problem.

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#### REFERENCES

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