

CS/2673-1

UNITED NATIONS  
AFRICAN INSTITUTE FOR ECONOMIC  
DEVELOPMENT AND PLANNING

D A K A R

INSTITUTE OF DEVELOPMENT STUDIES  
UNIVERSITY OF SUSSEX

B R I G H T O N

SEMINAR ON

STRATEGIES FOR INCREASING PRODUCTIVE EMPLOYMENT IN AFRICAN COUNTRIES

(TO BE HELD IN DAKAR, 10TH NOV. - 12TH DEC. 1975)

THE NATURE OF THE PROBLEM - AN INTRODUCTORY OVERVIEW

BY

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OCTOBER, 1975

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A few introductory definitions - or perhaps criticisms of what is in danger of becoming conventional wisdom in the employment field - may be a useful prologue to a consideration of the nature of the employment problem in Africa.

a) Productive employment is not equatable with wage and salary employment. The self employed and communally (co-operatively) employed in agricultural, other rural, and urban sectors are (or may be) just as much productively employed. In Africa they are also more numerous so that to define them out of employment prevents rational analysis or prescription;

b) Wage and salary employment is not necessarily productive. To take an extreme case one governmental office in Africa had one pen, two desks, three chairs, and six university graduate officers. The twenty foot wide corridor outside was so thronged with standing messengers it was a matter of some difficulty to traverse it. Employment - yes; productive employment - hardly!

c) Agricultural is not equatable with rural. Other directly productive and service activities do exist in rural areas - very complexly and productively in some cases. No answer to the challenge of rural development which does not involve broadening and deepening these activities and integrating them more closely with agriculture is likely to prove efficient or

d) To speak of "too low" rural incomes and "too high" wages and salaries is an example of mystification by generalization. Rural incomes are not equal; rural incomes are not identical to cash received from crop and cattle sales; the national accounting definition which makes a kilo of sembo grown, prepared and eaten by a Nyanza area peasant family worth about a fifth as much as that bought and eaten by a Nairobi minimum wage

earner has little value in measuring comparative consumption. Equally if - as seems true - many minimum wages require breakup of families, dependence by urban workers on family rural food supplements, and a transitory urban employment pattern, then these wages are too low from the point of view of national or firm economic efficiency as well as of socio-political stability or human development however much too high top salaries (of up to 50 times these wages in pre-tax terms counting fringe benefits) may be. Certainly there is a rural/urban gap and a wage/salary gap but operational as well as analytical use of these concepts requires some care and at least a minimum of precision in evaluating, defining, grouping, and dividing.

3. For the purposes of this paper productive employment is defined as any occupation (or cluster of occupations) by which an individual can secure the minimum necessary consuming power for himself and his dependents to live as human beings and by which he makes at least an equal contribution to the total of national productive forces.

Set out like this these definitions and criticisms may appear self-evident. That they are not - every one of the points challenged has been the basis of extensive studies, policy prescriptions and action programmes. In less extreme forms they are constantly appearing in most work in the productive employment field with results which are, at best, confusing. Certainly the rapid transition from concentration on creating wage employment which marked the debates of the early 1960s through the "informal sector" and "integrated rural development" stresses of the ILO country studies to the concentration on elimination of absolute poverty and massive inequality which characterize the "redistribution with growth" debate of the early 1970s suggest both that the early definitions involved a generous measure of confusion and that the time to crystallize concepts and definitions may well not yet have arrived.

## II

African political economic history can be divided into four broad periods: pre-external-intervention, external intervention leading to pre-colonial neo-colonialism, colonial rule, post-colonial neo-colonialism. The degree of external penetration has varied considerably from territory to territory as have the exact dates of sustained intervention and colonial rule but the pattern is a general one. Even areas and groups not apparently much affected directly have in practice had their external contextual setting vastly altered by the impact of change imposed on or initiated by neighbouring groups. The idea that significant, significantly unaltered, subsistence oriented, largely self sufficient, traditional, communal societies still exist in Africa is factually incorrect, ideologically mystifying, and practically misleading.

The pre-intervention period was characterized by relatively balanced economics with limited long distance trade in certain basic goods (e.g. salt, iron, weapons) and a few luxury or amenity goods (e.g. gold, tobacco, high quality cloth). There was some specialization of economic function - undifferentiated subsistence agriculture plus handicraft was not universal and in many subregions not the dominant pattern. Significant short-distance exchange existed especially in areas with cities. A fairly wide range of political structures and polity sizes existed - the larger ones with military, educational, and bureaucratic structures demonstrating the existence of not insignificant surpluses above subsistence.<sup>9</sup> Especially in the more complex polities significant economic, as well as social and functional differentiation existed. While both simple communalism and isolated homestead were common, elements of slavery, hierarchical mutual obligation systems (e.g. feudalism), and capitalist trade (and mining/manufacturing to a lesser degree) existed as well. The patterns were neither static nor necessarily circular. Evolution towards a gradually rising level of productive forces and towards more complex social and economic organisational patterns was at least as evident as in pre-1500 Europe. Technological change was not unknown but - especially in transport, military

organisation, and firearms - lagged behind both Europe and East Asia, in the respect paralleling Latin America. Population levels and growth rates were fairly low. ~~Disease~~ and war usually accounted for the latter, not absolute pressure on scarce physical resources. Indeed ability to move outward was probably a factor reducing the necessity for technological change and the feasibility of creating durable institutional and social structures with high degrees of centralization and inequality. Under these conditions and with these social, political, and economic patterns, adequacy of productive employment was rarely an overt problem.

Pre-colonial intervention had a long history - over nine hundred years in respect of the Arabic impact on the Eastern African littoral - but tended to be relatively limited in depth and breadth until the middle of the 15th century. The focal point of intervention for two and a half centuries was the slave trade, "necessitated" by the combination of direct colonization of Latin American and the Caribbean with the implantation of labour-intensive mining and plantation systems far from fully staffable by local populations or European immigrants. African productive employment was a problem of supply of employees not of jobs but the jobs were not in Africa and the impact on Africa in economic as well as social, political, and human terms was catastrophic. Not only were there ~~severe~~ direct population losses but a pattern of direct and indirect strife based on escaping from, accommodating to (e.g. waging war to procure slaves for), or resisting external pressures had a corrosive effect on the native and development of political, social and economic organisation thousands of miles from the immediate coastal points of impact.

Transfer of technology and knowledge was limited - the intervenors were not willing to sell their superiority in military organisation and weapon production, that in navigation and ocean transport was not to major interest, and beyond that there was initially not all that much superiority over what Africa had. What was made - perhaps most important in staple food crops - was more than offset by the effects of instability and enforced

external trade on domestic technical change and production patterns. While population fell the degree of damage to politics and economic units as well as to internal and older (e.g. trans Sahara) long-distance trade patterns was such that the levels of surplus generated declined and much of what remained was leached away in the unequal exchange of consumer luxuries and inferior capital goods (second rate weaponry) for human capital (slaves). Because of dislocation and destruction of institutional and physical capital productive employment problems probably became much more frequent.

With the suppression of the slave trade, its successor, "legitimate trade" of African produce for European consumer and military goods, continued the process of dislocation and disintegration. Whether it would have started it is unclear - trade other than slave trade certainly did lead to dependent politics and societies prior to colonial rule in some parts of Asia. The breakdown of the pre-intervention economic balance into a much less complicated pattern of primary production for local use and export continued. The dependence of coastal client states - e.g. Dahomey, Kingdom of Kongo, Niger Delta City States, Fante "Confederacy" - on European masters grew as did the degree of force used to deter attempts to interfere with European and client state trades - e.g. British intervention over 1800-1875 to prevent the attainment of Ashanti hegemony over the "Gold Coast" littoral states and to "open up" trade channels. Increasingly a pattern of external economic dependence, exploitative trade patterns, internal economic imbalance, foreign ideological penetration, technological stagnation, and political subservience in the service of economic compradorship was being built up in many parts of Africa prior to the colonial era proper. Productive employment problems must have arisen at least for displaced craft specialists and for rural units which had combined craft production for sale with food production.

The pre-colonial neo-colonialism broke down for three main reasons. Based on "free trade" (the right of the stronger economic unit to penetrate the economy of the weaker without political intervention), it was advantageous

to strong industrial powers (e.g. U.K.) and their satellites (e.g. Portugal) but not to weak industrial powers wanting to catch up at home abroad (e.g. France, Germany). The latter needed colonial space closed to U.K. or U.S.A. penetration and their preemptive attempts forced the U.K. to reply in kind. Second, the strain of subservience on client states, and of punitive expeditions on resistant ones, was such that the complete breakdown of conditions for trade and commerce - not the growth of patterns conducive to it - became increasingly frequent, "forcing" colonial rule to restore some institutional infrastructure. Third, in cases in which large-scale settlement was seen as desirable or large scale investment (e.g. in mines and their transport networks) as necessary to reap trade gains, both technical and political prerequisites of the late 19th century required colonial not neo-colonial rule given the degree of stagnation and retrogression the earlier period had wrought.

The colonial period was marked by the completion of the substitution of basic imbalance between goods produced and goods used for the basic balance of the pre-intervention period. Long-distance trade was thus made central in a very special way guaranteeing increasing one way external dependence on a single stronger politico-economic unit.

Changes, on the whole, speeded up and were more orderly - the absence of as full scope as before for local resistance and initiative and the greater injection of technical institutional and technological expertise guaranteed that. A series of new imbalances were created or old ones exacerbated within an externally imposed structure which impeded their resolution. Differential access to assets (including land suitable for each crops and near communication links), education, and jobs led to imbalances in income distribution and to migration. The imbalance between production and consumption led to the biasing of technology and skills into narrow and inflexible patterns at levels which increasingly lagged behind those of Europe. Low wage policies and colonial leadership (not least in acquisition of income and employment) further sharpened the imbalance between production and use and warped the domestic market.

The second neo-colonial period following political independence has in many ways been marked by a more efficient operation of the colonial system, with a large share of the benefits formerly going to resident low and middle-level expatriates being transferred to Africans, rather than by any radical transformation. Dependence, imbalance, highly unequal income distributions, technological lag, and demand patterns biased against rapid employment growth remain. True, an African elite has emerged especially in government and medium to small scale business, but one which has often simply taken over the roles and rewards of the lower and middle-level colonial and secondary foreign communities rather than affecting general structural transformations. However, the productive employment problem has - or appears to have - changed. In the early colonial period it normally appeared as one of inadequate supply requiring fiscal or physical force and/or long distance recruitment to secure an adequate wage labour force. However, the reduction of warfare and the introduction of (fairly minimal) health services led to population growth; the acquisition of land by colonial companies or settlers reduced opportunities for productive rural self-employment; the growth of wage-oriented (and later salary-oriented) education created a stratum oriented towards "modern sector" jobs. The combined impact was to give rise to rural-urban migration, open urban unemployment, disguised rural and urban un or pseudo employment (the latter sometimes quite remunerative personally if not nationally), and varied patterns of rural and urban physical and human environmental damage. The structure of production, demand and technology simply did not allow rapid growth in productive employment except (as in the Ivory Coast 1950-1965) in the context of a major export led boom. The greater visibility and political explosiveness of the urban (and particularly the educated urban) unemployed led to a concentration of attention on that sub-sector and on wage employment, with "back to the land" seen both by its "recipients and enunciators as a denial of access to "genuine" (or at any rate remunerative and prestigious) productive employment, at least as much as a call for any basic reform of production/use, income distribution/demand, or technology/employment opportunity.



This change began in the colonial period but - partly because significant health and education provision came so close to the end of the colonial era in most African politics - was not fully evident in the majority of African states until the eve of or the morning after independence. It clearly varies from the standard Marxian "reserve army of unemployed" formulation as well as from the Keynesian "crisis of investment" unemployment schema and almost equally clearly results from the particular structures of dependence, production/use imbalance, and income distribution/demand erected during the two neo-colonial and the intervening colonial periods.

No post neo-colonial period is cited because few - if any - African polities have achieved the levels of reduction of external dependence which are essential to such a change. Granted some have reduced dependence significantly - e.g. Algeria, Tanzania - they are at most moving into relatively less and less concentrated dependence positions without, as yet, demonstrating a sustained transition to interdependence.

### III

A number of themes - and potential key analytical strands - emerge from the historical survey and require closer examination. These include "opening up" to external economic penetration and control, the nature of the export sector, access to assets and resultant income distribution patterns, wages policy, education, technology transfer - foreign investors - fiscal policy and the growth and location of population.

'Opening up' for African political/economic units has been one-way integration into the world economic system. The costs have been four-fold: loss of self-sufficiency in food; general loss of balance between production and use; a narrowing of craft and service skills; and a narrowing of the employment structure (only partially reversed since independence). The results have been one-way dependence on overseas sales (of climate,

natural resources and unskilled labour whether embodied in traditional primary products, tourism, or assembly-type manufacturing) and overseas sources of supply, without the interdependence and flexibility which a more balanced structure, with major productive sectors firmly based on national markets and supplies, offers.

The problem is not necessarily one of participation in broader economic systems, nor is the logical solution for small polities low-level autarchy. It is the nature of the participation, the instability and poor growth prospects for exports, the regressive specialization against high-demand-growth and knowledge-creating production, and the overall patterns of dependence which are at issue. To the extent that these can be limited or eliminated in a more balanced - regional or global - set of external economic relationships, that route is likely to be more conducive to development, output, and productive employment than autarchy.

These points are particularly true of the past and present export sector. Because exports are not related to and based on domestic market production they are vulnerable to outside events to a degree quite disproportionate to that in more nationally integrated economies. Perhaps even more serious, they are characterized by low level homogenization and by rigidity. Virtually all exports are based on local natural resources, unskilled cheap labour and climate. Even when some high-level manpower, knowledge or technology is used this is normally either embodied in an external (literally) stage of production or intermediary or is imported and thus perhaps, domestic but certainly not national. Tourism and the manufacture of consumer goods with a high import content are normally just as real examples of this low level homogenization as cotton or coffee or pyrethrum.

At the same time, this general homogenization is paralleled by lack of flexibility at the product level. The embodied capital, the special skill

in production, the physical infrastructure and the institutional pattern are rigidly directed to particular outputs for particular markets and cannot - except quite partially and at high cost - be redirected to related goods and demand patterns. A coffee farm, a tourist complex and an electrical goods assembly plant in an African economy are almost impossible to shift to producing staple foods, low-cost urban housing and electrical motors for pumps and small industrial tools. This is in contrast, rather than parallel, to the more technologically complex, skill-based, nationally-integrated productive sub-sectors of central economies.

The particular export pattern with its special needs tends to sharp geographic, class and occupational income inequalities. Coffee growing areas grow relatively rich, staple food crop ones stagnate; the limited middle and high-level manpower sub-classes acquire incomes related to (even if still lower than) their parallels in the industrial economies; possession of or control over access to capital leads to high payoffs in profits or rents, interest or service fees, placement charges or open corruption. This pattern interlocks with resource use to create migration whether in search of new opportunities - e.g. the migrant cocoa farmers of Akwapin who built the industry throughout the then Gold Coast - or the pressure of increasing poverty - e.g. the Voltaic migrants to the Ivory Coast, the Lesothan to the Rand, the Senegalese to France.

These patterns are obscured during periods of high primary export growth - especially when an "opening up" boom melds with a favourable general world market - and become clear only when such growth plateaus out. In part the contrasting records of Ivory Coast and Ghana between 1957 and 1967 illustrate precisely that point. Equally the basic weaknesses and contradictions are made more than normally apparent when market stagnation and unfavourable weather put sustained pressure on an African political economic unit for an extended period as in Senegal over 1960-1974.

Access to assets - or more accurately to income-earning capacity centering on land, loans, jobs, and education - has become both radically different from and more unequal than that prevailing before and during the colonial period. In part this represents the creation of an African elite - usually dependent on foreign private interests and always centered on government - with a resultant opening up of non-traditional ways to wealth. In part, however, it represents greater pressure (partly from higher population density in poor, fragile, and/or degraded ecological areas) on resources in the areas with the lowest development of productive forces and also a new differentiation of asset values in terms of (externally determined) world market and (often internally manipulated) domestic market price relationships quite widely divergent from those implicit in economic patterns based on production for own use with modest local and peripheral long distance trade. A parallel transformation has taken place in the opportunities open to the employed and small-scale self-employed. Both the modern and the informal (which is usually only weakly linked to the traditional) sectors offer quite different reward patterns from, and demand very different skills than, the earlier craft-trade-transport-service sectors and are marked by less continuity both with agriculture and among themselves than the pre-intervention economy or, indeed, than Italy, Japan, or the United Kingdom.

The three keys to access have been: initial rural location, access to modern education, and political influence. To be the original residents of an area suitable for "opening up" crops has usually been bucrative - e.g. Baule, Ashanti, Chagga tree crop growers in Ivory Coast, Ghana, Tanzania - even if an outside initiative triggered the process of change, e.g. migrant Akwapim farmers in Ashanti, to a lesser extent European planters in Ivory Coast forest zone and on Mount Kilimanjaro. Only when the new crop has been beyond the technical, organisational and financial capacity of the initial residents - e.g. sisal in Tanzania, bananas (initially) in West Cameroon, sugar in Kilambo valley (pre-outgrower schemes) - or settlers have been allowed to dominate - e.g. Anglo-Greek

tobacco complex near Iringa to 1960's, Kenya "white highlands" to 1960's - has residence in an area favoured by price shifts of opening up proved irrelevant (most plantation enclave cases and Iringa tobacco) or positively harmful through leading to eviction (most settler cases - notably the Mahgrebin tell in Algeria, Tunisia, Morocco until the 1960's).

Access to modern education (often confused with Christianity because of initial school access conditions) has evidently been the basic key to entry to the salariat and skilled wage force and to medium to large-scale business success. More generally it has had a clear impact on attitudes to change, new possibilities, and the overall nature of society which have been critical to political success and to the introduction of new crops and new methods of production in the rural sector. Political influence has flowed from leadership in areas favoured by opening up, the use of modern education, and/or established quasi-traditional position. It has led to direct rewards of office and the power to reinforce itself by selective distribution of access to land, credit, employment and education in return for obligations to support the "patron" financially and politically.

The result is a series of class, geographic, occupational and sectoral inequalities: the small farmer versus the estate, the poorest farms in staple food areas versus the "model" farmers in export crop zones, the MNC junior (or even senior) executives and workers versus informal sector entrepreneurs and employees. Those deprived of access have tended to be frozen into a pseudo-traditional caricature of the old economy of balanced production for own use in rural areas and a parallel caricature of extended family obligation and peripheral employment patterns in the (basically non-traditional) urban areas.

While in one sense a "reserve army" with a vengeance, these economic outsiders are so large a share of the potential labour force as to constitute evidence of its basic inefficiency (in terms of productive

force development), lack of sustained, built-in dynamism (to broaden the integrated, relatively high productivity core sectors as a share of labour force as well as output), and potential instability (the number of non-beneficiaries is too high and the chances of access to even the wage-earning or substantial cash-sales sub-sectors too low) as contrasted to even a Marxian view of the dynamics of capitalist development during its positive stage. The lack of broad access has been obscured during the immediate pre and post independence periods by the squeezing out of "small" colonial appointees and businessmen and of other colonial-ly linked minority communities (Greeks, Asians, Lebanese, "foreign Africans") and the "opening up" of the elite to Africans. In the many African polities in which this process is largely complete, the basic rigidities, inequalities and stagnancies are becoming more evident and more threatening, as happened earlier in many Carribean, Latin American and Asian polities.

The inequalities of access to earning capacity lead directly to wide inequalities in personal consumption capacity usually reinforced by a provision of public services clearly based on "to him who hath shall be given". This pattern of private (and usually public) demand in turn affects both patterns of production and of technology in a manner reinforcing dependence, stagnation and inequality.

A narrow elite modern-sector and cash crop middle income class have demand patterns similar to those of countries with much higher levels of productivity. They do not, however, constitute an adequate market base for local production of more than a small range of these products and, therefore, their demand pattern is heavily consumer-import biased.

The growth of the economy therefore is again constrained by ability to secure foreign exchange and particularly by traditional export sector growth. Dependence is reinforced and - given actual traditional export prospects - low growth or stagnation is built into the system. The general combination of export dependence and small markets reinforces

technological dependence - indeed even in the larger and more productive economies the question of local reproductive, adaptive, and selective applied research capacity is rarely posed in a serious and systematic fashion.

Against this background wages policies have tended to fall into one of two traps. Low wages - especially when below family (or even individual) subsistence levels - lead to high turnover, low skill acquisition, low morale, low productivity, and limited markets. They ensure a migratory labour pattern and low ability and will to work. In extreme cases they threaten the continued viability of the industry let alone its growth, e.g. the post-1960 quadrupling of wage rates in Tanzanian sisal forced reorganisation of labour use, reduction of salaried posts and general rethinking (not involving more capital) leading to a 25-33% reduction in production costs. Without the shock of the wage increases little of this would have happened and without these changes the industry would probably not have survived the 1965-1972 low price period. But because very low wages are inefficient, it does not follow that an indiscriminating high-wage (let alone high-salary) policy makes good sense either. Usually such policies flow from and through sectors, (e.g. Zambian copper for wages, Zambian copper - and civil service for salaries) and greatly hamper the expansion of other sectors which have productive-force levels quite inadequate for meeting them.

As a direct result growth in productive wage employment is slowed down or reversed and the demand for both urban and rural mass-market goods remains low and often stagnant. Inequality of access and incomes grows rapidly as population increases strain the carrying capacity of more populated rural areas and add to a virtually (in this setting) unemployable urban lumpenproletariat. Demand patterns are further biased toward imports (local production will not pay). Investment

patterns are skewed toward capital intensiveness even in countries which given productive-force levels and population growth rates have between 1/50 and 1/250th as much investable surplus per new productive employment place needed as does a middle-rate industrial economy like the U.K.

African education systems are characterised by a series of imbalances. Skills produced are congruent neither with perceived demand, (e.g. too many clerks), relevant demand (e.g. too few paramedical personnel), or financeable demand (e.g. impossible to staff entire secondary school system with university graduates at present graduate salary scales). The three demands are equally not congruent with each other. In particular, the system usually fails to identify middle level manpower demands accurately (e.g. "intermediate skills" such as small unit bookkeeper-accountant-financial planner or improved traditional and small works construction personnel), to meet them relevantly even when identified (e.g. mechanics-mechanical foremen-shop floor engineers), and to relate its programmes to employer's real or perceived needs (e.g. with sandwich-type formal and in-service-training packages, released-time and night courses). Further, the "background" role of education in changing attitudes and approaches - vide the early cash crop areas - is not adequately perceived. Adult education on a mass basis is usually given low priority and, even when it has received attention, this has stressed "pure" literacy with little application to the learners' concerns and less to the "environmental" follow-up (e.g. local newspapers, health and agricultural materials, simple construction and mechanical manuals, social-political-economic and policy presentations) needed to make it developmental.

Education remains heavily artifactual and "pure", not developmental and applied. As in order technical fields the power of unadapted imported models (and usually rather outdated ones at that) remains high and reformulation and integration into national strategy usually low.



Quality of education poses problems but the ones normally posed are not necessarily the correct ones. For example relevance to rural life is not a substitute for literacy and numeracy, quite the reverse. What is needed is better standards of ability to read, write, and calculate in a context (as much outside formal education as within it) in which these are and are seen to relate to personal, communal, and national rural development. Equally nationally oriented accountancy and audit systems need better audit capacity covering a wider range than the limited and usually second-rate melange served up by branches of foreign firms at the same time that they need a new type of training for the man in a co-operative, an Ujamaa village, or a small informal sector unit who must know some book-keeping to record and maintain order, elements of accounting to present and explain the out-turn shown by the books he keeps, and simple financial planning skills to project the effects of alternative further courses of action so that informed choices can be made.

Wage and salary structures and expectational patterns also are shot through with imbalances. Education is seen as a route to the economic top with serious detrimental effects on teaching of the 95-99% who will not become university graduates and on their self-perceptions and employment orientation when they leave the formal educational system. Differentials between salaries and wages are among the highest in the world as are those between minimum (and still more informal) and "recognised" skilled wages. Sub-patterns vary more from state to state but often bear little more resemblance to present economic or plausible developmental needs e.g. primary school teachers are often paid less than large factory/warehouse workers and usually much less than lorry or bus drivers.

These patterns are often seen at market forces dominated but this is valid only if one is using an exceedingly imperfect oligopo-

listic market theory model. Appeals to international comparabilities (salariat), bottleneck creating capacity (e.g. port workers), general political nuisance value and/or urban power potential (e.g. unions), and accommodation by/pressures on foreign employers (e.g. Zambian copper workers, Senegalese service sector), "self service" (e.g. civil service, politicians, parastatal managers) and historic differentials explain much more than any simple competitive model - a situation not unique to Africa but probably resulting in higher rigidity, inconsistency, and inefficiency in Africa than in high-productive-force-level economies.

An informal educational sector which is powerful and increasingly pervasive is communications, including advertising and demonstration. As already noted it significantly influences demand patterns and plays a somewhat parallel role in respect of expectations, employment grading, and the climate (on both sides of the table) or wage/salary setting. To date it has been largely reinforcing to and formative of the patterns and trends analysed. However, the more broadly it spreads, the greater the limitations of access, and - a fortiori - the more disappointed expectations take the form of being pushed out of a toe-hold in the growing mainstream or a failure to provide what was not just expected but assumed (e.g. well salaried jobs to university graduates, some paid employment to secondary school leavers) the more this informal education by observation will reinforce and create strains, tensions and contradictions.

A series of interlocking biases turn on the triad of foreign technology - foreign firms - fiscal and credit policy. These interact to form a nationally disintegrative sub-system, involving a high import and external-surplus drain and low employment and government revenue, which becomes more and more integrated into a subordinate role in the multi-national corporation's global system but only peripherally, if at all, linked with the majority of the people of the host polity who are neither its employees, input producers, nor customers.

Technology is marked by biases in creation, transmission, finance, prestige, and selection. On the order of 95 to 97 1/2% is created in industrial economies and relates almost entirely to their problems and needs while at least half of the third world share is really directed at implanting aspects of the industrial technology, rather than at serious adaptation, let alone at basic research and development work. In most fields technology transmission is almost totally via MNCs and is biased towards what will be profitable to them in subsequent capital and operating input sales, management contracts, licence fees, etc., not towards what might be most appropriate or valuable to the recipient. Take-it-or-leave-it package deals involving far more, and more costly, elements than are needed and very poor bargaining on the part of third world companies and governments exacerbate the effects of this conflict of interest.

Foreign finance - whether private or public - tends to be biased in favour of large, familiar, easy to evaluate projects and the infrastructure to support them. Blistering analytical criticism of the inherent errors of this approach, because of the need for productive-employment-creating, capital-saving, decentralised, small projects and programmes to broaden the involvement in the national economy, to attack absolute poverty, and to reduce inequalities, have appeared under the aegis of both the U.N. and the World Bank but the bureaucracies of both are notorious for pursuing procedures reinforcing the bias and lag far behind their own leadership in adjusting their outlook. Prestige and professional acclaim in research and development and based on industrial-country standards. This warps the outlook and programme selection to research workers in poor countries and limits the acceptability and financeability of results on radically different lines. For example, whatever the verbal disclaimers a pre-fabricated, factory-based housing scheme is in most poor countries more professionally respectable, more likely to get research funds, and far more likely to be acted on after design and prototype stages than a programme of developing changes in the techniques of using simple materials and training village workers to use them with simple tools.

What holds for technology also applies to other technical areas: accounting, institutional organisation, education, consultancy, marketing etc. The cult of the (industrial-economy-based and oriented) consultant rides high. Quite apart from often providing inexperienced or dubiously competent personnel and lack of background data which lead to positively inefficient or non-functional results even on the narrowest of criteria, such consultants when in unified external teams (not integrated into nationally organised and oriented institutions) almost inevitably replicate their home country technical approaches with only the most secondary of modifications - hardly the way to maximize productive employment creation or national economic integration.

These biases do not affect manufacturing alone - indeed that may well be the area in which they are the least damaging. Technology is not perfectly plastic and in some fields - notably certain branches of industry - there is little room for choice except in relation to special semi-isolated, small market, special local resource pocket units. The Chinese local, small-scale, heavy-industry sector illustrates the possibilities and limitations.

Agriculture, construction; maintenance and repair, public administration and other services are sectors in which far fewer genuine technological barriers exist. Devising adequate and appropriate organisation, training intermediate manpower, and planning further ahead to allow for the fact that the less capital intensive technologies tend to be more time-intensive are the key additional inputs needed. This is a priority African r and d area because it would have high payoff and because the needed knowledge cannot be imported - it would not pay industrial-economy based MNCs to do it.

The creation and transmission of technical and technicological knowledge in most productive sectors by MNCs (agriculture is a partial exception) reinforces the structure of biases or imbalances. MNCs

ultimate power rests in the ownership of knowledge (including, but by no means necessarily primarily, knowledge of how to raise finance) not of specific fixed assets. Therefore, it is critical to them to transfer limited, applied chunks of knowledge within a continuing contractual frame, not to transfer broad areas (including that of knowledge creation) in once-for-all deals. For this purpose really tough and well prepared negotiations are needed.

However, there are also other dependency, external-integration, national-disintegration elements inherent in the MNC system as it now operates in Africa. The tendency to import the whole package of procedures and operating patterns leads to wage and, especially, salary levels for citizens far above what other sectors can afford. Combined with other quite overt efforts to secure company solidarity these financial regards tend to socialize (in the sociologist's not the political economist's sense!) the African senior and middle managers into the MNC worldview and to create strains for even the wage-working sub-elite. These patterns reinforce the impact of and capital intensive biases built into the production technology as well as being integral to shaping inequality of income distribution and the patterns of expectations and aspirations.

Foreign private funding - especially when linked to supply, sales, and management agreements - is always expensive. A 25-33% annual cash flow back to the parent company is a normal MNC rule of thumb for new investment (even in Europe and North America). If achieved, this means high external drains and surplus and fiscal-credit concessions, reducing potential government revenue and domestic finance available to other sectors and firms.

Access to domestic (or foreign public sector relent domestically) loans and to fiscal concessions (e.g. import duty, sales tax, depreciation and initial allowances), is readily available to large firms. This is much less true for small - partly because fiscal and production promotion units are rarely well adapted to dealing individually with large

numbers of clients and are thus biased toward the large ones unless a number of smaller ones can be packaged or dealt with (after one case study) within a fairly automatic framework of rules.

Even were the operation of the system unbiased the criteria used at present are not. Nil import duties on most raw materials, and allowances related to fixed capital cost (but not to employment generated) hardly favour the substitution of labour and organization for capital nor of integrated local for externally dependent production. In practice, these biases are probably not critical today because the acceptance of the global technology and technical knowledge transmission system and its central MNC component would prevent any major changes. However, they have some impact now and would become critical as soon as serious systematic attention was concentrated on technical and technological reproduction, (e.g. copy existing textile machinery), adaptation, (e.g. modify pumps for local production based on simple castings, forgings and innovation, (e.g. build up regional or national marketing channels for small scale, non-agricultural, rural productive units).

The external imposition of the modern sector—initially by imports and subsequently by implantation — has a further set of complex and, socially as well as economically, disintegrating effects. Because the demand patterns are influenced by goods and services known to exist the output range of high-productive-force economies and particularly those of their large-corporation sectors largely determine local demand. Intermediate consumption goods (e.g. ice chests, bicycles with small motors, fans cum water dips as air coolers based on but of broader use than hot-plates, middle quality household wares, improved animal-drawn implements) and services (e.g. ancillary facilities for local travel, para-medical care, servicing and repair of intermediate consumer and capital goods) are not known and therefore not actively and specifically demanded. There is both a consumables gap and an apparent demand gap not unrelated to the

high propensity to spend on beer, cigarettes and the multiplication of wardrobe items of the upper cash-crop farmer and middle-level wage-earner, who cannot afford the leap to a European style house, car, refrigerator but has acquired most of the limited range of mass market goods available.

The external imposition of the modern sector has made it both more destructive of traditional small-scale production and less able or willing to develop linkages with modern small-scale production. Both manufacturing and commerce in more internally oriented patterns of growth and development have built up complex links with the production, service and repair of small components, suppliers of specialised inputs and local distributors and technical services which are usually noticeable by their absence in Africa. Continued foreign ownership and management dominance of most, and technical dominance of all, large scale productive activity in African economies has combined with lack of clear realization on the part of African elites how special (as opposed to natural or inevitable) this pattern is to strengthen it in the majority of African polities during the post-colonial neo-colonial period.

Finally, powerful factors have affected both the size and the location of African populations. Falls in death rates (as much in some cases from reduction of warfare and ability - usually - to avert mass local starvation as from curative facility provision) have led to higher rates of population growth. Continued high rates of infant and child mortality have led to continued high birth rates. Low "background" - i.e., environmental sanitation, nutrition, preventive and low level, widely available curative services a la Chinese "barefoot doctors" - health support has led to continued high levels of illness (as well as of early death) and low levels of ability to work regularly and for long periods.

As for location, migration - in systems and dynamics of the type analysed here - is usually at most a palliative and a source of

exploitation and at worst a source of explosive tensions and internal coloniazation or non-slavery. On the push side those without access to cash income but with exposure to cash needs are forced to seek urban or other rural employment. The slums and bidonvilles of most African cities - perhaps more terrifying in West Africa where some districts of Lagos and Dakar are all too similar to the slums and streets of Calcutta - are evidence of this process as is the fact that over 50% of the low-wage labour force of the Ivory Coast and the nearly 100% of the low-wage labour force of the Rand mines are derived from "external labour reserves" (Upper Volta, Mali, Swazi, Lesotho, Malawi, Bantustans, "Native Reserves").

On the pull side there are two broad typologies. The first relates to single or limited-target migrants seeking to meet fairly definite cash needs and then return home, e.g. many Sahelian migrants to the West African coast, formerly (but much less so today) most East African urban workers. The second includes relatively economically advanced groups who have had some access already and seek wider horizons for building on it. They may well plan to return home to retire but their job or career plans involve relatively stable, family-accompanied residence elsewhere for a working lifetime. Often a relative push factor exists because if all stayed home the chances of advance for any would be and become low. Many Chagga, Nyakusa and Haya in Tanzania, Ibo (and to a lesser degree Yoruba) in Nigeria, and Hausa in West Africa illustrates this pattern. In extreme cases either a symbiotic large scale rural migration, agreed to by and at least mildly beneficial to the original residents, (e.g. the pioneering Akwapim cocoa farmers into Ashanti, Brong-Ahafo, Western Ghana and Volta), or what amounts to internal colonization and exploitation of the original residents (e.g. pre-Civil War patterns in Jos/Plateau and Port Harcourt/Rivers areas of Nigeria and some present proposals for "development by settlement" in the low population Middle Belt) develops from this second type of "pull" migration.



Migrants - quite rationally - evaluate the probability of achieving gains and the probable size of gains if achieved. Thus the poorer the prospects in their original area and the higher the potential gains in the new the more likely they are to move for any probability of getting a job or a piece of land. This is a perfectly sensible approach for any migrant even if not always when viewed nationally. Therefore, attempts to raise the number of urban jobs or lower the degree of employer exploitation of migrants - however desirable in and of themselves - will worsen not improve the migration/unemployment problem access to productive employment, public services and a chance to better one's lot in poor areas. It may - for a time - require some pattern of urban job-seeker permits or "repatriation" of unemployables, but that is at best a holding operation to gain time for reducing inequality of access and opportunity, not a solution.

A TYPOLOGY OF EMPLOYMENT STRATEGIES

At least five strategies for raising productive employment can be identified - orthodox neo-classical, neo-orthodox, inflationary, radical following a violent transition, and neo-radical (without a prior violent revolution).

The first - or orthodox neo-classical - strategy has two strands: lowering real wages and raising effective demand. The second strand may be pursued alone or the two together; the first one is relatively rare in practice if not in IMF mission recommendations in Latin America.

Lower real wages would - in principle - lead to a substitution of labour for capital and thus to greater productive employment. Probably it would also lead to greater potential investible surplus and - if this were invested productively - a higher rate of growth of output and employment. Assuming further that the surplus recipients were citizens or citizen-owned productive units the pattern of higher investment and growing domestic output might lead to a widening of locally oriented production and reduction of external dependence. However, the transitional effects of moving to such a strategy are likely to involve the loss of existing effective demand and the collapse of local firms as well as more open unemployment with a reinforcing of (financially stronger) foreign corporate units and of the export-oriented sector. Further, both luxury consumption and private external investment may leak away the surplus and the impact of greater inequality on demand may force a medium-term concentration on on export-oriented production.

The raising of demand (with stable or slowly rising real wages) either implies use of pre-existing idle capacity in the domestic market or an "opening-up" - type injection of external demand. The first is not a generally available condition, the second implies greater short-term external dependence. Assuming a successful application: surpluses, employment and inequality will grow rapidly. The Ivory Coast in 1950-1965 exhibited this strategy in a fairly pure form and Brazil has had a mix of both real wages reduction and rapid external demand expansion. Kenya's strategy of export, manufacturing and tourist sector growth poles is a more sophisticated version of the Ivorien - unless of course the real wage reductions, provided for but not delivered under the second tripartite agreement, are seen as integral, in which case it is a sealed down version of Delfin Netto's Brazilian strategy.

A neo-orthodox strategy would seek to use taxation to alter relative factor prices and/or employment rather than the manipulation of apparent real wages paid to workers and the procuring of an exogenous leap in demand. It is, therefore, moderately more interventionist. The basic strands are logically higher taxes to generate more public sector employment and higher taxes to subsidize wage costs. Complex controls on prices of wage goods with de facto subsidies to their producers and a tight wage policy based on the relative stability of prices is (e.g. in Egypt) a variant of the second strand.

The direct employment route has a simple direct dynamic: the additional tax revenue has a demand-generating multiplier effect. If leakages into imports are low this may approach unity, i.e. for each shilling of additional taxation total output rises by one shilling. Overstaffing of public services and small-scale rural works programmes are examples of this approach.

The limitations are that if the direct output - e.g. more public services and more rural roads and water - is not very useful the net output gain is illusory; there is likely to be a high import leakage unless wage-goods manufacturing, and rural consumer goods production in particular, are expanded in parallel; the taxation may either lead to reduction of productive investment (if egalitarian in incidence) or de facto reduce real wages and lower incomes (if levied on wage goods or via poll taxes). As a sole strategy one may think it also suffers from the impossibility of generating adequate revenue to operate on an appropriate scale. The same limitations would appear to apply to direct or indirect subsidization of wage costs from tax revenue. Note that if the true pattern is redirection of existing tax revenue from investment to employment generation the short term employment gain is more certain but the consequence will be either reduced investment and lower medium-term expansion of productive forces or increased dependence on foreign finance or both, as seen in many of the smaller francophone West African polities.

The second strategy without the taxation amounts to an attempt to grow by inflation, i.e. to raise effective demand first to generate additional productive employment and also to generate the higher level of productive forces which will become consistent with the demand level. This is not an absurd strategy in certain contexts: the core of industrial economy Keynesian demand management against recessions and depressions turn on one variant or another. However, the conditions for

successful use include a rapid increase in output to validate demand and either a low import leakage or some way to finance it until the output growth can be used for import substitution (or export generation); conditions which in practice do not seem typical of African economies.

The most intractable problem is the interim import increase. Curbing in (other than massive egalitarianism by luxury taxation, releasing foreign exchange for wage and investment goods, which is more logically a component of a radical strategy) will lead to rapid domestic inflation. In the context of African economics this will normally increase inequality (possibly with a gain in employment, due to a reduction in real wages, give added incentive to unproductive use of surplus (e.g. luxury consumption and Swiss bank accounts) and render coherent national planning next to impossible for reasons of data collection and interpretation.

A radical strategy following a violent transition - e.g. Guinea, (Bissau), Algeria, Cuba - would include far more basic reallocation of resources and reshaping of patterns of access, income distribution, and demand. Presuming a revolution, and not merely a counter-revolution or a change of elites without a change of system (much commoner forms of political change in Africa but not ones associated with radical employment generation strategies), the generation of productive employment would presumably take place in a transitional socialist or populist frame and - less clearly - one with a serious intent to concentrate resources on enhancing the productive capacity of the very poor (e.g. low-income staple food growers and cattle raisers in low rainfall areas, not medium-sized mixed farmers or civil-service absentee coffee-estate owners) and on reducing wide inequalities in income distribution (not enhancing them via selective access to loans and licences for senior politicians, civil servants, and their relatives). Almost equally certainly - from psychological logic as much as economic - there will be attempts to reduce at least visible external penetration and especially the economic power of small-scale foreign and externally-

oriented minority communities if it is significant. This is illustrated in Zanzibar which did undergo a populist violent revolution, albeit not one leading to a coherent strategy of productive employment.

Planned allocation of resources, including private access to them, with a view to enhancing the generation of productive employment will lead to direct changes in project selection (and thus investment demand), income distribution (and thus consumer demand) and location of economic activity. These are likely to have secondary repercussions on income, production, and demand patterns, on balance reinforcing the initial changes.

If the export growth potential is high, the unemployment problem major, agriculture initially relatively capital-intensive, and high-surplus-generation sectors very capital-intensive (e.g. Algeria), the planning must include elements of the second (neo-orthodox) strategy - e.g. small-scale rural public works - or a Chinese-commune-type variant to have much short term impact on the productive employment gap.

In principle such a strategy would include reorientation of both production and demand toward basic (wage/peasant consumption, investment) goods with a reduced dependence on foreign trade as an engine of growth and investment and a linked reduction of dependence on imported knowledge via the building up of local technical capacity. In practice serious pursuit of the second goal is very difficult for a less than sub-continental economy and has not been significant in Africa, although Algeria seems to have taken some first steps (in applied high technology).

This strategy is not a short-term cureall. Cuba had significant open unemployment and widespread rural low productivity or disguised unemployment for a decade after its revolution; disguised unemployment seems arguable in the case of Bulgaria. The Algerian case highlights the problems of replacing overseas implanted employers and overseas employment at all rapidly - at least twenty years will run from liberation to

providing Algerian employment for the 10% of the labour force now in France, even in the context of the favourable revenue and foreign balance positions generated by petroleum nationalization and price increases.

A neo-radical strategy (without a prior violent revolution) would involve the same strategic elements but with more flexibility, accommodation, and time in their application. While presumably avoiding some of the dislocation costs (human even more than economic) of the pure revolutionary strategy, it would be more subject to being warped by institutional and class forward rapidly or on an adequate scale. The most evident examples are Tanzania in Africa, probably President Allende's Chile in Latin America, and perhaps Sri Lanka in Asia.

A diluted neo-radical strategy, **with still more concern** for avoiding extreme egalitarianism and lack of individual economic opportunity, but with genuine attempts to remove absolute poverty and to create less openly intolerable inequalities of income distribution and levels of foreign dependence is exemplified by President Frei's Chile, probably President Quadros' Brazil, Malaysia, Singapore, probably Peru, perhaps President Obote's Uganda, and potentially Ghana, Botswana and Malagasy. This strategy - rather surprisingly - is not World Bank "accepted wisdom" at the policy level. The position of several smaller donor countries - notably Sweden - is rather stronger and approaches endorsement of a full neo-radical strategy.

Any of these strategies used effectively will generate growth of output and of employment. It is not clear that the inflationary variant is technically workable in Africa. In all cases very real problems of securing an adequate speed in results exist - least in the radical if the previous productive-force base has not been destroyed in the transition and is both large enough and relevant enough to be a useable starting point. All involve high interim costs for at least some groups and considerable risk of domestic or external intervention (external especially in the neo-radical case or to prevent a revolution).

However, the basic choice here is not technical, narrowly economic or even narrowly political. It is socio/political and political/economic in content and normative or value-determined in nature. What kind of growth? for whom? when? where? how chosen and implemented why distributing resources, costs, benefits in a particular way? These are the key questions and they are not subject to purely technocratic answers - the most the technocrat can do is to indicate constraints of technical necessity and possibility and ways and means (with associated gains and potentials, costs and problems) of implementing.

## VI

The answer that will be pursued here is:

- a. growth centred on basic (wage/peasant consumption, construction, investment) goods production with increased national economic linkages and production/use balance;
- b. primarily for the present and future benefit of the majority of the population outside or barely within the present central sectors, with the emphasis on raising productive capacity (not least through provision of health, water, adult-primary-applied education, improved housing, rural communications) of these people rather than on consumption subsidies, welfare payments, or "disguising" unemployment;
- c. on as rapid as possible a timetable, given resource constraints and the need to balance short-term payoff and more basic (but longer-term) resource allocations to secure a sustainable development dynamic;
- d. especially in rural areas (partly to reduce nationally pathological urban drift) but also in urban areas and especially "squatter" and bidonville districts with a resultant trend of emphasis on agricultural productivity, efficient small-scale production units outside agriculture and both governmental and production decentralization;



- e. based on mass needs as expressed by workers and peasants, formulated through analysis into programmes and policies, and revised in the light of results (including worker and peasant opinion);
- f. relating resource distribution to eliminating absolute poverty, sharply eroding differentials in personal consumption power, extending the degree of national economic control (including high level manpower and technical/technological application, adaptation, innovation capacity as well as asset ownership) with a twenty-year (say) perspective for specified major goals of change and sequential five-year targets for component policies, programmes and achievement levels.

This answer is justifiable on fairly pragmatic grounds:

- a. it will create a more balanced and nationally integrated economy with a greater degree of autonomy, flexibility, and ability to sustain domestically-centred growth (including the ability to turn savings into investment with a far lesser export or aid constraint);
- b. it is likely to create a dynamic consistent with making use of the structural potential because more equal income distribution will both increase the rate of growth of demand for basic goods and reduce the share of demand going to luxury consumption imports - the former increasing viability of local production and the second tending to free foreign exchange for fuel and investment goods;
- c. the broadening of productive employment and of small scale production will reinforce the income distribution effect and its demand pattern impact as well as meeting a significant portion of that demand and drastically reducing the crippling staple food import bills now weighing heavily on a majority of African economies;

- d. the concentration on eradication of the absolute poverty, decentralization of activity, and broadening of productive employment - if genuine and sustained - should create a more stable socio-political base.
- e. the strategy of broadening technical management, middle-level operational, teaching, copying, adapting and innovating capacity will underpin the structural changes and especially the development of efficient small-scale production and of effective economic autonomy;
- f. human welfare will be maximized and human misery minimized on almost any rational system of weighing and summing individual gains and losses. This is assuming a reasonably efficient implementation of the strategy but there is no very convincing reason to assume efficiency is less likely for this type of development strategy than for elitist, neo-colonial growth-oriented ones.

However, two points must be added. It is fairly evident that this set of answers is informed by Tanzanian experience and strategy and by the authors' personal interpretation and commitment to the main elements of that strategy and experience. Nonetheless, this set of answers is in principle consistent with something less than a transition to socialism and in theory at least - for a relatively high-surplus, high-resource-potential, large-population state like Nigeria or Egypt - consistent with state-led and limited national capitalism. For reasons of inter-relationships with foreign interests and the global economic system the author doubts that capitalism in Africa can be African Capitalism and because of productive-force limits he doubts that social democracy on Scandinavian lines with its heavy current consumption redistributive emphasis is practicable either. There are, however, at least largely either value judgements or questions whose answers can only be clearly shown to be analytically correct in retrospect.