7
Wage Employment in Africa

7.1 Introduction: Sweet Dreams of Self-Employment and Nightmares of Dangerous Youth

Population and labour force data in Africa are astonishingly unreliable. But most economists and policymakers do not regard this as an obstacle to making authoritative pronouncements and dreaming up policies. They readily make use of the officially published estimates and projections to argue that there are far too few employment opportunities, especially for the surge in young rural entrants into African labour markets. This argument is made both by mainstream economists and by their most vociferous critics; these critics share with mainstream economists a pessimistic assessment of the potential for a faster rate of growth of paid—waged and salaried—employment.

The prospects for decently remunerated wage employment in productive enterprises are believed to be especially bleak. It is taken for granted that, for the foreseeable future, a proletariat is unlikely to emerge or to play a significant political or economic role. For mainstream economists there is some hope of new jobs if labour market flexibility can be maximized and public sector employment slashed; their critics hope to ameliorate the situation for new entrants by promoting and subsidizing cooperatives producing for the domestic mass market. Both sets of development experts place a great deal of faith in associations of the self-employed, and in supply-side skills enhancement for income-generation schemes.

Many economists now also believe that Africa is suffering from early onset deindustrialization (see Chapters 3 and 4), so most youth will have to remain self-employed or unpaid family workers in relatively low-productivity enterprises for decades. Young people will not find jobs in the higher-productivity manufacturing sector but will continue to flood into the service sector, much of which is characterized by very low productivity. Policies to increase the returns to self-employment in the service sector and/or on small-scale family farms are widely recommended, usually concentrating on supply-side policy interventions to provide new young entrants with training, extension advice, and micro-credit. But these policies involve a leap of faith, assuming that an increased supply of better-qualified micro-entrepreneurs and job-seekers will benefit from a quasi-magical automatic market mechanism ensuring that there will be sufficient demand to
allow them to succeed. This leap of faith, involving yet another attempt to resuscitate Say’s Law, has been diagnosed as ‘jobs dementia’.¹

At the end of this chapter, in Section 7.10 we develop our own arguments and policy suggestions, which are very different in both tone and content. They are less pessimistic about the possibility of increases in waged employment and they highlight the need and scope for large-scale investments in those specific economic activities most likely to generate rapid increases in demand for wage labour.

Recommendations to increase expenditure on training and micro-credit are a knee-jerk response to political leaders’ fears that rural youth will flood into cities on the off-chance of finding a job, become disillusioned, and riot. Some anticipate a rural–urban flow more frightening than a flood, for example a tsunami or a haemorrhaging.² Many African elites seem to believe that potentially dangerous young people need to be trained (brainwashed) to accept individual responsibility for their own economic survival rather than depend on state handouts or, worse still, claim that the scarcity of decent jobs has been caused by the theft of state resources or misguided macroeconomic policies. The Mozambican youth who participated in the greves (strikes and demonstrations) of February 2008 and September 2010 were described by ministers as vandals and bandits. In response to these ministerial rebukes the youth became ‘outspoken in their contempt for the current ruling elite’ clustered around President Guebuza; rap musicians ‘openly satirised the Frelimo elite as corrupt and out of touch’, while rejecting government claims that falls in real wages were caused by adverse international prices, rather than ministerial ineptitude.³

The training proposed by African governments has sometimes focused directly on political views.⁴ More often it aims to transform the ‘aspirations’ and ‘values’ of young people, who would otherwise be ‘using substances like khat, marijuana, tobacco, and alcohol and watching football to pass the time’.⁵ The laziness of youth has been disparaged in speeches by, for example, Presidents Buhari, Mogae,

¹ Amsden (2010: 58; 2012). Keynes believed that Say’s Law, the hugely influential idea that supply creates its own demand, was ‘the chief postulate he had to escape in writing the General Theory’ (Kent, 2005: 62).
² Meagher (2016: 484); Meagher, Manna, and Bolt (2016: 474).
⁴ Yibeltal (2017).
⁵ The unrealistic aspirations of youth in developing countries are stressed in OECD (2018: 27ff.). The quote on substance abuse is from Desta, Bitga, and Boyson (2018: 41). Purdeková (2011) describes the camps established to transform the ‘mindset’ of youth, urban hawkers, and ‘social deviants’ in Rwanda. Efforts to transform the values of the unemployed are, of course, not confined to Africa: ‘the personal belief systems’ of individuals are the main target of training offered to groups of unemployed in Texas, who are promised ‘empowerment’ by ‘retraining the brain’, through a critique of the self rather than a critique of the economy (Thomas, 2018).
Museveni, and Zuma.⁶ Similar prejudices were expressed by Africa’s colonial rulers in the late 1940s: they too accused everyone without a recognized form of wage employment of not ‘having a culture amenable to work’;⁷ these rulers justified brutal interventions because ‘recalcitrance, resistance, and unwillingness to cooperate were . . . natural attitudes of lazy or uncivilized “Blacks” who had to be coerced for their own good’.⁸

African labour force and employment statistics have often been collected, classified, and analysed so as to reinforce prevailing conventional wisdoms or prejudices: these include politically convenient stories designed to pillory idle youth for having unrealistic expectations, and tales that blame a small number of ‘privileged’ (unionized ‘core’) wage workers for crowding out the possibility of faster employment growth for ‘peripheral’ workers—by pushing wages too high while selfishly opposing the eminently sensible recommendations of mainstream economists to reduce labour market regulation and inflexibility.⁹ We aim to expose the weak underbelly of hegemonic ideas about labour market flexibility and self-employment, as well as to strengthen the neglected case for radical transformation of statistical authorities in Africa—so we devote substantial space in this chapter to discussion of the quality of officially published labour force data. We argue that the available evidence does not support the view that the growth of wage employment has been, or must remain, pathologically slow everywhere in Africa; and we query overconfident, generalized, and pessimistic predictions of a growing excess in the supply of labour—by discussing heterogeneous trends in total fertility rates and the real possibilities for reducing these rates.

We provide evidence that employment protection legislation (EPL) is compatible with rising levels of total (and youth) employment; and we conclude by recommending its vigorous implementation. This may have the added advantage of forcing the least efficient employers to adopt improved technology rather than continue to compete on the basis of starvation wages. At the end of this chapter, we also recommend other policies to improve employment prospects. These include policies that can sustain high levels of demand and an increasing volume of targeted public sector capital expenditure. They also include the recommendation that most investment should specifically be designed to increase rural wage employment, as well as the supply of basic wage goods and exports (see Chapters 4 and 5). The scope for public sector investment in irrigation and other productive

⁷ Cooper (2017: 149).
⁸ Rossi (2017: 12).
⁹ Organized and privileged labour has been criticized for opposing wage ‘flexibility’ by, for example, Nattrass and Seekings (2018: 4); the naivety and unrealistic employment expectations of African youth have been emphasized by Rankin and Roberts (2011).
rural infrastructure is immense; and these investments could accelerate the rate of growth of wage employment, including both wage employment in high-tech agribusiness activities and wage employment for millions of rural youth in Africa who have not completed primary schooling. There is a strong human welfare case for investments targeted at increasing the number of years that rural girls spend in secondary education and at dramatically improving their access to contraception, but one direct benefit is too rarely discussed: this type of investment would immediately reduce the number of new entrants into the labour market (and improve returns to their labour).

7.2 Young Africans Will Never Get Decent Jobs—Says Who?

Louise Fox, who was employed as the World Bank’s Lead Economist for the Africa Region before becoming Chief Economist for United States Agency for International Development (USAID), is a leading representative of one of the variants of labour market pessimism, arguing that

owing to the demographics and current structure of low income SSA economies, even exceptionally high economic growth rates in the non-farm sectors have not and will not generate enough new non-farm wage employment to absorb both the new entrants and those who seek to leave the agricultural sector.¹⁰

Two major supply-side problems will continue, in Fox’s view, to afflict the region for many decades and are what lies behind these gloomy predictions. First, there will be an excess supply of labour because fertility rates in Africa will not fall rapidly, or as rapidly as they did in the more successful East Asian economies. Second, the private sector cannot be expected to expand wage employment in internationally competitive firms very fast, because it will take so long for schools in rural Africa to improve the literacy and numeracy of their students and produce sufficient new workers with a basic education.¹¹

Many additional reasons for inadequate rates of growth of wage employment are given in other World Bank publications, but these reasons are rarely Africa-specific. Usually they simply repeat familiar rhetorical warnings and the diagrams from undergraduate economics textbooks cautioning against futile state intervention in all labour markets: employers will be deterred from hiring by minimum wage legislation, by legislation protecting employees from unfair dismissal, by any encouragement of collective wage bargaining, and by other regulations requiring

¹⁰ Fox and Sohnesen (2012: 28). See also Filmer and Fox (2014: 5) and Fox, Thomas, and Haines (2017: ix).
health benefits, and so on.¹² Employing the usual reactionary rhetorical devices, the World Bank argues that these types of intervention and legislation risk harming the poor—because they ‘could, when too stringent, exacerbate inequity by increasing the share of workers who are either unemployed or in the informal sector’.¹³ But even if governments could follow the advice of major aid donors—immediately deregulating and ‘reforming’ labour market institutions—the World Bank still predicts that structural shifts in African economies over the next decade will not match East Asia’s achievements in expanding the role of manufacturing employment.¹⁴

Surprisingly similar predictions have often been published by authors who would regard themselves as bitterly opposed to the research methods and the conclusions reached by the International Monetary Fund (IMF), the World Bank, and USAID. For example, Guy Standing, who until recently played an important intellectual leadership and policy role in the International Labour Organization (ILO), believes that

the old proletariat, the core, [is] shrinking fast all over the world. Its remnants will continue, but they no longer have the strength to develop or impose their agenda in the political domain.¹⁵

Franco Barchiesi is also unsympathetic to the Washington institutions and his work has been praised as ‘at the cutting edge of contemporary debates on the politics of the working class’.¹⁶ He argues that waged work in Africa has always been ‘precarious’ and that, ‘despite few exceptions as in Nigeria during the 1970s oil boom . . . the predicament of waged workers after independence was largely unfavourable across the board’.¹⁷ Other development sociologists agree that neoliberal policy reforms have ‘forced labour out of formal labour markets into burgeoning informal economies in a process Marxist scholars refer to as “deproletarianization”’.¹⁸ And if some members of Africa’s “vast informal labour reserve” do become employed producing for the global economy, ‘low-income unstable work’ or ‘adverse incorporation’ is all they will be offered.¹⁹ There is also the argument that rural women, in South Africa for instance, should now be regarded

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¹² Storm (2019) shows the extreme weakness in the economic logic and empirical analysis behind one econometric paper that has been particularly influential in persuading governments ‘in India and much of the developing world’ to turn away from EPL.


¹⁴ Fox, Thomas, and Haines (2017: 20–1). The World Bank’s projections of shifts in employment in the Côte d’Ivoire reach similar conclusions about the tiny contribution that wage employment in industry will make to total employment (Christiaensen and Lawin, 2017: 60).

¹⁵ Standing (2015: 5).

¹⁶ Webster (2012: 88).

¹⁷ Freund (2018); Barchiesi (2017: 22). See also Phimister and Pilossof (2017: 215); while Larmer emphasizes the weakness of Katangese trade unions and claims that the stagnation and precarity of wage labour in Copperbelt cities is typical of all urban capitalist spaces in the global south (2017: 182).


¹⁹ Meagher, Manna, and Bolt (2016: 476).
as members of a surplus population who have uncoupled their livelihoods from wage employment and are quite successfully building a ‘post-wage’ existence.²⁰

A particularly popular variant of this view has been disseminated through the International Development Economics Associates (IDEAs) network.²¹ According to this view, Africa’s rural population will never become wage workers. For example, in the Patnaiks’ historical account: ‘precapitalist producers lingered on in real history as a subordinate mass in the periphery without becoming assimilated into the capitalist workforce’.²² This long-term failure of assimilation has recently become more acute, they argue, because of the sway of neoliberal policy-making.²³ Some of these scholars draw inspiration from Samir Amin, who (a century after Lenin) concluded that capitalism had entered into advanced senility, incapable of generating decent employment and only likely to produce a planet full of slums.²⁴

Neo-Marxist explanations for the inability of capitalist development in Africa to absorb workers in productive non-agricultural wage employment often boil down to the claim that there are insuperable problems faced by capitalist industrial development in all economies located in the (vaguely defined) periphery of the global economy. One of these problems is described using a strand of dependency theory that used to be called technological dependency but was refreshed by Arrighi using Schumpeter’s work on innovation processes. Arrighi argued that the innovation process

‘tends to begin in the wealthier countries because high incomes create a favourable environment for product innovations . . . by the time the “new” products and techniques are adopted by the poorer countries they tend to be subject to intense competition and no longer bring the high returns they did in the wealthier countries’.²⁵

The intensity of competition between poor countries belatedly adopting these techniques is likely to lead them into a race to the bottom (encouraged by neoliberal policies), promoting falls in real wages. Declining real wages, in turn, exacerbate another critical barrier to capitalist development in Africa and in other

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²⁰ Williams (2017b).
²¹ IDEAs was founded in South Africa; its funders include the Ford Foundation, United Nations Development Programme (UNDP), Christian Aid, and ActionAid International.
²² Patnaik and Patnaik (2017: 143).
²³ Patnaik (2016: 11). Shivji agrees that throughout Africa ‘the dominant tendency is for the semi-proletarianisation of labour’ (2009: 76); and see Moyo (2011: 70).
²⁵ Arrighi, Silver, and Brewer (2003: 18). Rodrik follows the technological dependency line, arguing that ‘new technologies disproportionately favor rich economies, well-endowed in skills and capital, rather than developing economies’ (2018: 8, 11).
poor areas of the world. This barrier is the low level of domestic demand generated by the mass of impoverished people for the goods manufactured by proto-capitalist enterprises in Africa.

The political context for demand deficiency in Africa is rising inequality of income, of wealth, and of political power, as well as excessive fiscal austerity leading to deflation. Inadequate aggregate demand and an inadequate growth rate of decent jobs are not simply caused by a revival of neoliberal macroeconomic policies (including real wage cuts in the public sector) and their enthusiastic implementation by a *comprador* class, but also reflect capitalism’s ineluctable trend towards stagnation. The central claim of these scholars is that a proletariat will not emerge in poor economies because, as argued by Paul Baran in 1952, (monopoly) capitalism and growth are incompatible both in advanced and backward areas of the world.²⁶ Baran’s impossibilist argument was that ‘while in the advanced countries capitalism leads to stagnation or militarism or both, in the underdeveloped countries it strangles all efforts at economic advance’.

### 7.3 Contesting Ambiguous Evidence on Work for Wages

Perhaps the most reliable evidence on employment covers the small minority of African employees who are defined by the ILO as ‘formally’ employed. Unfortunately, the definitions of ‘formality’ used by the ILO have changed over time, which is one good reason for caution when making judgements about employment trends in Africa.²⁸ But a glance at the best available (ILO) estimates of changes in the absolute number of employees between 1991 and 2017 (in Figure 7.1) shows a consistent and unambiguous increase in ‘formal’ wage employment.

Although many economists have expressed fears about the consequences of stagnant *global* wage employment growth, the worldwide number of paid employees actually increased by almost 20 per cent between 1997 and 2017; and the share of paid employment in total global employment also increased.²⁹ Part of the explanation for these global trends is that China’s rate of growth of ‘regular’ wage employment was astonishingly rapid. The rate of growth of employment in India’s ‘organized’ manufacturing and construction sectors was also impressive over the period 1999 to 2012,³⁰ with particularly rapid employment growth in organized manufacturing between 2006 and 2016.³¹

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²⁶ Baran’s economic thought is discussed by King (1988).
²⁷ The quotation is from the introduction to the Penguin edition by R. B. Sutcliffe (Baran, 1973: 100). Some useful criticism of Baran can be seen in Kaldor (1958: 169).
³¹ Basole and Narayan (2018: 23). Less up-to-date evidence on ‘the formal organized sector’ in India has been used by Jawaharlal Nehru University (JNU)-based economists to make an unconvincing argument that this sector has failed to draw in more workers: Chandrasekhar and Ghosh (2015: 12).
What may come as more of a surprise to many is that ILO data also suggest a rapid rise in the share of paid employees in total employment in Africa—in some African countries this share has remained low, but in others it has now reached well over 20 per cent (Ghana, Zambia, and Uganda); it is close to 40 per cent in Kenya; it is 50 per cent in Senegal; and it is rising fast in Ethiopia and, more erratically, in Tanzania and Nigeria.³²

All calculations of the share of paid employees in Africa involve estimating the number Africans employed as ‘own-account workers’ and ‘contributing family workers’; but these estimates are probably even less reliable than the data on the more visible Africans employed for a wage or a salary in the ‘formal’ sector. A much higher proportion of women than men are currently recorded as ‘contributing family workers’, but there are good grounds for believing that many of the women lumped into this category are actually doing some seasonal and/or casual wage work or are employed ‘on commission’ in a disguised wage relationship.

One of the reasons women are so often misclassified by enumerators, (both in Africa and in the USA), is that household surveys fail to probe respondents by repeatedly insisting that they provide a complete list of all of the different types of work that women, especially rural women, undertake over the year as a whole, rather than during the week before the survey or some other short reference

period. Probing questions have, for example, been shown to significantly increase estimates of the proportion of paid employees among the employed in Tanzania and have identified a substantial additional amount of informal work activity in the US Current Population Survey.³³ Another important reason for the under-estimate of women’s labour is the widespread use of proxy respondents in Labour Force and Household Surveys. These respondents (often male ‘household heads’) answer questions on behalf of other household members, but are known to provide inaccurate answers to questions about the wage employment of both women and children. For example, the prevalence of child labour increases very dramatically when children self-report.³⁴

The ILO defines ‘own-account workers’ and ‘contributing family workers’ as more ‘vulnerable’ than paid employees in Africa, because the latter benefit from more job security and better working conditions. It is puzzling that the declining share of ‘vulnerable’ employment and the rising share of paid employment (dramatically graphed in Figure 7.2) has generated so little positive comment.

Figure 7.2 ‘Vulnerable’, wage, and salaried employment shares in total employment, sub-Saharan Africa, 1992–2016

Note: The World Development Indicators (WDI) define ‘Vulnerable Employment’ as the sum of the ILO categories ‘own-account workers’ and ‘contributing family workers’. The WDI defines ‘Wage and Salaried Employment’ as the ILO category ‘employees’.

Source: WDI (2017).

³³ Abraham and Amaya (2018); Serneels et al. (2010). When a longer reference period was used in the Ugandan Household Survey questionnaire, the estimate of labour force participation increased dramatically (Fox and Pimhidzai, 2011: 11).
If it is acknowledged that, for example ‘in Ghana, Rwanda, Zambia and Malawi, wage employment is growing at nearly three times the rate of growth in self-employment’, this important and positive trend is too often deflated by adding a downbeat warning: ‘this rapid growth is starting from a very low base and thus translates into a relatively small number of jobs each year’.³⁵ More broadly, there is surprisingly little interest in statistical evidence in discussions of precarity.³⁶ Good examples of a cavalier attitude to statistical evidence (and reliance on tiny samples) can be found in the influential work of scholars such as James Ferguson and Ian Scoones.³⁷

The positive trends we have identified (drawing on ILO Labour Force Surveys) are likely to be significant underestimates of wage employment. One problem is that Labour Force Surveys are out of date in most African countries: in some relatively large African countries, such as Nigeria, Ethiopia, the Democratic Republic of the Congo (DRC), Ghana, Malawi, Uganda, and Zimbabwe, although there have been important recent changes in the size of the total population and in patterns of employment and urbanization, the ILO publishes analyses based on survey data that are five (or more) years old.³⁸ In addition, these surveys are implemented using methods that ensure a massive undercount of precisely those forms of wage employment that have historically been particularly important for early and low-paid entrants into developing labour markets, that is, the women and children employed as domestic servants.

7.4 How to Hide Domestic Servants and Child Wage Labourers

At the beginning of the twentieth century, about 1.7 million women and girls were employed as domestic servants in England and Wales: ‘Measured by employment, female and male, domestic service was bigger than agriculture in 1901, bigger than coal-mining, and bigger even than textiles.’³⁹ Despite their dominant position in labour markets in England and throughout Europe, these wage workers (like their colleagues now working in Africa) were often ignored: ‘Servants remained in the shadows: they were employed in a sector that from the late eighteenth century had been increasingly considered unproductive; they were barely present on the political scene . . . ’⁴⁰ Similarly, in Africa in the twenty-first century, the ILO confirms that National Statistical Offices undercount domestic workers, although a very substantial share of all wage employment for women and girls is as

³⁷ Ferguson (2019: 16); see also Ferguson and Li (2018: 2); Scoones et al. (2019: 8).
domestic servants (‘maids’) employed by private households. They are like the protagonist of Ralph Ellison’s novel Invisible Man: ‘I am a man of substance, of flesh and bone, of fiber and liquids—and I might even be said to possess a mind. I am invisible, understand, simply because people refuse to see me.’

Research on domestic servants in Zambia, Uganda, Kenya, and several western African countries suggests not only that millions of domestic servants have been employed in both rural and urban areas in the past, but also that their number is currently growing. For example, in Lusaka households across the socio-economic spectrum employed domestic workers: ‘The demand for childcare was intrinsically linked to increased female labour-force participation, as many working women sought “substitutes” to care for their children and take care of domestic tasks in their absence . . . ’ The linkages extended further: female domestic workers themselves have sought such substitutes for their own children’s care. Despite the fact that so many Africans, including mineworkers, have employed domestic servants since the 1950s or earlier, Zambian government officials, trade unionists, and civil society activists very often ignore the domestic service sector. They certainly do not publicize the negative aspects of the jobs found by some of these ‘maids’:

Mary expressed real distress at the way she had been treated by the children of her first employers, a Zambian couple with four children . . . the children would spit in the dregs of their tea to prevent her from drinking anything they had left.

The lack of respect or recognition accorded to Mary in Lusaka is echoed in research on casual domestic servants in Nairobi. Tabloid journalists in Nampula, Nairobi, and Lagos mix disdain for ‘maids’ and sexualized fear in a cocktail familiar to students of the early history of the Witwatersrand. The number of specialized recruiting agencies and intermediaries in these cities is growing rapidly, but the total number of very young girls (and boys) currently exploited as domestic servants remains poorly recorded.

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41 ILO (2018a: 168; 2013: 13–15, 11). Undercounts of undocumented internal migrant and child domestic workers are also important in some countries (UNCTAD, 2018a: 10).
42 Ellison (2001: 1).
43 Female labour force participation rates and the number of Zambian women in formal employment increased very rapidly between 2008 and 2012: ‘Formal employment growth has been slightly faster for women than for men (14.6 per cent per year versus 13 per cent per year)’ (Harasty, Kwong, and Ronnäs, 2015: 45).
45 Agaya and Asunza (2013: 8–9).
46 On sexual fear, moral panics, and servants in rapidly urbanizing South Africa see Van Onselen (2001). In rural Southern Africa at a later date, sexual anxieties about African servants were explored by Lessing (1973). Unpaid wages, abuse, and repeated accusations in the media of the rampant sexuality of ‘housegirls’ in Lagos are discussed in detail by Nesbitt-Ahmed (2016).
Outside the major cities, there is even less quantitative information about the employment of children for wages in rural Africa, although our own research in Ethiopia and Uganda offers some data on prevalence in export crop-producing areas, as well as many disturbing examples of cruel treatment.\textsuperscript{49} It is not easy to select the most distressing of the many accounts we recorded, but one combination of the compulsion to work as a domestic servant and as a coffee harvester in southern Ethiopia illustrates exploitation that cannot be discussed using the ILO’s National Child Labour Force Survey:\textsuperscript{50}

At a very young age, when she was about six, Eman was driven by hunger to leave her father; she walked for more than five hours desperately trying to find an aunt she thought could help her. Her aunt did not welcome her into the family. Instead, she was put to work as a domestic servant—carrying water, preparing food for the aunt’s family (which she was not allowed to eat) and was often slapped when she performed these tasks too slowly or said she was tired. It is Eman’s job to cook breakfast for her aunt’s children before they go to school; she is not allowed to eat this food (or go to school) and this makes her cry. Whenever coffee pickers are required she is sent to do this work in addition to domestic chores; her aunt took most of her earnings and abused her on those days when she could not find a job picking coffee. Many coffee farmers underpaid or physically abused her. She does not think she could manage to find her way home to visit her parents.\textsuperscript{51}

### 7.5 How to Undercount Wage Labour in Agriculture

How is it possible to explain the failure of official surveys to capture the agricultural wage labour we have observed so easily in our fieldwork? There is no simple answer to this question. Officials and dominant classes in rural areas have always found it easy to hoodwink urban authorities and well-meaning ‘useful idiot’ visitors.\textsuperscript{52} The District Agricultural Officer in Kabale denied the existence of wage labour on small vegetable farms in Uganda until we pressed him to shake

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\textsuperscript{49} Cramer et al. (2014b: Section 3.5).
\textsuperscript{50} The National Child Labour Force Survey found hardly any children working as domestic servants in Ethiopia (ILO, 2018b: table 6.3).
\textsuperscript{51} Cramer and Sender (forthcoming). Nelson and Brown (2017) provide very similar accounts of the experiences of child domestic servants in southern Nigeria.
\textsuperscript{52} The Oxford Online Dictionary defines a useful idiot as a foreign citizen regarded by locals as naive and susceptible to manipulation for propaganda: the term was often used to describe ‘sympathetic’ visitors to the Soviet Union in the 1930s.
hands with a group of women in a field near his office; and an ILO-funded team has described how it was deliberately misled about child wage labour by all the local elite on the largest tea plantation in Ethiopia. Efforts to impede statistical investigation—especially the collection of data on farm labour—are well documented not only in Africa, but also in Europe.

Another part of the explanation for the ‘missing’ wage workers can be found by studying the methods used in 35 widely quoted surveys promoted and funded by the World Bank. Many of the common-sense policy proposals for rural development in Africa are based on statistical analyses of Household Budget Surveys, especially the World Bank’s Living Standards Measurement Surveys (LSMS) and, more recently, the Integrated Surveys of Agriculture (LSMS-ISA). The results of these surveys are ideologically convenient; they provide the data used by the International Food Policy Research Institute (IFPRI) and mainstream agricultural economists to foster the notion that wage labour is unimportant in rural Africa and to support populist proposals to skew the allocation of resources towards ‘efficient’ family farms.

Both the LSMS and the LSMS-ISA are designed as nationally representative household surveys. The latter has ‘a strong focus on agriculture’, collecting panel data on households in eight sub-Saharan African countries. Two important issues need to be raised immediately. First, as noted by the Food and Agriculture Organization (FAO) but glossed over in LSMS-ISA publications, these surveys exclude non-household farms. They rarely acknowledge that household farms are not representative of the entire agricultural sector . . . private corporate farms also play an important role and may operate a large share of the agricultural farmland in some countries. The conclusion reached by FAO economists is that a ‘substantial share of agricultural land in Malawi, Nigeria and Uganda is unaccounted for by the LSMS surveys’.

A second important issue is often ignored in analyses of household surveys: not everyone living in African rural areas is a member of an ‘agricultural household’ or a ‘farm household’: migrants living in labour camps, landless or semi-landless people, who may cultivate a tiny vegetable garden rather than owning a farm or an agricultural enterprise, are unlikely to be recorded as members of agricultural households in the LSMS-ISA. For example, rural households were excluded from the sampling frame of a Tanzanian survey of farm households if they produced too little agricultural output. The Agricultural Sample Surveys (ASS) in Ethiopia

53 Cramer et al. (2014b) and Kifle, Getahun, and Beyene (2005: 8); see also Chapter 3.
54 D’Onofrio (2016: ch. 5).
56 Lowder et al. (2016: 7–9).
57 Of course, the same survey also excluded large-scale agricultural producers on ‘estates’ or ‘plantations’ because their output was not defined as ‘household’ production (Christiansen and Sarris, 2007: 163, 8).
have been the basis for many assertions about agricultural activities in Ethiopia, but the sample excludes all Ethiopia’s large-scale farms—such as the Wush Wush and Gumaro tea plantations (and contains no information about their wage workers)—so it is rather predictable that the ASS underestimates the national number of rural wage labourers. Similarly, if urban surveys are confined to respectable residential areas and no special effort is made to sample less salubrious areas near bars and massage parlours, the number of prostitutes will probably be underestimated. Waged work in agriculture is not as stigmatized as work providing sexual services. But because efforts are so often made to deny its existence, especially when child agricultural labour is involved, there is a good case for venue-based sampling of individuals in ‘hotspots’, rather than the conventional random selection of rural households. Hotspots for child migrant labour in Africa include cotton in Burkina Faso and cocoa in Côte d’Ivoire.

Most agricultural wage work is concentrated in specific areas and for a few enterprises, that is, in high-value (export) crop production areas for dynamic capitalist farmers. Similarly, hired workers are not employed evenly throughout the agricultural sector of the United States; a very small number of large farmers of fruits, vegetables, and horticultural speciality crops account for more than half of the jobs offered to hired workers, most of whom are immigrants into the USA.

In Africa, hundreds of thousands of agricultural wage workers also seasonally migrate, for example, to the Western Cape deciduous fruit farms from the Eastern Cape, from Zimbabwe and elsewhere. But South Africa’s first LSMS listed hardly any rural households deriving an income from agricultural wage labour in the Western Cape—they were excluded from the sample because they did not live in conventional housing or ‘households’. Surveys designed to obtain nationally representative information on all farming households will include a great many farms located far away from the most important producing and wage-employing areas—random sampling could miss the biggest concentrations of rural wage earners. Besides, pretensions to representative sampling usually depend on samples drawn from an out-of-date National Population Census and/or on the inaccurate lists of households compiled by local officials. These unreliable sources for constructing a sampling frame may well exclude the newest in-migrants, refugees, or squatters; but these excluded individuals are often important suppliers of unskilled casual wage labourer.

The questionnaires used in the LSM-ISA (and in the Demographic and Health Surveys) do not probe to obtain key information about the labour market

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58 Ethiopia’s ASS is criticized in more detail in Sender (2019).
59 Cramer et al. (2014b).
60 Edmonds and Shrestha (2012: 105).
61 Martin (2012).
63 Household surveys in Africa (and elsewhere) typically exclude the tails of the distribution of households (Carr-Hill, 2017). Attempts to exclude new arrivals from the lists of officially sanctioned rural residents are discussed in James (2013).
experience of all the individuals with close economic ties to rural households; the LSMS methodology requires enumerators to ask questions about the employment and labour market participation only of ‘residents’ in rural households.⁶⁴ Following this protocol, a child who is a seasonal labour migrant to another rural area may well not be defined as resident at the time of the survey and will be excluded from the roster of individuals about whom the enumerators ask questions.⁶⁵ Even if these seasonal migrants are identified (by proxy respondents) as individuals remitting income to surveyed rural households, no detailed information is obtained about where they are and how they earn their income; their remittances are classified as ‘transfer income’ rather than wage income; and the strange assumption is made that all transfer income should be classified as ‘non-agricultural’. On the basis of this misleading classification it is argued that most rural households derive a very low proportion of their income from wages.⁶⁶

7.6 Now You See Them, Now You Don’t: Estimating Factory Workers

Governments in Africa are much more willing and able to produce statistics on industrial employment. The absolute number of Africans employed in industry appears to have grown substantially since 1991.⁶⁷ In the manufacturing sector, employment has been growing in several African economies, suggesting that predictions of a generalized decline in or stifling of manufacturing employment may themselves be premature. In Ethiopia, for example, the number of people engaged in manufacturing increased from 561,000 in 1995 to 2,825,000 in 2011, while the comparable increases in Kenya and Nigeria were from 747,000 to 1,990,000 and from 1,271,000 to 2,345,000.⁶⁸ Recent increases in manufacturing wage employment should be seen in historical context: in the 1960s, a tiny number of Kenyans or Ethiopians (fewer than 50,000) found jobs in the manufacturing sector; in 1960, about 47,000 Tanzanians were engaged in the manufacturing sector, but by 2011 this sector employed about 700,000 workers.⁶⁹ Perhaps the most dramatic recent increase in recorded wage employment in Africa was in

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⁶⁴ Cramer et al. (2014: 176–9).
⁶⁵ Survey data from Burkina Faso show how a failure to obtain data on temporarily absent migrant youth distorts analyses of inequality and poverty (Akresh and Edmonds, 2010). De Brauw, Mueller, and Woldehanna (2013), Mueller, Schmidt, and Lozano-Gracia (2015), and Yeboah and Jayne (2018) provide some quantitative evidence of the importance of rural–rural migration and of remittances to the migrants’ ‘home’ households.
⁶⁶ It is admitted in passing that agricultural wages are an important source of the income in the case of the of the very poorest rural households (Davies, Giuseppe, and Zezza, 2017: 161; table A. 3).
⁶⁸ Groningen Growth and Development Centre Database (GGDC) 10-Sector Database.
⁶⁹ The early Ethiopian and Kenyan data are from Sender and Smith (1986: 95). The Tanzanian data are from the GGDC. The growth in employment in Mozambique’s manufacturing sector is very recent,
Ethiopia’s construction sector: between 2005 and 2013 the number of employees tripled, increasing from 229,000 to 825,000.\textsuperscript{70}

Government officials and foreign consultants do not count more than a fraction of the wage workers when they conduct surveys of Africa’s manufacturing establishments. There are several reasons for this undercount, including: the exclusion of manufacturing establishments employing a ‘small’ number of workers—in some countries the threshold for inclusion is 5 workers, but in others it is as high as 10 or even 25 (in the case of Mozambique, for example);\textsuperscript{71} the exclusion of manufacturing enterprises that are not registered by an official government agency, leading to under-sampling of thousands of smaller firms and of all enterprises unwilling to submit to state surveillance and taxation; and biased sampling frames or dated lists of manufacturing establishments that fail to take account of rapid structural change by excluding recently created firms, while listing many firms that no longer exist.\textsuperscript{72}

### 7.7 How Long Will It Take for African Fertility Rates to Fall?

The evidence does not suggest that the growth of wage employment in Africa has stagnated. Nevertheless, it is often argued that wage employment growth must be regarded as too slow, because fertility rates in Africa are currently so high and, for the foreseeable future (several generations), cannot be expected to fall very rapidly: ‘the decline in fertility rates has stalled—or not even started—in many African countries’.\textsuperscript{73} The more productive sectors of the economy will be unable to absorb a labour force that is growing exceptionally rapidly in Africa—much more rapidly than in the earlier industrializers.\textsuperscript{74}

In addition it is widely believed that, unlike the earlier industrializers, African economies cannot escape from their labour absorption problem by exporting their surplus workers to formal and informal colonies.\textsuperscript{75} But, in some of the early industrializers, including the Netherlands, France, and Germany, emigration only reduced the local labour force by a tiny percentage between 1870 and 1910, suggesting that capitalist success in raising manufacturing employment (and wages) in these countries is unlikely to be explained by labour export opportunities. Japan’s labour-intensive industrialization before the 1940s required access to but extremely rapid—from about 70,000 workers in 2002 to 272,000 in 2008 (Sparreboom and Staneva, 2015: 40).

\textsuperscript{70} Oqubay (2019: 632).
\textsuperscript{71} Le, De Haan, and Dietzenbacher (2018: 10).
\textsuperscript{72} Mozambique provides good examples of the problems arising from dated and inaccurate sampling frames (Schou and Cardoso, 2014).
\textsuperscript{73} Filmer and Fox (2014: 3).
\textsuperscript{74} Scherrer (2018: 305).
\textsuperscript{75} Patnaik and Patnaik (2017: 56).
imports of food and raw materials; securing access to these resources was an important motive for colonial expansion—far more important than opening up new opportunities for getting rid of surplus labour through emigration.⁷⁶

We are unconvinced by repeated reference to ‘persistently high fertility’ in Africa.⁷⁷ Policymakers should be suspicious whenever they are told that it is ‘impossible’ to achieve social change—such as a rapid improvement in women’s reproductive welfare. The most reliable available source, the United Nations Population Division, has a long record of incorrect assumptions about initial demographic conditions and of underestimating the future rate of decline in fertility. This record confirms the need for more ‘humility about our capacity to anticipate major social changes’ and it confirms the need for African policymakers to question all data underpinning the recommendations of international agencies.⁷⁸

The claim that fertility rates have ‘stalled’, like most generalizations about the subcontinent, is obviously untrue. Figure 7.3 shows the dramatic and continuing decline in the estimated total fertility rates for some large East and West African economies between 1950 and 2025–30 (see also Chapter 1).

It may be possible to achieve an even faster decline in fertility rates and extend these declining rates to a greater number of African countries. This potential exists partly because in sub-Saharan Africa there are some of the highest recorded rates

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**Figure 7.3** Total fertility rate in selected sub-Saharan African countries, 1950–2030

Source: UN (2017).

⁷⁷ Losch (2016: 56).
⁷⁸ Khan and Lutz (2008); Lutz and KC (2010). Bongaarts describes the extreme pessimism of researchers in the 1960s about the possibility of fertility reduction in low-income Asia, until the evidence of dramatic declines in fertility in Bangladesh undermined their pessimism (2018: 2).
of unmet need for contraception in the world and because there are some African governments that ‘are still reluctant to make commitments to family planning’.⁷⁹ In Tanzania, for example, commitment to family planning was undermined in 2018, when the President described women using contraceptives as lazy and under the influence of foreigners with sinister motives.⁸⁰

Although policy interventions have succeeded in achieving a substantial increase in the use of contraception by African women since 1980, in the majority of countries widespread use of family planning has not been achieved—it remains restricted to the urban, best-educated, and privileged women.⁸¹ If investments were made to ensure the availability of modern contraceptive methods to more rural women and to raise the level of their education there could be a large impact on fertility: ‘the decline in fertility could be faster than that currently foreseen by the United Nations for African countries’.⁸² Reducing unplanned fertility would, of course, lead to a reduction in the growth rate of the young population.⁸³ Many economists continue to support fashionable (but ineffective) policies designed to support young entrepreneurs. But too little attention is paid to the economic benefits of specific interventions targeted to improve the reproductive health of rural girls and women.

7.8 Employment Policies When Ideology Trumps African Evidence

Pessimism about employment opportunities has not stemmed the flow of publications recommending supply-side policies to improve labour market outcomes for African youth. These policy proposals usually begin by stating that there is a shortage of skilled workers. A ‘mismatch’ between the demand for and the supply of skills is said to be a major obstacle to growth and development. In overcoming this obstacle, ‘Availability of quality, relevant training for in-demand skills and occupations is a key factor, along with accessible and timely labour market information.’⁸⁴ In Ethiopia, for example, the World Bank’s analysis is very clear: ‘skills shortages in Ethiopia constitute a key constraint to growth and improved productivity in the manufacturing sector . . . In the short run, the provision of Technical and Vocational Education Training (TVET) . . . could be used to bridge the gap of skills supply to the manufacturing sector.’⁸⁵ TVET in Ethiopia,
as in many other developing countries, has been promoted through state expenditures and by support for the introduction of competence-based training; employers’ views about the detailed requirements for occupational competence are supposed to have an increased influence on the curriculum. The explosive growth of enrolment in TVET since about 2005—at an annual rate of about 30 per cent—reflects a major policy commitment by the Ethiopian state.\textsuperscript{86} Ethiopia is following a global trend, described as ‘a VET renaissance in both OECD and developing countries’.\textsuperscript{87}

The model followed is to ask some employers to play the key role in developing a new and improved set of relevant qualifications. Young people, if they have access to sufficient information about labour markets, will then be able to make choices to enhance their ‘employability’; they can invest to obtain these new qualifications, have their competence certified, and ensure, on the basis of their newly acquired ‘human capital’, a smooth transition into employment.\textsuperscript{88} An additional reform of public policy is recommended—making this choice-theoretic model even more appealing to neoclassical economists: It is argued that training and certification should mainly be provided by private sector contractors, rather than state-run colleges or schools.

Young people in this theoretical world will use improved information about labour markets to abandon their unrealistic aspirations for white collar employment as civil servants, choose the most suitable training modules, and avoid burdening their parents/family with carrying the costs of protracted employment search. They will accept the fact that a decent full-time job as a wage worker is only a remote possibility, even if the TVET college has issued them with an embossed certificate of competence in skills selected by the managers of large firms. Most of them will end up working in small and micro-enterprises, surviving as self-employed workers and, therefore, they urgently need training in \textit{entrepreneurial skills}. This is the vision offered by mainstream policy advisors. It is a vision shared by many of the critics of neoliberal economic policy, although their preference would be to train people to juggle a complex \textit{bricolage} or diversified portfolio of entrepreneurial activities, or to train cooperative leaders. The consensus is that:

\begin{quote}
Entrepreneurship training provides young people with the skills they need to create and manage a sustainable business likely to generate jobs.\textsuperscript{89}
\end{quote}

What have been the results of Africa’s massive expenditures on TVET and the training of entrepreneurs? The expansion of training opportunities does not

\begin{flushleft}
\textsuperscript{86} Yamada et al. (2018: 14). \textsuperscript{87} McGrath, Alla-Mensah, and Langthaler (2018: 12). \\
\end{flushleft}
appear to have reduced the risks of protests and rioting by violent youth and most evaluations agree that

In practice, those who have followed the TVET path often take longer to find jobs and when they find employment, the jobs are perceived to be of dead-end in nature career-wise.\(^90\)

Technical and Vocational Skills Development systems in Africa suffer from a shortage of qualified staff, obsolete equipment, ill-adapted programmes and weak links with the job market.\(^91\)

The unemployment rate for TVET graduates is high; few youth from rural, low-income backgrounds graduate; and even fewer of the urban and relatively privileged TVET graduates actually wish to work on a factory floor. Collaboration between TVET colleges and factories remains very limited.\(^92\)

If education is a cumulative process, with later learning building on earlier learning, it follows that an improvement in the levels of literacy and numeracy achieved in African secondary schools could make in-employment training much more effective; and these improvements would probably have a more positive impact on labour productivity than expenditures to improve ‘skills’. There is good evidence from several African countries of the disappointing performance of schools, as well as on the variability of performance within and between these countries.\(^93\) In Organisation for Economic Co-operation and Development (OECD) economies, the decline in literacy and numeracy proficiency among young adults since the mid-1990s does appear to have reduced their ability to engage in further learning and to adapt to changes in the pattern of labour demand.\(^94\) And it has been argued that there is a causal relationship between the maths/science scores achieved by 15-year-old school children and subsequent economic growth in developing economies.\(^95\)

Diverting resources away from enhancing numeracy and literacy in schools to create entrepreneurial skills is a policy that has also failed to achieve employment or other economic benefits. A review of entrepreneurship training that focuses on evaluations in low- and middle-income economies—including some sub-Saharan African economies—argues that most interventions targeting micro-enterprises with up to five employees or aiming to enhance youth self-employment cannot be shown to have significant positive effects on employment, sales revenue, or profits. Searching for something (anything) positive to say about the results of

\(^{90}\) Oketch (2014: 3). \(^{91}\) African Development Bank (2012: 147); Tripney et al. (2013: 77–8).


\(^{95}\) Hanushek and Woessmann (2016). Komatsu and Rappleye (2017) question the empirical link between test scores and economic growth, and the policy implications of this alleged link. Sandefur (2016) discusses problems with the comparability of the data on maths scores in Africa.
entrepreneurship training, the authors conclude by damning these interventions with very faint praise: ‘Entrepreneurship training can . . . prevent non-profitable business ideas from being started.’

High failure rates for self-employed businesses with no or very few employees are a global phenomenon, but the failure rates of firms managed by young people have been shown to be particularly high in a survey of about 14,000 very small firms. Policymakers might wish to take account of this result and other evidence of an oversupply of start-up micro-enterprises in Africa by reallocating resources away from supporting the efforts of youth to establish their own survivalist start-up enterprise. Even if a few of these small enterprises do survive, evidence from Mali, Malawi, and Tanzania suggests that they will each provide relatively few wage employment opportunities for young people. Worse, it is possible that:

Encouraging more businesses into the same limited niches may further depress the incomes of existing self-employed people, or even force them out of business . . .

There is good evidence from South African and other panel data that most of the net growth in national employment opportunities is provided by large rather than small firms. Many young African workers looking for wage employment would be well advised, if they can cover the transport and other costs, to go to where most jobs are being created—the large and mature firms, specifically firms employing more than a hundred workers that have been in business for at least ten years. Young workers who can only find jobs in small enterprises risk losing their jobs very soon and are unlikely to get as much training or be paid wages as high as the wages received in larger firms. Page and Söderbom conclude that ‘it is time to stop overselling small enterprise development as the panacea for employment creation in Africa’ (see also Chapter 3). Our own research in rural Ethiopia and Uganda has confirmed the ability of larger rural enterprises to offer young people more stable employment, as well as better wages and working conditions. In Chapter 8 we emphasize the similarities between the mainstream policy recommendation—vocational and entrepreneurship training—designed to increase non-agricultural employment and the policies recommended for smallholder agricultural development, especially the popular proposals to invest in agricultural extension/advice. Chapter 8 also

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100 Kerr, Wittenberg, and Arrow (2014); Aga, Francis, and Meza (2015).
101 Page and Söderbom (2012: 20–1).
102 Cramer et al. (2017). For West African evidence on higher wages in large than small enterprises see Mbaye and Gueye (2018: 21).
presents evidence of the costly failures of micro-credit, which is often alleged to be essential for the development of both non-agricultural enterprises and farms.

7.9 Policies to Avoid a Disabling Environment for Employment Growth

Those who blame inadequate rates of growth of employment on the deficient skills and personal attributes of Africans working in low-productivity jobs usually also advocate reforms to create a more favourable environment for private sector investors. Their argument is that ‘Regulation by a low-quality bureaucracy and high taxes stifle the private formal sector . . . labor market distortions reduce productivity . . . stalling overall growth.’¹⁰³ The importance of promoting employment by reducing labour market protections for workers is stressed not only by economists working for the African Development Bank in Abidjan, but also by influential economists working in the World Bank in Washington: the Bank’s flagship development report on ‘The Changing Nature of Work’ questions the relevance of current labour laws and institutions in all developing countries, urging that ‘governments should rethink policies that deter job creation’. Governments should reform labour market rules, because ‘stringent regulations make it costlier for firms to adjust the composition of their workforce’.¹⁰⁴ In short, it is argued that labour protection is a luxury that poor economies cannot afford.

The claim that restrictions on dismissal and requirements relating to severance payments contribute to unemployment by presenting firms with a disincentive to hire workers is not based on any empirical evidence from African economies. Instead, these proposals for labour market reform—to create a more business-friendly environment—simply echo assertions made repeatedly since the 1980s by orthodox economic policy advisers to the IMF, the OECD, and the European Union (EU) Commission. The labour market outcomes of orthodox policy in Europe were particularly disastrous in Greece, where the employment to population ratio (as recorded by ILOSTAT) plummeted from about 50 per cent in 2008 to below 39 per cent in 2013. Labour market reforms have not had better outcomes elsewhere: an analysis of panel data from 31 countries, including both the OECD economies and the 10 new EU member-states from Central and Eastern Europe, suggests that ‘there is no direct link between EPL and youth unemployment . . . EPL is not a key culprit for unemployment, and thus government efforts to tackle unemployment by liberalizing employment laws alone may well be futile’.¹⁰⁵ Moreover, a larger panel of 117 countries and a more carefully constructed measure of comparative levels of employment protection, covering a

longer time period (1991–2013), shows that increases in worker protection are generally associated with rising employment and falling unemployment, although these associations are relatively small when set against wider economic trends.¹⁰⁶

The ‘wider economic trends’ influencing rates of growth of employment and the environment for private sector investment are conspicuously absent from and rarely mentioned in the voluminous literature fuelling the panic about youth employment in Africa. But it is a serious mistake to recommend fashionable supply-side policies while downplaying the roles of aggregate demand, Keynesian fiscal policy, and the pattern of public sector investment in influencing labour market performance. Aggregate demand has consistently been shown to be a fundamental determinant of the state of the youth labour market. Expansionary fiscal policy, especially when based on increased government investment expenditure on infrastructure, has played a major role in raising employment rates. In Europe, countercyclical discretionary fiscal policy appears to have increased youth employment rates and to have reduced long-term youth unemployment.¹⁰⁷

In emerging and developing economies, the IMF has estimated that fiscal consolidations achieved through reductions in public sector investment expenditure have a massive negative effect on the percentage of the working age population in employment.¹⁰⁸ The IMF has also used a dataset covering the period 1989 to 2016 to confirm that discretionary fiscal contractions have a significant adverse effect on the unemployment rate. In this dataset, there is also no evidence that austerity provides an environment that encourages an expansion of the private sector; on the contrary, fiscal consolidations were linked to falls in private investment.¹⁰⁹

Of course, falls in aggregate demand and employment in Africa could also be the result of increases in the price of food (or other basic wage goods) reducing the real income of wage workers. Kalecki’s arguments, outlined in Chapter 3, reinforce the need for policymakers to focus on ensuring sufficient growth in the availability of wage goods as a fundamental determinant of employment growth, rather than on a narrow range of supply-side microeconomic variables. One implication of the discussion in Chapters 3 and 4 is that economic policy must be directed towards increasing output in specific sectors and activities, for example, those making a major contribution to wage good production and to labour-intensive export revenue.

But African governments are constantly lectured about the impossibility of ‘picking winners’. They are told, instead, to establish a ‘business-friendly’ environment where market incentives are not distorted by bureaucrats, but provide the

¹⁰⁶ Adams et al. (2019: 23). An economic explanation of the links between employment protection and a rising level of employment and wages has been provided by Storm and Capaldo (2018).
¹⁰⁷ O’Higgins (2017: section 2.2.1).
¹⁰⁹ Carrière-Swallow, David, and Leigh (2018: 15). For additional evidence on how public investment ‘crowds in’ private investment in developing countries see Furceri and Li (2017: 18).
'correct' price signals (reflecting the relative scarcity of factors of production) to all agents in all sectors of the economy as a whole. Direct, targeted state interventions to create an increase in the demand for unskilled rural wage workers, for example, would be risky and would probably fail. These warnings about the impossibility of picking winners are part of the standard 'enabling' package that includes recommendations to cut the red tape stifling entrepreneurs, deregulate the labour market, and restrict public sector investment. We have argued that the standard package cannot be expected to result in an adequate rate of growth of aggregate output in Africa. We also argue that policymakers should not be content simply to accept the increase in employment historically associated with a market determined change in aggregate output, that is, the aggregate employment elasticity. Instead, policies should be more interventionist, ambitious, and disaggregated, targeting sectoral and subsectoral elasticities of employment. Moreover, employment elasticities need to be calculated not only for different sectors and activities but also for different demographic groups, especially rural women.

7.10 Policies to Increase the Demand for Young and Female Rural Workers

There are some obvious patterns in employment intensity in Africa: for example, employment elasticities seem to be much lower in large-scale mining/extractive industry than in agriculture. However, empirical work shows that there is generally also considerable heterogeneity in the degree of employment intensity within sectors, and even within subsectors. Subsectors generally include a wide range of activities. Furthermore, even within an activity there are significant differences in production techniques, with some being more employment-intensive than others. Firm size . . . product characteristics . . . and management choices would be amongst the factors affecting employment intensity at firm level.¹¹⁰

The database on the labour content of exports currently available from the World Bank does not cover all African countries and, more importantly, provides no disaggregated information at all on the agricultural sector.¹¹¹ But this disaggregated information should be the basis for interventions to increase employment. Our own research in Southern Africa has shown that apricot production, for example, needs about seven times more labour inputs per hectare than does

¹¹⁰ Tregenna (2015: 15).
¹¹¹ Calì, Francois, Hollweg, Manchin, Oberdabernig, Rojas-Romagosa, Rubinova and Tomberger (2016).
sugarcane; and deciduous fruit production on average requires some three hun-
dred times more permanent labour per hectare than maize production. Similarly,
crops like barley (and the production of beef or poultry) are very limited in their
employment creation effects, while other crops like grapes, avocados, carrots, and
blueberries are hugely more labour intensive—and most of their labour require-
ments are met by young women who have not had the chance to attend secondary
school. In short, we have shown that there is enormous employment generation
potential from expanding the area under cultivation of precisely those crops with
the highest labour input requirements.

If policymakers do not have immediate or easy access to all of the relevant crop-
specific data, they can nevertheless begin to make decisions on the basis of a few
stylized facts about employment intensity; and they can then learn by doing, that
is, adjust policy continuously, after careful monitoring and evaluation of the
employment and net foreign exchange consequences of public sector expenditures
and state interventions.

One important stylized fact about employment intensity in developing
economies—largely ignored in conventional diagnoses of African employment
crises—is that the level of public sector investment in irrigation and water control
has a major influence on labour intensity. The proportion of farmland under
irrigation has been shown to have a profound influence on the level of employ-
ment (labour use per hectare), as well on the intensity with which other inputs,
such as agrochemicals and machinery, are used. Irrigation and water control
therefore are regarded as the leading input in historical accounts of technical
change, output, and productivity growth in the most dynamic Asian economies.
In those economies, much of the required investment in irrigation schemes—plus
ancillary investments in transportation, storage, and fertilizer production—was
undertaken by the public sector.¹¹² This is in marked contrast to the African
experience. Since the 1980s, technically feasible opportunities to invest in expand-
ing the total area equipped for irrigation have been neglected in many African
countries, as will be argued in Chapter 9. Moreover, there has been insufficient
investment to rehabilitate existing irrigation schemes and to reduce the substantial
loss of potential crop area, production, and employment arising from inefficient
irrigation practices and maintenance backlogs.¹¹³

¹¹³ Only a tiny fraction of the irrigated area, even in the most technologically advanced African
economy, benefits from investment in drip and micro-irrigation (Cramer and Sender, 2015: 17).