

Chapter 2

Three Related Concepts of Poverty

2.1 Overview

Historically, poverty has had economic connotations. The basic premise is that one in poverty does not have the income or other economic resources needed to maintain a ‘decent’ quality of life. While poverty has been analyzed using the monetary estimates of income or consumption, it is the capacity to consume that assumes the central role in determining whether or not one is poor. With the argument that these purely economic approaches have failed to accurately capture the degree of poverty experienced, poverty researchers have increasingly sought to explore alternative, more innovative approaches to conceptualize and measure poverty. Capability and social inclusion represent two of such approaches developed in the recent past. Recognizing the multifaceted character of poverty, these approaches demonstrate the need to go beyond material resources to assess one’s ability to achieve a non-poor lifestyle. Capability approach, for example, focuses on the freedom aspect of life with the argument that a lack of meaningful freedom disallows one to achieve valued ‘functionings’ including a decent living standard. Social inclusion approach goes even further, suggesting to look at the societal and institutional factors that play key roles in determining one’s living standard.

This chapter surveys the relevant literature on the concepts of economic well-being, capability, and social inclusion, as they apply to poverty and quality of life. The central idea is to focus on the conceptual similarities among these separate and yet highly interrelated approaches to poverty measurement. It is important to identify the political economy roots and justifications of these approaches with the underlying theme of poverty measurement. In each case, it discusses the measurement issues that come up in trying to identify who is poor and who is not with implications for the different operational issues.

2.2 Economic Well-being

The most widely used concept of poverty relates to the lack of economic well-being, focusing on the quantifiable ways of defining and measuring it. While there are many ways poverty has been defined following the economic well-being tradition and while there are many dimensions poverty may take, these definitions and dimensions point essentially to the common theme of ‘economic deprivation.’ Given the diverse ways in which poverty is understood with some focusing on the physical or material aspects (Citro and Michael 1995; Smeeding 2005) and others focusing on the outcome or the standard of living aspects (Nolan and Whelan 1996), some see it important to combine the two aspects. Ringen (1987), for example, understands poverty as a low standard of living resulting from the inadequacy of resources. While the notion of quality of life essentially offers much broader generality, what indicates its economic well-being variant is what has been historically emphasized in conceptualizing poverty. The focus under the economic well-being approach has been primarily on the insufficiency of economic resources for human consumption.

The notion of economic well-being relates to the physical quality of life or welfare for which consumption of not only food but clothing, shelter, and other basic necessities is important. Citro and Michael (1995:19) observe, for example, that poverty “pertains to people’s lack of economic resources (e.g., money or near-money income) for consumption of economic goods and services (e.g., food, housing, clothing, transportation)” (parentheses in the original). Although this definition rests on the concept of economic resources needed for consumption, this does not fully specify the type and magnitude of consumption. A true indicator of the physical quality of life, for example, is the status of health as it can accurately gauge the state of one’s physical life (Morris 1979).¹ While the material or physical quality of life involves factors other than what can be acquired in the market, almost all of such factors can be construed as a function of the consumption items available in the market. It is, therefore, the consumption of basic necessities that captures the notion of economic well-being. When it comes to measuring the physical quality of life, however, it is not always the consumption that is used, for it is difficult to

¹ More specifically, Morris (1979) focused on infant mortality, life expectancy, and adult literacy as the different aspects of the physical quality of life index (PQLI). Although only the first two of these are related to health, one can expect that both will be highly correlated with adult literacy.

accurately measure one's true consumption.² Any attempt to accurately measure consumption would meet considerable complexity. In addition to its nutritional value, for example, consumption manifests tastes and preferences conditioned by time, place, weather, culture, symbol, and other factors. For these reasons, income has been a widely used proxy measure of consumption assuming that it can capture not only the ability to consume but the actual consumption as well.

No doubt, difficulties arise in measuring income to the precision that it can effectively measure how much consumptive capacity one has and that the person is actually maintaining that level of consumption. Yet, using income to measure the level of economic well-being has been so ingrained in the real world that poverty immediately gives the impression of income deficiency. Added to this are also the complexities in objectively determining what constitutes basic necessities and what level of income is needed to acquire such necessities. Despite this, almost every national and international poverty threshold used today represents some variant of the economic well-being approach. For example, the poverty lines³ developed by Rowntree (1901) in the United Kingdom, by Orshansky (1965) in the United States, and by the World Bank (1997) for international comparisons are all based on some assumptions regarding the level of consumption for specific sets of population for given time and context. Because the notion of economic well-being looks simply at the economic welfare of people, poverty lines such as these often exclude from the equation the non-economic aspects of welfare or non-physical aspects of quality of life. Issues such as tastes and preferences, happiness, and psychological aspects of the quality of life, for example, do not carry any weight in determining one's poverty status. Although this leaves out the chance that some other ways of measuring poverty may yield more accurate measurement outcomes, giving rise to other concepts and approaches discussed later, governments in both developing and developed countries find economic well-being based poverty lines more appealing especially due to their simplicity, accessibility, and comparability over time and across societies (Citro and Michael 1995; Wagle 2002).

² This does not prevent from using consumption as the basis of poverty measurement, however. In fact, most of the poverty lines used in developing countries almost exclusively focus on consumption as the basis of measurement not only because the monetary estimates are easy to elicit but, more importantly, accurately estimating incomes would be even more challenging (Pradhan and Ravallion 2000; Wagle 2007a).

³ A poverty line or threshold specifies the amount of income (or wealth) needed to maintain a non-poor lifestyle (Gordon and Spicker 1999). It is used to identify the population in poverty for policy, administrative, and research purposes.

Because economic well-being is a function of income, consumption, and welfare, partly or in combination, researchers and policymakers have developed different variants of poverty lines depending on the value that the society attaches to them. Similar variations of poverty lines have been developed using the absolute, relative, and subjective criteria. This suggests that there is a possibility of having nine different types of poverty cutoffs.

At the most fundamental level of economic well-being is the notion of absolute poverty, which indicates the lack of basic means of survival. Here, one's non-poor status is defined as the ability to avoid absolute deprivation. Poverty is defined in terms of basic needs, usually the amount of income required to acquire a minimum level of food calorie intake, a minimum basket of consumption goods, or a level of individual welfare or utility needed to live a basic life (Hagenaars 1991; Lipton 1983; MacPherson and Silburn 1998; Wodon 1997). In this sense, while income, consumption, and welfare do appear to be different, they are interrelated and are directed at the level of goods and services needed to live a decent quality of life (IILS 1996).

Following the absolute income approach, for example, the World Bank (1990, 1997) defines poverty line based on per capita income of \$1/day.⁴ The official poverty line in the United States is another example of absolute consumption standard.⁵ Incorporating the basic needs oriented absolute consumption approach, the International Labor Organization defined poverty line in terms of the minimum requirements for food, shelter, clothing, and other essential services such as transportation, sanitation, health, and education (ILO 1976). By dividing poverty into extreme poverty (the lack of income required to meet basic food needs) and overall poverty (the lack of income required to meet both food and non-food needs), however, the UNDP (2000a) argues only the former represents absolute poverty.⁶ These income or consumption based absolute

⁴ Expressed in 1985 purchasing power parity (PPP) international dollars, this poverty line was developed as the mean of the official poverty lines of a group of low income developing countries (Ravallion et al. 1991). In 1993 international PPP dollars, the similar approach yielded the international poverty line of \$1.08/day and yet is referred as the \$1/day poverty line (Chen and Ravallion 2001).

⁵ It incorporates the concept of subsistence living as it is developed originally by estimating the incomes needed to acquire the 'basic' basket of food items and by multiplying that income by three to include living and other expenses (Orshansky 1965).

⁶ Here, the UNDP approach to defining poverty can be bit confusing; it includes food as basic minimum and yet shelter and clothing as non-food and perhaps 'non-

poverty lines have become a norm today in almost every developing country.⁷

Relative poverty is another dimension of economic well-being, expressed in income, consumption, or welfare terms. Applying the relative income approach, people are considered poor when they lack a certain amount of income in relation to the overall distribution in society. Because of its relative character, poverty lines established using relative criteria may change together with change in the distribution of income, consumption, or welfare over time and across societies. Assuming 50 percent of the median income would allow people to enjoy a decent living standard, Fuchs (1965) suggested in the early 1960s that those with less than 50 percent of the median income would be considered poor in the United States. This relative poverty standard is widely used today in the international poverty research (UNDP 2000a; Wong 1995) with most European countries adopting its 60 percent variant (Glennerster 2002; Immerroll et al. 2006; Kahn and Kamerman 2002). Similarly, the relative consumption approach tends to delineate those who have above average or some other acceptable sets of consumption level in society. The ‘overall poverty’ as defined by the UNDP (2000a) serves as an imperfect example of the consumption oriented relative poverty line.⁸

The absolute and relative poverty lines discussed above are developed by looking objectively at income, consumption, and welfare. In contrast, the third, subjective—or ‘self-assessment’ as Streeten (1998) calls it—approach looks at the same substances through subjective lenses. It does so by applying different poverty concepts, monetary and non-monetary, as viewed by people themselves.⁹ In this regard, many attempts have been

basic’ needs. Moreover, the non-food needs are referred to be within the purview of relative poverty as if a minimum standard of living does not include clothing, housing, and other amenities (UNDP 2000a). Yet, this is precisely how national poverty lines are developed in developing countries. See Wagle (2007a) for details.

⁷ ILO has prepared a compendium of poverty lines in use in developing as well as industrial countries. Some countries have more than one poverty line in use. See Tabatabai (1996) for details.

⁸ This is an imperfect example because, in setting the international poverty line, the UNDP has arbitrarily valued the consumption necessary in various societies, without taking cultural, geographic, or value aspects into consideration.

⁹ Different forms of poverty, for example, include such concepts as cumulative poverty—combining monetary poverty, poor living conditions, and feeling of inability to deal with difficult conditions—and selective poverty—people who say they are not poor but are generally manifesting poor living conditions (Strobel 1996).

made to derive some subjective poverty standards through opinion polls and surveys in which respondents are asked to indicate the levels of income, consumption, or welfare deemed necessary to have a non-poor life style. Surveys include what are called 'Minimum Income Questions' regarding the sufficiency of incomes to derive poverty standards applicable to households with different characteristics which are then aggregated to develop appropriate poverty thresholds (Gordon 2000; Hagenaars 1986; Pradhan and Ravallion 2000; Streeten 1998; Saunders et al. 1994). Similarly, there have also been applications of income and welfare oriented subjective poverty standards in which respondents are asked to evaluate certain income levels to be 'insufficient,' 'good,' or 'very good' from the welfare standpoint (Hagenaars 1991; van Praag 1968).

2.2.1 Political Economy Issues

The practice of equating quality of life with economic well-being relates to the concept of commodification of labor power. In the free market society, Marx (1891) argued, the working class would not be able to maintain certain quality of life without selling the labor power. At the same time, the capitalist system would maintain an unemployed, 'industrial reserve army' to compete with the employed, thus driving the wages down. The fact that some need to be available for work at all time suggests that they need to be able to carry out the low-skilled labor largely expected of them. The quality of life expected of such unemployed people, therefore, is ought to be sufficiently 'crude' or substandard that this does not place any real burden on the society. The notions of subsistence living and subsistence level of income refer to the level of economic well-being that is barely adequate to meet the basic needs, clearly distinguishing those who do not meet them from the rest in society.

From the structural standpoint too, an absolute or relative surplus of population results in society due to technological advancements (Marx 1970). This surplus population including the paupers, unskilled and semiskilled proletariats, and even 'lumpenproletariats' cannot find employment because of the structural changes in the economy especially driven by the constant quest of the capitalist class for alternative ways of production thus reducing the labor cost.¹⁰ The notion of 'social class' that Marx, Weber, and others posited (Sackrey and Schneider 2002) provides further impetus

¹⁰ The unprecedented global integration that has taken place causing massive structural changes to the economies in both developing and industrial countries clearly vindicates what Marx explained in the nineteenth century.

for the expectation that the living standard of the poor from the lowest wrung of society ought to manifest certain essential qualities. Such living standard, however it is maintained, typically does not include the amenities or the physical or non-physical components possessed by others in society. Women, whom Marx considered a part of the oppressed social, class regardless of their household status, also needed to manifest such subsistent living standard in order to perform the fundamental reproductive duties thus providing a constant supply of the 'reserve armies.' From this perspective, the notion of economic well-being or physical quality of life indicates that one holds "a basic standard of physical capacity necessary for production (paid work) and reproduction (the bearing and nurturing of children)" (Parentheses in the original; Lister 2004:21).

Where as Marxists view issues from an antagonistic viewpoint of the free market capitalism, a more pragmatic approach is to assess the quality of life from basic needs perspective. Drawing on Maslow's (1954) hierarchy of needs, propounded in the context of human resources and motivation, the notion of basic needs widely investigated in the 1960s and 1970s suggests that such physiological needs as hunger, thirst, bodily comforts, etc. represent the most basic physical needs that human beings manifest. Because of the basic nature of these needs especially necessitating physical goods to meet them, these provide a basis for assessment of one's basic living standard. These physical needs including food, clothing, housing, and other essentials are established by the United Nations (1948) and other country governments as people's fundamental rights. In essence, almost all economically derived poverty standards no matter whether they focus on income, consumption, or a combination of the two incorporate the basic needs perspective. The notion of basic level of consumption underpins, for example, the official poverty line in the United States, the international poverty lines set at \$1/day or \$2/day of income, and even other country specific poverty lines based on certain amount of food calorie intake,¹¹ as each is derived from the consumption of food and other basic essentials.

The issue, however, is not so much about whether the idea of basic needs is appropriate as it provides a practical way of conceptualizing poverty with enormous usefulness in redistribution policies. It is, instead, one of specifying the basic needs and determining what ought to be included in the list of items constituting the basic human needs. This essentially invokes the issue of 'basic needs for what'? The question is partly philosophical involving the constitutive or intrinsic values of

¹¹ See Wagle (2007a) for a survey of the official poverty lines in South Asia, including Nepal, employing the basic needs approach.

fulfilling the basic needs, however they are defined. Partly, the question is political since it is the political process that is often used to settle it as is the case with societies looking for ways to define needs as conservatively as possible so that the policy resources required to address poverty could be kept to a minimum.¹² This is also a point where the overarching idea of well-being or quality of life needs to be defined essentially involving value judgments over whether it ought to focus on the physical aspect of life for which the market puts some economic values or to also include the nonphysical aspect of life for which there is no economic value. As Lister (2004) observes, for example, human needs are recognized to be so diverse that they can be partly universal especially in case of physical needs and partly conditioned by social, historical, and cultural contexts, thus reflecting on the preference of societies. But since the notion of economic well-being narrows the idea of quality of life to those needs that have economic values, the issue boils down to identifying needs of economic value at an acceptable level on which the issue of absolute and relative criteria takes precedence.

There is a contentious argument over the absolute or relative nature of human needs and thus poverty lines used to separate the poor from the rest of the population. Suggesting the universality of some and especially physical needs, proponents of the absolute human needs argue that there is an 'irreducible absolutist core' such as food and nutrients that everyone needs in order to avoid poverty (Sen 1983). Poverty lines that Rowntree (1901) defined in the turn of the nineteenth century in London and Orshansky (1965) defined in the 1960s in the United States recognized this irreducible core in terms of the consumption of food, housing, and other non-food items. Poverty lines based on consumption of some predetermined food calorie intake that are almost a norm in most societies today also manifest this absolute deprivation concept. This is even more relevant where the aggregate capacities to feed everyone well are low and where the general food calorie intake tends to directly affect productivity (Dasgupta 1993; MacPherson and Silburn 1998).

With the conviction that one's needs are conditioned by what others have in society, proponents of the relative poverty argue that human needs

¹² The debates over the official poverty lines in the United States are quintessential. While there is a widely perceived inadequacy of the official poverty lines to capture the notion of basic needs in today's society (Citro and Michael 1995; Iceland 2003; Joassart-Marcelli 2005; Short 2001), the Census Bureau (2006), the agency officially responsible to updating poverty lines, uses experimental poverty lines that result in significantly lower poverty headcount ratios.

are dynamic in nature and evolve through time and place. Since the overall quality of life changes across societies and over time, Galbraith¹³ (1958), Townsend¹⁴ (1970), and others (Fuchs 1967; Miller and Roby 1970; Rainwater 1969) argue that poverty lines thus derived ought to be essentially relative moving in the same direction as the overall qualities of life. Because most of the basic physical needs such as food calorie intake or the type of housing are socially constructed (Townsend 1993), this idea of relative poverty is in contradiction with that of absolute poverty.¹⁵ Even the famous quote from Adam Smith (1776) indicating that poverty relates to the inability to ‘appear in public without shame’ provides a relative space for comparison in which the use of linen shirt as a frame of reference would have changed today to some sort of designer clothes.

It is obvious that part of the contention between the absolute and relative criteria has to do with how one views inequality. The issue of inequality deserves special attention while applying the relative criteria as the qualities of life of different segments of the population may move in different directions (Haveman 1987). From the economic well-being standpoint, for example, those at the bottom may be experiencing substantial improvement in their qualities of life where as the rest in society remain indifferent or report diminishing qualities of life. Alternatively, the quality of life may be improving in a society in general all the while those at the bottom may not be experiencing any improvement in theirs. One can think of an array of situations like this but in reality finding cases with markedly improved status of those at the bottom and yet with markedly diminished or even unimproved status of those at the top would be rare.¹⁶ In contrast to

¹³ According to Galbraith (1958:23–24), “People are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent. They are regarded for, in a literal sense, they live outside the grades or categories which the community regards as acceptable.”

¹⁴ While he broadens the concept of the overall quality of life as the basis for assessing one’s poverty status, Townsend (1970:42) argues “...the possession by individuals and families of relatively low resources does not automatically mean they are in poverty, but only if they are thereby unable to have the types of diets, participate in the activities and have the living conditions and amenities which are customary in that society.”

¹⁵ The fight between Sen (1985c) and Townsend (1985) is quintessential of the tension between using the absolute and relative criteria.

¹⁶ It is precisely for this reason that Sen (1976) viewed the ‘transfer axiom’ fundamental to driving the enterprise of accurately measuring poverty. The Sen

many countries including in the European Union, for example, the United States represents a country in which the top quintile has increased the quality of life as measured by income where as the bottom quintile has witnessed the quality of life attenuate in the past few decades (Glennester 2002; Smeeding 2005; Smeeding et al. 2001).¹⁷ Unlike the proponents of the absolutist view, those advocating the relativist view suggest that the poverty thresholds designed to separate the poor from the rest ought to reflect on the overall movement that those at the bottom of the ladder are making compared to the rest in society. What happens to the majority of the population drives the overall social norms and preferences regarding consumption, needs, and the overall living standard.

Because one's needs are conditioned by the level of overall well-being in society, those focusing on relative poverty see distributional issues to be central to developing poverty thresholds. While this invokes broader issues of whether or not inequality in the distribution of economic resources is justified in a well-ordered society (Friedman 1982; Friedman and Friedman 1980; Nozick 1980; Rawls 1971, 2005), this also has implications for establishing needs as a reasonable basis for demarcation of the quality of life of the poor relative to those of the non-poor. Since the purpose of determining who is poor and who is not is to identify the population that needs policy resources to improve the quality of life to an acceptable minimum level, this process is essentially political. It is political because pro-poor poverty thresholds will call for a more extensive reform to redistribute resources thus arousing dissention in a society where inequality is rather high. Since the absolute poverty threshold does not move together with changes in inequality in society, on the other hand, there will be less concern for redistributing resources even when inequality is high.

From the notion of space, commodities that are customarily needed in a particular society ought to be required of everyone including those at the bottom wrung of society. Items such as a computer, unthinkable a few decades ago, for example, can be considered a basic necessity today indicating that the overall bar assessing the quality of life needs to be raised with the passage of time marking fundamental changes in lifestyle. This signifies the temporal dimension with expansion of the basic needs when the overall social preference shifts higher. Similar adjustments can occur due to changes in inflation or cost of major types of goods and

index, it was argued, would be sensitive to those regressive transfers in the real world in which the poor often witness their income share being transferred to the non-poor.

¹⁷ This is also consistent with the trend in Nepal for the past two decades (Wagle 2007a, 2007b).

services. Because the overall budget line changes together with increase in prices, the monetary value of the basic needs will increase, despite virtually no change in the actual quantity of needs suggesting that basic needs are relative to the overall movement in the economy. Basic needs also have spatial, cultural, and other faces of relativity as they are conditioned by geographic location, weather, lifestyle choices, and other social values. Issues such as age and gender can be important when it comes to determining the food, clothing, and other aspects of human need.

While the argument goes on over the use of absolute and relative criteria, it may be essential to use a more reconciliatory tone, thereby potentially integrating the two, for a more comprehensive picture of the ability to secure an acceptable quality of life. Because societies are in different stages of development with some offering sophisticated lifestyle choices and others still with the pre-industrial choices, the absolute and relative dichotomy may not apply universally. Once basic levels of physical needs are met in terms of the food calorie intake, for example, societies may be ready to advance toward embracing more comprehensive concept of human needs.¹⁸ In this case, application of the relative criteria would be more appropriate to talk about the issues of the command over resources as well as other non-physical quality of life issues. The approach embraced in the 1995 UN Copenhagen Summit, for example, divided the basic needs into two tiers and called for measuring absolute and overall poverty to make the cases of industrial and developing countries comparable (United Nations 1995). More specifically, while the notion of absolute poverty covers severe deprivation of basic human needs such as food, health, shelter, education, and information, the overall poverty deals with inadequacy of income and other non-physical aspects of life. The UNDP (1999, 2004, 2006) has more recently followed this approach by conceptualizing the notions of overall human poverty (or deprivation) and income poverty.¹⁹

As the absolute-relative dichotomy presents, economic well-being and basic needs are essentially value-laden constructs with enormous difficulty

¹⁸ This is partly reflected in the distinction made by the UNDP (2000a) between extreme poverty and overall poverty. Because food needs tend to be more basic than housing or other needs, applying the absolute criterion of food need for extreme poverty is reasonable. The non-food needs incorporated in the overall poverty, on the other hand, are thought of as relative, partly shaped by their overall consumption in society. National poverty lines are also increasingly developed using these guidelines (Wagle 2007a).

¹⁹ The overall human poverty incorporates longevity, knowledge, and income poverty in case of the advanced, OECD countries, where income poverty is defined as the income shortfall compared to the 50 percent of the median.

in reaching the level of objectivity that proponents of the absolute approach envision to achieve. At the same time, it is the poor who experience poverty in their everyday lives and their understanding of what it means to be poor can make a very important contribution to defining and measuring poverty (Chambers 1997; Narayan et al. 2000). The notion of subjective poverty, in which people's understanding of poverty and basic needs counts, adds to the richness of the alternative approaches to conceptualizing poverty. It is its humane treatment of the poor with their participation and empowerment in determining policy processes and outcomes that is appealing about this approach with definitional and measurement outcomes likely to reflect the genuine value systems of society. At the same time, although subjective poverty standards reflect spatial, cultural, and other differences in needs, they are subject to considerable attacks for they are not comparable over time and across societies and are difficult to apply due to a lack of full reliability of the needed survey data. As Sen (1985a) asserts, subjective poverty standards are essentially controversial as social and psychological issues and individual values and preferences tend to heavily influence the measurement outcomes.

2.2.2 Measurement Issues

Measuring economic well-being can be straightforward when one uses income and consumption as its indicators. The conventional practice is to incorporate consumption and income in order to derive easily understood poverty thresholds. The process involves specifying and valuing basic needs and expressing the value as the poverty threshold in terms of income such that those without sufficient income are categorized as the poor. Interestingly, this process applies consistently across all types of poverty lines: absolute, relative, and subjective. Differences exist only in terms of how the level of consumption is determined. Under the absolute approach, for example, the universal idea of the basic human needs guides the process of determining the basic consumption level using the local market values, thus providing the monetary estimates of consumption. Under the relative approach, this process is guided by the overall distribution of income and other resources in society. While one employs the median income and uses its fraction (50 percent in the United States and 60 percent in most European countries, for example) to determine a basic level of consumption as a shorthand, a longer and more accurate process would be to specify the basic needs paying particular attention to time, space, culture, and other relevant factors and determine the monetary

estimate of the needs using local market prices. In case of the subjective approach too, the information collected in the community is used to determine the needs that are considered basic and put monetary values to them using local market prices. Equivalence scale and age adjustments are made to the consumption estimates in each case so that the effect of the economies of scale due to large households and age differentials on consumption would be appropriately incorporated. Adjustments are also made for the differences in needs across profession, activity level, weather, space, and the like.

Complexities arise, however, in both determining the applicable basic needs and in using the accurate value of income available to one's disposal. First, since the idea of basic needs is highly controversial, agreeing on what needs to be included and how much of each is complicated. The official poverty line developed in the mid 1960s in the United States, for example, tried to settle this controversy by estimating consumption of the basic food items using the 'economy food plan' and assuming that one would have to spend twice the food expenditure on housing and other basic necessities (Orshansky 1965). Since its original formulation, there have been some cost of living or consumer price adjustments to the economy food plan on which this absolute poverty threshold is based. Yet, major sources of controversy have been the assumption that families would spend one-third their after-tax incomes on food,²⁰ that basic needs schedule has not been revised together with the change in the overall preference in society,²¹ and, equally importantly, that the in-kind transfer has not been incorporated in determining after tax income (Citro and Michael 1995; Glennerster 2002; Iceland 2003; Joassart-Marcelli 2005). While there have been many attempts to revise the official poverty line (Census Bureau 2006; Citro and Michael 1995; Short 1998, 2001; Weinberg 1996), none has been free of controversy to qualify for the official poverty line designation.

Poverty lines established from a basic food calorie intake like in Nepal (CBS 1997, 2005; Chhetry 2004) are also controversial. Admittedly, they

²⁰ Due to rising housing cost, studies have shown that families spend increasingly larger share of their after tax incomes on housing thus attenuating the part of the disposable income left for food and other necessities (Pelletiere et al. 2005). Based on this, there are even recommendations to set the poverty line at three times the housing cost.

²¹ Increasing childcare, health care, and transportation costs, inter alia, put enormous pressure on today's family budgets in the United States with no possibility of coping with these costs for families just at or slightly above the official poverty line (Citro and Michael 1995; Joassart-Marcelli 2005).

are based on some absolute criteria on consumption making them more objective. At the same time, however, what sort of diet one needs is relative to the physical work attached to her or his life. Even more importantly, the basket of food items that was used in developing the poverty line is not universal when it comes to maintaining the expected diet and the uncertainty of price together with rampant inflation makes the case for the official poverty line even more complex. In the same vein, the income-based international poverty lines that are widely used by the World Bank (1997, 1999, 2001) and other international agencies are also controversial. While they have provided a uniform basis for international comparison, as a threshold of any size would be relevant, they do not provide any useful information for assessment of poverty and policy response to it in any particular country.²²

Second, the money income attached to the designated level of consumption is not often accurately measured. Because economic well-being is a state determining (or determined by) one's capacity to consume the necessary food and nonfood items, using income to measure economic well-being is far too distant, second to consumption itself. Just because one has income, it can be cogently argued, it is used 'wisely' toward maintaining the physical quality of life. Part of it has to do with the tastes and preferences dictating one's consumption pattern more than the nutritional considerations, unlike policymakers would like to underscore. Moreover, even if we can agree on the fact that income can gauge one's economic capacity to effect consumption and thus physical quality of life, it is the overall access to economic resources that would be more influential in determining whether or not one is poor. And quite obviously, there is an array of resources including wealth, government transfer, public services, and in-kind supports that also enter the income equation, with income before or after taxes including income from wages or salary and income from farm and non-farm self-employment, which are used in the official poverty line in the United States, being just one source (Citro and Michael 1995; Pradhan and Ravallion 2000; Smeeding 1977; Weinberg 1996). While many experimental poverty measures have attempted to incorporate different sources of income (Citro and Michael 1995; Short 1998, 2001), results have not made sweeping changes.

With the assumption that consumption is a function of one's overall economic capacity and not necessarily present income, researchers have

²² Measurement outcomes using these international poverty lines have not been particularly useful for national governments as their more specific, official poverty lines have produced very different poverty estimates. These estimates also provide dissimilar trends in poverty incidence over time (Wagle 2002, 2007a).

tried to address the need to operationalize this economic capacity in different ways. One of the much-debated approach employs the concept of permanent income measuring one's permanent command over resources, thus essentially stabilizing the effect of short-term fluctuations in income (Johnson et al. 2005; Watts 1969). Although this approach takes a longer-term view of one's economic capacity, its usage remains limited to academic exercises (Haveman 1987). Another issue for consideration is wealth, which greatly influences one's capacity to consume. While studies have found wealth to be highly correlated with income, thus providing very little reason to use wealth for poverty measurement purposes (Haveman 1987), this can be a potentially important resource affecting one's consumption in developing countries (Wagle 2002, 2006a). This is because any proceed derived from the depletion of wealth is not counted toward income and yet boosts one's capacity to consume.

This discussion suggests that measuring economic well-being has always been a risky enterprise, with none of the approaches being perfect. At the heart of the controversy has been the use of absolute, relative, and subjective criteria. What measurement approach to use has to do with how poverty is conceptualized and defined. The overall discussion suggests that the concept of basic needs which shapes the idea of economic well-being is partly absolute and partly relative. While most of the elements of basic needs are universal suggesting that they must be accessible to everyone, the quantity and variation of such elements that are needed are conditioned by a number of factors manifesting their temporal, spatial, cultural, physical, and other dimensions. Interestingly, the United Nations (1995) approach to incorporate both absolute and relative dimensions of poverty has achieved meager success in poverty research.²³ Yet, this is an enterprise that needs to be strengthened not dropped along the way. Furthermore, since poverty is experienced by real people, incorporation of subjective views regarding one's own state of economic well-being can provide an important value added to achieve measurement accuracy.

In terms of the indicators useful to measure economic well-being, it is the consumption, income, and perhaps wealth that are highly relevant. Partly, it also depends on data availability, as data on consumption and wealth are difficult to collect but using a more comprehensive list of indicators can positively affect measurement accuracy. Also, because the

²³ In its Human Development Reports, for example, the UNDP (1999, 2005, 2006) uses both absolute money income (in case of developing countries) and income relative to the 50 percent of the median (in case of industrialized countries) to compute poverty indices. This recognizes the need to use both absolute and relative criteria and the difficulties in doing so.

value of these indicators to measure economic well-being is contingent on family sizes, geographic location, and rural–urban settings, among others, appropriate adjustments ought to be made. At the same time, indicators of fulfillment of such basic needs as safe drinking water and child nutrition (UNDP 2005), while more direct to assess the state of economic well-being, are neither comprehensive enough nor easy to estimate, let alone with needed precision and reliability.

2.3 Capability

Introduced during the 1980s, the capability discourse shifted or more importantly broadened the focus of poverty from narrowly defined economic welfare to more comprehensive, freedom and human well-being. Embracing the idea that human development is a process to expand freedom and choice, capability is used as alternative way of conceptualizing poverty. The capability approach underscores the need to see poverty as a shortfall in the fundamental capabilities of a person, which indicate the degree of freedom needed to achieve valuable ‘functionings.’ Central in this exposition is the capability that indicates how much freedom one enjoys, serving as a more accurate basis for assessing the level of deprivation experienced.

But capability is not only about one’s capacity to achieve something. It is also indicative of the range of functionings that one is likely to have, although what one ends up with partly depends on a variety of other things. As Sen (1993:31) puts it, “The [capability] approach is based on a view of living as a combination of various ‘doings and beings,’ with quality of life to be assessed in terms of the capability to achieve valuable functionings.” Quality of life or well-being can be assessed by looking at one’s capabilities that enable them to achieve the functionings they value.

Sen (1999:87) argues capability deprivation captures the true notion of poverty that people experience in everyday lives. First, capability approach constitutes a more sensible approach to conceptualizing poverty as it focuses on the part of the deprivation or well-being that has intrinsic value rather than on instrumentally significant lowness of income. Second, capability deprivation offers a wide-ranging appeal as it generates from a variety of traits or characters rather than simply from the lowness of income. Third, while income has instrumental impact on capability, the true relationship is less than universal and in fact variable depending on communities, families, and individuals. How much capability one can generate out of given income depends, *inter alia*, on age, gender, social

roles, location, public health concerns specific to the place or region, and other variations that are beyond the control of the individual. Issues such as intra-family distributions and the contingency of the transformation of income into functioning tend to also affect the way income affects capability.

The capability approach suggests that functionings and capability are two integral aspects of one's quality of life and well-being (Sen 1992, 1993, 1999). First, functionings are the ends that signify parts of the state of a person, as they are the things that the person is able to do or be, leading the life that he or she currently has. Functionings can be countless, each representing some form of achievement that the person is able to realize. Some functionings are profoundly basic such that we do not even notice them. Maintaining adequate nutrition and having good health, for example, are so fundamental to human life that everyone values them so dearly. At the same time, other more complex functionings including attaining self-respect and participating in social and political milieu happen at varying degrees as people value them variously not only in terms of their importance in life but in terms of the degree of the functioning that is actually needed and the time and effort one needs to put to achieve them.

Second, capabilities are the means to achieve functionings. People have a range of capabilities with some basic capabilities such as the ability to be well-nourished, be well-sheltered, avoid curable morbidity, and avoid premature death that are fundamental to achieve basic functionings. More rigorous sets of capabilities are needed to make more complex functionings happen including such things as political revolution, economic development, or invention of medicine to cure diseases. Only few possess these rigorous sets of capabilities.

While a person can have a comprehensive set of capabilities, just like budget constraints in the study of consumer behavior, he or she can put them to achieve only a combination of functionings that he or she values and has reason to value. Capability indicates 'the alternative combinations of functionings' within one's reach, of which the person can pursue one particular collection (Sen 1993). It is precisely for the reason of value that two people with identical sets of capabilities may pursue two completely different sets of functionings, depending on what they value to be important. Two people with comparable education and expertise as well as comparable socio-demographic background, for example, may end up with different types of jobs, earnings, and other achievements especially if they value different things differently. They may even have different lifestyles and social relationships depending on their interest.

In this sense, capability and functionings constitute interrelated and yet different aspects of well-being. One may even be more important than the

other, perhaps with functionings representing the ends that is much closer to assessing one's quality of life. Moreover, because value or even rationality which essentially is shaped by how much freedom or capability one has dictates one's decisions to pursue one sort of functioning over another, assessing quality of life using such highly incompatible functionings is unreasonable. This suggests that capability is more central than functionings to assess the quality of life or deprivation (Gasper 2002). What connects capability and functionings together, however, is the freedom measuring the extent of choice one enjoys in leading the type of life he or she values and has reason to value (Sen 1980, 1992, 1993, 1999.). Two equally free (or capable) individuals are assumed to have identical quality of life, according to the capability approach, even if they achieve two different sets of functionings and thus have overall lifestyles that are different. Because capability is closer to the concept of freedom, this approach focuses more on capability as the means that can be used to achieve the ends or the functionings.

The connection between capability and functionings is even more complex, once the role of value is considered. Capability and functionings are generally considered the means and ends respectively as the latter determine one's quality of life. Capability enhances one's freedom precisely for this reason, thus increasing the choices that he or she has in making happen the functionings that are deemed valuable. Higher education, for example, increases one's freedom in terms of pursuing different occupations with which come different economic payoffs. Do all people with higher education value it the most to pursue occupations that offer large economic payoffs? The answer is no, as some people embrace occupations to serve others rather than profiting for their own sake where as others do so because it increases their personal enrichment or serves their individual niche. Sen (1992, 1993, 1999), therefore, argues that while capabilities have instrumental values in enhancing freedom that enable one to achieve the things they value, capabilities also have intrinsic values such that they in themselves serve the purpose of functionings. Invoking the case of education in point again, for example, while education is instrumental to making functionings happen, this has intrinsic values thus being considered as the end in itself. Isn't, for example, being educated, knowledgeable, and well-informed individual a goal in human life? With education come many benefits but most important part of them is the benefit that individuals realize in terms of self-confidence, self-recognition, self-respect, and above all the feeling of personal achievement that not all people have freedom to achieve.

This is where the capability approach goes beyond the traditional economic well-being approach in determining quality of life. The focus on

economic resources such as income, consumption, or even wealth that are presumed to measure one's quality of life is essentially flawed because what is measured is the means and not the end in terms of well-being. Admittedly, deriving poverty lines based on the level of income that is needed to secure consumption for a minimally acceptable quality of life is justified. But problematic is the assumption that income is used to achieve the quality of life that is expected without any attention to one's value and choice. What we are interested in is the well-being or quality of life, which is essentially value-laden with widely perceived difficulties in determining its core elements. There are countless choices in which people can spend income and people with high income do not automatically transform it into well-being. If well-being means maintaining a long, healthy lifestyle, for example, that is not where income always gets spent. What is true, however, is that high income expands one's freedom and opportunity to acquire the things that one values, thus potentially improving the quality of life. In this sense, while income has instrumental value to achieve functionings, more central than income is the capability to realize such income suggesting that traditional income-based poverty measurement approaches have missed the boat.

Going beyond the usual arguments of capability and functionings, Sen's (2002) recent work has attempted to broaden the scope of the capability approach by concentrating on the opportunity and process aspects of freedom. Opportunity here indicates the ability to make outcomes happen when one values those particular outcomes and has reason to value them. The process aspect of freedom, on the other hand, indicates that the process used in achieving certain outcomes in itself has a value, independent of the value of the outcomes. While the opportunity and process instrumental in achieving some valued outcomes utilizing such opportunity signify some shift in focus, they invariably focus on the freedom aspect of life that is at the center of one's quality of life and well-being. Sen's (2002) renewed arguments that rationality or what one values and sees reasons to value are highly interconnected forming a basis for the level of freedom or choice that he or she enjoys in society.

Rather than focusing on the capability or the input and the functionings or the output (outcome), the new direction to capability approach appears to embrace the systemic view of the opportunities and freedom (Sen 2002). This systemic view would then have three components including the input, output, and process with the last one focusing on how one transforms the input or the capability into the output or the functioning. From another perspective, while Sen's previous works highlighted the individual dynamics of freedom and opportunity, more contemporary expositions include process or the broader contextual reality in which one must operate

(Gasper 2002). It is apparent that this new direction exposes the influence that the debate over social exclusion may have on more recent thinking of Sen (2000), which he finds highly complementary. At the same time, it may also be a way to broaden the concept of capability primarily concerned at the individual level of analysis by incorporating perhaps the things that the capability approach cannot accommodate or was not originally conceived to accommodate.²⁴

2.3.1 Political Economy Issues

Sen aligns with Rawls (1971) when he places freedom, opportunity, and especially self-respect at the heart of the capability arguments. Like Rawls (1971) who argues all primary goods including basic liberties, freedom of movement and occupation, powers and prerogatives, income and wealth, and self-respect are valued in a 'well-ordered society,' Sen (1992, 1993) posits that liberty, freedom, and self-respect form the basis for one's meaningful quality of life. Sen (1980) is one of the critics of Rawls' (1971) work questioning in particular whether homogenization of individuals and their needs and emphasis on primary goods that only have instrumental or intrinsic values is appropriate when it comes to redistribution. Sen (1980, 1992) and Nussbaum (2000, 2006), in particular, see the need for expanding the notion of social justice so that the distributive issues would cover aspects of life that are beyond primary goods. At the same time, however, Sen (1980, 1992) borrows the concepts of self-respect, liberty, and freedom to indicate the capabilities or opportunities that individuals have in transforming them into valuable functionings.

Drawing from Rawls (1971), Nussbaum (2000, 2006) explores ways to relate the capability approach to entitlements with specific reference to poor and women who are distinguished from the rest especially in terms of inequality. While Sen's (1992, 1993, 1999) treatment of capability poverty is absolute in nature arguing that capability sets that one is expected to possess can be assessed in some absolute sense, the notion of capability as entitlements puts this in a relative framework (Nussbaum 2006). As Nussbaum (2006) argues, capability can fully accommodate the locus of

²⁴ Sen (2000) argues, for example, that concept of social exclusion, which essentially deals with the freedom that one enjoys in society, serves as one important dimension of capability. It may also be a dimension of capability if viewed as the process aspect of freedom. Proponents of social exclusion argue, however, that what one can do and have is largely a function of the broader social dynamics with individual analyses serving as the different components of social exclusion.

human rights including political and civil liberties and economic and social rights that are considered entitlements in the way human rights is used in the international arena. In fact, Nussbaum (2006) even goes on to suggest that constitutions ought to use the term capability to indicate the sets of fundamental entitlements of all citizens based on the principle of justice. This is not to argue that capability ought to replace rights the way constitutions set out some political rights to be fundamental to everyone's life. At the same time, however, what capability conveys goes beyond the notion of rights in appropriate cases in which people's choice and autonomy are preserved by not explicitly pushing for a specific set of objectively established functionings (Nussbaum 2006).

To make the argument for freedom more persuasive, Sen (2002) looks at the space of freedom itself and how it plays out supporting the functionings and the capabilities and processes that make functionings happen. For one, he connects the notion of rationality that shapes one's preference with the freedom. It is not just that rationality promotes freedom as the former is largely shaped by one's capability sets along with the values embraced. Perhaps even more importantly, Sen argues that freedom, which depends on the given capability sets, directly contributes to the rationality developed. Moreover, while freedom has been a central concern in many classic works such as those of Hobbes (1982) and Locke (1980) as well as more recent works of both conservative and egalitarian thinkers including Friedman (Friedman and Friedman 1980), Nozick (1974, 1980), and Rawls (1971), freedom has seen quite varied conceptualizations. On the one hand are the conservative expositions of freedom underscoring the need to be left alone without any interference so that one can work toward her or his benefit and the overall pursuit of happiness. On the other are the egalitarian expositions arguing that individuals need social protections so that they are free to pursue things that are valuable to them. These two separate forms of freedom, Berlin (1969) identifies, are negative and positive freedoms respectively as the former refers to 'freedom from ...' and the latter focuses on 'freedom to do or be' Applying these forms of freedom, Sen (1985b, 1992, 2002) argues that freedom and especially the positive aspect of it essentially dealing with both opportunities and processes that are central to promoting one's capabilities ought to be the guiding principle of freedom as capability. Because the capability approach views life positively indicating that freedom is not necessarily linked with specific outcomes that the society expects a person to achieve, positive freedom is indicated not by functionings or outcomes but by the level of capability. In fact, as Jayasuriya (2000) observes, it is this notion of positive freedom advocating institutional pluralism, political capability, and institutional

freedom that makes this approach consistent with the social democratic movement going on in many parts of the globe.

While speaking of capability, Sen distances himself from the notion of utility widely applied in classical economic and political writings. Given that utility focuses on happiness, desire fulfillment, and choice, Sen (1985a) argues, capability cannot be expressed in terms of utility as the latter is personally binding, paying excessive attention to personal interests. People have different tastes and the utility derived from consuming a particular commodity is conditioned upon a number of personal characteristics. Admittedly, capability does depend on personal characteristics and circumstances. Yet utility does not incorporate the wider sets of interests that may be central to deciding whether to value one alternative more than the other. For Nussbaum (2006), moreover, the utilitarian framework is irrelevant to understanding poverty and social justice as it focuses on what people currently prefer and the level of their satisfaction all the while the ‘adaptive preferences’ that the poor exhibit tend to be based on ‘limited rationality.’ Because rationality is dependent on the degree of freedom enjoyed (Sen 2002), relying on preferences based on limited rationality is sufficiently unfair and unrealistic. In the same vein, Clark (2005) notes, while the notion of utility is not always limited to personal interest allowing ‘objective realization of desired states,’ Sen’s (1987) argument has been to focus on freedom and opportunities as they are valuable to assess what kinds of life or well-being one has reason to value which may not always align with utilitarianism.

Dieterlen (2005) makes several observations important to understanding the capability approach with appropriate locus of agency that acts on its own behalf. First, Sen’s concept of freedom or opportunity indicated by capability is related to the well-being of a person, as it determines the quantity and quality of the options that enable one to achieve functionings or well-being. Second, and more importantly, the agency or person-centered focus is essentially at the heart of Sen’s work. Capabilities and functionings are discussed in reference to one’s value and reason and what one is free to pursue, indicating that what one is likely to pursue depends on her or his values or reasoning. Focusing on the individual or the agency, rather than on commodities or resources, has an important implication. As Sen (1995) points out, for example, the assumption that people and particularly the poor are passive beneficiaries of social policies is essentially flawed, as the agency’s interest ought to be always at the center of policy targeting.

Because materials or commodities are not valuable in themselves and therefore are no more than means to achieve other ends, Sen (1987, 1989) recognizes their instrumental value with how much functioning one

derives out of them depending on individual capability. Certain food, for example, has some nutritional value that helps maintain one's good health and increase productivity. Whether or not one is able to use such food in a way that it helps maintain good health and increases productivity, however, depends on many factors that provide different options or opportunities on the part of the individual commanding the food. Putting the individual at the core of the analysis, Gasper (2002) notes, the agency notion of capability also underscores the importance of empowerment and participation on the part of the individual. While the notion of agency is important in making decisions for its own valued interests and welfare, it can be even more fundamental, as it assumes the individuals to be capable of making informed decisions and to fully exercise their power so that those who are socially disadvantaged can also gain dignity and self-respect (Hicks 2004). Because the agency and well-being are interrelated and because the agency is the autonomous individual, the capability approach enables people to question the existing social structures that may perpetuate injustice, sometimes negatively impacting the individual, and to attain more equal distribution of freedom as a means to achieve well-being (Hicks 2004; Nussbaum 2000; Sen 1985b, 1993).

2.3.2 Measurement Issues

With a compelling political economy appeal, the capability approach has veritably revolutionized the way people think about poverty. But it still lacks appropriate measurement schemes for practical application. Part of it is due to a complexity of identifying the elements of capability and functionings such that they would be useful to assess one's freedom and quality of life. But part of it has also been due to the deliberate reservation that its chief architect has asserted, arguing that it needs test of time, reasoned debate, and practical evaluation (Sen 1993).

It has been difficult to pinpoint the most important indicators to assess capability. This is even more complicated as the notion of capability deprivation that relies heavily on the implicit concept of 'freedom' deals with both capability and functioning without any identified way of disentangling them in practice (Sen 1987, 1992, 1993, 1999). Seemingly, functioning is the end in itself that should be adequate enough to indicate one's quality of life. But what is the end and what is the means to achieve some other ends is highly controversial. The amount of knowledge one has, for example, is instrumentally valuable to realize some other ends such as healthy lifestyle with nutritious food and to make decisions that lead to a wise use of resources and a better quality of life. It is precisely for

this reason that capability enhances one's freedom to transform what one has into different forms of functioning, depending on her or his value, reason, and rationality. In addition to its instrumental value to achieve functioning, however, the same amount of knowledge one has also has an intrinsic value serving as the end in itself, thus with its ability to represent at least some part of functioning. Very few would see any reason to disagree that knowledge is an integral part of quality of life with a more knowledgeable person considered to manifest better quality of life in society. Knowing, for example, makes one happy with that happiness contributing to the overall quality of life. This is so not only from the standpoint of 'utility' that one derives from increased happiness, the overall society also puts value to the knowledge that one has as others can also benefit from this knowledge, thus valuing the knowledge itself.

Sen (1999:75) argues "While the combination of a person's functionings reflects her actual achievements, the capability set represents the freedom to achieve: the alternative functioning combinations from which this person can choose." For further advancement in practical usefulness of the capability approach, Sen (1993, 1999) expects to initiate a meaningful discussion over the question of what are the important achievements, what functionings they should include, and what corresponding capabilities need to be examined. Partly, these should depend on what the overall society values as such elements and indicators thus with the society shaping the entire discussion. For this reason and for that identifying specific elements of capability as well as functionings and opportunity needs a more extensive debate and evaluation from practical standpoint, Sen (1993) explicitly assumes further development in the approach to take this responsibility (Alkire 2002).

At the same time, however, it may challenge Sen's (1992, 1993, 1999) absolutist approach expecting inclusion of some bare minimum criteria rather than excessively focusing on the relativist approach with comparisons within societies. This is clearly an unresolved quest between the absolutists and relativists both contending that poverty or quality of life should be based on some accepted criteria. The acceptable level of people's capability to avoid poor quality of life changes with change in the overall performance of societies. As Qizilbash (2003) and Qizilbash and Clark (2005) argue, for example, one's relative position may be important even when capability deprivation is considered since its measurement has to rely on observable indicators that tend to vary across societies and over time.²⁵ Sen's (1992, 1993, 1999) argument for some absolute criteria needs

²⁵ If we were to assume educational attainment truly represents the level of capability in the United States, for example, the positive progress in the

also to incorporate some relative component in order to accurately assess poverty status. While cross-cultural comparisons involving highly disparate segments of society or the world in aggregate makes this controversy more enigmatic, an ideal approach would be to identify the factors to determine some bare minimum quality of life and apply some relative criteria paying attention to inequality once that bare minimum is achieved. Albeit operationally difficult, the issue of relative importance of achievements, functionings, and capability as the core driving force in a given society needs to be resolved appropriately and yet acceptably even prior to any meaningful discussion on the indicators of each element.

Furthering Sen's absolutist agenda, Nussbaum (2000, 2006) proposes a list of 'central human capabilities' applying the notion of bare minimum as a starting point for further discussions on appropriate modifications. While this list including physical quality of life, inner quality of life, political reason, and political and material environment in which we live is essentially a comprehensive list covering all potential concerns of human life,²⁶ Nussbaum (2000, 2006) concedes that these concerns need to pass cross-cultural and cross-temporal tests so that they are immune to criticisms especially from the standpoint of social justice.

Alkire (2002) advanced another project in an attempt to identify appropriate elements and/or indicators of functionings and capability by conducting a comprehensive review of practical approaches that scholars have devised, with a goal of applying them in impact assessment of Oxfam programs in Pakistan. While the focus was necessarily on the capability approach, the task was essentially to measure human development thus keeping its broader appeal. In addition to Nussbaum's (2000, 2006) 'central human capabilities approach,' she found the 'practical reasoning approach' of Finnis (1980), Grisez et al. (1987), and Finnis (1994) indicating

educational attainment in its general population over the past few decades indicates that any capability poverty threshold would have to be increased. This change in the poverty threshold, however, would have to be consistent with the level of freedom that a particular level of education, say high school education, brings in terms of the choices in the labor market. Even more crucial would be to change such threshold in developing societies, as their populations have been able to achieve rapid educational advancements.

²⁶ More specifically, the list includes life expectancy; bodily health; bodily integrity for movement as well as other protections; practice and expansion of senses, imagination, and thought; expression of emotions and love; practical reason securing liberty of conscience and religious observance; affiliation or nondiscriminatory attachments with others; harmony with other species; playfulness; and control over political and material environment with protection of political, property, and professional rights (Nussbaum 2006:58–59).

the basic reasons for action to revolve around important issues including life, knowledge, play, aesthetic experience, sociability, practical reasoning, and religion.²⁷ Other sources of indicators reviewed included ‘elements of well-being’ (Narayan et al. 2000) as explicitly identified by the poor,²⁸ Schwartz’s (1994) ‘universal human values,’²⁹ and Cummins’ (1996) ‘quality of life domains,’³⁰ among others.³¹

While this review included an extremely rich set of elements or indicators that were discussed or applied in various settings, it did not lead Alkire (2002) to come up with a specific set of elements or indicators that she could conclusively claim to be appropriate to measure capability. This lack of conclusive claim, Alkire (2002) concedes, had to do with substantive as well as methodological realities, in which the issues of value, context, and data availability played a key role. After all, Sen’s (1993) reservation is substantiated in terms of suggesting specific indicators or criteria so that rather than limiting the scope of the capability approach it could be further enhanced by allowing various forms of operationalization. At the same time, however, Alkire (2002) did select a number of dimensions for her impact assessment study, some of which were ranked highly by the participants of her study. Those with particularly high rankings from individual participants, groups, and assessors included empowerment, knowledge, relationships, religion, life/health/security, and work. And, unsurprisingly, these dimensions were largely consistent with Sen’s (1999) general observation/recommendation that freedom under the capability approach would have to include five fundamental elements including political freedom, economic facilities, social opportunities, transparency guarantees, and protective security.

²⁷ Clearly there are variations in the three expositions of basic reasons for action listed. But the elements listed above were central to all of such variations. See Alkire (2002) for the complete account of the review.

²⁸ This set of dimensions of well-being included material well-being, bodily well-being, social well-being, security, psychological well-being, and freedom of choice and action. See Alkire (2002) and also Narayan et al. (2000) for more through treatments.

²⁹ These include power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security. See Alkire (2002) and also Schwartz (1994) for developments in this direction.

³⁰ QOL domains include material well-being, health, productivity, intimacy/friendship, safety, community, and emotional well-being. See Alkire (2002) and Cummins (1996) for details.

³¹ Others reviewed included basic human needs (Doyal and Gough 1993), world values (Inglehart 1997), prudential values for development (Qizilbash 1996), and human needs (Ramsay 1992) which tended to be more or less similar.

With Sen's direct involvement in its activities, the UNDP has perhaps been the most vehement and influential advocate of the capability approach. Its annual Human Development Reports include human development index for every country with data, by aggregating life expectancy, educational attainment, and GDP as the three main indicators.³² While the human development index represents a more general measure of the overall human development than the capability approach suggests, the first two indicators specifically deal with the aspects of capability that Sen (1987, 1992, 1993, 1999) uses as the most basic examples. In addition, the 1996 Human Development Report (UNDP 1996) included a more direct, capability poverty measure for 101 different countries, by aggregating nutrition and health (underweight children), access to health services (unattended births), and educational attainment and gender inequality (female adult literacy). Clearly, the focus of this experimental exercise³³ was on anthropometric measures of physique, aligned with the functioning aspect of the capability approach (Muellbauer 1987). In an attempt to provide more specialized statistics such as capability poverty measure, the UNDP faces serious data problems, as it needs to locate and aggregate data for all of the countries included in its reports. But this exercise has directed focus on functioning indicators rather than capability indicators per se to measure the level of freedom enjoyed by people in different countries.

It is important that the proponents of the capability approach ought to propose a set of indicators that can be applied to measuring and analyzing poverty and deprivation. Creating a widely acceptable list of indicators is a rigorous task that may never be complete due to its controversiality essentially involving value judgments. What we have, therefore, serves as a good starting point. The efforts including those mentioned above at least initiated the dialogue by proposing a list of indicators to begin with. At the same time, however, what Nussbaum (2006) and Alkire (2002) have proposed appear to be all-inclusive lists even closely resembling the lists that are used to assess the overall quality of life, basic needs, and development. Precisely for this reason, Sen (1993) specifically warns against over-identifying indicators, for it may divert the focus of the entire capability approach making it everything and nothing at the same time. This suggests an urgency of reasoned and seasoned debates as well as empirical tests with appropriate data so that this complex concept can be accurately measured without introducing bias.

³² See technical notes, for example, in UNDP (2005) for the latest methodological explanations.

³³ This was experimental because, for whatever reason, the UNDP appears to have discontinued this practice for its more recent human development reports.

2.4 Social Inclusion

‘Social exclusion,’ first popularized in Europe and particularly in France in the 1970s and 1980s, has been widely used today in most industrial countries in its exclusive and tacit forms. Where as the economic well-being and capability approaches view poverty from the material and inner quality of life standpoints, the social inclusion approach relates to the relational quality of life. The distinction is such that, while the former two approaches dealt with the personal aspects of welfare, this approach focuses on the relationship of a person with the broader social institutions and frameworks, identifying one’s social and relational resourcefulness needed to achieve human well-being. Like the advocates of the capability approach, proponents of the social inclusion approach assert that people may be poor despite having adequate income or adequate means for survival, if they lack conducive social order that would give them adequate protection when they need it.

While this concept needs to be properly defined with wider agreements, what is true is that the connotation of social inclusion has broadened over time. In the 1970s, for example, when the spectacular economic growth began to slow down in Europe and when a large segment of the population remained unemployed, the concept of social exclusion was applied to refer to the process which compelled many people to be excluded from the market as well as policy resources. This unemployment-based concept of social exclusion broadened by the 1990s in such a way that the excluded were now referred to as the “whole groups of people...partly or completely outside the effective scope of human rights” (Strobel 1996).

Social exclusion is “the process through which individuals or groups are wholly or partially excluded from full participation in society in which they live” (European Foundation (1995:4), in de Haan and Maxwell 1998). By extending the notion of relative deprivation covering both economic (material) deprivations including food, clothing, and housing and social deprivations including family attachment, recreation, and education (Townsend 1979, 1993), proponents of social inclusion have essentially elevated the level of analysis with important implications for measuring the standard of living. The working definition proposed by Burchardt et al. (2002) is consistent with this notion of the relational quality of life: “An individual is socially excluded if he or she does not participate in key activities of the society in which he or she lives.” Additionally, while participation can be specified in different ways, Burchardt et al. (2002) view consumption, production, political engagement, and social integration to be central in the United Kingdom and elsewhere.

These and other definitions indicate what may be important for the analysis of social exclusion. Some theoretical treatments attach it with employment, consumption, and social security (Atkinson 1998), others with civic integration, labor market, welfare, and family and community (Evans 1998), and yet others with goods and services, labor market, land, security, and human rights (Rodgers 1995). Some tend to be more comprehensive by including the denial of “access to services that will enable them to engage fully in the economy and the society” (Taylor 1999), while others tend to be more pragmatic focusing on low income, insecure jobs, poor housing, family stress, and social alienation (Paugam 1995). Nevertheless, a comprehensive review of different definitions of the term uncovers some important issues (de Haan 1998; Silver and Miller 2003). First, social exclusion is taken as the antonym for social integration, entailing that it is important to be socially integrated or included, just like everyone in society. Second, the concept of social exclusion is multi-dimensional spanning from economic and social to political domains. Third, while it refers to a state or situation, it results from the process of systematic exclusion or relational distance of the excluded involving isolation, rejection, humiliation, lack of social support, and denial of participation. This suggests that the concept of exclusion refers to a systematic exclusion of individuals, families, and groups in economic, political, and social activities that can indicate the social fabric of the overall quality of life (Beall 2000; de Haan 1998; Evans 1998; Gore and Figueiredo 1997; ILS 1996; Rodgers 1995).

For many, social exclusion has generally meant a lack of participation in, e.g., economic, social, and political activities, and, from this standpoint, social inclusion or participation is an end in itself with constitutive value. In reality, however, social inclusion or participation is also a means to achieve something. As Gaventa (1998) argues, for example, “Participation is seen as a vehicle to enable the excluded to act more effectively to address the problems which they face.”³⁴ This sets a good prelude to the discussion of the relationship between social exclusion and poverty.

ILS (1996) conducted regional studies and seminars to examine various dimensions of poverty and social exclusion. The findings were far from being definitive in determining which concept is nested in which. But they indicated that social exclusion and poverty could be presented in a

³⁴ Elaborating on this, Gaventa (1998) states, “the unemployed may be organized to participate in strategies for overcoming unemployment or for job creation, youth organizations may be encouraged to participate on issues affecting youth, immigrants or minorities may develop participatory strategies for addressing racism or cultural exclusion, etc.”

continuum and that higher emphasis on one would make the other only one element of it. More specifically, ILS (1996) found that in Peru social exclusion was viewed as a cause of poverty because exclusion from economic, social, and political activities constricted one's capacity to access resources, while in India poverty appeared to be a cause of social exclusion, as poverty made people unable to acquire goods and services to become socially included. In Yemen, in contrast, poverty and social exclusion seemed to be indistinguishable that one inevitably affected the other. What is clear is that the concepts of social exclusion and poverty juxtapose each other and when one is taken as a means, the other is found to have been caused by the first and vice versa. Apparently, this eventually led the ILS researchers, although only implicitly rather than definitively, to conclude that social exclusion and poverty reinforce each other and that one is inextricably important to predict the other (de Haan and Nayak 1995; Figueroa et al. 1996; ILS 1996; Gore and Figueiredo 1997; Gore et al. 1995; Singer 1997).

While poverty researchers recognize the persistent regard for social exclusion, it may not be labeled as such. The concepts of 'culture of poverty' and 'urban underclass,' which are widely used in everyday lexicon in the United States, represent the American variant of social exclusion. Instead of understanding the poor as those being denied access to meaningful economic, political, and civic and cultural systems and activities, however, many referring to these concepts point to the poor as demonstrating socially and economically deviant behavior. The notion of culture of poverty (Harrington 1962; Lewis 1966, 1969, 1998; Miller 1958, 1965), for example, provided the detailed account of the poor as a result of an ethnographic project focusing on their everyday activities, behavior, and overall mindset. Others, however, rejected the socially deviant explanations of culture of poverty arguing that this resulted as a coping strategy to get around the economic plights of the poor (Stack 1974; Valentine 1968). A more recent version of the notion of culture of poverty is embedded in the underclass debate suggesting that the poor and especially the black urban poor manifest behavioral and cultural deficiencies (Mead 1986, 1992, 1996; Murray 1984, 1999). While the debate still continues in the United States over the existence of the underclass, some have used it simply to refer to a heterogeneous group of people demonstrating similar social conditions and not participating in the mainstream occupational system in the United States (Jencks 1992; Stack 1974; Wilson 1987, 1996, 2006). Given such similarities, however, this American version of social exclusion is defined under a much narrower framework suggesting that the lack of economic capability has resulted from a number of reasons. Depending on the version taken, people

understand it to be due to either the choice of the poor to deviate from the mainstream social and cultural milieus or to the structural as well as the social transformations of the American economy and society thus making it harder for the low-skilled, urban residents to find jobs and secure decent quality of life.

2.4.1 Political Economy Issues

While social exclusion evolved as a framework applied to understand the precariousness of the disadvantaged and marginalized who did not fully participate in the mainstream economic, political, and social activities, separate accounts of this non-participation have been proposed. Just like the way urban underclass or culture of poverty is understood differently depending on one's ideological orientation, individual choices dictate the state of participation for some where as for others it is the society that erects structural barriers to meaningful participation. As Singer (1997) points out, for example, the individualist framework of social exclusion focuses on freedom, utility maximization, and rewards provided by the market suggesting that whether one is in or out of the mainstream society signifies the level of one's individual efforts and not those of society. For individualists, individual initiatives such as education, training, employment, and active participation in social activities can overcome one's exclusion. The structural framework, in contrast, assumes that social exclusion is an inevitable product of the market, as society would always have those who cannot participate in the market (Singer 1997). There are two versions of the structural framework. Marxists suggest the market mechanism treats different classes differently thus excluding those without the ownership and especially those not directly included in the market. Keynesians, on the other hand, suggest exclusion results from the market as it does not achieve 'full employment,' thus making some vulnerable in order to keep wages low and achieve equilibrium in the aggregate demand and supply. Irrespective of the mechanics used, however, both structuralists view social exclusion as unavoidable in the market without expanded roles of the state keeping the excluded afloat and integrating them into the mainstream.

Where as Singer's (1997) account of the individual and structural frameworks essentially focuses on the economic mechanisms, Levitas (2005) provides a more elaborate typology of social exclusion resulting in the economy. Central in this regard are three different labels of economic exclusion. Using the traditional notion of income poverty, Levitas (2005) construes the 'redistributionist' discourse suggesting that social exclusion

results from the lack of income, disallowing participation in economic activities. The 'social integrationist' discourse, on the other hand, takes it primarily as a function of the absence of labor market attachment, where there is a value of work and work ethics. These two discourses underscore the role of the society to accommodate the income and labor market needs of the excluded. But the moral underclass discourse, just like the individualist framework or urban underclass thesis, places the burden on the moral and behavioral delinquency of the excluded.

Silver (1994, 1995) further broadens the trajectory of social exclusion paying specific attention to how those with different political and philosophical orientations would understand it. Specifically, Silver (1994, 1995) conceives three paradigms emanating from the concept of social exclusion—solidarity, specialization, and monopoly—appealing to different political expositions during its evolution in Europe. Drawing on the politically conservative or republican philosophies of Rousseau and Durkheim, the solidarity paradigm of social exclusion was conceived as a withering away of social bonds between individuals and society. For Silver (1994, 1995), varieties of cultural and moral rules and institutions exist in society to integrate individuals and exclusion refers to their failures to do so. The socially excluded, from this perspective, are the poor, the unemployed, and the ethnic minorities who are thought of as not being able to or not acting consistent with the mainstream individuals that are well-off, employed, and in the ethnic majority. At the national level, solidarity is about the political rights and duties that bring people together for a common national interest.

With the assumption that societies are the aggregates of individuals with varied interests and capabilities and that the division of labor and exchange are embedded in social structures, the specialization paradigm suggests that social exclusion emanates from individual behaviors and exchanges (Silver 1994, 1995). Rooted in the liberal tradition, the specialization paradigm sees social exclusion resulting from discrimination or from a severing of the contractual exchange of rights and obligations.

Embarking on the Weberian view of hierarchical society with social groups competing to control or monopolize the use of resources, the monopoly paradigm sees social exclusion to occur when different groups attempt to maximize benefits for the included and heighten the barriers for outsiders to access such benefits. Here different social groups are conceived to be competing for control over resources and, unlike under the solidarity paradigm, memberships into these groups are considered to be unequal. This social democratic paradigm can be used to explain, for example, why one can be excluded for being an immigrant, but included for being an educated and following certain religion. This paradigm

focuses on institutions because they enable or constrain individuals for certain advantages and disadvantages.

These are three competing explanations of social exclusion as a social and political construct. But given the contextual reality of France in the 1980s with consensual governments in which this concept evolved, these explanations do not appear to be mutually exclusive. As Silver (1994, 1995) points out, for example, different political parties at the time conceived the issue differently and yet found a common ground to support the policy that would seek to promote social integration or inclusion. Furthermore, contextualizing in the political landscape of the United Kingdom, Davies (2005) asserts that what is operational today is a 'contractarian' approach to social inclusion attempting to provide conditional access to outsiders, deviating from the rights-based social-integration approach as was originally conceived.

At a broader level, the notion of social exclusion invokes issues beyond economic structures and beyond some implicit assumptions that underlay common grounds for agreement over policy responses. In its strictest sense, whether or not one is included depends not just on what the person is capable of doing, which is primarily what the capability approach deals with. It is, instead, a function of what the state ensures of its citizens. The notion of citizenship that Marshall (1964) argued is attached to the status as citizen involving access to various rights and powers which were limited to a small elite in premodern societies. Marshall (1964) extended the notion of political rights (Dahl 1998; Mill 1859) including right to vote, free speech, and equality before the law in order to construe the notion of citizenship for the twentieth century. In addition to the civil or individual rights and political rights, Marshall (1964) argued, one's status as citizen ought to provide her or him with basic social rights including welfare, security, and education. This notion of citizenship seeks an extensive role of the state under more egalitarian assumptions. But it also realizes the tension between social class and citizenship inherent in modern democracies reminding that the hereditary class structure and equal suffrage are largely incompatible. It was quite consistent with a comprehensive set of rights that the Universal Declaration of Human Rights recognized as fundamental to a dignified human life. But especially controversial has been the notion of social rights including right to adequate standard of living, to education, and to participation in the cultural life set forth in the Articles 25, 26, and 27 of the Declaration (United Nations 1948).

Although the notion of citizenship or social rights is seemingly related with equalizing incomes or resources more broadly, Marshall (1963) interprets this to be the contrary ascribing to that civil, political, and social

rights would equalize citizenship status without any class division more than the income or resource itself. It is paradoxical but the result of this 'equitarian' approach is to abolish poverty and not necessarily abolish inequality. Clearly, Marshall's (1963, 1964, 1981) argument downplaying the roles of income or inequality is in affinity with capability arguments but his citizenship rights-based exposition of society places processes at the core of poverty. It suggests that it is the state's role to secure fundamental rights for every citizen, thus ensuring universal citizenship and integration and veritably leveling the playing field.

The issue of rights has contextual twists too. While rights are universal, they are not practiced uniformly across industrial and developing countries. As Balla and Lapeyre (2004) observe, for example, the problem of rights concerns lack of adequate political representation in industrial countries with various contributing factors. A widespread political apathy on the part of the citizens with constantly deteriorating faith in governments and political leaders widens the gulf between the public and political leaders (Bartels 2006; Jacobs and Skocpol 2006; Scholzman 2006; Verba et al. 1993; Verba et al. 1997). In developing countries, on the other hand, the problem takes the form of the lack of political rights including right to elect people's representatives to run key government offices and freedom of speech that would enable one to express views and enable the media to be the true friend of democratic governance (Balla and Lapeyre 2004). These are common in many authoritarian societies and even in 'democratic societies' especially when they lack informed citizenry, democratic culture, and appropriate institutions to safeguard the democratic exercise. No matter the source of such anomaly, however, it is important to remember that this rights-based social exclusion results when the state is incapable or mute to effect meaningful integration of especially the disadvantaged and minority sections of the population.

Social exclusion and capability approaches overlap in terms of placing opportunity at the core of the analysis. Whether it is to enhance individual freedom or to ensure rights as entitlements, the goal is to equalize opportunity (Barry 2002; Sen 1992, 1999), which is an integral component of primary social goods including rights, liberties, and income and wealth. Toward the goal of equality of primary goods, the relative position of individuals provides important information on what distributional mechanism is required. Social integration, therefore, serves as a prerequisite for the type of life one wants to lead, given the value that he or she spouses. While individuals have the right to pursue the type of life they value, it also has social implications. Together with rights comes the duty or the obligation on the part of society or other individuals to fulfill those rights (Finberg 1979) necessitating that every individual has certain social

obligations or responsibilities to fulfill. Those unable to access sufficient basic needs or to meaningfully participate in the mainstream society as equals cannot meaningfully fulfill their social responsibilities (Townsend 1979). Social responsibilities also represent the social fabric of life with direct connection with the overall quality of life. This is also consistent with the indivisibility and interdependence of one's rights such that whether or not one can meaningfully enjoy one particular 'right' may be contingent on the enjoyment of other rights (Barry 2002; OHCHR 2002). The relative notion is also relevant here in terms of one's relative position on other aspects of quality of life, which is even more crucial between different forms of rights leading to social inclusion.

Discussion of rights also relates to the 'voice' and 'power' that one has in making decisions. The marginalized, disadvantaged, and excluded sections of society are such because they lack the power to influence decisions that affect their lives. One expects modern democratic exercises to include citizens in governance and policy decisions (Lijphart 1997), which if appropriately operationalized would mark an important progress in securing human rights (OHCHR 2002). Studies show, however, that in both industrial and developing societies there are limited or broken conduits for the poor or the excluded segments of society to influence policy decisions which in turn lead to more exclusion not less (Narayan et al. 2000).

One's inclusion, Sen (2000) argues, has either constitutive or instrumental relevance. First, participation in certain activities in the economy, polity, or society is intrinsically important thus constituting a right in itself. Consistent with Marshall's (1964) notion of citizenship, the argument here is that as a human being one has a right to have a say in her or his own governance, influence policy decisions that affect the masses, and practice religion or other cultural traditions that are important. One's quality of life, for example, partly depends on the degree of affiliation with others in the community as it offers social belongingness, networking, and attachment. In this sense, civic and cultural inclusion breeds political and other forms of inclusion as political and other types of relationships essentially grow out of social networks (Barry 2002; Putnam 1993, 2000). Second, inclusion in certain activities is instrumentally important as it produces other consequences that have constitutive, intrinsic values (Barry 2002; Sen 2000). What kind of work one does or how much accessibility one has to the credit market, for example, may not matter much to the quality of life directly but it does indirectly as having certain types of employment or not having access to the credit market can lead to negative consequences, disallowing participation in other types of activities including appearing in public without shame (Smith 1776). Exclusions that have either consti-

tutive or instrumental values to the quality of life can be numerous but any demarcation between the two is difficult. Exclusions such as from the electoral and associational participation with constitutive relevance also have instrumental values as they lead to exclusions in terms of exercising political and civil rights. This complexity also applies to inclusions that have instrumental values at a general level and yet manifest subtle intrinsic relevance.

The above discussion mostly focuses on the rights based justification of social exclusion in which the unit of analysis is the individual. This is partly true given the ramifications that exclusion confers as the process of exclusion enormously affects the person being excluded. For this reason, the effect of exclusion on the overall quality of life depends on the type as well as the degree of exclusion experienced, with assessment of its stock involving some subjective criteria of the person in question or some objective criteria established by outsiders. It is profoundly important to distinguish between the approach taken to understand social exclusion and the actual process that takes place to make it happen. There is ample support in the literature suggesting that social exclusion is a process, as it is a state or outcome, involving relational aspect of how a particular society functions (Mayes et al. 2001; Sen 2000; Silver 1994, 1995; Silver and Miller 2003; Witcher 2003).

2.4.2 Measurement Issues

The concept of social exclusion provides a more comprehensive picture of deprivation (de Haan 1998). At the same time, however, it also leaves the impression that the contemporary concept of social exclusion tends to lump together every issue related with deprivation in terms of structural or larger social arrangement problems (Sen 2000). In this respect, its role, just like that of inequality, is indispensable in determining poverty. But it makes quantitative analysis of poverty more challenging because the problem now is one of finding appropriate indicators and measuring the degrees of social exclusion. Because of the lack of definitional specificity as well as the qualitative nature of the problem, a ‘scientifically’ valid set of indicators essentially sensitive to time, context, salient dimensions, processes, and domains of social relations is yet to be developed (Silver and Miller 2003; Vleminckx and Berghman 2001).

Silver and Miller’s (2003) review provides a wide range of indicators that especially European researchers or agencies use to measure social inclusion. This range includes those that capture the material deprivation—risk of financial poverty at 60 percent of the national median income,

income inequality as income ratio of top to bottom quintile, and persistence of poverty—to low education, health, and housing conditions. Also used are such less tangible aspects as the lack of participation in civic life, inability to participate in family and community activities, residing in areas manifesting social crisis, and social capital. Room (1995, 1999) identifies a lack of adequate social participation, lack of social integration, and lack of power as important aspects of social exclusion. The indicators of inclusion, in this sense, would include participation in key activities of society, communication skills for social, political, and economic participation, attachment with the social networks, and the degree of influence in policymaking (Lister 2004).

Although social inclusion can be operationalized using an extensive list of indicators,³⁵ Sen (2000) cautions to refrain from over-identifying them. Given that exclusion can occur actively or passively, Sen's (2000) suggestion is to focus on factors such as access to credit that indicate active exclusion rather than wandering aimlessly using such factors as unemployment that indicate only passive form of exclusion. Because unemployment can cause a number of possible outcomes including loss of output, loss of skill, loss of freedom, psychological loss, ill-health and mortality, loss of human relations, loss of motivation, and weakening social values, Sen (2000) argues, focusing on factors that have instrumental values to realizing some other exclusionary outcomes does not serve the purpose well.³⁶

While identifying a perfect set of indicators is difficult, poverty has been studied using the social inclusion approach at varying degrees. The UNDP, which has been one of the strongest advocates of this approach, has also struggled in incorporating this concept in its ongoing project to measure progress toward human development. It has devised a methodology to compute the 'human deprivation index' for different countries but the paucity of specific set of indicators as well as internationally comparable

³⁵ Toye and Infanti (2004), for example, treat social exclusion a concept that embeds poverty and suggest that attempt to measure social exclusion ought to include a comprehensive list of indicators covering such a variety of aspects as cultural, economic, functional, participatory, physical, political, relational, and structural factors.

³⁶ Whether the instrumentally important factors such as unemployment can be used as the indicators of social exclusion is arguable, however, since they have broader implications for one's relationship with society. Yet, just like the distinction between capability and functioning, it is important to focus on instrumental factors that have some constitutive values. It is for this reason that the UNDP (1997, 1999) uses unemployment as the indicator of social exclusion.

data has left it to resort to using long-term unemployment as the only indicator of social exclusion (UNDP 1997, 2000a, b).

Consistent with the direction of the general theoretical discussions, more specific micro or macro level studies have operationalized social exclusion in more comprehensive frameworks. A survey report prepared by the Joseph Rowntree Foundation of the UK, for example, operationalizes it using material impoverishment (traditional concept of poverty), labor market exclusion, service exclusion, and exclusion from social relations (Gordon et al. 2000).³⁷

More divergent sets of indicators have been used in individual studies with limited scopes. In an attempt to explain homelessness in the United States, for example, Belcher (1992) operationalized social exclusion in terms of exclusion in the labor market, neighborhood formation, schooling, and political participation. Crawford (2003) measured social exclusion specifically of the disabled individuals in Canada using access and barriers to employment, job accommodation, and wages. Singer (1997) investigated social exclusion in Brazil focusing on the degree of exclusion in terms of structural factors such as changing face of employment and the growing informal sector as well as expanding educational inequality. Addabbo and Baldini (2000) used the social exclusion approach to analyze availability of social assistance among Italians with employment status being an integral part. Opel's (2000) work in Bangladesh focused on the exclusion from social networks or relationships and access to the labor market. Burchardt et al. (2002) attempted to gauge the degree of social exclusion in the UK using households' consumption capacity to purchase goods and services, participation in producing economically or socially valuable activities, political engagement in local or national decision-making, and social integration with family, friends, and community. The UK's Social Exclusion Unit (2001) analyzed social exclusion in terms of "unemployment, poor skills, low income, poor housing, high crime, bad health, and family breakdown." Charting a comparative analysis of the French and British policy initiatives on insertion of people into the mainstream society, Silver and Wilkinson (1995) focused on issues around

³⁷ Specific indicators used to measure labor market exclusion included labor market participation and number of workers in households where as those of exclusion from basic services included utility disconnections, unaffordability or unavailability these services, and use of public versus private services. Similarly, the indicators of social relations included nonparticipation in common social activities, contact with family and friends, support from others in the community, participation in civic activities and organizations, and lack of movement in the community.

employment, training, and associational and community activities. Sirovatka and Mares (2006) examined poverty in Czech Republic by operationalizing economic exclusion as the inability to maintain the standard of living customary in society. Indicators of exclusion, in this case, included difficulty in meeting basic needs such as food, clothing, and vacation, housing conditions, and contacts with friends or relatives. Chakravarty and D'Ambrosio (2006) conducted a similar analysis using the indicators of financial difficulty, basic necessity, housing condition, durables, health, social contact, and dissatisfaction and found that the degree of exclusion was quite varied in different parts of Italy and in the European Union.

No doubt, social inclusion has been used quite extensively either as the major research interest or as an approach to investigate some other interests and especially poverty. At the same time, however, there exists no uniformity in its application. Some look at it as a cause, others as an outcome, and yet others as an intervening or procedural factor that helps explain some other outcomes of interest. Even for those conceiving social inclusion as an outcome, on the other hand, it did not provide the same meaning as they operationalized using different indicators. But this review largely suggests that of interest would be the factors that can be grouped into the economic inclusion, political inclusion, and civic/cultural inclusion categories. Those under economic inclusion, for example, would be the type and degree of labor market participation and access to financial resources where as those under political inclusion would be political rights, political participation, political organizing, and the relationship with political leaders. Indicators of civic/cultural inclusion, moreover, would include basic social rights, participation in civic cultural activities, membership to civic cultural organizations, and access to social ties and networks. Rather than serving as specific indicators, however, these are only indicative, thus providing useful guidance for identification of the indicators that are potentially relevant for measuring different aspects of social inclusion. If there is anything that is definitive, it is the suggestion that social inclusion needs to be operationalized as a multi-dimensional construct focusing on a host of factors concentrating on the procedural and outcome aspects of one's relationship with society. But at the same time, Sen's (2000) advice is relevant that over-identification of indicators can miss the boat, thus leading to measurement of some concept other than social inclusion. This invokes a concerted effort to operationalizing social inclusion using a comprehensive but appropriate set of indicators.



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