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ECONOMIC GROWTH, STRUCTURAL CHANGE AND
LABOUR ABSORPTION IN AFRICA: 1960-85

by

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Preface

The main purpose of this paper is to explore the evolution of the employment situation in sub-Saharan Africa since 1960. In the sixties and early seventies, the questions of employment, income distribution and poverty were at the centre of the discussions and debates on development strategies and policies. In recent years these concerns have been overshadowed by discussions on stagnation, debt, collapse of commodity prices, stabilization and economy reform. This dichotomy is unfortunate as the earlier themes of employment and poverty assume even greater importance in the context of economic decline. This paper thus seeks to relate employment to changes in the growth and structure of African economies.

After a note on methodology, the paper deals with the factors which have influenced the demand for and supply of labour, with focus on the changes over the past decade and a half. This analysis gives some indication of the pressures and imbalances which emerged in the labour market during this period. There is then a discussion of the ways in which these imbalances were manifested and accommodated through changes in the structures of employment and incomes. The discussion on employment in rural areas leads naturally to an analysis of the process of labour adjustment in the non-agricultural, predominantly urban sector. The next section then considers the implications of the preceding analysis for the functioning of labour markets and priorities for research on employment problems.

The principal conclusions of the paper are that the slowdown in economic growth, the nature of the structural change and acceleration in the supply of labour force have worsened the employment situation in the seventies and even more in the eighties. In the rural areas, the crisis has manifested itself in income declines and worsening underemployment in many countries. But the rural population has been shielded from the full impact of the economic crisis by the predominantly subsistence nature of the production of the majority of cultivators and by their relative self-sufficiency in the means of production.

The brunt of the crisis had to be borne by the urban sector. Reduction in rural-urban migration and rise in open unemployment have been of limited importance in most countries as means of adjustment to the pressures in the urban labour markets. The predominant way in which the labour markets have adjusted to the economic crisis of the past decade has been through sharp reductions in real wages which have helped sustain employment in the formal sector and a rapid expansion of the informal sector with falling real wages and earnings, resulting in work-sharing and increasing underemployment.

Some of the research implications that flow from this analysis, especially those related to livelihood in the informal sector and the survival strategies of the vulnerable groups in urban areas, will be treated in two of the research projects that UNRISD intends to initiate in 1988, namely, Adjustment, Livelihood and Power: the Social Impact of the Economic Crisis, and Food Policy in the World Recession.

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I. Introduction

The main purpose of this paper is to explore the evolution of the employment situation in sub-Saharan Africa in the seventies and the eighties. 2/ In the sixties and early seventies, the questions of employment, income distribution and poverty were at the centre of the discussions and debates on development strategies and policies. In recent years these concerns have been overshadowed by discussions on stagnation, debt, collapse of commodity prices, stabilization and economic reform. This dichotomy is unfortunate as the earlier themes of employment and poverty assume even greater importance in the context of economic decline. This paper thus seeks to relate employment to changes in the growth and structure of African economies.

The past decade has witnessed important changes in most African countries in the economic status of different social groups and in the nature of the employment problem. It is not clear that these changes have been fully "absorbed" in economic analysis and programmes of action proposed for sub-Saharan Africa. Certainly many of the popular discussions continue, explicitly or implicitly, to reflect the situation prevalent in the late sixties and early seventies. It is, therefore, hoped that this paper may contribute to the ongoing process of reassessment of policies and research priorities in the light of the recent changes in the nature of the employment problem and the pattern of labour markets in African countries.

The scope of the paper may be indicated by its structure. In view of the somewhat different methodology used here than is customary in analysing employment problems, the next section deals with some methodological issues. This is followed by a discussion of the factors which have affected the demand for and supply of labour since 1960, with focus on the changes over the past decade and a half. On the demand side, consideration is given to the rate of economic growth and the pattern of structural changes, while reference is made on the supply side to the growth of the labour force. This analysis gives some indication of the pressures and imbalances which

emerged in the labour market in the seventies and the early eighties. Consequently the subsequent sections deal with the ways these imbalances were manifested and accommodated through changes in the structures of employment and incomes. The discussion on employment in rural areas leads naturally to an analysis of the process of labour adjustment in the non-agricultural, predominantly urban sector. The following section then considers the implications of the preceding analysis for the functioning of labour markets and priorities for research on employment problems.

Given the wide scope of the paper, the limitations of space and of the quantity and reliability of data, the conclusions reached in the paper should be regarded as no more than suggestive of some of the main trends in the employment patterns and labour markets of the African countries over the past decade and a half. The paper will have served its purpose if it stimulates deeper investigations at the country level on these important issues.

II. A Note on Methodology

There are at least four aspects of methodology which deserve some comment. These relate to the level of aggregation, method used to estimate imbalances in the labour market, the availability of data and the periodization used in the study. With regard to the first issue, we have adopted an approach which steers a middle course between in-depth analysis at the country level and generalizations at the continental level. Countries are usually classified into three groups in accordance with their performance with respect to such variables as growth, structural change, labour absorption, etc. This approach enables us both to capture the diversity of experience as well as discern common patterns at the continental level. In order to reduce the number of countries to a manageable sample, it was decided to consider only those with population in excess of five million persons in mid-1979. This yielded a sample of 21 countries. While this selection criterion leads to the exclusion of small countries, it leaves us with a large number of countries which display considerable diversity with regard to resource endowments, development levels and strategies, and growth experiences.

The second aspect relates to estimation of employment generation. Since time series data on unemployment and underemployment are not available

for any country in sub-Saharan Africa, it was decided to have recourse to an indirect method of estimating labour absorption. The demand for labour is approximated by the rate and pattern of economic growth. The former is measured by the trend in growth rates of GDP while structural change is captured by the interrelated indices of change in the share of agriculture in total output and in labour force, and the degree of urbanization. The supply side is estimated by the growth in labour force. The balance between the forces of demand and supply gives an indication of the effectiveness of labour absorption.

It is clear that analysis at this level of aggregation can only give a very rough picture of the trends in labour utilization. Evidently a given rate and pattern of economic growth can be associated with widely varying paths of labour absorption. The output mix, the organization of production within a sector, the choice of technology, to mention only the most important variables, can profoundly affect the level and growth in labour utilization. The category 'industry', for example, can comprise both a highly capital-intensive mining complex as well as labour-intensive household processing of food. Likewise, activities in the service sector can range from computerized modern banking to the proverbial shoe-shining on a street corner.

The third issue concerns the reliability of data. As is well known, data on variables such as economic growth, sectoral outputs, composition and growth of labour force, etc. are subject to a wide margin of error within individual countries and vary in quality from one country to another. We have relied for the most part on data published in various World Bank publications with occasional recourse to FAO and ILO sources. No attempt has been made to assess these data for accuracy or consistency.

The final methodological issue concerns the periodization used in the study. The 25 years covered in the study are broken up into three periods: the sixties, the seventies and the first half of the eighties. While in some respects this is a convenient breakdown, it is not always appropriate to the purpose of this study. For instance, in terms of a significant change in growth rates and real wages, the period since the mid-seventies yields clearer trends than the decadal breakdown used here. It has not been possible to take such considerations into account in periodizing the analysis of this paper. This is a shortcoming which can be taken care of more easily in country studies.

III. The Growth Experience

Since the pace of economic expansion is probably the most important determinant of employment growth, we examine this aspect first. Economic growth in sub-Saharan Africa has tended to decelerate over the period 1960-86. It declined from 3.9 per cent per annum in the sixties to 2.9 in the seventies and -0.4 in the eighties. At the same time the rate of population growth has increased from 2.5 to 2.7 per cent per annum from the sixties to the seventies and further to about 3 in the eighties. Thus the decline in growth is considerably sharper in per capita terms, namely from 1.4 to 0.2 to -3.4 over the three periods. If we use a slightly different period, the fall becomes even more pronounced: the growth of real GDP per capita declined from 3.6 per cent per annum in 1965-73 to 0.3 in 1973-80 and to -3.4 over 1980-86. ^{3/} The decline in incomes is further accentuated by deterioration in the terms of trade for most African countries (except for petroleum exporters) in the late seventies - a trend which has continued in the eighties and has extended also to petroleum exporters. ^{4/} It is evident from the above figures that for the region as a whole the modest gains in income achieved in the sixties and the seventies have been more than offset by the losses incurred in the eighties and thus in terms of per capita income, Africa in 1986 was poorer than in 1960.

There is naturally a good deal of variation in performance at the individual country level but overall most of them conform to the trends mentioned above, as can be seen from Table I covering 21 countries. The number of countries which achieved GDP growth in excess of 4.5 per cent per annum remained eight in 1960-70 and 1970-79 but declined to one in 1980-85. Those with a growth of less than 2.5 rose from two in 1960-70 to ten in 1970-79, and further to 16 in 1980-85. It may be useful to divide countries into four categories. The first category includes countries which have done reasonably well over the entire period. Cameroon and probably Kenya furnish examples of this. The second group comprises countries with moderate performance over the entire period. Zimbabwe, Senegal Guinea and Mali would fall in this category. The third category includes countries which grew rapidly in the first two decades but sunk to low or negative growth in the eighties. This category is illustrated by Côte d'Ivoire, Malawi, Nigeria

and Tanzania. Finally, there are countries which have generally performed poorly for most of the period. This category includes Ghana, the Sudan, Madagascar, Zaire, Mozambique and Angola (both in the post-1970 period).

IV. Structural Change

The process of economic growth is accompanied by certain structural changes. As far as employment is concerned, labour is transferred from agriculture to the more rapidly expanding industrial and service sectors. ^{5/} In a normal case this constitutes a desirable shift of labour from lower productivity agricultural sector to higher productivity industrial and service sectors, thus contributing to growing average incomes. In order to examine the African experience in this regard, we consider evidence on three related aspects of structural change over the period 1960-1980: decline in the share of agriculture in total output and in labour force, and rise in the proportion of the population living in urban areas. At the continental level, there was a significant structural change in terms of these indicators: the share of agriculture in total output fell from 49 to 32 per cent between 1960 and 1980, agricultural labour force declined from 81 to 71 per cent and the proportion of the urban population nearly doubled from 11 to 21 per cent. The share of industry, defined to include manufacturing, construction, mining and utilities, also nearly doubled rising from 16 to 31 per cent while there was a slight decline from 37 to 34 per cent in the relative importance of services. Thus whereas in 1960 the share of agriculture was four times that of industry, in 1980 the two sectors were of equal importance.

Given that there was only a relatively modest growth in per capita GDP over the period 1960-80, these changes appear somewhat surprising. As far as sectoral changes in output are concerned, the clue is provided by the rapid expansion of minerals, and especially of petroleum, from a number of African countries such as Nigeria, Gabon, Congo, Mauritania, Niger, Botswana, etc. The role played by Nigeria is particularly important in influencing the continental average. The share of manufacturing rose only marginally from 7 per cent in 1960 to a mere 8 per cent in 1982. Thus the impressive structural change observed over the period was due entirely to the dynamism of the mineral sector. Likewise as we shall see later, there was continuing rapid growth of urbanization largely independently of

the growth in non-agricultural output. This already suggests that the type of structural change experienced in Africa over the period 1960-80 was different from the one associated with rising incomes and growing importance of manufacturing. More importantly from the point of view of this paper, given the low employment potential of the mining sector, the pattern of growth was biased against labour absorption. In order, however, to get some insight into the diversity of experiences and processes, we examine the evidence at the country level presented in Tables II, III and IV.

The countries are classified into the three categories of high, medium and low structural change in accordance with the specified changes in the percentage points in the three indicators mentioned above. It is evident from the tables that there has been an extremely diverse pattern of structural change. It may be useful to examine three aspects of this change: the intensity and nature of structural change and relationship between structural change and economic growth. Concerning the intensity of structural change, it should first be noted that the three indicators do not always point in the same direction. Nevertheless some patterns emerge. Côte d'Ivoire, Cameroon and the Sudan experienced high structural change with respect to all three indicators. At the other extreme, Senegal, Uganda, Tanzania, Kenya and to a lesser extent, Zimbabwe are examples of countries which underwent relatively low structural change. There are also some 'strange' cases. Nigeria experienced the most rapid structural change in terms of decline in the share of agriculture in total output but saw low changes in urbanization and in the share of labour force in agriculture (+7 and -3 points respectively). This is hardly credible and casts doubts on the accuracy of the data. Nor do the Ghanaian data make much sense: a massive increase in the share of agriculture (25 points) accompanied by a substantial decline in the share of agricultural labour force (-8 points) and rise in urbanization (13 points). Apart from Ghana, three other countries - Senegal, Zambia and Zaire - experienced a rise in the share of agriculture.

As for the nature of structural change, a group of countries, comprising Côte d'Ivoire, Cameroon, Malawi, Zimbabwe and Kenya experienced a balanced growth in the sense that the shares of both industry and services

went up relatively evenly. This may be considered a normal and perhaps preferred pattern of growth. In another group of countries, the decline in the share of agriculture was accompanied by a corresponding rise in the importance of services. This pattern is exemplified by Ethiopia, Mali, Burkina Faso, Sudan and to some extent, Zambia. A pattern of growth of this nature is in general not sustainable in the long-run and is often a reflection of the failure of the productive sectors to expand at a satisfactory pace. The third group including Nigeria, Niger, Angola, Madagascar and Senegal, experienced big increases in the share of industry, accompanied in the last three cases by a substantial decline in the share of services. For three of these countries - Angola, Nigeria and Niger - the rise in the share of industry was principally due to the expansion of the mining sector.

Coming now to growth, it is difficult to find any correlation between economic growth and structural change. There are countries in which rapid growth was accompanied by a strong structural change, as for example in Nigeria, Côte d'Ivoire, Cameroon and to a lesser extent Malawi. There are also countries such as the Sudan and Ghana where big structural changes were associated with low growth. In some countries such as Kenya, Tanzania, Zimbabwe and Senegal, moderate to rapid growth was associated with relatively low structural change. Finally, in another group of countries illustrated by Uganda, Mozambique, Madagascar, Angola and Zambia, low growth was accompanied by a weak structural change.

The notion of structural change thus needs to be interpreted carefully. It may signify a dynamic economy with expanding employment opportunities in the non-agricultural sectors and characterized by a significant transfer of labour out of low productivity agriculture. This would appear to have been the experience in Cameroon, Côte d'Ivoire and Malawi over the period 1960-80. On the other hand, rapid structural change may be a reflection of stagnation of agriculture (as in the Sudan), or of even poorer industrial performance (as in Ghana), or of flight from the rural to urban areas (as in Zaire), or finally of unsustainable and probably unproductive expansion of services (as in the Sudan, Mali and Ethiopia). Nor, as shown by Kenya's example, is major structural change a necessary condition of rapid growth.

It is, therefore, not possible to determine the employment implications of structural change in a simple manner. However, a partial measure of the employment intensity of a growth pattern may be given by the contribution made by agriculture to the overall growth. As value added per worker in agriculture appears on average to be between 20-25 per cent of that in industry and services, the labour intensity of a given rate of growth will vary directly with the contribution made by agriculture to overall growth. Table V ranks countries by the labour intensity of their pattern of growth for the two periods 1970-79 and 1980-85, as measured by the ratio of the trend growth rates in agriculture and GDP. The growth pattern was relatively more labour intensive over the entire period in the following countries: Zambia, Zaire, Malawi, Tanzania, Kenya and Senegal. It was relatively less labour intensive in Ethiopia, Ghana, Mozambique, Guinea and Nigeria. Countries which showed an improvement from the seventies to the eighties included Zimbabwe, Madagascar, Uganda and Burkina Faso. Deterioration with respect to labour intensity was recorded by the Sudan, Cameroon, Côte d'Ivoire and Mali.

V. Growth of Labour Force

Having examined the demand for labour, we now turn to the supply of labour force. At the continental level, there has been a slight increase in the growth of labour force from 2 per cent per annum in the sixties to 2.1 per cent in the seventies and probably nearer 2.5 per cent in the eighties. The situation at the country level is shown in Table VI. The number of countries with high labour force growth (in excess of 2.2 per cent per annum) increased from eight in the sixties to ten in the seventies and thirteen in the eighties. The number of those with low growth in labour force (1.7 or less) declined from six in the sixties to two in the eighties.

In some countries there was considerable acceleration in the growth of labour force: e.g. in Kenya from 2.7 per cent per annum in the sixties to 3.5 in the eighties; in Zambia from 2.3 to 3.2; in Nigeria from 1.8 to 2.6; in Zaire from 1.4 to 2.3; in Ghana from 1.6 to 2.7; and in Tanzania from 2.1 to 2.8. This increase occurred despite substantial increases in the provision of education and training. On the other hand, declines were recorded for Uganda (3.3 to 2.7), Côte d'Ivoire (3.6 to 2.7), Zimbabwe (3.2 to 2.7), Guinea (2.5 to 1.6) and Ethiopia (2.0 to 1.7).

VI. Trends in Labour Absorption

We can now pull together the threads of the previous analysis to summarize performance with respect to labour absorption. At the continental level the evidence points to a continuing deterioration in the employment situation. There has been a decline in the rate of economic growth from the sixties to the seventies and more markedly in the eighties. At the same time there has been a gradual increase in the supply of labour force over this period. Thus the trends both on the demand and the supply side point to a deteriorating employment situation. The deterioration was exacerbated in the 1980-86 period when GDP declined by 0.4 per cent per annum while the labour force grew by around 2.5 per cent per annum. While in the sixties, there was only one country where the expansion of labour force exceeded economic growth, in the seventies the number rose to 8 and further to 16 in the eighties. The relative contribution made by the agricultural sector to growth in the eighties was slightly larger than in the seventies and to that extent the employment situation may have deteriorated somewhat less than might have been the case otherwise. Before examining how the labour markets adjusted to the adverse trends noted above, it may be useful to assess differences in country performance.

While in the eighties most countries considered here faced a deteriorating employment situation, over the period as a whole some fared better than others. From the point of view of labour absorption, the better performing countries appear to have been as follows: Cameroon (low labour force growth, high economic growth, and medium structural change); Kenya (high growth and favourable structural change but also high labour force growth); Malawi (medium labour force growth, high economic growth and favourable structural change); Tanzania (high labour force growth but favourable structural change and rapid growth until the eighties); Senegal (medium labour force growth, favourable structural change, medium economic growth); Nigeria (medium labour force growth, high economic growth until the eighties but unfavourable structural change). Among the countries which appear to have performed poorly with respect to labour absorption are: Ghana (high labour force growth, low economic growth, adverse structural change); Niger (high labour force growth, low economic growth, adverse structural change); Ethiopia (low labour force growth but also low economic growth and adverse structural change); Madagascar (medium labour force growth but low economic growth, adverse structural change);

Mozambique (low growth, adverse structural change but low labour force growth); Sudan (high labour force growth, low economic growth, adverse structural change); Zambia (high labour force growth, low economic growth, but favourable structural change); Angola (medium labour force growth, low economic growth and adverse structural change).

VII. Patterns of Labour Absorption: The Rural Sector

It was noted above that there has been a growing gap between the demand for and supply of labour in the seventies and the eighties in most African countries. In this and the following section we turn to the question of how this "imbalance" has been accommodated by African economies. One of the main hypotheses put forward in this paper is that the burden of adjustment to slower growth in the seventies and the economic crisis of the eighties has fallen on the non-agricultural, predominantly urban sector. The next section examines the various ways in which the surplus labour has been absorbed in the urban economy. This section takes a brief look at the rural sector. That the rural population has fared relatively better over the past decade or so is shown by the trends in rural incomes and in agricultural productivity. Evidence on the former is presented in the next section, while Table VII gives data on the latter. In the seventies, six countries attained increases in labour productivity in excess of 2 per cent per annum, while 11 experienced declines. The situation deteriorated somewhat in the eighties but not too drastically. Taking the 1970-85 period as a whole, the following countries appear to have done relatively well in terms of growth in agricultural productivity: Cameroon, Malawi, Tanzania, Senegal, Zaire, and to a lesser extent, Kenya, Guinea and Côte d'Ivoire. The performance was poor in Ghana, Madagascar, Ethiopia, Mozambique, Angola and Niger.

There are several considerations which support the argument that the deterioration in the economic conditions of the peasantry has been less severe than in those of the urban workers. As far as labour utilization is concerned, the continuing migration towards urban areas has provided some relief to the rural areas. As the predominant mode of production in most countries is family farms, labour input can be adjusted

quite flexibly in response to changing circumstances. In any case, the bulk of the labour requirements are for food production for family consumption. In the poorly performing countries mentioned above, agricultural stagnation or decline may have resulted at worst in increasing leisure or underemployment in rural areas.

The real incomes in rural areas may have probably been affected less adversely than the trends in agricultural output may indicate. In the first place, except in countries affected by periodic droughts, production of foodcrops has met the subsistence needs of the rural population, even if cash crop production performed poorly. The high degree of self-sufficiency in the means of production of predominantly subsistence-oriented farming for the great majority of cultivators has provided a further cushion against a decline in the supply of imported and domestically produced inputs and tools. Furthermore, to the extent that such farmers engage in transactions with the rest of the economy, their terms of trade may have improved or their deterioration arrested by an increase in the relative price of food caused by increasing food shortages in the seventies and early eighties in a number of African countries (Ghai and Smith, 1987). These trends have been further reinforced by the adjustment and stabilization policies pursued in recent years by an increasing number of African countries. These policies have comprised removal of price controls or reduction of subsidies on food, increase in the real prices of agricultural commodities, devaluation and liberalization of marketing channels. While the overall effects of these measures need to be analysed with care, it seems highly likely that they have tended to favour rural areas. 6/

All this should not be interpreted to imply that the rural areas have largely escaped the negative effects of the crisis. In most cases the quality and quantity of public social and economic services have declined. The shortages of consumer goods are generally more acute in rural than in urban areas. The argument presented here relates to the relative impact in the urban and rural areas.

VIII. Labour Adjustment in Urban Areas

An indication of the imbalances in urban labour markets is given by the difference in growth in non-agricultural output and in non-agricultural

labour force. 7/ This information is provided in Table VIII for the periods 1970-80 and 1980-85. During the first period there were six countries where the growth in non-agricultural output exceeded the growth in labour force; the number fell to three in 1980-85. For the majority of countries there was a relative deterioration in the labour absorptive capacity of the urban sector. In terms of individual countries, Angola, Niger, Guinea, Tanzania, Zaire and Zambia experienced a particularly serious situation throughout the period. There was relative improvement for Ghana, Madagascar, Uganda and Zimbabwe in the eighties, while the imbalances were exacerbated for Nigeria, Côte d'Ivoire, the Sudan and Malawi. The relatively good performers over the period as a whole were Cameroon, Mali, Ethiopia, Burkina Faso, Senegal and Kenya.

How did the labour market adjust to the substantial and growing imbalances over the period? If we divide the non-agricultural sector into formal and informal sectors, the adjustment can take five principal forms. These are (i) reduction in rural-urban migration; (ii) rise in open unemployment; (iii) decline or stagnation in formal sector employment; (iv) fall in formal sector wages; and (v) expansion of informal sector employment accompanied by a decline in wages and earnings. Unfortunately satisfactory data are not available to assess with any degree of precision the quantitative dimensions of these various types of adjustments. Nevertheless, it is possible on the basis of the limited available evidence to come to some broad conclusions.

Taking migration into urban areas first, Table IX shows that despite a steadily worsening situation in the eighties, the growth in urban population continued at a high rate ranging from a low of 3 per cent per annum in Uganda to a high of 8.4 in Zaire. 8/ Nevertheless there has been a reduction in some countries. Whereas in the seventies the rate of growth of the urban population accelerated in 13 countries as compared with the sixties, the number reduced to 5 in the eighties, while at least 11 countries experienced declines. These were particularly significant in Ethiopia (from 6.6 to 3.7 per cent per annum), Uganda (7.0 to 3.0), Ghana (5.3 to 3.9), and the Sudan (6.8 to 4.8). The acceleration in urbanization was especially marked in Burkina Faso (3.8 to 5.3) and Nigeria (4.7 to 5.2). Thus we may conclude that the decline in the rate of migration provided only limited relief to the labour market pressures in urban areas in the eighties.

There is unfortunately very little information on the second form of adjustment to, or more appropriately manifestation of, labour market pressures, namely a rise in open unemployment. There are hardly any countries which maintain a regular series on open unemployment in urban areas. There must have been some increase in the rate of open unemployment but hardly commensurate with the enormous growth in the urban labour force. In the absence of unemployment benefits, it could hardly be otherwise. The limited evidence available would appear to support this interpretation. ^{9/}

Likewise adequate information is lacking to assess the trends in non-agricultural formal sector employment in the eighties for most countries. The available information on trends in enumerated employment and real wages is given in Table X. For many countries the enumerated employment expanded at a satisfactory rate in the seventies. The exceptions were Ghana, Madagascar, Niger and Zambia. For the countries for which information was available for the eighties, employment growth slowed down but continued to be positive except for Zambia and Niger. Thus it would appear that in most countries formal sector employment did not fall in the face of a serious economic crisis. This contrasts quite sharply with the experience in the sixties when even rapid economic growth was accompanied by stagnating or very slowly rising modern sector employment, at least in the East African countries (Ghai, 1968). The clue to this is to be found in the behaviour of the real wages over the past decade or so. Basically the formal sector non-agricultural employment has held up better than might have been expected because of the substantial falls in real wages in most countries. The decline in real wages has been, therefore, one of the principal ways in which the labour market has adjusted to economic slowdown and decline since the mid-seventies.

Table X gives some data on movements in real wages in the urban formal sector. Information on trends in real official minimum wages in several African countries for the periods 1970 to 1986 and 1980 to 1986 is provided in Tables XI and XII. It will be noticed that in general real minimum wages started to decline in the mid-seventies and that the decline has accelerated in the eighties. ^{10/} For sub-Saharan Africa, minimum wages fell

from 100 in 1974-75 to 72 in 1979-80 i.e. by 28 per cent. From such a low base there was a further fall from 100 in 1980 to 81 in 1986 i.e. by nearly 20 per cent in six years. The real official minimum wages thus nearly halved between 1974-75 and 1986.

The above picture applies in varying degrees to most African countries. Taking the period 1970-86, real minimum wages had fallen for all 18 countries for which data are available except for Burkina Faso. The declines were especially severe for the following countries (figures refer to 1986 levels as proportion of 1970): Somalia (5), Sudan (19), Tanzania (20), Ghana (34), Central African Republic (46), Congo (46) and Kenya (52). Considering the period 1980-86, real minimum wages rose only in Ghana, Malawi, Zaire and Cameroon out of 27 countries for which the data were available. Of these countries, wages had fallen so low in the first three that the 1986 figures represent only a partial recovery. The declines over the period 1980-86 were especially sharp in Somalia (16 per cent of 1980 level), Tanzania (36), Congo (61) and Madagascar (64).

One consequence of the sharp decline in real minimum wages is reduction in the rural-urban gap. One way of measuring this gap is through the ratio of minimum wage earnings to agricultural value added per worker. This is shown in Table XIII for 29 countries for the period 1970-85. For sub-Saharan Africa, the gap nearly halved between 1970 and 1986, declining from 2.26 in 1970 to 1.78 in 1980 and further to 1.15 in 1986. In the eighties, the income gap had moved in favour of the rural areas in the following countries: Ghana, Zaire, Benin, Liberia, Sudan, Cameroon and Congo. It, however, remained large for a few countries such as Senegal (3.0) and Burkina Faso (3.5). Comparisons between average incomes in rural and urban areas likewise show declining differentials for practically all countries for which such estimates were made (Jamal and Weeks, 1987).

In most countries the remuneration for skills differentials also appears to have declined over the past 10 to 15 years. Thus the more skilled employees have suffered proportionately greater reductions in their incomes. It is, however, not clear whether overall income distribution in the urban areas

has improved. It has been argued that because of the relative increase in profits, rental, entrepreneurial and professional incomes the income distribution may well have deteriorated (Jamal and Weeks, 1987).

Finally we consider the ways in which the urban informal sector has adapted to the imbalances in the labour markets. From the evidence presented earlier, it seems clear that the expansion of the formal sector employment has been insufficient in all the countries considered here except for Cameroon to absorb the urban "surplus" labour. Nor has open unemployment risen to the levels necessary to account for the increasing gap between the growth of non-agricultural labour force and output (Van der Hoeven, 1987). It is, therefore, reasonable to conclude that the bulk of the potential surplus labour in the urban areas has been absorbed in the informal sector. Thus the expansion of the urban informal sector along with sharp declines in the real wages of formal sector employees have been the principal ways in which the labour markets in African countries have adjusted to the economic crisis of the past decade.

Both theory and evidence point to the crucial role played by the informal sector in absorption of urban labour. There are relatively few restrictions to entry in the informal sector in the way of government regulations, skills, capital equipment or prior experience. Thus new entrants to the urban labour force or those leaving the formal sector are generally able to find a "niche" in the urban informal sector either as apprentices or workers on own account. In view, however, of the fact that the urban economy has grown at a very slow pace over the past decade, it is almost certainly the case that the expansion of the informal sector has been accompanied by declining wages and earnings. The trends in real minimum wages noted above reinforce this conclusion. Thus there must have been an increasing tendency towards work-sharing and underemployment in the informal sector. There are few studies which trace the evolution of employment and incomes in the informal sector in African countries. Nevertheless the limited available evidence appears to support the above conclusions. According to various ILO studies, informal sector output expanded by 10 per cent in Kumasi (Ghana) during the seventies, in Freetown (Sierra Leone) by 25, in Bamako (Mali) by 5, in Nouakchott (Mauritania) by 14,

and in Yaounde (Cameroon) by 10 per cent per annum (ILO, 1983). In Tanzania the urban informal sector employment was estimated to have increased by 7.8 per cent per annum over the period 1969-78 (ILO, 1982). The share of the informal sector in the urban force in Sudan has been estimated to have increased from a quarter in the early seventies to about half in the early eighties (ILO, 1986). But there is relatively little information on how real wages and incomes have evolved in the informal sector and how they compare with those in the formal sector.

It has also been estimated that the informal sector accounts for about 60 per cent of the urban labour force in Africa with the rest divided equally between the formal sector and the unemployed (JASPA, ILO, 1985). An indication of the relative importance of informal sector employment in several African countries around mid-seventies is given in Table XIV. These estimates depend obviously on the definitions of the informal sector and the procedures used in calculating the residual labour force attributed to the informal sector. They appear to be on the high side. According to the estimates in the majority of these countries informal sector employment accounted for between 40 to 60 per cent of the total urban labour force in the mid-seventies.

IX. Some Implications for Functioning of Labour Markets and Analysis of Employment Problems

The conclusions presented above on the evolution of employment patterns and labour markets in African countries over the past decade contrast sharply with the dominant view on these issues in the sixties and early seventies. The conventional interpretation of the employment problem prevalent at the time may be summarized in a somewhat oversimplified form as follows. The central problem was considered to be urban unemployment caused primarily by rural-urban migration. The latter in turn was due to the existence of a substantial and growing gap in rural-urban incomes. Urban unemployment was conceptualized as a function of the expected rural-urban income differentials (Todaro, 1969; Todaro and Harris, 1970). Uncontrolled expansion of primary and secondary education was also a key factor in migration and urban unemployment (Blaug, 1973; Todaro, 1976; Fields, 1979). At the same time the urban unemployment problem was seen as being exacerbated by the use of modern, capital intensive technology, in turn stimulated by

high and rising urban wages, overvalued exchange rates and other policy biases (Turnham, 1971; Pack, 1979; Frank, 1968). A good deal of the effort was, therefore, devoted to an analysis of choice of technology and stimulation of labour-intensive techniques (Stewart, 1975, 1979; Cooper, 1975; Bhalla, 1975).

These views were subsequently incorporated in various political economy interpretations by scholars of widely varying ideological persuasions purporting to demonstrate the coalition of different interests contributing to "urban bias" and neglect of the rural economy (Lipton, 1977; Bates, 1981; Arrighi, 1973). The powerful coalition comprised industrialists, the "labour aristocracy", senior officials and politicians, and foreign investors. It was argued that this coalition would work for a perpetuation of high modern sector wages, capital-intensive technology, overvalued exchange rates and expropriation of surplus from rural areas through a variety of means, thus reinforcing the root causes of the unemployment problem in African countries.

In view of the powerful influence exercised by the Comprehensive Employment Advisory Mission to Kenya organized by the ILO in 1972, it may be useful to see how its analysis and recommendations relate to the model outlined above. The ILO report accepted many of the key elements of this model, including belief in the prevalence of high wages in the modern sector and biases towards capital-intensive technology. It would also be true to say that explicitly or implicitly, it accepted some version of the political economy model underpinning this view of the employment and labour market situation. However, it went beyond the model in its analysis of the informal sector, in its conceptualization of the core employment problem as being constituted by the "working poor" and in some of its recommendations especially those relating to agrarian reform (ILO, 1972; Jolly and Singer, 1973; Thorbecke, 1973 and Emmerij, 1974). In that sense, it may be said that the ILO report contained an analysis of themes which acquired increasing importance in the late seventies and early eighties.

It is not the intention here to discuss the validity of the view on employment and labour market problems dominant in the sixties and early seventies. But it is remarkable how differently the labour market situation has evolved from the predictions that might have been made from the earlier technical and political economy analyses. In specific terms, the modern sector wage structure has shown considerable flexibility, the real wages in the formal sector have fallen sharply, the skills differentials have reduced, there has been a rapid expansion of the informal sector, the rural-urban income gap has greatly diminished and in several countries has moved in favour of the rural areas, the exchange rate has become flexible in many countries and the array of policies have moved strongly in favour of agriculture.

It would be beyond the scope of this paper to understand and analyse the complexity of forces which have contributed to this "sea change" in employment and labour market patterns and policies. A complete analysis would need to take into account both the economic and political forces at work. The onset of the economic crisis by itself cannot explain much. It is necessary also to see the specific forms it took, in terms of food shortages, rising food prices, decline in commodity exports, acute foreign exchange crisis, and growth of parallel markets and illegal trading. An analysis along these lines can go a long way in explaining the collapse of the coalition of interests caused by the pressure of overwhelming economic forces. The pressures exerted by the aid donors and in particular by the World Bank and the I.M.F. for major policy reorientations, particularly through structural reform and stabilization programmes, have been more readily accepted, at least in part because of the specific forms in which the economic crisis has manifested itself. At the domestic level, the declining influence of the trade unions along with the growing power of foreign investors, have contributed to the observed trends in labour markets.

Finally, what are the implications for analysis and research of the recent trends in employment patterns and in labour markets? There are at least five major research areas suggested by the preceding analysis. The

first relates to information on employment, unemployment, wages and earnings. There has been very little, if any, progress in this respect over the past decade and a half. It is for this reason that throughout this paper we have had to rely on indirect methods to arrive at the broad trends in employment patterns and labour markets. Clearly an essential first step towards better understanding of employment problems and hence formulation of appropriate policies is a set of core data on employment and earnings in the major sectors of the economy such as the urban formal sector, the informal sector and the agricultural sector. It would be necessary to collect such information on a regular basis to monitor and assess the evolution of employment and labour markets.

The second topic concerns analysis of the informal sector. There is need for detailed investigation of the ways in which labour is being absorbed in the informal sector, the productivity of labour in the different activities of the sector, relations with the formal sector and obstacles to its more rapid growth. In this connection it would be interesting to see how wages and incomes in the informal sector have evolved in relation to those in the formal sector. Thirdly, it is useful to understand better the apparent increase in the labour intensity of the formal sector. Clearly this is linked to declining wages. But too little is known about whether there is a trend towards use of more labour-intensive technology in a given activity, a shift towards more labour intensive activities, or whether it is merely a temporary reflection of foreign-exchange shortages. Fourthly, it is important to investigate the effects of massive declines in real minimum wages on output, productivity, workers' morale and motivation. In several countries the decline has been so severe that there must be strong negative effects on the quality and efficiency of production. In this connection a topic of major importance is the survival strategy of the low-income urban families. Finally, it is necessary to understand the dynamics of income distribution in a situation of economic stagnation and decline. Relatively little is known about how the burden of adjustment to slow or negative growth has been distributed and through what mechanisms among different economic and social classes.

X. Some Concluding Remarks

There has been a steady deterioration in the employment situation in most sub-Saharan African countries in the seventies with a marked accentuation in the eighties. This is the result of a continuing deceleration in economic growth accompanied by a rise in the growth of labour supply. In several countries, the structural change has further intensified the gravity of the employment problem. In the rural areas, the crisis has manifested itself in income declines and worsening under-employment in many countries. But the rural population has been shielded from the full impact of the economic crisis by the predominantly subsistence nature of the production of the majority of cultivators and by their relative self-sufficiency in the means of production.

The brunt of the crisis had to be borne by the urban sector. Reduction in rural-urban migration and rise in open unemployment have been of limited importance in most countries as means of adjustment to the pressures in the urban labour markets. The predominant way in which the labour markets have adjusted to the economic crisis of the past decade has been through sharp reductions in real wages which have helped sustain employment in the formal sector and a rapid expansion of the informal sector with falling real wages and earnings, resulting in work-sharing and increasing under-employment.

Table I

Growth Performance: 1960-85
(per cent per annum)

GDP growth	1960-1970	1970-1980	1980-1985
More than 4.5	Côte d'Ivoire (8.0), Kenya (6.0), Tanzania (6.0), Uganda (5.9), Zambia (5.0), Malawi (4.9), Angola (4.8), Mozambique (4.6)	Nigeria (7.5), Côte d'Ivoire (6.7), Kenya (6.5), Malawi (6.3), Cameroon (5.4), Mali (5.0), Tanzania (4.9)	Cameroon (8.6)
2.5 - 4.5	Ethiopia (4.4), Zimbabwe (4.3), Cameroon (3.7), Zaire (3.6), Guinea (3.5), Mali (3.3), Nigeria (3.1), Burkina Faso (3.0), Niger (2.9), Madagascar (2.7), Senegal (2.5)	Sudan (4.3), Niger (3.7), Guinea (3.6), Senegal (2.5)	Uganda (4.9), Senegal (3.3), Kenya (3.1), Zimbabwe (2.5)
Less than 2.5	Ghana (2.1), Sudan (1.3)	Ethiopia (1.9), Zimbabwe (1.6), Zambia (1.5), Madagascar (0.3), Burkina Faso (-0.1), Ghana (-0.1), Uganda (-0.4), Zaire (-0.7), Mozambique (-2.9), Angola (-9.2)	Burkina Faso (2.4), Malawi (2.0), Zaire (1.0), Guinea (0.9), Tanzania (0.8), Ethiopia (0.3), Zambia (0.1), Mali (-0.5), Ghana (-0.7), Sudan (-0.7), Madagascar (-0.8), Côte d'Ivoire (-1.7), Nigeria (-3.4), Niger (-3.6), Angola (-), Mozambique (-9.6)

Table II

Decline in Share of Agriculture: 1960-1980
(percentage points)

<u>High</u> (15 or more)	<u>Medium</u> (5-15)	<u>Low</u> (Less than 5)
Nigeria (-41) Niger (-25) Burkina Faso (-24) Sudan (-20) Ethiopia (-19) Côte d'Ivoire (-17) Cameroon (-) Malawi (-15)	Mali (-13) Mozambique (-11) Zimbabwe (-6)	Kenya (-4) Uganda (-3) Tanzania (-3) Madagascar (-3) Angola (-2) Zaire (+3) Zambia (+4) Senegal (+5) Ghana (+25)

Table III

Decline in Share of Agricultural Labour Force: 1960-1980
(percentage points)

<u>High</u> (More than 10)	<u>Medium</u> (5 to 10)	<u>Low</u> (Less than 5)
Côte d'Ivoire (-24) Cameroon (-17) Sudan (-15) Madagascar (-12) Zaire (-11)	Malawi (-9) Ethiopia (-8) Mali (-8) Ghana (-8) Guinea (-7) Zambia (-6) Kenya (-5) Burkina Faso (-5)	Niger (-4) Uganda (-3) Tanzania (-3) Nigeria (-3) Senegal (-3) Mozambique (+4) Zimbabwe (+4)

Table IV

Growth in Urbanization: 1960-1980
(percentage points)

<u>High</u> (15 or more)	<u>Medium</u> (7 to 14)	<u>Low</u> Less than 7)
Cameroon (21) Côte d'Ivoire (19) Zaire (18) Sudan (15) Zambia (15)	Ghana (13) Angola (11) Zimbabwe (10) Mali (9) Ethiopia (9) Uganda (7) Tanzania (7) Kenya (7) Nigeria (7) Niger (7) Madagascar (7)	Malawi (6) Burkina Faso (4) Mozambique (5) Senegal (2)

Table V

Labour Intensity of Growth: 1970-1985 (a)

1970 - 1979			1980 - 1985		
<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>
Zaire (1.70) Zambia (1.53) Tanzania (1.0) Mali (0.84) Kenya (0.83) Senegal (0.69)	Malawi (0.65) Cameroon (0.65) Sudan (0.63) Côte d'Ivoire (0.51)	Madagascar (0.33) Ethiopia (0.21) Guinea (0.06) Nigeria (-0.04) Zimbabwe (-0.31) Burkina Faso (-0.33) Mozambique (-0.34) Niger (-0.41) Angola (-1.11) Uganda (-1.25) Ghana (-2.0)	Zambia (29.0) Madagascar (3.0) Zaire (2.5) Zimbabwe (1.48) Malawi (1.35) Uganda (1.32) Burkina Faso (1.13) Kenya (0.90) Tanzania (0.88)	Senegal (0.55)	Guinea (0.33) Cameroon (0.15) Côte d'Ivoire (-0.65) Nigeria (-1.03) Mozambique (-1.72) Ghana (-1.86) Sudan (-7.86) Mali (-8.2) Ethiopia (-11.3)

Note (a) Labour intensity of growth is measured by the ratio of the trend growth rate in agriculture to the trend growth rate in GDP. 'High' labour intensity signifies value of this ratio in excess of 0.65, 'medium' refers to values between 0.50 and 0.65 and 'low' to values less than 0.50.

Table VI

Growth of Labour Force: 1960-1985
(per cent per annum)

1960 - 1970			1970 - 1980			1980 - 1985		
High	Medium	Low	High	Medium	Low	High	Medium	Low
Côte d'Ivoire (3.6)	Sudan (2.2)	Madagascar (1.7)	Côte d'Ivoire (5.0)	Mali (2.2)	Ethiopia (1.7)	Kenya (3.5)	Burkina Faso (1.9)	Ethiopia (1.7)
Uganda (3.3)	Tanzania (2.1)	Ghana (1.6)	Kenya (2.8)	Malawi (2.2)	Mozambique (1.7)	Zambia (3.2)	Madagascar (1.9)	Guinea (1.6)
Zimbabwe (3.2)	Ethiopia (2.0)	Zaire (1.4)	Zaire (2.7)	Guinea (2.2)	Nigeria (1.7)	Sudan (2.8)	Senegal (1.9)	Mozambique (?)
Niger (3.0)	Mali (2.0)	Cameroon (1.3)	Tanzania (2.7)	Zaire (2.1)	Cameroon (1.3)	Tanzania (2.8)	Cameroon (1.8)	
Kenya (2.7)	Mozambique (1.9)	Burkina Faso (1.2)	Zimbabwe (2.6)	Madagascar (2.0)	Burkina Faso (1.2)	Uganda (2.7)		
Guinea (2.5)	Senegal (1.9)	Angola (1.0)	Niger (2.6)	Senegal (1.9)		Ghana (2.7)		
Zambia (2.3)	Nigeria (1.8)		Uganda (2.5)	Angola (1.9)		Zimbabwe (2.7)		
Malawi (2.3)			Ghana (2.4)			Côte d'Ivoire (2.7)		
			Sudan (2.4)			Nigeria (2.6)		
			Zambia (2.4)			Malawi (2.6)		
						Mali (2.5)		
						Niger (2.3)		
						Zaire (2.3)		

Note: 'High' refers to growth in excess of 2.2 per cent per annum, 'medium' to growth between 1.8 and 2.2 and 'low' to 1.7 and less.

Table VII
Growth of Agricultural Labour Productivity: 1970-85 I
(per cent per annum)

1970 - 1979			1980 - 1985		
<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>
Cameroon (3.7)	Senegal (1.9)	Guinea (-1.0)	Uganda ()	Malawi (1.5)	Zimbabwe (-0.5)
Mali (2.9)	Sudan (0.8)	Ethiopia (-1.0)	Tanzania ()	Angola (1.2)	Kenya (-1.2)
Malawi (2.7)	Zaire (0.4)	Madagascar (-1.7)	Burkina Faso (2.5)	Cameroon (0.5)	Madagascar (-1.3)
Tanzania (2.7)	Zambia (0.1)	Ghana (-2.0)	Nigeria (2.4)	Guinea (0.4)	Côte d'Ivoire (-2.8)
Côte d'Ivoire (2.4)	Niger (0)	Uganda (-2.7)		Zaire (0.4)	Zambia (-2.8)
Kenya (2.3)		Zimbabwe (-2.7)		Senegal (0.1)	Ethiopia (-3.5)
		Nigeria (-3.0)			Ghana (-4.7)
		Mozambique (-4.5)			Niger (-4.9)
		Burkina Faso (-4.9)			Mali (-6.6)
		Angola (-12.4)			Sudan (-6.9)
					Mozambique (-7.3)

I. Agricultural labour productivity is defined as the difference between the growth rate of agricultural GDP and the agricultural labour force. 'High' refers to productivity growth equal to or more than 2, 'medium' to between 2 and 0, and 'low' to declines in agricultural productivity.

Source: FAO tapes.

Table VIII

Gap Between Growth in Non-agricultural Output and Labour Force I
(Difference in average annual growth rates)

1970 - 1980			1980 - 1985		
<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>
Ethiopia () Nigeria (2.9) Sudan (1.3) Burkina Faso (1.2) Côte d'Ivoire (0.8) Mali (0.7)	Malawi (-0.7) Senegal (-2.3) Guinea (-2.7) Cameroon (-2.8)	Zimbabwe (-3.2) Zambia (-3.4) Tanzania (-4.3) Madagascar (-4.5) Angola (-5.1) Ghana (-6.5) Niger (-6.8) Zaire (-7.5) Mozambique (-8.2) Uganda (-15.2)	Cameroon (5.9) Madagascar (0.7) Senegal (0.4) Mozambique ()	Zimbabwe (-0.2) Mali (-0.4) Ghana (-0.8) Uganda (-0.8) Ethiopia (-1.4) Burkina Faso (-2.2) Kenya (-2.9)	Zaire (-3.8) Guinea (-4.2) Zambia (-4.5) Sudan (-5.3) Côte d'Ivoire (-5.9) Malawi (-6.6) Angola (-7.6) Tanzania (-10.0) Niger (-10.1) Nigeria (-10.9)

I. 'High' refers to a value of the gap above zero, 'medium' to between zero and -3, 'low' to less than -3.

Table IX

I
Growth in Urban Population: 1960-85
average annual growth rate (per cent)

1960 - 1970			1970 - 1980			1980 - 1985		
<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>High</u>	<u>Medium</u>	<u>Low</u>
Uganda (7.8)	Kenya (6.4)	Nigeria (4.7)	Tanzania (8.7)	Zimbabwe (6.4)	Nigeria (4.7)	Zaire (8.4)	Kenya (6.3)	Sudan (4.8)
Côte d'Ivoire (7.3)	Tanzania (6.3)	Ghana (4.6)	Côte d'Ivoire (8.5)	Angola (5.7)	Burkina Faso (3.8)	Tanzania (8.3)	Zambia (5.5)	Mali (4.5)
Niger (7.0)	Guinea (6.2)	Senegal (2.9)	Cameroon (7.5)	Guinea (5.5)	Senegal (3.3)	Cameroon (7.0)	Burkina Faso (5.3)	Senegal (4.0)
Sudan (6.9)	Ethiopia (6.1)		Zaire (7.2)	Mali (5.5)		Niger (7.0)	Madagascar (5.3)	Ghana (3.9)
Zimbabwe (6.8)	Cameroon (5.6)		Uganda (7.0)	Zambia (5.5)		Côte d'Ivoire (6.7)	Mozambique (5.3)	Ethiopia (3.7)
Malawi (6.6)	Zambia (5.5)		Kenya (6.8)	Madagascar (5.2)			Nigeria (5.2)	Uganda (3.0)
Mozambique (6.6)	Mali (5.4)		Mozambique (6.8)	Ghana (5.1)			Zimbabwe (5.0)	
	Burkina Faso (5.3)		Malawi (6.8)					
	Zaire (5.2)		Niger (6.8)					
	Angola (5.1)		Sudan (6.8)					
	Madagascar (5.0)		Ethiopia (6.6)					

I. 'High' refers to growth in excess of 6.5 per cent per annum, 'medium' to growth between 5 and 6.4 and 'low' to less than 5.

Table X

Growth of Enumerated Non-agricultural Employment and Real Wages
(per cent per annum)

	Enumerated Employment		Real Wage	
	<u>Period</u>	<u>Growth</u>	<u>Period</u>	<u>Growth</u>
Botswana	1972-80	8.9	1982-85	5.1
Burundi	1972-79	4.7	1977-82	- 4.9
	1981-85	0.7	1980-85	3.8
Cameroon	1969-81	8.5	1976-81	0.0
Central African Republic	1973-78	3.3		
Ethiopia	1969-80	4.2 (manufacturing)		
Ghana	1969-79	1.7	1975-80	-24.2
Kenya	1972-85	5.1	1976-85	- 3.3
Liberia	1970-79	5.2		
Madagascar	1973-79	0.9		
Malawi	1969-84	4.4	1969-83	- 2.1
	1977-84	2.7	1980-84	- 6.4
Mauritius	1971-85	4.3	1969-81	3.0
	1969-85	5.2	1982-85	- 0.8
Niger	1974-84	0.8		
Nigeria			1975-80	- 7.5
Senegal	1971-77	10.7		
Sierra Leone	1974-81	2.2	1969-81	- 4.2
Swaziland	1970-85	5.3		
Tanzania	1970-81	5.4	1971-81	- 6.5
Zambia	1969-84	0.3	1972-84	- 3.9
Zimbabwe	1970-83	2.0	1970-83	2.4

Source: ILO tapes.

Table XI

Trends in Real Official Minimum Wages, 1970-1986
(1970 = 100)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Benin	100	96	93	88	70	77	67	63	58	53	54	118	133	123	117	110	113
Burkina Faso	100	98	111	103	131	110	184	142	131	142	127	68	60	53	51	46	
C.A.R.	100	92	86	81	74	64	58	52	47	69	77	63	56	52	50	47	46
Congo	100	96	87	84	136	116	108	95	86	79	74	63	90	85	82	80	76
Côte d'Ivoire	100	102	101	113	122	109	122	96	106	100	96	88	19	18	18	30	34
Ghana	100	92	103	88	149	115	74	51	39	25	22	23	76	69	62	56	
Guinea	100	96	111	104	104	101	100	98	95	94	88	80	75	68	61	60	63
Kenya	100	96	91	107	97	101	91	93	79	74	84	75	71	62	52	62	52
Malawi	100	93	89	85	77	67	64	62	57	51	48	67	69	70	63	76	
Mali	100	83	77	88	127	120	116	93	72	65	71	64	69	74	70	69	
Rwanda	100	99	96	88	126	97	91	79	70	61	94	88	79	95	85	79	75
Senegal	100	96	91	94	148	113	111	100	97	88	101	100	92				
Sierra Leone	100	101	96	102	89	75	94	87	78	65	87		25	18	9	7	5
Somalia	100				103	86	76	68	62	50	31	28	27	21	20	19	
Sudan	100	99	87	75	73	59	58	49	70	53	43	34	46	34	33	25	20
Tanzania	100	95	125	114	135	119	111	100	90	61	61	59	58	53	55	56	54
Togo	100	94	87	84	75	92	82	77	77	71	70	58	58	76			
Zambia	100	94	90	84	78	97	81	68	58	69	87	76	80		70		

Source: World Bank (unpublished).

Table XII

Trends in Real Official Minimum Wages, 1980-1986
(1980 = 100)

	1980	1981	1982	1983	1984	1985	1986
Burkina Faso	100	92	105	97	92	86	89
Burundi	100	90	148	136	119	115	
Cameroon	100	97	104	107	111	102	108
C.A.R.	100	87	76	77	64	59	
Congo	100	85	76	70	67	64	61
Côte d'Ivoire	100	92	94	89	85	84	79
Ethiopia	100	94	89	89	82	73	77
Gabon	100	92	99	89	101	101	96
Gambia	100	94	98	89	73	65	
Ghana	100	105	86	80	80	133	150
Guinea	100	91	87	79	71	64	
Kenya	100	89	89	81	72	71	75
Liberia	100	93	88	85	84	85	83
Madagascar	100	90	81	68	68	65	64
Malawi	100	139	147	129	108	128	109
Mali	100	91	98	100	90	108	
Mauritius	100	89	84	81	79	77	76
Niger	100	87	78	80	74	75	77
Nigeria	100	148	138	115	81	79	
Rwanda	100	94	83	78	74	73	
Senegal	100	99	91	94	84	78	74
Somalia	100	90	79	58	30	22	16
Sudan	100	80	64	49	47	45	
Tanzania	100	99	77	61	60	45	36
Togo	100	84	83	76	78	80	77
Zaire	100	76	64	91	163	164	112
Zambia	100	88	93	88	81	75	

Source: World Bank (unpublished)

Table XIII

Ratio of minimum wage earnings to agricultural value added per worker, 1970-1985

	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Benin	4.47	1.45	1.17	1.12	0.92	0.76	0.74	0.69	0.59	0.80	0.72	0.63	
Burkina Faso		4.74	6.29	5.44	4.31	4.99	4.74	3.88	4.64	4.42	4.16	3.49	
Burundi							0.89	0.86	1.59	1.44	1.31	1.17	
Cameroon					1.29	1.18	1.19	1.09	1.11	1.25	1.30	1.18	0.97
C.A.R.	4.36	2.70	1.92	1.69	1.57	2.37	2.75	2.50	2.37	2.12	1.92	1.75	
Chad		2.35	2.15	1.97	2.81	3.69	4.20	2.71	2.47	2.21	2.08	1.57	
Congo		2.00	1.95	1.63	1.49	1.29	1.11	1.11	0.97	0.86	0.83	0.79	
Côte d'Ivoire	1.96	2.14	2.38	1.79	1.86	1.88	1.76	1.71	1.88	1.90	1.76	1.56	
Ethiopia							1.60	1.57	1.58	1.51	1.62	1.70	
Gabon				1.74	1.87	1.81	1.75	1.72	1.98	1.75	1.89	1.88	
Gambia								2.53	2.15	1.72	2.05	1.96	
Ghana	0.49	0.55	0.42	0.34	0.22	0.17	0.16	0.22	0.18	0.18	0.19	0.31	
Guinea		2.05	2.03	1.98	1.96	1.99	1.83	1.69	1.68	1.62	1.33	1.25	0.91
Liberia							0.82	0.96	1.14	0.96	0.91	0.90	1.40
Kenya	2.15	2.03	1.56	1.31	1.41	1.40	1.75	1.56	1.71	1.55	1.51	1.54	
Madagascar							2.13	2.03	1.87	1.48	1.50		
Malawi	2.19	1.31	1.11	0.89	0.92	0.92	0.99	1.46	1.47	1.30	1.09	2.27	
Mali	1.79	2.46	2.09	1.88	1.85	1.54	1.75	1.68	1.79	2.00	1.86	1.29	
Nigeria		2.22	1.94	1.63	1.48	1.56	1.40	2.43	1.88	1.66	1.46		
Rwanda	1.24	1.60	1.43	1.33	1.32	1.05	1.68	1.55					2.97
Senegal	2.85	3.10	2.81	3.00	3.88	2.97	4.41	4.69	3.37	3.58	4.30	3.88	
Sierra Leone	1.80	1.03	1.34	1.09	1.03	0.90	1.27						
Somalia	1.72	1.39	1.16	0.97	0.85	1.00	0.82	0.64	0.58	0.62	0.65	0.77	0.64
Sudan	2.30	1.37	1.29	1.00	1.35	1.31	1.17	1.00	0.73	1.48	1.63	1.20	
Tanzania	3.03	3.69	2.63	2.42	2.20	1.91	2.18	2.28	1.79	1.39	1.36	1.37	
Togo	2.33	2.39	1.78	1.45	1.82	1.69	1.74	1.52	1.71				
Uganda		0.47	0.65	0.32	0.24	0.15	0.08	0.09					
Zaire									0.98	0.70	0.52	0.40	
Zambia	3.45	3.34	2.54	2.18	1.99	2.37	3.10	2.51	3.38	3.23	3.01		

Source: World Bank (unpublished).

Table XIV

Informal Sector Employment as a Per Cent
of Labour Force in Selected African Countries:
mid-1970s

<u>Area</u>	<u>Per Cent</u>
Urban areas (Benin)	95
Urban areas (Burkina Faso)	73
Brazzaville (Congo)	37
Urban areas (Congo)	55
Abidjan (Côte d'Ivoire)	44
Djibouti (Chad)	20
Bangui (The Gambia)	42
Kumesi (Ghana)	65
Nairobi (Kenya)	44
Urban areas (Niger)	65
Lagos (Nigeria)	50
Urban areas (Senegal)	50
Lomo (Togo)	50

Source: ILO, Informal Sector in Africa, (Addis Ababa, 1985).

NOTES

1. This paper was prepared for the meeting organized by the OECD Development Centre on Evaluation of Urban Employment Research and Policies in Developing Countries: Paris, 2-4 November 1987. In revising it, I benefitted from the comments made by participants at the seminar. I also gratefully acknowledge written comments received from the following: T. Aldington, K. Griffin, V. Jamal, R. Riddell, D. Rimmer, H. Singer, R. van der Hoeven, W. van Ginneken and D. Yeboah.
2. The term employment is used here in the wider sense of productive work irrespective of whether the work is carried out on own account, as an employee and whether it yields cash income or goods and services for self-consumption. Likewise the reference to demand for labour or labour absorption refers both to wage as well as self-employment. In the latter case, an increase in output of own enterprises is interpreted to imply an increase in labour demand.
3. Unless otherwise stated, the sources of all data used in this paper are the following World Bank publications:
 - "Accelerated Development in Sub-Saharan Africa", Washington, D.C., 1981.
 - "Toward Sustained Development in Sub-Saharan Africa", Washington, D.C., 1984.
 - "World Development Report, 1987", Oxford University Press, New York, 1987.
4. Some countries such as the Sudan, Somalia, Lesotho, Swaziland and Botswana benefitted from increased remittances from workers abroad in the 1970s. These arose due to an increase in the number of workers (Sudan, Somalia) or from higher wages (Lesotho, Swaziland, Botswana).
5. For a theoretical treatment of this issue in the context of developing countries see Lewis (1954), and Fei and Ranis (1965). For empirical evidence see Clark (1951) and Kuznets (1966).
6. It is of course necessary to examine the distributional impact of these measures among the rural population. It may well be that the major beneficiaries have been better-off farmers. Given the focus of the paper and the level of aggregation at which the analysis is conducted, it has not been possible to go into these issues here.
7. Non-agricultural output and labour force are of course not the same as urban output and labour force, but it may be assumed that they are quite close and likely to move together.

8. The data on both the urbanization and non-agricultural labour force growth in the eighties appear to be based on trends in the seventies for most countries. It is likely that the crisis of the eighties has moderated the trends in urbanization. If so, the data presented here may give a slightly misleading picture of the extent of urbanization.
9. In Kenya, urban unemployment rate was estimated to have risen from 7.1 per cent in 1976 to 10.8 per cent in 1980 (Fallon, 1985) and in Nigeria from 4.7 per cent in 1976 to 5.8 in 1983 and 8.7 by 1985 (Collier, 1986). In Zimbabwe, the rise was greater, from over 4 per cent in 1969 to 10.8 in 1982 and probably to more than 15 per cent in 1986 (Fallon, 1987), but this experience would appear to be exceptional both because of the relatively small importance of the informal sector and the attempts by the government to raise minimum wages since independence.
10. In some countries, especially in West Africa, the decline in real wages may have started in the sixties. For some evidence, see Rimmer (1984).

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