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EMPLOYMENT GROWTH AS AN INDICATOR
OF POVERTY ALLEVIATION

by

Henry J. Bruton
Williams College

Bruton, Henry J.

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INTRODUCTION

There are two major objectives of this paper: the first is to study the extent to which existing series of employment and unemployment may be used as an indicator of changes in the economic conditions of the low income groups in developing countries. The accomplishment of this objective requires in turn a review of the kind of data that are regularly collected and published on employment and unemployment in developing countries, and then an examination of the conceptual, statistical, and other problems involved in using these series to measure changes in the status of the very poor of the developing countries. More generally, we examine the question: can a decrease in unemployment as measured by available series be used as a measure of the commitment and progress toward increasing substantially and consistently the participation of the poor in the development process.

The second major objective of the paper is to study possible alternatives to available unemployment series that would serve as a more appropriate indicator of improvements in the quality of life of the very poor. More specifically, we ask, can adjustments to or modification in existing series be made that would result in their being more effective indicators. This will require a short discussion of exactly what the indicator should indicate, and then a consideration of how an actual indication might be constructed from data produced by the functioning of the economy.

The paper is divided into four parts. Part I reviews the regularly published data on employment and unemployment in developing countries. An effort will be made to provide a general description of such series, and to say a few things about their accuracy in measuring what they claim to measure. Part II contains a discussion of the problems of defining and measuring employment and unemployment in general,

and in doing so in a way that facilitates or even permits using the resulting data as the desired indicator. Part III is a discussion of alternatives to employment as indicators and of possible modifications or adjustments in or additions to the employment series that would yield a more suitable indicator. Part IV is a conclusion and summary, and contains a number of recommendations and suggestions as to how AID may approach its task of identifying a commitment to a strategy of development that involves, in a fundamental way, the lower income groups.

The general position of the paper may be summarized. Existing series of employment and unemployment cannot be used as the desired indicator. That this is so is due to both statistical and conceptual reasons, and indeed one must conclude that to use the series as they now exist would probably be downright harmful. It is probably not appropriate to rely on any single series, rather what is necessary is a more composite picture of the economy, which picture may be described along the following lines: Surveys would seek to establish the amount of work and the income generated by the work, and the general characteristics and nature of the work that produces that income. In addition to work income, efforts would be made to collect data on other sources of income and to examine the nature of the claim that the individual or household has on that income. In this picture, wage and salary income arising from employment has an important role, but so too does income both from non-market work and from other sources. In addition to such a work and income picture, the recommendation is made that attention be paid to the policies followed by the country. It is argued that the best of data are generally open to question and are usually available only after some delay. The consequence of policies may of course also be disputed, hotly disputed, but it seems possible to examine a country's policies and approaches and changes therein to development and to arrive at a convincing conclusion as to whether or not such a set of policies will affect in a

significant way the economic position of the poor.¹

PART I

The argument that an index of employment or unemployment would serve as an appropriate indicator of the commitment of a government to helping the poor rests on several assumptions. Suppose that all individuals are either inside or outside the labor force, irrespective of the state of the economy. Suppose further that all members of the labor force are either wage earners or profit receivers or are unemployed, and that those who are working receive an acceptable wage. Finally, suppose that the unemployed have no means of support. Presumably then the unemployed are very poor, and an increase in employment in excess of the increase in the labor force would reduce the number of people classified as very poor, while an increase in unemployment would represent an increase in the extent of poverty. A government's commitment to relieving poverty among its people could then be measured by an employment index.

Evidently no such economy as that just described exists, certainly not among the aid receiving countries. However before reviewing the particular social and economic arrangements that affect the appropriateness of employment series as indicators of the improved economic status of the poor, it is useful to look at some series of employment and unemployment.

It is frequently observed that the data that economists are forced to use for a particular purpose are accumulated more or less independent of that purpose. Thus we may be interested in the level of unemployment for a variety of reasons. We may wish, for example, to identify and measure the quantity of labor available for new activities, i.e., the extent to which labor will be available for new activities. In this event we would be very much concerned with whether labor is currently allocated appropriately as well as the quantity of labor now unemployed in the

conventional sense. We would also need to look at skill mix at a rather fine level of disaggregation.

On the other hand we may be interested in the level of employment/unemployment as part of an inflation analysis. In this event, attention would focus rather closely on the relationships between levels of employment and wage push and the extent to which the employment/unemployment index affects the level and structure of wage rates.

We might also be interested in an employment index as some measure of the extent of capacity utilization or the availability of capacity in the economy.

The present interest is concerned with the extent to which the employment indices tell us something about the improvement over time in the status of the poorer members of the society.

It would appear self-evident that no one series of employment would be suitable for all of these purposes. Even more important is the point that a series compiled on the basis of no specified objective may really not be suitable for any of the purposes noted above or indeed for any other purpose. The present question then is this: to what extent can available series of employment/unemployment be used as an indicator of an improving status of the poor?

The most readily available data on employment, hours, wages, and other aspects of labor are the publications of the International Labor Organization.² The following charts present the picture of employment over time in aid receiving countries as that picture is painted by data compiled by the International Labor Organization. A short description of most series is contained in an appendix.

Suppose there were no conceptual or statistical problems with the data from which the charts are made, what can we learn from studying them. Perhaps the most convincing pictures are those drawn for Panama and Korea. In both countries all the

employment series show a more or less steady growth with a modest levelling off in the late '60's and early '70's. From this picture we may conclude that both these countries were doing rather satisfactorily. In the case of Korea, official estimates of unemployment show a consistent decline from 705,000 in 1963 to 474,000 in 1972, out of a labor force figure stated to be 8.3 million in the earlier year and 11.6 million in the later year. The average number of hours worked in the non-agricultural sectors fell from 55 to just over 50 between 1963 and 1972, a decline that was doubtless voluntary.³ Furthermore, income distribution became more nearly equal. The most favorable data show that in 1966 the poorest 20 percent of the population received 6.5 percent of income and in 1971 they received 9.9 percent, and the Gini coefficient fell from .34 to .28 between the two years.⁴

Especially relevant is the fact that employment in Korea's manufacturing sector grew more rapidly than overall employment, and, since productivity in manufacturing activities is higher than in the economy as a whole, an increasing proportion of the labor force was moving into higher productivity sectors. Income distribution data suggest more might be done with transfer payments, but change is occurring, and we do not have data on government services and income in kind to ascertain how they would affect the picture. It seems probable however that such data would make the picture even more favorable.

In the case of Panama a similar, but less impressive picture is shown. Again employment in manufacturing grew well, but unemployment also tended to rise, and was higher in 1973 than in 1963. Income distribution became even less equal over the 1960's. For the entire economy the poorest 20 percent of the economically active population received 2.6 percent in 1961 and 1.8 percent of income in 1970/71. The Gini coefficient did fall a bit, from .61 to .59. The richest 10 percent of the economically active population received 49 percent of income in 1961 and 45 percent

Employment in
Selected Less Developed Countries

- Legend: . general level of employment
x employment in non-agricultural sectors
□ employment in manufacturing sectors

Source: Various issues of The Yearbook of Labor Statistics, 1965-75, International Labor Organization, Geneva.

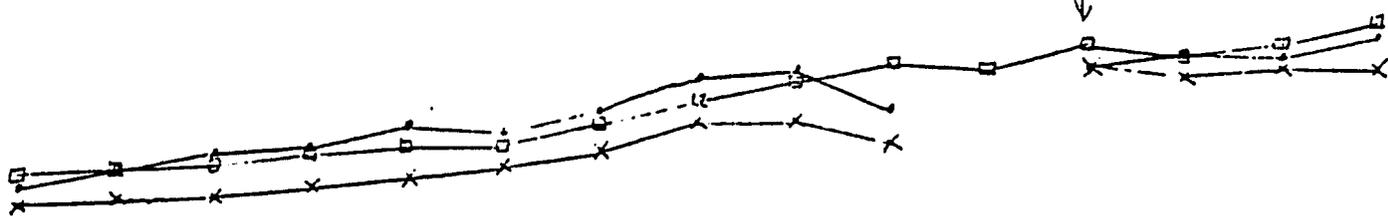
1960

1965

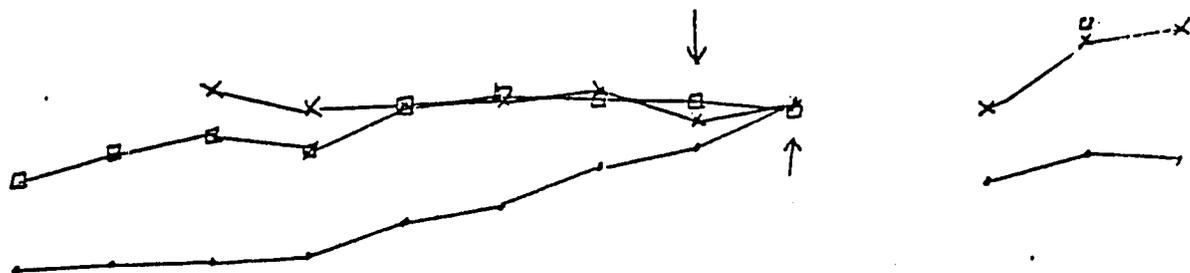
1970

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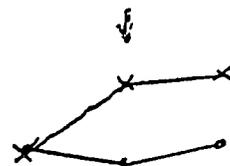
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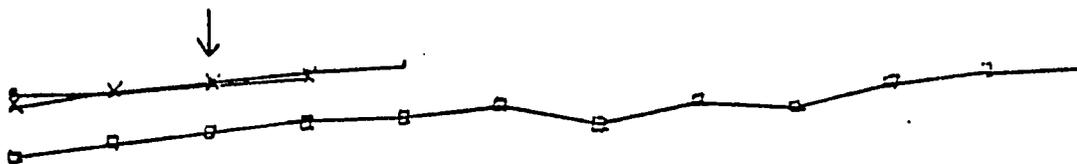
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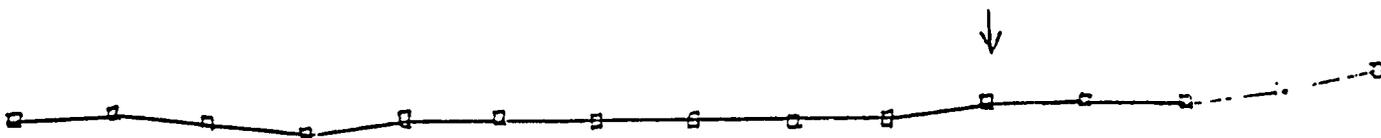
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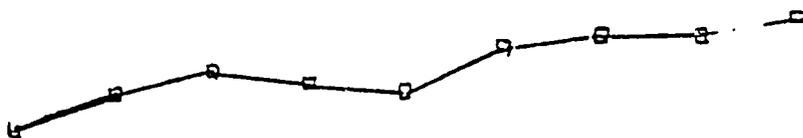
Peru



Guatemala



Dominican Republic



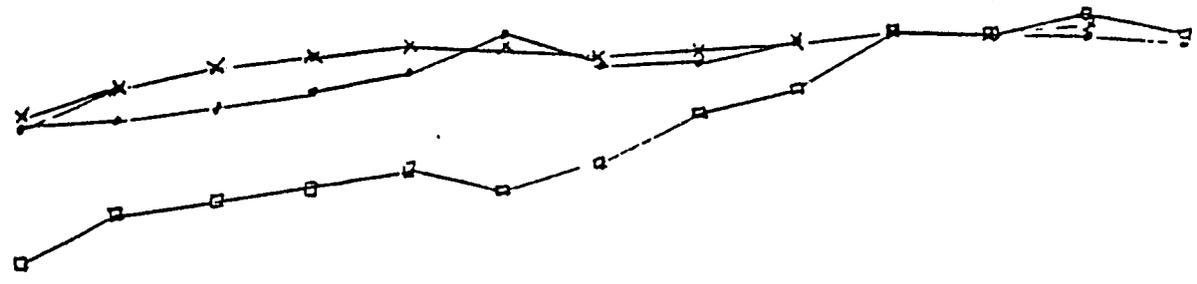
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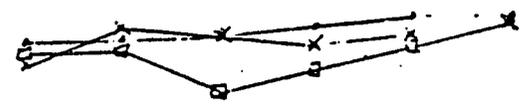
1970

1975

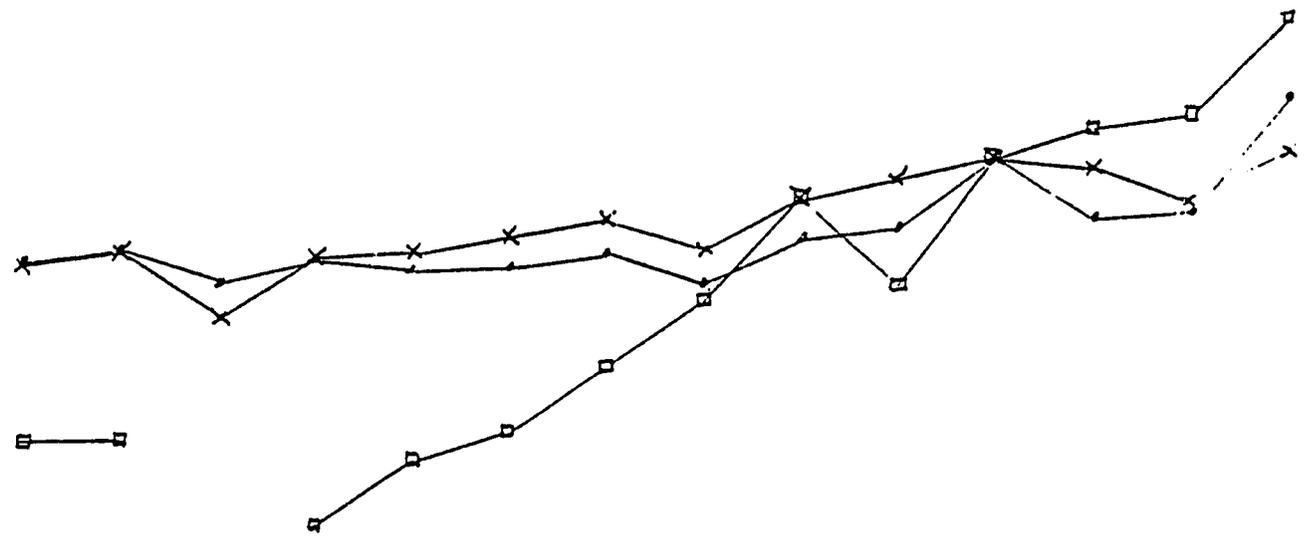
Ghana



Egypt



Cameroon



Pakistan



60 61 62 63 64 65 66 67 68 69 70 71 72 73 74

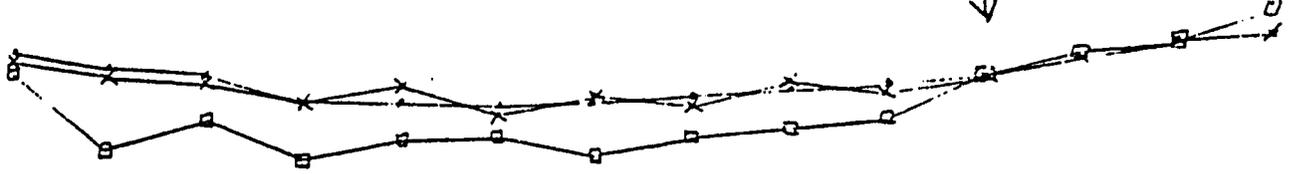
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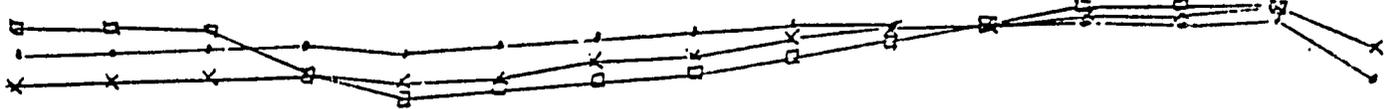
1970

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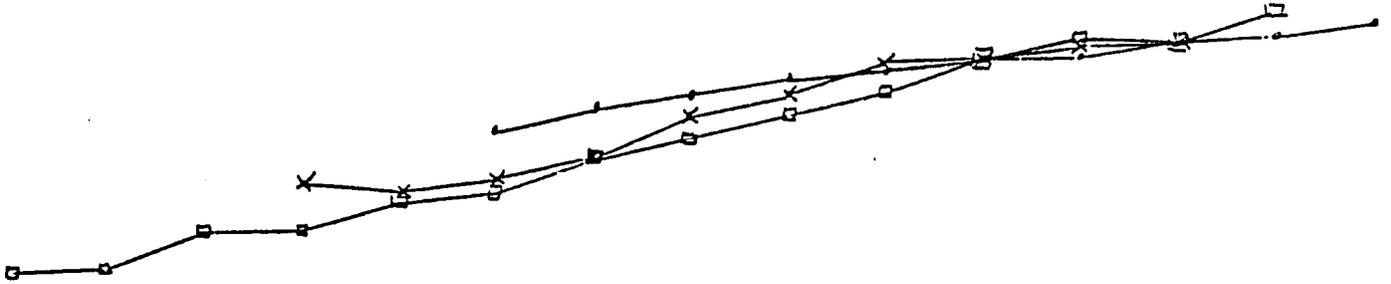
Kenya



Cyprus



Panama



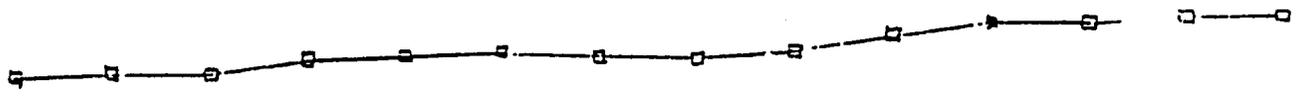
Jamaica



Honduras



Greece



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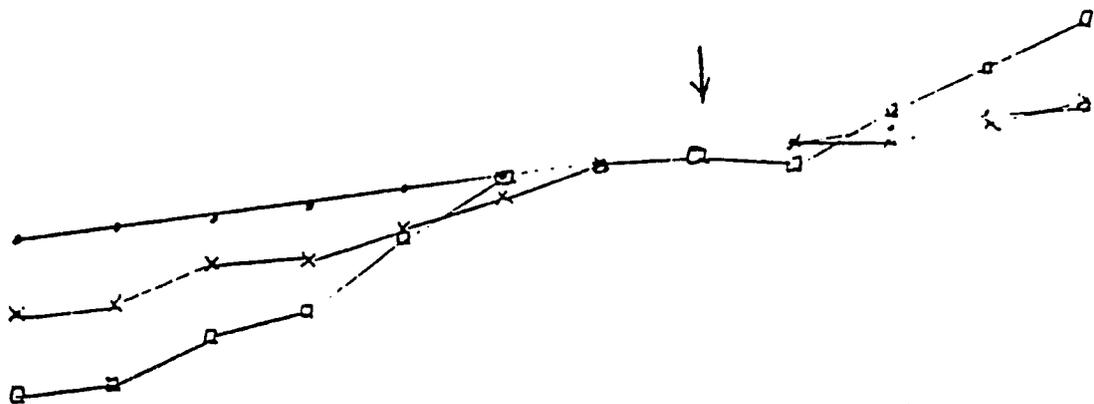
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1965

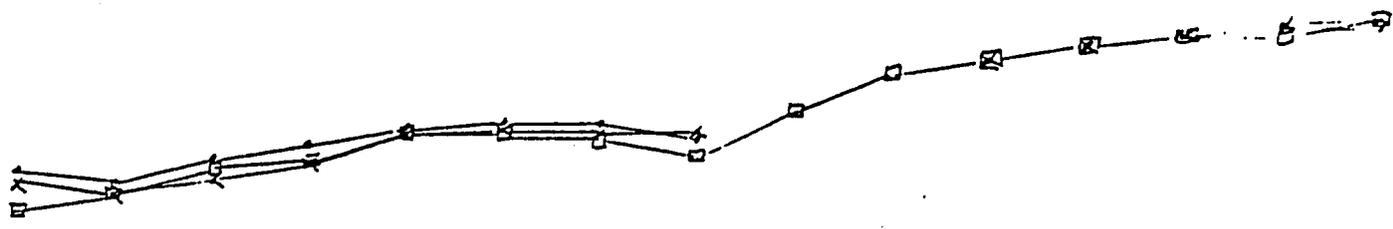
1970

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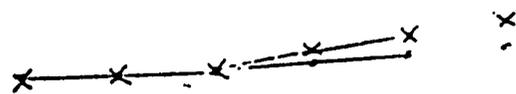
Korea



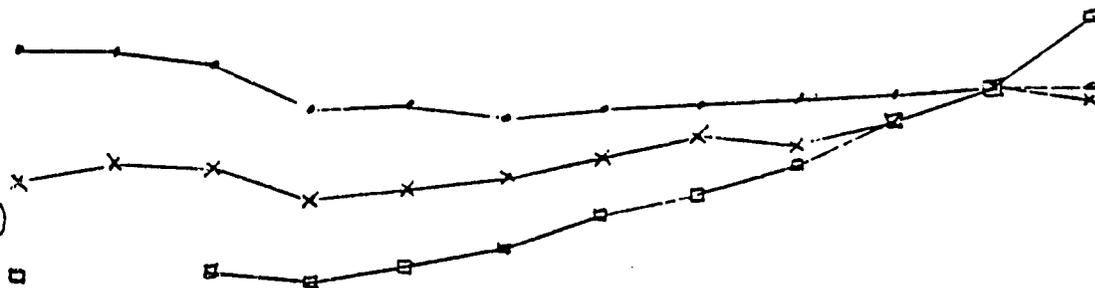
Israel



Tunisia



Zanzibar (Tanzania)



60 61 62 63 64 65 66 67 68 69 70 71 72 73 74

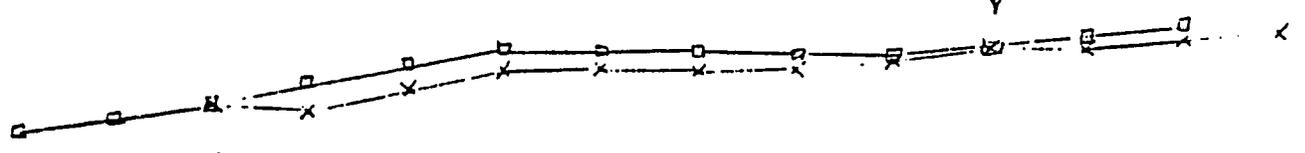
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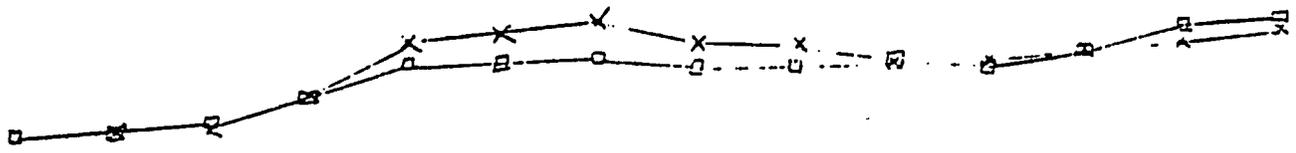
1970

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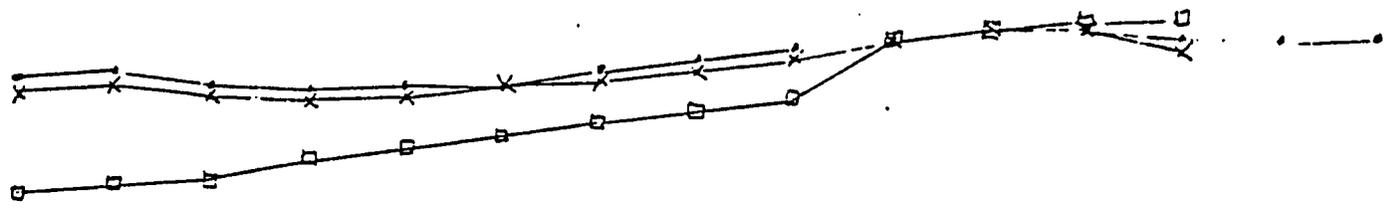
India



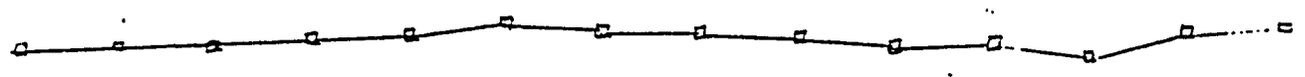
El Salvador



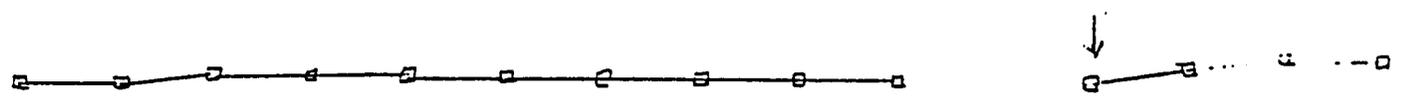
Malta



Chile



Colombia



Ethiopia



60 61 62 63 64 65 66 67 68 69 70 71 72 73 74

ten years later.⁵ In the case of Panama, it would appear that a considerable reduction in poverty could be made through transfer payments.

The employment series for Israel also show a favorable picture, but Israel is hardly a typical developing country.

Certain other countries show some favorable and some unfavorable aspects, but a convincing position rarely emerges. In Ghana, for example, the series on employment in manufacturing looks very favorable from 1960-69, and employment in the non-agricultural sectors shows up rather well from 1960-65. Cameroon's picture also looks hopeful over specific periods of time. Its series on employment in manufacturing from 1963 to 1973 is especially impressive, but the more general employment series from 1962 to 1970 could also be interpreted as hopeful. On the other hand measured unemployment was rising rapidly over this period. (To anticipate later arguments, it may be noted here that of Cameroon's estimated 2.2 m. economically active people, only 150,000 are classified as wage earners.) The series for the Philippines from 1960-68 appear favorable, but then levels off in a much less hopeful way. For the other countries, there are short periods during which a series presents a decided view, but rarely does the view continue long to suggest much of anything. It is also surprising how frequently the charts show little or no movement in employment. This picture however is of course a reflection of the fact that the development that has taken place in many countries has not produced much employment growth.

If one examines the available series on unemployment, little is added to our understanding, except in a very few countries. For example, Sri Lanka shows such a consistent increase in its index of unemployment that one can conclude that their employment situation was worsening. India's data also reveal rather decidedly that unemployment is increasing in a significant rate. One might find something revealing in a more complete study of the series, but this seems unlikely.

Unemployment rates are available on a still more limited basis. Rates, of course, not only require an estimate of the number of people who are unemployed, but also of the economically active population. Estimates of the latter are, as discussed later, as or more complicated than are estimates of the unemployed. The data in the table are for an occasional year, and provide only a bare clue or two on a comparison among countries. One unmistakable conclusion that emerges however is that there are major doubts about the data. That Thailand's unemployment rate was .2 percent in 1969 is of course nonsense. The rates for Egypt, Indonesia and Pakistan are also obviously misleading. So we do not learn much examining such estimates.

The preceding brief discussion was based on the assumption that the data were completely satisfactory. The question then became, if that were in fact the case, can available series and data on employment and unemployment serve as an appropriate indicator of the extent to which a country is helping its poor.

The preceding paragraphs show that on the basis of fairly readily available data, we can conclude that even were there no statistical and conceptual problems that the series do not offer much hope in this direction.

The series themselves however are open to many questions. It is necessary to look therefore at the statistical and conceptual issues involved in the construction of an employment/unemployment series, especially for series to be used as the kind of indicator for which we are searching. In the rest of this part statistical issues are examined, and in the next, the more conceptual questions are reviewed.

There are a variety of problems that have to be faced in making any sort of inter-country comparison of these data or indeed of making comparisons within a country between two points of time. Thus two surveys that purport to answer the same set of questions may in fact answer very different questions. Hence, the results of even the most carefully prepared survey or census must be examined thoroughly before its results can be appreciated and then more care must be lavished before the results of a survey in country X can be compared with those of country Y.

The following paragraphs identify some of the specific statistical difficulties that

Indices of Unemployment in Selected Less Developed Countries
1970 = 100

	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74
Cameroons		18	20	23	19	11	21	74	160	112	100	110	135	186	
Egypt	145	107	60	36	66				123	111	100	77	63	73	
Ghana	68	89	94	93	82	68	70	101	107	91	100	112	189	159	172
Upper Volta	15	23	24	23		36	36	35	62	73	100	75	67		
Mali	23	68	24	36	32	24	19	38	76	89	100	85	115	74	91
Morocco	68	72	85	65	54	59	75	75	73	87	100	83	94	92	83
Niger	92	169	123	85	54	61	85	69	69	146	100	169	223	508	
Tunisia			15	13	41	171	159	119	125	149	100	99	122	90	103
Chile							158	131	136	126	100	112	92		
Guatemala	33	23	17	20	15	12	29	50	98	112	100	100	94	86	67
Guyana	82	89	107	89	98	238	233	173	148	124	100	86	65		
Jamaica									110	100	100		140	134	131
Panama				63	81	87	60	75	93	90	100	109	97	105	90
Peru										121	100	97	96	99	97
Uruguay									110	114	100	105	106	126	
Cyprus	211	249	199	179	201	143	94	117	92	96	100	112	142	160	155
India	40	47	55	70	68	68	70	73	78	86	100	124	159	207	225
Israel	89	73	80	80	77	87	181	251	154	116	100	93	76	77	88
Korea									127	108	104	100	105	110	102
Pakistan	73	70	71	74	78	80	78	80	79	94	100	82	69	73	83
Philippines	61	80	89	71	77	101	91	116	119	86	100	67	104	66	77
Sri Lanka	36	40	39	40	42	47	59	65	70	80	100	110	116	120	128
Syria		108	76	132	144	104	79	88	131	85	100	123	81	76	
Thailand											100			116	100
Greece	178	156	153	143	133	132	133	171	151	137	100	62	49	44	56
Malta	86	103	144	173	181	209	198	146	121	96	100	136	175	169	149
Yemen	37	19	25	31	32	26	26	25	75	92	100	123	143		
Mozambique	67	65	92	83	93	95	98	98	100	103	100	98	97	91	
Brazil									98	96	100	100	143	134	
Indonesia	301	374	379	368	347	294	234	99	118	124	100	121	295	275	290
Kenya	104	80	76	103		140	133	100	121						

Source: Various issues of the Yearbook of Labor Statistics, International Labor Organization, Geneva.

Estimates of Open Unemployment Rates
for Various Aid Receiving Countries

<u>Country</u>	<u>Year</u>	<u>Urban</u>	<u>Total</u>
India	1971	3.0	3.9
Indonesia (Java)	1971	4.8	2.2
Djakarta	1961	7.4	
	1971	12.8	
West Java	1971		19.5
Korea	1974		5.4
Pakistan	1972		2.0
Sri Lanka	1969/70	16.9	13.2
Thailand	1969	1.3	.2
Philippines	1971	11.0	5.3
	1972	10.8	6.1
Syria	1973		4.5
Ghana	1970	9.6	6.0
	1960	11.6	6.0
Tanzania	1971		10.0
	1965	12.6	
Egypt	1971		1.5
	1970	15.0	10.7
Bolivia	1974		9.7
	1970	10.0	7.5
Colombia	1974	10.0	
Panama	1973		6.5
Uruguay	1973	8.9	
Peru	1974	6.5	
Brazil	1970		2.2
El Salvador	1975	6.2	5.2
Honduras	1972		8.0
Dom Republic	1973	14.0	
Chile	1960		6.7
	1970	7.2	6.2
Latin America	1975	6.5	5.1
Africa	1975	10.8	7.1
Asia	1975	6.9	3.9

Source: Adapted from data in R.A. Berry and R.H. Sabot, Labor Market Performance in Developing Countries: A Survey (mimeo) 1976, and "Employment and the Utilization of Human Resources in Latin America," Economic Bulletin for Latin America, Vol. XVIII 1973, pp. 46-95.

must be faced in approaching unemployment/employment series.

1. Working Age of Population. All surveys exclude certain age groups from the working age population. The lower and upper limits however vary widely from country to country, and within a given country over time. The lower limit in Korea is 14 years, but in Sri Lanka it is only 5, and Malaysia and Indonesia it is 15 and 10 respectively. In Taiwan it was 12 years in 1963 and ten years later it was 15 years. Among African countries six year olds are included in the labor force in some countries and in others the minimum age is 15 years. At the other end of the age scale, some people are declared outside the labor force before they reach 50 (Thailand), others at 65, and some countries seem to have no upper age limit.⁶ Evidently variations in these beginning and terminal years affect both the absolute numbers of employed and the rate of unemployment. The latter is especially affected as the participation rates of the population in these beginning and ending years seem to vary widely from country to country.

2. Inclusion or Exclusion from the Labor Force. Once the age limits of the labor force are fixed, additional criteria must be established to determine whether or not a person within these age limits is to be counted as part of the labor force or not. People excluded from the labor force are of working age, but are neither working in a task defined as "employment" (e.g., housekeeping or attending school) nor are hunting a job that would be so classified. A further problem arises with respect to part-time work. Usually a country will have an arbitrary cut-off point to determine whether enough work is done during the reference period to justify inclusion in the labor force. The cut-off point however varies widely, and no specific practice appears more common than another. To illustrate the kind of confusion that can arise, consider the 1964 Socio-economic Survey in Indonesia. In that survey about two million women whose main occupation was "housekeeping" were classified as "outside the labor force" even though they worked part time in jobs that would be

counted as employment. Furthermore, some 1.5 million of these women in the rural sector worked more than 20 hours during the reference week. On the other hand, there were almost one million women who worked in activities less than 15 hours during the reference week, but were classified as "within the labor force" because they were not doing any housekeeping.⁷ Some countries, e.g., the Philippines, classify farmers outside the labor force if they are waiting for the rains to begin or to stop, and not searching for employment while waiting. Evidently such a procedure will not only introduce sharp and meaningless fluctuations into the Philippines labor force, employment, and unemployment figures, but also make a comparison with other countries very difficult.⁸

As discussed in Part II there are major conceptual problems involved here, in addition to the task simply of finding out what procedure a given country has in fact followed.

3. Employed and Unemployed. Once it is decided who is to be included in the labor force, then the question of employment criteria must be confronted. In most countries the criteria are based on activities carried out in a reference week (in some countries or surveys a single day is the reference period). The reference week is usually the week ending on the day of the survey. The rationale of a specific reference period in the immediate past is to facilitate overcoming of memory problems, but, as discussed later, there are problems created as well.

The effect of the choice of reference week can be important. Many activities, not just agriculture, have significant seasonal variations -- education, some governmental activities, some importing, etc. It is necessary then not only to know the reference period, but also to know something about the agricultural practices, the mores and social patterns when examining the employment/unemployment index. In addition we would need rather full detail on the treatment of a long list of

questions: e.g., are farmers idled by the weather or the harvest and growing routines "unemployed" or "employed" or "outside the labor force." The answer varies from country to country. In some countries exact treatment depends on whether the farmer is tilling his own land or not. Almost all surveys seem to allow for absences from the job temporarily because of illness, vacation, holiday, labor dispute, etc.

The work that is "counted" tends to correspond to that that the national accounts recognize as creating value added. Almost all indices seem to recognize unpaid (more accurately, unremunerated in money) family members working in a family enterprise as employed. Thus full-time housekeeping is almost always not accepted as employment for the purpose of the index, as is charitable and other volunteer work. Not all surveys specify a minimum number of hours or days that one must work during the reference period in order to be counted as employed, and for those that do the time varies widely. In Korea one hour is identified as enough, in Ecuador and the Philippines "any length of time" is adequate to be counted as employed, but Indonesia requires that a person had worked for two days during the reference week in order to be counted as employed. Some countries have different minimum periods for unpaid family workers than for those who work outside the family and receive some form of remuneration.

The unemployed people inside the labor force are those people who are not working in the sense just described and who are actively hunting for work. "Actively" means different things in different countries. In some countries, e.g., India and Ghana, "actively" means registering at the employment exchange. For other countries the unemployed respondent must report having answered advertisements, canvassed possible employers, alerted friends, or other similar job hunting procedure. Not many aid receiving countries gather data on length of the unemployment, and

some exclude people hunting their first job. And others do not.

Even a survey as brief as this reveals major statistical problems in using available indices of employment and unemployment in any sort of international comparisons. To the issues referred to above must be added variations in the care and accuracy with which surveys and censuses are collected and published. Even in the best of circumstances, variations in method from one country to another are likely to be substantial enough that the series really do not measure the same thing. With as many detailed decisions to be made as there are, the content of a series for an individual country will change often over time. Indeed this is as it should be because the bases of many such decisions are changing. Similarly, an index constructed in exactly the same way in India and Colombia may not be very suitable for either country. This is another way of saying that an index should be compatible with the environment to which it is to apply. This point will emerge even more convincingly when we discuss conceptual problems in the following section. It may be noted, finally that fewer purely statistical problems appear when reference is made to manufacturing and other modern sector activities than when attention is given to agricultural and other traditional activities.

PART II

In this Part we consider some of the conceptual and theoretical problems that affect the appropriateness of an index of employment serving as an indicator of the extent to which the poor are being helped.

While the definitions and measurements referred to in the preceding Part vary significantly from one to the other, there does seem, however, to be enough of a common thread that it is possible to describe a usual approach along the following lines:

A person is listed as employed if that person had worked for pay or profit for himself or for his family on at least one day during the reference period. The latter period is usually one week. A lower age limit of 14 or 15 is commonly imposed. General allowance is made for persons who are on vacation or ill or for some other similar reason did not work during the period, but had a regular job. Evidently such a definition includes own account workers as well as employees.

And

A person is classified as unemployed if that person had not worked at all during the reference period and was either actively seeking work or was available for work at the going wage rate.

A person in neither category would be classified as outside the labor force. The asymmetry in this definition is at once evident. The person is "employed" if he or she works one day (sometimes even less), but to be classified as "unemployed"

the person must not work even at all during the reference period. In this sense such definitions and classifications seem to bias the results in favor of employment.

Other problems, e.g., part-time work, are discussed below.

In some countries a single day is the reference period. The question then refers simply to employment or lack of it on a particular day.

Surveys based on such definitions seek mainly to answer the question, "How many people were unemployed on a given day in the reference periods?" Such data tell us essentially how many people were unemployed on an average day during the reference period. Presumably the reference period is itself meant to be average or typical, and the figure that is obtained from the survey or census would then be an estimate of the average level of employment and unemployment over the period. If such a survey were taken annually or semiannually, then we would have a series of figures that would tell us what was happening to the average level of unemployment over time.

This approach and the resultant series are of course pertinent to a number of issues, but there are a variety of problems in using such results as an indicator of changes in the extent to which the poor are being helped. Rarely do these surveys or censuses reveal much about the income of those classified as unemployed or about the number and characteristics of those who are chronically unemployed or about the reasons for the unemployment. These questions, and other, for reasons detailed below, are relevant to the issue at hand.

The problems in using such series (either the employment or unemployment series) to measure "commitment" and "progress" of countries in helping the poor are both conceptual and statistical. Some of the more fundamental problems are briefly considered.

1. Reasons for Unemployment.

The reason for unemployment is often relevant. There are some obvious examples of why this is so. Certain forms of seasonal unemployment are clearly less damaging than others. For example, an Egyptian who goes to Kuwait to teach school for nine months, and returns to Cairo for the summer will usually be classified as unemployed if included in an employment survey in Egypt. Such people are not among Egypt's poor. On the other hand the peasant farmer in Indonesia who has nothing to do when he is not actively farming is generally very poor.

Another frequently encountered example has to do with the nature of job search. The movement from rural areas to urban centers is often characterized by an individual member of a family being sent to the town or city to search for a job that pays more than available jobs in the rural areas. The family member is supported by family contributions in anticipation of a higher family income at a later date. This movement takes place despite the existence (in many cases) of employment opportunities in the rural areas. Such migration is a consequence mainly of the difference between wage and income in the rural and urban areas. Movements of this sort have been fairly convincingly documented for Kenya, for other eastern African countries, and for Mexico and Colombia. In this event increasing open unemployment observed in the town and cities can hardly be interpreted as a decline in the participation of the very poor in the rewards of the development. (It may represent a misuse of resources brought about by faulty wage policies, but that is another matter.) Indeed in this case the increased identified unemployed captured by the survey may in fact result from an improvement in a family's economic position that in turn enabled it to support a family member during the job search.

Some data from a survey in Tanzania may be used to illustrate the nature of the issues here. Data were collected in 1971 on the sources of funds used for the support of males during their first two months in an urban center after immigrating

from the countryside.⁹ The following are the results:

<u>Sources of Funds</u>	<u>Percentage of immigrants using the sources indicated</u>
Savings	44
Aid from friends in town	44
Regular wage employment	29
Casual wage employment	14
Non-wage money income	6
Money sent from home	4
Government bursary	3

These percentages suggest a number of things. The importance of accumulated savings is consistent with the notion of accumulating savings in order to have time to search for a job. If savings were accumulated, then the individual must have had some form of employment before migrating, i.e., the person chooses to be "unemployed" in order to search for a job. Also a person who has neither saving nor friends must -- if the person is to remain in the urban area -- find pick up work. In this event they would show up as "employed," when in fact there is little difference between their status and that of the individual who has access to savings, friends, or to funds from home. The data also underline the importance of the question of the claim on resources and the nature of that claim of the unemployed in appraising the nature of employment data.

There are some studies that seek to quantify the responsiveness of labor movement to wage differential. Elasticities with respect to destination wage rates (wages in the place to which the individual is immigrating) and to origin wage rates (wage rates in the place which the individual is leaving) have been estimated for Kenya and Tanzania for rural-urban migration and for India and Venezuela for inter-state move-

ments. The estimates all have the sign consistent with the model, and are summarized as follows:¹⁰

	<u>Kenya</u>	<u>Tanzania</u>	<u>Venezuela</u>	<u>India</u>
Destination Wage	6.79	1.26	.94	.56
Origin Wage	-1.15	-.56	-.85	-1.24

These estimates lend strong support to the argument that labor flows in response to wage differentials, and to the importance of the search procedure and the origin of the means of support that allows that search. Finally, it brings out again the importance of having some understanding of the wage and income determination process in the various labor markets of a country.

A similar phenomenon is observed in countries where there is a small number (possibly only one) of industries that for some reason or other are paying wages significantly higher than those paid in the general run of economic activities. Individuals then leave low paying jobs and (in effect) wait in line for a job in the higher paying sectors. The bauxite mines of Jamaica are an example of this sort of thing, as are some of the mines and plantations in Central and West African countries. Indeed mines and new industries in many countries created this situation. The resulting observed unemployment (in the form of standing in line) would be misleading as evidence of a deteriorating situation.

An extreme example of this kind of phenomenon is found in Sri Lanka. Calculated unemployment rates among the 15-24 age group are very high. In 15-19 age, around 90 percent of the "active labor force" with the equivalent of a high school education are shown as unemployed. In the 20-24 age group the figure is around 40 in urban areas, but remains as high as 70 in rural areas. At the same time that these very high rates are found, Indians are imported to work at certain tasks during the year.¹¹ In some instances younger people with certain kinds of jobs reported them-

selves as unemployed because they did not have a permanent civil service job. In all these instances the younger unemployed had means of support, and were presumably waiting for a better job. There is little doubt that the higher level of education is achieved by the higher income groups.¹² So it seems reasonable to conclude that in Sri Lanka the urban unemployed, who have never held a job, are largely from upper income groups. Educated unemployment is higher in rural than urban areas because of lack of suitable jobs for the educated, and because it is easier to support the unemployed in rural areas.

In other countries however observed movements of labor from rural or urban areas and the consequent increase in observed unemployment does in fact represent a deterioration in the position of the poor. This would be most evident where people were forced to leave rural areas because of excess population relative to the land available. This phenomenon is surely taking place in Bangladesh, India, Indonesia, and some Latin American countries. It is therefore quite clear that simply not working is evidence neither of poverty nor of economic hardship.

We also observe that a large portion of those who register at employment exchanges are in fact employed. In many instances of course such people have a legitimate full-time job and are simply hunting a better one. Also, however, many of the people who register have a make-shift job that, though serving to result in their being classified as employed in surveys, represents little more than a form of killing time. Survey data for some countries (e.g., the Philippines) indicate also that many of those who "want more work" are already employed, by usual standards, full time.¹³ In Tanzania, survey data showed that 80% of those "seeking work" already worked at least 40 hours per week.¹⁴ Presumably these people are, for the most part, looking for a different job rather than additional work. Hence the simple notion of "seeking work" does not imply much about unemployment.

These examples suggest that even in those cases where the concepts employment and unemployment measure a notion relevant to the issue at hand, additional data are needed to permit the use of the data for this purpose. Chief among such needed data are those that concern the means of support of the unemployed, the levels of income (or consumption) of the unemployed, and the extent of voluntariness in the unemployment. Voluntary and involuntary will enter the picture again.

2. Participation Rates.

It is a commonplace to observe that many people are not "in the labor force" simply because they have lost hope of finding a job. There is also evidence in the more developed countries that many people often join the labor force when jobs are plentiful, and leave it when demand for labor falls. (It has been frequently noted that in Japan women leave the labor force as demand for labor falls. This, it is argued, is a reason why unemployment rates in Japan appear to rise so modestly despite reduced output or rates of growth of output.) The same thing may happen in the developing country, especially in rural areas and especially among women. Respondents to surveys (India and Indonesia) who declare themselves outside the labor force often also say that they would accept a job if it were offered to them. Some regression results for Bogota show that an increase of one percent in the rate of unemployment for men and women between ages 15 and 54 is associated with a decrease of 2.6 percent in their participation rate. On the other hand, for very young women (15 to 19) and women 45 to 49 the relationship was in the opposite direction, i.e., an increase of one percent in the unemployment rate leads to a two percent increase in participation.¹⁵ Evidently another argument must be applied here, namely that greater unemployment produces a greater need to work. Sometimes the answerers add that the job must be within a certain area or has to be part time or must meet some additional conditions. Under these circumstances the

conventional definitions of unemployment would not identify the seriousness of the situation.

A similar problem arises from the fact that surveys and censuses often classify people outside the labor force when in fact the activities they are engaged in are due to the absence of a job. The most obvious example is young people who are students simply because there is no other employment. For example, West Germany will show that about 17 percent of the 16-17 year olds are full-time students, while in India over one-half of the men in this age group are so classified. For the 18-21 age group, the corresponding percentages are nine and 26 percent. For other developing countries (e.g., Pakistan, Colombia, Egypt) a similar picture emerges.¹⁶ In these cases conventional unemployment definitions will not capture what is wanted. There are other examples. Family workers in retail shops frequently list themselves as employed when they are in fact simply passing the time. Still one must be cautious. Students, for example, may be waiting to find a job they deem worthy of their talents, and may also be members of a relatively high income family. More on this point below.

There is, however, a more fundamental question with respect to participation rates. Unemployment as defined in surveys and censuses is essentially a concept arising from the context of an urban, industrial society. In traditional societies there is no unemployment in the sense that everyone has a role or assignment which justifies a claim on the society's available produce. President Nyerere of Tanzania's well-known remark, "In the old Africa everybody worked," illustrates this point.¹⁷ This point applies not only to certain tribal groups of African and Latin American (e.g., the Masai of East Africa and some of the peoples of the Amazon River areas) but to other countries or groups within a country as well. Thus large groups of people in certain rural areas of Camerons, the Central African Republic, Ethiopia. Guinea,

Mali, Niger, Somalia, Zaire, India, Indonesia, Afghanistan, Egypt, and Yemen are in a very real sense performing functions that society recognizes and accepts as constituting a legitimate claim on a share of its output. At the same time, many of these people contribute, again in a real sense, nothing to the production of that output. Such people are also often abysmally poor by any measure. Yet "unemployment" does not appear the most appropriate concept to apply to them by outsiders, and certainly they do not consider themselves unemployed. Most such people are eager to have a different, more productive job. Finally, one must remark again that few if any surveys or censuses would identify these groups as unemployed. Any measure or indicator of the extent to which a country has made progress in helping its poor must of course include reference to these categories of people.

The frequently with which one person holds or performs several jobs is another side of this same coin. It is of course a commonplace that many people moonlight. Such people include both the unskilled and the skilled. If a person has been performing three jobs, and drops one, how should that person be counted? Similarly the housewife who does some work in agriculture as an unpaid family worker, does the housekeeping, and takes produce to market several times a week is surely earning her keep. Yet her position is not unambiguous with respect to labor force participation. Possibly a large part of the household duties are done by a daughter, and possibly the entire family works in a garden or barnyard where most of the food consumed by the family is produced. Who then of this household is in the labor force and who is paid for what services? In this situation, so typical of rural areas of many of less developed countries, rising incomes for some reason or other would most likely result in less work being done in the garden or barnyard or at the market. A member of the family might even be sent to town to hunt a job (might specifically become unemployed) or to attend school if an increased family income occurred. This argument

suggests that the household, rather than the individual, should at least in some instances, be the unit of study of the labor market.

In certain parts of the world international migratory labor complicates the employment picture as defined by employment/unemployment series. In some countries of West Africa, for example, labor can move so easily from country to country that a successful employment policy in one country can be markedly offset by large-scale immigration from other African countries. The 1960 census for Ghana illustrates this point. Over 12 percent of Ghana's population were international migrants, and a slightly larger percentage (around 14) of the "economically active" people in Ghana were migrants. About one-half of the men working in mines and as sales people were migrants as were one-quarter of the craftsmen and production workers. Similarly, over one-third of service workers in Ghana in 1960 were also immigrants. There is little doubt that these immigrants were attracted to Ghana by the possibility of employment. At the same time estimates showed considerable unemployment existing in Ghana (over 11% in urban areas), and greater success in relieving the problem was not possible because of the large-scale immigration of other Africans into Ghana to take advantage of these opportunities.¹⁸ That is, were there no immigration the unemployment in Ghana would be expected to be less, although not simply by the number of immigrants. In this event, the results of a laudable employment policy may be offset by attracting foreigners into the country, and an accurate appraisal of the employment series becomes more difficult.

The problem is still more complex when labor is migratory and moves from country to country over the year in search of some kind of work. In this event seasonal employment of such workers may be very important as a source of labor to some employers, but also may absorb employment opportunities that would otherwise accrue to nationals of the country. (One report claims to have found a survey in

one country that included some migratory workers in the unemployment estimates. A few months later the same migratory workers were in another country where an employment survey was taken, and again were included among the unemployed of this country. While such an event is not impossible, it does not seem to merit a great deal of concern.)

In general the problems of providing a useful definition of unemployment for a society that is heavily dependent on agricultural activity are more complex than for an industrialized, urban society. Many developing countries, indeed most of them, have very large agricultural sectors. In these same countries the proportion of the labor force classified as wage earners rarely exceeds 50 percent. It is of course the wage earning group to whom the term unemployment may be applied with least ambiguity. The following table shows percentages of the economically active classified as wage earners in various sectors in the several sectors, and the percentage engaged in agriculture.

In agriculture there are the obvious problems of seasonal fluctuations in employment, the widespread use of family labor, and social and cultural arrangements that dictate that certain routines and procedures be followed even though they add little to output and do not appear to constitute "employment."

The picture for the Republic of Korea illustrate those arrangements. During the 1960's about 85 percent of agriculture labor were self-employed plus unpaid family labor. Only about 3-4 percent of agricultural labor was regular wage labor, the rest was temporary and part time. Even for non-farm activity, self-employed plus unpaid family workers accounted for between 35 and 40 percent of total employment.

Another relevant characteristic of the Korean picture is the fact that the participation rate of women is much higher in agriculture than in the non-farm sectors. For all ages the participation rate for women was over 40 percent in agri-

Allocation of Labor in Aid Receiving Countries

Country	Year	Proportion of Labor Force in Agriculture	Proportion of Labor Force Who Are Employees					Total
			Agr.	Mfg	Const	Trade	Trans	
Brazil	1970	44	25	89	79	54	78	55
Colombia	1964	47	42	66	78	43	75	57
Chile	1970	21	62	77	88	47	76	70
Costa Rica	1973	36	60	86	92	67	84	73
Dom Republic	1970	44	30	67	45	32	51	38
Egypt	1966	53	38	78	80	30	80	54
Morocco	1971	50	21	58	81	27	71	37
Tanzania	1967							
Zanzibar		82	01	18	74	25	77	11
Tanganyika		91	03	61	78	40	93	09
Tunisia	1966	41						62
El Salvador	1971	47	50	63	90	37	89	48
Guatemala	1973	57	36	53	77	33	78	48
Guyana	1965	30	46	70	72	49	80	57
Honduras	1974	57						47
Jamaica	1973	27						44
Nicaragua	1971	46	43	60	80	41	79	56
Panama	1970	38	21	75	78	73	59	55
Paraguay	1972	49	19	51	64	33	78	39
Peru	1972	41	23	61	78	37	67	48
Uruguay	1963	18	54	75	80	65	83	70
Bakvain	1971	07	49	86	91	44	76	80
India	1971	72	16	47	57	26	77	17
Indonesia	1971	62	23	53	82	14	74	32
Israel	1974	06	27	82	75	48	70	74
Korea	1974	46	13	76	97	18	86	37
Nepal	1971	94	06	57	88	12	89	09
Pakistan	1972	57	08	30	25	09	39	17
Philippines	1974	55	13	62	84	27	75	35
Sri Lanka	1971	41	51	80	93	57	95	54
Syria	1973	51	11	65	75	19	69	36
Thailand	1973	72	06	61	78	20	57	20
Greece	1971	41	05	68	79	39	71	42
Malta	1972	06	08	89	97	39	85	80
Portugal	1970	30	51	90	91	62	93	70
Ghana	1970	55						23

Source: Computed from various issues of the Yearbook of Labor Statistics, 1965-75 International Labour Organization, Geneva.

culture compared to 30 percent in non-agriculture over the 1960's. For men the participation rates were about the same for the two sectors, around 75 percent. Finally, it may be noted that just over one-half of those working on farms worked for 40 or more hours per week, while over 80 percent of those with non-farm jobs worked 40 or more hours. (Over 60 percent of non-farmers worked over 50 hours.)¹⁹

These figures would more or less be duplicated for a number of developing countries. Estimates for Brazil, Colombia, Egypt, Peru, Philippines, Ghana, Indonesia, Pakistan, Thailand, India, Syria, Tanzania, Guatemala, Honduras, Paraguay show at least 40 percent of the economically active engaged in agriculture and less than 40 percent of those so engaged as wage labor. For other countries for which no data are available -- Ethiopia, Liberia, Somalia, Zaire, Afghanistan, Yemen -- the picture is without doubt very similar.

These characteristics have important implications for the extent to which an index of unemployment serves as an indicator of the kind sought. Self-employed and family workers are never sacked and rarely listed as unemployed, although the number of hours worked may sometimes reflect virtual unemployment. As an economy with the tradition and structure of employment and labor force and participation rates similar to Korea's develops, measured unemployment may very well show an increase, even though every one thinks himself or herself better off in terms of employment. In more general terms, the breakdown of traditional arrangements and organizations that supplied both the means of support and the justification for the distribution of product may tend to produce a situation in which the notion of unemployment is more appropriate. It also means that the methods used in conventional surveys and censuses are more likely to identify individuals as unemployed in this changing setting than was the case in the traditional setting. Whether such estimated increases in unemployment represent a general deterioration or general

improvement cannot be told without considerably more information than a single series called unemployment reveals.

In a somewhat similar way policies are observed that prevent unemployment in a statistical sense from being observed, but whose effect in the long run is to increase unemployment. The most obvious example of this is in Egypt where the government guarantees a job to all university graduates. Since a university education is free to the student and since a job is promised, university enrollments are enormous. Resources for the university are extremely limited so that the quality of the education is very low and has in some real sense declined in recent years. The result is a very large number of government "workers" who literally do nothing in the way of productive work. The remuneration they receive is in fact a transfer payment, not the equivalent of what they produce. Yet of course an employment survey would list such people as employed. One may conclude then that this policy of preventing unemployment must be abandoned. One could imagine a set of policies that would allow a reduction in government employment without increasing unemployment, but this is not likely. Yet it is probably right to say that the Egyptian economy would be stronger, and, in the long run, employment opportunities would grow more rapidly, if this source of employment were greatly reduced or eliminated completely, even though increased unemployment was the immediate result. This is an example of the reason why it is necessary to take into account the policies that a country follows in appraising its commitment to helping the poor in a sustained and effective way.

Many other governments use public employment as a means of relieving politically dangerous and other kind of unemployment. Such policies are not always necessarily harmful, but neither should an increase in unemployment consequent to their abandonment be automatically interpreted as an overall worsening of the commitment to help the poor.

In the case of Egypt the educational policy and government employment policy hid the unemployment. In other countries policies may produce the observed unemployment. In several countries the measured open unemployment is almost entirely concentrated among young people who have not held a job. As a consequence of their educational background, these young people will accept jobs only if such jobs yield an income and provide a status that, in general, the skills offered do not match. The unemployment is made possible in some cases by government income subsidies to families that result in an income well above subsistence. The subsidy in turn is made possible by income accruing to the country from specific resources, e.g., oil.

In one of these examples, government policy hid the unemployment and in the other unveiled it. In neither case however would simply looking at an index of unemployment tell us what we need to know to appraise an aid receiving government's commitment to helping its poor. In particular, it would appear necessary to examine its prevailing policies in order to determine the impact of such policies on the employment picture. The picture itself, as just illustrated, may be misleading. Heavy weight is therefore placed on the analysis. It is possible that a government, legitimately and honestly, believes that it is pursuing policies that will help its poor, when in fact it may be doing the exact opposite. Policies may also effect a short-run relief, while building up a long-run problem. In any event the policy side must be considered.

The policy issue enters in another way. One general and familiar development strategy places heavy emphasis on the rapid expansion of the manufacturing or modern non-agricultural sectors as a means of absorbing underemployed and low productivity workers in agriculture and other traditional activities. Hence policy was and is oriented toward achieving high rates of capital accumulation in these modern sectors.

received more than the legal minimum monthly wage.²⁰ Variation in earnings among workers is very high of course, and many people in such categories of employment are very poor indeed. But the point is simply that employment of these types do offer opportunities for a standard of living as high or higher than that achieved in "modern" sector activities.

Some studies of developments in the urban informal sectors illustrate how important these kinds of activities can be. Djakarta is a good example. Migration to Djakarta from rural Java was very high during the 1960's. Census data show that the population of Djakarta aged 10 and over increased at an average annual rate of 4.5 percent between 1961 and 1971. This migration was not induced by wage rate differentials, as such differentials are relatively small in Java. The cause was simply that work opportunities were so very limited in the rural areas that any sort of job prospect of opportunities pulled people into Djakarta. Census figures show an annual increase in the labor force of 3.2 percent over the same period and a marked fall in participation rates. Such a fall seems unlikely, and if the 4.5 figure is right, then the 3.2 figure is too low. Even with the lower figure we can probably conclude that within the "outside the labor force group" were a large number of people who wanted work.²¹

During this same period employment in large and medium scale manufacturing declined by some 25 percent. Yet the official estimate of the growth of Djakarta's GDP was 9.1 percent between 1966-71, and between 1968-71 was 10 percent. Even if these estimates are too high by 50 percent, the growth rate is impressive. Investment data are also impressive due mainly to private domestic and foreign investment. Public development expenditures were very modest (about 3 percent of Djakarta's GDP) and generated very few employment opportunities.

Measured urban unemployment did increase substantially over the period (from

Estimated Distribution of Average Per Capita
Personal Income (U.S. dollars at 1960 prices)
1965

	Per Capita Income	Poorest 20 percent	Top 5 percent
Brazil	260	45	2,055
Rio	805	200	3,880
San Paula	775	225	4,340
Chile	480	85	2,930
Santiago	660	140	3,035
Costa Rica	385	115	2,695
San Jose	500	125	2,600
Mexico	475	85	2,755
Fed. Dist.	1,050	280	5,460
Norway	930	210	2,870

Source: "Income Distribution of Selected Major Cities of Latin America and in Their Respective Countries," Economic Bulletin for Latin America, Vol. XVIII, 1973, pp. 13-45.

7.4 percent to 12.8 percent), but less than the data of the preceding paragraph would suggest. This better than expected result seems due entirely to the "informal" sector of Djakarta, defined as all economic units engaged in the production of goods and services with the exception of registered commercial enterprises, formal non-commercial enterprises, and the government sector. Included are almost all family-owned small enterprises, rickshaw drivers, street hawkers, petty retailers, and almost all service workers. Such activities are conducted without legal permits, very little capital and have very few connections with either the government or the formal sector. Indeed the government often harassed such activities. Incomes are usually low, but if the above figures on GDP growth are anywhere near realistic, they (incomes) must have been well above subsistence levels and very favorable relative to what could be found in rural areas. Also of course the output and employment of many such activities are not captured by conventional methods of accumulating data. One then can easily imagine government policies that would enhance this sector, would give it additional opportunities and resources. Such use of resources could then be expected to help the poor much more effectively than would be the case were these same resources used to promote "modern sector" activities.

Other studies of urban areas -- Nairobi, Calcutta, Bogata, Sao Paulo, Santo Domingo -- show a picture that is similar, though in some instances less hopeful.

What has all this to do with the issue at hand? The point is this. In such an economy, a very successful development program -- a very firm commitment to helping the poorest members of the society -- may not be reflected in any conventional kind of employment series. What appears to emerge from this approach is the policy objective of creating a more productive traditional society, rather than simply the expansion of a new, modern sector. In such an environment, attention would be given to the way in which people spent their time and the means of distributing the product.

**Distribution of Income
in
Aid Receiving Countries**

Country	Year	Coverage	National		Urban		Rural	
			Lowest 20%	Gini	Lowest 20%	Gini: Coef.	Lowest 20%	Gini: Coef.
Bangladesh	1966/67	Population	13.4	.17	11.4	.25	13.7	.16
Brazil	1970	EAP	3.2	.58	3.3	.59	5.6	.45
Chile	1968	HH	4.8	.51	4.3	.45	5.8	.43
Colombia	1970	EAP	3.5	.55	3.1	.55	4.5	.59
Costa Rica	1971	HH	5.4	.44	4.8	.47	6.9	.37
Cyprus	1966	HH			7.9	.32	11.3	.19
Dom Republic	1969	HH			4.3	.49		
Ecuador	1970	EAP	1.8	.68	3.7	.53	4.3	.68
Egypt	1964/65	HH	4.6	.43				
El Salvador	1961	EAP	5.1	.57	4.2	.46	7.1	.52
Greece	1957/58	HH			7.3	.38		
Guatemala	1966	HH					8.9	.30
Honduras	1967/68	HH	3.0	.62	4.0	.50	5.1	.48
India	1967/68	HH	4.7	.48	5.2	.47	4.7	.48
Indonesia	1971	IR	6.8	.46				
Israel	1968/69				5.0	.38		
Jamaica	1958	IR	2.2	.58				
Kenya	1969	IR	3.9	.64	3.9	.48		
Korea	1971	HH	9.9	.28	8.1	.34	8.0	.31
Pakistan	1970/71	Population	13.7	.19	12.3	.24	14.6	.15
Panama	1972	IR			5.0	.42	5.4	.35
Peru	1970/71	EAP	1.8	.59				
Philippines	1971	HH	3.9	.49	4.5	.46	4.3	.47
Sri Lanka	1969/70	HH	6.9	.38	6.1	.41	7.2	.35
Tanzania	1967	Population	5.2	.53				
Thailand	1962	HH	5.7	.51	4.1	.47	6.2	.44
Uruguay	1967	HH	4.4	.43				

Legend: EAP - Economically active population
 HH - Households
 IR - Income Recipient

Source: Shail Jain, Size Distribution of Income, The World Bank, Washington D.C., 1975.

In a very real sense it would mean going back to the notion implied by the Nyerere remark quoted above. Now, however, with much larger populations the task would be to make that system much more productive. To say the same thing a bit differently: the policy objective would be to create a productive system in which the conventional notions reflected in existing employment and unemployment series are not applicable. Where this development strategy is followed, then an employment index will not measure what we seek to measure. Indeed one can argue that in an extreme case in a country where this kind of strategy is in order, a favorable showing of a conventional employment index might well represent a failure of the country to pursue appropriate policies, rather than a success of policies.

In earlier paragraphs it was argued that the appropriateness of an employment or unemployment series as an indicator of the extent to which the poor of the country are being helped depended very much on the characteristics of the particular society. Now the argument just concluded makes a similar point, but this time with respect to the kind of development strategy that seems to make most sense for the country. To repeat the argument made above: the failure of "high" rates of capital accumulation to produce a sufficiently high rate of growth of employment opportunities to make much of a dent in the mass of humanity living in abject poverty has created the necessity for alternative development strategies. In some countries, possibly a substantial number, a strategy built around the creation of viable rural communities where work routines and distribution arrangements are not appropriately described by an employee/employer and profit/wages. Research in this area is just beginning, but there does seem general agreement that something along these lines may be most suitable for a number of aid receiving countries. In these cases then employment series would not be an appropriate indicator of the kind under discussion.²²

3. Employment Compensation.

The term employment implies that work is being done in return for regular payment in some form or other, wages, profits, housing, food, or whatever. Work performed with no expectation of any form of remuneration is not characterized as employment. In considering the meaningfulness of employment data, some discussion is necessary of the content of remuneration. The question at hand is not that of the relationship between employment growth and changing wage rates. This question is of course important, but it is not the relevant one in the present context. Of interest here is the way in which practices found in many developing countries of compensating labor and distributing the product affect the usefulness of series of employment and unemployment as indicators of the changes in the status of the poor.

There are several points. The most obvious has to do with the amount of remuneration received by those who are classified as employed. It is often observed that unemployment is a "luxury good," i.e., the very poor cannot "afford" to be employed because they have no means of support. They then must take any job at all in order to survive. The term "working poor" is often applied to these people. In no sense then are these people unemployed, and in no sense would a simple series showing rising employment represent an improvement in the status of these poor. What is needed is an additional measure, additional to the employment series, that tells us something about income.

There are enormous numbers of people in the aid receiving countries who are in this category, who work extremely hard and whose work has very low productivity. Available wage or compensation data do not tell us very much about what we need to know.

As discussed in the appendix these data do not really include a wide range of

activities for which compensation is very low. Very little data appear available from which a trend might be identified of the earnings of labor in the informal sectors of the developing economy. There are data on income distribution (already presented) that provide us with some clues, but these data are not available over an extended time period for any developing country.

There is however another side. Work often constitutes a claim on output whether that work results in a larger output than would otherwise be achieved. For example, a nuclear family attached to a joint family may have zero marginal productivity in the sense that the output of the joint family would remain unchanged if it (the nuclear family) left. Nevertheless, the family works to establish a claim on a share of the output. A.K. Sen suggests another example.²³ It is common for many urban workers engaged in non-agricultural activities to return to the farm during the busy season. This may mean that the extra labor is essential at this time or output would fall, but it may also mean that the individuals who return are really establishing their claims on family output. If one defines "employment" as only producing something of value, then these family members are not employed. On the other hand, if employment includes establishing a claim on output, then they are employed. The latter implies, of course, that the seasonal demands for labor could in fact be met by only the permanent farm residents.

The compensation issue links up with employment in another way. To examine this link consider a country where there is no overt unemployment because there is no means of support available to the openly unemployed. So those who cannot find a job in the modern sector are necessarily absorbed into traditional activities at very low incomes. Suppose, however, that the government has the capacity and willingness to effect transfer payments from the high income sector to the low, such that the size distribution of income is more or less equal. In this case there is no significant

employment problem, and an employment index would quite sensibly and accurately show "full employment" at all times. The low income groups, in the language used earlier, establish a claim on output beyond their earnings, simply by being poor.

This result depends on the government being willing and able to effect this income transfer. And rare is the government that both can and will do this, and can do it in a manner that does not create "employment" problems of the kind referred to earlier. If the government were not able to transfer current income in this way for some reason or other, than both unemployment/underemployment and compensation (or low productivity) from work become an issue. Suppose that the government is not able to accomplish the transfer because of political difficulties (in contrast to not having the technical capacity), but would be willing (in some sense) to do so. Then it seeks to bring about the equality by other, less suitable means. It may for example seek to speed up the rate of investment in the modern sector to increase the rate of growth of employment in that sector. As noted above there is reason to believe that in a number of aid receiving countries this approach cannot succeed, and in some others can succeed only over an unacceptably long time.

Suppose that the problem of absorbing labor into the modern sector is made more complex by the fact that the wage rate in that sector is, for institutional or other reasons, above the marginal product of labor in the traditional sector. Then an increase in modern sector employment will, very probably, increase consumption relative to output. Then the government must concern itself with the consequence of this development on the saving rate, and hence on the rate of investment and on the inter-generational distribution of income. Evidently such policy questions quickly become exceedingly complex when a government must resort to second (or lower) best solutions.²⁴

Another second best solution would be to allocate the new investment in sectors other than the ones that yielded the largest increment of output. In this situation the frequently mentioned trade-off between employment and output arises. Exactly how a government should (or can) resolve such a trade-off can hardly be identified a priori. In particular, we cannot say that a government that resolves the trade-off in favor of output is to be penalized and one that resolves it in favor of employment, rewarded.

It is frequently argued that transfer payments of the kind discussed here are not a feasible alternative in very many aid receiving countries. Such payments impose technical and administrative difficulties that the country cannot meet, and also provide considerable opportunities for corruption in one form or another. This is doubtless true in many cases, but it is by no means clear that an employment creating program is less demanding in terms of administration requirements. Neither is it self-evident that an employment creating program is less open to corruption than is the transfer payment approach. The real point is surely that we think that employment is not only a means of distributing income, but also a means of increasing production. When a situation arises in which more employment does not mean more output, then employment as a means of distributing income is open to basic questions. Indeed, in many instances the capacity of the economy to expand output is the limiting factor on employment. Especially is this the case when the supply of consumer goods is a constraint. This point will appear later in connection with the discussion of the importance of employment as a source of recognition and involvement.

In the examples used above the problem emerges because of the government's inability to pursue the optimal -- as opposed to the second best -- solution to reach its objectives. Then the problem arises as to the nature of the constraints that prevent the government from following the best policy. In this case considerable country

specific study of existing constraints is necessary. One can easily imagine a country where the political arrangements themselves are regrettable in a variety of ways, but which do permit the best solutions to this particular issue. Similarly one can imagine a government that, quite appropriately, holds off from following second-best solutions in an effort to achieve the appropriate one later. The identification of structural and political constraints that can and cannot be removed is a matter of great relevance and great difficulty in appraising any government's commitment to a particular objective. Once such identification is accomplished, there remains the problem of appraising the legitimacy of its acceptability. A political constraint due to the necessity of a government to appease certain segments of the population (e.g., landowners) would generally be treated very differently from a constraint in the form of a religious belief or practice. Life is further complicated by the fact that some bottlenecks that impede employment creation may be broken by more aid. In this case the problem would be that of appraising the use to which aid would be put, rather than simply looking at the past record.

In a sense specific, unique answers to these kinds of questions are not possible, at least not in many countries. It does seem possible to gain some insight, some understanding of the nature of a particular society and then to appraise the legitimacy of its action.

This discussion points up the difficulty of equating unemployment and poverty: This equating has been increasingly done recently especially by the various International Labour Office sponsored groups studying employment in various countries. A good case can be made for keeping poverty conceptually distinct from employment. As we have seen in the preceding discussion, a person can be idle and have ample funds to live well and can work terribly hard many hours every day and be very poor. At the same time it must be appreciated that employment is an important means,

in some countries the only means, of generating and distributing income. It (employment) must then be taken into account as one means of relieving poverty. Sometimes it is the optimal means, and other times, as we have just seen, it is the second-best means.

The point at this stage of the argument is to call attention to the fact that employment may not be the best (and certainly is not the only) instrument for fighting poverty. Also it is necessary to see that a person's income may not be associated directly with his job. This latter refers to the receipt of transfer payments from the government in the conventional manner. It also refers to the more common situation in which the income of a family member who works on the family farm would continue even if the person ceased to work. Then there is the opposite situation where work yields no output, but working is in large part intended to create or maintain a claim on income. Where this latter situation is common, it may well be that means other than employment (i.e., transfer payments) are the most effective way to attack poverty.

In this we have what may be called hidden unemployment among those classified as outside the labor force. A program to create employment opportunities among low income people may in fact result in an increase in measured open employment. This could result if, as a consequence of the expansion of job opportunities, more people were encouraged to enter explicitly the search for jobs than there were new jobs created. This argument is similar to the one more fully documented in which an expansion of job opportunities in an urban center attracts more people to the city from the countryside than there are jobs created. The result of the employment expansion is an increase in observed, open unemployment in the city. The specifications of the reference period as the period during which job search took place may also bias the results. Presumably a person seriously hunting a job hunts all the time.

At the same time if the question is put, "What did you do by way of searching for a job during the reference week?", the answer may well be nothing. In the rural village there may be very little that the unemployed -- even the full time unemployed -- can do by way of search, unless he (she) leave the village.

PART III

The statistical and conceptual problems that complicate the use of the labor force and employment/unemployment approach have led to a search for a more satisfactory way of doing essentially the same thing. It is useful to examine very briefly a number of these approaches as they provide the basis of the procedure recommended in Part IV of this report. All of these alternatives have a common theme, that of trying to break out of the threefold classification (employed, unemployed, outside the labor force), and design a classification system that encompasses the much greater variety of ways that time is used in the developing countries. Only those approaches that seem most fruitful for the task at hand -- providing an indicator of changes in the economic status of the poor -- are noted here. A more general survey is found in /69 /.

1. One of the earliest efforts in this respect is that of Philip Hauser.²⁵

Hauser seeks to measure in a particular way how the labor force is utilized. This approach uses data on the labor force, but also requires additional information.

Hauser seeks to account for the underutilization of labor by a variety of sources. So he defines the following functional categories:

Total work force:	_____	_____
(A) Utilized adequately	_____	
(B) Utilized inadequately		
1. By unemployment	_____	
2. By hours of work	_____	
3. By income level	_____	
4. By mismatch of occupation and education	_____	
(C) Total	_____	_____

This approach does not avoid very many of the pitfalls of the "pure" labor force approach. It requires a figure for the total labor force and some definition and measurement of what constitutes "adequate utilization" and "unemployment." There are problems, as we have seen, in doing both of these. The main advantage of this approach is that it calls attention to the need for an explanation of the labor that is utilized inadequately. The following table shows the results from applying this approach to two countries, the Philippines and Malaysia.²⁶

	Philippines 1968		Malaysia	
	Number	Perc.	Number	Perc.
Total Labor Force	36.8	100.0	2.5	100.0
Utilized Adequately	14.4	39.1	.7	26.9
Utilized Inadequately	20.1	54.8	1.9	73.1
By Unemployment	.7	1.8	.2	7.0
By Hours of Work	2.6	6.9	.4	17.3
By Income	7.9	21.4	1.2	48.7
By Mismatch of Occ.-Ed.	9.1	24.6	.1	.3
No Information	2.2	6.1	--	--

Several comments may be useful on the various reasons for the utilized inadequately category. The "unemployment" category in both countries is very small. In both cases this refers to open unemployment, i.e., not holding any sort of job. As stated here, the argument of course tells us nothing about the reason for the unemployment, nor does it help us to understand the income effect of the unemployment. The hours of work item is meant to reflect the fact that some workers would like to work more hours. Does this mean that they need or want more income or that they could work more hours than they now do or exactly what? The fact that

a category "by income" is identified would imply that where income considerations lead a person to be identified as inadequately utilized, that person would be included in this category regardless of hours of work. So presumably the people included in the income category are those who work "full time" or part time at jobs for which they are educationally qualified or trained, but who earn an income that is below some accepted cut-off point. On the other hand a person included in "by hours of work" is receiving "enough" income (or at least an income above the cut-off point), but seeks to work more hours for some reasons other than simply more money.

In the category "mismatch of occupation and education" we are again to assume that an above the cut-off point of income is received and "full time" is worked, but the level of the individual is producing less than he (or she) might because his (her) training and experience is not being used in the job the person now holds. Evidently there are considerable problems in deciding whether or not a person's capacity is or is not being fully utilized.

This approach does begin to get at the important question of explaining the reasons for unemployment or for inadequate utilization, and that is an important advantage. Standing as it now stands, however, it does not provide much more in the way of an indicator than do data from the labor force, employment/unemployment approach.

2. A method similar to that of Hauser has been designed by Ernesto Kriz and Joseph Ramos for use in the Regional Employment Programme for Latin America and the Caribbean.²⁷ They too seek to get away from the dual classification -- unemployed or employed -- and to identify the sources and nature of the under-utilization of labor. They applied their method in Managua (July 1972), Santo Domingo (February 1973), and Asuncion (May 1973). Those who have no jobs are classified as unemployed, but Kriz and Ramos try to pin down more completely

exactly what those who have a job do. Of the person who has some kind of a job, they ask whether the worker had a stable or fluctuating income. In the case the income is "fluctuating" he (or she) is asked what the income was during the reference week and during earlier good and bad weeks. If the respondent received a stable income, he or she is asked if they consider that their full capacity is being exploited and whether they earned more or less in some previous job. Persons outside the labor force are asked if they have searched for a job recently and whether they thought it possible to find a job should they wish one.

From information supplied in answer to these questions, the labor force is classified into five groups:

- 1) fully employed workers with stable incomes
- 2) workers with stable incomes who work fewer hours than they would like
- 3) workers with stable incomes who are not using all their training and qualifications
- 4) workers with fluctuating incomes
- 5) occasional workers
- 6) the open unemployed

The results of the survey (not fully available) however do not uncover much that is surprising, nor do they solve many of the statistical and conceptual problems that complicate other surveys. Open unemployment in all three cities was over 12 percent, but of this 12 percent some 35 to 40 percent had not been laid off from their previous job but had quit voluntarily. This fact, quite surprising, casts considerable doubt on the meaning of the "unemployment" category, and consequently on the interpretation to be placed on other categories. For example, a large number of the unemployed were searching for part time, not full time, jobs. Data from

these surveys also point up the important role that women play in urban unemployment. In rural areas women are often classified as "outside the labor force," but when rural women move to the city they usually become job seekers. Thus for the Dominican Republic the rate of growth of the male and female labor force was the same over the 1969-73 period, but in Santo Domingo the female labor force increased at an average annual rate of 8.5 percent, while the male labor force average 5.1 percent. Also of course native city women are more responsive to the changing customs that encourage female employment than are women in rural areas.

The Kritz-Romos approach, like that of Hauser, does provide more detailed information about the use of labor time, and in that sense it is helpful. At the same time no index emerges from the data that could serve as an indicator of the extent to which the poor are sharing in the rewards of growth.

3. More recently Mitsuo Ono has suggested a variety of ways of approaching the question. There are readily available descriptions of Ono's proposals, and only a brief comment is necessary here.²⁸ His approach uses a detailed quarterly time disposition questionnaire. Hours worked in any activity are recorded, and the type of skill employed is specified. One views labor utilization primarily as a problem in production analysis, and the survey seeks to obtain detailed information on the characteristics related to this labor production activity. The questions are organized to give priority to 1) those currently working, 2) those wanting and seeking work, whether currently working or not, 3) those not working, while wanting, but not seeking work, and 4) all the rest, i.e., those not working, not seeking work, and not wanting to work.

The approach and the questions are similar to those implied in the preceding two, but with an effort to establish a more fundamental basis of the approach as well as to obtain more detailed data. The discussion provided by Ono helps to clarify a

number of issues, and his set of questions enables us to gather a substantial amount of information relevant to the issue at hand. There is a question however with this approach that is best referred to under a different heading.

4. The United Nations Economic and Social Council report, Social and Demographic Statistics, Framework for the Integration of Social and Demographic Statistics in Developing Countries, reviews a variety of issues associated with the collection of data on employment as well as other "social indicators."²⁹ The proposed series to be collected for employment data are the most extensive that I have seen. They include data on paid holidays, injuries, occupational health, etc. distributed by sex, age, geographical area, level of education completed, and kind of economic activity.

Although a set of data that such a set of questions would produce could be very useful, there exists, at the same time, the problem that obtains with almost all the large scale multi-purpose surveys, namely something of a lack of focus. What is it, precisely, that we want our collection of data to reveal and to help us ascertain? When that question is not unambiguously specified then we are in danger of gathering data that are not really exactly what is needed. It is doubtless correct, as a number of people have noted, that money is saved by using a single survey to collect data for a variety of purposes.³⁰ The risk here is that we lose sight of the exact purposes for which the data are to be used, and hence many not wind up with exactly the data we need. As noted earlier, there are vast amounts of data, countless surveys and questionnaires, yet when we come to look for data to use for a specific objective, there are none. This result is almost always a consequence of the fact that so much of the available data are collected independently of any model or question.

It is essentially for this reason that I suggest later that a specific survey is needed

if we are to obtain the kind of data we need if we are to use employment growth as a means of indicating the alleviation of poverty.

5. Deborah Freedman and Eva Mueller have suggested an approach that seeks to find a way between the big, all-inclusive survey and the specifically focussed, but costly, small survey.³⁰ They have prepared a "standard package" made up of a number of modules, each dealing with a specific economic variable. The modules may be adapted to fit various areas or cultures. Their standard package includes a large module on the household and the characteristics of its members, and smaller ones on occupation and employment, fertility and child mortality, migration, and household income and assets. Presumably the questions of each module may be so framed that they supply the data needs of a specifically focussed question. Freedman and Mueller's employment module serve as the basis of the approach proposed in the final section of this paper.

6. Gunnar Myrdal and Paul Streeten have strongly criticized the labor force approach, but their alternative is not so much an effort to understand the way the low income person uses his time, as it is an effort to take into account variations in labor efficiency.³¹ To do this the following identity is written.

$$\frac{\text{Income}}{\text{Population}} = \frac{\text{Production}}{\text{Hours Worked}} \times \frac{\text{Hours Worked}}{\text{Labor Force}} \times \frac{\text{Labor Force}}{\text{People of Working Age}} \times \frac{\text{People of Working Age}}{\text{Population}}$$

The four components on the right hand side are respectively hourly productivity, the working time rate, the participation rate, and the population dependency ratio. It is claimed that such an identity enables us to specify the sources of the under-utilization of labor as the failure of the four ratios on the right hand side to achieve those values which can "reasonably be assumed to be brought about by feasible policy measures."

It has apparently been clear to few readers why Myrdal and Streeten believe that this identity tell us more than the conventional labor force approach. The approach requires an estimate of the "labor force" and of hours worked, both of which, as shown above, are of dubious merit. Similarly, the heavy reliance on "reasonably" and "feasible" are terms that are hardly useable in an objective fashion.

It may be that in some instances an effort to establish the ratios on the right hand side will help us to identify certain areas where the values in a given country appear very different from those of other, similar countries. This may in turn lead us to ask useful questions about the given country. It may be noted that no one has in fact used it in this way. We may conclude therefore that the Myrdal-Streeten approach is not really a viable alternative to the conventional approach and offers much less hope than do the methods built around a study of the allocation of time.

There are other variations in the approaches to the study of the use of time, but the preceding summaries give an accurate flavor of the approaches most frequently proposed.³² Although relatively little actual application has been of these proposed time use surveys, the arguments in their favor are convincing. They do appear to be the most hopeful means of overcoming the statistical and conceptual difficulties discussed in Parts I and II. None of the proposed approaches are concerned directly with the use of survey results as an indicator of the improved status of the poor of a country. The task now is to see to what extent this can be done.

PART IV

In Part I and the Appendix the discussion centered on the statistical issues surrounding the compilation of data that tell us about the employment and unemployment situation in a given year and over a period of years. In Part II the discussion was concerned with some of the conceptual problems involved in using series compiled as existing series are compiled for an indicator of a country's commitment to helping its poor and as an indicator of the success in carrying out that commitment. The conventional approach of identifying everyone as employed or unemployed, or outside the labor force does not yield very usable series for the purposes under discussion. Then in Part III we reviewed a number of alternatives to the labor force approach. It seemed clear enough in that discussion that a time use study offered the most hope. The question now is what can be done with such studies to enable us to use their results as our indicators.

It may be helpful to begin with a sentence or two on the notion of an indicator.³³ We may think of an indicator as an index that enables us to assess where we stand, where we came from, and the direction in which we are heading with respect to a given area of interest or concern. In the case at hand we are seeking an index that would permit the assessing of a country's efforts to ensure that the rewards of development are shared in some socially optimal way by all the population. The immediate use to which such an index would be put is presumed to be that of helping AID to determine an appropriate allocation of its economic aid funds.

As just noted the arguments of the preceding sections of this report gave ample reason to reject a simple series of employment or unemployment as such an indicator. In the definition of indicator just given we used the word index rather than series to suggest that the indicator might include a number of components, rather than just one. Several considerations relative to the construction of such an index have been

implied by the preceding discussion.

1. Employment. Employment itself, while not an adequate indicator by itself, is of course a relevant issue. In no society does idleness as such appear as a legitimate goal of a significant proportion of the population. Employment performs a variety of functions. Is employment as such a benefit or is it a cost of production and a means of distributing income? The answer is that in most cases it is probably all three. The point is directly relevant in some countries (e.g., Kuwaitⁱⁿ the example below) and helps to identify the issues involved in all countries in designing an indicator of the kind we have been searching for.

It is probably generally the case that most people want to have a job for its own sake as well as for the income it brings them. This is more likely to be the case where the job generates some interest and satisfaction for the worker, than where the job is one of unremitting, back-breaking toil for endless hours. Even in a Kuwait where all citizens could be supported in considerable luxury with oil rents, plans and efforts are made to create jobs -- presumably not just as a means to distribute the country's income. This is the "recognition" aspect of employment of which Sen speaks.³⁴ In this case the production of jobs that do more than simply provide an income becomes an important aspect of the relief of poverty. To say it differently: sharing in development means sharing in the increasing income, but it also means sharing in the new jobs that are valued in themselves. Such an argument rests on psychological and social grounds rather than economic. The point is that involvement in the development process, requires more than just more income available. Work then is another link, another aspect with development. One author / 69/ has noted that "work is man's strongest tie with reality, so the absence of work and the absence of the social interactions associated with work, endanger the individual's appreciation and comprehension of reality." I would replace the word reality with

development in order to convey the notion here.

Similarly a government may have reason to believe that idleness, even without poverty, induces undesirable social behavior. In addition it may be a means to bring about a change in customs and social arrangements, e.g., greater employment of women may lower the birth rate or break down traditional practices that defeat efforts to change. For all these reasons then employment creation is an important part of the efforts to help the poor.

2. Income. Poverty is defined as access to income insufficient to provide certain physical or social needs. Hence any indicator that purports to show the extent to which the poor are being helped must include an income component. Employment is one way of providing income, but in no sense is it the only way. Wage rates, wage payments, and income from self-employment are therefore not sufficient as a measure of poverty relief. We must find a way to include cash transfer payments or payments in products and services from the rich to the poor. Note that even if the employment efforts were successful, such transfer payments might still be very much in order. Also for institutional or economic reasons it may be appropriate to provide such transfer payments in the form of goods and services rather than money. The idea here is the relief of poverty, not redistribution as such. In rich societies it may be that income redistribution for its own sake is a social objective. This does not seem to be the case in the very poor countries, where relief of debilitating poverty is a much more urgent issue. Income distribution is however a very relevant matter as it tells us something about the capacity of a country to effect transfer payments. If income were exactly equally distributed, and everybody lived in poverty, then transfers from rich to poor would not be possible. So we need to have information on the extent that such transfers are possible, and that is largely a matter of the inequality of the distribution of income. / 17/.

3. Policy. Attention has also been focussed on the policy or strategy that the developing country is ostensibly and actually pursuing. Attention to policies follows from several considerations. The most obvious is the fact that the policy package tells us a great deal about the commitment of the government to the stated objective. More important is the fact that it is the extent to which the policies produce the derived results that is at the heart of our question. If our indicator shows improvement independently of government policy the interpretation is much less favorable than it would be were it possible to show that the policy package produced the improvement. To the obvious remark that it is difficult to determine exactly the impact of policy, one may reply simply, of course it is but it is much more useful to try to do that which is useful than to do well that which is not. To repeat, we want the results to be a consequence of specific policy decision, not just a happenstance.

4. Constraints. A characteristic similar to the policy issue is also relevant, namely that having to do with the constraints within which a government operates. An isolation and appraisal of these constraints is a part of the story for several reasons. In the first place one cannot evaluate the commitment of a government without understanding the constraints within which it operates. That one government accomplishes little, while another is able to do a great deal may be explained in terms that are acceptable, or in terms that are not. Few governments act the way they act just for fun, and probing into why policies are adopted is often revealing. In addition we may learn something about whether aid will or can help to break a bottleneck that is impeding the achievement of the target.

5. Universality. The final general point that may be made concerns the question, is it possible (or desirable) to seek one index that is to be used in all aid receiving countries. No definitive answer to this question can be given, although there is a strong presumption that it is not possible. The main reason for this pre-

sumption is simply that the structure of employment and the labor force, the incidence and severity of the poverty, the nature of the constraints within which governments may operate, and the suitability of policies varies so much from country to country that one index may reveal for one country and mislead for another. On the other hand, some common aspects do obtain, and where possible these should be exploited.

With all the arguments of Parts I, II, and III and the considerations just discussed behind us, it is now necessary to ask in what way can we use employment and wage data to tell us something about how the poor are faring and why they are faring the way they are. Two points may be emphasized: with any approach, considerable trial and error will be necessary in working out a satisfactory "index," and information in addition to employment and wage data are necessary to gain full understanding of the poverty. Here we will concentrate on the role of employment data can play in the task, but it is important to appreciate that other kinds of data (i.e., other than employment) must be used if we are to obtain a full picture of the changing status of the poor. The following proposal is based on the arguments found in the recent literature, and reviewed briefly in earlier sections. The principal innovation in the present paper is the insistence that we must link up what we identify as happening with the government's policies in the employment sphere.

It seems evident that we need a special household survey for the collection of the relevant data. There are numerous surveys now being made in developing countries, and numerous proposals for rather elaborate and comprehensive collections of data of all sorts. In seeking to be comprehensive however, surveys often lack a clear framework or focus, and hence the data collected generally do not serve very effectively in answering specific questions. Thus there exists a great deal of data on employment and income associated with that employment. It does not exist in a form that, except

in isolated instances, enables it to be used in answering the kind of question defined above. It is necessary therefore to suggest another survey aimed directly at the specific task at hand.

The issue is further complicated because we need a picture of developments over a substantial period of time. Any set of questions must therefore be useable over a period of time and must, in some sense or other, produce a time series that tells us how the lot of the poor is changing over time. It is suggested below that in the initial rounds of the survey an effort be made to gain some information as to whether the respondent believes his/her economic position has improved over the recent past. It will be difficult to get precise quantifiable information on this point, but the kind of straight-forward questions referred to below can reveal something about developments over the recent past.

Everyone seems to recognize that questionnaires that require a relatively long time to complete are less likely to elicit correct answers than are shorter ones. It is accepted of course that questions need to be checked, and asking a series of questions that are related has some advantage. Also we do need a lot of information. Even so, it seems to me that most of the proposed questionnaires are too long by a consideration margin. It is therefore suggested that the questionnaire be quite short and sharply focused. To seek to capture too much is to wind up capturing nothing. In general terms we seek information on the following questions:

- a. How the adult members of the household spend their time.
- b. How and to what extent the work performed by the members of the household is rewarded.
- c. The availability from non-government sources of money or goods and services to the household that is not a payment for work.

- d. The availability of goods and services provided by the public sector.
- e. The extent to which the respondent is aware of specific government policies that affect directly his economic well being.
- f. In the initial rounds of the survey we want to try to get an impression from the respondent of how he/she thinks his/her economic conditions have changed over the recent past and why they have changed.

In addition to the information collected by the questionnaires, we need some understanding of the state of the economy in general. We need such understanding because, as argued above, it is necessary to try (at least) to identify the constraints within which the government pursues its policies to improve the lot of the poor. The exact content of this kind of study is difficult to specify, but essentially the kind reports prepared by AID, the World Bank, and the regional agencies of the United Nations are appropriate. It does not appear necessary to prepare any new studies for this purpose. Any interpretation of the results of the survey however must be done within the context of a general understanding of the state of the economy and the capacity of the government to effect major policy changes.

The details of the sample design and the questions themselves must be left to someone else. Some further, more specific comments on each of the major items listed above may however be useful.

a. On how time is spent. The best set of questions on this topic that I have seen are those designed by Deborah Freedman and Eva Mueller referred to earlier. (See Appendix II.) These questions should enable an analyst to gain a reasonably clear picture of how a sample of people spend their time. There is no attempt in these

questions to clarify people as employed or unemployed. Rather it is to gain insight into how the respondents have used their time over the preceding 12 months. The questions provide data on hours of work, seasonality of work, and extent of interest in additional work. Similarly, questions are asked that should tell us something about why people are not working as much as they say that they want to work. I have added a question that seeks to determine why those people currently not working, but previously employed, left their employment. This is a useful question in view of the evidence that a substantial number of those found to be without a job had left their previous position voluntarily.

Data from a survey such as this should enable the analyst to establish a fairly unambiguous picture of the extent and form of the work that the population does and is available to do. One might construct an index of employment, unemployment, and underemployment on the basis of some more or less arbitrary classification system. I doubt that this is a useful thing to do at the outset. As the surveys continue however and we learn more about the way the economic system operates, it may become possible to devise indices that tell us something useful.

b. On income from work. The same set of questions include those aimed at gaining information about the remuneration associated with the work performed. The real difficulty here of course has to do with non-wage remuneration. Question 7b attempts to answer this question. Evidently the person conducting the survey must have a good working knowledge of prices in the area for various categories of consumer goods in order to provide some clues to the respondent if necessary and to be able to offer a check to the respondent's own estimate. Another problem of importance and complexity is that of insuring that the payments made are in fact remuneration for the work performed. It is especially useful to try to develop a series of wages (including those paid in kind) associated with the various occupations and the various

regions of a country. An after tax figure is desirable, but since our sample is made up of the lower income groups, taxes probably are not very important. Implicit taxes (e.g., the Egyptian government, the sole purchaser of cotton in Egypt, buys cotton from the farmer at a price well below the world price) should not cause a problem as the income recipient would rarely quote his income in figures that reflected the tax.

A single index for labor remuneration may well be feasible at an early stage, as would an index of remuneration in the various occupations that are identified. The construction of such indices and an analysis that seeks to explain why they change the way they change is an important aspect of understanding the role that employment plays in the attack on mass poverty.

c. Availability of non-work income from private sources. We need information on this issue for two reasons: First, it tells us something about poverty that employment remuneration alone does not tell us. Second, and more important in the context of employment, it tells us something about means of support for those who have no work income. As discussed in the preceding parts of this paper, means of support affect the employment situation in a variety of ways; and to understand why work takes the form it does, why some people are able not to work or to spend a long time searching for the kind of job they are entitled to have.

It is difficult in many instances to get accurate data on this kind of income. Direct questions are the best bet, but there is not an effective way to check the accuracy of the answers. Even so it seems essential to have questions in the survey on this issue. Unless more ingenious ways can be found to ask for this information, I suggest the following formulation:

- i Have you or your household received money or income in kind from friends and relatives not in direct payment for

services rendered? (Specifically excluded, of course, are loans of all kinds.)

ii. How much do you estimate that such payments have amount to over the past 12 months?

d. Payments to individuals and households from public sector sources. We need data on this point for the same reason listed above for gifts from private sources. In most aid receiving countries contributions from the public sector will be in the form of goods and services rather than in money. It may be that the best source of information on this subject is the local or area leader. Even if this is the case it is important to ascertain how the individual households perceive the quantity and quality of the services supplied by the public sector. We need here especially some independent (of the recipient) evidence on the availability of such goods and services. We would be interested mainly in what new or improved services had been supplied over the preceding 12 months.

It may be noted again that in the present context this item and the preceding one are intended to help us appreciate the extent to which total income available to a household is direct remuneration for work performed and the extent to which it is a form of transfer. Then the extent of the latter affects directly the nature of the unemployment and employment picture and its effect on poverty and hence the policies that appear most useful in attacking this general range of problems.

e. Awareness of impact of government policies. The awareness among the poor of government policies cannot be expected to be great. Yet one is often surprised at the extent to which there is such knowledge, especially among farmers, small non-agricultural businesses outside the central cities. The purpose of discussing these matters with the respondents is, of course, to gain some insight into how individuals and households view the role of government and government policies in accounting for

their lack of work, their low productivity, their low income, and other problems. Evidently the views of these people may be quite superficial or clearly downright wrong. At the same time, as noted above, it is useful to know how the policies being followed by the government are accepted and understood by those people the policies are designed to help. The person who conducts the survey must also be informed enough to ask questions and explain the relevant policies in such a manner that the respondent is able to appreciate the issues involved.

One may doubt that really much accurate data can be accumulated on this particular question by such interviews. There is little evidence one way or the other on whether questionnaires on this type of issue will yield results that are at all revealing. It does seem to me to offer hope of success, and after a couple of trials to gain experience, the results may prove very helpful. As emphasized earlier the question in which we are really interested is the impact of the government's policies on the creation of work opportunities and remuneration associated with that work. It is imperative therefore that the question be addressed directly, and discussing it with those directly affected is part of that process.

f. On recent developments. Primary interest is how items a-d change over time, rather than how they look at one point in time. It would take several years before the kind of survey envisaged here would supply a picture of developments over time. In an effort to gain some understanding of what has been happening over the recent past, it is suggested that respondents be asked questions about their work and remuneration in past years. Answers to these kinds of questions are even more open to doubt than are questions relating to the past year or half-year. It may be possible however to discuss certain changes in the near past in a more general, and provide the analyst with enough bits and pieces of data and information to gain some rough idea on what has been happening to the poor over the past 4-5 years, and possibly

why it was happening in that way.

Suppose for the moment that the above survey produced a large body of reliable data. What then? It has already been noted that a single valued index of employment or unemployment can probably not be constructed without making such a large number of arbitrary assumptions as to hide much of the usefulness of the survey. This situation however might change as we learn more about a particular region. It should however be possible to prepare a short statement or two that can tell us something about how the allocation of time has changed over recent months. Indices of labor remuneration are more nearly possible, and should be constructed. Similarly, one could, with sufficient data, construct indices that show that how both public and private sector transfers change over time.

We would then have a qualitative statement on time allocation, indices of remuneration, and of transfers. We would have some information on how the respondents view the role of government policy in accounting for all this and we have assumed that the analyst is expected to be well acquainted with recent government policy. The analyst should then be able to prepare a fairly sensible and brief statement relating policy and employment/remuneration/transfer.

We must recognize that even this much is not possible for many countries as surveys will be difficult to mount and information on general economic policy of the country. Considerable trial and error and learning will be necessary before it can be hoped to arrive at a completely satisfactory procedure. It is probably useful to select a handful of countries to try this approach on. South Korea, Philippines, Pakistan, Colombia, and Kenya might be countries with institutional arrangements, government infrastructure, and personnel to undertake such a survey and the interpretation of the findings. From studies for these countries, it may then be possible to modify and adapt in such a way that the approach can be applied to more and more countries.

It is important to end on a note of caution. The preceding suggestion sounds clumsy and unspecific. Much is left to the judgement of the analyst. It would be nice indeed to have a single valued index that told us everything that we wanted to know. To construct such an index now is not possible, and to construct one that rests on arbitrary or false assumptions is to mislead rather than to enlighten. It seems best therefore to build slowly from a firm base rather than to try to do more than now appears possible.

Appendix

Sources of Data on Employment, Unemployment, Wages and Hours

Data on economically active, employment, unemployment, hours worked, and wages are usually accumulated through one or more of four methods.³⁵

1. Labor force sample surveys. Data from carefully designed sample surveys are much the most useful sources of information on these matters. They are also the most economic, and can be controlled in the most effective way. Also of course sampling errors can be calculated easily. Such samples are frequently quite thorough, and provide data on the total labor force, employer as well as employee, seasonal workers, and own account workers. Some of these categories are often omitted from other sources of data.

2. Statistics of compulsory social insurance. Evidently the accuracy of data from this source depends very much on the extent of the coverage of the insurance program. In very few aid receiving countries is this a reliable source, nor does it seem likely to improve in the near future.

3. Statistics of establishments. Data from this source show the number of workers on the payroll of establishments. Some of the series compiled in this way relate to all establishments, while others exclude units below a certain size, or those not using power, or whatever. In some countries a sample of establishments is taken, while in others the results of an enumeration of all establishments is presented. It is not always clear just exactly what the content of the establishment surveys are.

4. Census. Most countries take periodic censuses, but these obviously cannot be done very frequently, and the presentation of results invariably takes place long after the date of the census. Some categories, e.g., economically active population, are probably best done by a census, but not other series.

For unemployment data there are additional sources of data. In some countries there are unemployment insurance statistics and data from trade unions, but neither of these are very relevant in the aid receiving countries. Employment offices also provide data on unemployment, but such data are virtually useless as a measure of unemployment.

An unemployment rate requires of course an estimate of the total labor force. Estimates of labor force or of the economically active population are obtained from the same sources, especially sample surveys of employment and census. It frequently is difficult to find a completely clear statement as to the exact criteria used in determining whether a person is inside or outside the labor force. In particular, do difficulties arise with respect to the treatment of women and young people who have yet to hold a job as well as of family workers. Criteria with respect to these items certainly vary from country to country and within the same country over time. Given the fact that considerable discretion is implied by the language of most questions for both respondent and questioner, it is also quite likely that a uniform criterion is not applied even with a given year.

1. Chile. The International Labor Office publishes no general employment series for Chile, only employment in manufacturing. This series includes wage earners working full time and foremen on the payrolls of reporting establishments. Returns are obtained quarterly from a sample of establishments taken from the 1957 census of manufacturing. The sample is said to cover 10 percent of the establishments with 20-49 workers, 20 percent of those with 50-99 workers, 40 percent of those with 100-199 workers, and all of the establishments with over 200 workers. The 1960 level was 160,000 out of an economically active population of about two million. The 1957 census however was far from complete in 1957, and presumably is even less adequate now. The population from which the sample is drawn is surely much too small, and the very small units are completely excluded from the sample.

There is no way to determine whether the rate of change in the series is more accurate than the level.

A quarterly sample survey of unemployment is taken in the Greater Santiago area. Persons are included who are over 12 years of age and who did not work for pay or profit during the reference week, but who made specific efforts to find employment over the preceding two months. Persons who have never held a job are included as unemployed as are people temporarily laid off. Personal interviews are held with 3,000 households chosen a stratified sample from the 300 censal districts.

2. El Salvador. Employment series are available for non-agricultural sectors and for manufacturing, but apply only to the metropolitan area of San Salvador. In 1974 the figure for non-agricultural employment was a bit over 81,000 and for manufacturing was 22,300. The total economically active was a bit less than 1.5 million. Data are from statistics of establishments employing five or more people. Again here there seems little doubt but that the absolute levels are too low, but there is no real way of determining whether the percentage changes from year to year are reasonable estimates of what actually happened.

3. Guatemala. Data apply only to Guatemala City and are available only for manufacturing. Included are all wage earners, including foremen and apprentices, on the payrolls of reporting establishments during the reference week. Returns are obtained monthly from a sample of 160 establishments employing at least 5 workers. Such a sample is presumed to cover a minimum of 65 percent of the persons engaged in the industries included in the 1950 industrial census. In 1974 about 9,000 wage earners were counted by this method -- out of an economically active population estimated to be 1.5 million.

The unemployment series is simply the number of persons irrespective of age,

who register at the employment offices in the four largest cities. Registration is voluntary.

4. India. The principal employment series of India is that for employment in non-agricultural sectors. Included are all wage earners and salaried employees (also working proprietors, foremen, and apprentices) on the payroll of establishments in the "organized sector." This includes all public sector enterprises and all units in the private sector with more than 10 employees. Only full-time workers are counted. In the middle of 1974 there were some 18 million workers covered by the series, estimated to be about half the total number in the organized sector and one-tenth of the economically active population. Returns are obtained quarterly from mailed questionnaires, and apply to the last working day of each quarter. If an establishment does not respond, estimates are made on the basis of previous returns.

For its unemployment series India relies on the figures obtained from employment exchanges. Persons registered at these exchanges may already have a job, and be seeking a different job or an additional one. In recent years some 40 percent of those registered at the employment exchanges had some kind of a job. Almost all employment offices are located in urban areas, and this of course makes it difficult for persons living in rural areas to register and to be kept informed on the availability of jobs. Data refer to the last day of the month.

Neither the employment nor the unemployment series obtained in these ways tells us much about poverty alleviation in India, and indeed can mislead one. Given the vastness and heterogeneity of India, an increase in this employment index may well mean that the poor are being penalized. The main conclusion, however, is simply that neither the employment nor the unemployment series come from the raw material that measures the extent to which India's poor are being helped.

5. Jamaica. The employment series includes everyone 14 or older who did

any work, or were temporarily laid off (because of sickness, bad weather, strikes, etc.) during the reference week. The data are gathered by personal interviews of some 4,250 households, selected from the entire population by a carefully designed two-stage sampling method. The surveys take place twice each year.

The estimates of unemployment are compiled from the same surveys. The unemployed are defined as persons 14 or over who, during the reference week, did not work for any form of remuneration and were either actively searching for work or were willing and able to work.

The total labor force then is determined by adding the estimate of the employed to that of the unemployed.

This method of collecting data is very appropriate, and the coverage appears to be complete. The questions that arise, arise because of the conceptual problems that are involved rather than because of the data gathering process itself.

6. Korea. Korea's approach is very similar to that of Jamaica. A labor force sample is taken every quarter in which some 12,000 households from the entire country are selected for interview by means of a stratified sample. Persons aged 14 or over who have worked at all (literally, at least one hour) during the survey week for some form of remuneration are counted as "employed." Those who were idle temporarily but had a job were also included as employed.

Estimates of unemployment are obtained in the same way. Those over 14 years of age who did no work during the reference week, but who were actively seeking a job or who would accept a job, are counted as unemployed.

As in the case of Jamaica the problems with Korea's data are not inaccuracy or incompleteness, but rather conceptual questions concerning the suitability of the indices in measuring the something we can use as an indicator.

7. Greece. Those employed in manufacturing in Greece are the wage earners

and salaried employees on the payrolls of reporting establishments. Employment figures are obtained from a stratified sample of 1,700 units that employ about three-quarters of the total number employed in Greek manufacturing activities. In 1970 about 227,000 people were covered by the series. The economically active population in Greece in 1971 was about 3.2 million.

To be counted as unemployment in Greece one must register at an unemployment office. The reported data refer to the last day of the month.

8. Israel. Series of general level of employment and employment in non-agricultural sectors include wage earners and salaried employees who have worked any length of time during the reference month in establishments that report to the National Insurance Institute. The series do not cover domestic services. Since 1968 the interpretation of the series is made difficult by apparent inclusion of some relief workers, some workers in defense industries, and some workers in areas occupied by Israeli armed forces. Data are obtained from a stratified sample of some 4,800 units employing one or more persons. All establishments employing 75 or more people are included.

For manufacturing only essentially the same procedure is followed. Wage earners and salaried employees on the payroll of all manufacturing, mining and quarrying establishments are counted. Since 1968 the sample covers some 2,500 establishments of all sizes which cover about 70 percent of the total of employees in the industries covered.

For its estimates of unemployment Israel conducts a quarterly labor force survey of about 6,000 households. Data are collected by personal interviews. The unemployed are defined as those persons 14 years or over who did not work during the reference week, but who were actively seeking work by registering at the General Labor Exchange. Persons not seeking work because of temporary lay-offs are

also counted as unemployed, as are young people yet to find their first job.

These indices seem well designed and accurate enough. The dependence on registration as a measure of unemployment is a bit more reliable in a small, well organized country, such as Israel than in larger countries. The major problems arise out of the military situation, and the special circumstances attached to the occupied areas.

9. Philippines. For the General Level of Employment and Employment in Non-Agricultural Sectors series some 4,200 urban households and 7,500 rural households are selected from the entire country in which to conduct interviews. Persons aged 10 or more who during the reference week did any work for any kind of remuneration are counted as employed. Persons temporarily not working for some reason or other are assumed to be employed as are those who have a firm commitment to begin work within 30 days. In May 1974 there were about 14.5 million persons covered by the series.

For the series of employment in manufactures wage earners and salaried employees who have received pay during the reference period are counted. This would include part-time and casual workers. Data are obtained from a mailed questionnaire to a stratified sample of 535 private establishments and for the government from the Government Social Insurance System.

The unemployed in the Philippines are those persons 10 years old and older who did not work during the reference week, but were actively seeking work unless there was a "valid" reason not to seek work. The data are collected by the same survey as that used to collect the employment data. Temporary lay-offs of more than 30 days are counted as unemployed. The data are accumulated by the same sample that gathers the data for the employment series.

Here is a pretty good index in terms of statistical procedures, but again it does

not really measure what an indicator of poverty relief should measure.

10. Sri Lanka. The unemployment series for Sri Lanka includes all persons between 16 and 60 who register as unemployed and seeking work, already employed but seeking a better job, and under-employed seeking full-time employment. Data are compiled by employment office and refer to the last day of each month.

It is evident that a series constructed in this manner is such a hodgepodge as to be virtually useless for any purpose.

Hours and Wages

Data for hours worked and wages received are almost always collected by means of a sample survey of establishments. While the details of such samples vary from country, the general approach appears very common. The sample usually includes a proportion of the smaller establishments, but generally all the large units are included. A figure for total hours worked in the reference period is obtained and that figure is divided by the number of persons at work to get the average number of hours worked by the personnel of the establishment.

Wage series vary as to whether they refer to monthly, weekly, or hourly. The procedure however is generally the same, a figure for the wage bill for the reference period is obtained and that figure is divided by the total hours-weeks-months worked by those engaged in the activities of the enterprise.

The series on employment, unemployment, hours, and wages vary in quality from country to country and over time in the same country. Some of the series do a pretty good job identifying the number of people employed in the more formally organized enterprises. The household surveys do a reasonable job on the unemployment, but the definitions of unemployment that are used rarely reveal much about poverty, its incidence, and its alleviation. But other methods of estimating unemployment,

mainly registration at employment exchanges, are virtually useless. However the household survey is an important method of accumulating data, and is being increasingly utilized.

The other main point about these series is that they do a much better job on the relatively large-scale, modern sector activities, but a much less adequate job, and in some cases no job at all, on the informal sector of the urban centers and the traditional activities of the rural sectors. These areas are where the poverty is, and, more importantly where the main escape is from that poverty (see Part II of the text) for many countries. It is therefore a major flaw of most series that they do so poorly in these areas.

Descriptions of the method of data collections for other aid receiving countries are not readily available. However information that is available on countries other than those listed above suggests very clearly that the methods used are virtually the same as those described above. There appear some household surveys in some few countries that collect additional data, but these data are rarely put in time series form over a long enough period that they could be used as the basis of any sort of indicator.

There were a number of countries for which I could find no evidence of any routine data collection on employment, underemployment, hours, or wages. Most of these were countries where the conceptual and statistical problems discussed in text are most acute. While there may be bits and pieces of useful data on such subjects as are relevant to the present problem, it appears reasonably safe to conclude that there is no body of data on these countries that could be used. Indeed in some of these countries (Yemen, Upper Volta, Angola, Ethiopia, Somalia, Afghanistan, Nepal) the conventional employment concept is applicable to such a small proportion of the population that employment surveys probably are not of sufficient use to justify the

cost. As argued in Part III it is necessary to recognize that no single index (no index constructed in the same way) will work for all countries.

For example "official calculations based on sample surveys, inquiries and investigations" in Afghanistan for the mid-1960's show a labor force of 3.8 million out of a total population (excluding nomads) of 12.3 million. Of the 3.8 million listed as in the labor force all but about 880,000 were in agriculture, most of which is subsistence. A minute number of those in agriculture are wage earners. To expect one index to reveal the same thing for Afghanistan and for, e.g., Chile where 21 percent of the labor force is in agriculture and 70 percent of the entire labor force are wage earners is probably to expect the impossible.

Appendix II

The following set of questions are taken from Freedman and Mueller /18/, and are meant to suggest the kind of questions that should form the basis of a survey about time use.

- 1) "What did he/she do most of the time during the past 12 months?
 - (1) Doing work that contributed to household income, either money or other benefits -- SKIP TO Q. 4
 - (2) Looking for work, but unable to find work; unemployed
 - (3) In school
 - (4) Doing housework and/or taking care of children
 - (5) Retired
 - (6) Doing something else" (SPECIFY)

- 2) "At any time during the past 12 months, did he/she work for pay or other benefits, for an employer, for himself/herself, for a family farm or enterprise, or a relative?"
 - (Y) Yes -- SKIP TO Q. 4
 - (N) No
 - a. "Did he/she work as an unpaid family helper at any time during the past year, for example, helping the family on a farm, with a business, caring for a garden or for animals, or making things for sale?"
 - (Y) Yes -- SKIP TO Q. 4
 - (N) No -- GO TO Q. 3

- ASK ONLY OF THOSE PEOPLE WHO HAVE NOT WORKED:

- 3) "Would he/she have liked to have worked if the right kind of work had been available?"
 - (Y) Yes
 - (U) Maybe; Uncertain
 - (N) No -- SKIP to Q. 3b

a. "What were the main reasons he/she did not work?"

- (1) Inability to find suitable work; unemployment
- (2) Age (too young; too old)
- (3) Husband/father disapproves; social customs
- (4) Poor health; disability
- (5) Busy with housework
- (6) Busy with children; no suitable childcare available
- (7) In school
- (8) Other (SPECIFY)

ENTER AS MANY AS APPLICABLE

b. "What were the main reasons for not wanting to work?"

- (1) Age (too young; too old)
- (2) Poor health; disability
- (3) In school
- (4) Busy with housework
- (5) Busy with children; no suitable childcare available
- (6) Other (SPECIFY)

ENTER AS MANY AS APPLICABLE

4) "Thinking of all the work he/she did during the last 12 months, did he/she do this work mostly at home or mostly away from home?"

- (H) Mostly at home; adjacent to home
- (A) Mostly away from home
- (B) Both; uncertain which predominated

5) "Thinking again, of all the work he/she did during the last 12 months, did he/she work only for himself/herself or for the family, was all his/her work for an employer, or did he/she do both?"

(S) Self/Family Only -- ASK Q. 6 ONLY

(E) Employer Only -- ASK Q. 7 ONLY

(B) Both -- ASK Q. 6 AND Q. 7

- 6) "When he/she was working for himself/herself or the family, what kind of work did he/she do?"
- 7) "Thinking of the work he/she did when he/she was employed for others during the last 12 months, what kind of work was he/she doing most of the time?"
- a. "How much money was he/she paid when he/she was doing this kind of work?"
- b. "Did (does) he/she receive any other benefits such as meals, agricultural products, housing, or the like when he/she was (is) doing this job?"
- (N) No -- SKIP TO Q. 8
- (Y) Yes
- "How much would this have amounted to over the past 12 months if he/she had had to pay for it himself/herself?"
- 8) "In addition to their principal job some people have an extra or second job. Did he/she have an extra or second job with an employer at any time during the past 12 months?"
- (N) No -- GO TO Q. 9
- (Y) Yes -- GO TO Q. 8a
- a. "Did (does) he/she have this extra job..."
- (1) All year
- (2) Most of the year
- (3) Only for a short time"
- 9) "Considering all the jobs he/she does for himself/herself, or for the family farm or business, or for an employer, did he/she work every week during the past 12 months (aside from paid vacations), or were there some weeks when he/she did not work at all?"

(1) Worked every week -- SKIP TO Q. 11

(2) Did not work every week -- GO TO Q. 10

10. "How many weeks during the last 12 months was he/she not working at all, neither part-time nor full-time, and how many weeks was he/she doing at least some work?"

SPECIFY NUMBER OF WEEKS:

Doing some work

Not working at all -- IF FOUR WEEKS OR MORE ENTERED HERE, GO TO Q.

10a; OTHERWISE GO TO Q. 11

- a. "What were the reasons why he/she did not work during these weeks?"

(1) Illness

(2) Vacation; festivals, holidays

(3) In school

(4) Seasonal lull in work

(5) No work available; unemployment--no mention of seasonal factors

(6) Looking for job; between jobs

(7) Busy with housework; children

(8) Other (SPECIFY)

11. "How many hours did he/she work last week, counting all his/her jobs?"

- a. "In weeks when he/she was working during the last 12 months did he/she usually work (cite hours mentioned above) hours, or what was his/her usual working time--how many hours per week?"

- 12) "When was his/her most busy period during the last 12 months?"

SPECIFY NAMES OF MONTHS AND GO TO Q. 12a. IF NO BUSY PERIOD, ENTER NOT APPLICABLE (NA) AND GO TO Q. 13

- a. "About how many hours per week did he/she work during this most busy period?"

13) "When was his/her least busy period during the last 12 months?"

SPECIFY NAMES OF MONTHS AND GO TO Q. 13a. IF NO LEAST BUSY PERIOD, ENTER NOT APPLICABLE (NA) AND GO TO NEXT PERSON OR NEXT SECTION

a. "About how many hours per week did he/she work during this least busy period? (excluding weeks when he/she did not work at all)?"

FOOTNOTES

1. The literature on this subject, as on all subjects in economics, is virtually without end. I have tried to document data sources and specific arguments as thoroughly as possible. I have included in the bibliography a number of items to which no specific reference is made, but which seem especially helpful and which to some extent have affected my own approach. Many of these references include still more references to additional readings.
2. The most complete compendium is of course the annual Yearbook of the ILO /29/, but the ILO also publishes numerous special reports and the monthly journal The International Labor Review which contain much data on all aspects of labor.
3. In addition to the ILO yearbook data are also taken from Kwan S. Kim /36/.
4. Income distribution data and the estimates of the Gini coefficient are from Shail Jain /34/.
5. There are a variety of estimates of income distribution for Panama. See Jain /34/.
6. See ILO Technical Guide /28/ and Oshima and Hidayat /58/.
7. Hidayat /23/ has a great deal of data on Indonesia.
8. A more complete discussion of the Philippines is in Smith and Domingo / 68/.
9. Data are from R.H. Sabot /63/. This paper has been very helpful in a variety of ways.
10. These results are reported in Berry and Sabot /4/, p. 34. The calculations were made by different people using a variety of forms of data.
11. These estimates are from the International Labor Organization study of employment in Sri Lanka /30/, pp. 26ff.
12. See Richards /60/, Chapter VIII for a discussion of education and employment in Sri Lanka.
13. For further elaboration on this argument see David Turnham's paper in the Organization for Economic Co-operation and Development's study, The Challenge of Unemployment to Development /57/.
14. Sabot /63/ estimates.
15. These estimates are reported in the ILO study of Colombia /32/.
16. See Turnham /74/, p. 42 for more details on this point.

17. Nyerere's statement is quoted, among other places, in Guy Hunter /25/.
18. These estimates along with a useful discussion are found in the report of the Economic Commission for Africa /76/.
19. These data are from Hwan Kim /36/ and the United Nations Statistical Yearbook for Asia and the Pacific /77/.
20. See R.H. Sabot /63/.
21. These data and those used in the following two paragraphs are from S.V. Sethwaman /67/.
22. An expanded form of the argument of these last two paragraphs is found in Henry J. Bruton /8/.
23. A.K. Sen /66/.
24. The arguments developed here are taken from Lal /41/.
25. A description of Hauser's approach appears in a number of places. See for example Hauser /22/.
26. Data for the Philippines are from Smith and Domingo /68/ and for Malaysia, from Hauser /22/. No data is given for the Malaysia results.
27. A summary of this method is found in Kriz and Romos /40/.
28. See Ono /55/ and /56/ for more details.
29. The full citation is given in /79/.
30. A description of this approach is found in /18/.
31. Both Myrdal and Streeten have written about their criticisms of the conventional approach and their alternative. The basic source is of course, Myrdal's Asian Drama /53/, especially Appendix 16. Streeten wrote a great deal of this book. See also Streeten's paper in the European Journal of Sociology /70A/.
32. A short summary of a number of approaches to measuring labor force activity is G.M. Standing /69/. A number of the approaches described here however are not relevant to the central issue of this paper.
33. A very good discussion of the nature of indicators and of problems associated with their construction is found in McGreevey /50/.
34. A summary version of Sen's book /66/ is found in his article /65/.
35. Almost all of the material in this appendix is based on discussions in the Technical Guide to the ILO's statistical publications /28/. Also we consulted descriptions of censuses and surveys in individual countries, but such descriptions are hard to come by.

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