

# Rural Labour Markets in Africa: The Unreported Source of Inequality and Poverty

by Carlos Oya, Department of Development Studies, SOAS

Most conventional analyses of rural labour markets in sub-Saharan Africa are based on uncritical acceptance of several major institutionalised assumptions or 'factoids', often based on dubious evidence.

The first is that agriculture is composed mostly of small 'subsistence' farmers, among whom inequality is low because of common impoverished conditions. The second is that rural-urban disparities are the main determinant of national-level inequality while inequalities within rural areas are unimportant. The third is that rural wage employment is uncommon and thus rural labour markets barely exist and do not matter much as a focus for policy.

This Development Viewpoint draws on several recent country studies of rural labour markets in Africa to contest these assumptions (see Oya 2010 for a summary). It contends that rural labour markets are indeed much more extensive than commonly believed and are a major source of class differentiation, inequality and impoverishment. If so, significant changes in development policies, especially for rural areas, are critically needed.

African economies inherited highly unequal societies from the colonial era. While the early post-colonial decades exhibited some reduction in inequalities across classes when an increasing number of Africans found employment and started businesses, the period of neoliberal reforms since the 1980s has re-exacerbated inequalities between capital and labour, but also across regions and ethnic groups.

Alongside these trends, there has been an uneven development of capitalism in Africa, accompanied by an abortive agrarian transition. There are, of course, success stories in African agriculture, such as the African maize revolution. And in recent decades transnational agribusiness has shown a keen interest in boosting commercial agriculture, notably now through the ongoing process of 'land grabs'. However, at the same time, in many African countries there has been an arrested development of both smallholder agriculture and large-scale commercial agriculture, partly exacerbated by decades of liberalization and state withdrawal.

## A Large Footloose Reserve Army

As part of this process, the peasantry has become increasingly differentiated into two broad groups: 1) only a small stratum of commercially-oriented smallholders and medium- and large-sized farmers, who are under increasing pressure to maintain their global market share in traditional export crops, and 2) a growing mass of wage labourers, or more broadly 'classes of labour', who still cling to small plots of land as part of their livelihoods.

Such small-holders have generally been driven into wage labour out of distress, not as a result of rising rural prosperity. There is thus a large poorly paid, footloose reserve army of labour in many rural areas, who toil 'under the radar screen' of most governments and international aid agencies.

These individuals are far from a "labour aristocracy", as concocted by some economists' imagination.

Rural labour markets are highly fragmented, even by location and crop. Most wage labour is confined to the village or local level. But labour migration is also pervasive, within rural areas as well as from rural to urban areas. There is also a growing reliance on seasonal and casual wage labour, in both agriculture and the rural nonfarm sector.

The magnitude of rural wage labour goes largely unnoticed because of a lack of relevant surveys in Africa (such as the ILO's Labour Force Surveys) and the faulty nature of questionnaires in the surveys that do exist (such as the World Bank's Living Standards Measurement Surveys).

Three recent studies of rural labour markets in Mauritania, Mozambique and Senegal give us a more realistic picture of their complexity—documenting, in particular, the pervasiveness and precariousness of rural wage labour (Oya 2007, Oya and Pontara 2008, and Cramer, Oya and Sender 2008). Some of this 'new' evidence has even been recently picked up by the World Bank (such as in its *World Development Report 2008* on agriculture).

## Socio-Economic Groups and Labour Hiring in Rural Mauritania

Socio-economic group	Percentage of sample	Percentage of households hiring in labour
<b>Classes of Capital</b>	<b>21</b>	<b>98</b>
Trader/transport/artisan, employer (wealthier)	6	100
Landlord or prosperous farmer, employer	3	100
Middle peasant farmer (mostly hiring in labour)	12	92
<b>Classes of Labour</b>	<b>79</b>	<b>49</b>
Small peasant farmer (both hire-out and hire-in or no hire at all)	32	29
Agricultural wage labourer and some farming, mainly wage employed (poorest)	7	14
Landless agricultural labourer, only wage employed	5	0
Trader/artisan/transport petty, self-employed (poorer)	12	13
Salaried (non-agriculture), wage employed and employer	5	48
Non farming, non-agricultural wage employed	6	50
Farming, self-employed and non agricultural wage employed	12	48

Source: Author's elaboration from survey data (Rural Labour Market Survey in Mauritania). Also Oya and Pontara (2008)

These studies suggest that labour hiring in rural Africa is not limited to large-scale commercial agriculture, as is commonly assumed. As indicated by the data for rural Mauritania in the Table, the hiring in and out of labour is widespread across social classes. Not unexpectedly, almost 100% of prosperous farmers, middle-peasant farmers and non-agricultural employers hire in labour. But, more surprisingly, about half of the labour force classified primarily as self-employed or as wage workers also hire in labour.

### Diversity and Differentiation

Rural wage workers are certainly not a distinct 'class' with uniform characteristics. They are engaged in a highly diverse range of work experiences and conditions, often mixing both agricultural and non-agricultural activities as well as wage labour and subsistence activities on small plots. It is indeed difficult to identify any pure landless 'proletariat' dependent only on wages for survival.

There is a high degree of segmentation of labour based on various 'barriers to entry' to particular markets. The poorest rural wage workers are often restricted to a narrow range of low-skilled, very low-paid manual occupations. In both Mozambique and Mauritania the poorest workers are domestic workers, casual agricultural workers (many of them female widows) and petty vendors working for other traders.

Rural employers generally exercise a great deal of power and discretion in recruiting workers. Smaller, resource-poor employers (such as small-scale farmers and small traders) frequently offer the worst pay and working conditions. Contrary to common expectations, wage workers are usually better off in larger-scale, more organized economic units. In such cases, even relatively low-paid agricultural jobs can be a source of emancipation for women workers, particularly those lacking any support from men as a result of being divorced, separated or widows.

In fact, the poorest rural workers are usually forced to perform casual, manual labour for richer local neighbours. This is demeaning labour that is distress-driven and stigmatized. It is also dangerous work, as the incidence of accidents in agriculture is higher than in other sectors worldwide. Local elites exercise highly personalized power relations, frequently portraying their low pay for wage workers in their homes, farms and businesses as a form of 'social assistance', thereby denying any issues of 'workers' rights'.

### Labour Migration

Migrant labour plays an important role in rural labour markets. Frequently, such workers contribute to the fragmentation of labour markets. Even though labour migrants might possess the same level of skills and experience as local workers, they are often treated differently by agricultural employers. Not infrequently, they are used to depress local wages or to curb the power of workers' associations.

Their wages usually depend, however, on such factors as local labour shortages, local power relations and the scale of demand for migrant

labour. In Senegal, for example, seasonal wage workers migrating from the poorest and driest regions of the country can face a wide range of local working conditions and pay—much wider than local workers who are subject to established 'local' norms for daily pay. This serves to heighten the differentiation and inequalities among rural wage workers.

### Important Policy Changes

Unfortunately, in rural labour markets there is only a weak correlation between education and skills, on the one hand, and better agricultural and non-agricultural jobs, on the other. Often the most decisive factors in improving the pay and working conditions of rural workers are a dynamic agricultural sector, increased public and private investment, and a tighter labour market. In other words, demand-side factors are critical.

Stronger government interventions and labour organisations could also help. For example, even median wages in 'better' jobs in rural Mozambique are below the national statutory minimum wage and most of these jobs are irregular and seasonal in nature.

In sum, rural labour markets in sub-Saharan Africa are widespread and complex. And rural wage labour is highly differentiated, even within villages and for the same activities. It is important that national policymakers and international aid agencies develop a deeper understanding of such conditions, which have largely gone unnoticed and unreported.

Conditions within rural labour markets are a major source of class differentiation, inequalities and impoverishment. National and international development agendas need to come to terms with these underlying realities and adopt relevant policy responses. Carrying out more and better designed surveys, which could capture the complexity of rural labour markets, would be a good start. Strengthening government capacities for monitoring and enforcing labour regulations and supporting labour organisations would also help.

But devising development strategies and policies that help boost the demand for rural labour based, in large part, on rising agricultural productivity and prosperity represents the most crucial long-term factor.

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