PART VI

POVERTY AND INEQUALITY

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RURAL POVERTY AND GENDER: ANALYTICAL FRAMEWORKS AND POLICY PROPOSALS

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The rapidly expanding literature on rural poverty is now far too large to be summarized in a short chapter.[1] It may appear rash to suggest that some common themes are discernible, or that a consensus on rural poverty had emerged by the end of the 1990s. Nevertheless, many academic development economists, the majority of NGOs, the World Bank, the International Food Policy Research Institute, as well as UN agencies and major bilateral donors, do appear to share a common set of assumptions and to recommend a remarkably similar range of policies addressing the issue of rural poverty and female deprivation in low-income countries.

This chapter begins by attempting to identify a few hegemonic assumptions concerning the characteristics of the poor, as well as the related policies that have recently been funded by official development assistance, by a great many NGOs and by governments in rural Asia and Africa. The validity of these assumptions, and the quality of the evidence used to support them, are then questioned. The chapter concludes by arguing that alternative, more realistic assumptions would lead to a radically different analysis of the prospects for escaping rural poverty and that, unfortunately, the relevant policy options have been ignored in the mainstream literature.

1. Identifying the Poor

Most literature on rural poverty takes as its starting point three assumptions concerning the characteristics of the poorest rural people.[2]

1. They are usually farmers and self-employed. Many of them, especially in Africa, are small 'subsistence' farmers, which means that they mainly

survive by relying on *direct* (non-market mediated) consumption of those items produced on their own farms.

2. A very high proportion of all the people living in rural Africa (60 to 80%), and a similarly high proportion of all rural Asians are usually defined as 'poor'. The vast majority of all Africans identified as poor are assumed to fall into the 'smallholder', 'subsistence', 'peasant' category. Thus, virtually all smallholders in these low-income countries may safely be regarded as poor; and the 'small farmer' category, containing many hundreds of millions of people, may be considered as *homogeneous*: sharing the characteristics of poverty.
3. The assumption of homogeneity is relaxed to a limited extent when it is admitted that one dimension of differentiation may be a significant feature of the smallholder group. It is sometimes claimed that it is possible to identify a sub-group of small farm households that contains poorer people than other rural households. This sub-group consists of Female Headed Households.

These three assumptions prove to be convenient in addressing current concerns with poverty and gender in developing countries. They facilitate an analytical focus on: a) women as self-employed farmers, including women working on their own family's farm; or b) Female Headed Households in rural areas.

2. Policy Conclusions

Partly on the basis of these assumptions, two policy conclusions are usually drawn. First, that the poor will benefit when policies are introduced to provide them with price incentives to expand production on their farms – that is to say, when policy reforms create an appropriate set of relative prices, especially higher relative prices for those agricultural commodities that are produced by the poorest smallholders, including basic foods that are typically consumed (as well as produced) by the poor.

Secondly, the markets providing poor smallholders with access to inputs need to be improved. Smallholder producers need timely and realistically priced inputs into farming operations if they are to respond to price incentives and escape poverty through increasing farm output. Apart from seeds, planting material, fertilizers and agro-chemicals, smallholders need improved access to seasonal and medium-term production credit, which micro-credit programmes can provide. If micro-credit is focused on rural females, then the gender dimension of rural poverty can be tackled. Similarly, smallholders need timely access to appropriate information concerning production opportunities, new techniques, improved varieties, pest and disease threats, etc. If extension services are reformed, perhaps privatized, and advice is relevant to and directed towards those farming operations performed by women, poverty will be reduced. Many of the problems of input supply can, it is believed, be explained in terms of the distortions that are so pervasive a feature of rural markets. Bureaucratic, inefficient and corrupt state-subsidized agencies responsible for delivering fertilizers or credit, for example, distort markets and are responsible for inappropriate relative prices and a pattern of incentives that favour larger and less efficient farm enterprises using capital-intensive techniques. In general, undistorted market mechanisms are regarded as the best institutional form for the delivery of inputs to smallholders.

These broad policy conclusions have underpinned the funding of agricultural sector loans and the conditions attached to much donor support for rural policy in developing countries. Thus, it has been argued that,

> In retrospect, it is evident that one major body of thought, albeit with plenty of side excursions and add-ons, has dominated the landscape of rural development thinking throughout the last half-century. This is the 'agricultural growth based on small-farm efficiency' paradigm … both growth and equity goals appear to be satisfied simultaneously via the emphasis on small-farm agriculture. Much rests on the rural poor being poor small farmers.[3]

However, the impact of the prescribed reforms has increasingly been seen as disappointing. In the 1990s, unsubsidized private-sector agents did not rush in to fill the gaps in the supply of inputs and financial services that limited the production potential of smallholders and female farmers.[4] Attempts to reduce market distortion failed to deliver the anticipated benefits in terms of rapid-output growth on small farms; too many markets were missing in the rural areas of low-income countries, especially markets to insure against pervasive, covariant agricultural risk, while despite their good potential information costs and asymmetries, as well as the imperfection of land markets, were used to explain the inability of the poor access credit to service loans through efficient small-scale farming.

Moreover, in the period following relative price and input supply reforms, a growing volume of rural micro research highlighted unanticipated negative consequences for poor farmers and women. These field researchers argue that the pattern of benefits has been extremely skewed. The principal beneficiaries continue to be men, who – directly or indirectly – obtain much of the credit, monopolize contacts with extension agents, and are more likely to have access to increasingly scarce production inputs such as fertilizer.[5] At the same time, the work intensity of female family members increases and/or the intra-household distribution of income deteriorates as cropping patterns change in response to new price incentives. Thus, only a small subset of male-headed rural households in favourable locations, with the best political connections and owning most of the livestock, draft equipment, means of transport and land, benefit in the new policy regime. One policy conclusion was to modify the general advice to improve smallholder access to inputs (the second policy conclusion noted above), to insist that the same inputs need to be focused to a much greater extent on Female Headed Households, or directed towards those specific farming enterprises within all households that are undertaken and 'controlled' by women.

It has also been recognized, belatedly and with some reluctance, especially in Sub-Saharan Africa, that many rural women lack secure – or indeed any – access to sufficient fertile, well-watered land to enable them to farm effectively; that a very large number of the rural poor in both Africa and Asia are landless, or only have access to such tiny parcels of land that it will never be possible for them to survive on the basis of consumption derived from production on their own plots. Even if it is assumed that redistributive land reforms and radical improvements in the legal status and tenurial rights of women could be imposed by an imaginary benevolent state, increasing the amount of land and the security of access to land for the poorest, the ratios of cultivable land to the labour force are so very low in Bangladesh, Bihar, North East Ethiopia and the Kenyan Highlands, for example, that tens of millions would remain effectively landless. Unprecedented and massive shifts in the allocation of farm inputs and credit, if these could be achieved in the real political context of these heavily populated regions, could not establish sustainable farm enterprises.

Recognition of the increasing significance of landlessness has prompted further modification of the second policy conclusion. Faced with the difficulties of offering rural women an exit route from poverty that depends on rising levels of production on their own or their family's farms, it is widely recommended that other forms of rural self-employment, especially *non-farm* self-employment, will provide a solution to acute problems of female deprivation. Therefore, the policy mix advocated by the vast majority of agencies (and implemented by the NGOs that they fund) has become dominated by initiatives to promote various forms of off-farm female self-employment: the promotion of retailing enterprises, food processing/catering stalls, hairdressing, handicraft (baskets, mats, pottery, soft toys), sewing/tailoring and small livestock enterprises (chickens, ducks, rabbits, stall-fed goats, etc.) that do *not* require access to large areas of land.

Some intellectual legitimacy for these initiatives has been offered by the the 'livelihoods approach' literature, which accepts the evidence that poor rural people may not be small farmers, but usually have to combine *non-agricultural* assets and activities in 'diversified livelihood packages', in a 'coping' or survival strategy.[6] It is assumed that the distorted, discriminatory rural credit market remains a key constraint on female success in the strategy of diversifying income sources, the main barrier to entering non-farm enterprises. Thus, micro-credit programmes have proliferated, together with expenditures to train women in the modern business skills required to establish off-farm enterprises. Unsurprisingly, it is also argued that it is necessary to remove the red tape and regulatory impediments faced by 'informal' enterprises, to deregulate the markets in which small-scale entrepreneurs operate, and to remove the inefficient hand of the state agencies that constrain the dynamism of women's 'income-generating projects', e.g. through the licensing requirements they place on small businesses. Therefore, the international aid bureaucracy now insists on reforms designed to promote 'an enabling environment for start-up non-farm activities'.[7]

As in the case of small farmers, any processes or operations that cannot be undertaken efficiently because of the tiny scale of women's enterprises, such as marketing, transport or the purchase of bulky items of equipment, can nevertheless be successfully achieved through new institutional arrangements. Through the vociferous promotion of groups or associations of rural women it is hoped not only that that scale diseconomies will be overcome, but also that female 'empowerment' will be achieved. Facilitated by NGOs, the demands of a rising rural petty bourgeoisie will become more forcefully articulated through these associations, holding developing country states accountable for the market distorting and rent-seeking misdemeanours to which they are prone.

To summarize, hegemonic development theory proposes that poor rural women can escape from poverty if official development assistance is channelled through NGOs to promote self-employment. The problems of state inefficiency and distorted markets that constrain the viability of small farm and non-farm enterprises can be tackled politically by nurturing participatory associations of the self-employed and by making market deregulation, as well as the fragmentation (or decentralization) of the state, a condition for capital inflows.

3. Identifying the Poor: an Alternative Approach

There are a number of problems surrounding the assumptions underlying mainstream policy conclusions. These difficulties arise partly as a result of ahistorical and unexamined ideological beliefs concerning the role of the market and individual choice in explaining capitalist accumulation and distribution processes in agrarian economies. Although the assumptions may appear to find some support in the results of household survey evidence, many of these surveys are actually extremely unreliable as sources of evidence on rural poverty and dynamic processes. Some of the most misleading features of these surveys will be discussed below.

It is possible to develop a more appropriate and realistic set of assumptions with which to begin an analysis of rural poverty and gender relations in developing countries. This alternative analysis is based on 'stylized facts' that capture, using a wealth of interdisciplinary micro research and national level secondary sources, what is known with some confidence about the characteristics of the poorest rural people and the dynamic processes through which they enter, and could conceivably escape from, poverty. [8] These stylized facts are not, for the most part, controversial or disputed in the current literature on the subject. They are summarized below.

Characteristics of the poorest rural households – the bottom 15 to 20% of the distribution – can usually be identified fairly easily by examining some simple demographic, anthropometric and asset indices.

1. The households contain women who have failed to complete many years of education; in fact, they are unlikely to contain an adult women who is literate.
2. A relatively high proportion of the women in these households will have started to have children as teenagers.
3. A relatively high proportion of their children will have a low weight at birth and will have died before the age of five; their surviving children will have relatively low heights-for-age.
4. The ratio of adult females to males in these households will be relatively high and many of the women living in these households will have had *no* access to the income of an adult male for a period of several years, because they are divorced, abandoned, widowed or attached to males who are unhealthy, disabled, or unable to earn or remit income for other reasons.
5. The types of houses in which these families live will clearly be inferior to those of other rural households, in terms of the materials with which floors and roofs are constructed, the number of rooms, quality of sanitation and lighting facilities. They will not have access to radios, bicycles, watches or other basic assets, including livestock, that are found in less destitute rural households.

Purposive samples of households with the above characteristics are far more likely to provide insights into the nature of rural poverty than the costly random surveys designed to describe the characteristics of the 'average' rural household that are promoted by the World Bank's Living Standards Measurement Programme (LSMS).[9] Besides, the simple indices selected are likely to be far more robust and collected with far less measurement error than those used in mainstream poverty analyses of rural households, which continue to rely on absurdly lengthy questionnaires that attempt to elicit a huge volume of recall information to compute monthly per capita household expenditure as a proxy for income and the main metric for poverty.

Where purposive samples have been drawn, and the biases of conventional sampling techniques have been avoided, an important additional stylized fact can clearly be identified. The evidence for this stylized fact, which is particularly damaging to key assumptions in the conventional literature, is very strong indeed in Asia and is rapidly accumulating for Sub-Saharan Africa.[10] This evidence suggests that the poorest rural households contain women who are performing manual agricultural wage labour, and that such households rely upon these female wages to survive.[11]

The proportion of these poor households' income that is derived from self-employment, whether agricultural or non-agricultural, is insignificant. Their survival strategy may include foraging or an attempt to grow some foodstuffs on miniscule homestead plots, but the total contribution to annual consumption of such desperate efforts is negligible. Only in far wealthier rural households, with far more access to land, male incomes, and other inputs, is self-employment a feasible option for women. Wives and daughters in these wealthier households would not contemplate seeking arduous and demeaning manual work for wages on their neighbours' fields, nor would their male relatives allow them to engage in such labour for others.

The literature on 'diversified livelihood packages', as well as most of the available LSMS or other analyses of Household Budget Surveys, often fails to identify the critical difference between various forms of off-farm income. But women who make a contribution to household income through the regular salary they earn as teachers, nurses or secretaries should obviously not be lumped into the same category as women who depend on seasonal wages as unskilled agricultural workers or payment in kind as rural domestic servants. In some crude tabulations of survey evidence it is suggested that rural households in receipt of wage incomes are *not* poorer than other rural households. However, no attempt is made to disaggregate, to distinguish between income derived from salaried state employment, for example, and from seasonal agricultural wage labour.[12]

Similarly, while survey tabulations may suggest that most rural households obtain some income from various forms of off-farm self-employment, the *average* contribution of this source of income masks key differences between types of off-farm enterprise operated by poor and richer households and the absolute amounts of income they are capable of generating. Therefore, a rural woman managing the family shop and trucking business (employing half a dozen shop assistants, cleaners, drivers, loaders and mechanics), cannot easily be distinguished from a desperately poor woman, who is also misleadingly categorized as 'employed in retailing' because she occasionally sells (on commission) a few items of fruit from a basket at the side of the road. The tiny minority of women living in the wealthiest rural households, who can accumulate on the basis of retailing, do not provide evidence that poor rural women can depend on 'similar' enterprises to survive, or to lift themselves out of poverty in the future.

Thus, LSMS and other Household Budget Surveys regularly fail to recognize the importance of specific types of female wage labour to the survival prospects of the poor, partly because the precise sources of household income in the poorest and richest households, including remittance income, are not described in sufficient detail or classified appropriately. More importantly, this failure to focus on the relationship between poverty and unskilled rural wage labour can also be explained by a bias that is a common feature of allegedly 'random' samples. If the sample is drawn from a population list that *excludes* 'unregistered' people, such as seasonal and temporary migrants, hostel dwellers, workers living in compounds or 'pondoks' serving construction sites, workers in barracks, lines or temporary accommodation on farms, squatters and those living in illegal housing, sleeping rough, or engaged in the sexual services industry, then the poorest people will be under-represented.[13] While LSMS pays attention to the minutiae of statistical sampling and weighting in an effort to ensure that rural sample averages are nationally 'representative', far too little attention is paid to problems arising from the use of officially-produced lists of arbitrarily defined 'households', and the need to move beyond these if the sample is to include poor people.[14] The exclusion of so many poor people from 'nationally representative random sample surveys of households' produces results that help to justify both the assumption that the rural poor are self-employed farmers and the policy focus on self-employment as a viable strategy for the poor.

4. Dynamic Processes and the Determinants of Rural Poverty

While Household Budget Surveys may provide a more or less misleading picture of the characteristics of rural households at one or – more rarely in developing countries – at a few points in time, there are very few cohort studies or sets of panel data that can be used to study dynamic processes. Besides, since poverty is conventionally defined in terms of household per capita expenditure levels, attempts to identify *real* changes in standards of living over time face serious problems in choosing appropriate deflators.[15] Sometimes available are regional price data series which can be used in attempts to apply a price index that is considered appropriate to a particular region within a country, but the markets faced by rural people are often so fragmented that the average prices they pay for basic commodities will not only vary by region or district but even within villages, depending on who is purchasing from whom, and fluctuations in the relative bargaining power of the individuals concerned. Even if the choice of an appropriate deflator for household expenditure could readily be made, these data do not provide any information on the intra-household patterns and consequences of expenditures, which would be required for assessing trends in female welfare. Therefore, statements about the scale, timing and determinants of women's transitions out of poverty in developing countries are difficult to justify on the basis of national household survey data. Certainly, there is little evidence in support of the proposition that large numbers of poor women have escaped from poverty by increasing the incomes they earn through self-employment on their own farms or elsewhere in rural areas.

It is perhaps not surprising, therefore, that only rather vague conclusions could be reached in a recent survey of the largest body of evidence on changes in poverty over time, published by the World Bank:

> Households moved in and out of poverty in response to price changes, harvest levels, and the partitioning of household lands … movement can be attributed to fluctuations in harvest quality and to personal calamities[16]

An even more recent survey of the Indian evidence, also sponsored by the World Bank, attempts to explain why the standard mainstream prediction linking farm output growth to poverty reduction was not as strongly supported by the experience of some Indian states as by others.[17] The explanatory equation found that higher farm yields and higher non-agricultural output per person in particular states did have significant, if widely varying, effects in reducing the incidence of household poverty, while higher rates of inflation increased poverty. These results can, of course, be interpreted as directly supporting some orthodox economic policy prescriptions. But an additional variable was also found to have a significant effect on poverty reduction in India, namely the level of state expenditure on development. While the policy implications of this finding are not discussed in the World Bank article, state expenditure has also been found to be a significant determinant of trends in poverty reduction in another, more interesting study of the causal mechanisms that underlie trends in female rural poverty.

The starting point for this study is the recognition that rural real wage rates in India, both for agricultural and non-agricultural wage workers, increased in the period since the mid-1970s, albeit at different rates in different states.[18] Moreover, this wage increase took place in a context of growing feminization and casualization of the rural labour market, so that the welfare of the poorest rural women and households in India, who depend on this labour market, improved. Therefore, if policies to reduce rural poverty are to be developed, an analysis of the factors influencing rates of growth in female rural real wages in different Indian states is of crucial importance.[19]

Contrary to what might be expected on the basis of conventional analyses, Sen and Ghosh show that some states with very rapid rates of growth in farm output only achieved mediocre growth rates in female rural wages, or even failed to reduce the gap between the levels of female and male rural wages. However, strong rates of growth in rural female wages were associated with fast rates of growth in state expenditure, which resulted – directly or indirectly – in the creation of new rural wage employment opportunities and a tightening of agricultural labour markets.

The causal link between state expenditure and rising rural female wage rates is plausible: the majority of the new rural jobs that became available in Indian states towards the end of the 1980s were non-agricultural jobs; and a high proportion of all rural non-agricultural regular employment (about 60%) is accounted for by government employees, such as teachers, nurses, primary health care staff, construction workers, cleaners, office staff, and so on. The direct and indirect effects on the labour market of an expansion in government activity, and hence in the number of these types of job in the rural areas of India's states, were extremely important. Even if males and the educated children of relatively wealthy households are the first to obtain these regular non-agricultural positions, one consequence is that fewer of them will compete in the more poorly-paid, irregular and low-status casual agricultural labour markets. The number of days of employment in the casual labour market that are available for unskilled women will increase, while this market is also likely to tighten for another reason. State expenditure on education has the effect of increasing the proportion of teenage girls attending school, therefore limiting the size of the female labour force available for casual agricultural wage labour. In addition, rural women's real wages may increase as a result of improvements in female bargaining power and mobility that are associated with higher levels of female literacy.

It is difficult to reconcile this analysis and the disaggregated evidence from India's states with the orthodox view that the distorting affects of the growth of state expenditure are generally harmful to poor rural women. Moreover, it is important to note that evidence of a positive relationship between state intervention/regulation and higher female rural wages has also been found outside India.[20] There are, besides, many other ways in which state intervention in rural markets – anathema to the mainstream view – can be seen to have contributed to poverty reduction in developing countries. Again, the prime example is India, where state intervention to stabilize the prices of basic food grains has played a key role in reducing rural poverty since the 1950s.

Basic food grains constitute the largest component of the consumption basket of the poor, accounting for 75 to 80% of consumption expenditure among rural wage labourers in India, a far higher percentage than that found in any other group. It follows that if there are large, unanticipated fluctuations in food grain prices, then the poorest rural people – i.e. those unable to hold stocks of food, employed in non-unionized markets characterized by excess labour supply, with weak bargaining power, organizational skills and literacy – will be particularly vulnerable and most likely to suffer from worsening poverty when their money wage rates fail to keep pace with rising food prices.[21]

In India, it appears that periods of sharp decline in agricultural output have been associated with significant increases in the price of agricultural products relative to manufactures. But the price-formation mechanism is asymmetrical in the sense that, in those periods when there were large increases in agricultural output, there were only moderate declines in the relative price of agricultural products.[22] Therefore, those states in India that experienced the fastest rates of growth in agricultural output were not necessarily those with the fastest reductions in poverty. The policy conclusion reached by Ghose is that reductions in Indian poverty depended upon state intervention in basic food grain markets, e.g. state procurement and fair trade shops, designed to limit the range of fluctuations in basic food grain prices.[23] He also concludes that there is an important role for state investment geared to increasing the stability of the rate of growth of agricultural production, particularly in those states most subject to crop failures where there has been inadequate investment in water control and irrigation. Of course, since irrigated land allows multiple cropping and uses far more hired labour per hectare than unirrigated land, if the demand for rural female wage labour is to increase there is a general case (throughout most of Asia and Africa) for state-supported investment in irrigation and other rural infrastructure, with positive consequences for poor women's annual real-wage earnings and for poverty reduction.

To summarize, it is not possible to use the available evidence to provide a simple or straightforward account of trends in female poverty in developing countries, even in India where the survey data and analytical work are particularly rich. However, it is clear that an account which stresses the role of self-employment and price incentives to increase farm output in reducing female poverty is unsatisfactory. The implications for the poor of reducing state expenditure and limiting the scope of state interventions in rural areas may also be very different from those predicted in the hegemonic literature. More research is required at a disaggregated level to examine the determinants of trends in rural female wages. These vary quite dramatically within rural areas of developing countries, and the real wages that rural women can earn have a decisive impact on the poorest children and households. Unfortunately, in most developing economies no efforts at all are made to collect time-series data on the wages of those employed in small-scale farm and non-farm rural enterprises, especially on the wages of those who are irregularly, seasonally, or casually employed. In most of these economies, in fact, there is no reliable data on the number of people or households that depend upon earnings in these types of employment; it is simply assumed that the rural poor are, or will, become self-employed, and that proletarianization is not a feature of capitalist growth in developing countries.

4. Contrasting Perspectives and Policy Conclusions

A clear contrast may be drawn between the medium-term perspective on poverty reduction offered in the mainstream literature, and a perspective that is based on historical analyses of processes of poverty reduction in developed and developing countries. The mainstream scenario appears to be that, in a context of minimal state intervention, the poor rural self-employed labour force will over time succeed in developing increasingly successful agricultural and non-agricultural rural businesses. A growing proportion of rural household income will be provided by these expanding enterprises, and absolute standards of living of both female and male household members engaged in these small businesses will increase.

In contrast to this petty bourgeois utopian vision, an alternative perspective is that, over time, a growing proportion of poor rural people, and of the total rural labour force, will become wageworkers. They will initially work for wages on farms and in the non-farm rural sector as domestic servants, cleaners, waiters, construction and transport workers in small district towns. An increasing number will migrate in search of similar forms of unskilled wage employment, both to other rural areas and to larger towns and cities. Wage levels will determine their standards of living and the rate at which they can escape from poverty. The history of most economies in which the percentage of the labour force living in absolute poverty has declined, shows that an increasing proportion of the labour force became employed for wages, and that the percentage of the labour force employed for wages in large enterprises increased. Certainly, in the OECD context, 'the predominant trend in self-employment is downward' and 'increases in the proportion of self-employment appear to produce *lower* not higher GDP'.[24] Higher wages and growing labour productivity are a feature of economies in which a relatively large proportion of the labour force is employed for wages in technologically dynamic and rather large enterprises, while only a small percentage of the labour force is self-employed or employed in small family businesses.

If the poorest women now rely, and will increasingly depend in the future, upon wage incomes to survive and to escape from poverty, then it is not clear that fashionable policies providing them with training to make baskets, or offering them micro-credit to facilitate start-up enterprises in rural environments already over-supplied with similar and failing enterprises,[25] are sensible. Aid agency policies now focus on 'capacity building' in all manner of ineffective, small-scale and corrupt decentralised organizations – NGOs, CBOs, Group Credit and other financial institutions,[26] but any organization that has a realistic prospect of increasing the political and economic bargaining power of the lowest-paid wage workers is shunned, or dismissed as potentially 'market distorting and, *ipso facto*, harmful to the poor. There is for example no support for, or even discussion of, the need to allocate resources to support the formation of trade unions by seasonal agricultural labourers. Nor is there support in the mainstream literature for effective legislation to monitor and enforce the rights of migrant domestic servants or women employed in garment sweat shops. Indeed, any state intervention that might create an 'enabling environment' for more effective struggles by such workers is likely to be rejected on the grounds that it might compromise the viability of small enterprises. In fact, the voluminous literature on poverty published by the aid bureaucracy and its consultants studiously avoids mentioning the specific organizations, tlegislation, or institutions that have historically been most significant in defending the human rights and living standards of the poor in capitalist labour markets.

At the same time, there is no discussion of the economic policies and the precise forms of state investment and intervention that might be capable of promoting the growth of female-wage labour-intensive enterprises. There is clear evidence that particular crops, agro-processing and other export industries employ relatively large numbers of women for wages.[27] However, appropriate sectoral policies and industrial strategies are unlikely to be developed, if the most influential development economists insist that poverty can be reduced only when markets are deregulated and when states abandon their old-fashioned aspirations to formulate industrial policy.

In the first part of this chapter I outlined the currently fashionable theoretical framework, in which the poor are self-employed 'agents', playing maximizing games in imperfect rural markets. They simply need more 'assets', purchased through access to micro-credit, provided by more perfectly functioning rural financial markets, to smooth the process of their transition into membership of the petty bourgeoisie. I then proposed that, within this framework, it is not easy to identify the rural poor as women who will continue to be forced to depend on earnings in the wage labour market as casual/seasonal farm labourers or domestic servants. I concluded by questioning the relevance of many of the conventional policy recommendations by highlighting lacunae in current policy debates, and by offering some brief suggestions concerning topics on which research is required to develop more effective poverty reduction strategies.

Notes

1 The scale of the published output may be seen in the 25 pages of references cited in IFAD 2000; in Lipton and Ravallion 1995; and by searching the library of the World Bank's 'Poverty Net': http://poverty.worldbank.org/library/
2 Of course, influential sources do not make all of these assumptions and they sometimes adopt different and more qualified assumptions to describe the poor in particular regions. Detailed citations emphasizing the nuances of different assumptions and policy recommendations are avoided in this synthetic summary.
3 Ellis and Biggs 2001, p. 440–1
4 Poulson, Dorward and Kydd 1998; Devereux 2002.
5 Saito, Mekonnen and Spurling 1994.
6 Carney 1998; Bryceson and Bank 2001.
7 Ellis and Biggs 2001, p. 445.
8 The use of stylised facts in economic analysis, as developed by Kaldor, is discussed in Boylan and O'Gorman 1997. The most reliable national survey data is often provided by Demographic and Health Surveys, available at http://www.measuredhs.com/. A guide to the most informative micro-level research methods is available in Breman 1996; and Breman and Wiradi 2002.
9 Since 1980 the LSMS programme has carried out well over 40 surveys in about 22 developing countries. The LSMS approach to sampling is described in Grosh and Munoz 1996.
10 Cramer and Sender 1999; Cramer and Pontara 1998; Sender and Smith 1990.
11 Sender 2002.
12 Many surveys report results on the sources of income for the poorest as opposed to other households in such a way that it is impossible to identify precisely the gender of employees, types of wage employment, or the specific sectors offering the wage employment opportunities that are important for the poorest households (Adams and He 1995; Dercon and Krishnan 1996; Tschirley and Weber 1994). For a review of some of the empirical classification issues that have been neglected in African rural household income surveys, see Reardon 1997.

13 It is widely recognised that household surveys are also not a reliable source for measuring the incomes of the very rich (Datt and Ravallion 2002, p. 93). They are therefore a poor guide to analysing inequality as well as poverty.
14 Breman 1996; Standing, Sender and Weeks 1996; Sender and Johnston 1996; Sender and Pincus 2001; Sender 2002.
15 The choice of alternative deflators, as well as alternative methods for drawing the poverty line, makes a huge difference to estimates of poverty incidence (Deaton 2001; Said and Widyanti 2001).
16 Jayaraman and Lanjouw 1999, p. 15.
17 Given that India contains such a large proportion of the total number of poor people in the world, these results may be considered to have global significance.
18 Sen and Ghosh 1993; Bhalla 1997.
19 There is now little dispute in the literature that the incidence of poverty in India fell during the 1980s (Datt and Ravillion, 2002, p. 106) and that a large and rising proportion of the poorest rural households (over 40%) depend for their survival on wages earned in the rural sector.
20 Sender 2002.
21 In Egypt, for example, only about 1/10 of a food price increase is normally reflected in the nominal agricultural wage rate after one year (Datt and Olmstead 1998), while in Indonesia rural real wages fell very dramatically indeed following the hike in food prices during the crisis of the late 1990s, and have yet to recover (Levinsohn, Berry and Friedman 1999; Smith et al. 2000.)
22 Ghose 1989.
23 For a positive assessment of the role of state intervention to stabilize prices in food markets in Asia, see Dawe 2001. More generally, Burmesiter 1990 shows the positive contribution of state intervention in explaining farm output growth in South Korea.
24 Blanchflower 2000, p. 12 and p. 22.
25 Dessing 1990; Buckley 1997.
26 UNDP 2000; World Bank 2002; DfID 1999.
27 MERG 1993.

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