

Publications

Nigel Harris, Colin Rosser and Sunil Kumar,
Jobs for the Poor: A Case Study in Cuttack, UCL
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This survey on employment in the city of Cuttack, conducted over six weeks in 1993, is ambivalently timed. Coming too soon after the commencement of the reform process in India, it is unable to add to the existing wisdom on the impact of economic reforms on the poor. However, this inadequacy becomes a strength if this case-study is considered as a baseline survey of the labour markets, to be used by subsequent researchers. A similar ambivalence is discernible in the objectives of this report. While it purports to be a case-study, the authors have not shared the detailed methodology followed, nor have they made available the socio-economic data collected by them, leaving the technically motivated reader a little disappointed. For the lay reader the descriptive and anecdotal style provides an easy and informative read. However, better indexation of policy prescriptions, with results emerging from the survey, or by policy research conducted elsewhere, would have enhanced the acceptability of the policy recommendations.

Harris, Rosser and Kumar have recorded a descriptive analysis of the structure and functioning of thirteen casual labour markets and eighty-seven micro-enterprises in the city of Cuttack in 1993. The social context in which these markets and enterprises function is the urban slum, home to a large proportion of the poor, and the unwritten rules of which guide social behaviour, including the choice of profession. Recognizing the inadequacy of studying employment opportunities without analysing the social context in which jobs for the urban poor exist, the authors have also conducted a useful survey of 106 slums in Cuttack.

The excellent micro-level work done would have been considerably embellished if the authors had linked the present with the past and thereby provided the reader with a peek into the future. As it stands, the static for-

mat of the report and the absence of time series data or even an anecdotal time perspective makes for an informative yet slightly unsatisfactory read.

Cuttack, located in the eastern part of India, is an entrepôt to the local markets of the state of Orissa, and an export centre for goods bound for other cities in India. This functional role as a trade centre, and the fact that Orissa is one of the most backward states in India, defines the structure of occupations and the fluctuating volumes of casual employment in this city. Trade-related activities—porters, loaders, rickshaw and trolley pullers, petty shopkeepers, grocery owners, service providers to slum-dwellers, domestic help, construction workers and factory workers—are the principal non-public employment avenues for the poor. Data on public employment in Cuttack is made available only randomly. Some employment data on private ‘protected’ employment as in warehouses is also cited. However, the composition of the labour market is not explored comprehensively. Nor is there an analysis of likely future trends. The report states that casual employment in the informal sector sustains the bulk of the poor. Can one therefore conclude that downsizing of public enterprises and expenditure, inevitable under the ongoing reform programme, will have a negligible impact on the poor in Cuttack? What will be the impact of the restructuring and privatization of the Electricity Board on its 7,000 permanent employees? In the absence of a linkage between the micro-level data generated by the survey and macro-trends, the results of the survey remain underutilized.

The strength of the report is the documentation work done by the survey, though the lack of data on seasonal trends remains a handicap. A useful contribution of the report is the formulation of rational criteria for physical definition of slum areas. Traditionally, inadequate housing and sanitation along with physical contiguity were used to define the physical limits of slums. Official records recognized only 35 such areas in 1982 in Cuttack city. However, physical contiguity criteria ignore the unique socio-economic and religious identities of subgroups which have functional roles in defining behaviour and occupation choices. Recognition of the social value of slum subgroups has expanded the list to cover 106 slum neighbourhoods by 1992, covering 21,000 households and a population of 130,000. The authors urge further delineation of these neighbourhoods into two unique groups, single and multiple neighbourhood slums, based on population, caste composition, languages spoken and occupational diversity. Such delineation is crucial for the development of appropriate programmes for employment generation.

Another useful contribution of the report is a typology of slums in Cuttack by classifying them into three groups. ‘Inner city slums’, usually the oldest slums of the city, established illegally on either public or alienated private land, are the most densely populated and the reservoirs of cheap labour supply. These comprise around 70 per cent of the total slum population. Characteristically, caste-based traditional occupations have given way here to open-access occupations geared to the demands of the trade and service industry. The absence of legal property rights over occupied and increasingly valuable urban land makes such slums pocket boroughs for politicians supportive of their cause. The ‘Service’ slums of

the urban fringe come next, comprising around 25 per cent of the total slum population. These are the abode of the traditional caste-based occupations like dairy farming, weaving, pottery, laundries, metalwork, entertainers and artisans. Their location on the urban fringe is strategic in placing them near enough to the urban 'clean castes' they serve and yet far enough away to enable them to pursue their relatively 'unclean' and land-intensive occupations. However, clear ownership of the land they occupy ensures the absence of the eviction trauma affecting the inner-city slums. In the last category fall the 'Special case slums', comprising an estimated 5 per cent of the total slum population and existing across the first two categories. These are marked by their homogeneity based on religion, as in the case of Muslim areas; caste, as in the case of scavengers; or origin, as in the case of refugee camps established originally by the government. Each of these comprises a unique labour source and market with constraints and opportunities dictated by its peculiar social and cultural identity. Similarly useful are the descriptions of the casual day-labour markets or 'Mulia' stands, and a business profile of micro-enterprises.

The report, not unexpectedly, indicts the substance and the form of public intervention in the labour market of Cuttack. The poor take-up of grants meant for the chronically poor is attributed to the inefficiency of the public information dissemination mechanism. Programmes for increasing the competitiveness of micro-enterprises through the provision of subsidized credit are vitiated by the poor motivation of the nationalized banks to service such low-value loans. Low-risk income-generation schemes like casual public recruitment as well as public works have created negligible labour demand. Measures to increase the real income of slum dwellers through the provision of subsidized provisions have failed to reach the intended beneficiaries. Statutory regulations on working conditions, health insurance, pension, maternity and other benefits are never implemented in the informal sector and rarely in the formal private sector and casual public sector employment. Surprisingly, however, the survey reports an average daily wage of around 96 US cents (1993 prices and exchange rates), as compared with a statutory minimum wage of 80 US cents which provides the benchmark rate for public casual employment. In sum, public intervention in Cuttack has failed to achieve the efficiency-enhancing objectives which justify such intervention. Non-transparent, iniquitous and inefficient taxation distorts resource allocation and hampers the growth of trade. Inefficient budgeting and poor management reduces public capacity in infrastructure development. Simultaneously, the lack of an enabling environment constrains the offloading of these functions to the private sector.

Mercifully, all is not doom and gloom. More than forty Women's Committees have been set up which operate as 'community chit funds', providing low-value loans to members. Reputed NGOs and a management school are intervening actively in the training and development of micro-enterprises. Most significantly, a local cooperative bank has shown the way for innovative adaptation of loan dispersal and collection procedures to the requirements of micro-enterprises, with exceptional results. These are the reassuring indicators of the potential for effective public intervention and will be useful as models for future policy research.

Publications

The report concludes by outlining the principles for a model slum-improvement and employment project. It recommends a two-stage sequential implementation of, first, a physical improvement programme, followed by a socio-economic development and employment programme. While the emphasis on the integrated development of the city is welcome, it is puzzling that no mention is made of the need for enhanced investment and institutional development in the surrounding rural areas as the first step towards enhancing the incomes of the urban poor. This absence of a conceptual linkage between the rural and the urban labour markets compromises the model of integrated development espoused by the report. 'In-migration' from rural areas into Cuttack is viewed as a *fait accompli* rather than a reversible result of inadequate investment in agriculture and policy failure in rural development. The absence of an analytical framework, rooted in the results of the survey, for defining policy imperatives, is a generalized handicap of the policy analysis attempted by the report. Consequently, the reader is left as unsure about the soundness of the policy recommendations as she is impressed by the detailed field-level effort that has gone into this eminently readable case-study of employment opportunities for the poor in the city of Cuttack.

Ekko C. Van Ierland, ed.,
*International Environmental Economics:
Theories, Models and Applications to Climate
Change, International Trade and Acidification,*
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The book is volume 4 of the series 'Developments in Environmental Economics'. It follows volumes on environmental conservation, macroeconomic analysis of environmental policy, and 'macro-environmental' policy. This fourth volume is divided into three parts: (i) Climate Change, (ii) International Trade and the Environment, and (iii) Acidification and Tradable Permits.

The part on climate change features (i) a comparison of different types

of agreements (command-and-control, a uniform international carbon tax, and a minimal national carbon tax) on carbon emission abatement; (2) an analysis of coalitions and side payments in international CO₂ treaties; (3) a model studying the impact of learning on the optimal timing of CO₂ control; (4) an analysis of the impacts of a hypothetical system of tradable permits on the US economy; and (5) a discussion of implementation issues for a global system of tradable permits.

Part two, on international trade and the environment, after surveying current theoretical issues in the field, (1) examines the role of emission taxes in international market-share rivalry; (2) analyses mechanisms whereby subsidies and pollution taxes can be used for strategic purposes of national economic planning; and (3) looks at the income distribution effects of choosing between labour and pollution taxes in a small open economy. The last chapter in this part does not seem to fit the title of the part well, but then it would not fit better into either of the other two parts, and this is no reason for not including it in the volume.

The final part deals with various aspects of optimizing sulphur emission abatement in Europe, (1) comparing the 'best available technology' concept with the 'critical load' approach; analysing the question how to improve the European environmental situation through (2) market-type permit trading, (3) trading using exchange rates, and (4) guided bilateral trading; and (5) providing a game-theoretical analysis of strategic interaction among countries negotiating on reducing sulphur emissions.

In addition to the separation into three different subject areas, the three parts are distinctly different in terms of their appeal, the first part being the most theoretical and experimental, the second part building more on existing methods, and the third part being the most practical and applied. The difference between them is so great that a separation into three publications might have served the readership better, by catering to the specific needs of three different groups of readers. Given the chosen format, however, more consideration of interdisciplinary readers might have been appropriate in some places in part one.

In particular, readers interested in the policy relevance of theoretical research in the field would benefit from more discussion of assumptions and results. For example, in a discussion of a non-cooperative Nash-Cournot equilibrium, we read in the first part of the book: 'Preferences of the different [world] regions are represented by the well-known constant elasticity of marginal utility specification, and we assume that all regions are in a steady state with respect to population and GDP. Also the marginal rate of intertemporal substitution . . . is assumed to be constant and equal to 0.111'. None of these assumptions is discussed, and no kind of sensitivity analysis is attempted. Later, when we read that 'benefits are disaggregated according to the regions' shares in GDP', it would at least be interesting to know whether exchange rates or purchasing-power parities were used to calculate developing countries' GDPs.

Normative statements should be made with particular care. To say simply that to 'avoid discrimination of future generations' one sets the rate of pure time preference to zero ignores the wealth of arguments in favour of and against this proposition. To be fair, this part of the analysis is

amended by a sensitivity analysis, but policy-makers might still prefer to receive more guidance on this topic (e.g. how much this rate can be controlled, which rates of time preference are observed in real life, and what consequences this rate has for investments in general).

Rather strange seems the finding that 'even *no regrets* strategy will have a strongly negative impact on U.S. energy industries'. Something must be wrong with either the 'no regrets' concept, with the model, or with the formulation of the result.

This kind of criticism may be too harsh for a field that is still in its early stages of development, when the readers of this part may well look at it as a methodological playground on which different ideas are presented and embedded in—conceptually simple but mathematically sometimes quite complicated—models.

The material presented in the second part of the book, on international trade and the environment, seems less experimental, apparently building on a more established basis of earlier work.

The third part, on acidification and tradable permits, is the closest to policy-making. A main theme here is the problem of embarking on an optimal strategy in a situation with multiple decision-makers. The progress made in European policy-making reflects work done by the authors contributing to this part of the book, and it can safely be assumed that the European negotiators keep themselves abreast of the research results presented there. The European experience in the field is surely valuable for other regions of the world and for other pollutants. Alas, the direct applicability of the results on acidification to carbon dioxide emissions is limited, for many reasons.

Coming back to the different appeals of the three parts of *International Environmental Economics*, much of this difference can be attributed to the differences between the underlying problem areas. The few reservations on the part of the reviewer will not prevent a large readership from finding many interesting and useful ideas in all parts of the book.