Human Development and Social Inclusion in an Urbanizing World: Introduction to the special issue

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Abstract

This introduction to the special issue on the theme of Human Development and Capabilities begins by explaining key concepts of the capability approach and presenting examples of how the approach has been applied to the analysis of urban development issues. It then summarizes the four articles and two book reviews that comprise the issue. Common themes highlighted in this issue include the territorial dimension of poverty and inequality in Latin America, the challenges to assessing multidimensional poverty and social exclusion in the face of data limitations and the importance of participatory methods in research.

Keywords: Human development, capability approach, social inclusion, urbanization, Latin America.

Resumen

Esta introducción a la edición especial sobre Desarrollo Humano y Capacidades primero explica conceptos claves del enfoque de las capacidades y presenta ejemplos de su aplicación al análisis del desarrollo urbano. Luego resume los cuatro artículos y dos reseñas bibliográficas que componen la edición. Algunas de las ideas centrales que surgen de los trabajos son la dimensión territorial de la pobreza y la desigualdad en América Latina, el desafío de evaluar la pobreza multidimensional y la exclusión social dada la escasez de datos y la importancia de los métodos participativos en la investigación.

Palabras clave: Desarrollo humano, enfoque de las capacidades, inclusión social, urbanización, América Latina.

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I. Introduction

This special issue of the journal *Ensayos de Política Económica* on the theme of Human Development and Capabilities has two principal objectives. First, it seeks to introduce the capability approach to a broader audience, in particular to economists in Latin America who may be familiar with some ideas of the approach—such as multidimensional poverty measurement—but know less about the underlying theory or recent applications in Latin America. Second, it aims to highlight how the capability approach can be used to better understand the complex processes of urbanization. It is comprised of a collection of papers presented at the 2018 Conference of the Human Development and Capability Association¹ (HDCA) held in August 2018 at the Universidad Católica Argentina in Buenos Aires.

The 2018 HDCA Conference theme “Human Development and Social Inclusion in an Urbanizing World” provided an opportunity to focus attention on one of the most relevant trends in the world today: urbanization. Several of the conference’s plenary sessions addressed issues relevant to the global expansion of cities. Ravi Kanbur, professor of economics at Cornell University and former president of the HDCA, presented quantitative and qualitative evidence from Tanzania showing that, while migration to large cities may contribute more to economic growth, poverty reduction gains are larger from migration to towns and small cities. This research points to the need to deepen our understanding of how cities of diverse sizes contribute to urbanization processes. Avner de-Shalit, political scientist at the Hebrew University of Jerusalem, made a case for the idea that “having a sense of place” is a valued human functioning and explained its instrumental role in fostering inclusive cities. In a plenary panel session, representative of the World Bank, the Interamerican Development Bank and the CAF Development Bank of Latin America discussed recent experiences and challenges of integrating informal settlements into the city. The participants emphasized the importance of not only investing in infrastructure, but also fostering local economic development, job creation and labor market participation of women, as well as the need to expand collective rights and social integration.

The introduction to this special issue of *Ensayos de Política Económica* first presents some of the principal concepts of the capability approach (CA). It then explains the relevance of applying this approach to the analysis of urbanization. It concludes by summarizing the papers presented in this issue, which provide examples of how this people-centered approach can help scholars and policymakers to better understand the inequalities facing Latin America today.

¹ The HDCA is a ‘global community of academics and practitioners that seeks to build an intellectual community around the ideas of human development and the capability approach and relate these ideas to the policy arena’ (see https://hd-ca.org/). The association’s membership spans over 70 different countries and multiple disciplines, including economics, philosophy, law, development studies, education, health and sociology, among others.
II. Development as freedom

The central theoretical argument of the capability approach, first introduced in 1979 by the Nobel Prize winner in Economics Amartya Sen, is both radical and intuitively convincing. Sen asserted that when assessing individual wellbeing (or different collective social states) we should focus on what people are capable of being and doing (Sen, 1979). Sen’s theory is essentially a critique of the foundations of welfare economics, a field of economics concerned with the principles underlying normative judgements (Sen, 1992). In welfarism the objective is to maximize social welfare, which is considered to depend only on the utilities of all members of society. The foundational argument of the capability approach was that we need a much richer informational base than that provided by welfare economics in order to adequately order different possible social states.

Functionings and capabilities are the approach’s core concepts. Functionings are a vector of attributes characterizing a person’s states of being and doing, such as being adequately nourished or well-educated or having the right to vote or participate in civic life. Capabilities are the set of all vectors of functionings that a person has the opportunity or freedom to achieve. A person may be malnourished either due to a lack of access to a sufficient quantity of nutritious food or because she chooses to consume an unhealthy diet or decides to go on a hunger strike as a form of protest. The concept of capability seeks to capture whether or not a person could be adequately nourished if she chooses to be (Robeyns, 2017).

As each person is unique and multifaceted, valued functionings can cover a broad range of beings and doings, from concrete functionings like being in good health to subjective states of being, such as feeling happy, living without shame or possessing political rights such as freedom of assembly. Functionings and capabilities, moreover, can have both intrinsic and instrumental value. Education, for example, is valuable both because we appreciate knowledge and understanding and because it is instrumental in enabling us to obtain a good paying job. In other words, capabilities can be both ends in themselves and the means for achieving other capabilities.

A central theoretical argument for why capabilities provides a better metric than say income for making wellbeing comparisons is that each person’s ability to convert income or resources into capabilities will vary depending on his or her individual, social and environmental characteristics. A person’s ‘conversion factors’ represent how much functioning he or she can get out of a resource (Robeyns, 2017, p. 45). For example, the amount of resources needed to adequately shelter a person with a motor disability will be higher than for a person without a disability. Similarly, a person living in a flood prone area could require more...
resources to be adequately sheltered than someone living in an area not affected by flooding. The factors that explain how income or resources are converted into functionings and capabilities may evolve over the life cycle and can be altered by policies or structural or environmental changes.

Development, Sen (1999, p. 3) argues, is “a process of expanding the real freedoms that people enjoy”, that is, people’s opportunities to achieve long, healthy and satisfying lives. It entails the expansion not only of capabilities but also agency. An agent is “someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives” (Sen, 1999, p. 19). The importance of agency freedom leads to the need for careful assessment of each person’s values and opportunities to pursue the goals he or she considers to be most important (Sen, 1984). Is sufficient information available to allow people to make informed decisions? Do people have opportunities to express their concerns in the public sphere? Is public deliberation inclusive and does it provide opportunities for interaction between people from different walks of life? Sen (1984) asserts that both types of freedoms—wellbeing and agency—are essential to understanding human development and the relative importance given to each may vary depending on the specific circumstances or issue at hand.

The capability approach and capabilities theories developed by the expanding multidisciplinary community of researchers provide a powerful framework for evaluating or ordering diverse social states and for making normative decisions on policies to promote human development (Robeyns, 2017). The next section considers the approach’s application to issues of urban development.

### III. Urbanization through the lens of the capability approach

Today 54% of the world’s population resides in urban areas and that share is expected to reach 66 per cent by 2050 (UNHabitat, 2016). The processes of urbanization bring diverse benefits for human development. The agglomeration of the population in cities creates intense social and economic interaction; facilitates the diffusion of ideas and the creation of new forms of cultural expression; and is associated with higher productivity, rising incomes and improvements in quality of life (Bettencourt and West, 2010; Glaeser, 2011; Muzzini et al., 2017). Urbanization, however, also comes with numerous challenges such as crime, traffic congestion, environmental problems, spatial segregation and the proliferation of informal settlements (Bettencourt and West, 2010; UNHabitat, 2016). The rapid demographic shifts and resulting urban sprawl, coupled with the environmental stresses caused by cities also hinder the adequate provision of public services and effective urban governance. All of these trends challenge governments and society as a whole to find new ways to foster human development and social inclusion for all.

As the capability approach essentially provides an alternative evaluative space for comparing different social states, it can be used for making normative judgements at many different levels of aggregation—at the global, national, neighborhood, household or individual levels and, therefore, naturally can be used as an evaluative framework and tool for the formulation of public policies toward cities.
The central focus on people (instead of resources), the distinction between means versus ends, the multidimensionality of wellbeing, conversion factors, the intrinsic versus instrumental value of functionings and the importance of agency and the creation of opportunities for public reasoning are some tools of the CA that can be used to evaluate social states and contribute to the design of more effective policies within cities.\(^4\) In the following paragraphs I will first highlight some recent examples from within the CA literature (both theoretical and empirical) relevant to the analysis of issues facing cities and then will explain how other disciplines—or more importantly, interdisciplinary research—can also benefit from the incorporation of these concepts into their analysis.

The concept of “clustering of disadvantage” put forward by Wolff and de-Shalit (2007) is particularly useful for understanding the challenges of urban slums—territories characterized by the accumulation of multiple deprivations. The authors define “clustering” as the joint frequency (or simultaneous occurrence) of disadvantage in multiple functionings or capabilities. The correlation between functionings (say, between nutrition and education or between mobility and employment) causes disadvantages to be interconnected and to cluster together. “Dynamic clustering” refers to the accumulation of disadvantages over time or the reproduction of disadvantage from one generation to the next. Government policies, Wolff and de-Shalit assert, should focus therefore on understanding the patterns of disadvantage and how clustering occurs. Furthermore, a good way to design policies to de-cluster disadvantage is to search for and root out “corrosive disadvantages” (disadvantages that yield further disadvantage) or to identify and foster “fertile functionings” (functionings that help secure other functionings). In the context of informal settlements, corrosive disadvantages could include overcrowding, violence or drugs use, whereas fertile functionings could include education, affiliation in social networks or the experience of a common “sense of place”. Wolff and de-Shalit argue that there is a need for more evidence on the causal pathways that bind functionings together, both corrosive and fertile.

Another theoretical argument that can contribute to understanding the obstacles to social inclusion in cities comes from Sen’s collection of essays titled *Identity and Violence*. Identity, Sen (2007) argues, is multidimensional. Each person is unique and is comprised of a unique combination of elements (age, sex, religion, social class, sexual orientation, occupation, family role, place of residence, geographic origin, etc.). All of these characteristics taken together form a person’s identity. Making the choice to identify more closely with a particular aspect of my identity (say, being a mother or a professor) can be a source of pride, strength and affiliation. A problem occurs, however, when others choose to reduce our identity to just one aspect or when we feel that a one-dimensional identity is inevitable. Our communities, culture and family backgrounds undoubtedly influence our perceptions, choices and behaviors, but it is when singular identities are imposed or considered to be inevitable that community affiliation can lead to stigma and discrimination, reduced aspirations, frustration and violence. Although Sen’s book focusses squarely on the problems of conflict and violence that have sprung from religious identities, his ideas provide relevant lessons for understanding problems of stigma, discrimination and reduced aspirations within

\(^4\) Other publications that review how the capability approach can and has been applied to issues of urban development planning and policy include Frediani and Hansen (2015) and Anand (2018).
cities (for example, for understanding the processes of inclusion of migrants or residents of informal neighborhoods).\(^5\) A relevant lesson for social scientists concerns how the broadening of empirical evidence (both quantitative and qualitative) illustrating the heterogeneity of people and experiences within communities or collectivities can contribute to making identities more pluralistic—perhaps a first step toward reducing stigma and discrimination and attaining greater social inclusion.

The importance of agency freedom and of understanding the values and priorities of the residents of informal settlements has been a common theme in empirical work applying the CA to the evaluation of urban integration processes. Frediani (2007), for example, in his evaluation of a government program to upgrade a squatter settlement in Salvador de Bahia, Brazil, showed the importance of identifying “local dimensions of human flourishing” to assess the impact on expanding capabilities, rather than basing the evaluation on externally defined objectives. Qualitative research (interviews and focus groups) were used to identify six instrumental freedoms considered by program participants to be essential to the “freedom to be sheltered in a dignified way”: freedoms to individualize, to expand, to have affordable living costs, to live in a healthy environment and to participate and maintain social networks. Based on these local evaluation criteria, he found that the government program’s restrictions on housing size, design and structure severely reduced freedoms to individualize or expand dwellings in accordance with the residents’ changing needs. The critical role of participation of residents in the processes of upgrading informal settlements has also been demonstrated in the author’s more recent work (Frediani, 2015).

In a similar vein, Fennel, Royo-Olid and Barac (2018) call for an agent-driven, community-centered approach to urban development that shifts the focus from upgrading habitat (the “means”) to improving the experience or functioning of inhabiting (the “ends”), which they call *habitare*. This distinction is essential, they argue, because individual, social and environmental conversion factors will determine how habitat is transformed into lived experiences (functionings) and because development processes also need to expand agency. For example, to fully understand the benefits of legal tenancy, it is necessary to analyze how property titles (resources) are converted into diverse valued functionings. It is important not to lose sight of the fact that legalization of tenancy should not be the final objective of policy, but rather should be viewed as the means for expanding other capabilities. The authors suggest that methods for fostering agent-driven urbanization processes include the use of participatory methods, the collection of qualitative data on the experience of habitation and the use of iterative processes of exchange of knowledge between residents and technical experts, instead of one-time consultation during the program design stage. It is important to engage

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\(^5\) The issues of stereotyping and discrimination perceived by young people was a common theme in the narratives collected during field work for a qualitative study on secondary school desertion in the informal settlements of Buenos Aires (Mitchell, Del Monte and Deneulin, 2018). Silva (2008) analyses the role of the media in constructing social stigma against the residents of Buenos Aires’ informal settlements, known locally as “villeros”.

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residents at all stages of planning and implementation and, whenever possible, to create housing that is adaptable to changing circumstances.\footnote{It is relevant to note that many of the results that emerge from analyzing urbanization processes from the CA perspective are not unique to this perspective. That is, similar conclusions can be drawn from alternative theoretical frameworks. For example, Frediani’s (2007) conclusions concerning people as agents of change is reminiscent of Turner’s (1972 cited in Frediani, 2007) self-help approach to housing. Denuelin (2014) also identifies parallels between the “right to the city” concept and the CA.}

Another type of empirical research on urbanization within the CA literature uses geographic mapping of multidimensional measures of quality of life or poverty to study spatial segregation and the relationship between resources and capabilities in cities. For example, Bucheli (2018) uses a multidimensional composite index, which aggregates ten capability dimensions, to analyze the spatial exclusion of youth in Bogota, Colombia. He finds evidence of clustering of young people with similar capability levels and a positive correlation between measures of residential segregation and lower youth capability scores.

The CA is being applied to the analysis of urban development-related issues not only by capabilities scholars but also by geographers, urban designers, territorial planners and related disciplines. For example, recent research on urban transportation conceives travel welfare as the “freedom to achieve valuable doings and beings that people have reason to value for their own travel-related activities” (Yang and Day, 2015, p. 121). The authors depart from using traditional analyst-generated lists of modes and experiences of travel and instead use qualitative data collection methods to identify the mobility capabilities most valued by people themselves. In another example, Dong (2008) uses the CA to study how to create urban design policies that foster the expansion of people’s “capability to design”. The author stresses the importance of developing both internal factors (for example, by improving design education) and external factors (for example, by revising local planning codes or investing in activities such as design museums that increase public understanding of design). Another example is the incorporation of CA concepts into the modelling of land use transport interactions used to perform evaluative and prospective analysis of urban sustainability (Vargas-Ruiz, Batty and Wilson, 2015).

These applications in diverse disciplines outside of the CA literature suggest that an even more compelling argument for applying this approach to the study of cities is that it could provide a unified criterion for analyzing people-centered urban development. Cities are complex systems (Bettencourt, 2013; Batty, 2008), “sets of elements or components tied together through sets of interaction” (Batty, 2008, p. 5). Consideration of diverse physical, economic and social aspects of urbanization in isolation without accounting for these complex interactions can lead to the design of ineffective policies (Bettencourt and West, 2010). The CA could provide a means for unifying priorities. By putting the person first and making the analysis of the expansion of capabilities and agency the principal goals for the sustainable development of cities, the CA provides a unified framework for analyzing the processes by which resources are transformed into the opportunities to live well within cities.
IV. Human development and social inclusion in Latin America

The area of research in which the CA has been used most widely is in the analysis of poverty. There is growing international consensus that poverty is multidimensional, as reflected in the phrasing of the first Sustainable Development Goal, “to end poverty in all of its forms”. The four papers included in this special issue on Human Development and Capabilities all grapple with the complex issue of how to measure and evaluate poverty, vulnerability or social exclusion from a multidimensional perspective.

The first paper by Jhonatan Clausen, Silvana Vargas and Nicolas Barrantes (2018) assesses the extent to which the processes of developing official multidimensional poverty indices (MPIs) in Latin America have taken into account the values and priorities of people living in poverty. The CA underlines the importance of using public reasoning processes to guide normative decisions when assessing multidimensional poverty. This paper critically analyses the design and implementation of official MPIs in Colombia, Chile, Mexico, and El Salvador, focusing on the processes used to select poverty dimensions and indicators, indicator weights and poverty thresholds. The authors conclude that, although none of these countries has adopted a purely participatory-driven strategy, they have made progress in introducing diverse forms of public deliberation and exercises designed to gain a greater understanding of the priorities of people living in poverty. The paper serves as an invitation to both academics and professionals working within public statistical institutions to reflect more on the consequences of their methodological decisions and on the extent to which they have listened to the voices of the most disadvantaged in society.

The following three papers present empirical analyses, each employing a different strategy for operationalizing the CA and assessing disadvantage. All three papers focus on Argentina, a country gifted with abundant natural resources and one of the most highly educated populations in the region, but that has been plagued for decades by economic instability and weak institutions. Argentina is also one of the most urbanized countries (91% urban) in the highly urbanized region of Latin America (80% urban) (UNHabitat, 2016). The Metropolitan Area of Buenos Aires, with a population of 13.6 million (37% of the country total) (Muzzini et al., 2017), has experienced in recent decades increasing spatial segregation and concentration of poverty in informal settlements (PNUD, 2009). Following the severe economic and social crisis in Argentina of 2001-2002 when the income poverty rate reached over 50%, economic recovery and the introduction of diverse social assistance programs initially yielded sharp reductions in both income poverty and inequality (Bracco, Gasparini and Tornarolli, 2018). However, since 2010, the income poverty rate has stagnated at around 30% of the population (Tornarolli, 2018) and one estimate of multidimensional poverty indicates that in 2016 44% of urban households experienced a deficit in at least one rights-based dimension (food, health care coverage, basic services, housing, education, social security and information) (Salvia, Bonfiglio and Vera, 2017).

The first two empirical papers focus on poverty and social exclusion in Bahía Blanca, an intermediate-sized industrial and port city of about 300,000 residents located on the southern coast of the Province of Buenos Aires. Bahía Blanca has
experienced similar tendencies as Metropolitan Buenos Aires, in terms of the evolution of income poverty and the expansion of informal settlements and even higher and more variable rates of unemployment. The focus on an intermediate city is supported by recent research which demonstrates the central importance of small cities and towns in urbanization processes and poverty reduction (Christiaensen and Kanbur, 2018).

In the first paper Maria Emma Santos and Jerónimo Etcheverry (2018) analyze the evolution of multidimensional poverty in Bahía Blanca during 2004-2017. The authors develop a multidimensional poverty index comprised of the following dimensions: housing, basic services, living standard, education, employment and social protection. The results show a marked reduction in multidimensional poverty between 2004 and 2009—explained in part by a decline in unemployment and the formalization of employment—followed by a relatively smaller reduction between 2009 and 2017. The article not only presents relevant evidence on multidimensional poverty in a medium sized Latin America city but also provides a thorough and well referenced account of how to develop a multidimensional poverty measure and analyze changes in multidimensional poverty over time.

The paper by Natalia Krüger and María Marta Formichella (2018) focuses on understanding the restrictions on the development of the educational capabilities of children and youth living in informal settlements located on the periphery of the city of Bahía Blanca. The authors show that, in comparison with children and youth in the rest of the city, those residing in informal neighborhoods experience inferior conditions in terms of the quality of habitat, education levels and labor market opportunities of family members, as well as larger deficits in access to schooling, especially at the early childhood and secondary education levels. Grade repetition and drop out result in only about a third of youth ages 19 to 24 finishing the secondary school level, compared with close to 70% in the rest of the city.

One of the most important contributions of this paper is that it is based on primary household survey data collected within informal settlements as part of a program developed by the Department of Economics of the Universidad Nacional del Sur, that seeks to integrate research, teaching and social extension activities. The project’s research fieldwork and data processing were carried out by economics students and faculty, in collaboration with a local NGO. The collection of primary data both contributed to the academic formation of students and enabled the researchers to design the survey questionnaires and collect information often not provided by household surveys, such as on school attendance and punctuality. For example, the results showed that half of all secondary students had missed three or more days of school during the previous two weeks. The respondents indicated that health problems and caregiving and other domestic responsibilities were the primary motives for missing school.

The issue’s final paper by Jorge Paz (2018) analyses the level, structure and inequality of deprivation among children in Argentina from a territorial perspective. Using census data and other official statistics, the author develops a rights-based measure of deprivation in six dimensions: education, access to information, health, housing, access to safe drinking water and access to sanitation. These data are then used to construct and map indices of the incidence and the breadth of child deprivation at the departmental level (the lowest
geographic unit for which data are available). The results demonstrate the large
gap in the degree of satisfaction of children’s rights in the poorer northern regions
of Argentina compared with the central and southern regions. Moreover, the paper
shows that inequality in deprivations is even larger within provinces than between
them, a finding which points to the need for the development of child protection
and promotion policies at the local level.

The special issue concludes with two book reviews. The first reviews *Introducción
al enfoque de las capacidades: Aportes para el Desarrollo Humano en América Latina*,
edited by Séverine Deneulin, Jhonatan Clausen and Areli Valencia. The
volume introduces key theoretical concepts, analytical tools and policy lessons of
the CA to a Latin American audience. As the reviewer Jimena Macció sustains, the
book provides much more than a translation and updating of its original version in
English. Rather it presents diverse issues—from social justice to gender equality,
conditional cash transfers, education or sustainability—from a regional
perspective, using concrete examples from Latin American countries and written
in many cases by specialists from the region. The second reviews a book that puts
into practice the goal of taking into account the values, priorities and perspectives
of people living in poverty when designing research strategies. The book, titled *El
barrio San Francisquito: Una mirada construida participativamente* (The
neighborhood little San Francisco: A project constructed through participation),
coordinated by María Elena Aradas Díaz, presents the results of a project
developed using the methodology of participatory action research, which had the
joint aims of characterizing the population of an informal neighborhood of Rosario,
Argentina and contributing to expanding social networks and agency in the
community. The reviewer, Ana Lourdes Suarez, highlights how the project’s
interdisciplinary and interinstitutional methods—involving the university, a
neighborhood school and the community—helped to place the community at the
center of the research process, with the goal of enabling the people themselves to
work toward the construction of conditions that make human development
possible.
V. References


