

Superfluous Workers: Why SDG 8 Will Remain Elusive



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Abstract In 2015, the United Nations agreed to pursue the Sustainable Development Goal 8 “To promote inclusive and sustainable economic growth, employment and decent work for all.” The chapter argues that this goal will not be achieved. The abundance of persons offering their labor power in relationship to the limited demand for their labor stems from the insufficient absorption of peasants set free from their land. In many late industrialising countries most of those who are leaving agriculture do not find gainful employment even at the current junction. In fact, many of the late industrialisers are prematurely de-industrialising. Explanations for the lack of absorption capacity of industries and productive services range from overregulated labour markets to globalisation. On the basis of a comparison between the conditions prevalent among the early industrialisers and present-day late comers to industry and advanced services, the chapter highlights other factors: demographic pressures, restrictions on migration, productivity differentials vis-à-vis the Global North and the few successful late industrialisers, and the constraints on the promotion of industry stemming from neoliberal globalisation. It also points to challenges stemming from the colonial heritage such a lack of societal trust.

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In 2015, the United Nations agreed to pursue many Sustainable Development Goals. Goal number eight reads like this: “To promote inclusive and sustainable economic growth, employment and decent work for all.” The Decent Work Agenda is the International Labour Organization’s strategic response to globalization (ILO 1999). It highlights key dimensions of fair globalization in the world of work by grouping nearly 200 international labor conventions under the following four headings: (1) full employment (including enterprise creation); (2) respect for basic workers’ rights; (3) social protection; (4) social dialogue. The Decent Work Agenda received a strong boost in 2005 when the UN World Summit proclaimed decent work for all to be part of the Millennium Development Goals (MDGs). For the first time, governments formally recognized the achievement of full and productive employment as a key instrument for breaking the cycle of poverty.

While this mainstreaming of labor concerns into the United Nations’ agenda can be attributed to the ILO’s strategic focus on decent work, the world has not moved closer to the fulfilment of the Decent Work Agenda. In fact, the decent work deficit has actually grown. Not only has unemployment increased, but income inequality and informal employment have also been on the rise (ILO 2017).

Since the decent work deficit is more pronounced in the Global South (see Fig. 1), my contribution will focus on the factors responsible for this prevalent deficit among late industrializing countries. I will argue that it is mainly the result of a structural oversupply of labor. The abundance of persons offering their labor power in relationship to the limited demand for their labor stems from the insufficient

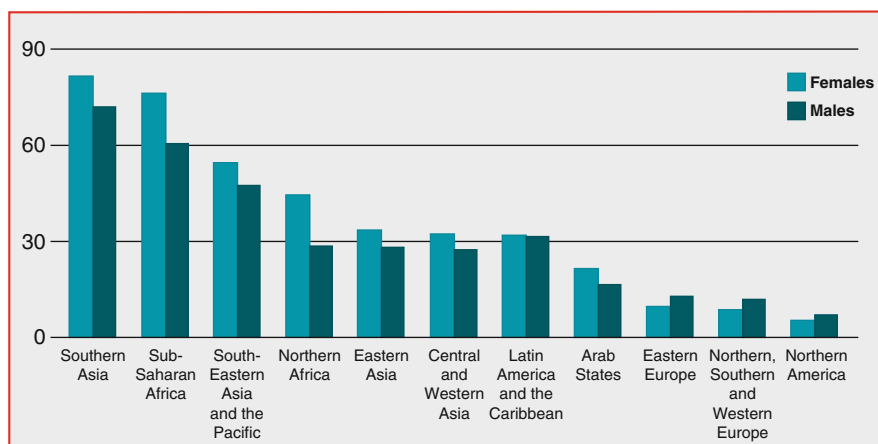


Fig. 1 Vulnerable Employment rates, by sex and regions, 2016 (percentages). Source: World Employment and Social Outlook: Trends 2017; International Labour Office—Geneva: ILO, p. 26

absorption of peasants set free from their land. It leads to what Herbert Gans once called the “superfluous workers” (2012).

Given the low income elasticity of demand for agricultural products, increases in material wealth require the movement of labour out of agriculture. This process has reached a point in the United States where presently, only about 2.1% of the male and 0.8% of the female working population is engaged in agriculture. This compares to about 40.1% male and 60.6% female employment in India and 46.6% and 39.2% in Ghana in 2016 (World Bank 2018). One can imagine how many people would have to leave agriculture in these two countries, if they would reach the US level of productivity. Fortunately, this will take some time not the least because the invested capital per person in agriculture would have to be increased by a factor of 165 (Chen 2016, p. 9). However, in many late industrialising countries most of those who are leaving agriculture do not find gainful employment even at the current junction. In fact, many of the late industrialisers are prematurely de-industrialising. So most of the rural migrants end up in low productivity, low value-added personal services sectors such as petty trade in the informal economy (Dasgupta and Singh 2006; Breman 2013, p. 5).

Explanations for the lack of absorption capacity of industries and productive services range from overregulated labour markets (de Soto 1989, for a critique see Breman 2003, pp. 194–220) to globalisation (Rodrik 2016; his argument will be elaborated below). While the latter explanation has some salience, I want to take up the challenge of the doyen of the study of labour market informality, Jan Breman:

the research promoted on the informal sector of developing countries from the early 1970s onwards is hampered by the virtual lack of comparison with the profound restructuring from an agrarian-rural to an industrial-urban workforce that went on in the western part of the world at an earlier stage. (Breman 2013, p. 27)

I will carry out a similar comparison between the conditions prevalent among the early industrialisers and present-day late comers to industry and advanced services. My argument takes off from the work of Gavin Kitching (2001) and adds insights from critical development studies. In particular, I will highlight the constraints on the manufacturing sector, especially in sub-Saharan Africa, stemming from the colonial heritage and current global economic governance.

I will start with outlining the current challenges for the Global South’s labour markets to provide for sufficient gainful employment. I will move on to develop a framework for explaining these challenges. Based on this framework, I will first elaborate on the demographic pressures on the labour markets followed by a discussion of the factors that limit the capacity of late industrialising countries to accommodate the demand for employment opportunities outside agriculture: restrictions on migration, productivity differentials vis-à-vis the Global North and the few successful late industrialisers, and the constraints on the promotion of industry stemming from neoliberal globalisation.

1 Widespread Vulnerable Employment

In most ‘developing’ countries, the labour force moving out of agriculture is not absorbed into formal employment in industrial and service sectors. Instead, they move mostly into the informal service sector (Newman et al. 2016, p. 13). In Africa, only about one in five workers has found employment in industry after leaving agriculture (McMillan and Harttgen 2014, p. 2). Overall only 3.2% of the total sub-Saharan workforce was employed in the formal industry in the early 2010s (Losch 2016, p. 15). Many of those who stay behind in rural areas face severe hardship (FAO 2016, p. 14). This resulted in high rate of vulnerable employment especially in southern Asia and sub-Saharan Africa (see Fig. 1).

This is even true for countries which have seen accelerated economic growth in the first decade of the third millennium. The growth champions in Latin America experienced premature deindustrialisation, the ones in Africa barely maintained their earlier low level of manufacturing activities. That these countries were nevertheless growing fast was explained by a team led by Dani Rodrik. In the Latin American case, growth was driven by a commodity boom and manufacturing employment was hit on the one hand by overvalued exchange rates and by labour productivity increases on the other. A significant amount of workers were forced out from high productivity sectors into low productivity activities. The African growth champions profited from the same commodity boom, remittances, and productivity increases in agriculture. The labour force shifting out of agriculture, however, was not absorbed in a dynamic ‘modern’ sector; hence, the overall labour productivity in the non-agricultural sector declined (Diao et al. 2017). In Ghana, for example, the boom in mining and oil extraction created only a few more jobs in these sectors (Baah-Boateng 2015).¹

The recent growth champions’ experiences differ from the rapid export-oriented industrialisation of East Asian countries such as South Korea, Taiwan, and China. They are, therefore, considered to be less sustainable. If productivity does not increase in the non-agricultural sectors of the economy, then overall growth will be limited (Diao et al. 2017). As the service sector in Africa has absorbed workers faster than the rate of increase of its output, its relative productivity advantage vis-à-vis the rest of the economy has diminished (Newman et al. 2016, p. 11). Manufacturing seems to be better suited to stimulate productivity increases rather than the service sector for catching up economies. The formal sector manufacturing can absorb large number of relatively unskilled workers (i.e. those coming out of agriculture), allows for learning by doing and provides for spill-over effects into the rest of the economy (Rodrik 2013).

However, even successful catching up countries like China have reached their key share of manufacturing employment at much lower levels of GDP per capita

¹The shares of manufacturing in GDP of most sub-Saharan countries displaying rapid economic growth in recent times, e.g. Ethiopia, Ghana, Kenya, Tanzania, and Uganda, are well below the predicted values for these countries’ levels of income (Newman et al. 2016, p. 9).

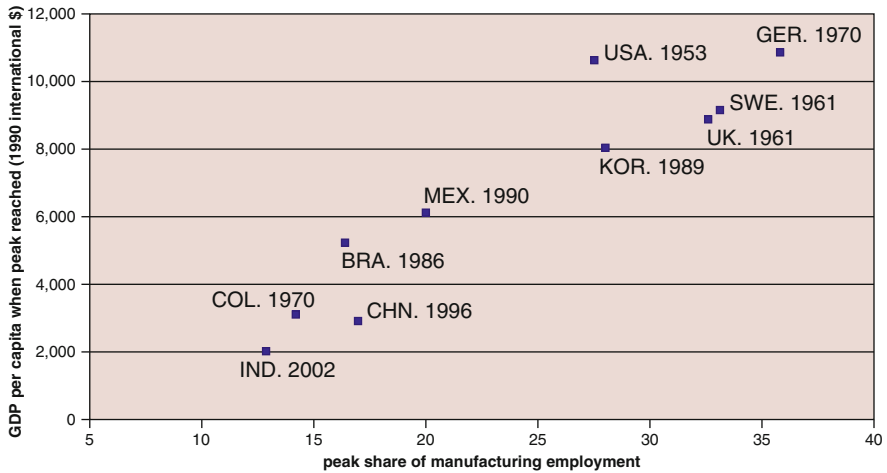


Fig. 2 Peak manufacturing levels, selected countries. Source: Rodrik (2016), p. 20. *BRA* Brazil, *CHN* China, *COL* Columbia, *GER* Germany, *IND* India, *KOR* South Korea, *MEX* Mexico, *SWE* Sweden

than the early industrialisers (see Fig. 2). In addition, the share of low skilled workers employed in manufacturing has decreased across countries of the Global North and South since the late 1990s (Rodrik 2016, p. 19). A recent report on the impact of automation underlines the threat of unemployment in the manufacturing sector in developing countries (Oxford Martin School and Citi 2016). Therefore, the capacity for manufacturing to absorb the rural surplus population seems to be limited. Why is this the case?

2 The Different Contexts of Early and Late Industrialization

To explain the difficulties that countries in sub-Saharan Africa and South Asia experience while moving their agricultural workforce into modern productive sectors, Kitching (2001, pp. 150–52) compares present-day conditions with those when the capitalist core and the Soviet Union had moved from agriculture-based economies to that based on manufacturing. This comparison leads him to highlight five factors that differentiate past experiences from the present ones. His first factor is scale. The rural population of China and India is much larger than what it had been even in the Soviet Union in the 1920s: ‘India and China are each faced with a peasant elimination task that is seven to eight times larger than has ever been achieved in human history’ (Kitching 2001, p. 150). I find this reference to absolute numbers not so convincing; it has to be qualified in terms of geographical size of the country. From an ecological perspective, however, the absolute size of the population could

be a limiting factor. The ecological footprint of workers in productive employment is considerably larger than of persons employed in small-scale agriculture or in low productivity non-farm informal sectors (<http://www.footprintnetwork.org/>). Kitching's third factor namely the population growth rate is more convincing. At the time of industrialisation, in Europe and Japan population growth rates were lower than they are now, especially in sub-Saharan Africa. The early industrialisers 'had proportionately fewer people to absorb' (Kitching 2001, p. 151).

Kitching's second factor relates to labour productivity differential between agriculture and industry. The early industries were much more labour intensive than today's industries. With a few exceptions such as the garment industry they require substantial capital investments per workplace. Thus, the industry could employ workers in greater numbers in relation to invested capital (Kitching 2001, p. 151). Terms of trade are his fourth factor. He points out that agricultural commodities enjoyed better terms of trade vis-à-vis non-agricultural commodities, i.e., prices for agricultural products went up in relation to prices for industrial goods. These better terms of trade were slowing down the process of 'peasant elimination' because 'those who chose to stay on the land can earn a reasonable living just because prices for the produce are good' (Kitching 2001, p. 152). In contrast, during most of the post-war period, prices for agricultural goods declined in relationship to manufactured goods, therefore, earning a living in small-scale agriculture was difficult. Outmigration becomes more likely and the nonfarm labour market has to absorb proportionately more persons looking for employment (Kitching 2001, p. 152). Kitching's final point highlights different types of crops produced in Europe in comparison to crops in tropical or subtropical regions. However, he does not much elaborate this argument and it seems to me that rice, nuts, fruits, and stimulants produced in the tropics are actually more labour-intensive than growing of grain in temperate climate zones (Khan et al. 2004; Bray 1986).

Kitching sums up his argument: 'neither the contemporary industrial technology context, nor the population growth context, nor the price or terms of trade context, is anywhere near as conducive to peasant elimination as it was when the European world accomplished its (demographically much smaller) transformation' (Kitching 2001, p. 152).

While Kitching focuses more on the labour supply side, Rodrik (2016) analyses the demand conditions for labour, i.e., the limits of employment growth in manufacturing and high value-added service sectors in many of the late industrialising countries, especially in Latin America and Africa. He argues on the basis of extensive analytical statistics that manufacturing employment and output stagnated or even declined once these countries liberalised their trade policies. According to him, 'those without a strong comparative advantage in manufacturing became net importers of manufacturing, reversing a long process of import-substitution' (Rodrik 2016, p. 4). In addition, they were exposed to the decline in relative price of manufacturing caused by technological progress and the rise of Asian exporters. The latter's success came mostly at the expense of other late industrialisers. Particularly hard-hit were the low skilled workers (ibid. 4–19), i.e., those who are most likely from the rural background.

Rodrik also speculates about the political ramifications of premature deindustrialisation. The lack of mass manufacturing comes with a fragmented workforce that is not able to extract from the countries' elites political participation and welfare measures (Rodrik 2016; Breman 2013, p. 7).

My approach builds on the insights of Kitching and Rodrik. It provides further evidence for the arguments concerning population pressure and productivity differential. It also goes beyond the two authors and takes a leave from the pages of critical development studies. In particular, I will highlight the constraints on the manufacturing sector, especially in sub-Saharan Africa, stemming from colonial heritage and current global economic governance.

3 The Democratic Challenge

As I argued earlier, the absolute size of rural population is of less concern as it needs to be seen in relation to the size of the territory. What matters, however, is growth rate. A higher population growth rate requires a faster absorption capacity of manufacturing and higher value added services.

Some development economists have called high growth rates a blessing for respective countries as they would reap a so-called 'demographic dividend'. The dividend would result from a favourable ratio of working age population to children and retired persons, that is, savings from having few dependents would allow for higher capital investments (Lee und Mason 2006). As Adair Turner has pointed out, however, the dividend is dependent on a simultaneous significant fall in fertility. A smaller family size leaves that generation with a larger capital stock per capita and more resources for investment in workforce skills (Turner 2017).

Unfortunately for Africa, its high population growth rates are not accompanied with significantly fewer children per woman. Rural fertility rates controlled for population density are on an average two children higher than other countries of the Global South. This difference is less a result of a desired number of children but more of 'unmet contraception needs' for women (Headey and Jayne 2014, p. 29). In the 1980s and 1990s, China benefited from having two economically active persons for every one inactive person, while sub-Saharan Africa had a ratio of one for one. With the combination of higher fertility rates and an aging population, Bruno Losch is sceptical whether sub-Saharan Africa will even come close to the previous Chinese ratio (Losch 2016, p. 18).

Despite the one-child policy, rapid population increase remains a major labour market challenge for China (Chen and Hamori 2014). How does it compare to the experience of the early industrialisers? Kitching puts the population growth rate for Europe and Japan during their industrialisation phase at roughly 1.5–2% per annum (at the peak), while for the developing countries in the 1990s at 2.5% or 3% and over (Kitching 2001, p. 151). Figure 3 visualises different population dynamics during Germany's industrialisation phase (ca. 1850–1900) and present-day India.

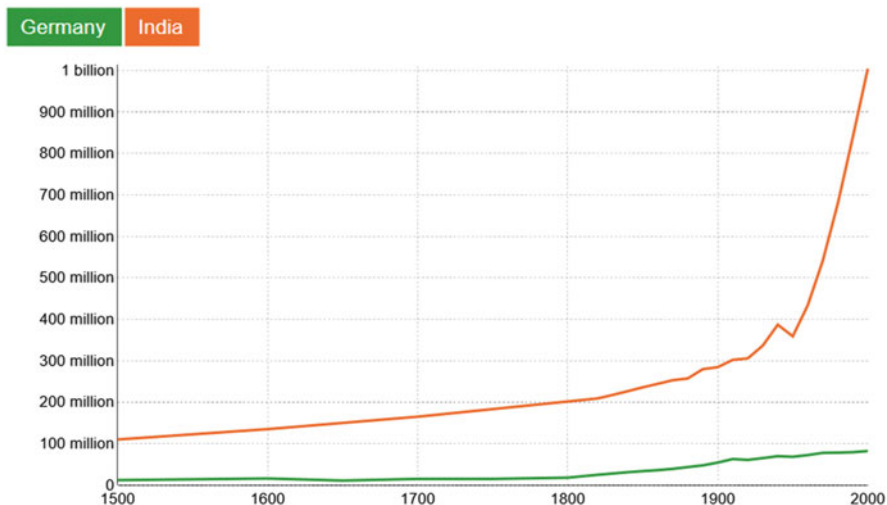


Fig. 3 Population growth Germany and India, 1500–2000. Source: Roser and Ortiz-Ospina (2017)

The birth rate in Germany per 1000 people in the population was on average about 38 in the years between 1850 and 1900; India reached almost a similar rate in 1971 in India, but thereafter moved down to approximately 22 in 2010. As at the time, a high birth rate went along with a higher rate of infancy mortality (Roser 2016); the higher birth-rate in industrialising Germany did not lead to a population growth higher than that in independent India.

Next to a higher birth rate an increase in life expectancy drives population growth. Higher nutritional standards and medical progress have led to a quicker increase in life expectancy in the last decades in comparison to the nineteenth century (Das and Pathak 2012, p. 3). In Germany, life expectancy increased from 41 years to 47 years between 1820 and 1900, and in India from 32 years to 60 years between 1950 and 1999 (Maddison 2001, p. 30; see Fig. 4).

Women's lack of employment in manufacturing has been a cause for high fertility rates. As the experiences in Bangladesh and Lesotho demonstrate, employment of young women in the garment industry makes them more likely to enter school, to stay in school longer, and to postpone marriage and childbirth (Newman et al. 2016, pp. 19–20). The insufficient growth in manufacturing employment aggravates the labour market absorption challenge.

4 Migration: The Narrow Safety Valve

The labour markets of early industrialising countries were relieved from population pressure partly due to massive outflow of people to areas which were less populated in temperate climate zones. After 1815, around 70 million Europeans settled

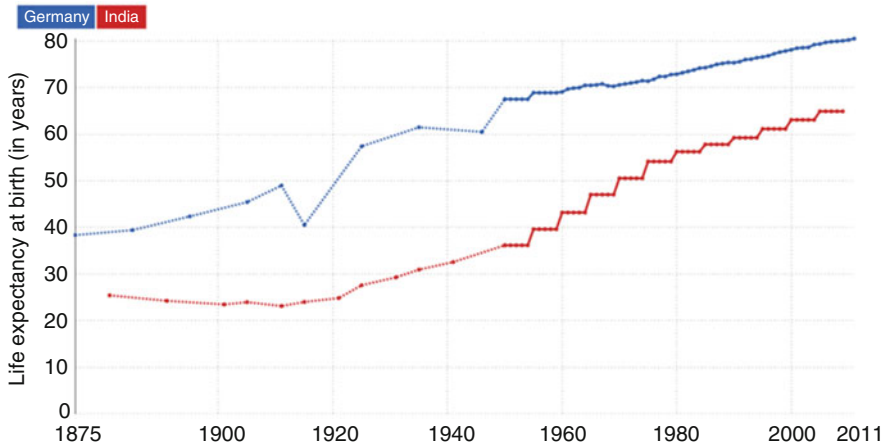


Fig. 4 Comparison of life expectancy at birth, Germany and India, 1875–2011. Source: Roser (2017)

overseas and in Siberia under the umbrella of the military might of the colonial powers or the newly independent white settler republics. On the British Isles and in Norway, mass emigration amounted to more than 30% of their respective populations (Stalker 1994, p. 16). According to Hirst and Thompson, this migration was three times as high as in the 1990s when measured as a portion of the world’s population (Hirst et al. 2009, p. 24). Even if these authors might have undercounted the internal migration within large countries such as Brazil, China, and India, the numbers show that for countries which underwent industrialisation later, the outmigration safety valve was and still is much narrower. Most importantly, the migrants have currently to rely on the goodwill of the receiving countries or have to live there on the margins as persons who have violated the migration laws. Unlike the nineteenth century predecessors, they cannot force their way into other territories.

Because of the selectivity of the host countries in contemporary times, emigration is biased towards more qualified persons. Hence, 60% of immigrants from Egypt, Ghana, and South Africa to the United States had a tertiary education in 1990 (Carrington and Detragiache 1998, p. 14). This means for many countries in the Global South there has been a drain of educated people. It is estimated that in recent decades a third of Africa’s skilled professionals emigrated (Tanner 2005, p. 3). While this outmigration reduces the pressure on the labour market on the one hand, the loss of so many qualified people, on the other hand, limits the capacity to build a modern economy. It amounts to an educational subsidy for the employers in rich countries.

5 The Productivity Gaps

The labour market for late industrialisers face challenges stemming from three productivity gaps—between the smallholder farmers and modern manufacturing; between smallholders and modern agriculture; and between informal manufacturing and formal manufacturing sectors.

The early industrialisers benefited from more or less simultaneous productivity advances in industry and manufacturing. As industrial technologies were much more labour intensive than today, the industry had a great demand for labour in agriculture. Even in many countries of Asia and Latin America, productivity advances in agriculture were followed by employment increases in manufacturing until the point at which manufacturing's share of total employment reached its peak (Diao et al. 2018, p. 29). However, as the relative importance of manufacturing reached its zenith in these countries at a much earlier date than the early industrialisers (see Fig. 2), the absorption powers of manufacturing were exhausted before the process of 'peasant elimination' had run its course.

In Africa, the productivity gap is even more pronounced (Diao et al. 2018, p. 29). Brazil and China have increased land and labour productivity, but the total factor of productivity for agriculture in sub-Saharan Africa increased by less than 1% per annum (McMillan and Harttgen 2014, p. 14). Among the reasons for the laggard productivity is the diminishing responsiveness to fertiliser use due to over exploitation of land, less use of fertilisers, less conducive conditions for irrigation (in comparison to Asia), greater diversity of crops, underinvestment in crop research (Headey and Jayne 2014, p. 20), and the relative neglect of aid to agriculture over the last three decades by donors (Addison 2017, p. 133).

The large gap between productivity levels of smallholders in Africa and modern manufacturing not only results in a massive labour surplus, but also perpetuates low rural income levels. Low incomes mean low levels of consumption power for industrial products which in turn retards the development of manufacturing. At the time of industrialisation of the North, the smaller gap in productivity advances between agriculture and manufacturing translated into better terms of trade for agricultural products vis-à-vis industrial goods. The relatively higher prices for agricultural goods made the population living off agriculture consumers of industrial products and, thereby, stimulated industrial development. In addition, as agriculture was relatively lucrative and industry developed dynamically, 'peasant elimination' proceeded at a comparatively 'moderate pace' (Kitching 2001, p. 151).

Figure 5 shows substantial land and labour productivity differences among regions of the world. African agriculture, still dominated by more or less self-sufficient smallholders, lags way behind in agricultural output per hectare and worker. While land productivity increased somewhat, labour productivity hardly increased between 1961 and 2009. This gap leaves African agriculture vulnerable to global competition and makes smallholders' land attractive targets for agricultural investors operating on a large scale. In addition, the resulting low incomes make

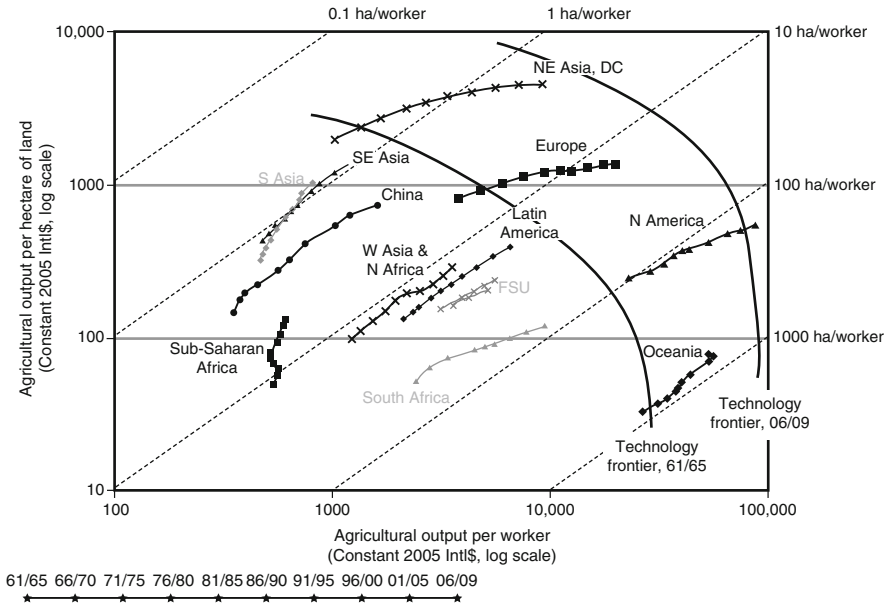


Fig. 5 Agricultural Land and Labor Productivity, World Regions, 1961–2009. Source: Fuglie et al. (2012), p. 2

farm labour unattractive for the rural youth (Losch 2016, p. 46). This productivity gap is, therefore, a major source for the mass movement into cities.

To the extent that the surplus labour is absorbed in manufacturing, it mostly ends up in the informal sector. One of the reasons for this tendency is that while productivity differentials remain high between countries in the agricultural and service sectors, productivity levels converge in formal manufacturing across countries irrespective of ‘geographical disadvantages, lousy institutions or bad policies’ (Rodrik 2018, p. 17). In other words, agriculture and formal manufacturing are increasing their productivity at different speeds. Higher speed of manufacturing means much less absorption of rural surplus population than at the time of early industrialisation, when productivity in manufacturing was much lower and more in line with agriculture in their specific countries.

The undercapitalised small, informal firms in manufacturing are also lagging much behind in productivity. Even in high-growth years, productivity levels in African manufacturing did not shrink the gap to the US level (Rodrik 2018, pp. 21–23). Higher productivity levels of formal manufacturing implies that investment in manufacturing and output of manufacturing need to grow fast to be able to compensate employment losses in the much less productive informal manufacturing sector. In other words, employment is currently achieved only at the expense of decent work.

6 Globalization's Constraints

The crisis of Fordism in the Global North led to an ever-increasing outsourcing of routine industrial tasks to the Global South since the 1970s. The recipients of outsourcing are unevenly distributed. While over time many, but certainly not all countries, became integrated into global production systems, only a few managed to capture more of the value produced in these so-called global value chains. These successful East Asian economies share a certain characteristic: the capacity of the state and its leading industrial elites to pursue an industrialisation strategy that makes use of foreign financial resources and industrial know-how more or less on their own terms (Azarhoushang et al. 2015).

The great mass of countries was less successful in managing the interface with dominant Northern governments and transnational corporations. Under the dictates of structural adjustment policies they prematurely opened their markets to not only Northern competitors (Addison 2017, pp. 123–130) but, over time, also to their more successful Southern neighbours.

A classic example is Ghana. Its nascent textile industry of the 1970s was reduced to four major textile companies in Ghana employing less than 3000 persons in 2005. It became the victim of imports of second hand clothing from the North and new cheap clothing from Asia (Ackah et al. 2016, p. 63). While the few successful countries moved into the production of more sophisticated products, many of the other countries, especially in Africa, remained stuck in low-sophistication products which even became less sophisticated (Newman et al. 2016, pp. 23–25). According to Adrian Wood, Chinese exporters lowered the ratio of labour-intensive manufacturing to primary output in other countries by 7–10% and the ratio of exports by 10–15% (Wood and Mayer 2009). Only neighbours close to China are integrated in its manufacturing production chains. They benefit in terms of manufacturing employment from the Chinese success in displacing other countries' exports (Jenkins 2016).

While many countries of the Global South opened their borders for northern products, northern countries were slow in reducing the subsidies for their agriculture. It is estimated that US subsidies reduce West Africa's annual revenue from cotton exports by \$250 million a year (Fairtrade Foundation 2015).

As tariffs have been reduced in most countries, the level of protection for enterprises from the early industrialised countries has gone up. This is especially true for the increased protection of intellectual property rights. Intellectual property rights, i.e., patents, trademarks, and copyrights, are predominantly held by corporations residing in the early industrialised countries (OECD 2008). Catching up becomes more difficult, if royalties need to be paid for patents.

Besides the protection of intellectual property rights, branding allows corporations from the Global North to dominate global production networks. Without a large customer base in the Global North and the necessary financial resources for advertising, most southern manufacturers have to accept the lower returns for

suppliers. The brands use their control over access to the final consumer to force suppliers to lower their prices year by year (Anner 2015).

Besides the liberalisation of cross-border trade, the liberalisation of financial flows limit the policy space necessary for an industrial catch up. The liberalisation of capital accounts left many countries vulnerable to currency crises and capital flight (Herr and Priewe 2005).

7 Limited State Capacity

One of the reasons why many countries lack the characteristics necessary to profit economically from neoliberal globalisation is the shadow of colonialism. While the legacy of colonialism differs among former colonies, they share the fate of having been pushed forcefully into the so-called old division of labour, i.e., being prevented from moving into manufacturing. The enforcement of such a division of labour between the colonisers and the colonised led to deliberate underinvestment in education and skill formation in colonies. It also limited the possibilities for indigenuous elites to participate in modern business. Furthermore, the legacy of colonialism meant for most newly independent countries insufficient state capacity and, therefore, weak industrial policies (Bremman 2013, p. 117 ff.). Here is not the space to delve deeper into colonialism's ramifications for economic catch up. It has received substantial attention (cf. see World System literature). But one related aspect of great importance for sub-Saharan Africa has only recently been investigated, i.e., the impact of slavery on the homelands of slaves.

A pioneering study by Nunn (2008) through sophisticated econometric calculations suggests that countries with higher losses of people due to slavery in the fifteenth and through the nineteenth century display lower growth rates in their gross domestic product (GDP) in the twentieth century. A preliminary explanation, among other factors, hints at the resulting low trust between villages and within villages. The warfare and raids by competing villages broke up larger societies into smaller ethnically and linguistically differentiated groups. Within these groups, even family members were betraying each other into slavery out of fear of being betrayed (Inikori 2003). A follow-up study which correlated modern trust measures in ethnic homelands with rates of slave extraction found that higher extraction rates predicted mistrust towards family members as well as towards members of other tribes (Nunn and Wantchekon 2011). Slavery extraction left an imprint on today's literacy rates (Obikili 2016). A recent study which analysed slavery's impact on today's access to finance in sub-Saharan Africa provides further support to the claim that in high slave extraction countries, levels of trust are lower than in countries that have suffered less from slavery. The study findings are that firms in such countries not only rely less on formal means of credit but also have less access to informal sources of credit such as from suppliers and customers (Pierce and Snyder 2018).

8 Conclusion: Decent Work Remains Elusive

The extent of vulnerable employment in the Global South is disturbing. But even more disturbing is the prospect that it is likely here to stay if no drastic change happens in the governance of world economy and modes of production as well as consumption. The reason is that the labour market dynamics of the early industrialised countries and the few successful imitators are not easily replicable for all countries. Before I summarise the limiting factors for the large-scale absorption in modern industry of people made superfluous in agriculture, let me state a rather obvious fact which, however, is hardly mentioned in development literature. The industrial development in today's capitalist centres did not only rest on colonial violence but also produced ferocious class struggles and even more devastating wars among the leading industrialisers.

The analysis of the current labour market challenges of late industrialising countries has shown that their industrialisation process takes place under different circumstances. The demographic pressure is significantly more pronounced since fertility rates are not falling quickly enough to compensate for the much quicker increases in life expectancy compared to early industrialisers. The rapid productivity increases in the formal manufacturing sector across the globe limit its absorption powers. Even successful late industrialisers reach the peak of manufacturing's share in total employment much earlier than the first movers of industrialisation. The labour market relief available to these first movers, i.e., outmigration into less densely populated areas, is no longer accessible. Today, migrants cannot overrun indigenous populations with a colonial power backing them up; they have to ask for permission or, if denied, their unlawful presence has at least to be tolerated.

Some countries, especially in Southeast Asia, have partially succeeded in overcoming these constraints. In contrast to many African nations, they had paid more attention to increasing income in agriculture and to overcome infrastructural bottlenecks (Addison 2017). These different strategies have to be seen in the context of diverse colonial and Cold War legacies. The success of some of the South East Asian countries, however, restricts the opportunities for industrialisation for most countries of the Global South. It is a success that rests on massive export surpluses in goods. Yet, the rules governing the world markets limit the value capture also of these successful countries. By strengthening the protection of intellectual property rights and liberalising financial flows across borders, these rules buttress the power of corporations mainly domiciled in the Global North. In competition with each other and faced with high profit expectations from the financial markets, these corporations are dictating the prices of the goods they source from their suppliers.

While rather successful late industrialisers were able to impose some conditions on the business operations of transnational corporations (such as local content requirements and knowledge transfer; Azarhoushang et al. 2015), many other countries lack this capacity due to the shadow of colonialism and, in the case of a number of African countries, due to the detrimental effects of the centuries-long slave extraction on the level of societal trust.

So what are the ramifications of the limited absorption capacity of the modern sector? They boil down to ‘superfluous’ workers. The oversupply of the working age population severely limits the possibilities for reaching the sustainable development goal number eight. Thus, creative solutions are required on a large scale. Some of the solutions have to be pursued in the Global South, for example agricultural policies that increase rural household income, industrial policies that facilitate diversified economies, and the removal of infrastructural bottlenecks. Other solutions are the responsibility of the Global North, for example restraining the exploitative behaviour of its transnational corporations, changing the rules of global trade and finance in favour of more policy space in the countries of the Global South, and, most important, moving to more sustainable production modes and lifestyles. All countries should strive to distribute work more evenly among the population, thereby making good on the promises of the industrial age: more free time for everyone.

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