

How to Have Your Cake and Eat it

Agricultural Trade, Labour Markets,
and Poverty Reduction

“There appears to be a dearth of empirical, case-study based evidence on the impact of agricultural trade on poverty. This applies even more to successful cases of export promotion...” (DFID, 2004a).

an evaluation of World Bank research found that it had not “sufficiently addressed the effects of trade on poverty” (Banerjee, 2006, 105).

The Missing Millions; or ‘Why are you ignoring me?’

- Blinkered vision
- Reflex assumptions
- Technologies of data collection
- Trend towards labour casualisation
- Stigmas, norms, biases among respondents

Consequences:

- “it will be very difficult to use wage labour markets as a policy tool to alleviate poverty”
- “a former World Bank chief economist for Africa who, at a public meeting attended by one of the authors, stated that he had crossed out any sections of African poverty assessments referring to rural labour markets since these did not exist”.
- The silence of the Africa Commission and the NEPAD agricultural development strategy



The Mozambique Rural Labour Market Survey

- Significance across a range, poor, less poor, non-poor
- Labour markets highly complex & varied
- Large excess supply of labour
- High degree of discretion exercised
- Minimum wage ‘lighthouse effect’

More findings...

- Larger farms paid better and had better conditions
- Foreign enterprises even better
- Variations by crop in the preference for regular workers

Larger employers generally paid higher wage rates but NB: all, on average, below minimum wage (514000 p.m.)

Table 7: Payment Rates by Size of Agricultural Employer

Size of employer, by no. of workers at peak		<i>Daily wage</i>	<i>Monthly wage</i>
Small employer (1-10)	N	99	115
	Mean	13885	285257
	Median	10000	250000
Middle employer (11-50)	N	156	272
	Mean	11422	371763
	Median	10000	350000
Large employer (50+)	N	210	358
	Mean	15691	463913
	Median	15000	460000
Total	N	465	745

Source: MRLS, 2002/03

Task rates predominate among smaller local employers whereas large-scale employers are more likely to pay monthly (seasonal contracts)

Table 5: Wage Payment Methods by Size of Establishment (Agricultural Workers)

	<u>Category of employer</u> <u>by no. of workers at peak</u>			Total
	<i>Small employer^a</i> (723)	<i>Middle employer^b</i> (754)	<i>Large employer^c</i> (694)	All Employers (...)
Daily wage (%)	14	18	28	20
Weekly wage (%)	1	2	2	2
Monthly wage (%)	15	33	42	30
Based on specific contract/work (%)	3	1	1	2
Piece/task rate (%)	67	46	26	47
Total	100	100	100	100

Notes: ^a 1-10 workers; ^b11-50 workers; ^c50+ workers

Source: MRLS, 2002/03

Policy

- Friction, political characteristics, monopsony => intervene to improve poverty-reducing potential
- Support voice
- Work with fact that large (and foreign) are insecure and visible as well as varied
- Reciprocal control mechanism

More policy

- Not just policy to influence aggregate labour demand but quality too
- Stabilise food prices for net purchasers of food
- More and better pro-poor data collection
- Childcare for women from female dominated households